This report represents a hearing on the Indian School Equalization Program (ISEP) administered by the Bureau of Indian Affairs (BIA). The hearing began with opening remarks by the acting committee chairman of the Senate Select Committee on Indian Affairs, Paul Simon. Testimonies concerning the inadequacies of the ISEP funding formula are provided by members of Senate and Congress, leaders of individual tribal school organizations, and representatives of the National Indian Education Association. ISEP assigns different educational activities to Bureau-operated and contract schools with weights that reflect the basic cost associated with a specific activity. The number of students participating in the various educational activities is identified by each school, totaled by activity, and multiplied by the weight factor to arrive at the total number of weighted student units (WSUs) at each school. Under the proposed ISEP budget for the school year beginning July 1, 1993, schools would receive $150 less per WSU than they are receiving this year, because of an estimated shortage of $35 million. The effects of funding shortages could mean program cuts, teacher lay-offs, increases in class size, or shortchanges in critical program management aspects. Appendices include prepared statements; prepared answers by the BIA to Senate oversight hearing questions; and position papers regarding constant shortage of BIA funds for school districts in Arizona, South Dakota, Mississippi, North Dakota, New Mexico and Michigan. (LP)
INDIAN SCHOOL EQUALIZATION PROGRAM

JOINT HEARING
BEFORE THE
SELECT COMMITTEE ON INDIAN AFFAIRS
UNITED STATES SENATE
AND THE
SUBCOMMITTEE ON ELEMENTARY,
SECONDARY,
AND VOCATIONAL EDUCATION
OF THE
COMMITTEE ON EDUCATION AND LABOR
HOUSE OF REPRESENTATIVES
ONE HUNDRED SECOND CONGRESS
SECOND SESSION
OVERSIGHT HEARING ON 1991-93 BUDGETING FOR THE INDIAN SCHOOL
EQUALIZATION PROGRAM

MAY 13, 1992
WASHINGTON, DC

Committee on Education and Labor Serial No. 102-118

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(II)
The document provided is a page listing the membership of the Subcommittee on Elementary, Secondary, and Vocational Education. The page includes the names of various members representing different states along with their respective states of origin. The page is numbered 4 at the bottom.
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(IV)
The committees met, pursuant to notice, at 9:35 a.m. in room 485, Russell Senate Office Building, Hon. Paul Simon (acting chairman of the Select Committee on Indian Affairs) presiding.

Present from the Select Committee on Indian Affairs: Senators Simon, Wellstone, and Daschle.

Present from the Subcommittee on Elementary, Secondary, and Vocational Education of the Committee on Education and Labor: Representatives Johnson of South Dakota and Pastor.

STATEMENT OF HON. PAUL SIMON, U.S. SENATOR FROM ILLINOIS

Senator Simon. The hearing will come to order.

We are going to be joined by our House colleagues very shortly, but I think we probably ought to get the hearing started.

Today's hearing is to focus on the Indian School Equalization Program (ISEP). Reports have reached us of layoffs, for example, at the Chemawa Indian School and other schools because of funding shortfalls. The Bureau of Indian Affairs (BIA) reportedly has informed schools that there's a shortfall in administrative cost grants of $4.8 million. Estimates made available to the Select Committee forecast a $6 million shortfall in administrative cost grants for grant and contract schools. Assistant Secretary Brown has sent Chairman Inouye a letter that I will enter into the record at this point, but it has, among other things, this sentence in it:

The Bureau of Indian Affairs calculates an additional $14 million would be needed to avert diminished programs of studies for schools.

[Letter from Mr. Brown to Chairman Inouye appears in appendix.]

Senator Simon. Next week the Interior Appropriations Committee will be considering an appropriation for the BIA for the school year beginning July 1, 1993. Staff estimates indicate there will be a shortfall of $8 million in administrative cost grants if the Bureau's budget is adopted as submitted.

From figures made available to the committee, it appears that under the ISEP budget proposed by the Bureau, schools will receive $150 less per weighted student unit than they are receiving this
year. The shortfall, based on what it will take to stay just even, may be $35 million.

As I read various economic studies, and I've just finished reading a book by David Caleo, Professor of Economics at Johns Hopkins, which is titled "The Bankrupting of America," he says, First, we have to get hold of the deficit; second, we have to invest in things like education. There is no better illustration of that need than in the Native American community right here in the United States.

I will enter some statements in the record, some letters sent to Senator Pressler, as well as a position paper regarding a constant shortage of BIA funds for the Rock Point Community School of Rock Point, AZ, and another from the Fort Berthold Indian School Board Association.

[Documents appear in appendix.]

Senator Simon. I'm pleased to be joined by my colleague from the Senate, Senator Wellstone.

STATEMENT OF HON. PAUL WELLSTONE, U.S. SENATOR FROM MINNESOTA

Senator Wellstone. Thank you, Mr. Chairman.

I'm interested in this hearing today, and I'm especially interested in the testimony from the BIA on the ISEP. Let me just simply point out that we don't have any BIA-operated ISEP schools in Minnesota, but there are four tribally contracted schools in our State. I had a chance to visit Fond du Lac, and I just have to tell you, Mr. Chairman, that the kids—I'll just take your comment—the spark of learning was there, the kids were impressive, just tremendous talent, the teachers were committed to the teaching, but the school facilities were mobile homes attached to one another, completely inadequate facilities.

We have a situation where what we spend per pupil in the Indian community is so far less than what we spend for many other students in our country, much less in our State, because we try and do something through our State equalization formula to bring it up, that I think it's a national disgrace. I think that people keep talking about national disgrace to the point where we hear it over and over again, but from visiting Fond du Lac and seeing what the community is trying to do and seeing a situation where on the reservation they just simply do not have the adequate funding, I think it's very important for us to establish at this hearing that we certainly have to make a commitment to our kids—that's all of our kids—and I don't see this budget request measuring up to that at all. I would be very interested in how it is we intend to deal with this tremendous disparity between what we say about kids and our alleged concern about kids in the Indian community as well and the budgets. Because let me tell you, they don't match up at all. It's like laboring mightily and producing a mouse. I mean, it's just not there.

Senator Simon. I thank you, Senator Wellstone.

We're pleased to have as witnesses—Congressman Tim Johnson, please come and join us, unless you want to be a witness first. We'll be happy to have you as a witness.
Mr. JOHNSON OF SOUTH DAKOTA. Let me say, Senator, that I appreciate the courtesy of the invitation to join you. I do have another committee hearing back on the House side, and I will have to leave quickly to return over to the House side.

Senator SIMON. We're pleased to have you here, and let me just say I have heard from several people the leadership you have helped to provide on the House side, particularly in South Dakota, and we appreciate that very much.

Mr. JOHNSON OF SOUTH DAKOTA. If I may proceed with an opening statement, Senator—

Senator SIMON. Absolutely.

STATEMENT OF HON. TIM JOHNSON, U.S. REPRESENTATIVE FROM SOUTH DAKOTA

Mr. JOHNSON OF SOUTH DAKOTA. I do appreciate this opportunity to join you this morning. There are a great many things going on, and I'm grateful for your leadership on these issues that are so important to the Native American community and to all Americans, really, and for the leadership of Senator Wellstone and my colleague, Representative Pastor. But the issues before us at this time are of such paramount importance that I felt compelled to join you here this morning, and I ask unanimous consent that my statement be included in the record in full.

Senator SIMON. It will be included in the record.

Mr. JOHNSON OF SOUTH DAKOTA. I want to thank the committee for permitting me to join them to analyze a critically important issue of Indian student equalization program funding, and I applaud today's hearing.

With respect to the current funding cycle, which began July 1, 1991, the BIA has projected a shortfall in funding, as you've noted, of between $6.5 million and $7 million. This shortfall is not across the board and does not reflect a basic inadequacy of ISEP. Rather, it reflects a failure by the BIA to project the effect of the transfer of Civil Service employees to the new contract system and the site-by-site effect of this move on certain schools and the failure to request sufficient funds for the administrative cost formula.

The result of these errors, which the Bureau was aware of last fall, is to force individual schools to cut programs, lay off teachers, increase class size, or change critical management aspects in order to meet what is an artificial budget amount. The BIA's Office of Indian Education Program's warning that it's not responsible for the problem since it warned people that they would have to live with these figures falls on unsympathetic ears when you consider its lack of timely remedial action and the failure to live up to the statutory mandate for grants and contract schools.

The second issue involves fiscal year 1992 and the shortfall in funding to be distributed next year, beginning on July 1, 1992. Because of a failure of the BIA to accurately project student enrollment in programs and the continuing personnel increase costs, the projected shortfall is now in the $12 million to $14 million range, meaning a decreased weighted student unit of one equaling substantially less than $2,700. I find this all the more aggravating in light of the fact that when the BIA testified before the House Ap-
appropriations Committee a few months ago, it denied any shortfall. Now the BIA admits to a $14 million shortfall. The results are clear. Schools in South Dakota and all over the country are going to fail.

Such cuts, in my view, make a mockery of the President’s and Secretary Alexander’s stated goals of educational opportunities for all. The level of funding requested by the Bureau is unconscionable, and next week I’ll address these concerns in more detail with our House Appropriations Committee.

All this leads me to two observations. The first is that I’m disheartened to say that I have very little confidence in the BIA’s numbers, and its pronouncements relative to the program’s health are either misleading or simply incorrect. The second is that this matter leads me to question the BIA’s commitment to educating Indian children. If the BIA wants to get out of the education business, then they should say so. With the proper amount of notice, I’m sure that we could try to fashion an adequate substitute with appropriate funding levels.

So, Mr. Chairman, I apologize if my words are a bit harsh this morning, but I know how badly South Dakota schools are suffering and what tremendous challenges this places to South Dakota Indian children, their faculties, their parents, and all those who aspire to a greater opportunity for these children and for the next generation. The time has come to do something now to halt this downward spiral, and I thank you again for your tremendous leadership in this area.

Thank you, Mr. Chairman.

[Prepared statement of Mr. Johnson appears in appendix.]

Senator SIMON. We thank you very much, Congressman Johnson.

We’re pleased to be joined here by a new Member of Congress from Arizona, Congressman Pastor. We’re very pleased to have you here. If you have any opening statement—

We thank you again, Congressman Johnson.

STATEMENT OF HON. ED PASTOR, U.S. REPRESENTATIVE FROM ARIZONA

Mr. PASTOR. Mr. Chairman, first of all, I want to thank you for giving me the opportunity to participate in this joint oversight hearing on Indian education, on the administration of BIA schools.

This year, 1992, 100 years since the great Apache Chief Geronimo laid down his arms, I find it sobering for the Congress to be examining our Government’s educational programs for Native Americans. As a member of another minority in our society, I am well aware, Mr. Chairman, of the importance of education as a key to economic opportunity and social mobility. Denying any child the opportunity for an education, an education equal to that of his peers, is a cruel hoax that will be passed from generation to generation, as the recent events in Los Angeles serve to remind us. Ultimately, we all pay the price.

Native Americans in Arizona have a long and proud history. Arizona has the fourth-largest Indian population of all the States in the United States. Some 20 nations totaling about 200,000 persons
I want to know how Native American education is faring during these tough economic times, whether or not the BIA is living up to its responsibility and obligation of providing Indian children in the Bureau-funded schools with equal educational opportunities. I want to know what standards are applied, if any are applied, how the needs are determined and met, and how costs are calculated and funds allocated.

I welcome all the panelists and look forward to their testimony. Your views and recommendations will be very important to our effort to improve the Indian educational system.

Again, I want to thank you, Mr. Chairman, for calling this important hearing. So thank you for inviting me.

We thank you for your presence here.

Our witnesses are Joe Christie, Deputy Director, Office of Indian Education Programs, and Joy Martin, Chief, Branch of Administrative Services, Office of Indian Education Programs, BIA. They will be joined by Angela Barney-Nez, Executive Director, Navajo Area School Board Association, Window Rock, AZ; Dr. Roger Bordeaux, Executive Director, Association of Community Tribal Schools, Inc., Sisseton, SD; Marcel Kerkmans, representing the National Indian Education Association, Alamo Navajo School, Magdalena, NM; Carmen Cornelius Taylor, Executive Director, National Indian School Board Association, Albuquerque; and Lorena Bahe, Executive Director, Association of Navajo Community Controlled School Boards, Window Rock, AZ.

If all of you can join—we may need a couple more chairs here around the table.

Mr. Christie, we will call on you first here, and let me apologize to the witnesses in advance. I have a 10 o'clock markup in the Foreign Relations Committee, so at that point I'm going to hand the gavel to someone else here.

Mr. Christie.

STATEMENT OF JOE CHRISTIE, ACTING DIRECTOR, OFFICE OF INDIAN EDUCATION PROGRAMS, BIA, DEPARTMENT OF THE INTERIOR, WASHINGTON, DC

Mr. Christie. Good morning, Mr. Chairman and members of the committee. I am pleased to be here to present the views of the Department of the Interior on the budgeting for the ISEP for fiscal years 1991 through 1993. I will summarize and submit my full statement for the record.

Senator Simon. It will be entered in the record.

Mr. Christie. I'd like to present a very brief background of the events that led to the establishment of the ISEP formula and its implementation in the BIA-operated schools and contract schools.

In 1975 the Congress enacted the Indian Self-Determination and Education Assistance Act. Education was included in the broader scope of the act, which provided for and encouraged the contracting of BIA functions by Indian tribes themselves. The long-term goal set by the act was to have tribes assume managerial and policy-making responsibilities.
Title XI of the Education Amendments Act of 1978 went further in promoting Indian self-determination, declaring in section 1130 that it shall be the policy of the Bureau, in carrying out the functions of the Bureau, to facilitate Indian control of Indian affairs in all matters relating to education. The 1978 act also required the reorganization of the BIA with respect to the administration of its schools. The 12 BIA area offices were removed from direct line control and assumed an administrative support posture. The Congress instructed that the line authority would run from the Office of Indian Education Programs in Washington, DC, to agency superintendents for education. The 1978 act further required the Secretary of the Interior to establish, by regulation, a formula for determining the minimum annual amount of funds necessary to sustain each Bureau-funded school. Funding for all Bureau schools is subject to the availability of appropriations. The ISEP formula, based on relative weight factors, was patterned after the best practice and experience of State school systems that had developed equalization formulas.

Under the ISEP formula, different educational activities conducted in Bureau-operated and contract schools, such as elementary and secondary education, bilingual education, residential programs, gifted and talented programs, and programs for different types of handicapped students, were assigned weights using a base of one that reflect the basic cost association with the various activities. The number of students the school has participating in the various educational activities is identified by each school, totaled by activity, and multiplied by a weight factor for each activity to arrive at the total number of weighted student units at each school. The dollar value of a WSU is determined by dividing the total number of all schools’ WSUs into the total available funding. The WSU dollar value is multiplied by the number of each school’s WSUs to arrive at each school’s amount of funding in a given year.

For the upcoming 1992-93 school year, the Bureau will fund 182 schools with an estimated student population of 41,817, which is approximately 11 percent of the Indian student population nationwide. Actual enrollment will not be confirmed until early October. The number of students being served will have increased about 1 percent over the 1991 total. The rate of increase in ISEP funds since fiscal year 1988 is approximately 25 percent. The totals are $161.6 million and $201.9 million in budget activity in 1988 to 1992, respectively. The increase in funding reflects the concern and emphasis this Administration places on quality education for Indian children.

In fiscal year 1991, Congress appropriated $208.9 million to forward fund the BIA schools. This meant allocating the funds on a school year cycle rather than on the usual fiscal year cycle common to Federal budgetary planning, thus allowing the schools to operate during the usual August to June period, as is normal for schools. During the transition from fiscal year to school year funding cycle, some of the schools misunderstood the forward funding concept and obligated more fiscal year 1991 funds than they should have early in the school year.

In October 1990, the Bureau issued 85 percent of the ISEP funds based on the student count made in September 1990. The final 15
percent adjustment was made in December 1990. These funds were available for use from October 1990 until September 1991.

In July 1991, the Bureau issued 85 percent of the ISEP forward funded moneys to the schools. These funds were for use from July 1, 1991, until June 30, 1992. The remaining 15 percent was issued in December 1991. It might be noted that this issuance was for the forward funded moneys and that that was appropriated for a 9-month period, although the funds became available in July 1991.

The BIA plans to distribute 85 percent of the fiscal year 1992-93 funds in July 1992 based on the student count completed in September 1991. Any adjustments will be made in December 1992, after the student count is conducted in September 1992. These funds will remain available for expenditure until June 30, 1993. By this time, the schools should be more familiar with the forward funding cycle and better understand the amount available to operate their programs.

Thank you.

[Prepared statement of Mr. Christie appears in appendix.]

Senator SIMON. We thank you very much for your testimony. I think we probably, unless my colleagues have any suggestions to the contrary, will hear from all the witnesses and then ask questions.

Angela Barney-Nez.

STATEMENT OF ANGELA BARNEY-NEZ, EXECUTIVE DIRECTOR, THE NAVAJO AREA SCHOOL BOARD ASSOCIATION, WINDOW ROCK, AZ

Ms. BARNEY-NEZ. Thank you, Mr. Chairman and members of the committee.

My name is Angela Barney-Nez. I am here on behalf of the Navajo Area School Board Association, which represents 54 local community school boards that are located on the Navajo Nation within the States of New Mexico, Arizona, and Utah. We work very closely with our local school boards to develop education programs and support services that our Navajo children need and to make sound administrative choices about the use of resources we have to implement those programs and provide those services.

Our school boards have obtained training and spent long hours working over budgets and staffing plans and service proposals. These school boards are boards of BIA-operated schools located on the Navajo Nation. They do their best, and I am here today on their behalf because we have been and feel so defeated by the inadequacy and unpredictability of the funding that we receive for our schools. This inadequacy and unpredictability is supposed to be eliminated by formula funding under the ISEP. This program is supposed to provide formula funding for our schools based on school size, student count, and special characteristics of our schools.

We find too often, however, that the BIA has underestimated the number of students we would serve and has underestimated the number of those students with special characteristics requiring additional weights in the formula. We find that national mandates for teacher salaries, new programs, and the like have been tied to
the ISEP funding formula. At the same time, additional dollars sufficient to pay for these mandates have not been appropriated. Often the reason adequate funds have not been appropriated to meet a new mandate is that the true scope of the change and its true costs have been underestimated in the projections which the BIA has provided to the Congress. The result is that we receive a level of funding—

Senator Simon. If I may take the Chairman's prerogative to interrupt just for 1 moment to ask the two of you, as I look at the numbers, you are talking about, in your earlier statement, 41,817 students, and in your statement here you are talking about 72,675. Is that the weighted portion that makes the difference there?

Ms. Barney-Nez. The WSUs.


Ms. Barney-Nez. The result is that we receive a level of funding that carries many mandated requirements, while it is inadequate to meet the basic educational and residential needs of the student population that we serve.

The value of a WSU is falling below that intended by the Congress and needed by our schools. The reason for this shortfall is that the true cost of teacher salary increases, of transportation, and of added weights for special categories of students were underestimated by the Administration when the amount of the ISEP authorization for the coming school year was being determined by the Congress.

For this school year, 1991-92, the final WSU count is 72,675.47, after two corrections. The BIA, through the Office of Indian Education Programs [OIEP] estimated this year's WSU count at 71,615, over 1,000 WSUs below the actual count. In the coming 1992-93 school year, the BIA's own line officers expect the WSU count to reach 74,576. This is far above the estimate the BIA presented to the Congress when the ISEP funds for the school year were being determined through the appropriations process.

As a result, the dollars appropriated will not fund a WSU at the level it was funded in this school year. The value of a WSU would shrink from $2,834 this school year to $2,667 next year. If these estimates on enrollment and weights are correct, this would be a drop of over $160 per WSU. By school year 1993-94, we anticipate a WSU count of 75,593. The appropriation being sought by the Bureau for that school year will not maintain the value of a WSU, let alone the cost of living.

The consequences for a shortfall will be devastating to all of our schools. Just multiplying the projected reduction for the 1992-93 school year by WSUs for the school which is at Fort Wingate, for example, produces a shortfall of approximately $750,000 below expected revenues and below the amount the formula says is necessary to effectively run the school. This wipes out the increases received this year to fund the third phase of congressionally mandated teacher salary increases. It cuts into program costs, residential costs, transportation costs, special education costs. It virtually eliminates any funds for extracurricular program activities requiring transportation anywhere.
Mr. Chairman, I would like to add for the record that we did a sample throughout Navajo Nation BIA-operated schools, and we have found examples of what has happened within our schools, what are schools doing to meet the shortfall, and we’d like to share this information with the committee on some of the economies our schools are being required to make.

Some of our schools board students, and they bus these students home on the weekends. The transportation formula does not pay for many trips. There are four trips a year sometimes. For example, Fort Wingate High School and Chuska Boarding School has to make the money from education services. Other schools do not feel they have to take anymore money from education programs. So the school asks parents to pick up their children for the weekend. Some children are not picked up. They have to spend their weekend in a weekend dorm because the school cannot afford to keep the regular dormitories open, lighted, and heated for the weekend. Often no special weekend activities or recreational opportunities can be provided for these students because there is no money to do so. Various of our schools come down to one side or the other on this dilemma. All agree it should not exist.

All of our schools also have had to cut way back on extracurricular activities, particularly any activities which require transportation and extra hours by staff. Many very worthy programs and activities have to be passed by because the transportation budget will not pay for the cost of bus transportation to nearby events.

Many of our schools’ students do not have the full compliment of school counselors and dormitory counselors. One school administrator told of her regret that individual one-on-one counseling was not available to dormitory students on a consistent enough basis. Too often there was no one in the dormitory for students to talk to confidentially because staff are stretched too thin and individual counseling services could not be maintained. Many of our schools have a very difficult time meeting dormitory criteria mandated by BIA regulations because the money they receive does not cover the cost of the requirements.

IHS cutbacks and BIA cutbacks combined have left our schools without a regular school nurse. Transportation funds do not provide for taking a child to a clinic or hospital, yet if a child is sick, particularly a child who is in the dormitory, the child must be taken to a clinic or a hospital, so our schools transport the child and pay for it out of education programs and funds.

Schools are cutting back on security. Although it’s funded under O&M, it still takes some money out of the ISEP formula to meet these costs for security. They are eliminating staff positions, teacher positions, counselor positions that are needed to be fully staffed because they simply do not have the money to pay for them. They are furloughing staff to avoid firing them altogether.

Our schools are having a particularly hard time with special education. The weights for special education are high and for a good reason. Special education is an expensive service to provide. Since the ISEP formula for special education is computed in terms of the WSU, when the basic value of a WSU is reduced because of low BIA estimates of the number of WSUs, the dollar loss to special educations are particularly high. Meeting the requirements of spe-
cial education regulations under Public Law 94-142 becomes particularly difficult when ISEP dollars are reduced through a shortfall. The situation jeopardizes Public Law 94-142 money altogether. Not only is ISEP being funded at a lower dollar amount per WSU than anticipated by the Congress, but the WSU dollars are having to be used for many programs and services that should be paid for out of other programs. For example, many schools find that USDA funds do not pay their entire cost of school lunches and school breakfasts. They have been dipping into ISEP. All schools, as mentioned above, are without residential health care services. They lack transportation dollars to travel to health care facilities. They use ISEP dollars to pay the cost of getting children to health care services when they need them.

Schools are having to skimp on home living supplies and materials. Comfortable chairs, sofas, television, washers, dryers, irons to press clothes—all are in short supply at many of our schools. One school has complained that they are running short of personal hygiene supplies that their students need.

There is little or no money to fix anything, and particularly school bus repairs are not covered by funds received. And our buses break down. A broken washing machine can be a dormitory crisis. We have many students in the residential programs who come from difficult home situations. They need to be nurtured, not warehoused. We have counselors in our budgets and in our standards. However, the hours they are available are limited by RIFs when we do not have the dollars for them. We are not able to provide enough recreation to our boarding students, enough after-hours activities, enough study resource materials, enough help for homework, enough individual attention. We know they need individual attention.

Reductions in force, furloughs, and layoffs plague our relations with our school staff. This undermines morale. Often the staff with the greatest need feels the bite the most. We must ask more and more of our staff at the same time that we leave them very insecure in their own employment. That the staff puts up with this is a tribute their commitment and a comment on the poverty of our region.

Cuts are affecting safety of our students and our staff. Several schools listed security as a way they are meeting and would meet the shortfall. Others listed backlogs in fixing the fire alarm system, fixing the sewer and obtaining adequate sewage services, tapping into an adequate water system, paving their parking lot. If this sounds like a system falling apart, it is.

How can the ISEP shortfall be addressed in time to avoid any more cuts in program and service in BIA-funded schools during the next school year, and how can the problem be remediated in the long haul? We have some suggestions. We share the recommendations being made on behalf of our Navajo contract and grant schools that ISEP be restored to the school year 1991–92 level, with a cost of living increase of 3.5 percent for the 1992–93 school year. This would allow us to keep our teacher salaries comparable to those in the Department of Defense, as Congress originally intended, without cutting any deeper into program services and staffing ratios. The dollar cost for this intervention is approximately $14
million, as we stated in our earlier testimony to the House Appropriations Subcommittee on Interior.

For the 1993-94 school year, appropriated in the 1993 fiscal year budget, a 3.5-percent cost of living increase should be applied to the value of a WSU. This would result in a WSU value of about $3,127. This amount should be applied to our current best estimate of WSUs for that year, 75,593. A comparable cost of living increase for the next school year would bring us closer to $3,499 in 1994 and 1995, the amount which the ISEP task force called by the BIA estimated that we should receive this year to adequately meet the needs of our schools and our students.

These dollar increases and WSU rate increases are the least that can be done to keep us from losing ground. In the long run, we need to look at how we compute ISEP, what floor we put under it, what apportionment between salaries and other expenses we provide for, and what we pay for with it.

In the first place, we need a commitment from Congress to the value of the WSU. When Congress approves the appropriation for ISEP, the size of the appropriation is based on an estimated value of an individual WSU. If the number of WSUs is greater than that anticipated, Congress should commit to providing a supplemental appropriation to maintain the WSU at the agreed upon value. Since the ISEP formula is now forward funded to July 1, there is time to redo estimates and make up most of any difference before the school year begins.

Second, the Congress and our Navajo school boards need comprehensive information from the BIA about the real cost of all goods and services actually involved in running our schools and dormitories and the adequacy of all sources we rely upon to meet those costs. When the Department of Agriculture does not provide the full cost of a school lunch and school breakfast and students are present who need to eat, the school must take the money out of some other account, too often ISEP. When the child needs to be taken to a doctor, if there is not money for this purpose, ISEP or other dollars will have to be used. If a school determines that it is in the best interest of the children to be taken home for the weekend, the school will have to dip into some other fund other than transportation, often ISEP, to pay for this service.

Senator WELLSTONE [assuming Chair]. Ms. Barney-Nez, I hate to interrupt you, but I'd like to ask you if you could finish up, not because what you say isn't powerful or important. What will happen is a number of us have other committee meetings, and we want to make sure that there's going to be time for discussion and questions, and everything will be, of course, submitted for the record. I don't want to put you in that position, because what you say is so important, but I would make that request.

Ms. BARNEY-NEZ. Thank you, Mr. Chairman. I have been told to say these things, and they're all very highlighted.

Many of our schools are spending 80 percent or more of their entire ISEP funds on salaries. One school reported it is spending 90 percent of its money on teacher pay increases. What we are suggesting, though, is more comprehensive figures that we can use so that we make some better determinations on the funding for the upcoming year.
NASBA participated in the ISEP task force, and those recommendations are not being followed by the BIA in making its appropriation request to the Congress. We also participated in the White House Conference on Indian Education, which set certain educational goals for Indian education in the year 2000 and beyond.

We would work with the Congress and with the Office of Indian Education Programs and other agencies in determining the real costs and the needs associated with educating our children. We have ideas for rationalizing this process, as described in our testimony. We urge the Congress to look at the costs and structures needed to provide quality education and to work with all of us to establish a regular and predictable way of meeting those costs and establishing those structures.

Mr. Chairman, thank you very much. We have supplemental questions that we would like to insert for the record and ask for your committee to call for those questions to be answered by the BIA Office of Indian Education Programs. Thank you.

[Prepared statement of Ms. Barney-Nez appears in appendix.]

Senator WELLSTONE. I thank you for your powerful testimony, and I would want all of the panelists to remember that even if you can't get through your whole written statement, that will all be part of the record, and maybe we'll try and limit the remarks a bit so that we can get into discussion. Thank you very much.

Mr. Bordeaux.

STATEMENT OF ROGER BORDEAUX, EXECUTIVE DIRECTOR, ASSOCIATION OF COMMUNITY TRIBAL SCHOOLS, INC., SISSETON, SD

Mr. BORDEAUX. Senator Wellstone, thank you.

I'd like to thank the committee for allowing me to be here today to represent the community tribal schools across the United States.

First of all, what I'd like to do is introduce some students at some of the schools that are here in the Washington, DC area as part of the Close Up Foundation, and I'd like to introduce them and also submit their names for the record so that they show they're in attendance. They are students from a school where I work at, Tiospa Zina Tribal School on the Sisseton Reservation in South Dakota, and Takini School on the Cheyenne River Reservation in South Dakota. So maybe if they could stand up—

Senator WELLSTONE. And could we get the names so that we can have that as a part of the record? Could we get everybody's name?

Mr. BORDEAUX. I'll get their names plus the two teachers that are with them and submit them for the record.

Senator WELLSTONE. On behalf of the committee, I'd like to thank the students for being here today. It's important that you're here, since it is about you. You should be here.

Mr. BORDEAUX. The Close Up Foundation is one of the programs that the Congress has constantly, over the last few years, submitted money for so that these students can come in and get some civic education.

What I'd like to do is very briefly review some of the illustrations in my testimony to give you an idea of what we're talking about. I think the whole theme that I want to talk about today is

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equity, not only equity among schools, but something that you said, Senator Wellstone, in regard to equity and comparison with public schools. So I'd like to review the illustrations that we have in there and then also review a couple of the illustrations in the Congressional Research Service report that you also have available in front of you. So I'll go through that as quickly as I can, because I know that I would much rather have some dialogue than having us sit around boring people out.

Senator WELLSTONE. You are not boring us. The words and the statistics are all about future.

Mr. BORDEAUX. That's right. Senator WELLSTONE. It's not boring, it's important.

Mr. BORDEAUX. Okay.

I think the first illustration in my testimony just outlines the tribal schools by State, how many there are, how many enrollments there are, and how much ISEP dollars goes into those States to give both committees an idea of how much money goes into the tribally controlled schools in the various States. So you yourself can look at Minnesota and the other people can look at the different States just to give you an idea. But the total amount is $65 million in ISEP goes to tribally controlled elementary and secondary schools.

The second illustration on page 2 outlines per-pupil expenditures in public schools since 1986 and compares that against the ISEP revenue in the same time period, and what I'm trying to illustrate is that over that time period, the ISEP dollars have increased 31 percent and the per-pupil expenditure dollars in public schools has increased 57 percent. You also have to remember that of that 31 percent increase in ISEP, I would suspect that at least 75 percent of that was legislated by amendments in 1988, which added some additional weight because of specific needs of students, and Marcel will be getting into some of those specifics.

In the bottom on the second page, I tried to illustrate that even if you take the ISEP amount and add in transportation, facilities, and administrative costs at tribally controlled elementary and secondary schools, that total dollar figure still does not come up to the per-pupil expenditure amounts for an average in all public schools in the United States. So public schools this year spent a little over $5,000 per student, and the major four functions that we operate under—ISEP, transportation, facilities, and administrative costs—only come up to $4,300. So we're about $700 or $800 off per student in that amount. And then what I also did, because there's always an argument that public schools also get Federal dollars on a supplemental basis in Chapter 1 and various other categories, I even added in the average percentage of that, and it still does not come up to the per-pupil average.

I'll pause for a while if you guys want to move around.

Senator WELLSTONE. I'll let your distinguished Senator chair.

Mr. BORDEAUX. Senator Daschle, I was just going through my testimony very briefly, and right before you came, we introduced some students from South Dakota. Robert Moore helped us bring them over here from the Close Up group. So they're in attendance.

Now I'd like to go to the third page of my testimony, and what I attempted to do is look specifically at Tiospa Zina Tribal School.
and report to you the actual number of students and number of staff and some of the problems that we've had to deal with leading into this year, next year, and the year afterwards. The bottom line is because we were able to do some forecasting, we had to eliminate 10 staff positions for this school year before school started, which is approximately $100,000 or so. Those schools that were not able to do the forecasting had to do some of the RIFs and all this other stuff during the school year. So we were fortunate enough to eliminate 10 staff positions last year before this school year started. So far for next year, we have eliminated two staff positions, and at the same time, our projection is not only based on actual enrollments this year and going into the next school year, but we are anticipating approximately a 15-percent increase in enrollment over that 3-year period. So it's really difficult to try to do any planning at all, let alone trying to figure out projections of what OIEP is telling us.

That's the extent of the prepared testimony. I do have a lot of attachments that I'd like to have you reference, to take a look at, which are attached there. I'll go through them real quickly.

The first one is a 3-page rationale for a new system of generating a dollar figure per weighted student which would be equal to or similar to the per-pupil expenditure or revenue. We have been requested by the Department of Education and also the Senate Select Committee on Indian Affairs and House Committee on Education and Labor to start looking at educational amendments which will be up for elementary and secondary, as you know, in the next Congress, and we're going to figure this out and fine tune it so that Congress knows and everybody knows that this is what the schools should be getting on the top and then work down from there. And then if the Bureau or OMB or somebody says, "Sorry, folks, we don't have enough money," everybody will know up front. So this is the first draft of an equalization revenue formula that we're going to keep refining and hopefully convince other people that it's something to take a look at.

I know that the next document—initially the Bureau has always admitted over the last few months that there was not a shortfall, and now they're starting to admit that there is a shortfall, but there is a document signed by Mr. Parisian, who is the Director of OIEP, where he specifically says that they did not want to hand out any junior or senior high equipment money because of projected shortfalls in ISEP funding. So it's just an additional document to prove that the Bureau does indeed admit to the schools that there are shortfalls in ISEP.

The next three documents—the first two are fund distribution documents where the Bureau has taken money from one category and spent it for something else because of shortfalls or their anticipated immediate needs as opposed to long-term needs. The third fund distribution document is one that we received this week for the administrative cost formula. As everybody knows, they were only initially able to fund 78 percent of the needed amount in the formula. Looking at this document, it appears that they're using next year's money to fund this year's expenses. You know, I'm not 100 percent sure, but the way I read this, they're using next year's dollars to cover this year's expenses, and what's going to happen is
it's going to take money from next year's, so we'll have to use the year after that, and all this other stuff.

The next document is a listing of all currently available dollars that have not been distributed, by program, and as of right now, there's $3.6 million that has not been distributed yet, and I think the more important thing is that in the long run—I'm sure Carmen is going to cover this, but in the long run, if all of this stuff is not worked out by the end of June and the stuff is not distributed and it's not properly put in its place, it's going to end up that some of these categories may end up having money left, and the only reason is that the Bureau didn't distribute the dollars.

The last document is an illustration of a comparison of the Indian school equalization funding over the last 6 or 7 years and into the next few years, which clearly shows that there is a wide disparity between ISEP increases and national per-pupil expenditures, actual costs over that same time period and projected costs. And then those two figures—the figure I got on national per-pupil expenditures came from the Department of Education, their National Center of Educational Statistics, and the ISEP figures came from the Bureau's own budget justifications over the next few years.

I think that I only have one recommendation. I've been working in tribally controlled schools since 1974 as a teacher and administrator, and it took me nearly 18 years to finally be convinced that the BIA and their budgeting process and system doesn't work. I would highly recommend that we figure out either a new agency or a different agency to be the one responsible for telling Congress exactly how much money schools need.

That would conclude my testimony now, and I'm more than willing to answer any questions later on. Thank you.

[Prepared statement of Mr. Bordeaux appears in appendix.]

Senator Daschle [assuming Chair]. Thank you, Dr. Bordeaux.

Our next witness is Mr. Kerkmans.

STATEMENT OF MARCEL KERKMANS, ALAMO NAVAJO SCHOOL, MAGDALENA, NM, REPRESENTING THE NATIONAL INDIAN EDUCATION ASSOCIATION

Mr. Kerkmans. Thank you, Mr. Chairman.

I'm here representing NIEA, and also I believe I'll be representing Lorena Bahe, the lady at the end of your list there, who was not able to attend this conference. I also belong to ANCCSB.

There are some things that I have submitted in testimony, and I would like to be as brief as possible.

Mr. Christie has identified that there was a 25-percent increase since 1988 for Bureau-funded schools. I'd like to point out that Eddie Brown's letter to Chairman Inouye indicates that $35 million is the cost alone for the Department of Defense increase. So in fact, since 1988 we've only had a $5-million increase. Given also in 1988 the gifted and talented programs for junior high school and other programs involved, the cumulative effect of those costs for 5 years is another $30 million. In effect, we have not had a 25-percent increase. In fact, since 1988 we've had a 20-percent decrease in the
amount of funding available, and I would like for you to review that.

There's one important factor that I think we should all look at, and that is the ISEP formula currently is a distributive formula. It does not generate the need for schools, it only distributes the money that Congress has appropriated, and that's part of the problem with the formula.

The other comments that he's made that kind of concern me are that he said that there's only 41,817 students. By their own budget records, it was 43,328 students, a 2.5-percent increase, and since 1988 we've had a 10-percent increase in the number of students in the Bureau-funded system. We have not been basically paid for those.

He indicates in his testimony also that there are flow-through funds to take care of additional problems, and I'd like to remind the committee that flow-through funds are supplemental programs from the Department of Education. These funds cannot cover basic service. It would be illegal to use those funds to cover the basic service. Consequently, it helps, but it doesn't help to cover the basic service cost.

He also made some comments about the ISEP task force and the recommendations for the ISEP task force. The task force would not recommend changing the formula unless it was funded appropriately. The recommendation from the ISEP task force was to fund it at $3,499 for school year 1993-94. We have not seen that request come through. And we also recommended, because I was on that task force, that every year afterwards, once that funding was available, we would be able to review to see if it was equitably distributed. So he's incorrect in his statement that the ISEP task force recommended that. They recommended it only if they increased the funding.

There are several other points I'm sure I could go through, but I'd like to be as brief as possible.

NIEA/ANCCSB knows that there is a $4.7-million shortfall in administrative costs this year, minimally a $5.6-million shortfall in administrative costs next year, and an $8.2-million shortfall in administrative costs in school year 1993-94. ISEP school funding for next year is going to be $27 million short of appropriations, and the following year it's going to be $35 million short of appropriations if you just use the basic concept of the DOD increases that need to be continued and a cost of living increase. That's the situation.

I'd like to thank the committee for hearing us, and I'd like to turn it over to Carmen.

[Prepared statement of Mr. Kerkmans appears in appendix.]

Senator Daschle. Thank you, Mr. Kerkmans.

Our final witness is Ms. Carmen Cornelius Taylor.

Ms. Taylor, we'll take your testimony at this time.

STATEMENT OF CARMEN CORNELIUS TAYLOR, EXECUTIVE DIRECTOR, NATIONAL INDIAN SCHOOL BOARD ASSOCIATION, ALBUQUERQUE, NM

Ms. Taylor. On behalf of the National Indian School Board Association, I, too, would like to thank both committees for conducting
this hearing and for giving us an opportunity to express our concerns today.

I guess one of my most immediate concerns is that—or just a comment really that I want to make. The ISEP working committee which produced a report, that committee was actually commissioned by the Office of Indian Education Programs. They spent 1 year long in collecting the information and putting the report together, and they also put it out for consultation. The consultation was all supportive, and in the summary that was put out regarding that consultation effort, it does mention that people were supportive of that consultation item. And it just really concerns me that in any budget justifications or budget requests that have been made by the Office of Indian Education Programs, they have not even mentioned this report and the recommendations that came out of the report.

When we deliberated many years ago over some of the things that we would like to see included in the statutory changes in elementary and secondary education, we felt very strongly about a number of things, including teacher pay raises, increased local control, and forward funding, and in fact we feel that although we now have those things, the implementation has not gone smoothly, and we feel like the intent of those has been very much compromised in the implementation process.

I want to talk just a little bit about the monitoring and evaluation of schools, because I think there are some things that come out of that process that relate very much to what we're talking about. I've had an opportunity over the last 2 years to either be a team member or a team leader in the monitoring and evaluation visits that are being made by the Office of Indian Education Programs, and I have been very impressed with what I have seen going on in the schools. I think that our schools are doing a lot with a little. Not just dollars, but support and other resources.

We make recommendations about various deficiencies or weaknesses that need to be addressed in each of these visits. We constantly are seeing the same things recurring in many schools. We're seeing the lack of counselors, we're seeing the lack of librarians, we're seeing lack of extracurricular activities and other programs, like physical education, music, fine arts, and computer literacy, and we can say that throwing dollars at education isn't going to solve all the problems, but I can't think of any other way to help address those deficiencies other than appropriating additional dollars.

In some of the questions that were submitted by the committee for response by the Office of Indian Education Programs, there were some questions that addressed the off-reservation boarding schools, and I want to take just 1 minute to talk about those.

One of the answers given by the Office of Indian Education Programs said that simply allocating more funds at the schools is not the answer until the schools can implement a program to meet student needs. Unfortunately, they're not going to be able to implement a program that can meet student needs until there are additional dollars. Since about 1980 or possibly even before, there have been numerous studies regarding the off-reservation boarding schools and the types of students that they serve and the kinds of
programs that they’re going to need. The boarding schools have been, in recent years, attempting to get a different kind of funding pattern for their schools so that they can better address the needs of their children. I want to just give one example from one of the off-reservation boarding schools about the kind of students that they have, because I think it’s significant.

Approximately 62 percent of the students exceeded the depression screening threshold of 16 or greater total score. Approximately 73 percent of the students exceeded the drinking threshold screening score composed of questions related to frequency, pattern, amount, and severity of drinking behaviors. Approximately 42 percent of the students exceeded the drug threshold screening score composed of questions relating to frequency, pattern, amount, and severity of drug use behaviors. And approximately 32 percent of the students reported thoughts about suicide that would be considered clinically significant.

Many of these students are court-ordered into the off-reservation boarding school situations, and they come from very dysfunctional settings where social and family issues are epidemic. That there’s extreme violence, alcohol and drug abuse, physical and mental and sexual abuse now seems to be the norm in many of these students’ families. So I don’t think that you can say that the off-reservation boarding schools have to show that they can provide a program to meet these needs and that they’re not going to get additional funds until that time. They need the additional funds in order to be able to provide those programs.

I think that unless we can provide some additional funding to these schools, we’re going to continue to report these same deficiencies year after year. By their own admission, the bilingual program reporting for WSUs have been doubled since 1982, and there have also been significant increases in the intense residential guidance and the gifted and talented, but the estimates that OIEP submits in their budget justifications do not reflect this.

We’ve had a number of schools this year, in information that I’ve collected, who have said that due to the DOD pay increases, they’re now paying out anywhere between 90 and 97 percent to personnel costs. This leaves nothing to spend on students and other needs for staff.

Some of the schools that we surveyed also said that they’ve been able to maintain only because they’ve had an increased enrollment. Now, all that has done is kind of kept their budgets even, but that doesn’t give them additional dollars to meet the needs of those additional students that they have in their schools.

Our schools have been told to try to live within their budgets, and this has meant going through reductions in force in their communities. Some schools have gone through two reductions-in-force actions this year. They’ve also cut back on the number of hours that their staff has worked. I think the reduction in force not only means lower employment. Often times the first people to be RIF’d are our community people, people from our communities who are in teaching assistant and aide positions in the communities. But RIFs have other adverse effects. It influences the confidence level in the school by the community. Often times it has an impact on enrollment for the following year. And it also hurts recruitment ef-
forts by schools. Our schools have a difficult enough time with recruitment often times because of isolation, lack of housing, and other factors. So we have to make sure that recruitment efforts are not hurt.

Dr. Bordeaux mentioned earlier about some of the dollars that haven't been distributed, and I would just like to mention that now that our schools' year actually ends June 30, the financial system for the Bureau actually is going to begin shutting down for them. There are still dollars to be distributed, and it concerns us that by the time those dollars actually get out, it may be too late for them to expend them. It will mean, then, that they will have dollars left unobligated at the end of the year, and then they can say, "Well, gee, the schools couldn't even spend what they had last year. Why do they need more?" So that is a real concern of ours regarding the dollars that have not yet been expended.

I've given in my testimony some examples of the shortfalls and some of the things that have happened or actions that schools have taken to try to deal with the shortfalls that they've experienced this year. We were hopeful that this transition year in forward funding would be the worst of it, but as we look at the next coming year, the one that begins July 1, 1992, and the one after that, it unfortunately looks as though it's not going to get better.

Dr. Bordeaux also mentioned the robbing-Peter-to-pay-Paul kind of an idea that seems to be going on to try to make up for shortfalls. In the questions answered by OIEP as well as some discussions at the line officers meeting recently held in Albuquerque, they talked about using some of the ISEP adjustments to make up for the shortfall, and I just want to mention that one of those ISEP adjustments is effective schools.

I've been involved with effective schools since OIEP initiated that program 4 years ago, and it has not been a large amount of money, but it has had a significant impact in trying to help schools guide their school improvement efforts and we've seen some very positive things come out of that. It has been called a major initiative by OIEP in spite of the small amount of dollars that have gone into it, and I guess I would just like to say that although I think the most important thing that we're discussing here is a solid, stable base of funding, I would hate to see without some advance notice that dollars were taken from that initiative to try to make up for a shortfall, especially since this year OIEP did send out a request for self-nominations for schools to participate in effective schools for the 1992-93 cycle, and schools have been selected and notified that they will be able to participate in that during the next school year. I think some advance notice needs to be provided before those dollars are used for other programs.

I would like to just also say for the record that I support the recommendation that Dr. Bordeaux has made regarding trying to determine another mechanism for our budgets to be made, and I also support the various comments and testimony that have been submitted for the record by my colleagues.

Once again, thank you for the opportunity to share our concerns today.

[Prepared statement of Ms. Taylor appears in appendix.]

Senator Daschle. Thank you, Ms. Taylor.
I'm going to be asking Mr. Christie for his response to many of these comments, because I think that, as he's clearly heard, there's a tremendous amount of dissatisfaction, concern, skepticism—I'd go so far as to say cynicism—about the current set of circumstances, how we've gotten to this point, and how we're going to find our way out. But prior to that, let me ask Mr. Pastor for his comments and questions.

Mr. Pastor. Thank you, Mr. Chairman.

From what I've heard and what I've read, would I be wrong in assuming, Mr. Christie, that the President, Secretary Lujan, Secretary Alexander, and my good friend Ed Brown basically believe that Native American children should have educational opportunities that equal all American children in public schools?

Mr. Christie. The Administration believes in quality education for all children, including Indian children.

Mr. Pastor. So I'm assuming that that statement means that BIA also has the expectation that they'll provide equal opportunities in education for its Native American children as well as all American children, those that are in public schools especially.

Mr. Christie. Our mission statement speaks to quality education for Indian children as our primary mission.

Mr. Pastor. And I would assume that you believe in that also.

Mr. Christie. Yes, sir; I do.

Mr. Pastor. In your statement, you talk about, the fact, that in practice, the BIA is only concerned with determining the minimum amount of funds necessary to sustain Bureau-funded schools. Am I correct in assuming that that is the objective, to just determine the minimum amount?

Mr. Christie. As one of the witnesses spoke to earlier, the formula is a distribution formula. It is not a need formula. So it only distributes the amount of money that is appropriated between the schools based on the type of students. So it is not a formula that determines need, it is a formula that distributes the dollars appropriated.

Mr. Pastor. Okay. In determining the amount of appropriation that you're going to request for the education of Native American children, how do you go about it? Do you go for just the minimum, or do you request what the children are realistically going to need? How do you do it, Mr. Christie?

Mr. Christie. The traditional way that the Bureau has done it over the last 3 years—and that's what I will speak to, over the last 3 years—is that we've gone down with the formulation packages based upon the Presidential request as the planning target figure, and we've asked our line officers to take that information and sit down with school boards and have the school boards prioritize all of the education programs, and then, based on that prioritization, meet with the school boards, meet with the agency school board and meet with the tribes, get their input and their recommended funding levels, and then we bring the line officers in and have a meeting with them—as a matter of fact, we concluded a meeting with them for the 1994 process about 2 weeks ago—and then we sit down with them and go through the prioritization and work with them to help us determine what the recommended funding levels will be. We then take that information, bring it back in and meet
with the total Bureau, of which we’re a part, and then we sit down with the Deputy Commissioner and the Assistant Secretary and we go through with them what our recommendations are and what our formulation process has brought to life.

One of the major problems that we have in the process is the forecasting of what the WSU amounts are going to be. Now, over the last 2 or 3 years, we’ve done a good job in estimating the enrollment increase, but the enrollment increase is just a small part of the overall increase of WSUs.

To give you an example, what we’ve found is that in just the gifted and talented WSUs, in doing our analysis for the coming year, we found that there was a 40-percent increase in the number of gifted and talented WSUs. This is existing students, not new students. When we estimate new students, we give them a weight of 1.75. But existing students within the system who, 1 year ago, weren’t in the gifted and talented or weren’t handicapped or weren’t in bilingual, those WSUs are beginning to increase by large amounts—15 percent in one case, 40 percent in another case, 8 percent in another case—and this increase internally, with our present students, is extremely difficult to project. And as a result, our WSU numbers change from the point of formulation, which is already approximately 2 years in front of the appropriation, and now with forward funding, that extends that another 6 months before our funding actually becomes available.

So what we’ve done is, instead of shortening the planning process with the forward funding—which we agree with, we do need July to June funding—but when, for instance, 1998 is still working its way through, that money will become available for the general BIA in October of this year. It will become available for our use in July of next year. So instead of shortening the planning process, we’ve actually lengthened that planning process, thereby creating a larger planning window for the WSUs to fluctuate.

Mr. Pastor. In response to one of the questions, you admit that one of the major problems is the current process for determining student enrollment, and you go on to say, “A better approach would have the dollars follow the students.” What do you mean by that?

Mr. Christie. Well, what we’re talking about there is that, for instance, in our off-reservation boarding schools, we have a count once a year, so when we get ready to allocate the fiscal year 1992 funds for school year 1992-93, which is the funds that will become available July 1 of this year, we’ll allocate 85 percent based upon last year’s enrollment and based upon that WSU amount. We then will go through and do a certification of actual students in the school in September. That, then, will give us the actual number of students in school and the actual number of WSUs, and then we will make an adjustment. Now, that’s a one-time count each year, and that will occur in September.

If the historical trends hold up, the day after count week the off-reservation boarding schools will start to have a loss of students, and sometimes that can go as high as 34, and according to when you take your next inventory—for instance, this year we took our student count in September at one of our off-reservation boarding schools, and they had 344 students during count week. When we
went out in May to check the number of students that they currently have enrolled, they had 180 students enrolled. So they had a loss of 48 percent of their students, but they kept all of the money.

Now, Standing Rock in North Dakota had an increase beginning after count week. They increased over 22 percent in the number of students that came to those schools. Some of those students came from off-reservation boarding schools, and part of those students came from being expelled or lost out of the public school system. But none of those students that came and comprised that 22-percent increase brought a penny with them. So that further put a problem with the school receiving those kids, but at the same time giving excess funds or possibly exceeds funds—I don’t want to declare anything excess—possibly creating a larger per-pupil amount at the losing off-reservation boarding schools.

Mr. Pastor. A few more questions. Dr. Bordeaux brings forth the example that, even if the money were to follow a student, it does not match the amount of money that a public school attendee is receiving. Would you like to respond to that?

Mr. Christie. Well, historically, our biggest problem internally and externally is just the opposite in that people have come to us saying that we’re actually overfunding students compared to States, and we just recently undertook a study that was internally mandated to look at comparing BIA schools with public schools. We tried to make sure that when you look at those students and compare per pupil expenditures and compare achievement scores, you actually begin to compare Indians to Indians and not Indians to the non-Indian population with a few Indians in their statistical analysis. We also have to be assured in those types of studies that we’re making comparisons of actual cost to the dormitory and have taken into consideration capital outlays and facilities O&M.

So when you do that, you find that it’s extremely hard to make those types of comparisons, especially because there’s not very many public schools that keep by-school information. Like on Navajo, we have public schools that have comparable elementary modules out there, but when you go to the school district and you ask them, “Can we get the information for your elementary unit over there?” they say, “Well, we don’t keep it by that elementary unit, we only keep it by the total school,” and then they aggregate all the cost and that data together. So it makes it extremely difficult to make comparisons.

So I haven’t seen Dr. Bordeaux’s information. I would have to see it and I’d have to analyze it. But the cost of educating Bureau kids in Bureau schools that are normally small schools—the majority of our schools are small schools—we know that those costs are more to educate in small units with small numbers of students than it is to reach economies of scale. So it does not surprise me nor would I be surprised that our cost should be higher than comparable public schools.

Mr. Pastor. As I tried to listen to your response, you equated money spent to academic success, and I don’t know how you bring them together. And you compared the Native American student academic achievement with the American student. How do you relate academic achievement with the dollars? How did you get into that discussion?
Mr. CHRISTIE. I hope I didn't.

Mr. PASTOR. Well, you did.

Mr. CHRISTIE. What I was trying to say is that when you do a comparison, one of the analyses that, in our estimation, we thought was trying to be made was to compare our academic scores versus the public schools, and we have no problem in making that comparison as long as our Indian kids are being compared to other Indian kids in the public school system. And that was the point I was trying to make.

I don't think there's any educational research that shows that there's a direct relationship between the amount of money you spend on a kid and the academic scores. But our objective in Indian education is to make sure that our Indian children are given a quality education, and our stated goal is to reach, within our schools, the 50th percentile by the year 2000. And while that does not necessarily equate to dollars, if you're underfunding and you're not providing a quality education, then we're not going to reach that goal.

Mr. PASTOR. I heard today that there's an admission now that we're $14 million in the hole. I heard at least four people who are leaders in their area say that there are problems in the way the system works. And the past is something that we look at to learn. I would ask you, since all of us have the same objective to make sure that Native American children have equal access and equal education, what would you suggest to us that would improve the funding of these schools, make it more realistic?

Mr. CHRISTIE. Well, first of all, let's talk a little bit about the $14 million amount that's passed around. Again, I get back to the problem of the WSU. The amount that they're talking about, I think, is $2,708 in fiscal year 1991, and based on those WSUs and with the amount of increase that we put in, if everything was held constant, then the $2,708 could be achieved. However, because of the increase of the internal WSUs, that then brings us up to a number of WSUs that, when you divide into the appropriated amount, results in an amount for this projected school year of $2,667. Part of that $2,667 is going to result in some schools, if their WSUs have gone up, not taking any decrease.

Now, if you take the WSUs and say, "Look, here's what the WSU amount was at the last count and here's the same WSUs under the $2,667" and you make those straight-across comparisons, there may be a $63,000 shortfall for Mr. Bordeaux's school. But what we don't know is what that final WSU count is going to be in September. Now, it's possible that he could maintain exactly the same number of kids, but the WSU numbers change, and that they actually will get more dollars based on the increase in WSUs with the same students than he got last year. And when you look at that, we have something like—I've seen the comparison chart that they have, and what it shows is that there are about 1,600 WSUs that will have to be distributed, which is equal to about $4 million. Where those are going to go, we don't know, because all we have is last year's count. But those WSUs are going to be distributed somewhere within the system, and some of those schools are either going to suffer a larger deficit because they're not going to get all
of those WSUs, or some of them are going to get those WSUs and actually end up with a little bit more money.

I would be hard pressed to tell you what the answer is. In trying to plan for the 1994 targets, we see—and I know I’m speaking out of turn here—

Mr. PASTOR. Out of school?

Mr. CHRISTIE. Yes; out of school [Laughter.]

But there’s a possibility with everything that’s coming down that we may have a 5,000 WSU swing. We’re going to have to go back and again verify those types of indicators, but that’s the real problem, the swing of the WSUs. And then that exacerbates the problem that I’m sure you’ll talk to us here in the very near future about, administrative cost support. When you take the swings in WSUs and then you take the direct cost base fluctuations that we’re encountering, you can get enormous swings between the time that we go forward asking for dollars to the time that we actually distribute.

Mr. PASTOR. One more. The formula is a distribution formula.

Mr. CHRISTIE. That’s correct. It’s not a need formula.

Mr. PASTOR. It’s not a need formula. How can we get a handle on getting a more realistic determination of what the need is going to be? Maybe that’s the problem. What can we do to get a better budget that is realistic and meets the need?

Mr. CHRISTIE. First of all, I would call your attention to the fact that during the time that Ed Parisian has been here, one of the things that we have been able to do is to start to compile our annual reports and send them forward to Congress. Part of that report is the Standards and Compliance Report. When we sent the Standards and Compliance Report forward last year, we revamped that system to also try to capture costs of bringing those schools into compliance. One of the cost factors in there equates to a little bit over $14 million, and that is the amount estimated coming up through that system of what it would take to bring those schools into compliance.

We utilize that report in trying to move forward through our budget formulation system to try to forecast need. That’s not a true need system, either, and one of the deficiencies of that report is that if, by some chance, that amount of dollars were appropriated, we would have to distribute back through the ISEP system. So those schools that were not in compliance that needed the dollars to get in compliance would share in a portion of those funds but would not receive the totality of those funds. And so as a result of that, it would be something analogous to what happened in teacher pay, that once we get the dollars, it has to be distributed by statute through the ISEP system, and those schools that don’t need the additional dollars to meet compliance or to meet the teacher pay raise get a portion of those funds, just as the schools that do need it get only a portion.

So the only way that you would be able to provide those funds directly to the schools that need them would be to find a method of holding those out of ISEP, but I think we would need a statutory change to have the authority to do that.

Mr. PASTOR. The Chairman has been very patient, and I promise this will be my last question.
Dr. Bordeaux and another witness brought up the fear that the approximately $3.6 million that are in the budget will not get out in June, since we're already in mid-May, and also the fear that we're expending this year's dollars for next year's programs. Could you respond to that, please?

Mr. CHRISTIE. Yes, sir; let me add one other thing to what we said. By statute, before we can make any change, we're going to have to go out and consult. So even if we could come up with a recommended way of alleviating the problem, we would need to go out and consult. We'd set up a formal consultation process, but that process would take us a period of time to do. Our next consultations are scheduled for July, so the next one we could get into would be next January, and then we would have to change the regulations, which would probably take us somewhere around 18 months. So we would be talking almost 2 school years away before we could make adjustments, even if we knew them today.

In terms of the dollars, when the dollars were forward funded, not all appropriations were forward funded. The Congress did—correctly, in my estimation—separate out facilities O&M moneys and appropriated, based upon the best data available, 80 percent of the facilities O&M money over into the education category. It's going to take me a while to get your answer, but I will get to it. When we went back and looked at the actual number of buildings, that total actually came out to be 81.5 percent as the education share.

Additionally, those O&M funds, through the formula that we—because this is the first time we've had control of those funds this year and OCM has had control historically, and then those funds were distributed through the noneducation portion of the BIA, so this is the first time we've had an ability to influence those funds. Those funds were funded on a 180-day school year. Well, in actuality, our normal school year contract is 215 days, plus we have people in those school buildings year round where we don't get funded.

Now, the $3.6 million that they're talking about, $3.2 million of that is facilities O&M money. That money is not appropriated on a forward funded basis. That year does not end in June, it ends next October. Additionally, that $3 million is part of the O&M formula for major equipment, and we had a meeting 2 weeks ago in Albuquerque with the Office of Construction Management, who still has the day-to-day operational control of Facilities Management Construction Office, which oversees the FACCOM system, and we have agreed on how the major equipment money will be disbursed, and for the first time, through this agreement, we went out to the schools and to the local agencies asking them to submit applications so that we can actually meet major equipment needs.

So $3.2 million of that is facilities O&M money, which is major equipment and therefore is not a part of the ISEP Program, and this is, like I said, the first year that those funds were appropriated into education, and I think that we're doing a good job in tracking those dollars down. But those will be disbursed very shortly, because we have agreed upon what those will go out for.

Mr. PASTOR. Mr. Chairman, I'd like to thank Mr. Christie and the rest of the panel members for their invaluable information,
and I'll take the liberty of submitting some written questions to you, and hopefully we'll continue the dialog.

Thank you, Mr. Chairman, for your patience.

Senator Daschle. Thank you, Mr. Pastor.

Mr. Christie, I have to apologize. I don't understand your last answer. I don't think Mr. Pastor got an answer, and I frankly would like to pursue that just to begin.

Let me just be as direct in my question as I can. Are you using next year's moneys to offset this year's shortfall?

Mr. Christie. No, sir.

Senator Daschle. None whatsoever?

Mr. Christie. Not in ISEP, not at all. We've got $3.2 million in O&M—

Senator Daschle. Where's the money going to come from, then?

Mr. Christie. For the shortfall for the year that ends this year?

Senator Daschle. That's right.

Mr. Christie. There are no funds to meet the shortfall. Even if we had funds, there would be no way to get those funds out to get them obligated prior to the school year ending June 30.

Senator Daschle. Why?

Mr. Christie. Because the finance system—for two reasons. One is that the only way that you could get those funds would be to make purchases, and we don't control the administrative support side of the House. They have instituted what they call a fourth-quarter shutdown in terms of procurements, and so we would not be able to obligate those funds for any procurements. The schools have already been given directives early in the year to conduct whatever they need to do in terms of getting their salaries and their costs down to live within the dollars. Those RIFs have for the most part already been done, and so even if there were funds, which there are not—as I said, the $3.6 million, as far as I'm aware, consists of $3.2 million in facilities O&M and $365,000 in element 10, and neither one of those funds are appropriated as a forward funding amount. Neither one of those end on June 30. They all end September 30. Not June 30, but September 30.

The $365,000 that's there in element 10 is to pay for the continuing cost of the reductions that we took based on the $1.65 million reduction where we had to close some of the area offices in order to provide more focus on the agencies. We've having continuing severance costs that have run last year and are running into this year, and those funds are to cover those deficiencies, and if any of those funds are left over, they go out to the line offices.

So that takes care of almost $3.6 million there. So I don't understand where the amount is that they're claiming is still in reserve, because there are no ISEP dollars in reserve.

Senator Daschle. Does anybody want to respond to that?

Dr. Bordeaux.

Mr. Bordeaux. I certainly would like to. The discussion I had earlier in regard to using next year's money for this year's expenses is in administrative cost grants. It may be true that they are not using next year's money to fund shortfalls in ISEP, but according to the fund distribution document that is part of my testimony, it says specifically in there—it's underlined and it says "Important" in front of it—"The funds distributed by this document
are BFY 92 funds, not BFYs 91-92. The funds must be obligated as BFY 1992 funds.”

Senator Daschle. How do you answer that, Mr. Christie? That seems to be pretty up front, pretty straightforward, and a direct contradiction to what you've just said.

Mr. Christie. Well, it's not a contradiction, because what I said was that I'm not aware of any ISEP funds available and that there's nothing that we've done in ISEP funds.

Senator Daschle. Are you an attorney?

Mr. Christie. No, sir; I am not.

Senator Daschle. That's like an attorney's answer if I've ever heard one. I mean, basically what you're saying is that we are using funds for fiscal year 1992, we're just not going to use these very delineated ISEP funds to accomplish what we've got to get the job done. That's what I hear being said here.

Mr. Christie. What we have here is a budget outlay for fiscal year 1992. The appropriated amount was something like $248 million. The outlay for 1992 is $245 million, leaving $3.6 million. Now, we could either have used that in 1991-92 or we could defer that and use that as an actual outlay in 1992-93. So the decision was made that since we have a shortfall in administrative cost money and that shortfall was somewhere around—our percent of payout would have been 79 percent, it was determined to go ahead and use those funds to put into the administrative cost fund to bring the payout for this year, ending June 30, up to 89 percent. So what we did was make that decision to try to get the amount of dollars for administrative cost grants up to a level that was somewhere close to what we paid out last year. And that was the reason those funds were used.

So they are being used this year. They're being used for administrative costs, which we feel is a legitimate and very critical need, because we have no other funds to use. And that's what we used them for, and what it did was it brought that level of payout for administrative cost grants from 79 percent up to 89 percent. Now, I'm not here to say that that's adequate, but I think that's a very good judicious use of those funds.

Senator Daschle. Mr. Kerkmans, did you have an additional comment you'd make?

Mr. Kerkmans. Well, I guess maybe I have a little difficulty understanding what the appropriations and outlay issue is all about. There was a need for administrative cost funds of an additional $4.7 million, and I guess what he's suggesting here is that some portion of this outlay issue is going to be used to cover that amount. I don't know how that works. I don't know how that system works, whether it's in one fiscal year or another. All I can go with is what we read, and it seems to indicate that moneys that were for 1992 or for the next school year are going to be used to spend this money. If you understand the explanation, I hope you can explain it to me. I don't.

Senator Daschle. Well, I have to tell you, I'm on the Agriculture Committee, the Finance Committee, the POW Committee, and I have never run across a more convoluted, complicated, inexplicable method of financing anything in my life. I mean, for the life of me—and I realize this isn't just BIA. Congress itself is responsible
in part for the statutes it's laid down. But it is really extraordinarily difficult to understand, and I'd love to see a chart. Frankly, I don't think I would like to see a chart, because I don't know if one could actually be put on paper to describe what it is you've just outlined. It would be impossible. So I can't understand how anybody out in the field can understand it. I mean, it's no wonder these people are frustrated and extraordinarily concerned about the direction this is taking for the future.

Let me just ask what seems to me a pretty simple question about WSUs. How much money is available per WSU this year?

Mr. CHRISTIE. Because of the forward funding, I need to know, are we talking about the school year that began in September—

Senator DASCHLE. Here we go again. [Laughter.]

Mr. CHRISTIE. Well, again, it gets to the forward funding issue. You forward funded the money to be available in October—

Senator DASCHLE. Give me your best unconditional answer for an entire school year.

Mr. CHRISTIE. Okay.

Senator DASCHLE. That's the only way you can look at it is for an entire school year.

Mr. CHRISTIE. I agree, but I just want to make sure, again, that we're talking the same numbers. For school year 1991-92—that's the school year beginning September 1991 and will end June 30—that includes the forward funding amounts. The forward funding amount was $2,374 from October to the end of June based on the number of WSUs, which is 72,525. In addition to that, they should have come into the year, because we were ending up the fiscal year 1991 and we would have been starting the fourth quarter of that year in July, so you'd have July, August, and September. Our estimate there is that that amount is $490 per WSU, for a total WSU amount of $2,864 that should have been used to fund from September 1991 to June 30, 1992 of this year.

Senator DASCHLE. So now we've established that it's $2,864 for an entire school year, 1991-92.

Mr. CHRISTIE. That's right.

Senator DASCHLE. Okay. What is your projection for 1993-94?

Mr. CHRISTIE. Let me answer a different question. You asked 1993—

Senator DASCHLE. No; answer this one, and then we'll go on.

Mr. CHRISTIE. Okay. Well, see, this is the problem with the—see, in fiscal year 1992, we still have school year 1992-93, and that's my question. Are you talking about that school year, or are you talking—


Mr. CHRISTIE. Okay. In 1992-93, based upon WSU totals that we anticipate of 74,576, that will generate a WSU amount of $2,667.


Mr. CHRISTIE. That's correct, and that's of the fiscal year 1992 appropriation.

Senator DASCHLE. And then 1993-94?

Mr. CHRISTIE. In 1993-94 our anticipated WSUs are 75,593, and that would give us a per-WSU of $2,727. As you can see, the WSUs keep going up, even though we have increased ISEP dollars. When
you divide the increase of WSUs against the increase in ISEP, we
don’t necessarily come out with increases per WSU.

Senator DASCHLE. Well, you come up with about a 15-percent de-
crease if you take into account inflation and everything else. So
that’s a substantial reduction from what you’ve got this year in the
commitment for ISEP.

Mr. CHRISTIE. Yes, sir.

Senator DASCHLE. So how do you explain that? Where are these
schools supposed to come up with the difference?

Mr. CHRISTIE. In talking to the 1992-93 school year, one of the
strategies that is being looked at right now is to take the program
adjustments money, the director’s discretionary funds, and to put
that into ISEP, and that would give us an additional $48 per WSU,
but that would only bring us up to $2,716. Now, that’s $8 higher
than fiscal year 1991’s WSU amount, but it is still below the school
year 1991-92 amount. But the down side of that is that would, as
Carmen pointed out, negatively affect the effective schools process,
and we have a very strong commitment to effective schools because
it is working. So it puts us in a real dilemma.

Senator DASCHLE. Well, if you think you’re in a dilemma, I don’t
know how the schools handle it. I mean, going back to
this current year, it’s not only the availability of funding that has
troubled me all along, but what appears to be a complete break-
down in communication. The impres-sion I have—and I’d like your
response to this, Mr. Christie—the perception I have is that all of
this was clearly under review last summer, June/July last
summer. Everyone understood that there were going to be some
very significant problems in the implementation of this new
fund-
ing formula and a clear understanding of the difficulties in the
shortage of the availability of funding. Yet the impression I also
have is that it wasn’t until sometime this spring that a lot of
schools were notified of the consequences of those problemsthat
is, the direct cutback in the funding availability for their particular
schools.

Why was there such a long delay in that communication and in a
better coordination between BIA and the schools themselves?

Mr. CHRISTIE. When the forward funding amounts were derived
and we got the legislation, one of the first things that we asked was
for the ability to withhold those funds until October so that the
schools would not, one, anticipate that this was a windfall, which it
definitely was not, and would not preobligate those dollars, thereby
causing a shortfall.

Senator DASCHLE. But that’s my point, that no effort was made
to tell the schools the consequences of all of this.

Mr. CHRISTIE. That’s incorrect, sir. There was. We met with our
line officers, we explained the situation to our line officers, we told
our line officers to go back out and to sit down with those schools
and to explain to them that this was not a windfall situation. So
they did go back out. They were instructed to go back out and meet
with them. We then asked our line officers to get with the schools
and to start working with the schools to give us some projections as
to how the impact was going to be and then to come up with con-
tingency plans on how to live within the appropriated amounts. So
we did go out, we did alert them.
Now, I agree, there has been a breakdown in communication. The transition has caused a lot of confusion. It has caused confusion internally. It’s caused confusion externally. But the bottom line is that we did go out, we did give instructions, we did ask them to come up with contingency plans and to try to get back with us so that we could start to see what the ramifications of this was going to be. That process all takes time, and by the time we started getting the information back in, it turned into early spring or January—February—early spring.

Senator Daschle. Well, if you told them to do that, why the problem? Are you saying to the committee that it was really the schools’ problem? They were told and they just didn’t understand? They were not capable of understanding all this complex, bureaucratic rigmarole and, as a result, just ignored what they were being told? What happened?

Mr. Christie. Well, there’s more than one cause to every problem, and as I think you’re aware, the BIA has been trying to move from its old financial system into its new FFS system. As a result of that conversion, our ability to get accurate, timely reports from that system is still yet to be realized. So there was that problem in terms of getting the dollars in and getting them into the appropriate accounts, because all the new accounts had to be encoded, our people had to learn a whole new coding system, the computer itself has not been totally reliable, even to now.

In addition to that, when we sent out the information through the line officers and received feedback, our number of schools that responded that they were having a problem was somewhere around 60 schools. So our anticipation through that information wasn’t that it was systemic throughout the system. Now, 60 schools is a significant number. I’m not saying that. But there is always more than one cause to every problem, sir.

Senator Daschle. Well, the bottom line is it was more than just miscommunication. It was a mixed message about the availability of dollars. I mean, you’re asking these schools not only to figure out how this new forward funding system was going to affect them, but buried somewhere in these fine lines was also a message that you’ve got fewer dollars to work with, and I don’t know that, at least in South Dakota, that was made very clear. The bottom line is that in Pine Ridge we’ve got $250,000 less to work with than we had the year before. So they’ve got two problems they have to confront: First, a substantial reduction in the availability of resources; and second, a completely new accounting system with which to receive the resources in the first place.

Mr. Christie. That’s correct.

Senator Daschle. And now you’re telling us that while still faced with a fairly significant reduction in resources, there will not be this communication breakdown in the next school year. Is that correct?

Mr. Christie. We certainly hope that there won’t be a continued breakdown in the information, sir. I can’t guarantee you that there won’t be, but again, we have met with our line officers, we’ve instructed them as to what the situation is, we’ve given them their tentative amounts to each of the schools. We still will not have the final amounts to be distributed until after we take the count in
September, and the final adjustments then will work their way through until October, November, December before they'll get their final amounts. So any time that you're adjusting dollar amounts to a school into September, October, November, December they're still going to have fluctuation changes based upon the final amount of dollars that they're going to get, because they won't know that until we finish our review of the count week and do the certifications. So it's very possible that they won't know their final allocations for 1992-93 until sometime in September.

And if they have substantial reductions, they've already missed 3 months of the school year, which is only 9 months long, and will have to make adjustments within the next 6 months. Now, that is a problem, and we are looking at trying to find a way to solve that, because ideally what you would do is you would give them a final amount in July to run them through the whole school system.

Senator DASCHLE. You just said that they've got to make adjustments within 6 months, but about 10 minutes ago you said that your agency couldn't make adjustments for a 2-year period of time, 2 entire school years before you have to make adjustments. Doesn't that seem like a bit of a double-standard?

Mr. CHRISTIE. Well, what I was talking about there was the budget formulation process.

Senator DASCHLE. Well, that's what they're talking about. I mean, isn't that the budget formulation that you're requiring to be altered as a result of the availability of resources?

Mr. CHRISTIE. Well, there's no good way to answer that, sir. The fact of the matter is that under the current regulations, we take the student count in September. We then have to go out and certify that count to make sure that the amount of students and the type of students that are being paid for is correct. This is one of the issues that led to the $256,000 swing at Pine Ridge. They claimed students that they couldn't verify, so when we did the count and the certifications, we had to go back in and take that money away from them because they weren't eligible for those dollars and redistribute those dollars to people who were eligible.

Senator DASCHLE. Well, I've got a lot of concerns about the effectiveness of count week to begin with. I really wonder whether that's the best way to do this. I don't know if our other witnesses have similar concerns, but there's got to be a more accurate way, a more definitive way about which to receive more confident figures than what we get in count week. I mean, there is a lot riding on count week.

Mr. CHRISTIE. Yes; there is.

Senator DASCHLE. And frankly, I don't know of any other system that does it that way.

Mr. CHRISTIE. Well, we have got out for consultation—as a matter of fact, the consultation beginning in July of this year—and will take a look at that system, because we're not happy with it, either, sir. And my preference would be some type of a system that allows us to give a school the amount of money that it has generated in July, and if we are going to count during the school year, that we have some adjustment factor that adjusts for increased enrollment or adjusts for decreased enrollment. Our current system adjusts for decreased enrollment, but it doesn't adjust for increased
enrollment. And so we're very concerned about that, too, and we have that out for consultation in July.

Senator DASCHLE. Let me just ask Mr. Kerkmans a final question.

You had mentioned the need for an additional appropriation that may be required for the school year July 1 and for fiscal year 1993. Could you give us your estimate as to what that appropriation will be?

Mr. Kerkmans. Well, it's in my tables here, but if I remember correctly, the amount we need for next school year is an additional $27 million for the school year starting July 1. The amount we'll need for the school year starting the following July is $35 million.

Senator DASCHLE. Did you disagree at all with Mr. Christie's estimate of the WSU for 1991-92 and 1992-93?

Mr. Kerkmans. What I did was I based a lot of the calculations—and you'll see that on my chart—on the numbers that Mr. Christie uses as the WSU, the number of students, basically.

Senator DASCHLE. Right.

Mr. Kerkmans. And what I said was this year we know that we—I disagree with him somewhat—I know that we're paying $2,834. He says $2,864. I'll defer to him if he wants to make it higher. That's what we're paying this year, and I basically said let's continue on with the DOD increase, let's put some cost of living factor into the process, it would create a $27-million increase for next year. The following year, again, an 8.5-percent cost of living increase in there would create a WSU value of $3,127, which would take $35 million additionally.

Senator DASCHLE. Are those figures in the ball park, from your point of view, Mr. Christie?

Mr. Christie. Using the basis that I understand that he used, which was to take the 1990-91 WSU amount and then include on top of that the DOD pay raises and the increase in WSUs, I would not argue with his math.

Senator DASCHLE. I'm sorry. You what?

Mr. Christie. I would not argue with his math.

Senator DASCHLE. Okay. That's what I thought you said.

Mr. Kerkmans. I want to hear that again. [Laughter.]

Senator DASCHLE. Well, I have many other questions that, like Congressman Pastor, I will submit for the record. This hearing has gone on longer than I know it was scheduled to, and I appreciate very much Mr. Christie's comments, he did the best he could, and all of the testimony provided this morning.

With that, the hearing stands adjourned.

[Whereupon, at 11:37 a.m., the committees were adjourned, to reconvene at the call of their respective Chairs.]
I would like to thank the Committees for permitting me to join them today to analyze the critically important issue of Indian Student Equalization Program funding. I applaud your calling today's hearing.

With respect to the current funding cycle, which began on July 1, 1991 and ends on June 30, 1992, the Bureau of Indian Affairs has projected a short-fall in funding of between $6.5 and $7 million. This short-fall is not across the board and does not reflect a basic inadequacy in ISEP. Rather, it reflects a failure by the BIA to project the effect of the transfer of Civil Service employees to the new contract system and the site by site effect of this move on certain schools and the failure to request sufficient funds for the administrative cost formula. The result of these errors, which the Bureau was aware of last fall, is to force individual schools to cut programs, lay off teachers, increase class size or short-change critical management aspects in order to meet an artificial Budget amount. The BIA's Office of Indian Education Program's warning that it is not responsible for the problem since "it warned people that they would have to live with these figures," falls on unsympathetic ears when you consider its lack of timely remedial action and failure to live up to the statutory mandate for grants and contract schools.

The second issue involves FY 1992 and the shortfall in funding to be distributed for the next year beginning July 1, 1992. Because of a failure of the BIA to accurately project student enrollment and programs in the continuing personnel increase costs, the projected short-fall is now in the $12-$14 million range, meaning a decreased weighted student unit of one equalling substantially less than $2,700. I find this all the more annoying in light of the fact that when the BIA testified before the House Appropriations Committee a few months ago, they denied any shortfall. Now, the BIA admits to a $14 million short-fall. The results are clear: schools in South Dakota and all over the country will fail!

Such cuts make a mockery of the President's and Secretary Alexander's stated goals of educational opportunities for all. The levels of funding requested by the Bureau are unconscionable and next week I will address these concerns in more detail to the House Appropriations Committee.

All this leads me to two observations. The first is that I am disheartened to say that I have little faith in the BIA's words. The Bureau's IEP office is very much to blame for ISEP's problems and as— I have just detailed, its pronouncements relative to the Program's health are either misleading or incorrect. The second is that this matter leads me to question the BIA's commitment to educating Indian children. If the BIA wants to get out of the education business, then they should say so. With the proper amount of notice, I am sure that we could try to fashion an adequate substitute with appropriate funding levels.
Mr. Chairman, I apologize if my words are harsh. I know, however, that schools in South Dakota are suffering and the time has come to do something to halt this downward spiral.

PREPARED STATEMENT OF THE NATIONAL FEDERATION OF FEDERAL EMPLOYEES

Mr. Chairman and Members of the Committee, the National Federation of Federal Employees (NFFE) appreciates the opportunity to submit for the record our views on the Bureau of Indian Affairs budgeting process for the Indian School Equalization Program (ISEP) for fiscal years 1991-1993. The NFFE represents approximately 10,000 employees of the Bureau of Indian Affairs.

For too long now, funding for Bureau operated programs has been inadequate and the Indian people for whom the programs are designed have suffered. Most recently, the budget request of the Office of Indian Education Programs for the implementation of the ISEP formula is more than $14 million less than is needed for full implementation. Without these funds, many BIA schools, which already operate on a sub-standard basis in comparison to their public school counterparts, will be forced to lay-off teachers and support staff, forgo the purchase of much needed supplies and delay until next year repairs and maintenance of infrastructure. As such, we urge the Committee to support the restoration of the $14 million shortfall so that these scenarios can be avoided.

The ISEP formula in use today was initially developed as a temporary means of dispensing funds to BIA schools. However, 12 years later, little has been done to develop an adequate and permanent mechanism for funding BIA schools. The current formula dispenses funds to schools based upon the number of students in attendance during a one-week period of the previous year. As a result, not only do the budgets of individual schools vary from year to year, but the amounts allocated often do not cover the projected expenses. The inadequacies of the ISEP formula have resulted in a steady and continued decline in the quality of BIA schools.

In conclusion, NFFE believes that the ISEP formula has long outlived its usefulness. We recommend to the Committee that the ISEP formula be replaced with Program Funding in order to enable schools to plan their budgets prior to the beginning of the school year. In this way, funding shortfalls such as the one BIA schools are currently facing can be avoided. Until a new funding mechanism is developed, however, we further recommend that the $14 million shortfall be immediately restored so that schools can begin focusing their energies where they really belong—on educating Indian children.
Honorable Daniel K. Inouye
Chairman, Select Committee on
Indian Affairs
Washington, D.C. 20510-6450

Dear Chairman Inouye:

Thank you for your letter of February 13, 1992, concerning Chamawa Indian School. We apologize for the delay in responding to your letter.

The Chamawa Indian School was visited by an evaluation team from this office in December 1990 to review its programs. We transmitted a copy of the evaluation team's final report to the school. The evaluation of Chamawa Indian School is one of forty school evaluations coordinated by the Branch of Monitoring and Evaluation during the 1990-91 school year. A follow-up visit will be done at Chamawa Indian School during the week of April 13, 1992, to determine the progress made on the action/school improvement plan which was a result of the monitoring done in 1990.

The Monitoring and Evaluation Plan is only a recommendation for school improvement. The schools are expected to develop a school improvement plan locally to implement the recommendations and to adjust their priorities within their budgets accordingly.

The following amounts of the Indian School Equalization Program (ISEP) formula funds were provided to Chamawa Indian School for the purpose of paying personnel and other costs associated with the operation of the school.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Amount</th>
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<tbody>
<tr>
<td>FY 1989</td>
<td>$2,994,500</td>
</tr>
<tr>
<td>FY 1990</td>
<td>3,015,000</td>
</tr>
<tr>
<td>FY 1991</td>
<td>3,014,800</td>
</tr>
<tr>
<td>Forward Funding</td>
<td>2,501,400 (for nine months)</td>
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</tbody>
</table>
Additional BIA funds, $35.0 million overall, were requested from, and provided by, the Congress for the purpose of phasing in the additional costs of the Department of Defense Teacher/Counselor pay scales for all Bureau of Indian Affairs (BIA) funded schools.

The amount listed above reflect the additional funds provided to the school for the new teacher/counselor pay scale. Chiswana Indian School received equal treatment in the distribution of these funds.

The BIA did not calculate the increase in the Employee Benefit Costs (EBC), at the levels which they are currently being paid and that has impacted the funding levels. EBC levels are as high as 47 percent in some schools with some employees and as low as 21 percent across the BIA. New employees fall under the Federal Employee Retirement System (FERS) and that has also proved expensive. The BIA calculates an additional $14.0 million would be needed to avert diminished programs of studies for schools.

When the schools were asked to report in February 1992, only six schools reported they had no plan to stay within their budget constraints this year. The BIA acknowledges that schools did not receive the maximum amount of funding they perceive as their need or the amount they could use; however, in times of a poor economy all schools, not just the BIA schools, are facing critical decisions.

We hope this response answers your questions. Thank you for your continued interest in Indian Education.

Sincerely,

[Signature]
Assistant Secretary - Indian Affairs

May 13, 1992

Good Morning, Mr. Chairman and Members of the Committee. I am pleased to be here to present the views of the Department of the Interior on "Budgeting for the Indian School Equalization Program, Fiscal Years 1991-1993".

We have attached the answers to your previously submitted questions.

I would like to present a very brief background of the events that led to the establishment of the Indian School Equalization Program (ISEP) formula and its implementation in the Bureau of Indian Affairs (BIA) operated schools and contract schools. In 1975, the Congress enacted the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450 et seq.). Education was included in the broader scope of the Act which provided for and encouraged the contracting of BIA functions by Indian tribes themselves. The long term goal set by the Act was to have tribes assume managerial and policy making responsibilities. Title XI of the Education Amendments Act of 1978 (25 U.S.C. 2001 et seq.), went further in promoting Indian self-determination, declaring in section 1130 that "it shall be the policy of the Bureau, in carrying out the functions of the Bureau, to facilitate Indian control of Indian affairs in all matters relating to education." The 1978 Act also required the reorganization of the BIA with respect to the administration of its schools. The 12 BIA area offices were removed from a direct administrative role in the BIA education system. The Congress instructed that the line of authority runs from the Office of Indian Education Programs, Washington, D.C., to the Agency Superintendents for Education.

The 1978 Act further required that the Secretary of the Interior establish by regulation a formula for determining the minimum annual amount of funds necessary to sustain each Bureau-funded school. Funding for all Bureau schools is subject to the availability of appropriations. The ISEP formula, based on relative weight factors was patterned after the best practice and experience of state schools systems that had developed equalization
Under the ISEP formula, different educational activities conducted in Bureau-operated and contract schools, such as elementary and secondary education, bilingual education, residential programs, gifted and talented programs, and programs for different types of handicapped students, are assigned weights, using a base amount of 1.00, that reflect the basic costs associated with the various activities. The number of students a school has participating in the various educational activities is identified by each school, totaled by activity, and multiplied by a weight factor for each activity to arrive at the total number of Weighted Student Units (WSUs) at each school.

The dollar value of a WSU is determined by dividing the total number of all schools’ WSUs into the total available funding. The WSU dollar value is multiplied by the number of each school’s WSUs to arrive at each school’s amount of funding in a given school year.

When Mr. Ed Parisian became Director of the Office of Indian Education Programs, one of his first initiatives was to establish a Task Force to look at the formula to determine its effectiveness in meeting the basic needs of the schools. The ISEP formula was intended to be only a first step in developing a method of distributing funding to BIA-operated and the tribally contracted schools with the ultimate objective of tying the formula to a programmatic funding system. The final report of the Task Force recommended that the ISEP formula be continued. The formula has proven to have the flexibility required to meet the changing needs of Indian education.

For the upcoming 1992-93 school year, the Bureau will fund 182 schools with an estimated student population of 41,817 which is approximately 11 percent of the Indian student population nationwide. Actual enrollment will not be confirmed until early October. The number of students being served will have increased about one percent over the 1991 total.

The rate of increase in ISEP funds since FY 1988 is approximately 25 percent. The totals are $161.6 million and $201.9 million in budget activity in 1988 and 1992 respectively. The increase in funding reflects the concern and emphasis this Administration places on quality education for Indian children. In the FY 1993 President's Budget, the Department of the Interior is requesting a $7.0 million increase in ISEP funding and a $14.4 million increase (44.5 percent) overall for basic elementary and secondary schools. In addition, ISEP funds are not the only source of funding for BIA schools. "Flow through" funds available from
programs administered by the Department of Education are also available to Bureau schools and have increased since 1989. Chapter I funding increased approximately $10.0 million. Other significant increases in Education funded programs totaled approximately $5.0 million and were in Special Education, Drug Free Schools, and Infant and Toddler programs. In addition to ISEP and Department of Education Flowthrough Funds, the Bureau provides funding for construction, operation and maintenance, facility improvement and other school related activities such as transportation, and substance abuse.

In FY1991, Congress appropriated $208.9 million to "forward fund" the BIA schools. This meant allocating the funds on a School Year (SY) cycle, rather than the usual fiscal year cycle common to Federal budgetary planning, thus allowing the schools to operate during the usual August to June period of time as is normal for schools. During the transition from a fiscal year to a school year funding cycle, some of the schools understood the forward funding concept and obligated more FY 1991 funds than they should have early on in the school year.

In October 1990, the BIA issued 85 percent of the ISEP funds based on the student count made in September 1990. The final 15 percent adjustment was made in December of 1990. These funds were available for use from October 1990 until September 1991.

In July 1991, the BIA issued 85 percent of the ISEP "forward funded" monies to the schools. These funds were for use from July 1, 1991 to June 30, 1992. The remaining 15 percent was issued in December 1991. The BIA plans to distribute 85 percent of the FY 1992-1993 funds in July 1992, based on the student count completed in September 1991. Any adjustments will be made in December 1992 after the student count is conducted in September 1992. These funds will remain available for expenditure until June 30, 1993. By this time, the schools should be more familiar with the forward funding cycle and better understand the amount available to operate their program.

This concludes my prepared statement. I will be happy to answer any questions the Committee may have.
SENATE OVERSIGHT HEARING QUESTIONS

SY 1991-92

1. What is the revised total of Weighted Student Units, including any payments made for bilingual education students in grades 4-12?

Answer: The revised total of Weighted Student Units is 72,525. The Bureau has completed its audits of ISEP and is still making minor adjustments that do not significantly affect this revision.

What is the derivative WSU value for these twelve months?

Answer: The Bureau calculates that schools had available for use $2,864 per WSU for twelve months.

2. What have been the cumulative costs to schools of paying the Department of Defense pay scale over the past three years?

Answer: The Bureau surveyed the schools and asked them to report the average salaries of all teachers, counselors and homeliving specialists since the implementation of the DOD raise in FY 1989. The information included both status quo employees and new hires. The schools were asked for information for FY 1989 over FY 1988; FY 1990 over FY 1989 and FY 1991 over FY 1990. Fifty-six schools reported during this survey, but the Bureau was able to use data from only 36 schools. The increases were 14% higher in FY 1989 than FY 1988; 13% increase in FY 1990 than FY 1989 and 12% higher in FY 1991 than FY 1990. The Bureau has not calculated the cumulative cost of the pay raise for all schools.

(a) If this amount is greater than forecast, what are the reasons for the difference?

Answer: Although the amount has not been verified, if it is greater it is because of the status quo teachers' converting to the Department of Defense pay scale. The computations included Education degrees and hours above the degree which determined the level of pay. Teachers, Counselors, and Homeliving Specialists were credited with one increment for every year they worked in the Bureau as a teacher, counselor or homeliving specialist plus up to 5 years of employment outside the Bureau in the same fields. That figure determined the number of increments they received. The Bureau had many teachers who had a Masters' Degree with 30 or more credit hours above the degree and received as much as a $10,000 increase the first year of conversion. The Bureau had no indication of the number of status quo teachers, counselors, or homeliving specialists who would convert, or the year in which they would convert. Since the contract educator status provides for summers off, and the status quo teachers are furloughed, the Bureau did not have a complete listing of the qualifications of each person until contract renewal time. There was no opportunity to anticipate additional pay levels.
What was the cost per Weighted Student Unit? What was the payment to school per Weighted Student Unit.

Answer: The Bureau did not calculate the amount just for the teacher pay increases since the funds were appropriated in School Operations and distributed using the ISEP formula. In FY 1989 the final amount per WSU was $2,408; FY 1990, $2,491; FY 1991, $2,708 and Forward Funding, $2,374. The tentative amount for 1992-93 is $2,667. The final amount will not be available until after the student count in late September or early October 1992.

(c) In the case of Bureau-operated schools, how has the percentage of budgets devoted to teacher salary costs changed over the past three years?

Answer: In FY 1989, the last time the Bureau surveyed the schools, the percentage of ISEP funds used for salaries was approximately 79%. That figure increased in FY 1990 to approximately 82%. The Bureau has not requested that information recently.

(d) Were the personnel costs associated with the transfer of Civil Service "status quo" employees to the contract personnel system (fostered by the P. L. 100-297 amendments) greater at some schools than others? Provide a breakdown on the number of employees and their salary and benefit expenses (costs to school) by site.

Answer: The personnel costs were determined by the Education degrees, credit hours, years of Bureau service and up to five years of employment outside the Bureau as a teacher, counselor or homeliving specialist. The costs would be greater at some schools depending on the individual staff members. The Bureau will order reports for 1989, 1990 and 1992 and will provide the information once it is aggregated and the computer run is completed. All funds were distributed using the ISEP formula.

3. What is the shortfall in the Administrative Cost Grant account and what is the reason the requested appropriation was too little?

Answer: In FY 1991, the Bureau paid Administrative Cost grants at the 91% of the amount determined by the Administrative Cost grant formula authorized in P. L. 100-297. In 1991-1992, the Bureau allocated Administrative Cost grants to cover the 89% level determined by the formula. Based on information provided from education Field Offices on the number of schools operated under contract, the Bureau would continue to allocate funds at a level less than 100% of the amount determined by the Administrative Cost grant formula. Administrative cost grants are subject to the
availability of appropriations and maybe notably reduced based on the appropriation level.

The rate of administrative cost grants is calculated based on the previous two years' data. By the time the budget is approved, the data is approximately four years old. The rate is driven by the (1) number of recipients; (2) the increase in dollar amounts of programs the rates are applied against, and (3) other contract amounts used to calculate the rates which always vary. The first three years of Administrative Cost grants was a phase in and the forward funding year was the first full year to pay 100% of the formula.

4. What conclusions did the Bureau reach as the result of its survey of schools regarding the extent of the shortfall the schools are experiencing, the causes for such shortfalls, and the actions taken by the schools to operate within the funds allocated? Please provide a list of schools responding to the survey, their responses, identifying the extent of the shortfall in each case.

Answer: Of the 117 schools that responded to the Bureau's survey, 60 schools reported difficulty meeting their obligations; however, the Bureau believes that some of the schools interpreted obligations as "need," so the data is not verifiable and obligation levels in financial system reports do not in all cases reflect a potential funding shortfall. Thirty-one schools reported they have an action plan to operate within available resources. Of these schools, 16 are Bureau operated schools and 15 are contract/grant schools. Twenty-one schools reported they did not have a contingency plan in the event available resources were less than anticipated; 7 are Bureau operated schools and 14 are contract/grant schools. The Bureau will need to verify the data before it releases the list of schools and the amounts they list.

5. Which of the off-reservation boarding schools experienced shortfalls in funding, what were the causes in each case, and what steps were the schools required to take to operate within their budgets?

Answer: Four off-reservation boarding schools reported that they would experience shortfalls in funding: Riverside Indian School, Chemawa Indian School, Sherman Indian High School and Flandreau Indian School. With the exception of Sherman Indian High School, the Bureau has not verified the amounts reported. Three schools experienced a decline in enrollment. All schools required different action plans to meet their needs. Options such as furloughing employees earlier, shortened school year, reduced orders for supplies and materials, and a freeze on travel were considered. One school reported that it had no action plan to operate within available resources.

6. To what purposes and to what schools were payments made from the contingency fund of the Office of Indian Education Programs? Why were such payments required?
Historically, payments from the Contingency fund are used to provide funds for schools when they appeal the student count. In 1991-92, payments were made to 48 schools, both bureau operated and grant schools, for both ISEP and bilingual appeals.

7. If not addressed above, what actions is the Bureau taking to address financial problems being experienced by schools this year?

Answer: The Bureau is monitoring the financial system on a daily basis and working with schools to review available resources. The Bureau is also reviewing other options including the reprogramming of funds in the event some schools need additional resources.
School Year 1992-1993 (Fiscal Year 1992 budget)

1. Please provide a revised report of projected enrollment, projected number of Weighted Student Units, projected WSU value, and reasons for revisions.

Answer: The Bureau issued a tentative planning figure to schools for SY 1992-1993 based on an anticipated 74,576 WSUs. This number includes the school expansions at Laguna Middle School, Dunseith and Lummi schools. The Bureau continues to anticipate a one percent increase in enrollment. The tentative amount per WSU is then calculated to be $2,667. Final calculations cannot be completed until after the September 1992 student count.

2. Please provide an estimate of the projected shortfall in the Administrative Cost Grant account.

Answer: The Bureau estimates the amount of funds distributed in ISEP will increase, the number of recipients of Administrative Cost grants will increase slightly and other programs the rates are applied against will increase. Other contract amounts may vary. The Bureau estimated the amount for Administrative Cost grants at $25.0 million for 1991-1992 to pay at the 100% level. Congress appropriated $19.7 million for FY 1992. These funds become available for use July 1992. The Bureau expects to pay Administrative Costs at a reduced level, below 100%, in SY 1992-93. Payment of Administrative Cost grants is subject to the availability of appropriations.

3. What are the Bureau's conclusions regarding the adequacy of the amounts appropriated in the FY 1992 budget for the Indian School Equalization Program and the Administrative Cost Grant account?

Answer: The Bureau expects that all schools will continue to operate within the level of available resources since most have already adjusted their programs to stay within their allocated amounts.

4. What are the Bureau's conclusions regarding the adequacy of the amounts appropriated in the FY 1992 budget to operate effective programs at off-reservation boarding schools?

Answer: The Bureau expects the off-reservation boarding schools to operate within available resources and most schools have adjusted their programs to operate a program which will address student needs. There is no provision for additional funds for these schools since they fall under the ISEP formula just as all other schools. The Bureau is encouraging these schools to look at their administrative structures and to combine programs where possible in order to focus on the at-risk students.

5. What actions does the Bureau intend to take to assure that WSU values do not fall below their values in School Year 1991-1992?
If that is not to be accomplished, what actions are contemplated to assure that the effectiveness of school programs is not diminished below the current year?

Answer: The Bureau anticipates reprogramming approximately $3.6 million to be added to ISEP which will generate an additional $48.94 per WSU. The Bureau plans to use funds from the Contingency Fund and Program Adjustments for the additional support. The Bureau will not be able to pay for any ISEP appeals unless funds are recouped because of audit exceptions. ISEP funds are not the only funding the schools receive. "Flow through" funds from programs in the Department of Education are also available to Bureau schools, and have increased since 1989. Chapter 1 increased approximately $10.0 million. Other significant increases totalling approximately $5.0 million were in Special Education, Drug Free Schools and Infant and Toddler programs. All these funds are available to Bureau Schools.

School Year 1993-1994 (Fiscal Year 1993)

1. Please provide a revised report of projected enrollment, projected number of Weighted Student Units, projected WSU value, and reasons for revisions.

Answer: The Bureau's estimate for the past several years for enrollment has been one percent growth and that has proven to be accurate so far. The projected increase in WSUs is difficult to estimate because of the growth in bilingual, intense residential guidance, gifted and talented and special education students. The Bureau estimates 75,593 WSUs. The projected WSU value is $2,727.

2. Please provide an estimate of the projected shortfall in the Administrative Cost Grant account.

Answer: In FY 1991, $16.9 was made available for Administrative Cost Grants in SY 1991-92 which covered 89% of the level generated by the Administrative Cost Grant formula. In FY 1992, Congress appropriated $19.7 for Administrative Cost Grants which becomes available for use July 1992. In FY 1993, the request of $19.7 is the same as the FY 1992 enacted amount. Payment of Administrative Cost grants subject to the availability of appropriations. It is unlikely that contract and grant schools will receive 100% of the amount determined by the Administrative Cost Grant formula.

3. What are the Bureau's conclusions regarding the adequacy of the amounts requested in the Administration's budget for FY 1993 for the Indian School Equalization Program and the Administrative Cost Grant account?

Answer: The President's FY 1993 Budget request includes a $14.4 million (+4.5%) increase over FY 1992. For School Operations, more than $7.0 million of the $14.4 million increase is in ISEP. To the extent resources are not sufficient to operate basic education programs, the Bureau will consider reprogramming funds that may be
4. What are the Bureau's conclusions regarding the adequacy of the amounts requested in the Administration's budget for FY 1993 to operate effective programs at off-reservation boarding schools?

**Answer:** The off-reservation boarding schools' general population has changed over the past three years to include more and more students who are considered "at risk." The schools need to look at their programs and change them to focus on meeting the basic needs of students. Traditionally, these schools have emphasized academic preparation and the structured high school course offerings. Off-reservation boarding schools need to look at alternative programs to meet basic student needs, such as programs which "bridge" students into academic programs while focusing on life coping skills. Simply allocating more funds at the schools is not the answer until the schools can implement a program to meet student needs.

5. What actions does the Bureau intend to take to assure that WSU values do not fall below their values in School Year 1992-93? If that is not to be accomplished, what actions are contemplated to assure that the effectiveness of school programs is not diminished below School Year 1991-92?

**Answer:** The Bureau expects and encourages all schools to use available resources in the most cost effective way. It may be possible that the Bureau will use the contingency fund and Program Adjustment funds to increase the amount per WSU. The Bureau will continue to encourage school-wide projects which are not as restrictive as in previous years to fund worthwhile school activities. Additionally, the Bureau expects to have the computerized student count process refined so that the need for ISEP appeals will decrease and programs can operate as needed. The Bureau could consider reprogramming funds to the extent additional resources are available in other program areas.

Related Issues

1. Does the Bureau agree with the Bureau's ISEP Task Force report and recommendations? What action does the bureau intend to take with regard to that report and its recommendations?

**Answer:** The Bureau supports full implementation of P.L. 95-561 and agrees with the Task Force findings that the ISEP formula provides flexibility in funding. One of the major problems is the current process for determining student enrollment. A one time snapshot in the Fall is not the best approach to determining actual enrollment because students transfer or leave school during the year, and no adjustment is made to equate dollars with actual enrollment. A better approach would have the dollars follow the students. The Bureau has out for consultation, a proposal to place the responsibility for programs such as bilingual and intense residential guidance with the school boards. School boards should
decide what their priorities are within their budgets and develop programs which meet either Bureau or state standards. The Bureau cautions that simply adding more funds to ISEP is not the solution to all schools' problems.

2. Is it likely that Bureau-funded schools may be compelled to use ISEP funding if funding for student transportation is insufficient to pay the costs of such transportation?

Answer: The Bureau schools have always had the flexibility of using ISEP funding to support transportation costs and some schools who incur additional costs for extra-curricular bus runs have opted to use these funds. There is no cost analysis which suggests that bus transportation for Bureau schools is more or less than the national average. The proposed formula for transportation will provide better data to forecast costs for bus transportation when it is implemented.

3. Does the Bureau have the capability to produce Average Daily Attendance statistics? Please describe the methodology used by the Bureau to project school enrollments.

Answer: While the Bureau has made some progress in extending telecommunications capability to the Line Officers, due to the isolation of some schools, getting the schools on line has proven to be costly, and time consuming. When FTS 2000 is fully implemented, the Bureau anticipates the capability of producing Average Daily Attendance and other programs such as tracking of students. We implemented the use of Social Security numbers as part of the student count so that a data base can be developed and expanded to provide data and statistical information. Currently, the Bureau Line Officers rely on Labor Force statistics, local demographics and parental and community involvement to project school enrollment. There is no particular methodology used. Off-reservation boarding schools use applications for new enrollees and seek commitment from tribal personnel and parents to project school enrollment.
The Navajo Area School Board Association represents governing boards of the majority of BIA funded schools in the Navajo Nation. We work closely with our local school boards to develop education programs and supportive services that our Navajo children need and to make sound administrative choices about the best use of the resources we have to implement those programs and provide those services. Our board members obtain training and spend many long hours working over budgets, staffing plans, service proposals.

Our board members do their best. So do we. We are so often defeated, however, by the inadequacy and unpredictability of the funding that we receive for our schools. This inadequacy and unpredictability is supposed to be eliminated by formula funding under the Indian Student Equalization Program (ISEP). This program is supposed to provide formula funding for our schools based on our school size, our student count and the special characteristics of our students. We find too often, however, that the BIA has underestimated the number of students we would serve and has underestimated the numbers of those students with special characteristics requiring additional "weights" in the formula.

In addition, we often find that national mandates for teachers' salaries, new programs and the like, have been tied to the ISEP funding formula. At the same time, additional dollars sufficient to pay for these mandates have not been appropriated. Often the reason adequate funds have not been appropriated to meet a new mandate is that the true scope of the change and its true cost have been underestimated in the projections which the BIA has provided to the Congress. The result is that we receive a level of funding that carries many mandated requirements while it is inadequate to meet the basic educational and residential needs of the student population we serve.

Now this sequence of inadequate funding based on underestimated need has arisen once again and BIA funded schools are facing major shortfalls in the ISEP funding formula. The dollar value of a WSU is falling below that intended by the Congress and needed by our schools. The
reason for this shortfall is that the true costs of teacher salary increases, of transportation, of added weights for special categories of students were underestimated by the Administration when the amount of the ISEP authorization for the coming school year was being determined by the Congress.

For this 1991/1992 school year, the final Weighted Student Unit (WSU) count is 72,675.47 (after two recent count corrections). The BIA through its Office of Indian Education Programs estimated this year's WSU count at 71,615, over 1000 WSU below the actual count. In the coming 1992/1993 school year, the BIA's own line officers expect the WSU count to reach 74,976. This is far above the estimate the BIA presented to the Congress when the ISEP funds for this school year were being determined through the appropriations process. As a result, the dollars appropriated will not fund a WSU at the rate Congress intended. The dollars will not even fund a WSU at the level it was funded in this school year. The value of a WSU could shrink from $2834 this school year to $2667, next year, if these estimates on enrollment and weights are correct. This would be a drop of over $160 per WSU! By the 1993/94 school year, we anticipate a WSU count of 75,593. The appropriation being sought by the Bureau for that school year will not maintain the value of a WSU, let alone provide for cost of living.

The consequences of such a shortfall will be devastating to many of our schools. Just multiplying the projected reduction for the 1992/93 school year by the WSUs of the school at Fort Wingate, for example, produces a shortfall of approximately $750,000 below expected revenues, and below the amount the formula says is necessary to effectively run the school. This wipes out the increase received this year to fund the third phase of Congressionally mandated teacher salary increases. It cuts into program costs, residential costs, transportation costs, special education costs. It virtually eliminates any funds for extracurricular program activities requiring transportation anywhere.

This is just one example. NASBA asked its member schools to tell us some of the cuts they were already having to make in programs and services and some of the additional cuts they would have to make to accommodate this shortfall. We will share with this Committee some of the "economies" our schools are being required to make.

Some of our schools bus boarding students home every weekend. The transportation formula does not pay for that many trips. So, Fort Wingate has to take the money from education services. Other schools do not feel they can take any more money from educational programs. So the schools ask parents to pick up their children for the weekend. Some children are not picked up. They may spend the weekend in a "weekend dorm" because the school cannot afford to keep the regular dormitories open, lighted and heated for the weekend. Often no special weekend activities and recreational opportunities can be provided for these students because there is no money to do so. Various of our schools come down on one side or the other of this dilemma. All agree it should not exist.
Virtually all of our schools have had to cut way back on extracurricular activities, particularly any activities which require transportation or extra hours by staff. Many very worthy programs and activities have to be passed by because the transportation budget will not pay the cost of bus transportation to even nearby events.

Many of our schools do not have the full complement of school counselors or dormitory counselors. The administrator of one school told of her regret that individual one-on-one counseling was not available to dormitory students on a consistent enough basis. Too often there was no one dormitory students could talk to confidentially because staff were stretched too thin and individual counseling services could not be maintained. Many schools have a real difficulty meeting dormitory criteria mandated by BIA regulations because the money they receive does not cover the cost of the requirements.

IHS cutbacks and BIA cutbacks have combined to leave our schools without a regular school nurse. Transportation funds do not provide for taking a child to a clinic or hospital. Yet, if a child is sick, particularly a child who is boarding, the child MUST be taken to a clinic or hospital. So, our schools transport the child and pay for it out of education programs or services.

Schools are cutting back on security, they are making program decisions based on utility considerations (e.g. “If we offered that service, we would have to leave the lights on longer in the building. So we won’t offer the service.”) They are eliminating staff positions, teacher positions, counselor positions that are needed to be fully staffed because they simply don’t have money to pay for them. They are furloughing staff to avoid firing them altogether.

Our schools are having a particularly hard time with Special Education. The weights for special education are high, and for good reason. Special education is an expensive service to provide. Since the ISEP funding for special education is computed in terms of number of WSUs, when the basic value of a WSU is reduced because of low BIA estimates of the number of WSUs, the dollars lost to special education programs were particularly high. Meeting the requirements of special education regulations under P.L. 94-142 becomes particularly difficult when the ISEP dollars are reduced through shortfall. This situation jeopardizes the 94-142 money as well.

Not only is ISEP being funded at a lower dollar amount per WSU than anticipated by the Congress, but the ISEP dollars are being used for many programs and services that SHOULD be paid for out of other funds. For example, many schools find that USDA funds do not pay the entire costs of school lunches and school breakfasts. They are having to dip into ISEP. All schools, as mentioned above, are without residential health services. They lack transportation dollars to travel to health care facilities. They use ISEP dollars to pay the cost of getting children to health care services when they need them.
Schools are having to skimp on home living supplies and materials. Comfortable chairs, sofas, televisions, washers, dryers, irons to press clothes -- all are in short supply at many of our schools. One school complained that they were running short of "personal hygiene" supplies that their students needed!

There is little or no money to fix anything! In particular, school bus repairs are not covered by funds received. And our buses break down. A broken washing machine can be a dormitory crisis.

We have many students in our residential programs who come from difficult home situations. They need to be nurtured, not warehoused. We have counselors in our budgets and in our standards. However, the hours they are available are limited by RIFs when we do not have dollars for them. We are not able to provide enough recreation to our boarding students, enough afterhours activities, enough study resource materials, enough help with homework, enough individual attention. We know that they need individual attention.

Recessions in force, furloughs and layoffs plague our relations with school staff. This undermines morale. Often the staff with the greatest needs feel the bite the most. We must ask more and more of the staff at the same time that we leave them very insecure in their own employment. That the staff puts up with this is a tribute to their commitment and a comment on the poverty of our region.

Cuts are affecting safety of our students and our staff. Several schools listed cuts in security as a way they were meeting and would meet the shortfall. Others listed backlogs in fixing the fire alarm system, fixing the sewer and obtaining adequate sewage services, tapping in to an adequate water system, paving their parking lot. If this sounds like a system falling apart, it is.

How can the ISEP shortfall be addressed in time to avoid any more cuts in program and service in the BIA funded schools during the next school year? And how can the problem be remediated in the long haul? We have some suggestions. We share the recommendations made on behalf of our contract and grant schools that ISEP be restored to its school year 1991/92 level with a cost of living increase of 3.5% for the 1992/93 school year. This would allow us to keep our teachers salaries comparable to those in the Department of Defense, as the Congress originally intended, without cutting any deeper into programs, services or staffing ratios. The dollar cost of this intervention is approximately $14,000,000, as we stated in our earlier testimony to the House Appropriations Subcommittee on Interior.

For the 1993/94 school year, appropriated in the 1993 fiscal year budget, a 3.5% cost of living increase should be applied to the value of a WSU. This would result in a WSU value of about $3127. This amount should be applied to our current best estimate of WSUs for that year, 75,593. A
comparable cost of living increase for the next school year would bring us closer to $3499 in 1994/95, the amount which the ISEP task force called by the BIA estimated that we should receive THIS year to adequately meet the needs of our schools and our students.

These dollar increases and WSU rate increases are the least that can be done to keep us from losing ground. In the long run, we need to look at how we compute ISEP, what floor we put under it, what apportionment between salaries and other expenses we provide for and what we pay for with it.

In the first place, we need a commitment from the Congress to the dollar value of a WSU. When Congress approves the appropriation for ISEP, the size of the appropriation is based on an anticipated value for an individual WSU. If the number of WSUs is greater than that anticipated, Congress should commit to providing a supplemental appropriation to maintain the WSU at the agreed upon value. Since the ISEP formula is now forward funded to July 1, there is time to redo estimates and make up r-ât of any difference before the school year begins.

Secondly, the Congress (and the school boards!) need comprehensive information from the BIA about the REAL cost of all goods and services actually involved in running our schools and dormitories and the adequacy of ALL sources we rely upon to meet those costs. When the Department of Agriculture does not provide the full cost of a school lunch and school breakfast and students are present who need to eat, the school must take the money out of some other account, too often ISEP. When a child needs to be taken to the doctor, if there is not money for this purpose, ISEP or other dollars will have to be used. If a school determines that it is in the best interests of its children to be taken home for each weekend, the school will have to dip into some fund other than transportation, often ISEP, to pay for this service. It is impossible to relate the size of the ISEP appropriation to education expenditures only when ISEP is so often tapped for other necessary but non-educational services.

Many of our schools are spending 80% or more of their entire ISEP fund on salaries. One school reported it is spending 90% of its money on this purpose. We know this is too much for salary and too little for goods and services. But what is the right proportion? We would benefit from a comprehensive study of the cost of running our day schools, residential schools and dormitories adequately, and the breakdown of that cost by categories of expenditure. The ISEP formula was and is necessary to avoid arbitrary differences in level of expenditure. However, we need to know the floor of dollars and percent of budget which should exist for supplies, utilities, transportation, services, etc. for all our schools. Then we need to find some way to assure this floor for all schools without eliminating the ISEP formula approach to funding.

Right now, our need is for money to make up the shortfall that we face for the coming year. Over the coming months and years, we need to develop a more rational, realistic means of determining appropriation size. The Bureau needs to give the Congress the school-level estimates on
enrollment and student characteristics. A minimum level of service for day students and for boarding students needs to be tied to the actual dollar cost. There is not such a mystery to providing adequate educational services. The mystery is really mystification that takes place when those presenting the administration to the Congress try to disguise the real size of the need and the real cost of meeting it.

NASBA has participated in the ISEP Task Force, whose recommendations have not been followed by the BIA in making its appropriation requests to Congress. We have participated in the White House Conference on Indian Education which set educational goals for Indian people into the year 2000 and beyond. We will work with the Congress, with the Office of Indian Education Programs, the BIA and any other agency or organization in determining the real costs and needs associated with educating our children. We have ideas for rationalizing this process, as described in this testimony. We urge the Congress to look at the costs and structures needed to provide quality education and to work with all of us to establish a regular and predictable way of meeting those costs and establishing those structures.
Mr. Chairman and members of the committees, thank you for giving me the opportunity to address you concerning required funding levels for the Indian School Equalization Program and plans of the Bureau of Indian Affairs to remedy shortfalls.

My name is Dr. Roger Bordeaux, I am the Executive Director of the ACTS Inc. and Superintendent of Tiospa Zina Tribal School.

The following illustration shows ISEP dollars generated by the tribally controlled elementary and secondary schools.

Illustration 1. Tribally Controlled Elementary and Secondary Schools by state.

<table>
<thead>
<tr>
<th>State</th>
<th>number of schools</th>
<th>ADM</th>
<th>ISEP revenue</th>
</tr>
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<tbody>
<tr>
<td>SD</td>
<td>12</td>
<td>3500</td>
<td>$12,618,000</td>
</tr>
<tr>
<td>AZ</td>
<td>12</td>
<td>3100</td>
<td>$11,681,000</td>
</tr>
<tr>
<td>NM</td>
<td>10</td>
<td>1800</td>
<td>$10,302,000</td>
</tr>
<tr>
<td>ND</td>
<td>6</td>
<td>1600</td>
<td>$5,774,000</td>
</tr>
<tr>
<td>MS</td>
<td>6</td>
<td>1200</td>
<td>$4,778,000</td>
</tr>
<tr>
<td>NC</td>
<td>1</td>
<td>1000</td>
<td>$3,137,000</td>
</tr>
<tr>
<td>WA</td>
<td>7</td>
<td>900</td>
<td>$3,427,000</td>
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<tr>
<td>MN</td>
<td>4</td>
<td>900</td>
<td>$3,640,000</td>
</tr>
<tr>
<td>OK</td>
<td>4</td>
<td>600</td>
<td>$2,903,000</td>
</tr>
<tr>
<td>WI</td>
<td>3</td>
<td>600</td>
<td>$2,028,000</td>
</tr>
<tr>
<td>ME</td>
<td>3</td>
<td>400</td>
<td>$1,191,000</td>
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<tr>
<td>WY</td>
<td>1</td>
<td>300</td>
<td>$1,169,000</td>
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<tr>
<td>MT</td>
<td>2</td>
<td>250</td>
<td>$853,000</td>
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<td>ID</td>
<td>2</td>
<td>150</td>
<td>$529,000</td>
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<td>FL</td>
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<td>150</td>
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<td>MI</td>
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<td>80</td>
<td>$339,000</td>
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<tr>
<td>IA</td>
<td>1</td>
<td>80</td>
<td>$290,000</td>
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<td>KN</td>
<td>1</td>
<td>70</td>
<td>$288,000</td>
</tr>
<tr>
<td>NV</td>
<td>2</td>
<td>50</td>
<td>$221,000</td>
</tr>
<tr>
<td>LA</td>
<td>1</td>
<td>50</td>
<td>$164,000</td>
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20    81   16,680 $65,839,000
Illustration 2 shows the actual and projected costs of education in state operated public schools and the actual and projected ISEP revenue per Weighted Student Unit.

Illustration 2. Dept. of Education/National Center of Education Statistics data on average costs of education and ISEP revenue

<table>
<thead>
<tr>
<th>YEAR</th>
<th>per pupil expenditures (public schools)</th>
<th>ISEP revenue</th>
</tr>
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<tbody>
<tr>
<td>1986</td>
<td>$3,470</td>
<td>$2,103</td>
</tr>
<tr>
<td>1987</td>
<td>$3,756</td>
<td>$2,230</td>
</tr>
<tr>
<td>1988</td>
<td>$3,977</td>
<td>$2,370</td>
</tr>
<tr>
<td>1989</td>
<td>$4,217</td>
<td>$2,408</td>
</tr>
<tr>
<td>1990</td>
<td>$4,540</td>
<td>$2,491</td>
</tr>
<tr>
<td>1990-91</td>
<td>$4,022</td>
<td>$2,750</td>
</tr>
<tr>
<td>1991-92</td>
<td>$5,113</td>
<td>$2,760*</td>
</tr>
<tr>
<td>1992-93</td>
<td>$5,472</td>
<td>$2,760</td>
</tr>
</tbody>
</table>

Total percentage increase 57% 31%

* converted from forward funded amount

We all know comparing public school per pupil expenditures with ISEP revenue is like comparing apples to oranges. BUT, if we took the ISEP base and added revenue for transportation, facility maintenance, and administrative costs we have a better comparison:

ISEP       $2,760
Transportation* $278
Facilities*   $633
Administrative Costs* $708

$4,379

(* = average per pupil expenditure at contract and grant schools)

Even if we added federal funds as a percent of public school expenditures, the total amount would still be less than an equitable amount.

revised revenue $4,379
federal percent of NPPE 262

$4,641

THE BOTTOM LINE IS, THERE IS A SHORTFALL FOR ALL MAJOR CATEGORIES AT THE BIA FUNDED SCHOOLS.
To give you an example of what one school has been forced to do over the past few years I would like to discuss with you our school, Tiospa Zina Tribal School. This data is based on the assumption that Congress will not be able to increase revenue above Presidential requests in the major categories of ISEP, Transportation, Facilities maintenance, and administrative costs.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td># of students</td>
<td>213</td>
<td>242</td>
<td>280</td>
<td>310</td>
</tr>
<tr>
<td># of staff</td>
<td>83</td>
<td>73</td>
<td>72</td>
<td>70</td>
</tr>
</tbody>
</table>

In the fall semester of 1990 I projected the revenue of TZTS based on appropriations from Congress. I realized there was going to be a need for a reduction of at least $130,000 from the total school budget. I proposed to the board some recommendations to cover the projected shortfalls. Included in the proposal was a reduction of 13 staff, reduce 1 bus route, reduce equipment purchases, reduce student activity trips, reduce staff travel, and other smaller measures. As you can see from the above we reduced our staff by 10. These reductions do not include what may have to happen by June 30, 1992 because of the $70,000 reduction in administrative cost grant reductions.

RECOMMENDATIONS

1. ANY NEW REVENUE FOR BIA-OIEP MUST FIRST GO TO ISEP. WORK TOWARD GETTING THE ISEP-WSU BASE TO $3,800.00 FOR SCHOOL YEAR 1994-95.

2. THE PER MILE REVENUE FOR TRANSPORTATION MUST BE AT $2.10 BY THE 1994-95 SCHOOL YEAR.

3. FACILITIES MAINTENANCE MUST INCREASE BY 26% BY THE 1994-95 SCHOOL YEAR.

4. ADMINISTRATIVE COST GRANTS TOTAL REVENUE MUST INCREASE BY 40% BY THE 1994-95 SCHOOL YEAR.

5. NO NEW INITIATIVES SHOULD BE APPROVED UNTIL TOTAL BIA SCHOOL REVENUE IS COMPARABLE TO PUBLIC SCHOOL REVENUE.
RATIONAL FOR A INDIAN SCHOOL EQUALIZATION REVENUE GENERATOR (ISERG)

Since the passage of Public Law 95-561, which included authorization for the Indian School Equalization Formula, the Bureau of Indian Affairs - Office of Indian Education Programs has never requested an amount for basic school operations that was close to the actual need of the BIA funded elementary and secondary schools. After a review of the budget justifications over the last 10 years it is clear the Office of Indian Education Programs either does not have the desire to develop a budget based on need or the actual budget process does not allow them to develop a budget based on need. Either way, the schools have lost ground.

THE INDIAN SCHOOL EQUALIZATION REVENUE GENERATOR (ISERG)

This formula is based on the national public school per pupil revenue and expenditure report from the Dept. of Education's National Center of Educational Statistics (Dec., 1991). The premise is "BIA funded schools should have equal revenue as compared to public schools".

Definitions
1. National per pupil revenue (NPPR) - total public school revenue divided by the total number of students served.

2. National per pupil expenditure (NPPE) - total public school expenditure divided by the total number of students served.

3. Consumer Price Index (CPI) - the inflationary cost of goods and services for a given year.

4. Dept. of Defense teacher salary increase (DODTS) - the required teacher salary increase for BIA teachers.

5. Administrative Cost Grant (ACG) - funds generated by tribal schools for administrative services based on legislated formula.

6. Total Revenue (TR) - total revenue received by BIA funded schools through the BIA.

7. Facilities Management (FM) - funds generated by BIA funded schools for facilities operation and maintenance based on individual school inventories and technologies.

8. Transportation (T) - funds generated by schools for transportation costs based on miles driven.

9. Need per weighted student unit (n/wsu) = revenue needed based on identified need through national per pupil data.

10. Federal Share of National per pupil revenue (FSNPPR)
THE FORMULA

This formula would be used to project revenue needs for two years down the road. As an example, for the 1993-94 school year, you would use 1991-92 school year data.

\[ \text{NPPR} + (\text{NPPR} \times 0.35 \times \text{CPI} \times 2) + (\text{NPPR} \times 0.65 \times \text{DODTS} \times 2) - (\text{NPPR} \times \text{FSNPPR}) - (\text{NPPR} \times \text{ACG/TR}) - (\text{NPPR} \times \text{FM/TR}) - (\text{NPPR} \times \text{T/TR}) = \text{n/wsnu} \]

---

**example 1. revenue**

\[
5,529 + (5,529 \times 0.35 \times 0.03 \times 2) + (5,529 \times 0.65 \times 0.03 \times 2) - (5,529 \times 0.048) - (5,529 \times 16,963,786/122,053,708) - (5,529 \times 15,171,745/122,053,708) - (5,529 \times 6,662,700/122,053,708) = \\
5,529 + 116.10 + 215.63 - 265.39 - 767.98 - 687.25 - 301.33 = \\
5,860.73 - 2,021.36 = \$ 3,839.37
\]

---

**example 2. expenditure**

\[
5,096 + (5,096 \times 0.35 \times 0.03 \times 2) + (5,096 \times 0.65 \times 0.03 \times 2) - (5,096 \times 0.048) - (5,096 \times 16,963,786/122,053,708) - (5,096 \times 15,171,745/122,053,708) - (5,096 \times 6,662,700/122,053,708) = \\
5,096 + 107.01 + 198.74 - 244.06 - 708.27 - 633.45 - 278.18 = \\
5,401.75 - 1,863.96 = \$3,537.79
\]
Sources used for examples.

**United States public school year 1991-92 (estimate)**

a. total students - 41,838,871  
b. total revenue - $231,343,420,000  
c. total expenditures - $213,237,595,000  

\[
b/a = $5,529  
c/a = $5,096  
\]


**

a. administrative cost revenue = $16,963,786  
b. total school revenue = $122,053,708  
c. facilities revenue = $15,171,745  
d. transportation revenue = $6,662,700  

Source: US Dept. of Interior-Bureau of Indian Affairs-Office of Indian Education Programs, April, 1992 (fax 4/3/92 10:58)
MEMORANDUM

To: All Area Education Program Administrators
   All Agency Superintendents for Education

From: Director, Office of Indian Education Programs

Subject: Junior/Senior Equipment Program

The Office of Indian Education would like to thank all the schools who applied for FY 92 Junior/Senior Equipment Funds. We will be unable to issue those funds this year due to a projected short fall of ISEP funding at some schools.

Edward F. Pancoast
**UNITED STATES DEPARTMENT OF THE INTERIOR**

**BUREAU OF INDIAN AFFAIRS**

**FUND DISTRIBUTION DOCUMENT**

**Deputy Director**

**CODE 720A/720C**

**RECIPIENT**

**CODE 511**

**AREA BUDGET OFFICE**

**NO 2123**

**Recipient Name:** Office of Indian Education Programs

**Recipient Code:** 511

**APPROPRIATION SYMBOL AND TITLE:** 14-1-2100 Operation of Indian Programs FY '91

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<th>INCREASE</th>
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<tbody>
<tr>
<td>1100/10</td>
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<td>$40,000</td>
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**REMARKS:** This distribution is made pursuant to P.L. 101-512, approved November 05, 1990, making appropriations for the Department of Interior and Related Agencies for FY 1991.

**PURPOSE:** Distribution of funds to cover expenses of Betty Walker transfer to Haskell, including salary, transfer expenses and office setup.

**CONDITIONS:** These funds are subject to the conditions and restrictions contained in 41 BIAH Supp. 4, issued November 24, 1989.

**DS AVAILABLE FOR OBLIGATION:** 10/01/90 - 09/30/91

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**APPROVED BY:**

**DIRECTOR, OFFICE OF INDIAN EDUCATION PROGRAMS** 07/26/91

**RECEIVED BY:**

**[Signature]** 07-2-91

(The recipient is to return a signed copy to C.O., Office of Indian Education Programs, Code 511, to verify receipt of this Distribution Document.)

**AREA/AGENCY:** Central Office/OIEP

57-584 - 92 - 3

61
FUND DISTRIBUTION DOCUMENT

TO: Agency Superintendent for Education
UNIT NO.: A01-01
UNIT NAME: Cheyenne River Agency

APPROPRIATION SYMBOL AND TITLE: 14-1-2100 Operation of Indian Programs FY '91

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REMARKS: This distribution is made pursuant to P.L. 101-512, approved November 05, 1990, making appropriations for the Department of Interior and Related Agencies for FY 1991.

PURPOSE: Distribution of Element 10 funds to be included in the Monitoring and Evaluation contract. Funds are to pay for the monitoring and evaluation of line office operations.

CONDITIONS: These funds are subject to the conditions and restrictions contained in 41 SIAM Supp. 4, issued November 24, 1989.

FUND AVAILABLE FOR OBLIGATION: 10/01/90 - 09/30/91

| INITIAL DISTRIBUTION | $185,700 |
| THIS DISTRIBUTION     | $24,000  |
| TOTAL DISTRIBUTION    | $211,700 |

APPROVED BY: Director, Office of Indian Education Programs

RECEIVED BY: [Signature] Acting AOE

(Receipient is to return a signed copy to C.O., Office of Indian Education Programs, Code 811, to verify receipt of this Distribution Document.)

AREA/AGENCY: Aberdeen/Cheyenne River
This distribution is made pursuant to P.L. 102-154, approved November 13, 1991, making appropriations for the Department of Interior and Related Agencies for FY 1992.

PURPOSE: Third distribution of Administrative Cost Funds. Total distribution for the period July 1, 1991, to June 30, 1992, is $315,619, which includes the $182,060 obligated in FY 1991.

IMPORTANCE: The funds distributed by this document are FY 92 funds. NOT FY91 funds. These funds are subject to the conditions and restrictions contained in 41 U.S.C. 4, issued November 24, 1909.

NOTE: This distribution is based on the recipient's administrative cost rate of 22.208 percent, program funds of $1,565,132 and a 99.44 percent proration of projected need for contract/grant schools.

CONDITIONS: These funds are subject to the conditions and restrictions contained in 41 U.S.C. 4, issued November 24, 1909.

FUNDS AVAILABLE FOR OBOLATION 10/01/91 - 02/20/92

THIS DISTRIBUTION $37,410

APPROVED BY: Edward F. Pettiway
DIRECTOR, OFFICE OF INDIAN EDUCATION PROGRAMS DATE APPROVED 04/28/92

RECEIVED BY: Glenna Keller
RECIPIENT SIGNATURE & TITLE DATE RECEIVED 04/28/92

THE RECIPIENT IS TO RETURN A SIGNED COPY TO C.O., OFFICE OF INDIAN EDUCATION PROGRAMS, CODE 511, TO VERIFY RECEIPT OF THIS DISTRIBUTION DOCUMENT.

AREA/AGENCY: Aberdeen/Sisseton
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ISEP (Indian School Equalization Program vs NPPE (National Per Pupil Expenditures))
Good morning, Mr. Chairman. My name is Marcel Kerkmans. I am the Executive Director of the Alamo-Navajo School, a BIA-funded "Grant" school on the Navajo Reservation located about 130 miles southwest of Albuquerque, New Mexico. I have been asked to appear on behalf of the National Indian Education Association and the Association of Navajo Community Controlled School Boards.

On behalf of the BIA-funded schools that are members of NIEA and ANCCSB, I want to thank the two committees for scheduling this hearing. If the federal government is going to meet its commitment to the educational welfare of the Indian children in the BIA-funded school system, then changes have to be made in the way budgets are developed for that system's support.

Congress took a giant step toward budget improvement two years ago when it agreed to "Forward Fund" the BIA school system. But to make Forward Funding work properly, the budget development process has to be changed to accommodate a budget that must be formulated two years in advance. Right now, BIA is working on the FY94 budget which will fund school year 94-95.

Budget request statistics are based upon various student statistics -- such as number of students expected in each grade; number of students in boarding facilities; students with learning disabilities, language deficiencies, or in need of guidance assistance; teacher statistics -- number of teachers, counsellors and dorm personnel needed meet minimum academic and dorm criteria; compliance with the law on parity of BIA system salaries with DoD teachers; and school statistics -- number of schools and dorms in
the system; and size of school. Underprojections in any of these categories throws off the whole budget system, and funding shortfalls result. That is why we are here today.

ISEF Shortfall. There is a severe funding shortfall in the appropriation for the Indian School Equalization Formula (ISEF) for the upcoming school year (SY92-93). And the FY93 budget request -- which would fund SY93-94 -- would enlarge that shortage.

Even the BIA now acknowledges there is a funding problem. In his April 23 letter to Chairman Inouye, Assistant Secretary Brown stated that “an additional $14.0 million would be needed to avert diminished programs of studies for schools.” We agree with Dr. Brown’s conclusion, but believe his shortage estimate is conservative.

Administrative Cost Grant Shortfall. ISEF shortfalls hurt all schools -- those operated by tribal school boards such as my school, and schools operated by the BIA. But the tribally-operated Contract and Grant schools have the added burden of shortages in their Administrative Cost monies. I estimate that funds appropriated to or requested by BIA for the three-year period of SY91-92 through SY93-94 will, in the aggregate, fall $17.9 million short of need.

Analyses of ISEF and Administrative Cost Grant Funding.

Mr. Chairman, in attachments to this testimony, I set out calculations I have made on ISEF funding and Administrative Cost Grant funding on a school-by-school basis. These charts are intended to address two questions: First: What is the current situation? Second: How much will it take to properly fund the ISEF and Administrative Cost Grants?

In making these calculations, I started with some very basic assumptions:

a. The third installment of the teacher salary increase should be continued in the ISEF base, as intended by Congress in P.L. 100-297.

b. The BIA budget must be evaluated by examining the per-WSU amount, not merely on the overall ISEF funding request. Funding for an individual school is determined by multiplying the per-WSU dollar amount by the total WSUs. The school’s WSU total -- and therefore, its funding allowance -- is determined largely by its enrollment. Thus, whether the overall ISEF budget request is keeping up with increasing enrollment can only be determined by comparing the per-WSU amount available for each school year. If
enrollment decreases, the overall funding request may decrease, but the per-WSU amount should not.

c. The per-WSU amount should increase from one year to the next, not drop. Yearly increases are needed to keep up with inflation and with DoD teacher pay raises (as required by law).

d. The $14 million additional need for instructional programs identified by Assistant Secretary Brown is very conservative and should be provided for SY92-93.

e. The "effective" WSU base amount for SY91-92 (the current school year) is $2834.1

f. The BIA's revised WSU base amount for SY92-93 is $2667. (This compares with the $2763 projection in the FY92 budget request.)

g. The BIA's revised projection of total WSUs for SY92-93 is 74,576.

h. Administrative Cost Grants should be fully funded. They serve the same purpose as contract support funds which, by law, are required to be fully funded.

Findings from the Analysis.

Mr. Chairman, I am an accountant by profession and therefore a large part of my job involves what many people call "number crunching". I am accustomed to having my number-filled charts cause people's eyes to glaze over. While I invite you and your staff to study my charts, I would like to highlight for you the more significant findings from these charts.

ISEP Funding Findings.

1. The FY92 appropriation will produce $167 less per WSU for SY92-93 than the effective WSU base amount for SY91-92. The BIA's corrected projection is $2667/WSU, as compared with an effective WSU base of $2834 for the current school year. As far as we can remember, this is the first time the WSU base has ever gone down.

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1 The BIA and the Select Committee (in its report to the Budget Committee on the FY93 BIA budget request) agree with this figure. It is comprised of the SY91-92 per-WSU amount from the "forward fund" transition appropriation plus 17% of the SY90-91 per-WSU amount that each school should have reserved to begin SY91-92. That is: $2374 + .17($460) = $2834. Since under the forward funding system, schools are to receive their money before the school year begins, they will no longer have to reserve 17% of their funds to start a new school year, as they have previously had to do.
2. The dollar effect of this reduction must be looked at in two ways. First, from a strict mathematical perspective, a $167 drop in the MSU amount will mean there will be $12.4 million less to support the total system-wide MSUs (74,576) the BIA now projects for SY92-93. Second, this funding shortage does not even factor in the funding that would be required to meet the salary increase the DoD system will put into place for the new school year. Thus, the system-wide shortage will be even greater.

3. Assistant Secretary Brown says that $14 million is needed to avert instructional program reductions. As noted above, we think this is a conservative estimate, but it shows that the BIA is now trying to quantify the funding impact of full implementation of the DoD salary schedule in the BIA system.

4. System-wide funding shortfalls will be compounded in SY93-94 and subsequent years if upward funding adjustment are not made.

Administrative Cost Grant Funding Findings

1. BIA has paid schools only 75% of their Administrative Cost Grant amounts so far in SY91-92.

2. We calculated the 100% of need figure for each school, and then calculated the shortage for each school. For just the schools for whom we have data, the cumulative shortfall was $4.7 million. We estimate the full shortfall from the appropriations to be nearly $4.8 million for SY91-92 (if data were available for all schools).

3. The amount appropriated for SY92-93 would fall $5.6 million short. This would result in the schools being supplied with 28% less than the Administrative Cost Grant formula requires.

3. The budget request for FY93 -- which would fund SY94-95 -- is so low that the shortfall would exceed $8 million.

Suggestions for Improving Budget Development.

We would offer the following suggestions for developing ISEF and Administrative Cost Grant budget requests that more closely reflect the needed amounts. I recognize, of course, that no procedure can be perfect, but the current one must be adjusted to correct the identified deficiencies and accommodate a forward funded system.

1. For SY92-93, request an emergency supplemental appropriation or re-program other FY92 appropriated funds into the ISEF ($14 million per Assistant Secretary Brown) and Administrative Cost Grants ($5.6 million).
2. For SY93-94, increase the FY93 budget request by $34 million for the ISEF and $8.2 million for Administrative Cost Grants.

3. For SY94-95 ISEF funding, we recommend using the ISEF Task Force's recommended per-WSU amount of $3499.

4. For ISEF for subsequent school years, begin with this WSU base, and augment it by an amount representing the Labor Department's announced cost of living adjustment and the DoD announced teacher salary increase percentage. When the augmented ISEF is added to the balance of program dollars used to calculate Administrative Cost Grants, these Grants will increase by a modest amount (at or near the COLA). This will enable the contract or grant school to meet the increased costs to be covered by this AC Grant.

5. Develop and maintain a database on teachers, counselors, and home living specialists currently in the BIA school system. This should contain education levels and years of experience. With a proper, on-going data base, calculation of required salary increases can be greatly simplified. NIEA would be willing to help design the form for requesting these data from schools.

6. School enrollment projections could be aided by tracking demographics data in communities served by BIA-funded schools. The Indian Health Service and other health care providers, Head Start programs, and tribal governments could supply birth data. Tracking birth records and children of preschool and school age in BIA-funded school communities could also be a valuable service performed by Tribal Departments of Education.

7. Dormitory enrollment projection involves more subjective factors that school enrollment projections. Nonetheless, attention to historic trends and consultation with parents and social service personnel may assist in charting dorm enrollment. BIA should err on the side of overestimating dorm enrollment, rather than underestimating it.

8. Special needs projections. BIA indicates it has the greatest difficulty in projecting the number of children who will qualify for add-on weights such as bilingual, intense residential guidance, special education and gifted and talented.

Identifying pre-schoolers with special needs would be a service ideally performed by a tribe through a tribal department

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7 Congress, BIA and Indian people should also examine proposals for a totally new formula funding approach, such as the one developed by Roger Bordeaux which uses as its base the national average per-pupil funding amount as calculated by the National Center for Education Statistics.
of education or social services entity. The recently-amended Individuals with Disabilities Education Act has earmarked .25% of overall appropriations for grants to tribes for "child find" undertakings. Data from this undertaking as well as information from health service providers could enhance the data base about pre-school Indian children who will need special attention upon entering school.

BIA's proposed solution of merely eliminating additional weight programs (bilingual, intense residential guidance and gifted and talented) is not an appropriate answer. To destroy important programs for special needs students is, may we say, a very cynical, budget-driven response to a problem for which other more program-oriented solutions can and should be developed.

9. Administrative Cost Grant percentage rates are, by law, to be developed using two-year-old program data. This policy was established when schools were still funded on a fiscal year cycle and the two-year-old program funding amounts were known. This situation has been altered somewhat by the conversion to forward funding for all BIA system education accounts except facilities operation + maintenance funds. Nonetheless, making reasonable projections is still possible. Our step-by-step suggestions follow:

a. In order to implement the formula, the program base for each school must be identified. This figure must include ISEP; substance abuse counselors; Chapter 1, Individuals with Disabilities Education Act, and substance abuse funds (which are appropriated to the Department of Education on a forward funded basis); and a facilities 0+M amount based on the FACCOM system output.

b. Project the program funding amounts for any new schools expected to come on-line during the school year for which the budget is being developed.

c. Calculate AC Grant planning figures for each school; total the system-wide level of need; augment by the appropriate cost of living adjustment.

d. Add 2% to the total as an adjustment fund to cover unexpected contingencies. If this fund is not fully utilized, the remaining amount can be used as an offset in future years. This would only occur, however, if all schools were provided with 100% of the AC Grant level of need.

Mr. Chairman, NIEA thanks the Senate Select Committee and the House Education + Labor Committee for the tremendous interest you have displayed in the educational welfare of Indian children. We are also grateful for the conscientious assistance provided by members of your staff. Bob Arnold and Ken Montoya
from the Senate Committee have been of great help to us, and, of course, Alan Lovesee of the Education + Labor Committee staff continues to be a dedicated advocate for Indian education, as he has for the past 15 years.

We also express our appreciation to Ed Parisian. He is a former school administrator and former President of NIEA, and now, as Director of OIEP, has a very challenging and difficult job to do. We are grateful to have an Indian education advocate of his calibre in the Director's chair. We hope the Interior Secretary will heed the advice he offers, as he is the one who most directly consults with tribal educators. We look forward to working with him and the other dedicated professionals at OIEP to improve the budgeting process for the BIA education system so we can make Forward Funding work the way Congress intended.
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### Drop in WSU Value

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### System-Wide Fund Reduction, SY92-93

- **SY91-92 effective WSU value**
  - $2,834
  - (See Column B)

- **SY92-93 WSU value per BIA projection**
  - $2,667
  - (See Column C)

- **Drop in WSU value**
  - $167

- Total **SY92-93 WSU value per BIA projection**
  - $2,500
  - (See Column C)

- **System-wide Fund Reduction, SY92-93**
  - $175,454,192
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**Notes:**
- The data presented is hypothetical and for demonstration purposes.
- The table represents a summary of state distribution with total enrollment and received funds.
- Specific figures are placeholders for clarity.
- Actual figures will vary based on real-world data.
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**Additional Projections:**

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**Notes:**
- Columns 1 and 2 represent actual student numbers.
- Columns 3 and 4 represent estimated student numbers.
- The table includes schools from various cities across the country.
On behalf of the National Indian School Board Association, I want to thank you for the opportunity to testify before you today regarding the ISEP budgets for fiscal years 1991-1993. NISBA member schools -- both BIA-operated as well as contract and grant schools -- appreciate your willingness to hear our concerns and your continued support of assuring quality education for Indian children.

In our deliberations leading up to the passage of PL 100-297, there were certain changes which we felt strongly about: teacher pay raises, forward funding, increased local control of education. Your committees gave us support in the passage of this legislation. However, implementation has not gone smoothly; and we feel that the positive intent has been compromised; and has, in fact, created an uncertainty at the schools which was most certainly unintended!

Many times throughout the last several months, we have been told that "there is no shortfall"; "the schools haven't planned properly"; or "there should not be adverse impacts on schools due to the budget".

Many times throughout this administration of the "Education President", we have heard that "throwing more money at education won't solve the problems". While I agree that more money won't "solve" all the "problems", many of the needs/deficiencies confronting BIA-funded schools can NOT be solved EXCEPT with the appropriation of more dollars.

I have had the opportunity to be involved as a team member/team leader in several OIEP Monitoring and Evaluation visits in the last two years and have "compared notes" with other colleagues who have also been involved in the process. The OIEP Monitoring and Evaluation is an excellent process and, if continued, will go a long way to institutionalizing effective schools and school improvement, in general.

In the numerous visits I have made, the following recommendations were most often made:
- Hire a counselor/Improve or increase counseling services
- Hire a librarian/Improve library services
- Update library and textbooks
- Need for extra-curricular activities
- Need for physical education, music, and arts programs
- Need for parent training
- Need for on-going staff development
- Need for more or improved facilities
This is substantiated in OIEP's Report on its 1990-1991 Monitoring and Evaluation "From Gatekeeper to Gateway" (October 1991) which summarizes information from 40 schools:

**MAJOR IMPROVEMENTS RECOMMENDED**
- Do more comprehensive needs assessment
- Write school improvement plan
- Develop written curriculum
- Upgrade teacher training in current techniques
- Upgrade libraries
- Improve instructional leadership
- Write more adequate mission and goals
- Increase counseling services
- Improve parent involvement
- Upgrade facilities

Most of these items require additional funds. Although some items (Writing school improvement plans, missions and goals) may not require "up front" dollars, these take time -- a valuable commodity -- difficult to find for principals who wear numerous hats and are deluged with an enormous amount of paperwork.

School administrators and their staff and board often attempt to meet these needs in a variety of "creative" ways, none of which provide an ongoing, stable base of funding. For example, some schools have attempted to meet their counseling needs by using some special education dollars and some substance abuse dollars; but there are some limitations put on these funds about which students can be served and what kind of services. Therefore, no comprehensive counseling program is provided.

Unless the funding levels increase, the same "deficiencies" will be noted when follow-ups are conducted at these schools or when a new cycle of monitoring and evaluation is implemented.

According to OIEP Reports, the three academic standards most often NOT met are Library/Modia Program, Administrative Requirements (staff/student ratios, etc.), and Counseling services. In addition, the Junior High and Secondary Instructional Programs were often out of compliance because a language other than English is not offered and fine arts and computer literacy is not adequate. The two Dormitory standards most often NOT met are Homeliving (staff/Student ratio) and General Provisions (Lack of counseling services during non-academic hours).
One agency with 7 schools reports a total need of $964,871.00 to meet all Standards Compliance.

THESE DEFICIENCIES ALL REQUIRE ADDITIONAL FUNDING.

In January 1992, NISBA surveyed the schools in an attempt to ascertain if there were shortfalls, in what categories and what schools were doing to try to "live within" their budgets. Our office received responses from approximately one-third of the schools. I would like to take this opportunity to provide a sampling of what occurred in the School Year 1991-1992:

• SCHOOL A: Shortfall of $501,972 -- Reduction in Force for a full year 2 teachers, an Education Technician for Student Attendance and Tracking, and a Homeliving Specialist; for 1/2 year for 5 teachers; by not filling approved positions for Homeliving Assistants, 2 department heads, substitutes, a social worker and a recreation specialist. When dealing with at-risk children from dysfunctional environments, these reductions and vacancies have adverse impacts on services to children! In addition, activities, supplies and materials were either greatly reduced or eliminated for all departments. This school noted that the average increase over the last 3 years due to the OIEP/DOD pay scale was 34%. Increases in ISEP certainly have not kept up with the requirements of the DOD pay increases.

• SCHOOL B: a $100,000 shortfall -- Delete $5,000 for a cooperative employee to be shared with 4 schools and the agency; delete $10,000 from coaching (no spring sports); delete $9,000 for overtime; delete $12,950 for one cafeteria worker; RIF a $20,000 teacher supervisor; Do not hire teacher replacement equalling $40,000; delete $14,000 for one bus route and one driver. In addition, there will be minimum use of vehicles for all activities, minimum materials and supplies, minimum library book purchases, and minimum travel for administration, staff and school board -- even though there are numerous requirements from Central Office to attend various meetings, etc.

• SCHOOL C: Total allocation of $577,500.00; fixed costs for salaries and fringe - $552,756; This means that 95% of the total ISEP allotment goes for salaries and fringe, leaving only $24,744 for other expenses (food, travel, staff development, materials and supplies, etc.). This school received $26,000 for transportation, but their actual need was $36,246.00, leaving them with a shortfall under transportation of $10,246.00. This will be charged to regular program.
I am attaching additional examples of what schools have submitted. Schools have done their best at meeting these shortfalls: they have gone through RIF's -- in some cases, 2 RIFs; they have left vacant positions unfilled; they have placed moratoriums on purchases; they have reduced the number of hours for staff.

However, they did not anticipate that these conditions would continue beyond this "transition year" for forward funding. Now, we can see that budgets are not going to be better for School Year 1992-93 or even for 1993-94.

Recent information shared at an Education Line Officers Meeting indicates that OIEP is going to attempt to address some of these shortfalls by "robbing Peter to pay Paul": using FY '92 Administrative Cost Grant dollars to help make up for current year shortfalls, then use Effective schools dollars and Junior/Senior High Equipment dollars to help make up for the dollars taken from that line item.

Effective Schools, although called a "Major Initiative" by OIEP, has not had a significant amount of dollars for implementation; but it has provided a framework for school to work on school improvement plans. Much has been accomplished with a small amount of dollars. In fact, data is available to show that schools who have been in the Effective School Program have a higher average attendance rate and also have higher achievement levels than other Bureau-funded schools. OIEP sent out requests for self-nominations for schools to participate in Effective Schools for 1992-1993; Schools were selected and notified. They should not now be denied the opportunity.

It is our hope that this hearing will provide clear direction for OIEP to develop appropriate measures for projecting budget requirements for schools in all categories of funding. We also hope that it will provide the justification necessary for requesting a supplemental for FY 1992; and most importantly, to gain the additional funding needed for FY 1993, consistent with the ISEP Working Committee Report which recommends $3,499 per WSU as a minimum. Schools have made tremendous progress in the fast 5 to 6 years; and continued lack of funding will set them back greatly.

Please feel free to call on our office if additional information is needed. Thank you. again. on behalf of all BIA-funded schools.
Chairman Simon, and members of the sub-committees, my name is Arby Little Soldier, I am President of the Fort Berthold Indian School Board Association of North Dakota.

The Fort Berthold Indian School Board Association represents the Mandaree Day School, White Shield Day School and the Twin Buttes Day School, all of which are located on the Fort Berthold Indian Reservation. We are formally requesting the following:

1. The Bureau of Indian Affairs (BIA) fiscal year 1993 budget request for portable classrooms is $2.5 million. We request this budget be increased to $7 million.

   Justification: There is an increasing demand for portable classrooms nationwide. A survey conducted by the BIA in 1990 shows a need for 70 portable classrooms and a subsequent survey in 1992 is reported to have an even higher figure. The approximate cost for a portable classroom is $100,000. Our request for $7 million would meet the need of 70 portable classrooms. We are very hopeful this additional request of $4.5 million will at least cover the classrooms needed at Mandaree Day School and White Shield Day School.

2. We request the base funding be increased from a 180 day cycle to 365 days under the Operation and Maintenance (O&M) funding formula.

   Justification: Facility maintenance and upkeep is operated on a year round basis, yet funding is only provided for 180 days.

3. We request an increase in the current base O&M funding formula to provide for the removal of solid waste material.

   Justification: Under the current O&M funding formula, removal of solid waste is not provided for. In order for facilities to be in compliance with environmental standards for solid waste management, funds need to be allocated in the O&M funding formula.
4. We oppose an across the board cut in the BIA budget.

   Justification: The administrative component of the BIA is funded at 365 days while schools are only funded at 180 days. Implementation of an across the board cut will drastically short change the funding for schools, which already operate under a bare bones budget.

5. We request four (4) portable classrooms for Handaree Day School and two (2) portable classrooms for White Shield Day School.

   Justification: In May of 1991, Fran Hayes, Education Specialist, Facilities Management Construction Center (FMCC) conducted a space evaluation study at the Fort Berthold Reservation schools. Her report recommended four (4) portable classrooms at Handaree Day School and two (2) portable classrooms at White Shield Day School. The request for portable classrooms is an interim measure in order to meet the space requirements of the schools.

In conclusion, on behalf of the Fort Berthold Indian School Board Association, I appreciate the opportunity to provide testimony on the need for upgrading our school facilities. Your support for increased funding in the facilities component of the school operations budget is appreciated. We will be glad to provide additional information if it is needed.
Chairman Simon, and members of the sub-committees, my name is Edward LoneFight. I am Superintendent of the Handaree Day School located in Handaree, North Dakota on the Fort Berthold Indian Reservation.

Before I get into the text of my testimony, I would like to give you a brief history on the Handaree Day School.

Due to the enactment by Congress of the Taking Act in 1947, the Garrison Dam was established. This action inundated all of the "little red school houses" and much of the subsistence way of life of the Three Affiliated Tribes. The members of the Three Affiliated Tribes were forced to relocate to higher ground. This resulted in the development of a new community which is now called Handaree. In 1954, the Handaree Day School was constructed to provide education for the members of the tribes. From the time of losing the "little red school houses" to the construction of the Handaree Day School, the students had to leave home to get their education by attending area and regional mission boarding schools.

In 1962, the school facility was expanded by one wing to accommodate the increasing number of secondary students. Since that time the school facility has not been expanded even though the community has outgrown the school facility.

Handaree Day School services a vast area within the attendance boundary encompassing approximately 15 townships. Current enrollment is 233 students, all of whom are Native American Indians. The current number of school employees is 63, this includes certified and non-certified. Handaree Day School serves k-12 in one building, and comprises 46,585 square feet and is 100% utilized as defined by the BIA Facilities Management report. The school is fully accredited and offers all of the curricular requirements as mandated by the North Dakota Department of Public Instruction.

My testimony focuses on the following five (5) requests for your consideration:

1. Increase the Bureau of Indian Affairs FY '93 budget for portable classrooms to $7 million.
JUSTIFICATION: The current budget for portable classrooms is $2.5 million, which does not meet the increasing demand. A survey conducted by the BIA in 1990 shows a definite need for 70 portable classrooms, and a subsequent survey in 1992 is reported to have an even higher figure. The approximate cost for a portable classroom is $100,000. Increasing the budget to $7 million would meet the need for 70 classrooms. We are hopeful this additional increase of $4.5 million would not only meet the nationwide needs, but also fulfill our need for 4 portable classrooms for Handaree Day School (see separate request).

2. Increase the base funding under the Operation and Maintenance (O&M) funding formula from a 180 day cycle to 365 days.

JUSTIFICATION: Funding for this component is based on the 180 day school year. However, custodial, maintenance and repair on facilities occurs 365 days per year. Additionally, Handaree Day School offers summer school, and since Handaree Day School is the hub of the community, numerous activities and community events are scheduled throughout the year. The bottom line is that all these areas cost money over and above the 180 day funding currently allocated.

3. Increase the current base in the O&M funding formula to provide for the removal of solid waste material.

JUSTIFICATION: Currently, solid waste material removal expenses are not provided for in the O&M funding formula. To be in compliance with EPA and state environmental regulations, the Three Affiliated Tribes has developed environmental standards and a Fort Berthold Tribal Solid Waste Program, which schools, individuals and other entities are required to utilize.

4. We oppose an across the board cut in the BIA budget.

JUSTIFICATION: The administrative component of the BIA is funded at 365 days while schools are only funded at 180 days. Schools operate year round, the doors do not close when the 180 day school year is over. Implementation of an across the board cut will disproportionately effect schools because they already operate under a minimum budget.

5. Request of 4 portable classrooms for Handaree Day School.

JUSTIFICATION: In May of 1991, Fran Hayes, Education Specialist, Facilities Management Construction Center (FHCC) conducted a space evaluation study at the Handaree Day School. Her report recommended 4 portable classrooms. This recommendation was based
on the need for the school to fill programmatic space requirements, safety reasons and overall improvement. Projects and programs designed to meet the special needs of the students are subjected to space availability. Mandarae Day School's useful life span expires in 1992 and the school is in non-compliance with various tribal, state and federal safety standards and guidelines. The request for portable classrooms is an interim measure in order to meet the space requirements of the school.

In concluding my testimony, I want to thank you for your consideration of our requests. Your support for increased funding in the facilities component of the BIA school operations budget is not only appreciated, but it provides the means for Indian students to get a quality education.
MISSISSIPPI BAND OF CHOCTAW INDIANS

Phillip Martin, Tribal Chief

I am pleased to be able to submit written testimony identifying immediate shortfalls in FY 1992 ISEP funding. All three areas of shortfall result from conditions that are not unique to Mississippi Choctaw and will cause BIA funded schools to reduce services during the 1992-1993 school year if not addressed by further appropriations.

The Mississippi Band of Choctaw Indians has 5,000 tribal members in eight reservation communities spread over a five county area of east central Mississippi. The tribe contracted for full operation of all BIA education services beginning July 1, 1989 - making it the largest single BIA school contractor. The tribe operates six community elementary schools, one middle school and one high school serving a total of nearly 1,300 students with 110 students residing in the high school dormitory.

Shortfall in ISEP Formula

Under the new forward funding cycle, FY 1992 appropriations will be allocated to BIA funded schools for operation of the 1992-1993 school year. The latest estimate released by the BIA is that allocations will be based upon a WSU value of $2,672.
Regardless of which estimate is used, projected allocations will be far short of what is needed to sustain the current level of effort. The effective WSU value for the current 1991-1992 school year is $2,834. After adjustment for annual inflation of 4 percent, the WSU value needed to sustain the current level of effort is $2,947 – $275 short of the BIA projected WSU value of $2,672. Such a shortfall will cost the Choctaw Tribal Schools $550,000.

In order to prevent the projected shortfall, FY 1992 supplemental appropriations will be needed. Using an ISEP WSU count of 74,562 — (the September 1991 ISEP of 73,100 increased by 2 percent.) the supplemental appropriations needed to increase the current WSU value by $275 is $20.5 million. This is an estimated deficit for ISEP Formula distributions alone and does not include appropriations for ISEP adjustments included in ISEP appropriations.

The BIA, in a recent response to NIEA testimony presented to this committee, suggested that the SY 1991-1992 WSU value of $2,833 was inflated by the inclusion of funds adequate to support a full 11 month implementation of the third installment of congressionally mandated teacher pay increases when, in fact, the forward funding conversion period is only nine months. Such reasoning does not eliminate the need for supplemental appropriations for two reasons. First, using the BIA’s own suggestion that 2/11 of the $13.8 million should be reserved for SY 1992-1993, a savings of $33 per
WSU is achieved. Adding the $33 to the projected WSU value of $2,672 still only results in a SY 1991-1992 WSU value of $2,705.

More importantly, however, the BIA in its response to NIEA testimony asserts that a total of $35.9 million was included in the FY 1990 and FY 1991 — including funds for conversion to forward funding — for the purpose of teacher salary and benefits adjustments. While the $35.9 million may have been included in justifications of in BIA FY 1990 and FY 1991 budget requests, the funds never resulted in per student increases needed at the local level for implementation of salary increases because of errors in projecting other factors such as student enrollment. A $35.9 million increase in real funding for BIA schools—using the projected WSU grand total present in the Administration’s FY 1993 budget request—results in increases of over $500 per WSU. Such increases in per student allocations have never been received by BIA funded schools, and the WSU value is not even keeping up with inflation.

Increasing the BIA calculated WSU value of $2,516 for SY 1989-1990 by 3.5 percent annually for inflation results in a needed WSU value of $2,790 for SY 1992-1993. The inflation adjusted WSU value is $118 more than the estimated $2,672 per WSU to be distributed and includes none of the $500 per WSU needed to implement teacher salary and benefit increases.
The $20.5 million requested for supplemental ISEP appropriations is only a stop-gap measure needed to prevent the further deterioration of BIA funding for schools. It will not solve the problems associated with implementation of the congressionally mandated salary increases for teachers, librarians and counselors. Significant increases will need to be made in future year appropriations, including FY 1993 appropriations if BIA funded schools are to be adequately funded on a per student basis.

**Student Transportation**

As has occurred in the projection of ISEP student counts, the BIA has consistently under projected the number of daily bus miles claimed by BIA funded schools. As a result, the per mile reimbursement to schools dropped steadily through FY 1990 and is now only at a level comparable to reimbursements received in FY 1987. Meanwhile, GSA costs for BIA funded schools have risen dramatically, with lease rate increases of more than 50 percent during the past year.

The Mississippi Band of Choctaw Indians requests that supplemental appropriations in the amount of $8 million be added to FY 1992 appropriations for reimbursement of student transportation costs. The added appropriations would allow the BIA to reimburse schools at a per mile cost equivalent to the national average of $2.20.
The Choctaw Tribal Schools have consistently had to use basic ISEP funds to cover as much as 50 percent of its transportation budget. Such a practice is commonly reported by BIA funded schools and worsens the negative impact of ISEP shortages within the system.

**Administrative Costs**

The Mississippi Band of Choctaw Indians continues to be unable to recover all indirect costs associated with the administration of both education and non-education BIA programs. Although the full amount of education program dollars is included in the tribe’s base for calculation of its Indirect Cost Rate by the Department of Interior, the tribe has for three years been only able to collect administrative costs associated with its operation of BIA elementary and secondary education programs in accordance with the restricted P.L. 100-297 Administrative Cost Grant formula.

The Administrative Cost Grant formula was clearly amended for those who operate both a school program and one or more other P.L. 93-638 program to entitle them to receive full indirect costs associated with operating BIA programs. The amendment was included in P.L. 101-301, Section 5(f) and was supported with Senate report language that specifically mentioned the Mississippi Choctaws and Ramah-Navajo as examples of tribes who were unfairly penalized for operating centralized administrative systems —
even though centralized administrative systems enable tribes to better coordinate resources and operate more efficiently as a whole.

On January 22, 1992, the Mississippi Band of Choctaw Indians requested recovery of indirect costs of $765,859 in FY 1990, $990,300 in FY 1991, and an anticipated $950,166 in FY 1992. The tribe has not received a response to its request and is concerned that BIA is not preparing to pay full indirect costs for operation of school programs either through Administrative Cost Grant appropriations in this section or through contract support funds appropriated elsewhere in the budget.

********

These shortfalls do indeed create emergency situations for BIA funded schools who have endured steady reductions in constant dollars over the past 18 years. The Congressional Research Service, in a March 4, 1992 report to this committee, reported that in constant dollars BIA education funds have fallen $8.6 million per year from 1975 to 1993. As was found by the BIA Office of Indian Education Programs ISEP Task Force, BIA funded schools have been continually cut back and are now operating skeleton programs. Without substantial future increases, BIA funded schools will not be able to continue viable programs, and by no means will they have the resources necessary to pay teachers, librarians, and counselors at levels commensurate with the DOD pay scale.
Testimony May 13, 1992 Senate Oversight Hearing

Dear Senator Inouye,

The Hannahville Indian Community operates the Hannahville Indian School on the Hannahville Indian Reservation in the Upper Peninsula of Michigan. There are approximately 200 American Indian students of school age located on or near the reservation. Habitual problems in the operation of the school have been, a very unstable educational administration within the Bureau of Indian Affairs and a lack of adequate funding with which to operate.

Examples of our yearly problems are evident in the following for FY 92.

1. ISEP -- $2,375 wsu X 74 students = $204,638.00
   + Small School Adjustment
   Need -- $3,200 wsu X 74 students = $294,272.00
   + Small School Adjustment
   Shortfall = $ 89,634.00

2. Transportation
   76,320 miles X 1.156/mile = $ 88,225.00
   Need
   76,320 miles X 1.90/mile = $145,008.00
   Shortfall = $ 56,783.00

3. Administration Costs
   Funded 91% of formula amount = $191,000.00
   Need 100% of formula amount = $210,000.00
   Shortfall = $ 19,000.00

Shortfall Total = $ 131,475.00

The results of these shortfall will be as follows:

ISEP
1. Teacher reductions - possible 2 positions
2. Minimum of work to be done on curriculum development.
3. Will not be able to retain quality staff.
4. The classes that will be able to be offered will be limited and severely curtailed.
5. We are a candidate in good standing for North Central Accreditation, this reduction in curriculum will not
### FY 90
1. **ISEP** -- $2,450 wsu X 88 students = $264,306.00
   Need -- $2,750 wsu X 88 students = $293,000.00
   + small school adjustment

### FY 91
2. **ISEP** -- $2,700 wsu X 76 students = $267,084.00
   Need -- $2,900 wsu X 76 students = $286,520.00
   + small school adjustment

### FY 90
1. **Transportation**
   78,120 miles X 1.15/mile = $89,838.00
   Need 78,120 miles X 1.50/mile = $117,180.00

### FY 91
2. **Transportation**
   76,320 miles X 1.37/mile = $104,558.00
   Need 76,320 miles X 1.80/mile = $137,376.00

### FY 90
1. **Administrative Costs**
   Funded 93% of formula amount = $238,191.00
   Need 100% of formula amount = $254,838.00

### FY 91
2. **Administrative Costs**
   Funded 91% of formula amount = $242,000.00
   Need 100% of formula amount = $264,000.00

---

### Breakdown

<table>
<thead>
<tr>
<th></th>
<th>FY 90</th>
<th>FY 91</th>
<th>FY 92</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ISEP</strong></td>
<td>$(2,450./wsu)</td>
<td>$(2,700./wsu)</td>
<td>$(2,375./wsu)</td>
</tr>
<tr>
<td>Funded</td>
<td>$264,306.00</td>
<td>$267,084.00</td>
<td>$204,638.00</td>
</tr>
<tr>
<td>Need</td>
<td>$293,000.00</td>
<td>$286,520.00</td>
<td>$294,272.00</td>
</tr>
<tr>
<td><strong>Transportation</strong></td>
<td>$(1.15/mile)</td>
<td>$(1.37/mile)</td>
<td>$(1.156/mile)</td>
</tr>
<tr>
<td>Funded</td>
<td>$89,838.00</td>
<td>$104,558.00</td>
<td>$117,180.00</td>
</tr>
<tr>
<td>Need</td>
<td>$117,180.00</td>
<td>$137,376.00</td>
<td>$145,000.00</td>
</tr>
<tr>
<td><strong>Administrative Cost</strong></td>
<td>(93%)</td>
<td>(100%)</td>
<td>(91%)</td>
</tr>
<tr>
<td>Funded</td>
<td>$238,191.00</td>
<td>$242,000.00</td>
<td>$191,000.00</td>
</tr>
<tr>
<td>Need</td>
<td>$254,838.00</td>
<td>$264,000.00</td>
<td>$210,000.00</td>
</tr>
</tbody>
</table>
allow accreditation to take place.
6. Library service will be reduced or eliminated.

STUDENT TRANSPORTATION
1. School buses will not be able to maintained as well as they should be and this will create a safety problem.
2. School buses will not be able to be replaced as soon as needed and will have to be driven with a greater number of miles on them, again, a safety factor.
3. Activities with school buses will have to be kept to a minimum, thus limiting the school functions.

ADMINISTRATIVE COSTS
1. Administrative costs short falls will limit the effectiveness of the Hannahville Indian School and it's ability to hire quality administrators to direct the school in it's effort to become even more of a quality educational system.
2. Reduction of administrative staff (1 position).

All of the above will directly affect the delivery of services to the Indian students of the Hannahville Indian School. Attached you will find a breakdown of FY 90 & 91 and the monies received by the Hannahville Indian School versus the amount needed. This clearly identifies the BIA's intention to reduce funding to the BIA funded schools. If the BIA funded educational system can have 10 years of stable and adequate funding along with a BIA, OIEP administration that truly is intent on helping American Indian students succeed, then and only then can our schools be fairly evaluated as to our competence and success.

Miwetch,

Kenneth Meshigaud
Tribal Chairman
A POSITION PAPER REGARDING THE CONSTANT SHORTAGE OF ETA FUNDS FOR
ROCK POINT COMMUNITY SCHOOL, ROCK POINT, AZ 86545

The dollar value of the WSU has not been increasing at the rate salaries for employees have been increasing. Employees' salaries are paid at the Govt GS schedule which is revised every year to reflect increases in the cost of living. This is estimated between 4 to 5%. The employees are entitled to an annual step increase which adds estimated 3 to 4% over the salaries set by the revised GS pay schedule. This means that at the constant value of dollar since 1985, the salaries alone cost at least 6% more than the previous year. Taking into account 4% cost of other factors such as benefits, travel, supplies and services, which form 25 to 30% of the ISSEP expenditures, the increase in the WSU dollar value should at least be 12% per year. Health Insurance costs alone went 50% up from FY90 to FY91. We experience extreme financial difficulty in implementing the DoD Pay Schedule. This will require at least another 10% increase in the WSU dollar value.

If we average all the absolutely necessary increases in the expenses at the School at an extremely conservative rate of 12% per year, the WSU dollar value for the years after FY90 should have been like this. Please note that the WSU value of 2321.5 for FY 90 itself was not adequate to meet the ISSEP needs for that year.

<table>
<thead>
<tr>
<th>FY/BY</th>
<th>WSU $ should have been</th>
<th>was/is projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>90</td>
<td>2,521.5</td>
<td></td>
</tr>
<tr>
<td>91</td>
<td>2,824</td>
<td>2,707.5</td>
</tr>
<tr>
<td>92</td>
<td>3,163</td>
<td>2,374.6 *</td>
</tr>
<tr>
<td>93</td>
<td>3,543</td>
<td>2,713 *</td>
</tr>
<tr>
<td>94</td>
<td>3,968</td>
<td>2,770</td>
</tr>
</tbody>
</table>

* Note that this is where Forward Funding begins when a blind 30.7% of FY 91 was allocated for the forward funding period without any consideration of the need for the increase in the cost for factors such as annual salary increases OR increases in other cost factors.

Now we understand that whatever originally proposed by EIA, this amount is going to be only 2,667 because of excessive
underestimation of WSU.

A question may be raised here as to how our School managed during past years. There are two factors to note. Firstly, there has been an increase in the WSU and we did not implement the DoD salary schedule nor did we increase the number of employees to match the increase in the ADM. This resulted in crowded classes and fewer electives. Secondly, other costs such as Travel, Supplies and Services and Equipment either have been cut down or retained at the same level as in the previous years.

The reason behind the underestimation of WSU by the BIA is mainly its (1) underestimation of ADM based on the ADM counts three years ago, (2) requesting appropriation from the Congress for an underestimated WSU figure without correcting it later, and (3) not asking for a supplementary appropriation to meet the actual need in the Fiscal Year.

( Note FY 91 ADM was used to project BY 93 ADM which will be actual after Student Count week in September 1992. One can guess that FY 92 estimate of ADM which was based on the actuals of FY91 might have been used to project BY 93 ADM the actual of which will be determined after the Student Count in the last week of September 1993 and finalised in October 1993. FY 94 budget is being prepared. Not in the case for projecting WSU for FY 93).

It should be noted that the ISEP Task Force has recommended per WCU dollar value to be 7,088 which is very realistic given the fact that per student national average is close to 5,500. (Roger Bordeaux has the exact figures)

Bilingual Program

Whenever BIA finds that insufficient appropriation had been requested to meet the real need of educating Indian children, it makes moves which neither meet the regulatory standards nor the spirit of the legislation. The BIA effort to slash Intensive Bilingual Program at 4th grade and above is one instance. BIA had also proposed a regulatory change to this effect. Bilingual Education means education in and of two languages simultaneously. It does not mean elimination of education in the native language after certain age. At least the intent of bilingual funding was not to monolingualize every Indian child after 3rd grade. This may not be an acute case in other reservations as in the Navajo Nation where English is and will continue to be office language only. Most of the Navajo population's language at home and in all other situations is Navajo. We do not want to monolingualize and monoculturize our children.

Transportation

Cost of round trip transportation of students have been another worry for the BIA funded schools. Monthly payments for GSA bus
Rental and mileage has increased on the average since FY 90 by 64\% whereas transportation mileage paid by BIA has increased by a mere 10\%, leaving a gap of 54\% to be met from ISEP fund.

The following chart illustrates this:

<table>
<thead>
<tr>
<th>Capacity</th>
<th>FY 90</th>
<th>Now</th>
<th>GSA Bus Rental Rate</th>
<th>GSA Mileage Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>24</td>
<td>161</td>
<td>370</td>
<td>+129%</td>
<td>FY 90</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Now</td>
</tr>
<tr>
<td>48</td>
<td>205</td>
<td>355</td>
<td>+73%</td>
<td>24.5c</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>30c</td>
</tr>
<tr>
<td>60</td>
<td>203</td>
<td>390</td>
<td>+90%</td>
<td>25.5c</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>36c</td>
</tr>
<tr>
<td>Average increase</td>
<td>497.3%</td>
<td></td>
<td></td>
<td>+31%</td>
</tr>
</tbody>
</table>

Average total Increase 64\% on the Transportation Cost.

Compare this with the increase or decrease of mileage provided by BIA in the following table.

<table>
<thead>
<tr>
<th>FY</th>
<th>Mileage provided by BIA</th>
<th>% (+ or -)</th>
</tr>
</thead>
<tbody>
<tr>
<td>90</td>
<td>$1.15</td>
<td></td>
</tr>
<tr>
<td>91</td>
<td>1.37</td>
<td>+19%</td>
</tr>
<tr>
<td>92</td>
<td>1.356</td>
<td>-15.6%</td>
</tr>
<tr>
<td>93</td>
<td>1.51</td>
<td>+30% (projected)</td>
</tr>
<tr>
<td>94</td>
<td>1.52</td>
<td>+06% (projected)</td>
</tr>
<tr>
<td></td>
<td>Average increase</td>
<td>10%</td>
</tr>
</tbody>
</table>

Rock Point Community School does not maintain a boarding school. All students are transported on daily basis. 63\% of routes are unimproved dirt roads which often becomes impassable in the winter months.

It should be noted that the projected increase in the FY 93 and FY 94 mileage rate has significantly increased the percentage of increase above. It should also be noted that average national mileage for transporting students is $2.00 compared to projected $1.51 for FY 93 for BIA funded schools.

Thus while the cost of transporting students has increased by 64\%, increase in the amount paid for this purpose will be only 10\% on the average if we take the anticipated increase in FY 93 and FY 94. This 54\% of average shortfall will continue to be met by using ISEP fund. In other words the already low amount allocated
for the education of Indian students will continue to be further dipped into for transporting them.

Rock Point Community school's Transportation Budget over these years reflect this.

<table>
<thead>
<tr>
<th>FY/SY</th>
<th>Budget</th>
<th>Provided by BIA</th>
<th>% of need met from Ed</th>
</tr>
</thead>
<tbody>
<tr>
<td>90</td>
<td>396,212</td>
<td>172,000</td>
<td>55.6%</td>
</tr>
<tr>
<td>91</td>
<td>447,670</td>
<td>147,300</td>
<td>55.9%</td>
</tr>
<tr>
<td>92</td>
<td>409,415</td>
<td>156,260</td>
<td>61.8%</td>
</tr>
</tbody>
</table>

* SY 92 funding was for the Forward Funding Period. No projection available for SY 93 and SY 94.

This School had to dip deeper into Education Funds because BIA has so far refused to pay for the second afternoon bus run.

The present mileage count system has no consideration for the mileage run for maintenance, gassing up or extracurricular activities.

The only solution to the persistent problem of transportation funding is for BIA to accept Transportation Task Force's recommendation and request for the total amount of transportation fund for correctly projected need.

Facilities Management

This has a separate story. First of all, the funding for Maintenance and Operation is appropriated on FY cycle not on SY cycle as other fund are allocated. This results in keeping the School Management guessing as fund is not actually available until January or February. This year our School had an added problem. The money was allocated to the contract on paper, but was not put into the payment system until April 1992.

FACCOM formula generates the minimum need of a school. But it has not been allocated in full since the inception of the formula. With whatever percentage of the formula, some preventive maintenance is done. But what is the use of the formula if the amount generated by it is not allocated to Schools?

Administrative Cost

Problems of Administrative Cost are severer. First of all, our School does not get information as to what the rate for this
School will be and the the direct cost base on which the rate has been calculated as a matter of routine. When requested, sometimes we get the information on direct cost base which is most of the time inaccurate. When corrected figures are sent, we do not hear or know whether appropriate corrections have been made. Admin Cost need for the current year was allocated on the base which did not include allocation of Facilities Management. Only 73% of whatever resulted as Admin Cost need without correcting the Direct Cost base was allocated. The story has been continuous since the implementation of PL 100-297 and the use of the formula for Admin Cost in this. We imagine this is the story with most Contract and Grant schools. Shortfall of Admin Cost for FY 90 and FY 91 has been appealed to Contracting Officer for a decision. This appeal has been going back and forth from Indian Board of Contract Appeals to Contracting Officer because BIA has been unable to provide adequate funds to makeup the shortfall.

This again can be attributed to BIA consistently asking for significantly less amounts for appropriation which themselves are based on inaccurate projections.
TO: Senate Select Committee on Indian Affairs  
Attention: Bob Arnold  
FROM: Roger Welke  
Analyst in American Indian Policy  
Government Division  
SUBJECT: Indian Education in the Bureau of Indian Affairs: Attendance and Appropriations Trends, FY1975-1993

This memorandum is in response to your request for information on Indian education programs in the Bureau of Indian Affairs for the period FY1975-1993, as we discussed. You wished to know overall trends in:

- Attendance or enrollment in BIA-funded elementary and secondary schools;
- Appropriations for the BIA's School Operations and Indian School Equalization Program (ISEF) Formula budget categories (in both current and constant dollars); and
- Appropriations per student for BIA School Operations (in current and constant dollars); and
- Appropriations per weighted student unit (WSU) under the ISEF Formula (in current and constant dollars) for both fiscal years and school years.

This memorandum presents these data below in tables 1 and 2 and graphs 1-5. Before examining the data, however, we first discuss the methodology used and the sources of the data.

**METHODOLOGY AND SOURCES**

We present both enrollment and attendance data because we found no single data series, for either enrollment or attendance, that covered the entire 1975-1993 period. For enrollment we used average daily membership (ADM), a standard measure of enrollment; our ADM data covered the years 1980-1993. For attendance, our sources used two measures, average daily attendance (ADA)
and "count-week attendance." Count-week attendance is defined as "student attendance as counted during official count weeks." The ADA data covered the years 1976-1986 and the count-week attendance data covered the years 1975-1988.

Appropriations figures were converted into constant dollars to adjust for inflation. The base year for the constant dollars was 1990, and the inflation index used to compute constant dollars from current-dollar figures was the Implicit Price Deflator for the Gross Domestic Product (GDP). Figures for FY1993 are based on the amounts proposed in the BIA's Budget Justifications, F.Y. 1993.

The BIA administers a wide range of educational programs. Under its School Operations budget category, the BIA funds elementary and secondary schools operated by itself and contractors (mostly tribes), and also funds dormitories, facilities operation and maintenance, special needs programs, transportation, and other services. Within School Operations, the bulk of funding is distributed through the Indian School Equalization Program (ISEP) according to the Indian School Equalization Formula (ISEF), under which students are assigned weights based on the relative costs of the educational activities in which they participate. Based on the ISEF, the BIA calculates the total number of "weighted student units" (WSU) at BIA-funded schools; it then divides the WSU total into the total ISEP appropriations available, to arrive at the funding per WSU. We present funding per WSU in both fiscal and school years. Fiscal years (FY) for Federal agencies run from Oct. 1 of one year through Sept. 30 of the following year. BIA school years run from July 1 of one year through June 30 of the next year.

All the data, except the price deflator figures, came from BIA sources, chiefly BIA publications. The main sources were the Report on BIA Education: Excellence in Indian Education through the Effective School Process and BIA budget justification documents submitted to the House Subcommittee on Interior Appropriations. (See the sources in tables 1 and 2 for a listing of the budget justifications used.) Also used were several unpublished BIA documents, including a "Special Summary Table," which summarises BIA appropriations for fiscal years.


2 We chose Implicit Price Deflator (IPD) instead of the Consumer Price Index (CPI) because the former accounts for inflation in the entire economy rather than just in consumer purchases. Gross domestic product measures the value of output produced within the U.S.; it includes income earned in the U.S. by residents of foreign countries but excludes income earned abroad by U.S. residents.

3 See footnote 1 above.
ATTENDANCE AND APPROPRIATIONS TRENDS

Table 1 and graph 1 present the data on attendance and enrollment in BIA-funded elementary and secondary schools. All three measures were used because no single measure covers the entire time period. As the graph illustrates, each data series varies from the other. The variation, however, is usually within a range of 4,000-5,000 students, especially after 1977. No strong up or down trend is indicated in the graph, which suggests that BIA-funded school enrollment has been relatively steady, although with fluctuations, over the 1975-1993 period.

Table 2 presents appropriations data for BIA-funded elementary and secondary schools, in both current and constant 1990 dollars. Included are BIA School Operations total appropriations, ISEP Formula appropriations, School Operations funding per ADM (or count-week attendance before 1979), and funding per WSU. Also shown is the Implicit Price Deflator for GDP, set at the base year of 1990. Figures for FY1992 are estimates and figures for FY1993 are proposed amounts.

Graphs 2 and 3 show trends in School Operations and ISEP Formula appropriations in current and constant 1990 dollars. The patterns in both graphs are similar. Current-dollar appropriations rise very slowly from FY1975 (FY1980 for ISEP) to FY1989 and then grow quickly from FY1990 on. Constant-dollar appropriations fall noticeably from the late 1970s until FY1989 and then rise after FY1990, although not yet reaching the levels of the early parts of the period. In the case of School Operations, the increase is quite marked.

Graphs 4 and 5 translate total appropriations into appropriations per student, in both current and constant 1990 dollars, for fiscal years. Graph 4 shows the results of dividing School Operations appropriations (from table 2) by the number of students in BIA-funded elementary and secondary schools (from table 1). The number of students was measured by ADM for the years 1979-1993 and by count-week attendance for 1975-1978. The resulting pattern in graph 4 resembles the pattern in graph 2. Constant-dollar spending per student falls fairly steadily from FY1975 to FY1989 (with a slight rise in the late 1980s), and then rises quickly after FY1990, but still falls short of the levels at the beginning of the period.
Table 1. Attendance at BIA-Funded Elementary and Secondary Schools, 1975-1993

<table>
<thead>
<tr>
<th>Year</th>
<th>Attendance during Count Weeks (1)</th>
<th>Average Daily Attendance (ASA) (2)</th>
<th>Average Membership (ADM) (3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1975</td>
<td>32,116</td>
<td>41.326</td>
<td></td>
</tr>
<tr>
<td>1976</td>
<td>38.466</td>
<td>45.609</td>
<td></td>
</tr>
<tr>
<td>1977</td>
<td>40.178</td>
<td>41.609</td>
<td></td>
</tr>
<tr>
<td>1978</td>
<td>40.760</td>
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SOURCES
(1) "Report on BIA Education." Chap. II, Table 3, p. 19.
(2) "Report on BIA Education." Chap. II, Table 10, p. 29.

NOTES: * 1976-88: Attendance during official count weeks
** Total calculated by CRS.
E Estimated
F Proposed or projected.
Graph 5 shows funds available per WSU for fiscal years 1980 to 1993. The overall pattern somewhat resembles that in graph 3, but here constant-dollar funds per WSU fluctuate up, down, and up again between FY1986 and FY1991 before falling in the two most recent fiscal years.

Like graphs 4 and 5, graph 6 shows appropriations per student in current and constant dollars, but for school years (SY) instead of fiscal years. The data were drawn from table 2 of the BIA’s “Response to Testimony by the National Indian Education Association” (see attached copy), which covered only SY1988-89 to SY1993-94. For this six-year period, graph 6 shows that both current- and constant-dollar funds per WSU peak in SY1991-92 and fall in the following school year. The constant-dollar figure, however, falls in the next year as well.

Please call me at 707-8641 if you have any questions regarding this request.

RW;
Attachments

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4 The peak in SY1991-92 is related to the forward funding that Congress began in the second half of that school year, designed to change BIA schools’ fiscal years to improve financial planning.
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<th>Fiscal Year</th>
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<th>School Operations Funding per Student (ADM) (Current $) (2)</th>
<th>Indian School Equalization Program (ISFP) Appropriations (Current $) (3)</th>
<th>Funding per Unit (WSP) (Current $) (4)</th>
<th>Implicit Price Dollar for GDP (5)</th>
<th>School Operations Appropriations (Constant $) (6)</th>
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**Sources:**
2. School Operations Appropriations divided by ADM (FF75-78) or count week attendance (FF75-78).
6. FY1988-1992: BIA, "Budget Justifications," FY83 (p. 14), FY82 (p. 13), FY84 (p. 13), FY85 (p. 13), FY86 (p. 13);
7. FY1999-2001: BIA, "Response to Testimony by the National Indian Education Association," Table 2;
10. Base year recalculated to 1990 from 1997 by CRS.

**Notes:**
- E Estimated
- P Proposed or projected
- N/A Not available
Graph 1. Attendance at BIA-Funded Schools, 1975-1993

Number of Students

Sources for ADA & count-week attendance: "Report on BIA Education" (p.19,29)
Sources for ADM: BIA, "Budget Justifications": FY80-82, FY89, FY93
Graph 2. BIA School Operations Appropriations, FY1975-1993

In Current and Constant 1990 Dollars

Source: FY75-91: BIA, Special Summary Table [unpublished].
Graph 3. BIA ISEP Formula Appropriations, FY1980-1993 in Current and Constant 1990 Dollars

Sources: FY80-83, BIA, "Budget Justifications," FY84-88, "Report on BIA Education." (p. 96)

Sources: FY80-83-93, BIA, "Budget Justifications," FY84-88-93.
Graph 4. BIA School Operations Appropriations per Student (based on ADM and Count-Week Attendance), FY1975-1993

In Current and Constant 1990 Dollars

Note: FY75-78: based on count-week attendance. FY79-93: based on ADM.
Sources: "Report on BIA Education" (p.19, 29); BIA, "Budget Justifications".
FY80-82, FY89, FY93; BIA, Special Summary Table [unpublished].
Graph 5. BIA ISEP Formula Funds per WSU, FY1980-93, in Current and Constant 1990 Dollars

(WSU = Weighted Student Unit)

Sources: FY88-93: BIA, "Response to Testimony by the INIEA," Table 2.
Sources: FY82-87: BIA, "Budget Justifications, F.Y. 1989" (p.34).
Graph 6. BIA ISEP Formula Funds per WSU, School Year 1988/89-1993/94, in Current and Constant 1990 Dollars (WSU = Weighted Student Unit)

Source: BIA, "Response to Testimony by the INIEA," Table 2.
RESPONSE TO TESTIMONY BY THE NATIONAL INDIAN EDUCATION ASSOCIATION

In testimony before the Senate Select Committee on Indian Affairs, the National Indian Education Association (NIEA) states that the Bureau of Indian Affairs' (BIA) FY 1993 budget request for the Indian School Equalization (ISEF) program is not sufficient to meet the operating expenses of BIA schools. BIA requested $208,966,000 for the ISEF program, which is estimated to provide $2,770 per Weighted Student Unit (WSU). The NIEA recommends an additional $14.87 million be provided to increase funding to $2,970 per WSU in FY 1993. Furthermore, the NIEA requests an FY 1992 supplemental appropriation of $14.67 million is needed for the third installment of teacher salary increases that were required by P.L. 100-297 to achieve comparability with teachers in the Department of Defense. NIEA's basic argument is that the special FY 1991 appropriation of $208.0 million to forward fund BIA school operations for a nine-month transition period did not include the third installment of teacher salary and benefit adjustments.

The BIA disagrees with NIEA's contentions for the following reasons:

Forward Funding and Teacher Pay Adjustments

At the request of the House appropriations subcommittee, the BIA estimated that an additional $189.6 million would be required to forward fund all School Operations programs (Table 1 attached). This estimate was based on a proration (81.8 percent) of the FY 1991 request to cover a nine-month transition period of a school year, which is usually in session for eleven months. Since the FY 1991 request provided $8.8 million in incremental funding for the second installment of teacher base pay adjustment, the forward funding estimate included $7.2 million to cover a portion of the third installment originally scheduled to be included in the FY 1992 request.

The FY 1991 appropriation of $452.5 million for School Operations was composed of $243.6 million for the usual fiscal year period and $208.9 million for the forward funding period. The fiscal year appropriation provided $14.1 million for the second increment of teacher base salary and benefits adjustments. The forward funding appropriation provided $13.8 million for teacher salary and benefits adjustments, which was sufficient to cover the full incremental costs of the third installment. Overall, the FY 1990 and FY 1991 appropriations, including forward funding, provided a total of $35.8 million for teacher salary and benefit adjustments, in contrast to BIA's original estimate of $26.5 million for salary adjustments alone.

It should be noted that the forward funding appropriation represented 8.5 percent of the $243.6 million for School Operations for the fiscal year period. Using BIA's proration method, $199.6 million would have covered the forward funding period. The actual appropriation provided an additional $9.3 million for distribution among the programs. Furthermore, the forward funding estimates included two School Operations programs, Institutionalized Handicapped and Technical Support, which did not require conversion from fiscal year to school year periods. The forward funding appropriation included $8.2 million that can be attributed to these programs was distributed among the six other School Operations programs (i.e. ISEF, Program Adjustments,
Student Transportation, Solo Parent, Substance/Alcohol Abuse, and Administrative Cost Grants).

Contrary to NIEA's statements, it should be concluded that the forward funding is relevant to comparisons of trends in WSU values and that teacher pay and benefit adjustments do not require an FY 1992 supplemental appropriation. Furthermore, the forward funding appropriation resulted in a high WSU value because of imprecise estimates of costs associated with the nine-month transition period.

**ISEF Funding Trends**

Table 2 distributes FY 1989-92 appropriations and the FY 1993 budget request for the ISEF program by fiscal years and school years. Funding levels per WSU are also overlaid for fiscal year periods. Prior to FY 1992, fiscal year appropriations covered portions of two separate school years. In FY 1991, additional appropriations were provided to "forward fund" a nine-month transition period so that future annual appropriations would correspond with a single school year. With the exception of the forward funding period, ISEF funding levels and the WSU values reflect annual increases over the fiscal year and school year periods.

As previously discussed, the amount appropriated for the forward funding period included the full annual amount needed for the third increment of teacher pay and benefit adjustments. A portion of that amount (2/11) should not be paid out until FY 1992. Other additional funding should also be expended against FY 1992 costs.

While most Bureau operated schools understood the concept of forward funding, there were a number of schools that treated the forward funding monies as a "windfall" to hire additional staff, purchase equipment and supplies, and make other expenditures. The Bureau surveyed the schools for projected "shortfalls" and received 117 responses. On the 117 replies, 60 schools reported a shortfall; however, over 50% of the schools had plans to reduce their costs accordingly to stay within their budgets. Twenty-eight of the 60 schools were contract and grant schools and the analysis could not determine whether or not they had a serious problem, or if the "shortfall" amounts indicated were requests for additional funds.
### Fiscal Year (FY) versus School Year (SY) Comparison

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**The CCSC Emergency Board funds are used for contingencies, ISEP appeals, and increases to ISEP.**

**The funding for FY 1989 and FY 1990 includes FERIs.**

*Note: Weighted Student Units adjusted for actual student count on September 1991 census.*
## Bureau of Indian Affairs FY 1975 - FY 1985 Special Summary Table

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### General Operations

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### Federal Funds

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### Grand Total

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**Best Buy Available**

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**Total Operations**

**Total Request**

**Education Operations**

**School Operations**

**Library Operations**

**Higher Education**

**Economic Development**

**Employment Development**

**Total Operations**

**Total Request**

**TOTAL EDUCATION APPROPRIATIONS**

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**Human Services Operations**

**Personnel Services**

**Total Operations**

**Total Request**

**TOTAL HUMAN SERVICES APPROPRIATIONS**

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**Family Planning Services Operations**

**Services to Families**

**Total Operations**

**Total Request**

**TOTAL FAMILY PLANNING APPROPRIATIONS**

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**Public Assistance Operations**

**Family Assistance**

**Total Operations**

**Total Request**

**TOTAL PUBLIC ASSISTANCE APPROPRIATIONS**

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**BEST COPY AVAILABLE**
The Honorable Paul Simon  
Select Committee on Indian Affairs  
United States Senate  
Washington, D.C.  20510  

Dear Paul:

I understand you will be chairing a hearing on the Indian Student Equalization Program (ISEP) on Wednesday, May 13, 1992. Enclosed are copies of letters from several constituents. Their situation is a result of a shortfall in the ISEP funding, creating undue hardship for Native American students whose education already is considered at risk. Please include these letters as part of your official hearing record.

Thank you for your time and consideration of this matter. I look forward to hearing from you soon.

Sincerely,

Harry Pressler  
United States Senator

Lê/lbp

enclosures
Dear Senator Pressler:

I am writing to express my appreciation to your staff for the generous amount of time that they spent visiting with us in your Washington office on March 4th. As they may have informed you, we were in Washington for the National Federation of Federal Employees Lobby Week. We use NFFE Lobby Week as a means of sharing our concerns with our elected members of Congress.

During conversations that I have had with you in the past, you have indicated your interest in the Flandreau Indian School, and an interest in assisting with problems which may have a negative impact on the school. Thus being the case, I am writing to you about two issues that must be addressed to ensure the continued successful operation of the Flandreau Indian School. Following are the issues that I am extremely concerned about:

**FLANDREAU AND WAHPETON INDIAN SCHOOL SUPERVISION**

BIA Central Office personnel have verbally announced that they plan to move the supervision of the Flandreau and Wahpeton Off-Reservation Boarding Schools from the Minneapolis Area Office to Sisseton Agency in Sisseton, SD. We do not feel that this is either a positive or logical move. Both of these schools serve students from many Tribes from throughout the midwest. We do not feel that it would be wise to place the Off-Reservation Boarding Schools under the supervision of the Sisseton Agency, or any other single Tribal Agency. The Sisseton Agency does not have adequate staff in place to deal with the schools, and placing schools who serve many Tribes under a single Tribal agency would open the door to Tribal politics.

We are seeking legislation which would give the remaining 5 ORBS the option of being placed under the supervision of the BIA Central Office. We have been working with Senator Daschle, Congressman Johnson, and Senator Simon's office. We would really appreciate it if your office would assist us on this issue. Please feel free to contact the Flandreau Indian School Board to get their views on this issue. You can get in touch with our School Board by calling (605) 997-3713.

1.
SCHOOL FUNDING

The second issue that I am concerned about is funding for the BIA schools. Approximately 12 years ago the BIA put the ISEP formula in place as a temporary means of providing funds for BIA schools. The ISEP formula is still in place 12 years later, and little has been done to improve it. Provisions have not been put in place that will allow for increases in fixed expenses or salary increases. At this time, the average cost of educating a child in the US is approximately $5000 per year. The funds that the BIA provides to its schools are well below this figure. PRESIDENT BUSH WANTS TO BE KNOWN AS THE EDUCATION PRESIDENT, BUT HE DOESN'T EVEN INSURE THAT HIS POLITICAL APPOINTEES DO A GOOD JOB OF PROVIDING FUNDING FOR THE SCHOOLS THAT ARE UNDER THE DIRECT SUPERVISION OF HIS ADMINISTRATION.

The NFBE BIA Council is suggesting that the ISEP formula be replaced with PROGRAM FUNDING. We know that this will be a time consuming process of this change will need to be made. Until the ISEP formula is still in place, immediate improvements are needed. At this time because of inadequate funding to the BIA schools, both programs and staff are being cut. This is constant state of schools being forced into going contract on grant. BIA makes this option attractive by offering additional funds to the schools that will give up BIA status and go contract. This plan seems to go into what appears to be a master plan by the BIA to get out of the education business and basically ignore their obligations that it has to provide education for Indian children.

At this time the BIA is FINANCIALLY STRANGLING the BIA schools by not providing adequate funding for programs and staff. If this is allowed to continue, the children in these schools will suffer and will not be afforded the quality education that they deserve.

We are suggesting that the ISEP formula be increased by 55%, and that yearly increases be put in place which will cover the increases in fixed costs and salary increases. We feel that the BIA for special education should be increase on place that will allow for increases in fixed expenses or salary increases. This would allow for an increase in salaries for the non-professionals in the BIA workforce which would allow them to earn a decent living for their families.

We are not alone in being alarmed about the funding situation in the BIA schools. Many of the BIA boards including the Flandreau Indian School Board, are very concerned and calling for immediate action. Approximately 1 year ago the BIA commissioned a task force to look into the funding problem. After study and investigation, the Task Force recommended significant increases in the ISEP formula, but BIA is talking about cuts in the ISEP rather than increases.

We are asking for your support for the Flandreau Indian School and for BIA education, and that you address a letter to the BIA Boards, School Boards, and Tribal members. This, however does not seem to be the case.

Thanks again for the generous amount of time that you staff spent meeting with us on your office during the week of March 24.

I would appreciate a phone call or a letter in response to this correspondence.

Sincerely,

Ed Buck, Vice President
NFBE BIA Council
Inflation pinch

Indian programs receive fewer federal dollars

BY CHET LUNNER
Washington Service

WASHINGTON — Federal spending on programs for American Indians has been outrun by inflation and continues to drop in almost every area, a Congressional Research Service study has found.

"We are asking the poorest of the poor, the neediest of the needy to absorb the greatest cuts," said Sen. Daniel Inouye, D-Hawaii, chairman of the Senate Committee on Indian Affairs, when the panel reviewed the 1993 requests from the Bush administration.

The Bush administration has proposed a 1993 budget of $3.1 billion, down from the 1992 level of $3.5 billion.

Using 1986 as a base year, the CRS study converted, current dollars into constant dollars to account for inflation. Researchers looked at funding trends in key areas from 1975 to 1993. Their findings include:

- **Education:** Federal funding has grown at a rate of $153.7 million annually, while Bureau of Indian Affairs education programs dropped $8.6 million per year.

- **Health:** Health and Human Services Department spending increased at $8.2 billion per year, or 5.2 percent, while Indian Health Service appropriations rose $36 million a year, or 3.3 percent.

- **Housing:** Spending of the Department of Housing and Urban Development rose at a yearly rate of $353 million, while Indian housing aid decreased at a rate of $87 million a year.

- **Development:** National economic development programs declined at an annual rate of $605 million, or 5.6 percent, while Indian development programs dropped $2.7 million per year, or 6 percent.

"It seems to be more a case that the other areas of the budget simply have more organized lobbies," said Alan Parker, National Indian Policy Center director in Washington.

But Parker said there is evidence that Indian issues can receive fair treatment.

"When the Indians can get the attention of Congress, Congress does respond to the fact that we're talking about established principles. The government undertook obligations, principally through treaties... Nobody said that this was limited by a certain period of time."

This article appeared in the Sunday issue (3/15/92) of The Sioux Falls, SD Argus Leader.

This article points out that the ReIA is not providing adequate funding for IIA schools.

BEST COPY AVAILABLE
March 3, 1992

Honorable Larry Pressler  
United States Senate  
Washington, D.C. 20510

Attention: Linda Benning

Re: FY1993 BIA Funding for Wounded Knee District School

Dear Senator Pressler:

Enclosed is the testimony presented by the Wounded Knee District School Board today before the House Interior Appropriations Subcommittee. Wounded Knee District School asks you to express your support to the Appropriations Committee for its requests for BIA funding for:

* $250,000 for pressing facility needs of the Wounded Knee District School, and

* supplemental FY1992 and increased FY1993 funding for the Indian School Equalization Formula, the program which supports the basic operations of BIA-funded schools.

Thank you.

Sincerely,

Karen J. Funk

cc: Shirley Garnette, Principal  
Wounded Knee District School  
Box 350  
Manderson, South Dakota 57756
Good Afternoon. Mr. Chairman, members of the U.S. House of Representatives Committee on Appropriations -- Interior and Related Agencies Sub-Committee, I appreciate this opportunity to present testimony on the Bureau of Indian Affairs Education budget request. My name is Gerald M. Clifford and I am the parent of two students at the Wounded Knee District School. My youngest child, Maka Akan Najin, will enter kindergarten this fall.

The Wounded Knee District School is located in Manderson on the Pine Ridge Indian Reservation in southwestern South Dakota. We currently have 240 students enrolled in kindergarten through 8th grade. Last year we had 214 students.

We are here today to request supplemental appropriations for the current year and an increase in FY'93 request for the Indian School Equalization Formula (ISEF).

In FY'91, we received $2,700 per WSU. For the current year, we are being funded at a rate of $2,374 per WSU. While we pride ourselves in being prudent managers, it is becoming extremely difficult to stretch funds when our enrollment is expanding.

We need an additional $78,240.00 just to keep pace with last year's level and this figure does not include the rise in costs. We are in support of the National Indian Education Association recommendation of a supplemental appropriation in the amount $14.67 million.

Our local school board has been slowly increasing teacher salaries in an effort to achieve parity with average South Dakota pay scales. The Department of Defense rates would totally wipe out our funds, so we attempted parity with state levels instead. South Dakota, as you may have heard, ranks 50th in teacher pay. Our teacher scale starts at $17,350.

We are in support of the BIA's blue ribbon panel recommendation of $3,499 for the 1993-94 school year. Accordingly, we support a budget supplement to the base of $14.87 million in FY'93.
I realize that the above dollar amounts are quite large, but the BIA simply has not been realistic in determining enrollment figures and they do not request an adequate amount. When our small community experiences enrollment increases of nearly 13%, we have to assume that other BIA funded schools are also growing at record rates. For this reason, we have to come back to Congress to request more funds every year.

Moreover, the Bureau has not been mindful of the added responsibilities and costs resulting from our relationship with state accreditation agencies. South Dakota has some very specific and high standards for certification. Just last year, we had to increase our school day by 30 minutes. We did this in an effort to save funds by making the academic day longer rather than add days to our calendar. It also means that our staff has less compensated preparation time.

The South Dakota Board of Regents recently increased the academic entrance requirements for students attending South Dakota public colleges. Among the standards are laboratory sciences and algebra in the eighth grade beginning with the 1992-93 school year. Our students who are now in the seventh grade will have to be provided additional opportunities this fall. We currently do not have a science room or laboratory, because we simply do not have the space and the money to hire the qualified personnel.

Currently, we have two classes each for kindergarten, first, and second grades, and they are at the maximum student-teacher ratio. Our third grade class is overcrowded but we do not have any room to expand. We have even converted a storeroom into a classroom.

We are requesting specific authority to construct or purchase temporary classroom facilities. Our school board is currently in the process of applying for construction funds to expand our facility, but we have immediate pressing needs for more space. We project that for $250,000 (3550 square feet X $70.42 per square feet) we can meet our immediate and near-term projected space needs. We are planning on four large classrooms where we can combine the now split lower grades with two teachers in a cooperative system. This will free-up room for a science lab and a math lab, and allow us to move the Special Education language lab out of the storeroom.

The progress our school has seen has been a direct result of those programs where the Congress, and particularly this Committee, has provided leadership and advocacy. With the restructuring of the facilities program, we were able to replace our boiler system and our kitchen. Our kitchen staff is now providing cooking skills training to many area...
The grant system of funding allowed us to use the interest from investments to meet shortfalls in operations.

As parents of students attending an isolated tribal school, we take great pride in the achievements of our children and we want for them to have the opportunities that will allow them to be productive members of our tribe and community. Our school has been designated the Number 1 school on the Pine Ridge Indian Reservation by the Oglala Sioux Tribal Council Health, Education and Welfare Committee for two years in a row and we worked hard for that honor.

Wounded Knee District School has had nearly 100% parental involvement at parent teacher conferences. We raised money for three years and built our own playground, which was designed by our students. Our school has one of the highest attendance rates in the state - 96% so far this year.

In the six years since we contracted for the operation of our school, we have seen a steady climb in student performance in standardized tests. One of our eighth grade students scored in the 99.90th percentile on the Stanford Achievement Test last spring when he was in the seventh grade. Last month he sat for the ACT exam with high school seniors. He was the only elementary student from a BIA funded school in the state of South Dakota to be invited. While we haven't received the young man's scores yet, we feel his record is a sign of our school's contribution.

We want to keep our record of improvement moving forward, but we need your help.

Again, on behalf of all our students, parents and community, I want to thank you for allowing the Wounded Knee District School to present testimony to your Committee.
Dear Senator Pressler:

The B.I.A.-O.I.E.P. has set standards and requires us to also meet State standards which is a good start to upgrade our school system. But, they don't fund our school at a level that lets us meet the standards or do the innovative ideas that the school administration and we have developed.

In FY-91 they funded us $2,700 per weighted student unit, at which time we needed $3,000 per W.S.U. to meet the standards. In FY-92 we were funded $2,374 (87% of $2,700) for October 1991 - June 1992, at which time we spent 88 to 89% of a normal year long budget. In FY-93 the B.I.A. has given us a planning figure of $2,700 per W.S.U. In 1989 the law mandated we start paying B.I.A. teachers on the D.O.D. teacher pay scale, which increases about 6% per year. We spend 90% plus of our school budget on salaries, thus we have actually had a 4 to 5% cut each year in funding in the past 3 years.

As our Congressional spokesman in the Federal Government, we are requesting your assistance to get B.I.A. education allocation up to a level that we can offer our students an education equal to the rest of the State and the United States. To meet the standards and offer our youth a decent education; funding has to be at least $3,450 per W.S.U. If there are any questions, contact us immediately and we will furnish what you need.

Sincerely,

Michael B. Jandreau, Chairman
Lower Brule Sioux Tribe Council

MBJ/SLC

cc: file
Dave Jewett
307 East First Ave.
Flandreau, SD 57028
April 22, 1992

Senator Pressler

I am writing you this letter over a concern that I have. The BIA has proposed
for the 1992-93 school year that the ICEP formula be dropped to $2657.
As a Flandreau Indian School employee I very worried about the status of
the school, more important of the students that we serve. With the ICEP
dropping there could be RIF's, lack of supplies, shortened contracts.

With the cut that the BIA is proposing it is almost like they are trying
to get out of the education business and put us out with them. The BIA
needs to know that we do a very important job. Also the administration
needs to know that we do a very important job. This administration wants
to be known as "The Education Administration". I ask you do they want
equal education or for just the voters. We have students here going to
school and recieving an education that would not be going to school any
place else. We need to have the support of the Administration.

On May 13th Senator Simon is holding a hearing over the ICEP. Please send
a copy of this letter to him so that it may be submitted at the hearing.

Sincerely

Dave Jewett
City of Flandreau

April 23, 1992

The Honorable Larry Pressler
The United States Senate
407A Russell Building
Washington, D.C. 20510

Dear Senator Pressler:

I am writing to you in concern of the Flandreau Indian School. This school is a vital mainstay to our community, one that we cannot afford to lose.

At the beginning of the Reagan Administration there were fifteen functioning off reservation schools. Now only five remain. The five remaining schools maintain tribal neutrality. The tribal neutrality is what makes these schools such a tremendous learning institution for young Native Americans.

The Santee Sioux Tribe is now claiming ownership of the Flandreau Indian School by Treaty of 1868. It is imperative that the school maintains its multi-tribal base of ownership and administration.

There has been talk of moving jurisdiction of the Flandreau Indian School to the Sioux Agency. This would be a tremendous mistake. It seems that these off reservation schools are being continually harassed by the BIA and Federal Government. The staff and faculty should be spending time educating students instead of fighting the bureaucratic wheels to keep it open.

Another concern is the recent BIA funding has caused severe cuts in the IGEF formula. This formula is now lower than it was three years ago. The formula has not even taken into account staff raises. So in essence the program is undergoing a form of self-cannibalism. And now to compound the IGEF cuts they are also forcing a cut in the very important IRG program. It seems to me that the BIA is doing everything in its power to slowly erode away the foundation of this fine learning institution that serves the needs of Native American students.

I am glad to hear that Senator Simon is conducting an investigation into funding. Would you please forward a copy of my letter to Senator Simon.
Senator Pressler

April 23, 1992

It is imperative that you do everything in your power to protect the Flandreau Indian School and keep its doors open. The community of Flandreau has always been proud to be home to the multi-cultural Flandreau Indian School. The loss of this school would have an astronomical impact on the City. The employees and students add immensely to the economic base of Flandreau.

I urge you to do all that you can to protect the Flandreau Indian School from closure.

Sincerely,

Louell Johnson
Mayor
March 1, 1992

Senator Larry Pressler
All Russell Senate Office Bldg.
United States Senate
Washington, D.C. 20510

Dear Senator Pressler:

Per the attached resolution from the Cheyenne River Agency School Board, we are requesting that adequate funding be provided to the Indian Student Equalization Program (I.S.E.P.).

It is apparent that Indian education is not a priority of Congress as the I.S.E.P. funding for Native American students has continued to be far below the national average. Indian schools continue to receive publicity about how our students fall behind the national average on test scores, yet it seems that nobody addresses the fact that with our current funding level the school can only provide minimal service to our students. The funding is not there to provide equipment, supplies and materials that are needed in our schools.

The Agency School Board urges you to assist in restoring the funding to a adequate level for our students and schools.

Sincerely,

[Signature]

Marvin L. Lincemite
Cheyenne River Agency Education Board Chairman

Eagle Butte 57625
WHEREAS: the Cheyenne River Agency Education School Board consists of representatives by resolution of all BIA/Grant/Cooperative schools on the Cheyenne River Reservation:

AND

WHEREAS: the Cheyenne River Agency Education School Board has the responsibility for ensuring quality education to all eligible Indian students who reside within the attendance boundaries:

AND

WHEREAS: it has been determined that the current amount available per (wsu) weighted student unit based on the I.S.E.P. (Indian Student Equalization Program) is not sufficient for the BIA/Grant Cooperative Schools:

NOW THEREFORE BE IT RESOLVED, that the Cheyenne River Agency Education School Board is requesting that the amount of I.S.E.P. funding be restored to the 1990-91 funding level of $2,700.00

[Signature]
Chairperson/CRA School Board

Date 3 28 2
The Honorable Larry Pressler
Hart Senate Office Building
Washington, D.C. 20510

The Honorable Larry Pressler:

Find enclosed Flandreau Indian School Board's Resolution No. 92-01, dated January 7, 1992. We are forwarding the resolution to you for the help of your office in assisting the Flandreau Indian School Board concerning a shortfall of over six million dollars for the ISEP (Indian Student Equalization Program) funding. The BIA Boarding Schools and Indian School Boards have not yet been notified of the percentage of shortfall to prepare their school budgets.

In addition, would you send a copy of this resolution to Mr. Lujan. We appreciate any assistance that you can give us in regard to this matter. If your office has any questions, please contact me at Flandreau Indian School.

Sincerely,

Cynthia Kipp, Chairperson
Flandreau Indian School Board

Enclosure
WHEREAS, budgetary information concerning a shortfall of over 6 million dollars for the ISEP (Indian Student Equalization Program) was known by the Central Office, BIA, Office of Indian Education Programs (OIEP) in June, 1991; and,

WHEREAS, BIA Boarding Schools and Indian School Boards have not yet been notified of the percentage of shortfall in order to prepare their school budgets in the least offensive manner to the overall education of Indian students; and,

WHEREAS, the task of leadership and advocacy at the Central Office level can no longer be tolerated by Indian Tribes and Indian School Boards.

NOW, THEREFORE, BE IT RESOLVED, that the Flandreau Indian School Board hereby strongly objects to the languid manner in which the Central Office, under the direction of Ed Parisian and Joe Christie, have been handling the education of Indian students.

BE IT FURTHER RESOLVED, that continuous inquiries have been made of the Central Office to reveal budgetary information have thus far gone unheeded; therefore, it is necessary that the Congressional Committees be informed of the blatant lack of leadership and communication from the Central Office which inactivity is adversely affecting the education of Indian students who have a legal and moral right to quality education programs and who have a right to expect substantial and systematic advocacy from the BIA-OIEP.

BE IT FURTHER RESOLVED, that because of the apparent lack of expertise within the BIA-OIEP concerning necessary budgetary requests, we are hereby requesting the Appropriation Committees of Congress to supplement the ISEP formula monies during this session for FY 92-93 in the amount of 6.7 million dollars.

BE IT FINALLY RESOLVED, that copies of this resolution be sent to Off-Reservation Boarding Schools, Indian tribes served by BIA Boarding and Day schools, Congressional delegations, and Committees of the Senate and House on Appropriations.
FOR: 5
AGAINST: 0

CERTIFICATION

I do hereby certify that the foregoing Resolution was duly presented and enacted upon at the regular meeting of the Flandreau Indian School Board held at the Holiday Inn, Minneapolis, Minnesota, on January 7, 1992.

Verna Graves, Vice-President
Flandreau Indian School Board
The honorable Larry Pressler  
United States Senate  
Washington, DC 20510  

May 4, 1992  

I am writing to you in regard to a critical issue in Indian education. Adequate funding is NOT being provided for Indian education if the proposed $2,657.06 per weighted unit is going to be used as the formula figure for Indian education for the coming year. This figure is a decrease at a time when all costs are rising and the school budgets are already stretched beyond their limits. It is absolutely unrealistic to expect Indian education to survive, much less improve, with a decrease in financial support.

The ISEP task force, which thoroughly studied the ISEP formula this past year, has proven facts that the formula must be set at $1,500.00 per weighted unit if a fair and equal education is to be provided for Indian students. I cannot understand why this administration does not see its responsibility toward educating the Indian people. It is scary to think what might happen to these young people if the budget keeps getting cut. I do not belong to an Indian tribe but I have worked as the Media Director at the Wahpeton Indian School for over nine years. I see the dire need for a good and equal education for these young people.

Please support an increase in the ISEP formula figure at the May 13, 1992 hearing on ISEP. Also, please send a copy of my letter to Senator Paul Simon before the ISEP hearing on the 13th of May. Thank you for your support for Indian education.

Sincerely,

Jeanne Swartz
March 16, 1992

Dear Sir:

As a school board member of Pine Ridge School, I am deeply concerned for the welfare of our school.

We were facing a deficit of $85,011.00 which by itself will force the school to cut back five days from our original calendar and place year-long employees on furlough.

Now we are faced with a $246,300.00 cutback (a loss of 103.75 WSU's) from our school budget. We received this Friday, March 13, 1992, about 4:00 p.m. Our principal and business manager are trying to determine what devastating impact this will have on our school, but it appears our program will have to be cut back to the point we can no longer meet our number of days required by the State of South Dakota (175). We know with just the $85,011.00 deficit we can not meet the 180 BIA requirement, with the additional cut large numbers of our staff will have to be RIP'ed. With the large cut that will be needed it is extremely doubtful we can continue to be accredited or to complete a full school term.

We lost money, $92,463.00, in 874 because of a jumbled audit by the Agency Education Office, and now we are losing money from ISEP in the amount of $246,300.00. There comes a time when schools can no longer operate with these late cuts.

Pine Ridge School was not given an exit audit in which the school administrator and school board were told how many students had been deleted and for what reasons. Our attendance clerks have signed a statement saying that the information that came out on the ISEP printout was not the information given to Mr. Lloyd Goldstedt, Education Office, by the attendance clerks. The ISEP printout had first graders as Seniors, students who had graduated two years ago listed as students, etc. The ISEP printout was full of errors. Our 874 students were incorrectly placed on the ISEP count and we lost $92,000.00 in 81-874 funds. Now we are losing $246,300.00 in ISEP funds because of this audit by the Agency Education Office. Exactly how the
errors occurred, we do not know; but we do know that this was the year of change from bubble sheets to computer. This was also the first year that Mr. Goldstedt audited Pine Ridge School. We have never had this kind of problem previously.

If Pine Ridge Schools are to continue as accredited schools educating Oglala Sioux Indian students, we must have the funding to meet these obligations. We desperately need immediate financial assistance.

Anthony Whirlwind Horse
Chairman

cc: Senator Daschle
    Senator Pressler
    Representative Johnson
    Senator Innoye
    Oglala Sioux Tribe
March 30, 1992

U.S. Senator Larry Pressler
411 Russell Senate Office Building
Washington DC 20510

Dear Senator Pressler:

We are writing to ask your help for Indian Children and Schools on the reservation. It seems that the Indian Student Equalization Program (ISEP) is always seriously underfunded. We do not know whether this is caused by OMB or the BIA, but we can not continue to do more each year with less money. All our cost rise each year and the authorized funding levels shrink. Our Government has an obligation to Indian Education. That obligation must be honored or our children will fall further behind.

The ISEP program has always been funded at much less than the national average. The BIA Task Force recommended a minimum of $3,499.00 for the 1992-93 school year (FY 92) and we support that minimum even though that still leaves ISEP below the national average.

We are concerned that this minimum will not become a reality and that ISEP may even be cut further. Whether this comes from OMB or BIA bungling is not important. The important thing is to restore the funds needed or pass supplemental funding to increase the funds for ISEP to the needed minimum of $235,000,000.00.

An example of how this is being manipulated is as follows:

School Year 1990-91 (FY 90) ISEP $2,850.00 for four quarters of operations.

School Year 1991-92 (FY 91) ISEP is $2,360.00 for three quarters of operations.

School Year 1992-93 (FY 92) ISEP expected is less than $2,700.00 for four quarters.

Thus from 1990-1993 we will see a real dollar loss of over 150 per wsu. For Takini School this converts to a loss of over $50,000.00.

We are a small school, a loss of over $50,000.00 means significantly less services to our students. Please help us by working to restore the funding in the ISEP program to the minimum recommended by the Task Force. This minimum is $235,000,000.00.

Thank you

[Signatures]

Brian Streed Head
Harold E. Couton
Sandra Hillburn
Kanenda Boyer

[Signature]

[Signature]