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1 in Indian country. With one Administration we are up in
2 employment, the next we are on the bottom and back up and
3 down, up and down.

4 MR. LESTER: Maybe I ought to say something because
5 that roller coaster, when unemployment goes down, it goes
6 down about 40 percent, and when it goes up, it goes up to
7 about 90 percent, so we are dealing with the roller coaster
8 that is very high.

9 MR. DRIVING HAWK: But to put dollars and cents on
10 that particular case, when you talk of, I believe you
11 mentioned a stable economic entity in tribal governments, in
12 this particular case, this case of CETA being used in tribal
13 governments to strengthen themselves and they have become
14 fairly strong over the last years by utilizing the CETA
15 programs; with this being taken away, there again you weaken
16 what you are striving to obtain, we are all striving to obtain.

17 In relation to that, when we get to that bottom
18 end of the cycle, the high unemployment, all our other social
19 problems rise, and then as tribal governments they are unable
20 to deal with the economic development, energy development,
21 natural resource development because they have to deal with
22 the high alcoholism rates and so on, the social services, the
23 minimum budgets and so forth, because law enforcement in those
24 areas comes to light, so you get to this continuity, and I
25 hope all three of you get together and maybe convince somebody

1 within the Administration that you do have an opportunity
2 for once to coordinate and put your words to action in dollars
3 and cents, and endorse this \$50 million because like Chairman
4 MacDonald says, it does play a vital role within our
5 governments, so hopefully--I don't know if there is any
6 response to that or not.

7 MR. LESTER: I can tell you that I had a very
8 difficult time yesterday, and the Senators were, a couple of
9 them were, got upset with me, but be that as it may, I
10 understand what you are saying, that we have got tremendous
11 economic opportunity but without some assistance, that economic
12 opportunity won't be realized for the benefit of the tribal
13 members, and that we are dealing with some very fragile
14 economies and some very fragile kinds of existences on the
15 reservation.

16 In terms of the concept of developing an overall
17 effort to establish a longer term, more consistent economic
18 policy with respect to Indian tribes and the development of
19 Indian tribes as separate political cultural entities, I for
20 one would welcome such an opportunity to use that mechanism
21 so that we could all be working off and singing from the
22 same sheet of music.

23 As you know, the fragmentation in the federal
24 government is not just the fragmentation within the Executive
25 Branch. The Legislative Branch is also fragmented and when

1 they pass legislation, they often don't consider or even
2 understand the interrelationship of one program to another
3 or one effort to another, and so we have a crazy quilt
4 situation, particularly in all of the programs based on how
5 the legislation was written. Some legislation recognizes
6 Indian tribes as recipients. Others do not. Others require
7 the tribes to comply with the same kind of standards and
8 requirements that states have. Others establish separate
9 requirements for tribes, and so it requires I think that we
10 try to bring some consistency at least to economic development
11 and the role of tribal government within not only in terms
12 of their own economic development, but within the federal
13 system the legitimate role of the tribal government which has
14 been confirmed by courts, by numerous Presidential Executive
15 Orders, et cetera, but still there is this confusing mess,
16 so I would welcome the participation if such a group could
17 be organized.

18 CHAIRMAN BLACKWELL: Let's take this comment and
19 response and one more if there is another, and we will move
20 on to the next topic.

21 MR. MACDONALD: In that regard, you know, here we
22 have CETA program cut back quite a bit, particularly looking
23 at the public service employment, and I don't know whether
24 Homer, Homer's operation has the facts on how many thousands
25 of Indian individuals would be left out without a job because

1 of that setback. In our own reservation we project a 10
2 percent increase in unemployment, from 40 percent to 50
3 percent, and that is just a cursory, a first-run look at it.
4 It may be more.

5 Now that throws the whole burden on Ken Smith
6 because now this, whatever that means, maybe eight or ten
7 thousand Navajos would now line up for general assistance.
8 Now do you have enough money to take care of general
9 assistance for that many increased within the next month? If
10 you have not, then we better get together and find out what
11 is going to happen, and there were projects I'm sure by many
12 tribes using CETA funds to do certain things, and if all of
13 a sudden these things are cut, some of those projects and
14 materials and assets that were brought to bear using CETA
15 monies will go to waste. It is just a waste of I don't know
16 how many millions of dollars, and my suggestion is here
17 that perhaps recognizing that CETA is going to be cut, maybe
18 BIA through its general assistance program cannot handle the
19 number of unemployed individual Indians who may be flocking
20 to these offices. Perhaps there is a serious need to
21 supplement the general assistance program with maybe some
22 kind of work experience program that will allow the completion
23 of some of the projects as well as to help with the burden
24 that the general assistance program monies might be subject
25 to, and I just want to ask Ken Smith if he and the Department

1 of Labor are working together to see how folks are going to
2 be taken care of because it becomes a welfare situation, and
3 these are the safety net that we were trying to protect
4 according to our President.

5 MR. HOMER: We don't know exactly how many people
6 have been cut from each PSE program by weekly contacts and
7 weekly reports received from the grantees from records.

8 First of all, what the Administration did is when
9 they cut the PSE program, they took all the money that they
10 saved on the cut and put it in the unemployment insurance
11 compensation pool. The individuals that are cut from PSE
12 have the right to go to the state employment office to receive
13 compensation--15 weeks.

14 Your staff should then try to transition or develop
15 jobs for those people. After the 15 weeks they will become
16 maybe the welfare type situation for the Bureau of Indian
17 Affairs. Now that sort of sounds crazy for the Administration
18 to take the PSE people off the program and put them on
19 unemployment compensation instead of jobs and take care of
20 welfare. That's the way the Administration wants it. The
21 PSE program they felt had welfare mentality behind it anyway
22 and possibly they felt that you could do a lot better things
23 with private sector initiative programs that dealt with
24 developing a tribal enterprise and on-the-job training.

25 I don't think it is very important that since the

1 Administration has cut the programs--it is very important
2 that the tribes consolidate a lot of programs, consolidate
3 staffs to possibly relieve that impact that is coming down
4 the line.

5 I think it is going to come down a little more later
6 on, so I guess it is the right time to just streamline.

7 CHAIRMAN BLACKWELL: Ken, did you want to respond
8 on this matter?

9 MR. SMITH: No. I didn't mean to. I think what
10 he said is right, what Peter said is right, that we are going
11 to keep impacting, as I understand, \$4 million this coming
12 fiscal year, and of course that is just an educated guess.
13 We won't know until everything comes in. I understand next
14 year we are talking about 16 million. This fiscal year I
15 think we can overcome 4 million, but next year when it becomes
16 16 million, that's a little more money than I think we might
17 be able to bear, so I am not sure what we will have to do next
18 year. It may cost us more. I really don't know, and we won't
19 know until it is over.

20 I do understand that the resident general welfare,
21 that tribes can have the option of having a work program.

22 MR. MACDONALD: Work experience.

23 MR. SMITH: Work experience program, rather than
24 going on general welfare. That still costs X number of
25 dollars, but that might be something to look at. It might be

1 a better program rather than getting something for nothing,
2 just paying someone to do something, but it would cost 45
3 to 55 dollars more, and I don't know enough about that program,
4 but I am aware that there is a program such as that in BIA.

5 CHAIRMAN BLACKWELL: Okay. Fine.

6 MR. MACDONALD: This becomes very important because
7 mind you there is no private sector on reservations. Whereas
8 in Chicago if everyone on the PSE program is cut off, even
9 though there is half a million of them, they could find many
10 other jobs because they are right in the middle of the private
11 sector, and that is the Administration's philosophy. There
12 is nothing wrong with it, but when you get into Indian
13 reservations, when there is absolutely no private sector,
14 when you cut these folks off from the employment, that's it.
15 They have no place to go, so all of them then become a welfare
16 situation, and until we get down to the point where the private
17 sector is developed and this is what most tribal government is
18 working to do, I just want to bring that out because it is a
19 serious situation and I think it needs to be looked at.

20 CHAIRMAN BLACKWELL: We will take one more question
21 or comment from Ned Andersen who had his hand up earlier, and
22 we will move on to the next topic.

23 MR. ANDERSEN: I would like to touch on one subject,
24 trusteeship. I think two or three of our speakers have
25 touched on that, but they didn't go into detail.

1 If you talk about trusteeship, essentially what it
2 means is that our interests and welfare have to be looked out
3 for by the federal government.

4 I would like to state, actually there are two
5 concerns of mine under this particular topic. Number one is
6 that it seems like our trustee really does not have a
7 sufficient amount of money so that it can do the job for us.
8 There are many of these tribes throughout the United States
9 who are now in court fighting for their water rights, for
10 example, and this could also touch on other resources, but yet
11 there is not enough money to collect data with which we can
12 do the battle, we can fight the battle, and I believe that
13 there should be enough money in this particular area so that
14 our trustee can help us with these cases as well as developing
15 natural resources and so forth.

16 CHAIRMAN BLACKWELL: What are we talking about in
17 terms of money? Could you estimate?

18 MR. ANDERSEN: I think whatever it takes to really
19 do the job right; there is hardly any money, and I know for
20 a fact there are, almost all the tribes in Arizona are in
21 court in various sectors of that area, and yet we are not
22 really equipped to fight this kind of battle because we don't
23 have the proper information that we need. I think I am
24 speaking for just about all the tribes in Arizona as well as
25 throughout the country.

1 Number two has to do with our Bureau of Indian
2 Affairs. As you know, there have been proposed cuts in the
3 Bureau of Indian Affairs. Well, the impact that we have now
4 at the local level, and I am talking about the tribal level
5 as well as the agency level, is that the cuts are going to be
6 made at these areas, at the tribal and agency levels.

7 There are actually no cuts either at the area
8 offices or at the Washington offices where there are many
9 unproductive staff people. I think before any cuts are made
10 in the Bureau of Indian Affairs some of the personnel should
11 be cut at these higher levels, at the Washington and area
12 office levels, because we like to have the service or expertise
13 at the local level, at the agency and tribal level.

14 We are going to be hurt in these areas if these are
15 fulfilled.

16 CHAIRMAN BLACKWELL: Ken, do you want to respond on
17 that?

18 MR. SMITH: All of it?

19 CHAIRMAN BLACKWELL: It seems to me the trusteeship
20 and BIA.

21 MR. SMITH: On the water policy, I think we have got
22 about five and a half million programmed, at least tentatively,
23 if I am reading my notes right because I have only been here
24 three months and I haven't really got down to some of the
25 details, but according to my notes here, there is five and a

1 half million or so requested in Fiscal Year '82. We won't
2 know that until some time down in the near future what we
3 actually have, and that is sixteen studies, and we have got
4 about 274 required studies, so sixteen, we will only be able
5 to do about 166 of those, as I understand, and I have been
6 asking our people.

7 We have got to make sure that our money stretches,
8 that the money in the federal budget and so forth--I
9 understand we have been planning 100 percent of these studies.
10 I think we have got to allow for the tribes that feel the
11 authority, the tribes that do have some resources available,
12 that I think they are going to have to participate in this
13 program, that the tribe that does not have any resources,
14 our funds I think justify running at 100 percent. The tribe
15 that has some resources, let's participate as partners and
16 get the study done, whether it is 40/60, 50/50 or whatever.
17 At least you would be able to make our five and a half million
18 go further than just funding 100 percent of that, but that is
19 the only way right now I know how to get around that, to do
20 more of that work.

21 The other argument that Ned handed out about too
22 many people in area offices, the central office and so forth,
23 I haven't had a chance to really get a handle on that. I did
24 get an approximate handle on our overhead when we were going
25 over the '83 budget. I don't know how accurate it is, but we

1 are very sophisticated. Other tribes are not. Some tribes
2 are ready to move and other tribes are not, and so we have
3 got to work with some of the tribes that are not quite ready,
4 are ready to move on these contracts and I think we have got
5 to help them beef up their fiscal management, and it is
6 surprising that a lot of tribal tribes don't even have audits.
7 I am concerned about that. I think tribal leaders and tribal
8 government, that you would almost require an audit of your
9 administration, at least your operation, because you should
10 be held liable, but it is surprising how many tribal govern-
11 ments don't require an audit of their total operations.

12 That is only to protect the tribal council. I
13 know our reservation could, have been doing it for the last 20
14 years, but some tribes really don't do it, and I think I would
15 love to encourage that, and I would love to get that started
16 because I think that will tell you a lot.

17 CHAIRMAN BLACKWELL: All right. Thank you very
18 much, and we will move to the second topic, and let me
19 caution the speakers now that we are running slightly behind,
20 but we have more speakers in the first section than we have
21 here.

22 The next session is on the topic of education and
23 we will start again with a presentation from Ken Smith.

24 MR. SMITH: I guess I take the lead on education
25 again. I think to speed this thing up, of course, we spend

1 most of our money in the Bureau of Indian Affairs for
2 education. I think we spend a little over 26 percent which
3 amounts to about \$261 million in our budget, and we have a
4 multiple of programs, as you know. We fund about 209 elementary
5 and secondary schools, 15 dormitories, and we have about
6 44,000 children going to those schools.

7 We also have a Johnson/O'Malley program which is
8 a supplemental program for districts. We have about 29 million
9 in that program.

10 Then we have continuing education, the higher
11 education grants. We fund about 21,000 scholarships a year
12 which cost us about \$28 million. We have some special higher
13 education programs. Of course, we have adult education
14 programs, and we have three post-secondary schools that are
15 operating in Haskell and IAIA. Then we are funding about
16 18 community colleges in Indian country for another \$10 million,
17 so it is quite a program, and we do have some concerns in our
18 education area.

19 We are taking a very hard look at our policy. I
20 am a firm believer in quality education, but we are asking
21 the question are we getting quality education in some of the
22 schools we are contracting for and some of the schools we are
23 operating, and they can't tell me whether we are or not, so
24 I am going to continue to dig our education people to see
25 whether we are, and I also am a firm believer that the

1 government as a trustee has the responsibility to make sure
2 that Indian children get a quality education, but I don't
3 think it says that we have to fund for the expense of Indian
4 children to get an education.

5 Now there are some unique situations in Indian
6 country. For instance, the Navajo, they are way out there,
7 that we have to fund those types of schools, or if there isn't
8 a state school in a certain area I think we have to fund
9 those, but it came to my attention that we were funding private
10 schools where state districts were moving out, and we just
11 automatically came in and started funding those types of
12 schools, as long as the tribal council came to us and said
13 we request this particular school, and of course, on a
14 declining budget I thought I better take a good look at that
15 and come up with a broad policy to see what direction we are
16 going because I just couldn't imagine we taking over the
17 responsibility of state government, county government and
18 tribal government, and even the responsibility of parents out
19 there, so this is a biggy.

20 I would love to have your input on this and what you
21 really feel. Just the other day we got a scare when they
22 deleted the 874 impact money which was for basic education.
23 That was a biggy. There is \$139 million as I understand that
24 goes to districts where Indian children go to. Can you
25 imagine what that would do to Indian country? I know in our

1 area we send our kids to a district school or state funded,
2 state funded and county funded, and our kids, I think our
3 enrollment is 700 or so, and the total enrollment is 2100,
4 so we have a third of those kids in that school, and can you
5 imagine if they didn't get the 874 impact money what the
6 non-Indians would say? Why should I pay for those Indian
7 kids going to school when the reservation doesn't pay anything,
8 when the Indiana don't pay appropriate tax, the the Indians
9 don't pay a state tax if the government pulled out?

10 I mean if you were a taxpayer on the other side of
11 the fence, you would think twice and say why am I funding
12 this? That really had us scared there for a while, but as I
13 understand, I think that was just some politics being played
14 up on the Hill on the budget because as I understand it some
15 of that money came back and now we are going to be funded
16 somewhat belatedly for in fact money, but there is some real
17 problems I think in this whole area, and I am not sure what
18 the answers are.

19 It is costing us more and more dollars. I think
20 there are some tribes that have contracted schools. They
21 are screaming for more money, and naturally we are not going
22 to get that much more money. I am not sure what we are going
23 to do. I do like to point a finger at the state and say I
24 think they have a responsibility of funding our, of making
25 sure our Indian children get an education out in their area.

1 I would like to point a finger at counties and I
2 guess I would like to point a finger at local government
3 which is tribal government and say what are we going to do
4 about it, but I think we have got some problems out there if
5 the funds keep on dwindling, and I think we are going to run
6 up against some of those problems, so I will just throw that
7 out for you to digest.

8 CHAIRMAN BLACKWELL: Thank you, Ken. Our next
9 speaker is Acting Director, Indian Education Programs, Office
10 of Elementary and Secondary Education at the Department of
11 Education, Louis McGuinness.

12 MR. MCGUINNESS: I am going to be very brief because
13 we are running behind schedule, and leave more time for
14 questions, especially since this group I think knows at least
15 as much about the Indian education program as I do because
16 you have helped write it, lobby for it, get it reauthorized
17 and so forth.

18 The Indian Education Programs Office in the
19 Department of Education is responsible, as you know, for
20 administering the Indian Education Act which is Title 4 of
21 Public Law 92-318 as amended.

22 The purpose of the Act very briefly is to meet the
23 special educational and culturally-related academic needs of
24 Indian students. This purpose is addressed by providing
25 financial assistance through grants to public school districts,

1 Indian tribes, Indian organizations and institutions, and
2 state educational agencies and institutions of higher education,
3 and grants are authorized under three sections of the Act--
4 Part A, Part B and Part C. Part A is the largest one and
5 deals with schools.

6 The purpose of Part A is to address the special
7 educational and culturally-related academic needs of Indian
8 students in public elementary and secondary schools, tribal
9 schools, and Indian controlled schools.

10 Part A has four objectives--to increase the cultural
11 relevance of local educational agencies; two, to involve
12 parents in the education of their children. We think we have
13 been extremely successful here, by the way, because all of
14 our public school programs, which is the vast majority of the
15 Act, the most expensive part of it, we require Indian parent
16 committees to literally have veto authority over the Indian
17 program, and this is a bit of a sticky point for many
18 different superintendents and Boards of Education throughout
19 the nation.

20 The third is to increase basic skills and performance,
21 and fourth is to reduce dropouts and to improve attendance.
22 The amount of money involved here, the programs authorized
23 are entitlement program grants to public school district and
24 to tribal schools, and they are also competitive. That means
25 discretionary grants to Indian controlled schools.

1 Total funding for the Part A programs in 1981 is
2 58,250,000. I'm sorry--58,520,000. Of that amount,
3 approximately 53,520,000 are entitlement grants and were
4 awarded two months ago, for a total of 1,052 grants, including
5 a thousand sixteen public school districts and 36 tribal
6 schools in 41 states. I have all this in a press release
7 which was issued last week by Secretary Bell which you can
8 get from me if you are interested later.

9 These schools will serve approximately 290,000
10 Indian students. In addition, 4,730,000 will be awarded
11 or have been awarded, is in the process I should say of being
12 awarded in discretionary grants to 33 different Indian
13 controlled schools, and to cut down the number of facts and
14 figures I give, I am delighted to say that for 1982 we are
15 in the President's budget for practically the exact same amount
16 of money. It is about 1.2 million less in Part A, and the
17 difference, the 1.2 million, comes out of the public school
18 area.

19 The Indian controlled schools discretionary funds
20 of 4.730,000 is the exact same as the current year.

21 Under Part B, the purpose of Part B is to improve
22 educational opportunities for Indian students through
23 competitive grants and contracts. At the pre-school,
24 elementary and secondary school levels, grants are awarded
25 to Indian tribes and to Indian organizations for planning,

1 pilot demonstration programs, and for educational service
2 programs.

3 At the higher education level, however, grants are
4 awarded to colleges and universities and to Indian tribes and
5 organizations for Indian educational personnel development
6 programs.

7 In addition, fellowships are awarded to Indian
8 students pursuing degrees in six different fields, in
9 medicine, law, engineering, education, business administration,
10 and natural resources. The last one, natural resources, was
11 recently added as a result of a request from Indian tribes
12 and especially Indian reservations in order to provide trained
13 personnel for resource development on Indian reservations and
14 Indian lands.

15 Part B funds also support resource and evaluation
16 centers. We did have five. Now we have four and we will soon
17 have five again. The centers provide technical assistance,
18 evaluation and dissemination services for all Title 4 grantees,
19 and all Title 4 potential grantees.

20 At the present time, centers are in Seattle to
21 take care of the upper northwest; in Tempe, Arizona for the
22 American southwest; in Norman, Oklahoma for the southwest;
23 and in Washington, D. C. for the entire part of the United
24 States east of the Mississippi. A fifth one is missing and
25 that is in the upper midwest area. It was in Montana and had

1 to be cancelled and it will be soon re-established somewhere
2 in that huge group of states in the upper midwest and upper
3 Rocky Mountain area.

4 We put great strength and great push behind these
5 technical resource and evaluation assistance centers because
6 they have very competent staffs. They are done by contract.
7 Almost all of the staff members are Indian professionals.
8 They go right out on site. They do a marvelous job and their
9 services are free to the Indian community.

10 The total amount of funds available for Part B
11 programs in Fiscal Year 1981 is 14.5 million, and from this
12 amount we estimate that 76 grants will be awarded and that
13 190 fellowships will be awarded. We feel the fellowship
14 program is small compared to Ken Smith's in the Bureau of
15 Indian Affairs. Ours is only 1.5 million new dollars per
16 year, but it is a fellowship program. It is not a scholarship
17 program, and we are very proud to say that a great many of the
18 present Indian leaders have been trained at both the Ph.D.
19 level and doctorate level and at the masters level as well
20 as the baccalaureate level.

21 While a small program, we think it is extremely
22 valuable. We put a great deal of stress on it. Funding will
23 be provided for five resource and evaluation centers this
24 year under Part B.

25 The President's budget for 1982 is literally the

1 same for the 1981 one. It is up a little more than \$1 million
2 to allow for certain kinds of funding within the centers. It
3 comes out to something very complicated. It is difficult to
4 explain, but in order to fund the centers next year at the
5 same rate of funding, spending they enjoyed in 1981, it took
6 an additional million dollars which the Administration is
7 providing.

8 Under Part C, the purpose of Part C is to improve
9 educational opportunities for basic and high school
10 equivalency education for Indian adults.

11 The major objectives of Part C are one, to reduce
12 the rate of illiteracy; two, increase basic skills; three,
13 increase the number of Indian adults earning high school
14 equivalency diplomas, and this is our big push; and four
15 is to develop culturally-relevant adult education programs
16 and curricula.

17 Under Part C competitive grants are awarded to
18 Indian tribes and organizations for educational service
19 projects and for planning, pilot and demonstration projects.

20 Now the biggest part are the service programs. For
21 Fiscal Year 1981 the total amount of funds available under
22 Part C is 5,430,000. From this amount we have estimated that
23 about 50 grants will be given. Again, the President's budget
24 for next year, for 1982, is the exact same amount of money
25 for Part C. We estimate that almost \$4 million of this amount

1 will be used to support educational service projects. About
2 one and a half million dollars will support planning, pilot
3 and demonstration projects.

4 The last part of our Act, Part D, is program
5 administration, and under program administration, in addition
6 to planning all the support personnel, to back this up and
7 administer it, we also pay for the National or provide funds
8 for the National Advisory Council on Indian Education. This
9 is a very unique program. It is a Presidentially appointed
10 national advisory council. It is unique I understand in the
11 entire Indian area, in the Indian community, and as I said,
12 it is Presidentially appointed. It is Presidentially appointed,
13 incidentally, from tribally nominated names.

14 At the present time, nominations are open and the
15 Department of Education is accepting nominations from the
16 tribes and Indian organizations throughout the United States
17 for I think it is, I'm sure it is five vacancies on the
18 National Advisory Council, and these names are then, they are
19 not put into a hat. They are very carefully evaluated and
20 submitted by Secretary Bell or will be probably late this
21 summer to the President for five vacancies on the National
22 Advisory Council on Indian Education.

23 To very quickly recapitulate, we have an \$81
24 million program. We are in the President's budget for \$81
25 million next year. I am told that we are unique in the

1 Department of Education and that we are the only program that
2 has not suffered a budget cut for 1982, and under Part A we
3 provide funds for approximately 290,000 Indian children in
4 local public schools and in addition to this, there are
5 12,000 approximately Indian children in tribal schools and
6 Indian controlled schools as well. That is a figure that
7 also counts in Part B, tribal and Indian organizations service
8 projects, and then under Part C, there are about 11,000
9 Indian adults undergoing various forms of adult basic
10 education.

11 Thank you very much. It is certainly a pleasure
12 to be here and my colleague Mr. Ed Simermeyer and I will be
13 more than happy to answer questions.

14 CHAIRMAN BLACKWELL: Our third speaker on this
15 topic is Bob Carleson who is Special Assistant to the
16 President for Policy Development.

17 Bob is also in charge of the Federalism Project
18 for the President which is the block grant program, and I
19 know because of my conversations with many of you previously,
20 you have a lot of interest in the block grant program, and
21 I'm sure that his presentation will be followed by some
22 questions and answers for Bob on this.

23 I am very pleased to present Bob Carleson.

24 MR. CARLESON: Thank you very much. I know that
25 the block grant program is probably, has probably been the

1 subject of not only a lot of discussion here, but in many
2 meetings and many different groups.

3 What this is, of course, is part of the President's
4 concept of wanting to return authority to the state and local
5 level from Washington; in other words, to try to get the
6 federal government out of directing how people conduct their
7 state governments and their local governments, and when we
8 talk about permitting state and local governments to operate
9 without federal interference, we really are also talking
10 about tribal groups which are in effect local governments; in
11 other words, the point being that for too long, whether we
12 are talking about a small city somewhere or whether we are
13 talking about a state or whether we are talking about the
14 groups that many of you come from, we feel that the best
15 decisions are those made by the people at the local level,
16 the people where the problem is.

17 At the same time, the President has indicated that
18 he wants to turn revenue sources and revenues over to states
19 and local governments and to your group so that there will be
20 adequate funds to carry out what would be the federal
21 responsibility or the federal role.

22 Eventually he would like to be able to turn over
23 more authority. There is a natural resistance in Washington
24 to giving up control, giving up authority. There is a
25 resistance not only in the Congress, of course, but in the

1 departments and the agencies, but he feels very strongly
2 that the best decisions are made by local people. He is,
3 of course, as you know, and I won't try to get into John
4 McClaughry's presentation which comes later on the President's
5 commitment--I would say one personal note. I have been with
6 the President from the time he was governor where I served
7 in two positions in his administration in California, and
8 there is one thing that he impressed upon those of us who were
9 in his administration, and that was his interest in Indian
10 interests in California, and I think that his record to the
11 extent that he was able to have an impact and have an influence
12 showed his particular interest in that area, and I know that
13 that interest is continuing, but I will let John get into the
14 details.

15 When we designed the block grants, and we take
16 programs--of course, the purpose of the block grant, and I
17 am going beyond education. They had to put me somewhere in
18 here because we have block grants in education and health,
19 and health services and preventive health and social services
20 and energy emergency assistance and so forth.

21 Remember, the goal, of course, is to try to keep the
22 federal government, people here in Washington, from deciding
23 how you people run your affairs or how the people who live in
24 cities run their affairs and at the state level. It is a
25 very difficult thing because we have to move this authority

1 out of Washington to the state and local level.

2 We are also aware very frankly of the record that
3 some of the states at least have had in previous years
4 relating to some groups that are within their states, parti-
5 cularly in some states where many of the people were not
6 enfranchised for many years. Of course, the Voting Rights
7 Act, the Civil Rights Act, the reapportionment of state
8 legislatures has changed most of that, but we are also aware,
9 and I will be frank with you, want to become even more aware
10 to the extent that the tribes and other Indian groups are
11 assured of receiving the kind of attention that is necessary.

12 One of the things that we would do, of course, is
13 do everything we can to urge the states and localities that
14 get block grants to recognize the necessity of providing
15 some of these funds, even funds that are not now going to
16 Indian tribes, to meet the health and education and social
17 services as well as energy and emergency assistance needs
18 there.

19 The education block grant we have provided, for
20 instance, that the Secretary may reserve up to 1 percent of
21 the total funds for payments to insular areas and to the
22 Secretary of the Interior for programs for eligible Indian
23 children in Department of Interior funded schools.

24 In another example, in the energy and emergency
25 assistance block grant, we have provided that the Secretary

1 may direct payments to Indian tribal organizations if the
2 state has not provided or is not likely to provide funds in
3 the requisite amount, applying to tribal organizations which
4 have been receiving lower-income energy assistance funds,
5 and I can tell you now that to the extent that block grant
6 legislation moves through the Hill, it gets changed many times,
7 and a lot of things that we may want to have in it we find we
8 lose. Other things we may find that we would like to add to
9 it as it moves along and we do want to protect you folks, but
10 at the same time we want to, we not only want to give you
11 more authority just as we do all cities and counties and
12 states, we also have to be sure that the very special
13 obligation that the federal government has to the tribes is
14 protected.

15 We have to say this. We have mayors come to us,
16 big city mayors and small city mayors that worry whether or
17 not the states are going to pay attention to them, and they
18 are afraid of some of these block grants, particularly the
19 ones where the funds pass through the states.

20 I know some of you must be concerned to the extent
21 that the states are given discretion or even some of the
22 counties are given discretion whether or not adequate provision
23 is going to be made for you in these programs, and we tell
24 the mayors and we tell the people in the counties and we tell
25 you folks that we want to build in adequate safeguards, but

1 we don't want to build in so much control into the system
2 that you lose the ability to run your own programs, so those
3 are examples of some of the block grants.

4 I would say one other thing. To the extent we can
5 make the block grant legislation better or to the extent that
6 in the administration of the block grants we can make them
7 better from the standpoint of protecting your valid interests,
8 we certainly want to do it, but at the same time we want to
9 do as much as we can to remove the control over the programs
10 out of Washington and in effect to your level of government.

11 CHAIRMAN BLACKWELL: Thank you very much, Bob. Now
12 let's take some questions and answers or comments with
13 respect to education or block grants in general. Who wants
14 to start off?

15 MR. LAWRENCE: The question I have on the block
16 grants, are we going to have to stick to the regulations as
17 the programs are now? What I understand is that block grants
18 coming locally can be utilized in whatever area you want to
19 utilize them, but are the regulations going to have to be
20 adhered to?

21 MR. CARLESON: First of all, what our block grant
22 is, and I probably should have taken more time, they can only
23 be used for the kinds of programs that they are being used
24 for now.

25 For instance, the preventive health block grant,

1 that is a group of narrow categorical preventive type health
2 types, each one with all of the rules and regulations and
3 federal red tape, and it uses up a lot of money before it
4 gets to the people who need it. We say take the grants and
5 put them in one grant and list the names of the programs and
6 we tell the state or local government that you can't use the
7 money for anything but preventive health. You can't use it
8 for anything that isn't in that list, but if you find that
9 you need to have one kind of preventive health service more
10 than you need another, you will have the ability to move the
11 money around within the block grant.

12 You get over into the social services and it is
13 the same thing. They put a group of social services programs
14 together. We list them and tell you that you have to use the
15 money for social services, but you have discretion as to what
16 kind of social services you are going to provide, and the
17 same is true with the other kinds of programs, so some people
18 have said if you give block grants for health or education,
19 the people are going to use it for highways. Well, they can't
20 do that, or they are going use it for something else. They
21 can only use it for the kind of services that have been
22 displaced.

23 Now as far as regulations are concerned, we are
24 trying to get rid of the federal regulations. In other
25 words, we want to make it as simple as possible, to tell you,

1 you get this money, you can spend it for any of these kinds
2 of services. You have to have an open planning process. You
3 have to permit citizen input and I might add in all of our
4 block grants we have strong civil rights provisions, and you
5 have to adhere to those kind of things, and you have to make
6 a report as to how the funds were spent, but as far as telling
7 you exactly how to spend the money, that is what we are trying
8 to get the federal government out of doing.

9 MR. LAWRENCE: Okay. I understand that. We have
10 got another situation where I contract for a program and
11 that program does not allow me to pick up the total indirect
12 costs. That indirect cost has to come out of my budget, and
13 Indian Health and all the others, you run into this, all
14 the other contractors than the Bureau.

15 We have fortunately been able to put a contract
16 support citation, but we are running into this problem with
17 all other agencies, and we are having to put money in to
18 operate federal programs, and I think that should be addressed
19 in your block grants.

20 MR. CARLESON: I hope so. Now it is very difficult
21 sometimes to try to comment on all of them because there are
22 so darn many programs involved, and it may be that the program
23 you are talking about may not be in one of the block grants.
24 I think there are five, at least five hundred federal programs
25 that go to state and local governments, and there are probably

1 many more if you take subprograms, and there are about 83
2 programs that are combined in this first set of block grants,
3 so I am not sure, but the programs that are in the block grants
4 we want to get rid of that kind of red tape as long as the
5 funds are spent for those kind of services; in other words,
6 so that the funds aren't spent, as I said, on highways, or
7 roads instead of health services.

8 MR. LAWRENCE: I think ironically, we are trying to
9 protect our programs from not going to block grants for the
10 states because they are a set-aside and as they are being
11 set aside, they are becoming categorical kinds of programs
12 and we will have to deal with indirect costs.

13 MR. CARLESON: See, I would personally favor a set-
14 aside or a guarantee that X amount of the funds in a block
15 grant based on some kind of proportional basis would be set
16 aside for Indian tribal governments.

17 Having said that, I would also strongly say that it
18 should be pretty much up to the Indian tribal government to
19 decide how it used those funds, just like a city, in other
20 words, or just like a state, as long as they, like a city
21 or state, could only use the money on the kind of programs
22 that were included in the block grant, so what that does is,
23 if you are in one of those block grants, and if it is subject
24 to either a set-aside or a passthrough, it could be used.

25 Now all the block grants don't have, only a couple,

1 few of them right now at the present time have a set-aside
2 such as the one in education and the one in energy and
3 emergency assistance, and one of the problems is that because
4 a lot of these programs only have a very small part of the
5 block grant, that involves services that have gone directly
6 to tribes, but to the extent that we can, and this is where
7 I am asking really more than telling, this is where I am
8 asking for any advice we can get from you people as well as
9 others as to what block grants contain, which programs that
10 give you the most concern about not receiving adequate
11 protections based on the present system, and we can't, we are
12 not trying through the block grant process, we are not trying
13 to change the allocation, but if we are talking about pro-
14 tecting your allocation, this is what we want to know about,
15 and if we haven't been able to do that adequately in these
16 initial designs which had to be designed very quickly for the
17 budget process, I know that we are interested enough in it
18 that we want to give the--see, we want to give the states a
19 chance to do the right thing, too, because one of the speakers
20 said that everybody lives in a state and they are a citizen of
21 a state as well as of the country, and the states should be
22 just as concerned about Indians as the federal government is,
23 so we want to give them a chance to do the right thing.

24 At the same time, we want to protect you and we
25 want to protect the cities that are worried about the states

1 not giving adequate funds to the city. We want to protect
2 them so we are caught between a tough decision as to how to
3 tell them look, you have the authority and the responsibility
4 now, let's see you do it right, and at the same time make
5 sure that they do it right, but if you folks can come up with
6 some ideas where we can improve some of these block grants
7 either by amending the ones that are in the process or amend-
8 ing them later if they are not such, or in the regulations
9 that are issued, we will be happy to hear it.

10 CHAIRMAN BLACKWELL: How do they go about
11 communicating that? Do they write to you directly or how
12 should they best communicate their views on this matter?

13 MR. CARLESON: Well, I think, yes, I would say
14 that probably the best way, and it is a lot better if there
15 can be some agreement or something because we are getting a
16 lot of material, so look at it as constructively as you can
17 and remember that we are talking about protecting the
18 resources that you have been getting, and write to me and my
19 name is on this program, but it is Robert Carleson, Special
20 Assistant to the President for Policy Development, and just
21 address it to the White House and it will get to me.

22 As I said before, we want the states to do the
23 right thing, and I know I have the same concerns that some of
24 you have. Governor Reagan was doing the right thing, but we
25 don't know how it would be in all the states.

1 MR. MACDONALD: Is it possible to block grant,
2 say take the education monies in the Indian tribal government
3 and let them control and administer the education program as
4 they perceive it as in their best interests?

5 MR. CARLESON: Well, I am just talking for myself
6 now, just so you understand, because I don't make all the
7 policy decisions. We just advise, but I would say that to
8 the extent we can identify, first of all, to the extent we
9 can identify the tribal government as equivalent to a local
10 government which I think is what most of us believe, we
11 believe that for cities, we should believe that, we do believe
12 that for tribal government; in other words, that if funds are
13 going to go to a city and we want the city to have maximum
14 freedom in how they use their money, then I would think that
15 funds that go to a tribal government should be in the same
16 position, but of course, we do have the strings that, for
17 instance, if they are for health, they have to be used for
18 health and if they are for education, they have to be used
19 for education, and we have got a long way to go.

20 We are only five months in. This first economic
21 package was put in to meet an economic emergency that was
22 hurting every one of us, but we are going to be continuing
23 on with this whole concept and moving this authority and
24 responsibility out of Washington to your level and to the
25 cities and counties and the states, so when you give me your

1 ideas, don't just comment on the block grants that may be up
2 there now, although that is important because they are up
3 there now, but give us some ideas for other programs and
4 other things where this kind of a concept in principle can
5 be applied.

6 MR. TENORIO: I am Frank Tenorio from Pueblo County.
7 We are all for the idea of moving authority out of Washington,
8 but I have to renege on giving authority to the states.

9 In our experience in the State of New Mexico where
10 it revolves around the education or what have you, we haven't
11 gotten a fair shake. Our involvement in the public schools
12 and Johnson/O'Malley programs to begin with, it just isn't
13 fair and equitable.

14 The states feel that they should control it com-
15 pletely, and being that we are citizens from that state, that
16 we don't have that special tie that we have to the federal
17 government.

18 MR. CARLESON: You know, somebody mentioned earlier
19 impact aid, and impact aid, you have a similar situation as
20 the people that are on military bases and who live on military
21 bases around the country, and of course, the military base
22 doesn't pay any local taxes and the kids that live on the base
23 go to the local schools, and so the impact aid program is
24 federal money, but in effect pays these bills because before
25 impact aid, the schools, local schools, weren't taking care

1 of the people who lived on the military reservations, and so
2 it is a similar concept, and I know what you mean, but again
3 if we can try to design our programs to protect your interests
4 but also to give you maximum discretion in how you use the
5 funds, I mean you are just like a city.

6 I used to be a city manager myself of two small
7 cities in southern California, and you get all of these funds
8 coming in with careful earmarks and constrictions and require-
9 ments set on every one. Sometimes you get too much money
10 over here, more than you need for such and such, and you get
11 not enough money over here and you can't meet the best needs.

12 That is what we want to do with city government,
13 county government and state government, and also with the
14 tribal governments.

15 MR. ANGAPAK: One of our concerns we face, I think
16 he mentioned it, he said if a certain amount of block grant
17 is given to the State of Alaska or any other state for that
18 matter, what guarantee do we have that we will get a fair
19 piece of the action?

20 MR. CARLESON: That's right. That's the question.

21 MR. ANGAPAK: How do we do it?

22 MR. CARLESON: I understand that, and I am saying
23 that an example of two ways were the ones that I mentioned
24 in the education block grants and the energy block grants
25 where in fact the way that I sort of liked best is the one in

1 education or in the energy and emergency assistance where
2 the Secretary, that means the Secretary of Health and Human
3 Services, may actually--first of all, the money goes to
4 the states, but if the states do not provide or are not likely
5 to provide funds to the tribes, then the Secretary can direct
6 that money there himself, so like in the energy and emergency
7 assistance block grant, the state gets a chance, but if it
8 doesn't do it, the Secretary has the authority to do it himself.

9 Now one of the things that we must remember, we
10 want the state not only to put some of the federal block
11 grant money in there, we want them to put their own money in
12 there, too, and we want the states to start feeling that their
13 cities and their counties and the tribal, local governments,
14 which is the same thing, receive adequate state support as
15 well as adequate federal. It is not in place of federal, I
16 mean in addition, so if we simply cut the states out of the
17 picture all together and just say well, we will fund directly
18 to those, and the state says well, they are not our responsi-
19 bility and we are not going to provide for it--we want the
20 states also to recognize that they have a responsibility for
21 all the citizens who live within their state, whether they
22 live in cities, counties or rural areas, or whether they live
23 on reservations.

24 MR. TENORIO: When you have that particular inter-
25 play between the federal, I mean federal government and the

1 state, they want concessions from the tribes to that extent
2 that they fall under the jurisdiction of the state, and we
3 can't accept it.

4 The prime example is the Indian water rights. The
5 federal government says give action to the state, but that
6 is exactly what they state wants. They want to control our
7 waters and they want to run roughshod over us, and we are
8 not going to have it.

9 MR. CARLESON: I understand that. Just so you
10 understand, I am over in the program area which is like health
11 and resources.

12 MR. TENORIO: Everything that we do there, there
13 is a danger of conceding or giving those things that are ours.
14 We contend that we were here first and we have the use of our
15 land and waters, but it is getting to the point where all
16 that has been minimized, and the more we work with the state
17 and what have you, they keep chop, chop, chopping along. I
18 am not going to have that.

19 MR. CARLESON: What we want to do is we want to
20 ensure that your rights are protected. At the same time, we
21 want to get the federal control out. By control I mean
22 telling you how to run things, and the question is how do we
23 do it?

24 As I said before, any thoughts or ideas that you
25 have not only for the ones that are up on the Hill now but

1 other ones--we have already used some ideas. I have gotten
2 a letter or two which we used in, some of the material in
3 designing some of these block grants, so we have already used
4 some, and any more than you can come up with that will help
5 us do that--but on the other hand we want the states, we
6 want the states to get interested in all the people who are
7 in their states.

8 In other words, it works both ways. We don't want
9 them to control you people. What we want them to do is to
10 treat everyone in the state the same. They haven't been doing
11 that in some states.

12 MR. MACDONALD: There is a big difference, Bob,
13 that first yes, we are like the cities. We are like a state
14 where we have a constituency and also a land base where we
15 make our laws and have our own courts and what have you, but
16 one difference--the state and the cities are together, or
17 separately have a special relationship to the federal govern-
18 ment unlike ours. Our relationship with the federal government
19 comes by treaty. They are trying to force the state to do
20 their job in terms of tending to the needs of the tribes where
21 they have specific private land and private property that
22 belongs to them, and the way they got there is by their special
23 treaty relationship with the government. That comes into play
24 every time.

25 That is what Frank Tenorio is talking about where

1 they say okay, the state says we are going to give you some
2 money, you have got to give, you have to relinquish some
3 rights that you have.

4 MR. CARLESON: I see.

5 MR. MACDONALD: And then the tribe says no, we don't
6 want to relinquish any rights and they say okay, we are not
7 going to give you anything, and this has been going on for
8 a hundred years now, and so the biggest problem is that the
9 tribes, all of us feel that our very existence, the way we
10 are, is brought about by our treaty relationship with the
11 government and we didn't come about by the state. The state
12 did not, we didn't sign a treaty with the state.

13 As a matter of fact, in many cases the state came
14 after us, so that is really the crux of the Indian/state
15 relationship for these many years, and in some cases there
16 have been some tradeoffs made between states and Indians,
17 and as a result there is some cooperation.

18 MR. CARLESON: I guess I understand. I completely
19 agree, but you are also voters in those states, too.

20 MR. MACDONALD: Even that has become in question
21 lately. They say okay, if you are not going to let us steal
22 some more of your water and your resources, we don't want
23 you to vote anymore, and we say okay, maybe we don't want to
24 vote anymore.

25 MR. CARLESON: They can't do that. They can't take

1 your vote away, and the thing is that--I understand the
2 difference, and it is what really complicates this, but you
3 are also voters. You have the same rights in that state as
4 anyone else does, and so I guess it is double-barreled. You
5 don't have to give up something I don't think to get state
6 assistance because you are a voter, and on the other hand,
7 we want the federal funds that go to you to be used with as
8 much discretion as we can write into it; in other words, that
9 we have to limit it. Congress wouldn't ever let us send
10 money. Well, generally I think you are in the revenue sharing
11 and that was good in that sense that that has very few earmarks
12 on it. As we go with these, all the block grants are is a
13 form of revenue sharing. It is like special revenue sharing.
14 It is money that you get, but you can only use it for health
15 services or only for education, so we are trying to keep the
16 block grants as pure as possible, but the block grants are
17 like special revenue sharing. We can only use it for a certain
18 kind of function.

19 MR. ANDERSEN: From what you are saying it seems
20 like you haven't established here whether we are considered
21 a state or a local government.

22 My question is what justification do they need here?
23 He was talking about the treaty relationship. Not all tribes
24 are that way, but nevertheless these tribes, if you recall
25 the one case, the Supreme Court case, Warner versus Georgia,