where the court stated that all these Indian tribes were sovereign nations from time immemorial. In other words, before you guys came from England we were practicing what is known as sovereignty, and all the Supremem Court did was just uncover it in 1832.

What more do you need? I think we are the only ones as far as minority groups that have been mentioned in the northwest ordinance and the United States Constitution. In the United States, under the commerce laws, there have been developments, there have been developments in the laws from that time on, and these have been reaffirmed as recently as last year.

MR. CARLESON: I understand.

MR. ANDERSEN: What more do they need?

MR. CARLESON: I understand the different tribes in different parts of the country have different lines of authority and organization which makes it more difficult and also the question of the tribes expand more than one state, two or three states. That obviously is a problem that can't be handled through a state or at least it shouldn't be. I certainly don't claim to have the claim that you do to this, but of course my mother tells me I am one eighth Indian, but in any event, I think one of the things that we have to do is to work out these complicated relationships, the kind that you described, and also the sovereignty question as we try to

evolve the authority because the main thing the President wants is homerule.

In other words, he wants the people who are closest to the problem to be making solutions, whether we call it a state or a city or a county or a tribal government, and he wants the federal funds that go to those groups to be as free of strings and directions and red tape as possible.

One of our jobs is to try to design a block grant that does all these things. I just said if some of our block grants are not in the best shape right now it wasn't because, it wasn't done on purpose, but if we can find ways to improve them that will protect your interests but at the same time will get the federal government out of the discretionary role to the maximum extent we can, we will then certainly want to work together on it.

MR. MACDONALD: The only difference here is that where federal monies are concerned we are saying that the federal monies ought to go directly to the tribes, and not the state playing Santa Claus with us which they always do. They have been doing it with Johnson/O'Malley for a long time until the Indian tribes began to recede.

Yes, we have association with them with respect to the use of state funds, the monies that they may derive through tax and what have you from our reservation, and going into their coffers and the fact that we vote, we have some

serious negotiations and battling going on there between what we are to them and what they are to us, and with respect to state laws and state monies, but I think it is very clear with respect to federal funds, that should go directly to the tribes and not complicate our special fight or special negotiation that is going on between the tribes and the state. Where federal funds is, maybe they will use it as a crutch or another way of trying to improve their position with us, and so I believe this is the concern that I see.

MR. CARLESON: As you say, apparently they want concessions every time they give you funds, so what you are saying is if they get control over the federal funds, they are going to want concessions for that?

MR. MACDONALD: That's right.

MR. DRIVING HAWK: I don't think you are going to find one general policy for block grants that is going to suit all the Indian tribes across the country because you are talking of state-recognized, federally-recognized tribes.

However, it has to be looked at at each reservation and its unique situation.

MR. CARLESON: Right.

MR. DRIVING HAWK: You mentioned earlier and I haven't really thought about it, but in utilizing the revenue sharing avenue for those tribes that do receive the revenue sharing funds, that certainly won't take account of all tribes.

You will have some other tribes which are still going through the accounting, but I don't think you are going to come up with a general policy that is going to be able to take care of all the needs. It is going to have to be a dual type of system.

MR. CARLESON: That is what I guess I am worried about. Just so you understand, I don't want to fool anybody. I am not an expert on your problems and your needs. I am trying to cover the whole spectrum of the government and moving authority, so one very valuable thing that you can do not only individually but as a group is help bring this information to us.

Now we have a lot of experts. You have been hearing them all day, and you will be hearing some more of them I guess later on, but I am a generalist. I am trying to handle the bigger picture. I know exactly what you are saying because I have looked at, the more I have gotten into the question of how to protect the rights of Indian tribes, I have found out how complicated it is, and if there is anything I have learned, it is that.

MR. TIGER: I realize some years ago some Indian tribe had been done in, and I hate to say this, but Republicans were working for the tribe, but we are talking about something different now.

When you look back, our state seems to be doing

something for the tribes, and we get along pretty well, but I have seen other tribes in other states that are not that way. There seems to be always a battle back and forth on water or maybe land.

There are so many problems that tribes are facing, and if you give them a chance like this block grant you are talking about, they will use that to gain what the state wants you to do it seems to me. We have to protect ourselves it seems like each day. We have to watch ourselves, what we are doing, and it seems as though we are still out there on the battlefield each day for us, so here we go.

We would like to work with anybody. We are practical people and all that, but we have to think about this, to protect our reservations and the tribes, the Indians, so I would agree with what Mr. MacDonald and the rest of them are saying. If you are thinking about how the block grants should go to the tribes, why don't we handle it a different way?

You don't have to send it through that office here in Washington. Why don't we think about, if it is going to be some type of block grant, why don't we send them to the tribes? This will make it easy for us. I think we can really work with you all now, but if we have to work with the state we have to compete with the counties. We have to compete with the little cities, and we will lose our own

rights, so I would be more for that type of approach.

Otherwise there is a countless problem for the tribes. There is earmarked for the tribes so many dollars that go to the state. If we don't do that, Indian people will not get anything out of the state, some states. Some states would.

MR. CARLESON: Yes. Well, we are hearing that, and as I said before, at least two of these block grants have that kind of a protection in them, and maybe we should take a took at some of the other ones.

CHAIRMAN BLACKWELL: One more question--Elmer Savilla?

MR. SAVILLA: I am Elmer Savilla of the National Tribal Chairman's Association. I would like to ask a question about how can we receive some assurance that the recommendations that you are asking for would be addressed?

For instance, over a month ago there was 150 tribal chairmen gathered, and they made up some position papers, recommendations, to the Administration, and they were forwarded to, we thought to the proper channels, and yet I understand that this paper was trash-canned. I was told it was trash-canned, and a memo subsequently went forth from one of the White House offices labeling these position papers and the letter as being written by radicals.

As far as I know, none of the tribal chairmen that

were in attendance and discussing these positions could be called radicals. I can be called a radical, but the tribal chairmen, I can't see them being labeled that, but on behalf of NTCA, I would like to receive some kind of assurance if the recommendations are put forward in good faith, that they will be at least read and addressed.

MR. CARLESON: If you send them to me at the White HOuse, I will give you that assurance. I can't assure you, you know I can't assure you what we can do about them because we have got all kinds of competing interests and needs and so forth that go on, but I can assure you that they will not be thrown away, and here again this is one--by the way, you can help me, too. To the extent you can get together on this and say that, it is going to be a lot easier.

If I had a hundred communications, I don't really have much of a staff, and if I have a hundred of them, I am going to have a difficult time, but to the extent you can combine them and try to come up with constructive ideas, I know that we will try to use them. I know we will pay attention to them. I can assure you that at least I will.

Thank you very much.

CHAIRMAN BLACKWELL: Thank you very much. I appreciate it. We will now have the coffee break. There are refreshments there.

(A brief recess was taken.)

CHAIRMAN BLACKWELL: The next topic is health, and our speaker is Dr. Emery Johnson, Director, Indian Health Service, Department of Health and Human Services.

DR. JOHNSON: Since we are running about half an hour behind, I will try to be very brief and leave as much time for discussion as we can.

I must say it's nice to be back inside the Executive Office Building again. I can remember back in 1970 when we spent a good bit of time here and across the parking lot putting together what turned out to be the federal Indian policy of the '70's, and I hope the federal Indian policies of the '80's or at least if Mr. Reagan has accepted that as his policy, and I hope that we will be able to get some clear documentation of that before too long.

The only thing I wanted to say about the health programs because all of you know the programs in infinite detail, is first of all, the Department of Health and Human Services and several of you met with Secretary Schweiker on one or more occasions this spring, has made a clear commitment to supporting the special federal/Indian relationship of those programs that are statutorily defined with an Indian set-aside.

As the Secretary has pointed out, the Indian Health Service program, the Administration on Native American Programs, the Indian Headstart Program and Title 6 of the Older Americans

Act are not part of our block grant proposal. They are clearly a direct federal government to tribal government relationship. The Secretary has expressed his understanding of that direct government to government relationship, and is continuing to try to find ways to support your interests and other departmental programs go into the block grants.

Some of you may remember the last meeting we had with the Secretary was about a month ago, and he assigned the Assistant Secretary for Planning the responsibility to try to work out ways to protect the tribes from losing resources during the block grant exercise that we are going through.

We had several sessions since that time. We think we have the programs worked out. There is still some discussion on several of the others. I think the offer that Bob Carleson made a few minutes ago for you to suggest directly to him the mechanisms to assure that tribes don't lose their resources during the block grant I think was a very good offer, and I certainly would expect that you will take him up on that offer. That is the kind of support that we need, someone at the policy level in the White HOuse who can give encouragement to Secretary Schweiker and people on his staff as they try to work out the mechanisms for supporting the tribal initiative.

The Indian Health Service budget, as you all know,

was one of the few in the federal government that was increased over last year. We did not take even the 7 percent cut that was talked about by other people. We actually got an increase in our services dollars. This year, although as you all know it isn't quite, isn't going to make it with the current level of inflation, but I think that is a point that we ought to make at this kind of a session, that the thing that has been killing us budget-wise over the last number of years has in fact been inflation.

We have had major increases in our budget each and every year and each and every year the cost of living has run away from the amount of money that was added to our budget, so that if the Administration's economic policy is put into place and inflation will effectively be reduced, then we all of us are going to be able to do much, much better in our health programs.

In the interim, the issues that are being laid before you now by area directors and others is ways in which we can take the rather substantial resources that are there and integrate them with the tribal resources and other potential resources that we have out there to make sure that the best health program is provided within those resources.

We do have I think enough flexibility, enough options to maintain the relatively high quality program over the next several years, but it is going to take a lot more local

planning and local collaboration, local decisionmaking than we have sometimes had in the past.

In that sense, again what we have been doing and you have all be participants in for a long time is very consistent with the current Administration's initiatives.

The final budget point is one that I think we probably ought to, I will just leave for the last set of presenters. That has to do with the sanitation facility construction program and its relationship to housing. I won't discuss that right now. I will save that one and I will be staying through the presentation by Dr. Grisby and others so maybe I can learn exactly what we are all going to do in the housing program, so with that, we will open it for further--where did our leader go?

MS. CHRISTIANSEN: Morton should be right back. Why don't you just begin right here around the table and ask any questions you have?

MR. DRIVING HAWK: In reviewing the budget, was there an, or is there a proposed reduction in the contract health area?

DR. JOHNSON: Oh, no. The contract health service budget for '81 was increased, and the President's request for '82 also has an increase in contract health services.

The problem that we are having is one I mentioned just a minute ago, and that is the amount of increase that is

allowed historically has been less than the inflationary cost of buying medical care in the private sector, and that is why I think it is so terribly important that the Administration's policy of getting a handle on inflation and getting those, that cost escalation down is going to be--if we get a 9 percent increase in the budget for contract health services which is about what we have been getting, 9 or 10 percent, that is a lot of money, but if the cost of buying medical care in the private sector is going up 14 and 15 percent a year, which again has been the experience of the last few years, that 10 percent increase means that you have effectively less buying power. You can buy less medical care.

What needs to happen is we have got to get the inflationary rate down. If inflation would come down to 7 percent and we got a 9 percent increase, we have got a 2 percent increase in the program, and that is where the problem is.

The problems in the past few years have not been the lack of getting increased budget. It has been the inflation has always outstripped the amount of money that was allowed, and those of you who are operating in your own programs, and Dale and Buffalo, for example, you know what happens. You have a budget and then you have to go and buy stuff out in the open market, you have to pay private doctors and you have to pay private hospitals, and those rates are

going right through the roof, and even though you got an increase in your budget, you can't buy as much each year because of inflationary problems. That has really been it.

MR. MACDONALD: Dr. Johnson, there has been talk about four block grants. I think one is health services and energy and emergency services and what was the other one? There are other services which directly affect the Indian tribe, and some of these services have been received through the states.

Are those going to be separated so that if they do go as block grants to the states that whatever the Indian portion might be it might be separately block granted to tribes, or maybe if that is not possible remain in IHS or ANA to be administered to the tribes?

DR. JOHNSON: Okay. I think Mr. Carleson was pointing out the Administration proposal at the moment, and that changes I think almost momentarily depending on what is going on up on the Hill, is that except for the four HEW programs I mentioned--Indian health service, ANA, Indian Headstart and Title 6 of the Older Americans Act--all of the rest of them are going to go into one of the block grants.

Block grants are going to go to state governments, and then the tribes somehow or other are going to have to get access to it as part of the state block grant.

Now in the meeting that we had with Secretary

Schweiker about a month ago, about the time that the tribal chairmen were all in here, when was that, the end of May, the Secretary expressed concern, as did Mr. Carleson this morning, for how can you protect the tribal governments under this kind of a proposal, and he assigned to the Assistant Secretary for Planning in our Department the responsibility to see what kind of options he could have.

To date, we think we have figured out how to protect the Indian alcoholism programs. There are still some 21 programs over in the Alcohol Suite that would be lost to the states in October. The Department thinks they have figured out a way to deal with those. We still have anumber of others, including a couple of million dollars worth of projects that are going to the Navajo, and we are planning a rural health initiative and so forth.

I think that was part of Mr. Carleson's concern this morning, how do you protect the tribe so that when that money, and in your instance it is even worse because you have got to deal with Utah, you have got to deal with New Mexico and you have got to deal with Arizona, how do you make sure that somehow or other the Navajo doesn't lose access to that couple million dollars worth of health services that you are getting through those programs that are now scheduled to go to block grants to one or more of those three states?

I think one of the questions or one of the challenges

that Mr. Carleson left with us, if I interpret it correctly, was to give him some ideas as to how to do that. I think that is really the burden that is left on the tribal leaders right now is to share with Mr. Carleson here is how you ought to handle that block grant buisness to protect the tribal governmental interests. I thought that was a very good opening that was given to you.

MR. MACDONALD: Definitely, because I don't know really what kind of safety mechanism or protection mechanism that could be done or written into the block grant without making it just as much a regulation burden or red tape issue as what you are trying to get away from in order to protect the tribes, and so no matter how you look at it, it appears that probably the best way is either to just block grant it to the tribes like you do revenue sharing, or leave it with IHS or ANA to administer, whatever percentage or portion of those services are going to be block granted to the state and keep it there. From there it goes to the tribes as they had been in the past.

DR. JOHNSON: Right--sort of a safety first state concept where the tribal money is taken out. One thing that I think as we go into these next several years and as budgets are tightening up and state governments are in desperate shape, too, they have got real problems, for a number of years since the Civil Rights Act in 1966 we had a trend and a number

of good decisions being made that clearly required the states to pay attention to Indian people, and the federal government was able in many instances to force the state governments to provide equity and fairness to Indian citizens out in the reservation.

As things are getting tightened up now I am seeing a disturbing trend of state governments going back the other way of saying look, Indians are a federal responsibility, and we are not going to spend money. We have, got a bill the other day for two and a half million dollars from one of our great southern states for us to pay for state services that they had provided to Indian citizens of their state.

We have another state that has written us a letter that says that if you don't pick up the Indian costs, we are simply going to exclude all Indians from our state programs. Now Ithink that may be a bit illegal, but I think what it is telling me, Mr. MacDonald, is that the trend which was going toward assumption and working things out, as the states get tighter and tighter, we are going to be faced with that feeling on the part of states that Indians are a federal responsibility and dump it--that is the nicest term I can use--trying to dump the Indian problems back on the federal government, so I think really if we look at one of the major policy issues that this Administration is going to have to face, I would submit to you that that is one of the clear ones.

We have got to make the decision. Is it strictly a federal responsibility? If it is, then we ought to take all of the formula grant money that is going to the state based on your Indian population and take it out of the state and put it into a federal pot and deal with it.

If it is going to be a state responsibility, then there has got to be some mechanism, and I suspect you are going to feed it, put it in a statute that is trying to clearly define the law, but otherwise what I think we are going to do is we are going to go through 26, 28 state suits kne way or the other as the states attempt to pass their Indian citizens off on the federal government.

To me it is a very disturbing trend, and we have just been seeing that in the last year or two.

MR. SAVILLA: Would it be possible to name the two states?

DR. JOHNSON: Yes. I don't mind--the great State of Arizona is one, and Mr. MacDonald's state which is Wisconsin was the other one. South Dakota is well known. New Mexico, we have had some problems with them recently. We go long enough, Elmer, and we will find--and I can't say at the moment that I blame the state government in this sense. They are faced with an extremely tight budget situation, and as long as there is this ambiguity or this sort of wishy-washy understanding, then they are going to find every possible way

they can to do it. I think if the state knew clearly what their responsibility was, and up until the last couple of years they did because you simply were declared in violation of the Civil Rights Act, and could deal with it, but they were providing not equity really to Indian citizens but at least it wasn't as flagrant as some of these more recent ones.

CHAIRMAN BLACKWELL: Other questions?

MR. ANDERSEN: One question that nobody else is interested in asking--we were talking about contract health care. I received a call from Nevada about a couple of weeks ago. I am just wondering whether the story has changed, notwithstanding what you said here, that there is going to be no cut in that contract health care, and the status quo will remain for that.

Now they were very alarmed because notwithstanding that, they said they would be affected because they were going to lose some of their contract health care services. Now has that changed since then?

DR. JOHNSON: I have got to sort of restate it again, that the money, the dollars are not cut. There are actually more dollars this year than we had last year. What is happening is because of the escalation of the cost of buying medical care, the amount of services that we can actually buy are less.

MR. ANDERSEN: Do they understand it in Nevada,

though?

DR. JOHNSON: I would like to say yes, but obviously if they are calling you they don't, but we are going to have to pull in our belt on some of these things.

Unfortunately my prediction is that we will be going back to deferred surgery lists and some of those things again because quite frankly, when the cost of medical care goes up 15 percent and your budget only went up 9 percent, you simply can't buy, so it is sort of a technical or semantic thing. The budget is not cut, but what you can buy with that budget is going down.

MR. ANDERSEN: My impression from the telephone conversation that day was that they felt that the contract health care funds were reprogrammed so that you would be able to--not you, but the area office would be able to keep their personnel at the level that they had.

DR. JOHNSON: Well, the area can't reprogram contract health service money, and we in headquarters can't do it either without Congressional approval except for I think it is $250,000; $250,000 change out of a hundred and eight million dollar program, that isn't very much latitude, so if that is happening, it will be well known to everybody as it is going to have to go up on the Hill, so I don't see that, and although you can do a little bit of shifting back and forth, as long as everything comes out even--

MR. MACDONALD: Dr. Johnson, does the fact that the budget remains the same, and as a matter of fact have some increase, mean that in all probability that the staff level that was there last year and during Fiscal Year '81 will remain the same, except for whatever reasons there might be, there may be some cutbacks, that normally everyone would remain in place, the number of personnel, the doctors and the nurses and support services, one?

Secondly, in this budget increase there are some monies there for new health facilities.

DR. JOHNSON: The first one, certainly it is our hope that we will be able to maintain the current level of staffing. We will do that, however, only if we cut back some other things because here is an example. In the supplemental that was passed by the Congress and signed by the President a couple of weeks ago, we got about one half of the amount of money that it takes to actually pay the bills, so that we will be abosrbing something like 11 or 12 million dollars for personnel.

Now that 11 or 12 million dollars will have to come from some place, and part of it is coming from--we are lapsing a larger number of headquarters' positions. We are cutting back on a number of other things that we are doing to preserve the health staff at the hospital and clinic level, but we are absorbing that kind of money.

Now the good news is we were one of the very, very few programs that I know of in the federal government that got any supplemental. Most of them got nothing, and we got at least half, so we have been supported and given preferential treatment by Secretary Schweiker and by OMB in even being permitted to ask for that amount of money, payout, but we are absorbing a substantial amount of cost increases, and we are going to try to protect the service delivery people at all costs, and we hope we can do it.

We can't guarantee that we can do it. Now for construction, the Supplemental Appropriation Act that was just passed which included the recision issue as well, the planning for new health facilities goes ahead. Well, we have planning money now. It was appropriated for '81 and it is about to be released to us because it was not approved for recision. We will be planning for the hospital at ground point, for the hospital at Browning, Montana, for the hospital at Bristol Bay in Alaska. We also have the planning money for two Navajo health centers, Staley and Herfano, and for the Oklahoma clinic at Arndarko, so the planning money for thoe are in there and the quarters construction money for Long Grass in MOntana was also included.

The Congress also gave us two and a half million dollar supplemental to do the upfront planning for sanitation facilities, for those HUD and BIA houses that are going to be

put under construction the remainder of this year, so we are still functioning in the construction business.

The final decisions, of course, are down the road a little bit when you get to real construction dollars.

MR. DRIVING HAWK: If you recall on this deferred surgery, as you mentioned earlier, a few years ago after we accumulated so many thousands of cases and we had special appropriations to take care of that, is there any steps being done at this point to prevent that type of backlog occurring again, or are we just going to sit back and wait?

DR. JOHNSON: Ed, the best way to do that is to get the inflation rate of medical care down if we can. As I say, if we got a 9 point 1 percent or 10 percent, something like that, cost increase, if the cost of medical care in the private sector would go down to 10 percent or go down to 9 percent or 8 percent, we would be in fine shape. In fact, if it would go down to 7 percent, that would be great because then we would have a 3 percent cushion, and we could start doing some real elective things, but the whole--I am not trying to avoid answering the question.

I am not an economist and I can't predict what is going to happen, but if it goes down to the levels that are being projected, then we should not have to build up those lists again. If it continues to run 14, 15, 16 percent as it has for the last decade, more or less, then that is the way

we are going to go, so the key to this is really what happens to the economy, what happens to inflation.

If the President's economic policy is put in place and works the way it is supposed to work, then I don't think we are going to go back to those days. We have got to put our money on the President's economic policy getting back to work.

MR. RISLING: What considerations or recommendations do you have relating to the maintenance of emergency medical services?

DR. JOHNSON: Well, I have personal feelings about EMS. It has been a very, very important and I think critical improvement that has been made in the health care systems on most of the reservations. We went in the last five or six years I think with a very minimal, if even functional, EMS; now we are to the point where about half the tribes or better than half the tribes I think really have solid EMS programs.

Obviously we would like to see that continued and expanded until every tribe has that. The problem, the obvious one, is that in times of constricted resources, we are not going to see in my opinion at least over the next several years any great increases in resources, and I think to the extent that we are going to maintain and advance those EMS programs, Dale, we are going to have to do it at the expense of readjusted priorities, and when it gets to readjusted

priorities, we have to come right back to the group around the table because there is only one color money. It is all green, and if we spend it for EMS, then we are not spending it for gall bladder surgery or for deliveries or prenatal care. Hopefully we can figure out how to mesh the tribal resource and the Indian Health Service resources together to do everything that has to be done.

We are not without resources. Ten years ago we had about 6,000 employees in the Indian Health Service, and for all practical purposes, no health employees in the tribes, maybe a hundred or two, something like that, but practically none. Right now we have got 11,000 employees in the Indian Health Service, and we have got almost 6,000 employees in the tribes.

Now that is almost a tripling the total manpower resource available to provide health services at the tribal level in a decade. Now admittedly part of that is new tribes have been brought in, and the group to be served has expanded and all that sort of thing, but we are not without a fairly substantial resource out there.

The problem we have all got is how do we manage that resource? How do we manipulate it to try to get the most critical things done? I am putting our emphasis on the areas, and your service units, sitting down with the tribal leaders and thrashing out how is the best way to use what that limited

money is.

We are not going to sit up here in headquarters and make those kinds of decisions and we have told that to the Congress and to my friends in OMB. I cannot make those decisions centrally. It has got to be done reservation by reservation, and I will tell them after the fact what you guys decide to do, but I am not going to make those decisions from up here because you can't do it and make any sense out of it.

MR. LAWRENCE: I guess you are aware of the fact that the areas have been talking about trying to eliminate the area offices. We have also been talking to the Bureau of Indian Affairs. If anything is ever done, the Bureau and Health should get together and try and eliminate some of those services at the direct level. I think there is too much administration on the area level, and we get bogged down with contractors with the Bureau as well as with the Indian Health Service simply because it is a stumbling block.

I think you are aware of our resolution, and I think the area directors, both the Bureau and the Indian Health Service, are beginning to look realistically at trying to eliminate that particular level of administration, and I think it is good. I think it should be tried throughout the nation.

DR. JOHNSON: I thought somebody had gotten a hold of a memo that I wrote. I developed a plan when I was a

reservation doctor in the Winnebago Reservation in Nebraska. I developed a plan for the dissolution of the Aberdeen area office, and I thought one of you guys had gotten a hold of it. I should have kept it. Eleanor Robertson asked me, the area director, where she would find it in the files and I said I bet you the minute I left that area they burned it, but I thought it was a good plan.

I would be glad to help you with some of my ideas when you get to that point. Now in all seriousness, there are certain functions that have to be carried out some place. Somebody has got to keep the government's book. Somebody has got to hire the staff and all that, and there are certain things that to try to do that in 25 different places in little bits and pieces is probably not good management.

I think what you and Eleanor have come to grips with is what is good management and what isn't, and what isn't ought to be tossed overboard. She agrees, and that is her idea, and I applaud her for it.

MR. LAWRENCE: We have got, the Bureau has the same setup as the Health Service. Why are they indicating personnel and that type of thing?

DR. JOHNSON: We got our pattern from the Bureau. We copied everything they did, even to where we located our area offices.

MR. TIGER: We ought to be thinking about looking

ahead. There are a lot of chiefs here. Some have been here over two years, some four years. When a new Administration comes in, you look at them every four years. Sometimes whether people want them or not, they sit there, so we need to think about those things, and we could agree to it and give them four years, and if it is not working in four years, then it is time to say it has got to go and you should look into it. I am just suggesting this to you.

CHAIRMAN BLACKWELL: Any other questions?

DR. JOHNSON: I almost got you back on time.

CHAIRMAN BLACKWELL: Thank you very kindly. Our fourth discussion is on the topic of housing, and our first speaker is Dr. Bill Grisby who is Deputy Assistant Secretary for Public Housing and Indian Programs - Designate, with the Department of Housing and Urban Development. Dr. Grisby?

DR. GRISBY: Thank you. In the interests of time I will try to be brief, but of course, I will reply to as many of your questions as I can.

On behalf of Assistant Secretary Wynne who is the Housing Commissioner and the Assistant Secretary for Public Housing, he asked me to welcome you to Washington, and also asked me to welcome you to any inquiries that you have about the Indian housing programs.

I do have some material that I would like to pass out in reference to my presentation. I have been on board

since approximately the fourth of May, but it appears as if I have been here for at least about one year. The program is overwhelming. I do have mor experience, of course in Indian housing programs and working on Indian reservations than I actually do in public housing so in that regard I am familiar with many, many of your problems on the reservation, including the housing problem.

Let me talk about first of all our priorities that we have established in the Office of Public Housing and the Indian program and some of these priorities have been established throughout the entire Department.

First of all, one of our first priorities, not necessarily in the order of priority, is deregulation. We are very much interested in addressing all regulations that prohibit the sound and rational administration of public housing on and off reservations.

The second priority that we have is to address the problem with the financially troubled Indian housing authorities and the public housing authorities, and of course, there are many, many problems.

Our third priority is, of course, to as much as possible try to return the responsibility of the administration of public housing programs to local units of government, and that does include reservations.

The fourth priority we have is attempting to use a

business-like approach to the administration of our programs, that is, in order to eliminate fraud, waste and address the problems of mismanagement of the Indian housing program, we would like to take a business-like approach and not try to use funds and levels of funds and monies to address specific problems.

With regard to these priorities, the actions we have taken are as follows. I think one of the problems that most of you are probably familiar with when we get into that type of discussion are the problems that we have with Indian reservations and the mismanagement, fraud, waste, of public housing programs, of Indian housing programs. You have in your possession a moratorium that was established prior to my designation to the public housing and Indian program, that was established by Region 8.

After a careful study of the moratorium that was placed on the Indian housing program, I did not feel that the moratorium was fair, and that what we should do is really look at each one of the programs on a case-by-case basis and try to establish some type of method or procedure for turning programs around.

However, you will also notice in the memorandum that there is a specific model that has been recommended in terms of addressing specific programs. We do have some programs that it has been found to have diverted funds or mismanagement.

Programs have gone back into tribal governments and those programs are having an exceptional number of problems.

One method that has been established is to look at those specific programs and look at the programs on a case-by-case basis and address specific steps that have to be taken in those programs as the program moves from the development stages on through construction stages on to occupancy, so those steps are contained in the memorandum.

The second thing that, action that I have taken since I have been on board is similar to some of the actions that I have suggested and taken in full support from the Assistant Secretary Wynne of trying to get input from people who are actually involved in the administration of public housing programs.

In the case of the public housing programs that are not located on reservations, I formed a task force or working committee of public housing executive directors around the country who are noted for their exceptional talents in administering public housing agencies. Those individuals first met with me approximately two weeks ago, and they gave me specific recommendations in terms of the problems that they were having within their own particular authorities and problems with HUD in terms of regulations that we had that prohibited good management and prohibit them from carrying out the duties and responsibilities at the local units of

government.

With regard to the Indian housing authority, I am attempting to use the same approach in addressing many, many problems on Indian reservations. I have found since I have been in government service and in this position that we do many, many things within our organization, and we do not include people in terms of a lot of decisions that we make. We don't know what people's problems are. A lot of the problems are documented. Of course, some problems are not documented. There are telephone calls from various tribes in terms of specific problems, and when we address specific problems we take a band-aid approach to resolving those problems, so in that regard I received a letter from Mrs. Brooks approximately a couple of weeks ago prior to the National American Indian Housing Council, and Mrs. Brooks asked me to attend that conference and I was unable to attend, but I sent her a letter and asked her for her cooperation in trying to set up a group of individuals who could possibly meet with me on a quarterly basis, monthly basis or whatever to identify specific problems with specific recommendations in terms of how HUD can really address those problems, and we can better address the entire problems associated with Indian housing, in addition to looking at specific houses or problems within specific reservations.

I attended the Southwest NARO Conference in Houston,

Texas approximately two weeks ago and this is why I was unable to attend Ms. Brooks' conference, and I brought back approximately 40 recommendations that were made at the NARO Conference. Those recommendations were pretty well confined to a composite lost of ten, and I handcarried the recommendations back to my office and I distributed those recommendations throughout their entire housing programs. It went to most of the Deputy Assistant Secretaries and to Secretary Wynne, and also Undersecretary Hoffey, so we are very much interested in getting feedback in terms of what the problems are, identifying problems and coming up with specific resolutions, so those problems I have also provided for you in that regard.

One thing that is extremely difficult, I know that there are a number of people who are interested in specific problems. It is very hard when you form a group of that nature to include everyone, but it is very easy to exclude many individuals who are interested, so I am trying to form a working group who I can meet with to give me specific recommendations. I am trying to work through Lori Brooks, if anyone can really correspond with Ms. Brooks or maybe Ms. Brooks can correspond with individuals in this group to try to form a working group so we can really get at the heart of the problem.

I am also providing for you the highlights of the

conference that was recently conducted, and one of my staff people brought back some information that may be of interest and concern to you about things that were discussed at the National American Indian Housing Council, and I understand, I have talked with some of you and I understand that some of you attended.

I would not waste any more specific time. I would like to address any questions that you have and any recommendations in terms of where we can go from here.

MR. DRIVING HAWK: One question I think is the concern of all of us--

CHAIRMAN BLACKWELL: Excuse me, Ed, but I think it might be better for us to have the other panelists speak and then take the questions if that is all right.

Our next speaker on this topic of housing will be Don Crabill who is Deputy Associate Director of Natural Resources Division of the Office of Management and Budget. Don?

MR. CRABILL: Actually I had intended to talk about budgetary considerations more than about housing, but here I am, and I think I have a couple of observations on some of the conversations that have gone on before about the budget in general.

As you were going through the health programs, what inflation was doing to your health program budget, your

ability to provide services even with constantly increasing budget at the rate of 9 percent, a few figures came to mind.

John F. Kennedy's get the country moving again budget was the first 100 billion dollar budget in the history of the country. With 10 percent inflation, we have to add today $70 billion to the budget every year just to keep up with inflation.

The interest on the national debt next year will approximate the $100 billion that was the total budget for Fiscal Year 1962 prepared by John Kennedy. A lot of that is inflation. It is true, and that is what the problem is that this Administration is attacking, and many of the things that have been happening in the budget, program reductions and what not that we are so concerned with here, are part of that overall economic plan that is being advanced by this Administration in which budgetary controls constitute one of the major tools, one of the major points of attack on inflation.

Well, I just wanted to make that point for what it is worth. As has been pointed out to you, the increasing inflation rate makes these budgetary increases in fact reduced, and we have got to get that whole situation under control in order to get back on an even keel.

Therefore, a number of these disruptions which seem so uncomfortable are if you will a necessary part of getting

the budget back under control. Well, on housing specifically, I just wanted to make a couple of quick points. The way we came out in the Fiscal Year 1982 budget, while Indian programs generally fared better than programs across the board, as far as budget cuts were concerned, in the March 10th budget of this Administration the housing budget was one in which the specific Indian portion fared worse than the average, resulted in a moratorium on new construction starts or new subsidized housing starts in the HUD program.

We are left with two problems which the Administration is going to tackle. One is that in that moratorium there is a short-term pipeline problem of dealing with a number of housing units that have already been financed in the Indian program, some 15,000 that are not yet completed, and those sanitary facilities that are in the pipeline at the time reductions were made there. Those two numbers don't match, and we are going to have to address that, and we are going to have to arrange it so that those two pipelines match just for starters. We will be attacking that as a short-term problem in the next few months.

We have time to work it out as it is a multi-year problem. There is no immediate short-term problem associated with that, but we intend to get that worked out between now and the fall.

On the longer term, however, the Administration has

no intention of leaving the Indian tribes without a subsidized housing program if there is to be a subsidized housing program for the rest of the country.

The President has announced that he intended at the time these budget reductions were put into effect for housing, that he intended to establish a Presidential commission on housing to look into this whole program area and what might be done, and the President did announce on June 17th that such a commission had been appointed, and he set forth the objectives of that commission in an Executive Order. I have a copy of it here.

Among the functions that he listed for this commission were six. One is analyze the relationship of home ownership to political, social and economic stability within the nation.

Second is to review all existing federal housing policies and programs; third, to assess those factors which contribute to the cost of housing as well as the current housing structure and practices in the country.

Fourth is to seek to develop housing and mortgage finance options which strengthen the ability of the private sector to maximize opportunities for home ownership; sixth, to detail program options for basic reform of federally subsidized housing.

Last is to utilize such private and public sector

expertise available in the housing field as the Commission in its discretion deems appropriate.

The Commission is to report to the President no later than April 30th, 1982, and to provide an interim report by the end of this October, 1981.

Now the specific individual study charter of this Commission has not yet been worked out, but there is every reason to expect that it will not exclude Indian housing programs from its activity. The charter is to review all existing federal housing policies and programs, and to detail program options for basic reform.

Well, in addition to that, we expect to have a short-term study to be completed by fall in time for at least the 1983 budget decision on several problems specific to Indian housing; specifically, for example, ways to attract private financing into on-reservation housing. This is something that has stumped everybody up until now. It has been a running problem and one that we need to look at.

Second is to identify those factors unique to reservation housing that need be attacked by a government program and make sure that we can develop a housing program that is sensitive to those unique factors that surround Indian housing on reservations.

Well, essentially those were the points I wanted to make. The latter study would be an interagency study, would

involve BIA, would involve HUD, other interested agencies.

It would also address the problems surrounding the multi-agency financing of housing and support facilities. It is another aspect that we need to look at specifically in the short term which the Indian or which the Presidential commission might not necessarily pick up.

Now this study, that is, the President's housing commission study, is not entirely scoped out in detail. There has been no director appointed of it, but we expect to get that done within the next few weeks. I will stop there.

CHAIRMAN BLACKWELL: Fine. Thank you very much, Don.

Our final presentation in the housing area will be by John McClaughry who is Senior Policy Adviser, the White House Office of Policy Development. John, do you want to share with us your remarks?

MR. McCLAUGHRY: Thank you, Mort. I know you gentlemen have been here a long time today and shared a lot of speakers and so I am not going to talk a great deal about the Administration's housing policy which has been ably described by those who came before me, but to speak instead a little bit about Ronald Reagan, not the President, but the man.

A year ago this time, the preception of Americans of Ronald Reagan, many Americans, was that he was an over-aged, washed up movie actor making one last fling in the limelight,

Executives Club. There is one passage in that speech that I copied out and have quoted many times because I think it tells us a lot about the inside view and strengths of this man.

He said in that remarkable speech, "I am calling for an end to giantism, for a return to human scale that human beings can understand and cope with, the scale of the local fraternal lodge, the church congregation, the block club, farm bureau. It is the local worker in the factory, the small businessman who personally deals with his customers, stands behind his product, the farmer/consumer cooperative, the town or neighborhood bank that invests in the community, the union local. In government the human scale is the town council, the Board of Selectmen, the precinct captain. It is this activity on a small human scale that creates the fabric of community, the framework for the creation of abundance and liberty."

Through the ensuing six years when Governor Reagan was out of office and unburdened with the daily strife of leading a large government, he came to that theme many, many times.

In a radio commentary he did in 1977 he reviewed a book called "People Power" by Frederick Morgandow. The book is a listing or examples of worthy programs started by voluntary action of citizens themselves, local community, and how in so many cases those programs were stifled or even

destroyed by an uncaring government, and he said in concluding that review, "If the dead hand of government can be lifted or ignored, groups of citizens can and will overcome, come together to deal effectively with the problems facing them. The key is to devise a system in which power and responsibilities are dispersed to the grass roots instead of being concentrated in the hierarchy of bureaucrats and institutions."

A little later in another script he spoke of a North Woods professor in upper Michigan, a man named Carl Magnuson. Without going through the whole story, let me summarize by saying that Professor Magnuson had left his comfortable college teaching post and retired to the little town of Topaz, Michigan, in the upper peninsula and even here in the remote vastness of the North Woods, Magnuson found that the long reach of the federal government continually invaded his tranquility and that of his neighbor, and after he reviewed the ordeals that Professor Magnuson had and the people in that small community, the future President said, "The real issue can no longer be discussed in terms of left and right. The real issue is how to reverse the flow of power and control to ever more remote institutions and restore that power to the individual family and the local community."

In those three examples you see some of the themes that have guided this man in his rise from obscurity in a small town in Illinois to the highest office in the land, the

theme of the human scale, the importance of people working with their neighbors, working in their community, working under their own initiative and under their own control for their own resources to build the kind of life they want for themselves and their community and their children.

You see the theme of people power, not programs delivered by a distant government agency, not bureaucrats and officials who come out with a long checklist, brass buttons and a big cigar to tell you what to do, but programs that are initiated from the heart by people who live with those programs and have control over them; finally, the theme of decentralization, reversing the flow of power that has come to Washington for half a century back into the channels that lead to the states, to the local community, to the local governments, to the neighborhoods, to families and to tribes.

These are things the President believes in. He recognizes the tragic folly of determination that so afflicted the native American community, and he believes deeply in the idea of self-determination, an opposite concept which means that the power to control programs, the power to control resources, the power to guide the future should be at all times left in the hands of those most concerned, most involved, and more directly benefiting from the activity.

When he was governor, on one occasion an important issue came before his cabinet. The Highway Department was

keen on building--I'm sorry--the Water Department was keen on building a dam in the Round Valley of northern California in Mendaseno County. Many engineering studies argued for the building of the dam.

There was a big water shortage in the bay area, San Francisco and Oakland, and there was powerful lobbists urging construction of the dam and a pipline to supply water to the urban areas.

The great majority of the members of Governor Reagan's cabinet saw those studies and saw the projections of future need and endorsed the idea, but there was one problem, and that problem is that the Dos Rios Dam would have flooded the ancestral lands of the tribes that lived around the dam, and after an emotional cabinet meeting, Governor Reagan decided that the price to be paid for the results of all the engineering studies in terms of destruction of the culture of a harmless, innocent group of Americans who happened to be Indians living in Round Valley was too great a price for the State of California to pay, and Governor Reagan, against the advice of the majority of his cabinet, vetoed that project and saved that valley with its ancestral land for the Indians who lived there.

That I think illustrates as much as anything the depths of understanding, compassion, and spiritual strength that Ronald Reagan has exhibited and which, recognized by his

fellow citizens has helped bring him to this office.

We have a major task today. It is a task of turning around an economy that has been ravaged by many years of false policies, many years of living off the bounty of the future. It is a difficult task. It will require tremendous commitment by all Americans, and we hope to get that commitment from the votes in Congress, but beyond those imperatives, the imperative of restoring the economy, of restoring our important military security, there is something else that the President wants to restore, something that goes beyond the daily headlines, and that is the sense of community, the sense of powerfulness, the sense of independence, the sense of determination and freedom at the local level.

I know that in his policy toward Americans, native Americans, those principles are going to come shining through, and in that spirit, I know, I hope that you will be able to respond to the President, interact with the President, and develop in this Administration a policy which years later the leaders of native American tribes can say this was the great turning point where finally, after two centuries of neglect, we were able to create the kind of community and the kind of local self-control and determination that we have long yearned for and that our people want and deserve.

Thank you.

CHAIRMAN BLACKWELL: Thank you very much, John.

Well, questions and answers now for Dr. Grisby, Don Crabill or John McClaughry? You had a question for Dr. Grisby as I recall?

MR. DRIVING HAWK: One of the concerns that we all have, Dr. Grisby, is basically the zeroing out of our Indian programs within HUD.

I understood the other gentleman to basically verify--he didn't come out and specifically say as to what the reduction was. Where do we stand as far as the number of houses and so forth?

DR. GRISBY: The programs are not being zeroed out. I don't want to misquote the gentleman, but we have so many houses in the pipeline, we have approximately, in round numbers, about fourteen to fifteen thousand houses in the pipeline, and it will take approximately three years to get those houses out of the pipeline, so it did not seem to be reasonable to commit funds to construction and development whereby the programs are not moving.

Our experience in the Indian housing program is that approximately 5,000 units are moved each year from development to construction to occupancy, so over a period of three years, and there are monies committed to move the program, it will take approximately about three years to get the programs out of the pipeline, so the President is committed to providing subsidized housing on reservations, but I think what we have