Thank you, Mr. Chairman and Members of the Committee, for inviting the Department to testify today on the President’s fiscal year 2011 budget request for the Office of the Special Trustee for American Indians (OST). OST carries out the Secretary’s fiduciary responsibilities for American Indian and Alaska Native communities by providing accurate and responsive trust services to individual Indians and tribal trust beneficiaries.

OST’s budget request is $160.2 million, which reflects a decrease of $25.8 million below the 2010 enacted level. The proposed Cobell settlement, completion of certain projects, and more efficient operations has contributed to decreases in OST’s budget request.

If the Cobell Settlement Agreement is approved by Congress and the Court, we foresee a decreased funding requirement of $25 million for Individual Indian Money accounting work performed by the Office of Historical Trust Accounting (OHTA). OHTA will still perform tribal accounting for 95 pending tribal cases, which involve 116 tribes, and work on pre-calendar year 2003 special deposit accounts.

Other decreases in the budget request include:

- $1.5 million as a result of in-sourcing records indexing and completion of the historical record indexing project.
- $1 million as a result of the Data Quality and Integrity reduced post-conversion clean up.
- $60,000 from implementing and automating a one-time disbursement process.
- $50,000 from cost savings by providing disbursements to trust beneficiaries via the debit card program.

In addition, the request includes reductions that are proposed Interior-wide based on SAVE Award nominations reflecting anticipated efficiency savings of $35,000 from travel and relocation, $190,000 from information technology, and $107,000 from strategic sourcing.

A few increases are included in the overall budget request, including $800,000 for the probate workload.
OST was initially tasked with Department-wide oversight for the reform of Indian trust management and implementation of new fiduciary accounting systems. OST’s oversight role expanded in 1996 to include operational responsibility for financial trust fund management, including receipt, investment and disbursement of beneficiary funds. The Office of Appraisal Services, which appraises Indian trust lands, was moved to OST in 2002. OHTA was realigned in 2007 to report directly to the Special Trustee.

On behalf of OST, I would like to thank this Committee for its continued support of Indian trust management reform. Without your full support, we would have been unable to achieve the successes we have. FY 2009 was the first year that the annual audit (IIM and Tribal Trust Funds Financial Statements and related Report on Internal Control over Financial Reporting and on Compliance and Other Matters) has contained no material weaknesses.

Without your sustained commitment, since FY 1996, to providing sufficient appropriations for our efforts, we would not have been able to accomplish the substantive, measureable improvements we are now realizing.

All of these improvements combine to produce our most important goal: better services for beneficiaries:

- Issuing quarterly IIM statements and monthly tribal statements that include land holdings as listed in the LTRO.
- All payments for land use received at a commercial centralized lockbox with imaged copies available nation-wide on a daily basis.
- Balancing cash daily with Treasury and monthly with custodian holding financial securities.
- Use of centralized systems that are integrated and interfaced with each other.
- Addition of fiduciary trust officers and a toll-free call center for responding to beneficiary inquiries.
- Independent annual audit of trust funds – the latest of which showed no material weaknesses.
- Creation of the American Indian Records Repository (AIRR); partnership with NARA and also training and National Indian Training Center.

This concludes my statement. I will be happy to answer any questions the Committee may have.