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# INDIAN TRUST FUNDS

*By* ALAN L. SORKIN*

## FOREWORD

Many Indian tribes have acquired substantial financial assets in recent years as the result of awards by the Indian Claims Commission. Earnings from the leasing of mineral rights are also significant. Alan Sorkin points out that while these funds are unevenly distributed among the tribes, some tribes are presented with an excellent opportunity to invest in their own economic development. To date, most tribal income has either been distributed in the form of per capita payments or has been left in trust with the Bureau of Indian Affairs. Possibilities for utilizing tribal income and trust funds for reservation development remain largely unexplored. The Bureau of Indian Affairs has not prohibited such uses of these funds, but neither has it actively encouraged such programs.

### *Introduction*

Although about three-fourths of all reservation Indian families live in poverty,[1] many tribes have substantial deposits in the Federal Treasury or commercial banks in the form of tribal trust funds. This paper will examine various policy issues relating to these funds which total over $300 million, such as Bureau of Indian Affairs investment policy, the role of the Secretary of the Interior as guardian or trustee, and the part the funds could play in the economic development of the reservations. The sources of these funds, as well as their past and likely future growth will be discussed.

## SOURCES OF TRIBAL TRUST FUNDS

In the early treaties with the Indian tribes the consideration was generally in the form of lump cash payment, an annuity in money or goods for a definite term or in perpetuity, or a combination of cash payments and annuities. The treaty with the Cherokees of February 27, 1819, was the first to create a trust fund to be held by the United States for the benefit of the tribe.[2]

During the remainder of the 19th century tribal trust funds were created for a variety of reasons. Sometimes the Government forced Indians to move from their native lands to selected reservations, obligating itself for a specific sum in consideration of their compliance. In other cases, the Government bought part of the lands outright, and deposited the purchase price in the treasury to the credit of the tribe.

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[1] U.S. Bureau of Indian Affairs, "Indian Housing, Needs, Priorities, Alternatives, and Program Recommendations," unpublished, 1966.

[2] Lawrence F. Schmeckebier, *The Office of Indian Affairs, Its History, Activities and Organization* (Institute for Government Research, the John Hopkins Press, 1927), p. 190.

Sometimes the Government simply took over the lands, and sold them for the benefit of the Indians who resided there, and deposited the proceeds in the treasury.[3]

Between 1840 and 1926 Indian trust funds increased from $4.5 million to $23.5 million. Since World War II, tribal trust funds have grown more rapidly from $28.5 million in 1947 to over $300 million in 1967. (See table I.) However, trust funds are very unequally distributed among tribes. Thus, five tribes have over $5 million in trust funds while over half have less than $100,000. (See table II.)

The rapid growth in tribal funds in recent years is due to two principal income sources. The first is income received from the settlement of Indian claims before the Indian Claims Commission. The second is the earnings received from deposits of oil, gas, and other minerals which have been found on Indian reservations.

Between 1950 and 1968 there were 247 cases heard before the Indian Claims Commission. Of these 247 cases, 136 were dismissed and 101 were decided in favor of the Indian tribes.[4] Between 1950 and 1967 almost one quarter of a billion dollars was awarded to Indian tribes as settlement for claims. In 1966–67 about $44 million was awarded.

The size of the awards varies greatly. For example, in 1966, the Cheyenne-Arapaho received $15 million while the Poncha of Oklahoma received $2,458.

Not all of the funds received by the tribes as settlement for claims became a part of the tribal trust funds. In fact, a large portion is never invested, but is distributed in per capita payments.

Per capita payments are usually distributed so that each member of the tribe receives an equal share of the proceeds. Thus, if $1 million is awarded a tribe with 2,000 members, each tribal member would receive $500. Of $102 million awarded by the Indian Claims Commission between 1951–64, approximately $42 million was distributed in per capita payments.[5]

TABLE I.—GROWTH OF INDIAN TRIBAL TRUST FUNDS, 1840–1967

| | Tribal trust funds [1] | Interest account [2] |
|---|---|---|
| Fiscal year: | | |
| 1840 | $4,477,322 | |
| 1850 | 7,525,060 | |
| 1860 | 3,396,242 | |
| 1870 | 4,608,367 | |
| 1880 | 15,675,140 | |
| 1890 | 23,760,413 | |
| 1900 | 34,317,955 | |
| 1925 | 32,544,972 | |
| 1947 | 28,497,080 | 1,112,453 |
| 1950 | 42,224,129 | 3,335,822 |
| 1955 | 84,949,383 | 2,933,818 |
| 1960 | 157,757,238 | 2,875,978 |
| 1965 | 268,470,447 | 2,921,327 |
| 1966 | 257,657,379 | 4,212,686 |
| 1967 | [3] 162,764,965 | 4,379,933 |

[1] Tribal funds in Treasury only. From 1840–1966, this was the only location of tribal trust funds. In 1967, $157,000,000 was in banks.

[2] Data for 1840–1925 not available.

[3] $167,000,000 on deposit in banks and Treasury securities.

Source: Data for 1840–1925 from Laurence F. Schmeckebier, The Office of Indian Affairs, Its History Activities and Organization (Institute for Government Research, The Johns Hopkins University, 1927), p. 191. Data for 1947–67 from combined statement of receipts, expenditures and balances of the U.S. Government for the fiscal year ended June 30 1947–67.

[3] Frances E. Leupp, *The Indian and His Problem* (Charles Scribner's Sons, 1910), p. 174.

[4] U.S. Department of the Interior, Bureau of Indian Affairs, Branch of Tribal Operations, Robert Pennington, "Summary of Indian Claims Commission Dockets," unpublished memorandum, January 1968, p. 2.

[5] Computed from Robert Pennington, *op. cit.* statement No. 5, pp. 1-3. It should be noted that Congressional legislation is necessary to finalize most of the awards of the Indian Claims Commission.



TABLE II.—DISTRIBUTION OF TREASURY DEPOSITS BY TRIBE, OCTOBER 1967

| Amount | Number of tribes | Percent of tribes | Percent of tribal funds |
|---|---|---|---|
| Less than $10,000 | 64 | 36 | 0.24 |
| $10,000 to $99,999 | 41 | 23 | 1.64 |
| $100,000 to $999,999 | 47 | 27 | 10.50 |
| $1,000,000 to $4,999,999 | 20 | 11 | 29.90 |
| $5,000,000 or more | 5 | 3 | 57.72 |

Source: Calculated from Bureau of Indian Affairs, "Statement of Trust Funds," unpublished tabulation, Oct. 1, 1967.

(The policy implications of per capita payments vis-a-vis economic development will be discussed in a later section of this paper.)

A second major income source for trust funds is from the earnings received due to the location of mineral deposits on Indian lands. Between 1949 and 1966, Indian tribes received $542,727,159 in income from oil and gas and $27,628,357 from other minerals.[6] As in the case of Indian Claims Commission Awards, much of the income (60 to 70 percent) accruing from mineral deposits on Indian lands is distributed in the form of per capita payments.[7]

The Navajo tribe has benefited substantially from reserves of oil and gas on reservation lands. More than $80 million obtained from these minerals has been placed in tribal trust funds. Another Indian group which has placed most of their mineral income in trust funds is the Tyonek Band of the Tlingit and Haida Tribes. In 1966 and 1967 this band received $14.4 million in mineral royalties and "bonus bids."

## Investment of Indian Tribal Trust Funds

An act of January 9, 1837, provided that the Secretary of War should invest all money on which the United States had obligated itself to pay interest to the Indians. When the Department of the Interior was created in 1849, the control of Indian funds was transferred to the head of that Department. Owing to the lack of money in the Treasury, the capital of all funds was not invested for some years, Congress making an annual appropriation for the payment of the interest, but apparently by the late 1850's, money was available to invest the principal.[8]

In general, the funds were invested in United States or State bonds and railroad securities. By the act of June 10, 1876, the custody of the bonds was transferred to the Treasurer of the United States, who was authorized to make all purchases and sales of bonds and stocks, but the control of the investment remained with the Secretary of the Interior. In 1880, the practice of retaining the money in the Treasury was begun, a permanent indefinite appropriation being made to pay the interest prescribed by treaty or statute. As the bonds became due

[6] Calculated from Henry W. Hough, *Development of Indian Resources* (World Press, 1967), p. 118.

[7] The Osage Tribe in Oklahoma has distributed approximately $120,000,000 from mineral income in per capita payments during 1949–66. For further information see Hough, *Development of Indian Resources, op. cit.*, p. 120, and *The Osage People and Their Trust Property*, a Field Report of Bureau of Indian Affairs, Anadarko Area Office, Osage Agency, April 1953.

[8] Schmeckebier, *op. cit.*, p. 191.

the proceeds were deposited in the Treasury and by June 30, 1898, the last had been disposed of.[9]

Since 1818, the tribal trust funds deposited in the Treasury have drawn 4 percent simple interest, which is placed in a separate interest account. (See table I.)

Beginning in July 1966, the Bureau of Indian Affairs, in consultation with the tribes initiated a program for increasing the rate of return by channeling tribal trust funds into improved investments, in Government securities and commercial bank certificates of deposit which are secured by bond or commercial collateral, approved by the Treasury Department. The rate of return on these investments has been 5 to 6 percent (see table III) thus increasing by over $2 million the earnings for participating tribes.

In September 1968, Indian tribes had $157 million in tribal funds on deposit in various banks, plus an additional $10 million in Treasury securities. Since tribal funds totaled about $300 million in 1968, this indicates that slightly less than one-half the tribal funds remained on deposit in the Treasury.

TABLE III.—APPROVED INVESTMENTS, SELECTED TRIBES

| Name of tribe | Type of investment | Amount invested | Rate of return (percent) |
|---|---|---|---|
| Tlingit and Haida | Certificates of deposit | $5,500,000 | 6.25 |
| Do | Treasury bills | 1,051,000 | 5.55 |
| Navajo | Certificates of deposit | 39,987,832 | 5.90 |
| Do | Treasury notes | 8,067,500 | 5.50 |
| Do | Treasury bonds | 181,500 | 4.00 |
| California Indians | Certificates of deposit | 27,897,501 | 5.50 |
| Ute Mountain | do | 10,000,000 | 6.25 |
| Do | Treasury bonds | 197,000 | 4.00 |
| Mescalero Apache | Certificate of deposit | 5,933,016 | 5.70 |
| Creeks | do | 4,772,916 | 5.70 |
| Utes (Utah) | do | 6,925,000 | 5.65 |

[1] Weighted average of several certificates of deposit, Treasury bills, notes, and bonds.

Source: U.S. Bureau of Indian Affairs, "Investments as of Sept. 30, 1968," unpublished tabulation provided by Assistant Commissioner of Indian Affairs Norwood, November 1968.

Indian tribes do not always purchase certificates of deposit from banks which pay the highest interest rate. For example, one tribe in Montana purchased certificates of deposit paying 5 percent interest at a local bank although out-of-State banks were willing to pay as much as 6¼ percent. The tribal leaders preferred the local bank because they felt that a substantial deposit would make the bank more amenable to extending loans to individual tribal members.

## Other Investments

Several Indian tribes, with the supervision of the Bureau of Indian Affairs, and in consultation with private financial analysts, have begun to invest some of the funds, which were previously deposited in the Treasury, into common stocks and mutual funds.[10] Although there are little data available on the magnitude of these investments, the Navajo tribe has been the most active. The tribe has recently established a $10 million educational fund with money invested in common stocks and mutual funds.[11]

It is likely that investments of this type will increase over time. Not only is the Bureau of Indian Affairs more flexible regarding the kinds of income earning assets which may be purchased, but the increasing financial sophistication of some tribal leaders is creating a desire that these tribal funds earn the highest rate of return possible.

[9] During the period in which the funds were invested, the Government lost a considerable sum through the embezzlement of bonds valued at $890,000 from the Interior Department in the early part of 1861, and through the default in payment of interest on others amounting to $1,247,666. Practically all of the bonds in default were those of States which seceded in 1861, although Arkansas had never paid interest on a refunding issue of 1842 for the amount due at that time for principal and interest. In 1862, an appropriation was made to place $600,412 to the credit of certain tribes in lieu of the bonds that had been stolen. In 1894, the investment account was finally closed by reimbursements of $83,000 on account of stolen bonds and of $1,247,666 on account of bonds not paying interest. In addition to the principal sums mentioned above, enough money was appropriated each year to pay the interest.



## Some Policy Implications

The existence of several hundred million dollars in tribal trust funds under the guardianship of the Bureau of Indian Affairs (via the Secretary of the Interior) raises some important questions concerning Federal Indian policy. First, is the Bureau, as legal guardian of these funds, following a prudent course regarding investment of tribal moneys? Second, should the Federal Government be in the position of guardian (in effect telling the Indians what to do with their money?)[12] Third, what use is being made of these funds to assist the economic development of the tribes?

It would appear that in recent years the Bureau of Indian Affairs has made a determined effort to secure the highest rate of return possible on tribal trust funds that is consistent with a policy of low risk of capital loss. Moreover, the Bureau is increasingly willing to allow tribes to invest funds in stocks and mutual funds utilizing the advice of private investment consultants.[13]

Thus, given the fact that the Bureau of Indian Affairs seems to be doing a competent job regarding financial management of the Indian trust funds, is it in fact serving the long term interests of the tribes by continuing in this role?

There are several arguments which can be made in favor of continuing the guardianship role of the Bureau of Indian Affairs vis-a-vis Indian trust funds. First, because of the low level of schooling of most reservation Indians, including tribal officials, it is likely that they would lack the financial sophistication to make wise investments. Moreover, without Federal supervision, unscrupulous investment consultants would be able to take advantage of the tribal leaders. It is likely that this argument was quite valid in earlier years when illiteracy was high among reservation Indians, and relatively few spoke English. With the rapid increase which has taken place in the level of education of reservation Indians since 1940, the argument clearly has less weight than previously.

A second reason for continuing guardianship is that most tribal leaders prefer this arrangement since it frees them from the respon-

[10] The Bureau of Indian Affairs does *not* recommend which stocks to buy or in which mutual funds the tribes should invest their funds. However, the Bureau does determine whether or not the financial advisors utilized by the tribe are capable. Moreover, the Bureau does hold a veto power over whether the monies can be transferred from one type of earning asset into common stocks or mutual funds; or if the income has just been realized, whether or not it can be invested in stocks or mutual funds.

[11] Interview with Assistant Commissioner of Indian Affairs Norwood, November 1968.

[12] Not only must all investments of trust funds be approved by the Bureau of Indian Affairs (in practice most tribes leave it to the Bureau to invest the money for them), but major expenditures of monies from the trust funds must be approved by the Secretary of the Interior.

[13] One could not expect the Bureau of Indian Affairs to purchase stocks or mutual funds for the tribes since this would put the Government in the position of seeming to believe that some companies are better investment prospects than others.

sibility of having to worry about developing an adequate investment program. While the argument may be correct, it could be used to support a system of *voluntary* guardianship instead of *compulsory* guardianship. That is, those tribes who wish to have the Bureau of Indian Affairs manage their funds could continue to do so, while those who wish to manage their own funds could sever the present relationship.[14]

Perhaps the most important argument which can be made against the present arrangement is that the money is the property of the Indians and, as such, they should be able to control its consumption or investment. Thus, if a tribe through a special referendum or through elected officials decided to invest the money in a project which Government officials felt had little chance of returning the original investment, the decision should still remain with the tribe. On the other hand, the trust fund is the principal asset of many tribes, and the dissolution of this property as a result of bad investments would leave the tribe destitute.[15] Since this is a possibility, it can be maintained that the financial disaster which could befall Indian tribes if bad investments were made is a mistake which the Government in good conscience cannot allow the tribes to make.

On the whole, the Bureau of Indian affairs is maintaining a paternalistic role in regard to management of tribal trust funds. By continuing to serve as the master banker for the Indian tribes, it is perpetuating a system of indefinite dependence by the tribes on the BIA. Since one of the goals of the present Commissioner of Indian Affairs is to increase the self-sufficiency of the Indian tribes, it is clear that this objective cannot be fully accomplished by permitting the Bureau to continue as guardian of the tribal trust funds. This point, while certainly valid in theory, does not have to be as valid in practice. If the Bureau of Indian Affairs allowed those tribes, which desired to do so, to work out their own investment and expenditure plans (as they are doing with the Navajos), using private consultants with little or no interference from the Bureau, then it could be maintained that for those tribes the Federal government vis-a-vis the tribal funds would be guardian in same only.[16]

A final point which must be made in consideration of Federal policy regarding Indian trust funds is that they must be seriously considered in any future discussion of possible termination of the Indian tribes. If it is felt that a tribe cannot do an effective job of managing its trust funds, the Government, *for that reason alone*, would be committing a serious policy error if it went ahead with termination proceedings without attempting to secure competent nongovernmental investment counseling for the tribe.[17]

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[14] Not all tribes wish to have the Bureau continue their role as guardian of the trust funds. The author interviewed several Indian leaders who expressed resentment at the present state of affairs

[15] Many tribes with little or no current income have received settlements from the Indian Claims Commission. These settlements are used to create the tribal trust fund. Other tribes have substantial current income so that possible business losses could be replaced.

[16] While it is true that paternalism is minimized if the Bureau of Indian Affairs authority is used actively, discretionary limitations of power can often be temporary, particularly if there is a frequent change in the Commissioner of Indian Affairs.

[17] The Menominee's of Wisconsin and the Klamath's of Oregon, two tribes that were terminated in the 1950's, suffered severe depletion of individual and tribal assets after Bureau supervision was ended.



## Trust Funds and Economic Development

During 1966, the Indian tribes invested $58 million of their own funds in economic development projects, including $12 million in reservation industry.[18] However, a major portion of Indian financial resources, including current income, is either distributed in per capita payments or deposited in banks or the Treasury. Thus, many tribes have declined to commit a significant portion of their financial resources to economic and industrial development. There are several reasons for this. First, the majority of tribal leaders are relatively untrained in matters of business and finance and are understandably reluctant to commit funds to tribal enterprises which would likely have to be managed and operated by non-Indians.[19] Very few Indians have had any experience operating a business especially a large scale one.

Second, on some reservations, Indians have divided themselves into factions with respect to the distribution of tribal income or the allocation of trust funds. One group may insist on dividing the income among members of the tribe by means of a per capita payment. This is especially true among older Indians who may not be interested in possible long-term gains which could perhaps be realized by investing the money in industrial development.[20]

Another group may wish to spend the money on improvement of human resources through expenditures for higher education and through investment in employment-creating and income-earning projects. Often no action is taken and the money remains on deposit in the Treasury or in banks.[21] This is because tribal leaders prefer to reach a consensus of opinion before a decision is made. If a consensus cannot be attained, the decision is postponed.

A third reason that a larger fraction of tribal funds is not committed to economic development is that it is not clear whether the rate of return from business or industrial development projects would be greater than the rate of return from investment in Treasury certificates or time deposits. This position receives some support from the various industrial feasibility studies undertaken by the Area Redevelopment Administration and the Bureau of Indian Affairs which indicate that in most cases the expected rate of return would be low.

However, this approach can be criticized as short-sighted. The biggest problem on an Indian reservation is unemployment; there is a great need to put people to work. Thus, for tribes with several million dollars in trust or bank deposits, investment in economic development

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[18] U.S. Bureau of Indian Affairs, "Indian Affairs, 1966, A Progress Report from the Commissioner of Indian Affairs" (Washington, D.C., 1966).

[19] Most of the industrial feasibility studies done on Indian reservations in the 1960's recommended that management initially be non-Indian.

[20] Moreover, if annual incomes are extremely low, pressure for per capita payments will also come from younger members of the tribe.

[21] A Northwest tribe recently received a $600,000 award for a claim before the Indian Claims Commission. However, because of internal strife between tribal members as to the disposition of this award (many insist on per capita payments), it may be years before a decision is reached.

projects with low rates of return would be preferable to the mental and physical degeneration which results from prolonged unemployment.[22] Long run human resource development is superior to the short run interest earnings being derived at the present time.

It is not clear what portion of the blame BIA deserves for the fact that so small a portion of the tribal trust funds have been used for economic development. If the tribes wish to retain their funds in banks or the Treasury, it might appear that the Bureau, as guardian, has no business trying to convince the tribe otherwise. However, if the tribes desired to withdraw substantial amounts from the trust funds and were prevented from doing so because of opposition by the Bureau to the project, then it would appear that the latter could be shortsighted. There is no evidence that the Bureau has ever prevented a tribe from using its trust funds for development; in fact, several tribes such as the Navajo have used tribal funds for such purposes. However, there is no evidence that the Bureau has ever *Encouraged* the tribes to use their funds for development. It appears that the Bureau has taken a narrow view of its guardianship role concerning tribal funds; that is, to obtain the highest rate of return with a minimum of risk. Since development projects may deviate from this objective, they are not encouraged.

Those tribes with several million dollars in tribal trust funds should be encouraged to use some of these funds for development purposes (25 tribes have over $1 million in tribal trust funds with five tribes having over $5 million) in projects planned jointly by the tribe and the Bureau of Indian Affairs (or by the tribes exclusively). If the tribes fail to show interest, then the Government would at least have the satisfaction of knowing that it was not the latter's shortsightedness which was the stumbling block to development.

Because of the unequal distribution of trust funds among the tribes, there is great variation in their ability to finance development by utilizing these funds as a source of capital. For example, the Navajo with $80 million in tribal funds, have aided reservation development by construction of water and sewer lines through electrification (at tribal expense) of the more remote parts of the reservation, by subsidization of industry, and through the operation of tribal enterprises, including a forest products industry and tourist facilities.

However, the Pine Ridge Sioux, with 12,000 members is wholly dependent on outside financing. The tribe has only $58,000 in trust funds. Geological surveys indicate that the reservation may be favorably situated regarding oil and gas potential. If commercial exploitation were undertaken, the tribe would be able to utilize the accrued revenue for development.

### ECONOMIC DEVELOPMENT AND PER CAPITA PAYMENTS

It was pointed out above that the bulk of the income derived from reservation mineral wealth and a large fraction of the awards from the Indian Claims Commission have been distributed in the form of per capita payments. There are several reasons why this policy is questionable.

[22] Thus, the Navajo Indian Tribe has invested millions of dollars in public works project and additional funds in tribal enterprises with low rates of return because without these expenditures, jobs on some parts of the reservation would be nonexistent. However, if the *Government* were willing to make reasonable outlays to develop a reservation infrastructure, including public works projects, then it would not be as necessary for the tribes to utilize their trust funds for this purpose.



First, distribution of tribal assets in the form of per capita payments eliminates the opportunity to utilize the money for long-term reservation development. Since incomes of individual tribal members are frequently very low, personal saving can make little or no contribution to reservation development. Thus, the "exogenous" sources of income (minerals or awards by the Indian Claims Commission) are frequently the only possible sources of development capital.

Second, many Indians, who are unable to find suitable employment on the reservation, are nevertheless reluctant to leave because they do not want to miss a per capita payment.[23] From an economic standpoint this is irrational. Not only do many tribes give per capita payments to those who have left the reservation, but even if this were not the case, the economic sacrifice of remaining on the reservation (in terms of income lost) could seldom be made up by a one-time per capita payment which rarely exceeds $3,000.

Finally, because of the traditional poverty of the reservation Indian and the concomitant low levels of schooling, many of these individuals do not know how to manage large sums of money effectively. This problem is made worse by the high pressure salesmanship of non-Indian merchants who flock to the Indians with their wares as soon as a large per capita distribution is made.[24]

On the other hand, since the money belongs to the various tribes, they should have the right to decide its allocation. Thus, if the majority of tribal members wish per capita payments, shouldn't this decision be a guide to policy? Congress has been especially sympathetic to this view and has usually permitted per capita distribution of Indian Claims Commission awards if the majority of tribal members favor them. Similarly, the Secretary of the Interior has permitted per capita payments from current mineral income.

While the poverty of the reservation Indian no doubt creates a strong desire to realize immediately through per capita payments the benefits of an Indian Claims Commission award or other income, many would argue that the claims of future generations should also be considered. Thus, the Government should be as concerned about succeeding generations of Indians as today's Indians. If this is true, then it may be a wise policy to only pay out a portion of an Indian Claims Commission award or mineral income in the form of per capita payments reserving the remainder for other purposes.

While from the viewpoint of economic development, a strong case can be made for discouraging or limiting per capita payments, it is most important in the long run to leave the decision regarding investment or consumption of trust funds or current tribal income to the tribes. Ideally, the Federal role shoud be restricted to informing the tribe of the consequences of alternative decisions. To insure that Indian leaders would be able to evaluate this advice effectively, courses in financial and business management should be made available to tribal leaders, either as part of an expanded adult education program or through universities located near the reservations. These

Tribal membership has to agree, too

[23] Some tribes distribute per capita payments to all those individuals or the heirs of those individuals on the tribal roll as of a certain past date. Others, after the award of the Indian Claims Commission is finalized, draw up a tribal roll and distribute the money to those who are on the new roll.

[24] The best example of this is the Osage Indians in Oklahoma, some of whom bought new cars every time a per capita distribution was made (every 3 months). However, some of their par capita payments have been used for housing and education.

courses would not only permit the participants to evaluate advice (whether from private consultants or the BIA), but would give them the knowledge to plan, if they so desired, *their own development projects.*

## The Crow Family Plan

One of the more progressive distributions of an Indian Claims Commission award occurred in connection with the Crow Tribe in Montana. A total of $10,242,984 was awarded to the Crow Tribe in 1961. The amount remaining after deduction of attorney's fees was $9,238,500. The Crow Tribal Council, with the approval of the Secretary of the Interior, allocated the money as shown in table IV.

Under the plan each family received an average of $3,019.[25] The plan required that money could only be spent for capital goods, durable consumer goods or for personal improvement via, for example, expenditures on health and education. Each family was required to submit a detailed proposal for use of family plan funds to the Bureau of Indian Affairs, before moneys were released. Funds could not be used for automobiles, vacations, daily living expenses or to pay debts incurred prior to the approval of the family plan.

It appears that virtually all of the expenditures were restricted to goods which it was permissible to purchase. Thus, four-fifths of the funds were used for durable consumer goods such as additional rooms in homes or renovation of homes, household furnishings, and water and sanitation facilities. Occupancy decreased from an average of 2 persons per room to 1.2 persons, a reduction of 40 percent.[26] Most of the remaining outlay was for capital goods. These were mainly purchased by ranchers and included livestock, machinery, and equipment. A relatively small part of the funds were spent for education, health, medical and other personal improvement purposes. From all indications this program has worked well and could be emulated in those cases where there is strong pressure for per capita payments.[27]

TABLE IV.—FAMILY PLAN ALLOCATION OF FUNDS, CROW TRIBE

| Type of allocation | Dollars | Percent |
|---|---|---|
| 1. Per capita payment (winter relief measure) | 1,193,500 | 12.9 |
| 2. Family plan, $1,000 to each enrolled Crow | 4,336,000 | 46.9 |
| 3. Tribal land purchase plan | 1,000,000 | 10.8 |
| 4. Expansion of tribal credit program | 257,000 | 3.0 |
| 5. Competent lease loans | 1,000,000 | 10.8 |
| 6. Economic development of Crow Tribe | 1,000,000 | 10.8 |
| 7. Educational purposes | 200,000 | 2.2 |
| 8. Law and order | 100,000 | 1.1 |
| 9. Construction of tribal headquarters | 120,000 | 1.3 |
| 10. Unobligated funds | 14,000 | .2 |
| Total | 9,220,500 | 100.0 |

Source: U.S. Department of the Interior, Bureau of Indian Affairs, Missouri River Basin Investigations project, "Family Plan Program, Crow Reservation, Montana," May 1967, p 1 (mimeographed).

[25] U.S. Department of the Interior, Bureau of Indian Affairs Missouri River Basin Investigations Project, Billings, Mont., "Family Plan Program Crow Reservation Montana," May 1967, p. 2.

[26] Missouri River Basin Investigations project, *op. cit.*, p. 3.

[27] There is some evidence that a few families evaded the intent of the family plan by first purchasing durable goods and then after a short period selling them and using the money for unapproved purposes.



## Future Growth of Indian Tribal Trust Funds

It seems likely that the moneys held in trust for Indians by the Bureau of Indian Affairs will continue to grow but at a slower pace than recently. The docket has closed on the filing of claims before the Indian Claims Commission, and the Commission expects to have all claims settled by 1973. Thus, an important source of trust funds will be gone. Income from oil and gas has declined slightly from the peak levels of the late 1950's, but there are indications that some tribes are favorably situated with regard to oil and gas possibilities, such as the Standing Rock Sioux, the Cheyenne River, Rosebud, Brule, Crow Creek, Yankton, Pine Ridge Sioux, and several tribes in the Puget Sound area of Washington State.[28]

There will probably be a continuing decline in trust fund deposits in the Treasury as more of the funds are deposited in common stocks or certificates of deposit. If the rate of return on these latter assets continues to be much higher than the Treasury rate of 4 percent, then it is quite conceivable that virtually no Indian trust funds will be on deposit in the Treasury by the early 1970's.

Generally speaking, the possibility of utilizing tribal income and trust funds for reservation development remains unexplored. To encourage the use of these funds as a source of development capital, the BIA could plan with each tribe a description of the tribe's long-term goals with respect to outmigration, political evolution, and economic and social development. Included with the description of tribal goals would be an indication of what assets are on hand, and what additional funds are needed to reach the goals in the intermediate future (25 to 30 years). This type of planning would permit assessment of the year-by-year accomplishments and needs of each tribe relative to its own goals as well as the required Federal contribution to accomplish this purpose.

[28] Hough, *Development of Indian Resources, op. cit.*, pp. 128–129.