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**DEPARTMENT OF THE INTERIOR AND RELATED  
AGENCIES APPROPRIATIONS FOR 1974**

T-1158

**HEARINGS**

BEFORE A

**SUBCOMMITTEE OF THE  
COMMITTEE ON APPROPRIATIONS  
HOUSE OF REPRESENTATIVES**

**NINETY-THIRD CONGRESS**

**FIRST SESSION**

**SUBCOMMITTEE ON DEPARTMENT OF THE INTERIOR AND  
RELATED AGENCIES**

**JULIA BUTLER HANSEN, Washington, *Chairman***

**SIDNEY R. YATES, Illinois**

**JOSEPH M. McDADE, Pennsylvania**

**GUNN MCKAY, Utah**

**WENDELL WYATT, Oregon**

**CLARENCE D. LONG, Maryland**

**VICTOR V. VEYSEY, California**

**FRANK E. EVANS, Colorado**

**J. DAVID WILLSON and BYRON S. NIELSON, *Staff Assistants***

**PART 4**

**Bureau of Indian Affairs  
Indian Claims Commission  
Indian Health Service  
National Council on Indian Opportunity  
Territorial Affairs**



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## HEADSTART PROGRAM AND YOUTH CORPS

Will the Headstart program be continued?

Mr. JOHNSTON. That will be continued, and may even be at a slightly higher level.

Mrs. HANSEN. Your Neighborhood Youth Corps?

Mr. JOHNSTON. The problem with that, Madam Chairman, is this is a very valuable program to us, and the young people from Micronesia are trained in Hawaii, and also some from Guam. As we understand it, the Job Corps training center in Hawaii, if it is declared a local or State Job Corps training center, we will immediately lose this whole program.

Mrs. HANSEN. So the status is indeterminate.

Mr. JOHNSTON. If it can be declared a national or regional training center, which we hope it will be, then the program will continue, so it is right up in the air at the present time.

Mrs. HANSEN. The Emergency Employment Act will be phased out?

Mr. JOHNSTON. Yes, ma'am, and the public service career program phases out at the end of this fiscal year.

## NATIONAL SCIENCE FOUNDATION

Mrs. HANSEN. Will the National Science Foundation program be continued?

Mr. JOHNSTON. It should continue.

Mrs. HANSEN. What are they working on?

Mr. JOHNSTON. I am afraid we would have to supply that for the record. I really don't know.

[The information follows:]

## NATIONAL SCIENCE FOUNDATION PROJECT

The National Science Foundation is providing \$15,000 during fiscal years 1973 and 1974 for the Palau Mariculture Center under sea grants for work on marine resources demonstrations.

## ENVIRONMENTAL PROTECTION AGENCY

Mrs. HANSEN. Will the Environmental Protection Agency be continued?

Mr. JOHNSTON. It is our understanding that that will continue.

Mrs. HANSEN. I am sure it would.

Mr. JOHNSTON. Yes, ma'am.

## PEACE CORPS

Mrs. HANSEN. \$1,014,000 was available for the Peace Corps in fiscal year 1973. How many Peace Corps people do you have?

Mr. JOHNSTON. About 228.

Mrs. HANSEN. Will that continue at the same funding level in fiscal year 1974?

Mr. JOHNSTON. It is our understanding that it will continue at approximately the same level.

Mrs. HANSEN. About 200 of them you said are participating in education.

Mr. JOHNSTON. Yes, ma'am.

Mrs. HANSEN. What are the duties of the other 28?

Mr. JOHNSTON. The others are in various fields such as architects, engineers, agricultural specialists, hospital technicians, dental assistants, home economics, and so on. Our projection shows a figure of 231, of which 172 would be in education.

## CLOSING REMARKS

Mrs. HANSEN. Thank you very much, Mr. Johnston and Secretary Carpenter. I wish again to express the committee's appreciation to Representative Setik, your district administrator, and the other Micronesians who have come today to participate in the hearings. You have done a very good job of reviewing the current situation and your fiscal difficulties.

Mr. McDade.

Mr. McDADE. Thank you, Madam Chairman. I want to join you in commending the Governor and the members of the Micronesian Congress who were kind enough to be with us. We very much enjoyed your presentation as we always do. They were very well presented and we thank you for coming.

Mr. JOHNSTON. It has been a pleasure appearing here again this year, Madam Chairman.

Mrs. HANSEN. It is always a pleasure to welcome our South Pacific neighbors.

Mr. JOHNSTON. We always appreciate the consideration you give us and your friendly and helpful attitude.

MONDAY, APRIL 9, 1973.

## BUREAU OF INDIAN AFFAIRS

## WITNESSES

MARVIN L. FRANKLIN, ASSISTANT TO THE SECRETARY FOR INDIAN AFFAIRS

WILLIAM L. ROGERS, DEPUTY ASSISTANT SECRETARY—INDIAN AFFAIRS

HOWARD NELSON, ENGINEERING ADVISER

JAMES E. HAWKINS, DIRECTOR OF EDUCATION PROGRAMS

EDWARD G. MARICH, ADMINISTRATIVE OFFICER, EDUCATION PROGRAMS

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JOHN P. SYKES, DIRECTOR OF FISCAL PLANS AND MANAGEMENT

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K. K. YOUNG, BUREAU OF RECLAMATION

FRANCIS M. WILES, DIRECTOR OF BUDGET, OFFICE OF THE SECRETARY

MRS. PATRICIA DONNELLY, PROGRAM OFFICER FOR ENGINEERING

JOHN CARMODY, CHIEF, DIVISION OF SCHOOL FACILITIES

Mrs. HANSEN. The committee will come to order.

This morning we have the Bureau of Indian Affairs. We have as

## ROAD CONSTRUCTION

Regarding the schoolbus routes on the Fort Totten Reservation adjacent to the town of Devils Lake, N. Dak., the Bureau has realized the need for upgrading the roads on the Fort Totten Reservation, especially the schoolbus routes. These routes are receiving top priority by the tribal council on the reservation. The Bureau's plans for road construction in fiscal year 1974 are for grading and draining 1.5 miles and applying a bituminous surface to 17.6 miles of the East-West Road for approximately \$364,000. Also, the fiscal year 1975 tentative road construction program on the Fort Totten Reservation is to apply an additional 1.5 miles of bituminous surfacing to the East-West Road for \$60,000; and applying a bituminous surface to the St. Michael Road of 2.7 miles for \$110,000.

## SCHOOL CONSTRUCTION PROGRAM

Mr. WILES. If I may say something about the school construction program. I believe it was in 1962 when I was working for the Bureau that we came in with a supplemental of \$20 million to step up the school construction program. This committee and the Senate committee allowed it. Ever since that time, with the help of this committee and the Senate committee, we have been getting sizable amounts for construction, so this administration, the one before this, and the one before that, with the help of both committees, has greatly improved Indian school facilities. While we still have out-of-date facilities we have improved them greatly during that period of time. We have built many new schools and replaced many dilapidated schools.

Mrs. HANSEN. I want to make it plain that this committee has not been remiss in any of the fields—economic development, housing, education, health. In 1960 the health funds were very small. The committee has increased them some three times over the years. We have had continuing add-ons. The same is true with school funds.

The very fact is we had about 800 youngsters in college in 1960 and today we have 13,500 planned under the scholarship program. This is an indication of how far we have come.

Also you will find we have had a betterment in Indian employment in the BIA.

We now find ourselves faced with all the public school demands. When one Member of Congress submits requests for seven public schools, I can foresee we will be funding all the public schools in his district. This has complicated the picture of school construction.

## BIA INVESTMENT OF INDIAN TRUST FUNDS

Mr. EVANS. Speaking of funds and shortage of funds, I noted that last year in April the GAO issued a report which was critical of the manner in which the BIA was investing Indian trust funds. Could someone here tell the committee what action, if any, has been taken? First, did you agree with this criticism? If so, what changes have occurred in the policies of investing these funds?

Mr. FRANKLIN. It would be well to look back further than that when the only action taken by the BIA was in the investment of tribal funds in the Treasury of the United States. It was about 8 years ago that the Bureau made a concerted effort to attempt to find a better form of investment for the funds owned by tribes and devised a program which, with the concurrence of the tribal council, those funds could be placed in financial institutions where the backing was by a

Federal agency and as a result changed the rate from 4 percent up to 6 percent and sometimes 6½ percent. That has been a trend.

I wanted to lay that up as a background. I will let someone more knowledgeable explain where the program is today.

Mr. SYKES. I don't think we did agree with all the findings of the GAO. I think we have answered that. I don't have the report with me but we didn't quite agree with them on all that they mentioned in that report.

## IMPROVEMENT OF INVESTMENT PROCEDURE

We do at the present time have various improvements shown in the investment procedure. Right now we have \$447.8 million of tribal funds invested. The per annum earnings for those funds is \$28.9 million. Average return is around 6.46 percent. Those earnings break down into about \$79,000 a day earned for the tribes.

We are servicing about 105 tribes through this process. We estimate that serves about 150,000 individual Indians.

As a case in point, this money which has been appropriated and not yet paid under the Alaska Native claims bill, we fought for a long time with Treasury in the fact those are tribal funds and could be invested. As a result of that as of March 31, there have been over \$2 million in accrued interest earned from that money which has been appropriated in the past few years up until the time it will have to be paid out to corporations.

Mrs. HANSEN. Congress itself is to blame for part of the lack of return. If we don't promptly expedite this judgment money there is a cost—a lack of interest going to the tribe. Is that correct?

Mr. SYKES. That is right.

Mrs. HANSEN. For every day we delay in the appropriations it is costing the Indians interest money. Congress should shoulder part of the blame.

Mr. SYKES. There is one other item I should have pointed out. The safety of our investments is 100 percent. They are 100-percent guaranteed. Every banking institution we deal with has to put up a guarantee of 100 percent for the money invested. We do this out of the Albuquerque office. We have three or four people in constant contact with banking institutions throughout the United States.

I also would like to point out this is not done without the specific consent of the tribe or the specific request of the tribe. There are other funds which could be invested but it is entirely up to the tribe as to whether they want us to handle it. These are guaranteed investments. This return is perhaps lower than if we were in a speculative market but it is guaranteed.

Mr. WILES. All these investments have to be guaranteed as to principal and interest. The bank has to put up Government securities to cover the investments.

Mr. SYKES. It has been speeded up. Once Congress appropriates this we had a cumbersome system up to a couple years ago. It took up to 45 days to get the money so we could invest it. We have gotten it down to where it is done within a period of 3 or 4 days once the appropriation is made.