

# **BUDGET** The United States Department of the Interior **JUSTIFICATIONS**

and Performance Information  
Fiscal Year 2016

## **OFFICE OF THE SPECIAL TRUSTEE FOR AMERICAN INDIANS**

NOTICE: These budget justifications are prepared for the Interior, Environment and Related Agencies Appropriations Subcommittees.

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**DEPARTMENT OF THE INTERIOR  
OFFICE OF THE SPECIAL TRUSTEE  
FOR AMERICAN INDIANS  
BUDGET JUSTIFICATION FOR FISCAL YEAR 2016  
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**Executive Summary**

## Executive Summary

The Congress has designated the Secretary of the Interior as the trustee delegate with the responsibility for approximately 55 million surface acres of land, 57 million acres of subsurface mineral interests, and \$4.9 billion held in trust by the Federal Government on behalf of American Indians and Indian tribes. The Office of the Special Trustee for American Indians (OST) has operational responsibility for financial trust fund management, including receipt, investment, and disbursement of Indian trust funds and for real estate appraisals on Indian trust lands. Trust fund operations entail management of nearly \$4.9 billion held in about 3,300 trust accounts for more than 250 Indian Tribes and over 397,000 open Individual Indian Money accounts. Trust fund balances result from judgment awards, claims settlements, land-use agreements, royalties on natural resource use, other proceeds derived directly from trust resources, and financial investment income. Four programs within OST Operations execute core elements of OST's responsibilities: Field Operations, Office of Appraisal Services, Trust Services, and the Office of Historical Trust Accounting. Two programs provide support to these core elements: Business Management and Program Management.

Field Operations is the primary point of contact for trust beneficiaries (Tribes, individual Indians, and Alaska Natives) seeking information and services in conjunction with their trust assets. Field staff assists beneficiaries on a daily basis throughout Indian Country regarding all aspects of their accounts, as well as providing other trust asset information, such as statutory or regulatory changes affecting trust asset management. Field Operations plays a key role in leading the Department's outreach efforts to beneficiaries including staff attendance at tribal/community meetings, disseminating information about the Land Buy-Back program, operating a Trust Beneficiary Call Center (TBCC), and conducting financial skill education for Tribes and Individual Indian Money (IIM) account holders throughout Indian Country.

The Office of Appraisal Services (OAS) is responsible for the Indian lands valuation program, which was established to provide impartial estimates of opinions of value for specific types of real property interests held or owned in trust or restricted status for Indian Tribes, individual Indians, and Alaska Natives. OAS's responsibilities also include valuation of fractionated interests in trust lands that are being purchased from willing sellers as part of the Land Buy-Back program, as established according to the terms of the *Cobell* Settlement.

Trust Services is responsible for all fiduciary accounting activities, liquidity investments, reconciliation, and financial reporting related to the individual Indian, Alaska Native, and tribal trust funds under management by the Department.

Historical accounting of Tribal Trust and IIM accounts is accomplished by OST's Office of Historical Trust Accounting (OHTA). OHTA also provides litigation support resulting from the settlement of *Cobell v. Salazar* and other tribal lawsuits in coordination with the U.S. Department of Justice. In FY 2014, 50 cases filed in various federal courts against the Department by Indian Tribes, or individual Indians alleging breaches of fiduciary trust duties are pending. OHTA also works to resolve the ownership of residual balances in special deposit accounts and distribute account balances to Tribes, individual Indians, and non-trust entities.

Business Management and Program Management perform a myriad of functions supporting OST’s core functions and ensure compliance and alignment with Federal, Departmental, and OST policies. Business Management is responsible for the OST budget and its execution, finance, procurement and other administrative functions such as property space, and the charge card program; all aspects of information technology; internal and external communications; Public Law 93-638 self-governance activities; delivery of training via agreement with DOI University; and human resource services via contract with the Bureau of Safety and Environmental Enforcement. Business Management also provides funding for the office of the Chief of Staff, which supports the offices of the Special Trustee and the Principal Deputy Special Trustee.

Program Management includes oversight of the independent auditing of Indian fiduciary trust programs as well as a comprehensive program to identify and mitigate risk. Management and operation of the American Indian Records Repository also falls within Program Management. Tangent to the management of records, the program is responsible for the development of records management policies, and provides records management training and support services to OST and the Bureau of Indian Affairs (BIA).

**Total 2016 Budget Request**

*(Dollars in Thousands)*

<b>Budget Authority</b>	<b>2014 Actual</b>	<b>FY 2015 Enacted</b>	<b>2016 Request</b>
Current	139,677	139,029	142,978
Permanent	73,994	81,286	83,876
<b>Total Current and Permanent</b>	<b>213,671</b>	<b>220,315</b>	<b>226,854</b>
<i>FTEs</i>	<i>578</i>	<i>638</i>	<i>655</i>

Note: Current budget authority represents operating funds appropriated annually by Congress to the Office of the Special Trustee. Permanent budget authority represents certain funds held by DOI on behalf of Indian Tribes, some of which will be transferred to Tribes provided certain conditions are satisfied, and are considered U.S. Government funds.

**2016 Budget Highlights**

The OST FY 2016 discretionary budget request of \$143.0 million includes: program increases of \$3.8 million for three programs, a reduction of \$972,000 for the Office of Historical Trust Accounting, and fixed cost increases of \$1.0 million resulting in a net request that is \$3.9 million above the FY 2015 enacted budget.

OST continually assesses ways to improve the quality of services to beneficiaries and deliver them most effectively and efficiently. Recent reductions in the OST budgets reflect the significant cost savings achieved by OST through improved efficiencies. The FY 2016 budget requests an investment in OST’s core functions and the expansion of a records training program. This request contains practical strategies to address long-standing concerns in Indian Country, support economic development, and reduce future Departmental costs. The requested funding increases are directed to three areas:

- 1) +\$1.6 million to stem the growth of land fractionation and the number of Trust beneficiary estates requiring probate by providing additional estate planning opportunities to Indian Trust beneficiaries. The expedient transfer of financial assets to the next generation is fundamental to long-term economic development in Indian Country.
- 2) +\$1.2 million for an appraiser training program to address the shortage of qualified appraisers and the resulting delays in completing appraisal evaluations. The funding will also provide employment opportunities as appraiser trainees at OST to 12 Native Americans in Indian country. The availability of licensed Native American appraisers and the ability to assess the value of trust assets in a timely manner are key components in the probate process.
- 3) +\$1.02 million to fund expansion of the records training program at Haskell Indian Nations University (HINU) and create new records training programs at two additional tribal colleges. This request includes funding for a small increase in staffing to implement the programs at the tribal colleges and to handle the increased workload related to the Departmental email Enterprise Records and Document Management System (eERDMS) initiative.

The proposed initiative to address probate reform with estate planning and an appraiser trainee program aligns directly with the Secretary's initiative on strengthening tribal nations and the White House Council on Native American Affairs priority for economic development. The Council's components of economic development include asset development, labor/workforce development, and financial literacy, all of which are directly or indirectly supported by the OST budget request.

Funding for the Office of Historical Accounting (OHTA) is reduced by \$972,000 in anticipation of a decrease in workload in FY 2016 associated with requests from the Solicitors Office (SOL) and the Department of Justice (DOJ) for litigation defense support for the Department.

## **President's Management Agenda**

The Department of the Interior supports the President's Management Agenda to build a better government, one that delivers continually improving results for the American people and renews their faith in government. OST is actively involved in the government-wide effort to bring forward the most promising ideas to improve government effectiveness, efficiency, spur economic growth, and promote people and culture. OST supports achievement of the President's Management Agenda objectives in these four pillars as described below:

- For the second year in a row, OST received an unqualified opinion for the Individual Indian Money (IIM) Trust Fund financial statements in the independent annual audit for FY 2014. Further, the FY 2014 audit report contained no notice of findings and recommendations. OST continues work to attain a clean audit on the tribal accounts, however, pending litigation deters auditors from issuing a clean audit.
- Developing and implementing enhancements to the Office of Appraisal Services Information System (OASIS) in FY 2014 and FY 2015 to allow the system to function as the tracking and scheduling

system for both routine OAS appraisals and the mass appraisals being performed for the Land Buy-Back program.

- Beginning in late FY 2014, OST commenced an initiative to consolidate its various financial education programs into one holistic platform. Future educational activities to empower Indian Country with financial skills will incorporate a life cycle approach. In an effort to positively impact the finances of Native families for generations to come, OST will investigate educational and experiential learning formats for the very young, which research suggests is a time when they are most receptive to adapting good financial habits. Education and skills training will continue through preparation for a post-secondary education, first time home purchase, budgeting, retirement savings and estate planning.
- OST's FY 2016 budget supports the Department's plan to build upon the Accountable Government Initiative through a set of integrated enterprise reforms designed to support collaborative, evidence-based resource management decisions; efficient Information Technology (IT) Transformation; optimized programs, business processes, and facilities; and a network of innovative cost controlling measures that leverage strategic workforce alignment to realize an effective 21<sup>st</sup> Century Interior organization. The FY 2016 President's Budget Request includes \$152,000 for OST's participation in the Department's IT Transformation efforts through the Department's Working Capital Fund. These funds will support IT Transformation project-level planning and coordination and the implementation of enterprise IT services.
- OST continues to identify and implement new strategies for increasing the efficiency of operations and reduce duplication of effort. OST continues to realize cost savings by partnering with BIA on trust policy development and implementation. Through partnership with the Office of the Secretary, both the Land Buy-Back Program and OST's Office of Appraisal Services anticipate capturing economies of scale for appraisals by applying the mass appraisal process used for the Land Buy-Back program to the routine appraisal work conducted by the OAS regional appraisers.
- As part of the Campaign to Cut Waste, OST achieved savings of \$2 million beyond the FY 2014 target and will continue to attain, or surpass savings targets through FY 2016. OST is controlling other administrative expenses by initiating internal controls requiring senior-level preapproval of conference-related spending and tracking/reporting funds spent on conferences. OST will limit publication and printing of hard copy documents, using other vehicles to effectively communicate necessary data for public consumption. As implemented with the FY 2014 President's Budget submission, OST will continue to incorporate its Annual Report to Congress in the FY 2016 Congressional budget justification.
- In support of the Administration's real property cost savings efforts, OST completed space consolidation in Albuquerque, NM in FY 2014, reducing leased space by 50 percent and saving approximately \$1 million per year in future lease costs. Further, OST will attain the Department's target of 180 square feet per person, and continue to find savings by investigating opportunities to co-locate with other entities within the Department.
- Conducting a detailed review of contractor functions performed in support of the Trust Fund Accounting System (TFAS) and negotiating a restructuring of functions to achieve cumulative savings of \$4.2 million over a four-year period. Savings will be redirected to enhance beneficiary services through the development of an eBanking service to provide Individual Indian Money (IIM) account holders with direct access to their account information.

- Collaborating with U.S. Treasury Department representatives to transition the printing and mailing of Trust Fund statements and checks from OST to the Treasury. As of the beginning of FY 2015, printing of beneficiary checks had transitioned to Treasury. Although the timing for the transfer of all printing and mailing is dependent upon Treasury's ability to implement interfaces to their systems, OST hopes to complete transition of these functions by FY 2016. Risks to OST, the Federal Government, and beneficiaries, are significantly reduced by transferring these operations to the U.S. Treasury. Additionally, the costs of maintaining duplicative equipment associated with this activity will be eliminated.

Please reference OST's 2014 Annual Report to Congress, included as the last section of this budget, for a more complete listing of accomplishments.

### **OST Strategic Plan 2014-2018**

In FY 2013, OST completed development of a Strategic Plan charting a path of continuous improvement as a result of effective planning and implementation through 2018. The plan focuses on five areas:

1. Provide superior fiduciary trust management.
2. Continue advancement of government-to-government relations with federally recognized tribes.
3. Effective historical accounting and support of dispute resolution/litigation.
4. Protection and stewardship of beneficiary trust assets through automation, technology, and employee participation.
5. 21<sup>st</sup> century workforce and work place.

OST's Strategic Plan aligns with the Department's Plan and generates costs savings and efficiency improvements over its five-year timeframe. In the summer of FY 2014, Congress confirmed the appointment of a new Special Trustee for the Office of the Special Trustee for American Indians. In line with the plan's focus on superior fiduciary trust management, the Special Trustee has initiated a comprehensive review of OST's investment policies, practices and protocols in FY 2015. This review will culminate in a report of findings and may include recommendations for future courses of action to assure that OST is making every effort to fulfill its fiduciary standard.

Progress in FY 2014 in the area of workforce development included delivery of a specialized supervisory and management development training for a cohort of participants that combined one-on-one coaching with focused learning exercises and small group feedback sessions over a period of five months. A second training class is scheduled in FY 2015. Several succession planning workshops were also conducted in FY 2014.

### **Public Law 111-291 - The Claims Resolution Act of 2010 Title I, Individual Indian Money Account Litigation Settlement**

The Individual Indian Money Account Litigation Settlement was finalized November 24, 2012. In addition to ratifying the Class Action Settlement Agreement resulting from the *Cobell v. Salazar* litigation, the Settlement authorized \$100 million for a Trust Administration Adjustment Fund for payment to Trust Class Members and \$1.9 billion for a Trust Land Consolidation Fund to purchase fractional interests in land within the respective jurisdictions of Indian tribes. The settlement also

authorized a Secretarial Commission on Trust Administration and Reform to conduct a comprehensive evaluation of the Department's management and administration of nearly \$4.9 billion in American Indian trust assets.

### **Trust Administration Adjustment Fund**

One outcome of the *Cobell* Settlement requires OST to establish supervised or restricted accounts for minors and individuals deemed *non-compos mentis*. As result, OST deposited \$55 million of the Trust Administration Adjustment Fund into 55,000 supervised accounts, including 39,000 Whereabouts Unknown (WAU) accounts. OST conducts extensive research to obtain the current mailing addresses and determine the ownership of the IIM account holders who are currently WAU. In FY 2014, OST updated an additional 17,652 accounts, allowing payment of nearly \$22.7 million to account holders whose locations was previously unknown. The costs associated with the additional workload have been, and will continue to be, absorbed within existing funding as the settlement did not provide for the administrative costs associated with OST's requirement to establish supervised or restricted accounts for minors, individuals deemed *non-compos mentis* and WAUs. (The settlement provided administrative funds only for the Land Buy Back Programs.) Implementation of the Settlement will continue to impact OST in FY 2016.

### **Trust Land Consolidation Fund**

The Land Buy-Back Program is managed out of the Office of the Secretary within the Department. Operational aspects of the Buy-Back Program are housed within OST and BIA; with OST determining land values and BIA performing the realty functions.

### **Secretarial Commission on Indian Trust Administration and Reform**

Authorized in the Settlement, the Commission presented its recommendations on potential improvements to the Department's current management and administration of its trust administration system to the Secretary in December 2013. In response to the Commission's recommendations, on August 20, 2014, Secretary of the Interior, Sally Jewell, issued Secretarial Order Number 3335: Reaffirmation of the Federal Trust Responsibility to Federally Recognized Indian Tribes and Individual Indian Beneficiaries. The secretarial order directs all bureaus and offices in the department to abide by seven guiding principles.

### **Secretarial Initiatives**

In early FY 2014, Secretary Jewell re-aligned the DOI strategic goals to guide and focus DOI's efforts in FY 2014 and beyond. The OST plays critical roles in the goals and strategies to Strengthen Tribal Nations and contributes to attaining objectives of the Administration's Management Agenda.

### **Strengthening Tribal Nations**

As Chairman of the White House Council on Native American Affairs, Secretary Jewell serves an important leadership role in working on behalf of the President across Executive Departments, agencies and offices to coordinate efforts in support of tribal self-governance and improved quality of life for Native Americans. The Administration's commitment to American Indians and Alaska Natives is reflected in this request.

OST operations directly support the strengthening of tribal nations through a variety of activities. Field Operations provides education to individuals, including youth, on financial skills training, and provides investment services to Tribes. Field Operations and the Trust Beneficiary Call Center (TBCC) staff serve as the primary point of contact for trust beneficiaries in conjunction with their trust assets, providing assistance and information regarding their accounts, receipts, disbursements, probate processing, leasing, and statutory or regulatory changes.

OST's increase request for field operations includes funding for an initiative to deliver estate-planning services that ultimately will reduce fractionation and probate costs while expanding opportunities for beneficiaries to more timely control the distribution of trust assets upon their death, and thus support self-determination. The proposed initiative addresses the increasing administrative costs of Indian Trust probate and reduces fractionation by providing meaningful estate planning options to Indian Trust beneficiaries. Four complimentary components of the increase request include:

- 1) Funding third parties for legal services during estate-planning campaigns to facilitate beneficiaries' execution of wills; it is estimated that 65 percent of the wills executed will result in reductions in fractionation.
- 2) Streamlining the gift deed process to provide Trust beneficiaries a straight-forward tool allowing transfer of property to beneficiaries free of probate while retaining the use and benefit from any income derived from the property during his or her lifetime.
- 3) Using the American Indian Probate Reform Act Family Limited Partnerships Pilot Project to explore the use of legal entities to efficiently manage interests in trust property.
- 4) Developing Transfer on Death Beneficiary Designations to allow non-probate transfers of Indian Trust assets.

The Office of External Affairs (OEA) promotes self-governance and self-determination through activities such as providing technical assistance, developing tribal shares packages and by negotiating P.L. 93-638 contract proposals, funding agreements and program standards. Additionally, OEA develops illustrated educational materials used in classes taught by Fiduciary Trust Officers and sponsored by Field Operations. OST's new Director of Financial Education helps coordinate outreach materials used in this effort.

Trust Services maintains trust funds for individual Indian, Alaska Natives, and Tribes, ensures that receipts are collected and disbursed in a timely manner, and that trust accounts are accurately maintained, invested, and reported to beneficiaries.

By providing impartial estimates of the value of real property interests, the Office of Appraisal Services (OAS) facilitates the ability of Tribes and individual Indians to make informed decisions and produce income from their property assets. OST's budget request includes an increase for funding an Appraiser Training Program that directly aligns with the President's Memorandum of January 30, 2014 on job driven training by equipping workers with skills matching employer needs. Currently there is a shortage of state certified general appraisers resulting in limited applicant pools for vacant appraiser positions in OST's Office of Appraisal Services, DOI's Office of Valuation Services (OVS), and other federal agencies. Using OVS's existing trainee program, OAS would fund twelve apprentice appraiser positions

for Native Americans to participate in a three-year training program. Upon successful completion of the program and attainment of licensure, these newly certified appraisers will be qualified to fill critical positions in OST operations. Moreover, providing long-term employment opportunities in Indian country is especially beneficial to economic growth and self-determination.

Currently the Office of Trust Records (OTR) supports expanded educational opportunities for Native American youth by funding a records training program at Haskell Indian Nations University (HINU). OTR also hires graduates of the program at the Lenexa, Kansas facility. OST's request includes an increase for HINU to expand its program and to fund implementation of records management training programs at two additional tribal colleges.

## **2016 Strategic Objective Performance Summary**

The Department of the Interior's Strategic Plan for Fiscal Years 2014 – 2018 includes realigned strategic goals to guide and focus DOI's efforts in six mission areas. The context of the Plan reflects the complex mission of DOI and demonstrates how the Department integrates and aligns diverse programs and projects to effectively and efficiently deliver services to the American Public.

OST has three performance measures in the DOI Strategic Plan that align with, and support Goal 1 within Mission Area #2: Strengthening Tribal Nations. Budget and program plans for FY 2016 are fully consistent with the goals, outcomes, and measures described in the Departments plan. OST's Strategic Plan measures are discussed below and presented in the following table.

These three performance measures are key components of the Department's strategy for achieving the goal of Meeting Trust, Treaty, and Other Responsibilities to American Indians and Alaska Natives by fulfilling DOI's fiduciary trust responsibilities. Considerable resources are devoted to managing Indian fiduciary assets, reforming processes, and improving performance. The Department works to ensure that technical and economic assistance is provided to the Tribes, and that organizational and process changes are introduced to address longstanding issues. OST contributes significantly to the Department's achievements through continual improvements in processes that improve efficiency and by achieving or surpassing performance goals. The three DOI Strategic Plan measures that are assigned to OST are:

- ***Percent timeliness of financial account information provided to trust beneficiaries.***  
The percent of timeliness numerator is based on the number of printed and mailed trust beneficiaries account statements divided by the denominator, which is the total number of statements to be mailed. The unit cost of providing timely financial account information to trust beneficiaries is derived by dividing the cost of printing and mailing the account statements by the number of statements mailed per year. OST has demonstrated sustained performance of 100 percent for the last five years for this measure.

In the upcoming year, OST will revisit the appropriateness of this measure as the goal is to transfer the responsibilities for the printing and mailing of all checks and account statements to the Department of the Treasury.

- ***Percent of financial information initially processed accurately in Trust beneficiaries' accounts.***  
The unit cost of a transaction is derived by dividing the total cost of processing transactions by the number of transactions for the year (denominator). Increases in the total number of transactions per year (denominator) are estimated based on historical trends from previous years.

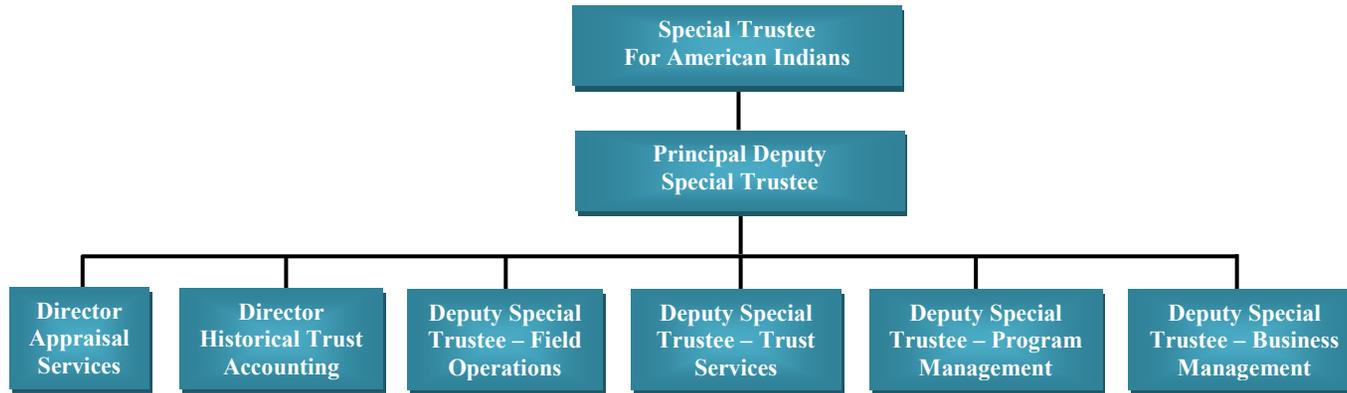
To achieve the Secretary's Indian Fiduciary Trust Responsibilities, OST ensures that financial information initially is processed accurately in trust beneficiaries' accounts at least 99 percent of the time, and has demonstrated sustained performance of 100 percent for the last four years for this measure. OST has established a system of internal controls to ensure that posted transactions are complete and accurate. Additionally, OST monitors processing times to provide assurance that transactions are posted within the targeted timeframes and continually evaluates and refines the system of internal controls.

- ***Percent of oil and gas revenue transmitted by ONRR recorded in the Trust Funds Accounting System (TFAS) within 24 hours of receipt.***  
The unit cost for recording revenue in TFAS consists of the portion of the employee's time devoted to this duty divided by the number of business days (usually around 250) on which this function is performed. OST has demonstrated sustained performance of 100 percent for the last five years for this measure.

**Mission Area 2: Strengthening Tribal Nations and Insular Communities**

<b>Goal #1: Meet Our Trust, Treaty, and Other Responsibilities to American Indians and Alaska Natives</b>									
<b>Strategy #2: Fulfill Fiduciary Trust</b>									
<b>Supporting Performance Measures</b>	<b>2010 Actual</b>	<b>2011 Actual</b>	<b>2012 Actual</b>	<b>2013 Actual</b>	<b>2014 Actual</b>	<b>2015 Enacted</b>	<b>2016 Pres. Budget Request</b>	<b>Change from 2015 Enacted to 2016</b>	<b>Long Term 2018 Target Request</b>
<i>Strategy #2: Fulfill Fiduciary Trust</i>									
Percent of financial information initially processed accurately in trust beneficiaries' accounts. (SP)	99.7%	100.0%	100.0%	100.0%	100.0%	99.0%	99.0%	0.0%	99.0%
	8,458,028	8,342,464	8,803,464	9,367,301	9,980,933	9,702,000	10,395,000	+693,000	10,395,000
	8,487,311	8,344,261	8,804,688	9,368,497	9,981,933	9,800,000	10,500,000	+700,000	10,500,000
Contributing Program: Trust Services									
Percent timeliness of financial account information provided to trust beneficiaries. (SP)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	0.0%	100.0%
	787,340	764,553	786,838	833,022	870,140	816,000	821,674	+5,674	821,674
	787,340	764,553	786,838	833,022	870,140	816,000	821,674	+5,674	821,674
Contributing Program: Budget, Finance and Administration and Information Resources									
Timeliness of Mineral Revenue Payments to American Indians: Percent of oil and gas revenue transmitted by ONRR recorded in the Trust Funds Accounting System within 24 hours of receipt. (SP)	100.0%	100.0%	100.0%	100.0%	100.0%	99.0%	99.0%	0.0%	99.0%
	154,282,290	280,287,244	372,372,320	634,094,209	912,751,133	693,000,000	891,000,000	+198,000,000	891,000,000
	154,282,290	280,287,244	372,372,320	634,094,209	912,751,133	700,000,000	900,000,000	+200,000,000	900,000,000
Contributing Program: Trust Services									

### Office of the Special Trustee Organizational Chart



**Office of the Special Trustee Budget at a Glance**

*Dollars In Thousands (\$000)*

	<b>2014 Actual</b>	<b>FY 2015 Enacted</b>	<b>Fixed Costs (+/-)</b>	<b>Internal Transfers (+/-)</b>	<b>Program Changes (+/-)</b>	<b>2016 Request</b>
<b>Appropriation: Federal Trust Programs</b>						
<b>EXECUTIVE DIRECTION</b>	<b>2,026</b>	<b>2,031</b>	<b>+9</b>	<b>+0</b>	<b>+0</b>	<b>2,040</b>
<b>PROGRAM OPERATIONS AND SUPPORT</b>						
<b>PROGRAM OPERATIONS</b>						
Field Operations	24,747	24,952	+340	+0	+1,600	26,892
<i>Initiative to reduce fractionation and probate costs through Estate Planning Services</i>						
Appraisal Services	10,744	10,811	+111	+0	+1,200	12,122
<i>Appraiser Trainee program</i>						
Trust Services	28,946	29,063	+194	+0	+0	29,257
Historical Trust Accounting	23,045	23,061	+31	+0	-972	22,120
<i>Reduce support for litigation</i>						
<b>Activity Total, Program Operations</b>	<b>87,482</b>	<b>87,887</b>	<b>676</b>	<b>0</b>	<b>1,828</b>	<b>90,391</b>
<b>PROGRAM SUPPORT</b>						
Business Management	34,706	33,542	+240	+0	+0	33,782
Program Management	15,463	15,569	+176	+0	+1,020	16,765
<i>Increase funding for Records Management Training Programs at three colleges and increase staff for eERDMS.</i>						
<b>Activity Total, Program Support</b>	<b>50,169</b>	<b>49,111</b>	<b>+416</b>	<b>+0</b>	<b>+1,020</b>	<b>50,547</b>
<b>TOTAL, Federal Trust Programs</b>	<b>139,677</b>	<b>139,029</b>	<b>+1,101</b>	<b>+0</b>	<b>+2,848</b>	<b>142,978</b>

# **TAB INSERT**

## **Bureau Level Tables**

**Summary of Requirements for Office of the Special Trustee for American Indians**  
(Dollars in Thousands)

	2014 Actual		FY 2015 Enacted		Fixed Costs & Related (+/-)	Internal Transfers (+/-)	Program Changes (+/-)		2016 Request		Change from FY 2015 Enacted (+/-)			
	Amount	Total FTE	Amount	Amount			FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
<b>Executive Direction</b>	<b>2,026</b>	<b>6</b>	<b>2,031</b>	<b>+9</b>	<b>+0</b>	<b>+0</b>	<b>+0</b>	<b>6</b>	<b>2,040</b>	<b>+0</b>	<b>+9</b>			
Program Operations and Support														
Program Operations														
Field Operations	24,747	217	24,952	+340	+0	+3	+1,600	220	26,892	+3	+1,940			
Appraisal Services	10,744	71	10,811	+111	+0	+12	+1,200	83	12,122	+12	+1,311			
Trust Services	28,946	124	29,063	+194	+0	+0	+0	124	29,257	+0	+194			
Historical Trust Accounting	23,045	20	23,061	+31	+0	+0	-972	20	22,120	+0	-941			
<b>Total, Program Operations</b>	<b>87,482</b>	<b>432</b>	<b>87,887</b>	<b>+676</b>	<b>+0</b>	<b>+15</b>	<b>+1,828</b>	<b>447</b>	<b>90,391</b>	<b>15</b>	<b>+2,504</b>			
Program Support														
Business Management	34,706	88	33,542	+240	+0	+0	+0	88	33,782	+0	+240			
Program Management	15,463	112	15,569	+176	+0	+2	+1,020	114	16,765	+2	+1,196			
<b>Total, Program Support</b>	<b>50,169</b>	<b>200</b>	<b>49,111</b>	<b>+416</b>	<b>+0</b>	<b>+2</b>	<b>+1,020</b>	<b>202</b>	<b>50,547</b>	<b>+2</b>	<b>+1,436</b>			
<b>TOTAL, FEDERAL TRUST PROGRAMS</b>	<b>139,677</b>	<b>638</b>	<b>139,029</b>	<b>+1,101</b>	<b>+0</b>	<b>+17</b>	<b>+2,848</b>	<b>655</b>	<b>142,978</b>	<b>+17</b>	<b>+3,949</b>			

**Office of the Special Trustee for American Indians**  
**Justification of Fixed Costs and Internal Realignments**  
*(Dollars in Thousands)*

<b>Fixed Cost Changes and Projections</b>	<b>FY 2015 Enacted Total or Change</b>	<b>FY 2015 Enacted to 2016 Request Change</b>
Change in Number of Paid Days This column reflects changes in pay associated with the change in the number of paid days between FY 2015 Enacted and 2016 Request.	N/A	+234
Pay Raise and Employer share of FEHB The change reflects the salary impact of programmed pay raise increases	N/A	+740
Employer Contribution to FERS The change reflects the directed increase of 0.5% in employer's contribution to the Federal Employee Retirement System.	4,453	+25
Departmental Working Capital Fund The change reflects expected changes in the charges for centrally billed Department services and other services through the Working Capital Fund. These charges are detailed in the Budget Justification for Department Management.	2,368	-59
Departmental Working Capital Fund ITT The change reflects expected changes in the charges for centrally billed Department services through the Working Capital Fund.	152	0
Worker's Compensation Payments The adjustment is for changes in the costs of compensating injured employees and dependents of employees who suffer accidental deaths while on duty. Costs for the BY will reimburse the Department of Labor, Federal Employees Compensation Fund, pursuant to 5 U.S.C. 8147(b) as amended by Public Law 94-273.	67	-1
Unemployment Compensation Payments The adjustment is for projected changes in the costs of unemployment compensation claims to be paid to the Department of Labor, Federal Employees Compensation Account, in the Unemployment Trust Fund, pursuant to Public Law 96-499.	0	0
Rental Payments The adjustment is for changes in the costs payable to General Services Administration (GSA) and others resulting from changes in rates for office and non-office space as estimated by GSA, as well as the rental costs of other currently occupied space. These costs include building security; in the case of GSA space, these are paid to Department of Homeland Security (DHS). Costs of mandatory office relocations, i.e. relocations in cases where due to external events there is no alternative but to vacate the currently occupied space, are also included.	6,134	+162
O&M Increases from Moves out of GSA-Space into Bureau Space In accordance with space maximization efforts across the Federal Government, this adjustment captures the associated increase to baseline operations and maintenance requirements resulting from movement out of GSA or direct-leased (commercial) space and into Bureau owned space. While the GSA portion of fixed costs will go down as a result of these moves, Bureaus often encounter an increase to baseline O&M costs not otherwise captured in fixed costs. This category of funding properly adjusts the baseline fixed cost amount to maintain steady-state funding for these requirements.	0	0
<b>TOTAL FIXED COSTS</b>		<b>+1,101</b>

**MAX Tables/Budget Schedules***(Dollars in millions)*

Line No.	Federal Trust Programs Treasury Account ID: 14 – 0120 – 0	FY 2014 Actual	FY 2015 Estimate	2016 Estimate
	<b>Obligations by program activity:</b>			
0001	Program operations, support, and improvements	137	139	143
0002	Executive direction	2	2	2
0900	Total new obligations	139	141	145
	<b>Budgetary Resources:</b>			
	Unobligated balance:			
1000	Unobligated balance brought forward, Oct 1	17	26	32
1021	Recoveries of prior year unpaid obligations	2	2	2
1050	Unobligated balance (total)	19	28	34
	<b>Budget authority:</b>			
	Appropriations, discretionary:			
1100	Appropriation	140	139	143
1160	Appropriation, discretionary (total)	140	139	143
	<b>Spending authority from offsetting collections, discretionary:</b>			
1700	Collected	5	6	6
1701	Change in uncollected payments, Federal Sources	1	0	0
1750	Spending authority from offsetting collections, disc (total)	6	6	6
1900	Budget authority (total)	146	145	149
1930	Total budgetary resources available	165	173	183
	<b>Memorandum (non-add) entries:</b>			
1941	Unexpired unobligated balance, end of year	26	32	38
	<b>Change in obligated balance:</b>			
	Unpaid Obligations:			
3000	Unpaid obligations, brought forward, Oct 1	35	37	29
3010	Obligations incurred, unexpired accounts	139	141	145
3020	Outlays (gross)	-135	-147	-152
3040	Recoveries of prior year unpaid obligations, unexpired	-2	-2	-2
3050	Unpaid obligations, end of year	37	29	20
	<b>Uncollected payments:</b>			
3060	Uncollected pymts, Fed Sources, brought forward, Oct 1	0	-1	-1
3070	Change in uncollected pymts, Fed Sources, unexpired	-1	0	0
3090	Uncollected pymts, Fed Sources, end of year	-1	-1	-1
	Memorandum (non-add) entries:			
3100	Obligated balance, start of year	35	36	28
3200	Obligated balance, end of year	36	28	19
	<b>Budget authority and outlays, net:</b>			
	Discretionary:			
4000	Budget authority, gross	146	145	149
	<b>Outlays, gross:</b>			
4010	Outlays from new discretionary authority	102	135	145
4011	Outlays from discretionary balances	33	12	7
4020	Outlays, gross (total)	135	147	152
	<b>Offsets against gross budget authority and outlays:</b>			
	Offsetting collections (collected) from:			
4030	Federal sources	-5	-6	-6
	<b>Additional offsets against gross budget authority only:</b>			
4050	Change in uncollected pymts, Fed sources, unexpired	-1	0	0
4070	Budget authority, net (discretionary)	140	139	143
4080	Outlays, net (discretionary)	130	141	146
4180	Budget authority, net (total)	140	139	143
4190	Outlays, net (total)	130	141	146

*Note: Table may not add due to rounding.*

**Object Classification***(Dollars in millions)*

<b>Object Class</b>	<b>Federal Trust Programs Treasury Account ID: 14 – 0120 – 0</b>	<b>FY 2014 Actual</b>	<b>FY 2015 Estimate</b>	<b>2016 Estimate</b>
	<b>Direct obligations</b>			
	<b>Personnel compensation</b>			
1111	Full time permanent	41	44	49
1115	Other personnel compensation	1	1	1
1119	Total personnel compensation	42	45	50
1121	Civilian personnel benefits	13	13	14
1210	Travel and transportation of persons	1	1	1
1231	Rental Payments to GSA	3	3	3
1232	Rental Payments to others	2	2	2
1233	Communications, utilities, and miscellaneous charges	2	2	2
1251	Advisory and assistance services	1	1	1
1252	Other services from non-federal sources	42	41	39
1253	Other goods and services from federal sources	15	15	15
1260	Supplies and Materials	2	2	2
1990	Subtotal, obligations, Direct obligations	123	125	129
	<b>Reimbursable obligations</b>			
2252	Reimbursable obligations: Other Services from non-Federal sources	3	3	3
	<b>Allocation Account - direct:</b>			
	Personnel compensation:			
3111	Full-time permanent	6	6	6
3113	Other than full-time permanent	2	2	2
3119	Total personnel compensation	8	8	8
3121	Civilian personnel benefits	2	2	2
3231	Rental payments to GSA	1	1	1
3252	Other services from non-federal sources	2	2	2
3990	Subtotal, obligations, Allocation Account - direct	13	13	13
9999	Total new obligations	139	141	145

*Note: Table may not add due to rounding.*

(Dollars in millions)

Line No.	Tribal Special Fund Treasury Account ID: 14 – 5265 – 0	FY 2014 Actual	FY 2015 Estimate	FY 2016 Estimate
	<b>Obligations by program activity</b>			
0001	Direct program activity	67	69	71
0900	Total new obligations	67	69	71
	<b>Budgetary Resources:</b>			
	Unobligated balance:			
1000	Unobligated balance brought forward, Oct 1	51	48	48
	<b>Budget authority:</b>			
	Appropriations, mandatory:			
1201	Appropriations	64	69	71
1260	Appropriations, mandatory (total)	64	69	71
1930	Total budgetary resources available	115	117	119
	<b>Memorandum (non-add) entries:</b>			
1941	Unexpired unobligated balance, end of year	48	48	48
	<b>Change in obligated balance:</b>			
	Unpaid obligations:			
3000	Unpaid obligations, brought forward, Oct 1	0	0	0
3010	Obligations incurred, unexpired accounts	67	69	71
3020	Outlays (gross)	-67	-69	-71
3050	Unpaid Obligations, end of year	0	0	0
	Memorandum (non-add) entries:			
3100	Obligated balance, start of year	0	0	0
3200	Obligated balance, end of year	0	0	0
	<b>Budget authority and outlays, net:</b>			
	Mandatory:			
4090	Budget authority, gross	64	69	71
	Outlays, gross:			
4100	Outlays from new mandatory authority	0	69	71
4101	Outlays from mandatory balances	67	0	0
4110	Outlays, gross (total)	67	69	71
4160	Budget authority, net (mandatory)	64	69	71
4170	Outlays, net (mandatory)	67	69	71
4180	Budget authority, net (total)	64	69	71
4190	Outlays, net (total)	67	69	71
	<b>Memorandum (non-add) entries:</b>			
5000	Total investments, SOY: Federal securities: Par value	51	49	50
5001	Total investments, EOY: Federal securities: Par value	49	50	52
5010	Total investments, SOY: non-Fed securities: Market value	474	480	493
5011	Total investments, EOY: non-Fed securities: Market value	480	493	508

Note: Table may not add due to rounding.

(Dollars in millions)

Line No.	Tribal Trust Fund Treasury Account ID: 14 – 8030 – 0	FY 2014 Actual	FY 2015 Estimate	FY 2016 Estimate
	<b>Obligations by program activity</b>			
0001	Direct program activity	12	13	13
0900	Total new obligations	12	13	13
	<b>Budgetary Resources:</b>			
	Unobligated balance:			
1000	Unobligated balance brought forward, Oct 1	11	9	9
	<b>Budget authority:</b>			
	Appropriations, mandatory:			
1201	Appropriations, mandatory:	10	13	13
1260	Appropriations, mandatory (total)	10	13	13
1930	Total budgetary resources available	21	22	22
	Memorandum (non-add) entries:			
1941	Unexpired unobligated balance, end of year	9	9	9
	<b>Change in obligated balance:</b>			
	Unpaid Obligations			
3010	Obligations incurred, unexpired accounts	12	13	13
3020	Outlays (gross)	-12	-13	-13
3050	Unpaid obligations, end of year	0	0	0
	<b>Budget authority and outlays, net:</b>			
	Mandatory:			
4090	Budget authority, gross	10	13	13
	<b>Outlays, gross:</b>			
4100	Outlays from new mandatory authority	0	13	13
4101	Outlays from mandatory balances	12	0	0
4110	Outlays, gross (total)	12	13	13
4160	Budget authority, net (mandatory)	10	13	13
4170	Outlays, net (mandatory)	12	13	13
4180	Budget authority, net (total)	10	13	13
4190	Outlays, net (total)	12	13	13
	<b>Memorandum (non-add) entries:</b>			
5000	Total investments, SOY: Federal securities: Par value	11	9	9
5001	Total investments, EOY: Federal securities: Par value	9	9	10
5010	Total investments, SOY: non-Fed securities: Market value	134	134	138
5011	Total investments, EOY: non-Fed securities: Market value	134	138	142

Note: Table may not add due to rounding.

**Office of the Special Trustee for American Indians  
Employee Count by Grade**

*(Total Employment)*

	<b>FY 2014 Actuals</b>	<b>FY 2015 Estimate</b>	<b>FY 2016 Estimate</b>
Executive Level II .....	1	1	1
SES .....	9	9	9
<b>Subtotal .....</b>	<b>10</b>	<b>10</b>	<b>10</b>
SL - 00 .....	0	0	0
ST - 00 .....	0	0	0
<b>Subtotal .....</b>	<b>0</b>	<b>0</b>	<b>0</b>
GS/GM -15 .....	34	37	37
GS/GM -14 .....	92	92	93
GS/GM -13 .....	91	97	99
GS -12 .....	42	48	51
GS -11 .....	19	24	27
GS -10 .....	0	0	0
GS - 9 .....	29	32	34
GS - 8 .....	23	24	24
GS - 7 .....	156	158	159
GS - 6 .....	31	31	31
GS - 5 .....	35	38	42
GS - 4 .....	14	14	14
GS - 3 .....	0	0	0
GS - 2 .....	0	0	0
GS - 1 .....	0	0	0
<b>Subtotal .....</b>	<b>563</b>	<b>595</b>	<b>611</b>
Other Pay Schedule Systems .....	1	1	1
<b>Total employment (actuals &amp; estimates) .....</b>	<b>577</b>	<b>606</b>	<b>622</b>

## Section 403 Compliance

OST adheres to the requirements of Section 403 contained in the Department of the Interior, Environment and Related Agencies Appropriations Act, 2010, requiring agencies to present in their annual budget justification, any external and internal administrative costs, overhead charges, deductions, reserves, or holdbacks from programs, projects, and activities to support government-wide, Departmental, and OST administrative functions or headquarters, regional, or central office operations.

OST generally budgets for these support costs in the Budget, Finance, and Administration (BF&A) line item within the Business Management Division in the Program Support subactivity. The largest of these centralized costs includes an estimated FY 2016 cumulative amount of \$5,481,636 for Departmental working capital fund activities.

OST plans to assess programs' budgets for costs associated with centralized service contracts for security, Human Resources, Acquisitions, and Accounting support. These charges are allocated based on either the number of people in each program, funds obligated, or the program's percentage of transactions. Space costs at the Department's Main Interior Building (MIB) and American Indian Records Repository (AIRR) will be charged based on square feet utilized by those programs located at the MIB and AIRR.

<b>External Administrative Costs</b>	<b>2016 Estimate</b>
Human Resources Support	\$1,363,089
Acquisition Support (included in WCF Centralized billing)	\$1,482,944
Accounting Support (included in WCF Centralized billing)	\$477,302
Security	\$269,255
Space Rental	\$1,587,642
<b>Chargeback Estimate</b>	<b>\$5,180,232</b>

**TAB INSERT**

**Language Citations**

**DEPARTMENT OF THE INTERIOR****OFFICE OF THE SPECIAL TRUSTEE FOR AMERICAN INDIANS****Appropriation Language Sheet**Office of the Special Trustee for American Indians, Federal Trust Programs

(Including Transfer of Funds)

For the operation of trust programs for Indians by direct expenditure, contracts, cooperative agreements, compacts, and grants, [\$139,029,000] \$142,978,000, to remain available until expended, of which not to exceed [\$23,061,000] \$22,120,000 from this or any other Act, may be available for historical accounting: *Provided*, That funds for trust management improvements and litigation support may, as needed, be transferred to or merged with the Bureau of Indian Affairs and Bureau of Indian Education, "Operation of Indian Programs" account; the Office of the Solicitor, "Salaries and Expenses" account; and the Office of the Secretary, "Departmental Operations" account: *Provided further*, That funds made available through contracts or grants obligated during fiscal year [2015] 2016, as authorized by the Indian Self-Determination Act of 1975 (25 U.S.C. 450 et seq.), shall remain available until expended by the contractor or grantee: *Provided further*, That, notwithstanding any other provision of law, the Secretary shall not be required to provide a quarterly statement of performance for any Indian trust account that has not had activity for at least [18] 15 months and has a balance of \$15 or less: *Provided further*, That the Secretary shall issue an annual account statement and maintain a record of any such accounts and shall permit the balance in each such account to be withdrawn upon the express written request of the account holder: *Provided further*, That not to exceed \$50,000 is available for the Secretary to make payments to correct administrative errors of either disbursements from or deposits to Individual Indian Money or Tribal accounts after September 30, 2002: *Provided further*, That erroneous payments that are recovered shall be credited to and remain available in this account for this purpose: *Provided further*, the Secretary shall not be required to reconcile Special Deposit Accounts with a balance of less than \$500 unless the Office of the Special Trustee receives proof of ownership from a Special Deposit Accounts claimant. (*Department of the Interior, Environment, and Related Agencies Appropriations Act, 2015.*)

**DEPARTMENT OF THE INTERIOR****OFFICE OF THE SPECIAL TRUSTEE FOR AMERICAN INDIANS****Justification of Proposed Language Changes**

Appropriation: Office of the Special Trustee for American Indians, Program Operations and Support

1. Change: Provided further, That, notwithstanding any other provision of law, the Secretary shall not be required to provide a quarterly statement of performance for any Indian trust account that has not had activity for at least [18] 15 months.

This change reduces the length of time an account is considered inactive from 18 to 15 months, before the Secretary is exempt from the requirement to provide a quarterly statement and must only issue an annual statement. Currently a manual process is required to change the statement cycle from quarterly to annually for accounts that have not had transactions for 18 months. However, if this period of inactivity is changed to 15 months, the conversion to annual statements can be done automatically and will eliminate errors resulting from the manual process.

With this language change the contractor will, on a monthly basis, automatically convert accounts that have been inactive for 15 months from quarterly to annual statements. The new automated process will eliminate errors and improve efficiency by eliminating the current manual process. The number of statements affected by this change is *de minimis*.

## DEPARTMENT OF THE INTERIOR

### OFFICE OF THE SPECIAL TRUSTEE FOR AMERICAN INDIANS

#### Appropriations Language Citations

1. For the operation of trust programs for Indians by direct expenditure, contracts, cooperative agreements, compacts, and grants
  - **25 U.S.C. 450(f)(a) and 450h(a)** directs the Secretary, upon the request of any Indian tribe, to enter into a contract or contracts to plan, conduct, and administer programs which the Secretary is otherwise authorized to administer (P. L. 93-638, as amended).
  - **31 U.S.C. Chapter 63** provides procedures to be followed in the preparation of Federal contracts, grants, and cooperative agreements.
  - **25 U.S.C. 458(cc)** provides procedures to be followed to establish and implement tribal self-governance compacts.
  - **25 U.S.C. 162a** authorizes the deposit and investment of Indian trust funds.
  - **25 U.S.C. 4001 et seq.** provides procedures to be followed for tribal withdrawal of trust funds, and authorizes the Office of the Special Trustee for American Indians.
  - **25 U.S.C. 459 et seq.** includes numerous provisions affecting specific tribes related to distribution of claims, settlements, and judgments.
2. To remain available until expended
  - **25 U.S.C. 13a** authorizes the carryover of funds, which were not obligated and expended prior to the beginning of the fiscal year succeeding the fiscal year for which such sums were appropriated.
3. of which not to exceed [\$23,061,000] \$22,120,000, from this or any other Act, may be available for historical accounting
  - Interior and Related Agencies Appropriation Act, FY 2015. Caps funding for historical accounting in order to preserve funding for other Indian programs.
4. Provided, That funds for trust management improvements and litigation support may, as needed, be transferred to or merged with the Bureau of Indian Affairs and Bureau of Indian Education, "Operation of Indian Programs" account; the Office of the Solicitor, "Salaries and Expenses" account; and the Office of the Secretary, "Departmental Operations" account:

- **25 U.S.C. 4043(b) (1)** authorizes the Special Trustee to oversee all reform efforts within the Bureau (of Indian Affairs)... and to ensure the establishment of policies, procedures, systems and practices to allow the Secretary to discharge his trust responsibilities in compliance with this chapter. This language also provides the authority for OST to transfer funds to the Office of Hearing and Appeals to address probate backlog reductions as part of trust reform efforts and to the Office of the Solicitor for litigation support.
5. That funds made available through contracts or grants obligated during fiscal year [2015] 2016, as authorized by the Indian Self-Determination Act of 1975 (25 U.S.C. 450 et seq.), shall remain available until expended by the contractor or grantee:
- **25 U.S.C. 450(l) (c)** authorizes funds obligated for tribal contracts to remain available until expended.
6. That, notwithstanding any other provision of law, the Secretary shall not be required to provide a quarterly statement of performance for any Indian trust account that has not had activity for at least [18] 15 months and has a balance of \$15 or less:
- **25 U.S.C. 4043(b)(1)** authorizes the Special Trustee to oversee all reform efforts within the Bureau (of Indian Affairs)... and to ensure the establishment of policies, procedures, systems and practices to allow the Secretary to discharge his/her trust responsibilities in compliance with this chapter.
  - **25 U.S.C. 4041 et seq.** requires the reform of trust practices to promote the effective discharge of the Secretary's trust responsibilities.
  - **25 U.S.C. 4011(b)** establishes the schedule for issuance of statements of performance. Periodic statement of performance Public Law 106-291, Title I Oct. 11, 2000 114 Stat. 939 and subsequent appropriations through HR 83 PL 113-235 provided in part: "That notwithstanding any other provision of law, the Secretary shall not be required to provide a quarterly statement of performance for any Indian trust account that has not had activity for at least 18 months and has a balance of \$1.00 or less: *provided further*, That the Secretary shall issue an annual account statement and maintain a record of any such accounts and shall permit the balance in each such account to be withdrawn upon the express written request of the account holder."
7. That the Secretary shall issue an annual account statement and maintain a record of any such accounts and shall permit the balance in each such account to be withdrawn upon the express written request of the account holder.
- **25 U.S.C. 4041 et seq.** requires the reform of trust practices to promote the effective discharge of the Secretary's trust responsibilities.

8. That not to exceed \$50,000 is available for the Secretary to make payments to correct administrative errors of either disbursements from or deposits to Individual Indian Money or Tribal accounts after September 30, 2002. *Provided further*, That erroneous payments that are recovered shall be credited to and remain available in this account for this purpose.
  - Interior and Related Agencies Appropriation Act, FY 2002. Annual Appropriations Acts have continued this provision each year since FY 2002.
9. The Secretary shall not be required to reconcile Special Deposit Accounts with a balance of less than \$500.00 unless the Office of the Special Trustee receives proof of ownership from a Special Deposit Accounts claimant.
  - **American Indian Trust Management Reform Act of 1994, P.L. 103-412, esp. Title I.** The Dawes Act of 1887 and subsequent statutes continuing the allotment process prevent OST from making an operational decision to eliminate reconciliation of low dollar value Special Deposit Accounts. The Dawes Act established the process of creating allotments and the split style of ownership. The Act also charged the Department of the Interior with the responsibility to manage the allotted lands, collect revenue earned on those trust lands, and to pay the earned revenue to the equitable owners of the land.

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**Executive Direction**

**Activity: Executive Direction**  
**Subactivity: Immediate Office of the Special Trustee**

	2014 Actual	FY 2015 Enacted	Fixed Costs & Related Changes (+/-)	Internal Transfers (+/-)	Program Changes (+/-)	2016 Request	Change from FY 2015 Enacted (+/-)
<b>Executive Direction</b>	<b>2,026</b>	<b>2,031</b>	<b>+9</b>	<b>+0</b>	<b>+0</b>	<b>2,040</b>	<b>+9</b>
Executive Direction	2,026	2,031	+9	+0	+0	2,040	+9
<i>FTE</i>	5	6	+0	+0	+0	6	0

**Program Overview**

**Executive Direction (\$2,040,000/ 6 FTE)** - The Special Trustee is charged with general oversight of Indian trust asset reform efforts Department-wide to ensure proper and efficient discharge of the Secretary’s fiduciary trust responsibilities to federally recognized Indian Tribes, Alaska Natives, and individual Indians. OST was created to ensure that the Department establishes appropriate policies and procedures, develops necessary systems, and takes affirmative actions to reform the management of Indian trust funds. In carrying out the management and oversight of Indian trust funds, the Secretary has a responsibility to ensure that trust accounts are properly maintained, invested, and reported in accordance with the *American Indian Trust Fund Management Reform Act of 1994*, Congressional action, and other applicable laws. Funds provided for OST directly contribute to the appropriate oversight needed to further the Department’s Indian fiduciary trust responsibilities.

OST supports legislative proposals addressing needed technical corrections and administrative improvements for implementing trust reform, which will continue to improve services to Indian trust beneficiaries.

Executive leadership and guidance provided by the immediate office affects performance at all levels of OST, including the delivery of beneficiary services, promoting tribal self-governance and self-determination, managing financial trust assets and monitoring all efforts to reform and improve the manner in which the Department conducts its Indian fiduciary trust responsibilities. In addition, OST continues to promote better integration of budget and performance, develop a workforce plan that ensures a skilled workforce now and in the future, and properly account for financial resources.

**2016 Program Performance**

- Consolidate recommendations of the Secretarial Commission on Indian Trust Administration and Reform with goals and strategies identified in OST’s FY 2014-FY 2018 Strategic Plan and recommendations from the FY 2012 Efficiency Study. Continue implementing high priority plans to achieve near and intermediate term goals.
- Provide oversight, guidance, and implementation of reform activities.
- Provide direction for special projects, programs, and highly sensitive issue areas of Congressional, Departmental, OMB, or Secretarial concern.

- Oversee trust activities throughout the Department – program managers are expected to advise the Office on a number of complex and sensitive issues relating to organization, reengineering, ongoing litigation and other trust activities.
- Support the work of the Special Trustee’s Advisory Board.
- Create informed partnerships with other bureau and office directors in the Department to achieve positive trust reform outcomes.
- Provide leadership in the implementation of all aspects of the Individual Indian Money Account Litigation Settlement.

# **TAB INSERT**

## **Program Operations**

**Activity: Program Operations and Support**  
**Subactivity: Field Operations**

	2014 Actual	FY 2015 Enacted	Fixed Costs & Related Changes (+/-)	Internal Transfers (+/-)	Program Changes (+/-)	2016 Request	Change from FY 2015 Enacted (+/-)
<b>Program Operations</b>	<b>24,747</b>	<b>24,952</b>	<b>+340</b>	<b>+0</b>	<b>+1,600</b>	<b>26,892</b>	<b>1,940</b>
Field Operations	24,747	24,952	+340	+0	+1,600	26,892	+1,940
FTE	196	217	+0	+0	+3	220	+3

**Summary of 2016 Program Changes for Program Operations**

Request Component	(\$000)	FTE
<u>Program Changes:</u>		
Initiative to reduce Fractionation and probate costs through Estate Planning Services	+1,600	3
<b>TOTAL Program Changes</b>	<b>+1,600</b>	<b>3</b>

**Justification of 2016 Program Changes**

The FY 2016 budget request for Field Operations is \$26,892,000 and 220 FTE, a program increase of \$1,600,000 and 3 FTE from the FY 2015 enacted budget.

**Estate Planning Services (+1,600,000/+3 FTE)** –The requested increase of \$1.6 million in FY 2016 will address the underlying causes of the ever increasing administrative costs of Indian Trust probate and reduce fractionation by providing meaningful estate planning opportunities to Indian Trust beneficiaries in accordance with the American Indian Probate Reform Act of 2004 (AIPRA). The initiative consists of four complimentary components:

1. Providing sustained estate planning efforts in Indian Country to reduce fractionation by providing beneficiaries with opportunities to execute wills and other estate planning documents.
2. Streamlining the gift deed process to enhance the use of this valuable estate planning tool in Indian Country.
3. Exploring the use of Payable on Death (POD) or Transferable on Death (TOD) beneficiary designations by Indian Trust beneficiaries to provide for the non-probate transfer of Indian Trust assets (both IIM accounts and real property), significantly reducing the number of probates and streamlining the transfer of Indian trust property to heirs.
4. Developing a working group representative of Indian Country to evaluate the Pilot Project provisions of AIPRA to explore the use of legal entities to more efficiently manage interests in Indian trust property.

The funding will develop efficient solutions resulting in significant long-term cost savings.

Implementation of the components discussed above can lead to significant potential long-term savings for

the government through reduced fractionation and more viable land use opportunities for Indian Trust landowners.

### Program Overview

**Field Operations (\$26,892,000 /220 FTE)** - Field Operations is the primary point of contact for trust beneficiaries (Tribes, individual Indians, and Alaska Natives) seeking information and services in conjunction with their trust assets. The field staff assists beneficiaries on a daily basis at regional, agency, and urban locations regarding account statements, account balances, account updates, receipts, disbursements, probate processing, leases, and leasing. Other trust asset information important to beneficiaries, such as statutory or regulatory changes affecting trust asset management, is also provided.

Field Operations plays a key role in leading the Department's outreach efforts to beneficiaries. Outreach events include staff attendance at community meetings, tribal leadership conferences and social gatherings such as pow-wows, with a focus on providing information on asset management and trust reform initiatives, as well as holding financial skills training for Individual Indian Money (IIM) beneficiaries throughout Indian Country. As a result of implementation of the Individual Indian Money Account Litigation Settlement (*Cobell*), Field Operations will also provide outreach support to promote understanding of the Tribal Nations Land Buy-Back Program's (LBBP) purpose in acquiring fractional interests in trust or restricted lands under a reimbursable support agreement with the Office of the Secretary within the Department of the Interior.

Regional Trust Administrators (RTAs) and Fiduciary Trust Officers (FTOs) in selected locations provide the managerial presence for responsive and proactive beneficiary services at the local level in cooperation and collaboration with BIA and other Departmental Agencies engaged in Indian trust matters. RTAs provide technical assistance on trust matters, supporting the Department of the Interior in meeting its fiduciary obligations to individual Indians, Alaska Natives, and Tribes. This assistance includes responding to complex Congressional, tribal, and individual beneficiary inquiries; monitoring statutory and regulatory developments; and providing risk management and litigation support activities. RTAs provide direct line authority and supervision to 48 agency level FTOs. In addition, they are responsible for reviewing and authorizing complex and high dollar trust transactions.



Fiduciary Trust Officer and staff conducting beneficiary outreach.

The FTOs are located across Indian Country and in select urban locations with significant trust beneficiary populations. This local presence allows beneficiaries an easy and direct access to individuals dedicated to meeting their trust needs. FTOs and support staff provide beneficiaries with convenient access to trust account information and other trust products and services. FTOs, like the RTAs, are

delegated with disbursement approval authority and oversight responsibility. The goal is to provide services to beneficiaries that are trusted, timely, accurate, and responsive to their needs. FTOs' responsibilities include coordinating trust asset management activities with the BIA and other related government agencies in their respective geographic area. FTOs provide guidance to support staff in the examination, verification, and management of accounts and accounting information. They also ensure that responses to trust beneficiary requests are tracked and addressed courteously, and accurately. The FTOs' focus on beneficiaries enhances the Department's ability to meet its trust obligations to individual Indians, Alaska Natives, and Tribes.

In FY 2015, OST's Director of Financial Education, a newly appointed position, will oversee the consolidation of OST financial education programs into a single comprehensive, life-cycle platform. This new holistic approach to financial education will positively impact finances of Native American families for generations to come; include educational and experiential learning formats for young Natives, at a time when they are most receptive to adapting good financial habits; and continue to prepare Native Americans for post-secondary education, first time home purchase, household budgeting, retirement savings, and estate planning.

The Trust Beneficiary Call Center (TBCC), located in Albuquerque, New Mexico, is a nationwide toll free call center (1-888-678-6836) that provides convenient "one-stop" service for beneficiary inquiries. The call center's operating hours are 7:00 AM to 6:00 PM MT Monday through Friday and 8:00 AM to Noon MT on Saturday. At their convenience, beneficiaries can easily access information and assistance regarding a wide range of account information by calling the toll free number. Additionally, beneficiaries may request a disbursement from, or an update to, their IIM account. The TBCC also responds to written beneficiary requests.

The TBCC also implemented a tracking and case management tool for the BIA Social Services Program to improve communication and collaborative efforts between OST and BIA for the management of supervised accounts. Contract personnel trained on various trust beneficiary issues and with access to all trust systems make up the majority of TBCC staff. Field Operations monitors the contractor's work and provides technical direction, guidance and managerial direction as needed.

Over a period of ten years, the call center has received over 1.5 million calls and provided first-line resolution for over 97 percent of call requests. First-line resolution by TBCC means that the call center is able to address the beneficiary's inquiry without referring the caller to the field offices for assistance. This level of first-line resolution is substantially higher than the industry average of 49 percent for government and non-profit organizations and allows BIA and OST field staff to focus on other trust duties.

During the *Cobell* Stage 2 payments, 21 percent of the total calls received by the TBCC were related to *Cobell* inquiries. As the primary point of contact for the Land Buy-Back program, the TBCC responded to 18,270 buy-back related inquiries in FY 2014. During FY 2013 and 2014, the TBCC received an average of 239,000 inquiries per year (a 20 percent increase over FY 2012). The TBCC anticipates that call volume during FY 2015 and FY 2016 will remain at approximately 240,000 calls per year.

Beneficiary accounts for whom OST does not have a current address are referred to as “Whereabouts Unknown” (WAU) account holders. In the first two months of FY 2015, Field Operations staff identified 3,066 WAU account holders, updated their addresses, and distributed \$4.2 million to these beneficiaries. The combination of increased call volume and updating of account holder records significantly increased Field Operations’ workload. During FY 2014, Field Operations located approximately 17,650 WAU account holders with total account balances in excess of \$22.7 million. At the end of FY 2014, there were 63,339 WAU beneficiaries representing \$115.4 million that will require the continued efforts of Field Operations to locate these account holders.

The Field Operations beneficiary contact tracking system is utilized by all TBCC and field staffs to track various trust inquiries and disbursement requests to avoid duplication of effort, and assure that beneficiaries receive consistent responses and information. In FY 2014, Field Operations developed and implemented a web based application for processing one-time disbursement transactions and address updates. It is expected that this prototype will serve as the foundation for all standard account update processes. In FY 2014, Field Operations successfully migrated the Service Center tracking system to the upgraded Service Manager system. All existing tracking system capabilities were retained and enhancements were added.

Within Field Operations, the Office of Trust Fund Investments (OTFI) manages in-house approximately 2,000 separate tribal investment portfolios and the IIM Fund portfolio, which has more than 350,000 individual account holders. Additionally, Field Operations works closely with the Secretary’s Indian Water Rights Office to ensure that water settlements contain language adequately addressing the purpose of the legislation and investment opportunities, and ensure that the Secretary’s trust responsibilities are met by the OTFI.

### **2016 Program Performance**

In FY 2016, Field Operations will meet its fiduciary obligations to individual Indians, Alaska Natives, and Tribes by providing beneficiaries with a dedicated primary point of contact focused on providing beneficiary services in a trusted, timely, and accurate manner. Specifically, Field Operations will take the following actions:

- Support implementation of the Individual Indian Money Account Litigation Settlement (*Cobell*) payout process by proactively facilitating the LBBP outreach initiatives and activities. Field Operations recently hired and is responsible for supervising LBBP outreach support staff in Albuquerque, NM, Billings, MT, and Rapid City, SD.
- Maintain and enhance strategic partnerships with the Department’s bureaus and offices with Indian trust responsibilities. These partnerships enhance communication with beneficiaries and promote a beneficiary focus throughout the Department.
- Continue interaction with tribal, individual Indian, and Alaska Native beneficiaries through local community outreach programs focused on asset management and trust reform initiatives. Community outreach informs beneficiaries of current trust initiatives and services available to them. Via outreach programs, Field Operations is the primary point of beneficiary contact for beneficiaries who might not otherwise be in contact with the Department. These outreach events are usually in partnership with

other agencies or organizations that can assist beneficiaries by providing information or services relevant to the management of individual and tribal trust assets.

- Continue interactions with tribal leaders to discuss investment of tribal trust funds (including investment training), land management and other issues important to the Tribes and their communities.
- Continue interactions with Indian organizations to promote and support trust initiatives.
- Continue to participate in the implementation and continuation of reform initiatives with BIA and other government entities. The participation of Field Operations in trust reform initiatives ensures that these efforts are effectively communicated and implemented at the local level.
- Proactively identify and assist in the implementation of additional reform activities as needed, in support of ever-evolving program areas such as trust program training, developing policies and procedures, streamlining business processes, risk, and records management. As the primary point of beneficiary contact, Field Operations is uniquely situated to identify and respond to evolving beneficiary needs.
- Provide financial skills training to IIM beneficiaries throughout Indian Country as an integral part of its community outreach activities. This training uses culturally sensitive techniques and methods geared to Native American audiences. Topics include balancing checkbooks, applying for credit, estate planning, reading a credit application, budgeting, investing, and planning for the future. There will be a special effort to offer this training to minors approaching the age of majority through the deployment of an online curriculum. Minors will learn to handle income to build financial stability, in support of the President's Initiative on Engaging and Educating Youth in Financial Literacy. The training will also help elders with the special challenge of managing resources they may consider leaving to their heirs.
- Respond to 90 percent of beneficiary inquiries within two business days and respond to the balance of these inquiries within 30 days.
- Actively support self-determination efforts by engaging Tribal and individual Indian beneficiaries in the management of their trust assets.
- Continue to advocate establishing direct deposit or debit card capabilities for individual Indian and Alaska Native beneficiaries and electronic fund transfers for tribal governments. Direct deposit and debit cards provide faster disbursement while reducing the risk of lost or stolen funds.
- Continue to work with tribal leadership to stress the importance of proper estate planning and continue partnerships with local bar associations, legal services organizations, and law schools to advocate the importance of estate planning for individual Indian beneficiaries. These working relationships are at no or minimal cost to the beneficiary in response to the Department's policy of no longer providing will drafting assistance to owners of trust interests. Proper estate planning can reduce fractionation and enhance the use and value of trust lands for beneficiaries while reducing long-term administrative costs to the Department. The relationships established by Field Operations provide a valuable service to beneficiaries and will support the Land Buy-Back program's objectives of reducing land fractionation. OST Field Operations continues to work with the BIA on the "Your land, your decision" Campaign.
- Maintain Fiduciary Trust Officer presence in field offices.
- Address Field Operations recommendations from internal and external program reviews.

- Continue the migration of trust transaction activities to the local level, reducing redundancy and improving upon efficiencies.
- Continue automation to improve processes and processing timeframes, allowing Agency staff to respond to beneficiary inquiries.
- Work with various Bureaus with DOI to evaluate and implement recommendations of the Secretarial Commission on Indian Trust Administration and Reform to improve trust services to Indian Country.
- Address underlying causes of increasing administrative costs of Indian Trust probate and reduce fractionation by providing meaningful estate planning opportunities to Indian Trust beneficiaries.

**Activity: Program Operations and Support**  
**Subactivity: Appraisal Services**

	2014 Actual	FY 2015 Enacted	Fixed Costs & Related Changes (+/-)	Internal Transfers (+/-)	Program Changes (+/-)	2016 Request	Change from FY 2015 Enacted (+/-)
<b>Program Operations</b>	<b>10,744</b>	<b>10,811</b>	<b>+111</b>	<b>+0</b>	<b>+1,200</b>	<b>12,122</b>	<b>1,311</b>
Appraisal Services	10,744	10,811	+111	+0	+1,200	12,122	+1,311
FTE	69	71	+0	+0	+12	83	12

**Summary of 2016 Program Changes for Program Operations**

Request Component	(\$000)	FTE
<u>Program Changes:</u>		
Appraiser Trainee program	+1,200	12
<b>TOTAL Program Changes</b>	<b>+1,200</b>	<b>12</b>

**Justification of 2016 Program Changes**

The FY 2016 budget request for the Office of Appraisal Services is \$12,122,000 and 83 FTE, a program increase of \$1,200,000 and 12 FTE from the 2015 Enacted.

**Appraiser Training Program (+\$1,200,000/+12 FTE)** - The Office of Appraisal Services (OAS) proposes to fill twelve real estate appraiser trainee positions and fund their participation in a three-year training program operated by the Office of Valuation Services (OVS). Funding participation in a real estate appraiser trainee program directly aligns with the January 2014 Presidential Memorandum on job driven training: *“It is critical that the Federal Government ensure that its policies and programs in the workforce and training system are designed to equip the Nation's workers with skills matching the needs of employers looking to hire.”* Participation in this program will provide graduates with the skills and experience necessary to fill critical positions in OST. Additionally, providing long-term employment opportunities in Indian country is especially beneficial to economic growth and self-determination.

The appraisal industry is experiencing a shortage of fee/private appraisers that hold active State Certified General Appraiser licensing, a fact reflected in the limited applicant pools for vacant appraiser positions by OAS, Office of Valuation Services (OVS) and other federal agencies. Within the next five years, 28 of OAS’s State Certified General Appraisers will be eligible for retirement. Currently OAS is shifting appraisers amongst the OAS regional offices in an attempt to meet the demand for appraisals in regions with insufficient staffing, thereby increasing costs and delays in the delivery of services.

Attaining licensing as a State Certified General Appraiser entails intense training and time requirements of three to five years. This is in accordance with the minimum appraiser qualification standards set for State Real Estate Appraisal Boards by the Qualifications Standards Board of The Appraisal Foundation. It is also very difficult to find a fee/private State Certified General Appraiser who is willing to serve as a

mentor to a person trying to enter the profession. Without a training program to develop new real estate appraisers, OAS and P.L. 93-638 tribal appraisal programs have no source to recruit qualified Native American candidates to fill vacant positions and there is little or no opportunity for young Native American people to enter the profession.

Main components of the trainee program include approximately 340 hours of classroom instruction and a minimum of 3,000 hours of on-the-job training involving fieldwork per trainee. OVS training staff will work with OAS Supervisory staff to ensure that the apprentice appraisers receive specific experience and training over the course of three to five years. Appraiser trainees will be hired into GS 5/7/9 ladder positions.

As the real estate appraiser trainees achieve State Certified General Appraiser licensing, they are eligible to fill vacancies in Review Appraiser positions. Trainees will also develop interpersonal communication skills by assisting the RSA and Review Appraisers in maintaining contact with contracted fee appraisers, individual Indian landowners, Bureau of Indian Affairs, Office of Hearing and Appeals (OHA) as well as Tribes.

### **Program Overview**

**Appraisal Services (\$12,122,000/71 FTE)** - The Office of Appraisal Services (OAS) is responsible for the Indian lands valuation program, which was established to provide impartial estimates of opinions of value for specific types of real property interests held or owned in trust or restricted status for Indian Tribes, individual Indians, and Alaska Natives. The types of land transactions supported by OAS include, but are not limited to, sales, leases (agricultural, commercial and residential), rights-of-way, exchanges, partitions, probates, grazing permits, and trespass settlements.

OAS consists of state certified general appraisers who provide the valuation services in accordance with nationally recognized appraisal standards, methods, and techniques. All completed valuations comply with DOI and OAS appraisal policies and procedures.

OAS continues to complete appraisal requests on trust and restricted lands. OAS Regional Operations anticipates completing approximately 6,000 appraisals in FY 2015. OAS continues efforts to include information from compact/contract Tribes on appraisals completed to maintain a comprehensive database on appraisal workload throughout Indian Country. The Office of Appraisal Services Information System (OASIS) serves as an automated appraisal request generation, tracking and reporting system and recently expanded its capacity to include a mass appraisal module (MAVS) to support valuations for the Land Buy- Back Program. Other mass appraisals methods and techniques, such as Market Studies, Project Appraisal Reports, and Market Analysis, were implemented in some OAS regions to improve productivity and provide more efficiency within the appraisal program.

It is DOI's policy that all appraisal practices completed by OAS conform to the current Uniform Standards of Professional Appraisal Practice (USPAP) promulgated by the Appraisal Standards Board of The Appraisal Foundation—updated and published regularly—and the current edition of the Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA) promulgated by the Interagency Land Acquisition Conference, as applicable.

Providing technical assistance to tribal appraisal programs operating under the Indian self-determination contracts and self-governance compacts, and at the same time, delivering quality appraisals of Indian land to our direct service Tribes is OAS's foremost priority.

The OAS has entered into a reimbursable service agreement with the Office of the Secretary, Department of the Interior, to perform all appraisals, appraisal review, and approval in support of the Land Buy-Back Program (LBBP) acquisitions. This additional responsibility will entail providing thousands of opinions of value over a ten-year period for a wide array of properties ranging from unimproved agricultural lands to highly developable commercial properties. The work will encompass a wide range of geographic locations, surface and subsurface rights, and fractional interest property rights.

Although a mass appraisal process is being implemented to increase efficiency and decrease costs, OAS recognizes that these processes will not be appropriate for all reservations and/or land uses within a reservation. In cases where a mass appraisal process is not appropriate, other methodologies, including project appraisal reports, market studies, and individual site specific appraisal reports, will be developed and implemented.

### **2016 Program Performance**

- Complete 85 percent of appraisal requests received from the client within requestor business requirements.
- Continue to improve and streamline the appraisal business process, which includes the use of Office of Appraisal Services Information System (OASIS), an automated appraisal request tracking system developed by OAS and jointly implemented by OAS and OST Information Resources. The application allows for improved transparency, streamlining of BIA agency/tribal request process and standardizing of appraisal requests.
- Continue to reduce the time and cost to complete appraisals by completing 80 percent of current appraisal requests in-house using OAS staff.
- Continue to assist/support the Land Buy-Back Program in streamlining the appraisal process, to include providing OASIS for tracking appraisals, uploading appraisal information to the Trust Asset and Accounting Management System (TAAMS), Geographic Information System (GIS) for mapping, sharing sales data between OAS Regional Operations and the Land Buy-Back Program Division.
- The OAS Land Buy-Back Program Valuation division continues to move forward across several reservations providing opinions of value for identified purchasable tracts.
- Continue the deployment of appraisal applications software to manage comparable market data and generate appraisals that are compliant with USPAP and UASFLA, where applicable.
- Update and implement OAS appraisal program policies, procedures, and guidance to streamline operations and establish consistency.
- Continue to develop the Quality Assurance Program to maintain quality of appraisal products completed by OAS Regional Operations and LBBP Valuations Divisions.
- Implement an appraiser training program to address shortage of qualified appraisers and delays in completing appraisal evaluations.

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**Activity: Program Operations and Support**  
**Subactivity: Trust Services**

	<b>2014 Actual</b>	<b>FY 2015 Enacted</b>	<b>Fixed Costs &amp; Related Changes (+/-)</b>	<b>Internal Transfers (+/-)</b>	<b>Program Changes (+/-)</b>	<b>2016 Request</b>	<b>Change from FY 2015 Enacted (+/-)</b>
<b>Program Operations</b>	<b>28,946</b>	<b>29,063</b>	<b>+194</b>	<b>+0</b>	<b>+0</b>	<b>29,257</b>	<b>194</b>
Trust Services	28,946	29,063	+194	+0	+0	29,257	+194
<i>FTE</i>	<i>114</i>	<i>124</i>	<i>+0</i>	<i>+0</i>	<i>+0</i>	<i>124</i>	<i>0</i>

**Program Overview**

**Trust Services (\$29,257,000/124 FTE)** – Congress has designated the Secretary of the Interior as the trustee delegate with responsibility for the monetary and non-monetary resources held in trust on behalf of American Indian Tribes, individual Indians, and other trust funds. In carrying out the management and oversight of the Indian trust funds, the Secretary has a fiduciary responsibility to ensure that trust accounts are properly maintained, invested, and reported in accordance with the Reform Act, Congressional action, and other applicable laws.

Trust Services is responsible for all fiduciary accounting activities, liquidity investments, reconciliation, and financial reporting related to the individual Indian, Alaska Native, and tribal trust funds under management by the Department. This Office provides leadership, guidance and oversight of the development of policies, procedures, and processes to ensure proper management of trust funds on behalf of beneficiaries. Trust Services supports Indian Fiduciary Trust Responsibilities through performance measures of providing timely and accurate financial account information to trust beneficiaries, the timely recording of oil and gas royalties in the trust accounting system and the accurate processing of financial information in trust beneficiary accounts.

Trust Services manages nearly \$4.9 billion in funds held in trust for federally recognized Indian Tribes, individual Indian, and Alaska Native beneficiaries. Over \$4.0 billion is held in about 3,300 tribal and other trust fund accounts, including the Alaska Native Escrow Fund. Approximately \$858 million is held on behalf of individual Indians in about 397,000 beneficiary accounts. The accumulated balances in the Tribal trust have resulted from claims and judgment awards, investment income, and revenues from approximately 55 million acres of trust lands. Revenues are derived from subsurface mineral extractions (coal, oil, gas, and uranium) timber, grazing, and other surface leases. Individual Indian Money (IIM) balances are generally on deposit as a result of restricted accounts (e.g., minors, estates, Whereabouts Unknown).

The program's business objectives are to manage and to timely and accurately receipt, disburse, and account for funds associated with trust assets. Accomplishment of these objectives enables the Department to provide accurate and timely information to trust beneficiaries. The accuracy and timeliness of information is comprised of several factors: timely processing and posting of cash, account

maintenance, and investment income transactions. Reconciliation and activity reporting on trust accounts impacts accuracy and timely reporting to beneficiaries.

Trust Services is responsible for reconciling subsidiary and control accounts and monitoring trust funds activities. This office prepares internal and external financial accounting reports as well as audited financial statements for trust funds. It also is responsible for the accurate and timely preparation and submission of appropriate external reports and required tax forms. The reconciliation of trust fund activities include custodial management of proprietary data, compliance and interface with Treasury cash flow reports, and the receipting of funds from BIA and the Office of Natural Resources Revenue (ONRR).

Trust Funds Accounting System (TFAS) – To comply with the provisions of the Reform Act, (P. L. 103-412, title IV, Sec. 401, Oct. 25, 1994, 108 Stat. 4249), OST uses TFAS, a commercial off-the-shelf system owned and operated by a third party vendor. The existing contract was awarded during FY 2008. Some of the costs associated with the TFAS contract are based upon the number of accounts on the system (open and closed). Currently, TFAS has approximately 397,000 open and approximately 11,500 closed accounts. Of the approximately 397,000 open accounts, approximately 98,000 were non-income accounts. A Statement of Performance is produced in TFAS for non-income accounts, which includes real property assets. In addition to normal processing, items included in the core price are the daily pricing of securities; software licenses that allow Tribes access via the Internet using Strata Web; security, custody of securities, and investment settlement services. Accounts that are coded as closed for more than 18 months are periodically removed from the system. There will always be some closed accounts on the system. As a result of the Individual Indian Money Account Litigation Settlement Land Buy-Back Program, additional accounts are anticipated to be closed in FY 2016.

Litigation and Support Functions – Trust Services provides valuable litigation support services through subject matter experts, development of presentations, document production accounting support to be used in furthering the Department's goal of amicable settlements with tribal entities.

In FY 2016, Trust Services top priority will continue to be the management of Tribal and Individual Indian Money funds through the accurate and timely execution of investment, disbursement, receipt, accounting, and reporting functions. In line with the President's Management Agenda, OST will increase effectiveness by improving customer service. Specifically, beneficiary services will be enhanced in FY 2016 through development of an eBanking service to provide IIM account holders with direct access to their IIM account information, enabling them to complete basic transactions. This service, tentatively called "IIM Direct," will allow beneficiaries to:

- Check account balances
- View transaction history
- Update mailing addresses
- Update telephone numbers
- Update email addresses
- View and print IIM Statements and/or Explanation of Payments
- Request disbursements

OST plans to provide 24/7 access via multiple channels, including smartphone and tablet applications, mobile website and text messaging, all transactions will be internet and mobile phone secure. With IIM Direct, beneficiaries will be able to complete required transactions without the assistance of TBCC and field staff and beneficiaries will no longer need to rely on the hours of staff availability.

### **2016 Program Performance**

The FY 2016 funding allows Trust Services to:

- Attain at least 99 percent accuracy for financial information initially processed in trust beneficiary accounts.
- Record at least 99 percent of ONRR royalty revenue within 24 hours of receipt.
- Maintain necessary Tribal trust litigation support.
- Continue to process up to 10,000 probate orders and distribution of funds to beneficiaries annually.
- Continue to process over one million account maintenance transactions annually.
- Continue reconciliation and clean-up of suspense and special deposit accounts.
- Continue to process over \$1.9 billion in receipts annually.
- Continue to process approximately \$1.59 billion in disbursements annually.
- Continue daily reconciliation of all trust funds receipts/disbursements with Treasury (over 9.9 million transactions annually).
- Continue to compile monthly and annual financial statements, applicable tax reports, and required regulatory financial reports.
- Continue to maintain almost 400 Trust Services' directives, updating directives as needed due to changes in organizational alignment and processes, new automation, etc.
- Continue to support the Cobell Land Buy-Back Program.

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**Activity: Program Operations and Support**  
**Subactivity: Historical Trust Accounting**

	2014 Actual	FY 2015 Enacted	Fixed Costs & Related Changes (+/-)	Internal Transfers (+/-)	Program Changes (+/-)	2016 Request	Change from FY 2015 Enacted (+/-)
<b>Program Operations</b>	<b>23,045</b>	<b>23,061</b>	<b>+31</b>	<b>+0</b>	<b>-972</b>	<b>22,120</b>	<b>-941</b>
Historical Trust Accounting	23,045	23,061	+31	+0	-972	22,120	-941
<i>FTE</i>	<i>17</i>	<i>20</i>	<i>+0</i>	<i>+0</i>	<i>+0</i>	<i>20</i>	<i>0</i>

**Summary of 2016 Program Changes for Program Operations**

Request Component	(\$000)	FTE
<u>Program Changes:</u>		
Reduce support for litigation	-972	0
<b>TOTAL Program Changes</b>	<b>-972</b>	<b>0</b>

**Justification of 2016 Program Changes**

The FY 2016 budget request for the Office of Historical Trust Accounting is \$22,120,000, a program reduction of \$972,000 below the 2015 enacted budget. This reduction is due to an anticipated workload decrease in FY 2016 associated with SOL and DOJ litigation defense support for the Department.

**Program Overview**

**Office of Historical Trust Accounting (\$22,120,000/20 FTE)** – In July 2001, the Office of Historical Trust Accounting (OHTA) was created by Secretarial Order to plan, organize, direct, and execute the historical accounting of Individual Indian Money (IIM) accounts (OHTA's responsibilities were later expanded to include the provision of historical accountings for tribal accounts). OHTA's management model is based on a small staff of Federal employees directing the efforts of a number of individual contractors. The contractors have provided critical technical expertise in areas such as accounting services, historical research, information resources, data security, statistical analysis, and document search, collection, and reproduction.

The Department and OHTA are helping resolve lawsuits filed by or on behalf of approximately 50 tribes that involve claims related to both trust funds and natural resources or land management. These cases are in various Federal District Courts and the Court of Federal Claims. OHTA is continuing its strategy to support active litigation and settlement negotiations in coordination with the Department of Justice (DOJ) and Interior's Office of the Solicitor (SOL). DOJ, SOL, and the Department rely on OHTA to satisfy the critical, and often Court-ordered, information demands (e.g., formal discovery requests) of the litigating tribes and the Government for the defense of the lawsuits through document search and production and data analysis of tribal accounts and claims.

OHTA also is providing data, analysis, and other support necessary to implement the Claims Resolution Act of 2010, which authorized settlement of the *Cobell v. Salazar* class action litigation and features, in part, various payments to class members and a substantial land consolidation effort.

### **2016 Program Performance**

**Tribal Historical Accounting (\$16,366,000)** - OHTA will continue to compile, share, and explain trust fund accounting and related information to help resolve the remaining tribal trust cases and avoid future disputes or claims. The Tribal Division's efforts remain focused on supporting resolution of tribal trust fund accounting and related lawsuits brought by tribes and individual Indian alleging violation of the Department's trust relationship. Settlement efforts for many of the nearly 50 remaining litigating Tribes have already been exhausted, which means that the remaining cases are not likely to settle and the Department will have definite needs for a robust litigation defense. OHTA is the Department's *sole* office to provide litigation support (document research and retrieval, document reproduction, and expert analysis) – for violation of trust claims against the Department. The proposed reduction of \$972,000 to the Tribal Division budget would slow the Department's ability to respond to tribal trust litigation needs.

**Special Deposit Accounts/Youpee Escheat Funds Distribution Project (\$3,000,000)** – OHTA will continue to identify the proper ownership of residual balances in aged SDAs and the research and analysis necessary to distribute trust funds residing in Youpee Escheat Accounts to proper owners. The Youpee accounts reflect income from land interests that had escheated (transferred) to tribes under legislation that the Supreme Court deemed unconstitutional. For both SDA and Youpee Accounts, the funding will allow the annual closure goals of \$250,000 to be distributed to individual Indians (both SDAs and Youpee accounts), Tribes, and/or third parties.

**IIM Historical Accounting (\$2,750,000)** – OHTA will continue to address new claims arising from the *Cobell* account holders, particularly those claims of individual Indians who have opted-out of the Trust Asset Mismanagement Class in the *Cobell* litigation. Additionally, OHTA will continue updating and improving the master database being used both to make *Cobell* award payments and *Cobell* Land Buy Back offers. OHTA anticipates that the distribution of the *Cobell* settlement payments will continue into FY 2016 and beyond.

# **TAB INSERT**

**Program Support**

**Activity: Program Operations and Support**  
**Subactivity: Program Support**

	<b>2014 Actual</b>	<b>FY 2015 Enacted</b>	<b>Fixed Costs &amp; Related Changes (+/-)</b>	<b>Internal Transfers (+/-)</b>	<b>Program Changes (+/-)</b>	<b>2016 Request</b>	<b>Change from FY 2015 Enacted (+/-)</b>
<b>Program Support</b>	<b>50,169</b>	<b>49,111</b>	<b>+416</b>	<b>+0</b>	<b>+1,020</b>	<b>50,547</b>	<b>+1,436</b>
Business Management	34,706	33,542	+240	+0	+0	33,782	+240
Program Management	15,463	15,569	+176	+0	+1,020	16,765	+1,196
<i>FTE</i>	<i>177</i>	<i>200</i>	<i>+0</i>	<i>+0</i>	<i>+2</i>	<i>202</i>	<i>2</i>

**Summary of 2016 Program Changes for Program Support**

<b>Request Component</b>	<b>(\$000)</b>	<b>FTE</b>
<u>Program Changes:</u>		
Expand Records Training Program and Implementation of email Enterprise Records and Document management System (eERDMS)	+1,020	+2
<b>TOTAL Program Changes</b>	<b>+1,020</b>	<b>+2</b>

**Justification of 2016 Program Changes**

The FY 2016 budget request for the Program Support is \$50,547,000 and 202 FTE, an increase of \$1,436,000 and 2 FTE. For a detailed description of the increase, please refer to the section for Program Management.

**Program Support Overview**

Business Management and Program Management comprise the subactivity of Program Support. Although the programs focus on different specialized aspects of OST, both support fiduciary trust responsibilities to tribal and individual Indian beneficiaries.

Business Management provides strategic planning, workforce planning, training design for staff development, and the execution of special projects as directed by Executive management. Various administrative functions, budget services, information resources, interface with external organizations, litigation coordination, and clerical support, are also provided by Business Management.

Program Management provides independent audits of Indian fiduciary trust programs and monitors implementation of corrective actions to address any deficiencies. Independent from Trust Review and Audit, the Risk Management group conducts a comprehensive program to identify and mitigate risk. Management and operation of the American Indian Records Repository also falls within Program Management. Tangent to the management of records, the program is responsible for the development of records management policies, and provides records management training and support services to OST and Indian Affairs.

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**Activity: Program Operations and Support**  
**Subactivity: Program Support – Business Management**

	2014 Actual	FY 2015 Enacted	Fixed Costs & Related Changes (+/-)	Internal Transfers (+/-)	Program Changes (+/-)	2016 Request	Change from FY 2015 Enacted (+/-)
<b>Business Management</b>	<b>34,706</b>	<b>33,542</b>	<b>+240</b>	<b>+0</b>	<b>+0</b>	<b>33,782</b>	<b>240</b>
Business Management	1,872	1,964	+23	+0	+0	1,987	+23
Budget, Finance & Administration	24,615	23,398	+151	+0	+0	23,549	+151
Litigation Support	[3,986]	[3,486]	+0	+0	+0	[3,486]	+0
Office of Hearings and Appeals	[8,716]	[8,516]	+0	+0	+0	[8,516]	+0
Information Resources	6,599	6,631	+53	+0	+0	6,684	+53
Office of External Affairs	1,620	1,549	+13	+0	+0	1,562	+13
<i>FTE</i>	82	88	+0	+0	+0	88	0

**Program Overview**

The offices encompassing Business Management provide the critical infrastructure and administrative services that enable the Office of the Special Trustee for American Indians to function as an effective fiduciary trustee. It also provides modern, appropriate systems and tools to manage the fiduciary trust responsibilities. Program elements include Business Management, Office of Information Resources (IR), Office of Budget, Finance, and Administration (BF&A), and the Office of External Affairs (OEA).

**Business Management (\$1,987,000/15 FTE)** - Business Management includes the Deputy Special Trustee for Business Management and funding for the Office of the Chief of Staff, which includes a litigation coordinator and a support staff that provides a variety of services to the entire OST organization, including the Principal Deputy Special Trustee (PDST) and the Special Trustee (ST).

The litigation coordinator serves as liaison and advisor for Indian trust litigation issues and related matters, representing OST at meetings, presentations, and at other public forums with Departmental offices, plaintiff attorneys and the general public. The coordinator also develops and provides guidance relative to specific litigation related goals and objectives, as well as researching, compiling, and reviewing documents relevant to cash management and investment practices.

Other vital support functions funded by the Business Management program include strategic planning, workforce planning, and the execution of special projects as directed by Executive management. The program also provides administrative and clerical support to management at the Business Management, PDST and ST levels.

**Budget, Finance and Administration (\$23,549,000/27 FTE)** - The BF&A office supports OST in carrying out its fiduciary trust responsibilities to federally recognized American Indian Tribes, individual Indians, and Alaska Natives by providing direct budget, planning, and administrative support, including oversight of contracts for human resources, acquisition, and financial/accounting services. Reports to the Department, the Office of Management and Budget and to the U.S. Congress are generated by, or coordinated through this office.

Functions of the BF&A program include coordination of government-wide, Departmental, and agency services that support OST's programs such as: personnel, EEO, space, telephone, charge card, travel, vehicle management, facilities, and working capital fund activities. In FY 2015, this office coordinated with the U.S. Department of the Treasury in transferring the mailing of Individual Indian Money (IIM) account holder checks, oil and gas Explanation of Payments, Statements of Performance, and other beneficiary related documents. Additionally in FY 2015, BF&A initiated a survey to gather information on current conditions of OST facilities. Information gathered through this survey will support efforts in FY 2016 and future fiscal years to initiate facility improvements at various OST locations and remedy serious health and safety concerns.

In addition, BF&A coordinates the implementation of performance improvement, human capital and transportation management. Recent accomplishments include: Implementation of automated approval for charge card purchases; implementation of a new travel management system; consolidation of OST office space in Albuquerque for a 50 percent reduction in square footage; establishment of video teleconference capabilities between in OST's Washington, DC and Albuquerque, NM offices to reduce travel costs; development/arrangement of a wide range of employee training to improve employee skills and productivity. BF&A expanded the offerings of computer-based training as well as offered such courses as:

- Realty Core Competencies Program for Accounting Technicians
- Trust Fund Investment
- Manager Skill Development and Enhancement Learning Program
- FOIA/Privacy Act Training workshop
- Learning Plan for administrative training for new appraisers
- Recognition and prevention of Cyber-bullying
- Workshops on creation of Individual Development Plans for employees
- Healthy life styles and stress management
- Train-the-Trainer
- Management Development Course for a cohort of 20 mid-level supervisors

Litigation Support (\$3,486,000) – The budget for BF&A includes pass-through funding for the Solicitor's office to provide document production capabilities for tribal trust litigation cases and caseload management efforts.

Office of Hearings and Appeals (\$8,516,000) - The budget for BF&A includes pass-through funding for the Office of Hearings and Appeals for probate adjudication. Although the responsibility for

directing overall probate efforts rests with BIA, OST oversees caseload management efforts; ensures coordination of policies, practices and systems; and provides guidance in identifying problems and potential solutions to case processing bottlenecks.

<b>OHA Probate Performance Data 2014-2016</b>				
	<b>Number of Cases Pending Beginning of Year</b>	<b>Number of New Cases Received</b>	<b>Number of Cases decided</b>	<b>Number of Cases Pending End of Year</b>
FY 2014	5,365	7,044	6,919	5,490
FY 2015	5,490	7,000	7,000	5,490
FY 2016	5,490	7,000	7,000	5,490

### **2016 Program Performance**

- Improve budget-performance integration by defining correlations between available resources and performance for OST programs.
- Conduct management meetings to discuss performance accomplishments and budget resources necessary for improvements and realignment of funds as required.
- Remediation of health and safety concerns at various OST locations.
- Provide regular fund status reports to program and senior managers.
- Maintain annual reviews of the budgetary status of trust accounts.
- Continue providing Human Resources, Acquisitions, and Finance services through shared service providers.
- Continue providing office space and Working Capital Fund service.

**Information Resources (\$6,677,000/38 FTE)** – Overseen by the Assistant Director for Information Resources (ADIR), the Office of Information Resources (IR) provides organization-wide information resources support for OST in carrying out the fiduciary trust responsibilities to tribal and individual Indian beneficiaries. IR develops, maintains, and operates the trust information technology (IT) enterprise architecture; provides day-to-day computer support to OST personnel nationwide; and develops and maintains applications in support of the OST mission.

Additionally, IR provides IT support services including technical support, capital planning, and procurement of IT hardware and software; security management (accreditation and authorization, logical access control, policies, procedures, guidelines and compliance); and OST's implementation of DOI's IT Transformation initiatives. The ADIR facilitates the development and maintenance of cost-effective, supportable, and sustainable information management and technology solutions to advance the mission of OST. These technology solutions enhance OST's ability to serve the beneficiaries through efficient business and resource management systems.

The ADIR interfaces with the Departmental CIO office on strategic initiatives, department-wide planning, and IT Transformation activities. The ADIR develops IT strategic plans to support OST business processes; manages OST's IT services that provide the support, testing and implementation of automated

trust funds financial and other support systems; and ensures necessary interfaces with other trust systems in the BIA, Bureau of Safety and Environmental Enforcement (BSEE), OHA, BLM, ONRR, and other related offices in the Department.

### **2016 Program Performance**

In FY 2016, OIR will continue to advance IT operations to improve upon OST's fiduciary trust mission. Specifically, OIR will: 1) support the IT infrastructure ensuring continued confidentiality, integrity, and availability of the OST network, data center services, help desk response, and workstation (hardware and software) management; 2) advance existing mission support of IT applications/systems and develop applications to address new or changing requirements; 3) oversee and monitor the protection of OST's applications and data; 4) provide FOIA and privacy technical support and operations; and 5) support the DOI IT Transformation initiative.

**Office of External Affairs (\$1,562,000/8 FTE)** - OEA has three primary areas of responsibility in supporting the Special Trustee's statutorily-required reform and oversight activities: (1) communicating with a diverse group of stakeholders about OST's programs and activities and the Department's trust reform initiatives; (2) administration of OST's tribal self-governance and self-determination program; and (3) congressional liaison activities.

Communications - OEA provides tribal and individual Indian trust beneficiaries, Department personnel, the media, the U.S. Congress, other government agencies, and the public with a wide range of information on the status of trust reform priorities, current initiatives and benefits through personal contacts and printed outreach materials. The Reform Act authorizes Tribes to withdraw tribal funds held in trust status for tribal self-investment and management, thereby eliminating federal management. To withdraw tribal funds, a Tribe must submit a formal application that includes data and information about how the Tribe intends to invest and manage the funds once withdrawn from trust status. OEA provides information to Tribes on the withdrawal process and helps coordinate OST's activities in response to requests for withdrawal.

OEA advises Tribes, in obtaining technical assistance during the development of a trust withdrawal application. Once the application is complete, Public Law 103-412, The American Indian Trust Fund Management Reform Act of 1994, allows Indian tribes on a voluntary basis to take their funds out of trust status within the Department of the Interior (and the Federal Government) in order to manage such funds on their own. 25 CFR Part 1200, subpart B, Sec. 1200.13, "How does a tribe apply to withdraw funds?" describes the requirements for application for withdrawal and provides that OST has 90 days to review and approve or decline the application. The law allows additional time for information or clarifications to be received during the review process.

Self-governance and Self-determination - Staff provide information to Tribes on self-governance and self-determination opportunities under P.L. 93-638, and provide technical assistance to encourage Tribes to consider contracting or compacting OST programs. To ensure fulfillment of the Secretary's fiduciary trust responsibilities, staff actively pursue the negotiation of program standards with Tribes electing to contract or compact OST programs.

A significant portion of OEA's operating budget is used to support the administration of Indian self-governance and self-determination activities as authorized by Title I and Title IV of Public Law 93-638. In FY 2014, OEA worked with over 35 Tribes that performed or sought to perform OST programs and functions on behalf of their members, and worked to ensure Tribes had program standards in place for the performance of OST functions. The 638 programs that OEA currently oversees include appraisal and beneficiary processing programs. OEA continues to assist Tribes in support of self-determination and self-governance and to provide opportunities for new Tribes interested in operating OST trust programs or seeking authority to access OST's automated trust systems.

Congressional Liaison - In fulfillment of congressional liaison responsibilities, OEA provides the Congress with an annual report and a wide range of information on the status of trust reform priorities, current initiatives and benefits through formal briefings, personal contacts, and printed materials.

### **2016 Program Performance**

In FY 2016, OEA will promote Tribal self-determination and self-governance by seeking expanded participation in tribal operation of OST's appraisal and beneficiary processing programs. OEA will provide information to Tribes currently operating OST trust programs to assist them in accessing OST's trust systems at their local tribal facility.

OEA will support self-governance and self-determination by:

- Administering the full range of P.L. 93-638 self-governance and self-determination activities and services to include: promoting new opportunities; providing technical assistance; developing tribal share packages; negotiating, approving or declining P.L. 93-638 contract proposals; negotiating program standards; negotiating Funding Agreements; negotiating Reprogramming Requests and footnotes; and coordinating the allocation of OST 638 funds to BIA and the Office of Self-Governance for disbursement to Tribes.
- Negotiating annual funding agreements, memoranda of understanding, and tribal use agreements and program standards for the OST programs that are available for compacting or contracting.
- Holding discussions with requesting Tribes to share information about potential access to OST IR-based trust systems.
- Coordinating the preparation of cost determinations for Tribes to access OST IR-based trust systems.
- Coordinating the approval process for any tribal requests to access OST IR-based trust systems.
- Coordinating activities within BIA and OST to provide OST trust systems training for Tribes.

OEA will support communications to stakeholders by:

- Continuing the proactive development of communications and media materials for outreach efforts to inform beneficiaries, tribal leaders and Native organizations.
- Continuing support of OST's national debit card and direct deposit programs for IIM account holders and seeking to further Whereabouts Unknown (WAU) awareness in Indian Country.
- Enhancing OST's relationship with national, local, and Native media outlets.

- Continuing communications with Members of Congress and their staffs to discuss trust reform initiatives and potential legislative solutions to issues affecting OST's individual beneficiaries and tribes.
- Continuing to provide written updates to Congress and tribal leaders on the status of trust reforms.
- Coordinating and reviewing formal applications from Tribes to withdraw their funds from trust status, for tribal self-investment and management and encouraging enhanced tribal involvement in this program whenever possible.

**Activity: Program Operations and Support**  
**Subactivity: Program Support – Program Management**

	2014 Actual	FY 2015 Enacted	Fixed Costs & Related Changes (+/-)	Internal Transfers (+/-)	Program Changes (+/-)	2016 Request	Change from FY 2015 Enacted (+/-)
<b>Program Management</b>	<b>15,463</b>	<b>15,569</b>	<b>+176</b>	<b>+0</b>	<b>+1,020</b>	<b>16,765</b>	<b>+1,196</b>
Trust Records	9,887	9,963	+127	+0	+1,020	11,110	+1,147
Trust Review and Audit	4,939	4,964	+41	+0	+0	5,005	+41
Risk Management	637	642	+8	+0	+0	650	+8
<i>FTE</i>	95	112	+0	+0	+2	114	+2

**Summary of 2016 Program Changes for Program Support - Program Management**

Request Component	(\$000)	FTE
<u>Program Changes:</u>		
Expand Records Training Program and Implementation of email Enterprise Records and Document Management System (eERDMS)	+1,020	+2
<b>TOTAL Program Changes</b>	<b>+1,020</b>	<b>+2</b>

**Justification of 2016 Program Changes**

The FY 2016 budget request for Program Support is \$16,741,000 and 114 FTE, a program increase of \$1,020,000 and 2 FTE from the FY 2015 Enacted.

An increase of \$1,020,000 is proposed to fund records training programs at two additional tribal colleges. This proposal directly supports the President's January 30, 2014, memorandum regarding Job-Driven Training for Workers to build a stronger middle class. The proposal includes the following:

- Increase funds for Haskell Indian Nations University (HINU) records training - \$150,000
- Fund new records programs at two additional tribal colleges - \$600,000
- Staff increase for implementation of records training programs and support for the Department of the Interior's (Interior) email Enterprise Records and Document Management System (eERDMS) initiative - \$270,000

The Office of Trust Records (OTR) currently funds the records management program at HINU in the amount of \$100,000 and proposes to increase this amount by \$150,000. HINU graduates approximately 120 students in this program each year. Under this program, students earn a certificate from the Archivist of the United States.

A funding increase of \$150,000 would enable HINU to train approximately 80 additional students who would receive a certificate in their chosen field and be ready for employment in the records management area. The Federal Government, Tribes, and ultimately tribal members will benefit from the expertise applied to the creation, maintenance, disposition, and preservation of Indian records for future

generations. This investment has the potential to result in entrepreneurs establishing their own records management business as there is a need for this expertise throughout Indian country.

OTR proposes to fund two additional tribal college records management programs in the amount of \$300,000 each (includes \$50,000 each for start-up costs) for a total of \$600,000. OTR will identify two tribal colleges in different regions of the country to gain a wider base of support for records management.

An increase of \$270,000 is requested for two additional OTR staff to:

- Assist with the implementation of the tribal college records management programs.
- Perform the increased workload related to Interior's eERDMS initiative.
- Implement streamlined processes to reduce operational costs.
- Perform analysis on organizational effectiveness, workforce planning, and other human capital initiatives.
- Develop new policies and procedures to reflect automation changes to OTR functions.
- Update written and electronic records management curriculum used to train Interior offices/bureaus and tribes.

### Program Overview

**Program Management (\$16,765,000/114 FTE)** - Three separate functional units comprise Program Management: Office of Trust Records (OTR), Office of Trust Review and Audit (OTRA), and Office of Risk Management (ORM). All three report to the Deputy Special Trustee - Program Management (DST-PM) and support OST in carrying out the fiduciary trust responsibilities to Indian Tribes and individual Indian beneficiaries. OTR develops records management policies; provides records management training and support services to OST and Indian Affairs (IA); and provides administrative oversight of AIRR operation. OTRA provides independent examinations of Indian fiduciary trust programs; assesses records management compliance with established policies and procedures; and monitors the implementation of corrective actions to address identified deficiencies. ORM monitors risk management efforts to include the coordination and facilitation of OST's compliance with OMB Circular A-123, with appendices, the Federal Managers Financial Integrity Act (FMFIA) and Interior guidance.

**Office of Trust Records (\$11,110,000/81FTE)** - OTR is comprised of two Divisions: 1) the Division of Records Management Operations in Lenexa, Kansas, and 2) the Division of Records Management Policies, Procedures, and Training. The former manages AIRR operations, while the latter develops records management policies and procedures and provides records management training, authoritative guidance, and support services to OST, IA, and Indian tribes/consortia.

Also, OTR develops and obtains approval from the Archivist of the United States for records schedules; develops computer-based records management training; administers the disposition and safeguard of inactive records; retrieves records for authorized users; supports the implementation of Interior's



Entrance to the American Indian Records Repository

eERDMS initiative; and manages/administers all inactive record activities/processes. This includes the electronic index of inactive records; assures security safeguards are in place at AIRR; provides remediation services for damaged inactive records; and limits access to inactive records to authorized users only.

<b>Records Management Performance Data</b>	<b>2013 Actual</b>	<b>2014 Actual</b>	<b>2015 Estimate</b>	<b>2016 Estimate</b>
Number of Personnel Trained On-line	183	309	200	200
Number of Boxes Accessioned into AIRR	17,172	16,508	12,000	12,000

**Office of Trust Review and Audit (\$5,005,000/28 FTE)** - The American Indian Trust Funds Management Reform Act of 1994 requires the Special Trustee for American Indians to oversee all reform efforts within OST, Bureau of Indian Affairs (BIA), the Bureau of Land Management (BLM), and the Office of Natural Resources Revenue (ONRR) to ensure that trust policies and procedures are consistent intra-bureau wide. To accomplish this, OTRA conducts trust examinations in accordance with their Trust Examiners Guidebook. The purpose of these examinations is to determine if OST, BIA, BLM and ONRR have established policies and procedures that are consistent and comply with federal trust laws to ensure the Secretary's fiduciary trust standards are met Interior-wide.

OTRA examines trust programs and trust records management for deficiencies, identifies findings, issues reports, and monitors corrective actions for the identified deficiencies. OTRA also evaluates trust programs managed by Indian tribes under Self-Determination compact agreements (Title 25 CFR, Part 1000). Upon request by Interior officials, beneficiaries, or the public, OTRA conducts special reviews.

The trust examination process utilizes an Indian Trust Rating System (ITRS) that rates the operational effectiveness of Indian trust asset management activities for each entity examined. The ITRS rates the overall program's trust operational effectiveness in four trust component areas: 1) Management - the capabilities and quality of management, 2) Asset Management - management of Indian trust assets, 3) Compliance - compliance with applicable laws, regulations, policies, procedures, and accepted standards of fiduciary conduct, and 4) Operations - effectiveness and efficiency of operations, including the adequacy and effectiveness of internal controls.

In FY 2016, OTRA anticipates that the trust examination workload will remain steady or at the same 2015 projected levels which were estimated on the anticipation of filling 2 vacant auditor positions, and hiring contractors to assist OTRA in conducting a higher number of examinations.

<b>Records Management Assessments (180 sites)</b>	<b>2013 Actual</b>	<b>2014 Actual</b>	<b>2015 Estimate</b>	<b>2016 Estimate</b>
Number of sites reviewed	58	52	60	60

<b>Trust Examinations (204 sites)</b>	<b>2013 Actual</b>	<b>2014 Actual</b>	<b>2015 Estimate</b>	<b>2016 Estimate</b>
Number of sites reviewed	23	28	60	60

**Office of Risk Management (\$650,000/5 FTE)** - ORM helps to ensure OST complies with OMB Circular A-123, with appendices, and the FMFIA. To help ensure compliance, ORM coordinates management's annual self-assessment evaluation of the effectiveness of internal controls designed to mitigate risk associated with financial and non-financial program activities; conducts independent testing of the internal controls within financial business processes; conducts internal control reviews of programs; and provides assistance with risk management inquiries. ORM ensures that among the program manager risk assessments, the reviews conducted by OTRA and independent external auditors, OST management can provide reasonable assurance that the financial reports are reliable, their programs operate efficiently and effectively, and their programs comply with applicable laws and regulations. ORM will continue to improve the OST risk management program by: expanding the scope of internal control reviews to analyze the efficiency and effectiveness of programs; providing annual risk management training to OST staff; enhancing the existing risk management automated application (RM-PLUS) to facilitate more efficient assessing and reporting; and continuing to align RM-PLUS with regulatory and legislative requirements (i.e., OMB Circular A-123, with appendices, and FMFIA). ORM also collaborates with other Interior offices/bureaus that provide trust services impacting OST's trust operations and trust fund financial statements.

<b>Risk Management - Performance Data</b>	<b>2013 Actual</b>	<b>2014 Actual</b>	<b>2015 Estimate</b>	<b>2016 Estimate</b>
Number of Assessors who conducted Self-Assessments in RM-Plus	102	107	105	105
Number of Financial Business Processes Reviewed	35	33	34	35
Number of Internal Control Reviews Conducted	8	5	10	10

### **2016 Program Performance**

- Conduct program internal control reviews at nine OST locations.
- Conduct 35 OST Financial Business Process Reviews.
- Submit OST's Statement of Assurance over Financial Reporting on or before August 15.
- Submit OST's Statement of Assurance on Internal Control on or before September 30.
- Update the Risk Management Handbook to reflect changes to the GAO Standards for Internal Control in the Federal Government.
- Ensure FMFIA program content is developed for all OST trust programs.
- Implement electronic approval and update of risk management documents in RM-Plus for at least 75 percent of defined programs.
- Implement records management training programs for two additional Tribal colleges.
- Expand records management training program at Haskell Indian Nations University
- Implement eERDMS training and support programs for OST.
- Provide 2,000 timely and efficient records research responses.
- Index and accession 12,000 boxes of records.
- Conduct online Records Management Training for 200 OST and Indian Affairs personnel.
- Improve efficiency through streamline of records management operations, policies, and procedures.

- Conduct 60 Indian Trust Examinations and Tribal Evaluations (30 of the 60 will be Tribal evaluations completed utilizing a Tribal Self-Assessment computer application).
- Conduct 45 Trust Records Management Assessments.
- Perform a quality assurance peer review of 15 percent of the Indian Trust Examinations/ Evaluations conducted in FY 2015.
- Ensure 25 percent of auditors attain professional certifications.
- Close 70 percent of all prior year Indian Trust Examinations/Evaluations findings and 50 percent of the FY 2016 findings.
- Close 70 percent of all prior year Records Management Assessment findings and 50 percent of the FY 2016 findings.
- Complete 60 percent of the OTRA Standard Operating Procedures Manual.

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## **Trust Funds**

## Tribal and Other Trust Funds

*(Dollars in Thousands)*

	<b>2014 Actual</b>	<b>FY 2015 Enacted</b>	<b>Fixed Costs &amp; Related Changes (+/-)</b>	<b>Internal Transfers (+/-)</b>	<b>Program Changes (+/-)</b>	<b>2016 Request</b>	<b>Change from FY 2015 Enacted (+/-)</b>
<b>Total</b>	<b>73,994</b>	<b>81,286</b>	<b>+0</b>	<b>+0</b>	<b>+2,590</b>	<b>83,876</b>	<b>+2,590</b>
Tribal Special Fund	63,977	68,651	+0	+0	+2,188	70,839	+2,188
Tribal Trust Fund	10,017	12,635	+0	+0	+402	13,037	+402
FTE	0	0	+0	+0	+0	0	+0

### Summary of 2016 Program Changes for Trust Funds

<b>Request Component</b>	<b>(\$000)</b>	<b>FTE</b>
<u>Program Changes:</u>		
Tribal Special Fund	+2,188	<b>0</b>
Tribal Trust Fund	+402	<b>0</b>
<b>TOTAL Program Changes</b>	<b>+2,590</b>	<b>0</b>

### Justification of 2016 Program Changes

The FY 2016 budget request for the Tribal Special Fund and Tribal Trust Fund totals \$83,876,000 a program increase of \$2,591,000 from the FY 2015 enacted receipts and outlays.

The budget authority for the Tribal Special Fund and Tribal Trust Fund is equal to receipts of settlements and/or judgments from the Judgment Funds for on-budget trust funds as well as transaction activity from buying and selling investments outside of Treasury for on-budget trust funds; including investment income and proceeds from investment in government sponsored entity securities. Most of the assets of these funds are in investments held outside Treasury.

### Budgetary Classification of Tribal Trust Funds

Tribal trust funds are deposited into consolidated accounts in the U.S. Treasury pursuant to: 1) general or specific acts of Congress and, 2) Federal management of tribal real properties, the titles to which are held in trust for the Tribes by the United States. These funds are available to the respective tribal groups for various purposes, under various acts of Congress, and may be subject to the provisions of tribal constitutions, bylaws, charters, and resolutions of the various Tribes, bands, or groups.

Commencing with FY 2000, most tribal trust funds, including special funds, managed by the Office of the Special Trustee were reclassified as non-budgetary. Ownership of these funds did not change; changes were made for presentation purposes only. Some tribal trust funds remain budgetary, in the Tribal Special or Tribal Trust Funds accounts.

The budgetary funds are included in either a budgetary special fund account or trust fund account. The distinction between a special and a trust fund is purely technical from a budgetary standpoint; if the law creating the fund delineates it as a “trust fund,” it is included in the trust fund account. If the law delineates the fund as something other than a trust fund (e.g., a “development fund”), it is included in the special fund account.

### **Tribal Special Fund**

This fund includes activities associated with the following accounts:

- *Tribal Economic Recovery Fund*. This fund is authorized by the Three Affiliated Tribes and *Standing Rock Sioux Tribe Equitable Compensation Act of 1992* (P.L. 102-575) and holds funds which have been appropriated pursuant to the Act. Beginning in 1998, interest earned on the principal of this fund is available for both Tribes for economic development, education, and social services programs.
- *Three Affiliated Fort Berthold* (P.L. 102-575). The fund is not designated by law as a trust fund. The act provides for additional compensation to the Three Affiliated Tribes and the Standing Rock Sioux Tribe for the taking of tribal lands related to the Garrison Dam and Reservoir project. The Tribes are only entitled to the interest earnings, not the corpus (Sec. 3504(a) (4)).
- *Standing Rock* (P.L. 102-575, Title XXXV). The Act provides for additional compensation to the Three Affiliated Tribes and the Standing Rock Sioux Tribe for the taking of tribal lands related to the Garrison Dam and Reservoir project. The Tribes are only entitled to the interest earnings, not the corpus (Sec. 3504(a) (4)).
- *Papago Cooperative Fund* (P.L. 97-293). The fund was established for the Tribe to obtain services that are financed by earnings on investment of the fund.
- *Ute Tribe* (P.L. 102-575, Title V). The fund was established for certain environmental and developmental purposes. One of the expressed purposes of this act is to put the Tribe in the same economic position it would have been had features contemplated by a September 20, 1965 agreement with the United States and others been constructed and thus, resolve tribal claims arising out of the agreement. In addition, the Act qualifies the Tribe’s reserved rights and provides for the waiver of tribal claims related to this issue. The funds provided for by Section 504, like all funds provided for by the Act, with the exception of those funds provided for under Section 505, are intended to resolve legal claims related to the Tribe’s water rights.
- *Pyramid Lake Indian Reservation* (P.L. 101-618). (Specifically, the Lahonta Valley and Pyramid Lake Fish and Wildlife Fund). The Lahonta Valley and Pyramid Lake Fish and Wildlife Fund consist of payments for the use of certain water and transfers from the Fisheries Fund. Except for the transfers, the use of the funds is subject to appropriations for fish and protection.
- *San Luis Rey Water Authority* (P.L. 100-675). This is settlement legislation that resolves pending water rights litigation between the United States and the Bands local entities. The Act established the San Luis Rey Tribal Development Fund and authorized appropriations of \$30 million to the Fund. Following execution of the proposed settlement agreement, the Secretary of the Treasury is directed to make the funds available upon the request of the Indian Water Authority.
- *Cochiti Wetfields Solution*. In 1994, the Army Corps of Engineers transferred \$4 million pursuant to P.L. 102-358 to fund the Department's responsibilities under the settlement agreement between Cochiti Tribe, the Corps, and the Department. The Secretary of the Interior is responsible for

maintenance, repair, and replacement of a drainage system constructed by the Corps for the Cochiti Pueblo.

### **Tribal Trust Fund**

This fund includes activities associated with the following accounts:

- *Funds Contributed for the Advancement of the Indian Race.* This fund accounts for any contributions, donations, gifts, etc., which are to be used for the benefit of American Indians in accordance with the donors' wishes (82 Stat. 171).
- *Bequest of George C. Edgeter.* This fund includes a donation made by George C. Edgeter; income is available according to the terms of the bequest for the expenditure as determined by the Assistant Secretary, Indian Affairs for the relief of American Indians.
- *Ella M. Franklin Fund.* This fund consists of a bequest, the principal of which is invested in U.S. Treasury securities, and the interest is to be used for the relief of American Indians as specified by the donors' wishes (82 Stat. 171).
- *Josephine Lambert Fund.* This fund includes a donation made by Josephine Lambert, income to be used for the health or education of underprivileged Indian children.
- *Orrie Shaw Fund.* This fund includes a donation made by Dr. Orrie Shaw, income used only for the training or education of American Indians.
- *Welmas Endowment Fund.* This fund was established to receive revenue generated by land owned by the decedent for the period of ten (10) years whereby the annual interest earnings of the endowment can be distributed by the Assistant Secretary Indian Affairs for the education of members of federally recognized Tribes; provided that 20 percent of the annual interest serves to benefit the education of Agua Caliente Tribal members. The Tribe has the option of obtaining complete control of the land, prior to the end of the endowment period, if it elects to fund the endowment so that the principal amount reaches \$750,000.
- *Arizona Intertribal Fund (P.L. 100-696).* The fund represents an exchange agreement for privately held lands in Florida for publicly held land in Arizona. Use of the money is subject to appropriations and is available to pay for supplemental education and child welfare programs.
- *Navajo Trust Fund (P.L. 100-696).* The fund ratifies an exchange of Federal land in Arizona.
- *Crow Creek (P.L. 104-223).* The Act established a corpus that is to be invested and makes the interest earnings available without appropriation for the various activities under Section 5. However, the Act does not appear to transfer ownership of the money to the Tribe or create a legal claim to the funds, until it is paid to them.
- *Lower Brule Infrastructure (P.L. 105-132).* The Act provides additional compensation to the Lower Brule Sioux Tribe for the taking of land related to the construction of the Fort Randall and Big Bend dams. The Congress had originally provided compensation of \$4.3 million in 1958 and 1962. Total deposits capped at \$39.3 million. The Act does not appear to transfer ownership of the money to the Tribe or create a legal claim to the funds, until it is paid to them.
- *Ute Mountain Tribal Resource Fund (P.L. 106-554).* The fund was established in FY 2002. As part of the requirements under Section 18 of the Act for disbursing the tribal resource funds, the Colorado Ute are required to submit a resource acquisition and enhancement plan or an investment plan to the Secretary for approval.

- *Chippewa Cree Tribal Compact ADM/Chippewa Cree Future Water Supply* (P.L. 106-163). The fund was established in FY 2001. The trust fund is established under Title I, Sec. 104, Chippewa Cree Indian Reserved Water Rights Settlement Trust Fund. The ownership of the trust fund does not convey to the Tribe until such time as the Tribe waives all claims and meets the underlying settlement requirements.
- *Shivwits Band of Paiute Indians* (P.L. 106-263). The fund was established in FY 2002. Ownership of the trust fund does not convey to the Tribe until such time as funds have been appropriated and deposited into the Trust fund; the St. George Water Reuse Project Agreement, the Santa Clara Project Agreement and the Settlement Agreement are approved and in effect; the State Engineer of Utah has approved all applications necessary to implement the provision of the Santa Clara Project Agreement, St. George Water Reuse Agreement and the Settlement Agreement; the Court has entered a judgment and decree confirming the Shivwits Water Rights and is final as to all parties to the Santa Clara Division and the Virgin River Adjudication.
- *Northern Cheyenne Indian Reserved Water Rights Settlement Trust Fund* (P.L. 103-374). This fund established a \$21.5 million trust fund for the Northern Cheyenne Indian Tribe. These funds may be used by the Tribe to make \$11.5 million available to the State of Montana as a loan to assist in financing Tongue River Dam project costs; land and natural resources administration, planning, and development; land acquisition; and any other purpose determined by the Tribe. In addition, this fund holds \$31.5 million for the enlargement and repair of the Tongue River Dam project.
- *The Crow Creek Sioux Tribe Infrastructure Development Trust Fund of 1996* (P.L. 104-223, 110 Stat 3026). The fund establishes a Crow Creek Sioux Tribe Infrastructure Development Trust Fund. In FY 1997, \$27.5 million was deposited into the Fund. The interest earned from the invested principal is available for payment to the Tribe for tribal educational, health care, recreational, and other projects.

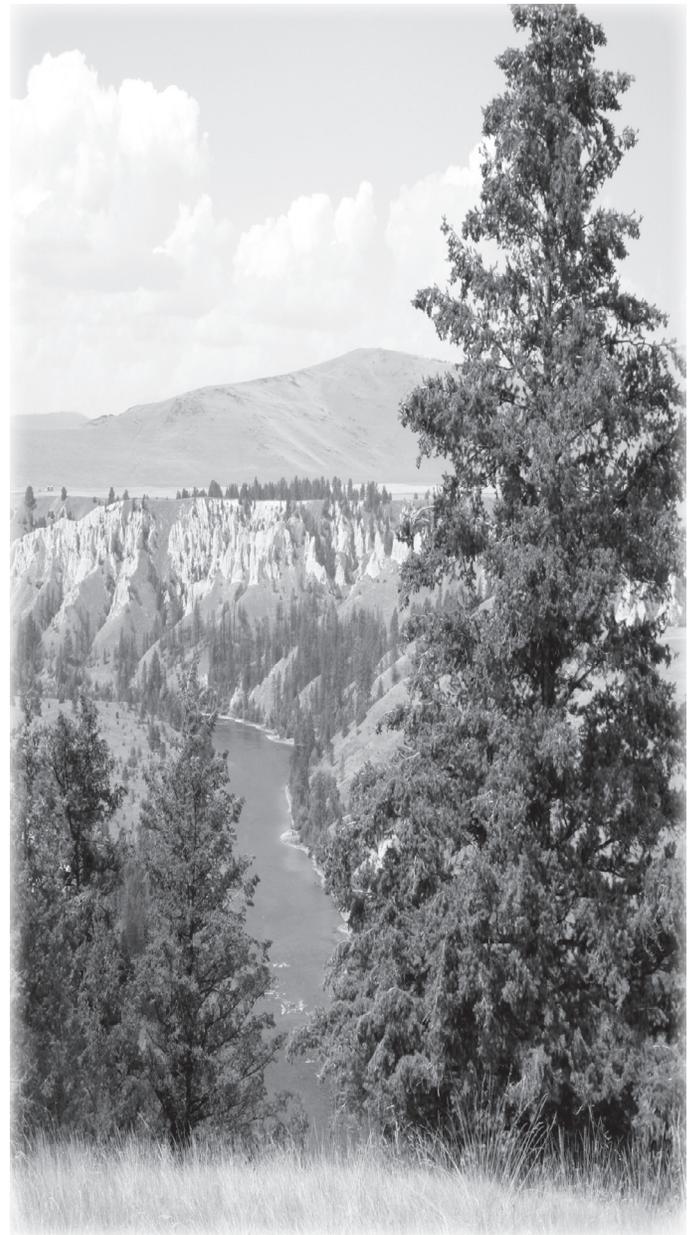
# **TAB INSERT**

**Fiscal Year 2014 Annual Report to Congress**



U.S. Department of the Interior  
**Office of the Special Trustee  
for American Indians**

**FY2014  
Annual Report  
to Congress**





United States Department of the Interior  
Office of Special Trustee for American Indians  
Washington, D.C. 20240  
February 2015

Dear Member of Congress:

I am pleased to provide the Office of the Special Trustee for American Indians' (OST) Fiscal Year (FY) 2014 Annual Report to Congress, pursuant to the requirements stated in 25 U.S.C. § 4043 (f). The report presents OST's ongoing actions to improve services to tribal and individual Indian trust beneficiaries.

The FY2014 annual report focuses on the course of action defined in OST's FY2014-FY2018 Strategic Plan. In this report, each office has provided specific updates on the work they are doing to provide superior stewardship of trust assets.

OST's fourth Special Trustee, Mr. Vincent G. Logan, was confirmed by members of the U.S. Senate on June 20, 2014. Within Mr. Logan's first 100 days, he formulated an ambitious vision for moving forward with initiatives to improve upon the delivery of OST services. That vision encompasses numerous initiatives addressing who we are, what we do, how we do it and the conditions of the locations in which we provide services.

His vision builds on the OST Strategic Plan that benefitted from valuable input from employees throughout the entire organization. The strategic areas of focus for Mr. Logan's initiatives include: Financial Education; Investment Review; Facilitating Probate Reform; Facilities; Workforce Enhancements; and the Standardization of OST's identification and communications with beneficiaries throughout Indian Country.

I am proud of OST's accomplishments and consistent focus on our beneficiaries during this fiscal year. Guided by our Strategic Plan, we are supporting the Secretary of the Interior's fiduciary responsibility to manage Indian trust assets.

I welcome your feedback on the content in this report. Please contact my office at 202-208-4866 for additional information about OST and the Indian Trust Administration System.

Sincerely,

Michele F. Singer  
Principal Deputy Special Trustee

## Office of the Special Trustee for American Indians' Fiscal Year 2014 Annual Report to Congress

The Office of the Special Trustee for American Indians (OST) was established by the American Indian Trust Fund Management Reform Act of 1994, Public Law 103-412 (Reform Act). The office was created to improve the accountability and management of Indian funds held in trust by the federal government. As trustee, the Department of the Interior (Interior) has the primary fiduciary responsibility to manage tribal trust funds and Individual Indian Money (IIM) accounts, as well as resources that generate income for those accounts. Special Trustee Vincent G. Logan heads the organization.

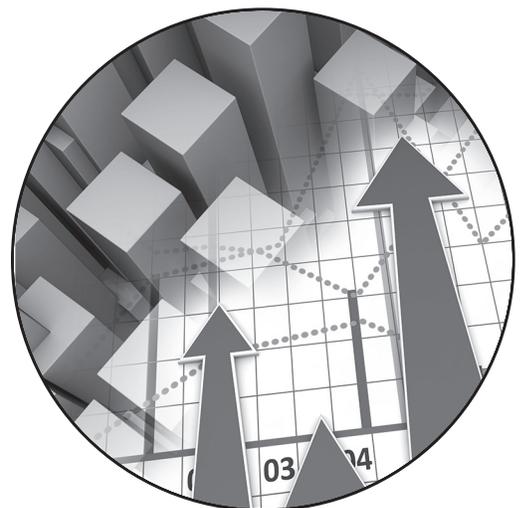
Logan, member of the Osage Nation, was sworn in on July 7, 2014, to lead the Department of the Interior's Office of the Special Trustee for American Indians. Special Trustee Logan brings a significant knowledge of Native American issues, as well as experience in the areas of law and investments.

A graduate of the University of Oklahoma, College of Law, Logan worked in New York for Schulte Roth & Zabel, an investment management law firm. He moved to a position with the Merrill Lynch Private Banking and Investment Group, where he received training and licensing in the securities industry.

For the eight years prior to appointment to the position of Special Trustee, as President of The Nations Group Advisors, LLC, Logan worked with clients that included several tribal nations, managing assets varying from small accounts to large tribal reserve funds.

The Indian trust includes 56 million surface acres and 57 million acres of subsurface mineral estates held in trust by the United States for American Indians and Indian tribes. Over 11 million acres belong to individual Indians and nearly 44 million acres are held in trust for Indian tribes. On these lands, Interior manages over 119,000 leases for such things as mineral development, oil and gas extraction, and grazing. It also manages approximately \$4.9 billion in trust funds. For fiscal year (FY) 2014, income from financial assets and from leases, settlements and judgments, use permits, and land sales, totaling approximately \$1.16 billion, was collected for about 397,000 open IIM accounts. Approximately \$761 million was collected in FY2014 for about 3,300 tribal accounts held for over 250 tribes.

OST and other bureaus and offices within Interior follow the guiding principles issued on August 20, 2014, by Secretary of the Interior Sally Jewell in Secretarial Order 3335: Reaffirmation of the Federal Trust Responsibilities to Federally recognized Indian Tribes and Individual Indian Beneficiaries.



## Supporting the Terms of the Cobell Settlement

### **Secretarial Commission on Indian Trust Administration and Reform**

The Secretarial Commission on Indian Trust Administration and Reform (Commission) was tasked with conducting a comprehensive evaluation of the Department of the Interior's management of more than \$4.9 billion in American Indian trust assets and offering recommendations for improvement. The Secretary named five prominent American Indians to the Commission in November 2011. The Commission presented its final report to the Secretary of the Interior in December 2013. It is available at: [www.doi.gov/cobell/commission/upload/Report-of-the-Commission-on-Indian-Trust-Administration-and-Reform\\_FINAL\\_Approved-12-10-2013.pdf](http://www.doi.gov/cobell/commission/upload/Report-of-the-Commission-on-Indian-Trust-Administration-and-Reform_FINAL_Approved-12-10-2013.pdf).

In response to the Commission's recommendations, Secretary Jewell's Executive Order 3335, sets forth seven guiding principles for honoring the trust responsibility for the benefit of current and future generations of Indians.

In Section 5, Guiding Principles, it states: Pursuant to the long-standing trust relationship between the United States, Indian tribes and individual Indian beneficiaries and in furtherance of the United States' obligation to fulfill the trust responsibility . . . , all bureaus and offices of the Department are directed to abide by the following guiding principles consistent with all applicable laws. Bureaus and offices shall:

Principle 1: Respect tribal sovereignty and self-determination, which includes the right of Indian tribes to make important decisions about their own best interests.

Principle 2: Ensure to the maximum extent possible that trust and restricted fee lands, trust resources, and treaty and similarly recognized rights are protected.

Principle 3: Be responsive and informative in all communications and interactions with Indian tribes and individual Indian beneficiaries.

Principle 4: Work in partnership with Indian tribes on mutually beneficial projects.

Principle 5: Work with Indian tribes and individual Indian beneficiaries to avoid or resolve conflicts to the maximum extent possible in a manner that accommodates and protects trust and restricted fee lands, trust resources, and treaty and similarly recognized rights.

Principle 6: Work collaboratively and in a timely fashion with



Indian tribes and individual Indian beneficiaries when evaluating requests to take affirmative action to protect trust and restricted fee lands, trust resources, and treaty and similarly recognized rights.

Principle 7: When circumstances warrant, seek advice from the Office of the Solicitor to ensure that decisions impacting Indian tribes and/or individual Indian beneficiaries are consistent with the trust responsibility.

### **Land Buy-Back Program for Tribal Nations**

The Secretary of the Interior established the Land Buy-Back Program for Tribal Nations (Buy-Back Program) to implement the land consolidation provisions of the *Cobell* Settlement. The settlement provides a \$1.9 billion Trust Land Consolidation Fund to consolidate fractional land interests across Indian Country. The Dawes Act (1887) divided reservations by allotting a number of acres on the reservation to each Indian head of a family, single person, or orphan child. Often, when an original owner of an allotment passed away, ownership of the tract was split among family members. Each person inherited an undivided interest in the original tract. The increasing number of owners per tract, or fractionation, has continued for many generations. Today, many tracts have hundreds of owners. There is a negative economic impact of fractionation because 50 percent of a tract's owners need to agree before the tract can be developed or used for such things as grazing, mineral extraction, oil drilling, or other economic development. A tract with hundreds of owners is at a significant disadvantage to reach consensus for use of the land. Reaching consensus is further complicated because thousands of owners do not keep updated contact information on file with OST and, therefore, their whereabouts are unknown.

The Buy-Back Program is managed in the Office of the Secretary of the Interior. Operational aspects of the Buy-Back Program are housed within OST and BIA. Please reference [www.doi.gov/buybackprogram/index.cfm](http://www.doi.gov/buybackprogram/index.cfm) for more information about the Buy-Back Program.

The Land Buy-Back Program Valuations (LBBPV) Division, within OST's Office of Appraisal Services (OAS), was created to complete land valuations for the Buy-Back Program. The LBBPV Deputy Director coordinates schedules and workload with the Program Manager of the Buy-Back Program. OAS and Interior's Buy-Back Program entered into a multi-year Memorandum of Understanding on May 24, 2013, to fund the cost of completing the land appraisals for the duration of the 10-year Buy-Back Program.

Land valuation, a technical process that provides a baseline or benchmark, enables decisions to be made about fair market values.





The land valuation process ensures that impartial opinions of value are consistent with requirements identified in national appraisal standards.

In FY2014, OAS worked with tribal staff and leaders from the following tribes: Sisseton, Standing Rock, Northern Cheyenne, Couer D' Alene, Crow, Umatilla, Quapaw, Quinault, Lummi, Colville, Squaxin Island, Confederated Salish and Kootenai, Fort Belknap, Fond du Lac, Prairie Band, Gila River, Ft. Hall, Warm Springs and Makah.

OAS developed and used a real estate appraisal valuation plan and methodology for determining fair market values for the Buy-Back Program, which complied with professional appraisal standards as determined by the Appraisal Foundation. In addition to site specific appraisals, OAS methodologies included the use of a mass appraisal model, identified as the Mass Appraisal Valuation System.



Mass appraisal models were completed for Pine Ridge, Rosebud, Coeur D' Alene, Sisseton, Crow and Northern Cheyenne reservations. Site specific appraisal reports were completed for Confederated Salish and Kootenai Tribes of the Flathead Nation, Umatilla, Gila River, Makah, Squaxin Island, Fort Belknap and Quapaw reservations. Overall 368 site specific appraisals and six mass appraisal models were completed for the Buy-Back Program. These appraisals, valued at approximately \$1.699 billion, encompassed 10,644 land tracts, totaling 1,933,277 acres.

Many other OST personnel supported the Buy-Back Program in the areas of outreach, coordination, and informing field offices and tribes about program initiatives. OST budget staff planned, tracked, and provided data on expenditures for appraisal work conducted for the Buy-Back Program. OST's Trust Beneficiary Call Center (TBCC) is a key source used to answer questions and provide information about the Buy-Back Program.

OST's Fiduciary Trust Officers also addressed many Buy-Back Program issues when they interact daily with beneficiaries. Trust Services collaborated with the Buy-Back Program to enable timely automated distribution of funds to IIM beneficiary accounts when a fractionated interest in land is purchased.

At the end of Fiscal Year 2014, approximately \$160 million dollars were spent by the program purchasing fractionated interests in trust; over 22,000 incoming calls have been received by OST's TBCC; and over 9,900 willing sellers were documented at OST's agency offices and at the TBCC.

### **Cobell Settlement Payments**

OST continued working with offices within Interior, the Department of Justice, and Special Master Richard A. Levie, along



with the claims administrator and the plaintiffs' counsel, to provide up to date beneficiary data for payments. The TBCC and OST Field Offices responded to an extraordinary volume of beneficiary calls regarding the payments in FY2014. The *Cobell* Settlement Agreement assigned a Court-appointed claims administrator, Garden City Group, with the responsibility of identifying all Trust Administration Class members and calculating each member's pro rata share of the settlement funds.

OST also continued to provide technical assistance to Garden City Group (claims administrator) to assure the successful distribution of funds to both the Historical Accounting (Stage 1) and Trust Administration (Stage 2) Classes of the *Cobell* Settlement Agreement. This included working with the claims administrator to locate additional members of the classes. As of mid FY2014, a total of 496,965 Trust Administration Class members had been identified.

As part of the settlement agreement, OST was required to establish supervised or restricted Individual Indian Money accounts and deposit funds for those for class members who were Minors, Supervised, or whose Whereabouts is Unknown (WAU). OST's Office of Trust Services developed instructions and templates for automating the posting of these types of payments. The claims administrator began making Stage 2 payments on September 15, 2015. A total of \$67,964,445.38 was received; \$39,346,800.69 for Supervised, \$14, 585,552.62 for Minors and \$14,032,092.07 for Whereabouts Unknown accounts.

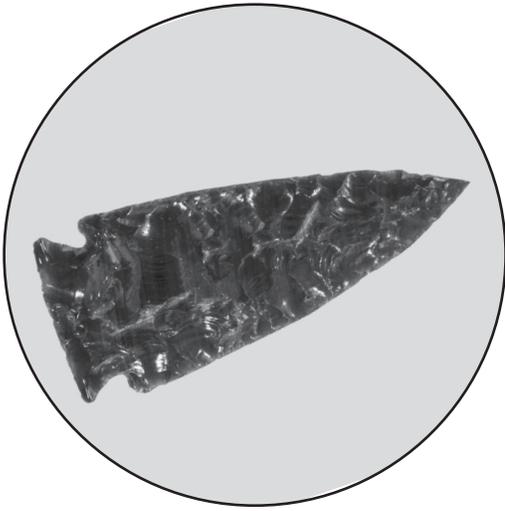
**IIM Trust Fund Independent Audit Outcome is "Clean" for second year**

OST's independent annual audit, completed November 7, 2014, by KPMG LLP, resulted in an unmodified opinion for the Individual Indian Money (IIM) Trust Fund financial statements for fiscal year 2014. This is the second time the audit has resulted in an unmodified opinion, informally referred to as a "clean" audit, since the initial audit was prepared in 1995.

Not only was the opinion unmodified, the opinion contained no notice of findings and recommendations, which means the auditor's review did not identify any audited processes or accounting procedures that require improvement or modification.

OST continues to provide efficient and cost effective trust management services to fulfill the Department's trust responsibilities. Current and past annual audits are available on the OST website at [www.doi.gov/ost/audit](http://www.doi.gov/ost/audit).





## Managing Financial Assets of the Indian Trust

Despite beginning the year with a Federal Government shutdown, OST accomplished a significant amount of work in FY2014 on behalf of individual Indian and tribal beneficiaries. Many efforts resulted in cost savings, in addition to improved services. OST continues to strive to be a premiere public service organization, dedicated to the Indian fiduciary trust. Significant accomplishments include the following:

### Beneficiary Services

- Received \$1.9 billion and disbursed \$1.6 billion from tribal and individual Indian beneficiaries' accounts
- Managed 397,000 IIM accounts and 3,300 tribal accounts
- Processed and reconciled more than 37,000 transactions daily (over 9.9 million annually)
- Processed approximately 789,000 disbursements, about 233,000 issued electronically (30%) and about 556,000 issued by paper check (70%)
- Provided 870,000 periodic performance statements to beneficiaries
- Processed approximately 9.9 million financial transactions with 99.99% accuracy
- Processed approximately 8,835 probate packages
- Updated mailing addresses for 17,652 IIM accounts that were whereabouts unknown (account without current address information on file with OST) and disbursed \$22.7 million to those account holders
- Updated the entire beneficiary database to be compliant with U. S. Postal Service requirements, significantly reducing the amount of returned mail
- Used the National Change of Address database to update beneficiary addresses, reducing the number of returned checks per month from an excess of 800 to an average of 70
- Received 226,480 calls at the Trust Beneficiary Call Center and achieved an overall first-line resolution rate of 96% (industry average is 49%)
- Performed 51,741 Routine File Maintenance account updates, of which 17,089 were requests for one time disbursements that totaled \$63,303,113 (funds were received by beneficiaries within three days)
- Achieved on-time mailing of more than 1.6 million documents, including 262,234 checks; 861,825 IIM statements and 6,270 tribal statements; 429,466 oil and gas statements and checks; 58,083 advice notifications; and 12,088 special mailings



### Self-Determination/Empowerment

- Invested \$4.9 billion of trust fund assets to help meet the needs and objectives of tribal and individual Indian beneficiaries
- Contracted with a prominent Native American storyteller and illustrator to write and illustrate a Financial Empower-

ment Saga containing a series of six stories to educate Indian youth about financial skills as part of OST's financial literacy effort

- Presented 227 financial empowerment courses to trust beneficiaries
- Developed and maintained a social media presence by creating and launching 50 Facebook pages for OST's field offices, associated with 100 new website pages that highlight local staff, events, and Whereabouts Unknown lists
- Operated 37 agreements with contracting and compacting tribes under Public Law 93-638 Indian Self Determination and Education Assistance Act
- Communicated with tribal leaders and organizations, beneficiaries, and other stakeholders using the quarterly Trust Matters newsletter, news releases, the FY2013 annual report to Congress, posters, updates to brochures and producing new publications and outreach materials
- Produced and published a total of 14 Directives (11 policies and 4 handbooks) during FY2014, part of OST's Core Plus functions

### **Continuous Improvement to the Delivery of Services**

- Completed negotiations and consolidated OST's office space in Albuquerque and obtained a 50 percent space reduction to reach the Department's target of 180 square feet per person
- Received, for the second year in a row, an unqualified opinion for the Individual Indian Money Trust Fund financial statements in the independent annual audit for FY2014. Further, the FY2014 audit report contained no Notice of Findings and Recommendations
- Collaborated with U.S. Department of the Treasury representatives to transition the printing and mailing of Trust Fund statements and checks from OST to the Department of the Treasury. As of the beginning of FY2015, printing of beneficiary checks had transitioned to Treasury. Risks to OST, the Government and beneficiaries have been significantly reduced by transferring these operations to the entity (Treasury) whose primary function is to issue checks on behalf of the U.S. Government. OST hopes to complete the transition of printing and mailing of all statements by FY2016
- Increased the number of beneficiaries who use direct deposit, electronic funds transfers, or a deposit on a debit card resulting in substantial direct savings in transaction costs

### **Appraisals**

- Eliminated backlogged appraisal requests at 10 of 12 OAS regions. Only 85 appraisal requests were in backlogged status on September 30, 2014
- Streamlined workflow processes such as using market studies when appropriate, aligning fieldwork with appraisal analysis and reporting, and where possible utilizing land valuations as





determined by the Mass Appraisal Valuation System

- Participated in 26 outreach events in FY2014, providing technical assistance to tribes and the Bureau of Indian Affairs

### **Records/Litigation support**

- Received 13,833 boxes of inactive Indian trust records at the American Indian Records Repository (AIRR)
- Accommodated approximately 786 visiting litigation researchers at AIRR
- Settled with the Navajo Nation in May 2014 for \$554 million, the largest tribal trust case ever litigated by the United States, an effort supported by OST's Office of Historical Trust Accounting (OHTA)
- Provided litigation support for settlement efforts in other cases, including Choctaw, Chickasaw, Quapaw, Bear, Goodeagle, Colorado River Indian Tribes and Fletcher
- Searched 9,251 boxes of records at the AIRR and delivered 1,349,470 documents (2,543,737 pages/images) to Interior's Office of the Solicitor and the U. S. Department of Justice for privilege and confidentiality reviews as part of the Government's overall effort to respond to formal discovery requests from Plaintiffs
- Improved the processing of records move requests, with 89 percent being completed within five days

### **Process Efficiencies**

- Developed an ethics charter and ethics policy. Processed 80 matters, including 54 concerns regarding conflict of interest matters, 15 concerns regarding employee relations matters, and 11 inquiries involving matters outside the scope of ethics regulations
- Tested the design and operating effectiveness of internal controls within 33 OST programs through internal control reviews
- Documented all OST Information Technology policies; identified those that required updates, revocation or reformatting, to comply with new policy standards, and retrained all staff on the use of the documents
- Migrated 100% of servers at applicable field sites to BIA's Storage as a Service (SaaS) environment. This allowed OST to decommission its local file servers in BIA/OST co-located offices, many of which were failing or obsolete, while providing greater local file support and maintenance to OST's users
- Developed and published a new comprehensive Risk Management Handbook that incorporated requirements in Office of Management and Budget Circular A-123
- Partnered with BIA to provide greater operational security for the IT trust environment
- Developed an update to the existing Office of Appraisal Services Information System application to track a new type of appraisal known as a mass appraisal. This involved a new



process flow and a methodology to calculate appraisals on multiple tracts based on a mathematical formula. By the end of FY2014, OAS was able to successfully process mass appraisals for over 10,000 tracts of land across 6 reservations for the Buy-Back Program

- Automated the current paper-based "Control Desk" activities into a new system that tracks all update documents for the Trust Funds Accountability System in an electronic manner (i.e., a paperless process). Although still in testing, the new system will reduce the number of records sent to the AIRR by over 90%, offer the capability for most Trust Services staff to telework, and provide an accounting of the time frames for each step in the workflow process
- Modified the Daily Account Distribution System from a standalone, workstation-based system to a web-based system providing greater use, security, and response time. The modification and other enhancements have allowed Trust Services to save 10-15 minutes of staff time per batch. With an average of 591 batches per month, this enhancement saves over 1,000 staff hours per year

## Planning for the Future

OST's annual plan of work continued to be guided by its FY2014-2018 Strategic Plan. This visionary document, completed in FY2013, is meant to be dynamic and is being updated periodically as goals are achieved, new priorities arise, and circumstances change. The plan also identifies OST's vision and mission statements and includes its core values.

### OST Vision Statement

To be the premier public service organization dedicated to the Indian Fiduciary Trust.

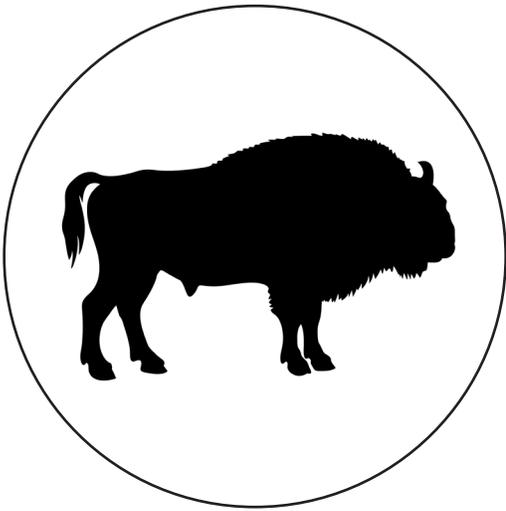
### OST Mission Statement

To honor our trust responsibilities by incorporating a beneficiary focus and participation while providing superior stewardship of trust assets.

### OST Values

To consistently and effectively provide quality service to our beneficiaries while displaying integrity in our actions, excellence in our work, and mutual respect and teamwork in our interactions.





**Service** - OST employees recognize and appreciate that public service is a public trust. We consistently put service above self and honorably administer, and are responsive to, the needs of our beneficiaries - American Indian tribes, individual American Indians, and Alaska Natives.

**Integrity** - OST employees behave ethically and honestly and inspire trust by saying what we mean, aligning our behaviors to our words, and taking responsibility for our actions.

**Excellence** - OST employees see excellence as a process of continuous improvement and learning, never settling for mediocrity. We consistently strive to produce the highest quality work product in all of our assignments and activities, while being committed to innovation and creativity.

**Respect** - OST employees value diversity and unique contributions, foster a trusting, open, and inclusive environment, and treat stakeholders and each other with kindness, dignity, equality, professionalism, and trust.

**Emotional Intelligence** - OST employees use, understand, and manage our emotions in a positive, constructive way. We develop and maintain good working relationships, communicate clearly and foster collaboration across the organization, inspire and influence others, work well in a team and manage conflict, all while striking an appropriate work-life balance.

## Looking Forward: FY2015

### Special Trustee Priorities

Mr. Logan has formulated an ambitious vision for moving forward with initiatives to improve the delivery of OST services. The vision encompasses numerous initiatives covering who we are, what we do, how we do it and the locations in which we provide services. His ideas are founded on the OST Strategic Plan that benefited from valuable input from throughout the organization. Mr. Logan's initiatives are summarized below.

### Financial Education

OST is consolidating its various financial education programs into one comprehensive lifecycle approach



to better deliver future educational activities in Indian Country. In an effort to positively impact the finances of Native families for generations to come, we will look into educational and experiential learning formats for the very young, which research suggests is a time when they are most receptive to adopting good financial habits. Education and skills training will continue through preparation for a post-secondary education, first time home purchase, budgeting, retirement savings and estate planning.

### **Investment Review**

A team has been assembled to carry out a comprehensive review of OST's investment policies, practices and protocols. Ultimately, the team will produce a report of their findings that may include recommendations for changes in current practices.

### **Facilitating Probate Reform**

OST is joining our partners at BIA and the Office of Hearings and Appeals to look at ways to reduce the burden of the current probate process and provide meaningful estate planning opportunities to Indian trust beneficiaries. Solutions being considered include promoting new and streamlined tools for the passing of assets to the next generation.

### **Facilities**

OST is conducting a survey, inclusive of all OST locations, to gather information on the security and habitability of OST's workplaces. The results of the survey will be used to upgrade the conditions of those offices identified as needing renovations.

### **Workforce Enhancements**

To further build a 21st century workforce, new training, education and certification opportunities are being developed. Continual learning is essential to maintaining the skills necessary to deliver the best possible services to our beneficiaries.

### **Standardization & Branding**

OST is reviewing the manner and consistency in how its employees communicate through formal presentations, outreach events, one on one meetings and even emails and phone calls to ensure a uniform, consistent, high quality approach that matches the premier service we deliver.





## Conclusion

OST will continue its critical role in the oversight and operations of the fiduciary trust in accordance with all applicable Congressional actions and regulatory requirements. OST's activities will ensure the proper discharge of the fiduciary trust responsibilities of Interior's Trust Administration System, now and in the future.





**U.S. Department of the Interior**

**Office of the Special  
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Indians**

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