



United States Department of the Interior
OFFICE OF THE SPECIAL TRUSTEE FOR AMERICAN INDIANS
Washington, D.C. 20240

April 9, 2002

Mr. Tex G. Hall
Co-Chair, Trust Management Reform Task Force
President, NCAI
1301 Connecticut Ave, NW, Ste 200
Washington, DC 20036

Dear Tex:

Thank you for your letter of March 15, 2002. I appreciate the opportunity to respond to questions from the Task Force relating to the involvement of the Office of the Special Trustee for American Indians (OST) and efforts to reform the management of Indian trust assets within the Department of the Interior. My response for each question is provided below.

1. *Did the Office of the Special Trustee recommend or concur with the Secretarial Order establishing the Office of Trust Transition (OITT)?*

The creation of OITT was an initiative of the Secretary to explore and identify the many details associated with the creation of a single organizational unit within the Department to be responsible for the management of Indian trust assets. I support the concept of the Secretary's proposal to consolidate the management of these assets within the Department.

2. *Does OST have any input or line authority over the OITT?*

OST has no line authority with respect to OITT. The *American Indian Trust Fund Management Reform Act of 1994* (Reform Act) instructs the Special Trustee to "ensure the implementation of all reforms necessary for the proper discharge of the Secretary's trust responsibilities to Indian Tribes and individual Indians." This duty, in my opinion, extends to and includes the oversight of OITT activities related to trust reform.

Please provide an update of OITT and OST activities and accomplishments. Explain the coordination between OST and OITT.

OITT has sought comment from OST regarding "trust strategy," which might be called the "elements of a trust organization." Deputy Special Trustee Donna Erwin has been working in conjunction with the three major trust reform projects, TAAMS, Probate, and BIA Data Cleanup, and coordinating her efforts with OITT. She also assisted OITT in the compilation of the eighth quarterly report to the Court.

How will your office coordinate with the OITT mandate?

OST's role is one of oversight. OST will review OITT activities (see above) to determine if they are consistent with the responsibilities of a trustee as established in the Reform Act, and to ensure that trust reform is being attained.

3. *How are you proposing to develop the required strategic plan and what is the time frame for providing a draft to Tribes for comment?*

The Reform Act requires the development of a strategic plan detailing the method of fulfilling the trust obligation of the Government. The first Special Trustee, Mr. Paul Homan, submitted the required strategic plan to Secretary Babbitt in February 1997. At that time, the Secretary chose to implement some of the recommendations contained within that strategic plan, and delayed the implementation of others. OST does not now see the need for another strategic plan. Rather, the need is for an "implementation plan" to replace and expand upon the existing High Level Implementation Plan, in order to make it more comprehensive and to provide for better integration among trust reform activities. The work of Electronic Data Systems (EDS) in reviewing the efficacy of the Department's trust reform efforts to date will assist the creation of a new implementation plan. OST would propose to provide this new implementation plan, given its trust experience, in the coming months.

4. *What progress have you made in certifying that the 2003 budget meets all trust responsibilities within the BIA or OST?*

The FY 2003 budget has been submitted to Congress. *Based upon the current trust reform effort*, that budget appears appropriate and represents about a 52 percent increase over FY 2002 appropriations for the Department for Indian trust activities.

What criteria are you using to develop a budget proposal for your office to carry out its duties? How does your proposal take into consideration BIA operational duties, as well as the capability of the Tribes to carry out these trust functions?

Budget proposals regarding trust reform activities require a review by OST of all project plans for their appropriateness and feasibility. OST has experience with such reviews with the High Level Implementation Plan (HLIP) subproject funding which is controlled by OST. With respect to trust administration more broadly, especially within the BIA and for compacting/contracting Tribes, OST is developing a review process to assure proper budget levels.

5. *Please provide copies of the current 2002 budget and the proposed 2003 budget with a summary description of the staffing levels, functions and activities to be conducted by OST.*

Please see the FY 2002 and FY 2003 budget summary information included in Appendix 1 to this letter.

6. *What relationship or line authority exists between the office of the OST and the Deputy Secretary of Interior, now headed by Stephen Griles?*

The Special Trustee reports directly to the Secretary as required by the 1994 Reform Act.


7. *What specific things can you do to assist the Task Force in the development of a plan for comprehensive trust reform?*

The Special Trustee and the OST staff can assist the Task Force in a number of ways including:

- Understanding the scope of the trust obligation as clarified by the Reform Act.
- Determining the elements of a trust organization that will provide for the more efficient management of and accountability for the proper discharge of the Secretary's trust responsibilities.
- Fostering an effective working relationship between the Government's trust organization and the role of the compacting/contracting tribes.
- Providing OST senior managers to assist in the identification and understanding of the issues as well as the attributes of well managed trust functions, e.g., accounting, investments, records, and compliance (risk management).
- Determining and understanding the best alignment of trust business processes.
- Continuing the development of the systems needed to comply with the 1994 Reform Act.
- Determining what resources are available from the private sector to assist the Department in the administration of trust functions and trust reform.
- Providing an independent assessment of those trust activities currently performed in various parts of DOI.

I hope these answers are helpful to you and the Task Force. I look forward to working with you, as well as the rest of the Task Force, and participating in future meetings. In the meantime, if I can be helpful in any way or if you or the Task Force have any questions, please don't hesitate to call me.

Sincerely,



Thomas N. Slonaker
Special Trustee for American Indians

FY 2002 and FY 2003 Budget Information

Please provide copies of the current 2002 budget and the proposed 2003 budget with a summary description of the staffing levels, functions and activities to be conducted by OST.

Executive Direction. Executive Direction includes funding for the Immediate Office of the Special Trustee, and also provides funding to support a cooperative agreement between the InterTribal Monitoring Association (ITMA) and OST, and the costs of operations for the Office of the Special Trustee's Advisory Board.

		2002 Budget Estimate	2003 Budget Request
Executive Direction	\$(000) FTE	\$2,496 15	\$2,781 15

Office of Trust Funds Management. The OTFM is responsible for:

- Providing adequate systems for accounting and reporting trust fund balances;
- Providing adequate controls over receipts and disbursements;
- Providing periodic, timely reconciliation to assure the accuracy of accounts;
- Preparing and supply account holders with periodic statements of their account performance and with balances of their account, which shall be available on a daily basis;
- Establishing consistent, written policies and procedures for trust fund management and accounting; and
- Providing adequate staffing, supervision and training for trust fund management and accounting.

		2002 Budget Estimate	2003 Budget Request
Office of Trust Funds Management	\$(000) FTE	\$16,501 290	\$39,515 316

Improvement Initiatives. This activity supports the Office of the Special Trustee's strategic goal to protect and preserve Indian trust assets and collect and accurately account for income due beneficiaries; and the BIA strategic goal to fulfill the trust responsibility to protect and preserve trust lands and trust resources.

IMPROVEMENT INITIATIVES		FY 2002 Budget Estimate	FY 2003 Budget Request
OST Data Cleanup	\$(000)	1,000	3,520
	FTE	5	6
BIA Data Cleanup	\$(000)	3,000	8,000
	FTE	0	0
Probate Backlog	\$(000)	12,000	12,000
	FTE	0	0
Trust Funds Accounting System	\$(000)	15,000	Transferred to OTFM for FY 2003
	FTE	38	
TAAMS	\$(000)	14,000	20,000
	FTE	0	0
Records Management	\$(000)	6,300	10,373
	FTE	24	32
Trust Policy and Procedures	\$(000)	1,000	5,020
	FTE	0	0
Training	\$(000)	6,500	4,300
	FTE	1	1
Risk Management	\$(000)	Data shown on previous page	Data shown on previous page
	FTE		
Trust Improvement Coordination	\$(000)	950	6,025
	FTE	6	10
Breaches- Workforce Planning	\$(000)	200	500
	FTE	0	0
Breaches – Systems Architecture	\$(000)	500	2,175
	FTE	3	3
Breaches – Collecting Information	\$(000)	1,000	1,000
	FTE	0	0
Historical Accounting	\$(000)	7,500	16,500
	FTE	Staffed by Office of Historical Trust Accounting	Staffed by Office of Historical Trust Accounting
TOTAL	\$(000)	68,950	89,413
	FTE	77	52