



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

and Performance Information  
Fiscal Year 2017

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

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**DEPARTMENT OF THE INTERIOR  
OFFICE OF THE SPECIAL TRUSTEE  
FOR AMERICAN INDIANS  
BUDGET JUSTIFICATION FOR FISCAL YEAR 2017  
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**Executive Summary**



## Executive Summary

The Congress designated the Secretary of the Interior as the trustee delegate with the responsibility for approximately 56 million surface acres of land, 60 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 approximately 400,000 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. The programs within OST Operations that are responsible for executing core elements of OST's responsibilities include: Field Operations; Office of Appraisal Services; Trust Services; and the Office of Historical Trust Accounting. The Business Management and Program Management programs provide support to these offices.

The Office of 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 (LBBP), operating a Trust Beneficiary Call Center (TBCC), and conducting financial skills 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, 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 (LBBP), as established according to the terms of the *Cobell* Settlement.

The Office of 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.

The Office of Historical Trust Account (OHTA) manages historical accounting of Tribal Trust and IIM accounts. OHTA provides litigation support resulting from the settlement of *Cobell v. Salazar*, as well as litigation support in coordination with the U.S. Department of Justice (DOJ) to defend against litigation alleging breach of the Department's fiduciary duties, including its trust obligations. As of FY 2015, approximately 30 cases filed in various federal courts against the Department by Indian Tribes or individual Indians alleging breaches of fiduciary trust duties are pending. The OHTA also works to

resolve the ownership of residual balances in Special Deposit Accounts and Youpee Escheat Accounts and distribute account balances to Tribes, individual Indians, and non-trust entities.

The Offices of Business Management and Program Management perform a myriad of functions supporting OST’s programmatic work and ensure compliance and alignment with Federal, Departmental, and OST policies. The Office of Business Management is responsible for: OST’s budget formulation and execution; finance; procurement; space management; the Government Purchase Card program; information technology; internal and external communications; facilitating Public Law 93-638 self-governance activities; delivery of training services via a Reimbursable Support Agreement (RSA) with Department University; and human resource services via an RSA 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.

The Office of Program Management oversees and evaluates the Indian fiduciary trust programs and manages a comprehensive program to help ensure OST has an effective system of internal controls. The Office of Program Management manages and operates the American Indian Records Repository (AIRR), develops records management policies, and provides records management training and support services to OST and the BIA.

**Total 2017 Budget Request**  
*(Dollars in Thousands)*

<b>Budget Authority</b>	<b>2015 Actual</b>	<b>2016 Enacted</b>	<b>2017 Request</b>
Current	139,029	139,029	140,379
Permanent	190,532	213,000	221,000
<b>Total Current and Permanent</b>	<b>329,561</b>	<b>352,029</b>	<b>361,379</b>
<i>FTEs</i>	<i>576</i>	<i>655</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 the Department 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.

**2017 Budget Highlights**

The OST FY 2017 discretionary budget request of \$140.4 million includes: program increases of \$4.7 million for five programs, a reduction of \$3.4 million for the Office of Historical Trust Accounting, and fixed cost increases of \$102,000 resulting in a request that is \$1.3 million above the FY 2016 enacted budget.

OST continually assesses ways to improve the quality of services to beneficiaries and deliver them in the most effective and efficient manner. The FY 2017 budget requests an investment in OST’s core functions to execute our fiduciary responsibilities for the Department and continued support to Indian Country.



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 five concentrated areas:

- 1) +\$1.5 million increase is requested in Field Operations to create and implement a plan to streamline trust estate administration, provide Investment 101 training to Tribes and explore and develop the use of new technologies to expand access to financial empowerment tools for IIM account holders.
- 2) +\$1.3 million increase is requested in Appraisal Services to provide additional funding for the appraiser training program to address the expected vacancies in key appraisal leadership positions due to attrition and shortage of qualified real estate appraisers and the resulting delays in completing valuation services to support leasing, conveyances, exchanges and probate transactions for Tribes and individual Indian owned tracts.
- 3) +\$194,000 increase is requested for Trust Services for system enhancement to the Trust Funds Accounting System.
- 4) +\$1.5 million increase is requested in Business Management for Talent Management and Systems Automation and Enhancement. By providing funding for Talent Management, it will allow OST to further develop a workforce that is sufficiently trained. Our goal is to design, develop, implement, manage and evaluate learning solutions and work with managers, supervisors, federal training professionals and contractors to address performance gaps. Providing funding for Systems Automation and Enhancement will allow OST to address the ongoing backlog of requests to develop and enhance key applications that will automate processes. In addition, funding for the automation will provide staff opportunities to perform more analytical and strategic oversight activities, as well as ensure that OST is leveraging key technologies to provide sound support to beneficiaries and staff.
- 5) +\$176,000 increase in Program Management to modernize and improve the efficiency/effectiveness of the Trust Records, Trust Review and Audit, and Risk Management business processes using updated technologies.

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 OST's budget request.

Funding for OHTA is reduced by \$3.4 million in anticipation of a decrease in workload in FY 2017 associated with requests from the Department's Office of the Solicitor (SOL) and the DOJ for litigation defense support for the Department.

## President's Management Agenda

The Department of the Interior (Department) 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 as described below:

- For the third year in a row, OST received an unmodified opinion for the IIM Trust Fund financial statements in the independent annual audit for FY 2015. OST continues work to attain a clean audit on the Tribal accounts; however, pending litigation deters auditors from issuing a clean audit.
- OST developed and implemented enhancements to the Office of Appraisal Services Information System (OASIS) in FY 2014 – FY 2016 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 LBBP.
- Beginning in late FY 2014, OST commenced an initiative to consolidate its various financial education programs into one holistic platform that seeks to use a life cycle approach to empower Indian Country with financial skills. 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, in an effort to positively impact the finances of Native families for generations to come. Education and skills training will continue through later life events including preparation for a post-secondary education, a first time home purchase, household budgeting, retirement savings and estate planning.
- OST's FY 2017 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 organization.
- 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 LBBP and OST's Office of Appraisal Services anticipate capturing economies of scale for appraisals by applying the mass appraisal process used for the LBBP to the routine appraisal work conducted by the OAS regional appraisers.
- OST Conducted a detailed review of contractor functions performed in support of the Trust Fund Accounting System (TFAS) and negotiated a restructuring of functions to achieve cumulative savings of \$4.2 million over a four-year period. The savings from this effort 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.

Please reference OST's FY 2015 Annual Report to Congress, included as the last section of this budget request, for a comprehensive 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. Provision of superior fiduciary trust management.
2. Continued 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. Promotion of a 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 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 initiated a comprehensive review of OST's investment policies, practices and protocols in FY 2015. This review serves as the foundation for improved service to the Department, beneficiaries, and Indian Country.

In FY 2016, OST senior management will review strategic priorities and the vision for the organization. The results from this review will provide a path forward, whether it is to stay the course, or reshape the organization and re-define business processes moving forward.

As part of OST's commitment to service, OST will continue to focus on leveraging modern technologies, practices and processes to create efficiencies; look for innovative ways to partner with Tribes, landowners, and federal partners to streamline the administration of trust estates; improve work environments for the safety and security of our employees; provide appropriate financial management tools and information to beneficiaries to increase asset management participation; and ensure compliance with statutory requirements and industry best practices in the investment of trust assets.

## **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 \$1.4 billion for combined payments to Historical Accounting Class and Trust Administration 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 a result, OST deposited \$55 million of the Trust

Administration Adjustment Fund into 55,000 supervised accounts, including 39,000 Whereabouts Unknown (WAU) accounts. The OST conducts extensive research to obtain the current mailing addresses and determine the ownership of the IIM account holders who are currently WAU. 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 LBBP. 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 LBBP 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**

The OST continues to play a critical role 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 Department's, 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, and provides investment services to Tribes. Field Operations and the 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 increased request for Field Operations includes funding to create and implement a plan to streamline trust estate administration, provide Investment training to Tribes and explore and develop the use of new technologies to expand access to financial empowerment tools for IIM account holders.

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 (FTOs) and sponsored by Field Operations. OST's Director of Financial Education helps coordinate outreach materials used in this effort.

Trust Services maintains trust funds for individual Indians, 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 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. OST's request for Appraisal Services includes additional funding for the appraiser training program. This will address the expected vacancies in key appraisal leadership positions due to attrition and shortage of qualified real estate appraisers and the resulting delays in completing valuation services to support leasing, conveyances, exchanges and probate transactions for Tribes and individual Indian owned tracts.

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 funding to modernize and improve the efficiency/effectiveness of the Trust Records, Trust Review and Audit, and Risk Management business process, all of which fall under Program Management.

## **2017 Strategic Objective Performance Summary**

The Department's Strategic Plan for Fiscal Years 2014 – 2018 includes realigned strategic goals to guide and focus the Department's efforts in six mission areas. The context of the Plan reflects the complex mission of the Department 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 Department's Strategic Plan that align with, and support Goal 1 within Mission Area #2: Strengthening Tribal Nations. Budget and program plans for FY 2017 are fully consistent with the goals, outcomes, and measures described in the Department's 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 the Department's fiduciary trust responsibilities. Considerable resources are devoted to managing Indian fiduciary assets, reforming processes, and improving performance. The Department works to provide technical and economic assistance to the Tribes, and to introduce organizational and process changes 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 Departmental 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 for all account holders. Dividing the cost of printing and mailing the account statements by the number of statements mailed per year provides the unit cost of the timely financial account information to trust beneficiaries metric. OST's performance is 100 percent for the past six years for this measure. In late FY 2015, OST transferred the printing and mailing of all checks and account statements to the U.S. Department of the Treasury.

In the upcoming year, OST will coordinate with the Department to remove this as a performance measure and add one that is quantifiable.

- ***Percent of financial information initially processed accurately in Trust beneficiaries' accounts.***

Dividing the total cost of processing transactions by the number of transactions for the year (denominator) provides the unit cost of a transaction. 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 is initially processed accurately, in trust beneficiaries' accounts; at least 99 percent of the time. OST has sustained 100 percent performance for the past five years for this measure. OST 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.

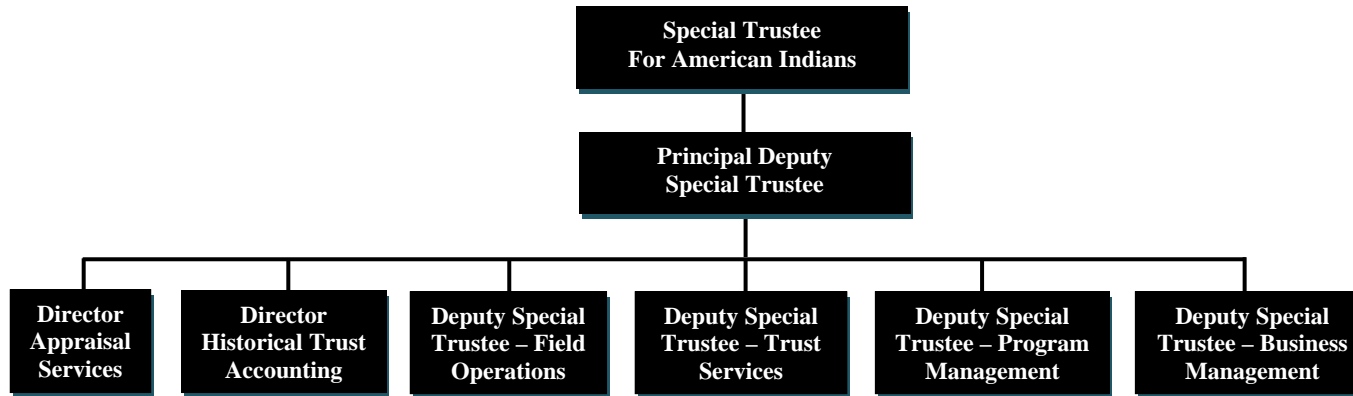
- ***Percent of oil and gas revenue transmitted by the Office of Natural Resources Revenue recorded in the Trust Funds Accounting System (TFAS) within 24 hours of receipt.***

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 (approximately 250) on which this function is performed. OST has sustained 100 percent performance for the past six years for this measure.

### OST's Strategic Objective Performance Summary

<b>Mission Area 2: Strengthening Tribal Nations and Insular Communities</b>									
<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>2011 Actual</b>	<b>2012 Actual</b>	<b>2013 Actual</b>	<b>2014 Actual</b>	<b>2015 Actual</b>	<b>2016 Enacted</b>	<b>2017 President's Budget Request</b>	<b>Change from 2016 Enacted to 2017</b>	<b>Long Term 2019 Target Request</b>
<i>Strategy #2: Fulfill Fiduciary Trust</i>									
Percent of financial information initially processed accurately in trust beneficiaries' accounts. (SP)	99.98%	99.99%	99.99%	99.99%	99.0%	99.0%	99.5%	0.0%	99.5%
	8,342,464	8,803,464	9,367,301	9,980,933	9,702,000	10,395,000	10,945,000	+ 550,000	10,945,000
	8,344,261	8,804,688	9,368,497	9,981,933	9,800,000	10,500,000	11,000,000	+ 500,000	11,000,000
<b>Contributing Program: Trust Services</b>									
Percent timeliness of financial account information provided to trust beneficiaries. (SP)	100.0%	100.0%	100.0%	100.0%	100.00%	100.0%	100.0%	0.0%	100.0%
	764,553	786,838	833,022	870,140	816,000	821,674	820,000	(1,674)	820,000
	764,553	786,838	833,022	870,140	816,000	821,674	820,000	(1,674)	820,000
<b>Contributing Program: Budget, Finance and Administration</b>									
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%	99.0%	99.0%	99.5%	0.5%	99.5%
	280,287,244	372,372,320	634,094,209	912,751,133	693,000,000	891,000,000	696,500,000	(194,500,000)	696,500,000
	280,287,244	372,372,320	634,094,209	912,751,133	700,000,000	900,000,000	700,000,000	(200,000,000)	700,000,000
<b>Contributing Program: Trust Services</b>									

### Office of the Special Trustee for American Indians Organizational Chart





**Office of the Special Trustee for American Indians  
Budget at a Glance  
(Dollars in Thousands)**

	<b>2015 Actual</b>	<b>FY 2016 Enacted</b>	<b>Fixed Costs (+/-)</b>	<b>Internal Transfers (+/-)</b>	<b>Program Changes (+/-)</b>	<b>FY 2017 Request</b>
<b>Appropriation: Federal Trust Programs</b>						
<b>Executive Direction</b>	<b>2,031</b>	<b>2,031</b>	<b>+4</b>	<b>+0</b>	<b>+9</b>	<b>2,044</b>
<b>Program Operations and Support</b>						
<b>Program Operations</b>						
Field Operations	24,952	24,952	+159	+0	+1,458	26,569
<i>Initiative to streamline trust estate administration, provide investment training to Tribes and to explore/develop technology to expand access to financial empowerment tools of IIM Accountholders.</i>						
Appraisal Services	10,811	10,811	+61	+187	+1,311	12,370
<i>Appraiser Trainee program</i>						
Trust Services	29,063	29,063	+90	+0	+194	29,347
Historical Trust Accounting	23,064	23,064	+14	+0	-3,446	19,632
<i>Reduction based on anticipated work levels</i>						
<b>Activity Total, Program Operations</b>	<b>87,890</b>	<b>87,890</b>	<b>324</b>	<b>187</b>	<b>-483</b>	<b>87,918</b>
<b>Program Support</b>						
Business Management	33,539	33,539	-308	-187	+1,546	34,590
<i>Talent Management and Systems Automation and Enhancement to develop the OST workforce</i>						
Program Management	15,569	15,569	+82	+0	+176	15,827
<i>Modernize and improve the efficiency/effectiveness of Trust Records</i>						
<b>Activity Total, Program Support</b>	<b>49,108</b>	<b>49,108</b>	<b>-226</b>	<b>-187</b>	<b>+1,722</b>	<b>50,417</b>
<b>TOTAL, Federal Trust Programs</b>	<b>139,029</b>	<b>139,029</b>	<b>+102</b>	<b>+0</b>	<b>+1,248</b>	<b>140,379</b>

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## **Bureau Level Tables**



Office of the Special Trustee for American Indians

**Summary of Requirements**

(Dollars in Thousands)

	2015 Actual	FY 2016 Enacted		Fixed Costs & Related (+/-)	Internal Transfers (+/-)	Program Changes (+/-)		FY 2017 Request		Change from FY 2016 Enacted (+/-)	
	Amount	Total FTE	Amount			FTE	Amount	FTE	Amount	FTE	Amount
<b>FEDERAL TRUST PROGRAMS</b>											
<b>Executive Direction</b>	<b>2,031</b>	<b>6</b>	<b>2,031</b>	<b>+4</b>	<b>+0</b>	<b>+0</b>	<b>+9</b>	<b>6</b>	<b>2,044</b>	<b>+0</b>	<b>+13</b>
<b>Program Operations and Support</b>											
Program Operations											
Field Operations	24,952	220	24,952	+159	+0	+0	+1,458	220	26,569	+0	+1,617
Appraisal Services	10,811	84	10,811	+61	+187	+0	+1,311	84	12,370	+0	+1,559
Trust Services	29,063	124	29,063	+90		+0	+194	124	29,347	+0	+284
Historical Trust Accounting	23,064	20	23,064	+14		+0	-3,446	20	19,632	+0	-3,432
<b>Total, Program Operations</b>	<b>87,890</b>	<b>448</b>	<b>87,890</b>	<b>+324</b>	<b>+187</b>	<b>+0</b>	<b>-483</b>	<b>448</b>	<b>87,918</b>	<b>+0</b>	<b>+28</b>
Program Support											
Business Management	33,539	87	33,539	-308	-187	+0	+1,546	87	34,590	+0	+1,051
DST Business Management	1,964		1,964	+10	-187	+0	+23	0	1,810	+0	-154
Budget, Finance, & Admin	23,395		23,395	-351		+0	+1,157	0	24,201	+0	+806
[Litigation Support]	[3,486]		[3,486]	+0		+0	[-400]		[3,086]	+0	[-400]
[Hearings & Appeals]	[8,516]		[8,516]	+0		+0	[0]		[8,516]	+0	[0]
Information Resources	6,631		6,631	+27		+0	+353	0	7,011	+0	+380
External Affairs	1,549		1,549	+6		+0	+13	0	1,568	+0	+19
Program Management	15,569	114	15,569	+82	+0	+0	+176	114	15,827	+0	+258
Trust Records	9,963		9,963	+58		+0	+127	0	10,148	+0	+185
Trust Review & Audit	4,964		4,964	+20		+0	+41	0	5,025	+0	+61
Risk Management	642		642	+4		+0	+8	0	654	+0	+12
<b>Total, Program Support</b>	<b>49,108</b>	<b>201</b>	<b>49,108</b>	<b>-226</b>	<b>-187</b>	<b>+0</b>	<b>+1,722</b>	<b>201</b>	<b>50,417</b>	<b>+0</b>	<b>+1,309</b>
<b>TOTAL, FEDERAL TRUST PROGRAMS</b>	<b>139,029</b>	<b>655</b>	<b>139,029</b>	<b>+102</b>	<b>+0</b>	<b>+0</b>	<b>+1,248</b>	<b>655</b>	<b>140,379</b>	<b>+0</b>	<b>+1,350</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 2016 Total or Change</b>	<b>2016 to 2017 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 the 2016 and 2017.	+234	-488
Pay Raise The change reflects the salary impact of the 1.6% programmed pay raise increases as provided in the June, 2015 Circular A-11.	+765	+961
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.	-59	+6
Worker's Compensation Payments The amounts reflect projected changes in the costs of compensating injured employees and dependents of employees who suffer accidental deaths while on duty. Costs for 2017 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.	-1	+5
Unemployment Compensation Payments The amounts reflect 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 amounts reflect changes in the costs payable to General Services Administration (GSA) and others 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.	+162	-382

<b>Internal Realignments and Non-Policy/Program Changes (Net-Zero)</b>	<b>2017 (+/-)</b>
Program Change Office of Appraisal Services This moves funding to Appraisal Services.	+187
Program Change Business Management This moves funding from Business Management.	-187

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

Line No.	Federal Trust Programs Treasury Account ID: 14 – 0120 – 0	FY 2015 Actual	FY 2016 Estimate	2017 Estimate
	<b>Obligations by program activity:</b>			
0001	Program operations, support, and improvements	140	141	142
0002	Executive direction	0	0 0	
0900	Total new obligations	140	141	142
	<b>Budgetary Resources:</b>			
	Unobligated balance:			
1000	Unobligated balance brought forward, Oct 1	25	33	39
1021	Recoveries of prior year unpaid obligations	3	2	2
1050	Unobligated balance (total)	28	35	41
	<b>Budget authority:</b>			
	Appropriations, discretionary:			
1100	Appropriation	139	139 140	
1160	Appropriation, discretionary (total)	139	139 140	
	<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)	145	145 146	
1930	Total budgetary resources available	173	180 187	
	<b>Memorandum (non-add) entries:</b>			
1941	Unexpired unobligated balance, end of year	33	39	45
	<b>Change in obligated balance:</b>			
	Unpaid Obligations:			
3000	Unpaid obligations, brought forward, Oct 1	37	42	33
3010	Obligations incurred, unexpired accounts	140	141	142
3020	Outlays (gross)	-132	-148 -148	
3040	Recoveries of prior year unpaid obligations, unexpired	-3	-2	-2
3050	Unpaid obligations, end of year	42	33	25
	<b>Uncollected payments:</b>			
3060	Uncollected payments, Federal sources, brought forward, Oct 1	-1	-2	-2
3070	Change in uncollected payments, Federal sources, unexpired	-1	0	0
3090	Uncollected payments, Federal sources, end of year	-2	-2	-2
	Memorandum (non-add) entries:			
3100	Obligated balance, start of year	36	40	31
3200	Obligated balance, end of year	40	31	23
	<b>Budget authority and outlays, net:</b>			
	Discretionary:			
4000	Budget authority, gross	145	145 146	
	<b>Outlays, gross:</b>			
4010	Outlays from new discretionary authority	99	141	142
4011	Outlays from discretionary balances	33	7	6
4020	Outlays, gross (total)	132	148	148
	<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 payments, Federal sources, unexpired	-1	0	0
4070	Budget authority, net (discretionary)	139	139	140
4080	Outlays, net (discretionary)	127	142	142
4180	Budget authority, net (total)	139	139	140
4190	Outlays, net (total)	127	142	142

*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 2015 Actual</b>	<b>FY 2016 Estimate</b>	<b>FY 2017 Estimate</b>
	<b>Direct obligations</b>			
	<b>Personnel compensation</b>			
1111	Full time permanent	44	44	45
1115	Other personnel compensation	1	1	1
1119	Total personnel compensation	45	45	46
1121	Civilian personnel benefits	13	13	13
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	53	54	54
1253	Other goods and services from federal sources	15	15	15
1260	Supplies and Materials	2	2	2
1990	Subtotal, obligations, Direct obligations	137	138	139
	<b>Reimbursable obligations</b>			
2252	Reimbursable obligations: Other Services from non-Federal sources	3	3	3
	<b>Allocation Account - direct:</b>			
	Personnel compensation:			
9999	Total new obligations	140	141	142

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



**Office of the Special Trustee for American Indians**  
(Dollars in millions)

Line No.	Tribal Special Fund Treasury Account ID: 14 – 5265 – 0	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
	<b>Obligations by program activity</b>			
0001	Direct program activity	178	183	190
0900	Total new obligations	178	183	190
	<b>Budgetary Resources:</b>			
	Unobligated balance:			
1000	Unobligated balance brought forward, Oct 1	48	31	31
	<b>Budget authority:</b>			
	Appropriations, mandatory:			
1201	Appropriations	161	183	190
1260	Appropriations, mandatory (total)	161	183	190
1930	Total budgetary resources available	209	214	221
	<b>Memorandum (non-add) entries:</b>			
1941	Unexpired unobligated balance, end of year	31	31	31
	<b>Change in obligated balance:</b>			
	Unpaid obligations:			
3000	Unpaid obligations, brought forward, Oct 1	0	0	0
3010	Obligations incurred, unexpired accounts	178	183	190
3020	Outlays (gross)	-178	-183	-190
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	161	183	190
	Outlays, gross:			
4100	Outlays from new mandatory authority	0	183	190
4101	Outlays from mandatory balances	178	0	0
4110	Outlays, gross (total)	178	183	190
4160	Budget authority, net (mandatory)	161	183	190
4170	Outlays, net (mandatory)	178	183	190
4180	Budget authority, net (total)	161	183	190
4190	Outlays, net (total)	178	183	190
	<b>Memorandum (non-add) entries:</b>			
5000	Total investments, SOY: Federal securities: Par value	49	31	31
5001	Total investments, EOY: Federal securities: Par value	31	31	31
5010	Total investments, SOY: non-Fed securities: Market value	480	503	501
5011	Total investments, EOY: non-Fed securities: Market value	503	501	502

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

### Office of the Special Trustee for American Indians

(Dollars in millions)

Line No.	Tribal Trust Fund Treasury Account ID: 14 – 8030 – 0	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
	<b>Obligations by program activity</b>			
0001	Direct program activity	29	30	31
0900	Total new obligations	29	30	31
	<b>Budgetary Resources:</b>			
	Unobligated balance:			
1000	Unobligated balance brought forward, Oct 1	9	9	9
	<b>Budget authority:</b>			
	Appropriations, mandatory:			
1201	Appropriations, mandatory:	29	30	31
1260	Appropriations, mandatory (total)	29	30	31
1930	Total budgetary resources available	38	39	40
	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	29	30	31
3020	Outlays (gross)	-29	-30	-31
3050	Unpaid obligations, end of year	0	0	0
	<b>Budget authority and outlays, net:</b>			
	Mandatory:			
4090	Budget authority, gross	29	30	31
	<b>Outlays, gross:</b>			
4100	Outlays from new mandatory authority	0	30	31
4101	Outlays from mandatory balances	29	0	0
4110	Outlays, gross (total)	29	30	31
4160	Budget authority, net (mandatory)	29	30	31
4170	Outlays, net (mandatory)	29	30	31
4180	Budget authority, net (total)	29	30	31
4190	Outlays, net (total)	29	30	31
	<b>Memorandum (non-add) entries:</b>			
5000	Total investments, SOY: Federal securities: Par value	9	9	9
5001	Total investments, EOY: Federal securities: Par value	9	9	9
5010	Total investments, SOY: non-Fed securities: Market value	134	130	130
5011	Total investments, EOY: non-Fed securities: Market value	130	130	130

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

**Office of the Special Trustee for American Indians**  
**Employee Count by Grade**  
 (Total Employment)

	<b>FY 2015 Actuals</b>	<b>FY 2016 Estimate</b>	<b>FY 2017 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	40	40
GS/GM -14 .....	92	95	95
GS/GM -13 .....	91	110	110
GS -12 .....	42	53	53
GS -11 .....	19	30	30
GS -10 .....	0	0	0
GS - 9 .....	29	37	37
GS - 8 .....	23	24	24
GS - 7 .....	155	162	162
GS - 6 .....	31	31	31
GS - 5 .....	35	45	45
GS - 4 .....	14	17	17
GS - 3 .....	0	0	0
GS - 2 .....	0	0	0
GS - 1 .....	0	0	0
<b>Subtotal .....</b>	<b>565</b>	<b>644</b>	<b>644</b>
Other Pay Schedule Systems .....	1	1	1
<b>Total employment (actuals &amp; estimates) .....</b>	<b>576</b>	<b>655</b>	<b>655</b>

## Section 403 Compliance

OST adheres to the requirements of Section 403 contained in the Department, 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 Office of Budget, Finance, and Administration (BF&A) line item within Business Management in the Program Support sub activity as a chargeback (reference table below). The largest of these centralized costs includes an estimated FY 2017 cumulative amount of \$5,574,900 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>FY 2017 Estimate</b>
External Administrative Costs	
WCF Centralized Billings	\$2,467,500
WCF Direct Billings/Fee for Service	\$3,107,400
<b>Total</b>	<b>\$5,574,900</b>
Program Assessments	
Human Resources Support	\$1,403,981
Acquisition Support (included in WCF Centralized billing)	\$1,527,432
Accounting Support (included in WCF Centralized billing)	\$491,621
Security	\$277,333
Space Rental	\$1,635,271
<b>Chargeback Estimate</b>	<b>\$5,335,638</b>

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**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] *\$140,379,000* to remain available until expended, of which not to exceed [\$22,120,000] *\$19,632,000* 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 [2016] *2017*, 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 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. *Provided further*, That, notwithstanding section 102 of the American Indian Trust Fund Management Reform Act of 1994 (Public Law 103-412) or any other provision of law, the Secretary may aggregate the trust accounts of individuals whose whereabouts are unknown for a continuous period of at least five years and shall not be required to generate periodic statements of performance for the individual accounts: *Provided further*, That, with respect to the eighth proviso, the Secretary shall continue to maintain sufficient records to determine the balance of the individual accounts, including any accrued interest and income, and such funds shall remain available to the individual account holders. (Department of the Interior, Environment, and Related Agencies Appropriations Act, 2016.)

## 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. Addition of the following provision: *Provided further, That, notwithstanding any other provision of law, the Secretary shall be permitted in the Secretary's discretion to aggregate certain Indian trust accounts for individuals whose whereabouts have been unknown to the Secretary for a continuous period exceeding five (5) years (such account holders hereinafter referred to as "WAU account holders"):* *Provided further, That the Secretary shall maintain a record of any such aggregation of accounts and shall permit the balance of such accounts so aggregated (along with applicable accrued income) to be withdrawn upon the express written request of the WAU account holder, but shall not be required to provide a periodic statement of performance for any Indian trust account for any period of time during which an account has been aggregated with the accounts for other WAU account holders.*

Currently, there are more than 63,000 Individual Indian Money (IIM) accounts classified as Whereabouts Unknown (WAU) – meaning that the Department does not have a valid address for the beneficiary. Over 23,000 of these accounts have been classified as WAU for more than five years, with many having been WAU since their very inception (sometimes as long as 30 years ago). Despite the Department's diligent efforts, there is no reasonable expectation that many of these long-term WAUs will be located in the near future. Some of these long-term WAU accounts contain only a few cents. Significant cost savings could be realized if an alternative to maintaining these accounts on the Department's trust accounting system were available.

While both the private sector and the U.S. Treasury have addressed the costs of maintaining unclaimed accounts through the establishment of unclaimed property funds, this does not appear to be a viable solution in light of the fiduciary obligations associated with Indian Trust assets. However, aggregating these long-term unclaimed funds within a single account, rather than maintaining separate IIM accounts for each individual, could result in substantial annual savings to the Department.

The names and identifying information for unclaimed funds belonging to Indian trust beneficiaries would be maintained in a separate database and the Department would continue its ongoing efforts to locate these individuals. At any time, the rightful owner (or his or her heirs/devisees), could make claim to these funds along with applicable accrued income.

It is anticipated that the initial long-term IIM accounts consolidated into a single holding account would be limited to IIM accounts that do not have any ownership in trust land attached. Once such accounts are consolidated, periodic statements of performance would no longer be generated for the account holder. However, once a valid claim is made for these funds, the Department would be able to provide a cumulative statement of performance reflecting the amount initially transferred to the consolidated holding account and the cumulative earnings thereon.

Of the more than 23,000 IIM accounts classified as WAU for more than five years, approximately 9,200 of them have no underlying trust land – meaning that there will be no future revenue to receipt, apart from interest, into these accounts. Aggregation of these accounts would save approximately \$400,000 in system costs annually.



## 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 [\$22,120,000] \$19,642,000, from this or any other Act, may be available for historical accounting
  - Interior and Related Agencies Appropriation Act, FY 2016. 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 [2016] 2017, 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**

	2015 Actual	FY 2016 Enacted	Fixed Costs & Related Changes (+/-)	Internal Transfers (+/-)	Program Changes (+/-)	FY 2017 Request	Change from FY 2016 Enacted (+/-)
<b>Executive Direction</b>	<b>2,031</b>	<b>2,031</b>	<b>+4</b>	<b>+0</b>	<b>+9</b>	<b>2,044</b>	<b>+13</b>
Executive Direction	2,031	2,031	+4	+0	+9	2,044	+13
<i>FTE</i>	<i>6</i>	<i>6</i>	<i>+0</i>	<i>+0</i>	<i>+0</i>	<i>6</i>	<i>0</i>

**Summary of 2017 Program Changes for Executive Direction**

Request Component	(\$000)	FTE
<u>Program Changes:</u>		
Increase for the Special Trustee Advisory Board and Outreach	+9	0
<b>TOTAL Program Changes</b>	<b>+9</b>	<b>0</b>

**Justification of 2017 Program Changes**

The FY 2017 budget request for Executive Direction is \$2,044,000 and 6 FTE, a program increase of \$9,000 and 0 FTE from the FY 2016 enacted budget.

**Increase for the Special Trustee Advisory Board and Outreach (+9,000/0 FTE)** – The requested increase of \$9,000 in FY 2017 will provide additional funding for the Special Trustee Advisory Board to convene and discuss critical priorities, collaborate on implementation strategies and outreach activities.

**Program Overview**

**Executive Direction (\$2,044,000/ 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.

Executive leadership and the executive office provided guidance that 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 promotes 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.

### **2017 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. OST 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 IIM Account Litigation Settlement.



# **TAB INSERT**

## **Program Operations**



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

	<b>2015 Actual</b>	<b>FY 2016 Enacted</b>	<b>Fixed Costs &amp; Related Changes (+/-)</b>	<b>Internal Transfers (+/-)</b>	<b>Program Changes (+/-)</b>	<b>FY 2017 Request</b>	<b>Change from FY 2016 Enacted (+/-)</b>
<b>Program Operations</b>	<b>24,952</b>	<b>24,952</b>	<b>+159</b>	<b>+0</b>	<b>+1,458</b>	<b>26,569</b>	<b>1,617</b>
Field Operations	24,952	24,952	+159	+0	+1,458	26,569	+1,617
<i>FTE</i>	205	220	+0	+0	+0	220	+0

**Summary of 2017 Program Changes for Program Operations**

<b>Request Component</b>	<b>(\$000)</b>	<b>FTE</b>
<u>Program Changes:</u>		
Initiatives to create and implement a plan to streamline trust estate administration, reduce fractionation, provide Investment training to individuals and Tribes, and explore and develop the use of new technologies to expand access to financial empowerment tools for IIM account holders,	+1,458	0
<b>TOTAL Program Changes</b>	<b>+1,458</b>	<b>0</b>

**Justification of 2017 Program Changes**

The FY 2017 budget request for Field Operations is \$26,569,000 and 220 FTE, a program increase of \$1,458,000 and 0 FTE from the FY 2016 enacted budget.

**Estate Planning Services (+1,458,000/0 FTE)** – The requested increase of \$1.458 million in FY 2017 will provide 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 to beneficiaries would include 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.
3. Exploring the use of Payable on Death (POD) and/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. Identifying a working group representative for AIPRA to evaluate the Pilot Project provisions.

In addition, with the requested increase OST will provide formal investment training to tribal representatives. The goal of these training sessions is to increase the financial capabilities and asset management skills of Tribes. OST anticipates that the development of these skills will increase communication between OST and Tribes on trust investment matters. This enhanced flow of information

will aid OST in meeting our fiduciary obligations to tribal beneficiaries and support tribal self-determination efforts as it pertains to the investment of tribal trust funds.

The requested increase will also allow OST to explore and develop the use of new technologies to expand access to financial empowerment tools for IIM accountholders. This may include leveraging OST's existing presence on the internet and over social media, as well as the development of new applications to increase OST's electronic footprint in Indian Country.

Implementation of the components discussed above can lead to significant potential long-term savings for the government through reduced probate costs and fractionation, as well as more viable land use opportunities for Indian Trust landowners.

### Program Overview

**Field Operations (\$26,569,000 /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, 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. Community outreach informs beneficiaries of current trust initiatives and services available to them. Using various 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. Outreach events include staff attendance at community meetings, tribal leadership conferences and social gatherings such as pow-wows, to provide information on asset management and trust reform initiatives, as well as hold financial skills training for IIM beneficiaries. 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 LBBP purpose in acquiring fractional interests in trust or restricted lands funded by an RSA with the Office of the Secretary for Interior.

Regional Trust Administrators (RTAs) and 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 in meeting its fiduciary obligations to individual Indians, Alaska



Fiduciary Trust Officer and staff conducting beneficiary outreach.

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.

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 2017, OST's Director of Financial Education, a recently created position, will continue 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 specialized training Field Operations provides uses culturally sensitive techniques and methods geared to Native American audiences. Topics include balancing checkbooks, applying for credit, estate planning, 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

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 MST 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. As the primary point of beneficiary contact, Field Operations is uniquely postured to identify and respond to evolving beneficiary needs.

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. The TBCC's first-line resolution rate is substantially higher than the industry average of 49 percent for government and non-profit organizations which allows BIA and OST field staff to focus on other trust duties.

As the primary point of contact for the LBBP, the TBCC responded to 54,979 buy-back related inquiries in FY 2015. The TBCC anticipates that call volume during FY 2016 and FY 2017 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. During FY 2015, Field Operations located approximately 13,191 WAU account holders with total account balances in excess of \$24.8 million. At the end of FY 2015, there were 65,767 WAU beneficiaries representing \$109.9 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 2015, Field Operations rolled out 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.

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 approximately 400,000 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.

Field Operations regularly participates in trust reform initiatives to ensure that these efforts are effectively communicated and implemented at the local level. In addition to the local engagement, Field Operations coordinate with tribal leadership to emphasize the importance of proper estate planning. 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 LBBP's objectives of reducing land fractionation. OST Field Operations continues to work with the BIA on the "Your land, your decision" Campaign.

## 2017 Program Performance

In FY 2017, 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*) by proactively facilitating LBBP outreach initiatives and activities.
- 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.
- 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.
- Proactively identify and assist in the implementation of additional reform activities as needed, in support of program areas such as trust program training, developing policies and procedures, streamlining business processes, risk, and records management.
- Provide financial skills training to IIM beneficiaries as an integral part of its community outreach activities.
- 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.
- Maintain FTO presence in field offices.
- Address Field Operations recommendations from internal and external program reviews.
- Continue automation to improve processes and processing timeframes.
- Provide estate planning opportunities to Indian Trust beneficiaries.

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

	2015 Actual	FY 2016 Enacted	Fixed Costs & Related Changes (+/-)	Internal Transfers (+/-)	Program Changes (+/-)	FY 2017 Request	Change from FY 2016 Enacted (+/-)
<b>Program Operations</b>	<b>10,811</b>	<b>10,811</b>	<b>+61</b>	<b>+187</b>	<b>+1,311</b>	<b>12,370</b>	<b>1,559</b>
Appraisal Services	10,811	10,811	+61	+187	+1,311	12,370	+1,559
FTE	64	84	+0	+0	+0	84	0

**Summary of 2017 Program Changes for Program Operations**

Request Component	(\$000)	FTE
<u>Program Changes:</u>		
Appraiser Trainee program	+1,311	0
<b>TOTAL Program Changes</b>	<b>+1,311</b>	<b>0</b>

**Justification of 2017 Program Changes**

The FY 2017 budget request for the Office of Appraisal Services is \$12,370,000 and 84 FTE, a program increase of \$1,311,000 and 0 FTE from the FY 2016 enacted budget. The internal transfer of \$187,000 moves the performance planning and support function for the Office of Appraisals, which funds salary and associated expenses for one FTE, from Business Management to increase performance planning capabilities.

**Appraiser Trainee Program (+\$1,311,000/+ 0 FTE)** –The Office of Appraisal Services (OAS) proposes to fill twelve (12) real estate appraiser trainee positions and fund their participation in a three-year training program similar to a 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 appraiser positions in OST that support real property trust transactions in Indian Affairs. Additionally, providing long-term employment opportunities in Indian country is especially beneficial to filling future vacancies in leadership positions resulting from attrition, 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, 35 of OAS’s State Certified General Appraisers will be eligible for retirement. There is no anticipated decrease in real estate appraisal workload as about 80-90 percent of valuation services are on undivided fractionated tracts. Currently OAS is shifting staff 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 in addition to creating backlogged appraisals where human resources were moved to assist other region offices.

Attaining State Certified General Appraiser licensing entails intense classroom and field 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 (TAF). It has also become 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 college graduates 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. 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-05/07/09 laddered positions.

As the real estate appraiser trainees achieve State Certified General Appraiser licensing, they are eligible to fill vacancies in Review Appraiser positions and potentially leadership positions. Trainees will also develop interpersonal communication skills by assisting the Regional Supervisory Appraiser (RSA) and Review Appraisers in research and collection of local economic and real market data and 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 (\$10,811,000/ 84 FTE)**

OAS is responsible for the Indian lands valuation program, which was established to provide independent and impartial estimates 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 real estate transactions supported by OAS include, but are not limited to, sales, leases (agricultural, commercial and residential), rights-of-way, land exchanges, partitions, probates, grazing permits, and trespass settlements.

The OAS staffing consists of state certified general licensed appraisers who provide valuation services in accordance with nationally

OAS continues to complete appraisal requests on trust and restricted lands. OAS Regional Operations completed approximately 5,000 appraisals in FY 2015 and anticipates completing approximately 5,500 appraisals in FY 2016. OAS works closely with 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 continues to be used for the mass appraisal module (MAVS) to support valuations for the LBBP. In FY 2015, approximately 11,500 appraisals were completed using the mass appraisal module. Appraisal methods, techniques, such as Market Studies, Project Appraisal Reports, Market Analysis to include the training and use of ArcGIS mapping streamlines appraisal reports and allows consistency and uniformity in appraisal processes.

recognized appraisal standards, methods, and techniques. All completed valuations also comply with the Department and OAS appraisal policies and procedures.

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

OAS's foremost priority is providing technical assistance to support tribal appraisal programs operating under the Indian Self-Determination contracts and Self-Governance compacts, and at the same time, delivering quality and timely valuation services to our direct service Tribes.

Beginning in FY 2013, OAS entered into an RSA with the Office of the Secretary, the Department, to perform all appraisals, and appraisal reviews/approvals in support of the LBBP acquisitions. This additional responsibility entails providing thousands of appraisals and reviews over a ten-year period for a wide array of properties ranging from unimproved agricultural lands to highly developable commercial properties. The work has encompassed a wide range of geographic locations, surface and subsurface rights, timber and fractional interest property rights in addition to coordination, communication and education on real estate appraisal and LBBP to Tribes and individual Indian landowners.

Although a mass appraisal process is being implemented in the LBBP to increase efficiency and decrease costs, OAS recognizes that this valuation methodology will not be appropriate for all reservations and/or land types/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 continue to be developed and implemented.

### **2017 Program Performance**

- Complete 85 percent of appraisal requests received and on hand at the beginning of the fiscal year within client business requirements.
- Continue to improve and streamline the appraisal business process, which includes the enhancement and use OASIS, an automated and centralized appraisal request initiation, tracking and reporting system. OAS is working jointly with the OVS-Division of Minerals Evaluation to develop and implement a minerals evaluation request routine within OASIS to provide a centralized system to Indian Affairs and Tribes for ordering appraisal services for surface and subsurface estates. This enhancement will allow for improved transparency, streamlining of BIA agency/tribal request process and a centralized database for storage and retrieval of real estate appraisals and mineral evaluations.
- Continue to assist/support the LBBP in streamlining the appraisal process by providing real property consultation, appraisal reviews and sharing of appraisals and market data.
- Continue the deployment of appraisal applications software, Geographical Information System (GIS), Global Positioning Systems (GPS), and electronic databases to develop appraisals and reviews, manage comparable market data and communicate on valuation products to intended users.

- Complete updates and implementation of the OAS real estate appraisal handbook and desk operating procedures to establish uniformity and streamline operations.
- Continue to refine the Quality Assurance Program (QAP) to maintain compliance with national standards and quality of valuation products. The QAP is on schedule to complete six (6) Quality Assurance Inspections per fiscal year by FY 2018.
- Establish the OAS Appraiser Trainee Program and recruit Native American college graduates at key OAS regions where attrition is expected to be significant in the near future.

**Activity: Program Operations and Support**

**Subactivity: Program Operations – Trust Services**

	<b>2015 Actual</b>	<b>FY 2016 Enacted</b>	<b>Fixed Costs &amp; Related Changes (+/-)</b>	<b>Internal Transfers (+/-)</b>	<b>Program Changes (+/-)</b>	<b>FY 2017 Request</b>	<b>Change from FY 2016 Enacted (+/-)</b>
<b>Program Operations</b>	<b>29,063</b>	<b>29,063</b>	<b>+90</b>	<b>+0</b>	<b>+194</b>	<b>29,347</b>	<b>284</b>
Trust Services	29,063	29,063	+90	+0	+194	29,347	+284
<i>FTE</i>	<i>110</i>	<i>124</i>	<i>+0</i>	<i>+0</i>	<i>+0</i>	<i>124</i>	<i>0</i>

**Summary of 2017 Program Changes for Program Operations**

<b>Request Component</b>	<b>(\$000)</b>	<b>FTE</b>
<u>Program Changes:</u>		
System Enhancement to the Trust Funds Accounting System	+194	0
<b>TOTAL Program Changes</b>	<b>+194</b>	<b>0</b>

**Justification of 2017 Program Changes**

The FY 2017 budget request for Trust Services is \$29,347,000 and 124 FTE, a program increase of \$194,000 and 0 FTE from the FY 2016 enacted budget.

**System Enhancement to the Trust Funds Accounting System (+194,000/0 FTE)** – The requested increase of \$194,000 in FY 2017 will provide funds to perform system enhancements to the Trust Funds Accounting System and updates to ensure compliance with IT security parameters.

**Program Overview**

**Trust Services (\$29,347,000/124 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 managed 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 \$845 million is held on behalf of individual Indians in about 400,000 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. IIM balances are generally on deposit as a result of restricted accounts (e.g., minors, estates, WAUs).

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 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 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. Some of the costs associated with the TFAS contract are based upon the number of open and closed accounts on the system. Currently, TFAS has approximately 403,000 open and approximately 15,000 closed accounts. Of the 403,000 open accounts, approximately 102,000 were non-income accounts. TFAS provides a Statement of Performance 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 removed from 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 2017.

Litigation and Support Functions – Trust Services provides litigation support services through subject matter experts, development of presentations, document production, and accounting support. This furthers the Department's goal of amicable settlements with Tribal entities.

In FY 2017, 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 2017 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.

### **2017 Program Performance**

With the FY 2017 funding, Trust Services will:

- 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 approximately \$1.7 billion in receipts annually.
- Continue to process approximately \$1.7 billion in disbursements annually.
- Continue daily reconciliation of all trust funds receipts/disbursements with Treasury, which nets over 10.7 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.
- Implement the IIM Direct initiative.

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

	<b>2015 Actual</b>	<b>FY 2016 Enacted</b>	<b>Fixed Costs &amp; Related Changes (+/-)</b>	<b>Internal Transfers (+/-)</b>	<b>Program Changes (+/-)</b>	<b>FY 2017 Request</b>	<b>Change from FY 2016 Enacted (+/-)</b>
<b>Program Operations</b>	<b>23,064</b>	<b>23,064</b>	<b>+14</b>	<b>+0</b>	<b>-3,446</b>	<b>19,632</b>	<b>-3,432</b>
Historical Trust Accounting	23,064	23,064	+14	+0	-3,446	19,632	-3,432
<i>FTE</i>	<i>12</i>	<i>20</i>	<i>+0</i>	<i>+0</i>	<i>+0</i>	<i>20</i>	<i>0</i>

**Summary of 2017 Program Changes for Program Operations**

<b>Request Component</b>	<b>(\$000)</b>	<b>FTE</b>
<u>Program Changes:</u>		
Anticipated Workload Decrease in FY 2017	-3,446	0
<b>TOTAL Program Changes</b>	<b>-3,446</b>	<b>0</b>

**Justification of 2017 Program Changes**

The FY 2017 budget request for the Office of Historical Trust Accounting is \$19,632,000, a program reduction of \$3,446,000 below the FY 2016 enacted budget. The workload will decrease in FY 2017 as cases reach settlement.

**Program Overview**

**Office of Historical Trust Accounting (\$19,632,000/20 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 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 provide critical technical expertise in areas such as accounting services, data analysis, historical research, information resources, data security, statistical analysis, and document search, collection, imaging, coding, and reproduction.

The Department and OHTA are helping resolve approximately 30 breach of trust lawsuits filed by or on behalf of Tribes and individual Indians 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 DOJ and SOL. The DOJ, SOL, and the Department rely on OHTA to satisfy the information demands (e.g., formal discovery requests) arising from litigation. These requests require document search, document production, accounting services, historical research, data analysis of Tribal and individual accounts and claims, among other litigation support activities.

The OHTA provides 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.

### **2017 Program Performance**

**Tribal Historical Accounting (\$15,132,000)** – OHTA will continue to compile, share, and explain trust fund accounting and related information to help resolve the remaining Tribal and individual breach of trust cases and avoid future disputes or claims. The Tribal Division’s efforts remain focused on supporting resolution of breach of trust and related lawsuits brought by Tribes and individual Indians alleging violation of the Department’s trust relationship. Settlement efforts for many of the nearly 30 remaining litigating Tribes have already been exhausted, which means that the remaining cases are not likely to settle and the Department will need robust litigation support. The 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.

**Special Deposit Accounts/Youpee Escheat Funds Distribution Project (\$3,000,000)** – The OHTA will continue to identify the proper ownership of residual balances in aged SDAs. The balances that have accumulated in these SDA resulted generally from judgment awards, settlement of claims, land-use agreements, royalties on natural resource use, other proceeds derived directly from trust resources, and financial investment income. OHTA plans, organizes, directs, and executes the historical accounting of IIM accounts, conducting the research and performing the necessary analysis to distribute trust funds residing in SDA and Youpee Escheat Accounts to proper owners, whether it be Tribes, individual Indians, and/or non-trust entities. The Youpee Escheat 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 \$350,000 to be distributed to individual Indians (both SDAs and Youpee accounts), Tribes, and/or third parties.

**IIM Historical Accounting (\$1,500,000)** – 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. Approximately \$90 million in payable *Cobell* Settlement funds remain undistributed, and OHTA assists the *Cobell* Claims Administrator in finding missing class members. Out of 72,972 decedents identified in the Trust Administration Class, 22,264 (30.5%) estates remain unpaid. 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 beyond FY 2017.

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

	<b>2015 Actual</b>	<b>FY 2016 Enacted</b>	<b>Fixed Costs &amp; Related Changes (+/-)</b>	<b>Internal Transfer (+/-)</b>	<b>Program Changes (+/-)</b>	<b>FY 2017 Request</b>	<b>Change from FY 2016 Enacted (+/-)</b>
<b>Program Support</b>	<b>49,108</b>	<b>49,108</b>	<b>-226</b>	<b>-187</b>	<b>+1,722</b>	<b>50,417</b>	<b>+1,309</b>
Business Management	33,539	33,539	-308	-187	+1,546	34,590	+1,051
Program Management	15,569	15,569	+82	+0	+176	15,827	+258
<i>FTE</i>	<i>179</i>	<i>201</i>	<i>+0</i>	<i>+0</i>	<i>+0</i>	<i>201</i>	<i>0</i>

**Summary of 2017 Program Changes for Program Support**

<b>Request Component</b>	<b>(\$000)</b>	<b>FTE</b>
<u>Program Changes:</u>		
Business Management		
Talent Management & Systems Enhancement	+1,546	0
Program Management		
Modernization to Records and Risk Management processes	+176	0
<b>TOTAL Program Changes</b>	<b>+1,722</b>	<b>+0</b>

**Justification of 2017 Program Changes**

The FY 2017 budget request for the Program Support is \$50,417,000 and 201 FTE, an increase of \$1,722,000. This increase is for Performance Management improvements, Talent Management, Systems Automation and Enhancement, and outreach activities. The internal transfer of \$187,000 moves the performance planning and support function from the Office of Business Management, which funds salary and associated expenses for one FTE, to the Office of Appraisal Services, to increase performance planning capabilities.

**Business Management (+1,546,000/0 FTE)** – The requested increase of \$1,546,000 will provide funding for Talent Management and Systems Automation and Enhancement. It will allow OST to further develop a professional and responsive workforce that is sufficiently trained. Our goal is design, develop, implement, manage and evaluate learning solutions and work with managers, supervisors, federal training professionals and contractors to address performance gaps. By providing funding for Systems Automation and Enhancement it will allow OST to address the ongoing backlog of requests to develop and enhance key applications that will automate processes. In addition, it will provide staff opportunities to perform more analytical and strategic oversight activities, as well as ensure that OST is leveraging key technologies to provide sound support to beneficiaries and staff.

**Program Management (+176,000/0 FTE)** – The requested increase of \$176,000 will provide funding to modernize and improve the efficiency/effectiveness of the Trust Records, Trust Review and Audit, and Risk Management business processes.

**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 and coordination for staff development, and the execution of special projects as directed by Executive management. Business Management is responsible for various administrative functions, including budget and finance services, information resources, interface with external organizations, and clerical support.

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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**Program Support**



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

	2015 Actual	FY 2016 Enacted	Fixed Costs & Related Changes (+/-)	Internal Transfers (+/-)	Program Changes (+/-)	FY 2017 Request	Change from FY 2016 Enacted (+/-)
<b>Business Management</b>	<b>33,539</b>	<b>33,539</b>	<b>-308</b>	<b>-187</b>	<b>+1,546</b>	<b>34,590</b>	<b>1,051</b>
Business Management	1,964	1,964	+10	-187	+23	1,810	-154
Budget, Finance & Administration	23,395	23,395	-351	+0	+1,157	24,201	+806
<i>Litigation Support</i>	<i>[3,486]</i>	<i>[3,486]</i>	+0	+0	<i>[-400]</i>	<i>[3,086]</i>	<i>[-400]</i>
<i>Office of Hearings and Appeals</i>	<i>[8,516]</i>	<i>[8,516]</i>	+0	+0	<i>[0]</i>	<i>[8,516]</i>	<i>[0]</i>
Information Resources	6,631	6,631	+27	+0	+353	7,011	+380
Office of External Affairs	1,549	1,549	+6	+0	+13	1,568	+19
<i>FTE</i>	<i>77</i>	<i>87</i>	+0	+0	+0	<i>87</i>	<i>0</i>

**Summary of 2017 Program Changes for Program Support**

<b>Business Management</b>	<b>(\$000)</b>	<b>FTE</b>
<u>Program Changes:</u>		
Business Management	+23	
Budget, Finance & Administration	+1,157	0
Litigation Support	[-400]	
Information Resources	+353	0
Office of External Affairs	+13	
<b>TOTAL Program Changes</b>	<b>+1,546</b>	<b>+0</b>

**Justification of 2017 Program Changes**

The FY 2017 budget request for the Program Support – Business Management is \$34,590,000 and 87 FTE, an increase of \$1,546,000. This increase is for Performance Management improvements, Talent Management, Systems Automation and Enhancement, outreach activities. The internal transfer of \$187,000 moves the performance planning function from the Office of Business Management, which funds salary and associated expenses for one FTE, to the Office of Appraisal Services to increase performance planning capabilities.

**Business Management (+23,000/0 FTE)** – The requested increase will provide funding for improvements to OST to improve its performance management program to better capture and report metrics in response to the Government Performance and Results Act to increase performance planning capabilities.

**Budget, Finance and Administration (+1,157,000/0 FTE)** – The requested increase will provide funding for OST to solicit talent management and an increase in Human Resources (HR) support. OST’s HR functions are provided under contract from the Bureau of Safety and Environmental Enforcement (BSEE). The current terms of the contact does not provide the required technical skill, curriculum design and development experience and program management capability to create, implement and maintain a full range of leadership and competency-based learning programs to OST employees across Indian Country. Our goal is design, develop, implement, manage and evaluate learning solutions and work with managers, supervisors, federal training professionals and contractors to address performance gaps. OST is still many years behind the private trust/banking industry because of the seven years that it was disconnected from the Internet. As we automate processes using cloud based technology, OST staff must be continually trained and retrained so that OST can function as Interior’s equivalent of a trust bank.

**Litigation Support (-400,000/0 FTE)** – This decrease in litigation support will allow OST to internally reallocate funding to BF&A to pay for expenses tied to space management and the DOI working capital fund. There will be no impact on FTEs, as the reduction will be achieved through the timeliness of delivering document production capabilities and supporting overall caseload management. As the requirement for caseload management and litigation support decreases, the funding will be commensurate.

**Office of Information Resources (+353,000/0 FTE)** – The requested increase will allow OST to respond more quickly to ever-changing system requirements, ensuring that OST and DOI critical projects are completed on time and within budget. Further, OIR has an ongoing backlog of system requests to enhance, expand, or develop applications that will automate manual processes and free up staff to perform more analytical and strategic activities to improve overall trust funds management and oversight. Additional funding will allow OST to automate these processes. In addition, OST plans to automate many of the beneficiary transactions currently performed by the TBCC, which would significantly reduce the contract costs associated with the Call Center.

**Office of External Affairs (+13,000/0 FTE)** – The requested increase will provide funding for outreach related activities, coordination with internal/external stakeholders, and site visits to the OST field offices.

### **Program Overview**

Program operations and support provides the critical infrastructure and administrative services that enable OST 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 (OIR), Office of Budget, Finance, and Administration (BF&A), and the Office of External Affairs (OEA).

**Business Management (\$1,810,000/15 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).



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 (\$24,201,000/26 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, Equal Employment Opportunity, space management, telephone services, Government Purchase Card, travel, vehicle management, transportation management, facilities, and working capital fund activities. In addition, BF&A coordinates the implementation of performance improvement throughout OST by closely monitoring program outputs and activities in accordance with the Government Performance and Results Act.

In FY 2015, BF&A initiated a survey to gather information on current conditions of OST facilities. This information is being utilized to support efforts in FY 2016 and future fiscal years to initiate critical facility improvements at various OST locations and remedy serious health and safety concerns.

Litigation Support (\$3,086,000) – 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 2014-2017</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
FY 2017	5,490	7,000	7,000	5,490

**2017 Program Performance**

- Continue to improve budget-performance integration by defining correlations between available resources and performance for OST programs.
- Continue to conduct management meetings to discuss performance accomplishments and budget resources necessary for improvements and realignment of funds as required.
- Remediate health and safety concerns at various OST locations.
- Provide monthly 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 (\$7,011,000/38 FTE)** – Overseen by the Assistant Director for Information Resources (ADIR), the Office of Information Resources (OIR) provides organization-wide information resources support for OST in carrying out the fiduciary trust responsibilities to tribal and individual Indian beneficiaries. OIR develops, maintains, and operates the trust IT enterprise architecture; provides day-to-day computer support to OST personnel nationwide; and develops and maintains applications in support of OST’s mission.

OIR provides IT support services including technical support, capital planning, and procurement of IT hardware and software, along with cyber security management (accreditation and authorization, logical access control, policies, procedures, guidelines and compliance). 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 activities in support of the Department’s implementation of the Federal Information Technology Acquisition Reform Act (FITARA). 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, BSEE, OHA, BLM, ONRR, and other related offices in the Department.

## 2017 Program Performance

In FY 2017, 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 Freedom of Information Act and privacy technical support and operations; and 5) support the Department's implementation of FITARA.

**Office of External Affairs (\$1,568,000/8 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) administering OST's tribal self-governance and self-determination program; and (3) managing congressional liaison activities.

Communications – OEA provides tribal and individual Indian trust beneficiaries, the 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.

The 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 (and the Federal Government) in order to manage such funds on their own. The 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. Staff pursue the negotiation of program standards with Tribes that contract or compact with OST programs to ensure fulfillment of the Secretary's fiduciary trust responsibilities.

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 2015, 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.

### **2017 Program Performance**

In FY 2017, 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 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 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**

	2015 Actual	FY 2016 Enacted	Fixed Costs & Related Changes (+/-)	Internal Transfers (+/-)	Program Changes (+/-)	FY 2017 Request	Change from FY 2016 Enacted (+/-)
<b>Program Management</b>	<b>15,569</b>	<b>15,569</b>	<b>+82</b>	<b>+0</b>	<b>+176</b>	<b>15,827</b>	<b>+258</b>
Trust Records	9,963	9,963	+58	+0	+127	10,148	+185
Trust Review and Audit	4,964	4,964	+20	+0	+41	5,025	+61
Risk Management	642	642	+4	+0	+8	654	+12
<i>FTE</i>	<i>102</i>	<i>114</i>	<i>+0</i>	<i>+0</i>	<i>+0</i>	<i>114</i>	<i>+0</i>

<b>Program Management</b>	<b>(\$000)</b>	<b>FTE</b>
<u>Program Changes:</u>		
Implementation of Enterprise records and Document Management System, Records Training, and automation of tracking of corrective actions and expansion of internal control testing.	+176	0
<b>TOTAL Program Changes</b>	<b>+176</b>	<b>+0</b>

**Justification of 2017 Program Changes**

The FY 2017 budget request for Program Management is \$15,827,000 and 114 FTE, a program increase of \$176,000 and 0 FTE from the FY 2016 enacted budget.

An increase of \$176,000 in Program Management is proposed to fund: the implementation of the Department’s email Enterprise Records and Document Management System (eERDMS) initiative and to revise records training curriculum to reflect updated automated records management functions; the automation of tracking of corrective actions identified through trust program evaluations, and the expansion of internal control testing, conducted throughout OST, in support of the annual and interim statements of assurance that are required by the Federal Managers Financial Integrity Act (FMFIA) and OMB Circular A-123, with appendices.

**Program Overview**

**Program Management (\$15,827,000/114 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 the AIRR. 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, FMFIA, and the Department's guidance.

#### **Office of Trust Records (\$10,148,000/81 FTE)**

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.



Entrance to the American Indian Records Repository

In addition, 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 the Department's 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>2014 Actual</b>	<b>2015 Actual</b>	<b>2016 Estimate</b>	<b>2017 Estimate</b>
Number of Personnel Trained On-line	309	172	300	300
Number of Boxes Accessioned into AIRR	16,508	9,414	7,200	7,200

**Office of Trust Review and Audit (\$5,025,000/28 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, BIA, the BLM, and the ONRR to ensure that trust policies and procedures are consistent Department-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 Department-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 the Department 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 2017, OTRA anticipates that the trust examination workload will remain steady or at the 2016 projected levels..

<b>Records Management Assessments (180 sites)</b>	<b>2014 Actual</b>	<b>2015 Actual</b>	<b>2016 Estimate</b>	<b>2017 Estimate</b>
Number of sites reviewed	52	71	60	60

<b>Trust Examinations (204 sites)</b>	<b>2014 Actual</b>	<b>2015 Actual</b>	<b>2016 Estimate</b>	<b>2017 Estimate</b>
Number of sites reviewed	28	39	60	60

**Office of Risk Management (\$654,000/5 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 (e.g., OMB Circular A-123, with appendices, and FMFIA). ORM also collaborates with other Departmental offices/bureaus that provide trust services impacting OST's trust operations and trust fund financial statements.

<b>Risk Management - Performance Data</b>	<b>2014 Actual</b>	<b>2015 Actual</b>	<b>2016 Estimate</b>	<b>2017 Estimate</b>
Number of Assessors who conducted Self-Assessments in RM-Plus	107	102	116	116
Number of Financial Business Processes Reviewed	33	30	35	29
Number of Internal Control Reviews Conducted	5	26	42	37

### 2017 Program Performance



- Conduct program internal control reviews at 15 OST locations.
- Conduct 29 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.
- Ensure FMFIA program content is developed for all OST trust programs.
- Migrate RM-PLUS to a more robust software.
- Implement eERDMS training and support programs for OST.
- Provide 2,000 timely and efficient records research responses.
- Index and accession 7,200 boxes of records.
- Conduct online Records Management Training for 300 OST and IA personnel.
- Improve efficiency through streamline of records management operations, policies, and procedures.
- Automate records management processes at AIRR.
- Improve delivery of records management training and expand records management outreach through utilization of OST public website.
- Conduct 60 Indian Trust Examinations and Tribal Evaluations (40 of the 60 will be Tribal Evaluations completed utilizing a Tribal Self-Assessment computer application).
- Conduct 60 Trust Records Management Assessments.
- Perform a quality assurance peer review of 15 percent of the Indian Trust Examinations/ Evaluations conducted in FY 2016.
- Conduct trust examinations at BLM field offices that perform Indian fiduciary trust functions.
- 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 2017 findings.
- Close 70 percent of all prior year Records Management Assessment findings and 50 percent of the FY 2017 findings.
- Complete 75 percent of the OTRA Standard Operating Procedures Manual.



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## **Trust Funds**



## Tribal and Other Trust Funds

*(Dollars in Thousands)*

	2015 Actual	FY 2016 Enacted	Fixed Costs & Related Changes (+/-)	Internal Transfers (+/-)	Program Changes (+/-)	FY 2017 Request	Change from FY 2016 Enacted (+/-)
<b>Total</b>	<b>190,532</b>	<b>213,000</b>	<b>+0</b>	<b>+0</b>	<b>+8,000</b>	<b>221,000</b>	<b>8,000</b>
Tribal Special Fund	161,367	183,000	+0	+0	+7,000	190,000	7,000
Tribal Trust Fund	29,165	30,000	+0	+0	+1,000	31,000	1,000
<i>FTE</i>	<i>0</i>	<i>0</i>	<i>+0</i>	<i>+0</i>	<i>+0</i>	<i>0</i>	<i>0</i>

### Summary of 2017 Program Changes for Trust Funds

Request Component	(\$000)	FTE
<u>Program Changes:</u>		
Tribal Special Fund	+7,000	0
Tribal Trust Fund	+1,000	0
<b>TOTAL Program Changes</b>	<b>+8,000</b>	<b>0</b>

### Justification of 2017 Program Changes

The FY 2017 budget request for the Tribal Special Fund and Tribal Trust Fund totals a program increase of \$8,000 from the FY 2016 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 2015 Annual Report to Congress**





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

Dear Member of Congress:

I am pleased to provide the Office of the Special Trustee for American Indians' (OST) Fiscal Year (FY) 2015 Annual Report to Congress, pursuant to the requirement found in 25 U.S.C. 4043 (f). This report presents OST's ongoing actions to improve services to tribal and Individual Indian trust beneficiaries.

The FY 2015 annual report focuses on furthering the course of action defined in OST's FY 2014-FY 2018 Strategic Plan (Strategic Plan). Specific updates, by program, illustrate the work OST performs to provide superior stewardship of trust assets.

Together with senior managers, we formulated a course that maintains the high level of beneficiary services, while positioning us to address long-standing trust challenges and building a workforce to meet the needs of the 21<sup>st</sup> century. In FY 2016 OST is focusing on leveraging modern technologies, practices and processes to create efficiencies; looking for innovative ways to partner with tribes, landowners, and federal partners to streamline the administration of trust estates; improving work environments for the safety and security of our employees; providing appropriate financial management tools and information to beneficiaries to increase asset management participation; and, ensuring compliance with statutory requirements and industry best practices in the investment of trust assets.

Our Strategic Plan benefited from valuable input from employees throughout the organization. It outlined five key focus areas: providing superior fiduciary trust management; continued advancement of government-to-government relations with federally recognized Indian tribes; maintaining effective historical accounting and support of dispute resolution and litigation; the protection and stewardship of beneficiary trust assets; and building a 21<sup>st</sup> century workforce and workplace.

I am proud of OST's accomplishments and consistent focus on our beneficiaries. Guided by our Strategic Plan, we are supporting the Secretary of the Interior's fiduciary responsibility to manage and oversee 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.

Sincerely,

Vincent G. Logan  
Special Trustee for American Indians

## **Office of the Special Trustee for American Indians'**

### **Fiscal Year 2015 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 trust funds held in trust by the federal government. As the trustee, the Department of the Interior (DOI) has the primary fiduciary responsibility to manage tribal trust funds and Individual Indian Money (IIM) accounts, in addition to resources that generate income for those accounts. Mr. Vincent G. Logan serves as the Special Trustee and leads the organization.

Mr. Logan, a member of the Osage Nation, was nominated by the White House, confirmed by the Senate and sworn in on July 7, 2014, to lead the Office of the Special Trustee for American Indians. Mr. Logan brings a wealth of knowledge on Native American issues, in addition to specialized experience in the areas of law and investments.

The Indian trust includes approximately 56 million surface acres and 57 million acres of subsurface mineral estate held in trust by the United States for American Indians and Indian tribes. Over 11 million acres belong to individual Indians and approximately 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. During FY 2015, income from financial assets and leases, settlements and judgments, use permits, and land sales, totaling approximately \$1.2 billion, was collected for approximately 400,000 open IIM accounts. Approximately \$761 million was collected in FY 2015 for about 3,300 tribal accounts held for over 250 tribes.

OST and other bureaus/offices within the DOI 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 Reform in Indian Country  
Special Trustee's Advisory Board Reconstituted to Guide OST***

In FY 2015, OST established an Advisory Board to provide the Special Trustee with guidance and assistance in carrying out its mission. OST solicited nominations and candidates were vetted by the White House. Of the nine nominees selected to serve, five represent trust fund account holders, two have practical experience in trust fund and financial management, one has practical experience in fiduciary investment management, and one from academia possesses expertise in general management of large organizations.

The Board Members are:

- Dr. Henrietta Mann
- Dr. Leonard Greenhalgh
- Terry Mason Moore
- David Kimelberg
- Leilani Wilson Walkush
- Patricia Gerard
- Tyler Pearson
- Eldon Shiffman
- Starlyn Tourtillott

OST senior management briefed the Board on OST's operations and strategic goals during their first meeting in Albuquerque in August 2015. Between meetings, the Board coordinates its tasks and assignments via teleconference between members and the Special Trustee. During the second meeting in November 2015, three sub-committees (Communications, Investments, and Organization) were established within the Board to examine issues and provide advice in these areas.

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

The Secretary of the Interior established the Land Buy-Back Program for Tribal Nations (LBBP) 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 General Allotment Act of 1887 (the Dawes Act) began the process of parceling reservations by allotting a number of acres on the reservation to each Indian head of a family, single person, or orphan child. The Dawes Act was followed by other laws with the same intention of allotting tribal land to individual Indians. 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. This creates a management challenge as a majority of a tract's ownership must give consent before a tract can be developed or leased. Reaching consensus is further complicated because

many land owners do not keep updated contact information on file with the Bureau of Indian Affairs (BIA) or OST and their whereabouts are unknown. A tract with hundreds of owners is at a significant economic disadvantage because of these difficulties, depriving the owners of any benefit from the land.

The LBBP is managed by the DOI's Office of the Secretary. The operational functions of the program are carried out by OST, Office of Valuation Services and BIA. Please refer to [www.doi.gov/buybackprogram/index.cfm](http://www.doi.gov/buybackprogram/index.cfm) for more information about the LBBP.

The Land Buy-Back Program Valuations Division (LBBPV), managed within OST's Office of Appraisal Services (OAS), was created to complete land valuations for the LBBP. The LBBPV Deputy Director coordinates schedules and workload with the LBBP Program Manager. OST's OAS and the DOI's LBBP entered into a Memorandum of Understanding (MOU) on May 24, 2013, to fund the cost of completing land appraisals. This MOU is updated annually to meet changes in requirements and resources.

Land valuation is a technical process that provides a baseline or benchmark estimate of fair-market value that enables decisions to be made about establishing offer prices to Indian landowners. This process ensures valuations are impartial and consistent with requirements set forth by the Uniform Standards of Professional Appraisal Practice (USPAP).

In FY 2013, OAS developed a valuation plan outlining valuation methodologies for determining fair market values for the LBBP. The Appraisal Foundation (TAF) independently evaluated and approved OAS's real estate appraisal methodologies as complying with USPAP. To date, the mass appraisal models have successfully completed approximately 3,000 appraisals on ten Indian reservations in South Dakota.

Many other OST personnel support the LBBP in various areas such as outreach, coordination, and informing field offices and tribes about LBBP initiatives. OST's budget staff planned, tracked, and provided data on expenditures for appraisal work conducted for the LBBP. OST's Trust Beneficiary Call Center (TBCC) serves as a key resource to answer questions and provide information about the LBBP. OST's Fiduciary Trust Officers (FTOs) also address many LBBP issues during their interactions with trust beneficiaries. The OST Office of Trust Services (TS) collaborated with the LBBP to enable an almost immediate automated distribution of funds to IIM beneficiary accounts when a fractionated interest in land is purchased.

### **Managing Financial Assets of the Indian Trust**

OST accomplished a significant amount of work in FY 2015 on behalf of individual Indian and tribal beneficiaries. Many efforts resulted in increased efficiency, in addition to improved services. OST continues to be a premiere public service organization. Significant accomplishments include the following:

## ***Beneficiary Services***

- Received and disbursed \$1.7 billion to/from tribal and individual beneficiary accounts. (74% of these funds were disbursed electronically)
- Processed \$10.7 million financial transactions with over 99.99% accuracy.
- Managed approximately 400,000 individual and 3,300 tribal accounts.
- Received 229,469 calls at the TBCC with a first-line resolution rate of 98% versus and industry average of 49%.
- 54,979 LBBP related calls received by the TBCC with 13,372 willing sellers documented.
- Approximately \$4.9 billion of trust funds assets invested for tribal and individual Indian beneficiaries.
- Conducted 12 Records Management Training Conferences reaching approximately 1,200 tribal and federal employees.
- Completed 362 site appraisals and 6 mass appraisals valued at approximately \$2 billion encompassing 2.2 million acres.
- Supported LBBP acquisitions of 1.1 million equivalent acres valued at approximately \$550 million.
- Presented 277 financial empowerment courses to over 5,687 attendees which including 2,673 youths.

## ***Appraisals***

- OAS established a new Quality Assurance Program to support the LBBP and OAS Regional Operations valuation services. Two Quality Assurance Inspections were completed at the OAS Pacific and Western Regional Offices. The Quality Assurance Officer also worked with The Appraisal Foundation (TAF) evaluation team to complete their second evaluation of the valuation services provided by the OAS LBBPV.
- The OAS Regional Operations Division completed a total of 3,094 appraisals of tribal and individual Indian owned lands with total dollar value of \$277,431,835. The OAS LBBPV completed 11,873 appraisals and reviews of trust tracts with a total dollar value of \$2,021,479,190.
- At the end of FY 2015 OAS eliminated backlogged appraisal requests at 10 of 12 OAS regions. Plans for corrective action are in place to address the appraisal backlog at two OAS regional offices. The OAS LBBPV met or exceeded its deadlines for delivering

appraisals or completing appraisal reviews of appraisal reports provided by Tribes under Cooperative Agreements or MOAs.

- Streamlined workflow processes such as using market studies when appropriate, aligning fieldwork with appraisal analysis and reporting, and where possible, utilizing completed appraisals by the OAS LBBPV.
- Participated in 99 outreach events in FY 2015, providing information on real estate appraisals prepared for BIA and LBBP. Outreach activities also included technical assistance to BIA and Tribes operating under P.L. 93-638, BBP Cooperative Agreements and Memorandum of Understandings.

### ***Self-Determination/Empowerment***

- Completed 17 trust evaluations for tribes.
- Supported 38 compacted or contracted tribes in providing beneficiary services in the amount of approximately \$1 million.
- Developed the methodology for a web-based tribal self-assessment tool including the successful implementation of a nine-tribe pilot program.
- Provided technical assistance to two tribes for withdrawal of trust funds under the Reform Act.

### ***Protection and Improvement of Services***

- Received, for a third year in a row, an unmodified “clean” audit opinion on the IIM trust funds financial statements.
- Partnered with the U.S. Department of Treasury to transition printing and mailing of all checks, invoices and beneficiary statements.
- Disbursed 74% of total dollars electronically, ensuring beneficiaries received funds in an expeditious and safe manner.
- Appointed new members to the Special Trustee Advisory Board, which provides advice and assistance to the Special Trustee.
- Migrated 100% of servers at applicable field sites to BIA Storage as a Service environment.
- Implemented a paperless accounting batch tracking and processing system.
- Continued development of investment review process.



- Advanced probate reform initiatives.
- Released the comprehensive Risk Management Handbook.
- OST continued to play a crucial role in the LBBP and provided the following services during FY 2015:
  - Real estate appraisals that met nationally-recognized standards and approval from The Appraisal Foundation.
  - Outreach activities and continued operation of TBCC to address LBBP issues for tribes, land owners general public.
  - Accounting and reporting of proceeds from the sale(s) of undivided fractional interests by trust landowners.

### ***Records/Litigation Support***

- Received 13,833 boxes of Indian Trust records at the American Indian Records Repository (AIRR).
- Accommodated approximately 786 visiting litigation researchers at the AIRR.
- Provided records used in reaching \$554 million settlement with the Navajo Nation; the largest tribal trust case ever litigated by the United States.
- Supported seven tribal trust litigation settlements totaling approximately \$224 million.

### ***21<sup>st</sup> Century Workforce & Workplace***

- OST became the only organization within the DOI, and only one of 30 offices in the Federal government, to receive certification from the Office of Special Counsel under the Whistleblower Enhancement Act.
- Federal Employee Viewpoint Survey response rate of 53.9% which exceeded the government-wide rate of 49.7%.
- Celebrated the kickoff of year-long OST@20 campaign to recognize 20 years of service to Indian Country as well as bolster public awareness of agency.
- Piloted a succession/career development plan.
- Finalized the OST Strategic Communication Plan.

- The Special Trustee conducted 22 field visits to improve morale, receive feedback from the field, and inspect the working and safety conditions of each facility.

## **Looking Forward: FY 2016**

### **Special Trustee Priorities**

The Special Trustee 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. The priorities are founded on the OST Strategic Plan and are summarized below:

### **Financial Education**

OST is consolidating its various financial education efforts into one comprehensive lifecycle approach to better deliver future educational activities in Indian Country. With a goal of positively impacting the financial awareness 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 target financial strategies for a continuum of life stages, from early childhood through preparation for a post-secondary education, first time home purchase, creating retirement savings and estate planning. OST will also seek to incorporate the latest technology in providing the most appropriate medium for young Native Americans to access this information. We will continue to expand our network of partners, both within and outside of government agencies, to bring this important message to Indian Country.

### **Investment Review**

An internal team will perform a comprehensive review of OST's investment policies, practices and protocols. The team will produce a report of their findings and include recommendations to the Special Trustee for constructive ways investments can keep pace with changes in the market conditions and needs of tribal and individual beneficiaries.

### **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. Options being considered include promoting new and streamlined tools for the passing of assets to the next generation.

### **Facilities**

OST conducted a survey, inclusive of all OST locations, to gather information on the security and habitability of our workplaces. The results of the survey are being used to improve the conditions of those offices.

### **Workforce Enhancements**

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

## **Standardization & Branding**

We are reviewing the way our employees communicate through formal presentations, outreach events, one-on-one meetings, emails, and phone calls to ensure a modern, appropriate, and consistent branding strategy is implemented across the agency. Message and branding synergy is key to conveying the high level of service OST provides to fulfilling its trust responsibilities.

## **Future of OST**

With the *Cobell* settlement in the implementation phase, and with significant improvement underway on issues related to Indian trust management systems, the DOI looks forward to OST's continued monitoring, analysis, assessment and implementation of trust responsibilities to individual and tribal beneficiaries. OST demonstrated a proven model for fulfilling the DOI's fiduciary trust responsibilities and has provided beneficiaries with responsive and timely answers to inquiries related to fiduciary trust issues.

Moving forward, we will continue to support the Department of Justice and DOI's Office of the Solicitor in resolving the breach of trust cases filed by individuals and tribes. OST will also continue to support efforts of the DOI, including the LBBP through its TBCC, FTO in the field, Office of Trust Services, the OAS, and application of the mass appraisal methodologies it has developed to streamline the valuation of trust real property. Further, OST will continue to apply the high quality of beneficiary services to individuals and tribes and set the benchmark for customer service in Indian affairs.

OST will also strengthen its training and compliance components, continuing the oversight necessary to ensure agencies within the DOI are fulfilling trust responsibilities to individual beneficiaries and tribes. We will remain vigilant and responsive to changes in technology, and management practices, as well as statutory, regulatory and policy developments in the future so that any necessary adjustments to our efforts result in maintaining our dedication to the needs of our beneficiaries throughout Indian Country. Finally, OST will also continue to support self-determination and self-governance efforts throughout Indian Country.

## **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 DOI's fiduciary trust responsibilities, now and in the future.

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