# DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR 1981

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## HEARINGS

BEFORE A

## SUBCOMMITTEE OF THE

## COMMITTEE ON APPROPRIATIONS

## HOUSE OF REPRESENTATIVES

NINETY-SIXTH CONGRESS

SECOND SESSION

SUBCOMMITTEE ON THE DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES

**SIDNEY R. YATES, Illinois, *Chairman***

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CLARENCE D. LONG, Maryland
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FREDERICK G. MOHRMAN, BYRON S. NIELSON, and ROBERT S. KRIPOWICZ, *Staff Assistants*

## PART 8

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# DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1981

TUESDAY MARCH 25, 1980.

## BUREAU OF INDIAN AFFAIRS

### WITNESSES

SIDNEY MILLS, ACTING ASSISTANT SECRETARY, INDIAN AFFAIRS
RICK LAVIS, DEPUTY ASSISTANT SECRETARY, INDIAN AFFAIRS
WILLIAM HALLETT, COMMISSIONER, INDIAN AFFAIRS
EARL BARLOW, OFFICE OF INDIAN EDUCATION PROGRAMS
DAVID HARRISON, OFFICE OF TRUST RESPONSIBILITIES
THEODORE KRENZKE, OFFICE OF INDIAN SERVICES
RICHARD STEELE, FACILITY CONSTRUCTION AND OPERATION IMPROVEMENT DIVISION, OFFICE OF THE SECRETARY
WILLIAM SEARCY, OFFICE OF FINANCIAL MANAGEMENT
ROBERT HART, INDIAN ARTS AND CRAFTS BOARD
WILLIAM BETTENBERG, DIRECTOR OF BUDGET, OFFICE OF THE SECRETARY

Mr. YATES. This is the hearing for fiscal year 1981 of the budget for the Bureau of Indian Affairs. Appearing in support of that budget is Acting Assistant Secretary for Indian Affairs, Sidney Mills. Good morning, Mr. Mills.

Mr. MILLS. Good morning.

Mr. YATES. Deputy Assistant Secretary Mr. Lavis. Commissioner of Indian Affairs, Mr. Hallett. Director, Office of Indian Education Programs, Mr. Barlow. Office of Trust Responsibilities, David Harrison. Theodore Krenzke, Office of Indian Services. Richard Steele, Facility Construction and Operation Improvement Division. Mr. Searcy, Office of Financial Management. Robert Hart, Indian Arts and Crafts Board. William Bettenberg, old faithful.

Now the biography of Mr. Mills may be made a part of the record, as may the biography of Mr. Hallett. No biography for Mr. Harrison, inasmuch as he is now a chief.

[The biographies follow:]

SIDNEY L. MILLS

Acting Deputy Assistant Secretary for Indian Affairs
Biographical Data

SIDNEY L. MILLS, an enrolled member of the Oglala Sioux Tribe, has been serving as the Acting Deputy Assistant Secretary for Indian Affairs since January 19, 1980.

Mills, 54, is officially the Bureau of Indian Affairs' Area Director for the Albuquerque Area Office, he has also served as the Acting Deputy Commissioner, for the BIA, from July until December of 1979. His past Federal experience also includes him as an Executive Assistant to the Commissioner; Acting Deputy Area Director and a budgetary officer with the BIA's Aberdeen Area Office in South Dakota. Mills entered Federal service in 1973.

A Navy veteran, Mills also has a wealth of private sector experience. He has been a Purchasing Manager for the Great Western Sugar Company; Merchandise Control Manager, Creative Merchandising, Inc.; and Purchasing Manager for the Sundstrand Aviation, all in Denver, Colorado.

Mills is married, with two sons. His wife, Corrine, is an enrolled member of the Cheyenne River Sioux Tribe.

x x x

WILLIAM E. HALLETT

Born May 18, 1942, raised on the Red Lake Indian Reservation in Minnesota; married to Kathryn Rae (Johannsen); two children, Peter William and Mary Kathryn. Mr. Hallett's parents reside on the Red Lake Indian Reservation.

Attended and graduated from the Red Lake Public School system (graduated June 1960). Attended Brigham Young University from 1960 to 1962 - summer of 1964. Graduated from Bemidji State College in 1965 with a Bachelor's Degree in Business Administration with Minor's in Economics and Psychology. Attended the University of New Mexico, 1974 - 1975 under the HUD Career Education Program. Areas of study included graduate work in Business and Public Administration with emphasis upon Organizational Behavior.

Mr. Hallett has experience in both the federal and non-federal organizations associated tribes and tribal organizations. Served as Director, Office of Indian Programs, HUD, Region VIII, Special Assistant to the Regional Administrator for Indian Affairs HUD, Regional VIII Director, Industrial Development, NCAI and Director, Housing and Manpower Programs, Red Lake Chippewa Indians.

Hallett has also been a consultant to the National Council on Indian Opportunity, George Washington University, IDEAS, Inc., and the President's National Advisory Council.

On September 28, 1979, Mr. Hallett was appointed to the Office of Commissioner of Indian Affairs, and confirmed by the Senate on November 16, 1979.

Mr. YATES. What were you in for last year?

Mr. HARRISON. I have been in this desk for about a year and a half.

Mr. YATES. When did Seneca resign?

Mr. MILLS. Last year.

Mr. YATES. Mr. Mills, your statement may be made a part of the record.

[The statement follows:]

Statement of Sidney L. Mills, Acting Assistant Secretary - Indian Affairs, U.S. Department of the Interior, before the House Subcommittee on Interior and Related Agencies Appropriations

Mr. Chairman:

I am pleased to appear before you and your committee today to talk about the Bureau of Indian Affairs' budget request for Fiscal Year 1981. We are asking Congress to appropriate $1,011.4 million for federally funded programs. This represents an increase of $32.5 million from the appropriated amount of $978.8 million in Fiscal Year 1980. If we include the Trust Funds and permanent appropriations, the budget authority for FY-1981 would total $1,556.9 million, or a decrease of $2.8 million. Most operating programs of the Bureau are budgeted very near the 1980 level. Increases are included for several programs, such as Tribal Government Services, Social Services, Law Enforcement, Self-Determination Services, Road Maintenance, Forestry and Agriculture, Real Estate and Financial Trust Services, Facilities Management, Irrigation Construction and Northwest Indian Fisheries. There are decreases in School Operations and Continuing Education, Employment Development, Rights Protection, Management and Administration and Program Support Services.

The budget places the Bureau's emphasis on two major areas of responsibility. They are: (a) to recognize and preserve the inherent rights of Tribal self-government and strengthen tribal capacity to govern, and provide resources for Tribal Government programs; (b) to fulfill and execute the Federal Government's trust obligation to American Indian Tribes and Alaska Native groups.

## JUSTIFICATION FOR FEDERAL EXPENDITURES

Indian tribal governments are political and economic entities which have important relationships with the Federal Government. The Department of the Interior is the lead agency in the Federal Government to serve the needs of Indians. The Bureau of Indian Affairs has the major role in providing services and in terms of the complexity and multiplicity of programs is a microcosm of the entire Federal Government. The Bureau provides many functions of local governments, but includes an overlay of Federal laws and regulations.

The Federal Government has an obligation to serve the needs of Indians and help them to achieve self-development in program areas without the loss of Federal trust protection.

## INDIAN PARTICIPATION

During the FY-1981 budget cycle we continued our effort to obtain maximum tribal involvement and participation in the BIA budgeting and planning process. We emphasized setting priorities locally for Bureau programs, consistent with our continuing trust and legal obligations. All tribes

were consulted and their input had a marked effect on the formulation of local budget proposals. I continue to believe that tribal participation in the budget process is critical to the goal of self-determination. I will continue to seek full participation at the lowest administrative level possible.

## INDIAN EDUCATION PROGRAMS

In fiscal year 1981, $264.7 million is requested for Indian Education.

The Bureau of Indian Affairs operates a school system comprised of 209 elementary and secondary schools and 15 dormitories. These institutions, serve an average daily membership of 41,926. When necessary, residential programs are provided in conjunction with instructional programs. Also included in the system are three post secondary institutions serving approximately 1,550 students. An increasing number of schools are controlled, operated and managed by Indian groups under contractual arrangements with the Bureau. In 1980, 45 schools are being operated under contract.

The implementation of P.L. 95-561 is a complex task requiring considerable effort on the part of the Bureau of Indian Affairs. P.L. 95-561 and its implementing regulations (25 CFR 31h) have resulted in a restructuring of the school operations budget. Under the regulations, funds will be allocated to each school. To this end, a new Indian School Equalization Program has been established to identify specific categories of funds for an equitable distribution according to a weighted formula.

During FY-1981, scholarship grants will be provided for approximately 20,400 Indian men and women. Higher education financial assistance from the Bureau of Indian Affairs is to cover the otherwise unmet financial needs of Indian students attending college. It is anticipated that most eligible Indian student applicants will be recipients of Bureau scholarship funds during FY-1981. An additional 2,000 students are enrolled in Tribally Controlled Community Colleges and are funded in the Bureau budget.

## INDIAN SERVICES

In FY-1981, $221.2 million is requested for Indian Services. This is an increase of $16.9 million.

Tribal governments will benefit from increased funding for government functions such as Law Enforcement, Tribal Courts and Aid to Tribal Government operations. The budget includes an increase of $2.9 million for Law Enforcement and $6.8 million for Aid to Tribal Government, including Tribal Courts, and services to new tribes.

The Self-Determination Services program is having a major effect on the increased number of tribes contracting Bureau programs. Since the beginning of the program in FY 77, there has been an increase of 27 percent in the number of tribes contracting - from 200 to 255. During the same period, the number of separate tribal contracts has increased by 60 percent from 800 to

about 1,290. For Indian Services programs alone, approximately 50 percent of all contractable programs now are assumed by tribes.

The proposed program of $91.7 million for Social Services is an increase of $4.1 million consisting principally of requirements related to the Child Welfare Act.

Some months ago the BIA became concerned that problems might exist within the Bureau Social Services delivery system. An outside consultant firm was engaged and their report pointed out inadequacy of management and services to clientele in some of the BIA jurisdictions. The Bureau is presently initiating program changes to improve the operation of this program. Changes to regulations, policy documents and operational procedures are being issued and implemented to improve the management of the Social Services program.

OFFICE, TECHNICAL ASSISTANCE AND TRAINING (OTAT)

OTAT became operational in fiscal year 1980 by consolidating under central supervision the technical assistance and training activities previously provided by different Bureau offices and programs. The FY 1981 budget request of $3.0 million is made up of elements transferred from these respective units. The objective is to improve, strenghten and enhance tribal government capacity building in support of Indian self-determination and to provide training support for Bureau programs. In addition, special and separate training and assistance will be provided to program activities and organizations as needed on a user charge basis. The development of this organization, which is located in Brigham City, Utah, is consistent with the desire of the Indian people in shifting more resources to technical assistance and training for Tribes and Agency level personnel.

ECONOMIC DEVELOPMENT AND EMPLOYMENT PROGRAMS

The FY-1981 request is $74.6 million, a net decrease of $4.1 million.

The net decrease of $4.1 million results from a $1.4 million reduction in the Indian Action Program, a $3.6 million reduction in Employment Assistance, a $0.4 million reduction in Business Enterprise Development, and a $1.3 million increase in Road Maintenance.

NATURAL RESOURCES DEVELOPMENT

The request of $80.1 million for Natural Resources Development in FY-1981 is a $5.8 million increase for Water Policy Implementation, Irrigation O&M and Fishery Operations. The request will fund programs in Minerals and Mining Resources, Forestry, Agriculture, Irrigation and Power Operation and Maintenance, Water Resources, multi-discipline natural resource efforts, Wildlife and Parks and Fisheries Management.

There will also be a continuation of an ongoing emphasis to fulfill tribal objectives for the establishment and strengthening of an economic base for reservation communities by increased development of Indian natural resources.

This emphasis consists of a combining of economic development and natural resource utilization efforts to create and expand employment and income producing activities from the commercial development of Indian forest land, agriculture, fishery, energy and other land and water resources. While the beneficial utilization of Indian natural resources will be the major thrust of Bureau and tribal economic development programs for the 1980's, efforts will continue to attract other types of industrial development to reservations.

## TRUST RESPONSIBILITIES

Strengthening the Trust Responsibilities role continues to be a major goal of the Bureau. This request of $44.1 million includes a reduction of $3.5 million in Indian Rights Protection as a result of the completion of the major Statute of Limitation effort and an increase of $2.9 million in Real Estate and Financial Trust Services. Included is $1.0 million to provide improved lease and permit compliance and to adequately protect the Indian landowner and the Indian Trust Estate.

This budget request would continue other litigation efforts, appraisals, cultural resources activities (archeological clearances), and provide funds for research and follow up work on claims filed under the Statute of Limitations.

## GENERAL MANAGEMENT AND FACILITIES OPERATION

The proposed $138.6 million program is an increase of $6.1 million.

Included in the fiscal year 1981 request is $53.0 million to provide for the General Management and Administration of the Bureau, a decrease of $0.7 million.

$85.6 million is requested for Operation and Maintenance of Bureau-owned facilities and rental for space provided by GSA in GSA-owned or leased facilities. This is an increase of $6.8 million, primarily for increased utility costs.

## CONSTRUCTION

The 1981 request of $45.1 million for Construction of Building and Utilities includes $19.5 million for three new schools; Red Rock Day School, Arizona; Torreon Day School, New Mexico; and Turtle Mountain High School, North Dakota. The request also includes $1.3 million for sewer lines at Mt. Edgecumbe, Alaska and $21.5 million for Facility Improvements and Repair to correct unsafe and/or unsanitary conditions, to initiate high priority energy conservation projects and to correct other deficiencies in existing Bureau facilities.

The proposed Irrigation Construction program would provide a total of $48.6 million including $18.0 million for continuing construction on the Navajo Indian Irrigation Project. Other irrigation projects totalling $27.0 million would be funded including the legislatively mandated projects at Ak Chin, Arizona for $10.0 million and at Fallon, Nevada for $3.0 million. Also included is $5.2 million for the Grass Rope Project in South Dakota. The request also includes $2.8 million for supervision and engineering for irrigation construction and rehabilitation work on Indian irrigation projects throughout the arid west.

## ROAD CONSTRUCTION

New budget authority of $59.4 million is proposed for construction of the Indian road system. The proposed program for FY-1981 will allow the Bureau to continue its efforts to provide a transportation network upon which social, economic and educational achievements advance.

There is a total of almost 50,000 miles of public roads on Indian reservations. The Bureau is responsible for 830 bridges and 26,000 miles of these roads of which 18,000 miles are unimproved, 3,300 miles are gravel and 4,700 miles are paved.

## ALASKA NATIVE CLAIMS

Included in the fiscal year 1981 budget request is $30.0 million for payment to the Alaska Native Fund for settlement of land claims of Alaska Natives. This $30.0 million increment completes funding of the authorized amount of $462.5 million.

## NORTHWEST INDIAN FISHERIES

Legislation has been submitted to assist treaty and non-treaty harvesters of salmon and steelhead resources in the Boldt Decision area. The legislation would establish a $15.0 million fund for loans to assist Indian tribes or corporations in carrying out projects to modernize and develop Treaty Tribe fishing operations. The first $5.0 million increment is requested for this fund in FY-1981.

## PROGRAM EMPHASIS

The on-going Management Improvement program efforts of the Bureau will continue. The end result will be improved accountability to the Congress and Indian people as well as greater effectiveness in the delivery of services. This program will be strengthened by establishment of measures which can be used to evaluate programs in both fiscal and programmatic terms. The major effort to decentralize and to improve staff availability and funding at the local level will be continued.

The Facilities Improvement and Repair program will continue to give emphasis to correct unsafe and/or unsanitary conditions and the initiation of high priority energy conservation projects.

I want to assure the committee that my staff and I are ready to be responsive to Congress in every way possible, so that we can provide the Indian tribes and individuals the protection and services to which they are entitled. The Bureau is currently involved in upgrading and improving management processes in order to deliver these services as efficiently as possible.

This concludes my formal remarks on the FY-1981 budget. I will be pleased to answer any questions you may have.

Thank you Mr. Chairman.

Mr. YATES. You may proceed. Don't read your statement because that is in the record. Just tell us some of the highlights of the Bureau of Indian Affairs over the last year, if you have any highlights.

Mr. MILLS. Yes, sir, we do have highlights. Mr. Chairman, it is a pleasure to appear here.

Mr. YATES. It is a pleasure to have you. I hope to say that at the end of the hearing.

OPENING REMARKS

Mr. MILLS. Recent changes in the law, Mr. Chairman, has made some massive changes on the Bureau. Public Law 95-561, the Education Amendments Act, under this statute, funds were allocated to schools under a weighted formula, with 11 task forces, made up of 150 people, we worked out regulations for implementing this statute.

This is a good example I think of Bureau employees and tribal employees working cooperatively in responding to directions set by Congress to improve the delivery of services to Indian people.

Another major effort that the Bureau accomplished this past year was the establishment of the Office of Technical Assistance and Training (OTAT) in Brigham City, Utah. This office consists of technical assistance activities that were previously handled by different Bureau programs.

There is $3 million requested for this office. This budget request is made up of elements that have been transferred from these other offices to the Office of Technical Assistance.

Another one, Mr. Chairman, is the Management Improvement Project efforts, which were described to you last year. These efforts are continuing and will result in improved accountability to Congress and the Indian people as well as provide greater efficiency in the delivery of services.

Mr. Chairman, the Committee is aware of the survey we commissioned to review our social service program.

Mr. YATES. We are very much aware of it.

Mr. MILLS. I am sure we will have further discussions on this issue. I would like to point out that we were aware of those problems and we commissioned the study. We have already taken action to correct many of the problems that were cited in the report, and we will continue to improve and make additional changes.

One important part here, Mr. Chairman, is that this program is a very large program. It means the difference between hunger and food on a table for Indian people. For the most part the social services program is getting accomplished out in Indian country. I think, thanks to the efforts of a lot of dedicated employees.

The Trust area is one of the major roles of this organization. The Bureau of Indian Affairs it is charged with the nation's trust and responsibility to the Indian tribes and Alaska Native groups. We have reported a plan to the department which will considerably strengthen this office. We have increased earnings in the Trust Funds by $30 million. We have assisted in negotiating the first comprehensive water rights agreement between tribes and state and are working on others.

I have recently approved a mining plan to open the first major coal mine in Indian land or anywhere in the west.

Mr. YATES. What does that mean? I thought that the Blackfeet had opened their coal mines on their land.

Mr. MILLS. This is the mining plan, sir, that was in the Navajo country.

Mr. HARRISON. It will be the first major mine opened out there in several years.

Mr. YATES. In several years. I thought I understood you to say the first one without limiting it to several years. Perhaps I misunderstood you. Please continue.

Mr. MILLS. I am pleased to note that even my good friends, from the Quinault Tribe, testified before this committee a few weeks ago, to let this committee know that we have made substantial progress toward improving our forestry program.

One final item is the $30 million requested in this budget for the Alaska Native Fund. The Alaska Native Claims Settlement Act provided for $462.5 million to Alaska natives over an 11-year period. This final payment of $30 million is a final commitment.

Those are about the highlights that I have right now, Mr. Chairman. I appreciate this opportunity to appear here. You have already met the staff here.

Mr. YATES. We have met them time and again.

Mr. MILLS. Yes, sir.

## INSTITUTIONAL CHILD CARE

Mr. YATES. All right, Mr. Mills. Thank you for your statement.

You mentioned the question of social services to the Indian people. The analysis that you requested mentions a number of things that I am sure you find terribly disturbing. It said there was inappropriate and excessive placement of children in high cost institutional care. Eighty-six per cent of all Navajo child welfare cases were placed in institutional care and that children are virtually lost within the institution. Once they are there, nobody seems to care any more for them.

What happens to the relationship between children and their parents? BIA forgets about them. Does anybody remember them?

Mr. MILLS. I would like to have Mr. Krenzke respond to that.

Mr. YATES. All right. How was my classification in error?

Mr. KRENZKE. I think that while the study found some instances where the quality of casework follow-up with children and their parents was not as desirable as it perhaps should be, the Bureau takes a great deal of exception to the report that this is the general state of affairs as far as the child welfare program with the Bureau of Indian Affairs.

As far as the numbers of children in placement, the case load is around 3,000 or a little bit over.

Mr. YATES. These are all children or just the Navajo?

Mr. KRENZKE. Total number of children the Bureau of Indian Affairs has placed in foster or group home placements for so-called social reasons. Of those, approximately 2500 are in either foster homes or small group settings and not in larger institutions.

Now, the situation at Navajo is somewhat unique in that in the first place, the State of Arizona does not provide the kinds of social services for children with special needs that are frequently found in other states throughout the country and these children fall totally, in terms of providing for their care, under the Bureau of Indian Affairs.

The other thing about the Navajo Reservation is that because of the development of the community infrastructure, such as roads and viable communities with the kinds of total services that we find in most communities in this country, that these are not present on the reservation and therefore there is a higher need for institutional care.

On the Navajo, it is the Navajo Tribe which has taken the lead in developing services, particularly for retarded children, who, in order to get any education at all, just cannot remain in their own homes.

But, as far as the overall picture of the Bureau of Indian Affairs foster home case load, Navajo is the exception. Overall about 80 percent of the children are in foster homes or in small group homes—as compared with the smaller amount which are most severely handicapped children in institutional placement.

Mr. YATES. What is your reaction to the study? Have you filed a reply to it?

Mr. KRENZKE. Yes, if I could give you a little bit of background concerning the study, I would like to say the Bureau of Indian Affairs Social Service Program, as I am sure that you are aware, has grown both in terms of the dollar volume, the caseload size and also the complexity over a period of approximately the past 10 years.

The Bureau of Indian Affairs has been very much aware of this and the complexities that have been interjected into it with such things as the recent Supreme Court decision and the impact of turning from a program that is completely owned to one that has half of it being contracted out and with a larger number of program services. Because of this, the Bureau of Indian Affairs has over approximately the past three years taken a number of specific actions in program improvements.

### ACTIONS IN SOCIAL SERVICES PROGRAM IMPROVEMENTS

Among the actions taken, first of all, was in 1977 when we began with a complete rewriting of regulations pertaining to the operation of both the general assistance and the child welfare aspects of this operation. Then in both 1978 and 1979, the Office of the Assistant Secretary issued comprehensive policy memos relating to the field of operations of both the overall program and particularly the tribal work experience program.

One of the problems that we had discussed previously with this committee was related to the matter of losing control of some social service grant funds as a result of the carryover provisions of Public Law 93-638 and we have amended those regulations in order to cure this problem.

Another one of the things that we had recognized was the inadequacy of the management information system and the collection of

data which is addressed in this study. We have, over a period of approximately the last year or year and a half actually been in the process of developing a new automated data management and information system. This system has been approved last September by the Department of Interior and later on in November by the General Services Administration. We have just completed procurement action in relation to getting this under way in the Phoenix area and it will be operational on a pilot basis throughout the Phoenix area by July of this year. We expect to have this fully new automated information and management system in place next fiscal year.

The Bureau of Indian Affairs, following the passage of the Indian Child Welfare Act, has published regulations and is in the process of implementing the Child Welfare Act regulations. We currently have under way a total rewriting of the Bureau Manual which is nearing completion.

In addition to the study which we are referring to here there had been three audits of this program by the Office of the Inspector General of the Interior Department, and the recommendations of these audits have related to the steps which I have just outlined which we have been putting in place over a period of time. So I think that there have been a number of positive steps in relation to this. Now, we have also, in response to this specific report, which was contracted in order to help us to work in relation to the rest of these improvements—now we have a complete response from Social Service staff which we would be pleased to share with the Committee.

Mr. YATES. You better provide a copy of that report for the committee files.

Mr. KRENZKE. Yes, sir, I will. We also have discussion and analysis from an outside independent source who has taken a look at it.

Mr. YATES. Has looked at the report?

Mr. KRENZKE. Yes.

Mr. YATES. Has this outside source looked at the conditions that were described in the report?

Mr. KRENZKE. The outside party that looked at the report, to my knowledge did not look at those specifications.

Mr. YATES. So they don't know whether the report is accurate or not?

Mr. KRENZKE. But our staff in its report is cognizant of the conditions and the response to it and goes into quite some detail addressing the conditions to which you are referring.

### RJ ASSOCIATES ANALYSES OF BIA SOCIAL SERVICES PROGRAMS

Mr. YATES. I'm not sure I grasp what you're saying. First of all, I have a copy of the report here and it is by Rj Associates, Inc., of 1018 Wilson Boulevard Arlington, Virginia, October 1979, and they say this is a study of a follow-up submitted by Rj Associates, Inc. to the Bureau of Indian Affairs in 1978. Two agencies were selected for detailed analysis based on the severity of cost and shifts in the agencies and their impact in the overall Bureau of Social Service costs.

Specific problem areas were also identified and they mentioned child welfare assistance, and adult care where too little information was available at the time to draw even preliminary conclusions.

They say the purpose of this follow-up study is to identify critical issues concerning program services, management and cost in the Bureau's social services program and to describe alternative means by which the BIA can institute policies and solve management cost problems while improving the quality of social services provided. Who are Rj Associates, Inc.?

Mr. LAVIS. I believe in the spring or summer of 1978, Mr. Gerard was very concerned about the question of social service funding. At that time we had gone through a period in which we were faced with a possible shutdown of our social service funding because our records indicated that we were running out of money. We were able to avoid that partly, in fact, because the Federal District Court, I believe in the Aberdeen area, directed us to continue funding notwithstanding the possibility that we were facing shortages in funds. That, in his concern with the growth——

Mr. YATES. How did the Court happen to order you to do that? What was the nature of the case before the Court?

Mr. LAVIS. We had issued an order to decrease our funding and one of the tribes took us to court on that issue. The Assistant Secretary felt at that time that he needed some outside source to evaluate the funding for social services programs and then contracted through his office a sole source contract with Rj Associates which has had a great deal of experience in evaluating Indian programs in the past. I will be happy to submit a biographical sketch, if you like.

Mr. YATES. How did Mr. Gerard happen to pick this group? Was this by competitive bidding or sole source?

Mr. LAVIS. Sole source. He had had experience with them in the past.

PROCEDURES FOR RJ ASSOCIATES STUDY

Mr. YATES. This report doesn't indicate how many people worked on the report or how frequently they went to the area offices in 12 agencies. They say selected for detailed analysis based on the severity of cost and service shifts in the agencies. So I'm not able to tell from this whether they used your statistical data or whether they went out to the field, themselves.

Mr. LAVIS. They did both. They visited 4 areas and 13 agencies. They reviewed 1,500 case files and spent a great deal of time in each agency in interviewing the case workers.

Mr. YATES. How many case workers do you have?

Mr. KRENZKE. The Bureau has a casework staff of about 275 case workers which are broken down into social workers with Master's degree, social service representatives—generally have a college degree but do not have their Master's and some social service aides.

In addition, the tribes have probably about an equal number of social service staff members.

Mr. YATES. Here is what they say in an earlier copy of the report, Volume 1 on page 5. They went to Aberdeen, Pine Ridge—

would you put in the record how your case workers are distributed? Is it a tribal basis or state basis?

Mr. KRENZKE. Generally by agency. The Bureau of Indian Affairs has a social service program only and in those states in which we operate social service programs. Although, as I indicated to you earlier, about half of the social service programs are contracted out to the tribes, so the casework is sometimes done by tribal staff and in other cases, Bureau staff.

Mr. YATES. How does it work when it is contracted out to the tribes? Is that subject of criticism?

Mr. KRENZKE. The Rj study covers contracts along with other aspects of the program, yes, sir.

Mr. YATES. They say here two senior Rj staff members acting as a team tested the instruments in visits to Yankton and Salt River. Two investigative analysis teams consisting of two staff members conducted program reviews in the additional area and agency offices. Five-day visits by one of the teams was made to each site over a three-month period. Interviews were conducted with supervisory staff and personnel, 638 program directors at each site. At a minimum of 10 per cent, case files were randomly selected and reviewed. Then they had a paper analysis. They had a program analysis and they had a paper analysis.

I guess they incorporate the findings into this later copy, too.

Mr. Krenzke, you indicated that the State of Arizona does not provide services in those cases comparable to other states. What services are provided in other states that are not provided by the State of Arizona?

CHILD WELFARE SERVICES

Mr. KRENZKE. Generally speaking, there is a Title 19 to the Social Security Act which provides federal assistance for child welfare services, including the placement of children with special needs in institutional care. The State of Arizonza does not participate in that particular program. Let me say this about the child welfare program in the Bureau of Indian Affairs. It is not a uniform program throughout Indian country. This is rather deliberate because the Bureau considers that its child welfare program, as well as other social services, is supplemental to programs that are provided to all citizens and this varies a great deal between states—well, for instance, in the State of California the Bureau of Indian Affairs does not have a program at all because the State of California provides total services to Indian people on the same basis.

Mr. YATES. Even though the Indian people are on reservations?

Mr. KRENZKE. That's right. In a number of other states the Bureau's child welfare program is fairly limited and yet in other states, like in Arizona, we provide practically all of child welfare services because it is the only source available.

Mr. YATES. How does the State of Arizona draw distinction in terms of the aid to dependent children program between Indian children and other children?

Mr. KRENZKE. In relation to aid to dependent children, they provide aid to dependent children just like others. I am talking

about child welfare services which goes beyond the aid to families with dependent children.

Mr. YATES. Do they draw a distinction between Indian children and non-Indian children?

Mr. KRENZKE. On the reservations, they do not. They do not receive the federal aid that states are entitled to under Title 19.

Mr. YATES. Because they don't provide the aid? Which came first, the failure of the federal government to give them the money or the decision of Arizona not to do it?

Mr. KRENZKE. I am not sure of the detail.

Mr. YATES. But the fact is it isn't provided?

Mr. KRENZKE. That's right.

Mr. YATES. Is it provided in all the other states?

Mr. KRENZKE. Yes.

Mr. YATES. Has the Bureau ever asked the state to provide it?

Mr. KRENZKE. We have pursued, very vigorously, the provision of social services by states where the states are receiving federal assistance. We have not generally pursued as vigorously those kinds of programs where the entire source of the revenue for the social services is provided from state and local funds in view of the situation that the federal Indian trust lands are not taxable and not available as a source of taxation.

It is this area where—also in relation to our general assistance program—because of the non-taxable status of the land we generally provide general assistance because in most states, general assistance programs are funded usually entirely by the state and actually most of the funding is from local county sources. Perhaps I might interrupt the thought process here. I would just like to say this—as far as this specific report is concerned, it lays out some very serious problems. Some of those problems we certainly concur in——

Mr. YATES. What are we to do about them? We are spending a lot of money and yet are not providing the care that ought to be provided. That is what is unhappy about the situation. The Indian people are not being taken care of adequately.

### SOCIAL SERVICE PROGRAMS EVALUATION NEEDS

Mr. DICKS. Why do you have to have a report to find out why you are not doing your job right? You are supposed to go out and check it and make sure you are carrying forth your responsibility and your function. Kids aren't being taken care of and are being put in these homes and are left and neglected and nobody follows up on it. That is a dereliction of the responsibilities of the office. Why do you have to go hire a consultant to do it? I don't understand that.

Mr. YATES. Would somebody like to reply to that?

Mr. LAVIS. Mr. Chairman, and Congressman Dicks, it is true we ought to have that capacity. I am not going to deny that. I think this committee and in all the reports we have seen has pointed out time and time again that one of the weaknesses in the program management area is evaluation. At the present time we have, I think, 5 full time members of our central office in the social service staff whose general responsibility is policy and evaluation and I

don't think it's fair to assume that they can do all that work; to be able to travel through this country and evaluate.

Mr. DICKS. Don't you have regional offices?

Mr. LAVIS. Yes, but what I am trying to do is give you a better picture of how you evaluate a program. Why couldn't we do that or why didn't we know that without having a consultant to go out and tell us that?

I don't think it is fair to say that we didn't do it. Perhaps we didn't know it was as broad.

Mr. DICKS. You said you knew it earlier and that is why you hired the consultant. If you knew it earlier, why didn't you do something about it?

Mr. LAVIS. It is true we had some reports in front of us—one I.G report that I looked at was only devoted to the child welfare, not the general assistance section. It was a limited kind of review, very few areas and different agencies. The Rj report went to 13 agencies, did a very in-depth report and reviewed 1500 case files and talked to a greater number of people, which gives us a picture of what we are trying to accomplish. I think there are other reasons why we have not been successful, manpower problems, relationships between area offices and the agencies—those are all issues that I think this report points out and reports, and I think Mr. Krenzke would agree.

Mr. YATES. This says the staff of Rj Associates has been deeply moved by the people and experiences encountered by conducting the study. They have observed dedicated social service workers struggling within the confines of sometimes confusing rules and regulations to alleviate the problems faced by their clients.

I don't know where we are going now. This study was completed six months ago, and the study says that there is a collection of enormous problems in the social services field.

What are you doing to remedy them? What can you do to remedy them?

Mr. MILLS. Mr. Chairman, if I may, we were aware of some of the problems. We have taken steps over the last two years to start correcting some of those problems.

Mr. YATES. Like what, Mr. Mills?

Mr. MILLS. As Mr. Krenzke indicated earlier, updating the manuals, getting the system so we could have timely reports.

Mr. YATES. How do you go through the process of updating manuals? How do you go about that process?

Mr. KRENZKE. We have had our staff engaged over a period of time.

Mr. YATES. Which staff?

Mr. KRENZKE. Our social service staff in Washington, as well as our field staff in relation to it. They have first taken a look at the old manuals developed approximately 20 years ago and brought it up to date. They have put it in draft form. This draft has then gone out both to the field and also to the Indian tribes with an opportunity to comment. After these comments have been received, the manual has been revised in relation to all aspects of it and is now ready for final publication.

Mr. YATES. All right, you have revised the manual.

Mr. DICKS. May I ask another question?

Mr. YATES. Surely.

Mr. DICKS. How many people work in the social services division in Washington, D. C.?

Mr. KRENZKE. Five professional people on staff at the present time.

Mr. DICKS. Just five in the whole department?

Mr. KRENZKE. Plus about three clerical; about eight people.

Mr. YATES. How many are in your field organization?

Mr. KRENZKE. The Bureau of Indian Affairs altogether has 385 staff for the social services program.

Mr. DICKS. How many offices around the country?

Mr. KRENZKE. Approximately 75 at the agency level and about 10 in the area offices and then the central office staff.

SOCIAL SERVICES MANAGEMENT INFORMATION SYSTEM

Mr. DICKS. One of the things in the report is they are talking again about this subject that I have tried to pursue over the last couple of years, and that is that data is meaningless and financial expenditures reporting is generally inaccurate. One of the things that we talked about with Mr. Gerard in the last couple of years is whether you were going to put in place some kind of financial management system so that you get proper reporting of expenditures so we know how the money is being spent. You commented on that earlier. Can you be a little more specific about what you are doing?

Mr. KRENZKE. Well, as I mentioned, the Bureau of Indian Affairs in relation to its social services program, is in the process of implementing a total automated data processing system that relates both to the financial aspects as well as also to the actual management of the cases at the agency level.

The results of this ADP system, which would be implemented on a pilot basis in Phoenix, Arizona next July, and on a Bureau-wide basis next fiscal year, in the first place will ensure Bureau-wide consistency in the financial and caseload data collection.

We are imposing a computer monitored reporting requirement. This is in relation to the Bureau-operated programs and the tribally-operated programs under contract.

Secondly, this will improve the usability of data by using a simplified automated system which greatly reduces the propensity for error which is much more likely under the manual system because it is going to kick out that information.

It will improve the caseload management capability for the actual social worker in that it will include case reviews on a regular basis. It will involve an automated check delivery to the clients and it will also go over the matter of the casework assignments within an agency. It will enable us to analyze the caseload characteristics virtually immediately and constantly and enable us to make management decisions concerning the resource allocations.

So, if we have too much in one place, we will be able to move this around and have the information accurately and immediately available to us, as far as the resources.

It will also make immediately available information concerning location by location financial programs and their obligations and expenditures.

We have had this reviewed both by the Department's ADP program personnel and the General Services Administration and we have gone ahead with the procurement of the initial equipment for the Phoenix area.

Mr. DICKS. How is that going to address the problem of getting the people out in the field to properly report expenditures?

Mr. KRENZKE. Because if they don't properly report them, it is going to get kicked out of that system.

SOCIAL SERVICES VERSUS TRUST RESPONSIBILITY

Mr. YATES. Mr. Harrison, you have heard the questions by Mr. Dicks and the responses by Mr. Krenzke. Is this a violation of trust responsibility; not providing adequate care for the Indian people?

Mr. HARRISON. If one looks at that in terms of an enforceable obligation, I think the answer is—or subject to collection of damages for not knowing that, I think the answer is no.

Mr. YATES. Why?

Mr. HARRISON. Again, and let me preface it by saying it depends on how one characterizes the nature of the trust responsibility.

Mr. YATES. I know. That is why I asked you the question. The reason I asked you the question is you were sitting there so comfortably I decided to wake you up. It seems to me that the BIA has compartmentalized all of you into boxes. They put Mr. Krenzke into social services. We get a report from a group of people who are employed by the BIA to review their actions and they come back and say the BIA is doing a terrible job in dealing with social services. That is why I ask you if that is true, why isn't that an abridgment of trust responsibility, any more, than not providing adequate education or adequate health or adequate review of assistance to tribes for development of their resources or protection of their resources? Why isn't it the same thing? Would you like to ponder that while I ask them some other questions?

Mr. HARRISON. I will be pleased to either ponder it or respond.

Mr. YATES. If you are ready to respond, respond.

Mr. HARRISON. With regard to the compartmentalization of people, I don't think that is an entirely accurate assessment. I know that Mr. Krenzke, for instance, has concerns and we visit regularly about issues that we share.

Mr. YATES. Presumably—perhaps I have the wrong interpretation of trust responsibility. But it seems to me that all of what BIA is doing falls within the general category of trust responsibility. Otherwise, you would not have a BIA, would you?

Mr. HARRISON. That's true.

Mr. YATES. How can we deal with it? In a sense we establish the BIA as the agent to the Federal Government. We give them over a billion dollars to provide some semblance of care for the affairs of the American Indian people.

Mr. DICKS. Mr. Chairman, I would just like to comment. When we add up all the agencies we provide $2.243 billion through var-

ious federal programs. I would like to know how many Indians are we serving today?

Mr. YATES. About a million?

Mr. DICKS. Is that under all BIA—what is the answer?

Mr. KRENZKE. Approximately 650,000.

Mr. YATES. That is about the reservations. We are providing funds for urban Indian health centers, for example. BIA takes care of the reservation Indians and they have about 650,000.

Mr. MILLS. Yes.

Mr. YATES. The Indian Health Service says they are serving 800,000. The population figure that we had when I was under the American Indian Policy Review Commission was in the neighborhood of a million Indians.

Mr. DICKS. Some are potentially getting much higher levels of service and some are getting modest levels of service.

Mr. YATES. That is what this report said, that some of the people are getting better welfare service and some of them don't. What can we do about it? We bring BIA in here and well, how long has it been since BIA last received a compliment on the work they were doing?

Mr. MILLS. I am not aware of any. Mr. Chairman, if I may, as I mentioned earlier, we were aware of those issues and we asked for the report. The report was for us to expedite or to get to completing the corrections and I would like to ask Mr. Krenzke if he has a timetable as to when we could have these corrections completed. I think he has a timetable here that might be helpful to us.

Mr. KRENZKE. Well, as I have indicated——

Mr. YATES. Now this is going in writing. We are going to be able to point this out to you later, so you better be careful in what you say. Having told you that everything you say will be held against you, go ahead.

Mr. KRENZKE. As I have indicated, we have let the contract for the equipment for this automated information system. It has gone forward. Also, in addressing the problems of this report——

## CHILD WELFARE ASSISTANCE

Mr. YATES. Why do we always think, Mr. Krenzke, in terms of machinery and paperwork in taking care of the needs of the Indian people? For example, here I read to you—we have prepared a series of questions that we will probably never get through. But here, the analysis found that inappropriate and excessive placement of children in high cost institutional care; 86 percent of all Navajo child welfare cases were placed in institutions. Is that good or is that bad? Do you know whether that's good or bad? Do you know anything about the institutions? How will your preparing a new data system help that situation?

Mr. KRENZKE. Well, the automated data system is certainly not the end-all for some of the problems which are pointed out. As far as that being good or bad, it's difficult to judge. It is bad when a community does not have the resources to provide other services for the children, but it could be very well good that this is the best that is available to meet the needs of a particular child.

If the child is mentally retarded and there are no other resources available—-

Mr. DICKS. Eighty-six percent.

Mr. YATES. Eighty-six percent of the child welfare cases, of the cases, themselves.

Mr. DICKS. The child welfare cases, I can't believe are all mentally retarded.

Mr. KRENZKE. Can I clarify?

Mr. YATES. Surely.

Mr. KRENZKE. As I indicated earlier, the Bureau has a total caseload of approximately 3,000 children in some kind of foster institutional care. Of those approximately twenty——

Mr. YATES. Foster homes or institutions?

Mr. KRENZKE. Right. Approximately 25—excuse me, approximately 2,500 of those are in either foster homes or very small group home situations of no more than around 6 to 8 children. The thing that I point out, and I don't know if you were here at that time, Mr. Dicks, but the situation that the Navajo have is unique because of two circumstances and the two circumstances are basically the lack of the community infrastructure on that reservation that would enable children to live in their own homes.

Second, because the State of Arizona does not participate in Title 19 of the Social Security Act whereby a good many of these children probably would otherwise be provided for under state child welfare services such as they are in your state.

This is the reason for it and we take deep exception to that aspect of the report which implies that we do not have concern as an organization to first of all try to keep children in their own homes wherever possible; and, secondly, as a substitute, that we would try to find individual foster homes as the next best arrangement but nevertheless, ultimately to provide a service that a child needs because of its individual circumstances.

Mr. YATES. Let's read from the report again. This is what you take exception to.

Contracting procedures make it difficult for responsible agencies and contractors to monitor services to their clients or evaluate whether costs are comparable with local standards. Where institutional contracts are negotiated by area offices, the agencies responsible for child referrals have no control over the placement—

I don't understand why not.

and receive little information once the child is placed. But since the area assumes no follow-up responsibility, the child is virtually lost within the institution.

Do you deny that happening? Do your area offices follow up and see what happens to the children?

Mr. KRENZKE. I think there are many aspects of this report that are highly overgeneralized and which do not accurately reflect the overall situation. In some circumstances, it does exist.

Mr. YATES. I think what we better do is call Rj Associates in and let's ask them about the report and see why they say the things they have said. If, as you say, this may not be entirely truthful, maybe we better find out why these people said the things they are saying. I think that perhaps rather than having the information come from you on this thing, and letting you respond, let you sit here and let's see what they have to say on these things.

I think it is time that these kids—if this is, in fact, true, then you deserve the apologies of these people. If they are saying things like this, then it has to be based on some facts.

Now, apparently Mr. Gerard thought this group of people had some responsibility and was a pretty good outfit. Otherwise, he probably wouldn't have hired them on a sole-source basis. I think what we will do is pass this up for a while.

SOCIAL SERVICE REPORTING SYSTEMS

Mr. DICKS. Mr. Chairman, I want to follow up on my question on the expenditures that were generally inaccurate.

Did you know that you were having a problem before this report was done with inaccurate expenditures of money?

Mr. KRENZKE. We recognize that we had some problems relative to that subject, yes, sir.

Mr. DICKS. Why were you aware of that, just by looking at the reports that had been sent in or had you been audited by the GAO or Inspector General, or what made you aware?

Mr. KRENZKE. We have had audits by the offices of the Inspector General plus our own social service staff receives these reports and they, themselves, caught some things that demanded attention.

Mr. DICKS. Was it generally the failure to properly report a problem of the tribes that were getting the money? Would you explain to me where the problem occurred in the chain of activity here?

Mr. KRENZKE. The way the reporting system works is that we essentially have two reporting systems at the present time in relation to financial expenditures. One is a reporting system that is operated by our Offices of Financial Management. It reports obligations as they are incurred.

The second reporting system is the programmatic reporting system wherein we are really not reporting obligations but wherein we attempt to report actual expenditures. The difference being that when you obligate funds, this doesn't become an actual expenditure until the money is spent, particularly when we are doing quite a bit of contracting.

It is in the area of the actual expenditure reports that we have had some difficulties internally.

Mr. DICKS. Who makes the expenditure reports?

Mr. KRENZKE. The expenditure reports are made either by the agency's social worker where the Bureau operates a program or by the tribal contractor where the tribe operates a program.

Mr. DICKS. So it is the agency's social worker or the tribe, if it is a contract situation.

I have been the person who has pushed on this committee with the support of the chairman and others, to try and improve the financial management of the Bureau of Indian Affairs because one of the things I worry about is we are having wasteful expenditures and we can't document how money is being spent. I think we have a responsibility not only to Congress but to the Indian people, in particular, to make sure that the money is actually getting to the people who actually need the assistance, who we are supposed to be helping. You say this new management system is going to flag

these problems. What I see in that is the old garbage in, garbage out.

If you don't get proper filing of the reports in the first place, the computer is not going to help you straighten out your problem. How do you propose, even with the new financial management system, to get better reporting into the system because only then are you really going to be able to determine exactly what the money was spent for even if you have a new financial management system.

Am I wrong?

Mr. KRENZKE. I think the answer to that is that this will require inputs as the actions are taken. We will know immediately if this information is getting to us and getting to us accurately, whereas, at the present time, they put together manual computations once a month and we sometimes don't get these reports for several months.

As the Rj report indicates——

Mr. DICKS. What you get may not be as accurate.

Mr. KRENZKE. That is right. I would certainly like to make clear to the chairman that there are many aspects of this Rj report that we do agree with.

Mr. YATES. Have you filed a response to the Rj report?

Mr. KRENZKE. Yes, we have. I indicated earlier that we would be pleased to make that available to you.

Mr. YATES. Can you do that within the next day or so?

Mr. KRENZKE. Yes.

Mr. DICKS. This is really, I think, an important fundamental problem. This doesn't relate just to social service. I don't want you to get the impression in the record that we are just picking on you.

Mr. YATES. No, there are lots of others that we are going to pick on.

Mr. DICKS. What we are trying to do is to see if, in fact, what we have urged you to do, and that is to get a system to check on these expenditures is actually coming along.

You say it will be by the first of the next fiscal year. It always seems to be the next fiscal year that we are going to get on top of the expenditure problem.

Mr. KRENZKE. As I indicated, this system has been in design some time.

Mr. DICKS. Is this agency-wide, by the way?

Mr. KRENZKE. It will be agency-wide. We have had it approved by the department and the General Services Administration.

The equipment has been ordered for the Phoenix area—throughout the Phoenix area both for the Bureau and the tribes and that order will receive, including the training and everything, it will be operating in July.

Our planning is that we will make it on an agency wide—Bureau-wide is what I am talking about, basis in fiscal 1981.

Mr. DICKS. You are going to do the test for this year, fiscal year 1980 and then if everything works, you are going to go agency-wide. When you said that reports were coming in they were delayed and some were inaccurate. What do you do? Don't you have management controls so that at the end of the month, if a report doesn't come in somebody can pick up the phone and they can say where

are your reports or when it is inaccurate, doesn't somebody flag that and say, "Get this thing in quickly and straighten it out?"

Mr. KRENZKE.We certainly do that but in some cases the response has not been entirely satisfactory.

Mr. DICKS. I would like you to be as candid with the committee as you can. What is the problem? Is it not having people out there that are competent to do the work or is it not having enough people in the central office to review what has been done and treat it in a timely fashion? Is this a personnel problem that we are talking about?

Mr. KRENZKE. I think there are several aspects to it. One is this. Since the Bureau has gotten into the situation where a major share of the program, pretty close to 50 percent, is operated under contracts, that we have had problems in getting reports from contractors or we don't have perhaps quite the clout or we are perhaps a little more reluctant to use the clout that we do have.

Mr. DICKS. That is contracts with the tribes?

Mr. KRENZKE. The tribes in nearly all instances who are the contractors.

Mr. DICKS. I would understand, possibly, with somebody other than a tribe. But if it is a tribe you have an on-going relationship there. I would think that you would be able to say listen, we have certain rules that we have to operate under. The appropriations and GAO and our inspector general are going to require us to file these reports. Is this Alice in Wonderland?

Mr. KRENZKE. You are right. But you also ask that we be candid.

Mr. DICKS. Yes. It is at the tribal level.

Mr. KRENZKE. Part, but not certainly the entire problem. Then, speaking candidly, as far as the Bureau of Indian Affairs is concerned, the Rj report indicated and I must say that I would have to agree with them that in some instances, some of the line officials within the Bureau of Indian Affairs has perhaps also not been as responsive to this as they should be.

Mr. DICKS. So this goes back to where we were a couple of years ago. This is the same old problem. I guess I have to ask you this. How do we get line officials within the Bureau of Indian Affairs to be more responsible or to take this more seriously in what do we have to do to accomplish that.

Mr. MILLS. Mr. Chairman, and Mr. Dicks, you mentioned earlier that this isn't only social services. We have been taking steps over the last year and a half as Mr. Krenzke has with the social service project, to get a management information system set up with some of our other programs.

Trust responsibility has been an on-going effort. The education department, project integrity, our budget shop has some efforts going here, and all these efforts should be materializing shortly.

Mr. DICKS. So you are dealing with it?

Mr. MILLS. Yes, these steps started a year and a half to two years ago and we are starting to see results of these now.

As far as line officials out there in the field are concerned, I think this is coming around. True, I think any organization the size of ours would have problems from time to time, but I do believe that this is turning around now.

Mr. DICKS. Well, as you can understand, right now with real pressure being put on the Federal budget, as you know, we are being asked to look as closely as possible at all budgets.

What I have worried about over the last several years is that with reports like this coming back about inaccurate accounting, poor record-keeping, inability by the agency to justify expenditures that are made or not even knowing what was done with the money that you are really opening yourself up to serious possible problems in the Congress as we get into a tighter and tighter budget priority setting mode here in the Congress.

What I worry about, as the Chairman does, is that the people out there that are supposed to be served by the BIA and assisted by the BIA are not getting the resources they need, partially because we can't seem to get into the department a good management system to make sure that we don't waste dollars that you already have.

I am glad to hear that you are going to be there in fiscal year 1981. In my judgment, it is going to get tougher and tougher to justify spending money in programs like this—the money is being spent very unwisely and sometimes people aren't being helped the way they are supposed to be helped.

I know this was a priority of Mr. Gerard's and I was trying to work with him constructively. I am not here to be negative. What I am trying to say is we better get this thing in place, because just like all other agencies, if you have these examples in the press about money being misspent, it is going to hurt the integrity and ability of the entire department. That is what I worry about.

## NAVAJO-HOPI SETTLEMENT ACT

Mr. YATES. We will defer further consideration of the social services problem until we have a chance to communicate with Rj Services.

Let's talk about the Navajo/Hopi settlement which has been directed by the Navajo/Hopi Settlement Act approved in 1974.

The Navajo nation is supposed to acquire by purchase 250,000 acres of land. We don't know where the land is or when it will be available for purchase. Why are we so slow in coming to a decision? I should say why are you so slow.

Mr. MILLS. I would like to have Mr. Harrison clarify that issue for us.

Mr. YATES. Okay, Mr. Harrison, clarify it.

Mr. HARRISON. Mr. Chairman, the Navajo tribe selected 250,000 acres. The attorneys concluded that before it could be made available and under the laws that applied to the transactions that an environmental impact statement would have to be done.

Mr. YATES. To provide just a purchase for the Navajo of land?

Mr. HARRISON. Yes.

Mr. YATES. You mean that every time there is land sold by BLM or disposed of by BLM you need an environmental impact statement?

Mr. HARRISON. We have a continuing discussion with the attorneys of the department on that subject, but presently they say that a land transaction of that size requires an environmental impact statement.

Mr. YATES. How long did that take?

Mr. HARRISON. About a year and a half or two years.

Mr. YATES. Now you have that.

Mr. HARRISON. Now we have another problem.

Mr. YATES. What is the problem now?

Mr. HARRISON. The Federal Land Policy Management Act which our attorneys tell us applies to this land.

Well, one of the provisions of that Act was that any 65,000 acres or more of roadless area in the public domain has to be reviewed for possible inclusion in the national wilderness area. So that wilderness review is now going on.

In the meantime, there is legislation in both houses of the Congress which would——

Mr. YATES. Even though it is designated as being appropriate for sale to the Navajos?

Mr. HARRISON. That is correct.

Mr. YATES. What difference does it make as to whether it is wilderness or not?

Mr. HARRISON. It is the——

Mr. YATES. Was the Act passed before the Navajos selected the land?

Mr. HARRISON. The Act was passed after the Navajos selected that land.

Mr. YATES. Why did the requirement apply to that land?

Mr. HARRISON. That is just the legal advice we get. Rather than move ahead contrary to the advice of the lawyers and risk a lawsuit that might tie it up for generations, the Secretary decided to go through those reviews.

Mr. YATES. When will that be completed?

Mr. HARRISON. The Bureau of Land Management advises us that it will be another 20 months. There will be additional environmental studies that have to be done. They have not yet determined how much additional work will be required along with——

Mr. YATES. Why don't I file a bill?

Mr. LAVIS. In Congressman Udall's legislation which I think currently is in conference on Hopi/Navajo settlement amendments, there is an exemption which is in that amendment and I think that will eliminate this problem.

Mr. YATES. Now, the question is whether we bring the conference report out in 20 months.

Mr. DICKS. Why wasn't this done in conjunction with the EIS?

Mr. HARRISON. The environmental impact statement was underway some time before and that raised some additional questions. There was also a question that took the attorneys some time whether or not the mineral estate in that quarter million acres would be transferred.

Mr. YATES. Suppose Mr. Udall's conference report settles the question of the Navajo purchase, will that settle the dispute? Will that bring peace between the Navajos and the Hopis?

Mr. HARRISON. I don't think that it will.

Mr. YATES. You don't think it will? Why are we going through this charade then?

Mr. HARRISON. The Congress directed the Settlement Act and those pieces of that legislation that are doable are being done.

Making peace between two tribes that have disputed the same piece of land for 100 years or more is——

Mr. YATES. Yes, but the purchase of the land was supposed to be, as I understand the legislation, a condition which would provide for a settlement of the dispute. Why else would we make the land available?

Mr. HARRISON. I think that is quite right. The assumption was that the Navajos were being permitted to purchase an additional 250,000 acres.

Mr. DICKS. Are we purchasing the land or are the Navajos?

Mr. HARRISON. The Navajos.

Mr. DICKS. Do we pay them in some way to buy it or is this out of their own money?

Mr. HARRISON. This is out of their own money.

Mr. DICKS. All we have to do is allow them to do it. It is not easy to do anything anymore.

Mr. YATES. Do you have an estimate of the number of families that will be settled?

Mr. HARRISON. Let me ask Mr. Krenzke to answer the question.

Mr. KRENZKE. First of all, 1,200 or 1,300 families. It would be somewhere between 5,000 and 6,000 people.

LIVESTOCK PROGRAM

Mr. YATES. What has happened to the livestock program that has been concluded?

Mr. KRENZKE. The purchase program that we have talked with you about for several years, has, by and large, been concluded. We are down to approximately 10,000 or less, which is the carrying capacity and the effort now is probably geared at least as much or probably more toward maintaining it at that level.

Mr. YATES. Has enough time gone by so that the Navajos whose livestock you bought are now buying other livestock?

Mr. KRENZKE. This is one of the reasons for the need for maintaining it at that level. Incidentally, you probably would be interested in knowing that in many instances out there where the livestock has been reduced there is dramatic indication of the comeback of grazing lands out there.

NORTHWEST FISHERIES

Mr. YATES. There has been a rehabilitation of the grazing land as a result of the move of the livestock. That is one good point. Okay, we are on fisheries. Are you interested in this one?

Mr. DICKS. Very interested.

Mr. YATES. OK. There is a program proposed by the Secretary.

Mr. MILLS. $90 million——

Mr. YATES. Why should the Federal Government put that money up? I say that in order to get the interest of Mr. Dicks.

Mr. MILLS. As far as the Bureau of Indian Affairs is concerned, sir, $15 million of that $90 million would be for the Bureau of Indian Affairs of which $5 million are for fiscal year 1981. Again, Mr. Harrison, can speak to this program.

Mr. YATES. I think everything runs in his shop.

Mr. HARRISON. The appropriation request for this program will follow the enactment of the legislation which is, I believe, presently pending here in the Congress as Senator Cannon has introduced at the request of Secretary Andrus.

Mr. YATES. To do what? Establish this program.

What is going to be done under Senator Cannon's bill?

Mr. HARRISON. The Secretaries of Interior and Commerce will undertake a program to eliminate—or to reduce the demand on that resource now by providing a market for commercial fishermen to sell their equipment and also provide a credit program whereby some of the Indian Treaty fishermen in the area can get into the market by making guaranteed loans to purchase this equipment.

It provides the assistance and grant assistance to the State of Washington and to the tribes and to their organization in the Northwest Indian Fisheries Commission, to work out enhancement programs to try to bring that resource back up to a level that will continue to support the economies which have become dependent on it.

Mr. YATES. Can you give me a description of enhancement programs—what is involved?

Mr. DICKS. Maybe I can help a little bit on that. Basically, what we are trying to accomplish is to work out an agreement between the various parties; the state, Bureau of Fisheries and Wildlife, National Marine Fisheries and the Indians on an enhancement strategy for the Puget Sound area.

Mr. YATES. What does enhancement mean?

Mr. DICKS. Grow more fish. You are trying to improve the natural runs and the hatchery runs. The effort will be made to try and work out a joint plan which will involve enhancement projects that will be accomplished by the State.

Some will be accomplished by the Indians on their own reservations and on their own rivers and some that will be done with federal dollars. What this will do is try to pull that whole effort together.

Mr. YATES. What the bill will do?

Mr. DICKS. Yes, pull the whole thing together and give it a coherent 10 year strategy.

Mr. YATES. Like the Navajo/Hopi Settlement situation.

Mr. DICKS. That is generally what they want to do with the enhancement program.

Mr. YATES. Why should the Federal Government make grants to the State of Washington?

Mr. DICKS. It is a federal program that will be administered by the Federal Government. The idea here, of course, is that there have been serious economic consequences to the Pacific Northwest and, particularly, the State of Washington, because of the decision here and that as a way to address those consequences, this program would help all the parties involved including the Indians very directly and thus, is a good effort to try and build back the runs that have been damaged over the years because of a lot of decisions by the Federal Government and I think that is the primary thrust of the program.

It also allows a gearing up of the fishery and a gearing down of the non-Indian fishery.

Mr. YATES. What do you mean by what you said? What has been hurt by the Federal Government's actions?

Mr. DICKS. For example, there used to be very large salmon runs on the Columbian and Snake Rivers.

We have made decisions to allow the Corps of Engineers to build large hydroelectric dams on those rivers.

Mr. YATES. With the approval or disapproval of the State of Washington?

Mr. DICKS. With the Congress and the State of Washington all involved, but because of those decisions and because of the general development along many of these rivers, we have caused a corresponding decrease in the salmon runs.

Mr. YATES. But you don't mean to say that that is because of the Federal Government's actions?

Mr. DICKS. The Federal Government built the dams. In some instances the Federal Government was involved in other developments. The point is, because of this Federal Court decision, this administration, the Carter Administration, Secretary Andrus, come forward with, I think, a very good program to try to address some of the problems that have been caused.

I think it helps to redress some of the problems caused by development over the last 100 years. I think those salmon runs are important not only to the commercial interests but also to the sports fishermen and other people.

Remember, this is a 10 year program. This is not being done in one swoop. I think it is a moderate effort. In fact, there will be members of the Washington delegation, including myself, who think we have a more definite responsibility and we should even be a little more generous especially since this is a 10 year effort.

Mr. YATES. From the State of Washington or from the Federal Government?

Mr. DICKS. Both. The Administration's bill does require the State to put up matching funds. The State is sort of a joint kind of effort. We are still reviewing that.

Mr. YATES. The State will put up as much money as the Federal Government?

Mr. DICKS. The State is putting up a lot of money right now. While we have been waiting and determining what the response is the State has been spending, I think, $30 million last year on enhancement efforts aimed at dealing with this problem.

The State is, obviously, very interested in seeing that its investments are counted in this process.

Mr. YATES. What portion of the funds will be directed to non-Indian activities as opposed to the protection of Indian fishing rights?

Mr. HARRISON. On this program?

Mr. YATES. Yes.

### FISHERY RESOURCE PROTECTION AND ENHANCEMENT

Mr. HARRISON. This is not intended as a rights protection activity. This is intended as a resource protection and enhancement activity. It is a shared resource and the courts, including the Supreme Court, have finally and decisively ruled on the issue of the

Treaty rights and the allocation of the resource and this program is really simply designed to preserve and protect and enhance the resource itself, which will continue to be shared, according to the allocations the courts have ruled.

Mr. DICKS. That is absolutely correct and that is the point the Chairman should be interested in because of his deep and abiding concern of Indian rights, because 50 percent of nothing is nothing.

Fifty percent of a more substantial run has a direct consequence to the Indians. As you know, those salmon all go out and they all come back. Everybody has a right to fish upon the resource as they come back in.

The Indians are very interested in enhancement. As you know, every year they come to this subcommittee with a long list of projects that they would like funded for enhancement purposes.

I can tell you that the Indians are very interested in the enhancement aspects of these programs.

SUPREME COURT RULING

Mr. YATES. What was the effects of the recent decision by the Supreme Court in regard to the Boldt decision relative to the 50/50 allocation of the fish?

Mr. HARRISON. The Court made some minor changes, but, basically, it remains.

Mr. YATES. What is the implication for the Treaty tribes?

Mr. HARRISON. It gives them a good deal more comfort to know that the highest court in the land ruled that their Treaty rights are intact.

Mr. YATES. Well, I don't understand that answer, Mr. Harrison. We have here an article that appeared in the Seattle Post Intelligencer on October 2, 1979. It says that the U.S. Supreme Court's ruling is only three months old but already appears to be eroded. The highest court changed a footnote the State considers crucial in which Indians and non-Indians must share.

Originally the court held that less than half the salmon passed through Indian and fishing areas. Following a request from Attorney General Gorton for a modification of the footnote, the Supreme Court decided it really didn't know the answer to the question.

A factual dispute exists on what percentage of fish on the area passes through Indian fishing areas and is subject to the allocation. In the absence of any relevant findings by the Court, we are unable to express any view of the matter.

He said the matter would have to go back to the District Court for determination of what constitutes a Supreme Court order, "moderate living", for the estimated 800 to 1,100 fishermen whose ancestors signed Federal treaties.

The Attorney General says he can see no circumstances in which Indians will be entitled to more than half the fish. However, the number of fish passing through Indian fishing areas could play a critical part in determining the starting point for the Indian allocation.

If a lower court adopts 1977 as the base year, each Indian fisherman will be entitled to take $15,000 worth of fish per year. Even though a new issue has cropped up, Gorton stuck with his earlier

statements that it is unlikely that it will have to go to the Supreme Court again.

What is left will be handled by the District Court. What does all that mean? Does that mean that your first response is inaccurate?

Mr. HARRISON. I don't believe so. There have been on a run by run, stock by stock, species by species, river by river difficulties in determining the size of the run, the escapement needs and those are basic determinations that have to be made before any allocations can be made.

Mr. YATES. Then these will be done under the supervision of the District Court?

Mr. HARRISON. The Supreme Court approved of the District Court's retaining jurisdiction.

Mr. YATES. And the Indian people who are up there have no objection?

Mr. HARRISON. No.

Mr. DICKS. Let me make a couple of comments here. As you recall, the Treaty said usual and accustomed off reservation locations. That does not mean that it includes every bit of Puget Sound so the 50/50 split are the fish that go into those terminal areas so that might mean something less.

The other question is the question of defining what a moderate income is and that is something that will have to be decided by the Court. But, basically, the one significant difference is that the fish that were taken for consumption by the Indians for use in tribal ceremonies were not counted in the 50/50 originally.

The Supreme Court said that will have to be credited. That is a very minor amount but that will have to be credited in the decision.

Mr. HARRISON. The issue here was Judge Boldt had excluded fish taken within the reservation—now those fish taken in the reservation, for whatever purposes, all count.

Mr. YATES. What is the attitude of the tribes to the Cannon bill?

Mr. HARRISON. I have heard differing attitudes towards that. I think Mr. Dicks is absolutely right that the tribes are very desirous and eager for a vigorous enhancement activity to get underway up there. Some of the tribes have expressed some concern that the legislation, as written, would seem to put into the law and make a major piece of the program this Northwest Indian Fisheries Commission which is presently a tribal organization that is composed of the tribes in that Treaty area and now it is responsive to those tribes.

It has played a major and a vital role in this activity over the year. Some of the tribes are a little apprehensive about having that organization locked into place as a matter of federal law.

Some of the tribes have expressed some concerns as to whether or not, at this point, a vigorous credit program to entice Indians into the commercial fishery is perhaps a little premature and that the primary thrust of the activities ought to be on the enhancement.

Mr. YATES. What about the apparent opposition of the Governor of the State of Washington who was quoted as saying "With the strings attached to the federal money the State wouldn't even apply for the money."

Mr. DICKS. I would not want to speak for the Governor. She is very capable of speaking for herself, but I think she favors what we are trying to do. I think her questions are about the adequacy of it and whether the State money that they have already put up, waiting now for several years for the Federal Government to do something is or is not going to count as part of our match.

Those are the issues that she is worried about. The State has an on-going program and she thinks they deserve credit for that in terms of the match. I think generally, she has been constructive and has tried to deal with this in a forthright way.

I think she is interested in federal legislation if it's good federal legislation. Of course, for the Chairman's information, the two Senators from our State will be introducing their own bill and a delegation in the house will be introducing their own bill which will expand on the Administration's approach and we will get you a copy of the bill once we put it in.

NISQUALLY AGREEMENT

Mr. YATES. What about the Nisqually agreement? Should the Nisquallys be singled out for special funding and why?

Mr. HARRISON. That is one of the continuing concerns in this area. The rights of these tribes are specific rights reserved to the specific tribes but in trying to bring together a cooperative management scheme on a resource that is shared by all the tribes and the non-Indians, and the Canadians and the ocean fisheries as well, it has been useful to do business with these tribes on a region or a treaty area basis or on a stream system basis. Whereas, in the case of the Nisquallys, separate agreements can be reached that result in or will foster cooperative enforcement and management activities. We are not, as a general principle objecting to doing business or providing assistance to the tribes.

Mr. YATES. Did you say you favored it or did not?

Mr. HARRISON. We don't find it objectionable doing business with these tribes on an individual basis. If in the particular facts of the circumstance, the particular facts of the case——

Mr. YATES. Suppose you fund a Nisqually agreement. Do the other tribes object to that?

Mr. HARRISON. I have not heard any objection.

Mr. YATES. Aren't they concerned about the fact as to whether they will be taken care of too?

Mr. HARRISON. We try to support any of these agreements that are reached to encourage that kind of cooperative relationship.

Mr. YATES. What would the State's contribution be under the Nisqually agreement?

Mr. DICKS. We can get.

Mr. HARRISON. We will.

Mr. DICKS. But it is pretty substantial.

STEELHEAD FISHING

Mr. YATES. What is the position of the Bureau and Department under the decommercialization of steelhead?

Mr. HARRISON. I don't know the view.

Mr. YATES. Should I ask Mr. Mills?

Mr. HARRISON. The Bureau's view will be the same as the Department——

Mr. YATES. You don't have an opinion of your own?

Mr. HARRISON. Certainly I have an opinion of my own. Those Treaty tribes out there have very decided opinions of theirs.

Mr. YATES. Has the Bureau taken an opinion on the decommercialization of steelhead?

Mr. HARRISON. I don't think so. If it becomes an issue——

Mr. YATES. Won't it become an issue?

Mr. DICKS. Certainly not in the Administration's bill.

Mr. YATES. How about your bill?

Mr. DICKS. In the bill we are introducing that issue is not addressed directly, though we do encourage efforts to reach voluntary agreements on the question of steelhead fishing. For the Chairman's interest and for the information, a lot of us feel that the tribes could do a lot better setting up guiding services because of the great interest of non-Indians and sport fishing.

Mr. YATES. You don't want them in fishing?

Mr. DICKS. I would like to have the Indians make more money with the steelhead that they are catching for the benefit of the tribe which, I think, sometimes we forget in this whole fisheries issue, is how much the tribe benefits as opposed to the individual fishermen who may be a small group.

Some of us have suggested to the tribes that they consider not catching the steelhead in nets but charging—it goes for something like $100 a day, people will pay to come in and pay for a guide. This could be something that could benefit the entire tribe and be a better way to maximize the return from the steelhead.

That is just something I suggested that they look at.

Mr. YATES. Mr. Harrison, would you be surprised if I were to read to you from a newspaper called the Seattle Times, dated December 19 which says that "Interior Secretary Cecil Andrus has said that legislation to decommercialize steelhead would amount to an abrogation of Indian Treaties if it does not provide Indians with an alternative——

Mr. HARRISON. I would not be surprised.

Mr. YATES. That is the Department, isn't it?

Mr. DICKS. He lays out an option.

Mr. HARRISON. He has taken a position firmly opposed to an outright abrogation of that right to take steelhead.

Mr. YATES. Well, there has got to be a trade-off. If you are going to maintain the cultural lifestyle of some of our Indians out there, you can't just keep shoving money at them. The courts have said they are entitled to fish. The Federal Government says they are entitled to fish and I say they are entitled to fish".

Mr. DICKS. We want to make sure that when they go fishing they catch something.

Mr. YATES. These were introduced——

Mr. DICKS. That is a separate bill. That is not part of the Administration's bill. It is not part of Senator Magnuson's bill.

Mr. YATES. All right.

Mr. DICKS. May I make just one more comment? The reason the decommercialization bill was introduced was to get the whole sub-

ject on the table to look at all of the issues and to try and come to a final legislative answer.

NAVAJO INDIAN IRRIGATION PROJECT

Mr. YATES. Let's talk about the Navajos again. Let's talk about their irrigation project.

There was a study indicating that even with the irrigation program, the operation was going to be a fiscal loss. For example, the Ball agricultural systems have now assumed management responsibility for the irrigation project.

They recently recommended that it be changed from agriculture to a livestock operation using the crops to feed the livestock.

Do you agree with the proposal or have you agreed with the proposal?

Mr. HARRISON. That is not entirely accurate.

Mr. YATES. All right. Give us the accurate presentation.

Mr. HARRISON. What the people have concluded is that given the cropping patterns available, and given the tremendous cost associated with continuing the development of the operation and given the additional needs to complete some facilities which had been begun with funds provided by other agencies, that the immediate need is to—to put into place the highest revenue generating activity available to them out there.

Mr. YATES. Why in the world would we put a provision in the law in 1938 that prevents the Navajos from cultivating wheat, corn, cotton, rice, peanuts and tobacco?

Mr. HARRISON. That is not peculiar to this project. That provision applies to the other irrigation activities that were constructed along with the entire San Juan project.

Mr. YATES. For the non-Indians as well?

Mr. HARRISON. Yes, for the non-Indians as well.

Mr. YATES. It says that nobody in that area whose crops are irrigated may grow wheat, cotton, rice, peanuts or tobacco.

Mr. HARRISON. Nobody's land which is irrigated from that project. It provides that for 10 years after construction of this project, that water will not be provided to lands on this project to grow crops which the Secretary of Agriculture has determined to be in surplus for that marketing year.

Obviously, the theory is that it makes little sense to provide—that was obviously the theory behind that provision.

Mr. YATES. They were trying to avoid surplus. But that is no longer the case, is it?

Mr. HARRISON. For this year, the Secretary of Agriculture——

Mr. YATES. Are non-Indians observing that provision at all?

Mr. HARRISON. I am not aware of any violations. I do suspect that the Water and Power Resources Service takes it very seriously and they visit these farms and advise the management of the list that the Secretary of Agriculture has in effect for the current year and has made it clear that as far as they are concerned, they won't provide the water user who is in violation of that provision.

Mr. YATES. Well, when will the 10 year period begin to run, when the total project is completed? Or will it run as to phases of the project that are completed?

Mr. HARRISON. It will run as to phases of the project.

Mr. YATES. So certain phases of the project have already been in existence for 10 years?

Mr. HARRISON. There haven't been that many out there that long. The first water was provided five years ago.

Mr. YATES. Unless the laws change for the future until the 10 year period has passed. Ball says that will have to be a livestock operation.

Mr. HARRISON. What I want to make clear here is they don't purport to turn that operation from a farm into a livestock operation. What they propose to do is to install the capacity to feed about 15,000 head of cattle in the coming year.

They will continue to grow several thousand acres of barley and beans and other crops as well. But they will have, and they figure they do have the capability from a business revenue point of view, to grow a good deal of hay for consumption on the farm and sell the product as beef.

Mr. YATES. Now you are requesting less money in this year's budget than you did last year, aren't you?

Mr. HARRISON. Yes.

Mr. YATES. What is the reason for that: budgetary constrictions?

Mr. HARRISON. Certainly that is one of the prime considerations. But we are also, as this committee directed us to do a couple of years ago, presently reviewing some major decisions which have to be made regarding the construction of the remainder of this project.

Because some of those elements are still under review in the Department and with the Office of Management and Budget, we have simply decided not to continue at the rate that we have been building this thing for the last several years.

Mr. YATES. Did the Navajos object?

Mr. HARRISON. They have not objected. The Navajos will object if they don't get the answers they want from our present deliberations.

Mr. YATES. What are you deliberating about presently?

Mr. HARRISON. The amount of water the project is entitled to.

Mr. YATES. Is there some contest on that?

Mr. HARRISON. Yes, there is a question of whether or not the project—this was a review that this committee directed us to undertake a couple of years ago; the question of whether or not the project is entitled as a matter of law to 508,000 feet of water and also questions of farming and agricultural economics and engineering as to just how much water the project actually needs to put the full 110,000 acres into production.

Those studies and review are being performed and the legal question is being reviewed now by BIA.

Mr. YATES. Is there opposition to that amount of water by some of the other water users?

Mr. HARRISON. I suspect there will be.

Mr. YATES. Where does the dispute arise?

Mr. HARRISON. It goes back to when the project was first designed—after the project was authorized and before it was constructed, the decision was made rather than to build a gravity flow system for the 110,000 acres to build a sprinkler system.

Concurrently with that decision was a decision in the Department to build the system to deliver only the amount of water that it would require to irrigate that land with a sprinkler system.

Since then, even the Bureau of Reclamation's assumptions in making those determinations have changed. So now their figures are different than the figures or the assumptions that were used in the construction of the first half of the project.

Mr. YATES. How much of the budget funds are requested for on farm development?

Mr. HARRISON. There is no on farm money in there.

Mr. YATES. Is the money that you have requested sufficient for the development of the next——

Mr. HARRISON. It will be sufficient for those activities that we will be engaged in until we make some very basic decisions about how big the remaining blocks or how big the delivery system for the remaining blocks is going to be.

Mr. YATES. When are you going to make that decision?

Mr. HARRISON. We are expecting to have that determined by the 1st of June but it may get stretched into the summer because there are several people involved here and the tribe, I am certain, will want to review the results of the studies that are underway now as well.

I would like to add, Mr. Chairman, that this project has been the subject of a good deal of discussion in this committee for several years.

Last year the actual farming operations on this project operated in the black. But with the inherited debt services and with the expenses associated with maintaining some of the facilities which were built in anticipation of a massive farm some years ago, the overall operation is still not showing—still did not show a profit last year but the actual farming operation did.

We are quite confident that we got this one turned around.

GALLEGOS RESERVOIR

Mr. YATES. What about the regulating reservoir at the Gallegos site?

Mr. HARRISON. That is part and parcel to the question of how much water we are going to provide. Some 46 miles of the canal is already built to deliver only 330,000 acre-feet. If we make the decision that the project is entitled to or needs 508,000 acre-feet, then the reservoir will have to be reinserted.

Mr. YATES. What is the cost of that?

Mr. HARRISON. The last estimate is $60 million dollars.

Mr. YATES. That will be determined by June along with the other questions?

Mr. HARRISON. That is the date we are shooting for, yes.

Mr. YATES. How good a shot are you?

Mr. HARRISON. I think we will be pretty good on this one, unless, as I say, the tribe gets involved and wants to extend that time while they have some reviews of their own done on the work products we come up with.

Mr. YATES. Who is going to make that decision? Who will you make it in conjunction with?

Mr. HARRISON. I won't make it. The Secretary will make it in conjunction with the White House budget office.

Mr. YATES. Are you betting?

Mr. HARRISON. I am not.

INDIAN LAND CLAIMS

Mr. YATES. Let's turn to Indian land claims. Last year Congress appropriated $3.5 million to settle the claim of the Narragansetts. How many Indian claims are currently being negotiated?

Mr. MILLS. I am not sure right now, Mr. Chairman.

Mr. YATES. All right. We will go to lunch in about a minute. You can give the answer later.

What is the status of the Maine claim? I had read where the——

Mr. HARRISON. The administration was as surprised as the rest of the country when that announcement came over the airwaves a couple of weeks ago.

Mr. YATES. Was it supposed to be a secret?

Mr. HARRISON. They had kept it pretty close up there. The Administration had proposed a settlement agreement about a year ago that we thought at that time had some hope of success but at that point there were some—the tribes weren't entirely comfortable with the size of it.

The State wasn't entirely comfortable with the contribution it was asked to make. Then the tribe and the State apparently went back in the room and conducted a year's worth of additional discussions without our involvement and announced a couple of weeks ago that they agreed that they are going to settle their differences and patch it all up for $81 or $82 million dollars.

Mr. YATES. Of which the Federal Government will pay how much?

Mr. HARRISON. Which I am confident they will expect the Federal Government to pick up.

Mr. YATES. You mean the full $81 million? What is the State giving?

Mr. HARRISON. I am not sure. Before I get into this, I guess I had better back up.

Mr. YATES. Let's find out what the settlement is.

Is there any estimate as to what it will cost the Federal Government to settle outstanding Indian claims? Are they still popping up?

Mr. HARRISON. They are not popping up anymore but there are still several alive. The biggest one is Oneida claim in New York which involves about 6 million acres of land. The court has already ruled in favor of the tribe not on all the issues but at least has declared null and void the treaty between the tribe and the State of New York.

Mr. YATES. How much money is involved in that?

Mr. HARRISON. That one will probably be the biggest and I don't think we have got a dollar figure on it with a quarter of a million acres of land in upstate New York—the problem is there are three groups of Oneidas.

There is one in Canada, one in New York, and one in Wisconsin, and——

Mr. YATES. Six million acres hang in the balance. Where did you get a quarter of a million? In New York, six million acres——

Mr. HARRISON. The Oneida claim—I misspoke.

Mr. YATES. What about the members of the six nations?

Mr. HARRISON. The Cayuga claim is the only one that I am aware of.

Mr. YATES. You have that settled.

Mr. HARRISON. The Maine claims are the big ones in New England. There are little groups in Massachusetts who are still pursuing claims but on whose behalf, the Government has not become involved.

There is a group in South Carolina pursuing a claim again, with which the Government has not become involved and there have been recent settlements in Rhode Island and Louisiana.

Mr. YATES. Will the payment to the Cayugas require legislation?

Mr. HARRISON. It would require legislation, and I believe, Mr. Chairman, that that legislation recently failed to pass the House.

Mr. YATES. Is $8 million the total cost to the Federal Government?

Mr. HARRISON. That would be the total cost.

Mr. YATES. Is that a negotiated claim or one based upon a court decision?

Mr. HARRISON. The Cayuga claim is a negotiated claim. We thought, at one point, that we had general agreement with not only the Cayuga Indians but the State and local officials as well.

Mr. YATES. Is the statute of limitations applicable to the claim?

Mr. HARRISON. The statute of limitations would be applicable to only money damages part of this claim.

Mr. YATES. Is the State of New York participating in the settlement at all?

Mr. HARRISON. The State was prepared to—at the point when we proposed—the State was prepared to contribute a State park in the area.

Mr. YATES. Is that still a part of the settlement?

Mr. HARRISON. The terms have not changed so far as I am aware.

Mr. YATES. Is the State of New York participating in the discussions on the Oneida claim?

Mr. HARRISON. The State of New York is participating to the extent that meaningful discussions can be had at this point on the Oneida claim. That one is difficult to get meaningful discussions on.

ALBUQUERQUE INDIAN SCHOOL—DESTRUCTION OF BUILDINGS

Mr. YATES. Mr. Secretary, you may or may not know that I have been interested in the American Institute for Indian Arts in Santa Fe.

Mr. MILLS. Yes, sir.

Mr. YATES. Does "Yes, sir" mean you know it?

Mr. MILLS. I am aware of it.

Mr. YATES. And you are aware of the fact that we are trying to find some way of bringing some reasonable settlement of the dispute between the Pueblos over their high school and the IAIA. Are you aware of that, too?

Mr. MILLS. Yes, sir.

Mr. YATES. I am told by my staff that somebody is dismantling the building at AIS.

Mr. MILLS. That was brought to my attention this morning. There had been a hold on it. There have been no buildings touched as of this morning.

Mr. YATES. Is there an order to demolish some of the buildings?

Mr. MILLS. Until I have some more facts—I just talked this morning to the people on the phone and asked them if this was going on, and the response to me at this time, and I haven't had a chance to check into it, is that it's a normal process that goes on in each area, under the responsibility of the area director and, of course, the plant manager to look at places where they have an old building, maybe the estimated life of the building is two years. They tear them down or sometimes they clean up those areas. There's been a stop order put on it.

Mr. YATES. You mean the area director can tear down any building that he wants to without checking with you?

Mr. MILLS. No, sir. They stay within the guidelines and procedures.

Mr. YATES. What are the guidelines and the procedures for tearing down old buildings?

Mr. MILLS. There are guidelines to look at old facilities, old buildings, that are unsafe,

Mr. YATES. Is Mr. Steele here?

Mr. STEELE. Yes, sir.

Mr. YATES. Won't you come up to the table, please?

Are you aware of what's going on out at Albuquerque?

Mr. STEELE. Yes, sir, we were told this morning.

Mr. YATES. What is happening there?

Mr. STEELE. There has been a contract issued to raze six buildings out there.

Mr. YATES. Tear them down?

Mr. STEELE. It was a contract issued out of the area office, the contracting officer.

Mr. YATES. When did he enter into the contract?

Mr. STEELE. The contract date was January of 1980.

Mr. YATES. January 1980 and your office heard nothing of this?

Mr. MILLS. No, sir.

Mr. YATES. We have been going on, you have had meetings on the IAIA and the AIS—did you know anything about this, Mr. Lavis?

Mr. LAVIS. No, sir, I didn't.

Mr. YATES. Did you know anything, Mr. Barlow?

Mr. BARLOW. No.

Mr. YATES. Why did we go through what seems to be the charade with, first of all, Mr. Gerard, and then the Under Secretary, Mr. Joseph, who has called a panel together? Why did we go through the charade of meeting to decide what to do out there when, in the meantime, somebody in BIA has apparently decided what to do?

How can you not know over a period of three months, where you have an active controversy of a step being taken such as Mr. Steele has described?

Mr. MILLS. Mr. Chairman, I don't know what buildings these were or whether these were buildings that wouldn't be reparable——

Mr. YATES. Mr. Steele, are they reparable?

Mr. STEELE. It would depend on who you listen to in the reports.

Mr. YATES. You are the one in charge of the task force out there. You have made a report to the effect that the buildings at AIS are among some of the most beautiful in the area, as I remember.

Mr. STEELE. Correct.

Mr. YATES. And that the others are reparable at a certain cost; is my memory correct?

Mr. STEELE. That's correct, sir.

Mr. YATES. Why is somebody tearing down the buildings before we decide whether they should be rehabilitated?

Mr. MILLS. I do have a stop on, and we will look into that——

Mr. YATES. Why would Mr. Garcia do it?

Mr. MILLS. Mr. Garcia is the contracting officer, and I guess he takes orders from the Director of Administration.

Mr. YATES. Who is the Director of Administration?

Mr. MILLS. A gentleman out there by the name of Mr. Youngdeer.

Mr. YATES. Does Mr. Youngdeer take orders from anybody?

Mr. MILLS. The area director who, at the present time, is a gentleman named Mr. Payton.

Mr. YATES. Mr. Payton. Is he the one who gave the order? Do you know?

Mr. STEELE. The order was signed by Mr. Youngdeer.

Mr. YATES. Mr. Youngdeer gave the order?

Mr. MILLS. Mr. Chairman, not knowing all of the facts of this, I am sure there is an explainable answer and I think when we investigate it, sir, we'll find that that will be true.

Mr. YATES. Say that again.

Mr. MILLS. I think when we look into this matter more closely, we will find that it was not the intent of these people out there to go tear down buildings. I think it's an explainable situation.

Mr. YATES. I don't think there was just intent to tear down the buildings. I think there was intent to take over the Institute of the Art of the Pueblos.

Out of the blue, why should he, out of the blue, decide to tear down a few of those buildings? How can he not know of the controversy? There have been meetings going on in Albuquerque and Santa Fe; haven't there?

Mr. MILLS. Yes, sir. I'd like to suggest that we have a chance to look into the matter and—

Mr. YATES. Would you like to use the facilities of the committee and make a phone call? Who signed the contract?

Mr. STEELE. Mr. Garcia.

Mr. MILLS. I talked to Mr. Youngdeer out there. I think it would take longer than a phone call to look into the facts totally. I would like to have an answer for you tomorrow, sir.

Mr. YATES. In the meantime, is there a hold order on?

Mr. MILLS. Yes, sir.

Mr. YATES. Have there been any attempts to change the facilities at the Institute by tearing down any of the buildings or by building fences or anything of that sort?

Mr. MILLS. I'm not aware of any, sir.

Mr. YATES. Would you find out about that, too, sir?

Mr. MILLS. Yes.

Mr. YATES. Which buildings were being torn down, Mr. Steele?

Mr. STEELE. The building numbers were 211, 212, 247, 253, 261 and 262.

211 and 212 were administrative-type office buildings. 247 is an old dormitory. I believe 253 I checked in here as an old gymnasium out there; and 261 and 262 are administrative type.

Mr. YATES. Were those buildings within your plan for rehabilitation?

Mr. STEELE. Yes, sir.

Mr. YATES. Could they have been rehabilitated?

Mr. STEELE. They were called for it.

Mr. YATES. Well, give me those numbers again, Mr. Steele.

Mr. STEELE. 211, 212, 247, 253, 261 and 262.

Mr. YATES. From your report on the 20th on the Albuquerque Indian School:

Two consultants have stated that Building 247, 210, 211, and 214 are unsafe because of unreinforced masonry walls not in compliance with the Uniform Building Code seismic criteria. There is no question that the buildings do indeed violate the code, but to destroy these structures for that reason alone would be imprudent. Perhaps as many as 50 per cent of the structures in the Albuquerque area—all of which were built prior to the code requirement—do not meet code compliance for safety.

The Menual School, in use by the City of Albuquerque today, was built at approximately the same time, with the same methods, is a beautiful school and, if reviewed under the consultants' criteria, would be required for demolition.

The building codes, when developed and approved at National Conventions, recognized that such problems would occur when new regulations were applied to existing buildings.

In the Uniform Building Code, Section 104 addresses repair and improvement to existing facilities. In general, when repairs are equivalent to less than 50 per cent of the cost of the facility in a 12-month period, then the entire facility need not be brought up to present-day codes. Only the new repair work need be code compliant. Further, in structures deemed historically significant, code compliance need not apply, provided improvements and repairs actually make the structure a safe facility. Therefore, to state that these structures should be demolished because at the time of construction they did not meet a present day construction code, is actually attempting to apply the building code as a retroactive law—which was never its intent.

To further evaluate this issue one must consider the condition of the facilities and their performance with historical seismic activity. The Geological Survey Seismological Laboratory of Albuquerque has recorded approximately 9 earthquakes or tremors in the area since the buildings 210, 211, 219, and 247 were constructed. These rank as high in magnitude as 3.5. Therefore, these structures have endured a history of earthquakes with no significant damage. Buildings 210 and 211 do show wall cracks, but these appear to be settlement cracking, not movement from seismic activity.

It then seems that to demolish buildings of such character, history and value, when their proven performance is good, without questioning the validity of applying modern building codes, would be a serious error.

It is the primary recommendation of this report that every attempt be made to repair, improve, and utilize the facilities at the AIS. Those specific recommendations are provided in two sections.

Then it talks about the basic cost of repairing and finishing. Mr. Steele comes out with a cost of $5.5 million.

The cost represents today's cost and must be escalated to construction award date.

The conclusion:

The Bureau at present finds itself holding 25 acres of prime land, with approximately 230,000 square feet of plant. Some sections are of historical interest to the community, and the entire facility offers great opportunity for development. Due to age and lack of proper maintenance, the plant is in poor repair. But this should not mislead anyone into believing that it is a lost cause. It is the recommendation of this report that the AIS be improved and put to use as an integral part of the BIA services, either as a school or as a Federal complex.

OK, do you want to read that to Mr. Youngdeer, do you think, or will you remember it?

Mr. MILLS. Yes, sir.

SCHOOL CONSTRUCTION

Mr. YATES. Thank you, Mr. Steele.

On January 28th I requested the Bureau to develop criteria on the establishment of new schools. Has that criteria been developed yet?

Mr. BARLOW. Mr. Chairman, we are in the process, and this report is due by October 26, 1980.

Mr. YATES. Why so long?

Mr. BARLOW. The rules and regulations were developed which specified this and gave us this particular time span—

Mr. YATES. The rules and regulations. What is the difference between that and developing criteria?

Mr. BARLOW. None that I know of.

Mr. YATES. If they have already been developed, why do you have to take until October to develop criteria?

Mr. BARLOW. At the present time we are having field reviews and consultation with the tribes and various people are interested in this.

Mr. YATES. Do you want to furnish the committee with a copy of the rules and regulations?

Mr. BARLOW. Yes.

[The information follows:]

NEW PROGRAM/SCHOOL STARTS

Two separate but similar proposals are currently under review to establish a policy for new program or school starts. A decision should be made by mid-May, with publication for comment by the end of June.

The proposals have two main provisions:

(1) Programs to serve students already included in the student count (e.g., adding a grade at one school which will serve students attending another BIA funded school) may be started the first school year after approval of a feasibility study; and

(2) Programs to serve students not included in the student count (e.g., assumption of a public school or start of a new school to serve previously non-BIA students) requires approximately 18 months after approval in principle so that the students can be included in the budget request.

Mr. YATES. Is there any way in which public schools can be established to meet the educational needs of the Indian children?

Mr. BARLOW. In the case of public school education, this, of course, is a function of the state, and each state does have——

Mr. YATES. Do they take into consideration the special needs of the Indian people when they instruct at the school?

Mr. BARLOW. The states?

Mr. YATES. Yes.

Mr. BARLOW. It's been my experience that the school construction is a local prerogative. Generally, they attempt to meet the specific needs of that particular population.

I think the big problem with school construction in the states is that the funds that are necessary for construction are usually raised by bond issues with local property taxes. And most Indian reservations that have public school districts don't have this financial capacity.

Mr. YATES. How many schools have been established within the past year that do not meet minimum safety and educational standards?

Mr. BARLOW. How many schools have been constructed?

Mr. YATES. Yes, established. Any that do not meet minimum safety and education standards. Do you have any?

Mr. BARLOW. We have brought on several new schools and certainly attempted to insure that they did meet the minimum safety requirements.

Mr. YATES. Do you know whether they do?

Mr. BARLOW. Not specifically, sir.

Mr. YATES. Can you check that?

Mr. BARLOW. We sure can.

[The information follows:]

SCHOOL SAFETY AND EDUCATIONAL STANDARDS

*Schools established in the past year*

There are no schools established in the past year that do not meet minimal safety and educational standards.

*Assurance that several new schools will meet minimum safety and education standards*

The revised 25 BIAM Basic Manual—Safety Management provides for assurance of safety standards for all schools:

The Division of Safety Management develops and maintains a Bureauwide safety program which: (1) insures safe and healthful work locations; (2) provides technical guidance, information and staff resources for the conduct of Area safety programs; (3) conducts research and provides engineering services on Bureau safety and health programs; (4) provides technical assistance to Indian tribes, and contractors in the establishment and maintenance of safety and health programs; (5) eliminates hazards which may cause accidents (accident prevention); (6) protects lives and physical well-being of Bureau employees and users of Bureau facilities; (7) promotes greater work efficiency by holding the number of accidents to a minimum; (8) insures lowest possible compensation costs; (9) protects Bureau property; and (10) promotes and insures high standards of physical fitness of workers on all jobs in the Bureau. The Division is a staff function of the Bureau that carries out much of its responsibilities by operating through line officers. It develops and maintains a data base consisting of statistics on accident, injury, fire and property damage. This information is stored in the main computer and is used to develop trends, determine trouble areas, etc., and serves as a base for accident prevention and safety training.

It develops safety training materials for students and teachers in Bureau schools, and is responsible for their distribution and use, and subsequent evaluation for effectiveness.

Education standards are being developed in accordance with Public Law 95-561. Until that time all schools meet minimum standards as set by States.

OFF-RESERVATION SCHOOLS STUDY

Mr. YATES. You have a study of 14 off-reservation schools to provide more effective use of the facilities. May that study be made available to the committee?

What were the conclusions of that study, that the off-reservation schools be closed or left open, or what?

Mr. BARLOW. The final report has not been issued. Part of the thinking, I think, is to improve the efficiency and effectiveness of the off-reservation boarding schools: Second, consider the capacity.

Mr. YATES. Have Chilocco and Seneca been closed, or will they be closed in June?

Mr. BARLOW. Right. The legislative language requires that no Bureau funds be expended beyond June 15th.

Mr. YATES. What is the condition of Chilocco and Seneca?

Mr. BARLOW. The facilities?

Mr. YATES. Yes, the actual condition of the facilities.

Mr. STEELE. Chilocco and Seneca combined require almost $24 million worth of repairs.

Mr. LAVIS. Some of those facilities at Chilocco, Mr. Chairman, have been closed because of declining enrollment, so they have been boarded up and maintained——

Mr. YATES. Should they be demolished?

Mr. STEELE. If the Bureau doesn't maintain them, the cost of the improvement goes away.

Mr. YATES. If they are not going to use them, they should be boarded up and just sealed off. Are they on a reservation?

Mr. STEELE. They are off the reservation, but the Bureau has control of them.

Mr. YATES. They are off-reservation.

Mr. LAVIS. They may be turned over to GSA.

Mr. YATES. What do you do, turn them over to the GSA as surplus or something?

Mr. LAVIS. Yes, sir.

Mr. YATES. Have you done that?

Mr. LAVIS. Not in my experience; no, sir.

In answer to your question on demolishing, some of those buildings have been demolished over time.

Mr. YATES. Twenty-four million to put them in shape. Are there any off-reservation Indian schools that are not being used and are in good condition?

Mr. STEELE. I'd have to go through the reports one by one.

EXCEPTIONAL CHILD FACILITY

Mr. YATES. The reason we are asking that question is that we have had hearings with Indian Health Services and the testimony discloses the need for a facility like an off-reservation boarding school that has the means for taking care of both children and their parents. We are thinking of the necessity for taking care of the exceptional children. And Laguna, as you remember, made a proposition to build the building with dormitories and a diagnostic center. We thought of the possibility that perhaps Chilocco or Seneca could be used.

You say the combined cost is $24 million. Is it possible that the cost for one of the facilities is not half of that?

Mr. STEELE. I believe it is. We can supply that for you.

Mr. YATES. Would you take a look at that and let us know that as well as the others.

Mr. STEELE. Yes, sir.

Mr. YATES. Because, if it is a reasonably good facility, it can be used for that purpose, there's no sense in building a new one which would cost infinitely more.

[The information follows:]

COST OF REPAIRING EITHER CHILOCCO OR SENECA FOR OTHER PURPOSES

The cost of repairing Seneca for other purposes has been estimated at $2,640,349 and the cost of repairing Chilocco $29,322,000.

Those estimates are based on reports, done by architectural survey firms, of costs of repairs for educational purposes.

Mr. YATES. Incidentally, how is your joint operation with IHS going on, taking care of the exceptional children?

Mr. LAVIS. I think it's going very well. We brought in the staff late in the fall and have signed a memorandum of agreement and are proceeding to work very closely together.

I have visited twice with them out in Albuquerque. That program up to this point has done far more in the field than it has in terms of bringing them into a central location. We need to do that in terms of knowing how well we are doing with those exceptional children.

Mr. YATES. Has your study disclosed whether other schools should be consolidated?

Mr. LAVIS. The off-reservation school study? That study does suggest some consolidation and some closure.

Mr. YATES. What is the estimated cost saving?

Mr. LAVIS. Principally, Mr. Chairman, anytime we close those schools, the O/M cost, we would probably have savings immediately. I don't know what the savings would be on the study yet.

Mr. YATES. Would you check it and let us know?

Mr. LAVIS. Yes, sir.

Mr. YATES. And check to let us know if Chilocco and Seneca were recommended for being closed.

Mr. LAVIS. Sir, that's already under way.

PIMA ROAD

Mr. YATES. I was going to ask you about the Pima Road dispute, in connection with which we had requested a legal interpretation from the Solicitor of the Department. We now have a letter dated March 18th from the Solicitor which is a pretty well-written opinion, except that he leaves us dangling in the air.

He suggests that rather than the Federal Government paying money, the Indian tribes should sue the city.

We will put the opinion in the record at this point.

[The opinion follows:]

# United States Department of the Interior

OFFICE OF THE SOLICITOR

IN REPLY REFER TO:

MAR 18 1980

Honorable Sidney R. Yates
Chairman, Subcommittee on Interior
and Related Agencies
Committee on Appropriations
United States House of Representatives
Washington, D.C. 20515

Dear Chairman Yates:

In your letter of January 29, 1980, to Secretary Andrus, you expressed concern on behalf of the House Conferees over the proposed expenditure of funds for the reconstruction of Pima Road in Scottsdale, Arizona. As promised, we are providing you with our view of the legal responsibility of the United States to the Indian owners of lands which the road crosses.

Although the question has been in litigation for several years, Loring et ux. v. United States, et al., Civil No. 76-514 PHX, U.S.D.C. D. Ariz., there has been no trial in which the facts surrounding the construction of the road have been presented. Thus, our understanding of the facts is not complete. Specifically, we have not yet been able to determine the extent to which the consents of Indian owners of allotted lands were obtained, and also whether there was actually any duress, misrepresentation, or fraud in the effort to obtain the Indian owners' consent as alleged in the Loring litigation. Therefore, we will state the facts as best we can, and then discuss the legal issues involved.

The Salt River Pima-Maricopa Reservation is a product of several Executive Orders. The Indian Department Appropriations Act for the 1859 fiscal year, Act of February 28, 1859, 11 Stat. 388, authorized the President to set aside lands not to exceed 100 miles square lying on or near the Gila River for the Pima-Maricopa Indians then in the Arizona Territory, 11 Stat. 401. The Executive Order of June 14, 1879, in turn established a reservation for them on the Salt River as an addition to the reservation authorized to be established in 1859. Further Executive Orders of October 20, 1910 (No. 1256), March 22, 1911 (No. 1322), September 28, 1911 (No. 1416), and October 23, 1911 (No. 1426), added lands to the reservation. The only legislation which Congress has enacted specifically recognizing the reservation was in the Act of February 12, 1901, 31 Stat. 786, wherein the Arizona Water Company was authorized to construct a water power plant within the reservation.

In 1950 the reservation consisted of 46,627 acres. Of that amount, 25,229 acres had been allotted to members of the community; 21,333 remained in tribal ownership; and 65 acres had been reserved by the Government. Status of Indian Public Land Problems, House Subcommittee on Indian Affairs Report Pursuant to H. Res. 66, 81st Cong., 2d Sess., pg. 436. The Community of

Pima-Maricopa Indians voted to accept application of the Indian Reorganization Act, 25 U.S.C. §§ 461-479, to their reservation, and in 1940, the Secretary approved a constitution under the act. Haas, Ten Years of Tribal Government under I.R.A., pgs. 14 and 25. In 1940 there were almost 1200 members of the Community living on the reservation. Id.

Pima Road forms most of the western boundary of the reservation for a length of almost eight miles. To the west is the City of Scottsdale. The center line of the road is the section line in Townships 1 and 2 N., Range 5 E., Salt River Meridian. See attached reduced-size map. The Arizona Canal cuts across the road at a point about two miles south of the northern terminus of the reservation. As far as we have been able to learn, Pima Road existed prior to 1965 as an unimproved dirt road, except for the portion north of the Arizona Canal or Indian Bend Road nearby.

There are essentially three segments of the road with which we are concerned. Near the southern end is a one-mile segment from McDowell Road north to Thomas Road. Continuing north, there is an almost four-mile segment from Thomas Road to the Canal or Indian Bend Road. And there is the final, northerly segment north of Indian Bend to the reservation boundary. Each one of these segments will be discussed in turn. With respect to the McDowell to Thomas segment, the Area Road Engineer of the Phoenix Area Office of the Bureau of Indian Affairs (BIA) filed an application on May 3, 1966, for a right-of-way covering this portion. The proposed right-of-way was to be 40 feet in width with an additional 15-foot corridor for the location of public utilities to benefit the landowners. The application stated, "Future uses of said 15-foot easement as a road right-of-way shall be paid for at the market value at the time of taking, excepting those facilities of benefit to the landowner." All of this portion is in allotted Indian ownership. There are seven parcels of allotted land. The consent of the Indian owner was obtained for each parcel. In each of the consent forms executed by the Indian owners, they agreed to the granting of the right-of-way to the BIA "without payment of damages." The right-of-way for the one-mile segment was granted by the Salt River Agency Superintendent on June 23, 1966. The road was constructed that same year. As far as we have been able to learn, it was a joint project among the Tribe, the Bureau and the City. The Tribe contributed building material such as gravel taken from tribal land; the Bureau contributed funds and equipment, the funds being used to hire labor; and the City hired a contractor to pave the road surface.

For the Thomas-Indian Bend segment, there are seven parcels of tribal land and nineteen parcels of allotted land. An application was filed by the Salt River Agency on February 7, 1967, for a right-of-way of the same scope as the McDowell to Thomas portion. The President of the Salt River Community Council executed a consent to the right-of-way over the seven parcels of tribal land. For the nineteen allotted parcels, the consent of the majority of the owners was apparently obtained. In each case, the consent form expressly stated that consent was being given without payment of damages.

Unlike the Thomas to McDowell segment, the Agency did not formally act to grant itself a right-of-way. We do not know precisely when this portion of the road was constructed; but we are given to understand that it was, like the other portion, a joint effort of the Tribe, the BIA and the City. Completion of the paving may have come as late as 1972. It was about then that a bridge over the Canal was constructed. We do not know whether the Bureau or the Tribe subsidized any of the construction expense of the bridge.

For the final segment of the road, from Indian Bend to the north reservation boundary, there are seven parcels of allotted land and one parcel of tribal land. The Tribe apparently did not consent to a right-of-way over its one parcel. Furthermore, the consent of the allotted Indian landowners does not appear to have been obtained. We are informed that this portion of the road had been paved prior to 1965. We do not know whether the road was improved at all after that year.

We have been told that an effort to obtain the consent of some of the Indian owners was made by individual members of the Tribe employed by the BIA. What methods those persons used in obtaining the consents we do not know. However, with respect to Indian owners who were not local residents, the Bureau apparently did attempt to obtain consent of those persons through the mail.

The joint effort to improve Pima Road had as a primary objective the routing of east-west traffic around the reservation. The Tribe and the Bureau wished to avoid bisecting the reservation with an arterial road that would dramatically change the character of the reservation. Now the City wishes to further improve Pima Road, to expand it from two to four lanes and to extend it to the City of Tempe. As with the earlier effort, the City is willing to assume the responsibility for the western portion of the road adjoining the reservation. It is apparently of the view that the eastern portion is the responsibility of the Bureau and the Tribe.

Although we have seen no documentation of this fact, we understand that the Bureau assigned the right-of-way to the City in 1973. In 1974 the City attempted to widen the road on the eastern side of the McDowell to Thomas portion. Its action was protested by the Indian owners. It was then that the City first learned that no formal right-of-way had been acquired for most of the road.

On July 28, 1976, the Lorings, owners of allotted lands in the Thomas to Indian Bend segment, filed suit in Federal District Court. They brought it as a class action on behalf of all similarly-situated landowners, allegedly some 200 members, but the class has not yet been certified by the Court. They allege a taking of their property for the construction of Pima Road, and they seek compensation in excess of $66,000. Moreover, they allege that the consents obtained are invalid and void due to the fact that they were acquired under duress, misrepresentation and fraud

". . . and have not received the approval of the Secretary of Interior as required by the laws of the United States." The named defendants were the United States and the City of Scottsdale. The District Court dismissed the complaint on the ground of lack of subject matter jurisdiction.

On December 17, 1979, the Court of Appeals for the Ninth Circuit handed down its decision on the plaintiffs' appeal. Loring v. United States, 610 F.2d 1249. It affirmed the District Court's dismissal as against the United States on the grounds that the statute of limitations for filing actions against the government, 28 U.S.C. § 2401(a), had run. That statute provides for a 6-year limitation period from the time a cause of action accrues. The Court found ". . . the road was completed October 30, 1968 and was dedicated to public use November 22, 1968 . . . ." 610 F.2d at 1250. However, it reversed the dismissal of the claim against the City. Id. at 1251. Thus, the matter was remanded to the District Court for further proceedings. Id. The net result of the decision of the Court of Appeals is that the City could still be found liable in money damages for the taking of the road, but the United States could not be.

The Bureau proposes to spend $750,000, of which about $580,000 would be for payments to the Indian owners for the existing roadway. It is the expenditure of this amount which troubles the House Conferees.

Issues

1. Were valid rights-of-way obtained administratively from the Tribe and the individual Indian landowners?

2. Did the persons owning interests in allotted lands and the Tribe dedicate an easement to a public use?

3. Was their property taken:

   a. By the United States?

   b. By the City of Scottsdale?

4. If their property was taken, what remedies do the allottees and the Tribe now have, if any, as against:

   a. The United States?

   b. The City of Scottsdale?

5. Is the Bureau of Indian Affairs now estopped from reacquiring a right-of-way for the existing Pima Road?

Analysis

There are essentially three means of acquiring a right-of-way for a public road across Indian lands: administrative grant, dedication, or condemnation. The first means is authorized by two laws, section 4 of the Act of March 3, 1901 (25 U.S.C. § 311), and the Act of February 5, 1948 (25 U.S.C. §§ 323-328), and governed by the regulations in 25 C.F.R. Part 161. Section 2 of the 1948 Act (25 U.S.C. § 324) provides that "[n]o grant of a right-of-way across any lands belonging to a tribe organized under [the Indian Reorganization Act of 1934] shall be made without the consent of the proper tribal officials." The 1901 Act contains no similar provision, but the consent requirement has been applied to all tribes by regulation since 1951. 25 C.F.R. § 161.3(a). As mentioned earlier, the Salt River Community is organized under the Indian Reorganization Act.

Section 2 of the 1948 Act also implicitly requires the consents of individual Indian landowners:

> Rights-of-way over and across lands of individual Indians may be granted without the consent of the individual Indian owners if (1) the land is owned by more than one person, and the owners or owner of a majority of the interests therein consent to the grant; (2) the whereabouts of the owner of the land or an interest therein are unknown, and the owners or owner of any interests therein whose whereabouts are known, or a majority thereof, consent to the grant; (3) the heirs or devisees of a deceased owner of the land or an interest therein have not been determined, and the Secretary of the Interior finds that the grant will cause no substantial injury to the land or any owner thereof; or (4) the owners of interests in the land are so numerous that the Secretary finds it would be impracticable to obtain their consent, and also finds that the grant will cause no substantial injury to the land or any owner thereof.

We do not know if any of these exceptions to the consent requirement were invoked with respect to Pima Road, or whether they may have been applicable.

Section 3 of the 1948 Act (25 U.S.C. § 325) requires that "[n]o grant of a right-of-way shall be made without the payment of such compensation as the Secretary of the Interior shall determine to be just." The applicable regulation, 25 C.F.R. § 161.12, in turn provides that the compensation shall not be less than the appraised fair market value of the right-of-way, plus severance damages, "[e]xcept when waived in writing by the landowners or their representatives . . . and approved by the Secretary."

As you can see from our description of the facts surrounding the construction of Pima Road, it appears that a number of the parcels were crossed without the BIA (much less the City of Scottsdale) obtaining valid rights-of-way in accordance with the 1948 Act or the regulations thereunder. Valid consents may have been obtained for the middle and the southernmost segments, but there remains the question whether the lack of consideration renders those rights-of-way invalid.

Want of consideration may present less of a problem if the rights-of-way are determined to have been acquired by the Bureau by means of a dedication to public use by the Indian landowners. See 2 Thompson on Real Property § 369, pp. 461-462. When an Indian tribe or allottee is granting its consent to the Bureau so that the agency may construct a road, such consent may be viewed as a dedication of an easement. In effect, a dedication is a donation of the equitable interest in the property for the easement. No compensation is involved. Since the United States owns the legal title to Indian tribal and allotted lands and the Indian owns the equitable or beneficial title, the formal granting of a right-of-way to itself after the Indian owner's consent has been obtained may be viewed as functus officio—an act already done. However, the regulations for the Bureau of Indian Affairs road system, 25 C.F.R. § 162.5(b), provide that if assignment of the road right-of-way is contemplated within ten years, then a formal document authorizing assignment should be executed. As far as we have been informed, this regulation was complied with for the McDowell to Thomas segment.

Moreover, "the doctrine [of dedication] rests on intention or a clear assent of the owner, and must be under circumstances indicating an abandonment to the use of the general public. It is accomplished only by the owner's voluntary consent." 2 Thompson at p. 466. It is this very fact of voluntary consent that is still in litigation in Loring. If, on remand, the District Court finds that, as alleged, there was fraud, misrepresentation or concealment practiced in obtaining consent, then it would be clear that there has not been a valid dedication of an easement.

Furthermore, if fraud or misrepresentation were practiced in obtaining the consents of the Indian owners, then the Government would not be prevented from declaring that the rights-of-way over the Indian lands were void. The Government is not estopped from denying the validity of acts of officials beyond the scope of their authority. Federal Crop Ins. Corp. v. Merrill, 332 U.S. 380 (1947). Clearly, fraud in the inducement by government officials or their agents would be beyond their authority. Thus, the Federal Government would not be estopped from denying the validity of the rights-of-way. Courts have upheld the authority of the Secretary to cancel agency actions taken in violation of regulations, Boesche v. Udall, 373 U.S. 472 (1963), Seaton v. Texas Co., 256 F.2d 718 (D.C. Cir. 1958). A court has even concluded that a lease of Indian lands approved by a BIA

official at a rental less than the highest remuneration obtainable does not create any vested rights in the lessee and may be set aside by the Secretary. Gray v. Johnson, 395 F.2d 533 (10th Cir. 1968). However, without a factual predicate for the conclusion that the consents of the Indian owners were not voluntarily given, we cannot at this time advise the Bureau to cancel the rights-of-way involved here. Again, this issue is before the court in Loring.

The third means of obtaining a right-of-way across Indian lands for highway purposes is by eminent domain. Condemnation of allotted lands in federal court is authorized by 25 U.S.C. § 357. There is no comparable statute for tribal lands. In any event, it is clear that no formal condemnation proceedings were ever undertaken in connection with the construction of Pima Road.

There remains the question, however, whether any of the lands crossed by the Road were "taken" administratively, creating a right to sue for "inverse condemnation," i.e., damages. In United States v. Clarke, 590 F.2d 765 (9th Cir. 1979), the court of appeals held that the United States could not evict the City of Anchorage from a public roadway across an Alaska Native allotment on the ground that no valid right-of-way was ever condemned or issued. It held rather that the Government and the allottee were limited to a damages remedy ("inverse condemnation") since the City was empowered to take easements for roadways under State law. We sought review of this decision in the Supreme Court. Certiorari was granted, and argument was heard in January. It is the Government's position that municipalities cannot condemn Indian allotted lands without filing a condemnation action in federal court. If our position prevails, the Lorings may be able to evict the City of Scottsdale from that portion of Pima Road that crosses their allotment—or force the City to file condemnation papers in federal court and pay damages for past trespass. The City will be free of liability only if it can demonstrate that it or the Bureau obtained a valid right-of-way in the first instance by means of administrative grant or dedication to public use. Again, the issue of voluntary consent is largely dispositive of that issue.

Remedies

The question of the power of the United States, through the Bureau of Indian Affairs, to condemn Indian lands for public road purposes is somewhat more complicated. However, it need not be discussed here because there is a serious question whether any of the Indian landowners would be able to recover any damages from the United States for an unauthorized taking. This is because the court of appeals in Loring has already ruled that that claim is barred by the running of a 6-year statute of limitations. We presume that other Indian landowners along Pima Road would be similarly barred from recovering from the United States.

However, we reach a different conclusion with respect to the remedies the Tribe and allottees may have against the City. As mentioned above, with the remand in Loring the City could be liable in money damages for a taking. It could also be that the equitable remedy of ejectment could be imposed against the City, depending on the decision of the Supreme Court in Clarke.

Reacquisition of the Right-of-Way

Notwithstanding the potential for liability of the City, there does not appear to be a legal bar to the BIA's reacquisition of the right-of-way from the Tribe and individual Indian owners. The doctrine of governmental estoppel would allow the officials to determine that their previous actions were in violation of their authority. However, there does not yet appear to be an adequate factual basis for such a determination. As much as we have at this point are the allegations of the Lorings that the officials or agents of the Bureau used fraud, misrepresentation and concealment in obtaining their consent. It appears that the Community tribal council endorsed the improvement of Pima Road, just as the council today endorses its expansion. Whether the actions taken with respect to the individual Indians to obtain their consent was mere chicanery is, again, a matter on which we have no factual ground to base a conclusion. Presumably that factual basis will be developed in Loring.

Whether sums should be appropriated and expended to reacquire the rights-of-way is a policy decision not within the scope of this opinion. However, we feel obligated to note in conclusion that it is still possible that the Indian landowners can be fully compensated by means of pursuing the Loring suit against the City of Scottsdale. Moreover, we understand that the City wishes to widen the Road. Issues of past damages could presumably be negotiated with the City in connection with bargaining over new rights-of-way, though we have no idea whether this approach is realistic. If the City finally prevails in the Loring litigation and is found not to be liable, some compensation may still be due the Indian landowners as a moral and equitable matter, though the Government would apparently not be liable in a court of law because of the running of the statute of limitations. Again, we are hampered by the lack of a complete factual record before us. However, we will attempt to better ascertain the facts. Should any information we obtain cast a different light on the matter or better enable us to state a conclusion, we will advise you.

Sincerely,

FREDERICK N. FERGUSON

Deputy SOLICITOR

Enclosure

cc:
Honorable Dennis DeConcini

MANAGEMENT IMPROVEMENT PROJECT

Mr. YATES. OK, let's talk about the management improvement program now. Can you supply for the record the status of each of the projects, including the MIP?

Mr. MILLS. Yes, sir.

Mr. YATES. And indicate when they will be completed.

Mr. MILLS. Yes, sir.

[The information follows:]

# United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

MAY 2 1980

Honorable Sidney R. Yates
Chairman, Subcommittee on Interior and Insular Affairs
Committee on Appropriations
House of Representatives
Washington, D.C. 20515

Dear Mr. Yates:

In accordance with the Committee's directive to provide quarterly status reports on Bureau of Indian Affairs' Management Improvement Program, this is to inform you of progress as of the end of the second quarter of FY 1980.

The program consists of six projects: (1) The Budget Execution System (Project Integrity); (2) ADP and Information Systems Modernization; (3) The Training and Professional Assistance Project; (4) The Administrative Services Center; (5) the Central Office Review; and (6) the Area Office Reviews.

At the hearings on our FY 1981 budget request, you asked that we submit for the record a summary of the status of Management Improvement Program projects and estimated completion dates. Since this quarterly report provides the information desired, we would appreciate your accepting this letter as the submission required for the record.

## Budget Execution System (Project Integrity)

### Purpose

To enable BIA to monitor and control program cost, report on how program dollars are spent and evaluate and adjust plans, as required, during budget execution.

### Status

Based on Price Waterhouse's final report, implementation task forces were established to address the recommendation for four new systems or processes: (1) financial planning and reporting system, (2) program accomplishment planning and reporting system, (3) administrative and management review, and (4) source document control processes.

The implementation effort is moving ahead. A new financial planning system is to be installed for use in FY 1981. Development work is proceeding. Instructional materials and employee training are scheduled between now and October 1. An interim system is being used for the FY 1980 midyear financial review to be conducted in May. The financial reporting format is complete and is being analyzed for needed ADP support. A proposed management review and evaluation system is complete, along with a draft manual release and proposed activity indicators. Document control is being built into the various administrative reform projects being conducted by the Administrative Services Center. ADP support for Project Integrity is also being coordinated by the Center.

Projected Completion Dates

The installation of an operational Budget execution system will be completed by September 1981.

## ADP Information Systems Modernization

Purpose

To research and develop a Bureauwide information system to meet managerial, programmatic and administrative needs of BIA and the Office of the Assistant Secretary, utilizing computer technology to the extent practical.

Status

The obsolete computer equipment in Albuquerque is being phased out and replaced with a Teleprocessing Service Program from Martin Marietta (MMDS). Gruman Corporation is currently converting BIA computer programs to MMDS under contract.

The Bureau's ADP management plan has been approved by the Assistant Secretary and Department. The plan contains options for information systems, together with recommendations for the system to be adopted. The new ADP System and MIS will provide computer capability at each Area Office with terminals at each Agency and major school facility. A computer for centralized MIS and administrative document processing will be located in Albuquerque at the Administrative Services Center.

A decision on an acquisition strategy for the new computer system has been made. A study of equipment sizing and government operations cost of the new computer system has been completed pursuant to OMB Circular A76. The final RFP for acquisition of the new equipment has been printed and is under review. The RFP will be submitted to GSA for approval during May. A delegation of procurement authority is expected soon thereafter as GSA has been actively involved throughout the

development of the new computer system and RFP. Some delays have been introduced into the FY 1981 delivery schedule to accommodate budget adjustments required as part of the President's overall Budget reductions.

A lease has been finalized for terminals that will provide Area/Agency communications to the Bureau of Mines computer on a interim basis to build Area/Agency experience and data files. The delivery of the terminals has been completed and are currently being brought on line.

Computer services have been changed to a user charge system. New computer programs in support of the new Budget Execution System are being developed.

Projected Completion Dates

The project is currently on schedule.

| | |
|---|---|
| ° Conversion to MMDS | October 1980 |
| ° Delivery of first computer | April 1981 |
| ° All computers delivered | January 1982 |
| ° Bureau-wide computer system on-line | February 1982 |

## The Training and Professional Assistance Project Office of Technical Assistance & Training (OTAT)

Purpose

To consolidate BIA's technical assistance and training programs and provide centralized policy and direction in the delivery of services to Indian tribes and Alaskan Natives groups, as well as BIA employees.

Status

The Training and Professsional Assistance Project was completed on January 27, 1980, when Secretary Andrus approved the final Departmental Manual change for the establishment of OTAT in Brigham City, Utah. OTAT has consolidated ten units into a bureau-wide training and technical assistance operation under one administration.

OTAT is managed by a Director who reports directly to the Commissioner and is organized into five operating divisions and an administrative support division. OTAT is currently providing on-going training and technical assistance programs to Indian tribes, Alaskan Native Groups and BIA employees. The following initatives are planned for the remainder of FY 1980:

1. Award contract of $1,5000,000 by midsummer for renovation and remodeling of training facilities in cooperation with the Office of Facilities Engineering.

2. Develop short-term Real Property Management Training, as requested by Central Office, Office of Rights Protection.
3. Conduct wildlife Conservation Training Program.
4. Develop School Security Guard Training Program.
5. Conduct 75 training workshops at the National Indian Training Center.
6. Develop Performance Appraisal Training Package to meet BIA requirements.
7. Schedule staff visits and meetings with Indian Technical Assistance Center and Continential Divide Training Center.
8. Conduct Juneau Area Office and Alaska Native Corporation technical assistance projects.
9. Assist in developing technical assistance and training services for the Bureau's Heritage Conservation and Recreation Service efforts.
10. Implement OTAT's internal organization.

Projected Completion Dates

Project was completed on January 29, 1980. The Office of the Assistant Secretary - Indian Affairs has commenced its normal program oversight function.

## Administrative Services Center

Purpose

To streamline administrative processing (e.g., vouchers, procurements and personnel actions), eliminate unnecessary reviews and utilize ADP technology to increase the accuracy and speed of processing and recording transactions.

Status

The Secretary has approved a Departmental Manual change establishing the Administrative Service Center (ASC), located in Albuquerque, New Mexico, within the Office of Administration. The ASC includes ADP operations, Administrative Systems Task Force Office and certain other field administrative processing systems and organizations. The ASC is currently operational and part of the normal BIA policy and administrative support services process. As part of this process, the ASC Division of Systems Development has the responsibility for the development of administrative and operating systems for the new bureau-wide computer system currently under development.

Priority systems are being developed to streamline processing of voucher payments, the personnel appointment system under GS-7 and WB-10 at the agency level, procurements under $10,000 at the agency level, and shared administrative support systems for the Office of Indian Education Programs and other Bureau offices.

The ASC is currently testing alternative centralized and decentralized procedures to enter, record and certify procurement and vouchering transactions. Alternative methods will be evaluated during April, and a decision will be made on the method for a new, more streamlined system for these transactions in May.

An additional project has been initiated to develop a contracts and grants monitoring system for the Bureau.

Projected Completion Dates

Organizational aspects of the project were completed on January 29, 1980. Systems development work will continue through FY 1981. The Office of the Assistant Secretary - Indian Affairs has commenced normal program oversight of the ASC.

## Central Office Review

Purpose

To review and evaluate the Bureau's Central Office to improve Central Office structure and management practices.

Status

A final report to the Commissioner and Assistant Secretary considered options for organizational change, recommended a few organizational changes to improve effectiveness, but concentrated on management practices needing improvement. Practices and processes requiring priority attention are personnel management, property management, manual and directives revision and update, position and organization control, planning and evaluation upgrading, and improvement of several other administrative processes.

The Bureau's personnel performance appraisal plan and system have been completed. Work has begun at OTAT on training Bureau personnel who will conduct sessions to explain the system to Bureau managers nationwide. A position control survey of approved Central Office positions is complete. Work will now begin on a control system. The Bureau personnel office is collecting data to determine the need to develop supplemental standards for job descriptions to be used in certain key Bureau positions. The standards would deal particularly with unique duties relating to the Federal trust responsibility and to the government-to-government relationship with Indian tribes. Work is continuing in property management to update directives and reconcile accounts.

Instruments have been developed to begin an organizational analysis of Bureau activities in administration and economic development. The purpose of the analysis is to insure the effectiveness and efficiency of these two major components of the Central Office. An organizational, managerial, and functional analysis will be made of each of the offices. Recommendations for change, as appropriate, will be developed.

Projected Completion Dates

The varied nature of these projects will require an ongoing efforts for several years by operational units of the Bureau. The MIP effort, as such, should terminate at the end of FY 1981.

## Area Office Review

Purpose

To assess, with tribal and agency input, Area Office role and functions in relation to agencies and tribes and to increase capability for service delivery and decisionmaking at agency level, enhancing opportunities for tribal input on decisions affecting them.

Status

As of April 18, nine of the area reviews have been reviewed and the Area Directors have been authorized to complete their implementation plans. The Juneau Area draft report has been submitted by the contractor. The reactions of the Commissioner, Alaskan Native groups and Assistant Secretary - Indian Affairs have been submitted to the Contractor. The final report is to be submitted at the end of April. Delays were experienced in the Phoenix and Aberdeen Area Reviews as a result of vacancies in the position of Area Director. Review teams have been established and reviews have begun with completion anticipated by August 15.

The findings and recommendations of the initial nine Area Reviews are resulting in greater decentralization to the agency operating level. Area offices are still to function as an intermediate level of management, supported by the development of a computerized management information system and the Administrative Services Center. Those functions and activities that provide direct program operations or technical support for Agencies are being identified as operating level activities. It is proposed either to place these functions and activities at the agencies or to separate them from the Area Offices management and administrative functions by assigning agency-level activities to a technical support operation to be conducted by the Areas.

On February 25, 1980, the Commissioner notified all Area Directors that implementation plans should be based on a minimum 20% shift of staff resources at the Area Office to providing more direct program service or technical support at the Agencies.

Projected Completion Dates

Basic decisions on implementing Area Reviews should be completed by the end of FY 1980. Implementation will be tracked through FY 1981, at which point the special project aspects of the effort are planned to terminate.

I appreciate your continued interest in the Management Improvement efforts of BIA, and I will keep you informed on progress.

Sincerely,

Deputy Assistant Secretary - Indian Affairs

Mr. YATES. What do you think about the MIP, Mr. Secretary? Is it going well? Should it be continued?

Mr. MILLS. Yes, sir. As you know, the efforts we took on there was the area reviews. We had the automatic data processing system. The studies are over and starting implementation.

The project integrity program, that is under way. The area reviews, as mentioned earlier. We have all but two areas, that have their reports in. Of the two one may be, I think, in the process of being contracted out and the other may be, being done by the employees along with the task force from the central office.

There are 9 areas, I believe, that have the reports out there and that are in the process of implementing the recommendations. Some of the recommendations, of course, will take 6 to 18 months to complete. The Administrative Service Center is being established in Albuquerque. There is a staff on board. The center will, I think along with many other things, help in the area of voucher payments, which has been a concern to tribes and the Bureau for some time as far as getting contracts and obligations paid on a timely basis.

Mr. YATES. What is the center supposed to do?

Mr. MILLS. To get into more detail on that, sir, I have Mr. Chuck Hughes as a witness here today. I would like to have him respond.

Mr. YATES. All right, Mr. Hughes. What is the Administrative Services Center doing or what is it supposed to do?

Mr. HUGHES. It has several functions, Mr. Chairman. On the ADP management side, it now stands at the head of the consolidated system and will run the ADP system.

As far as the reformed administrative system, it is testing new systems. Pilot projects are being tested to reform the voucher payment system and next month there is a report due to the Commissioner on an adoption of the new and speedier voucher payment system. The Administrative Services Center will stand at the center of this system also.

We don't know at this time whether the system is centralized or decentralized. As to the Center's role, that will be determined by the decision on the projects. The decision will provide a voucher examination and processing center for some of the administrative systems of the Bureau.

The next two priority systems, we want to look into are small procurements, and then after that, personnel appointment systems——

Mr YATES. How will the operation of the center affect the area?

Mr. HUGHES. I would anticipate that, again, starting with the voucher payments, it would eliminate a good deal of the review and processing now going on with the voucher payments, as an example, at the area level. We would anticipate, a speedier one-stop type of voucher process will take place, either decentralized to the agency or increasingly decentralized to the agency or centralized at the Administrative Services Center.

We are trying to stop multiple levels of review. That usually includes a review of the programmatic, administrative or budget reviews at the Area. We are searching for the system that will work quickest. For instance, as a goal, a 15 day turn-around on a voucher. We want to take advantage of discounts. From the pilots

that are running now, we want to pick the processing system, that will produce the fastest results.

Mr. YATES. What good do you think the center will accomplish?

Mr. HUGHES. I think it will accomplish—its mechanistic device. It will accomplish speedier administrative and financial transactions and a smoother running communication system, in support of management including, financial management.

BUDGET PRIORITY PROCESS

Mr. YATES. The Pueblos testified before this committee that they don't receive an equitable portion of the BIA budget. Is there any justification to their contention?

Mr. SEARCY. Under the system that we provide now, the tribal organization, we feel that the funds are received—or are distributed in the manner which the tribe asked. The system we are using now we have been using for about 5 or 6 years. I have heard it referred to as the Band Analysis, the location budget, zero-based budget and some other things, too. There are three things that we must keep in mind. We are working not only from the budgetary standpoint but from three other factors—total involvement, Indian priority and self determinations.

For example, of how we worked the budget with them, I would like to use the little green book you have in front of you, the justification that we are talking about now. A very few days after these books were sent to Congress and distributed to the people here in Washington, a copy was sent to every tribal leader. Shortly after, there was a breakout going to each tribe showing the money or the funds by activity for that particular location as being their part of 1981 budget justifications.

Now our system is for them to come back to us and feed information to us for our budget formulation, as this break-out of the 1981 budget becomes a tentative funding program, for 1981. At the same time, it becomes a base for the 1982 program.

And on this base, using the system that we have, they indicate to us and submit to us between now and June 1 how they want this base fund, how they want it broken down at the same level, at the current level, at the level that they have now, for 1981.

Also, there is a minimum, something below— an amount below the current broken down in priority for that level. And then we allow them to also give us 115 per cent above the current program. And then 150 per cent.

Now those are reviewed and then they will come back to us.

Now, this has been true for the last 4 or 5 years. I am using the 1981 budget justification as a take-off forum.

Now, before this leaves the reservation, leaves the location, this is signed off on by both the tribal leaders and the superintendents, sir. Before they leave the reservation. It is signed off on by both tribal leader——

Mr. YATES. What do you mean by signed off on?

Mr. SEARCY. They submit it. If there is disagreement and it can't be worked out, then they go to the area office.

Mr. YATES. What alternative do they have, supposing they don't want to sign it? Have any refused to sign any of these?

Mr. SEARCY. We have a few.

Mr. YATES. What happens to their request?

Mr. SEARCY. Their request is considered—

Mr. YATES. Whether they sign it or not?

Mr. SEARCY. Right.

Mr. YATES. What is the advantage of signing it, then?

Mr. SEARCY. We have to come up with a total national figure. We have to put all of these together as a national figure.

Mr. YATES. Let me just look at this for a second. I do not understand what the advantage to a tribe is in signing the memorandum and sending it back to you. It would seem to me, if their share will be received whether they sign that memorandum or not, they may be depriving themselves of a right to complain later on, if they sign that decision.

Mr. SEARCY. By the signature they are showing that they have——

Mr. YATES. What does the signature show?

Mr. SEARCY. The signature shows that they have set down and worked this out with the local superintendent and they are in agreement with what is down there 100 per cent.

Mr. YATES. Okay. Is in agreement with what is down there. Does that mean they approve it?

Mr. SEARCY. I would say yes.

Mr. YATES. Suppose they don't like the share they have received. What can they do?

Mr. SEARCY. They can always ask for more, appeal to—

Mr. YATES. Who do they appeal to?

Mr. SEARCY. To the area director and then to the central office.

Mr. YATES. Is that ever done?

Mr. SEARCY. Oh, yes.

Mr. YATES. What happens?

Mr. SEARCY. If at all possible within the constraints that we have—

Mr. YATES. Do you ever change the request as a result of the appeal?

Mr. SEARCY. If any request a change, it is with the agreement of the tribal people.

BUDGET APPEALS

Mr. YATES. But suppose a tribe isn't satisfied and makes an appeal; how many such appeals do you agree to?

I do not understand this procedure. You know how much money you have in your budget before you send out your Band Analysis request; right?

Mr. SEARCY. We know what the base is.

Mr. YATES. Sure, you're telling them, "Look, you will have so much money available. Please let us know how you want it divided."

Mr. SEARCY. Right.

Mr. BETTENBERG. As a point of clarification, Mr. Chairman, the tribes are asked to divide the funds amongst their programs at several different dollar levels, including the base level. So they are in that process allowed to ask for increases and to indicate where those increases would go.

Mr. YATES. Okay. And is that in the nature of an appeal?

Mr. BETTENBERG. It is not in the nature of an appeal. It is part of the process.

Mr. YATES. That is the initial allocations. BIA then reviews that request and decides whether it will comply with them?

Okay, ordinarily it will comply if it has the money; would it not? It will do what the tribe wants done?

Mr. BETTENBERG. It will do what the tribe wants done within the dollar amount available.

Mr. YATES. Right. And if the tribe decides that another tribe is getting more money than it is getting and this distribution is unfair, what do you do about it? Do you want to answer that, Mr. Bettenberg?

Mr. BETTENBERG. I can't answer that. So far as I know, the system doesn't really address that.

Mr. SEARCY. Our system does not—

RINCON BAND OF MISSION INDIANS VERSUS JOSEPH CALIFANO

Mr. YATES. What do you do in connection with a case like the Rincon case?

In Rincon Band of Mission Indians versus Joseph Califano, the U.S. District Court, San Francisco, California granted summary judgment to the Rincon Band upholding their contention that the failure to provide California Indians with a level of health services comparable to those available to Indians in other parts of the country was illegal and violated the California Indians' constitutional rights.

Are you familiar with that? Do you know about the Rincon case?

Mr. BETTENBERG. I never heard of that.

Mr. YATES. Is there a lawyer in the house?

Mr. LAVIS. Right here.

Mr. YATES. Mr. Harrison, did you hear about the Rincon case?

Mr. HARRISON. Yes, sir.

Mr. YATES. Why don't you tell the others about it?

Mr. HARRISON. That case is on appeal, and it was discussed, I believe, around here last year.

Mr. YATES. Around here, yes, but they've never heard of it. Maybe they weren't here last year. Don't you ever talk to Mr. Mills?

Mr. HARRISON. Certainly. We talk regularly.

Mr. YATES. Do you. But you didn't discuss the Rincon case.

Mr. HARRISON. Animatedly.

Mr. YATES. All right, let me read on.

The Court rejected the legislative history of IHS appropriations as a basis for the allocation of appropriated funds and states "Courts will not find the Congress intended to ratify agency policy through an appropriation unless there is express language to the effect included in the legislation." Accordingly, the Court held that IHS has a "continuing obligation under the Snyder Act to distribute rationally and equitably all of the available program funds."

The Court indicated that "available program funds included the base program funds as well as funds appropriated under Title I—Indian Health Manpower; Title II Health Services; and Title III—Health Facilities, of the Indian Health Care Improvement Act, Public Law 94-437, regardless of any limitations on the use of such funds in Committee reports." Further, it declared that IHS has "denied the vast majority of California Indians health services comparable to those available to Indians in other parts of the country in violation of the California Indians' right to equal protection of the law as guaranteed by the due process clause of the Fifth Amendment."

Now I am surprised the Indians have not used that Rincon case.

Now, the Pueblos are saying that they don't receive an equitable part. Do you have their statement?

EQUITABLE DISTRIBUTION OF FUNDS

Mr. HARRISON. Mr. Chairman, if I may, there will be efforts to use that case. And I would be very surprised if there weren't. And I believe the facts are so that about 10 per cent of IHS population resided in the State of California. In that case, the facts are that while about 10 per cent of the population of the Indian Health Services resided in California, fewer than 2 per cent of the Indian Health Services budget and a similar percentage of the professional personnel were stationed in California.

On those facts, the Court apparently had little difficulty in deciding that it would intervene and order a more equitable distribution of allocation of Indian Health Service resources to California.

And there may well be efforts to bring a similar action against not only this agency but every constituent group or recipient of federal services served by any federal agency, if it finds that the facts and the numbers skewed sufficiently, may bring similar action.

And it would bring this face to face with some pretty difficult questions.

On the one hand, we spend a great deal of money and time and commit a great many of our resources to those timber reservations, for instance. We average about 60 foresters per million acres of timber out there. There are a good many tribes who feel that that is totally unfair, unequitable, those tribes have timber, resources, why should they, in addition to that, get this apparently disproportionate amount——

Mr. YATES. Tell me why they are not right.

Mr. HARRISON. There simply is never going to be enough to do everything that everybody wants done or that we would like to do. And this organization——

Mr. YATES. That is not the question. The question is whether there has been an equitable distribution. You start out with a certain amount of money to be distributed among all of the tribes; right?

Mr. HARRISON. We start out with a certain amount of money to carry out certain of the programs and responsibilities. And we try to allocate those on the basis of where the need or population or the resource to be served are.

In the case of the timber tribes, that those relatively wealthy tribes, compared to some of the Nevada and Arizona tribes, do get far more of our time, attention and money because it takes that additional time, personnel—it takes that kind of attention to take care of the resources. And when we don't do that, the Supreme Court has just heard argument on the cases as to whether or not the Bureau or the Government should be held to pay money damages for not having done precisely that.

Mr. YATES. What case is that?

Mr. HARRISON. That's called Mitchell versus United States, 1452 Quinault allottees and the Quinault tribe have filed suit in the

Court of Claims for damages for the mismanagement of that timber resource on that reservation.

Mr. YATES. Against BIA?

Mr. HARRISON. Yes, sir.

Mr. YATES. And what did the lower court hold?

Mr. HARRISON. Well, the original question, and the question before the Supreme Court now, is something of a jurisdictional one, whether or not the Court of Claims has jurisdiction to hear that case.

Mr. YATES. What did the Court of Claims hold?

Mr. HARRISON. The Court of Claims held rather emphatically that it does have jurisdiction.

Mr. YATES. On the Indian tribe? Just on the question of jurisdiction?

Mr. HARRISON. The question of jurisdiction has been taken to the Supreme Court for review.

Mr. YATES. Well, this isn't the first time that we have ever heard those complaints about the distribution.

Mr. SEARCY. The question is what is equity? Equity means different things to different people.

Mr. YATES. That's why I wonder about your system. You say you try to be equitable.

Mr. SEARCY. Yes.

Mr. YATES. Then I hear Mr. Harrison at the other end saying that the Quinaults and all of the rich tribes get more attention than the poor tribes.

Mr. HARRISON. On those kinds of, and with respect to the operation of——

Mr. YATES. Of their resources.

Mr. SEARCY. When we do have requests like you have there in front of you, we do our best at all steps of the preparation and the budgetary procedures.

Mr. YATES. If I were an Indian tribe, why wouldn't I make an appeal every year on the grounds that it wasn't a fair distribution, because in all probability, it's not a fair distribution. You do the best you can but it still may be very unfair. If you were a lawyer in private practice, instead of serving in the government, you would probably tell them to do it, would you not? You do not have to answer that question.

Mr. SEARCY. A few years ago, we did make an attempt to do something on that.

Mr. YATES. To do something like what?

Mr. SEARCY. I think Congress provided $2.5 million to $5.0 million-or-so dollars, and we did it. We had a formula, we did it according to acreage, population and some other things. And of course, another thing, when we begin talking about equity, too, if I begin talking about equity to take something away from you to give to someone else, then you are adding many problems there when you begin trying to adjust the equity.

Mr. LAVIS. Mr. Chairman, if I could add a point on the question of equity.

Mr. YATES. You may.

Mr. LAVIS. For years the distribution of education funds was based on the old process of distribution. In this fiscal year 1980 and

from now on those funds will be distributed on an equitable basis in terms of providing sufficient dollars to every student wherever they are located.

EQUITY OF FUNDING FOR NORTHERN AND SOUTHERN PUEBLOS AGENCIES

Mr. YATES. Let's read this. I am not sure I understand it. Perhaps you could straighten it out for me. This is from the Pueblo statement.

> Today we are here to present yet another list of unmet needs which continue to hamper the social-economic progress of the 19 Pueblo tribes.
> Equity of funding: Eighteen of the 19 New Mexico Pueblos receive all BIA programs and services through two BIA agencies; the Northern Pueblos Agency, which serves 8 Pueblos and the Southern Pueblos Agency which serves 10 Pueblos. Since BIA funding is based on a single tribal agency basis, those agencies which serve more than one tribe are continually under-funded.

Would you like to respond to that?

Mr. SEARCY. On agencies where there's more than one tribe, that's what we are talking about here——

Mr. YATES. They say every allocation to the two Pueblo agencies must be divided 8 or 10 ways respectively.

Mr. SEARCY. However, each one of these tribes are considered and they have their input into the making of the budget presentation. And our instruction to them is that we have multiple tribes at a location and they should set down and work these problems out.

Mr. YATES. They go on to say this:

> Based on fiscal year 1979 funding by BIA of Banded programs in the Albuquerque area, the per capita distribution shows that members of the 18 Pueblos affected get an average of $330 in services as compared to $730 at a single tribal agency.

Mr. SEARCY. Well, one of the things that comes to my mind on that is that there's different programs. I'm using this for an example. There may be a school located on one that's—a number of schools located on one that is not on the other. So you begin taking the dollars that comes into that particular agency and divide it up. Yes, you would come out with something different because of the programs, a mix of the program dollars.

Mr. YATES. They also say this:

> Also, a single tribal agency can count on at least one construction project per year. Tribes under the Southern Pueblos Agency or the Northern Pueblos Agency must wait 10 or 8 years for such a project. We don't advocate or request that we rob Peter to pay Paul; however, we do request that this committee mandate BIA to increase the funding level for the Northern and Southern Pueblos Agencies by two and three million dollars respectively.

And then they have a chart in here which shows how the distribution continues.

Mr. SEARCY. On the construction, sir?

Mr. YATES. Why don't you take a look at this statement. I don't know whether you have a copy of this.

Mr. SEARCY. I have it.

Mr. YATES. Would you like to provide an answer, a response to this statement of the Pueblos? And let's see where we can go with that.

[The answer follows:]

EQUITY FUNDING

The Bureau has done considerable research into the problem of equity funding. In the initial stage it is even difficult to arrive at a definition that is suitable to everyone. Studies have been done using per capita, land base, acres of land, necessary programs, environmental impact, and availability of other federal programs. None of these or a mix of the above can be given much consideration.

The Northern and Southern Pueblos have based their analyses on a per capita basis only using base funding amounts which do not reflect all funds that are expended for various programs. Additional funding is also provided by the Area Office to supplement many programs.

All Agencies have received a funding base for programs included on the band analysis (Tribal priorities). If this base funding is to be increased for the Pueblos, other tribes or agencies would have to be reduced accordingly which would also create funding problems. It is realized that some difficulties may exist with other tribes as well, however, the Bureau is committed to carry out its trust responsibilities to all tribes within available resources.

TRIBAL PAY COSTS

Mr. YATES. Tribal pay costs. Would you put in the record a table by amount, program, number of employees and average salary for all funds requested for tribal pay costs? Can you do that?

Mr. SEARCY. Yes, we will.

Mr. YATES. And indicate in the submission the basis for determining each amount.

[The information follows:]

Tribal Pay Cost

| Program | Amount | No of Employees | Average Salary |
|---|---|---|---|
| Education | $1,415 | 2,409 | Average salary |
| Continuing Education | 176 | 288 | Bureau wide - |
| Tribal Government | 285 | 466 | $9,206 |
| Social Services | 437 | 705 | |
| Law Enforcement | 585 | 957 | |
| Housing | 121 | 168 | |
| Self-Determination Svs | 24 | 39 | |
| Business Enterprise Develpmt | 52 | 85 | |
| Direct Employment | 195 | 319 | |
| Road Maintenace | 12 | 20 | |
| Forestry & Agriculture | 242 | 376 | |
| Rights Protection | 344 | 533 | |
| Real Estate Services | 37 | 60 | |
| Facilities (O&M) | 75 | 123 | |
| Total | 4,000 | 6,548 | |

Pay cost for tribal employees is calculated by surveying each area office as to the number of current employees and total pay roll for each P.L. 93-638 contract. The results of this survey are compiled by subactivity and for a bureauwide total. This total is used to calculate the amount of the pay raise using the same percentage given federal employees.

| | | | |
|---|---|---|---|
| Total for Area | 60,280,888 | X 7% | = 4,219,662 |
| Less Lapse | | | - 219,662 |
| | | | $4,000,000 |

Funds requested for tribal pay costs result from specific langauage in P.L. 93-638 which mandates that funds under the contract shall not be less than the Secretary would have otherwise provided for the direct operation of the program. Tribal contractors and their attorneys petitioned the Bureau to seek the funding in its budget submission.

Mr. YATES. Now, what is the basis for determining the amount you requested for tribal pay costs?

Mr. SEARCY. Tribal costs, sir, we've got the number of people involved on the tribes, we've got information from the field, and we use the 7 percent pay cost pay raise that was used at that particular time in—I believe there was a 40 percent reduction to that in coming up with the final figure of what the pay costs would be for the tribal operation.

Mr. YATES. Won't those costs be covered under the contract support program?

Mr. SEARCY. No, they are not part of the contract support. This is a programmatic type of cost——

Mr. YATES. Well, wouldn't the increases create an imbalance in pay between the regular tribal employees and the tribal employees who work under the Federal Aid Contract?

Mr. SEARCY. I believe that the Public Law 93-638 Regulations provide the people who once worked for the Federal Government and then through a Public Law 93-638 contract became an employee of the tribe, they would get the same benefits and should be considered in sharing the same type of pay raises as federal people.

Now, I am the first to admit I am not an expert on the 638 contract.

Mr. KRENZKE. If the pay cost is not included, it would pretty much mean that these tribal employees would be committed to no pay increase unless the tribe was willing to reduce the number of employees and thereby reduce the level of services. As far as comparison with other tribal employees, it's pretty much impossible to generalize on that because you have different circumstances which would be dependent on tribal income from other sources.

## BUDGET TARGET ALLOWANCE

Mr. YATES. Let's take a look at how you did with OMB. You asked the Department for $825 million, and the Department gave you that and then you asked OMB for $841 million, and you were cut back by $9 million.

Why do you wind up with a bigger figure from OMB?

You started out asking the Department for $825 million and they gave that to you and low and behold, OMB gave you $832 million. And the Department gave you more than you wanted, they gave you $15 million more. What did they give you $15 million more for? General Management and Facilities got another $5 million. Indian Services got $4 million.

Would you provide for the record, please, the total funding, including revenue sharing provided by the Federal Government for the benefit of the Indian people for fiscal year 1979, 1980, and 1981 by federal agency.

Mr. SEARCY. Yes.

[The information follows:]

MAJOR FEDERAL PROGRAMS FOR INDIAN CITIZENS

[Dollars in millions]

| | Fiscal year— | | |
|---|---|---|---|
| | 1979 | 1980 | 1981 |
| Department of the Interior | $1,415 | $1,587 | $1,555 |
| Department of Education | 796 | 881 | 973 |
| Department of Labor | 227 | 190 | 211 |
| Department of Commerce | 28 | 25 | 25 |
| Department of Housing and Urban Development | 874 | 925 | 638 |
| Total | 3,340 | 3,608 | 3,402 |

Mr. YATES. Has your tribal allocation system by activity been implemented?

Mr. SEARCY. Allocation system?

Mr. YATES. The tribal allocation system has it been implemented by activity?—school, forest fire, law enforcement.

Mr. SEARCY. Sir, we have indicated what we thought the figure should be by each one of those categories. And it's in the line of the report that we sent——

TRIBAL AUDITS

Mr. YATES. What's the status of your relationship to the Red Lake Tribe and the Lower Brule Sioux Tribe?

Are they letting you live with the books?

Mr. MILLS. I am not aware, unless the Commissioner——

Mr. YATES. You've asked for a management audit of Lower Brule?

Mr. MILLS. I haven't had that report yet. With regard to the Red Lake Tribe, there is an audit team there at the present time——

Mr. YATES. Well, are they being allowed to look at the books of the tribe?

Mr. MILLS. Yes, they are.

BIA BAND ANALYSIS

Mr. YATES. For purposes of the record, will you put a list in to show the activities that were included and excluded from the Band Analysis process by amount, by program, and by rationale for fiscal years 1979, 1980 and 1981. I am sure you can do that.

Mr. MILLS. Yes, sir.

[The information follows:]

(In Millions & Tenths)

BUREAU OF INDIAN AFFAIRS

| Line | | Banded | | | Non-Banded | | |
|---|---|---|---|---|---|---|---|
| | | 79 | 80 | 81 | 79 | 80 | 81 |
| 1 | School Operations | 171.8 | 170.5 | - | 16.8 | 20.8 | 185.2 |
| 2 | Johnson O'Malley Educational Assistance | - | 28.2 | - | 32.6 | - | 29.5 |
| 3 | Continuing Education | 10.3 | 40.7 | 31.7 | 29.6 | 1.9 | 18.3 |
| | EDUCATION | 182.1 | 239.4 | 31.7 | 79.0 | 22.7 | 233.0 |
| 4 | Tribal Government Services | 14.1 | 14.8 | 16.5 | 3.3 | 2.6 | 7.1 |
| 5 | Social Services | 11.5 | 11.9 | 16.8 | 73.2 | 79.9 | 74.9 |
| 6 | Law Enforcement | 22.8 | 26.2 | 27.8 | 3.9 | 1.6 | 2.5 |
| 7 | Housing | 18.1 | 18.3 | 18.7 | 1.4 | 0.9 | 0.9 |
| 8 | Self-Determination Services | 17.5 | 20.2 | 21.1 | 16.9 | 25.4 | 29.3 |
| 9 | Navajo-Hopi | - | - | - | 4.8 | 5.5 | 5.5 |
| | INDIAN SERVICES | 84.0 | 91.4 | 100.9 | 103.5 | 115.9 | 120.2 |
| 0 | Business Enterprise Development | 7.3 | 7.2 | 6.2 | 3.0 | 2.3 | 2.3 |
| 1 | Employment Development | 31.8 | 49.0 | 45.6 | 23.3 | 1.2 | 1.2 |
| 2 | Road Maintenance | 16.2 | 17.4 | 19.2 | 0.4 | 0.1 | 0.1 |
| | ECONOMIC DEVELOPMENT & EMPLOYMENT PROGRAMS | 55.3 | 73.6 | 71.0 | 26.7 | 3.6 | 3.6 |
| 3 | Forestry and Agriculture | 33.8 | 34.4 | 36.8 | 22.4 | 17.5 | 30.4 |
| 4 | Minerals, Mining, Irrigation & Power | 0.8 | 0.9 | 0.8 | 11.0 | 11.9 | 12.1 |
| | NATURAL RESOURCES DEVELOPMENT | 34.6 | 35.3 | 37.6 | 33.4 | 29.4 | 42.5 |
| 5 | Indian Rights Protection | 5.5 | 6.8 | 7.3 | 13.2 | 17.0 | 9.0 |
| 6 | Real Estate & Financial Trust Services | 18.4 | 18.5 | 20.2 | 3.8 | 7.0 | 7.6 |
| | TRUST RESPONSIBILITIES | 23.9 | 25.3 | 27.5 | 17.0 | 24.0 | 16.6 |
| 7 | Management & Administration | 30.4 | 28.1 | 29.4 | 14.9 | 20.0 | 19.1 |
| 8 | Program Support Services | 0.9 | 0.8 | 0.7 | 3.0 | 3.3 | 3.8 |
| 9 | Facilities Management | 66.2 | - | 5.5 | 11.7 | 79.2 | 80.1 |
| | GENERAL MANAGEMENT & FACILITIES OPERATIONS | 97.5 | 29.1 | 35.6 | 29.6 | 102.5 | 103.0 |
| | OPERATION OF INDIAN PROGRAMS | 477.4 | 494.1 | 304.3 | 289.2 | 298.1 | 518.9 |
| 0 | Irrigation Systems | - | - | - | 46.0 | 46.2 | 48.6 |
| 1 | Buildings & Utilities | - | - | - | 38.6 | 21.5 | 45.0 |
| | CONSTRUCTION | - | - | - | 84.6 | 67.7 | 93.6 |
| 2 | ROAD CONSTRUCTION | - | - | - | 68.8 | 58.4 | 59.4 |
| | TOTAL - FEDERAL FUNDING | 477.4 | 494.1 | 304.3 | 442.6 | 424.2 | 671.9 |

RATIONALE

Line 1 - Removed from band in FY 1981 to comply with P.L. 95-561 formula requirements.

Line 2 - On band in 1980 to allow tribal input removed in 1981 because of P.L. 95-561.

Line 3 - Scholarships returned to band in 1980. Tribally controlled Community Colleges removed due to P.L. 95-471.

Line 4-10 - No change in the process for these programs.

Line 11 - Indian Action Program added to band in 1980 for tribal input.

Line 12-18 - No change.

Line 19 - Facility O&M removed from band in 1980 to assure adequate maintenance of Federal facilities.

Line 20-22 - No change/programs are not available for trade-off. Projects selected by priority or formula.

STUDENT ENROLLMENT

Mr. YATES. Page 8 of your justifications, indicates that you currently serve 45,777 students. Last year you said you served 40,700. Which of your estimates is correct? And why have you lost over 5,000 students since last year?

Mr. BARLOW. For fiscal year 1979, we did estimate 43,784 enrolled students, 45,777 this year. I think, again, part of the problem goes back to the figures that the Bureau used. It's the difference between enrollment figures and membership figures.

Enrollment is an accumulated total of all original the entries of students and re-entries as opposed to a membership kind of figure. The information that I have is that the membership figures will generally be about 91 percent of the enrollment figures.

Mr. YATES. The membership figures will be about 91 percent of the enrollment figures?

Mr. BARLOW. Yes.

Mr. YATES. You mean enrollment of students?

Mr. BARLOW. Yes.

Mr. YATES. Did you have less students than you had members?

STUDENT DROPOUT RATE

Mr. BARLOW. The enrollment figures, Mr. Chairman, are cumulative. Each time that a student is an original enrollee in school, he is counted, and whether they transfer out or drop out, this original enrollment figure remains. So it never decreases. It will increase throughout the year as students come and go.

Mr. YATES. The testimony we had was that some of the schools have as much as a 90 percent dropout. Others had 75 percent dropout rate. How do you keep track of the numbers of students? If you just had the original enrollment, you would never know from one year to the next how many you actually had because of the dropouts.

Mr. BARLOW. The Bureau has now implemented a management information system for actual student counts. We will track these students as they enroll in school, transfer, drop out or go to another non-Bureau schools.

Mr. YATES. Have you done that at all yet? This is what you are going to do? So that frequently you don't have an accurate count of the number of students in your school.

Mr. BARLOW. Yes, we have a very accurate count at this time for this current year.

Mr. YATES. How do you have an accurate count? You don't have the system yet.

Mr. MILLS. Mr. Chairman, these are one of the issues that you talked about earlier with Mr. Krenzke in the social services area. This is one of the management information——

Mr. YATES. Right. But it isn't in effect yet; is it?

Mr. BARLOW. Yes, it is, Mr. Chairman.

Mr. YATES. So you know what your dropout rate is, don't you?

Mr. BARLOW. Depending upon, for this year or next year or the past year——

Mr. YATES. Do you know what it is for the past year?

Mr. BARLOW. I don't recall the figures offhand that were reported last year.

The problem there was we were losing track of students as they transferred. We didn't know whether they were actual dropouts or transfers. Under the management information system we will be able to track these students.

Mr. YATES. How will you be able to track the students? Suppose you have a group of students who are going to one of the public schools in Arizona, and they decided to drop out, how do you find them again?

Mr. BARLOW. In the case of the public school, we can't. But in the case of the Bureau schools we can.

Mr. YATES. How can you? Suppose they are going to a Bureau school on the Rosebud Reservation and then a certain number of them drop out? They don't show up anywhere. Actually, perhaps they have moved to another reservation. Well, if they go to another reservation, presumably you will find them; wouldn't you?

Mr. BARLOW. Yes.

Mr. YATES. If they enroll; but if they don't enroll you don't know about them?

Mr. BARLOW. That's correct.

Mr. YATES. Do you have any idea as to the dropout rate from your schools?

Mr. BARLOW. The information that we furnished last year indicated dropout rates in the Bureau school system was, I believe, 8 percent per year.

Mr. YATES. I know. Where did we get the 90 and 75 percent? The testimony before us, from some of the tribes, was to the effect that the dropout rates were as high as 75 percent to 90 percent.

Mr. BARLOW. I think the information that we gave overall last year was a 50 percent dropout rate.

Mr. YATES. Fifty percent overall. Is that for one year?

Mr. BARLOW. No. That's——

Mr. YATES. For how many years is that?

Mr. BARLOW. One of the things we are developing is a definition of what a dropout is. A dropout is any student who terminates his educational program before graduation for any reason other than death. What we are saying is that the number of students who do not complete a secondary program.

Mr. YATES. Which concerned us very much. Your dropout rate of 8 percent I would think would not be any different than it is in a normal public school, would it?

Mr. BARLOW. I believe the public school is about 12 percent per year.

Mr. YATES. That is kind of a shock to me. I always thought it was 5 or 6 percent. I don't know how you get a dropout rate of 50 percent overall. What does overall mean?

Mr. BARLOW. The students who do not complete a secondary program.

Mr. YATES. But as of what point do you take that? How do you determine that rate? You start out with a preliminary enrollment in the freshman year, and then you take the graduating class? Is that how you do it?

Mr. BARLOW. That is certainly correct, yes.

Mr. YATES. I don't understand this. We will get Father Cassidy's testimony.

Mr. BARLOW. Here are some statistics, Mr. Chairman that I compiled for this past year, 1978-1979 school year. We did it by areas, and we counted the number of students entering the tenth grade—this is for last year—and the number of students who were graduated. By area, 50 percent of the Bureau enrollees graduated.

Now, what we had difficulty collecting was an accurate determination of how many students transferred or how many dropped out for a period of time and returned.

Mr. YATES. For your statistics, they are all dropouts, whether they are transfers or not?

Mr. BARLOW. That is hardly an accurate statistical—

Mr. YATES. I know that. But, as I understand what you just told me, you start out with an enrollment figure, and then you take a graduation figure and you deduct, and the result gives you your percentage of dropouts. But some of those may have transferred.

Mr. BARLOW. That's correct.

Mr. YATES. So for your purposes, for your statistical purpose, they are all dropouts.

Mr. BARLOW. I suppose you could look at it that way, yes.

Mr. YATES. Yes. What happens to the 50 percent of the students who drop out? Does anybody ever follow up on it?

Mr. BARLOW. I think the statistics are definitely lacking in this area.

Mr. YATES. How are we going to get the Indian children educated?

Mr. BARLOW. One of the things we are hopeful for is that under the new Indian school equalization formula students will generate the funding. We are hopeful that the school boards and school administrators will be extremely anxious to keep these children in school.

Mr. YATES. Do you have jurisdiction over the Ramah School?

Mr. BARLOW. Yes, that is a contract school.

Mr. YATES. What is the dropout rate there; do you know?

Mr. BARLOW. I don't have the information.

Mr. YATES. The testimony before us was zero. I wonder why you can't put the same system into the other schools. I asked the gentleman from Ramah—who happens to be in the room—I asked him how he did it and he said, "Well, we paid attention to them."

Now, I don't know whether your people ought to go to school at Ramah, your administrators ought to go to the school up there and find out how they do it. I don't know how else we can solve a problem like this.

This is Father Cassidy's statement:

> Father Cassidy. I think the turnover that exists in BIA schools and contract schools and Public Health Service is something that needs to be looked at.

That's faculty——

Mr. BARLOW. That's the staff turnover.

ST. JOSEPHS INDIAN SCHOOL

Mr. YATES. Where do we get the figure of 90 percent dropout rate? Because I see here, Father Cassidy, who was coming in to testify about St. Joseph's Indian School, as telling us about how bad the conditions are for the staff and the staff doesn't stay. And I say:

What do you want us to do, Father? We are as fascinated and frustrated by this question as you are, we respect your view about moving in and out of the different cultures and the need for training people. Who are we going to train? We think we ought to be training the Indian people to do it.

Reverend CASSIDY. I think you are right, but you also have to realize that you cannot tomorrow say we will have Indian doctors or Indian teachers or nurses. It takes time.

Mr. YATES. I know. How do we get them if in fact there is a 90 or 70 percent dropout rate?

Reverend Cassidy. I don't know. If I knew it, I probably would solve a lot of your problems for you.

Mr. YATES. Yes, you would.

Reverend CASSIDY. South Dakota is a prairie. They are out on the prairie. They may be a long way from a city. The city I am at, is the third largest on the inerstate, and there are 3000 people.

Mr. YATES. Should we be sending the Peace Corps there?

Reverend CASSIDY. No. I am saying maybe what they do for the Peace Corps is something that might be considered for people in public health.

Mr. YATES. We have a domestic Peace Corps.

Mr. DICKS. I think what he is saying is that the people sent out on the reservation should get training and background about the culture.

Mr. YATES. How do we get the Indian people to take care of their own? Is anybody here going to address that question when they come up? All right, we look forward to hearing from you.

Reverend CASSIDY. In South Dakota, at least the statistics the State had, the high school dropout rate is almost 50 percent. I am saying you are not going to change that unless you help the school become stable. There is a new school in Lower Brule, South Dakota, the BIA built it, you funded it. A brand new school. Eighty-seven students. It doesn't sound like many, but for this area it is a lot. If that staff is going to turn over all the time, the building is not going to help.

Mr. YATES. Where do they get the staff?

Reverend CASSIDY. Some are local. It is still a BIA school. It is not a contract school. Some may be local. Some come from long distances, people from the east, from the west. They tend more now to come from the midwest.

Mr. YATES. What if you hired them under an agreement that would require them to stay for two years? Would that help?

Reverend CASSIDY. I don't even know if two years is enough. I have been out there three years. I think I am only beginning to see what the world is like.

Well, the Father and I had a very good discussion. But we wound up with frustration.

Mr. BARLOW. Mr. Chairman, I think you are absolutely correct. One of the problems facing all educators is the retention of staff. Without continuity of staff we are not going to develop very good programs.

RAMAH SCHOOL

Mr. YATES. How do they do it at Ramah?

Mr. BARLOW. I am not absolutely certain what they do at Ramah but overall in the Bureau——

Mr. YATES. Let's ask the man from Ramah. What is your name again?

Mr. MANUELITO. Larry Manuelito.

Mr. YATES. Larry, would you tell Mr. Barlow how you do it?

Mr. MANUELITO. Mr. Chairman, I have been with Ramah since its inception. Prior to the beginning of the Ramah School, all of the students at Ramah, the majority of them, attended BIA schools throughout the country, Oklahoma, Albuquerque and elsewhere, and some attended public schools. And we used to have a drop-out rate of 75 per cent at that time.

Mr. YATES. Do you know why?

Mr. MANUELITO. Mainly, because we tried to emphasize the total educational concept in terms of health, family, rebuilding the family——

Mr. YATES. Why did you have a 75 per cent drop-out rate before that?

Mr. MANUELITO. The kids were detached from their homes, in strange places. The staff that we hired, I suspect at those places really weren't the kind of staff that really cared about the students. Because the policy, I believe, in the BIA in terms of teaching recruitment used to be recruitment almost like you have in the Army, and then you send them to a duty station or whatever.

But when you start to recruit for your community, and when you start to recruit for your student body and you start to ask the kinds of questions that the employers or the school boards want and how the children are to be educated, then you begin to weed out the kind of staff that you feel is appropriate.

And I feel in this way you get a staff person that cares about the child and that wants to do——

Mr. YATES. How do you do it at Ramah?

Mr. MANUELITO. That's basically how we do it, plus we involve the parents to a great extent and maybe other places. We emphasize the rebuilding of the home where the parents and the children have a relationship, and in the past, in most BIA schools, there's a lot of dormitories, people that have substitute parents. There's not the kind of respect that exists in those areas.

Mr. YATES. And you don't like the Indian boarding schools, then; do you?

Mr. MANUELITO. I believe in some cases it's necessary. We do have a small dormitory at Ramah. But, personally, I don't agree with it.

Mr. YATES. Anybody want to ask him any questions? No questions.

Thank you, Larry.

Mr. MANUELITO. Our information is from the last two years. The last two years we have had no voluntary dropouts.

Mr. YATES. You have had no drop-outs at all——

Mr. MANUELITO. We have had kids that have passed away or parents had to move because of a job or transfer, but every student that we have ever had at Ramah, we know information about where they have gone and what——

Mr. YATES. That's because they are all members of your tribe?

Mr. MANUELITO. Yes.

Mr. YATES. Do you have members of other tribes?

Mr. MANUELITO. Yes, we have 20 Zuni students that refuse to go back to Zuni——

Mr. YATES. What about the question of their not being with their families?

Mr. MANUELITO. They are under judgment where it's a choice of going to a confined supervisor or going to this school. But we have had no problems with them.

Mr. YATES. Are those the kids in the dormitory?

Mr. MANUELITO. They have their own facilities near our reservation so they can attend the school.

Mr. YATES. So you have 20 Zunis and any others?

Mr. MANUELITO. We have other Navajo kids from the Big Navajo, which is geographically about 60 miles away. We have some other kids that come from that area that have attended BIA schools.

Mr. YATES. How are we going to do that to the other Indian schools?

Mr. LAVIS. Mr. Chairman, let me address, I think, your larger question.

Mr. YATES. It's a big question.

Mr. LAVIS. I think we are trying to address it and I think more substantively than we have in the past, and that is this. For years funding for BIA schools was distributed by the area to the schools. Under P.L.-561 we have got to distribute that money to each school. Now, the second part of that equation is the fact that our school boards have been advisory; now they are authoritative. They have a right to participate in hiring personnel. They have a right to participate under the law in developing those school programs.

There is no question in my mind that, having driven down the authority and the opportunity for education to the lowest possible level just like a local public school district, you have the opportunity for influencing outcome. It gives those Indian people for the first time a chance to affect the outcome.

A second point is that the figures I see and the thing that bothers me the greatest about our education program, 48 per cent of our children are boarded. Forty-eight per cent of them. And that's K through 12. Some of those kids are leaving home and going away to school for many months out of the year, so they lose contact with the parents.

The parents want to participate in the process. That is the kind of issue we've got to address in the longer term. But I think in regard to the short term, I don't want this committee to go away with the impression that somehow we are failing the opportunity. I don't think we are. I think we are really addressing that question of the involvement, of building that parental-child-student relationship in school system.

Mr. YATES. I hope you are right. If you are doing that, I don't know why the dropout rates have been so high.

Mr. LAVIS. Let me say one thing about that. I think, having two-and-a-half years now in the Department of Interior and the Bureau of Indian Affairs and almost five-and-a-half years on the Hill, there's a lot of myths that have grown up about BIA.

One of them is the fact that you can almost concoct any statistic that you want because we have no basic data to give you one answer or another one time.

For example, the school equalization formula process, for the first time is going to give you a track of how many kids you have because the priority or the premium is providing funds to a partic-

ular child as opposed to going along the old way of doing business, which is to put money on a basic budget in a school some place. So I think statistics like 50, 75, 90 per cent, some of that I think is myth.

HIGHER EDUCATION DROPOUT RATE

Mr. YATES. Where are the statistics then? Here we have Mr. Rowland, who is president of the Dull Knife Memorial College in the northern Cheyenne reservation, who testified as an outside witness. And I said to him:

You are training Indian students, as Mr. Rowland points out in his testimony, and we are concerned with increasing the number of doctors, teachers, accountants, and business people.

Why are you better qualified to train the Indian people than the non-Indian colleges, which have been in existence for so many years, and which presumably have better education facilities than you have?

Mr. ROWLAND. I would like to respond to that with the fact that in our area the dropout rate of American Indian students in the traditional college setting is somewhere around 70 per cent.

Mr. YATES. Why is there such a high dropout rate?

Mr. ROWLAND. Well, this is my personal opinion, but the educational endeavors of the people of the United States has been since 1492.

The American Indian people are now attempting to assume the responsibility to have a direct hand in educating the young people on the reservation and hopefully making them better prepared to do whatever they would like to do with their lives, and not have to go out of the reservation and try to get through that invisible barrier which is constructed of misconceptions.

Mr. YATES. Is there still a barrier in the non Indian colleges?

Mr. ROWLAND. I believe there is a barrier.

Now here is Mr. LaBlanc who comes up.

Mr. YATES. What is your dropout rate?

Mr. CLIFFORD. On a college-by-college basis—do you have an idea?

Mr. LABLANC. Ours is around 90 per cent in the first year.

Do you have community colleges, too?

Mr. LAVIS. Yes, sir.

Mr. YATES. Do you know the dropout rates?

Mr. LAVIS. No, sir.

Mr. YATES. Here is Mr. LaBlanc talking about his college. It's 90 per cent in the first year. If they have a dropout rate of 90 per cent in the first year, how much money do you give them for students in the second year? Do you ever think about that?

Mr. LAVIS. If they are not there under the Act, Mr. Chairman, they don't get that money.

Mr. YATES. Then I say:

What is the dropout rate at Sisseton-Wahpehtson College?

Mr. LABLANC. Couldn't tell you right now.

Mr. YATES. Do you have that?

Mr. LABLANC. Yes, but I don't have the report with me.

Mr. YATES. 90 per cent?

Mr. LABLANC. The report that we just did on our reservation, we found right now, this year, the first graders entering first grade, less than 1 per cent of them will get a college education, if the present trend continues. Less than 50 per cent of them will graduate from high school.

Mr. BARLOW. Mr. Chairman, we will also be putting into our management information system the higher education grant system, and the figures that I have on this program is 17.5 per cent dropout rate each year.

Mr. YATES. Seventeen-and-a-half per cent from what? Dropout rate from what? Where are they dropping out of?

Mr. BARLOW. From the post-secondary colleges and universities.

Mr. YATES. Post-secondary colleges; are you talking about the Indian community colleges?

Mr. BARLOW. No, this is the grant programs.

Mr. YATES. You don't have the dropout rates from your community colleges?

NAVAJO COMMUNITY COLLEGE

Mr. BARLOW. We are just bringing those on line this year. We have four that have been funded, Navajo Community College and three others, and I don't have the information on those.

Mr. YATES. The Navajos have been funded for years.

Mr. BARLOW. Right.

Mr. YATES. But you don't know the dropout rate for Navajos. If you don't know what the Navajo dropout rate is, how do you know how much money to give them?

Mr. BARLOW. Beginning this year there's a formula that says they will be budgeted or allocated funds on the basis of their full time equivalent students.

Mr. YATES. What was the basis for giving them money in previous years?

Mr. BARLOW. They had a system at the Navajo Community College that basically called for a budget based on student figures. I think the difference was in the determination——

Mr. YATES. It's the same formula, then; is it not?

Mr. LAVIS. No.

Mr. BARLOW. Totally different.

Mr. YATES. What is the difference?

Mr. BARLOW. Briefly, I understand that Navajo Community College would take the total number of students who enrolled during the fall semester, they then added that to the total number of students who enrolled in the spring semester, and then they added that to the number of students enrolled in their summer programs. So, they came up with a figure of maybe 2100, 2200 students.

Mr. YATES. You are saying they came up with just the enrollees, not the dropouts. And you gave them the money on the basis of the enrollees.

Mr. BARLOW. No, the previous system is again that they were under the Band Analysis, the tribal priority system.

Mr. LAVIS. That's not exactly correct, Mr. Chairman.

Mr. YATES. Make it exact.

Mr. LAVIS. Navajo has been funded under their own act. In essence, we, the Bureau of Indian Affairs, are to provide X amount of dollars to the Navajo Community College on the basis of whatever we give to a like federal institution which, on that basis, for a number of years was Haskell. Then, in addition to that, they added on whatever money the Navajo Tribe wanted to make available to them under their own Band.

On the basis of those two factors, that is the basis on which they built the budget.

Mr. YATES. Was the study you applied to Haskell also applied to the Navajo?

Mr. LAVIS. The only standard in the Act was the standard of how much we gave Haskell or a like federal institution.

Mr. YATES. So you gave Navajo Community the same amount you gave Haskell?

Mr. LAVIS. That's approximately correct.

Mr. YATES. But there were many more students at Haskell, were there not?

Mr. LAVIS. We didn't base it on student enrollment or counts or anything like that.

Mr. YATES. Can you tell us how many students there were at Haskell in 1979?

Mr. LAVIS. No, I can't, not at the moment.

Mr. YATES. Could you tell us for the record let's take three or four years and compare the number of students in those schools.

[The information follows:]

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3099-3103

Question: How many students were at Haskell in 1979? Lets take 3 to 4 years and compare the number of students in those schools (Haskell and Navajo Community College).

Answer:

Haskell

| FY | Number Students Enrolled | | Funding |
|---|---|---|---|
| | 1st Semester | 2nd Semester | |
| 1976/1977 | 1,014 | 978 | $4,740,000 |
| 1977/1978 | 1,013 | 884 | $5,163,900 |
| 1978/1979 | 886 | 841 | $5,155,600 |
| 1979/1980 | 951 | 919 | $4,657,900 |

Navajo Community College

| FY | Number Students Enrolled | Funding |
|---|---|---|
| | Fall - Winter - Summer | |
| 1976/1977 | 2,727 | $4,403,199 |
| 1977/1978 | 2,481 | $5,317,800 |
| 1978/1979 | 3,069 | $4,871,700 |
| 1979/1980 | 3,805 | $6,444,900 |

Comparison

Comparison for students enrolled in each college are not valid because Haskell has two semesters and Navajo Community College has three semesters.

| FY | Haskell | Navajo | Difference |
|---|---|---|---|
| 1976/1977 | 1,992 | 2,727 | 735 |
| 1977/1978 | 1,897 | 2,481 | 584 |
| 1978/1979 | 1,727 | 3,069 | 1,342 |
| 1979/1980 | 1,870 | 3,805 | *1,935 |
| Total | 7,486 | 12,082 | 4,596 |

This information clearly shows Navajo Community College with more students. This is partially because Navajo Community College has the opportunity to enroll more students because of the third summer semester.

* Navajo has not arrived at an enrollment for their spring semester.

Mr. YATES. On the basis of that legislation, you say you gave them the same amount of money that they received at Haskell?

Mr. LAVIS. That's correct.

Mr. YATES. How can you change the formula, if that law is still in effect?

Mr. LAVIS. That act has been amended and that $4,000 for FTE equivalent has been substituted.

Mr. YATES. Do you know the dropout rate from Haskell?

Mr. LAVIS. No, I don't.

Mr. YATES. Tell us for the record.

Mr. BARLOW. Yes, sir, I will prove that for the record.

[The information follows:]

Dropout Rate at Haskell

I. The total dropout rate for 1978/79 school year at Haskell Indian Junior College was - - - - - - - - - - - - - - - - - - - - - - - - - 19%.

A. The following reasons were given for the dropouts:

1. Irregular Class Attendance - - - - - - - - - - - - - - - - 60%.
   Not serious about attending higher education.

2. Problems of adjustment to higher education requirements - - - - - - - - - - - - - - - - - - - - - - - - 10%.
   Married couples
   Solo parents with children

3. Financial problems - not enough funds available to to remain in school - - - - - - - - - - - - - - - - - - - 3%.

4. Crisis at home - left school because of emergency at home, and planned to return, but did not return - - - 13%.

5. Academic problems - not a sound background sufficient to progress academically - - - - - - - - - - - - - - - - - 2%.

6. Employment - accepted a job and left school - - - - - - - 3%.

7. Transferred to another college - - - - - - - - - - - - - 6%.

8. Returned home for health reasons - - - - - - - - - - - - 3%.

Mr. BARLOW. The way they computed their full-time equivalents prior to this year is they would take the full time credit hours for the semester and summer terms and divide it by 12. That would give the FTE's or full-time equivalents.

Also, I would like to go back to your questions about——

Mr. YATES. Let me interrupt you for a moment. I get the impression that the Navajo Community College has been very much overfunded for the last few years. Is my impression correct? On the basis of what you are testifying to now, they certainly can't have had the same amount of students that Haskell had; can they?

Mr. LAVIS. I can't speak to the question of comparing Haskell to Navajo Community College or whether the——

Mr. YATES. That was the basic college Congress used?

Mr. LAVIS. I did qualify that by saying it was just a dollar amount. Whatever the BIA gave Haskell became the figure on which we gave it to Navajo.

Now, that is an inaccurate kind of formula, but that's what the Act called for. Navajo Community College, a couple of years into that Act, found that inappropriate because their costs were rising far above Haskell's level.

Mr. YATES. Why?

Mr. LAVIS. I can't answer to that, either, but that is what they had and they sought immediate legislation and they got it. Unfortunately, the formula now works to their disadvantage because, instead of getting $6.4 million as you provided last year in the Act, this justification comes forward for a $2.4 million and to them that's going to put them in a real squeeze.

Mr. YATES. Provide for the record how much Navajo Community College has been receiving over the last four or five years. How long has Navajo been in existence?

Mr. LAVIS. Yes, sir, I will.

[The information follows:]

FY 1981 House Apropriations

Question: How long has Navajo Community College been in existence?

How much money have they been receiving over the last 4 or 5 years.

Answer: The Navajo Community College has been in existence since January 1969, which is eleven (11) years and three (3) months.

Navajo Community College has received a total of $21,037,599 from the Bureau of Indian Affairs over the past five (5) years. The breakout by years is as follows:

| FY | Funding |
|---|---|
| 1976/1977 | $4,403,199 |
| 1977/1978 | $5,317,800 |
| 1978/1979 | $4,871,700 |
| 1979/1980 | $6,444,900 |
| Total | $21,037,599 |

LOCAL SCHOOL BOARDS

Mr. BARLOW. I just wonder if I could return to the retention of staff. I don't know if you're aware that under the Indian Basic Education Act we are exempt from certain provisions of the Civil Service Act or Office of Personnel and Management and will be hiring all new employees for the Bureau Schools on a contract basis. A great deal of the authority here will rest with that local school board on the hiring and retention of those——

Mr. YATES. What do you mean by local school board? Of the Tribe?

Mr. BARLOW. Basically, what we are doing is spinning off the control of the operation of the Bureau schools to school boards and these school boards are going to derive the authority from the tribal entity. These school boards are going to have a great deal of authority in the operation of Bureau schools, one of which is, of course, the hiring and evaluating and determining whether or not to retain the education employees. They are going to be contract employees.

Mr. YATES. How in the world can the tribes act as—do they have any experience?

Mr. BARLOW. The tribes are going to delegate this authority to the school boards.

Mr. YATES. Who will the school boards be? Will they be members of the tribes or will they be outside school boards?

Mr. BARLOW. They must be members of the tribes and they will hire the teachers.

Also, we are doing all that we can to see that these boards of education have training and technical assistance to assist them in becoming effective school boards. You'll notice in the budget, we do allocate $5,000 to each school board for training purposes.

Mr. YATES. Five thousand dollars times how many tribes?

Mr. BARLOW. Two hundred twenty-four schools.

Mr. YATES. But some tribes have more than one school, don't they? Or only one school? Navajo has more than one school. Each school will not have a separate school board; will it?

Mr. BARLOW. Yes.

SCHOOL OPERATIONS BUDGET

Mr. YATES. You want to cut in education funds of $4,385,000, page 25 of your justifications. Now you are cutting back on other services, $2,287,000.

Why are you reducing the education request by that amount?

Mr. BARLOW. I'd like to begin by explaining, first of all, in the category of school operations, which is the actual funding, now, of the Bureau-funded schools, there is a reduction of $4,385,000 and we propose that there will be no reduction in the services that will be rendered. Again, we are applying the Indian School Equalization Program that we think is going to equalize the funding of the school programs. We will be closing two off-reservation boarding schools for Fiscal 1981.

Mr. YATES. Chilocco and Seneca?

Is it possible you will be closing others during the fiscal year?

OFF-RESERVATION BOARDING SCHOOLS

Mr. BARLOW. These kinds of things are under review. We are concerned about the efficiency and the efficiency of the off-reservation boarding schools. We do have some concerns along this line.

This current year, Mr. Chairman, we have 19,024 boarding students. Of this, 55 per cent are elementary students and 45 per cent are high school students. And we are concerned about this.

Mr. YATES. What is going to happen to them?

Mr. BARLOW. Well, the policy of the Bureau of Indian Affairs is to pursue a course of action to educate those children as near to their homes as possible.

Mr. YATES. What are you going to do about these children? What arrangements are being made?

Mr. BARLOW. If certain schools close down, we are implementing a program whereby we identify other schools that can absorb these students.

Mr. YATES. Do you know whether they can?

Mr. BARLOW. In the case of Chilocco and Seneca, yes.

Mr. YATES. Where will they go?

Mr. BARLOW. We have the parents now indicating to us whether the students will attend schools in—I can't remember the names of the schools—Fort Sill, Riverside, Carter Seminary and Jones Academy. Those schools are in that area within 60 to 75 mile radius and do have the capacity to absorb those students.

Mr. YATES. Did you say 225 schools?

Mr. BARLOW. Two hundred-nine schools and 15 dormitories.

ENROLLMENT AT BUREAU SCHOOLS

Mr. YATES. Can you place in the record at this point a list of all of the schools with their enrollment by grades for fiscal year 1980. You would have it for fiscal 1980, would you not?

Mr. BARLOW. Yes.

Mr. YATES. Let's put that in the record and see where we wind up year by year. Also include in the table in another column, the number of faculty members you have in each of the schools.

Mr. BARLOW. Yes.

[The information follows:]

| School Name | State | Kinder. ADM | Grades 1-3 ADM | Grades 4-8 ADM | Grades 9-12 ADM | Resiген. K ADM | Resiген. 1-3 ADM | Resiген. 4-8 ADM | Resiген. 9-12 ADM | Faculty |
|---|---|---|---|---|---|---|---|---|---|---|
| A8009 THEO.JAMERSON ELEM | ND | 16.00 | 28.00 | 25.00 | .00 | .00 | .00 | .00 | .00 | 3 |
| A8010 FLANDREAU INDIAN | SD | .00 | .00 | .00 | 422.50 | .00 | .00 | .00 | 422.50 | 30 |
| A8011 WAHPETON INDIAN | ND | .00 | 31.50 | 261.00 | .00 | .00 | 31.50 | 261.00 | .00 | 14 |
| A8012 PIERRE INDIAN | SD | .00 | 4.00 | 72.00 | .00 | .00 | 4.00 | 72.00 | .00 | 4 |
| A8103 BRIDGER DAY | SD | 3.00 | 8.00 | 13.00 | .00 | .00 | .00 | .00 | .00 | 2 |
| A8104 CHERRY CREEK | SD | 18.50 | 32.00 | 27.00 | .00 | .00 | .00 | .00 | .00 | 3 |
| A8106 PROMISE DAY | SD | .00 | 12.00 | 8.00 | .00 | .00 | .00 | .00 | .00 | 2 |
| A8107 RED SCAFFOLD DAY | SD | .00 | 22.50 | 25.50 | .00 | .00 | .00 | .00 | .00 | 2 |
| A8108 SWIFT BIRD DAY | SD | .00 | 21.00 | 17.00 | .00 | .00 | .00 | .00 | .00 | 2 |
| A8110 WHITE HORSE DAY | SD | 4.00 | 25.50 | 33.50 | .00 | .00 | .00 | .00 | .00 | 3 |
| A8112 CHEYENNE-EAGLE BUTTE COOP | SD | 44.00 | 198.50 | 315.00 | 369.50 | .00 | 22.00 | 69.00 | 95.50 | 45 |
| A8403 MANDAREE DAY | ND | 16.50 | 41.50 | 86.50 | 44.50 | .00 | .00 | .00 | .00 | 7 |
| A8404 TWIN BUTTES DAY | ND | 7.00 | 31.50 | 36.00 | .00 | .00 | .00 | .00 | .00 | 4 |
| A8405 WHITE SHIELD DAY COOP | ND | 11.50 | 30.50 | 41.50 | 45.50 | .00 | .00 | .00 | .00 | 6 |
| A8503 FORT TOTTEN COMMUNITY SC. | ND | 22.50 | 64.00 | 66.50 | .00 | .00 | .00 | .00 | .00 | 9 |
| A8504 SAINT MICHAEL | ND | 56.50 | 104.50 | 65.50 | .00 | .00 | .00 | .00 | .00 | 11 |
| A8602 AMERICAN HORSE COOP | SD | 17.00 | 55.50 | 68.00 | .00 | .00 | .00 | .00 | .00 | 7 |
| A8605 LITTLE HOUND DAY | SD | 44.00 | 145.50 | 185.00 | 164.50 | .00 | .00 | .00 | .00 | 25 |
| A8606 MANDERSON DAY COOP | SD | 27.00 | 86.00 | 123.00 | 12.00 | .00 | .00 | .00 | .00 | 12 |
| A8613 LONEMAN DAY | SD | 22.50 | 131.00 | 137.50 | 18.00 | .00 | .00 | .00 | .00 | 15 |
| A8616 OGLALA COMMUNITY COOP | SD | 55.00 | 178.50 | 117.50 | 316.50 | 5.00 | 21.50 | 43.50 | 66.00 | 16 |
| A8618 PORCUPINE DAY COOP | SD | 19.50 | 54.00 | 81.50 | .00 | .00 | .00 | .00 | .00 | 7 |
| A8623 CRAZY HORSE COOP | SD | 21.00 | 98.50 | 120.50 | 75.50 | .00 | .00 | .00 | .00 | 15 |
| A8710 ROSEBUD DORMITORIES | SD | .00 | .00 | .00 | .00 | 2.00 | 16.00 | 45.50 | 36.50 | 10 |
| A8711 ST. FRANCIS INDIAN | SD | 24.00 | 109.50 | 171.00 | 159.00 | .00 | .00 | 6.00 | 14.00 | 21 |
| A8804 MARTY INDIAN | SD | 12.50 | 35.00 | 98.00 | 107.00 | .00 | .00 | 49.50 | 78.00 | 11 |
| A8903 ENEMY SWIM DAY COOP | SD | 8.00 | 18.00 | 20.00 | 10.50 | .00 | .00 | .00 | .00 | 3 |
| A1003 BULL HEAD DAY | SD | 12.00 | 23.00 | 24.50 | .00 | .00 | .00 | .00 | .00 | 3 |
| A1005 LITTLE EAGLE DAY | SD | 5.00 | 23.50 | 48.50 | .00 | .00 | .00 | .00 | .00 | 4 |
| A1008 STANDING ROCK COOP. | ND | 35.00 | 142.00 | 210.00 | 216.50 | .00 | 3.00 | 7.50 | 29.50 | 28 |
| A1102 DUNSEITH DAY | ND | 19.50 | 46.00 | 58.00 | .00 | .00 | .00 | .00 | .00 | 6 |
| A1106 OJIBWAY INDIAN | ND | 25.00 | 74.00 | 129.00 | .00 | .00 | .00 | .00 | .00 | 11 |
| A1109 TURTLE MT. ELEM & MID | ND | 100.00 | 329.00 | 503.00 | .00 | .00 | .00 | .00 | .00 | 33 |
| A1110 TURTLE MT.HS. | ND | .00 | .00 | .00 | 497.00 | .00 | .00 | .00 | .00 | 34 |
| A1402 FT. THOMPSON COMM. COOP | SD | 29.00 | 84.50 | 69.00 | .00 | .00 | .00 | .00 | .00 | 5 |
| A1404 CROW CREEK HIGH | SD | .00 | .00 | 49.50 | 114.50 | .00 | .00 | .00 | .00 | 9 |
| A1502 LOWER BRULE DAY COOP | SD | 8.50 | 58.50 | 78.00 | 51.50 | .00 | .00 | 28.50 | 92.00 | 8 |
| B0004 CHILOCCO INDIAN | OK | .00 | .00 | 18.00 | 155.00 | .00 | .00 | .00 | .00 | 9 |
| B0005 INSTITUTE OF THE S. PLAINS | OK | 5.00 | 6.50 | 7.50 | 21.00 | .00 | .00 | 18.00 | 150.00 | 20 |
| B0006 FORT SILL INDIAN | OK | .00 | .00 | .00 | 160.00 | .00 | .00 | .00 | .00 | 9 |
| B0007 RIVERSIDE INDIAN | OK | .00 | .00 | .00 | 243.00 | .00 | .00 | .00 | 156.00 | 11 |
| B0009 CONCHO | OK | .00 | 31.00 | 150.50 | .00 | .00 | 31.00 | 155.00 | 247.00 | 19 |
| | | | | | | | | | .00 | |

| School Name | State | Kinder. ADM | Grades 1-3 ADM | Grades 4-8 ADM | Grades 9-12 ADM | Residen. K ADM | Residen. 1-3 ADM | Residen. 4-8 ADM | Residen. 9-12 ADM | Faculty |
|---|---|---|---|---|---|---|---|---|---|---|
| P5007 HANNAVILLE INDIAN | MI | 5.50 | 12.50 | 17.50 | .00 | .00 | .00 | .00 | .00 | 2 |
| G0004 SEQUOYAH HIGH | OK | .00 | .00 | .00 | 222.00 | .00 | .00 | .00 | 218.00 | 11 |
| G0005 SENECA INDIAN | OK | .00 | 6.00 | 46.50 | .00 | .00 | 6.00 | 46.50 | .00 | 3 |
| G0006 CARTER SEMINARY | OK | .00 | .00 | .00 | .00 | .00 | 24.50 | 58.00 | 37.50 | 0 |
| G0007 EUTAULA DORM | OK | .00 | .00 | .00 | .00 | .00 | 13.50 | 42.50 | 38.50 | 0 |
| G0008 JONES ACADEMY | OK | .00 | .00 | .00 | .00 | .00 | 18.50 | 84.00 | 66.00 | 1 |
| H5003 DUCKWATER | NV | 1.00 | 6.50 | 14.00 | .00 | .00 | .00 | .00 | .00 | 1 |
| H5004 STEWART INDIAN SCHOOL | NV | .00 | .00 | .00 | 409.50 | .00 | .00 | .00 | 413.00 | 19 |
| H5005 PHOENIX INDIAN HIGH | AZ | .00 | .00 | 23.50 | 492.50 | .00 | .00 | 23.50 | 482.50 | 24 |
| H5006 SHERMAN INDIAN HIGH | CA | .00 | .00 | .00 | 623.50 | .00 | .00 | .00 | 627.00 | 29 |
| H5007 INTERMOUNTAIN | UT | .00 | .00 | .00 | 723.00 | .00 | .00 | .00 | 709.00 | 33 |
| H5008 HAVA SUPAI DAY | AZ | .00 | 21.00 | 15.00 | .00 | .00 | .00 | .00 | .00 | 2 |
| H5211 CIBECUE DAY | AZ | 25.50 | 72.00 | 118.50 | .00 | .00 | .00 | .00 | .00 | 10 |
| H5212 J.F. KENNEDY DAY | AZ | 4.00 | 26.00 | 51.00 | .00 | .00 | .00 | .00 | .00 | 4 |
| H5221 THEO. ROOSEVELT BOARD | AZ | .00 | .00 | 137.50 | .00 | .00 | .00 | 138.00 | .00 | 7 |
| H5411 SANTA ROSA RANCH DAY | AZ | 4.00 | 12.00 | 11.50 | .00 | .00 | 4.00 | 5.50 | .00 | 2 |
| H5421 SANTA ROSA BOARDING | AZ | 37.50 | 103.50 | 179.00 | .00 | .00 | 6.00 | 149.00 | .00 | 15 |
| H5422 SAN SIMON | AZ | 37.00 | 107.50 | 101.50 | .00 | .00 | .00 | .00 | .00 | 12 |
| H5512 SALT RIVER DAY | AZ | 26.50 | 87.50 | 69.00 | .00 | .00 | .00 | .00 | .00 | 8 |
| H5712 BLACKWATER COMMUNITY | AZ | 18.00 | 16.50 | .00 | .00 | .00 | .00 | .00 | .00 | 2 |
| H5713 CASA BLANCA DAY | AZ | 23.00 | 60.00 | 25.00 | .00 | .00 | .00 | .00 | .00 | 5 |
| H5714 GILA CROSSING DAY | AZ | 30.50 | 73.00 | 30.00 | .00 | .00 | .00 | .00 | .00 | 7 |
| H6511 POLACCA DAY SCHOOL | AZ | 26.00 | 58.00 | 52.50 | .00 | .00 | .00 | .00 | .00 | 7 |
| M2002 SKY CITY COMM | NM | 48.50 | 123.00 | 133.50 | .00 | .00 | .00 | .00 | .00 | 14 |
| M2004 ISLETA ELEM DAY | NM | 42.00 | 119.00 | 104.00 | .00 | .00 | .00 | .00 | .00 | 12 |
| M2005 JEMEZ DAY | NM | 26.50 | 45.00 | 59.00 | .00 | .00 | .00 | .00 | .00 | 6 |
| M2006 LAGUNA ELEM DAY | NM | 76.00 | 212.00 | 188.50 | .00 | .00 | .00 | .00 | .00 | 22 |
| M2012 SAN FELIPE DAY | NM | 46.00 | 148.50 | 53.50 | .00 | .00 | .00 | .00 | .00 | 12 |
| M2022 ZIA DAY | NM | 14.50 | 35.00 | 23.00 | .00 | .00 | .00 | .00 | .00 | 4 |
| M2513 SAN ILDEFONSO DAY | NM | 4.50 | 18.50 | 23.00 | .00 | .00 | .00 | .00 | .00 | 3 |
| M2514 SAN JUAN DAY | NM | 17.00 | 25.00 | 25.00 | .00 | .00 | .00 | .00 | .00 | 5 |
| M2516 SANTA CLARA DAY | NM | 15.50 | 48.00 | 47.00 | .00 | .00 | .00 | .00 | .00 | 7 |
| M2519 TAOS DAY | NM | 12.00 | 53.50 | 76.00 | .00 | .00 | .00 | .00 | .00 | 7 |
| M2520 TESUQUE DAY | NM | .00 | 11.50 | 6.50 | .00 | .00 | .00 | .00 | .00 | 1 |
| N3202 ANETH COMM BOARDING | UT | 17.00 | 95.50 | 65.50 | 79.50 | .00 | 41.00 | 41.50 | 78.50 | 12 |
| N3203 AZTEC DORM | NM | .00 | .00 | .00 | .00 | .00 | .00 | .00 | 138.50 | 0 |
| N3204 BECLABITO DAY | NM | .00 | 34.00 | 9.50 | .00 | .00 | .00 | .00 | .00 | 2 |
| N3205 COVE DAY | NM | 13.00 | 42.50 | 39.00 | .00 | .00 | .00 | .00 | .00 | 4 |
| N3206 NENAHNEZAD BOARDING | NM | 52.00 | 101.00 | 101.50 | .00 | 9.00 | 74.00 | 92.50 | .00 | 12 |
| N3207 RED ROCK DAY | NM | 26.50 | 73.00 | 58.50 | .00 | .00 | .00 | .00 | .00 | 7 |
| N3209 SANOSTEE BOARDING | NM | 49.50 | 113.50 | 212.50 | .00 | .00 | 55.00 | 155.00 | .00 | 15 |
| N3210 TEEC NOS POS BOARDING | AZ | 23.50 | 173.50 | 319.50 | .00 | .00 | 100.50 | 223.00 | .00 | 17 |
| N3211 TOADLENA BOARDING | NM | 48.50 | 68.50 | 66.00 | .00 | 16.50 | 55.00 | 52.00 | .00 | 12 |
| N3213 SHIPROCK BOARDING JR | NM | .00 | .00 | 6.50 | 10.50 | .00 | 2.00 | 15.00 | 75.50 | 1 |
| N3215 SHIPROCK ALTERNATIVE SCHOOL | NM | .00 | .00 | .00 | 107.00 | .00 | .00 | .00 | .00 | 5 |
| N3216 THE NAVAJO ACADEMY | NM | .00 | .00 | .00 | 48.00 | .00 | .00 | .00 | 38.00 | 4 |
| N3302 CHILCHINBETO DAY | AZ | 23.00 | 42.00 | 14.50 | .00 | .00 | .00 | .00 | .00 | 4 |
| N3304 DENNEHOTSO BOARDING | AZ | 37.50 | 133.00 | 53.00 | .00 | 6.00 | 81.00 | 62.50 | .00 | 10 |
| N3305 FLAGSTAFF DORM | AZ | .00 | .00 | .00 | .00 | .00 | .00 | .00 | 139.50 | 0 |

| School Name | State | Kinder. ADM | Grades 1-3 ADM | Grades 4-8 ADM | Grades 9-12 ADM | Residen. K ADM | 1-3 ADM | 4-8 ADM | 9-12 ADM | Faculty |
|---|---|---|---|---|---|---|---|---|---|---|
| C5003 BLACKFEET DORM | MT | .00 | .00 | .00 | .00 | .00 | 12.00 | 58.00 | 16.00 | |
| C5004 TWO EAGLE RIVER | WY | .00 | .00 | .00 | 42.00 | .00 | .00 | .00 | .00 | |
| C5005 LABRE | MT | 20.50 | 67.00 | 120.50 | 175.00 | .00 | .00 | .00 | 65.00 | |
| C5006 BUSBY HIGH | MT | 18.00 | 40.00 | 103.50 | 85.00 | 1.00 | 5.50 | 29.00 | 20.00 | |
| C5007 WYOMING INDIAN HIGH | WY | .00 | .00 | .00 | 125.50 | .00 | .00 | .00 | .00 | |
| C5008 ST. STEPHENS INDIAN | WY | 24.00 | 62.50 | 128.00 | 12.50 | .00 | .00 | .00 | .00 | |
| E0006 MT.EDGECUMBE BOARD | AK | .00 | .00 | .00 | 392.50 | .00 | .00 | .00 | 387.50 | |
| E0008 KLAWAN DAY | AK | 2.00 | 6.00 | 7.50 | .00 | .00 | .00 | .00 | .00 | |
| E0217 KWIGILLINGOK DAY | AK | 3.50 | 21.00 | 37.50 | .00 | .00 | .00 | .00 | .00 | |
| E0219 MEKORYUK DAY | AK | .00 | 9.00 | 27.00 | .00 | .00 | .00 | .00 | .00 | |
| E0221 NAPAKIAK DAY | AK | 12.00 | 13.00 | 39.00 | .00 | .00 | .00 | .00 | .00 | |
| E0222 NAPASKIAK DAY | AK | .00 | 29.50 | 41.00 | .00 | .00 | .00 | .00 | .00 | |
| E0223 NEWTOK DAY | AK | .00 | 17.00 | 20.00 | .00 | .00 | .00 | .00 | .00 | |
| E0224 NIGHTMUTE DAY | AK | .00 | 11.00 | 25.00 | .00 | .00 | .00 | .00 | .00 | |
| E0225 NUNAPITCHUK DAY | AK | 2.50 | 25.00 | 51.00 | 10.00 | .00 | .00 | .00 | .00 | |
| E0226 OSCARVILLE DAY | AK | .00 | 7.00 | 8.00 | .00 | .00 | .00 | .00 | .00 | |
| E0227 PILOT STATION DAY | AK | 10.50 | 22.00 | 56.50 | .00 | .00 | .00 | .00 | .00 | |
| E0228 QUINHAGAK DAY | AK | .00 | 34.50 | 52.00 | .00 | .00 | .00 | .00 | .00 | |
| E0229 SCAMMON BAY DAY | AK | 12.00 | 24.00 | 28.00 | .00 | .00 | .00 | .00 | .00 | |
| E0232 TOKSOOK BAY DAY | AK | .00 | 42.50 | 37.00 | .00 | .00 | .00 | .00 | .00 | |
| E0233 TULUKSAK DAY | AK | 11.50 | 16.00 | 36.00 | .00 | .00 | .00 | .00 | .00 | |
| E0234 TUNTUTULIAK DAY | AK | 6.00 | 15.00 | 45.00 | .00 | .00 | .00 | .00 | .00 | |
| E0235 TUNUNAK DAY | AK | 6.00 | 22.00 | 29.00 | .00 | .00 | .00 | .00 | .00 | |
| E0305 CHUTKSHANK ELEM | AK | .00 | 4.50 | 6.00 | .00 | .00 | .00 | .00 | .00 | |
| E0316 TETLIN ELEM | AK | .00 | 9.00 | 12.50 | .00 | .00 | .00 | .00 | .00 | |
| E0317 VENETIE DAY | AK | .00 | 11.00 | 15.00 | .00 | .00 | .00 | .00 | .00 | |
| E0319 GRAYLING DAY | AK | .00 | 11.00 | 19.00 | .00 | .00 | .00 | .00 | .00 | |
| E0320 SHAGELUK DAY | AK | .00 | 7.00 | 15.00 | .00 | .00 | .00 | .00 | .00 | |
| E0402 BREVIG MISSION DAY | AK | 5.00 | 5.00 | 11.00 | .00 | .00 | .00 | .00 | .00 | |
| E0405 DIOMEDE DAY | AK | .00 | 8.00 | 27.00 | .00 | .00 | .00 | .00 | .00 | |
| E0406 ELIM DAY | AK | .00 | 16.00 | 22.00 | .00 | .00 | .00 | .00 | .00 | |
| E0407 GAMBELL DAY | AK | 10.50 | 27.50 | 59.00 | .00 | .00 | .00 | .00 | .00 | |
| E0408 GOLOVIN DAY | AK | .00 | 10.00 | 8.50 | .00 | .00 | .00 | .00 | .00 | |
| E0416 ST. MICHAEL DAY | AK | 5.00 | 30.00 | 27.50 | .00 | .00 | .00 | .00 | .00 | |
| E0417 SAVOONGA DAY | AK | 12.00 | 39.00 | 54.00 | .00 | .00 | .00 | .00 | .00 | |
| E0419 SHAKTOOLIK DAY | AK | .00 | 9.00 | 19.00 | .00 | .00 | .00 | .00 | .00 | |
| E0422 STEBBINS DAY | AK | 12.00 | 40.00 | 46.00 | .00 | .00 | .00 | .00 | .00 | |
| E0423 UNALAKLEET DAY | AK | 21.00 | 28.00 | 48.00 | .00 | .00 | .00 | .00 | .00 | |
| F5003 BUG-O-NAY-GE-SHIG | MN | .00 | 9.00 | 30.50 | 37.50 | .00 | .00 | .00 | .00 | |
| F5004 NAY-AH-SHIG DAY | MN | .00 | .00 | 12.50 | 39.50 | .00 | .00 | .00 | .00 | |
| F5005 LAC COURTE OREILLES | WS | 9.00 | 34.50 | 76.00 | 81.00 | .00 | .00 | .00 | .00 | |
| F5006 ONEIDA INDIAN SCHOOL | WS | 16.00 | 40.00 | 51.50 | .00 | .00 | .00 | .00 | .00 | |

| School Name | State | K ADM | 1-3 ADM | 4-8 ADM | 9-12 ADM | Resident. K ADM | 1-3 ADM | 4-8 ADM | 9-12 ADM | Faculty |
|---|---|---|---|---|---|---|---|---|---|---|
| N3307 KAIBETO ELEM BOARD | AZ | 49.50 | 169.50 | 279.50 | .00 | 10.50 | 125.00 | 239.50 | .00 | |
| N3308 KAYENTO BOARDING | AZ | .00 | 283.50 | 307.50 | .00 | .00 | 283.50 | 307.50 | .00 | |
| N3309 LEUPP BOARDING | AZ | 17.00 | 159.50 | 202.50 | .00 | 2.00 | 158.00 | 202.50 | .00 | |
| N3311 NAVAJO MT BOARDING | UT | 13.00 | 15.00 | .00 | .00 | 13.00 | 15.00 | .00 | .00 | |
| N3313 RED LAKE DAY | AZ | 43.00 | 84.00 | 55.00 | .00 | .00 | .00 | .00 | .00 | |
| N3314 RICHFIELD DORM | UT | .00 | .00 | .00 | .00 | .00 | .00 | .00 | 131.50 | |
| N3315 ROCKY RIDGE BOARDING | AZ | 24.50 | 75.50 | .00 | .00 | 13.00 | 41.50 | .00 | .00 | |
| N3316 SHONTO BOARDING | AZ | 136.00 | 328.50 | 574.00 | .00 | 69.50 | 242.50 | 472.00 | .00 | |
| N3319 TUBA CITY BOARDING COOP | AZ | 58.00 | 244.50 | 505.00 | .00 | 56.50 | 246.00 | 503.50 | .00 | |
| N3322 TUBA CITY HIGH | AZ | .00 | .00 | .00 | 596.00 | .00 | .00 | .00 | 586.00 | |
| N3323 LITTLE SINGER DAY | AZ | .75 | 14.00 | 6.50 | .00 | .00 | .00 | .00 | .00 | |
| N3402 BACA BOARDING | NM | 34.00 | 30.00 | .00 | .00 | .00 | 30.00 | .00 | .00 | |
| N3403 BORREGO PASS | NM | 23.00 | 49.00 | 45.50 | .00 | .00 | .00 | .00 | .00 | |
| N3404 BREAD SPRINGS | NM | 21.50 | 55.00 | .00 | .00 | .00 | .00 | .00 | .00 | |
| N3405 CHI CHIL TAH BOARD | NM | 22.00 | 83.00 | 16.00 | .00 | .50 | 51.50 | 14.00 | .00 | |
| N3406 HUERFANO DORM | NM | 14.00 | .00 | .00 | .00 | 4.00 | 38.50 | 41.00 | .00 | |
| N3408 JONES RANCH | NM | 10.00 | 29.00 | 7.50 | .00 | .00 | .00 | .00 | .00 | |
| N3410 LAKE VALLEY BOARDING | NM | 19.50 | 40.50 | 67.50 | .00 | 1.00 | 31.00 | 51.50 | .00 | |
| N3412 MARIANO LAKE BOARD | NM | 21.00 | 106.00 | .00 | .00 | .50 | 73.50 | .00 | .00 | |
| N3413 OJO ENCINO DAY | NM | 26.00 | 47.50 | .00 | .00 | .00 | .00 | .00 | .00 | |
| N3415 PUEBLO PINTADO BOARD | NM | 23.00 | 108.00 | 88.00 | .00 | .00 | 76.00 | 73.50 | .00 | |
| N3416 STANDING ROCK BOARD | NM | 24.50 | 37.00 | .00 | .00 | 11.00 | 28.00 | .00 | .00 | |
| N3417 DLO AY AZHI BOARDING | NM | .00 | 83.50 | 48.00 | .00 | .00 | 83.50 | 48.00 | .00 | |
| N3418 TORREON DAY | NM | 23.00 | 81.00 | 15.50 | .00 | .00 | .00 | .00 | .00 | |
| N3420 WINGATE ELEM BOARDING | NM | .00 | 164.50 | 390.00 | .00 | .00 | 164.50 | 390.00 | .00 | |
| N3421 WINGATE HIGH BOARDING | NM | .00 | .00 | .00 | 827.50 | .00 | .00 | .00 | 781.50 | |
| N3423 CHINLEE BOARDING | NM | .00 | 149.50 | 354.50 | .00 | .00 | 132.00 | 327.00 | .00 | |
| N3424 DZILTH-NA-O-DITH-HLE | NM | 16.50 | 90.00 | 216.50 | .00 | 2.00 | 70.00 | 177.50 | .00 | |
| N3425 CANONCITO DAY | NM | 28.00 | 80.50 | 187.00 | 17.00 | .00 | .00 | .00 | .00 | |
| N3426 MAGDALENA DORM | NM | .00 | .00 | .00 | .00 | .00 | 19.50 | 78.50 | 67.50 | |
| N3427 ALAMO NAVAJO SCHOOL | NM | 23.00 | 96.00 | 94.00 | .00 | .00 | .00 | .00 | .00 | |
| N3523 BLACK MESA SCHOOL | AZ | 4.00 | 11.00 | 17.00 | .00 | .00 | .00 | .00 | .00 | |
| N3603 CHUSKA BOARDING | NM | .00 | 130.50 | 166.50 | .00 | .00 | 130.50 | 166.50 | .00 | |
| N3605 CRYSTAL BOARDING | NM | .00 | 56.00 | 53.00 | .00 | .00 | 48.00 | 49.50 | .00 | |
| N3606 DILCON BOARDING | AZ | 45.00 | 250.00 | 438.00 | .00 | .00 | 117.00 | 237.00 | .00 | |
| N3608 GREASEWOOD BOARDING | AZ | 33.00 | 121.00 | 206.50 | .00 | 11.00 | 54.50 | 127.50 | .00 | |
| N3609 HOLBROOK DORM | AZ | .00 | .00 | .00 | .00 | .00 | .00 | .00 | 221.00 | |
| N3611 HUNTERS POINT | AZ | .00 | 83.50 | 74.50 | .00 | .00 | 83.00 | 74.50 | .00 | |
| N3614 KINLICHEE BOARDING | AZ | 19.50 | 58.50 | 93.00 | .00 | 4.00 | 59.50 | 94.00 | .00 | |
| N3618 PINE SPRINGS BOARDING | AZ | 16.00 | 27.00 | 6.00 | .00 | 2.00 | 27.50 | 6.00 | .00 | |
| N3619 SEBA DALKAI BOARDING | AZ | 39.00 | 78.00 | .00 | .00 | 2.00 | 63.00 | 65.00 | .00 | |
| N3620 SNOWFLAKE DORM | AZ | .00 | .00 | .00 | .00 | .00 | .00 | .00 | 78.50 | |
| N3622 TOHATCHI BOARDING | NM | .00 | 88.50 | 191.00 | .00 | .00 | 85.50 | 185.00 | 15.50 | |

| School Name | State | K ADM | 1-3 ADM | 4-8 ADM | 9-12 ADM | Resident. K ADM | 1-3 ADM | 4-8 ADM | 9-12 ADM | Boarding Students | Faculty |
|---|---|---|---|---|---|---|---|---|---|---|---|
| N3624 WIDE RUINS BOARDING | AZ | 32.00 | 77.50 | 51.00 | .00 | 5.50 | 78.50 | 53.00 | .00 | | |
| N3625 WINSLOW DORM | AZ | .00 | .00 | .00 | .00 | .00 | .00 | 29.50 | 145.00 | | |
| N3627 TOYEI BOARDING | AZ | 26.00 | 122.00 | 269.00 | .00 | .00 | 121.00 | 267.00 | .00 | | |
| P0016 CHEMAWA INDIAN | OR | .00 | .00 | .00 | 219.50 | .00 | .00 | .00 | 220.50 | | |
| P0021 QUILEUTE DAY | WA | 4.50 | 30.00 | 25.50 | .00 | .00 | .00 | .00 | .00 | | |
| P0023 YAKIMA TRIBAL SCHOOL | WA | 43.00 | .00 | 4.00 | 35.50 | .00 | .00 | .00 | .00 | | |
| P0024 PUYALLUP INDIAN SCHOOLS | WA | 30.50 | 53.00 | 83.50 | 54.00 | .00 | .00 | .00 | .00 | | |
| P0025 NEZ PERCE DAY | ID | .00 | .00 | 3.50 | 26.00 | .00 | .00 | .00 | .00 | | |
| P0026 SHOSHONE-BANNOK | ID | .00 | .00 | 6.00 | 46.50 | .00 | .00 | .00 | .00 | | |
| P0027 COEUR D ALENE INDIAN | ID | 11.50 | 28.50 | 34.00 | .00 | .00 | .00 | .00 | .00 | | |
| P0030 PASCHAL SHERMAN IND | WA | .00 | 42.50 | 89.50 | .00 | .00 | 30.50 | 78.00 | .00 | | |
| S5007 AHFACHKEE DAY | FL | 13.00 | 24.00 | 25.00 | .00 | .00 | .00 | .00 | .00 | | |
| S5008 MICCOSUKEE | FL | .00 | 17.00 | 29.00 | 3.00 | .00 | .00 | .00 | .00 | | |
| S5203 CHEROKEE | NC | 115.00 | 273.00 | 419.00 | 340.00 | .00 | .00 | .00 | .00 | | |
| S7812 CHITIMACHA DAY | LA | 3.00 | 8.00 | 18.50 | 4.00 | .00 | .00 | .00 | .00 | | |
| S7813 RED WATER DAY | MS | 15.00 | 29.50 | 43.00 | .00 | .00 | .00 | .00 | .00 | | |
| S7814 STANDING PINE DAY | MS | 10.00 | 24.00 | 20.00 | .00 | .00 | .00 | .00 | .00 | | |
| S7815 TUCKER DAY | MS | 8.00 | 37.00 | 18.00 | .00 | .00 | .00 | .00 | .00 | | |
| S7821 BOGUE CHITTO BOARDING | MS | 15.50 | 57.50 | 81.00 | .00 | .00 | 3.00 | 10.00 | .00 | | |
| S7822 CONSHATTA BOARDING | MS | 22.50 | 38.00 | 67.00 | .00 | .00 | .00 | .00 | .00 | | |
| S7823 CHOCTAW CENTRAL HIGH | MS | 41.50 | 110.00 | 211.00 | 248.00 | .00 | .00 | 14.00 | 125.50 | | |

Mr. YATES. How many children are there in the 209 schools?

Mr. BARLOW. Right now, we have an average daily membership, which is the figure we are using in the 209 schools, of 41,526 students.

Mr. YATES. That's both grammar and high school?

Mr. BARLOW. Right.

Mr. YATES. Including boarding schools?

Mr. BARLOW. Yes.

Mr. YATES. How many Indian schools other than the boarding schools?

Mr. BARLOW. We have 14 off-reservation boarding schools in operation this year. Their average daily membership is 4,631 students. We have 53 boarding schools on reservations. Their average daily membership is 17,822.5. And we have 97 day schools with an average daily membership of 11,465.5. And we have 45 contract schools, with an average daily membership of 7,607 students.

The total for the 209 schools is 41,526 average daily membership. Now, this represents about a 1 per cent decrease from last year.

### BUREAU BOARDING SCHOOLS

Mr. YATES. When Dr. Johnson appeared before us, we asked him the question of boarding schools; Dr. Johnson of Indian Health Service. He had the impression that most of your boarding schools are boarding what he termed emotionally disturbed children.

Mr. BARLOW. The figures that I have for this year, Mr. Chairman of the 19,000 boarding students about 12 per cent are referred for social reasons, social service referrals. Isolation factors represent about 35 per cent of the reasons. And any others are a matter of——

Mr. YATES. Wait a minute. The others are what?

Mr. BARLOW. Various other reasons, such as handicapped.

Mr. YATES. His estimate is about right, then. They have handicaps of one kind or another?

Mr. BARLOW. Well, yes. I don't have the——

Mr. YATES. What is the percentage of so-called normal children in each of these schools, if you can use that phrase?

Mr. BARLOW. I think what we are going to have to do is pin down a little more accurately the reason for the students being in these——

Mr. YATES. Good for you. That is what I would like to find out.

Mr. BARLOW. We are working on it and——

Mr. YATES. Well, how long will it take you to complete it?

Mr. BARLOW. We should have a pretty good handle on it this year.

Mr. YATES. How about this month?

Mr. BARLOW. Possibly we could get that right away.

[The information follows:]

#### CHARACTERISTICS OF INDIAN STUDENTS IN BOARDING SCHOOLS

The percentage of so-called normal children in Bureau of Indian Affairs Boarding Schools is derived as follows:

Some 23 percent of the students in BIA schools receive some type of special education, intensive bilingual services, or intensive residential guidance. This leaves about 77 percent not receiving any specialized education of this type.

A recent survey indicates the following categories for students attending BIA boarding schools:
(a) 35 percent isolation factors, (b) 11 percent social service referrals, and (c) 54 percent parental or child choice and academic or curriculum reasons. We have found that such statistical data as this varies from survey to survey and can only give a general idea of factors involved in enrollment decisions.

Mr. YATES. We would appreciate it if you would do that because we are very much interested in this committee in the subject of the education of the kids. How do we improve the schools? How do we improve the elementary schools and the high schools? How do we get the Indian children into the colleges and into good colleges where they can get the education for the advanced degrees that will help them go back to their tribes and do the work that has to be done? How are we going to do that? We would like to help you do it.

Mr. BARLOW. We are certainly hopeful that by spinning of the control to the local people that they certainly will take a much greater interest in this. We are in the process of developing minimum academic standards and dormitory living criteria.

Mr. YATES. How many of the tribes are like Ramah? How many of the tribes are willing to take that much interest in the kids and in the programs? Is Ramah unusual in this, do you think?

Mr. BARLOW. I think Ramah has an outstanding record. I am certainly not going to disagree with that.

Mr. YATES. Only 1 in 209. I would like to find out what other schools have outstanding records. Are there any that compare with Ramah?

Mr. BARLOW. I would have to know the standards——

Mr. YATES. Somebody ought to know about what each of the schools is like. How do we find out what each of the schools is like and the condition of each of the schools? Shouldn't BIA know that?

Mr. BARLOW. Yes, this is part of our program. Again, our management information system is going to be tracking the student test results, if that is what we want, attendance, dropout rates, the kinds of statistics that generally indicate a quality education.

Mr. YATES. Will the reduction in the education budget affect the quality of education services?

Mr. BARLOW. We are stating that it will not.

Mr. YATES. What do you believe? I know you are stating that but what do you believe?

## PHASE-IN OF THE SCHOOL EQUALIZATION FORMULA

Mr. BARLOW. Let me equate it in terms of funding. This year the base value per weighted student unit is $1,819. For fiscal year 1981, each weighted student unit will generate $1,890. I know this is a little difficult to follow. The number of students is increasing, the number of dollars is decreasing, and yet the student——

Mr. YATES. The students then are more gifted each year?

Mr. BARLOW. It has to do with the phase-in.

Mr. YATES. What does that mean?

Mr. BARLOW. Well, for this current year, the Congress instructed or mandated that each school that is above the average would have a decrease of 10 per cent maximum, and the under-funded schools would have a 20 per cent maximum increase. So this meant that a

number of schools that were in the upper brackets of funding are held harmless.

Now, for next year this is going to change; those so called over-funded schools will be held to a 30 per cent maximum decrease. The under-funded schools will be 70 per cent maximum increase.

Mr. YATES. Are there schools that are over-funded?

Mr. BARLOW. Comparatively speaking, compared to the other schools.

Mr. YATES. The education budget has lost $3,358,000. The number of kids is increasing. Is that true? The number of kids is increasing?

Mr. BARLOW. We anticipate that there will be some new schools coming on the line and we are anticipating an increase of about 400 students for next year.

INDIAN SCHOOL EQUALIZATION FORMULA

Mr. YATES. What is the formula for distributing funds to the schools?

Mr. BARLOW. Mr. Chairman, we have some charts. I realize that this is a new system, and with your permission I would like to use these charts and explain it to you.

Mr. YATES. We can always use visual aids.

Mr. BARLOW. I have Jack Leppert who has volunteered to help me here.

Mr. YATES. Okay. Will the volunteer step forward?

Mr. BARLOW. This is Mr. Jack Leppert, who is one of our consultants who has worked——

Mr. YATES. What do you mean by consultant?

Mr. BARLOW. The Bureau has contracted with MGT to do a number of things.

Mr. YATES. What is MGT?

Mr. LEPPERT. I represent a consulting firm based in Tallahassee, Florida. We do contracting work in the area of school financing for state governments and a number of federal education agencies.

Mr. YATES. And you are a research outfit, so-called think tank?

Mr. LEPPERT. Not yet. We are more in the applied research area. My background is in education and in work with state legislatures.

Mr. YATES. You should have been up here answering my questions.

Mr. LEPPERT. We are in the applied field.

Mr. YATES. Are you going to tell me now how you are going to take care of the Indian children to make sure that there are no dropouts?

Mr. LEPPERT. You can't solve all of those problems. I think the dropout problem is really a function more of poverty than anything else, whether you are looking at groups of Indians, blacks or Orientals or northerners or southerners or whatever. I think we are dealing with a problem of poverty rather than a problem of Indians.

I think the issue, though, is an important one to focus on, and I think that one of the issues is to develop a funding formula which has the incentives for schools, both to retain, search for and educate children. And the focus of a number of state governments in

recent years had been to shift their unit of funding away from either a cost reimbursement system, or a teacher unit system, but more on to an adjusted student unit system based on the specific estimated costs of delivering services to different types of children. This concept is basically called a weighted student or a weighted pupil unit system, which has been adopted by a number of states, and is the type of model for funding which was prescribed in Public Law 95-561 in section 1128 relating to education funding.

In concurrance with that congressional mandate, I and others in our firm were contracted to assist BIA in the initial development of the formula and then subsequently in the development of the management system to support that formula. And in that connection I presume that I appear here today.

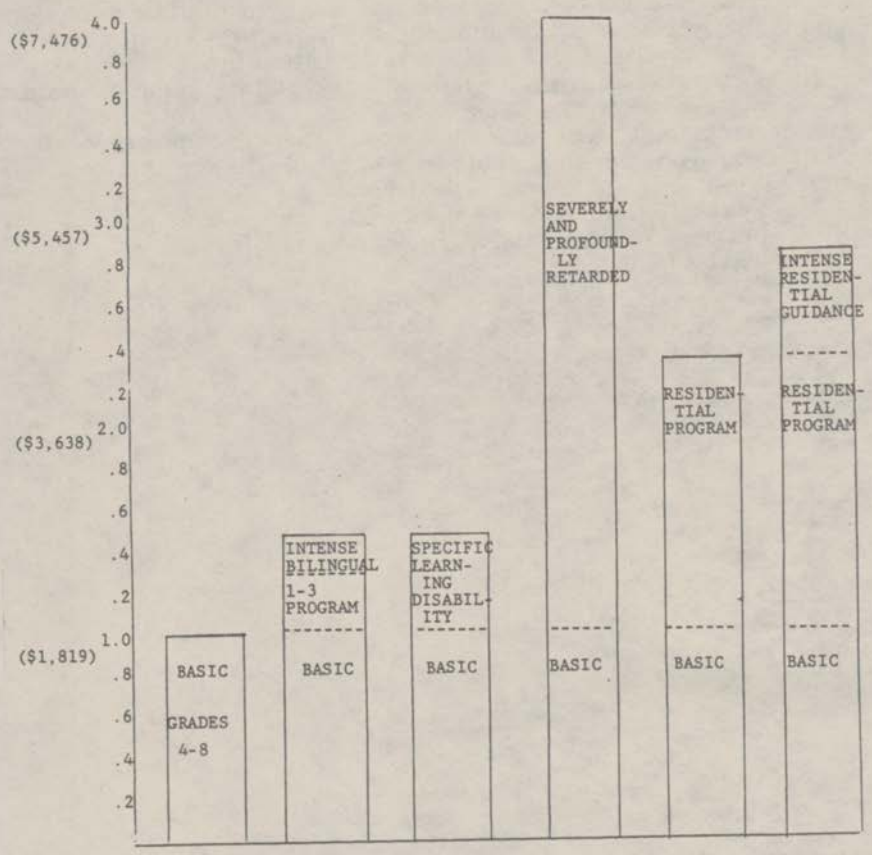
Mr. YATES. In that connection, we would love to hear you.

Mr. LEPPERT. We did make a few charts and I think——

[The charts follow:]

THE INDIAN SCHOOL EQUALIZATION PROGRAM

A Formula Based on the Relative Needs of Students



SUMMARY - STUDENT UNITS IN SCHOOL OPERATIONS

| | FY 80 Membership | FY 80 WSU's | FY 81 Membership | FY 81 WSU's |
|---|---|---|---|---|
| **Instructional Programs** | | | | |
| Basic K-12 Totals | 41,526 | 47,019 | 41,926 | 47,464 |
| Exceptional Child Full-time | 886 | 1,250 | 1,053 | 1,531 |
| Exceptional Child Part-time | 3,324 | 1,404 | 3,626 | 1,522 |
| Intense Bilingual | 4,426 | 885 | 4,870 | 974 |
| **Residential Programs (Boarding & Dorms)** | | | | |
| Basic K-12 | 20,217* | 25,900 | 19,965 | 25,547 |
| Exceptional Child Care | 662 | 259 | 752 | 295 |
| Intense Residential Guidance | 974 | 487 | 974 | 487 |
| Program WSU TOTALS | | 77,204 | | 77,820 |

* Of this total 1,805 are dorm students attending public schools; thus total persons served are 41,526 + 1,805 or 43,331.

COMPUTING THE BASE UNIT VALUE

| | FY 80 | FY 81 |
|---|---|---|
| Program WSUs | 77,204 | 77,820 |
| Small School WSUs | 1,080 | 1,080 |
| Alaskan WSUs | 1,067 | 1,067 |
| TOTAL WSUs | 79,351 | 79,967 |
| Amount Available | $152,540,500 | $153,480,600 |
| Unadjusted Base | $1,922 | $1,919 |
| Less Cost of 10/20 Phase-in | -103 | |
| Less Cost of 30/70 Phase-in | | -29 |
| Estimated Base Value | 1,819 | 1,890 |
| | (+3.90%) | |

Note: In neither case have salary adjustment funds been estimated in these calculations.

BUDGET SUMMARY

SCHOOL OPERATIONS - FY 80 and FY 81

| | | |
|---|---|---|
| ISEF | $152.5 M | $153.5 M |
| Institutionalized Handicapped | - 0 - | 2.4 |
| Disaster Relief Fund | .8 | .8 |
| School Boards Training | 1.2 | 1.2 |
| Student Transportation | 9.2 | 10.1 |
| Administration | 13.4 | 13.7 |
| Implementation Funds | 4.5 | 3.5 |
| TOTALS | $181.6 | $185.2 |
| DIFFERENCE | | +$3.6(1.98%) |

BASIC WEIGHTS

Mr. BARLOW. I think the key thing to stress here is the concept of an equalized funding program based on student units and weighted student units. We have some charts I think that have graphically demonstrated what we are talking about.

Mr. LEPPERT. I think the fundamental concept is that in order to provide equity, the approach in two ways. One is the initial demand of assuring that equity among schools be achieved. Some schools were operating at basic costs of $600 or $1,000 per student and others were operating at costs of over $10,000 a student. Cost is often a function of how much money you have available to spend rather than a measure related to output or performance. One control on costs is to control the input. Conceptually, the focus was to eliminate the competitiveness among schools, either within agencies or areas, for funds based on their political connections, based on their ability to write a good proposal, based on how good they can cook supper for the area superintendent, but rather to make the student the focus. But to adjust the governance system at the same time that you adjust education finance is also critical the primary focus now of what school boards and local administrators are being required to focus on is better ways to spend money most efficiently on the education of students rather than continually being in the competitive spirit of seeking more funds rather than attending to the program for students.

So conceptually, the goal was to determine a base amount that it would cost to educate the average student and to supplement that for needy students.

That chart is attempting to graphically represent relative values of different types of students. The purple amount represents a dollar amount of $1,819, which is the computer base this year for the average student in the average basic program.

I think it's important to note that the basic amount really is grades four through eight. Some policy judgments were made by a task force that said more money ought to be spent in primary grades and more money ought to be spent in the high school years.

The blue amount here represents an add-on amount to the primary grades. The blue here represents high school years.

BILINGUAL FACTOR

Next to that there are several regions of the country with unique educational needs associated with the need to become bi-lingual students. Non-English speaking students entering school not being able really to communicate or learn English require aides in the classroom and special teachers in many cases. And there are costs associated with that. So additional money is provided for that.

EXCEPTIONAL FACTOR

Also, there are a number of disabilities in the special educational area. Some, such as part-time specific learning disability programs with resource, room for five or six percent of the children costs extra money and for a very small percent less than one percent of the children, you have profoundly or severely retarded children

whose programs must cost more if you are going to offer a decent program.

BOARDING FACTOR

Next to that there are residential programs for about half the students. I think it was said 48 percent of the students are residential. And so the green amount represents supplements for residential student costs and the light green amount represents extra costs providing residential services for severely handicapped children who are also in resident.

Thus the amount per student under equalization program is not equalized and ought not to be equal because exact equalization for unequally needy students is not equalization. And the concept is a weighted student unit approach because a factor of 1.0 is used to represent a base. And then the 1.2 factor represents primary grades, 1.3 represents the high school grades.

If a child is severely retarded, a 3.0 add-on factor is used to represent that.

Likewise, for residential programs, a 1.4 or a 1.25 add-on unit weight is determined.

These ratios really are tied back to the basic unit value of 1.0. And in the development of a system, one looks at an individual school to——

Mr. BARLOW. Let me interrupt you one second.

Perhaps the key to this whole system is accurate student count. And, again, we have got this computerized—and penalties might be a little bit severe for failure to provide timely and accurate student counts.

These counts must be certified and they must be verified. Any of our officials who are charged with this responsibility face dismissal if they knowingly, fraudulently, mess up those student counts. And it goes on to even provide for criminal prosecution because we would make a sham of this system if we did not have accurate student counts and a strong internal student count auditing system.

Mr. LEPPERT. For each of these students there is an individual registration card which is machine readable which provides an individual audit trail back to each student. Those cards are being mailed in now for the spring count this year. That will provide the most accurate student count of any system to date.

BASE STUDENT VALUE

To give some idea of the school—and this is the school, believe it or not—the concept, basically, is to identify different students by different needs, and this is somewhat of a typical representation of a K to 12 school with approximately 60 students. Reading the chart sideways, you have 20 students at a weight of 1.2. Those graphically represent the primary block of grades. You have 20 other students at the rate of 1.0, the middle grade students. We have numbers of other students at given weighted categories depending on whether they are in residence or exceptional child programs. But, given a school with about 160 students actually through the weighting program and given the fact that many of them are in residence and some of them are exceptional child programs, they

generate 323.5 weighted student units. This number, then, called WSUs or weighted student units, are multiplied by a base value of 1,819 to generate the earnings for the total operating costs of that school, somewhat considerably in excess of a half million dollars.

Mr. YATES. Is 1,819 the cost of educating the student per year?

Mr. LEPPERT. 1,819 is the backed-in cost. We computed the total number of weighted student units in the entire BIA educational system. That amounted to about 79,000 weighted student units, although there are only about 45,000 unweighted student units. That division into about $152 million produced the result, 1,819, which is——

BUREAU EDUCATION WEIGHTED UNIT SYSTEM

Mr. YATES. So it's just mathematical. The reason I asked the question is how does that compare with the amount made available in the public schools per student?

Mr. LEPPERT. That's an excellent question.

Mr. YATES. Thank you.

Mr. LEPPERT. That's focusing on a number of different issues. On the surface, it appears to be high; around 16 hundred is this year's average operating cost in public schools. But it's not an apples and apples situation. It's not even an apples and oranges situation. You deal with hidden costs, you deal with indirect costs, you deal with administrative costs. You deal with supplemental dollars that are available to some public schools that aren't available to BIA schools and vice versa, so that there has never been a——

Mr. YATES. Can you give an example of a hidden cost?

Mr. LEPPERT. Certainly. For example, out of this amount come support costs, the retirement benefits for employees. If you compare that to educational costs in the State of Utah, for example, all retirement benefits and sick leave are paid out of a separate appropriation of the Utah Legislature. Nor can you compare it to Florida's cost because Florida operates on a full time equivalent student system which is not comparable to a student membership system.

Likewise, there are costs that are associated with administration that are applied into the average computation. Indirect district and state administrative expenses are incorporated in the basic average cost for students for states. They are not included in this BIA base because they are a separate administrative appropriation line here. And there must be 30 or 40 such differences that in half an hour we can call out.

But on balance, this number is probably slightly high, but it is slightly high probably because of a number of factors.

One, you are dealing with small schools, and the isolation factor needs to be taken into consideration. If you were to go to some of the remote areas of New Mexico and, for example, that have very small student populations, you would see their student cost was well over $2,000. So it's a matter of settling down—the amount is in the ball park, and really, the question is the quality of services that are delivered with the existing funds, and they cost——

Mr. YATES. Have you studied that quality of services?

Mr. LEPPERT. Very hard to study. There are a lot of studies out, a lot of work being done, everyone disagrees with the output measures and whether you are dealing with student achievement test scores or suicide rate or alcoholism rate or ability to have a successful job; all output measures most of which are very difficult to quantify as I am sure you know.

At issue, though, fundamentally, is that BIA education in this year for the first year in its entire history is operating under a weighted pupil unit system which delivers to the school a sum of dollars which is then spent in accordance with the local educational financial plan, which must be developed by local school administrators, approved by local school board and subject to the assistance and administrative oversight by agency and area operating personnel as well as Mr. Barlow's office.

Mr. YATES. You don't know—you just established the formula. You have no way of knowing whether, in the area offices, the BIA has people who are qualified to do the review?

Mr. LEPPERT. I've met with and know most of those people and, as in any government agency, as in any private agency, they run the gambit from outstanding to very poor. But there are some very outstanding people out there——

Mr. YATES. I assume you've told BIA where the very poor ones are.

Mr. LEPPERT. No, I haven't——

Mr. YATES. Maybe you should.

Mr. LEPPERT. There are personal judgments there.

Mr. YATES. Of course, but you've had experience in the field, I take it.

Mr. LEPPERT. As a school principal, I used to hire teachers that other people didn't want to hire because I thought they were outstanding, so there are certainly some judgment calls there.

SUMMARY

This chart represents a summary of some of the data that is in your justification booklet. In sum, we have 41,500 students in instructional programs and other students in dormitory programs who are going to public schools.

The breakdown, about 886 students are in full time special education programs and 3,300 are in part time special education programs. Substantive education committees in Congress are interested in the adherence to the Public Law 94-142 concept policies and regulations and the percentage of students in the special education programs in BIA is comparable to public schools, although personally they probably have, given the student population, probably ought to have a higher percentage being served in the special education programs for a number of reasons and we could expect some growth in subsequent years here.

The number of students being served in intensive bilingual programs is about 4,400 and I would expect growth there. In 1981 more students are going to be introduced properly and adequately to the functioning of two-language——

Mr. YATES. Is this a tribal language?

Mr. LEPPERT. Right; for the most part, in the southwest part of the country students in 1st and 2nd grade do not speak English. A few speak Spanish; most speak Navajo. In most of the Navajo schools, which represent probably a third, nearly a third of children in all BIA schools are Navajo. And most of those schools I have been in most of the lower grades, most of the students come to school speaking little or no English. And it's a major task, and a costly task to make those students bilingual to make them operational in English and at the same time to meet their proper cultural and tribal government needs to maintain fluency in their own native language.

So, to do both, if that's a goal that Congress has, it does cost more money and in the relative allocation of dollars this formula recognizes that need and that goal.

In addition, there are some students in intense residential guidance programs that I think ought to be pointed out; about a thousand students who are effectively sent to BIA schools as alternatives to juvenile court placement, as alternatives to dropping out of public schools. Those students need special programs, they are being devised and developed, and supplemental funds are being made to the formula in order to encourage schools to serve those children and their special needs.

Mr. YATES. Are those students under your exceptional child care category?

Mr. LEPPERT. No, by regulation. And there's an intense body of regulations that are available, if you'd like a copy or we have a summary in plain English instead of regulatory language that describes it. But if you are interested, that can be made available. And in a few pages one can get a sense of the details of the regulations. But a child cannot be served in an intense residential guidance program and in a residential guidance program for exceptional children just to prevent double counting of those children.

But given the supplements for residential programs that are addressed to here, you see we have derived some 77,204 weighted student units out of the original 41,000 students that are in regular day programs. So, it is that figure, then, that represents a key figure for the consideration of this committee in subsequent years. That is looking at ratios between unweighted and weighted student units and looking at the design or programs to see if, indeed, those factors and those costs which are unique will vary from school to school are being recognized and attended to through the incentive system which is the formula.

And I think that the formula, as I say, is two things: One, it's an attempt at fair allocation of existing funds among all schools; and, two, it's an incentive system for schools to identify and serve students. And those two goals are compatible, and have worked fairly well hand in hand.

Mr. YATES. Excuse me, I see, it is nearly four o'clock and that there is more ground to cover here then we have time for today. We will recess and continue this discussion tomorrow.

WEDNESDAY, MARCH 26, 1980.

## BUREAU OF INDIAN AFFAIRS

### WITNESSES

SIDNEY MILLS, ACTING ASSISTANT SECRETARY
RICK LAVIS, DEPUTY ASSISTANT SECRETARY
WILLIAM HALLETT, COMMISSIONER OF INDIAN AFFAIRS
EARL BARLOW, DIRECTOR, OFFICE OF INDIAN EDUCATION PROGRAMS
DAVID HARRISON, OFFICE OF TRUST RESPONSIBILITIES
THEODORE KRENZKE, OFFICE OF INDIAN SERVICES
WILLIAM SEARCY, OFFICE OF FINANCIAL MANAGEMENT
WILLIAM BETTENBERG, DIRECTOR OF BUDGET, OFFICE OF THE SECRETARY
RICHARD STEELE, FACILITY CONSTRUCTION AND OPERATION IMPROVEMENT DIVISION, OFFICE OF THE SECRETARY
WILLIAM KENDIG, DEPUTY ASSISTANT SECRETARY FOR POLICY AND BUDGET, AND ADMINISTRATION
WALTER F. LATTA, EDUCATION SPECIALIST

### INDIAN SCHOOL EQUALIZATION FORMULA

Mr. YATES. Mr. Reporter, show the hearing as coming to order. We were charting yesterday with the gentleman from Tallahassee.

Mr. LEPPERT. Yes, we were in the process of reviewing some of the key elements of the formula, and pointing out a number of impacts of the operation of the formula on the allocation of dollars to schools. And we had reached the point where we had identified some 77,000 weighted student units generated through the calculation of the formula for the current fiscal year, 1980, but a slight increase to 77,820 for fiscal year 1981. That is due primarily to an increase in the number of schools, there are some new schools starting up.

Mr. YATES. What was your charge? What was your mandate in undertaking this contract? To determine the fairness of the allocation of funds to the schools?

Mr. LEPPERT. Well, there were a series of issues. We were involved as consultants during the development of the contract stage. And the charge there, was to bring to bear the best knowledge of the states that had experience with this type of a formula.

Mr. YATES. Were you concerned with the quality of education?

Mr. LEPPERT. No. Not directly.

Mr. YATES. Are you capable of doing that; making appraisals of it?

Mr. LEPPERT. Well, I think there's a lot of subjective judgment that goes in the making, but we do that.

Mr. YATES. Money keeps being poured into schools, and you are explaining in a very competent way the allocation of funds and how you arrived at the WSUs, but I wonder, how well is the money being spent?

Mr. LEPPERT. Well there are two questions that follow. One is, how well is it being spent, and then currently with that you ask the question: Is that money sufficient in order to deliver quality service?

Mr. YATES. All right. What do you think?

Mr. LEPPERT. That study really has never been done anywhere in any state. I think that we're approaching it.

Mr. YATES. In any school?

Mr. LEPPERT. Not directly. That is, the linkage between school finance and school program has yet to really have been successfully made, although there is a body of beginning research in the area; there's an area of considerable controversy in terms of output measurements. There are attempts that have been made—we have done so in Florida—really only one state, Florida, has been successful in attempting to link some measures of output with input, and there are cost ratio studies and cost efficiency studies that are currently being done in Florida, where you look at anticipated student scores, you look at different dollar amounts being spent on different programs, you look at different staffing patterns; that is, alternative delivery systems that are being applied through the use of funds to programs, and then you look at output measures in the form of student test scores.

There's a lot of controversy, however, at each step in the way. But there's some movement in that direction that's being made. But one would hardly want to be too definite about the outcomes. But work is beginning in that direction and BIA schools in a short period of time I think will be ready for it, because this is just one step in the whole development of a new management system for BIA.

We're going into student accounting systems; into accounting systems; into local educational finance planning systems, and at each stage of the way, there is implicit in each set of management decisions the desire to improve the quality of education.

### EQUITABLE DISTRIBUTION OF EDUCATION FUNDS

Mr. YATES. Well, you took the funds and you analyzed their allocation. What conclusions did you come to? Or am I shortchanging you?

Mr. LEPPERT. No, there are a lot of conclusions. I think there's a fairly fundamental conclusion that you can more or less equitably distribute a fixed, given sum of money, to wit: some $152 million in the current year had to be distributed in educational programs.

Mr. YATES. And what you've been telling us is the basis for that distribution?

Mr. LEPPERT. Yes.

Mr. YATES. And the factors that went into the computation of the allocation.

Mr. LEPPERT. That's right. And given that, there's a starting point. Then one can ask the next series of questions. Is that sufficient? And you must ask that on a program-by-program basis.

Mr. YATES. Well, it's obviously insufficient, isn't it?

Mr. LEPPERT. No, I don't think it's obviously insufficient. I think in some areas it may be quite sufficient, in other areas it may not be sufficient. I think you have to go on a case-by-case basis.

Mr. YATES. You didn't put the third category; in some areas it may be too much.

Mr. LEPPERT. That could very well be too. I'm not asserting—that is, I'd want to do it on a case-by-case basis, but generally speaking the issue is to equitably distribute among schools and amongst student programs within schools the finite, fixed sum of money that was given——

Mr. YATES. Did your survey go into the question of whether the funds had been equitably allocated?

Mr. LEPPERT. Well, a prior study had been done before we were involved in the process.

Mr. YATES. What conclusion did it arrive at?

Mr. LEPPERT. It in effect showed that there was no logical—there was no logic to the existing system of distributing money in terms of its outcome. They weren't criticizing the process, but there was clearly a wide range; from $1,000 per student up to in excess of $10,000 per student being delivered to schools.

Some of that may have been justified because there may have been different programs in that school. And even after the application of this formula, we'll see a range of distribution in the order of $2,000 per student up to over $6,000 per student in those full-time boarding schools that have very costly children to educate.

FUNDING OF BOARDING SCHOOLS

Mr. YATES. Did you analyze the boarding schools?

Mr. LEPPERT. All of the schools that were a part of the formula.

Mr. YATES. Did you come to any conclusion on whether the boarding schools should be maintained or wasn't that part of your charge?

Mr. LEPPERT. Our charge was to assume that there—those schools exist.

Mr. YATES. Were in existence, and were going to exist.

Mr. LEPPERT. And were going to exist, and the important question was how to relatively distribute existing money so that the students in those schools would get an equal quality education to students in other schools, using money. That's the one issue.

Mr. YATES. I'm told that the boarding schools were the ones who lost money on the allocation.

Mr. LEPPERT. There are certain schools in certain regions of the country that tended to lose money. Now, by and large the off-reservation boarding schools——

Mr. YATES. Was there a reason for that?

Mr. LEPPERT. Well, in looking at whether on-reservation boarding schools should not cost more than off-reservation boarding schools, our assumption was that the type of children and types of programs and the cost of those programs would be approximately equal, between those two sets of schools. The on-reservation schools have been, historically—and there are individual exceptions, but as a group—historically has been receiving far less funds on a per

student basis, all other things being equal, than the off-reservation boarding schools.

And thus, when you equalize the distribution through a formula, there's a pattern of reduction in funds to some schools. And that represents a set of those.

Mr. YATES. Well, the Pueblos tell us that the funds aren't being allocated equitably. Could there have been justification in their charge; in their complaint insofar as allocation to schools were concerned?

What happened in your final conclusions; did you set it aside?

BASIC WEIGHTS OF THE FORMULA

Mr. LEPPERT. No, the final conclusion was that there should be a system of weights which are set forth on page 16 or 17, also, in more detail in the budget justification document before you. Those weights are applied—Mr. Barlow, what page are those on?

Mr. BARLOW. Pages 15, 16, 17, and 18.

Mr. LEPPERT. Based on the interaction with Task Force of Indian Educators and some of our input and advice based on experience. See, a set of weights were established. Once those set of weights for relative distribution of dollars were established, then you take the estimated student count in each school, spin it through the computer, and out comes the bottom line dollar figure. Some schools are losers; some are winners.

In all cases, there is a relation by using the same measure of need. There is an ability to distribute dollars among all schools. And that's basically the essence of formula funding.

Now, one can criticize the accuracy of formula very well.

Mr. YATES. Well, if you accept that, you have to accept the conclusion.

Mr. LEPPERT. Yes. Now, at issue, and for subsequent years the issue will be, are the weights, are the factors accurate in terms of a fair distribution of dollars, and that's different than looking at a school by school issue.

Mr. YATES. Was the formula submitted to the tribes before you used it? Have you used the formula yet?

Mr. LEPPERT. The formula is being used for fiscal year 1980.

Mr. YATES. Fiscal year 1980 or 1981?

Mr. LEPPERT. This year; 1980.

Mr. YATES. On the basis of your suggestions here. Was the formula submitted to the tribes before it was used?

Mr. LEPPERT. Yes, sir.

Mr. YATES. It was. So you're off and running, then; aren't you?

Mr. LEPPERT. I think everybody that lost money found a complaint with it; those that gained money thought it was great. So that it just depends on where you are.

Mr. BARLOW. I think, Mr. Chairman, it should be noted that any time you implement a change of this magnitude, there will be some division and arguments for adjustments and refinements——

Mr. YATES. That's what I'm afraid of.

Mr. BARLOW. Well, what we're concerned about is——

Mr. YATES. It's kind of like President Carter's balancing the budget. You know, the ones who don't get the money will be the

ones who will be filing the complaint, and will be making your adjustment, and the question then comes up as to whether or not your adjustments did in fact provide a greater equity than the original formula.

RURAL ISOLATION FACTOR

Mr. BARLOW. We didn't include a rural isolation factor.

Mr. YATES. I was going to ask that question and then I saw that you had the Alaskan WSUs, and there are no areas that are more remote than some of those in Alaska, and I assume that was taken into consideration, and the other as well.

Mr. LEPPERT. Well, two areas. The important thing in developing a formula is to be able to quantify the elements of your formula, and measures of rural isolation are quite difficult to come by. You know, only two or three states use such measures, and most of them assume some sort of a land area or mass to student unit ratios. So that in very sparsely settled areas they do issue; in Maine and Texas for example, some extra dollars to those schools.

However, BIA schools don't have geographic boundaries, and therefore you'd have to go to something like an Alaska remoteness measure, which is miles to the nearest port or miles to the nearest paper, or——

Mr. YATES. I would think the Navajo have it, too. Don't they?

Mr. LEPPERT. There are numbers of schools that might be justified, but in the three months that we had to develop the formula, frankly there wasn't enough time to develop this formula.

We have taken care of that somewhat by proxy. That is, the Alaska school supplement takes care of some Alaska schools in a quantifiable, and therefore administratively possible adjustment to the formula is made to small schools. And there's a very high correlation between remoteness and smallness in schools.

So, this was administratively possible and so, following a New Mexico-type model of allocating dollars to small schools or small school districts, we used a sub-formula which allocates some 1,000 extra weighed student units to the very small schools.

Mr. BARLOW. Another area, Mr. Chairman, in addition to the rural isolation factor is the staff-cost adjustment. Some of the schools are calling to my attention that they have veteran staffs that have very little turn-over. On the Bureau pay scale if you have a staff with longevity, the pay costs increase and the schools are alleging that the formula does not give that proper attention. We are looking at that factor also.

PHASE-IN OF THE SCHOOLS EQUALIZATION FORMULA

Mr. YATES. What else should you tell me?

Mr. LEPPERT. I would like to tell you about phasing.

Mr. YATES. All right.

Mr. LEPPERT. Because some schools were losing substantial amounts of dollars and others were gaining substantial amounts, it was felt that significant lots could not be accepted by a school within a short period of time. Likewise, some schools could not hire a lot of new people of quality in a short period of time which is a nice tradeoff. For the first year, a 10-20 ratio, that is, no school would lose more than 10 percent and no school would gain more

than 20 percent over the 1979 base was initiated, and for fiscal year 1981 no school should lose more than 30 percent nor gain more than 70 percent over that same 1979 base figure.

For fiscal year 1982, all schools will be on the formula. This gives them the time to adjust for staff and to do some long-range planning. The impact of that in this fiscal year is very significant because it is through the operation of that phase-in that actually there will be a growth in the base this year because there is essentially no new money going into Indian educational programs even though there are more students. To fund the phase-in for this year cost about $103,000. That is, the base was artifically reduced. That is, repeating, if you took the 79,000 and divided it into the $152 million you would have a base of $1,922. However, to fund the phase-in takes some money. That is, to give money to schools that otherwise wouldn't be entitled to it, causes a reduction of some $103,000 from the base. Whereas, if in the coming year, many of the schools will have to take up to a 30 percent loss which is where the bulk of the schools were in terms of over-funding. Then, it would really only cost $29 dollars next year to fund the phase-in.

Effectively, even though we are dealing with what would appear to be given new students and just a little bit more money, a miniscule but noticable reduction in the base, because the phase-in costs less the actual impact on the base will increase. So that a prephase-in adjustment for this year would be $1,922; for next year, $1,919. But after we recognize that phasing will not cost as much, the base in the current year is estimated at $1,819 and for next year, $1,890. So that for all of the schools that aren't losing money through the phase-in they will recognize nearly a four percent increase and the value of the base so that the growth of budgets for schools in 1981 will be about 4 percent greater all other things being equal in the current year. That is somewhat of a complicating factor.

Mr. YATES. I anticipate the tribes will be coming in next year and telling us they didn't receive a fair deal.

Mr. LEPPERT. Some will. I think in summary there are a number of other programs other than those driven directly through the formula.

Mr. YATES. What happens if a tribe says that it has been discriminated against in the allocation. To whom do they appeal? That isn't your job, that's their job, isn't it? Or, are you the appellate court in this?

Mr. LEPPERT. I am not the appellate court, no.

Mr. YATES. Who is the appellate court? Mr. Barlow? Are you the justice in this matter?

STUDENT AUDITS

Mr. BARLOW. Let me explain that number one, the student counts and the unique needs of the students are going to determine the allocations to these schools. The student counts must be certified. We will do student count audits. It might be that for——

Mr. YATES. For every school you are going to do a student audit?

Mr. BARLOW. No. We are going to require certified student counts from each school. We will be doing audits by stratified random sampling. The agency education superintendent of schools

and the area agency program administrators will certify these. We will then go out in the field—

Mr. YATES. How does the agency know about it? Do they go out and count the kids?

Mr. BARLOW. Yes. They should be going right into those schools and doing their job.

Mr. YATES. Suppose a couple of the tribes decide that they want to get more money and they move their kids in for the count one day and move their kids over to the other school for the next day.

Mr. BARLOW. This is an averaged daily membership system. It is not enrollment.

Mr. YATES. But, do they count the kids every day?

Mr. BARLOW. We specify count weeks and in ensuing years we will be maintaining what we call teachers' registers where the children will be accounted for every single day.

Mr. YATES. Okay, all right. Is that pursuant to——

Mr. LEPPERT. I might point out that for each student in the BI system, there is now a record card that looks like this.

Mr. YATES. That sounds very impressive.

Mr. LEPPERT. So that each student will have an unique indentification code, unique numbers, unique travel code numbers for instance, the computer could check one against the other.

Mr. YATES. Does each student know that?

Mr. LEPPERT. I don't know whether the students know it or not, but the faculty does because they just finished filling all of those out.

For each of the four count months within the year, then, marks are made which are machine readable indicating whether or not that student is in that program. And, the checking of the accuracy of those marks on randomly selected individual pieces of paper from each school——

Mr. YATES. May I keep this?

Mr. LEPPERT. You may keep that. That is then audited or certified, as Mr. Barlow pointed out, by area and agency staff and then by central office auditors in a randomly selected set of schools.

Mr. YATES. What you are saying is that the tribes can't get away with anything.

### FUNDING OF OTHER EDUCATIONAL COSTS

Mr. LEPPERT. No. I'm saying that it is getting harder and harder. I was just going to show you a summary that the Indian School Equalization Finance Program represent. This is $152 million dollars that we have been talking about. In addition to that, we are funding and supporting a number of categorical programs where the costs are not school specific, or can't be incorporated on a student basis. For example, there are institutionally handicapped institutionalized handicapped students that must be funded this year and $2.4 million dollars is being assigned to that general function. There is a disaster relief fund. The schools as you may know in Alaska washed down the sides of hills and fires burned down buildings, so a small fund is being established so that those schools can get back into operation as quickly as they can.

We're talking about the important role of school boards in managing these local funds, and so a school board training fund has been set up to allow $5,000 for each school at each school that operates a school board. Student transportation funds vary substantially from school to school depending on distances traveled and so that as a separate category has been set up with sub-formula to draw the support of those student transportation programs. This is students to and from school. This is not the typical transportation.

Administrative costs of operating a central office, the agency offices and the area offices are separately funded and are not driven through the formula, but there is a sub-formula to establish need in this area. And, then there are a series of implementation funds which Mr. Barlow, I presume, will go into in a few minutes but they do represent another set of monies which are being reduced in the coming fiscal year.

But, in total, some $181 million dollars has been provided in the current fiscal year to operate all of these programs and the requested amount for fiscal year 1981 is $185 million dollars. There is a considerable amount of sub-analysis associated with this, but this chart provides a general initial overview and one can plow the ground deeper in any one of those areas.

Mr. YATES. Thank you very much. It looks like you have done your job of quantifying unquantifiable things.

Mr. BARLOW. Mr. Chairman, I think that your underlying interest seems to be in the quality of the education.

Mr. YATES. No, it's in the education of the kids and in every factor that goes into the education of the kids. The quality of the education is only one of those things. The quality of the education is determined by a number of factors.

BASIC EDUCATION STANDARDS

Mr. BARLOW. The Bureau has embarked on a program to gear up a system that is responsive to the needs of these children. Now, up until this time, the Bureau as a whole has not established standards for these schools. That was done on a local or an area basis. We are now working on establishing minimum academic standards. Before we can determine the quality of education we must have some measures. This is what we are attempting to put together at this time, and we will have them by the next school year.

BOARDING COSTS STUDY

Mr. YATES. Okay.

Mr. BARLOW. Also, we are working on establishing some dormitory criteria for the students. Something that the Bureau has not had before. We are hopeful that when we get standards in place and we do our evaluations, we will be able to tell you the quality of education that the children ought to receive.

Mr. YATES. What are you doing about boarding schools? Have you ever had surveys made of them, of their value? I'm sure that you have. Any recent ones?

Mr. BARLOW. We are in the process of doing a report now on the off-reservation boarding schools and there was—

Mr. YATES. To determine what?

Mr. BARLOW. Their efficiency and their effectiveness, basically.

Mr. YATES. Are they utilized to capacity, should there be some changes made?

Mr. BARLOW. I think——

Mr. YATES. How about their value for the kids?

Mr. BARLOW. There is a question here.

Mr. YATES. Does that just assume that the off reservation boarding system will be continued?

Mr. BARLOW. Not necessarily. Again——

Mr. YATES. What alternatives are there to the off-reservation boarding school?

Mr. BARLOW. Well, for example, the majority of the institutionalized children come from the Navajo Indian Reservation. They have indicated an interest to me——

Mr. YATES. How big a majority?

Mr. BARLOW. 63 percent of the boarding students are from the Navajo area. Incidentally, about 50 percent of the enrollments in the off-reservation boarding schools come from two states, Oklahoma and Arizona. The Bureau's policy is to provide educational opportunity as near to the homes of these children as possible. For example, on the Navajo Indian Reservation, our judgment is, that at the present time we could effectively use 100 additional day schools. Each one would have 100 students. The cost would be $100 million dollars. On the Navajo, we have problems with road conditions, water, things of this nature. I think if we are going to be realistic and provide educational opportunities close to home, we are going to have to accept the conditions. I don't think the Bureau can continue to say that the only alternative is to put children in boarding schools.

Mr. YATES. Well, if the cost of those day schools is $100 million dollars, how will that effect your budget? Here, Mr. Leppert, your budget indicates that your total now is $152 million. If that figure of $100 million dollars were used, what would your total budget be?

Mr. LEPPERT. The $100 million dollars is the construction.

Mr. YATES. Oh, I see. I thought you were talking about operational.

Mr. BARLOW. The standards I'm talking about, when we get standards in place, we should be able to come to this committee and not only tell you the number of students we have, but the kinds of programs and what the cost is going to be.

For example, if the standards dictate that there shall be one teacher for every twenty students in the first grade, we'll know how much that's going to cost approximately. If the standards state that we're going to have——

Mr. YATES. Who is going to establish the standards, Mr. Leppert?

Mr. BARLOW. No, we have a task force working on this.

Mr. YATES. I've become so anti-task force.

Mr. BARLOW. Well, we talked about involving Indian people, Mr. Chairman and that's what we're doing. They're advising us as to what kind of standards they want in the bureau schools——

Mr. YATES. Is Mr. Leppert an Indian?

Mr. BARLOW. No. He's not working on this task force. He is a consultant to the task force that put together——

Mr. YATES. You will have consultants then from the Indian people.

Mr. BARLOW. Yes. In this particular case I think Mr. Lavis can explain it better than I. There had to be a certain amount of expertise to provide the background information. I think Mr. Leppert was the advisor to the task force.

Mr. YATES. I'll accept the task force under those circumstances. We've got to have experts in there. We look to the day when the experts will be part of the Indian community. If we can get the education system operating. Then we'll have to make Mr. Leppert a member of some tribe by adoption so that he can be used. But at any rate, I think we've got a pretty good explanation as it is now. Let's return to IAIA and AIS. Mr. Mills has gone into it very carefully since we last saw him.

DEMOLITION OF BIA BUILDINGS

Mr. MILLS. Mr. Chairman in regard to the question, yesterday about the demolition of six buildings out there, we spent several hours last night and this morning. There has been a breakdown in communications. This again is at the Assistant Secretary level, the Commissioner level——

Mr. YATES. Well maybe we ought to go back to my original thesis that the area offices ought to be disbanded. Then you won't have to worry about communications. Go ahead, Mr. Mills.

Mr. MILLS. Thank you, sir. As indicated yesterday, there has been a stop order on that. We have——

Mr. YATES. Why did they start it. I think the fundamental thing is what sins are committed in the name BIA by the area offices that you don't know about.

Mr. MILLS. In this particular issue, sir, they did not have the word out there.

Mr. YATES. You mean they didn't know that there was an interest in AIS and AIAI.

Mr. MILLS. They knew of that interest, sir, but as far as the procedure that happens in most area offices when they review old buildings—and some of these were the 1906 vintage—they proceed in the normal manner to demolish those.

Mr. YATES. Then if they're from the year 1906 that means they have to be destroyed.

Mr. MILLS. No sir. They went through the procedure of a survey and review which is the usual process.

Mr. YATES. We got Mr. Steel's survey. He says those buildings can be rehabilitated. They're good buildings. I read that yesterday.

Mr. MILLS. Yes sir. I'm aware of that now.

Mr. YATES. Was Mr. Steel's review made available to the BIA. Was your review made available to the BIA?

Mr. STEELE. It was.

Mr. YATES. But it didn't get down through channels. This was the failure of communications.

Mr. MILLS. Yes sir. Directives are going out this morning, sir, to all areas.

Mr. YATES. Doesn't this make you scared, Mr. Mills. Are you responsible for things like this.

Mr. MILLS. Yes sir.

Mr. YATES. Then how can you be responsible for something like this if the area offices have the authority to go ahead on their own on some of these things. You can't always say there's been a failure of communications.

By the very nature of your bureaucratic relationship, you have given the area offices certain powers to act without reporting back to Washington. Isn't that right? If I understood what you said yesterday.

Mr. MILLS. This is an established building survey procedure, and with the separate establishment of Mr. Steele's office, this was just one of the items that we failed to communicate to the field. Overall I think we've done a very good job in this area, sir.

Mr. YATES. Who is the culprit? Who received the chart and then failed to report to the area offices. Have you been able to finger him yet?

Mr. MILLS. No, sir.

Mr. YATES. I'm sure you have. Would you rather say off the record or whisper it to me.

Mr. MILLS. I think the fault lies with the Assistant Secretary's office and the Commissioner's office.

Mr. YATES. We can always give it to Secretary of State Vance, too, I suppose. He's taken it for the UN, maybe he'll take it for this too. That raises the question as to where we're going. Now that you have successfully warded this initiative by your area office, what happens now with IAIA and AIS. Are you waiting for the committee to act or are you acting or what?

INSTITUTE OF AMERICAN INDIAN ARTS

Mr. MILLS. We are waiting for the decision of the committee and of course, there's two pieces of legislation, sir, that I——

Mr. YATES. That you're waiting to see what happens to. Do you have any preference for either of the bills? Have you studied the bills?

Mr. MILLS. No sir, I haven't. Not completely.

Mr. YATES. Has anybody in BIA studied the bills. Has the area office studied the bills.

Mr. MILLS. Of course, this is not the area office responsibility. The school is not under the area office.

Mr. YATES. Who is supposed to study the bills in your shop.

Mr. MILLS. Our legislative branch.

Mr. YATES. Who speaks for the legislative branch.

Mr. MILLS. Mr. Reeser is not here today.

Mr. YATES. Do you have one of his assistants.

Mr. MILLS. I don't believe we have.

Mr. YATES. Well, Mr. Harrison is a lawyer. Do you know anythings about these bills.

Mr. MILLS. I beg your pardon, sir. Mr. Reeser is here.

Mr. YATES. Come on up here Mr. Reeser. Have you read the bills. They're not very long.

Mr. REESER. Mr. Chairman, we referred the bills out for the intraining staff recommendation within the bureau and we don't have those back yet. So there's been no policy statements at all.

Mr. YATES. Have you read the bills at all.

Mr. REESER. Yes sir.

Mr. YATES. What's your impression. Or aren't you allowed to have an impression.

Mr. REESER. I have an impression, after we get some policy decisions.

Mr. YATES. I see. Who on the staff reviews them.

Mr. REESER. Mr. Barlow will probably be one of the key people.

Mr. YATES. Mr. Barlow, have you read the bills. Are you allowed to have an impression.

Mr. BARLOW. I assume that I am sir.

Mr. YATES. Can you tell us what your impressions are.

Mr. BARLOW. The policy of the Bureau is to facilitate Indian control and the responsibility for education of the Indian people. What I perceive these bills will do is to take the control of IAIA and spin off the control and authority to another agency. I don't think this is right.

Mr. YATES. Will it make any difference if BIA hasn't done a good job with that particular organization?

Mr. BARLOW. Mr. Chairman, I've been employed by the Bureau for one year now. I've never worked for the Federal Government before. I have identified several problems that we're working to correct and one of them is in the area of the administration of post-secondary institutions.

In 1973, I was a member of the American Indian Policy Review Commission's task force on education. I did a study of IAIA and filed a report. I came to work six years later and find out that the report I filed has never been heard of, and no one has ever known about it.

Mr. YATES. A failure of communication.

Mr. BARLOW. I don't know. But the report has never shown up.

Mr. YATES. Okay, so BIA doesn't pay any attention to outside reports.

Mr. BARLOW. I'm not saying that. My report went to the Commissioner. The American Indian Policy Review Commission filed a report and it does address the issue of the concept of the arts and culture.

Mr. YATES. Sure, but you and I are interested in fostering the continuation of the great tradition of Indian art and culture.

Mr. BARLOW. I agree.

Mr. YATES. Now how may that best be done? What you're saying to me now is that it may best be done through the BIA?

Mr. BARLOW. It's the Bureau's responsibility, and I think that the Bureau——

Mr. YATES. But don't you agree the Bureau hasn't met that responsibility.

Mr. BARLOW. I can't speak for the past but for the future——

Mr. YATES. Well let's speak for the past first. In the past it hasn't met that responsibility, has it?

Mr. BARLOW. I went back and reviewed and identified some of the problems that the post-secondary institutions have had. We are in the process now of correcting them. We have rules and regulations proposed that will give me the latitude that I need to administer these institutions.

Incidentally, I now have——

Mr. YATES. When you speak of institutions, what are you talking about?

Mr. BARLOW. I'm talking about the three post secondary institutions——

Mr. YATES. About Haskell, IAIA and SIPI?

Mr. BARLOW. Yes, I have direct line authority over these three institutions and am in the process of putting together an administrative process to see that they function effectively.

Mr. YATES. But is not the subject of Indian art and culture sufficiently important so that it should be separated from you? I cast no stones in this respect toward your ability, because you have such a huge job, the job of education is so tremendous. I don't know how you handle it. Shouldn't art and culture be allocated somewhere else?

Mr. BARLOW. I've got to, I think, relate to you Mr. Chairman, the feelings of the Indian people as I perceive them. They will certainly criticize the Bureau of Indian Affairs in this curious love-hate relationship. The perception I have is that they do not want the control of education given to another agency. Leave the responsibility with the Bureau of Indian Affairs.

Mr. YATES. You sound like a congressional committee chairman who doesn't want to give up any jurisdiction.

Mr. BARLOW. I think the Bureau of Indian Affairs was established with a very definite objective in mind and that is to serve the needs of the Indian people.

Mr. YATES. That's right. But it depends on how well it's done. You and I worked on the American Indian Policy Review Commission and we came to the conclusion that it hadn't done very well, didn't we? Everybody who filed a report filed a report to that effect and there were literally scores of reports that were filed with the Commission. Now we have Mr. Melcher in the Senate and Mr. Udall in the House. Mr. Melcher is Public Works—and Mr. Udall, there is no select committee on Indian Affairs in the Interior, so we have Mr. Udall in the House. They have the jurisdiction over Mr. Melcher's bill and the bill that I filed. The bill that I filed has the legislative mandate to undertake the assistance of Indian artisans, Indian craftsmen, and to foster the Indian tradition of agriculture, right? That is their specific mandate and IAIA is devoted for that purpose as well, isn't it? To train students, why, then, shouldn't there be a marriage between the two?

Mr. BARLOW. I'm looking at the perspective of the Bureau of Indian Affairs and its responsibility to the Indian people.

Mr. YATES. Okay.

Mr. BARLOW. The Bureau of Indian Affairs is capable of properly administering this particular institution and we're doing a good job.

Mr. YATES. I take it from that, that by the time that, the counsel gets the impressions of staff back, he will find that staff has recommended against the legislation.

Mr. BARLOW. I'm speaking strictly for myself and I have not met with the Assistant Secretary to——

Mr. YATES. Has anybody else on your staff level, the high staff level that you occupy, read the bills and come to any impression? Did you read it Mr. Lavis?

Mr. LAVIS. Yes, sir.

Mr. YATES. And what was your conclusion?

Be honest, Mr. Lavis, be honest.

Mr. LAVIS. Mr. Chairman, I intend to take full advantage of this opportunity. I have a different opinion.

Mr. YATES. Well if you're going to be honest and have a different opinion, that's fine. Okay.

Mr. LAVIS. I think, in all due respect to that program to my friend, Mr. Barlow, I would probably recommend to the Assistant Secretary we support that bill, your bill.

I would do that for a number of reasons. Not because there's anything magic in transferring the Indian Arts and Crafts Board, but I think because my concern, the two and a half years I've been here is that I want to see our efforts, our organizational talents, get to the question of educating elementary and secondary kids. And I think that the genesis and the background in Indian Arts and Crafts, of the IAIA, came out of the Secretary's office, Secretary Udall way back in 1962, it wasn't really a BIA program—and I kind of think in terms of given the impetus, given the priorities, given the funds and resources, our action should be on a secondary level, and this may well be, and I hate to use the term, maybe a luxury we could ill afford at this point. That's my view.

Mr. YATES. Now will somebody else give the Assistant Secretary, an opinion here too. We've had Mr. Barlow and Mr. Lavis. Mr. Mills, who else will you rely on?

Mr. MILLS. Well, it goes back to Mr. Reeser's—that information when he gets it.

Mr. REESER. The Arts and Crafts Board Manager will have a recommendation as well, and the rest of the Interior Department will get a crack at it, the legislative counsel's office and the Assistant Secretary for Programming and Budget Policy.

Mr. YATES. What's your feeling, Mr. Bettenberg, are you ready?

Mr. BETTENBERG. I'm not ready to go.

### TRUST RESPONSIBILITY

Mr. BARLOW. Mr. Chairman, yesterday you were pursuing a line of questioning that I was greatly interested in. I've asked the question, the length and breadth of this land, and that is, who has the basic legal obligation or responsibility for the education of Indians and Alaska natives? I can't get an answer. Is education a trust responsibility?

Mr. YATES. Where's Mr. Harrison?

Mr. BARLOW. Over a period of years the Bureau, for whatever reason, has spun off its control and responsibility for education. I ask this question, why has the Bureau spun it off? Why is it that 75 percent of our school age population of eligible Indian children attend public schools? My whole background has been in public education. But I question what options, what alternatives do the Indian people have?

Was the Bureau reluctant to face up to a delicate situation or problem area, and they said okay, the best thing to do is put them over into the states. I have never been able to determine how this has happened, how this came about other than, it seems to me, that the Bureau just conveniently looked the other way as it occurred. I'm here to try to correct that.

Mr. YATES. Well, but over the years you know the history of the Bureau and the history of American attitudes toward the Indian people and the Bureau.

There really wasn't very much attention paid to the Indian people until fairly recently, and the Bureau of Indian Affairs really never did a great job of its responsibilities. It's only been fairly recently——

Mr. BARLOW. You've been a student of Indian Affairs, Mr. Chairman, and I don't intend to be flippant but—who do you think has the basic legal obligation?

Mr. YATES. Right now I agree with you, the BIA. Except you're assuming that the task of education can best be done by the BIA.

Mr. BARLOW. No, I'm not saying that.

Mr. YATES. I thought you were, I thought you said that you have the responsibility, therefore, you ought to carry it out, which carries with it the assumption that the best way of doing the job is through BIA.

Mr. BARLOW. No. The delivery system of educational services to the Indian people is not the question. My concern as an Indian person is quality education opportunities. We've identified some Bureau schools, some public schools and some private schools that are doing an outstanding job in the education of Indian children. We've identified some that are doing a very poor job.

Mr. YATES. Well, I would love to have you put in the record that categorization of the—well, Ramah School has been doing an outstanding job, are there other schools——

Mr. BARLOW. Now, when you pin me down, and you say specifically, how do you base this, I have no measures. I've been out to these schools, I've looked at their curricula, I've looked at the progress of their students and so on. I think the problem has been that the Indian people have not had alternatives and these options. This program has evolved without much real determination on the part of the Indian people, and I think I hear the Indian people saying—that they would rather have the Bureau assume the lead in all aspects of education.

Mr. YATES. Oh, I think that that would be entirely correct. They want you out on the lead on a lot of things but the problem has been that the Bureau hasn't been out on the lead on any of them. That's been the problem up to now. There hasn't been, really, the kind of leadership out of you I think that the Indian people have wanted. The question is—Mr. Lavis raises a very interesting concept—whether or not the Bureau is able to provide a good quality education on an elementary and secondary level for the Indian children. It's not being done now, it hasn't been done, you are making some progress, now I'll concede that. I think that your work with Mr. Leppert deserves our commendation, and we give it to you. But as of now, there's an awful lot that has to be done.

Do you think you're better able to review, as well, the advanced degree, the post-elementary education of the kids, the college education of the kids? You've got three colleges that you look to. There has been established a system of Indian community colleges now. I'm not very optimistic about that.

POST-SECONDARY EDUCATION

Mr. BARLOW. May I remind you that the Indian people had a lot of input into the new policies that the Bureau of Indian Affairs has established for education. One of the policies the Indian people expressed to us was that they want the Bureau to be concerned with education from early childhood through post-secondary, through adult education. They have expressed this to us.

Mr. YATES. Who has expressed this to you?

Mr. BARLOW. The Indian people.

Mr. YATES. The Indian people. Who, representing the Indian people, has expressed that to you.

Mr. BARLOW. Alright, again, the Bureau undertook a very massive effort to involve Indian people in this whole process, through task forces.

Mr. YATES. How did that happen, have you got reports from the Indian people?

Mr. LAVIS. Mr. Chairman, maybe I could explain this.

Mr. YATES. Okay.

Mr. LAVIS. You expressed a view a few minutes ago that you were concerned about task forces. I had the responsibility to manage twelve and the implementation of five or six. One of those task forces was entitled Indian Policies. It was composed of a majority of Indian people, majority non-Indian, I mean a majority of non-BIA types and they met as a task force, they produced a draft set of policies concurrent with the regulations, or with the statute, they were submitted to the Federal Register for a 30-day comment period, and returned. They reviewed it, we published it in final. And they have been submitted, I think, to the committee in terms of——

Mr. YATES. Have we received that?

Mr. LAVIS. I believe you have, Mr. Chairman. We try to keep the staff fully advised as we proceeded here. I hope we provided it to the committee.

Mr. YATES. Well, we could discuss this for a long time. I suppose that we'll have these questions raised when the bill, when the Melcher bill and my bill comes up for a hearing.

Mr. BARLOW. I'd like to conclude by saying the prospect of the Office of Indian Education Programs administering post-secondary institution does not frighten me. I am confident——

Mr. YATES. It frightens me. I want that to be a very good program, and it hasn't been a very good program up to the present time. Mr. Barlow, I don't know how, how do you in your shop take care of all the different categories of education. Do you yourself take care of the questions of elementary and secondary education?

Mr. BARLOW. Under the new policy established by the Assistant Secretary of Indian Affairs, I have line authority over all elementary, secondary and post-secondary programs within the Bureau of

Indian Affairs. When I came here, I had 29 staff people, now I have seven divisions. I have one for post-secondary education, and we're gearing this up, we're establishing policy. Part of the problem has been that the Bureau didn't have a concise concrete policy to, I guess, communicate to the field as to the management of these post-secondary institutions, we're doing that.

SCHOOL CONSTRUCTION PRIORITY SYSTEM

Mr. YATES. There are two groups, I think—a construction and an education group—that reviewed each of the schools and then you decided on the basis of whether the students were 100 percent housed or 90 percent housed or 80 percent housed—whether or not there ought to be a new school.

Are you still using that this year?

Mr. LAVIS. Yes, sir.

Mr. YATES. How did you arrive at that formula? Did you an outside consultant like Mr. Leppert to——

Mr. LAVIS. We based it also on a model from the Department of Health, Education and Welfare operates a school construction program similarly, and we used a kind of model like that of students, which they found fairly successful in terms of identifying——

Mr. YATES. Well, the reason I asked is that in the prepristeen days, a Member of Congress or a Senator would come in and say, "I need this school for this tribe", and perhaps he would get it. We don't do that anymore—we try not to do that anymore and so far we have been resisting the assaults of Members of Congress and Senators and even some tribes on this. What did you do with AIS in this connection. Assuming that it is decided that AIS shall continue as a separate school in its present location, do we violate the rule against political interference if we say that AIS should be reconstructed as a high school for the public people—that would be a new high school, we know that. And yet, you find, through your standards, that their new senior high school is number 20 on the list.

Mr. LAVIS. 15 on the list.

Mr. YATES. 15?

Mr. LAVIS. Yes, sir.

Mr. YATES. 15 on the list and they will never get to that, because next year they will still remain 15 on the list, won't they?

Mr. LAVIS. No, that is not necessarily true.

Mr. YATES. Last year they were number 20 on the list, and this year they are 15.

Mr. LAVIS. Yes, sir.

Mr. YATES. So maybe next year they will be 10, and so forth?

Mr. LAVIS. That is possible. They also could drop to 20.

Mr. YATES. That is right. That is a possibility.

Mr. LAVIS. That is right.

Mr. YATES. How do you take care of a situation like this?

Mr. LAVIS. Mr. Chairman, I think you ought to recall that before you get to the point of allocating construction dollars which really, in effect, was a replaceable school.

Mr. YATES. Or a new school.

Mr. LAVIS. Right—we go through two kinds of checks. One, can those kids be housed in other existing educational facilities without an hour's bus ride to their home where they are located. That could be a public school, it could be contract school, it could be a mission school, or another BIA school for that matter, that is not being used to capacity.

The next check level is, in that school, the current school which is applying for a new school, can it be refurbished or rehabilitated, because the GAO report, this Committee's, the House Investigative Report all point out the fact that before you jump to the conclusion to get them a new school, maybe some of the schools can be refurbished.

Mr. YATES. And Mr. Steele concluded that that AIS could be?

Mr. LAVIS. That is correct. Now the question of refurbishment or rehabilitation, in terms of your decision of allocating dollars, is not addressed as a part of the priority system.

Mr. YATES. Mr. Lavis, you have eased my mind.

Mr. LAVIS. I want to do that, Mr. Chairman.

Mr. YATES. I am glad you did. I am sorry you have got a cold, too. It looks like we have been able to take care of that. I don't know if it will take care of the Pueblo's frame of mind, but maybe we can take care of the problem. I don't know if anything can take care of the Pueblo's frame of mind on this, do you? Have you talked to the Pueblos about this?

Mr. MILLS. Not recently, sir.

Mr. YATES. Deliberately not recently?

Mr. MILLS. Nothing, sir.

Mr. YATES. I think they are fixing to take over the IAIA—the American Indian Institute. I think they think that they can do it, but it seems to me that AIS is much more centrally located for the Pueblo tribe, both north and south, and Mr. Steele's report and verbal statement indicates that they have some very fine buildings out there. Have you seen it, by any chance.

Mr. LAVIS. Yes, sir, I have been there.

Mr. YATES. Do you agree with me about this?

Mr. LAVIS. Mr. Chairman, I would defer to Mr. Steele on that question.

HIGHER EDUCATION STUDENT GRANTS

Mr. YATES. All right. We will defer to Mr. Steele. And we will pass simply to other questions. Now, we have talked about elementary education and the allocation of funds. We haven't talked about funding college educations, have we? And we haven't talked about funding post-college degrees. Do you still think you can do as good a job as John Ranier can do?

Mr. BARLOW. I don't think that is the question.

Mr. YATES. OK.

Mr. BARLOW. I assume you are referring to the American Indian Scholarship Grant Program.

Mr. YATES. Yes.

Mr. BARLOW. My concern is that we contracted with the American Indian Scholarship Service to——

Mr. YATES. Well, I should have asked you the first question. Are they doing credible jobs?

Mr. BARLOW. They are a flow-through operation. They receive $800,000 and they fund students in post-graduate programs.

Mr. YATES. OK. Does most of the money that you are given go for the students?

Mr. BARLOW. We gave them $800,000; they took $100,000 for Administration. I can't defend that.

Mr. YATES. What is a reasonable amount they should take for themselves?

Mr. BARLOW. None. I think that money is for students.

Mr. YATES. Isn't there any cost of administering?

Mr. BARLOW. You bet. We have got a system in place. What I am saying is let's run the post graduate program through the system.

Mr. YATES. Oh. How much does your system cost?

Mr. BARLOW. Out of $265 million—$13 million goes for administration. 31 tribes now contract to administer their higher ed student grant program. All I am saying is that under my proposal of putting this money into the system, 31 tribes will have some voice over how these higher ed student grant funds for post graduate students are going to be expended.

Mr. YATES. Are the 31 tribes in a position to know how the funds should be expended?

Mr. BARLOW. The only way I know to give them this expertise is to give them the experience of doing so.

Mr. YATES. Should they have an outside consultant, perhaps?

Mr. BARLOW. They may have. I am familiar with the way that we operated it on my reservation, and we seemed to do it satisfactorily. The tribe was satisfied.

Mr. YATES. Which reservation?

Mr. BARLOW. Blackfeet.

Mr. YATES. Tell me how it operated on your reservation.

Mr. BARLOW. The tribal council adopted a resolution——

Mr. YATES. When was this? What year?

Mr. BARLOW. 1976. The Council adopted a resolution whereby they contracted for the operation of the higher education student grant program and the contract was approved by the Bureau of Indian Affairs. There were no indirect costs that came with it. It was strictly a voluntary effort.

The tribe established a committee of lay people who met periodically. They established the standards of the order of priorities as to who was going to be funded and to what amount.

Several years ago the Bureau again saw fit to spin off the determination of the higher ed student grant financial aid packages to the U.S. Office of Education through financial aid officers—an action that I resisted vigorously. On our reservation, this committee, and the ed specialist, as he is called, administered the program and reported periodically to the tribal council.

Mr. YATES. How did your council know how much money was available for these scholarships? Were they told by BIA?

Mr. BARLOW. See, This is on the band analysis.

Mr. YATES. Okay. This is on the band. The band tells the Indian tribes, "You have so much money available for all your needs", and it is split into education, services and other things, right?

Mr. BARLOW. Right.

Mr. YATES. Okay. How did higher education get onto the band?

Mr. BARLOW. Under the zero-based budgeting process, the tribes are given the opportunity for tribal input into the priority setting process. The tribe would sit down they would make up levels of budgeting. In the case of my tribe, they looked at education and gave it a high priority, especially in higher education. This then went into the area office and came up through the system and the determination was made, and they were notified what our allocation was going to be.

Mr. YATES. Okay. What you are arguing is that the band should control all education. Isn't that what you are saying?

Mr. BARLOW. Except if you are on a equalization system——

Mr. YATES. Even for scholarships—the band should control those as well.

Mr. BARLOW. I am not saying the system is perfect, but I am saying——

Mr. YATES. Well, isn't that what you are saying?

Mr. BARLOW. It gives the tribes the opportunity to have some input into the process, and that is what I am saying is good. Now, the mechanism has some problems.

GRADUATE STUDENT GRANTS

Mr. YATES. Well, that is the question—of the mechanism. That is what we are discussing now, is it not? The question is whether or not the Indian scholarship seekers—the university graduates who are seeking the scholarships can get a better deal through the band or through an outside agency, like Rainier's agency. That is what we are discussing, isn't it?

Mr. BARLOW. Right.

Mr. YATES. And you are arguing that you can get a better deal through the band.

Mr. BARLOW. This particular item is not on the band.

Mr. YATES. I thought you said it was.

Mr. BARLOW. The higher education student grant program is on the band. The line item for special higher education programs is not on the band.

Mr. YATES. That is right. But you want to put it on the band.

Mr. BARLOW. No. It is not on the band this year, and I don't——

Mr. YATES. You want to put it back on the band, as I understand it, right? Then I don't understand what your tribe did, then. You said the tribe decided—we were talking about these scholarships, and then you said your tribe decided on how the scholarships would be allocated.

Mr. BARLOW. What I am talking about, Mr. Chairman, is how did——

Mr. YATES. There is a failure of communication.

Mr. BARLOW [continuing]. Our tribe set up the mechanism whereby the higher education student grant program was by our tribe through contract.

Mr. YATES. Okay.

Mr. BARLOW. That is the higher education student program grant. These are undergraduates——

Mr. YATES. All right.

Mr. BARLOW. Now, we are talking about post-graduates.

Mr. YATES. That is right. Okay, now you want to put that on the band?

Mr. BARLOW. If the tribe so desires, yes.

Mr. YATES. Will that be better for the students than the present system?

Mr. BARLOW. I don't think whether or not the band will benefit the students is the question here. The question is self-determination—and what is the best way to get funds to the students.

Mr. YATES. If you are going to put it on the band, that, to my mind, is not the best way because there are so many needs in an Indian community, the tribes are going to find other ways of using that money, and you aren't going to get your scholarships, or your post-secondary scholarships. You won't have the money available because they are going to put it in construction of a school, they are going to put it in the construction of housing, they are going to put it in farming, they are going to put it in any of the other needs—you are never going to get it in scholarships.

Perhaps that is one of the blessings or faults of self-determination—is what you are saying.

Mr. BARLOW. I think that is a tribal decision. I don't think that is the Bureau's decision.

Mr. YATES. Or mine, is what you are saying.

Mr. BARLOW.Well, what I am saying is——

Mr. YATES. We have to decide that. Well, I don't know. Do the tribes want it that way?

Mr. BARLOW. Many have indicated to me they want it that way.

Mr. YATES. Well I don't think the students would want it that way.

Mr. BARLOW. Do you think I made this decision on my own? John Rainer is a formidable opponent.

Mr. YATES. As of now, you have got me as an opponent. That is formidable. I can see this budget. I can see the needs of the Indian people when they come in and they testify before me, they are enormous. The only protection they have from the band is from allocations for other purposes, it seems to me it is an organization like John Rainer's.

I was under the impression that for competition, you wanted to set up a separate office. You wanted to do it in the area offices, didn't you? You wanted to have the area offices handle it. Wasn't that the suggestion that was made?

Mr. LAVIS. Mr. Chairman, we have been through a number of alternatives.

Mr. YATES. Sure you have. One of the alternatives was the area offices as a possibility.

Mr. LAVIS. We have struggled with, and we come back to it, why do we pay $100,000 out of an organization. Why don't we put that money to the students?

Mr. YATES. You have got the administrative expenses going now. Why then should we pay the administrative expenses of something else.

Mr. LAVIS. That is correct.

Mr. YATES. All right. That is a valid criticism. But I am not sure the band is the alternative.

Mr. LAVIS. Maybe it is not.

Mr. YATES. Well, then, I will say touche, you have got a point. Now that we have had a great exercise in philosophy on how we ought to handle these things—just one final question. Do you think, Mr. Barlow that the Indian tribes would want to handle post-graduate scholarships on the band?

Mr. BARLOW. Some will, some won't. I can't speak for all of them. I do think they want that opportunity, though, to set these priorities.

Mr. YATES. How do we find out?

Mr. BARLOW. We took the higher education off the band at one time. The tribes wanted it back on. That is why it is back on the band.

Mr. YATES. They wanted to have a bigger pool of money with which to exercise their needs. That is obvious. I have been trying, for many years, to find out what the feeling of the Indian people is, what the feeling of the tribe is, respecting IAIA—whether or not it ought to be a separate institution. How are you able to poll the tribes on all these questions that you say you are able to get their feeling on, and I can't get an answer with respect to IAIA? Is it possible, through your computer, to send a question out to all the tribes? Do you have a computer system with all the tribes listed there?

Mr. BARLOW. Yes, sir.

Mr. YATES. An addressograph system?

Mr. BARLOW. Yes, sir.

Mr. YATES. You send a question out, it goes to all the tribes?

Mr. BARLOW. Yes.

Mr. YATES. Why isn't it possible to find out what the feeling is on IAIA as to whether or not it ought to be a separate institution?

Mr. LAVIS. There is no problem at all, Mr. Chairman.

Mr. YATES. Then why don't we prepare such a question?

Mr. LAVIS. That is being prepared as a part of the work.

Mr. YATES. Is it?

Mr. LAVIS. Yes, sir.

Mr. YATES. Who is preparing it?

Mr. LAVIS. I believe the task force assigned to the undersecretary's office prepared a letter on that question with four or five issues.

Mr. YATES. Where is it? Do we have a copy of it?

Mr. LAVIS. I would happy to supply a copy of it.

Mr. YATES. I would like to see it. I wasn't aware the letter was sent.

Mr. LAVIS. A breakdown in communication.

Mr. YATES. A breakdown in communication. We want that as promptly as possible. Is there a charge there? I want to make sure he is putting the question fairly.

Mr. LAVIS. I don't know the status of it, but——

Mr. YATES. All right. That is fine. Let's take a look at the letter and see whether or not the question is receiving fair consideration.

[A copy was supplied for the committee's file.]

Mr. BARLOW. I understand your frustration with cybernetics—the study of feedback control. I have talked with my Congressmen and I have asked them why they made a certain decision, and——

Mr. YATES. Which of the Congressmen? Oh, you are right on that. A Congressman who gets up and says this is what the American people want is trying to find some argument because he can't find some other argument.

Mr. BARLOW. The Bureau is attacking this problem through consultancy. We are——

Mr. YATES. You are not attacking it, you are really assaulting it.

Mr. BARLOW. Well, we are working with the National Tribal Chairmen's Association and——

CONTRACT SCHOOL OPERATIONS

Mr. YATES. Let's return to the budget. You are contracting for education with the tribes, aren't you? What will they do as a result of their contracts? Will they set up their own system?

Mr. BARLOW. Are you talking about higher education?

Mr. YATES. No, let's talk about elementary technique.

Mr. BARLOW. We have 45 contract school operations.

Mr. YATES. How do they go about this? How do the tribes go about setting up this education system for their kids?

Mr. BARLOW. Title I of Public Law 93-638, contains the mechanism for contracting for these kinds of endeavors. The tribes that contract—part of the negotiations is how they set up the machinery to operate and administer the schools. Generally, they go to the school boards.

Mr. YATES. You know what suddenly occurs to me, Mr. Barlow? It suddenly strikes me that I have an awful amount of gall, not being an Indian, trying to tell you what the Indian people want.

Mr. BARLOW. I tell Mr. Lavis——

He is one of my greatest supporters. Incidentally, you were talking about school construction. When the tribes, and I am trying to resolve this, opt to contract for school operation, I don't have much room to negotiate when it comes to those facilities.

We have a contract school that was originally started with a grant from U.S. Office of Education. When the grant played out, the tribes said they want a contract to operate the school. The Bureau really had no latitude to negotiate what kind of facilities the children were going to be in.

Mr. YATES. Yes, I know. But, I am willing to take this questionnaire to the Indian people and let them decide. It isn't that I want to put my own decision over yours. I want to sense what the Indian people want, and with due deference to you, I am not willing to say that you represent the views of the Indian people, even though you come from the Blackfeet tribe.

Mr. BARLOW. I will support your efforts, provided you let me phrase the question.

Mr. YATES. I am not sure I am willing to do that. You might tell me first what you want to achieve. Let's go back to the contract schools. Do you have a feeling that the contract schools will be better than the BIA school system was in the past?

Mr. BARLOW. I think, with the advent of Public Law 95-561 Title 11, the Bureau is really coming into its own in this area, and I don't object to the tribes contracting as it is their right, but I do perceive that the Bureau's schools are going to be much more

responsive than in the past and, I would say, would probably negate the need for contract schools based on the reforms that we are putting in.

Mr. YATES. Suppose the Indian people want contract schools?

Mr. BARLOW. Then, that is fine. I have no objections.

Mr. YATES. But what you are saying, then, is that the BIA schools will be better than the contract schools.

Mr. BARLOW. What I am saying, is that at one time, I think the Bureau's school system was unresponsive to the needs of the people, and this led to the whole——

Mr. YATES. Do you think it is now?

Mr. BARLOW. I think now, with the new program we have, that we are answering a lot of the needs and hopefully——

Mr. YATES. Well, if that is true, the Indian people will turn to your BIA schools and away from their contracts won't they?

Mr. LAVIS. They may be even willing to leave the public schools, too.

Mr. YATES. And go back to the BIA schools?

Mr. LAVIS. They may. We might see——

EDUCATION COST ACCOUNTING SYSTEM

Mr. YATES. We look forward to that. Are you going to implement an accounting system to track educational expenditures to see whether the funds are being spent in accordance with the formula?

Mr. BARLOW. Yes, definitely a basic requirement that we have an effective program cost-accounting system.

The first draft is in place and it will be ready for implementation next school year. At the present time, we have an interim school finance program in place.

Mr. YATES. Okay, you can do that through BIA schools because that is within your jurisdication, but how are you going to trace the funding of the contract schools?

Mr. BARLOW. I am advised by my finance men that there are many administrative ways to skin a cat. One of things that we will be doing is putting requirements on the contract schools for reporting that will pretty much dictate that they will have to use the system.

Mr. YATES. Well, is that in place now? You say you have 45 contract schools in existence. How will you be able to make sure that their expenditures are correct?

Mr. BARLOW. By the reporting requirements.

Mr. YATES. Oh, are those reports in place?

Mr. BARLOW. They are in the process of being——

Mr. YATES. Formulated?

Mr. BARLOW. Formulated now, and they will be in place for next school year.

Mr. YATES. For the next school year that begins in September?

Mr. BARLOW. Right.

STANDARDS FOR BASIC EDUCATION

Mr. YATES. Have the standards been developed that were required under Public Law 95-561?

Mr. BARLOW. We have the rough draft and by May 1, 1980, they will be noticed up for comment. They will be in place by August 1, 1980.

Mr. YATES. Do you know the costs of implementing the standards?

Mr. BARLOW. We are doing cost projections now. I don't have any idea.

Mr. YATES. When they are ready, will you furnish them to the Committee?

Mr. BARLOW. Yes.

Mr. YATES. All right. Now, do you have sufficient funds to implement Title 11 of the Public Law 95–561?

Mr. LAVIS. Mr. Chairman, there are no funds required in Title 11. All those are program, administrative and management kinds of directives.

Mr. YATES. Well, why would some tribes come in before us and testify that they haven't any?

Mr. LAVIS. Mr. Chairman, there was an authorization, I believe, for a million dollars for study.

Mr. YATES. Yes.

Mr. LAVIS. And those are handled very well and very adequately through the implementation process. So, there is really no need for—I mean, I don't understand that.

Mr. YATES. I see. Then it is not pertinent?

Mr. LAVIS. No, sir.

Mr. YATES. Okay. We heard Mr. Leppert's testimony about the reductions that will take place by 10 percent and then by 30 percent. That will affect only a few schools, won't it?

Mr. LAVIS. Mandated by Congress, Mr. Chairman, the costs aborted.

Mr. YATES. When Congress speaks, you have got to act.

Mr. LAVIS. Yes, sir.

### DUCK WATER SHOSHONE SCHOOL

Mr. YATES. Now, what are you going to do about the Duck Water Shoshone school? They say, under your formula, they won't be able to operate their school.

Mr. BARLOW. We are prepared to go out and give them some technical assistance to help them get this under control.

Mr. YATES. You recognize their problem?

Mr. BARLOW. Yes. They have 22 students and our formula gives them nearly $100,000. They are telling us they have to have another $150,000. We are willing to go out and analyze——

Mr. YATES. Would $100,000 be enough to educate 22 students?

Mr. BARLOW. Under our formula, yes.

Mr. YATES. Is it enough outside of the formula?

Mr. BARLOW. Well——

Mr. YATES. Well, what you are telling me is that under the formula, they are entitled to $100,000. The question that I am asking is whether $100,000 is adequate to educate the students, not whether it is adequate under the formula.

Mr. BARLOW. I doubt if we will ever resolve that particular question. I think in education, we feel that we never have adequate funds to do the job that we are charged with doing.

Mr. YATES. What are you going to do about Duck Water Shoshone?

Mr. BARLOW. Our best judgment is that they can operate an effective, efficient program with the funds distributed through the formula.

Mr. YATES. Okay. You are telling the Committee that the Duck Water Shoshone school will stay open?

Mr. BARLOW. Yes.

Mr. YATES. With the funding that you promised.

Mr. BARLOW. Yes.

Mr. YATES. Okay. What are you going to do about the MX Missile complaint of the Duck Water Shoshone?

Mr. MILLS. Mr. Chairman, I am not up on that, and I don't know if our good attorney, Mr. Harrison, might be aware.

Mr. HARRISON. Mr. Chairman, I am aware of the concerns. If our attorney down there would like to comment?

Mr. REESER. No, no.

Mr. HARRISON. I am aware of the concerns they have expressed, and we will contacting them through our area agency people up there. The size of the additional request—that that reservation has requested—at least from what I read of the testimony I have seen—is simply not likely to be forthcoming in this year or next—given the size of the reservation and the number of people there.

Mr. YATES. We are talking about two different things, I think. I am not talking education.

Mr. HARRISON. No, I understand that, sir.

Mr. YATES. I am talking about the MX Missile.

Mr. HARRISON. But I am saying that if there is a particular, peculiarly acute concern out there because of the prospects and according to their testimony from the Air Force—a cluster of missiles is to be located smack in the middle of the reservation.

Mr. YATES. Yes, but they want $250,000 to protect themselves from the Air Force.

Mr. HARRISON. I saw that, and we will be in touch with them and whatever studies, assistance impacts——

Mr. YATES. Are you siding with the Air Force.

Mr. HARRISON. No, sir. I didn't say I was going to help the Air Force.

Mr. YATES. But don't you have to say that?

Mr. HARRISON. I don't believe so.

Mr. YATES. Why don't you? Aren't you the guardian of the trust responsibility?

Mr. HARRISON. Indeed I am.

Mr. YATES. All right, then. If that is true, and they are afraid of the MX Missile system on their——

Mr. HARRISON. I read that testimony carefully, Mr. Chairman, and they said they wouldn't interfere with the Air Force. They intend to get smart as to what the Air Force is trying to do, and to protect themselves however they can and I will help them do that.

BILINGUAL STUDENT PROJECTION

Mr. YATES. Now that we have your assurances, we feel better. Let's turn to pages 19 and 20. Explain the changes on student projections. I am not sure I understand these formulas that you have here.

Mr. BARLOW. You are talking about for fiscal year 1981

Mr. YATES. Yes.

Mr. BARLOW. We anticipate that——

Mr. YATES. Why does the fact that you have only 10 percent of all BIA students receiving bilingual education services result in a 10 percent increase in student projects for this activity in fiscal 1981?

Mr. BARLOW. Part of the experience that we have had and other states have had—once the school officials are convinced that when they properly verify the needs in bilingual in their state, and that the funds are there, then the programs are going to increase. In the case of bilingual instruction, they begin to do their student counts and justify the number of students in need of this, we are anticipating a 10 percent increase.

RESIDENTIAL KINDERGARTEN PROGRMS

Mr. YATES. I read your justifications on page 20, and it seems to me to be a nonsequitur. You say "the funding that kindergarten students in boarding and dormitory situations will not be continued as formula funding is implemented in accordance with Bureau policy that young children remain at home."

Mr. BARLOW. This is embarrassing for me to tell you. The Bureau has a policy that preschool children, including kindergarten children, will not be admitted to residential living conditions. This year I learned we had 252 kindergarten children in dormitories. I issued my order that the children should be removed from these residential facilities and I got a lot of opposition. They said they had been going there for several years and there was no place else for them to go.

Mr. YATES. Is this kind of a day care center?

Mr. BARLOW. It is a dormitory.

Mr. YATES. I know it is a dormitory. But is it a dormitory in the nature of a day care center?

Mr. BARLOW. No. We could not identify that it had special kinds of——

Mr. YATES. Is is fulltime?

Mr. BARLOW. Yes.

Mr. YATES. You mean they aren't home?

Mr. BARLOW. They are not home. They are in a residential facility. Next year, they will——

Mr. YATES. Well is a residential facility a dormitory?

Mr. BARLOW. A dormitory.

Mr. YATES. Don't the parents want their kids home?

Mr. BARLOW. I was told that they did not. I was told that if I removed these children from the dormitories they would have no place to go. I am working with social services on this.

Mr. YATES. I would think you would be.

Mr. BARLOW. I think what happened here again is a line of least resistence. They had some kindergarten children, for whatever reason, they put them in dormitories. I am told that that was the only alternative. I don't think that is true. I don't think it is good educational practice to take 5 year old children and put them in dormitories with children that go all the way up through the high school ages.

Mr. YATES. Who objected to your objection? Who wants to continue keeping the children under the same program?

Mr. BARLOW. I guess the opposition came from the Bureau people, from the parents——

Mr. YATES. What do you mean by Bureau people? At the agency level?

Mr. BARLOW. Right. They said, well, we are geared up, we are programmed, we have the children here, let us keep them.

Mr. YATES. Has social services looked at this? Have you looked at this, Mr. Krenzke?

Mr. KRENZKE. Our staff, I understand, has been working with Mr. Barlow's staff.

Mr. YATES. That doesn't seem to be the answer.

Mr. BARLOW. For this year, these children—252 live in dormitories.

Mr. YATES. Will stay where they are?

Mr. BARLOW. Right. But next year, they are going to be——

Mr. YATES. This is a 1981 budget. Can you tell the Committee what will happen next year?

Mr. BARLOW. Well, we have proposed the reduction of 353 weighted student units in the formula. They are not in the 1981 budget request. It has been subtracted.

Mr. YATES. Well, what happens to the kids?

Mr. BARLOW. I am meeting with social services now to look at alternatives.

Mr. YATES. Maybe this is the best answer. Maybe social services will want to keep them there. Is that a possibility?

Mr. BARLOW. Well the parents——

Mr. YATES. I understand why the parents don't want them.

Mr. KRENZKE. I think the problem is this. They are living in an isolated location——

Mr. YATES. You have got 300 kids——

Mr. KRENZKE. Basically, he is talking about Navajo and they live in——

Mr. YATES. How many kids are Navajo? All of them?

Mr. KRENZKE. 353. I don't know of any other location where this is the case.

Mr. YATES. And are all 300 in one location, or are they scattered?

Mr. KRENZKE. Various boarding schools.

Mr. YATES. Various boarding schools on the Navajo reservation?

Mr. KRENZKE. That is right.

Mr. YATES. And they are there with all the older kids?

Mr. KRENZKE. But in many cases, their older brothers and sisters are in the same school.

Mr. YATES. I see. Their families are there. Is this kind of a family arrangement?

Mr. KRENZKE. Not necessarily only a family arrangement. It is also done on a basis of individual children.

Mr. YATES. Well, when are you going to make a recommendation to the Committee, social services?

Mr. KRENZKE. We are going to be working with Mr. Barlow in connection with that.

Mr. YATES. As of now, I am up in the air. I don't know what you are going to do. Of course, you don't know what you are going to do, but what I am trying to find out is, how long do you want to find out what you are going to do?

Mr. KRENZKE. I think the basic decision has to be made with these parents.

Mr. YATES. When are you going to talk to the parents?

Mr. KRENZKE. I understand that they are in the process of talking with the parents at the present time.

Mr. YATES. Who is "they"? Who is talking with them?

Mr. KRENZKE. The social service staff and the educators on the Navajo.

Mr. YATES. When will they report back?

Mr. KRENZKE. I don't have that date, sir, but I can check that.

Mr. YATES. Will you check that and let the Committee know? Let's get an answer to this. You have got 300 kids wandering around here. I think we ought to have answers. Would you put into the record a list of the seven schools and their ADM which are actively pursuing establishment?

Mr. BARLOW. Yes.

[The information follows:]

## Kindergartners Presently Enrolled in Bureau Boarding Facilities

After further investigation we find that the BIA Education and Social Service cooperative effort concerning alternative plans in FY 1981 for kindergartners now in residence is still in a preliminary state. Planning is under way for a survey in May with a final report with appropriate action steps and recommendations expected by the end of June, 1980.

Following is a list of schools with kindergartner boarding ADM, as of October, 1979:

| Boarding Schools | Boarding Kindergartener ADM | Area Total |
|---|---|---|
| **Aberdeen Area** | | |
| Oglala | 5 | |
| Rosebud Dormitory | 2 | |
| Total Aberdeen | 7 | 7 |
| **Albuquerque Area** | | |
| Pine Hill | 2 | |
| Total Albuquerque | 2 | 2 |
| **Billings Area** | | |
| Busby | 1 | |
| Total Billings | 1 | 1 |
| **Navajo Area** | | |
| Huerfano | 4 | |
| Standing Rock | 11 | |
| Rough Rock | 1 | |
| Greasewood | 11 | |
| Kinlichee | 4 | |
| Nenahnezad | 9 | |
| Toadlena | 16.5 | |
| Dennehotso | 6 | |
| Kaibeto | 10.5 | |
| Leupp | 2 | |

| Boarding Schools | Boarding Kindergarten ADM | Area Total |
|---|---|---|
| Rocky Ridge | 13 | |
| Shonto | 69.5 | |
| Tuba City Boarding | 56.5 | |
| Chi Chil tah | .5 | |
| Lake Valley | 1 | |
| Mariano Lake | .5 | |
| Dzilth-Na-O-dith-hle | 2 | |
| Pine Springs | 2 | |
| Seba Dalkai | 2 | |
| Wide Ruins | 5.5 | |
| Navajo Mountain | 13 | |
| Total Navajo | 240.5 | 240.5 |
| Phoenix Area | | |
| Keams Canyon | 1 | |
| Total Phoenix | 1 | 1 |
| Total All Areas | | 251.5 |

Mr. YATES. Do any of the 400 students that you are projecting now attend the other schools?

Mr. BARLOW. I will have to check. I don't think they are proposing to contract any Bureau schools. These would be new schools outside the present system.

Mr. YATES. Well, let's find out whether they are now in the schools. If they are in the schools, you shouldn't be increasing your student projections.

Mr. BARLOW. No, that is correct.

[The information follows:]

INCREASED IN STUDENT MEMBERSHIP DUE TO NEW SCHOOLS

None of the 400 students projected in new schools now attend other Bureau schools.

SPECIAL EDUCATION PROJECTIONS

Mr. YATES. Why do you project an increase in the number of handicapped students—diagnosed handicapped?

Mr. BARLOW. Again, the experience that states have had that have gone into this particular way, is that once the school people are convinced—when they verify the existence of these children that are handicapped, they want to be funded—they seem to gain confidence and then the programs increase. I can't think of any state in particular. Mr. Leppert?

Mr. LEPPERT. Yes, sir?

Mr. BARLOW. Any state in particular, that we have information on, as to the increase in students under the formula for——

Mr. LEPPERT. Sir, all those states that have adopted systems, in the year following the reform has substantial increases. In the past, special education or handicapped students have been overlooked in the school programs, and by putting for the schools a clear promise of money if they will identify and serve those students, then they can identify and serve them. BIA schools, at the present time, are serving somewhat below the national norm in terms of handicapped students and there is every reason to expect an increase to the norm, and this budget reflects that increase.

Mr. YATES. My question is do they have a percentage increase?

Mr. LEPPERT. Yes. Most of the states increase betwee 10 and 15 percent the first year and another 5 or 10 percent the second year following a reform, in all the major states that adopted such funding formulas, and there is every reason to expect that will happen here and our field experience this year confirms that. I have talked personally to a number of people who are in the process of diagnosing potentially handicapped children and developing IDs on them and they will be expecting to be in the program in the fall.

Mr. YATES. Would you place in the record the base student value for the $160 million in the 1981 base? And the factors that you used in developing the estimate.

Mr. BARLOW. Yes.

[The information follows:]

BASE STUDENT VALUE FOR $169,000,000 IN FISCAL YEAR 1981 BASE

The fiscal year 1981 base amount of $160,244.9, plus the transportation estimate of $10,075,153.32, divided by the total projected weighted student units, after phase-in (30 percent loss/70 percent gain), would produce a projected fiscal year 1981 base student value of $1,965.50.

INSTITUTIONALIZED HANDICAPPED CHILD FUND

Mr. YATES. Page 22, you budgeted $2.4 million to take care of the educational costs of the handicapped who reside in institutions. How were these costs met in previous years?

Mr. BARLOW. Social services undertook the expenses of the residential costs and——

Mr. YATES. Why don't they this year?

Mr. BARLOW. Because I feel, and I think social services agrees, that this is a responsibility of education. We have a legislative mandate on this, Public Law 94-142.

PREKINDERGARTEN STUDENTS

Mr. YATES. What about the prekindergarten students? Is that yours or social services responsibility?

Mr. BARLOW. If it is educational factors, we are bound to identify them and provide programs for them.

Mr. YATES. Is prekindergarten an educational factor?

Mr. BARLOW. Public Law 94-142 madates ages 3 through 21.

Mr. YATES. What are the ages of prekindergarten?

Mr. BARLOW. Three year olds and four year olds. To enroll in kindergartens, they must be 5 by December 31st of the year they enroll.

Mr. YATES. Place in the record the amount of funds you will receive from DEH and HEW for 1979, 1980 and 1981.

Mr. BARLOW. Yes sir.

[The information follows:]

FUNDS FROM BEH AND HEW FOR 1979, 1980, AND 1981

The Office of Indian Education Programs received 5.5 million dollars from the Department of Health, Education, and Welfare (now the Department of Education) for fiscal year 1979. For fiscal year 1980 and 1981 the Office of Indian Education Programs will receive approximately 7.9 million dollars if the Bureau of Education for the Handicapped approves the Annual Program Plan. These funds are authorized under the Education for All Handicapped Children's Act of 1975. In part, Section 611(f)(1) states "The Commissioner of Education is authorized to make payments to the Secretary of the Interior according to the need for such assistance for the education of handicapped children on reservations serviced by elementary and secondary schools operated for Indian children by the Department of the Interior."

| Fiscal year: | *Million* |
|---|---|
| 1979 | $5.5 |
| 1980 (estimate) | [1] 7.9 |
| 1981 (estimate) | [1] 7.9 |

[1] Based on approval of the BIA fiscal year 1980-81 Annual Program Plan.

GAO REPORTS ON HANDICAPPED CHILDREN

Mr. YATES. Let's talk about the GAO report of September 1979 which reviewed the Indian Affairs BIA special education services to all handicapped Indian children. That is your baby, isn't it?

Mr. BARLOW. Yes, sir.

Mr. YATES. And the GAO says that you aren't paying any attention to this Committee. They asked you to hire 202 special education teachers and specialists and you don't want to do it. Is there a reason why you don't want to do it?

Mr. BARLOW. I am pleased to report that I believe GAO will be coming out with a report that—it seems that their perspective on this—we are now meeting this. We have 231 special education teachers employed as of December 1, 1979.

Mr. YATES. How many did you have before we asked you to hire 202?

Mr. BARLOW. I don't have that information. I could furnish it for the record.

Mr. YATES. Okay.

[The information follows:]

SPECIAL EDUCATION TEACHERS PRIOR TO DECEMBER 1, 1979

The initial request made by this committee about three years ago was for adequate funding for special education programs. Included in this request was the need to establish position ceilings for special education teachers. The directive from Congress required these positions "within ceiling"; therefore, 202 positions from "existing ceilings" were established for the special education program, especially for special education teacher positions. The total number of special educational personnel, before the congressional directive, was unknown due to the qualification/hiring requirements of the Civil Service Commission. The qualification requirement specified only 9 quarter hours for special education. This requirement was not acceptable and was significantly inconsistent with state requirements for certification. Because of this, the exact number of qualified staff at that time was unknown.

With the passage of Public Law 95-561, Title XI, and the Indian School Equalization Program regulations, this confusion has been eliminated and we can report to you that we have 231 special education teachers and 60 diagnostic and support staff.

Hiring special education teachers remains a very critical concern of BIA and is complicated by the fact that the BIA is competing with state and local education agencies for a limited supply of qualified special education teachers.

Mr. YATES. Now, GAO says you are also slow in student assessments.

Mr. BARLOW. I believe we are coming up, as of December 1——

Mr. YATES. You are gaining momentum.

Mr. BARLOW. Right. Over 8,000 children in the Bureau school system have been screened. 500 have been referred for programs. We have evaluated about 6200 of them. Over 5200 are now in programs meeting their handicapped condition.

Mr. YATES. What about your special education programs? GAO says that you are not providing good leadership for them.

Mr. BARLOW. We are in the process now. We have just completed our state plan. It will be published. We are completing our rules and regulations which will be noticed up within 60 days.

Mr. YATES. They will be ready for the next year?

Mr. BARLOW. Yes, definitely. I might tell you that part of our problem, Mr. Chairman, has been that for the purposes of P. L. 94-142, the Bureau of Indian Affairs is considered to be a state. When we began to write our state plan and our rules and regulations, we

found out that we really are not a state, and we had to make a lot of adjustments and meet back and forth with BEH and get this ironed out. We have now completed that. They are ready for publication.

Mr. YATES. Are local schools allowed to spend up to 20 percent of their funds for special education service?

Mr. BARLOW. I think we have a requirement that the amount of the Bureau's allocation for fiscal year 1980 is $7 million, and what we said was 80 percent of those funds had to be spent on the handicapping conditions, and then another 20 percent to take care of the auxiliary kinds of costs.

Some of our school people were kind of concerned with this. They said, well, that is a misuse of these funds earmarked for special education. So we came along and we said all right, to qualify now for the supplementary funds furnished by the Bureau of the Education of Handicapped, you must expend all 100 percent of your funds on handicapped children. This seemed to satisfy them and they are doing that.

SCHOOL DISASTER CONTINGENCY FUND

Mr. YATES. OK, when we last were discussing why do you need a $750,000 contingency fund to cover cost of replacing items that are lost by earthquakes, fire—how many such items did you lose last year?

Mr. BARLOW. We had several fires last year, Mr. Chairman, I don't have the exact cost. This year, two fires amounted to damages of about $65,000 for equipment, supplies, materials.

For example, a building wasn't destroyed, but the contents were with smoke and fire. The purpose of the contingency fund is to expedite the process to get and facilities items needed to carry on a school in place in a hurry.

Mr. YATES. Which of your schools has been hurt by earthquakes.

Mr. BARLOW. None to my knowledge.

SCHOOL BOARD TRAINING FUND

Mr. YATES. You want $5,000 for each school for a school board training fund. What do you propose to do with that money?

Mr. BARLOW. In order to facilitate the concept of Bureau funded schools, school boards organized to operate the schools. The school boards need training.

Mr. YATES (presiding). So who's going to train them?

Mr. BARLOW. That's their decision. However, this year the Bureau of Indian Affairs did conduct five regional school board training seminars, and we had about 330 school board members that participated; and according to the evaluations, benefitted a great deal from them.

Mr. YATES. Do they pay for that when you give it?

Mr. BARLOW. In this case we cooperated with the National School Boards Association to plan and stage these seminars, and a fee was charged, for the materials and the expenses of the trainers.

Mr. YATES. Okay, suppose this money isn't put in the budget, what will they do about getting training? Train themselves?

Mr. BARLOW. I suppose they could write a school finance plan that would include school board training.

ADMINISTRATION COSTS

Mr. YATES. Okay. Would you place in the record a breakdown by area, agency, and central office, of the $13.7 million you want for education administration?

Mr. BARLOW. Yes, sir.

Mr. YATES. Including the number of field positions, their costs, travel expenses, and a list of the contracts by amount purpose and locations.

[The information follows:]

FY 1981 Education Administration Costs

| Area Agency | Element 10 | # Positions | Salaries | Travel | Contracts |
|---|---|---|---|---|---|
| Juneau Area Office | 534,874 | 13 | 335,729 | 50,000 | 25,000 - Tlingit & Haida (JOM) |
| 93-638 Contracts | 25,000 | | | | |
| | | | | | |
| AEFO | 471,823 | 12 | 287,678 | 30,000 | |
| Bethel Agency | 564,523 | 18 | 293,500 | 91,800 | |
| Fairbanks Agency | 146,730 | 5 | 115,200 | 18,800 | |
| Nome Agency | 198,950 | 7 | 141,300 | 43,000 | |
| Total $1,941,900 | | | | | |
| | | | | | |
| Muskogee Area Office | 302,900 | 11.5 | 261,551 | 25,000 | 14,800 - Creek Nation |
| 93-638 Contracts | 14,800 | | | | |
| Total $317,700 | | | | | |
| Eastern Area Office | 98,228 | 1 | 80,088 | 14,000 | |
| Cherokee Agency | 114,054 | 4 | 107,054 | 5,000 | |
| Choctaw Agency | 119,770 | 4 | 112,770 | 5,000 | |
| Seminole Agency | 54,288 | 2 | 49,788 | 3,000 | |
| Total $386,400 | | | | | |

| Area Agency | Element 10 | # Positions | Salaries | Travel | Contracts |
|---|---|---|---|---|---|
| Anadarko Area Office | 244,900 | 9 | 163,175 | 16,300 | 13,500 - Cheyenne/Arapaho Tribes |
| 93-638 Contracts | 13,500 | | | | |
| Total $258,400 | | | | | |
| | | | | | |
| Sacramento Area Office | 70,500 | 2 | 50,100 | 5,000 | |
| Total $70,500 | | | | | |
| | | | | | |
| Portland Area Office | 56,600 | 2 | 46,582 | 8,000 | |
| Colville Agency | 31,570 | 1 | 27,206 | 2,000 | |
| Ft. Hall Agency | 34,250 | 1 | 29,889 | 2,000 | |
| N. Idaho Agency | 20,900 | 1 | 16,543 | 1,900 | |
| Umatilla Agency | 23,100 | 1 | 18,739 | 2,800 | |
| Warm Springs Agency | 28,300 | 2.5 | 23,940 | 3,000 | |
| Puget Sound Agency | 16,450 | 1 | 7,422 | 3,000 | |
| Olympic Peninsula Agency | 20,030 | 1 | 15,667 | 2,900 | |
| Yakima Agency | 34,500 | 1 | 30,794 | 2,800 | |
| Total $265,700 | | | | | |

| Area Agency | Element 10 | # Positions | Salaries | Travel | Contracts |
|---|---|---|---|---|---|
| Phoenix Area Office | 287,000 | 12 | 220,315 | 12,500 | |
| Colorado River Agency | 39,000 | 2 | 37,500 | 1,500 | |
| Fort Apache Agency | 80,000 | 5 | 78,000 | 2,000 | |
| Papago Agency | 152,000 | 10 | 148,000 | 4,000 | |
| Pima Agency | 100,000 | 6 | 97,000 | 3,000 | |
| San Carlos Agency | 50,000 | 2 | 48,500 | 1,500 | |
| Western Nevada Agency | 50,000 | 3 | 48,400 | 1,600 | |
| Eastern Nevada Agency | 34,000 | 2 | 32,500 | 1,500 | |
| Hopi Agency | 98,500 | 5 | 95,500 | 3,000 | |
| Truxton Canon Agency | 43,000 | 1 | 41,300 | 1,700 | |
| Total $933,500 | | | | | |
| | | | | | |
| Billings Area Office | 64,154 | 2 | 62,154 | 2,000 | |
| Blackfeet Agency | 33,000 | 2 | 33,000 | | |
| Crow Agency | 34,469 | 2 | 34,469 | | |
| Fort Belknap Agency | 35,826 | 2 | 35,826 | | |
| Fort Peck Agency | 34,804 | 2 | 34,804 | | |
| Rocky Boys Agency | 30,053 | 2 | 30,053 | | |
| Wind River Agency | 25,794 | 1 | 25,794 | | |
| Total $258,100 | | | | | |



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| Area Agency | Element 10 | # Positions | Salaries | Travel | Contracts |
|---|---|---|---|---|---|
| Albuquerque Area Office | 193,430 | 7 | 177,600 | 5,600 | 21,802 - Mescalero Tribe |
| 93-638 Contracts | 68,300 | | | | 21,416 - Ute Mt. Tribe |
| | | | | | 25,082 - Zuni Tribe |
| Jicarilla Agency | 29,490 | 2 | 28,000 | 1,000 | |
| Southern Pueblos Agency | 181,625 | 7 | 151,295 | 8,000 | |
| Northern Pueblos Agency | 126,855 | 7 | 125,000 | 1,000 | |
| Navajo Area Office | 613,105 | 18 | 434,273 | 40,405 | |
| Shiprock Agency | 348,891 | 14 | 269,217 | 26,664 | |
| Western Navajo Agency | 452,540 | 19 | 350,638 | 38,236 | |
| Eastern Navajo Agency | 526,518 | 21 | 399,736 | 50,265 | |
| Chinle Agency | 415,610 | 17 | 326,484 | 31,617 | |
| Ft. Defiance Agency | 434,936 | 18 | 339,444 | 34,800 | |
| Total $2,791,600 | | | | | |
| Minneapolis Area Office | 154,100 | 4 | 145,000 | 11,000 | 15,426 - Menominee Tribe |
| 93-638 Contracts | 61,800 | | | | 19,282 - Minnesota Agency |
| Total $215,900 | | | | | 27,092 - Red Lake Agency |

| Area Agency | Element 10 | # Positions | Salaries | Travel | Contracts |
|---|---|---|---|---|---|
| Aberdeen Area Office | 408,490 | 28 | 355,000 | 21,000 | 11,568 - Sisseton Wahepeton Sioux Tribe |
| 93-638 Contracts | 50,900 | | | | 7,712 - Winnebago Tribe |
| | | | | | 13,496 - Omaha Tribe |
| | | | | | 18,124 - Trenton Indian Serv. Corp. |
| Ft. Totten Agency | 93,510 | 3 | 72,000 | 9,000 | 50,900 - Total |
| Pine Ridge Agency | 274,060 | 10 | 253,000 | 9,000 | |
| Rosebud Agency | 45,830 | 3 | 41,000 | 4,000 | |
| Yankton Agency | 2,280 | 0 | 0 | 2,500 | |
| Sisseton Agency | 47,880 | 3 | 40,000 | 7,500 | |
| Standing Rock Agency | 95,310 | 6 | 85,000 | 8,000 | |
| Turtle Mt. Agency | 76,030 | 6 | 59,000 | 17,000 | |
| Winnebago Agency | 62,740 | 3 | 56,000 | 7,500 | |
| Crow Creek Agency | 49,420 | 2 | 45,000 | 3,000 | |
| Lower Brule Agency | 46,470 | 2 | 40,000 | 5,000 | |
| Cheyenne River Agency | 113,900 | 7 | 102,000 | 10,000 | |
| Ft. Berthold Agency | 43,980 | 3 | 40,000 | 3,000 | |
| Total $1,410,800 | | | | | |

Central Office $4,298,800

IMPLEMENTATION FUND

Mr. YATES (presiding). You will recall that when we were on page 19, you had indicated an increase of student projections under the distribution requirement for anticipated new schools. You wanted additional money for that. Why do you want an extra $1 million in implementation funds to cover the cost of new schools applying for—funding. Is this duplicating services?

Mr. BARLOW. No. At the present time the Bureau does not have the funds or the system to do two things. One is to correct errors that might occur in the formula process due to inaccurate information or a data error. The second is to bring new schools on line. And the $1 million is requested for those two purposes.

Mr. YATES (presiding). Put in the record a breakdown of your fiscal year 1980 and 1981 implementation costs.

[The information follows:]

| | |
|---|---|
| Fiscal year 1980 implementation set-asides: | |
| Initial reserve | $2,097,000 |
| Pyramid Lake (new) | −277,619 |
| Revisions in school allotments (changes in student count) | −538,050 |
| Yakima pre-school (new) | −52,390 |
| Maine school operations (new) | −97,000 |
| Exceptional education (error in allotment) | −415,154 |
| Balance distributed to all schools by formula | 716,787 |
| Fiscal year 1981 implementation set-asides [1]: | |
| Initial reserve | $1,000,000 |
| New programs | −500,000 |
| Changes in student count | −500,000 |
| Balance | 0 |

[1] Any undistributed balance will be distributed to all schools by the formula.

PREKINDERGARTEN PROGRAMS

Mr. YATES. You're planning to phase out the pre-kindergarten program after fiscal year 1981?

Mr. BARLOW. We're going to request that the Congress consider whether or not these kinds of programs should be continued, whether they should be funded. In other words, come up with some information, I guess, that——

Mr. YATES. Why are you going back to Congress on this?

Mr. BARLOW. If the decision is made that the Bureau should be in the business of prekindergarten programs, it's going to cost money.

Mr. YATES. Yes, but didn't you say that what was it, Public Law 561?—provided for prekindergarten sessions?

Mr. BARLOW. It does not.

Mr. YATES. What law did you report—

Mr. BARLOW. Oh, Public Law 94-142, for education of the handicapped.

Mr. YATES. It's only for the handicapped?

Mr. BARLOW. Right.

Mr. YATES. And you're going to have pre-kindergarten only for the handicapped and not for the others?

Mr. BARLOW. They're not pre-kindergarten programs, but we're required by law to meet the needs of identified handicapped children—3 through 21.

Mr. YATES. Again, I'm not sure I understand your answer to my question. Why is it that you're doing away with the pre-kindergarten program—you say you want Congress to tell you what to do. Don't you think they're good programs?

Mr. BARLOW. Well, I'm not saying that we want Congress to tell us what to do.

Mr. YATES. You've given $1,700,000 for it.

Mr. BARLOW. We have an interim funding program for fiscal years 1980 and 1981, Mr. Chairman, for pre-kindergarten programs, that the central office had no knowledge of until we started putting this formula into effect. Now, are we going to continue those or not, that's the question?

Mr. YATES. Does the central office know about them now?

Mr. BARLOW. You bet we do.

Mr. YATES. Well, what's your thought? Is it a good program or a bad program? Suppose Congress were to ask you that question? Do you favor continuing the programs or are you opposed to them.

Mr. BARLOW. At this point in time I think the evidence indicates that they are good programs, they are serving a need.

Mr. YATES. Then why do away with them? Why don't you just ask the Appropriations Committee for more money?

Mr. BARLOW. I'm confident at this stage it will probably be the request. However, I don't have all my reports in on how the people feel about them, the alternative again, the options.

Mr. YATES. Were you persuaded by OMB to eliminate this program?

Mr. BARLOW. No.

Mr. YATES. This is your own persuasion.

Mr. BARLOW. Well, we're funding them for two years on an interim basis.

Mr. YATES. What does the band analysis show, do the Indian tribes like these programs?

Mr. BARLOW. They're not on the band, sir.

Mr. YATES. Why aren't these on the band?

Mr. BARLOW. The tribes don't want them on the band.

Mr. YATES. How do you know?

Mr. BARLOW. I guess the proof is the fact they are not on the band.

Mr. YATES. Yes, but do they know about the program? How many pre-kindergarten programs are there?

Mr. BARLOW. I think we identified 7 or 8 with thirteen hundred and or so students.

Mr. YATES. Seven or eight, with 1300 students.

Mr. BARLOW. I'm relying on my memory, Mr. Chairman, I'd better——

Mr. YATES. Is that good or bad? Say, that's a big class, isn't it, a pretty big pre-kindergarten class if you had some 1,300 students. That's an average of about 170 students per class.

Mr. BARLOW. We'll have to furnish that information for the record, I can't seem to put my finger on it.

[The information follows:]

PREKINDERGARTEN STUDENTS/PROGRAMS—FISCAL YEAR 1979 ADMISSION

| | | | |
|---|---|---|---|
| Coeur d' Alene | 34 | Rough Rock | 75 |
| Big Coulee | 33 | Payallup | 74 |
| Pine Hills | 90 | Intermountain | 30 |
| Acoma | 95 | Papago | 205 |
| Monominee | 183 | Gila River | 177 |
| Shiprock Alternative | 30 | Blackwater | 23 |
| Ft. McDowell | 25 | Nooksock | 23 |
| Choctaw | 118 | Total | 1,215 |

Mr. BARLOW. But we identify these pre-kindergarten programs.

Mr. YATES. Well, if you had other education programs on the band, why didn't you put this one on the band?

Mr. BARLOW. The only programs that are on the band in education are higher education student grants and adult education. Only two, just those two.

Mr. YATES (presiding). Just those two. Are you going to phase out your $754,000 summer program too?

Mr. BARLOW. No. We're requesting that those 638 contracts be funded again.

VOCATIONAL EDUCATION ACT

Mr. YATES. Would you place in the record an explanation for excluding BIA from the matching requirement of P.L. 95-40, of education?

Mr. BARLOW. Okay.

[The information follows:]

EXCLUSION OF BIA MATCHING FUNDS RE PUBLIC LAW 95-40

The Department of the Interior and the Bureau of Indian Affairs Are interested in supporting D-HEW's vocational education program for Indian people. However, because of the impact of a $6 million reduction in our BIA Education budget it is impossible to comply with the existing requirement without adversely affecting our own school operations.

JOHNSON-O'MALLEY EDUCATIONAL ASSISTANCE

Mr. YATES. Let's talk about Johnson-O'Malley, that starts at page 26.

The Inspector General has been critical of the Johnson-O'Malley program of administration. You had contracts that are a little swollen, can't substantiate all the money, you're using funds for basic operation instead of for supplemental programs, insufficient documentation, overpayment because of ineligible students—are these reasons enough for doing away with Johnson-O'Malley.

Mr. BARLOW. I think not, Mr. Chairman. P.L. 95-561, Title XI Part A mandated that the Bureau develop a distribution formula to be determined by the tribes. We've done this. The Johnson-O'Malley allocations this year are being distributed on the basis of this formula. We're also in the process of standardizing——

Mr. YATES. You're really a formula baby aren't you? With all the formulas you're coming up with——

Mr. BARLOW. Well, not having grown up on a formula——

Mr. YATES. What a memory you've got. Maybe Indian children are babied a lot longer.

Mr. BARLOW. The Johnson-O'Malley program certainly serves a need. It is a supplemental program, and I might tell you that I

have initiated a series of meetings with the staff people from the U.S. Office of Education who administer Part A of the Indian Education Act which is a similar program. We're beginning to coordinate a lot of our efforts on statistics, forms, parent committees, and so on.

Mr. YATES. And all the deficiencies that were cited by—in the Inspector General's report will be corrected.

Mr. BARLOW. We're certainly striving to correct those objections and criticisms.

Mr YATES. We provided $500,000 in fiscal 1980 for Federal dormitory student tuition. In 1981, you don't ask for it. Is that because you don't want it?

Mr. BARLOW. No. The decision was made that it's been funded in the past so the figures that you see for 1981 include the tuition for dormitory students.

Mr. YATES. How did you arrive at the figure of 3,000 to 3,500 students as being eligible for Johnson-O'Malley funds in 1981?

Mr. BARLOW. The figure that we've arrived at is 180,000.

Mr. YATES. Excuse me, I mean the increase. It's an increase of 3,000 to 3,500.

Mr. BARLOW. Yes. I think the increase reflects the inclusion of new tribes who have gained recognition and are eligible for Federal services. For example, the Passamaquoddys. and Penobscots. What were the others? A couple of others would be included, there's one in California. The Hoopa-Yurok and the Pascua Yaqui.

Mr. YATES (presiding). Put into the record, for 1979, 80 and 81, the Johnson-O'Malley funds provided the contract schools by amount, name, location and number of students, and also the allocation per student for the past five years.

[The information follows:]

INSERT # 86

JOM FUNDS BY CONTRACT SCHOOLS *

| NO. | NAME OF SCHOOL | LOCATION | STATE | FY-79 ** ADM | FY-79 ** Amount | FY-80 ** ADM | FY-80 ** Amount | FY-81 ** ADM | FY-81 ** Amount |
|---|---|---|---|---|---|---|---|---|---|
| 1 | Theo. Jamerson Elem. School | Bismarck | ND | 54 | 8,856 | 100 | 15,200 | 105 | 15,225 |
| 2 | Pierre Indian Learning Center | Pierre | SD | 57 | 9,348 | 77 | 11,104 | 80 | 11,600 |
| 3 | Mandaree Day School | Mandaree | ND | 184 | 30,176 | 193 | 20,336 | 195 | 28,275 |
| 4 | Twin Buttes Day School | Halliday | SD | 71 | 11,644 | 98 | 14,896 | 101 | 14,645 |
| 5 | St. Michael Tribal School | St. Michael | ND | 202 | 33,128 | 209 | 32,668 | 212 | 30,740 |
| 6 | Little Wound Day School | Kyle | SD | 462 | 75,768 | 532 | 80,864 | 535 | 77,575 |
| 7 | Loneman Day School | Oglala | SD | 283 | 46,412 | 323 | 49,096 | 325 | 47,125 |
| 8 | St. Francis Indian School | St. Francis | SD | 452 | 74,128 | 471 | 71,592 | 475 | 68,875 |
| 9 | Marty Indian School | Marty | SD | 227 | 37,228 | 238 | 35,476 | 240 | 34,800 |
| 10 | Jibway Indian School | [illegible]lcourt | ND | 234 | 38,376 | 228 | 34,256 | 230 | 33,350 |
| 11 | Turtle Mountain High School | Belcourt | ND | 522 | 85,608 | 513 | 77,976 | 520 | 75,400 |
| 12 | Crow Creek High School | Stephan | SD | 143 | 23,452 | 165 | 25,080 | 166 | 24,700 |
| 13 | Institute of Southern Plains | Harmon | OK | 58 | 9,514 | 55 | 8,360 | 58 | 8,410 |
| 14 | Two Eagle River School | Dixon | MT | -0- | -0- | 55 | 8,360 | 56 | 8,120 |
| 15 | Labre Indian School | Ashland | MT | 402 | 65,928 | 414 | 62,928 | 415 | 60,175 |
| 16 | Bysby School | Busby | MT | 188 | 30,832 | 240 | 26,480 | 245 | 35,525 |
| 17 | Wyoming Indian High School | Ethete | WY | 93 | 15,252 | 127 | 19,304 | 130 | 18,850 |
| 18 | St. Stephens Indian School | St. Stephens | WY | 228 | 37,392 | 260 | 41,520 | 262 | 37,990 |
| 19 | Bug O Nay Ge Shig School | Cass Lake | MN | 76 | 12,464 | 87 | 12,160 | 90 | 13,050 |
| 20 | Nay-Ah-Shig Day School | Onamia | MN | -0- | -0- | 50 | 7,600 | 60 | 8,700 |
| 21 | Lac Courtes Oreilles Ojibway | Couderay | WI | 156 | 25,584 | 202 | 10,504 | 210 | 30,450 |
| 22 | Oneida Indian School | Oneida | WI | -0- | -0- | 110 | 16,720 | 110 | 15,950 |
| 23 | Hannahville Indian School | Wilson | MI | 37 | 6,068 | 37 | 5,624 | 40 | 5,800 |
| 24 | Duckwater School | Duckwater | NV | 21 | 1,968 | 22 | 3,344 | 25 | 3,625 |
| 25 | Hava Supai Day School | Supai | AZ | 38 | 6,232 | 36 | 5,472 | 40 | 5,800 |
| 26 | Blackwater Community School | Coolidge | AZ | 75 | 12,300 | 35 | 5,320 | 36 | 5,220 |
| 27 | Hoteville Day School | Hotevilla | AZ | 103 | 16,892 | 95 | 71,667 | 100 | 14,500 |
| 28 | Pine Hill Schools | Ramah | NM | 386 | 63,304 | 496 | 75,392 | 530 | 76,850 |
| 29 | Albuquerque Indian School | Albuquerque | NM | 325 | 53,300 | 325 | 49,400 | 400 | 58,000 |
| 30 | Shiprock Alternative School | Shiprock | NM | 44 | 7,216 | 125 | 19,000 | 130 | 18,850 |
| 31 | Navajo Academy | Farmington | NM | 30 | 4,920 | 75 | 11,400 | 80 | 11,600 |
| 32 | Little Singer Comm. School | Winslow | AZ | -0- | -0- | 36 | 6,412 | 40 | 5,800 |
| 33 | Borrego Pass School | Crownpoint | NM | 121 | 19,844 | 175 | 26,600 | 180 | 26,100 |
| 34 | Alamo Navajo School | Magdalena | NM | -0- | -0- | 34 | 5,168 | 40 | 5,800 |
| 35 | Rock Point Comm. School | Via Chinle | AZ | 353 | 57,892 | 423 | 65,216 | 425 | 61,625 |
| 36 | Rough Rock Demonstration School | Rough Rock | AZ | 344 | 56,416 | 558 | 84,816 | 560 | 81,200 |
| 37 | Black Mesa Community School | Rough Rock | AZ | -0- | -0- | 41 | 6,232 | 45 | 6,525 |
| 38 | Quileute Indian School | La Push | WA | -0- | -0- | 64 | 9,728 | 70 | 10,150 |
| 39 | Paschal Sherman Indian School | Omak | WA | 140 | 22,960 | 155 | 23,560 | 160 | 23,200 |
| 40 | Yakima Tribal School | Toppenish | WA | -0- | -0- | 427 | 64,904 | 430 | 62,350 |
| 41 | Puyallup Tribal Schools | Tacoma | WA | 198 | 32,472 | 238 | 43,016 | 240 | 34,800 |
| 42 | Nez Perce Day School | Lapwai | ID | -0- | -0- | 29 | 4,358 | 30 | 4,350 |
| 43 | Shoshone-Bannock Alternate | Fort Hall | ID | 51 | 8,364 | 91 | 13,332 | 100 | 14,500 |
| 44 | Couer D Alene Indian School | Desmet | ID | 95 | 15,580 | 86 | 13,072 | 90 | 13,050 |
| 45 | Miccosukee School | Ochopee | FL | 44 | 7,216 | 49 | 7,448 | 50 | 7,250 |
| | | | | 6,497 | $1,065,508 | 8,424 | $1,241,129 | 8,711 | $1,263,095 |

* Five additional contract schools will be in operation in FY-81.
** PPC was $164 in FY-79, PPC was $152 in FY-80, Estimates FY-81 is $145.

Mr. YATES. Do you have any protests or objections from any of the states or any of the tribes for the Johnson-O'Malley formula distribution?

Mr. BARLOW. It's so new, the final allotments were just made this spring, and I suppose as they look at what they had last year and what they're getting this year, there could be some criticisms. None specifically at this time. It was submitted to the Alaskan villages and the tribes for a vote. It was their decision.

CONTINUING EDUCATION

Mr. YATES. Alright. On page 31, under the number of continuing education students served, for fiscal year 1980 you received $42,351, and for fiscal year 1981 you want $43,441, which is a relatively tiny increase, and yet you've got 90 more students. How does it happen that you don't ask for more money when you have 90 more students.

Mr. BARLOW. The higher education student grants and adult education are on the band, and it reflects in the funding request.

Mr. YATES. Do you think you will be able to take care of the extra 90 students with the same amount of money?

Mr. BARLOW. We're going to have to.

Mr. YATES. What do you mean by the phrase "a change in program emphasis"? You reduced a program by $489,000 for higher education student grants, and that's the reason that's given. What does that mean?

Mr. BARLOW. That's the zero-based budgeting process. The band process. Project priorities.

Mr. YATES. Does BIA use zero-based budgeting? Mr. Searcy?

Mr. SEARCY. We use zero-based budgeting—OMB.

Mr. YATES. I didn't know that anybody was using it. I know they tell you to use it, but does anybody use it? What we need is zero-based thinking.

Mr. SEARCY. We use a format—OMB——

Mr. YATES. You mean that you go back right to zero under zero-based budgeting? Do you really? You don't start from last year and say we'll build on that.

Mr. SEARCY. Last year, actually, we used last year's——

Mr. YATES. Last year's was zero.

Mr. SEARCY. Then build up from whatever levels we have.

Mr. YATES. Now we've received a number of requests from tribes to increase funding for scholarships. Do you get the same attention? You do.

Mr. BARLOW. Yes. They often come to the central office for additional funding, which we don't have.

Mr. YATES. But aren't we reducing the funds for scholarship?

Mr. BARLOW. Yes.

Mr. YATES. Why are you doing that?

Mr. BARLOW. Again, it's the tribal priority system. It's what the tribes are indicating to us.

Mr. YATES. Well, they indicate one thing to you and another thing to us. Have they changed their minds? Shall we send out another band?

Mr. BARLOW. I think that the tribes, when they perceive a need, will come to the Bureau of Indian Affairs for redress or financial help. But now remember, the decision was made, that the determination of the financial need of Indian students, would be turned over to the financial aid officers, at the institution where they were accepted. The Bureau then comes in on, what I have termed the last resort concept. The financial aid officer says you're a citizen just like everyone else, and you're entitled to this and this and this. They put together a financial aid package. The Bureau funds then can be used for unmet needs, to replace loans, if they don't think they should have loans, or to replace work-study. The Bureau now comes at the end of the funding process. It's supplemental, and the last resort. Another battle I lost two years ago, incidentally. At one time the Bureau put together the financial aid package of students. We don't do that anymore.

Mr. YATES. Who does it?

Mr. BARLOW. The financial aid officer at each institution. They give them BEOG's, SEOG's, work-study, national direct loans, and other aids—the whole bit.

Mr. YATES. Then they eliminate it all and start over again. Zero-based. That's exactly how you do it. Mr. Harrison shakes his head no. Are you aware of his opinion, Mr. Harrison?

Mr. HARRISON. Yes, I am, and if I may—the change that he's referring to was made a few years ago when we found that Indian students were being regularly denied for participation in other much-larger educational assistance programs to which they ought to be entitled. Some school officials were taking the view that Indian students ought to receive all of their assistance first and foremost from the Bureau. And there were the larger BEOG, SEOG programs, some $600 million in those programs nationally that Indian kids were having difficulty taking advantage of or availing themselves of.

Mr. YATES. Is that true today, too?

Mr. HARRISON. It's not true today because now the Department of Education, formerly the Department of HEW, has rewritten its regulations to ensure that Indian students are treated no differently than other students for purposes of larger programs.

Mr. YATES. Assuming they have rewritten those regulations, do we know whether or not the same conditions prevail? The fact that they have rewritten the regulations doesn't mean that the discrimination that existed previously is automatically rescinded.

Mr. BARLOW. I certainly do. It has not been rescinded. I think that our Indian students continue to be discriminated against and have no recourse.

Mr. YATES. How do you know that? And where has it occurred to your knowledge?

Mr. BARLOW. Well, I don't have the institutions at the tip of my tongue, but I'm sure that we could conduct a full-scale hearing that would bring out a number of areas of concern that we have where Indian students have not been treated fairly under this system.

Mr. YATES. Alright. I'm interested, tell me about it, where, what proof do you have. I hear rumors of that, too, but I have no way of checking it or of bringing the power of the Federal government to bear to correct it if I don't have any information.

Mr. BARLOW. It would be a formidable task to review the 23,000 students that we have who are funded under the higher education program and do an analysis, but I for one would suggest it be done. I think we'd discover some amazing things.

Mr. YATES. Well, what would you discover, how do you propose to do it?

Mr. BARLOW. Okay, I don't know how to propose to do this. For example the policy is that income derived from trust activities, is exempt from the formulation of the financial aid package, and yet, some institutions unilaterally ignore this and say we know that you derive this income, you receive this income and we're reducing your financial aid. The students have no recourse.

Mr. HARRISON. Let me give you an example that predates the change in the regulation, but when I was last in school, in the years 1972 to 1975, I had precisely this problem. I approached the school administration——.

Mr. YATES. Where were you, what school?

Mr. HARRISON. The Law School at Harvard.

Mr. YATES. Harvard? Harvard does this?

Mr. HARRISON. Well, Harvard, at that time the Law School took the view that their financial aid programs were last resort program. They said you belong to an Indian tribe. You are eligible for services from the Bureau of Indian Affairs, you find out what the BIA is willing to provide, then come back and we can determine what your unmet need is.

The Bureau of Indian Affairs, on the other hand, said no, you are entitled to participate in the work-study program the BEOG program, the SEOG program, and whatever other loan programs there are at the school, you get the school to make those determinations and then come see us and we will deal with whatever unmet need there is.

I was caught in that squeeze-play for the first year and I ended up signing about $4,000 worth of notes to get out of there.

Mr. YATES. Well, what happened? If Harvard sent you to BIA and BIA sent you to Harvard, now you went back to Harvard and what did they tell you then?

Mr. HARRISON. This went on until right down to the wire of my third year in that school, and I finally got out of the middle and got the BIA and Harvard to talk to each other, and agree that it would be a shame to have this guy not graduate because he hasn't paid his bills, and they made some calculations and the Bureau came up with support, the school came up with support and I finally came out of the system. But that was, and I was at that time, considerably older and had a little more capability to deal with these two massive institutions that most of the 23,000 students that are supported with Earl's program now. And that's one of the reasons that I—one of my first jobs when I came to work down here—was to go to work and sit down with people at, then, HEW, and help them change their regulations to try to avoid that problem in the future.

Mr. YATES. Well, will the change avoid that? What if the school doesn't pay any attention to it?

Mr. BARLOW. That's their prerogative.

Mr. YATES. Well is it their prerogative? What happens if they don't pay any attention to it, is there a penalty, are they penalized by not receiving their funds?

Mr. HARRISON. That, I'm not aware of how it's working. I'll defer completely to Earl on how it works.

Mr. BARLOW. I don't quite understand your question.

Mr. YATES. The question is, Mr. Barlow, you have said that regulations have now been written by the Department of Education which you think will eliminate the problem of discrimination that Mr. Harrison encountered when he was at Harvard. The question is, what happens if Harvard, even being shown a copy of the new regulations, says no, we're not going to observe that regulation. And, we send the student, Mr. Harrison, back to the BIA for his money. Is there any penalty imposed on the university, on Harvard?

Mr. BARLOW. None that I know of.

Mr. YATES. Well, can you find out from the Department of Education what happens?

Mr. BARLOW. I think some graduate from the Harvard Law School should be assigned this.

Mr. YATES. Is there a penalty clause?

Mr. HARRISON. There is no penalty clause in there. But those regulations should be, no less than any other Federal regulations——

Mr. YATES. You say here 23,000 students. Is that the number of students in colleges today?

Mr. BARLOW. Yes.

Mr. YATES. Do any of them ever complain of discrimination to you?

Mr. BARLOW. Again, I can't think of any since I've been back here, but when I was in——

Mr. YATES. Well you've been here for a couple of years and you haven't had any in two years?

Mr. BARLOW. Thirteen months.

Mr. YATES. Thirteen months. And you haven't had any in thirteen months.

Mr. BARLOW. No, not specifically. Of course, I have a person who's assigned to it. But when I was out at the state level, we used to get numerous complaints that the university system——

Mr. YATES. What do you mean by the state level?

Mr. BARLOW. Well, when I was living in the state.

Mr. YATES. Where?

Mr. BARLOW. Out west.

Mr. YATES. Where out west?

Mr. BARLOW. Montana.

Mr. YATES. You are in Montana. Where are you in Montana?

Mr. BARLOW. Okay.

Mr. YATES. Is there something you don't want to tell us about this particular issue?

Mr. BARLOW. I was involved with the tribe's contract to administer the higher education grant program. And, as we sent our students off to institutions both in-state and out-of-state, we would get periodic complaints from them that the level of funding was not sufficient to meet their needs.

Mr. YATES. This was the Blackfeet tribe?

Mr. BARLOW. Yes. We had about 350 students in these institutions. Alright, when we would investigate this we were generally told by the financial aid officer, look I took the information that was furnished to me and I made a decision and here's what this student is entitled to, and that ends it. And we would go every route that we could think of, you know, to increase the funding. Sometimes we were successful, but most of the time, we were not, because again, the institution would come back and say, look you've got all kinds of Bureau of Indian Affairs funds. Now we're caught into a situation——

Mr. YATES. But that was—let me just stop you—this was when you were out west in Montana?

Mr. BARLOW. Right.

Mr. YATES. And that was before Harrison's regulations.

Mr. BARLOW. No.

Mr. YATES. Subsequent to his regulations? When was your regulation——

Mr. BARLOW. He said 1972. I was out in Montana in between 1972 and 1979.

Mr. HARRISON. Well, the changes in the regulations were made in 1976.

Mr. YATES. 1976. How do we attack this thing? How do we go about finding out whether the colleges and universities are receiving money from the Federal Government, part of which is supposed to go for the Indian students, and which is not going there. Rather, this money is being kept in the college treasury. Right?

Mr. BARLOW. No, it's Federal money, I'm not saying that it's kept in the college treasury.

Mr. YATES. What happens? How does it work. You mean the university will apply for Federal help for so many students and leave out the Indian students? No. Mr. Harrison shakes his head no.

Mr. HARRISON. They're not supposed to, let's put it that way.

Mr. YATES. How does it work? How does the university or college get its money to take care of the needs of the students? You talk about perceiving complaints from students that their needs are not being met. And you suspect that the college did not make money available to them. Did the college receive money from the Federal Government which it is supposed to turn over to that student?

Mr. HARRISON. That's right.

Mr. YATES. Well, what happens if it doesn't turn it over to the student? It keeps the money.

Mr. BARLOW. Well, they have all different students to service, let's put it that way. But they do the computations on the financial aid package, and they say Mr. Indian Student we have determined that you're eligible for this much money, and Mr. Non-Indian Student, you get this much money. They make that determination. Now, these are Federal funds that they are making decisions on—your Basic Educational Opportunity Grants, and so on.

Mr. YATES. Having made that determination they then apply to the Federal Government for funding their determination?

Mr. BARLOW. They generally have the funds prior to this process.

Mr. YATES. Well, if they have it prior, they keep the funds then, don't they, that the Indian students don't receive?

Mr. BARLOW. No, they're allocated to the students, all the students. I don't think the universities can keep this and I'm not saying that they have, but its the determination that I'm questioning.

Mr. YATES. You mean they take care of more students than they would have taken care of if they included the Indian students? There's got to be a surplus of the money somewhere if the Indian students aren't taken care of.

Mr. BARLOW. That's right.

Mr. YATES. Well, what happens to that money?

Mr. BARLOW. It goes to other students, possibly.

Mr. YATES. Possibly into the school treasury?

Mr. BARLOW. I don't think so, I wouldn't make that—

Mr. YATES. Nobody will make that charge.

Mr. BARLOW. I don't think so. I don't think they can.

Mr. YATES. How do we find out about this?

Mr. BARLOW. Well, here's the dilemma that I'm trying to call to your attention now. Alright, we go to the university and they say you're an Indian, go to the Bureau. So we go to the Bureau, and the Bureau says you're eligible as a citizen of this country for all of the Federal funding programs. It's a very frustrating situation. Who has the responsibility? Who has?

Mr. YATES. Aren't you supposed to go after the schools and tell them no, this is your responsibility?

Mr. BARLOW. Well, I administer these——

Mr. YATES. Is it your job or is it Mr. Mills job to do that?

Mr. BARLOW. I administer these funds but I doubt if I have the policing capability that would be required.

Mr. YATES. But it isn't a question of policing capability, it's a question of interpretation of a regulation, isn't it? Why shouldn't it be Department of Education. If you aren't going to do it who is? Is it the responsibility of the Department of Education to make sure that the Indian students receive this money, or is it your responsibility?

Mr. BARLOW. I couldn't pin it down.

Mr. YATES. Well, Mr. Harrison, as a graduate of Harvard Law School, can you pin it down?

Mr. HARRISON. If I may, Mr. Chairman, let me make sure the record shows that I am confident that the Harvard Law School is no longer engaged in the practice I described.

Mr. YATES. Do you know that as a fact?

Mr. HARRISON. I'm confident of the quality and calibre of that institution.

Mr. YATES. Any Indian students——

Mr. HARRISON. No, as a matter of fact there are several Indian students at that law school.

Mr. YATES. There are. And are they not discriminated against in the same way you were?

Mr. HARRISON. I have not heard any complaints from them.

Mr. YATES. Do you know them?

Mr. HARRISON. I know several of them, yes, sir.

Mr. YATES. Can you call them up and find out?

Mr. HARRISON. I certainly shall.

Mr. YATES. Alright, and report it back to me, will you?

Mr. HARRISON. With regard to a direct answer to your question it seems to me clearly the responsibility of the Department of Education to enforce compliance with regulation.

Mr. YATES. Well that's the question. The question is as to whether or not it is the Department's responsibility or BIA's responsibility. They're sending their students to BIA.

Mr. LAVIS. Mr. Chairman, I would suggest that this is the case.

Mr. YATES. What was the case?

Mr. LAVIS. That Mr. Barlow is correct. I think it's our responsibility as an advocate agency for Indian people to make that case to the Office of Education.

Mr. YATES. I agree. Why doesn't Earl do it? Do you want to ask him?

Mr. LAVIS. Why don't you do it?

Mr. BARLOW. Well, I don't know how many institutions that our 23,000 students are in, but it would be a——

Mr. YATES. Well, I've heard this from others. I've never been able to pin this down to specific instances. Mr. Harrison's is the first factual instance that I've ever been able to put my finger on and I had a terrible time trying to drag it out of him.

Mr. BARLOW. Well, I would welcome the opportunity to perhaps pull together some information that we can pass on to you——

Mr. YATES. I would like this. I've heard that it's happened. Where are we with respect to this now? Mr. Harrison's going to call up his friends at the Harvard Law School and he's going to give us an answer on this. Do you have any friends at any other schools?

Mr. HARRISON. Mr. Chairman, I——

Mr. YATES. Do you have any other friends? How do we get further information?

Mr. MILLS. Mr. Chairman, it is our responsibility, and we will take that on, Mr. Barlow, and maybe Mr. Harrison can assist him.

Mr. YATES. Okay, and they'll talk to each other. It's about time you were introduced to each other.

Provide for the record a list of BIA and Title IV adult Education centers by amount, staff, and location for fiscal year 1979, 1980 and 1981?

[The information follows:]

Title IV funding by Amount, staff and location for FY 79,80 and 81

For an appropriate response, the Office of Indian Education, U.S. Office of Education, H.E.W. was contacted by the BIA and the required information was provided:

FY 79: The attached information will provide the amount and location of grants awarded by the Office of Indian Education, U.S.O.E. Number and location of staff is not immediately available.

FY 80: In contacting Mr. Charles Emery, Office of Indian Education relative to FY 80, it was stated that this information is confidential. However, it is being compiled and will be dissiminated in August, 1980.

FY 81: The Office of Indian Education, U.S.O.E. is in the process of selecting and awarding these grants. Program amounts, location and staff information is unknown at this time.

Adult Education Centers

Answer:

| Allottee | Amount | |
|---|---|---|
| Aberdeen Area Office | $310.0 | Thirteen adult education programs are supported in the states of North Dakota, South Dakota and Nebraska. The funds are distributed among the thirteen tribal programs for the primary purpose of G.E.D. acquisition. No "centers" exist following a strict definition of the term. |
| Albuquerque Area Office | $804.8 | These funds are distributed among adult education programs at seven agencies: Northern Pueblo, Southern Pueblo, Laguna Pueblo, Southern Ute Pueblo, Mountain Ute, Mescalero and Ramah. |
| Anadarko Area Office | $245.6 | Five adult education programs exist in Anadarko Area at each of the five agencies. The Anadarko Agency serves seven tribes, Concho serves two, Horton serves four, Pawnee serves five, and the Shawnee program serves five tribes for a total of twenty-three tribes being served by the $245.6 allocation for adult education. |
| Billings Area Office | $76.4 | The Crow Tribe has contracted for $62,100 for an adult education program. Adult education funds have been provided to the agencies at Ft. Peck ($1,900) for the Assiniboine and Sioux Tribes, at Northern Cheyenne (1,100), and Wind River ($2,000) for the Shoshone and Arapaho Tribes. |
| Eastern Area Office | $323.5 | Five adult education programs are in operation at Cherokee ($110,900), Seminole ($32,900), Choctaw ($109,000), Miccosukee ($41,700), and Louisiana Coushatta ($8,000). |
| Juneau Area Office | $650.4 | The allocation for the Juneau Area Office was distributed directly to each of the five Agencies for their individual adult education programs. |
| Minneapolis Area Office | $69.1 | The adult education funds were distributed among seven agency programs in the Minne- |

| | | |
|---|---|---|
| Minneapolis Area Cont. | | apolis Area: Sac and Fox ($1,000); Red Lake ($1,600); Minnesota Agency ($12,800), which serves the Fond du Lac, Leech Lake, Mille Lacs, Nett Lake and White Earth Tribes; Great Lakes Agency ($2,400), which serves<br><br>Bad River, Forest County Pottawatomi, Lac Court Oreilles, Lac du Flambeau, Oneida, Red Cliff, Skokogan, St. Croix, Stockbridge Munsee, and Wisconsin Winnebago Tribes; Minnesota Sioux Area Field Office ($4,000); Menominee ($37,100); and Michigan Agency (8,200 ). |
| Muskogee Area Office | $305.0 | Eight tribally contracted programs are funded by allotment of $305.0. Fifty per cent of this amount was spent on adult education leading to the acquisition of the G.E.D. |
| Navajo Area Office | $549.6 | Adult education programs are conducted at five agencies: Shiprock ($165.3), Western Navajo ($59.5), Eastern Navajo ($80.2), Chinle ($34.4), Ft. Defiance ($153.4), and $56.8 for Navajo Area Office. |
| Phoenix Area Office | $397.4 | Adult education programs are conducted at four agencies: San Carlos Apache; Truxton Cannon Agency; Papago Tribe; and Colorado River Agency. |
| Portland Area Office | $422.0 | Nine adult education mini-labs have been established in the Portland Area at Warm Springs, Coeur d'Alene, Ft. Hall, Colville, Spokane, Tulalip, Western Washington, Skokomish and Umatilla Agencies. |
| Sacramento Area Office | $514.5 | Four adult education "centers" exist in this Area; at Covello, Bishop, Escondido, and Ahmium. In addition, adult education programs are supported through the Area Office at Central California Agency, Southern California Agency, and Hoopa. |
| Administration for Native Americans(ONAP) | $275.0 | Four urban Indian center adult education programs are subsidized with the funds alloted to the ANA; Minneapolis, Albuquerque, Portland and Baltimore Urban Indian Centers are recipients during this fiscal year 1979. |
| Central Office | $95.4 | This amount is retained in the Central Office for program support. |
| Total..... | $5,038.7 | |

A listing of the forty-four programs funded by the OIE/HEW, and the amounts they have alloted to each, is attached. As we have reviewed their information we do not see any obvious duplication of funding. However, because some of the BIA and HEW programs are in the same geographic region it may appear to be so.

To classify the Bureau funded programs as "centers" is probably a misnomer when one considers that the tribes use the term "center" and "program" interchangably. A true adult education center provides classrooms, teachers and tutors, machines and supplies to support regularly scheduled adult education classes. Consequently, few of the BIA funded programs can qualify as a "center".

FY 1979
GRANTS MADE UNDER THE INDIAN EDUCATION ACT
PART A OF TITLE IV, P.L. 92-318

INDIAN CONTROLLED SCHOOLS

| STATE | RECIPIENT | AMOUNT OF GRANT |
|---|---|---|
| Arizona | Black Mesa Community School Board, Rough Rock | $ 27, 373 |
| | Chiniligi Alchini Idahoola, Inc., Chinle | 98,500 |
| | Rock Point Community School, Inc., Chinle | 298,871 |
| Idaho | Coeur D'Alene Indian Tribe of Idaho, DeSmet | 193,604 |
| | Shoshone Bannock Tribes, Inc., Fort Hall | 96,300 |
| Michigan | Nah Tah Wahsh, Hannahville Indian Tribal Council, Wilson | 80,000 |
| Minnesota | Leech Lake Reservation Business Committee, Cass Lake | 137,352 |
| Montana | Busby School Board, Northern Cheyenne Tribal School, Busby | 217,950 |
| | Chippewa-Cree Business Committee, Box Elder | 192,827 |
| | Labre Indian School, Ashland | 170,750 |
| | Pikuni Community School, Browning | 169,485 |
| | Two Eagle River School, Inc., Dixon | 285,458 |
| Nevada | Duckwater Shoshone School Board, Duckwater | 70,000 |
| New Mexico | Albuquerque Indian School, All Indian Pueblo Council, Albuquerque | 220,137 |
| | Dibe Yazhi Habitiin Olta, Inc., Crownpoint | 134,184 |
| | Pueblo of Zuni, Division of Education, Zuni | 237,449 |
| | Cañoncito | 66,035 |

| STATE | RECIPIENT | AMOUNT OF GRANT |
|---|---|---|
| | Ramah Navajo School Board, Pine Hill | $ 101,430 |
| | Ramah Navajo School Board, Pine Hill | 90,723 |
| North Dakota | Ojibwa Indian School, Inc., Belcourt | 191,181 |
| South Dakota | Loneman School Corporation, Oglala | 38,264 |
| | Marty Indian School Board, Inc., Marty | 138,184 |
| | St. Francis Indian School, St. Francis | 77,167 |
| Washington | Colville Confederated Tribes, Nespelem | 162,937 |
| | Puyallup Tribe of Indians, Tacoma | 313,014 |
| | Yakima Tribal Council, Toppenish | 183,104 |
| Wisconsin | Menominee County Education Committee, Keshena | 117,553 |
| Wyoming | St. Stephens Indian School, St. Stephens | 106,009 |
| | Wind River Indian Education Association, Inc., Ethete | 215,410 |
| | TOTAL | $4,365,216 |

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GRANTS MADE UNDER THE INDIAN EDUCATION ACT
PART B OF TITLE IV, P.L. 92-318

SPECIAL PROGRAMS AND PROJECTS TO IMPROVE
EDUCATIONAL OPPORTUNITIES FOR INDIAN CHILDREN

| STATE | RECIPIENT AND GRANT PURPOSE | AMOUNT OF GRANT |
|---|---|---|
| Alaska | Cook Inlet Native Association, Anchorage (Early Childhood Program) | $ 147,122 |
| | Craig Community Association, Craig (Early Childhood Program) | 118,935 |
| Arizona | Arizona State University, Tempe (Indian Education Leadership Program) | 208,429 |
| | Hopi Center for Human Services, Second Mesa (Special Education Program) | 280,359 |
| | Hopi Tribe, Oraibi (Early Childhood Program) | 141,439 |
| | Hotevilla Bacavi Community Board of Education, Hotevilla (Planning) | 149,442 |
| | Indian Oasis-School District, Sells (Teacher Training Project) | 80,583 |
| | Navajo Community College, Tsaile (Navajo Ancillary Educational Personnel Training) | 132,237 |
| | The Navajo Tribe, Division of Education, Window Rock (Navajo Teacher Education Development) | 480,000 |
| | The Navajo Tribe, Office of Youth Affairs, Window Rock (Planning) | 83,649 |
| | The Navajo Tribe, Division of Education, Window Rock (Early Childhood Program) | 107,100 |
| California | Humboldt State University, Arcata (Indian Teacher Education Project) | 179,429 |
| | San Pasqual Band of Indians, Valley City (Bicultural/Tutoring Program) | 97,631 |
| | Tribal American Consulting Corporation, Maywood (Primary School Program) | 140,234 |
| | Tribal American Consulting Corporation, Commerce (Early Childhood /Tutoring Program) | 199,751 |
| | Tribal American Consulting Corporation, Commerce (Early Childhood Program) | 151,223 |

| STATE | RECIPIENT AND GRANT PURPOSE | AMOUNT OF GRANT |
|---|---|---|
| Colorado | Coalition of Indian Controlled School Boards, Inc., Denver (Technical Assistance and Training) | $ 356,138 |
| | Denver Native Americans United, Denver (Early Childhood Education Program) | 174,776 |
| District of Columbia | Institute for the Development of Indian Law, Inc. (Curriculum Development) | 149,658 |
| Massachusetts | Boston Indian Council, Boston (Early Childhood, Tutoring, and Counseling) | 132,215 |
| | Harvard University, Graduate School of Education, Cambridge (Indian Education Administrators Leadership Training) | 268,510 |
| Michigan | Bay Mills Indian Community Executive Council, Brimley (Comprehensive Education Program) | 55,141 |
| | Sault Ste. Marie Tribe of Chippewa Indians Sault Ste. Marie (Early Childhood Program) | 141,402 |
| Minnesota | Gah-Wah-Bin-I-Kay Ashishinabeg Center White Earth (Educational Model) | 107,749 |
| | Heart of the Earth Survival School, Minneapolis (Educational Model) | 404,951 |
| | Minnesota Chippewa Tribe, Cass Lake (Curriculum Development) | 118,583 |
| | Red School House, St. Paul (Curriculum Development Program) | 67,275 |
| | Red School House, St. Paul (Educational Model) | 328,786 |
| | Red School House, St. Paul (Native American Educational Leadership Preparation) | 111,339 |
| Montana | Crow Central Education Commission, Crow Agency, (Teacher Training Project) | 178,144 |
| | Fort Belknap Community Council, Education Department, Harlem (Bilingual/Bicultural Program) | 133,861 |

| STATE | RECIPIENT AND GRANT PURPOSE | AMOUNT OF GRANT |
|---|---|---|
| | Intertribal Education Center, Inc., Hays (Teacher Training Program) | $ 280,346 |
| | Montana State University, Bozeman (Native American Graduate Fellowship Program) | 177,143 |
| | Montana United Scholarship Service, Great Falls (Teacher Training Project) | 252,386 |
| Nebraska | Omaha Tribe of Nebraska, Macy (Early Childhood Program) | 117,141 |
| Nevada | Yerington Paiute Tribe, Yerington (Bilingual/Bicultural Program) | 113,176 |
| New Mexico | A School For Me, Inc., Tohatchi (Special Education) | 220,262 |
| | All Indian Pueblo Council, Division of Education, Albuquerque (Planning) | 150,449 |
| | All Indian Pueblo Council, Division of Education, Albuquerque (Teacher Training Project) | 242,471 |
| | Dibe Yazhi Habitiin Olta, Inc., Crownpoint (Bilingual/Bicultural Program) | 184,737 |
| | Eight Northern Indian Pueblos Council San Juan Pueblo (Early Childhood/Handicapped Education) | 31,889 |
| | Pueblo of Jemez, Jemez Pueblo (Summer Creative Arts Program) | 24,925 |
| | San Juan Pueblo Tribe, San Juan (Bilingual Program) | 81,229 |
| | Santa Clara Pueblo, Espanola (Planning) | 62,887 |
| New York | St. Regis Mohawk Tribal Council, Hogansburg (Adult Higher Education Project) | 97,061 |
| North Carolina | Lumbee Regional Development Association, Inc., Pembroke (Early Childhood Program) | 188,146 |
| | Western Carolina University, Cherokee Center, Cullowhee (Teacher Training Program) | 108,740 |
| North Dakota | Broken Arrow, Inc., Grand Forks (Early Childhood Program) | 119,986 |

| STATE | RECIPIENT AND GRANT PURPOSE | AMOUNT OF GRANT |
|---|---|---|
| | Standing Rock Community College, Ft. Yates (Teacher Training Program) | $ 379,462 |
| | University of North Dakota, Grand Forks (Teacher Training Program) | 103,247 |
| Oklahoma | Cherokee Education Center, Inc., Tahlequah (Teacher Training Program) | 92,456 |
| | Cherokee Education Center, Inc., Tahlequah (Tutoring/Library Services) | 117,310 |
| | Cheyenne Arapahoe Tribe, Concho (Counseling-Dropout Prevention Program) | 108,626 |
| | Chickasaw Nation, Education Department Ada (Early Childhood Program) | 74,051 |
| | Kickapoo Tribe of Oklahoma, McCloud (Early Childhood Program) | 218,627 |
| | Native American Center, Oklahoma City (Early Childhood/Educational Model) | 209,778 |
| | Northeastern Oklahoma State University College of Behavioral Sciences, Tahlequah (Teacher Training Program) | 174,613 |
| | Seminole Nation of Oklahoma, Wewoka (Early Childhood Program) | 121,845 |
| | Tulsa Indian Youth Council, Tulsa (Early Childhood/Educational Model) | 393,332 |
| Oregon | Confederated Tribes of the Umatilla Pendleton (Early Childhood Program) | 168,446 |
| | WIN-YA Association of Indian Women, North American Indian Women's Association Chapter, Portland (Early Childhood Program) | 157,678 |
| | Willow River Indian Benevolent Association, Coos Bay (Curriculum Development) | 59,562 |

| STATE | RECIPIENT AND GRANT PURPOSE | AMOUNT OF GRANT |
|---|---|---|
| Pennsylvania | The Pennsylvania State University, University Park (Indian Leadership Training Program) | $ 199,720 |
| South Dakota | Sisseton-Wahpeton Sioux Tribe Education Department, Sisseton (Early Childhood Program) | 115,777 |
| | University of South Dakota, Vermillion (Indian Leadership Training Program) | 142,978 |
| Texas | American Indian Center Inc., Dallas (Early Childhood Program) | 349,880 |
| | Tigua Indian Tribe of Texas, El Paso (Tutoring/Preschool Programs) | 73,979 |
| Washington | Confederated Tribes and Bands of the Yakima Indian Nation, Toppenish (Early Childhood Program) | 227,000 |
| | Lummi Indian Business Council, Bellingham (Alternative School) | 222,123 |
| | Nooksack Indian Tribe of Washington, Deming (Early Childhood Project) | 93,645 |
| | Quileute Tribal School Board, La Push (Alternative School) | 230,713 |
| | Quileute Tribal Council, Education Department, La Push (Bilingual Program) | 35,906 |
| | United Indians of All Tribes Foundation, Seattle (Technical Assistance) | 296,519 |
| | United Indians of All Tribes Foundation, Seattle (Curriculum Materials Development) | 415,991 |
| | Yakima Tribal Council, Division of Education, Toppenish (Multi-Component Educational Program) | 263,867 |
| Wisconsin | Indian Community School, Milwaukee (Alternative School) | 215,859 |
| | Lac Courte Oreilles Tribal Governing Board, Hayward (Early Childhood Program) | 123,425 |

| STATE | RECIPIENT AND GRANT PURPOSE | AMOUNT OF GRANT |
|---|---|---|
| | Lac Courte Oreilles Tribal Governing Board Hayward (Multi-Component Education Program) | 361,737 |
| | Lac Courte Oreilles Tribal Governing Board Hayward (Teacher Training Program) | 110,765 |
| | Oneida Tribe of Wisconsin, Department of Education, Oneida (Early Childhood Program) | 99,679 |
| | Red Cliff Tribal Council, Bayfield (Multi-Component Education Program) | 110,315 |
| | Wisconsin Winnebago Business Committee, Nekoosa (Planning) | 52,083 |
| | TOTAL | $ 14,000,059 |

FY 1979
GRANTS MADE UNDER THE INDIAN EDUCATION ACT
PART C OF TITLE IV, P.L. 92-318

SPECIAL PROGRAMS AND PROJECTS
TO IMPROVE EDUCATIONAL OPPORTUNITIES FOR INDIAN ADULTS

| STATE | RECIPIENT | AMOUNT OF GRANT |
|---|---|---|
| Alabama | Creek Nation East of the Mississippi, Atmore | $ 64,358 |
| Alaska | Cook Inlet Native Association, Anchorage | 159,206 |
| Arizona | Native Americans for Community Action, Flagstaff | 67,259 |
| California | Community Action for the Urbanized American Indian, Inc., San Francisco | 72,400 |
| | Hoopa Indian Tribe, Hoopa | 71,310 |
| | Indian Center of San Jose, Inc., San Jose | 77,502 |
| | Kumeyaay Tribal Council, El Cajon | 98,910 |
| | Local Indians for Education, Inc., Redding | 104,235 |
| | Ya-Ka-Ama Indian Education and Development, Inc., Healdsburg | 78,000 |
| Colorado | Denver Native Americans United, Denver | 69,534 |
| District of Columbia | Institute for the Development of Indian Law | 103,670 |
| Illinois | Native American Committee, Inc., Chicago | 115,728 |
| Louisiana | Houma Tribe, Inc., Golden Meadow | 76,795 |
| Maryland | American Indian Study Center, Baltimore | 82,162 |
| Massachusetts | Boston Indian Council, Inc. | 145,967 |
| Michigan | Grand Rapids Intertribal Council, Grand Rapids | 67,268 |
| Minnesota | Heart of the Earth Survival School, Minneapolis | 164,564 |
| | Minneapolis Regional Native American Center, Minneapolis | 89,843 |
| | Minnesota Chippewa Tribe, Cass Lake | 164,712 |
| | Red School House, St. Paul | 139,585 |

| STATE | RECIPIENT | AMOUNT OF GRANT |
|---|---|---|
| Mississippi | Mississippi Band of Choctaw Indians, Philadelphia | $ 107,227 |
| | National Indian Management Services of America, Inc., Philadelphia | 107,352 |
| | National Indian Management Services of America, Inc., Philadelphia | 216,189 |
| Montana | Confederated Salish and Kootenai Tribes, Pablo | 104,336 |
| | Crow Central Education Commission, Crow Agency | 75,220 |
| | Ft. Belknap Community Council, Harlem | 121,406 |
| New Mexico | All Indian Pueblo Council, Inc., Albuquerque | 145,380 |
| | Jicarilla Apache Tribe, Dulce | 50,194 |
| | Pueblo of Zuni, Zuni | 85,215 |
| | Ramah Navajo School Board, Inc., Ramah | 140,635 |
| New York | Mohawk Tribal Council, Hogansburg | 86,232 |
| | Seneca Nation of Indians, Salamanca | 103,794 |
| North Carolina | Cumberland County Association for Indian People, Fayetteville | 102,123 |
| | Lumbee Regional Development Association Pembroke | 82,427 |
| Oklahoma | Cherokee Nation of Oklahoma, Tahlequah | 158,465 |
| | Cheyenne-Arapaho Tribes of Oklahoma | 57,521 |
| | Chickasaw Nation, Ada | 58,780 |
| | Native American Center, Oklahoma City | 110,207 |
| | Sac and Fox Tribe, Stroud | 47,073 |
| | Seminole Nation of Oklahoma, Wewoka | 50,727 |
| Oregon | Confederated Tribes of Umatilla Indians, Pendleton | 51,021 |

| STATE | RECIPIENT | AMOUNT OF GRANT |
|---|---|---|
| Rhode Island | Narragansett Tribal Education Project, Inc., Charlestown | 79,708 |
| South Carolina | Four Holes Indian Organization, Ridgeville | 64,584 |
| South Dakota | Oglala Sioux Community College, Pine Ridge | 109,105 |
| | Oglala Sioux Community College, Pine Ridge | 37,126 |
| | Yankton Sioux Tribe, Marty | 82,936 |
| Utah | Ute Indian Tribe, Ft. Duchesne | 91,910 |
| Vermont | Abenaki Self-Help Association, Inc., Swanton | 37,676 |
| Washington | American Indian Community Center, Spokane | 79,210 |
| | Indian Education Board, Inc., Tacoma | 97,861 |
| | Lummi Indian Business Council, Bellingham | 115,368 |
| | Nisqually Indian Tribe, Olympia | 82,407 |
| | Nooksack Indian Tribe, Deming | 98,094 |
| | Quinault Indian Nation, Taholah | 82,867 |
| | Seattle Indian Center, Seattle | 108,408 |
| | United Indians of All Tribes Foundation, Seattle | 269,360 |
| | Yakima Indian Nation, Toppenish | 153,250 |
| Wisconsin | Lac Courte Oreilles Tribal Governing Board, Hayward | 81,570 |
| Wyoming | Arapahoe Education Committee, Ft. Washakie | 90,364 |
| | Intertribal Alcoholism Treatment Center, Sheridan | 93,664 |
| | TOTAL | $ 5,930,000 |

SPECIAL HIGHER EDUCATION PROGRAMS

Mr. YATES. Page 33, Special Higher Education Programs. To provide funds for training students in specific professions such as law, medicine, forestry, engineering and business administration. That's good, isn't it. We're for that. Is the number of your students constant on this one? You've got 800 student grants. How many applicants do you have?

Mr. BARLOW. The Indian Law Program is operated under a contract with the American Indian Law Center.

Mr. YATES. How many applicants do you have for the $800,000?

Mr. BARLOW. I don't know the number of applicants. I do have a report back in the office, I can furnish that information. But at any rate about 273 advanced degree students are being funded under this program.

[The information follows:]

AMERICAN INDIAN SCHOLARSHIP, INC.

The number of applicants for American Indian Scholarships, Inc. is estimated at 425. The number of students actually funded was 273. The approximate number of applicants to the American Indian Law Program is 250. The number of students accepted and provided awards is 171. Each program has a number of other inquiries i.e., partial applications which are placed in pending or inactive files due to incompleteness.

Under agreement and contract provisions, Bureau Area, Agency and tribal contractors refer advanced degree law student applicants to the law program and all other non-law advanced degree applicants to American Indian Scholarships, Inc. When quotas are reached by the respective programs, the remaining students are referred back to the field offices of consideration of funding. Over 1,100 advanced degree students were funded by regular Bureau Area, Agency and tribal contractors in fiscal year 1979.

Mr. YATES. How much does each student receive? Does it vary or is it standard?

Mr. BARLOW. It'll vary. In graduate school, Mr. Chairman, students are not eligible for various kinds of financial aid such as Basic Educational Opportunity Grant and so on. They're dependent upon their own resources.

Mr. YATES. But here you have $800,000 and you've got 273 grants. You probably have more applicants than grants, don't you?

Mr. BARLOW. I'm sure.

Mr. YATES. Yes, I'm sure too. You're going to let us know how many more you have for the $800,000.

Mr. BARLOW. The average grant is about $3200 for this year.

Mr. YATES. Well, that's not very much is it? Can they live on that? That goes for tuition too?

Mr. BARLOW. That's their total grant, yes.

Mr. YATES. Is that supposed to take care of their tuition and living expenses?

Mr. BARLOW. Tuition, living.

Mr. YATES. $3,000. Well, you're going to let us know how many applicants you have. Now how many applicants does Mr. Ranier have for his $1,080,000?

Mr. BARLOW. That is not Mr. Ranier's program. Mr. Ranier's program is the Graduate Student Grants.

Mr. YATES. The $1,800,000 is Mr. Ranier's program. Perhaps that's why you don't know the number of applicants, or would you know that?

Mr. BARLOW. I have a report and——
Mr. YATES. You have a report from him.
Mr. BARLOW. Right.

AMERICAN INDIAN LAW CENTER

Mr. YATES. Alright, Indian Law Programs. Where is that in New Mexico?
Mr. BARLOW. Yes.
Mr. YATES. Is this Sam Deloria's program?
Mr. BARLOW. This is Sam's program.
Mr. YATES. And yet he gets $1,080,000. Is this for law students all over the country?
Mr. BARLOW. No.
Mr. YATES. Only at the University of New Mexico.
Mr. BARLOW. Yes.
Mr. YATES. Yes, what.
Mr. BARLOW. For various law programs. The program itself, the main headquarters is at the University of New Mexico.
Mr. YATES. How does it happen that you have an Indian Law Program and you don't have an Indian Medicine Program? Your objective is, as I read it on page 33, is to provide funds for training in fields such as law, medicine, forestry, engineering, and business administration. We have a special Indian Law Program. Why do you have a special Indian Law Program and not have a special other-discipline program?
Mr. BARLOW. My understanding is that an analysis was made of the number of Indian-trained lawyers and it was found to be very minimal, and so they embarked upon a program.
Mr. YATES. Are there less Indian lawyers than there are Indian doctors?
Mr. BARLOW. No, sir. Definitely not. When the program started the decision was made to begin to provide training opportunities for Indian law students. What I'm trying to do is say that when we reach a certain number, then we will phase out this program.
Mr. YATES. And take it over by the BIA.
Mr. BARLOW. No.
Mr. YATES. Why do you want to phase this out? Every source of information that I have says that this has been a well-operated, well-run program.
Mr. BARLOW. Well, I'm sure it is.
Mr. YATES. Then why do you want to phase it out?
Mr. BARLOW. How many lawyers do we want to train?
Mr. YATES. How many have you trained?
Mr. BARLOW. There are 151 students and 35 are expected to graduate this year. About 25 percent will be admitted to the bar. I don't have the total figures as to how many have been trained, how many have graduated, I have it in a report which I can furnish to you.
Mr. YATES. Mr. Harrison, is this the program you came through?
Mr. HARRISON. Yes.
Mr. YATES. And Sam sent you to Harvard?
Mr. HARRISON. Sam supported me with government assistance while I was there, yes.

Mr. YATES. How does this program work? Do you decide which law school you want to go to? Or does Sam try to get you into law schools? What happens?

Mr. HARRISON. It works both ways. In this case, I decided I was going to law school, I was made aware of Sam's program, I simply contacted him, and advised him that I was in law school——

Mr. YATES. How did you know Sam?

Mr. HARRISON. At that time I didn't know Sam, but I had heard about his program.

Mr. YATES. You were at a university or college somewhere?

Mr. HARRISON. No, I was in New York.

Mr. YATES. New York. Which is your tribe?

Mr. HARRISON. Osage.

Mr. YATES. Osage.

Mr. HARRISON. Oklahoma. And, I contacted Sam——

Mr. YATES. I see, you were a prodigal son.

Mr. HARRISON. At that time I was a prodigal and Sam made me a prodigy.

Mr. YATES. Okay, I believe it, in measure.

Mr. HARRISON. But I contacted Sam, he checked back through the tribe, and the agency office and found out, indeed I was qualified for the program and began to support me.

Mr. YATES. Good.

Mr. HARRISON. Now, Sam also runs a summer program out there in which he brings in students who are interested in, and who have applied to law schools, runs a little orientation course for them so that law school is not something entirely new and strange when they go, and with those students he does work to try to place them into law school. And, sometimes they're successful and sometimes they're not.

Mr. BARLOW. We have students enrolled in about 38 law schools.

## MEDICAL EDUCATION

Mr. YATES If it makes sense to have this kind of a program to graduate lawyers, why doesn't it make sense to have one for doctors? Will you tell me about that?

Mr. LAVIS. Mr. Chairman, let me attempt to answer that. We made the decision almost two years ago that we would defer that to the Indian Health Service, and under the Indian health care program, which title provides substantial support for doctors, or for doctors and nurses, and that trade and program.

Mr. YATES. For educating them?

Mr. LAVIS. Yes, sir.

## EVALUATION OF SPECIAL HIGHER EDUCATION PROGRAMS

Mr. YATES. What's the other?

Mr. BARLOW. For evaluation of those programs.

Mr. YATES. Have you evaluated them yet?

Mr. BARLOW. Not this year, no.

Mr. YATES. Did you evaluate them last year?

Mr. BARLOW. I think we had the reports drawn up and published.

Mr. YATES. And what conclusion did you reach?

Mr. BARLOW. Each program is controversial because each is a sole-source contract, there are accusations and allegations that they have monopolies.

Mr. YATES. Who's making those accusations?

Mr. BARLOW. The tribes are.

Mr. YATES. Which tribes?

Mr. BARLOW. I don't have the——

Mr. YATES. How many tribes?

Mr. BARLOW. A dozen or so.

Mr. YATES. A dozen tribes are saying that Sam Deloria shouldn't be running that program?

Mr. BARLOW. No. What they are saying is that they would like competitive bidding. Competitive contracting. They say if Mr. Deloria's program stands up to this test, so be it, but they're objecting to the fact that there are monopolies in effect here in these two programs.

Mr. YATES. Would you put some of those letters before the committee, the objections? I'd like to see who they are and why they are objecting.

Mr. BARLOW. Certainly.

[The information follows:]

LETTERS FROM TRIBES AGAINST DELORIA PROGRAM AND DESIRE COMPETITIVE BIDDING ON CONTRACTS

From the very inception of the American Indian Law program in 1967, some tribes have been against the concept. The Navajo Nation, for example, have set up their own law school arrangement with the Arizona State University at Tempe, Arizona. They use their own tribal scholarship funds (non BIA) for funding advanced degree students at the university. Informally, Tribal Scholarship Officer Martin, and current Director Lawrence Gishey have inquired of whether the Navajo Nation could withdraw their proportionate share of the amount used to operate the law program. (The request was denied.)

American Indian Scholarships, Inc. has expressed interest in administering the law program should it be open to competitive bid. (Verbal inquiries.)

United Scholarships (Denver, Colorado) has likewise expressed interest in competitive bid for the contract. (Verbal inquiries.)

Native American Scholarships (California) has expressed an interest in contracting all of the Bureau's scholarship programs. (Inquiry by letter.)

Mr. YATES. How good an evaluation can you perform for $8,000?

Mr. BARLOW. I think in the past it's been limited to drawing up a report.

Mr. YATES. How can you evaluate it? Mr. Leppert, can you evaluate the worth of a higher education program for $8,000?

Mr. LEPPERT. I wouldn't want to take that contract on and want to guarantee the result, no——

Mr. YATES. If you only put that much money into it, its better not to have it. Mr. Barlow, Mr. Leppert's a reasonable person, isn't he?

Mr. BARLOW. Very reasonable.

Mr. YATES. So we can take his opinion as being a pretty good opinion.

Mr. BARLOW. I would think so.

POSTSECONDARY SCHOOLS

Mr. YATES. I would think so, okay.

Alright, now we're on page 36—post-secondary schools, Haskell College. Now you're cutting the appropriations for Haskell, aren't you?

Mr. BARLOW. No, sir.

Mr. YATES. Well, what are you cutting, then?

Mr. BARLOW. SIPI——

Mr. YATES. Why are you cutting SIPI, I thought the Indian people wanted more vocational education?

Mr. BARLOW. And IAIA.

Mr. YATES. That I can understand. You haven't liked the IAIA for years.

Mr. BARLOW. No comment, sir.

SOUTHWESTERN INDIAN POLYTECHNIC INSTITUTE

Mr. YATES. I think it speaks for itself, there's no comment necessary. But why are you cutting SIPI? After all, Congress has not tried to take a hand in SIPI. Why are you cutting SIPI?

Mr. BARLOW. In the interest of cost-effectiveness we looked at the per pupil costs at IAIA which are about $10,786 per student, and we're attempting to bring this down to a bit more realistic figure.

Mr. YATES. You know it's kind of interesting. The reason that was given to me, the $10,000 a student is because you only have 150 people there, right?

Mr. BARLOW. Partially.

Mr. YATES. If the Bueau of Indian Affairs tries to restrict registration and enrollment in this school, it's kind of understandable that the per student cost——

Mr. BARLOW. The Bureau has no intention of restricting registration.

Mr. YATES. Of course it doesn't. But it is interesting that you should go out in the country and advertise for students for Haskell and not do the same for IAIA.

Mr. BARLOW. We did for IAIA.

Mr. YATES. When?

Mr. BARLOW. Last year.

Mr. YATES. Did you the previous year?

Mr. BARLOW. We had the same recruitment program—I am speaking for last year, when I was here we had the same recruitment program for the three institutions.

Mr. YATES. It shows a very measured increase as soon as you got there, but before that, you had a measured decrease. At any rate, your recruiting was better for Haskell than it was for IAIA. That is past history. Now we look forward, don't we?

Mr. BARLOW. Yes.

Mr. YATES. With a reduction of $427,000. How do you move forward with a reduction of $427,000?

Mr. BARLOW. We are looking at the program at IAIA and the indications are that we can bring the services that we are providing into line with the number of students for less dollars.

Mr. YATES. You have 400 students at SIPI. Is that correct? 400 students at SIPI? Well, my goodness, if you have 400 students—I am not enough of a mathematician to do this, but if you have 400 students at SIPI at a cost of $6,423,000, what would the cost be if

the number of students were 150 instead of 400. Would it be more than IAIA?

Is there a good mathematician in the crowd? Mr. Bettenberg, are you a good mathematician?

Mr. BETTENBERG. I was just going to say that the cost for IAIA would be roughly one-third.

Mr. YATES. One-third?

Mr. BETTENBERG. Something in the vicinity of a million dollars, if you have the same cost per student

Mr. YATES. How many students will SIPI take? What is the maximum enrollment? I thought it was about 600.

Mr. BARLOW. About 600, Mr. Chairman.

Mr. YATES. Well, why do you only have 400 there? The students don't want vocational education, or what?

Mr. BARLOW. I imagine——

Mr. YATES. I understand the facilities are superb.

Mr. BARLOW. Excellent.

Mr. YATES. Yes. Why don't you get more in vocational education? I think that would be a unique opportunity for the Indian young people. Do they know about it? Are you advertising SIPI?

Mr. BARLOW. Our recruitment program certainly notifies all the interested tribes and Alaska villages.

Mr. YATES. Here is an article from the Albuquerque Journal, for October 27th. "The Bureau of Indian Affairs has been aware for at least two years of operational deficiencies at the Southwest Indian Polytechnical Institute and has been moving to correct them, a BIA educational specialist said Friday. The Bureau officials have been concerned since 1977 about problems which plaque the Vocational Training Institutes, said Dr. Leroy Falling, Chief of Post-Secondary Education for BIA's Office of Indian Education in Washington."

Is Dr. Falling one of your assistants?

Mr. BARLOW. Yes.

Mr. YATES. "Recently former employees leveled criticism to the school citing situations which they said threatened its effectiveness as a vocational training center for Indian students. The criticisms ranged from low enrollment and a poor graduation rate, low staff morale, lack of discipline, and drug and alcohol abuse among students. Coming to the defense of SIPI President Donald McKabe, who the former employees charge was responsible for many of the problems, said McKabe inherited a poor situation at SIPI. Dr. McKabe inherited a tremendously difficult school, said Falling."

Well, what is difficult about it? What did Mr. Falling mean by that? Can anybody tell me?

Mr. BARLOW. I think the situation was that based on anticipated enrollment, staffing at SIPI was increased The enrollments failed to materialize. We had a very low pupil-teacher ratio. So——

Mr. YATES. What is the pupil-teacher ratio there now?

Mr. BARLOW. I would have to furnish that. We have been reducing staff at SIPI and IAIA, and Haskell,

Mr. YATES."Jerry Waddell, Acting Director of the Office of Indian Education in Washington, said part of the problem has been confusion over the school's mission. It seems to be an on-going debate depending on who is in charge of the school over whether

SIPI's real mission is to be a vocational educational school or vocational college-preparatory school."

"Earl Barlow," we know him, don't we, "Director of the Office of Indian Education has taken a personal interest in SIPI as part of an effort to strengthen all aspects of Indian educational programs. Barlow is very supportive of the SIPI concept. He has definite plans to see that programs are strengthened. I am sure he will be dealing with problems and recommending solutions."

That was October. Do we have recommended solutions, now?

Mr. BARLOW. They are not in final draft form. The evaluation team from my office and other offices was out there last month and reviewed the situation with the President. The team has made recommendations and we would be very glad to make those available to you, Mr. Chairman.

This is in line with my new responsibilities as line officer. I am responsible for these institutions.

HASKELL JUNIOR COLLEGE

Mr. YATES. Any criticism of Haskell? Does anybody criticize Haskell? I haven't heard of any criticism of Haskell, have you? Why is that?

Mr. BARLOW. Good administration, Mr. Chairman.

Mr. YATES. Is it? Then, why don't we put the administrator for Haskell in charge of SIPI, too?

Mr. BARLOW. It has been my experience that when institutions have repeated problems, you had better look at the top administrator. It is true that at Haskell we have been fortunate. We have a good administrator. I think Mr. Moorman was out there and visited Haskell. I think he reported to you very positively.

Mr. YATES. Yes. He reported positively. Who is the President out there?

Mr. BARLOW. Dr. Wallace Galluzzi

Mr. YATES. How Long has he been out there?

Mr. BARLOW. Several years, I don't know how long.

Mr. YATES. His predecessor was good, too, wasn't he? Because there were no complaints that we heard respecting Haskell before then?

The only two that we have heard complaints about are SIPI and IAIA. Right?

Haskell has an enrollment of 950 students at a pupil cost of $4,931.

Mr. BARLOW. If I could remind the Chairman, last year we had quite a discussion—no, it was at the hearing on IAIA about Haskell. Remember?

Mr. YATES. Yes.

Mr. BARLOW. They projected in 1972 of having an enrollment of 1800 students. Last year, they had 850.

Mr. YATES. Really.

Mr. BARLOW. They geared up for 1800 students and again had a very top-heavy staffing situation. We reduced their budget last year and they, in turn, had to reduce their personnel.

Mr. YATES. But why did they lose—did they ever make their 1800 students?

Mr. BARLOW. No, they did not.

Mr. YATES. What is the maximum they have ever achieved?

Mr. BARLOW. I think this is the highest enrollment they have had for several years, 950.

Mr. LAVIS. Mr. Chairman, if I might add—when we came into office, as you will recall, we inherited a rather ambitious construction program for Haskell. We had trimmed back on it because of the fact that the numbers were not coming forward in terms of the 1800 enrollment figure. So, they have had their difficulties.

Mr. YATES. Haskell had difficulty?

Mr. LAVIS. I mean in terms of meeting that long range enrollment projection. That whole program was put together by the alumni association out there and I think it was rather ambitious. They had a rather large scale ambitious construction program and on the basis of the numbers, we just couldn't approve a construction program that ambitious.

We recommended to this committee and you concurred to cut it back.

Mr. YATES. Well, here is what went on in the committee. I have a copy of the hearing here.

Mr. LAVIS. Mr. Gleasy, if you will remember, was also detailed to IAIA for a while.

Mr. YATES. I didn't remember that. Who is Mr. Bowman?

Mr. LAVIS. He is the Vice President of Administration there.

Mr. YATES. They talk about the cutbacks. The staffing pattern today is 85. I think it was cut back from 123 positions.

Mr. YATES. You are cutting them all back?

Mr. BOWMAN. All three schools.

Mr. YATES. Why is that?

Mr. BOWMAN. The three advanced schools are all being cut back. Haskell which had $5,233,000 is fiscal year 1978, was cut to $5,180,000 in fiscal year 1979, and then for fiscal year 1980, it is being cut back to $4,209,200.

What is the amount in 1981 for Haskell?

Mr. BARLOW. $4,650,000; no, excuse me, $4,657,900.

Mr. YATES. You are increasing it, then?

Mr. BARLOW. No.

Mr. YATES. And then, Mr. Barlow says: "At Haskell the projected enrollment is 1,750 students. Last year the enrollment was 850 students. On the basis of the enrollment, the decision was made to reduce the budgetary allowance and streamline the administration, consolidate the parts, eliminate some programs that have insufficient numbers."

You had a request for $641,000 for SIPI. In the justification it appears it will continue the Bureau's efforts toward more cost effective operations and begin to bring the per-pupil cost more in line with the funding formula under P.L. 95-471 of $4,000 per FTE.

What is FTE?

Mr. BARLOW. Full-time equivalent students.

Mr. YATES. So, what happens to SIPI, now? SIPI will lose part of its 400 pupils next year, won't it?

Mr. BARLOW. No, Sir. We think not. The recommendation we have is a reduction of $213,000 to bring the cost effectiveness a little more in line with the $4,000 per FTE of P.L. 95-471. We did

this by looking at the enrollments and reducing each school on the basis of their enrollments. We see no reason why SIPI can't still operate a comparable program for 400 students and why IAIA can not operate a comparable program for 150 students.

Mr. YATES. Suppose SIPI gets 600 students. What happens then? I talked to Governor Lewis the other day. He's in the pueblos. He thinks that there ought to be more vocational education offered to the Indian young men and women. But, if you are not getting your enrollments at SIPI—I suspect, if I may say so, Mr. Barlow, I suspect that you are really not recruiting as hard as you should be. Unless your curriculum isn't very good. You have great physical facilities, but how good is your curriculum?

Mr. BARLOW. I think it is satisfactory.

Mr. YATES. Do you know that? Have you checked it?

Mr. BARLOW. I have been out there several times, yes.

Mr. YATES. Well, there is some reason the Indian kids don't want to go there, isn't there?

Mr. BARLOW. One of the movements is the tribally controlled community colleges which has resulted——

Mr. YATES. But, that doesn't compete with SIPI, does it? SIPI is vocational purely, right? So, I don't think that is in point.

What is SIPI's role. What does SIPI offer? Is it a high school or is it a junior college, or what?

Mr. BARLOW. It is a post-secondary, vocational, technical training institution.

Mr. YATES. Post-secondary. It is after high school, then?

Mr. BARLOW. Right.

Mr. YATES. And, it is a junior college?

Mr. BARLOW. Not a junior college.

Mr. YATES. What is it then?

Mr. BARLOW. A vocational, technical training institution.

Mr. YATES. Like what? Like MIT, or like Purdue?

Mr. BARLOW. A vocational, technical training institution generally prepares students for the world of work. They can go there and get training that they need to go right to work, whether it is in computers or auto mechanics or diesel——

Mr. YATES. Do you offer any instruction other than the vocational courses?

Mr. BARLOW. No.

Mr. YATES. Can you take language courses there?

Mr. BARLOW. No.

Mr. YATES. Is there any affiliation between SIPI and the universities so that university students who take two years of liberal arts, for example, can go on?

Mr. BARLOW. No. It is a vocational, technical training institution.

Mr. YATES. SIPI did have some cultural kinds of courses that were phased out and so now it is just the mechanics and the carpenters?

Mr. BARLOW. No. The school offers many vocational, technical courses. I don't have the catalogue but they have computer technology, dental technician, medical technician—

Mr. YATES. Have you ever had anybody look at SIPI to see what its deficiencies, if any, were? And, as to why it wasn't more attractive for Indian students?

Mr. BARLOW. The review that was done a month ago probably doesn't fit the category, but we did review the course offerings, placement, recruiting and those kinds of things.

Mr. Chairman, not too many years ago, the Indian people became very disenchanted with everybody wanting to put them into vocational programs. You go back to the old Carlisle Institute and when Haskell was first geared up. The Indian people resented it for some reason. For some reason, we are always guided and directed into vocational kinds of courses.

There's nothing wrong with that, but at one time, that seemed to be all that was open to us. And, I think it has left an impression on the Indian people. They don't really relate to people that keep saying, you are good with your hands, you can't use your brains, go to these vocational schools. We know that that is no longer valid. But, I think it still has an effect on our people.

Mr. YATES. Would you be kind enough to furnish the committee with a copy of SIPI's curriculum, of SIPI's catalogue, and would you also place in the record what you are doing by way of trying to make SIPI attractive enough so that students want to go there?

[The information follows:]

SIPI CURRICULUM, CATALOG AND EFFORTS TO UPGRADE SIPI

I. SIPI Curriculum: The curriculum at Southwestern Indian Polytechnic Institute (SIPI) is divided into four major instructional areas:

A. Department of Business Education: This department comprises four educational areas: (1) Secretarial/clerical; (2) numerical processing (Accounting/Data Processing); (3) marketing/distribution: and (4) communications. In these four instructional areas, there are a total of *50* courses. The major employment opportunities are: Clerk Typist, Filing Clerk, Records Clerk, Secretary—Legal and Medical, Clerk Stenographer, Typist; General Bookeeper, Payroll Clerk, Accounts Payable and Receivable Clerk, Credit Clerk, Data Processing Clerk; Cashier, Display Clerk, Receiving and Shipping Clerk, General Clerk and Retail Sales Clerk. (Sample Curriculum attached.)

B. Department of Occupational Education: This department consists of nine educational areas: (1) Drafting; (2) electronics; (3) engineering; (4) graphic arts; (5) optics; (6) telecommunications; (7) food preparation; (8) math; and (9) employee relations. In these nine instructional areas, there are a total of 146 courses. The major employment opportuntities are: Drafting Technician, Technical Illustrator, Architectural/Structural Draftsman, Radio Repairman, TV-Technician, TV-Repairman, Surveyor Technician, Engineering Aide, Baker, Cook, Advanced Chef, Cafeteria Manager, Camera Technician, Offset Press Technician, Surfacing Optician, Finishing Optician, Optic Technician, Line Technician, Pole Climber Repairman, Electrical Lineman, Transmitter Installer, and Technician.

The basic, intermediate and advanced math are for the occupational students primarily who have need for more than intensive math. The employee relations course provides intructions for all SIPI students in the preparation of employment resume, interviewing processes, grooming, etc. (Sample Curriculum attached.)

C. Department of Supportive Education: This department provides the initial testing for all students who enroll at SIPI; thus, providing a guide for academic placement of the students at SIPI. Instruction is provided in the folloing areas: Reading (LAB and General); Math; Indian Studies; Speech; English I, II, and III; English Composition; reading in Literature; Reading in Social Science; First Aid/Safety; Inter-Personal Psychology; Consumer Education; Alcohol Awareness, etc.

D. Dental assistant program: The Dental Program is under the direction of the Indian Health Service and provides a total of 2 courses. The employment opportunities are: Dental Assistant and Office Management. The students are permitted to enroll in any of the course offerings at SIPI.

II. SIPI catalog: A professional school catalog is provided at SIPI on an annual basis, consisting of a listing of Administrative Staff, Education Advisory Committees, the Purposes of the Institute, general information regarding admission requirements, registration procedures, etc. The catalog provides a description of course offerings leading to a program certificate, credit hours, general studies and elective

courses. The current catalog for school year 1980–81 is at the government printing office being printed and should be available by June 1, 1980. The SIPI school catalog is up-dated and printed on an annual basis.

III. Efforts to upgrade SIPI: During the Summer Quarter 1979, an intensive Instructional Workshop under the direction of a "Task Force" from Hastings Community College, Hastings, Nebraska, was conducted to review the curriculum as it pertained to individualized instruction; the open-entry, open-exit concept or the ladder concept of instructional programs. The direct results of this workshop was an involvement of all the instructional staff in the process of up-grading the curriculum as follows:

a. Uniform curriculum packets were developed for each course within each department, and throughout the instructional area.

b. A uniform color-scheme was used throughout the instructional area to denote the first instructional packet, the second, and the third, etc.

c. All instructional packets were developed following a uniform format and in a uniform sequence.

d. All instructional packets were written at the ninth or tenth grade reading level.

The final results were a uniform curriculum within departments and throughout the instructional area. The ultimate beneficiary was the student who could then proceed from course to course with less confusion and with a certainty of what the format would be in each course. This total project results in a more elightened, better informed faculty; and upgraded curriculum; and, a curriculum which students could comprehend and through which they could progress at a greater pace.

Each student is required to enroll in a minimum ot 12 credit hours per semester, and no more than 18 credit hours without specific approval of their advisor of the particular program in which a student is enrolled. A computerized transcript is provided for each student on the day of his/her withdrawal from SIPI, and additional copies are available upon request. In addition, a temporary transcript can be provided when a student is scheduled for a job interview. This provides immediate information for the employer on the courses that have been completed and the grade that was made. Also, provides the student's academic standing in the enrolled student body.

Mr. BARLOW. SIPI is actually quite relevant and you know we have the open entry-open exit system there where a student can come in and take nine months to complete the course, or depending upon their background, they may only be there three months. SIPI does an excellent job in this regard.

Mr. YATES. You have 400 students at SIPI. In how many classes? One, two, three, or four? How many years of training?

Mr. BARLOW. It is classified as a two-year program.

Mr. YATES. A two-year program, all right.

Mr. BARLOW. But it depends upon the program——

Mr. YATES. How many graduates did SIPI have this year?

Mr. BARLOW. Again, open entry-open exit——

Mr. YATES. No graduates?

Mr. BARLOW. They get certificates of completion.

Mr. YATES. How many got certificates of completion?

Mr. BARLOW. I will have to furnish that for the record. It depends again on what program they are in.

[The information follows:]

SIPI—CERTIFICATES OF COMPLETION

Certificates are issued to students who statisfactorily complete all the requirement for blocks of training as described in the requirements section for each instructional program. The following represents a sampling of Certificates of Completion from the instructional areas during the school year 1978–79.

A. DEPARTMENT OF BUSINESS EDUCTION

a. Certificates completed—67.

b. Employed with Certificates—35.

c. Examples: Student completions with transcript and certificate attached: Betty Joe, Secretary, completed 19 months training. Joann Kaydahzinne, Secretary, completed 5 months training. Lucille Red, Clerk Typist, completed 5 months training. Rita Ann Martinez, completed 9–12 months training. Mary Ann Brooks, completed 20 months training. Robert Nez, completed 5 months training. Bernadette R. Lewis, completed 9–12 months training.

B. DEPARTMENT OF OCCUPATIONAL EDUCATION

a. Certificates completed—91.
b. Employed with Certificates—78.
c. Examples: Student completions with transcript and certificate attached: Marvin C. Jiron, Electronics-Drafting, more than 20 mos. Mike Garcia, Construction Surveying 9–12 months. John Gorman, Electronics-NCR, 9–12 months training. Emma Beaver, Pastry Cook 9–12 months training. Barbara J. Carlston, Baker Assistant, 5 months training.
d. Associate of Applied Science—in conjunction with University of Albuquerque, Albuquerque, New Mexico (5 students).
Example of Two: Peggy Willeto, Optometric Assistant; and Steve A. Pecos, Computer Maintenance.

Mr. YATES. It doesn't give a degree of any kind?
Mr. BARLOW. No.
Mr. YATES. Does Haskell give a degree?
Mr. BARLOW. Associate of Arts degree. They are a junior college.
Mr. YATES. A junior college. Four year or two year?
Mr. BARLOW. Two year.
Mr. YATES. Haskell is only two years.
Mr. BARLOW. Right.
Mr. YATES. Would you put in the record the amount provided to those three facilities in 1979, 1980, and 1981, from all sources by program activity?
Mr. BARLOW. Yes, Sir.
[The information follows:]

SOURCES OF FUNDING

| SIPI | Fiscal year— | | |
|---|---|---|---|
| | 1979 | 1980 | 1981 |
| BIA | $3,711,113 | $3,568,800 | $3,672,615 |
| FAA | 100,000 | 40,000 | |
| IMPL | 20,000 | 33,000 | 10,000 |
| Nonappropriated | 5,761 | 1,804 | 4,872 |
| Total | 3,836,874 | 3,643,604 | 3,687,487 |
| Haskell: BIA | 6,345,300 | 6,058,600 | 6,588,828 |
| IAIA: BIA | 2,264,126 | 2,056,800 | 1,853,600 |

TRIBALLY CONTROLLED COMMUNITY COLLEGES

Mr. YATES. Tribally controlled community colleges. You are cutting that back by $3 million. Most of which is being taken from Navajo, right? Can you tell me why?
Mr. LAVIS. Mr. Chairman, let me address that question. Under P.L. 95–471, we are required to fund those schools including Navajo Community College which is under Title II of that act and 4,000 FTE. And, so, applying all standard parts of the statute plus our regulations, they came out with a 622 FTE for fiscal year 1981. So, times 4,000 will give you that figure.

Mr. YATES. But, Navajo doesn't agree with the audit, does it?

Mr. BARLOW. No, sir, it does not.

Mr. YATES. And you think the audit is all right. Who performed the audit?

Mr. BARLOW. It was performed by an official of Mr. Bow's office and a member of the IG's office in the department. Our regulations have also been reviewed not only by our solicitor's office but by GAO and they find them consistent with the Act.

Mr. YATES. Your justifications, on page 37, say, "funds for operational grants for fiscal year 1980 and 1981 will be allocated to colleges based on feasibility studies and their eligibility under P.L. 95-471. Current requests for feasibility studies include the following tribes and colleges. As I call their names off, will you tell me whether the feasibility studies have been received and approved. The Hopi, the College of Ganado?

Mr. BARLOW. Yes. That has been completed.

Mr. YATES. Completed and approved?

Mr. BARLOW. No. Not approved.

Mr. YATES. So, that one in Ganado isn't getting funds?

Mr. BARLOW. No. The final determination is up to the central office.

Mr. YATES. Well, aren't you the central office? When are you going to determine?

Mr. BARLOW. They have not gotten to my desk, yet. We had teams out doing the feasibility studies. They have just completed them and as I understand it, they are on the way in with the final reports.

Mr. YATES. Okay. The Oglala Sioux, the Sinte Gleska Community College?

Mr. BARLOW. Let me find my list. None of them has been approved, but I thought you wanted to find out what ones had been done.

Mr. YATES. That is the first step.

Mr. BARLOW. Maybe it would be better, Mr. Chairman, if I read off the ones we have completed. The week of March 2nd, we did feasibility studies for the Turtle Mountain Community College, Sinte Gleska College, and the College of Ganado; for the week of March 9—Oglala Sioux——

Mr. YATES. Do you mean approved?

Mr. BARLOW. No

Mr. YATES. Okay, will you provide those for the record.

Mr. BARLOW. Yes I will.

[The information follows:]

Feasibility Studies for Tribally Controlled Community Colleges

Feasibility studies for the tribal colleges are currently underway. To date, eleven studies have been completed. Six colleges have recived a positive determination.* The study schedule is as follows:

Phase I

| | |
|---|---|
| 3/03/80 - 3/05/80 | * Turtle Mountain Community College |
| 3/04/80 - 3/06/80 | * Sinte Gleska Community College |
| 3/05/80 - 3/07/80 | * College of Ganado |
| 3/09/80 - 3/11/80 | * Oglala Sioux Community College |
| 3/10/80 - 3/12/80 | Nebraska Indian College |
| 3/11/80 - 3/13/80 | * Dull Knife Memorial College |
| 3/12/80 - 3/14/80 | Hehaka Sapa College at DQU |
| 3/17/80 - 3/19/80 | * Blackfeet Community College |
| 3/17/80 - 3/19/80 | Salish-Kootenai Community College |
| 3/18/80 - 3/21/80 | Standing Rock Community College |

Phase II

| | |
|---|---|
| 4//4/80 - 4/16/80 | Cheyenne River Community College |
| 4/14/80 - 4/16/80 | Little Hoop Community College |
| 4/23/80 - 4/25/80 | Gila River Community College |
| 4/28/80 - 4/30/80 | Little Big Horn Community College |
| 4/28/80 - 4/30/80 | Ft. Berthold Community College |
| 4/28/80 - 4/30/80 | Sisseton-Wahpeton Community College |

FEASIBILITY STUDIES

Mr. YATES. How many colleges would be eligible to receive grants in fiscal years 1980 and 1981?

Mr. BARLOW. They must undergo a feasibility study.

Mr. YATES. Ganado wrote a letter to Mr. Udall and Mr. Rudd, and they came to see me and said that they had already had one feasibility study and you were requiring them to have another.

Mr. LAVIS. Let me explain that, Mr. Chairman, because it really is incorrect.

They made the assumption independent of discussing with my office and Mr. Barlow. They assumed that when you had to do a study under 471 on facility, physical condition and facility, that that somehow qualified them under feasibility processes of 471. That is not correct.

Mr. YATES. I see.

Mr. LAVIS. I have communicated that I don't know how many times to the staffs of the respective colleges.

Mr. YATES. How many colleges will be eligible to receive——

Mr. BARLOW. Mr. Chairman, 15 colleges have requested feasibility studies as they must do under the law. Out of the 15, from very preliminary survey, it appears that 11 will meet the requirements of this law.

Mr. YATES. And be funded. How much money is involved in that?

Mr. BARLOW. The total amount is $12,212,000, $4,000,000 for operational grants, Navajo Community College $6,405,000, Sinte Glaska $358,000, Ogala Sioux $355,000, Turtle Mountain College $94,000. There is also $400,000 for feasibility studies and $600,000 for technical assistance.

COMMUNITY COLLEGE ENROLLMENT

Mr. YATES. A number of the colleges are very small, I'm told, from 5 to 40 students.

Mr. BARLOW. Right.

Mr. YATES. How can you have a college with 5 students?

Mr. BARLOW. It depends on the program, Mr. Chairman. If you have five people out at—

Mr. YATES. Just have enough for a basketball team.

Mr. BARLOW. Right.

This, incidentally, came under considerable discussion because I believe the law does allude to a reasonable student population. And, we reviewed a number of institutions to try to determine that and we came up with that it depends upon the program.

Mr. YATES. Well, take the college that has five students. What kind of a program do they have?

Mr. BARLOW. If it is in fish——

Mr. YATES. Which college is it that has five students?

Mr. BARLOW. None. The smallest number of students that I have is the University of the Arctic with 15 students.

Mr. YATES. Well, our information is different. We get our information from the Bureau of Indian Affairs. Where do you get yours?

Well, I have the Lummi School of Aquaculture for 59 students. What do you have?

Mr. BARLOW. I have 69.

Mr. YATES. All right. I have 140 for Placid Valley Community College. You don't even have them?

Mr. BARLOW. No, I don't have them on this list.

Mr. YATES. How about how many students are at the Bradtree Community College?

Mr. BARLOW. I must be using an outdated list. I have 56 for American Indian Satellite.

Mr. YATES.Well, this is 1980.

Mr. BETTENBERG. Are you using the list that was divided last year into colleges and numbers of students?

Mr. YATES. The answer is yes. Is that wrong?

Mr. BETTENBERG. That would be about a year out of date. Mr. Barlow is sticking to those that have actually applied.

Mr. YATES. All right. How many students does your list show that Hehaka Sapa College DPQ have? How many students?

Mr. BARLOW. 95.

Mr. YATES. 95. Our list here shows 5. The Salish-Kootenai has 12, but the Caroonaw Bay Ojibwa College has 13. Your list probably doesn't show them, does it?

Mr. BARLOW. Yes.

Mr. YATES. The biggest seems to the Oglala Sioux.

Mr. BARLOW. I have 418 estimated.

ACCREDITED COMMUNITY COLLEGES

Mr. YATES. Really. Are any of the Community Colleges accredited?

Mr. BARLOW. Yes.

Mr. YATES. Which?

Mr. BARLOW. Turtle Mountain Community College is accredited. The Oglala Sioux Community College is accredited. Sinte Gleska Community College is accredited. Navajo Community College is accredited. Ganado is accredited.

Mr. YATES. And Ganado.

Mr. BARLOW. Several are approved for candidacy. For accreditation.

COST OF FEASIBILITY STUDIES

Mr. YATES. An additional $400,000 to conduct feasibility studies. What is the cost per college for a feasibility study, do you have any idea?

Mr. BARLOW. I don't have cost figures yet. They are out on the field being set. We have at least 15, and we have $400,000, but it won't take that much.

Mr. YATES. Are you empowered to improve every community college that establishes itself and offers a feasiblity study?

Mr. BARLOW. Yes.

Mr. YATES. Without limit?

Mr. BARLOW. I believe the legislation calls upon the director to make that determination.

Mr. YATES. Who determines whether its curriculum is appropriate?

Mr. BARLOW. The feasiblity study.

Mr. YATES. You don't have any information about the number of students who may be entering the community colleges over the next five years?

Mr. BARLOW. No, I don't.

Mr. YATES. Mr. Barlow. If you were a young Indian man, would you rather go to an Indian Community College or would you rather go to a college that has been established for a longer time?

Mr. BARLOW. I don't think that is the question. The question is which particular institution is more convenient and accessible. I think that the reason that you are seeing a growth of tribally controlled community colleges, is that we have identified that many young people for whatever reason are not leaving the reservations. The concept here is to bring the college to the people. Now, requiring, I think, that most of our high school graduates would prefer to attend an institution that is established inside of the tribally controlled community college programs These institutions are attracting a lot of our more established settled kinds of Indian people who are married and have families and desire to continue their education.

Mr. YATES. Well, let's talk about tribal governments.

Mr. BARLOW. Mr. Chairman, I would like to correct the impression that I am an opponent of IAIA and I would like to go on the record as supporting the concept of IAIA.

Mr. YATES. Thank you. Let the record show that Mr. Barlow supports IAIA.

Mr. BARLOW. The concept.

Mr. YATES. Oh, here we go, here we go. What's the difference?

Mr. BARLOW. I stand corrected.

AID TO TRIBAL GOVERNMENTS

Mr. YATES. Thank you. Now you want an additional $3,800,000 to aid tribal governments. You want your cost increased by $479,000. For processing judgment awards and preparing tribal membership rolls.

What would happen if this money were not made available for this year? What would be the result?

Mr. KRENZKE. Mr. Chairman.

Mr. YATES. Oh, this is you, this time. Are you finished, Mr. Barlow?

Mr. BARLOW. Thank you, Mr. Chairman.

Mr. YATES. I don't want that attitude to be reflective of my dialogue with you, Mr. Barlow. It is just that I was kind of surprised that you were finished.

Mr. KRENZKE. In relation to that particular $479,000 item—there is about $179,000 of that which is specifically targeted in relation to the preparation of judgment awards that we anticipate in the near future on a number of large awards. The Aberdeen Area has already been under a great deal of stress because of the number of previous awards, and this additional funding in the amount of about $179,000 is needed for that activity. The greater part of the remainder of that $479,000, was reflected in the so-called band analysis process. It reflected particular concern by the tribes over the need for them to maintain and keep their tribal rolls updated

in relation to determining the amounts of funding for some federal agency programs and in terms of otherwise being able to serve their tribal members. They are finding it more and more important that these tribal rolls be maintained and in this analysis process it has been given greater attention by tribes. There is also some real responsibility in relation to actual work on descendency rolls which relate to judgment of awards which is differentiated from the tribal judgment awards and in this action we get into very heavy amount of appeal work. We are anticipating in 1981 that the Bureau of Indian Affairs is going to have to process a significantly increased amount of appeals—approximately 1800 additional ones based on the estimate from our field staff—and we feel that we need these funds to carry out that work.

Mr. YATES. Would you put in the record your cost calculations on increasing your work load?

[The information follows:]

WORKLOAD COST CALCULATIONS

The cost increase requested for fiscal year 1981 was $479,000. Of this we anticipate utilizing approximately $180,000 to establish an enrollment office to handle the Sioux Nation (Black Hills) awards. An approximate amount of $90,000 is to be utilized to conduct an additional 30 hearings of record at an average cost of $3,000 each. With the additional rolls to be worked on, we anticipate a need for approximately $175,000. The cost of preparing a payment roll for distributing judgment funds varies, depending upon whether the judgment award goes to the reservation entity with an established eligibility criteria for enrollment with the tribe, or whether the award goes to the descendants of the tribe which suffered the loss at the hands of the United States as of a specific historical date. Most cost factors include the number of enrollment applications to be reviewed, how many tribal employees are working on the enrollment project, and the age of a tribal roll to be brought current, and whether a roll must be reconstructed as of a given date.

| Average cost: | |
|---|---|
| Membership roll | $7,000 |
| Descendancy roll | 20,000 |

The balance of the cost increase will be used on a variety of tribal government projects.

Mr. YATES. Why do you need an additional $255,000 for the Pascua Yaqui and Hoopa-Yurok to be fully functioning tribes? Aren't they fully functioning now?

Mr. KRENZKE. In the case of the Pascua Yaqui, you will recall that the Congress recently recognized that tribe and——

Mr. YATES. When you say, functioning, I assume initial funding provided in fiscal year 1980 for this purpose in order to help them get organized and to function as a tribe in terms of completing the process of adopting a constitution, getting that all in order, and taking on some of the other functions of tribal government.

HOOPA YUROK TRIBE

Mr. MILLS. The situation at Hoopa-Yurok is somewhat different, a different kind of situation, and it involves actually the situation with the Yurok tribe. It is an unorganized entity at the present time. We have a situation there that has been involved in litigation and we are moving forward with any election there to that situation that we expect to have come up this summer. In 1981, we expect that there will be a good deal of work involved in the

overall organization of that particular group of some 6,000 to 7,000 people.

Mr. YATES. Would you put the reasons why they need these funds into the record?

[The information follows:]

PASCUA-YAQUI AND HOOPA-YUROK

We have requested an additional $255,000 in funding for these tribes. The bulk of this funding request will be utilized by the Pascua-Yaqui. They intend to continue the work necessary to the development of a tribal membership roll. Estimated cost for this is $40,000 for the development of tribal leadership. Approximately $100,000 will be used for a continuation of tribal programs begun for the benefit of their members. The remainder of the increase will be used for the benefit of the Yurok Tribe. They are currently a non-organized tribe. We anticipate settlement some time this summer of the issue of their organization. When that is completed, we will be developing a tribal roll and their tribal organic documents.

FEDERAL ACKNOWLEDGMENT OF TRIBES

Mr. YATES. Now, what groups do you anticipate will be acknowledged by fiscal 1981?

Mr. KRENZKE. I can't say precisely what groups we expect to——

Mr. YATES. But you want an additional $3.9 million dollars.

Mr. KRENZKE. Which will be acknowledged in 1981. I can tell you this, that beginning in the fall of 1978, with the encouragement of the Congress, we established a process for acknowledging and recognizing certain unrecognized tribal groups. Under this process, we have under consideration at the present time, a detailed study of nine such applications. For me to say which ones will be recognized would be pre-judging the situation which involves a great of deal of research. But out of those nine, we have finished one and the report recommends that one be acknowledged back in January. We have another one coming in April, and we expect between five and six of that nine will probably be acknowledged and we will be responsible for services for them in fiscal year 1981.

In addition, the Congress has before it a restoration of recognition for an additional group in Utah which, based on the impression that I have received, will probably be acknowledged. We expect, as I say, approximately six such groups will be acknowledged and eligible for services in 1981 and thus the request in this budget.

Mr. YATES. What is the basis for costs per person for overall BIA services?

Mr. KRENZKE. Well, this is based on recent experiences involving the Siletz Tribe of Oregon, the Pascua Yaqui of Arizona, and the Penobscot and the Passamaquoddy Tribes in Maine, all of which have been recently recognized. There has been an average of $1,000 per person for services for those groups and we think that that establishes a pretty good basis for consideration.

Mr. YATES. Could you place in the record the process and requirements for acknowledgment? And, how long does it generally take? As well as the processing status of the groups you indicated? If these will eventually succeed in gaining federal recognition.

Mr. KRENZKE. I would be happy to do so.

[The information follows:]

FEDERAL ACKNOWLEDGMENT PROJECT STATUS

The Federal Acknowledgment Project has been operational since October 2, 1978. During that time (17 months) it has processed one petition to its conclusion. Nine months were used to organize the office, train the staff and develop guidelines for submitting petitions. We are estimating that it will require between 18 months to 2 years to process through a petition to completion.

The acknowledgment process is contained in 25 CFR 54. The process is, essentially, that identified unacknowledged groups be notified of their opportunity to petition for acknowledgment of their tribal existence with, if requested, Bureau assistance in how to prepare an adequate petition. After a petition is received and placed under active consideration then extensive historical, sociological, anthropological and genealogical research is done by Bureau staff. From this research is submitted the report to the Secretary concerning the finding of the staff and their recommendation concerning acknowledgment. The requirement for acknowledgment are found at 25 CFR 54.7, however, in summary they are: identification from historical times to the present as being American Indian, inhabiting a specific area, maintaining an autonomous entity, maintenance of group governing procedures having a current membership list, not be members of another federally recognized tribe and, not subject to federal termination legislation.

Presently nine fully documented petitions have been received by the Project. Seven are under active consideration. Two will be shortly. It is anticipated that all nine will be completed by December, 1980. Five may be completed by October, 1980.

Cases under active consideration or scheduled for active consideration in 1980:

(1) Jamestown Clallam, Washington (Active-estimated publish date April).
(2) Tunica-Biloxi, Louisiana (Active-estimated publish date May).
(3) Narragansett, Rhode Island (Active-estimated publish date June).
(4) Lower Muskogee Creek, Georgia (Active).
(5) Poarch Creek, Alabama (Active).
(6) Florala Creek, Alabama.
(7) Timba-Sha Shoshone, California (Active).
(8) Samish, Washington.
(9) Snohomish, Washington.

We are projecting a 55 percent success rate which is somewhat higher than our anticipated success rate of 30 percent for the overall project. We believe this will be the situation for the first few years of the project as the groups which feel they have a better chance of success and which have been seeking recognition for some years press their case.

Final work is being completed on the project to locate and notify potential petitioners of the opportunity to petition for Federal acknowledgment. Approximately 270 groups have been located. Of these, 180 have been contacted by the Project staff. It is estimated that 150 of the total will petition. If this is the case, at the current rate of progress, it will take 18½ years to complete the project.

We estimated that each newly recognized tribe will have an enrollment of 5–600. Based upon past experience in the field of providing services to tribes on a first-time basis, we have found that it will cost approximately $1,000 per person for services. These monies will be used to allow the respective tribes to organize and develop their form of government to include their governing documents and to begin providing some basic services to their memberships.

Mr. YATES. Also place in the record the distinction that you wish to make by saying, as you do on page 40, that a tribal government, shouldn't be confused with self determination programs.

Mr. KRENZKE. You want that placed in the record?

Mr. YATES. I think so, because I think it would require some time for you to answer that.

[The information follows:]

DIFFERENCE BETWEEN AID TO TRIBAL GOVERNMENT AND SELF-DETERMINATION GRANTS

The essential distinction between the Aid to Tribal Government program and the Self/Determination program is that Aid to Tribal Government provides financial and technical assistance to tribes in their more basic day-to-day operational activities. This would include such things as assistance on constitution, by-laws and code revisions and amendments, training and development of capabilities in relation to

membership rolls, work relative to attorney contracts, assistance in the resolution of intra-tribal disputes, tribal constitutional interpretations and the conduct of secretarial elections and judgment award plans. Self-Determination grant programs, on the other hand, are designed primarily for the development of a self-governing capability. Examples of these programs might include the development of tribal management information systems or fiscal integrity systems or the development and carrying out of a project dealing with long range planning for either single tribal programs or for the overall tribal future. Additionally, Self-Determination provides the vehicle to the tribes for them to evaluate the programs and services presently being provided by the Bureau to determine if the tribe should contract these Bureau programs and, if the tribal decision is positive, the actual contractual operation of the program.

TRIBAL COURTS

Mr. YATES. What is the basis for determining an average of $75,000 for establishing thirty new tribal courts?

Mr. KRENZKE. I didn't get that last part.

Mr. YATES. Thirty new tribal courts. What do you buy for $75,000?

Mr. KRENZKE. We are basically buying judges, associate judges, prosecutors, defenders, and clerks, also such things as jury fees and the general cost of operation of a court. It has been based on standards that have been developed largely under a contract that we had several years back with the National American Indian Court Judges Association which is based on sizes of tribes, anticipated case loads and such things that we feel are necessary to the functioning of a tribal court.

Mr. YATES. All right. Will you place in the record a list of new tribal courts, by amount, location, and estimated size of work load.

Mr. KRENZKE. I would be happy to do so.

[The information follows:]

Proposed New Courts

| | | Cost | Caseload Estimate |
|---|---|---|---|
| Western Oklahoma (4) | | | |
| Court of Indian Offenses (Serving 16 Tribes) | Chief Judge<br>(3) Assoc. Judges<br>(2) Prosecutors<br>(2) Defenders<br>Clerk of Court<br>(3) Deputy Clerks<br>(2) Probation Officers<br>Court Administrator | $200.00 | 4,000 |
| Absentee-Shawnee | Chief Judge<br>(2) Assoc. Judges (Part-time)<br>Clerk of Court<br>Deputy Clerk<br>Prosecutor<br>Defender<br>Probation Officer | 75.0 | 750 |
| Commanche | Same staffing as above | 75.0 | 750 |
| Osage | Same staffing as above | 75.0 | 500 |
| Maine (2) | Same staffing as above for both courts. | 150.0 | 600 |
| North Carolina (1) | Same staffing as above | 75.0 | 1,000 |
| Kansas (2) | Same staffing as above. Some shared personnel and expenses | 100.0 | 1,000 |
| Alaska (1) | Same staffing as above | 75.0 | 200 |
| Oregon (1) | Same staffing as above. Delete Deputy Clerk and some personnel only part-time. | 50.0 | 200 |
| Louisiana (1) | Same staffing as above. | 75.0 | 200 |
| Florida (2) | Same staffing as above. Some shared personnel and expenses. | 100.0 | 1,000 |
| | Total | $1,050.00 | 10,200.00 |

Mr. YATES. All right. How many prosecutors do you estimate will be hired for this $1.8 million that you want? Will you put that in the record, and what size courts?

[The information follows:]

Staffing of Courts

Based primarily upon caseload criteria we have developed the following suggested court staffing as a guide.

SMALL COURT (Less than 1000 cases)

Chief Judge
2 Associate Judges - Part time
1 Clerk of Court
1 Prosecutor
1 Defender
1 Probation/Parole
1 Juvenile Officer
1 Court Administrator/Planner

MEDIUM COURT (Between 1000-3000 cases) Same staffing as above, but add:

1 Asst. Clerk of Court
1 Alcoholism Officer
Full time judges

LARGE COURTS (Over 3000 cases)

Same staffing as above, but add:

1 Asst. Clerk of Court
Additional judges as may be necessary
1 prosecutor
1 Defender
1 Probation/Parole
Separate appellate system with appropriate staffing
Clerical support staff
Legal advisor

We estimate that for Indian courts to begin to reach this suggested staffing level would require an additional 40 judges, 75 prosecutors, 30 clerks of court and 20 defenders or other court support personnel.

Mr. YATES. How many do you have now, do you know?

Mr. KRENZKE. We have got, let's see, 106 tribal courts and 28 so-called CFR courts.

Mr. YATES. How many courts will your prosecutors cover?

Mr. KRENZKE. That varies by the size of the tribe and other circumstances. Some of the small tribes are combining to form a single circuit court. Several tribes situations, such as the Navajos are unique, but there they have quite a number of courts scattered throughout the Navajo Nation. Most of what I refer to as the average sized tribe, may be those from 1,000 to 6,000 or 7,000 in number who would have one prosecutor court per tribe.

Mr. YATES. How have the courts been able to operate in the past if, as you say, the lack of prosecutors "constitutes denial of due process of law and violates the Indian Civil Rights Act."

Mr. KRENZKE. Until relatively recent times, the tribal courts have just been involved in situations involving essentially criminal-type misdemeanors and they have been roundly criticized because of not having prosecutors separate from the judges. In times past, they have sometimes been roundly criticized because of too much police influence on the judges. But in recent times, particularly since the passage of the Indian Civil Rights in 1968 and the passage of the Indian Child Welfare Act as well as the so-called Martinez Decision in approximately two years ago, the kinds of responsibilities that the tribal courts are involved in are significantly increased. And, they are getting into this whole business of family and children's law involving the placement of children who are somewhat neglected, or abused; they are getting more involved in juvenile type of operations, and they are also being involved considerably more often in civil actions of all types including civil rights. And, it is just with these kinds of increased responsibilities along with certain court decisions that have said, "you just haven't done it right in the past", we feel that there is a significant need to address that responsibility.

Mr. YATES. How many court personnel do you estimate are to be trained for the additional $151,000?

Mr. KRENZKE. I can't give you that information directly off the top of my head. The only thing is——

Mr. YATES. Will you put it in the record, and also the base of your program in terms of numbers trained and total cost as well as the duration and type of training received.

[The information follows:]

DETAIL OF COURT TRAINING

The $151,000 proposed for court training in fiscal year 1981 would provide for the following types of training for various court personnel.

| Type of training | Cost | Type and number of staff participating |
|---|---|---|
| A. Criminal and civil law; family law and child welfare | $100,000 | 75 Judges; 50 prosecutors/defenders |
| B. Court practices; principles and responsibilities | 30,000 | 50 court clerks |
| C. Sentencing alternative and responsibilities | 2,100 | 25 support personnel |

CONSTRUCTION

Mr. YATES. Now, it seems obvious to me that we aren't going to be able to finish the justification now. I think I would like to turn to construction at this time. Let's turn to page 137 of the justification.

Let's insert a tabulation record of all the incomplete construction projects including the location, the type of facility, the year in which funds were appropriated, the amount of the appropriation, and the current status of construction.

[The information follows:]

| PROJECT | LOCATION | TYPE OF WORK | YEAR FUNDS | APPROPRIATION | CURRENT STATUS |
|---|---|---|---|---|---|
| Chemawa PE and Dorms | Salem, Oregon | PE and Dorms | 1979 | $11,000,000 | 62% Construction Complete |
| Fort Yates Water Treatment | Fort Yates, SD | Water Treatment | 1979 | Part of Vocational-Technical-Music Project | 70% Construction Complete |
| Western Navajo Project | Tuba City, AZ | Administration Building | 1979 | 2,000,000 | 0% Construction Complete |
| Hickiwan Kindergarten | Arizona | Kindergarten | 1979 | 1,000,000 | 90 % Construction Complete |
| Baca Kindergarten | New Mexico | Kindergarten | 1979 | 1,000,000 | 90% Construction Complete |
| Dzilth Kindergarten | New Mexico | Kindergarten | 1979 | 1,000,000 | 90% Construction Complete |
| Huerfano Kindergarten | New Mexico | Kindergarten | 1979 | 1,000,000 | 90% Construction Complete |
| Kohalk Kindergarten | New Mexico | Kindergarten | 1979 | 1,000,000 | 90% Construction Complete |
| Ojo Encino Kindergarten | New Mexico | Kindergarten | 1979 | 1,000,000 | 90% Construction Complete |
| Little Wound School and Quarters | South Dakota | School & Quarters | 1979 | 6,755,000 | 0% Construction Complete |
| Fort Hall | Idaho | Administration | 1979 | 600,000 | 0% Construction Complete |
| Pine Ridge Rehabilitation Center Phase II | South Dakota | Jail | 1979 | See Holding Stations Below | 85% Construction Complete |
| Navajo Hopi | Arizona | Installation of Cattle Guards and Grills | 1979 | 200,000 | 0% Construction Complete |
| Tulalip | Washington | Fish Hatchery | 1979 | 5,500,000 | 0% Construction Complete |
| North Star III | Seattle, Washington | Ship Renovation | 1979 | 3,000,000 | 40% Construction Complete |
| Barrow Gas | Alaska | Installation of Gas Distribution System | 1978 | 600,000 (D)<br>8,800,000 (C) | 10% Complete |

| PROJECT | LOCATION | TYPE OF WORK | YEAR FUNDS | APPROPRIATION | CURRENT STATUS |
|---|---|---|---|---|---|
| Squamish | Washington | Fish Hatchery | 1980 | $ 225,000 | 0% Construction Complete |
| Mount Edgecumbe | Alaska | Water Line | 1978 | 800,000 | 95% Construction Complete |
| Pine Ridge Loneman | South Dakota | Holding Station | 1979 | 1,200,000 | 80% Construction Complete |
| Pine Ridge Porcupine | South Dakota | Holding Station | 1979 | 1,200,000 | 6% Construction Complete |
| Pine Ridge Wanblee | South Dakota | Holding Station | 1979 | 1,200,000 | 79% Construction Complete |
| Hopi Rehabilitation Center | Arizona | Jail-Courthouse | 1979 | 2,600,000 | 0% Construction Complete |
| Jemez School Replacement | New Mexico | School | 1979 | 2,600,000 | 99% Construction Complete |
| Fort Peck | Montana | Rehabilitation Center-Jail | 1979 | 940,000 | 0% Construction Complete |
| Haskell | Kansas | Gymnasium | 1979 | 3,500,000 | 59%Construction Complete |
| Lower Brule | South Dakota | Gym and Housing | 1979 | 4,300,000 | 80% Construction Complete |
| Quinhagak | Alaska | School Relocation | | 1,045,000 | 80% Construction Complete |
| Tam Gas Creek | Alaska | Fish Hatchery | 1979 | 2,800,000 | 74% Construction Complete |
| Tuba City | Arizona | Dormitories | 1979 | 2,000,000 | 5% Construction Complete |
| Fort Thompson | South Dakota | Rehabilitation Center-Youth Base Court Complex | 1979 | 1,095,000 | 65% Construction Complete |
| Standing Rock | South Dakota | Vocational-Technical Music | 1979 | 3,500,000 | 65% Construction Complete |
| Shaktoolik | Alaska | School | 1980 | 2,104,000 | 0% Construction Complete<br>100% Design Complete |
| San Felipe | New Mexico | School | 1980 | 2,107,000 | 0% Construction Complete<br>5% Design Complete |
| Fort Totten | North Dakota | School | 1980 | 14,812,000 | 0% Construction Complete<br>100% Design Complete |

| PROJECT | LOCATION | TYPE OF WORK | YEAR FUNDS | APPROPRIATION | CURRENT STATUS |
|---|---|---|---|---|---|
| Havasupai | Arizona | School | 1980 | $ 2,800,000 | 0% Construction Complete<br>100% Design Complete |
| American Horse | Allen, SD | School | 1980 | 4,565,000 | 0% Construction Complete<br>5% Design Complete |
| St. Stephens | Wyoming | School | 1980 | 4,200,000 | 0% Construction Complete<br>5% Design Complete |
| Red Rock | Arizona | School | 1980 | 150,000 Design Only | 0% Design Complete |
| Torreon | New Mexico | School | 1980 | 200,000 Design Only | 0% Design Complete |
| Turtle Mountain | North Dakota | School | 1980 | 570,000 Design Only | 5% Design Complete |

Mr. YATES. Page 136. You have an unobligated balance brought forward of $72.7 million dollars in fiscal year 1980, which is 57 percent of your appropriation for 1979. We are pressing you to obligate those funds and it still seems that it isn't going to be obligated, doesn't it?

Why is it that BIA hasn't been able to reduce the balances significantly? Mr. Steele? Come on, Mr. Steele, come out of the wings and come to the limelight. And bring with you whomever.

Mr. STEELE. Mr. Kendig, Sir. Mr. Kendig is the Chairman of our steering committee.

Mr. YATES. Are you proceeding this slowly because of you Mr. Steele? Or because of the problems.

Mr. STEELE. I certainly hope not. Perhaps Bill might want to discuss first of all how we got into the construction business.

Mr. YATES. I think we put you there, didn't we?

Mr. STEELE. Not as directly as we have been in the past couple of months.

Mr. YATES. Oh, really? Bill, what is it you want to tell us?

Mr. KENDIG. Mr. Chairman, If I could just review the steering committee activities over the last year——

Mr. YATES. Sure.

Mr. KENDIG. And then get to the obligation question. As you are aware, you did put us into this business and there was an inventory conducted of BIA school facilities to determine the condition of those facilities.

Mr. YATES. Has that been completed?

Mr. KENDIG. That inventory has been completed. It has indicated approximately $450,000,000 was the deficiency to bring things up to standard and light safety code activities.

Mr. YATES. $450,000,000. I assume that is—is that necessary work that has to be done?

Mr. KENDIG. This is just the necessary things that are needed. Not nice things to have.

Mr. YATES. No embellishments. Okay.

Mr. KENDIG. As a result—this was 8600 buildings.

Mr. YATES. This is just the school construction?

Mr. KENDIG. We did all the buildings in BIA.

Mr. YATES. All the BIA buildings.

Mr. KENDIG. Yes.

Mr. YATES. How about Indian health facilities?

Mr. KENDIG. No.

Mr. YATES. No clinics, or anything like that, we are not talking about them?

FACILITY INVENTORY SYSTEM

Mr. KENDIG. No, Sir. Approximately 8600 buildings at 322 locations and we used 20 architects and engineers to do the work. So, it is a pretty good piece of work.

We have automated, are now in the process of automating those results. We have a whole room full of reports and we have to be able to retrieve information easier, so that when you ask us how much it would cost to fix all electrical problems, we can answer that question for you and we can tell what locations.

Mr. YATES. Remind me to ask you that question.

Mr. KENDIG. There are approximately 166 questions that we hope we will be able to answer.

That is the first module and we are going to get together with your staff late next month for a demonstration on that.

The second thing we will do in the automated system is a status reporting system. This is—we will be able to track all the repair and improvement projects and—the major repair and improvement projects and the new construction projects closely, something which has not been available in the past. One of the reasons for the obligation is that we haven't been on top of some of the things that have been going on.

The third thing that we will put into that automated system are operation and maintenance standards, so that when we get new buildings and get the buildings repaired we won't have some of the problems that we have had in the past due to inadequate maintenance on them.

There are three modules to the automation project. The first one coming up shortly, the second one toward the end of the year, and the third one next year some time in the operation of maintenance.

After getting the inventory and automating it, we worked to get an infrastructure for construction and to solve some of the problems that we have had. Let me explain, if I could, what I am talking about.

We have awarded contracts based on funds which this committee provided to speed up design and construction work, for cost estimating work once we had the design and construction, for operations and maintenance standards to plug into this computer system that we are talking about. For a separate audit of the standards, to make sure that they are being lived up to once we have them, daily inspection and project management plans.

Two of the things that I mentioned there are going to assist substantially in cutting down the obligation situation. That is the speeding up of design and construction and the project management plans. Mr. Steele can discuss the project management plans in a little while in much more detail, but instead of coming to this committee with just a request for money and some type of description, we plan next year to come with plans that are more definitive so that we can move quicker once the money becomes available.

Okay, after the inventory and the automation of the inventory and the systems which are all, except one, we have 13 projects going, I think, have been awarded, the one we are holding off on is an organization study as to how BIA should be organized to do these, to keep up with the facilities work in the future. That has not been awarded yet and will probably be awarded in about three months.

We are involved in repair and improvement projects and we have moved into the repair and improvement projects working with the BIA on the steering committee on allocating the funds that we have, first, on BIA recommendations that come in to us. We have the inventory. BIA is using the inventory to make their initial recommendations matching primarily against life safety items, but what we find is that we have to go beyond——

Mr. YATES. What do you mean by life safety items?

Mr. KENDIG. This is potential fire hazard, potential something like that that would be threatening to human life in the building. We have so many problems in the $450,000,000 that we have been using two primary criteria: one, is life safety, and the second is energy because of the energy problem.

The BIA uses the inventory now. They make their initial selection of the projects and then they send it into Washington to the steering committee where we make the final determination as to which projects will get funded.

REDUCTION OF UNOBLIGATED BALANCES

Now, one of the significant changes that we are making we are making in the process, too, that will cut down and reduce the amount of unobligated funds is that this committee provided advance design money for us, for this repair and improvement projects. Before it was taking anywhere from seven to ten months to do the design and get the contracts awarded. So, if you gave us money in one year it was virtually impossible to get it obligated that year. We are now designing these projects in advance. We will have millions of dollars worth of projects designed that we can just go with when the funds become available. That is another thing that we are doing to cut down on the obligation problem.

So, the advanced design, the inventory that we are using, are the primary things that we are using to establish priorities for the repair and improvement program.

This committee asked us, last October, to get involved in new construction, I think as a result of some of the other work that we have been doing here. And, since that time we have been working with BIA on changing some of their procedures. Another thing that has led to the lack of obligation of funds in a timely fashion was that we were not putting dollar limits on the architect/ engineers when they designed the buildings. We are still suffering from that. We are working with BIA to change that. They would come back with buildings that didn't fit the dollars that were available and then we would have to go through another iteration of possibly six or eight months which threw us into another fiscal year.

Hopefully, we are going to be able to impact the obligation rate that way.

These things are just starting. We are working on changing the priority system by plugging a utilization factor into the unhoused factor that you discussed previously with the gentleman at the table.

These things are just beginning to happen, though. That is why you haven't seen the result thus far. We think——

Mr. YATES. That's a reasonable explanation. Thank you very much.

Mr. KENDIG. Thank you, Sir.

Mr. YATES. Based on your explanation, I assume it is reasonable to predict an $11,000,000 unobligated balance at the end of fiscal 1981.

Mr. KENDIG. Yes, fiscal 1981, we agree with you.

MAXIMUM CAPABILITY FOR CONSTRUCTION

Mr. YATES. A few years ago, it was indicated that the maximum capability for construction was $62 to $65 million. Is that still an accurate estimate?

Mr. KENDIG. I ask Mr. Steele to respond to that.

Mr. STEELE. That was not my estimate.

Mr. YATES. I know it wasn't. That was BIA estimate. Are you BIA now or are you GSA?

Mr. STEELE.No, I'm not GSA.

Mr. YATES. Oh, you've been accepted.

Mr. STEELE. I believe that that estimate is probably fairly made based on the technology——

Mr. YATES. What is it now. What would you estimate it as?

Mr. STEELE. Construction?

Mr. YATES. Yes.

Mr. STEELE. I believe that the BIA with the new systems coming in can handle $150 to $200 million a year program with no problem.

Mr. YATES. Well, let's put into the record a list of when you are going to be requesting construction funds for projects for which you are requesting planning and design funds for 1981.

[The information follows:]

*Funding for Navajo Mountain and Moencopi Schools*

| | |
|---|---|
| Navajo Mountain | $420,000 |
| Moencopi | 103,000 |
| Total | 523,000 |

Construction funding for these schools will be requested in future years in accordance with the priority listing. If program levels remain fairly consistent with 1981, funding to construct the schools would probably be requested within the next two years.

1981 DESIGN FUNDING

Mr. YATES. How many schools did you design with the $523,000 that you requested for 1981?

Mr. STEELE. Right now, we are probably talking about two schools.

Mr. YATES. Two? For $523,000?

Mr. STEELE. It doesn't go very far.

Mr. YATES. It doesn't. Inflation.

Mr. STEELE. Yes, sir.

Mr. YATES. Is that an adequate amount in view of the number of projects that have been initiated? What if the committee were to do what it did last year and add eight schools to the three that had been requested by BIA?

How would that effect your job?

Mr. STEELE. First it impacts the obligation rate because we are not ready. If you gave us an indication of what might be added, we might be able to do a little preliminary work and move in quicker. If we know in advance——

Mr. YATES. You had better sit in on our mark-up session.

Mr. STEELE. Bill Bettenberg keeps us fully informed.

Mr. YATES. Well, he sits in on this. Yes.

Mr. STEELE. If we know and can——

Mr. YATES. I wondered who the spy was.

Mr. STEELE. If we could have some advance planning funds. Part of the problem is that it causes us not to be able to obligate all of the money unless we have an advance design.

FORT TOTTEN REVIEW

Mr. YATES. We asked you to review the construction alternatives for the Fort Totten School and report back to the committee as soon as possible.

Who is preparing that review? Are you doing it?

Mr. KENDIG. Yes, Sir.

Mr. YATES. When do you think you will be able to tell us?

Mr. KENDIG. In two to three weeks, Sir.

Mr. YATES. What about the Navajo Mountain and Fort Hall Schools?

Mr. KENDIG. Fort Hall is one of the previously private schools. Navajo Mountain is the one that is being reviewed for sizing, as I recall.

Mr. YATES. What does sizing mean?

FORT HALL

Mr. KENDIG. At Fort Hall, they are presently working with the local——

Mr. LAVIS. Let me address the question for a moment, Mr. Chairman. There was a visit in January to the school site by your staff as well as by my staff and it determined that the public school in that area could accommodate the students in the area of Fort Hall of which the basis of which was made initially—the request for application of a school project. On the basis of that information, they would have to be taken off the priority list.

Mr. YATES. Oh, really. I don't think they will be very happy.

Mr. LAVIS. I don't think they will be.

Mr. YATES. Well, then, I shouldn't ask you when construction will commence at Fort Hall, should I?

Mr. LAVIS. Correct.

Mr. YATES. When will it commence at Fort Patten?

Mr. KENDIG. That is dependent upon so many options. We know that the funds available for Fort Patten are currently not sufficient to do the whole job, so it is dependent on whether we want to go ahead with just a shell structure or if we want to hold and request complete funding.

Mr. YATES. OK. Have you finished your evaluations for Fort Hall and Navajo Mountain?

Mr. STEELE. The Navajo Mountain evaluation, as I recall, was dropped, wasn't it?

Mr. YATES. Navajo Mountain dropped?

Mr. LAVIS. Fort Hall was dropped. We will check that. Mr. Chairman, my staff advises me that planning is going on at Turtle Creek. That will——

Mr. YATES. You have a list of construction on page 145. Is that up to date or has it been changed?

Mr. LAVIS. Mr. Chairman, that will be changed at least for the contract schools. That will require that we eliminate Fort Hall and

again this one deleted high school will either determine that they do not any longer need the facilities because we can rehabilitate those facilities.

Mr. YATES. And, those are the only changes?

Mr. LAVIS. Those are the only changes, Mr. Chairman.

Mr. YATES. That is the kind of information that you rely upon?

Mr. LAVIS. For new applications. We will attempt to reverify again next year, when we rewrite the project, on the basis of the information we have received from the inventory process and their specialization study.

Mr. YATES. Were the revised lists printed in the Federal Register?

Mr. LAVIS. To eliminate Fort Hall? Yes, we are going to notify the tribes affected, and also will reprint the list. In addition, I might point out, Mr. Chairman, we will print a combined list, beginning in fiscal year 1982.

Mr. YATES. Have you given a copy of your school evaluations to each group?

Mr. LAVIS. Yes. We are going to send those out.

Mr. YATES. When will you do that?

Mr. LAVIS. Shortly.

Mr. YATES. OK. Why do you need two school construction lists? Are you going to combine them later on?

Mr. LAVIS. Yes sir. I just indicated on the record that we would do that next year.

Mr. YATES. Will you place in the record the rationale for changes in your school system?

[The information follows:]

RATIONALE FOR CHANGES IN SCHOOL SYSTEM CONSTRUCTION

The major changes that will occur in the near future in school construction will be the integration of utilizations information and potential for rehabilitation. Each new school request will be reviewed against its facility utilization. Every attempt will be made to take advantage of the existing facility to house the program, and if need be additions or modifications to the present plant will be provided. In these cases where rehabilitation is impossible, new construction will be recommended.

EDUCATION CONSTRUCTION STANDARDS

Mr. YATES. Have you developed education construction standards?

Mr. LAVIS. Yes sir.

Mr. YATES. Is there a policy on when a school should be closed?

Mr. LAVIS. Mr. Barlow?

Mr. BARLOW. Yes. This is a relatively new one. I don't have a copy for you.

Mr. YATES. Do you want to put those in the record?

Mr. LAVIS. We will supply it for the record.

[The policy follows:]

THE BUREAU'S SCHOOL CLOSING POLICY

SCHOOL CLOSURES

There are times when the closing of schools become necessary. The following procedure will be used to determine whether or not a school will be closed:

1. When the ADM of a school drops below 50% of the program capacity, a feasibility study will be done by the Office of Indian Education Programs within three months. If the school program is to be operated at a lower level of enrollment or a reduction of grade levels, all unused facilities will be disposed of so that the Bureau is no longer responsible for maintaining them. Within three months of the time the feasibility study has been completed a recommendation will be made to the Assistant Secretary by the Director for his approval.

2. Schools whose enrollments are above 50% of their program capacity but fail to qualify for ranking in the Bureau's priority system for new construction, because of the availability of other seats, will have a feasibility study done by the Office of Indian Education Programs within three months after ranking has been published. Within another three months a recommendation will be made to the Assistant Secretary by the Director on the future operation of the school.

FACILITIES FOR CONTRACT SCHOOLS

Finally, because of the Bureau's experience in accepting substandard facilities as a part of a tribal application to contract the operation of a school, a facility evaluation will be completed prior to finalizing any new contracts. Correction of any major defects found as a result of such evaluation will be the responsibility of the facilities owner, prior to contracting for the school operation.

Mr. YATES. Are there any schools under consideration to be closed?

Mr. LAVIS. Not to my knowledge.

Mr. YATES. For the fiscal year 1982, new school construction priority list, will that be based on the facility inventory that was conducted?

Mr. LAVIS. Yes sir.

Mr. YATES. Or on an application process?

Mr. LAVIS. The application process, plus the information from the inventory, plus our utilization study, will all be used as factors in ranking schools.

IMPROVEMENT AND REPAIR PRIORITY

Mr. YATES. How do you determine the priorities for those facilities which need improvements and repairs, as opposed to new construction?

Mr. KENDIG. We are using the inventory list, and that is why we have been using the two criteria of life safety and energy. These are the primary factors that are taken into account.

I might comment that on page 148 we have a listing of the various categories that we have in our information system. You will see that there are dollars allocated for different things here. When we get into a project, because of life safety and energy we take care of virtually all of the deficiencies in that project. That is why you see this spreading among the five categories there. We may find that a roof needs to be repaired at the same time we are into a structural deficiency that is going to create a life safety problem. It spread across these various categories.

RAMAH SCHOOL

Mr. YATES. Now, the Ramah Navajo School testified they were not consulted or informed about their ranking in the construction priority system. Can you tell us why?

Mr. LAVIS. This is Mr. Latta from the school division plan.

Mr. LATTA. Well, we visited Ramah a couple of weeks ago, and their rating had formerly been done on the basis of K-12 applica-

tion. As a result of the visit, we found that their middle school is totally unhoused, because they are all in temporary facilities. They have submitted an updated application just for a middle school. That will be reranked now, on the basis of that.

Mr. YATES. Have you reranked it yet?

Mr. LATTA. It will be in the 1982 list.

Mr. YATES. The 1982 list?

Mr. LATTA. Yes. But on the basis of——

Mr. YATES. Is that fair, to put it in the 1982 list? Was the failure to include it in the current list your fault or their fault? Shouldn't they be in the list if the middle school is unhoused?

Mr. LATTA. They have not submitted an application for the middle school.

Mr. YATES. I see. Then it is their fault, and not yours.

Mr. LAVIS. Maybe partly ours too, to be candid about it. It is their responsibility, yes, to give us an update on anything that would change their application. We need to have that information to rerank. I think if on the restrictions—it would be partly our fault, and I think we ought to address that.

Mr. YATES. That is why I asked the question, really, because it seemed to me that if it were BIA's fault that the ranking hadn't been made, it was an unjust and a disciminatory penalty to delay them for a year. That is why I asked. Your answer is that it is the fault of both of you.

Mr. LAVIS. I would say that if that is what occurred—I don't know what occurred.

Mr. YATES. How do we find out what occurred?

Mr. LAVIS. I think we would have to review the correspondence.

Mr. YATES. Okay. Will you do that?

Mr. LAVIS. I think the larger question that you raise, which I concur in wholeheartedly, is that I think we have to establish a process by which we tell any school that applies what their ranking is and what the basis of that ranking is. And then if they want to appeal they can appeal.

Mr. YATES. Who do they appeal to?

Mr. LAVIS. I would assume they would appeal to us.

Mr. YATES. So they file with you in the first place, you make the judgment; they are not satisfied, and they come back to you and say "We are not satisfied." Then you say "Well, we will look at it again." Are the same people going to look at it again, or is there some appellate group or person who will look at it?

Mr. LAVIS. There is no appellate group at the moment, Mr. Chairman.

Mr. YATES. Well, can they appeal to Mr. Mills?

Mr. LAVIS. Yes, they could.

Mr. YATES. And how sympathetic is Mr. Mills?

Mr. LAVIS. Very sympathetic.

Mr. YATES. I am glad to have that for the record. I don't know if that does the tribe any good. But at any rate, what happens with Ramah, are you going to review it again?

Mr. LAVIS. We have reviewed it.

Mr. YATES. And they are still on the 1982 list?

Mr. LAVIS. They are on the 1981 list, but their ranking might change on the basis of——

Mr. YATES. It is on the other list?

Mr. LAVIS. Yes sir. They are ranked number ten at the present time. But it is only 29 percent.

Mr. YATES. Is there a chance of their getting into the first three?

Mr. LAVIS. The middle school could very well get that high.

Mr. YATES. As high as the first three?

Mr. LAVIS. They didn't include it the first time. If they are including it now, that might raise them higher. But I can't be sure.

Mr. YATES. That is kind of interesting. You look at the list there. You dropped Fort Hall, didn't you?

Mr. LAVIS. Yes sir.

Mr. YATES. So that the only 100 percent unhoused are Bug-O-Nay-Ge-Shig—what tribe is that?

Mr. LAVIS. Chippewa.

Mr. YATES. Then if Ramah is 100 percent unhoused, they may very well move up to third place, right? It is kind of like the Arlington Handicap, isn't it? It looks to me like Ramah is beating out Spectacular Bid.

TURTLE MOUNTAIN SCHOOL

You want $11.2 million for the Turtle Mountain High School construction. Why is it necessary to redesign Turtle Mountain?

Mr. STEELE. That was one of many schools last fall that asked the Secretary and BIA for a relook at the capacity, and to see if they couldn't be reduced. In the case of Turtle Mountain I believe it was cut from 800 to 550, and that is presently being redesigned.

Mr. YATES. What about the question of increasing cost as the result of delay?

Mr. STEELE. There will be an increase in cost. But we believe it is offset by the deduction size.

Mr. YATES. Is that unfair to the school, if you are reducing the size in order to take care of the——

Mr. STEELE. I guess I should clarify that. The costs will increase as far as the cost per square foot——

Mr. YATES. Yes.

Mr. STEELE. —but the overall cost, we believe, will be offset.

Mr. YATES. But the decrease is size is not attributable to the reduction in cost but rather to the needs of the school.

Mr. STEELE. Right.

Mr. YATES. Why do you have to have a further evaluation of the need for additional staff quarters?

Mr. STEELE. At Fort Hall?

Mr. YATES. Yes.

Mr. STEELE. Well, with the school size, the size of the staff also comes into question.

Mr. YATES. You want to put in the record all facilities that received or proposed to receive construction funds for fiscal year 1980 and 1981, the total cost of the facilities, the date you think construction will begin and the date construction will be completed, the extent and the type of monitoring.

[The information follows:]

| | Cost | Start | Complete |
|---|---|---|---|
| Fiscal year 1980: | | | |
| Shaktoolik Elementary | $2,104,000 | July 1980 | September 1981. |
| San Felipe | 2,107,000 | February 1981 | June 1982. |
| Fort Totten (redesign) | 14,812,000 | April 1981 | June 1983. |
| Havasupai | 2,800,000 | July 1980 | July 1981. |
| American Horse | 4,565,000 | February 1981 | June 1982. |
| St. Stephens | 4,220,000 | February 1981 | July 1982. |
| Fiscal year 1981: | | | |
| Turtle Mountain | 11,229,000 | April 1981 | July 1982. |
| Red Rock | 3,534,000 | March 1981 | July 1982. |
| Torreon | 4,714,000 | March 1981 | July 1982. |

CONSTRUCTION PROJECTS

Mr. YATES. On page 140, you want 3.5 million for Red Rock, and you say Cove School will send its seventh and eighth grade group to Red Rock School. Are you going to close the Cove School?

Mr. LATTA. It will become a K-6 facility there—kindergarten through sixth grade.

Mr. YATES. I see. The K is kindergarten?

Mr. LATTA. Right.

Mr. YATES. What about this seventh and eighth? What about its classes for seventh and eighth? Will they be transferred too?

Mr. LATTA. They would go to Red Rock.

Mr. YATES. Is the increased cost to construct the Mount Edgecumbe Sewage Collection Line solely because of the cost of doing business? Is that increase attributable to that? From 1.2 million 1.8 million—$600,000? Mr. Balsiger would you like to respond to that?

Mr. BALSIGER. On the monetary——

Mr. YATES. Mount Edgecumbe Sewage Collection Line—is the increase from 1.2 million to 1.8 million attributable only to the cost of doing business, or are there other reasons?

Mr. BALSIGER. No, I don't think there are.

FACILITY IMPROVEMENT AND REPAIR PROGRAM

Mr. YATES. Then the answer is yes. Page 148, you want $21.5 million for facility improvement and repair. On what basis are your projects selected for funding?

Mr. KENDIG. The basis is the life safety and the energy.

Mr. YATES. I see. The ones you testified——

Mr. KENDIG. Yes, sir.

Mr. YATES. What level of advanced design funding you are requesting?

Mr. KENDIG. The advanced design funds are approximately 6 percent of the total project cost, so this would translate to over $40 million.

Mr. YATES. What level of program will that maintain in future years?

Mr. KENDIG. We will have to have funds eventually for all $450 million that we talked about in the inventory, or we will have to close some of that space. We think that probably 20 percent of the

space can be closed, so we are talking about advanced design funds for $350 million approximately.

Mr. STEELE. I might add that that escalates at one percent a month at $5 million a month. So, we are chasing after a proverbial rabbit and we are not sure that we are going to catch it.

Mr. YATES. At this program level, how long will it take to eliminate your backlog?

Mr. STEELE. At the $21.5 level?

Mr. YATES. It will grow?

Mr. STEELE. Yes, sir. It grows at the rate, just in deterioration, between 30 and 40 million dollars.

Mr. YATES. The budget isn't helping you, is it?

Mr. KENDIG. We have discussed with OMB the program master plan which says we are coming forward for substantial increase in money, but we are going to hit the inflationary battle.

Mr. YATES. What is the proper funding level for stabilization of facilities?

Mr. KENDIG. Just for stabilization it would be between $30 and $40 million, as Mr. Steele mentioned. The capital safety problems, I have a schedule of how much is life safety of the total. The life safety, of the $450 million, as of October of last year, was $67 million.

Mr. STEELE. Can I answer that?

Mr. YATES. Sure.

Mr. STEELE. Of that $450 million, 150 of it is totally replaced facilities that just have to be thrown away.

Mr. YATES. What is the extent of the backlog for your bringing facilities into code and life safety compliance?

Mr. STEELE. $450, escalated to today's cost, $475 million

Mr. YATES. Is that an estimate? As well as you can do?

Mr. STEELE. The data is between 85 and 90 percent accurate.

Mr. YATES. Can you put in the record a list of the projects, your criteria for the selection of each and the specific details of project funding?

Mr. STEELE. Yes, we can.

Mr. YATES. Are you willing to do it?

Mr. STEELE. Yes, sir.

[The response follows:]

FACILITY IMPROVEMENT AND REPAIR PROJECTS

| | | |
|---|---|---|
| **Albuquerque Area** | | |
| Navajo Ramah School | $ 43,691 | |
| Albuquerque Indian School (Not Gym/Auditorium) | 306,000 | |
| | | $ 349,691 |
| **Aberdeen Area** | | |
| Mandaree Day School | 553,137 | |
| White Shield Day School | 540,360 | |
| Rosebud | 220,581 | |
| Oglala School | 371,213 | |
| Fort Totten HQ | 26,829 | |
| Red Scaffold Day School | 47,943 | |
| Whitehorse Day School | 39,593 | |
| Lower Brule HQ | 55,020 | |
| Turtle Mountain HQ | 405,905 | |
| Cheyenne River HQ | 166,382 | |
| Fort Totten Elementary | 4,422,285 | |
| | | 6,849,248 |
| **Billings Area** | | |
| Busby School | 154,175 | |
| Lame Deer HQ | 57,793 | |
| Wind River Agency Bldg. 01 | | |
| Crow Agency Bldg. 02 | | |
| Wind River Bldg. 101 | | |
| Wind River Bldg. 10 | 476,463 | |
| | | 688,431 |
| **Eastern Area** | | |
| Choctaw HQ | 143,960 | |
| Choctaw Central High | 496,245 | |
| Cherokee Agency | 425,595 | |
| | | 1,065,800 |
| **Juneau Area** | | |
| St. Michael, Unalakleet Stebbins, Grayling, Shageluk, Shavoonga | 423,500 | |
| Bethel, Akichak, Oscarville, Napakiak, Napaskiak | 548,633 | |
| Kasigluk, Nunapitchuk, Tuluksak, Pilot Station, Alakanuk | 390,300 | |
| Tununak, Nightmute, Kwigillingok, Tuntutuliak, Newtok, Scammon Bay, Toksook Bay | $ 497,300 | |
| Quinhagak | 402,200 | |
| Beaver, Tetlin, Venetie, Klukwan, Mt. Edgecumbe | 306,559 | |
| | | $2,568,492 |

| | | |
|---|---|---|
| **Minneapolis Area** | | |
| Birch Hill | 3,968 | |
| Odanah | 4,608 | |
| Lac Du Flambeau | 3,568 | |
| Sac and Fox School | 42,542 | |
| White Earth | 23,066 | |
| Net Lake | 22,565 | |
| Naytawausi | 4,070 | |
| Stockbridge | 2,466 | |
| Red Lake | 238,541 | |
| | | 345,394 |
| **Muskogee Area** | | |
| Jones Academy (LS) | 5,390 | |
| Carter Seminary (LS) | 141,736 | |
| Eufaula Dorm | 50,498 | |
| | | 197,624 |
| **Navajo Area** | | |
| Many Farms | 666,308 | |
| Hunters Point | 779,491 | |
| Wingate Elementary | 743,605 | |
| Kayenta | 35,250 | |
| Pinon | 62,950 | |
| Canoncito | 262,050 | |
| Winslow | 930,056 | |
| Tuba City High | 123,060 | |
| Cove | 278,167 | |
| Wide Ruins | 542,000 | |
| | | 4,422,937 |
| **Phoenix Area** | | |
| Sells, Santa Rosa, Sam Simon | 12,750 | |
| | | 12,750 |
| **Portland Area** | | |
| Nespelem, Cody Butte, Johnny George Moses Mountain | 229,330 | |
| Spokane Agency | 294,700 | |
| | | 524,030 |
| **Sacramento Area** | | |
| Hoopa Agency | $ 96,605 | |
| Southern California | 2,600 | |
| | | 99,205 |

Projects are selected on the basis of critical life safety conditions (i.e. structural failures, firesafety violations). After a critical activity is defined, associated work that can be performed in the facility while this repair is provided is added to make a total project.

Mr. YATES. In your list, are we undertaking to repair facilities that will have to be replaced by new facilities?

Mr. STEELE. We have a program trying to resolve that and we are trying to develop five-year master plans at each site so that it is integrated with any potential new construction.

Mr. KENDIG. The Chairman may be interested in knowing that use of the inventory has also taken one item off the new construction list that was Choctaw Middle School that was originally proposed, and we found it could be repaired as a result of the work that was done.

Mr. YATES. Let's put in the record a breakdown by function for fiscal years 1980 and 1981 for the $2.2 million of the funds requested for program management. That is on page 150. Provide for the record a list of the public school construction. Indicate which schools are to receive funding in fiscal year 1980 and 1981 for public school construction.

[The information follows:]

Breakdown of program management funds by project

| FUNCTION | FY 1980 | FY 1981 |
|---|---|---|
| Personal Services | $1,441,000 | $1,530,000 |
| Planning & Design | (600,000) | (636,000) |
| Construction Management | (400,000) | (424,000) |
| Administration | (201,000) | (216,000) |
| Contracting Services | (240,000) | (254,000) |
| Travel | 171,000 | 182,000 |
| Supplies and Materials | 200,000 | 212,000 |
| Capital Assets | 40,000 | 42,000 |
| Contracts (Technical Assistance) | 265,000 | 287,000 |
| TOTAL | $2,117,000 | $2,253,000 |

Public School Construction

No funds were requested by or appropriated to the Bureau in either fiscal years 1980 or 1981 for construction of public schools.

IRRIGATION SYSTEMS

Mr. YATES. Now, we will talk about irrigation systems. You don't have anything to do with that?

Mr. STEELE. No.

Mr. YATES. You are lucky. You want $48.6 million for irrigation systems, of which $18 million goes to the Navaho project.

Mr. MILLS. Mr. Chairman, we are back to my good friend Mr. Harrison.

Mr. YATES. It is a pleasure to deal with Mr. Harrison. Mr. Harrison, who should do the construction of irrigation projects? Is it you or how do you decide who does it?

Mr. HARRISON. It depends on the project, the size of the project, whether or not it is a part of an authorized Reclamation project.

Mr. YATES. Isn't the Corps of Engineers doing the Navajo project?

Mr. HARRISON. No, sir. The Bureau of Reclamation is constructing that project and operating it at the moment.

Mr. YATES. Would you put in the record a list of the new Indian irrigation projects which can be completed in one to two years?

Mr. HARRISON. Certainly.

Mr. YATES. And where the total federal investment in each will not exceed $10 to $15 million.

[The information follows:]

IRRIGATION CONSTRUCTION

The seven "new projects or units which can be completed in 1-2 years at a total federal investment not exceeding $10-$15 million" contained in the President's original fiscal year 1981 request are: White Mountain Apache (North Fork White River Unit), Rocky Boy's, Omaha (Blackbird Bend Projects), Standing Rock Sioux (Fort Yates Unit), Cheyenne River Sioux (Moreau River Unit), Lower Brule Sioux (Grass Rope Projects), and Yakima Nation (Status Creek Unit).

In the President's revised request initiation of construction at all of the seven locations is postponed.

Mr. YATES. You are requesting funds, on page 151, for 11 projects. How many of them have a positive cost benefit ratio.

Mr. HARRISON. With the exception of the Rocky Boys project in Montana and the Cheyenne River project in South Dakota—I am not sure about Fallon and Ak Chin—let me insert that. Those are both being built at the direction of the Congress, and I don't have the figure for those.

Mr. YATES. Why don't you put into the record the costs of them.

Mr. HARRISON. With respect to the other nine, all but those two have favorable benefit cost ratios.

[The information follows:]

*Irrigation facilities—projects in President's original fiscal year 1981 budget*

| Benefit-cost ratio by project: | |
|---|---|
| Ak Chin | [1] |
| Colorado River Hydro | 1.30:1 |
| White Mountain Apache | 1.15:1 |
| Rocky Boy's | 0.90:1 |
| Omaha | 1.25:1 |
| Fallon | [1] |
| NIIP | 1.43:1 |
| Standing Rock | 1.11:1 |
| Cheyenne River | 0.90:1 |
| Lower Brule | 1.10:1 |
| Yakima | 1.90:1 |

[1]Not determined.

Mr. YATES. Did you give this factor any weight in the selection process?

Mr. HARRISON. We do.

Mr. YATES. Let's talk about Ak Chin for a minute. The Ak Chin testified before us and they say that the $10 million that you have asked for the project is way short of what they need. They need an additional $5.7 million. Are they right?

Mr. HARRISON. We don't think at this point the decisions which have been made warrant the request for that additional $5 million. There are some sizeable questions about the location of the wells which will have effects on the distance of water having to be transported.

Mr. YATES. When will you have that done?

Mr. HARRISON. That work is supposed to be done late this spring—completed. The studies are underway now.

Mr. YATES. Are you going to be able to meet your 1984 legislative deadline at the $10 million level?

Mr. HARRISON. For this fiscal year?

Mr. YATES. Yes.

Mr. HARRISON. For fiscal year 1981, we believe that this level of operation will keep us within reach of that delivery date.

Mr. YATES. Would you put in the record a schedule or a project description on costs to meet the legislative deadline. Can you do that?

Mr. HARRISON. I can't do that at this point because some of the decisions have not been made. If you would like to——

[The information follows:]

AK CHIN CONSTRUCTION SCHEDULE AND COST ESTIMATE

Following is the schedule of estimated funding required for the Ak Chin Project considering phased development and integration of Central Arizona Project waters:

| Fiscal years: | |
|---|---|
| 1980 | $1,000,000 |
| 1981 | 10,000,000 |
| 1982 | 31,000,000 |
| 1983 | 13,000,000 |

Final negotiations are underway on the contract between the Ak Chin Indian Community and the Secretary. Changes in contract provisions prior to execution could modify the above schedule.

Mr. YATES. Well, the reason I asked the question is, is there liability on the part of the federal government if you don't meet the schedule for delivering water?

Mr. HARRISON. There is liability.

Mr. YATES. Now you went to Harvard Law School. How are you going to avoid that liability?

Mr. HARRISON. Part of that is being avoided by the contract which is being negotiated now between the tribes and the Secretary for the delivery of water. The tribe had expressed a keen interest in substituting some of the water which might otherwise be delivered from federal land for assistance in increased delivery of water from within the reservation. And if that is the case, that will require fewer deep wells to be dug from ground zero and much less cost involved in the transportation. But those details are being

worked out between the tribe's attorneys and the Secretary's attorneys now, as the reports with the various costs and benefits associated with the alternative methods of operating are being put together.

Mr. YATES. Mr. Harrison, you want $3 million for Fallon. How much have you spent or allocated for the project in fiscal year 1980?

Mr. HARRISON. I——

Mr. YATES. You want to put it in the record?

Mr. HARRISON. We'll have to put that in the record.

Mr. YATES. And you will also put in the record a discussion of the need for the Gallegos Dam reservoir and the Navajo Dam part.

Mr. HARRISON. Yes.

[The information follows:]

*Fallon irrigation project*

| | |
|---|---|
| Funding available, fiscal 1980: | |
| Unobligated carryover | $365,000 |
| Fiscal year 1980 request as funded | 500,000 |
| Fiscal year 1980 add-on | 500,000 |
| Total | $1,365,000 |

During fiscal year 1980 an A&E contract in the amount of $1.3 million is underway for plans, designs and specifications of improvements required to implement Public Law 95-337.

NAVAJO INDIAN IRRIGATION PROJECT

GALLEGOS DAM AND RESERVOIR

Gallegos Dam and Reservoir was a proposed feature in the original Navajo Indian Irrigation Project plan. A four-part report on the Navajo Indian Irrigation Project is being prepared with main emphasis on the facility sizing. That report will be completed June 1 and the administration decision on the sizing issue is anticipated shortly after that date. The need for storage at the Gallegos Wash site is an intergral part of the current analysis.

Mr. YATES. Now, let's turn to Papago. The Papago testified that the fiscal year 1981 budget does not include funds for operation and maintainance for the irrigation project. Can you tell us why?

Mr. HARRISON. I believe we do have $60,000 in for that project. The tribe testified to a need of an additional $77,500.

Mr. YATES. Has USGS completed a study for ground water?

Mr. HARRISON. The Geological Survey Studies that have been done down there—well, they are being done throughout the region. The primary activity that the Survey is involved in is down on the Papago Farms.

Mr. YATES. Is the Papago irrigation project economically sound?

Mr. HARRISON. We don't know at what size, it would reach its ultimate or optimum benefit cost performance. We——

Mr. YATES. I think that perhaps we will quit for the day. We haven't completed our questions.

We will submit questions to you and we may even call you back because we enjoy these sessions.

Mr. HARRISON. Thank you, Mr. Chairman.

[The questions and answers follow:]

Tribal Pay Cost

Question. Please provide a table by amount, program, number of employees, and average salary for all funds requested for tribal pay costs.

(Information follows)

| Program | Amount | No. of Employees | Average Salary |
|---|---|---|---|
| | | | Average salary Bureau wide - $9,206 |
| Education | $1,415 | 2,409 | |
| Continuing Education | 176 | 288 | |
| Tribal Governemant | 285 | 466 | |
| Social Services | 437 | 705 | |
| Law Enforcement | 585 | 957 | |
| Housing | 121 | 168 | |
| Self-Determination Services | 24 | 39 | |
| Business Enterprise Development | 52 | 85 | |
| Direct Employment | 195 | 319 | |
| Road Maintenace | 12 | 20 | |
| Forestry and Agriculture | 242 | 376 | |
| Rights Protection | 344 | 533 | |
| Real Estate Services | 37 | 60 | |
| Facilities (O&M) | 75 | 123 | |
| Total | 4,000 | 6,548 | |

Question. What is the basis for determining the amounts you have requested?

Answer. The amount of pay cost requested was based on field input of gross salaries for tribal employeees. The same percentage was applied as for federal employees.

Question. Why wouldn't these costs be covered under the contract support program?

Answer. Tribal pay costs are for the operation of the program whereas contract support is for the administrative overhead incurred as a result of the contract.

TRAVEL

Question: Has the travel allocation system by activity (school, forest fire, law enforcement, administration) been implemented?

Answer: The Bureau has implemented into the Finance System a report that shows obligations for such activities as: administrative travel, operation of school buses, fighting forest fires, law enforcement, and school field trip activities. As instructed by the Committee, the Bureau provided to the Committee a quarterly report of travel expenditures for period ending December 31, 1979 (1st Quarter).

Question: Have restrictions on travel curtailed the travel of boarding school students?

Answer: In our efforts to hold down travel expenses within the Bureau, we established limitations on travel expenses and established priorities on reprogramming travel to assure that funds would be available for direct mission travel such as pupil transportation, etc. Even with these restrictive controls in place, the Bureau is finding that it cannot fund direct mission travel that Bureau officials and tribal organizations believe to be important to the success of the programs.

Question: If so, why were reductions taken in this area rather than in "administrative travel"?

Answer: The imposed travel reductions affected both the "administrative travel" and "direct mission travel". The administrative travel is defined to include travel that is not directly related and essential to the performance of a Federal program or mission. The direct mission travel are those programs that are directly related which incurs travel obligations for specific purposes such as Education, which is responsible for providing transportation of Indian school children to and from school. Due to the mandated reduction it was not possible to limit only "administrative travel". With increased costs for travel, all programs had to share in the reduction.

RED LAKE AND LOWER BRULE AUDITS

Question: The Bureau was directed by the Under Secretary of the Interior to take action against the Red Lake Tribe unless they allowed auditors access to their books. You also have undertaken a management audit of the Lower Brule Sioux Tribe. What is the status of these reviews?

Answer: The Inspector General has assigned five auditors to the audit of the Red Lake Tribe. We have been advised by the Inspector General's Office that the tribe is cooperating and the audit is progressing satisfactorily.

We are unaware of any management audit that has been undertaken or planned of the Lower Brule Sioux Tribe.

Question: What are the preliminary indications?

Answer: We have been advised that it is too early in the audit process to make any preliminary determinations.

Question: What action is needed and will be taken as a result of your findings?

Answer: It is not possible to know at this time the action that will be needed. Appropriate action will, however, be taken as soon as the results of the audit are furnished and analyzed.

Question - What factors have not been considered in the formula which you think should be considered?

Answer - We are looking at many types of factors for possible measurement and inclusion in the formula. They can be grouped by the following two step processes:

I. Completing the numbers of programs and special cost differences which a formula should recognize and...

II. Establishing fiscal equity among all these recognized programs by establishing or altering ratios of support (weights) or sub-formulas.

In the first stage process we are aware of the need to further consider ways to recognize and adjust for differences in support need among schools in the following program areas:

a) pre-kindergarten.

b) gifted and talented.

c) vocational programs.

d) additional handicapped programs.

We are also aware of needs to evaluate special cost differences and concomitant formula adjustment factors to equalize for other support needs among schools due to the following factors:

a) rural isolation.

b) condition of the facilities relating to maintenance, repair, custodial services and utilities costs.

c) uncontrollable staff cost differences.

In addition, we are aware of the need to evaluate more precisely the possible needs and funding support requirements among and between types of schools as in the following cases:

a) five day and seven day boarding school and dorm home living programs.

b) contract schools and BIA operated schools as required by 25 CFR 31h.23.

c) dormitory costs vis-a-vis home living costs in equivalent boarding school programs.

d) small, medium and large school funding support needs for providing equivalent educational opportunities.

e) student transportation cost needs among schools due to factors not incorporated in the present transportation formula.

f) schools conducting summer programs relative to those not conducting such programs overriding all present formula components and the ones identified above are the forthcoming standards required under section 1121 of P.L. 59-561 and the subsequent cost estimates of standard implementation required by subsection (f) thereof, as well as the requirements for national "criteria" and "costs applicable to boarding arrangements for Indian students" required by section 1122 of the same substantive law.

The second major step of establishing fiscal equity requires a combination of four processes, they are:

1) the collection of current direct and indirect costs (i.e. expenditures) identifiable to existing formula programs.

2) the estimation of additions, reductions and phase-in costs of new programs and services when supplementing existing ones.

3) the infusion of short and long range policy goals and incentive systems.

4) the elimination of undesireable incentive systems due to formula structural or weight factor differences as well as sub-formula adjustments to the total entitlement calculation process.

Question - When will you take action on these additional considerations?

Answer - Currently, work is nearing completion on the recommendations of the Standards Task Force. A contract with the National Conference of State Legislatures will produce recommendations on a number of items. A contract has been let with the Native American Research Associates for work on boarding standards. These actions, now underway, in concert with the many reports from the field on the appropriateness of the new formula during its first year of operation, will produce a wealth of information for our review during the summer of 1980.

Question - Do you have an administrative procedure for changing, adding, or deleting the weights?

Answer - No formal procedure has been established but we expect to form an ad-hoc advisory council composed of Education staff, selected consultants, and school and tribal representatives to compile recommended amendments to the formula. These of course will be circulated for review within the Department, to appropriate congressional committees and for broad field review and comment by representatives of the schools and tribes in accordance with section 1136 of P.L. 95-561.

Question - When will you implement an accounting system to track educational expenditures in order to determine whether the funds are being spent in the manner they are allocated under the formula?

Answer - The new Educational Program Cost Accounting system is scheduled for implementation and full use by October 1, 1980.

Question: Have contract schools been included in this system? If not, why?

Answer: Contract schools are not expected to implement the system proposed for Bureau of Indian Affairs schools immediately. Until recently, contract schools were permitted to determine what kind of bookkeeping systems they will employ to account for funds. As long as the contract requirements were met in terms of the format for the budget and annual reports, no additional accounting requirements were imposed.

The Bureau has provided contract schools with an optional accounting manual which follows commonly accepted accounting principles and standards. This manual was developed prior to the design of the Bureau of Indian Affairs system. It is anticipated that the contract school manual will be revised to establish continuity with the Bureau of Indian Affairs system. There are no plans to force the contract schools to utilize the Bureau of Indian Affairs internal accounting system.

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## Standards Required by P.L. 95-561

Question: When will the standards required by P.L. 95-561 for the basic education of Indian Children in BIA and tribal schools be developed?

Answer: The standards which were developed by Task Force Three, are presently in draft form and will be presented in final form sometime in August 1980. In the past few months a series of hearings were held around the country to obtain comments and reactions to the proposed standards. The results of these hearings are now being compiled for input into the final standard format.

## Cost of Implementing Standards

Question: Have you established a system to determine the costs of implementing these standards? If not, why?

Answer: There is not currently a system to determine the costs of implementing the standards. This questions will be addressed during the review process.

## Duckwater Shoshone School Board

Question - The Duckwater Shoshone School Board testified that they will be unable to operate with the amount they will receive under the education formula in FY 1981. Have you analyzed the situation of the Duckwater School and do you concur with their findings?

Answer - We have analyzed the situation at Duckwater School and do not concur with their findings. The Duckwater Day School reports an average annual student membership in grades K-8 of 21.5 day students total. A 31.24 weighted student unit calculation produces $56,823 as a formula base. However, for the FY 80 year the phase-in holds them to a loss of 10% from their 1979 negotiated support level of $100,000 thus for FY 80, they are entitled to the following:

| | |
|---|---|
| $90,000 | formula phase-in |
| 344 | minor repair fund |
| 5,000 | school board training |

In addition, they are entitled to J.O.M. funds of approximately $160 per student and Part A, Title IV Indian Education Act entitlement of approximately $125 per student. They also have a Part A non-LEA competitive grant amounting to $1,085 per student. School totals of the above amount to the following estimated earnings for FY 80:

| | |
|---|---|
| $ 9,500 | Title I ESEA |
| 3,340 | J. O'Malley |
| 2,500 | Title IV Part A entitlement |
| 23,333 | Title IV Part A competitive |
| $134,017 | Total for FY 80 (or $6,233 per ADM) |

Question - Will your additional adjustment (p. 20) for small schools in FY 1981 allow Duckwater to remain open?

Answer - For FY 81, unless there is a significant increase in their student population, the Duckwater School will receive $70,000 through it's formula phase-in, assuming both a slight increase in their student population and a modest increase in the value per weighted student unit, their formula earnings following phase-in in FY 82 should be in the $65,000 to 70,000 range.

With 21 to 25 day students to educate and average teacher salaries including benefits most likely to be in the $12,000 to $18,000 range a teacher in each of the primary, intermediate and upper grade blocks should cost $45,000. One of these teachers could receive a $5,000 supplement to be lead teacher and school director. The extra amount through Title I ESEA should pay for a full time teacher aide.

We are currently studying our current small school factor and of course Duckwater is one of several small schools that is concerned about our actions.

The small school adjustment caused Duckwater to earn a supplement of 8.44 weighted student units having a value of $15,352. This amount was included in the answer to the previous question. In our judgment, sufficient funds, efficiently expended, should provide for a quality school program at Duckwater.

Question: For the Duckwater School give the number of employees by title, salary, and job description and the cost per student.

Answer: Duckwater School: Employees and per pupil cost

Duckwater has the following staff:

| | | | |
|---|---|---|---|
| 1 Principal | @ | $14,500.00 | 14,500.00 |
| 1 Teacher | @ | 11,500.00 | 11,500.00 |
| 3 Teacher Aides | @ | 8,622.00 | 25,865.00 |
| Total | | | $51,865.00 |

The cost per student, based on funding from all sources, is $8,265.00.

Question: Please give a detailed description and the amount of other costs incurred by the school and the source and amounts of other than BIA revenue.

Answer: Duckwater School: All funding sources and costs

Duckwater's allotment for FY 1980, based on the formula and the phase-in provision mandated by P.L. 95-561, is $90,000. $51,865 of this amount is for staff salaries, leaving a balance of $38,135. In addition, the school receives $5,000.00 for school board training and $343.57 for minor maintenance. It also receives $70,000 under the Indian Education Act (Title IV, Part A) and approximately $9,000.00 from ESEA, Title I. This amounts to a total of $177,687.57 or $8,265.00 per pupil.

Other costs incurred by the school are as follows: *

| | |
|---|---|
| Instructional supplies and texts | $6,000.00 |
| Instructional travel | 2,400.00 |
| Pupil transportation | 5,550.00 |
| Employee fringe benefits | 11,885.00 |
| Administrative travel | 700.00 |
| Food service | 7,100.00 |
| Consultant fees | 4,500.00 |

(Duckwater also employs a secretary, a bookkeeper, a maintenance person and a custodian, which are paid with Title IV funds. We have not been able to obtain a breakdown on the salaries of these emloyees, however.)

* Information on all other costs was not available.

## Increased Student Projections

Question - You indicate on p. 19 that you increased student projections under the distribution formula because of anticipated new schools. If that is the case, why have you budgeted $1 million in the implementation fund (p. 24) to cover "cover primarily the cost of new schools applying for formula funding"? Are you duplicating services?

Answer - The planned use of the implementation fund does not duplicate services since a new school cannot earn operating funds under the formula until October of fiscal year and since staff must be employed, books and supplies purchased and staff prefaced to begin school in late August or early September, the start up costs for this period must be covered by some means. It should be noted that these are not supplemental funds requested but an allocation from our existing pre-formula operating fund budget.

In addition to covering the start-up costs of new schools, the implementation fund will be used in meeting the implementation requirements of P.L. 95-561. In particular, there will be added costs associated with implementing BIA education standards. Section 1121(f) of P.L. 95-561 calls for the submission to Congress of a detailed plan which should have "information on the status of each school's educational program in relation to the applicable standards established...,specific cost estimates for meeting such standards at each school, and specific time lines for bringing each school up to the level required by such standards." There are no funds other than what may be left over in this implementation fund for accomplishing this mammoth task.

There, of course, remain other tasks related to implementing a reform as far reaching as P.L. 95-561. These include:

a. Consider the impact on equalization of supplemental funds available to contract schools and not Bureau schools, and determine an equalization strategy by FY 82.

b. Develop an operation and maintenance fund allotment to schools strategy.

Implementation Costs

Question: What is the breakdown of your FY 1980 and FY 1981 implementation costs?

Answer:

| | |
|---|---|
| Initial Reserve | $2,097,000 |
| Pyramid Lake (new) | 277,619 |
| Revisions in School Allotments (Changes in Student Count) | 538,050 |
| Yakima Pre-School (New) | 52,390 |
| Maine School Operations (New) | 97,000 |
| Exceptional Education (Error in Allotment) | 415,154 |
| Balance Distributed to All Schools by Formula | $ 716,787 |

FY 1981 Implementation Set-Asides

| | |
|---|---|
| Initial Reserve | $1,000,000 |
| New Programs | 500,000 |
| Changes in Student Count | 500,000 |
| Balance | -0- |

Any undistributed balance will be distributed to all schools by the formula.

Increase in Johnson O'Malley Services

Question: What is the basis for determining that an additional 3,000 to 3,500 students will be eligible for JOM services in FY-81?

Answer: JOM eligible students in the public schools and Indian contract schools are increasing each year because the eligibility criteria for these students has been extended to include pre-schoolers and those living near the reservation.

Students in five additional contract schools may be eligible for JOM funding in FY-81. In addition, three schools in Maine which have been previously funded by the State of Maine will become Bureau funded contract schools. They will be eligible for JOM supplemental and basic support funding.

Question: How do you know this, particularly in view of the IG reports which indicated a lack of attention or effort to certification of eligible students?

Answer: Each Area Office reported JOM student projections for FY-81 planning purposes in October of this fiscal year in conjunction with their final student counts for FY-80 funding. Student count procedures for JOM funding are closely monitored by the Area Office and Indian Education Committees; these procedures will become part of the management information system for FY-81.

Basic Education Opportunity Grants

Question: What are the amounts and numbers of Basic Educational Opportunity Grants received by Indian students for the past five years?

Answer:

| Year | Total Number of Students Receiving BIA Funding | Number of Students Utilizing BEOG | Amount | Average Amount |
|---|---|---|---|---|
| 1980 | 20,000 | 18,860 | $22,632,000 | $1,200 |
| 1979 | 20,000 | 17,990 | 18,187,890 | 1,011 |
| 1978 | 18,000 | 15,582 | 12,808,404 | 822 |
| 1977 | 17,000 | 13,900 | 11,259,000 | 810 |
| 1976 | 16,000 | 13,400 | 10,720,000 | 800 |

Continuing Education

Question: A decrease (p.36) of $641,000 is requested for SIPI ($214,000), and IAIA ($427,000) "to bring the per pupil costs more in line" with the funding allowed under P.L. 95-471. What is the basis for making the statement that this decrease will "not result in lower enrollments or curtail basic programs?

Answer: The enrollment level of 400 students for SIPI and 150 students for IAIA was used aa a base for the reduction of the $214,000 and $427,000 amounts to reduce the per pupil costs. These levels are well within the dormitory and classroom space and staff capabilities of the schools.

In respect to basic program operation, this statement refers to maintenance of necessary course and program offerings to maintain accreditation status. It will require some streamlining of programs to avoid duplication and to discontinue some classes where enrollments are not adequate.

Question: What will these reductions curtail, particularly since you are not reducing permanent positions?

Answer: Temporary positions will need to be reduced or discontinued; many permanent employees may face furlough actions in the summer. In the case of IAIA, some middle management positions may have to be discontinued.

Question: What activities will be elminated?

Answer: Each of the schools will submit an operating plan for FY 1981 under the reduced budget capability. It will likely include discontinuance of summer school operations; discontinuance or alternately offering some classes to encourage full enrollment; the curtailment or reduction of recruiting activities; many enrichment activities will be abolished.

CONSTRUCTION-IRRIGATION

Question: You are requesting $48.5 million (p. 151) for irrigation systems. The majority of the funds ($18 million) will go to the Navajo project. The BIA and Bureau of Reclamation both construct irrigation projects which assist Indian people. What is the basis for determining which agency will construct the project?

Answer: As a general proposition, water development on Indian Reservations is the responsibility of BIA with WPRS services available to the extent needed and requested. Services of the Bureau of Reclamation (which has been renamed the Water and Power Resources Service) are available and utilized depending on individual project circumstances. Memoranda of Understanding are entered into specifying functions to be performed. In some instances, WPRS performs only planning and feasibility studies, in other locations construction designs are prepared, and in the case of NIIP, authorization hearings recognized that funding for this major project would be appropriated to BIA with total design and construction to be performed by Reclamation. Where specialized expertise is required for structures such as power generation facilities or storage dams, BIA does not assemble such staff but uses the services of the sister Interior Agency.

Question: Give the full list of criteria for this.

Answer: There are no specific criteria but rather circumstances dictate the means of performance. Under provisions of P.L. 93-638 and 25 CFR 271.32(c) some tribes choose to contract for some or all of the construction program functions. Tribes may, in turn, as one of their options and alternatives, utilize specialized WPRS services where appropriate to supplement or review work of consultants.

IRRIGATION PROJECTS

Question: Also list the "new" Indian irrigation projects which can be completed in 1-2 years and where the total Federal investment on each will not exceed $10-15 million.

Answer: In the President's FY 1981 January budget request all irrigation construction items except Ak Chin, Colorado River power generation, Fallon and Navajo are in the category of new projects or units which can be completed in 1-2 years with a total federal investment not exceeding $10-15 million. The requests in the President's January budget for White Mountain Apache, Rocky Boys, Omaha, Standing Rock, Cheyenne River, Lower Brule and Yakima Reservations are the seven Indian Projects in that category. Four of these have a completion cost of less than $1 million.

Question: What is significant about these particular levels?

Answer: The definition and amount to be requested in that distinct category, $14 million, were prescribed for preparation of the President's budget. The objective is to construct new units at a relatively low cost that will have a quick impact on local economies. This approach is in contrast to previous budgets with funds requested annually for rehabilitation or extension of facilities serving large projects and the incremental impacts difficult to ascertain. The seven locations were selected for inclusion by BIA based upon readiness, appropriateness, and availability of plans.

## ROAD CONSTRUCTION

Question. You are requesting $59.4 million for road construction, a decrease of $7 million. If you excluded specific Congressional increases provided in FY 1980, your program is being increased by $1.1 million. What impact will this increase have on your base program?

Answer. An increase of $1.1 million is less than 2%, but will help to offset current inflation costs.

Question. Will funds provided in FY 1980, for those projects you have deleted in FY 1980, complete those projects? If not, provide the additional requirements for the record.

Answer. Yes. All projects listed on the FY 1980 program should be completed as planned.

## ROAD MAINTENANCE

Question. On page 76, an increase of $1.3 million is requested for road maintenance. How will this increase affect your present level of maintenance?

Answer. An increase of $1.3 million in road maintenance will improve the Bureau's capability to maintain reservation roads and bridges. This increase will help pay salaries for temporary maintenance personnel and for equipment replacement. The increase of 7.5% will help to offset current inflation costs.

Question. What do you currently spend per mile and how will this increase affect that expenditure?

Answer. The Bureau currently spends an average of $1000 per mile on improved roads. The increase will be distributed according to tribal priority analysis.

Question. Provide a list by amount and description of the equipment you need to replace in FY 1981.

Answer.

| | | | |
|---|---|---|---|
| 10 | Motor Graders @ $80,000 | = | $ 800,000 |
| 10 | Front End Loaders @ $75,000 | = | 750,000 |
| | Asphalt Handling Equipment | = | 500,000 |
| 30 | Gravel Trucks @ $25,000 | = | 750,000 |
| 5 | Snow Plows @ $125,000 | = | 625,000 |
| | Total | | $ 3,425,000 |

Defaulted Loans Loan Guaranty Program

Question. Please provide (p. 182) a list of your defaulted loans by amount, purpose, and participant for fiscal years 1978, 1979 and 1980.

Answer. Following is a list of defaulted guaranteed loans for the fiscal years 1978, 1979 and for 1980 as of March 31, 1980:

| Participant | Purpose | Outstanding Amount |
|---|---|---|
| FY 1978 | | |
| Hollis Taptto | Purchase Restaurant | 50,373.69 |
| Red River Stitchery | Acquisition of Machinery & Equipment, & Operating Capital for Sewing Operation | 157,375.38 |
| Douglas & Janet Gardipe | Self-Service Laundromat | 54,069.14 |
| Walter R. Denny | Farming Operation | 3,000.00 |
| Blackfeet Indian Developers | Construction Business | 350,000.00 |
| Soco Valley Enterprise, Inc. | Purchase of - KOA Campground | 525,000.00 |
| Mickey Littlejohn, Inc. | Interim Financing for Construction of HUD Housing Project | 1,419,900.00 |
| Rueben R. Zortman | Purchase Restaurant & Operating Capital | 27,852.66 |
| Cornerstone Construction | Equipment & Operating Capital | 9,881.51 |
| Wewoka Metals, Inc. | Acquisition of Equipment, Materials, & Operating Capital | 244,208.15 |
| Capital Typewriter Co. | Purchase of Retail Inventory & Repair Equipment | 45,043.17 |
| FY 1979 | | |
| Kenneth Bancroft | Purchase Well Drilling Rig, Materials & Supplies | 21,569.81 |
| Shirley's Pizza Palace | To Establish & Operate Shirley's Pizza Palace | 138,071.98 |
| Vincent P. Heape | Purchase a Drive-In Restaurant | 22,485.35 |

| Participant | Purpose | Outstanding Amount |
|---|---|---|
| Lawrence P. Murray | Car Crushing Machine Business | 20,600.00 |
| Oneida Tribe | Interim financing for Construction of a Nursing Home | 158,574.66 |
| Charles & Diane Paul | Purchase of Fishing Vessel & Operating Capital | 45,714.28 |
| Herman Sherman | Operating Capital | 10,192.72 |
| Penn Creek Building & Supply, Inc. | Lumberyard & Operating Capital | 188,968.57 |
| J.C. & T Corporation, Inc. | Craft Shop | 106,112.94 |
| Ted Nuncio | Construction Company & Operating Capital | 80,000.00 |
| FY 1980 | | |
| Northern Pueblos Enterprise | Construction Company - Operating Capital | 264,110.17 |
| Oglala Sioux Agricultural Enterprise, Inc. | Farming Operations | 200,000.00 |
| Oglala Sioux Plastics, Inc. | Operating Capital | 36,000.00 |
| Angler Products of Porcupine | Purchase Equipment for Manufacturing of Sports Fishing Products | 176,078.44 |

## Funding Under Permanent Authority by Tribal Group

Question: What funds are authorized under Permanent Authority by tribal group for fiscal years 1980 and 1981?

Answer: We do not have information available for fiscal years 1980 and 1981 for Permanent Authority by tribal group. However, following is a report for fiscal year 1979 of actual expenditures made under Permanent Authority by tribal group:

### Expenditures under Permanent Authorization

| Tribal Code | Tribe | FY 1979 |
|---|---|---|
| A04-301 | Three Affiliated Tribes of Fort Berthold | $491,000.00 |
| A05-303 | Devils Lake Sioux | 961,467.65 |
| A09-346 | Yankton Sioux | 1,531,809.93 |
| A09-347 | Sisseton-Wahpeton | 23,845.94 |
| A10-302 | Standing Rock Sioux | 121,289.02 |
| A13-383 | Winnebago | 66,000.00 |
| A14-342 | Crow Creek | 40,035.83 |
| | ABERDEEN AREA TOTAL PERMANENT | $3,235,448.37 |
| B00-A40* | Potawatomi | $40,868.33 |
| B00-A42* | Potawatomi | 191,918.04 |
| B00-A44* | Potawatomi | 233,814.44 |
| B00-A45* | Hannahville Potawatomi | 57,624.52 |
| B00-A46* | Delaware | 58,389.17 |
| B00-A47* | Hannahville Potawatomi, et al. | 90,741.99 |
| B00-A49* | Potawatomi | 32,897.17 |
| B00-A50* | Kickapoo | 1,169,825.02 |
| B00-A52* | Potawatomi | 12,867.64 |
| B00-A55* | Kickapoo | 11,576.52 |
| B00-A56* | Potawatomi | 27,190.80 |
| B00-A57* | Fort Sill Apache | 619,555.47 |
| B00-A58* | Shawnee | 874.84 |
| B00-A59* | Delaware | 58,283.54 |

Anadarko--continued

| Tribal Code | Tribe | FY 1979 |
|---|---|---|
| B04-860 | Iowa, Kansas and Nebraska | 5,000.00 |
| B04-861 | Kicakpoo of Kansas | 17,560.71 |
| B04-862 | Prairie Band of Potawatomi | 151,171.70 |
| B04-863 | Sac & Fox | 7,991.84 |
| B06-806 | Caddo | 36,347.55 |
| B06-815 | Kiowa | 165,000.00 |
| B06-816 | Delaware | 7,000.00 |
| B07-812 | Pawnee | 9,435.52 |
| B07-813 | Ponca | 24,780.17 |
| B08-820 | Absentee Shawnee | 43,141.40 |
| B08-821 | Citizen Band of Potawatomi | 2,252.84 |
| B08-823 | Kickapoo of Oklahoma | 28,717.23 |
| B08-824 | Sac & Fox of Oklahoma | 1,710,659.59 |
| | ANADARKO AREA TOTAL PERMANENT | $4,815,486.04 |
| C52-202 | Crow | $2,563,695.68 |
| C53-203 | Flathead | 10,555,351.00 |
| C55-204 | Assiniboine Tribe of Fort Belknap | 15,386.00 |
| C56-206 | Fort Peck | 1,944,853.56 |
| C58-281 | Arapaho | 5,931,952.00 |
| C58-282 | Shoshone | 5,319,226.00 |
| | BILLINGS AREA TOTAL PERMAMENT | $26,330,464.24 |
| E00-J99 | Tlingit and Haida | $338,411.02 |
| | JUNEAU AREA TOTAL PERMANENT | $338,411.02 |
| F50-A22* | Bay Mills Chippewa | $1,500.00 |
| F50-A37* | Ottawa-Chippewa | 2,804.88 |
| F51-490 | Sac & Fox Tribe of Iowa | 135,003.30 |
| F53-445 | Lake Superior Chippewa | 273,500.96 |
| F55-433 | Oneida Tribe of Wisconsin | 61,892.23 |
| F55-438 | Stockbridge-Munsee Chippewa | -0- |
| F57-A10 | Medawakanton & Wahpokoota | 658,500.00 |
| F60-472 | Saginaw Chippewa | 443,074.35 |
| | MINNEAPOLIS AREA TOTAL PERMANENT | $1,576,275.72 |

--Continued

| Tribal Code | Tribe | FY 1979 |
|---|---|---|
| G00-A28* | Seminole | $34,473.46 |
| G00-A38* | Shawnee | 6,950.96 |
| G00-924 | Wyandot | 296,337.96 |
| G02-905 | Cherokee | 243,017.29 |
| G02-908 | Creek | 1,500,117.12 |
| G04-911 | Cherokee Shawnee | 251,211.93 |
| G04-922 | Ottawa | 319,315.28 |
| G04-923 | Seneca-Cayuga | 7,000.00 |
| G04-926 | Peoria, Kaskaskia & Wea Nation | 798,415.07 |
| G06-930 | Osage | 28,559,926.79 |
| G08-825 | Cherokee Delaware | 140,110.81 |
| | MUSKOGEE AREA TOTAL PERMANENT | $32,156,876.67 |
| H50-A51* | Gila River | $499,600.02 |
| H51-604 | Mojave | 3,556.66 |
| H52-607 | White Mountain Apache | 2,688,742.73 |
| H55-613 | Yavapai - Ft. McDowell | 50,000.00 |
| H58-616 | San Carlos Apache | 2,714,631.30 |
| H51-650 | Moapa Paiute | 46,014.10 |
| H62-687 | Uintah & Ouray | 6,119,604.49 |
| H68-601 | Yavapai - Camp Verde | 58,205.74 |
| H68-606 | Hualapai | 150,000.00 |
| H68-618 | Prescott-Yavapai | 20,000.00 |
| H68-674 | Payson Band | 70,000.00 |
| | PHOENIX AREA TOTAL PERMANENT | $12,420,355.04 |
| J51-541 | Rumsey Rancheria | $7,500.00 |
| J52-561 | Hoopa Valley (%30) | 847,269.00 |
| J54-568 | Cabazon | 4,572.17 |
| J54-583 | Pala Indians of California | 98,400.00 |
| | SACRAMENTO AREA TOTAL PERMANENT | $957,741.17 |
| K00-J98 | Alaska Native Fund | $100,212,486.09 |
| | WASHINGTON C.O. TOTAL PERMANENT | $100,212,486.09 |

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--Continued

| Tribal Code | Tribe | FY 1979 |
|---|---|---|
| M20-703 | Acoma Pueblo | $1,699,157.92 |
| M20-715 | Santa Ana Pueblo | 29,103.29 |
| M25-718 | Taos Pueblo | 510,912.30 |
| M45-751 | Ute Mountain | 1,339,767.27 |
| M50-701 | Jicarilla Apache | 55,750.00 |
| M60-702 | Mescalero Apache | 1,732,345.79 |
| | ALBUQUERQUE AREA TOTAL PERMANENT | $5,367,036.57 |
| N00-780 | Navajo | $27,035,233.17 |
| | NAVAJO AREA TOTAL PERMANENT | $27,035,233.17 |
| P00-140 | Klamath & Modoc | $235,020.37 |
| P03-101 | Colville | 7,865,100.00 |
| P04-180 | Shoshone-Bannock | 367,705.26 |
| P05-181 | Coeur d'Alene | 102,200.00 |
| P05-182 | Nez Perce | 319.86 |
| P05-183 | Kootenai | 3,000.00 |
| P09-145 | Warm Springs | 17,002,171.41 |
| P10-105 | Upper & Lower Chehalis | 205.22 |
| P10-120 | Skokomish | 45,000.00 |
| P11-124 | Yakima | 3,997,024.00 |
| P12-102 | Spokane | 817,505.00 |
| P12-103 | Kalispel | 82,200.00 |
| | PORTLAND AREA TOTAL PERMANENT | $30,517,451.12 |
| S51-004 | Seneca | $945,170.32 |
| S51-008 | Seneca Band of Tonawanda | 5,315.49 |
| S53-021 | Seminole Indians of Florida | 9,887.81 |
| | EASTERN AREA TOTAL PERMANENT | $960,373.62 |

TOTAL PERMANENT.....$245,923,638.84

*Undivided award. All expenditures from undivided awards are to pay attorneys' fees and expenses and to repay expert assistance loans.

Summary of Expenditures

Of the $245,923,638.84 expended under Permanent Authority, $7,591,941.80 was expended for the payment of attorneys' fees and expenses in connection with Awards of Indian Claims Commission and the Court of Claims, and $300,634.44 was expended for repayment of expert assistance loans in connection with suits before the Indian Claims Commission and the Court of Claims. A minimum of $49,162,779.39 was expended for per capita payments, including $11,088,296.08 from awards and $38,074,483.31 from other income (Osage, $28,551,332.31; Arapaho, $4,797,116.00; and Shoshone, $4,726,035.00.) The Alaska Native Fund accounted for a total of $100,212,486.09 expended, of which $2,893.83 was to complete payment of attorney's fees and expenses allowed by the Alaska Native Claims Settlement Act and $100,209,592.26 was distributed to the Regional Corporations. (Our fiscal year 1980 and 1981 Alaska Native Fund estimates are $165,900,000 and $141,200,000 respectively.) The balance of funds expended under Permanent Authority was for other programs such as burial funds, land purchase, etc.

QUESTION. On page 47, you are requesting an increase of $2.9 million for welfare grants. Is this increase due solely to expected increases in state standards for assistance which will result in higher costs?

ANSWER. Mr. Chairman, $2.3 of the $2.9 million increase is estimated increases in state standards for assistance. This estimate is a unit cost of $3.25 per person served each month. The $.6 million balance of the increase is in Indian Child Welfare Act grant funding.

QUESTION. When will you know if state standards are actually going to increase?

ANSWER. As provided by the Social Security Act and by 45 CFR 233.20 which regulates public assistance under Social Security, states are required to (A) determine need of applicants and recipients, and (B) determine the dollar amounts of the payments. Given inflationary impact on the basic items of living such as food, clothing and shelter, we can certainly anticipate upward adjustments in state standards of assistance. Although there is no specific date upon which states are required to adjust assistance standards, given rising costs of living, it is clear that state standards will be adjusted.

QUESTION. How confident should the Subcommittee be in this estimate of need in view of the recent review of this program which indicated that data is meaningless, financial reporting of expenditures is generally inaccurate, and BIA is paying more than the rates the states pay for the same institutional care, and that BIA costs appear excessive considering the number of people being served?

ANSWER. Mr. Chairman, It is important to understand in this overall regard that estimated caseloads, budget estimates and appropriation requests have generally been on target throughout the past decade. Two exceptions here include FY 1978 when a small supplemental was required because of an Indian Self-Determination Act regulation which resulted in the carry over of unused funds in tribal contracts...these funds would normally have been available for use as needed in the Bureau-wide program...and in 1979 when there were unobligated funds available because of increased CETA funding which unexpectedly reduced the Bureau-wide caseload. In sum, we make and continue to make a concentrated effort to provide the best possible information about a welfare assistance activity which by its very dynamic nature is difficult to predict. Also, with particular regard to costs we wish to point out in off-reservation group care facilities, the State determines standards and allowable costs. The Bureau by policy follows state standards and established rates for care. One exception is that when an estimated care contract exceeds $100,000 the Federal Procurement Regulations requires government established rates based on a pre-award audit performed by the Inspector General's office. Another exception is when States, because of funding limitations, pay only a reduced percentage of their own approved rate for full cost of care. In these instances, the Bureau appropriately

pays full cost of care. It is true that costs for on reservation group care placements are generally higher than off reservation for similar care. Factors contributing to higher costs include isolation, distance and lack of professional staff and supportive resources. Also, most tribal facilities are fairly new and the costs of developing these facilities are higher than similar off reservation facilities. In conclusion, it appears that the review to which your question refers apparently did not take any of the above variable factors into account when making its generalizations about cause and effect with regard to these issues.

QUESTION. Why shouldn't this program be reduced instead?

ANSWER. It is becoming apparent that FY 1980 is going to be a tight budget year because of the reduced CETA funding levels. This in turn indicates to us that the FY 1981 budget request may be only marginally adequate at best. This is basically because of anticipated budget cuts in national jobs programs, the deferral of adminstration welfare reforms and the inflationary impact growth. We simply do not believe the program can be reduced without great risk to our capability to meet the basic needs of general assistance recipients and children requiring foster or institutional care.

QUESTION. You significantly overestimated the FY 1979 and FY 1980 caseloads. How do you know you haven't overestimated the FY 1981 workloads?

ANSWER. Mr. Chairman, predicting a social services welfare assistance caseload a year in advance of the actual delivery of services is difficult at best. Such a caseload is dynamic in nature and subject to a myriad of variable factors, including employment opportunities, weather (natural disasters), natural resource production (Alaska commercial fishing) State, county and other public programs which may add to or decrease our Bureau grant assistance caseload. In any event, our overestimated caseload in FY 1979 resulted from increased CETA funding which unexpectedly reduced the Bureau-wide caseload. We won't know whether we overestimated FY 1980 until we are farther along into the year. At present, however, it appears that our estimate is reasonably on target. As indicated in my previous response, in view of anticipated budget cuts in FY 1981 national job programs and deferrals of administration welfare reforms we believe our FY 1981 workload estimates are reasonable.

QUESTION. What costs could be saved if you did not pay for services which are the responsibility of other agencies such as ADC and SSI or pay more than the states for the same services? Give specific details.

ANSWER. Bureau policy and regulation is specific in regard to Bureau payment for services which are the responsibility of other agencies. The Bureau shall not make such payments. One of the basic eligibility requirements for Bureau social services grant assistance is that the applicant does not receive and is not eligible to receive public assistance (ADC)

or Supplemental Security Income (SSI) payments and is not included in such payments made to others. The only exception is payment of grant assistance pending the other Agency's determination of the applicants eligibility, generally limited to a 30 day period. Accordingly, there are no appreciable savings to be realized in this regard. The response above also applies to this Bureau paying more for services than do the states. As I indicated earlier, costs for on reservation group care are higher in many instances than state regulated rates in off-reservation facilities.

QUESTION. Why should the $2.3 million TWEP program be continued if, as the recent review indicates, administrative costs are unjustified based on service and caseload?

ANSWER. Bureau policy is that allowable direct administration costs in a TWEP contract shall be actual costs except that in no event shall the total direct administration costs exceed a specified percentage of the total estimated grant assistance funds to be disbursed under the contract. In order to provide smaller tribes a more equitable TWEP administrative cost formula we have based the maximum rate upon average number of participants; 25 and below -- 40%; 26-50 -- 30%; 51 and up -- 20%. In every instance the allowable direct administrative costs in a TWEP contract shall be the actual cost. However in no event shall the total direct adminstrative cost in any TWEP contract exceed the maximum percentages. Also, the Bureau's field administrators have been advised that the above maximum percentages are not to be considered automatic or non-negotiable. The administrators have been directed to ensure that the direct administrative costs in each TWEP contract are thoroughly and responsible negotiated within the applicable maximum limit. It is entirely conceivable that many TWEP contracts can be administered well under the designated maximum percentage limitations and our field administrators have been directed to so negotiate the contracts. We believe that implementation and subsequent monitoring of the above formula justifies continuation of the TWEP activity. Also, Mr. Chairman the added benefits of involving the recipients in this activity far outweigh the other alternative of idleness which further breeds social ills. The design of the TWEP is comparable to the proposed administration's welfare reform program, commonly referred to as "Workfare".

QUESTION. The Subcommittee received a number of requests from tribal groups to increase the Child Welfare program in FY 1981. This program was expanded significantly ($5.5 million) in FY 1980. Are you capable of effectively and efficiently administering additional growth in FY 1981?

ANSWER. Mr. Chairman, in this our first year of administering the Indian Child Welfare Act grant program, we received 250 applications, totally $20 million. Of the applications received 169 were approved as meeting the criteria of both the Act and the regulations, and totaled $11.6 million. With only the $5.5 million available for funding even all approved applications could not be funded, nor could all of those funded

programs be in the amount approved or requested by the applicants. Therefore, I am not surprised that the committee did receive a number of requests for increased funding. Mr. Chairman, the ultimate successful implementation of the provisions of the Indian Child Welfare Act is going to be dependent both on the funding available for the tribes and Indian organizations and in their successful management of the Indian child and family service programs. The current $9 million request is based upon a Congressional Budget Office estimate made in 1978 for Congressman Udall during the debate on the Act. Indeed, given the inflationary impact on costs of providing the authorized service programs under the Act a more realistic estimate for FY 1981 would by $12 to $15 million. With respect to your question, can we effectively and efficiently administer additional growth in the grant program, I would say-Yes-, provided that we receive all or at least a part of the requested $472,000 in Social Services administration funding in the FY 1981 request to administer, monitor, and provide technical assistance and consultation for the Indian Child Welfare Act grant program. A new program of this magnitude, particularly in view of the fact that the Congress authorized the extension of the program eligibility to the off-reservation -- urban Indian organizations, requires that we must expand staff to properly administer the programs.

QUESTION. Are the new FY 1980 projects in operation and have you obligated all of your FY 1980 child welfare funds? If not, why?

ANSWER. Yes, Mr. Chairman as indicated in my previous response all the funds have been obligated. No, the programs are not yet operational because we must adjudicate all the appeals before we can award the grants. We expect all the appeals to be decided by the middle or latter part of April.

QUESTION. Provide by program element funds provided for child welfare for FY 1980 and FY 1981.

ANSWER. Mr. Chairman in FY 1980 we have $13,590,000 in Child Welfare Assistance funds, $3,800,000 in On-going Child Welfare Services, and $5,500,000 in Indian child Welfare Grants. In FY 1981 we have $11,190,000 in Child Welfare Assistance funds, and $9,300,000 in Indian Child Welfare Grants.

QUESTION. What is currently in your budget for the Maine Tribes for this activity?

ANSWER. As indicated in my previous response the $125,000 add-on for the fourth quarter of FY 1980.

QUESTION. On page 49, a $1.3 million increase is requested for all other social services. Why can't the $375,000 increase requested for the Maine Tribes be absorbed within your total base of $13.1 million?

ANSWER. The social services funds for the three tribal groups in Maine (two Passamaquoddy groups and on Penobscot) are merely to replace

those funds formerly provided by the state of Maine. As the Chairman will recall the state has a fiscal year of July through June, so that last year the Congress added on $125,000 for the fourth quarter of FY 1980. The $375,000 fills in for the other three quarters of Fiscal Year 1981, for a total of $500,000 for all three tribal groups. Given the additional pay costs for tribal contract staff and the additional funds requested to assume the new program responsibilities to administer and monitor the Indian Child Welfare Act programs, Mr. Chairman we just couldn't absorb these additional costs for Maine tribes.

QUESTION. What are your workload measures which indicate a need of $472,000 for administration and monitoring? Provide the documentation.

ANSWER. Mr. Chairman, we are providing for a minimum requirement of two quality control monitoring reviews each year for all agency and tribal programs. This involves 75 agencies and 45 tribal programs, for a total of 240 program reviews each year. In addition, we will have approximately 150 Indian Child Welfare Act grants for which we require a minimum of two program reviews each grant year, a total of 300 program reviews. Also, in the first few years of the grant program, we expect more frequent requests for technical assistance and program consultation increasing the workload, and also the program extends to off-reservation urban Indian organizations throughout the United States in many places where we do not now have existing staff.

QUESTION. The IHS has under review an extended health care program. You provide for nursing home care. What is the scope of your program and what are the amounts you have allocated for this activity in FY 1980 and FY 1981?

ANSWER. In this regard, a careful definition of terms is important because Federal regulations authorize the Bureau to provide only for custodial care not for nursing home care in the broader medical sense. Although custodial care could conceivably be provided to the client in a nursing home setting, such care does not include many of the services which are routinely provided in that setting. Custodial care is defined as that non-medical care and protection provided to an eligible client when, due to age, infirmity, physical or mental impairment, the client requires care from others in his or her daily living. This care may be provided in the most appropriate non-medical setting, including the client's home, an institution, or other group care facility. Custodial care encompasses protective and personal services in addition to food, shelter, laundry, and related basic necessities. It ordinarily includes services of a nonprofessional nature where medical supervision is not required on a continuing basis. Payment for custodial care is provided from general assistance funds following a determination that 25 CFR 20 eligibility criteria have been met. In all cases, the Bureau is prohibited from making payment when the purpose of a placement is for the receipt of professional medical care, treatment, or supervision. Mr. Chairman, there are no specific amounts allocated for custodial care, Rather, payments for custodial care are made from general assistance funds based on each individual recipient's needs.

Question: On page 52, you are requesting an increase of $2.9 Million for law enforcement. You say $1 Million of this increase is the result of expanded jurisdictions. List those areas with expanded jurisdictions and the expected increase in workload.

Answer: A review of our CY 1979 Annual Computer Report reveals the following information relative to Law Enforcement Statistics for new jurisdictions:

CALENDAR YEAR 1979 - FIELD ACTIVITIES
"New Jurisdictions"

| | Federal Offenses Reported | Complaints Investigated | Non-Enforcement Services | Prisoner Daily Average |
|---|---|---|---|---|
| Anadarko Agency 1/ | 9 | 86 | 103 | 3 |
| Concho Agency 2/ | 7 | 40 | 93 | |
| Horton Agency 3/ | 3 | 37 | 18 | 3 |
| Pawnee Agency 4/ | 3 | 76 | 111 | |
| Shawnee Agency 5/ | | 32 | 42 | 9 |
| Cherokee | 84 | 409 | 1202 | |
| Penobscot | 34 | 235 | 42 | 6 |
| Pleasant Point & Indian Township | 13 | 18 | 556 | 6 |
| Umatilla | 14 | 234 | 144 | 11 |
| Menominee | 102 | 574 | 4495 | 16 |
| TOTAL | 269 | 808 | 6806 | 54 |

1/ 7 Tribes (Apache, Caddo, Comanche, Delaware of Western Oklahoma, Fort Sill Apache, Kiowa and Wichita)

2/ 1 Tribe (Cheyenne-Arapaho

3/ 3 Tribes (Iowa of Kansas, Kickapoo, Prairie Band Potowatomi

4/ 5 Tribes (Kaw, Otoe-Missouria, Pawnee, Ponca and Tonkawa)

5/ 5 Tribes (Absentee Shawnee, Citizen Band Potowatomi, Iowa of Oklahoma, Kickapoo of Oklahoma, Sac and Fox of Oklahoma)

Question: Why have jurisdictions expanded and what is the basis for determining that an additional $1 Million is required to meet this expanded workload?

Answer: Jurisdiction have expanded due to Federal court decisions, retrocession actions brought under the 1968 Indian Civil Rights Act, Opinions of the Office of the Solicitor for Indian Affairs, as well as legislative actions by the Congress have added to the jurisdictions that are under the Federal/Tribal relationship.

The sum of $1 million was derived, based on past experience and relate to the areas of manpower, training, purchase of equipment and operating costs.

Question: What is included in your base for the Hoopa-Yurok and Maine Tribes?

Answer: In FY 1980, Congress appropirated $45,000 for law enforcement for the Maine Tribes and $244,000 for the Hoopa-Yurok Tribes.

Question: What workload measures indicate an additional need for $326,000 for these tribes in FY 1981?

Answer: In 1978, local units of government that had been providing services to the Indian communities in Maine, withdrew all services, thereby leaving a void in law enforcement and the FY 1980 Federal budget of $45,000 was intended to provide law enforcement services for the last quarter. The Tribes, in concert with the Bureau of Indian Affairs, developed a criminal justice program who enforced State law. At the present, the Penobscot police department has a total of 5 sworn officers serving an Indian population of 1500 residents. During 1979, the police made a total of 112 arrests for violations of the law. They responded to 689 non-enforcement calls for assistance and incarcerated a daily average of 35 individuals for violations of the law.

The Indian Township police department made a total of 112 arrests for violations of the law and responded to 556 non-enforcement calls for assistance. The Indian Township police department has 4 officers and is so understaffed that the department is closed during the night hours.

The Department of the Interior published fishing regulations for the Klamath River on the Hoopa-Yurok Reservation. During the fishing season, there were numerous acts of violence during the 1978 season that made it necessary to hire Bureau officers and augment them with additional officers from the Fish and Wildlife Service and the U.S. Park Police. Because of the situation involving fishing rights the Bureau has developed a full scale criminal justice program which includes a court to enforce the Secretarial Conservation Code.

During 1979 fishing season, a total of 25 citations were issued for fishing violations, no persons arrested, 7 unsolved incidents and no assaults of Federal officers were reported. Tensions are still extremely high in the Hoopa-Yurok area and without law enforcement capability, acts of violence, as well as violations of the Secretarial Codes will continue.

Question: What type of law enforcement problems are these Tribes encountering?

Answer: The Hoopa-Yurok criminal justice program is geared to cope with acts of violence in the emotional issues of fishing and game enforcement. During the 1978 season, a great number of acts of violence occurred making it necessary to obtain the assistance of agents of the U.S. Fish and Wildlife, as well as the U.S. Park Police. In addition, there were a number of arrests made for violations of the Secretarial Fishing Code that was designed to protect the fishing rights of the Tribe and to conserve Tribal natural resources.

The Maine Tribes require the law enforcement program that is geared to cope with the traditional law enforcement responses. Since the Tribes and the Federal government have jurisdiction, the police must investigate all violations of their tribal code which includes misdemeanor offenses and must also coordinate their efforts with Agents of the FBI to investigate violations of Federal law which are primarily felony offenses.

Question: A $973,000 increase is associated with increased activity levels. This is not very specific. How do the workload indicators on Page 52 become translated into a specific increase of $973,000?

Answer: The projected activity rates will increase 5% for complaints investigated and 10% for non-enforcement responses in FY 1981. The tribes in banding their priorities for FY 1981 funding have taken account of these projected increases and collectively proposed an increase of 973,000 to handle these increased levels. The major portion of the increase will be in tribal law enforcement contracts and will provide for additional patrol and investigative efforts. The band, as it applied to Bureau operated programs, called for increased ability to respond to law enforcement situations. The additional 7 police positions would be provided out of this portion of the increase indirectly related to the higher number of investigations and responses.

Question: For what purposes will these funds be spent, particularly since you are only requesting 7 additional positions?

Answer: Indian tribes identified the amount of $973,000 as required to supplement their ongoing programs. These were not Tribes in areas with new jurisdictions but areas where criminal justice programs were ongoing. The Bureau is currently contracting almost 49% of its annual law enforcement budget to individual Indian tribes and the increase of 7 positions is to staff the Bureau's capability to respond to untoward incidents on reservations.

In addition, training of the added officers, purchase of necessary uniforms, sidearms, police vehicles, radios and related vehicle equipment, will be utilized by these funds.

Question: Your statistics on rate of crimes on reservations stay the same from year to year, in spite of increased appropriations. Have you performed any evaluations which indicate there is a direct relationship between expenditures and a reduction in crime?

Answer: Crime Index Offense Rates have decreased from a high of 2,210.8 per 100,000 Indian population served in 1974 to 1,088.2 in 1978. This is a reduction of 50.8% in the Indian Crime Index Offense Rate over a period of four years. During the same period, the estimated Indian population served has risen about 25% and built-in cost of law enforcement operations rose an estimated 40%. The Bureau's law enforcement overall budget during the same period rose about 125%. This indicates that there was a net gain of about 60% in the funding of Indian law enforcement programs. Even though no specific evaluation has been made as to the direct relationship between expenditures and a reduction in crime index rates, there is some indication in view of the above that there may be some correlation between the two.

Question: Provide a statement on what civil and criminal jurisdictions tribal governments exercise. Indicate how many states have jurisdiction for FY 1979, FY 1980 and FY 1981.

Answer: Indian tribal governments retain and may exercise jurisdiction over all civil and criminal matters involving Indians, except those which were relinquished by treaty and/or pre-empted by congressional enactments. There is, at present, 161 Indian reservations/tribes, or equivilent, which exercise to some degree civil and/or criminal jurisdiction.

The following states exercise varying degrees of civil and/or criminal jurisdiction within Indian reservations, or among Indian tribes, situated within the respective state.

1 Alaska, except Annette Island Reserve
2 California, except Hoopa Valley/Hoopa Valley Extension Reservations
3 Connecticut
4 Florida
5 Idaho
6 Iowa
7 Louisiana
8 Massachusetts
9 Minnesota, except Red Lake and Nett Lake Reservation
10 Nebraska, except Omaha Reservation
11 Nevada, only Ely colony
12 New York

HOUSING IMPROVEMENT PROGRAM

Question: On page 55, you are requesting a $152,000 increase for housing, for a total of $19.6 million, your outputs, however, decrease. Can you tell us why?

Answer: The bulk of the increase is for contract employee pay raises. The outputs decrease because of rising construction costs with little or no increase in budget requested.

Question: What is the unit cost for FY 1980 and FY 1981?

Answer: The unit costs vary by type of repair or assistance. The non-standard repairs will average $1,500 each in FY 1981 and FY 1982. Standard repair average will be $7,000 in FY 1981 and $10,000 in FY 1982. Down payment assistance will average $4,000 per house in each year while new construction will average $20,000 in FY 1981 and $25,000 in FY 1982.

Question: Last year you said the 1978 survey showed a service population of 154,700 families. This year you say the 1979 survey shows a service population of 160,600 families. Can you explain?

Answer: The increase in service population is a result of several factors, such as: newly recognized tribes, newly formed families, and families moving into the service areas

Question: Why should the Pascua-Yaqui Tribe funding be increased from $150,000 in FY 1980 to $225,000 in FY 1981?

Answer: The funding for FY 1980 was added by Congress during the appropriation process. The proposal for FY 1981 relfects a full years HIP program at FY 1981 unit costs for the Pasqua-Yaqui Tribe.

Question: Are they underfunded in comparison to all other tribes?

Answer: No.

SELF-DETERMINATION SERVICES

Question: On page 58 you are requesting an increase of $646,000 for additional grants to the Pascua-Yaqui and Maine Tribes and to cover growth in eligible population among other tribes. Why does a population growth increase a grant?

Answer: The term "growth in eligible population" is meant to cover, in addition to the Pascua-Yaqui and Maine Tribes, several newly recognized small tribes and other small tribes which had not been included in the original base because of non-functioning tribal governments when the program was initiated. It also includes one tribal situation where the original grant was based on a small population figure which has recently received a major upward adjustment based on more recent data.

Question: Why doesn't the purpose and objective of a proposal determine the size of grant?

Answer: Self-Determination grants for tribes have been placed in the Zero Based Budget planning process since FY 1979. Consequently, the size of the grant is related to the adjustments effected during budget development and the final FY appropriation. The tribal grant application then does specify the purpose and objective to be accomplished with the grant fund.

Question: Aren't grants now made on the basis of applications rather than by a formula as in the past?

Answer: Grants have always been based on applications, although the origiinal funding of the tribes for the grants was based on a formula distribution. However,as indicated in the previous answer, this program has since FY 1979 been a part of the Zero Based Budget planning and development process. Objectives to be accomplished under the grant are defined in the tribal grant application.

Training and Technical Assistance

Question: Please provide by program element for FY 1980 and FY 1981 the $3.3 million requested for training and technical assistance?

Answer: The basic program elements are:

(a) Funds managed at the Area level provide technical assistance for tribes, particularly to overcome declination or possible cancellation or retrocession issues pertaining to grants and contracts.

The financial breakdown is as follows:

| | FY 80 | FY 81 |
|---|---|---|
| Personnel & Travel | 1,022,800 | 995,000 |
| T&TA Programs/Contracts | 2,750,200 | 2,268,000 |
| | 3,773,000 | 3,263,000 |

(b) Funds managed at the Area level for tribes and agencies in the respective areas for training relating to the on-going implementation of the Indian Self-Determination Act.

(c) Bureau program staff which not only provide the management for the $3.3 million T&TA program, but also the program direction for the $18.2 million in Self-Determination grants and the $25.8 million of contract support funds, all of which go directly to Indian tribes with no charges for Bureau program direction.

Question: Indicate what projects were completed in FY 1980.

Answer: Projects completed at this point have related to basic orientation for tribal and Bureau staff on P.L. 93-638 and the implementation regulations and guidelines. Training manuals and guidelines have been prepared and are now in the hands of tribal and Bureau staff. Future training will be more oriented toward specific subject materal, especially in relation to contract and grant management.

Contract Support

Question: On page 59, you have budgeted $25.9 million for contract support, an increase of $2.8 million. Why does an increase of $25 million in the amount of contracting translate into a $3 million increase in the program?

Answer: The projected increase is based upon an estimated average tribal indirect cost rate of 12% of the additional contract dollars.

Question: On what basis did you determine there would be a $25 million increase in contracting?

Answer: This reflects information by Bureau field staff on anticipatd tribal contracting.

Question: How good have your estimates been in the past?

Answer: Our estimates have tended to be a little bit on the short side. We had a shortfall in FY 1977 and FY 1978, were slightly over in FY 1979, and may have been a bit short for FY 1980. Considering the complexity of dealing with over 250 separate tribal governments and more than 1,290 separate contracts more than two years in advance of actual operations, we believe our projections have been reasonably accurate.

Question: What was the actual amount of contracting in FY 1979?

Answer: Actual amount of P.L. 93-638 contracting in FY 1979 was approximately $166,000,000.

Question: The Pueblos testified that the FY 1981 contract support budget will be inadequate to meet the Albuquerque Area needs. What is the situation?

Answer: Based upon information provided by Bureau field staff, the projected budget will approximate needs of all Areas. However, it is recognized that indirect costs may be affected significantly by inflation or other variables that we can not fully anticipate at this time.

Question: Are you proposing sufficient monies to meet the anticipated contracting needs nationwide in FY 1981?

Answer: We believe we have. However, as noted earlier, indirect costs may be impacted seriously by a continued high rate of inflation. Also, our budget estimate reflects projected needs based upon Bureau understanding of tribal intentions to contract. Thus, our budget estimate could be on the low side of needs.

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Question: What portion of the $646,000 is related to population growth?

Answer: Of the $646,000 increase $414,000 would go to provide grants associated with increased service population.

Question: What is included in the base for the Pascua Yaqui and Maine tribes and why is this amount not adequate?

Answer: The base for Pascua Yaqui is $150,000 and for the Maine tribes it is $44,000. In the case of the Maine tribes the $44,000 was added last year by Congress to cover the last quarter of FY 1980. The increase for FY 1981 would annualize the level of funding which was provided for the last quarter of FY 1980. The Pascua Yaqui grant for FY 1980 was also a grant to the tribe to begin a self determination project during the fiscal year. The FY 1981 increase would place the tribes self determination effort on a full year basis.

Office of Technical Assistance and Training (OTAT)

Question: On page 61, $3 million is requested for OTAT, and you list the office and programs which make up OTAT. Have these offices actually been moved to the center in Brigham City, Utah? If not, when will they be relocated?

Answer: Page 61 of the 1981 Budget Justification for OTAT lists the offices and programs which are a part of OTAT and which are justified in the $3,077,000 Budget for 1981. The following offices have been moved and are presently located in Brigham City, Utah:

| | FY 1981 |
|---|---|
| - U.S. Indian Police Academy | $ 413,000 |
| - Planning Support Group | 343,000 |
| - National Indian Training Center | 308,000 |
| - Audio-Visual Unit | 168,000 |
| - Management & Administrative Add-On | 940,000 |
| - Continental Divide Training Center (CDTC is a Supervisory transfer and will continue to be located at Continental Divide, New Mexico.) | 106,000 |

The following programs and offices have not yet been trasferred to OTAT but have been approved for transfer by Departmental Manual, DM 130 dated January 29, 1979:

| | |
|---|---|
| - Tribal Accounting & Administrative Services (TAAS presently located in Denver and Washington, D.C.) | $ 620,000 |
| - Cartographic Services Unit | 56,000 |
| - Self-Determination Services (Presently located in Washington, D.C.) | 53,000 |
| | $3,007,000 |

It is anticipated that the above three (3) units will be located in Brigham City, Utah before the end of FY 1980. We agreed to delay the geographical move to permit employees time to arrange personal affairs and for school children to complete this school year at their present location.

Question: How many other Bureau training programs are not included under OTAT? Why aren't these activities included in OTAT if this office was established to consolidate all your training activities for more effective management?

Answer: Based upon the BIA Reorganization Task Force Report and the Bureau's capability statement, the original concept for the Office of Technical Assistance and Training was to consolidate twelve (12) technical

assistance and training functions, but not all training activities. They are as follows:

- National Indian Training Center (NITC)
- Technical Assistance portion of Indian Technical Assistance Center (ITAC)
- Indian Education Resources Center(IERC)
- Planning Support Group (PSG)
- Self-Determination Services
- U.S. Indian Policy Academy
- Continental Divide Training Center (CDTC)
- Tribal Planning Services
- Indian Intake/Development Project
- Departmental Manager Development Program
- Executive/Management Training
- Informal Training

As of January 29, 1980, upon signing of the Departmental Manual, DM 130, OTAT formed to officially consolidate the following technical assistance and training programs and services:

- National Indian Training Center (NITC)
- Technical Assistance portion of ITAC
- Planning Support Group (PSG)
- Technical Assistance portion of Self-Determination Services
- U S. Indian Police Adademy
- Continental Divide Training Center (CDTC)(supervision only)
- Tribal Accounting & Administrative Services (TAAS)
- Audio-Visual Unit
- Cartographic Services Unit

Department and Bureau officials for reasons related to personnel training policy and regulations determined that staff training programs such as the Indian Intake Program, Departmental Manager Development Program, Executive/Management Training Program and all other informal training would not be consolidated and centralized at OTAT. The Indian Education Resources Center (IERC) was abolished and its functions moved to Washington, D.C. Funds for Tribal Planning Services were cut out by Congress in FY 1980.

Question: Please provide the amount, purpose, and personnel of all your training activities. Indicate in this submisssion which activities have been included or excluded from OTAT for FY 1980 and FY 1981 and the rationale for exclusion.

Answer: The Bureau provides funds for training Indians as a means to improve their ability to earn a living and also operates in-house staff training programs for its employees. The former group of training programs include the entire Education program, all Adult Vocational Training, part of the Indian Action Team Program, and many smaller ad hoc Indian technical training efforts in other program areas, especially in association with P.L. 93-638 contracts with tribes and tribal organizations. In the future, OTAT has been given a coordinating role in the case of the

ad hoc tribal technical training efforts. Since the training efforts are not predictable until the demand arises, we cannot provide data for FY 1980 and FY 1981. Normally we do not keep detailed centralized records of such training. To obtain such past year data would be a time consuming and expensive task.

The Bureau records detailed cost data for in-house staff training during the current year. In FY 1979 a total of $2,771,243 was spent for formal staff training of Bureau employees. The Bureau has excluded most in-house staff training from OTAT. The mission of OTAT is to provide training to meet tribal governmental needs. Where the training of Bureau employees complements or strengthens the ability of tribal governments to provide services to their members, the training will also be coordinated by OTAT. An example would be training of Contracting Offices Representatives at BIA field locations who assist tribal governments in the administrative aspects of P.L. 93-638 contracts.

Question: Also respond to the February 1979 memorandum audit report which was critical of the operation of the National Indian Training Center in Brigham City, Utah.

Answer: The Audit Report concluded that there are four (4) major areas requiring immediate action by the Bureau. They are as follows:

(1) Evaluate the need for the operations as structured;
(2) Provide policy guidance for the direction and control of operations;
(3) Provide for accounting and procurement controls; and
(4) Establish procedures for reporting on results of operations.

On June 6, 1979, NITC was officially transferred from the Phoenix Area Office to the Bureau's Central Office, Division of Technical Assistance and Training. A copy of the Audit Report was never received at NITC and on October 17, 1979, the Director of OTAT requested a copy be sent to OTAT. A copy of the Audit Report dated February 1979, was received at OTAT on November 14, 1979.

After reviewing the Audit Report, it was evident that the issues expressed in the report were very similar to those indentified by OTAT through its own analysis of NITC operations, thus OTAT had already implemented plans for improving NITC operations prior to receiving a copy of the audit findings.

The following action has been taken by OTAT relative to each of the four (4) items listed in the Audit Report:

Item #1 Evaluate the Need for Operations as Structured

On January 11, 1980, OTAT completed a complete review and evaluation of NITC operations including the goals, mission, functions and administration of NITC. A portion of this review included a detailed study of the services provided and the service population. The review resulted in analysis and recommendations designed to restructure NITC operations to more fully

meet the needs of its service population. A copy of the evaluation was sent to the Commissioner of Indian Affairs on January 30, 1980. Recommended policy statements were included for review and approval by the Commissioner.

Item #2 Provide Policy Guidance for the Direction and Control of Operations

In addition to the evaluation of NITC operations referred to in Item #1, with its recommended policy statements for the Commissioner's review and approval, OTAT completed in December of 1979, a national survey of tribal and Bureau training needs. One hundred and four separate tribes responded to the Tribal survey indicating a need in four major areas: Management, Administration Tribal Government and Programs. One hundred fifty one responses were received from the Bureau survey indicating a need in three major areas: Supervision/Management Style, ADP and Planning/Evaluation, and Budget/Personnel. A draft copy of the entire results of the finding was submitted to the Commissioner of Indian Affairs in March of 1980. The results of the survey are being used by OTAT to establish policy guidance for redesign of training programs offered by the Division of Training.

The Audit Report was critical of the failure to fill the position of Director of NITC which had been vacant for a number of years. The Superintendent of Intermountain Indian School had been serving in the dual capacity of Acting Chief for NITC since 1975. Under OTAT direction the position of Director of Training was filled with full time permanent Director on April 7, 1980. The Director of Training, together with the OTAT administrative staff, will provide the necessary leadership to direct and control training operations for maximum results.

Item #3 Provide for Accounting and Procurement Controls

The Auditors found no written procedure for NITC's purchasing functions. Purchase requests were processed through Intermountain School system. There were significant differences between the amounts shown in the BIA's accounting system and amounts reflected in records maintained by Intermountain School. Other findings showed numerous errors in coding purchases and procurement records were in error because cancellations and modifications of purchase orders were not relayed through the system. In general, record-keeping for NITC procurements were found to be cumbersome and inaccurate.

In attempting to develop information on the utilization of manpower and costs for carrying out training programs, the auditors found that virtually no records were maintained to provide managment information on NITC operations. Personnel, travel and materials cost could not be properly calculated.

Since the transfer of NITC from Phoenix Area Office to Central Office, OTAT, the following actions have been instituted regarding accounting and procurement controls:

(1) In January 1980 the OTAT Office of Administration took full responsibility of all OTAT procurement functions. Since that time an Office Services Clerk has been acquired, in addition to the administrative services personnel that were on board.

(2) Procurement procedures were issued February 4, 1980 outlining steps to be taken in requisitioning goods and materials thereby providing proper backup for purchase orders.

(3) Purchase order files have been set up, as well as related logs and registers.

(4) The Office Services Clerk is in the process of setting up reference files that will provide guidance and control in the areas of procurement.

Central Office personnel have since reviewed OTAT procurement documents for compliance with Federal Procurement Regulations. Minor recommendations on revising some procedures were made, however, nothing of major importance was noted.

Item #4 Establish Procedures for Reporting on Results of Operations

Since the conversion of NITC to the Division of Training under OTAT, procedures and policies have been developed and implemented by OTAT to monitor its training operations to determine that the training meets the goals for which the training program was established.

Computerized printouts at OTAT provide the following kinds of information on programs and operations:

Total number of training sessions held at OTAT
Total number of training sessions held in the field
Total number of participants trained
Total number of Indian people trained
Total number of non-Indian people trained
Total number of people trained at OTAT
Total number of people trained in the field
Total number of male people trained
Total number of female people trained
Total number of people trained by month
Total number of people trained by subject matter or content area
Total number of participants employed by a tribe
Total number of participants employed by the Government
Total number of participants employed by non-Government
Total number of participants employed by self
Total number of participants trained and educational levels

In addition, OTAT can provide the name, address, phone number, education, workshop attended, instructor date, city, tribe, state and location for each participant and workshop provided by OTAT. In each training session conducted, participants rated the course and indicated the value or benefit of the course to them personally.

OTAT can also provide cost effectiveness data on the training operations. Average cost per participant, which includes travel, per diem, instructor cost, materials, time, tuition, etc. is currently $38.00. Comparatively, the cost of training offered by OTAT is less than half that of other agencies, institutions, and private consultants.

Summary:

All of the immediate actions requested by the Audit Report on NITC operations have already been taken by the Office of Technical Assistance and Training. NITC operations are receiving proper direction and control of operations, making it a more efficient and effective organization designed to meet the training needs of Alaskan Natives, Indian tribes and BIA personnel. Accountability of operations and quality of programs have been implemented.

Question: Why are there a number of personnel vacancies at OTAT? When will these positions be filled?

Answer: The reason there are so many personnel vacancies at OTAT is because new positions were not authorized to be filled until January 11, 1980 pending approval of DM 130 and a 60 day freeze on hiring of personnel in existing positions during August and September of 1979.

Since October of 1979 only three (3) new positions have been filled at OTAT. A government-wide freeze on hiring was established by the President in March of 1980. It is anticipated only one (1) out of every two (2) vacancies will be filled during the freeze which is expected to last for 90 days or more. No personnel actions have been processed to date since the freeze was announced.

Presently, there are forty-two (42) personnel actions in the Washington, D.C. Personnel Office awaiting action. These will be processed as may be permitted within the new employment ceilings resulting from the current hiring freeze. It is hoped that all OTAT vacancies will be filled by the end of FY-81.

Question: Also provide for OTAT an object class breakout and indicate the number of full-time permanent positions as of March 1, 1980.

Answer: The OTAT organization as approved has 130 authorized full-time permanent positions. As of March 1, 1980, 63 of these positions were filled, including the Indian Technical Assistance Center (ITAC) in Denver, Colorado, which had 19 positions filled.

The object class estimated breakout for the FY 1981 budget amount of $3 007,000 is as follows (the amounts exclude ITAC and facilities management costs):

| | |
|---|---|
| Personal Services | $2,081,897 |
| Travel & Transportation | 379,013 |
| Supplies & Materials | 193,500 |
| Contractual Services | 303,690 |
| Equipment | 48,900 |
| | $3,007,000 |

Navajo-Hopi Settlement

Question: On page 63, $5.5 million is requested for the Navajo/Hopi Settlement. Last year you said you completed the boundary fencing program in FY 1979. You say on page 64 the final 55 miles will be put in place in FY 1981. Can you explain?

Answer: The statement in the justification is in error. It should read that the final 55 miles of interior rather than boundary fencing will be put in place in FY 1981.

Question: You also indicated last year that you would complete with FY 1980 funding your 120 water developments in FY 1980. You now say 42 will be completed in FY 1981. Can you explain?

Answer: During FY 1980 it now appears that with only 26 water developments under contract only 18 of the planned 60 will be completed in FY 1980 leaving 42 to be completed in FY 1981.

Question: Last year you indicated you were going to "gradually reduce" this activity. Why are no reductions proposed for FY 1981? When will this program be phased out?

Answer: It is planned for future funding to decline about 20 percent each year, FY 1982 - FY 1984, to a maintenance level of effort. This level will cost about $2.0 million per year and will protect the federal investment in range restoration and will enable the grazing potential to continue through sustained yield management of the resource. Question: Please provide

Question: Please provide for the past five years your actual costs and accomplishments for these items listed on page 47 of the FY 1980 justifications. Also Also include in that statement your other expenses by amount and description.

Answer: The funding for the Naajo-Hopi Settlement Program first became available in FY 1976 and in the Transitional Quarter (TQ). The following table shows the funding and purpose for the years FY 1976 through FY 1979 corresponding to the table on page BIA-47 of the FY 1980 Budget Justifications.

($000)

| | FY 1976 T.Q. | FY 1977 | FY 1978 | FY 1979 |
|---|---|---|---|---|
| Stock Reduction ($) | $ 1.0 | $2.8 | $3.0 | $ 2.4 |
| (Sheep Units) | (24,685) | (56,618) | (62,375) | (13,360) |
| Fencing Completed ($) | $0.4 | $0.4 | $0.3 | $ 0.4 |
| Boundary (miles) | - | - | (68) | (96) |
| Interior (miles) | (100) | (100) | - | (20) |
| Areas Restored ($) | - | $0.4 | $0.3 | $ 0.6 |
| (No.) | - | (19,000) | (14,000) | (10,000) |
| Water Developments ($) | - | - | $0.2 | $1.7 |
| (No.) | - | - | (6) | (20) |
| Operating Programs *($) | $1.9 | $2.0 | $2.0 | $ 1.5 |
| Supplemental for Fencing Livestock & reduction ($) | $1.8 | - | - | - |
| Transitional Quarter ($) | $0.8 | - | - | - |
| | $5.9 | $5.6 | $5.8 | $ 6.6 |

* Operating programs include Natural Resources, Agriculture, Courts, Law Enforcement, Road Maintenance, and Administration.

Economic Development and Employment Programs

Question: On page 66, a $3.7 million reduction is proposed for Employment Assistance in order to close 14 Field Employment Assistance Offices (including 51 positions) and a reduction in grants. What portion of the reduction is to close 14 field offices?

Answer: $1.8 million.

Question: What workload factors indicated that Employment Assistance Offices are not needed in large urban cities?

Answer: The primary indicator used for determining that the Field Employment Assistance Offices are not needed in large urban cities is the decline in applicants electing to relocate to an urban area. All field offices suffered declines from 1972 to 1975 but most have since leveled off. The national field offices suffered the greatest decline. The following is provided for fiscal years 1975 and 1979:

| National Field Offices | AVT FY'75 | AVT FY'79 | DE FY'75 | DE FY'79 |
|---|---|---|---|---|
| Chicago, Illinois | 170 | 13 | 21 | 15 |
| Cleveland, Ohio | 24 | 0 | 12 | 0 |
| Dallas, Texas | 126 | 72 | 107 | 96 |
| Denver, Colorado | 197 | 94 | 42 | 40 |
| Los Angeles, California | 205 | 122 | 114 | 45 |
| Oakland/San Francisco, Cal. | 275 | 108 | 87 | 108 |
| Washington, D.C. | 1 | 0 | 12 | 0 |
| Within Area Field Offices | | | | |
| Anchorage, Alaska | 134 | 322 | 512 | 37 |
| Helena, Montana | 44 | 40 | 14 | 7 |
| Missoula, Montana | | 84 | | 15 |
| Oklahoma City, Oklahoma | 104 | 77 | 65 | 71 |
| Salt Lake City, Utah | 225 | 348 | 25 | 28 |
| Seattle, Washington | 243 | 232 | 32 | 124 |
| Tulsa, Oklahoma | 0 | 61 | 139 | 192 |
| Totals | 1,748 | 1,573 | 1,182 | 778 |

The Anchorage, Salt Lake City, Seattle and Tulsa Field Offices show a measurable increase in participants. These offices serve primarily those Indian or Native Alaskans within their respective area (Juneau, Navajo, Portland and Muskogee Area).

The Chicago Field Office assisted an additional 149 trainees in FY 1979, who were participating in the National Iron Workers Training Program, Broadview, Illinois.

The Missoula field office was opened March 15, 1976 (FY 1976).

In FY 1975, the Anchorage Field Office served a large number of Native Alaskans through the Direct Employment program who were working on the Alaska pipeline project.

The Tulsa Field Office started serving vocational trainees in June 1979 (FY 1979). This is the reason for no AVT figure for FY 1975.

Question: Are all the 51 positions filled?

Answer: All are filled but one position.

Question: Provide a list by amount and location of the 14 field offices.

Answer:

| Location | $ Amount |
|---|---|
| Chicago, Illinois | $ 441,800 |
| Cleveland, Ohio | 4,200 |
| Dallas, Texas | 196,900 |
| Denver, Colorado | 67,000 |
| Los Angeles, California | 142,700 |
| Oakland/San Francisco, Cal. | 142,700 |
| Washington, D.C. | 1,700 |
| Anchorage, Alaska | 309,000 |
| Helena, Montana | 51,900 |
| Missoula, Montana | 49,000 |
| Oklahoma City, Oklahoma | 87,500 |
| Salt Lake City, Utah | 162,000 |
| Seattle, Washington | -0- |
| Tulsa, Oklahoma | 196,900 |
| Total | $1,853,300 |

Portland Area scheduled the Seattle Field Office to close at end of FY 1979. Juneau Area and Portland Area agreed to keep the office open during FY 1980.

Question: What is the rationale for the reduction of Employment Assistance grants at the reservation level?

Answer: Administrative costs at the area and agency level are set cost, consequently, those funds programmed for grants are affected by any decrease. Toward the end of a fiscal year, usually the last quarter, any overage of administrative funds are reprogrammed and are used for grants to participants in the Employment Assistance program.

Question: What is the current base of the grant program?

Answer: $22,035,200 is for the grant program or approximately 80% of the Employment Assistance budget is used for grants to the individual Indian participants.

Question: 27% of the people in Adult Vocational Training discontinued their training. Do you consider that an acceptable level?

Answer: The AVT discontinuance rate of 27% is below the national average. Other training programs similar to the AVT program have a discontinuance rate of 30% or more.

It is estimated that approximately 10% discontinue the AVT program to join the Armed Forces, enter college, get married, enter the job market, etc., which would be categorized as a positive termination. The remaining 17% are categorized as non-positive terminations. The 27% discontinuance rate is considered to be at an acceptable level.

Question: What is the impact of this reduction on the number of contracts, people trained and employed, and the number of construction projects?

Answer: The decrease for FY 1981 amounts to $3,673,000. Of this amount $1,853,300 is for administrative costs for 14 field offices; $1,019,032 is for Adult Vocational Training (AVT) grants, and $800,668 is for Direct Employment (DE) grants.

There are approximately 22 Employment Assistance program contracts. These contractors will be affected in that their contract amount will have to be decreased for FY 1981. All contracts are with Indian tribes or Native Alaskans.

Two hundred forty nine eligible Indians cannot participate in the AVT program and 363 eligible Indians cannot participate in the DE program.

The Employment Assistance program is not involved in construction projects.

Economic Development and Employment Programs

Question: On page 70, a reduction of $372,000 is requested for business enterprise development. Why are you proposing to eliminate funding for the American Indian Travel Commission?

Answer: We find little reason to continue the effort due to its limited ability to cope with the problems of Indian tourism enterprises. We believe that earlier there was a contribution by AITC when it had both BIA and EDA funds for its operation. Present BIA funding pays for a staff assistant and secretarial assistance plus rental payments for the executive office, and for travel for the staff and board of directors.

A year ago, at the request of the AITC Board of Directors, we assigned the Bureau's best tourism specialist to Denver to manage AITC. There has been no appreciable change and we believe that another approach is required. In FY 1981, the tourism specialist will be housed in Federal facilities, with AITC files and data, and continue to assist the requests he receives from tribal groups.

Non-funding AITC does not mean that we are abandoning the Indian tourism enterprises. We believe Congress has mandated that we evaluate this area and determine the best methodology to help Indian tourism enterprises.

In FY 1981, we will have tourism experts visit each of the enterprises and assess the existing potential to determine what is required to save those enterprises that can be saved. These experts will also meet with the tribal councils and reveal their findings and outline for the "saveable" enterprises the requirements such as professional managers, adequate promotion, financing and planning. We believe it is essential that we also obtain from the tribal council members a commitment that saving the enterprise will be one of their top priorities.

Question: Has it accomplished its objectives?

Answer: We believe that the AITC has had limited success in accomplishing many of their objectives.

Question: What amount was provided in FY 1980 for technical assistance to develop economic opportunities on Indian reservations?

Answer: FY 1980 budget provided $300,000 for technical assistance. When allocated over the 12 areas, it amounts to $25,000 per area.

Question: What will be accomplished with an additional $120,000 in this activity in FY 1981?

Answer: It will provide an increase in the technical assistance funding to develop economic opportunities and income levels on Indian reservation.

Question: The Bureau was directed by this Committee in FY 1980 to develop a detailed plan for the purpose of undertaking initiatives to develop viable and self-sustaining economies on Indian reservations. The Committee was concerned that little effort had been directed to developing stable tribal economies based on their own abundant natural resources. Why have you failed to submit that plan to the Committee?

Answer: A detailed plan to undertake new initiatives in the development of self-sustaining economies on Indian reservations requires the formulation of an economic policy. The delay in presenting such a plan has resulted from changes in the Bureau's administration at the Commissioner and Assistant Secretarial levels over the past year.

Question: Considering the results of previous economic efforts, isn't a new approach needed?

Answer: The results from past economic efforts arose for a variety of reasons. For example, inadequate business planning by all Federal agencies assisting Indian economic development, poor communication among tribal funding agencies, poor or inadequate tribal management practices and lack of Bureau funding to carry out the very broad and diversified needs for Indian economic development.

The present ongoing effort of the Bureau is toward resolving the above difficulties. Detailed business plans, as opposed to feasibility studies, are now required for Bureau loans, other Federal grants or grant-loans involving trust resources or Bureau financial assistance. Tribal business and financial management plans are reviewed, especially for larger loans. Bureau staff capability of assisting Indian tribes in business and economic development is an ongoing process.

A new approach toward development of self-sustaining economies on Indian reservations must take in past Federal and tribal inadequacies and place the present and future efforts within the limited available funds.

Question: When will we receive that plan?

Answer: The Bureau has initiated an ongoing effort of reviewing all its present economic efforts. In addition to formulating a task force of national Indian leaders in economic development to review all activities in this area and develop the issues for tribal input and recommendations, the Bureau anticipates to formulate an economic development policy and submit this plan for the Committee's consideration in FY 1982.

**Credit and Finance**

Question: On page 72, explain how you are able to reduce area and agency offices by $342,000?

Answer: The credit program operating funds is subject to the Bureau's band analysis policy. The reduction is the net result of tribal decision making process in establishing program priorities at the field level.

Question. Why aren't further reductions desirable and logical?

Answer: Since this program is a banded program it is subject to tribal input for establishing program priorities and funding at the local levels. The Bureau reviews the tribes' recommended priorities and funding to assure they are feasible and logical and that sufficient funds are allocated for programs to permit the Bureau to carry out its program responsibilities. The credit program absorbed a $500,000 reduction in operating funds for fiscal year 1980 as a result of a $1 million budget reduction mandated by Congress for economic development programs. We therefore don't believe further reductions are desirable or logical as such reductions may inhibit services to Indians and proper administration of Indian Financing Act programs and other credit services.

## NATURAL RESOURCES DEVELOPMENT

Question: You have almost doubled the amount requested (p. 79) for Natural Resources, General since FY 1979 ($488,000 to $919,000). Why such a significant increase in this "administrative" account?

Answer: The Natural Resources, General account is not an "administrative" account. It may have started out that way some years ago, but tribes have been utilizing it in the past two years in particular to budget for multi-discipline natural resources development activities. More than $400,000 of the 1980 amount of $771,000 has already been obligated in 638 contracts. The personal services obligations are primarily for natural resources specialist services in technical assistance, related environmental quality reviews, archeological clearances, and contract monitoring; and other obligations are made for ADP user charges and some limited staff training.

It should be specifically noted that the large increase in 1980 was offset by larger decreases in Agriculture and Water Resources.

Use of this general account takes the place of budgeting small amounts as parts of a total need, in numerous accounts - which are much harder to track and manage. That avenue falls in the same line as clearing accounts, which is the reason the general account was established; so there would be one place to budget for multi-discipline natural resources activities. It is not a slush fund for administrative costs. Use of this account precisely meshes with the goal of funding for reservation natural resource economic development discussed on page 44 of House Report 96-374. If overall reservation natural resources development is to be budgeted for, the Natural Resources, General account is the logical place to do it.

Question: Provide an explanation for your increase of $121,000 for resource inventories and indicate what the base amount is for this activity.

Answer: Approximately $1.3 million from the Natural Resources, General and Agriculture budgets is currently expended on Resource Inventories. The increase will supplement the current resource inventory activity at the reservation level to support resource development activities.

Question: Can you be more specific as to why you need a $140,000 increase for agriculture (p. 80)?

Answer: The $140,000 increase reflects the emphasis placed on agricultural activities by the tribes in establishing their budget priorities. The funds will be utilized primarily for livestock water development, engineering or soil conservation measures, and weed control on reservation land.

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Question: Provide a statement on your backlog of range and soil inventories and improvement and indicate the resources by fiscal year to eliminate this backlog.

Answer: Currently, there is an estimated backlog of 26,230,000 acres of soil surveys and 31,500,000 acres of range inventories. Approximately $25,000,000 would be required to eliminate the backlog. The inventories would be contracted since the BIA does not have the in-house staff capability to eliminate the backlog in a reasonable time frame. There is no accurate assessment of overall conservation and improvement needs. However, in FY 1976 lists of soil and range improvement needs were submitted to the Committee totaling about $11 million.

Question: What has been the results of your pilot program to encourage greater use of farm lands?

Answer: The FY 80 budget included $200,000 to assist Indian tribes in playing a greater role in managing and operating their farm land base. To date, $30,000 has been obligated to the Cheyenne/Arapaho Tribe in Oklahoma, $20,000 to the Coeur d'Alene Tribe in Idaho and $30,000 to the Seminole Tribe in Florida to assist them in developing a short-term and long-range farm plan and identifying management and equipment needs.

NATURAL RESOURCES DEVELOPMENT

Question: An increase of $3.5 million (p. 84) is requested for water resources to expand (for a total of $5.5 million) the review of Indian water claims. Briefly describe the objectives and the type of work undertaken in your water implementation.

Answer: The primary objective of the Indian water claim review process is to prepare Indian tribes for the negotiated settlement of their water claims. In addition, the information gathered for this purpose can be used by the tribes to guide the future development of their water resources in an orderly fashion and will enable tribes to make informed decisions regarding future development alternatives. In those situations where negotiations might fail, the same information can be used to support the tribes' claims in litigation.

The work to be undertaken will be conducted on each reservation in the following steps:

1. Examination of the historical perspectives affecting the water rights of the reservation.

2. Identification and inventory of available resources needing water for development.

3. Identification and inventory of existing water uses.

4. Identification of future water needs and development potentials.

Question: What is the significance of the new water policy announced by Andrus and Gerard on December 31, 1979?

Answer: The new policy requires that the effects of Federal water projects that impact upon Indian reservations be displayed in planning reports in order to aid the Secretary of the Interior in determining whether such projects merit departmental approval. As a result of this policy, agencies within the Interior Department that are involved in water project planning will analyze the economic and social effects of proposed water projects on Indian reservations in more detail than is now conducted. This could cause the scope of some future projects to be altered so as to bring more benefits to Indian people.

Question: How will the $3.5 million increase bring you closer to meeting the objectives of this program?

Answer: At the current level ($2.0 million) and proposed level ($5.55 million) the following work accomplishments are projected:

| | | $2.0 | $5.55 |
|---|---|---|---|
| 1. | Examination of historical perspectives (studies) | 18 | 19 |
| 2. | Resource inventory (studies) | 5 | 20 |
| 3. | Existing water use inventory (studies) | 0 | 21 |
| 4. | Future water development potential (studies) | 0 | 2 |

Question: What is the total cost of this program?

Answer: The total cost of the program, including the FY 1980 appropriation of $2 million, is projected to be $143 million.

Question: What is the current status of the work and when do you expect to complete this review? Provide the details.

Answer: The development of the technical criteria to guide the work on each reservation has been completed. Active consultations with 23 tribes in western Oklahoma and Kansas have resulted in the concentration of efforts on lands of the Ponca, Pawnee, Shawnee and Kickapoo Tribes. Recent actions by the State of South Dakota to initiate general stream adjudications over most of the state have caused us to revise our priorities and initiate studies on the Lower Brule, Pine Ridge and Crow Creek reservations.

It is our hope that rapid preparation for negotiated settlements in South Dakota can circumvent protracted litigation.

In addition, $934,000 of the FY 1980 appropriation has been used for studies necessary to implement the negotiated water claim settlement of the Ak Chin Tribe in Arizona.

We expect to complete the water claim review process on all Indian reservations by FY 1989.

Question: How many tribes are involved and how many will commence negotiations in FY 1981?

Answer: It is anticipated that 279 water claims review packages will be prepared, exclusive of Alaska. In FY 1981, 29 reservations will be involved in the water claim review process. Because of the complexities surrounding each situation, it is not possible to project with any degree of accuracy which tribes will commence negotiations once the water claim review process is complete. Within the past year, the San Carlos, Salt River, Papago, Gila River, and Uintah and Ouray tribes and several Mission Bands of California (Pala, La Jolla, Rincon, Pauma and San Pasqual) have been involved in negotiations.

FIRE SUPPRESSION

Question: A $7 million fire supplemental is requested. What portion of the request is for expenses actually incurred?

Answer: This entire amount will be expended for actual fire expenses. If any portion is not needed for fire suppression expenses it will be returned at the end of the fiscal year. Last fiscal year the Bureau spent $7.9 million for fire suppression and rehabilitation.

Question: Briefly, summarize where your more serious fire losses occured during the past year. What were the major causes?

Answer: The most serious fire losses during calendar year 1979 occurred in Arizona, and in South Dakota and Wyoming. The major causes of Bureau fires by number were miscellaneous, lightning, debris burning, and children.

Question: What portion of the $7 million is for rehabilitation? Will this level allow you to rehabilitate all of your lands.

Answer: $347,000 have been requested for emergency rehabilitation. This figure is based on the average year using the past five years as a base. While we have no way of stating for a fact that this will rehabilitate all land in need of emergency rehabilitation this year it should, barring unforeseen devastating fires.

FORESTRY

Question: On page 82, 25.6 million is requested for forestry, an increase of 247,000. Will the FY 81 budget allow you to eliminate the backlog of forest development work over the ten years established by the Committee in FY 1977?

Answer: In FY 1981 the necessary planning work will be completed to fully implement the 10-year program. This planning has involved intensive surveys to identify highest priority forest development need areas, cost/benefit analysis, etc. Taking into account past inflationary costs, it is now projected that the backlog will be completely eliminated by FY 1989. This is a three- year extension of the original 10-year period.

Question: Provide staff and costs over the 10-year period to eliminate the backlog.

Answer: The staff necessary to eliminate the forest development backlog is presently on board. We estimate that 40 man-years of permanent full-time employee time with a value of $700,000 is devoted to the eliminating of the forest development backlog each year. This staff work has been absorbed by existing personnel and in some cases by using furlough or other nonpermanent types of positions. We presently have no estimate of the part-time and contract labor used on the actual projects. The majority of the funds are committed to 93-638 and "Buy Indian" contracts with tribes to accomplish reforestation, thinning and other forest improvement work.

The original estimate of 10-year-need funding was $59,918,430. Since then requests have been received from Alaskan native corporations and from other tribes that indicate additional backlog which was not known at the time of the original add-on. This coupled with the current rate of inflation will extend the time needed to eliminate the backlog an additional three years.

Question: At what point will you offer for sale your allowable cut?

Answer: The forestry program now has the staff capability to offer for harvest the full annual allowable cut. The actual cutting of that amount of timber in any one year is dependent on the state of the economy, the installed capacity of the wood products industry in the reservation's market area and tribal desires to harvest the full allowable cut from the commercial land base of the reservation.

Question: Would it be possible to accomplish this in FY 1981 with additional resources.

Answer: Additional resources are needed in the forest inventory and management planning portion of the FY 1981 budget but none are needed to offer the annual allowable cut for sale.

Question: 262 forestry positions were added in FY 1978. Why has it taken you until FY 1981 to fill these positions?

Answer: At the end of FY 1979 we had recruited approximately 85 to 90% of the 262 new forestry positions authorized by Congress with our FY 1978 timber sale administration add-on. The remaining 10% to 15% of these positions should be recruited prior to the end of the present fiscal year (FY 1980). The current personnel freeze may prevent a few of these positions from being filled.

Question: Provide the amount of timber under contract and on-the-shelf sales for the past five years.

Answer: The following table provides the requested information.

| Year | Volume Under Contract 1/ MMBM | Volume Onshelf Offered Not Sold MMBM | Total Volume MMBM |
|---|---|---|---|
| 1975 | 1,405.9 | .5 | 1,406.4 |
| 1976* | 1,850.3 | 6.1 | 1,856.4 |
| 1977 | 1,505.7 | 123.9 | 1,629.6 |
| 1978 | 1,938.0 | 29.7 | 1,967.7 |
| 1979 | 1,888.9 | 58.5 | 1,947.4 |

*1976 was a 15 month fiscal year

1/ Long-term Quinault contracts and tribal enterprises cuts are listed by yearly allowable cut, not as full contracted volume.

## PAPAGO WATER CLAIMS

Question: What is the status of Papago Water Claims against the City of Tucson?

Answer: Proposed legislation is being drafted for review and approval by the Papago Tribal Council which, if enacted, would settle the litigation involving rights to the use of Santa Cruz River water by the City of Tucson and numerous other parties. All litigation activities are held in abeyance pending the outcome of the settlement negotiations. If agreement is reached, then Congressional confirmation of the settlement package will be sought.

Natural Resources Development

Question: You are requesting (p. 89) an increase of $1.8 million for Wildlife and Parks and Fisheries. Is the increase of $474,000 for the Boldt decision solely to continue this program at last year's level?

Answer: The $474,000 increase over FY 1980 funding is to continue Boldt decision programs at the 1980 level. This increase is attributed to an $375,000 increase in fisheries management; an $77,100 increase in law enforcement, and an $21,900 increase in aid to tribal government.

Question: Provide a detailed list of the specific activities undertaken in fisheries management, enforcement, and aid to tribal government under the Boldt program.

Answer: Boldt implementation funds for the three categories are for fisheries management and enforcement, communication and dissemination of related information, and identification of treaty Indian fishers. The case-area tribes conduct management and enhancement activities on some 45 stream systems in Puget Sound and on the Washington Coast, benefitting both treaty and non-treaty fishers. The tribes regulate the fishing activities of some 1500 treaty fishers in fresh and marine waters within their usual and accustomed fishing areas. These tribal activities, studies, data collections, and analyses, as well as tribal management plans and regulations, are coordinated with the complementary management activities of the State agencies.

Question: What additional technical data do you need to acquire for $100,000 on the Columbia River Fishery that you don't already have?

Answer: The additional funding will permit the Columbia River Inter-Tribal Fisheries Commission and the Bureau sufficient resources to gather additional technical data on in-river harvest, assistance in analysis and interpretation of tribal, state and Federal fishing regulations, development of comprehensive fisheries management plans, and compilation and analysis of in-river environmental data.

Question: Why is $35,000 of this increase needed for "BIA support"?

Answer: This increase provides for establishment of a Field Unit and one full time employee to support CRITFC programs. Duties will include: (1) Assistance to CRITFC in the development of programs for cooperative management; (2) Review and monitor those programs contracted with CRITFC under P.L. 93-638; (3) Provide support services to policy makers, and (4) Provide necessary interface with the U.S. Fish and Wildlife Service in issues involving Indian fisheries in the Columbia River System.

Question: What is the interest of the Indian tribes in Idaho v Oregon and Washington?

Answer: Idaho v Oregon and Washington is a proceeding brought in the Supreme Court regarding the claims of the State of Idaho to salmon originating in Idaho, but migrating through the Columbia Basin. In an attempt to reach a mutually acceptable resolution of these issues, through negotiation involving all interested parties, the Columbia River Inter-Tribal Fisheries Commission is working with the special master appointed by the court to develop recommendations for resolution of these issues.

Question: Explain the need for an increase of $735,000 for the Klamath River and the Hoopa-Yurok.

Answer: Although there are two different tribes involved, the Hoopa Valley Tribe and the Yurok Tribe, the courts have held that the Hoopa Valley Indian Reservation belongs to both. In his November 20, 1978 message to the Hoopa and Yurok people, the Assistant Secretary - Indian Affairs, determined that until such time as the Yurok Tribe organized the Government would manage the assets of the Reservation. Many varied activities have been undertaken in an effort to achieve organization and to obtain membership criteria, most of which has been met with continued legal opposition. Funding is required to meet requirements set forth by the various courts, and to assist in developing a viable self-governing entity. Funding in the amount of $253,000 is programmed for this activity as well as for catch escapement monitoring and information for determination of numbers of fish available for harvest and spawning. A $500,000 increase for Klamath River will be used for biological management, salmon enhancement and field office operations.

The Bureau in cooperation with the U.S. Fish and Wildlife Service and the California Department of Fish and Game has initiated an extensive program to determine contributions of Klamath River salmon to ocean fisheries through coded-wire tagging programs, offshore harvest monitoring and through a sampling program in the Klamath River to ascertain proportions of hatchery-reared and wild salmon comprising annual production and spawning runs. The requested funding will provide for continuation of this effort.

Question: Why isn't your current information adequate?

Answer: Fisheries investigations conducted in the Klamath River Basin in recent years have failed to provide reliable data required by decision makers involved in run-size estimation and in-season adjustment processes.

Question: Why aren't funds included for law enforcement, court of Indian offenses, etc.?

Answer: Funds for law enforcement, court of Indian offense, etc. have been budgeted for in the Sacramento Area Rights Protection budget.

Question: A $300,000 increase was requested last year for the new Tulalip hatchery operations. You are requesting the same increase for the same reason this year. Can you explain?

Answer: Funds in the amount of $1,685,000 were provided in an FY 1978 supplemental appropriation, for planning, engineering design and initial ground preparation for the Tulalip hatchery. For FY 1979, $5,500,000 was appropriated for construction of the hatchery. Operation and maintenance funding will be needed until initial hatchery release return, which is estimated about 5 years from the initial release. Annual funding needs at the present time are estimated at $300,000.

The citation of an increase for Tulalip is incorrect. The $300,000 is $100,000 each for Nisqually, Lummi, and other smaller hatcheries in the Northwest.

Question: For FY 1980 and FY 1981 what are the amounts provided for operation of fish hatcheries?

Answer: Following is the O&M costs for fiscal year:

| | $M | FY 1980 | FY 1981 |
|---|---|---|---|
| Pyramid Lake | | 900.0 | 900.0 |
| Tamgas Creek | | 193.0 | 200.0 |
| Tulalip | | 300.0 | 300.0 |
| Quinault | | 110.0 | 110.0 |
| Lower Elwha | | 90.0 | 90.0 |
| Skokomish | | 60.0 | 60.0 |
| Port Gamble | | 40.0 | 40.0 |
| Nisqually | | 0 | 100.0 |
| Lummi | | 375.0 1/ | 375.0 |
| Total | | 2068.0 | 2175.0 |

1/ This was a Congressional add-on.

Question: What level of maintenance and protection will be provided at the Wildhorse Reservoir with an additional $20,000?

Answer: This request provides for a total of $20,000; there were no funds in 1980. Existing government-owned facilities at Wildhorse Reservoir need operation and maintenance to prevent deterioration and protection of the public's health. The proposed funding will provide minimum levels of trash collection, sewage disposal and health hazard elimination in an area that is subject to heavy public use.

Question: When will a decision be made on the status of lands adjacent to and comprising the Wildhorse Reservoir, Nevada?

Answer: The final EIS is currently being revised by the BIA Phoenix Area Office to reflect comments and suggested revisions made by the Departmental Office of Environmental Review (Environmental Assistant in San Francisco). Following this action the document will be released to the public, subsequent to Secretarial review.

MINERALS AND MINING

Question: A decrease of $881,000 is requested for minerals and mining. You indicated that this decrease can be absorbed because of the "winding down" of Phase I of the inventory program and the lack of "one-time" tribal projects. When will you complete the Phase I projects?

Answer: The Phase I segment of the inventory program is scheduled to be completed in FY 81.

Question: Would it be possible to accelerate completion of Phase I, II, or III if the $881,000 was restored?

Answer: As stated previously, Phase I, which is a labor intensive study, will be completed in FY 81. All Phase II and III work is cost intensive. As GS and BOM personnel are freed from Phase I work, they will be more capable to either do the work or oversee contracts for Phase II and III work. Therefore, the answer is yes, completion of the inventory program can be accelerated with the restoration of the $881,000.

Question: Provide what phase each tribe is in and the costs and date to complete the program.

Answer: Phase I of the program is the only level of study work intended to be done on all Indian land areas held in trust. Phase II or III work results from recommendations of the Phase I studies. If the potential for commercial economic mineral production in a given area is poor or nonexistent, no further inventory studies are recommended. Following is a summary description of the program and tabulation of the work done on each reservation or land area by fiscal year. It is projected that the inventory program will be completed in FY 1985 at a remaining total cost of approximately $30,000,000.

## BUREAU OF INDIAN AFFAIRS ENERGY AND MINERAL RESOURCE PROGRAM

The current Bureau of Indian Affairs Energy and Mineral Resource Program began in FY 1975, and consists primarily of work done under interagency agreements with the Bureau of Mines and the Geological Survey with additional amounts of contract funding diverted to individual tribes for special projects. The general structure of the program under the interagency agreements includes a Phase I search and summary of literature concerning mineral potential by reservations. Using recommendations from these reports, certain areas are selected for more detailed Phase II field investigations when it is established that basic data is not available. In addition, special Phase III studies relating to development will include quantification of occurrence, quantity, grade, metallurgical recovery, and marketing potential. As a result of these studies, it is believed that enough detail will be available in certain areas so that individual tribes will be adequately aware of what materials occur on their lands and the associated problems of development.

The effective analysis and management of Indian lands ultimately will rest on the extent, accuracy and timeliness of information available for decision making. These studies and the availability of economic analyses will provide an information base on which the tribes and BIA can make decisions regarding mineral development.

On the basis of current funding, it is projected that Phase I studies will be completed in FY 1980, Phase II studies in FY 1983, and Phase III studies in FY 1985.

BIA Interagency Agreement Mineral Studies
Bureau of Mines and Geological Survey

| Phase I Studies | Phase II Studies |
|---|---|
| FY 1975 (9.7 million acres) | |
| Cherokee | |
| Colville | |
| Crow | |
| Fond du Lac, Grand Portage, Leech Lake, Mille Lacs, Nett Lake, and White Earth | |
| Northern Cheyenne | |
| Papago, San Xavier, and Gila Bend | |
| Red Lake | |
| Spokane | |
| Uintah and Ouray | |
| Wind River | |

| Phase I Studies | Phase II Studies |
|---|---|
| FY 1976 (7.9 million acres) | |
| Acoma | Papago |
| Bad River, Lac Courte Oreilles, Lac du Flambeau, Mole Lake, Potawatomi, Red Cliff, St. Croix, and Stockbridge-Munsee | Spokane |
| Blackfeet | Wind River |
| Cheyenne River | |
| Flathead | |
| Fort Belknap | |
| Goshute | |
| Hannahville, L'Anse, and Ontonagon | |
| Laguna | |
| Mescalero | |
| Pine Ridge | |
| Southern Ute | |
| Ute Mountain | |
| Walker River | |

| Phase I Studies | Phase II Studies |
|---|---|
| FY 1976 Transition (2.5 million acres) | |
| Fort Peck | Papago |
| Isleta | Spokane |
| Jicarilla | |
| Warm Springs | |

FY 1977 (6.2 million acres)

Phase I Studies

Brighton
Big Cypress
Hollywood
Miccosukee
Fort Berthold
Rosebud
Standing Rock
Canoncito
Pyramid Lake
Hualapai
Zuni
Ramah
Rocky Boy's
Yakima
Fort Hall

15

California Reservations

Berry Creek
Big Pine
Bishop
Cold Springs
Enterprise
Fort Independence
Jackson
Lone Pine
Santa Rosa
Sheep Ranch
Shingle Springs
Susanville
Tule River
XL Ranch
Lookout
Likely
Cedarville
Alturas
Fort Bidwell

20

Phase II Studies

Pine Ridge
Fort Belknap
Flathead
Laguna
Uintah and Ouray
Goshute
Papago
Spokane

8

Phase I Studies FY 78 (1.6 million acres)

Western Washington Agency

Chehalis
Hoh River
Lower Elwha
Lummi
Makah
Muckleshoot
Nisqually
Nooksack
Ozette
Port Gamble
Port Madison
Puyallup
Quileute
Quinault
Shoalwater
Skokomish
Squaxin
Swinomish
Tulalip

Central California Agency, Unfinished part

Cortina Rancheria
Colusa Rancheria
Dry Creek Rancheria
Grindstone Creek Rancheria
Laytonville Rancheria
Manchester Rancheria
Middleton Rancheria
Rumsey Rancheria
Sherwood Valley Rancheria
Stewarts Point Rancheria
Sulphur Bank Rancheria

Hoopa Agency

Big Bend Rancheria
Big Lagoon Rancheria
Hoopa Valley Reservation
Hoopa Valley Reservation Extension
Montgomery Creek Rancheria
Resighini Res. (Coast Ind. Community)
Roaring Creek Rancheria
Trinidad Rancheria

Central Nevada Reservations

Moapa River
Odgers Ranch
South Fork (Te-Moak
Summit Lake
Washoe Ranches
Yerington (Campbell Ranch)
Yomba

Other

Colorado River
Havasupai and Kaibab
Coeur d'Alene and Kootenai
Alamo
Jemez and Zia
Sisseton
Osage
Chitimacha
Choctaw

57

Phase II Studies

Blackfeet
Crow
Rosebud
Lac du Flambeau
Mole Lake
Ft. Berthold
Rocky Boy's

7

FY 1979 (1.9 millions acres)

Phase I Studies

Southern California Agency
(Rancherias)

Santa Rosa
Augustine
Barona
Viejas

(Reservations)

Santa Ynez
San Manuel
Twenty-nine Palms
Morongo
Soboba
Agua Caliente
Cabazon
Ramona
Santa Rosa
Pechanga
Inaja Cosmit
La Posta
Cahuilla
Torres Martinez
Pala
Mission
Los Coyotes
Pauma
Rincon
La Jolla
San Pasqual
Santa Ysabel
Mesa Grande
Capitan Grande
Cuyapaipe
Manzanita
Campo

31

Umatilla
Gila River
Maricopa
Ft. McDowell
Salt River
Yavapai
Duck Valley
Cochiti
Sandia
San Felipe
Santa Ana
Santo Domingo
Crow Creek
Lower Brule
Winnebago (NB)
Omaha
Santee
Potawatomi
Kickapoo
Iowa
Lower Sioux
Prairie Island
Prior Lake
Upper Sioux
Menominee
Oneida
Winnebago (WI)

27

Phase II Studies

Acoma
Canoncito
Ramah
Colville
Pyramid Lake
Navajo

6

Phase III Studies

Lac du Flambeau
Forest County Potawatomi
Mole Lake
Papago
Laguna

FY 1980 (2,245,253 acres)

Phase I Studies

Fort Mojave
Chemehuevi
Fort Yuma
Cocopah
Fort Apache
Fort McDermitt
Skull Valley
Taos
Nambe
Picuris
Pojoaque
San Ildefonso
San Juan
Santa Clara
Tesuque
Turtle Mountain
Fort Totten
Yankton
Isabella
Annette Island

20

Phase II Studies

Acoma
Blackfeet
Flathead
Fort Berthold
Goshute
Pyramid Lake
Rocky Boy's
Spokane
Unitah-Ouray

9

Phase III Studies

Alamo
Canoncito
Colorado River
Hoopa Valley and Hoopa Extension
Laguna
Papago
Pyramid Lake
Tule River

8

63-072 O—80——19

MINERALS AND MINING: IRRIGATION AND POWER

Question: P. 97. An increase of $926,000 is requested for irrigation O&M. How will this increase provide for the "maximum possible benefits to the users"?

Answer: Maximum possible benefits will be achieved when all projects function efficiently. To accomplish maximum efficiency, all canals, structures, machinery, etc. must be repaired and maintained on a continuing basis, resulting in improved system performances, savings of water, and continued productivity within the area. This can only be accomplished with sufficient funding.

Question: In addition to direct appropriations, what amount of revenue is generated and applied for the O&M of irrigation systems?

Answer: It is estimated that $10,600,000 of assessments will be collected from water users on various irrigation projects in addition to the direct appropriations.

Question: Why has the Bureau failed to implement an irrigation priority system as instructed by this Committee in FY 1981?

Answer: During the FY 1979 budget hearings, the House Appropriations Committee directed the Bureau to establish an irrigation funding priority system. This system was completed and forwarded to the Committee in May, 1979. The Committee reviewed the system and directed the Bureau to apply the system to the FY 1980 budget as a preliminary step and to fully apply it to the FY 1981 budget. The Bureau applied the system fully to all irrigation construction requirements during the formulation of the FY 1981 budget. However, this process had only a minor effect on the FY 1981 irrigation construction request contained in the President's January budget because the request reflected other priorities established by the Congress. Specifically, those priorities were the Ak Chin and Fallon projects.

Question: Would not a priority system assist you in selecting the most needed projects?

Answer: We feel that the irrigation funding priority system that we have developed will be very useful in allocating funds in a manner that will be the most effective in meeting the needs of the various reservations.

Question: How many of your projects are not economically feasible and create substantial operating costs in the future? Provide a list.

Answer: The following projects have been demonstrated to be feasible from a national economic efficiency standpoint:

| | |
|---|---|
| Blackfeet | San Carlos |
| Colorado River | Uintah |
| Crow | Wapato |
| Flathead | Wind River |
| Fort Hall | Fort Belknap |
| Michaud | Salt River |
| Fort Peck | Fort Yuma |
| Navajo | Duck Valley |

Economic analyses have not been performed for the remainder of BIA projects, all of which are smaller than the ones listed. These smaller units are composed of subsistence units and garden tracts, and have been constructed to assist Indian people in maintaining a livelihood on their reservations. For these projects, the intent of Congress has not been to maximize national economic efficiency, but to enable Indian people to maintain their permanent tribal homelands.

Question: A recent IG report (December 1979) found: (1) that BIA does not have a clearly defined plan for the overall objectives of the irrigation program (in spite of many years of studying); (2) many projects are marginal; and (3) that non-Indian landowners in most Indian projects are not repaying their Federal investment as required. Why isn't the BIA collecting payments from the non-Indian landowners?

Answer: It is true that a number of non-Indian landowners in BIA irrigation projects are not repaying the Federal construction costs. Most of the large BIA projects contain both Indian and non-Indian land. In some cases, the fee patents issued by the Federal government, and held by non-Indians for lands within the projects, do not include a reimbursable lien clause and the owners have not executed a repayment contract. In other cases, the fee patents held by the non-Indian landowners specifically state that no encumbrances existed at the date of issue. In still other cases, the lands were in non-Indian ownership prior to the beginning of project construction, and the owners did not execute a repayment contract when the project was built.

It should be pointed out that these payments in question are for the repayment of construction costs and not annual operation and maintenance costs. All non-Indian landowners within BIA irrigation projects pay annual operation and maintenance assessments.

Question: What is the amount of payments not being recovered?

Answer: These have not been calculated. In most cases, however, it appears that efforts to recover these payments would be far more costly than the amounts recovered would justify.

Question: Why is the Bureau not capable of developing and implementing an overall, timely, objective-oriented plan?

Answer: The irrigation funding priority system that has recently been developed at the direction of the House Appropriations Committee requires that a clear and specific statement of the ultimate objective of each irrigation project be developed. This objective statement will include planned project size, condition and ownership. In addition, the funding priority system requires that a long-term development plan leading to the attainment of the stated objective be prepared. This long-term development plan will consist of a realistic year-by-year schedule of work, project maps and estimates of costs. The Bureau is currently pursuing implementation of this system.

ANCSA HISTORICAL AND CEMETERY SITES

Question: What is the schedule for transfer? What is the cost per year? What is the completion date?

Conveyance of lands to village and regional corporations have top priority. With anticipation of passage of the regulations for group certification in December, Native group conveyance will more than likely have priority over historical and cemetery sites.

Preliminary investigations for historical and cemetery sites are done by the Bureau of Land Management (BLM). The Bureau of Indian Affairs (BIA) then completes the field historical, archeological, and cemetery site compliance surveys. The BIA estimates to receive about 1,200 to 1,400 surveys, of which 20% are cemetery sites. Once the survey is completed, those sites still certifiable are turned back over to BLM for identification for easements, prior selections, etc. Having completed these phases, the land may then be subject to title transfer by BLM to the respective Native Regional Corporations.

The Bureau of Indian Affairs cost estimates are as follows:

FY 1980 - $1,320,000
FY 1981 - 1,840,000
FY 1982 - 1,840,000
FY 1983 - 85 - anticipate approximately the same level of funding, sufficient to do approximately 185 surveys per year.

We estimate that 185 surveys will be accomplished each year. Based on present progress and anticipated funds, we estimate completion of this effort in five to seven years.

INDIAN RIGHTS PROTECTION

Question: The Klamath Tribe requested $220,000 for adjudication of water rights in response to U.S. v. Adair. As trustee what action do you believe is appropriate to assist the Klamath Tribe? How have you responded?

Answer: As trustee, we believe that so long as the Klamath Indian rights are recognized by the courts, they are the law of the land and should be protected utilizing whatever resources are required. We have so informed the Tribe.

Question: The Winnebago Tribe of Nebraska requested $700,000 for litigation expenses involved in their lawsuit with the U.S. Army Corps of Engineers involving ownership of 2,900 acres of land. Please provide a statement of the issues of the suit, its status, the position of the Federal government, and resources necessary to resolve this issue.

Answer: The issue of the suit is to define the eastern boundary of the Winnebago Reservation and to establish ownership of the lands. At present, the Tribe is undertaking to perform title research and engineering work in preparation for presenting their case in court. This project has the endorsement of both the Agency and Area offices of the Bureau of Indian Affairs. The Tribal attorney estimates that approximately $400,000 will be needed for engineering work, title research, and legal services for this case.

Question: P. 102. A net reduction of $3.5 is requested for rights protection. $5 million of this net reduction is a result of the April 1, 1980 statute of limitation deadline for filing cases. The Subcommittee received a number of requests from tribal groups to increase this program. What is the status of legislation to extend the deadline? What is the outlook for enactment?

Answer: The Statute of Limitations extension was passed by the Congress and signed by the President on March 28, 1980.

Question: Provide a statement of your funding requirements if this legislation is enacted. Indicate in that submission the number of valid cases that would have been pursued if not for the April 1, 1980 deadline.

Answer: It is presently estimated that $3,000,000 will be needed each year during Fiscal Years 1981, 1982, and 1983 to complete the work necessary to research and file approximately 5,000 additional claims not previously identified.

Question: How many of the 9,700 cases currently identified will not be pursued because of the deadline?

Answer: If the extension had not been granted, approximately 4,000 of the 9,700 claims currently identified would not have been pursued.

Question: In your opinion, has the government fulfilled its trust responsibilities in order to protect itself against suits for failure to adequately carry out the program?

Answer: In our opinion, the government has fulfilled its trust responsibility within the funding and personnel resources available.

Question: A $520,000 increase is requested for surveys of historical and cemetery sites. How many surveys do you have to re-do and at what cost because a BIA representative was not there or your original survey was not done properly?

Answer: In the Prince William area, eight resurveys need to be done. One needs additional information, four need archeological tests by NPS and three need additional interviews. Bering Straits - one burial site needs a verification through an interview, one historic site needs a paper correction, one needs archeological tests by NPS. Six surveys completed by Nome Agency in 1978 will have to be redone because of (1) insufficient data, (2) need to verify borders, and (3) no ANCSA officer was present at the time of original survey. Cook Inlet - need one archeological resurvey by NPS. The cost for resurveying will be approximately $22,000.

Question: P. 103. A $751,000 increase is requested for litigation support. Please provide a brief description of each case by amount for FY 1980 and FY 1981, and indicate the reason for each increase.

Answer: The cases in litigation, for which funds are to be provided in 1980, are:

| | |
|---|---|
| Washington v. Acquavella adjudication of use of water in the Yakima River Basin | $234.0 |
| Wi ' River water rights | 100.0 |
| Pueblo land claims | 50.0 |
| San Juan Basin general stream adjudication - involves water rights of three tribes | 125.0 |
| U.S. v. Holen - river movement land title claim | 30.0 |
| Tacoma v. Andrus - involves question of disestablishment of Puyallup Reservation | 28.0 |
| U.S. v. Maine - involves aboriginal land claim | 10.0 |
| U.S. v. Walton - water rights of Colville Tribe to waters of No Name Creek | 20.0 |
| U.S. v. Idaho - land reversion claim | 25.0 |
| Central Arizona groundwater - involves groundwater rights of Ak-Chin, Gila River, and Papago Tribes | 200.0 |
| Arizona Land Board - proceeding involving water rights of San Carlos, Fort Apache, Camp Verde Salt River, and Yavapai Reservations | 200.0 |
| U.S. v. Montana - involving water rights of Blackfeet, Flathead, Rocky Boy's, Fort Peck, and Fort Belknap in the Mariso, Milk, Poplar, and Flathead river systems | 86.0 |
| New Mexico v. Lewis - involving water rights of Mescalero Apaches | 100.0 |
| U.S. v. Escondido Mutual Water Supply Co. - involving water rights of Rincon, Pala, Pauma, and Escondido Bands | 80.0 |

Following is a list of cases now in the courts. Funds have been definitely programmed for U.S. v. Acquavella for $629,000 for 1981. Those cases that are most imminent in court will receive priority funding.

| Case | Tribe |
|---|---|
| **Aberdeen Area** | |
| Cheyenne River Tribe, et al. v. U.S. ownership Missouri River bed | Cheyenne River |
| Sampson v. U.S., partitionment | " " |
| Maurice Williams v. U.S. property line dispute | " " |
| Robinson v. U.S. jurisdiction over non-Indian in a probate case | Oglala Sioux |
| U.S. v. Stanley and Ralph Johnson trespass | Oglala Sioux |
| Oglala Sioux v. U.S. prairie dog control | Oglala Sioux |
| U.S. v. Karlan, trespass | Lower Brule |
| Ziegler vs. U.S., trespass | Lower Brule |
| Bird Bear v. U.S. dumpsite dispute | Three Affiliated Tribes |
| Three Affiliated Tribes v. Pete Frederick, et al., condemnation | " " " |
| U.S. v. Johnson and Sons, trespass | " " " |
| U.S. v. Ed Martin trespass and removal of improvements | Crow Creek |
| U.S. v. Kary, trespass | Rosebud |
| Hunger v. U.S. right-of-way on exchange assignments | " |
| Kitto v. U.S. right-of-way on exchange assignments | Rosebud |
| Larvie v. U.S. right-of-way on exchange assignments | " |
| Wallace v. U.S. claim for allotment | " |
| Nebraska Public Power v. Winnebago Tribe, et al., condemnation case | Winnebago |
| U.S. and The Omaha Tribe v. State of Iowa, et al., Winona Bend | Omaha |
| Same case as above, Mission Bend | " |
| **Albuquerque Area** | |
| New Mexico v. Lewis | |
| New Mexico v. Aamodt | |
| Adjudication Colorado Water Division | |
| New Mexico v. USA - San Juan, Jicarilla, Ute Mountain Ute | |
| New Mexico v. Santa Cruz Irrigation District | |
| New Mexico v. Aragon | |
| New Mexico v. Abeyta | |
| Navajo Nation v. U.S.A. - Zuni and Ramah on Little Colorado | |

Anadarko Area

Arkansas River Trust Authority - 5 tribes included - Cherokee, Choctaw, Chickasaw
Re: upper reaches of Arkansas River in Oklahoma - tribe trying to establish ownership to bed of river.

Billings Area

| | |
|---|---|
| U.S. v. Velva Ashenin, et al., #79-40 | Ft. Peck |
| U.S. v. Annette Abell, et al., #79-33 | Flathead |
| U.S. v. AMS Ranch, Inc., et al., #79-21 | Blackfeet |
| U.S. v. Arvin S. Aageson, et al., #79-29 | Rocky Boy |
| | Blackfeet |
| | Ft. Peck |
| | Belknap |
| U.S. v. Big Horn Low Line Canal, et al., #75-34 | Crow |
| U.S. v. Tongue River Water Users Assoc., et al., #75-20 | No. Cheyenne |
| General Adjudication of all Rights to Use Water in the Big River System and all Other Sources, Wyoming, #4993 | Wind River |
| U.S. v. Holen, et al., #3200 | Ft. Peck |
| U.S. v. Wharf, Ltd. (not filed yet) | Ft. Belknap |
| | Assiniboine & Sioux |
| Montana Tribes v. State of Montana (Not filed - still researching) | Blackfeet |

Minneapolis Area

| | |
|---|---|
| City of Sault Ste. Marie v. Andrus taking land in trust, pending - settlement discussions going on | |
| First Baptist Church v. Sullivan trespass - road over reservation | White Earth |
| Town of Port Edwards v. U.S. re town zoning ordinance applicable to reservation | Wisconsin Winnebago |
| U.S. v. Burlington Northern Railroad, et al. title to abandoned railroad | Leech Lake Reserv. |

Phoenix Area

Arizona v. California
U.S. v. City of Tucson
U.S. v. Gila Water Commission
State of Nevada v. Secretary of Interior
Carson-Truckee Water Conserv. District v. Secretary of Interior
U.S. v. Alpine Land and Reservoir Company
City of Fallon v. Secretary of Interior
Truckee-Carson Irrigation District v. Secretary of Interior
Water Master's Petition in U.S. v. Orr Water Ditch Decree
Ute Tribe v. State of Utah

Portland Area

| | |
|---|---|
| Yakima case | Yakima |
| Walton | Colville |
| Shamokame | Spokane |
| Bell Bay cases | Lummi |

Question: P. 103. A $200,000 increase is requested for unresolved Indian rights issues to resolve issues which were identified in the statute of limitations program but not subject to that limitation. What is the extent of the cases which require a $700,000 program in FY 1981?

Answer: At any one time there are approximately 500 plus unresolved issues within the overall Bureau structure which are being addressed. We have not kept a catalog on those issues that are uncovered while doing research on Statute of Limitations claims; however, it is estimated that an additional 300-500 issues will surface that need resolution.

Question: What is the cost to process an average case? What type of cases are involved?

Answer: We cannot assign a cost to an "average" case since unresolved Indian rights issues is a program that includes issues related to a variety of programs affecting numerous branches within the Bureau. Issues range from boundary disputes, trespass, encroachments, and rights-of-way to surface damage from mineral operations on trust or restricted land, such as drilling operations, tank battery locations and operations, pipelines, slush pits, salt water disposal, pollution of streams, and restoration of well sites or locations.

Question: What are the additional costs to complete development of data for Pyramid Lake? When will this be completed?

Answer: At present the additional costs to complete development of data to provide information necessary for litigation is $250,000. It is estimated that our studies will be concluded by December 31, 1981.

Question: P. 102. You say the increase of $343,000 for Agencies and Areas is offset by decreases in other programs. Provide a list of those decreases for the record and provide the specific uses for the increase of $343,000.

Answer:

The decreases are:

| | |
|---|---|
| Albuquerque Area | $ 35,500 |
| Navajo Area | 289,900 |
| Eastern Area | 24,000 |
| Total decreases | $349,400 |

The increases are:

| | |
|---|---|
| Anadarko Area | $ 12,000 |
| Billings Area | 8,700 |
| Juneau Area | 130,000 |
| Muskogee Area | 33,300 |
| Minneapolis Area | 51,300 |
| Phoenix Area | 108,900 |
| Sacramento Area | 33,000 |
| Albuquerque Area | 40,000 |
| Portland Area | 275,200 |
| Total increases | $692,400 |

We cannot detail, except as above, the specific uses for the increases; however, in order for tribes to add funds to this program in their prioritizing tradeoff process, it is assumed that when increases occur, other programs would be decreased in fact or decreased by reason of being left at the same level, the decrease occurring because of inflationary factors.

Question: P. 102. How much of the $1 million provided in FY 1980 for attorney fees has been obligated to date? Do you expect to use all of those funds in FY 1980?

Answer: To date $905,000 has been obligated. Yes, we expect all funds will be utilized.

Question: Please provide a list of cases for which these funds are applied for FY 1980 and FY 1981.

Answer: Cases for which these funds are applied are:

1980: New Mexico v. Aamodt - Tesuque, San Ildefonso, Pojoaque, Nambe
Navajo-Hopi Joint Use Area - Navajo, Hopi
Pueblo Land Claims - Santa Clara, San Ildefonso, Taos, Nambe
Taos Tract C - Taos
Northern Pueblos Water Tributaries Association - Nambe, Picuris, Pojoaque, San Ildefonso, San Juan, Santa Clara, Taos, Tesuque

1981: Navajo-Hopi Joint Use Area - Navajo, Hopi
New Mexico v. Aamodt - Tesuque, San Ildefonso, Pojoaque
Pueblo Land Claims - Santa Clara, San Ildefonso, Taos, Nambe
Taos Tract C - Taos
Navajo Nation v. U.S. - Navajo

Lease Compliance

Question: P. 107. You are requesting an increase of $2.7 million for real estate services. Why is it necessary to increase the number of leases monitored from 12,000 to 13,800 at an additional cost of $1 million?

Answer: The increase in the number of leases monitored is necessary to enforce compliance with the terms and conditions of some 1,800 highly technical minerals, business, industrial and developmental leases. The initial monitoring of 12,000 leases (out of a total of approximately 315,000 in force and effect) with FY 80 funds focused on compliance efforts on agricultural and range leases. FY 81 increases, therefore, provide a more balanced program than had existed previously.

Question: What would be the effect if this increase were denied?

Answer: A denial of the requested increase would deprive Indian landowners of the full measure of revenues due them and consequently enrich the lessees.

As these leases either are, or have the potential to be, among the most lucrative of the leases on Indian lands, any denial of the increase would be injurious to the corpus of the trust estate.

Question: What % of the leases are monitored?

Answer: Approximately 10% of the leases are checked on an annual basis. These constitute the marginally or grossly out-of-compliance leases or lessors. Previous experience has shown that these individuals need constant, periodic checking to force the requisite compliance.

Question: Do you have an estimate of revenues lost because of a lack of inspections?

Answer: No. However, we believe that a potentially greater significance to be found is in the "loss" occurring from non-compliance with the terms and conditions of the leases and permits. Fences not properly maintained may lead to cattle trespass which can, in turn, lead to overgrazing and eventual soil depletion. Neglect of wells may lead to water pollution. Untimely construction of sewer lines on a development base may mean foregone or lost revenues from potential lessor who has decided to locate elsewhere. These "losses" may in fact be more significant than any cash loss.

Boundary Surveys

Question: Last year you indicated you would perform 1,440 miles of boundary surveys. This year you are requesting an increase of $680,000 to perform 780 miles of surveys. Can you explain?

Answer: The increase must be explained in terms of a multi, as opposed to a single, year perspective on the estimates used to relate dollars to miles of survey accomplished. During Fiscal Years 1977 through 1980, we requested the following number of miles to be surveyed: 4531, 2429, 2578, and 1440. The corresponding dollar totals transferred to BLM are $800,000, $800,000 $720,000 and a proposed $1,400,000. The error we made in Fiscal Years 77 and 78 was in using a cost per mile that was based on uninflated cost estimates of previous years. The error was not brought to our attention until this past calendar year, and we have since been working closely with BLM's Division of Cadastral Survey to obtain the best and most current estimates of costs. The increased per mile costs can be attributed to (1) general inflation, (2) cost of state-of-the-art, high technology survey equipment, and (3) the increasing percentage of resurveys, (which require more research of previous surveys to ascertain corner location, reestablish monuments, etc.) as opposed to original surveys.

Question: What is your backlog of boundary surveys and what would it cost to eliminate that backlog in an orderly manner?

Answer: There is a 30,035 mile backlog of needed surveys. BLM can handle approximately $1,500,000 per year in reimbursable survey funds; limitations caused by inadequate staffing levels keep them from doing more. By using current cost per mile, and factoring in a 10% inflation factor for Fiscal Year 1982 estimates, it would take approximately $60,000,000 to eliminate the backlog.

Land Records

Question: What is the value of reducing your backlog of unexamined titles for which you are requesting a $200,000 increase?

Answer: The provision of correct land titles for Indian trust landowners, who are the prime beneficiaries, is one of the most basic trust responsibilities of the Bureau. The value of reducing the backlog of unexamined titles is to bring the land records program up to an operational level of providing full land title services needed in the Indian trust estate. These services are vital to the Bureau in fulfilling its mission to the Indian people.

FINANCIAL TRUST SERVICES

Question: P. 110. A $239,000 increase is requested for financial trust services. Last year you requested a reduction in this activity because you became more efficient as a result of automation. Why aren't you as efficient this year?

Answer: The efficiency obtained, as a result of automation last year, is confined primarily to the Investment aspect of Financial Trust Services.

The bulk of the increase requested in F.Y. 81 will be used to assist the Agency level ISSDA (Indian Service Special Disbursing Agent) activities.

This aspect of Financial Trust Services functions to collect and disburse trust funds of tribes and individual Indians in the most expeditious method possible to satisfy needs of Agency staff management and funnel unrestricted funds to owners of reservation property at the earliest possible date.

Tribal leaders and individuals depend on the BIA to fulfill the collection and disbursement obligation of income from Trust property on a timely basis. This increase will allow Agency personnel to maintain accounts on a daily service basis as is currently being accomplished at the Area level.

Question: Will the additional computer equipment you are requesting result in your earning an additional $2 million?

Answer: No. The estimated additional $2 million dollars in interest earnings would be from the investment of tribal funds on a "pool" basis.

The remainder of the increase requested in F.Y. 81, would allow for the establishment of the concept of pooling of tribal funds for Investment purposes.

General Management and Facilities Operation

Question: Page 112. Why are you reducing the Commissioner's staff by seven positions and $214,000 if you have not yet identified the positions?

Answer: During the FY 1981 budget development process it was determined that some duplication of staff resources existed between the Office of Commissioner and the Office of the Assistant Secretary - Indian Affairs. The decision was made to reduce the staffing of the operating level, i.e., the Office of the Commissioner rather than the policy level (Assistant Secretary level). Shortly after the decision was made, the new Commissioner was appointed. Rather than preempt his organizational preferences within his immediate staff, it was decided to leave the specific positions to be eliminated unidentified until he had an opportunity to develop his organizational strategy. This strategy is under development but not implemented at this time. Therefore, we cannot specifically identify which positions will be abolished in FY 1981.

Question: Have you eliminated the six self-determination positions in the Office of the Commissioner in response to the Congressional reduction of last year?

Answer: Yes. All six positions have or will be vacated and abolished in FY 1980.

Question: Why is it necessary to add 12 participants to the Indian Intake and Development Program at a cost of $300,000?

Answer: The Bureau proceeded with an extensive recruitment effort to hire an additional 45 participants in August 1979 based on a proposed level of funding of $800,000 for FY 1980. The entire amount was cut in the Congressional appropriations' hearings; however, upon appeal by the Secretary of the Interior, one-half of the total request was restored.

Therefore, the program is currently operating on $400,000 with 35 participants, with a total of 46 participants planned by the end of FY 1980. This creates a shortfall, which is being absorbed by the programs to which some of the participants are assigned. To completely cover the current participant costs in the program, the projected program cost requires an additional $300,000.

All the participants have progressed in their second year to the next higher grade levels. Three will complete the program in the current fiscal year since they will have reached the journeyman level; the remaining majority will complete the program in FY 1981. New participants are hired to fill vacancies as they occur. The program cost includes higher salaries and employee benefits in the current fiscal year; other employee development costs to meet the training plans remain the same as in FY 1979 due to funding restrictions.

This Program has generated an overwhelming interest among Indian candidates in employment in the Bureau. The applicants referred for all vacancies are all highly qualified candidates, and many are qualified at the higher grade levels. Some candidates have been referred for other vacancies in the Bureau.

Question: If you spent $576,000 without a budget request in FY 1979 for this activity and $400,000 additional was appropriated in FY 1980, why do you only show a base of $400,000 in 1981?

Answer: Funding for the Indian Intake and Development Program in FY 1979 was provided by the operating programs of the Bureau where the participants were assigned.

The $400,000 is the current FY 1980 operating level for the part of the Program financed by Management and Administration. If that portion of the program is not increased in FY 1981 and must operate on the base of $400,000 as provided in 1980, the respective participant programs must again absorb the shortfall to meet the Bureau's need for employees in these identified shortage categories. This would defeat a major feature of the Program, i.e., to allow assignment of participants as "understudys" to journeyman Bureau employees in the operating programs without reducing the funding resources of that program.

Question: Page 117. $4.2 million is requested for ADP Services. Will this amount allow you to maintain an improvement schedule that will meet the recommendation of the House Investigative Staff Report?

Answer: The House Investigative Staff Report itself did not provide a recommended schedule. However, as a response to the report, the Bureau committed to a schedule that would complete the area/agency computer procurement in FY 1980, would initiate the development of a broad, executive management Information System in FY 1979, and would complete conversion of central processing requirements to a Teleprocessing Services Program vendor during FY 1980. The Bureau expects to meet this commitment with the exception that it now expects to complete its Area/Agency computer procurement in early FY 1981 rather than late in FY 1980. The reasons for such a delay were that a complete rethinking of the Bureau's long range plan was in order to comply with the House Investigative Report and the new BIA Management Improvement thrust. A contract to a major consulting firm yielded recommendations in all ADP support areas. Such recommendations were considered, and a final long range ADP plan was adopted. In addition the procurement was expanded to include needs of schools under the mandate of P.L. 95-561 to develop an education management information system.

Question: Provide your schedule by cost and program element by Fiscal Years.

Answer: The following table and explanatory notes outlines our current schedule and estimated costs.

(dollars in thousands)

| | FY 1979 | FY 1980 | FY 1981 | FY 1982 |
|---|---|---|---|---|
| 1. Preparing for and installing area computers and agency terminals | $ 600 | $ 3,600 | $ 3,600 | $ 3,600 |
| 2. Conversion | $ 1,000 | $ 600 | $ 0 | $ 0 |

(continued)

| | | | | |
|---|---|---|---|---|
| 3. Executive and administrative information system | $ 500 | $ 500 | $ 500 | $ 500 |
| 4. Planning and control | $ 44 | $ 88 | $ 88 | $ 88 |
| | 2,144 | 4,788 | 4,188 | 4,188 |

1. Preparing for, and installing area computers and agency terminals. These funds have been used to plan the installation, to train field personnel in the operation and use of modern computing equipment and computer and programs; and to prepare sites for the installation of the computers. In FY 1981, part of these funds will be used for the actual leasing of the equipment. By 1982 all of these funds will be used for leasing and operating the equipment.

2. Conversion. These funds have been used to convert the existing centralized programs and files from the existing obsolete and unreliable computers and to install them on modern equipment owned by a Teleprocessing Services Program (TSP) vendor. Effort under this contract will be completed during FY 1980.

3. Executive and Administrative Information Systems. These funds have been used to design an overall management information systems concept and to develop a specific executive information system within this conceptual framework. Such funds will continue to be required for installation and operation of the computer based system.

4. Planning and Control. These funds have been used for supporting an office with overall responsibility for planning and policy determination, including such requirements as data security needs, privacy, long range planning and coordination with other Federal offices. This need will continue indefinitely.

Question: Could your schedule be increased if you were not proposing a reduction of $600,000?

Answer: The current acquisition schedule is not currently restricted due to its funding level. The critical steps in the schedule are guided by a myriad of laws and regulations governing ADP acquisitions. Such requirements are being met fully. Although the procurement period seems lengthly it is expected that the BIA procurement will be performed under a more rapid schedule than an average computer equipment procurement of this size. The $600,000 reduction proposed in FY 1981 was based specifically on the completion of the conversion activity in FY 1980.

Question: Page 122. Why are 20% of your employee compensation claims filed by the Menominee Tribe? (Many other reservations have timber operations.)

Answer: The Bureau's position has been that neither the Menominee tribal members nor any other tribal employees are eligible for payments from the Federal Employee's Compensation Fund. However, the Department of Labor has reinstated the Menominee Tribe's forestry worker's eligibility to collect payments from the Fund. Their decision is based upon the Menominee Restoration

Act (P.L. 93-197). The Bureau and Department does not concur in this interpretation but does not control the Fund. Before the Menominee's were terminated the forestry operation employees were Federal employees and eligible under the Fund. After termination the operation became totally tribal. The Restoration Act did not change the tribal employment status of any forestry employee nor did it reestablish Federal control over these employees. Forestry operations are dangerous. Therefore, the Menominee tribal employees have made numerous compensation claims.

Question: Page 125. You are requesting a $6.8 million increase for facility operations and maintenance, for a total of $78 million. At this rate of expenditure, what level of operations and maintenance standard will the Bureau provide for its facilities?

Answer: The Bureau of Indian Affairs has now developed it's own standards, which were a part of the Program Implementation Master Plan. The standards are presently being implemented as a pilot program and it is anticipated they will be implemented Bureau-wide within a year, should the pilot prove their validity.

Question: How does the estimated expenditures per square foot of $2.59 for FY 1981 compare to the FY 1980 expenditure?

Answer: In FY 1980 the average expenditure per square foot is expected to be $2.35.

Question: How did you determine you needed $2.59?

Answer: The FY 1981 increase was not developed based upon a per square foot cost. Funds are requested for the new facilities coming on line in FY 1981 ($385,000); new GSA and direct rentals ($61,000 and $25,000 respectively); pay cost for tribal employees under P.L. 93-638 contracts ($75,000); and for the estimated increase in utility costs ($6,770,000). Taking all these program increases into account and comparing the total request ($72,488,000) to the total square feet for FY 1981 ($27,960,000), the average cost per square foot is $2.59 for Field Operation and Maintenance.

Question: Page 126. A $517,000 decrease is proposed to eliminate a reserve in the Area Offices. Do you have other reserves throughout the Bureau? Should they also be eliminated? Provide a list.

Answer: The "reserve" referred to was not a discretionary reserve as such. Funds were retained at the Area Office level to finance Area-wide emergency fuel and supply contracts on a regular year-to-year basis. Starting in FY 1981, funds for such emergency purchases will become the responsibility of the separate Agency and school locations. The funds are provided as part of the Field O&M program.

The Bureau does not maintain discretionary reserves in any program. Therefore, there are no reserves to be eliminated.

Question: Provide for the projects listed on page 127, the date construction funds were provided, when you assumed their operations, and the sources of the construction funds.

Answer: The following table provides the data requested:

FY 1981 New Facilities O&M

| Facility Name/Location | Date Construction Funds Provided | Source of Constr. Funds | Date Operations Assumed |
|---|---|---|---|
| Little Wound Secondary Sch., S.D. | FY 1978 | Constr., B&U | 8/81 |
| Law & Order Holding, Loneman (Oglala), S.D. | FY 1979 | Constr., B&U | 10/80 |
| Law & Order Holding, Porcupine, SD | FY 1979 | Constr., B&U | 10/80 |
| Law & Order Holding, Wanblee, S.D. | FY 1979 | Constr., B&U | 10/80 |
| Ramah Navajo Community Bldg., N.M. | FY 1978 | GSA-HEW | Comp FY '79 |
| San Felipe Day School, N.M. | FY 1980 | Constr., B&U | 8/82 |
| San Ildefonso Day Sch. Kitchen, NM | * | * | Comp FY '79 |
| Santa Clara Day Sch. Kindergarten, Santa Clara, N.M. | * | * | Comp FY '79 |
| San Juan Day School Kindergarten, San Juan, N.M. | * | * | Comp FY '79 |
| Forestry Warehouse, Towac, CO | Project Cancelled.....** | ..... | ..... |
| Community Bldg., White Mesa, UT | FY 1978 | GSA-HEW | Comp FY '80 |
| Home Economics, Jicarilla, N.M. | FY 1979 | BIA-IMPL | Comp FY '80 |
| Juvenile Holding Bldg. & Warehouse Mescalero, N.M. | Project Cancelled.....** | ..... | ..... |
| Warehouse, Mescalero, N.M. | FY 1979 | BIA-Forestry | Comp FY '79 |
| Admin. Bldg., Western Navajo Agy., Tuba City, AZ | FY 1979 | Constr., B&U | 8/81 |
| Kohatka Kindergarten | FY 1979 | Constr., B&U | 8/80 |

* Facilities moved from Jemez Pueblo in FY 1979; additional funding at new locations not required but were included on list as non-add items.

** Projects originally planned for completion in FY 1980 but have been cancelled for an estimated O&M savings of $9,500.

Construction

Question: When will the Committee receive your review of the Ft. Totten School?

Answer: The Department will forward its recommendations to the Committee in April, 1980.

Question: Have you developed project estimates for the Fort Hall and Navajo Mountain schools? If so, provide copies of those evaluations for the record.

Answer: Navajo Mountain

The A/E survey report has been reviewed. It is of such poor quality that most information cannot be utilized. The Facilities Engineering Staff has been requested to review this survey and all other surveys by Lescher and Mahoney to determine what appropriate action should be taken. Other engineering reports have been available and have been utilized for this report.

Navajo Mountain is a K-1 school designed for 20-30 and an ADM of 21 pupils. The original request from the tribe was for a K-8 boarding facility for 300 students. Education reviewed this proposal and recommends a K-6 facility for 200 students, 50 day and 150 boarding. Navajo Mountain is in one of the remote areas of the Navajo Community. It is 40 miles from the nearest paved road with access by dirt road that is difficult to travel during wintertime. The A/E design must be closely controlled to minimize material and labor difficulties. Prefabricated modular design and construction is recommended.

The existing facilities are comprised of two hogans for classrooms and two adjoining hogans for the kitchen and dining room. The dormitory is an old stone building. No building is structurally adequate for an educationsl program. The buildings can be used for storage. The quarters, primarily trailer-type, can be reused.

The following estimate is based on FY-82 design and FY-83 construction. It is also based on a remote location, controlled design, limiting labor adjustment to 50% and material adjustment to 20%; inflation at 13% for FY-80 and 8% thereafter.

| | | | |
|---|---|---|---|
| 200 students x 130 sq. ft./student = 26,000 sq. ft. x 112 | | = | $2,912,000 |
| Dorms - 150 students 200 sq. ft = 30,000 sq. ft. x 112 | | = | 3,360,000 |
| Site and Utilities | | | 350,000 |
| 6 Quarters at $65,000 | | | 390,000 |
| | Construction Sub Total | | $7,012,000 |
| Supervision and Contingencies @ 15% of Construction | | = | $1,052,000 |
| Equipment @ 10% of Construction | | = | 700,000 |
| Design @ 6% of Construction | | = | 420,000 |
| | Total Estimated Project Cost | = | $9,184,000 |

Fort Hall dropped from the Priority Ranking List. No estimate required.

Question: Beginning on page 145, you list construction priorities by school. Have you developed or received up-to-date information which would change this list? If so, provide a revised list with a detailed explanation of why the adjustments are necessary.

Answer: Yes. Information was received from several schools, and verified by on-site visits, that will change their rankings. With the exception of Ft. Hall Indian School and Wyoming Indian High School which have been taken off the ranking list, all other changes will show up in the FY 1982 list.

Question: Can you briefly describe why changes are necessary and the type of information which would indicate a change?

Answer: The ranking list will of necessity change every year as new applications are received, verified and put into the system. Changes in enrollments, facility conditions and/or the availability of other schools are all factors that can cause a change in the number of "unhoused" students in any applicant school. The completion of new facilities at Wyoming Indian High School caused the change in their ranking. The availability of seats in the nearby public schools in Pocatello and Blackfoot caused the Ft. Hall Indian School to be removed from the list.

Question: Will the revised list be printed in the Federal Register? If not, why?

Answer: Unless Congress wishes a new list showing deletion of the two schools printed in the Federal Register, a new list will not be published until the fall of 1980. The new list will show all the changes caused by the addition of new applicants and the reevaluation of schools on the FY 1981 ranking list.

Question: Have you given a copy of your school evaluations to each school? If not, why?

Answer: Not all schools on the FY 1981 list received a copy of the evaluation done by the survey teams unless they requested the information. The amount of time and shortage of help was largely responsible for this. We realize that giving each applicant such information is important and every school, ranked or unranked for FY 1982, will be sent all the information upon which its ranking is based.

Question: Please provide the rationale by school of schools not receiving a ranking.

Answer: Eighteen Bureau schools and six contract schools were unranked in FY 1981.

They were:

1. Bridger Day School, South Dakota. Space was adequate for their enrollment and the A/E report recommended that all facilities be retained and upgraded.

2. Eek Day School, Alaska. Space adequate and facility condition satisfactory. Lack of storage space prompted application.

3. Oscarville Day School, Alaska. Same as Eek. Lack of storage space is the problem.

4. Mt. Edgecumbe Boarding School, Alaska. Applied only for a swimming pool. No students unhoused.

5. Pilot Station Day School, Alaska. Lack of storage is their problem.

6. Chilocco Boarding School, Oklahoma. School is closing. It would have been ranked had its status not been in question and a completed application received.

7. Tesuque Day School, New Mexico. The small enrollment is adequately housed and all children could be accomodated in the nearby public school.

8. Pine Spring Boarding School, Arizona. Their application was never completed and Area Office asked that they be given more time to study the need there.

9. Sac & Fox Day School, Iowa. The facilities adequately accomodate the enrollment and the Tama Public School has plenty of room for all Settlement children.

10. Pierre Learning Center, South Dakota. Their facilities were considered very adequate for their enrollment.

11. San Ildefonso Day School, New Mexico. All children could be accomodated in the nearby public school.

12. Oglala Community School, South Dakota. The A/E report recommended keeping all buildings. The space was adequate for the enrollment. An updated application is being evaluated to see if changes warrant a ranking for FY 1982.

13. Bullhead Day School, South Dakota. Public School can accomodate all Bullhead students. A reevaluation done for FY 1982 will result in their ranking.

14. Little Eagle Day School, South Dakota. Same as Bullhead.

15. Ft. Yates Elementary School, North Dakota. After the Junior-Senior High School students move to their new facility, the elementary program can utilize parts of the old facility. No new construction necessary.

16. Northern Cheyenne High School, Montana. All high school students can now be accommodated in the Labre School facilities operated by the tribe as a contract school.

17. Salt River Day School, Arizona. All children can be accommodated in the nearby Mesa Public Schools. Salt River facilities are adequate for their present enrollment.

Contract Schools Unranked for FY 1981

1-3. Rosebud Elementary, Okreek Elementary and Spring Creek Elementary Schools, South Dakota. These three schools had no facility evaluation done to determine their condition. This is being done for FY 1982 to complete their verification.

4. Quileute Day School, Washington. When their application was first submitted, they had not been funded for operation. Now that the school is in operation, an on-site visit has been made and ranking will be done for FY 1982.

5. Wa-He-Lute Day School, Washington. The school was not in operation when the on-site visit was made and the availability of seats in the public school not verified. They will be ranked in FY 1982 if verification determines a need.

6. Ne-Mee-Pum-Himtakt, Idaho. School was not in operation when application was submitted. No up-dated application has been received.

Question: I understand you have under review possible revisions to the priority system which would take into consideration the utilization of the school facility, a change in the application process, etc. Please list the possible revisions and the rationale for the changes.

Answer: The following changes to the priority system were made following a meeting with Bureau personnel and Congressional staff representatives.

1. Ties will be broken by the date the application was received rather than by the distance in miles of the nearest available school to the applicant school. The reason for this was that a date is much easier to determine than the number of miles to another school. It was also unrealistic in some cases to expect parents to send their children to a boarding school a long distance from home even if it was the nearest Bureau school.

2. The utilization of school facilities, based upon a recently completed study of all BIA and contract schools, will be used to determine whether existing facilities can be remodeled for a new use or if new construction is more feasible. If renovation or remodeling can be done more economically than new construction, the school will not be ranked for the latter.

Question: Briefly describe the changes you are proposing.

Answer: The ranking list of Bureau and contract schools, including previously private schools, will be combined into one list for FY 1982. Since all are funded by the Bureau, it is felt that the total construction needed will be more accurately reflected in one list.

Question: When will these revisions be implemented?

Answer: The revisions will be implemented in FY 1982.

Question: Have you developed and implemented education construction standards? If not, why?

Answer: Yes. They are found in the document Space Guidelines for Construction of Bureau Schools.

Question: Do you have a policy on when a school should be closed?

Answer: Yes.

Question: What are the criteria you consider?

Answer: There are times when the closing of schools becomes necessary. The following procedure will be used to determine whether or not a school will be closed.

1. When the ADM of a school drops below 50% of the program capacity, a feasibility study will be done by the Office of Indian Education Programs within three months. If the school program is to be operated at a lower level of enrollment or a reduction of grade levels, all unused facilities will be disposed of so that the Bureau is no longer responsible for maintaining them. Within three months of the time the feasibility study has been completed a recommendation will be made to the Assistant Secretary by the Director for his approval.

2. Schools whose enrollments are above 50% of their program capacity but fail to qualify for ranking in the Bureau's priority system for new construction, because of the availability of other seats, will have a feasibility study done by the Office of Indian Education Programs within three months after the ranking has been published. Within another three months a recommendation will be made to the Assistant Secretary by the Director on the future operation of the school.

Question: Are schools under consideration for closure?

Answer: Not at this time.

Question: On p. 148, you are requesting $21.5 million for the facility improvement and repair program. On what basis are projects selected for funding?

Answer: The areas and agencies prepare requests for funding based on the 1979 facility inventory and evaluation. The selection is made based on critical life safety problems. These projects are then forwarded to BIA Central Office where review and validation of need and data are performed. The requested projects are then forwarded to the Facility Construction and Operation Improvement Division and the Facility Steering Committee, who review the projects and associated work and approve projects.

Question: Please list the projects and your criteria for selection.

Answer:

| | | |
|---|---|---|
| **Albuquerque Area** | | |
| Navajo Ramah School | $ 43,691 | |
| Albuquerque Indian School (Not Gym/Auditorium) | 306,000 | |
| | | $ 349,691 |
| **Aberdeen Area** | | |
| Mandaree Day School | 553,137 | |
| White Shield Day School | 540,360 | |
| Rosebud | 220,581 | |
| Oglala School | 371,213 | |
| Fort Totten HQ | 26,829 | |
| Red Scaffold Day School | 47,943 | |
| Whitehorse Day School | 39,593 | |
| Lower Brule HQ | 55,020 | |
| Turtle Mountain HQ | 405,905 | |
| Cheyenne River HQ | 166,382 | |
| Fort Totten Elementary | 4,422,285 | |
| | | 6,849,248 |
| **Billings Area** | | |
| Busby School | 154,175 | |
| Lame Deer HQ | 57,793 | |
| Wind River Agency Bldg. 01 | | |
| Crow Agency Bldg. 02 | | |
| Wind River Bldg. 101 | | |
| Wind River Bldg. 10 | 476,463 | |
| | | 688,431 |
| **Eastern Area** | | |
| Choctaw HQ | 143,960 | |
| Choctaw Central High | 496,245 | |
| Cherokee Agency | 425,595 | |
| | | 1,065,800 |
| **Juneau Area** | | |
| St. Michael, Unalakleet Stebbins, Grayling, Shageluk, Shavoonga | 423,500 | |
| Bethel, Akichak, Oscarville, Napakiak, Napaskiak | 548,633 | |
| Kasigluk, Nunapitchuk, Tuluksak, Pilot Station, Alakanuk | 390,300 | |

| | | |
|---|---|---|
| Juneau Area (Con't.) | | |
| Tununak, Nightmute, Kwigillingok, Tuntutuliak, Newtok, Scammon Bay, Toksook Bay | $ 497,300 | |
| Quinhagak | 402,200 | |
| Beaver, Tetlin, Venetie, Klukwan, Mt. Edgecumbe | 306,559 | |
| | | $2,568,492 |
| Minneapolis Area | | |
| Birch Hill | 3,968 | |
| Odanah | 4,608 | |
| Lac Du Flambeau | 3,568 | |
| Sac and Fox School | 42,542 | |
| White Earth | 23,066 | |
| Net Lake | 22,565 | |
| Naytawausi | 4,070 | |
| Stockbridge | 2,466 | |
| Red Lake | 238,541 | |
| | | 345,394 |
| Muskogee Area | | |
| Jones Academy (LS) | 5,390 | |
| Carter Seminary (LS) | 141,736 | |
| Eufaula Dorm | 50,498 | |
| | | 197,624 |
| Navajo Area | | |
| Many Farms | 666,308 | |
| Hunters Point | 779,491 | |
| Wingate Elementary | 743,605 | |
| Kayenta | 35,250 | |
| Pinon | 62,950 | |
| Canoncito | 262,050 | |
| Winslow | 930,056 | |
| Tuba City High | 123,060 | |
| Cove | 278,167 | |
| Wide Ruins | 542,000 | |
| | | 4,422,937 |
| Phoenix Area | | |
| Sells, Santa Rosa, Sam Simon | 12,750 | |
| | | 12,750 |
| Portland Area | | |
| Nespelem, Cody Butte, Johnny George Moses Mountain | 229,330 | |
| Spokane Agency | 294,700 | |
| | | 524,030 |

Sacramento Area

| | | |
|---|---|---|
| Hoopa Agency | $ 96,605 | |
| Southern California | 2,600 | |
| | | 99,205 |

Projects are selected on the basis of critical life safety conditions (i.e. structural failures, firesafety violations). After a critical activity is defined, associated work that can be performed in the facility while this repair is provided is added to make a total project.

Question: What is the level of advance design funding you are requesting?

Answer: The Bureau is requesting $523,000 for advance design on new construction and $2.5 million for advance design of repair and improvements.

Question: What level of program will that maintain in future fiscal years?

Answer: That will maintain a repair and improvement program of 40 million dollars.

Question: Is that adequate in view of the needs?

Answer: No

Question: How long will it take to eliminate your backlog at this program level?

Answer: The backlog will never be eliminated at this funding level.

Question: What do you believe is a proper funding level for stabilization of the facilities and critical safety problems?

Answer: To stabilize the facilities in safe and operational conditions will require $80 million a year.

Question: When will you bring BIA facilities back into code and life safety compliance at this funding level?

Answer: At the 80 million dollar a year level, the BIA facilities could be in code compliance and good operating condition in 5 years.

Question: What is the extent of the backlog? How firm an estimate is this?

Answer: The backlog gathered in the summer of 1979 was $450,000,000. This figure increased at the rate of 5 million dollars a month on escalation and approximately 3 million dollars a month for facility deterioration. As of March, 1980, the backlog is $475,000,000. However, the closing of schools such as Chilocco and Seneca has resulted in approximately a $20,000,000 reduction to the backlog. With space reductions and strong control over facility needs, the backlog could be constrained to $350,000,000.

Question: What is the extent of the projects that are in process and are capable of being completed in FY 1981? Give the specific details by project category.

Answer: In FY 1980 Congress appropriated $9,375,000 for facility improvement and repair. 1.5 million dollars were set aside for emergency projects, and $1.5 million was set aside for the boiler program. The remaining $6,375,000 has been set aside for special projects, the status of which is as follows:

1. All project design completed
2. Approximately 40% of projects have been bid and bids opened and awards being made on regular basis.
3. 63% out for bid. All awards scheduled on or before FY 80

Congress authorized utilization of FY 80 facility utilization funds ($3 million) for design of FY 1981 facility improvement and repair projects. Status of this design is as follows:

1. All Architect/Engineers have been selected
2. Approximately 50% of work has been negotiated with design A/E's.
3. Remainder to be completed by June 19. Designs scheduled for completion so that a minimum of 50% of work will be under construction contract by the first quarter of 1981.

Question: Are you confident that you are not undertaking major repairs of facilities that will be replaced with new facilities in a few years?

Answer: The facility repair and improvement program is based on the facility evaluation performed in FY 79. Before any repair project is performed, it is reviewed with any new construction plans and coordinated to assure that no conflict between new construction and rehabilitation exists.

Question: How do you assure that this doesn't happen?

Answer: At present, projects are reviewed against any anticipated construction at a site. Further, the Bureau is presently working to develop 5-year Master plans for each site that will integrate the needs for new construction, rehabilitation, modernization or repair.

Question: Please provide the breakdown by function (p. 150) for FY 1980 and FY 1981 ($2.2 million) of the funds requested for program management.

Answer: Breakdown by project of program management funds is as follows:

| FUNCTION | FY 1980 | FY 1981 |
|---|---|---|
| Personal Services | $1,441,000 | $1,530,000 |
| Planning & Design | (600,000) | (636,000) |
| Construction Management | (400,000) | (424,000) |
| Administration | (201,000) | (216,000) |
| Contracting Services | (240,000) | (254,000) |
| Travel | 171,000 | 182,000 |
| Supplies and Materials | 200,000 | 212,000 |
| Capital Assets | 40,000 | 42,000 |
| Contracts (Technical Assistance) | 265,000 | 287,000 |
| TOTAL | $2,117,000 | $2,253,000 |

Social Services

QUESTION: Mr. Assistant Secretary, do you concur in the findings of the Rj Associates report? If so, what steps have you taken to correct these serious deficiencies? What action do you consider necessary in response to the 52 recommendations in the report and when those actions will be accomplished? And how do you intend to monitor these actions to ensure their compliance?

ANSWER: In September, 1978 the Assistant Secretary - Indian Affairs directed a sole source Rj Associates contracted program evaluation conducted in late 1978, under which was submitted a report entitled, "Analysis of Selected Programs, BIA Social Services Division, 1975-1978." This study was originally aimed at addressing why there were large increases in costs at some locations and not at others. This led to a second contract in March 1979 in which Rj Associates was to, "Conduct analysis of selected programs, and provide documentation and alternatives and recommendations relating to these analysis."

In the course of carrying out this evaluation, "Rj" traveled to four Area 1/ and 14 agency 2/ offices and conducted an undetermined number of interviews with Bureau and tribal respondents. In this regard, "Rj" also conducted its own analysis of certain fiscal and related statistical data provided by Bureau staff.

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1. Aberdeen - Billings - Juneau - Phoenix

2. Pine Ridge - Rosebud - Yankton
   Crow - Fort Peck - Wind River
   Anchorage - Bethel - Nome
   Eastern Nevada - Western Nevada - Fort McDowell
   Pima - Salt River

"Rj's" Analysis of the Bureau of Indian Affairs Social Services Program, "Volume 1" was completed in August, 1979. The findings, recommendations and proposed action items have been widely distributed by the former Assistant Secretary's office. This published report suggests some areas of concern which include:

1. While the quality of professional social services was reasonably adequate in some Areas and Agencies, in a number of jurisdictions studied, the quality of such services delivered by both the Bureau directly and the tribes under contract, were markedly inadequate.

2. In many of the programs studied, the administration of the program was deficient in terms of maintenance of case records and in the reporting of financial and other statistical data.

3. Serious problems exist in relation to the distribution of professional staff so that, in some jurisdictions, caseloads are extraordinarily large and, in others, below recognized standards. Similarily, some programs lack adequate travel funds and other resources necessary to properly deliver the services.

4. Proper monitoring, review and evaluation mechanisms were found to be lacking, along with technical supervision and assistance to the operating office. In some instances, the line authorities have interfered with the technical and professional supervision and direction of the program.

5. There appears to be a general lack of uniformity in the administration of the program, with varying interpretations of regulations, the manual, and other operating instructions.

Overall, the Bureau agrees with the major thrust of the above synopsis of the findings of the Rj Report, and the steps which the Bureau has already taken and will continue to take, very specifically address nearly all of these serious problems. However, the Bureau is at the same time concerned about some aspects of the Report and how it has been used. Some of these concerns are:

1. The report, as presented, leaves one with the impression that the social services program is in total disarray. This is simply not the case. The chief purpose of the program is to provide assistance to certain needy individual Indians and families and see that children who cannot remain in their own homes receive appropriate care. This has been done in the past, and is continuing to be done. Only rarely does the Washington Office of the Bureau receive a complaint from either an individual Indian, tribal officials, or the public at large even though the program services about 60,000 persons each month. The Bureau does in fact receive several dozen letters each day about one phase or another of its overall program operations, so the lack of complaints about Social Services is not due to a general pattern of ambivalence. Certainly there has been almost no testimony before the Appropriations Committee over the past several years from outside witnesses expressing concerns about the basic activity of this program -- that of delivering financial assistance to Indians in need.

2. The report fails to take into consideration the substantial actions taken by the Bureau to address many of the problems which are recognized by both the Bureau and "Rj". For instance, the Bureau CFR regulations, placed in effect in 1977, allow for income disregards. Yet, the Rj Report reads as if this does not exist. Similarly, for well over a year, the Bureau has been developing a comprehensive ADP delivery, management and reporting system which will soon be operational. This has been a major and time-consuming effort which addresses many of the problems covered in the report, but it is totally ignored in the Report.

3. The report is fraught with over-generalizations and judgments which are not supported by the findings. While the Bureau most certainly is concerned over many of the case vignettes which describe poor quality services in specific instances, the Report lacks the research methodology with which one can reach the broad, general conclusions "Rj" consistently made. For instance, the areas and agencies studied were themselves not based on random selection, but rather on prior evidence that certain agencies had or might have "statistical aberrations." Also, the Report provides no data to statistically show percentages indicating the degree of any particular problem such as lack of proper applications, improperly calculated budgets, lack of home visits, or any other specific problem area.

4. The Bureau is concerned that the Rj firm made many of its recommendations based on an unfamiliarity with the scope and complexity of the Bureau's program, and particularly, its need for flexibility due to its "back-up" nature with respect to varying levels of service available to Indian tribes from states and counties. This range from California, where the Bureau has had no social services program until the recent Child Welfare Act funding, to Arizona, where we have very major responsibilities. It also includes the very peculiar circumstances in Oklahoma and Alaska, where large Indian populations reside, but where there are few reservations and relatively little Indian trust land.

In brief, while the Bureau concurs with some of the basic findings of the Rj Report, it also has some problems with it. Our concern, however, is that the problems we have with the Report do not become the focal point of our efforts, but rather that we concentrate on the actions which we have taken and will continue to take to improve the Bureau's social services to Indian people. In addition to those mentioned above, the Bureau will take the following steps in the immediate future to address problems in the program:

1. The Bureau's new child welfare and general assistance manuals will be released in the next 45 days. This will be immediately followed by a meeting concerning its implemnetation with all Bureau Area social workers. They in turn will conduct training sessions on the new manuals with all Bureau Agency program directors and tribal contractors within the 30 days following. These training sessions will also include coverage of 25 CFR 13, 20 and 23.

2. The social Services program was a major item on the Area Director-Agency Superintendent Committee meeting scheduled for May 5-7, with emphasis on the line official's responsibility to support quality social services operations.

3. The ADP comprehensive social services management and reporting system will become operational throughout the Phoenix Area in mid-summer and throughout the Bureau in FY 81.

4. An interim directive was issued May 1, 1980, requiring all Bureau line officials to submit all social service reports in a timely manner as prescribed in the Bureau manual.

5. A second social services quality control position will be filled as soon as possible.

6. A thorough review will be made, and a decision reached for FY '82 budget planning purposes, as to whether social services administration funds will remain on the Band.

7. A policy memorandum will be issued emphasizing the importance of filling BIA Social Service position vacancies as soon as possible.

8. Procedures will be developed and implemented by 9-30-80 which will assure regular program reviews of both BIA operated and tribally contracted programs.

9. Other recommendations of the Rj Report will be individually addressed and actions taken which are deemed to be in the best interests of improving the quality of the social services program.

# DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR 1981

WEDNESDAY, APRIL 2, 1980.

## OFFICE OF TERRITORIAL AND INTERNATIONAL AFFAIRS

### WITNESSES

WALLACE O. GREEN, ACTING DEPUTY ASSISTANT SECRETARY OF INTERIOR—TERRITORIAL AND INTERNATIONAL AFFAIRS
RUTH G. VAN CLEVE, ACTING DEPUTY ASSISTANT SECRETARY OF INTERIOR FOR POLICY—TERRIORTIAL AND INTERNATIONAL AFFAIRS
GEORGE R. MILNER, DIRECTOR OF PROGRAM COORDINATION—TERRITORIAL AND INTERNATIONAL AFFAIRS
MATTHEW N. NOVICK, DIRECTOR FEDERAL COMPTROLLERS' OFFICES AND FINANCIAL MANAGEMENT TECHNICAL ASSISTANCE—TERRITORIAL AND INTERNATIONAL AFFAIRS
JOHN E. DeYOUNG, SENIOR STAFF ASSISTANT, PACIFIC AFFAIRS—TERRITORIAL AND INTERNATIONAL AFFAIRS
HUGH J. GALLAGHER, BUDGET OFFICER—TERRITORIAL AND INTERNATIONAL AFFAIRS
JAMES D. BERG, OFFICE OF MICRONESIAN STATUS NEGOTIATIONS
WILLIAM D. BETTENBERG, DIRECTOR OF BUDGET, DEPARTMENT OF INTERIOR

### TRUST TERRITORY OF THE PACIFIC ISLANDS

JUAN A. SABLAN, DEPUTY HIGH COMMISSIONER—TRUST TERRITORY OF THE PACIFIC ISLANDS
HARUO WILLTER, PROGRAM AND BUDGET OFFICER
LAZARUS SALII, ADMINISTRATOR, DEPARTMENT OF DEVELOPMENT SERVICES
CAPT. JOHN M. WEIS, USN, OFFICER IN CHARGE OF CONSTRUCTION—MARIANAS

### GOVERNMENT OF THE FEDERATED STATES OF MICRONESIA

PETRUS TUN, VICE PRESIDENT
RAYMOND SETIK, CHAIRMAN, WAYS AND MEANS COMMITTEE, CONGRESS
RODNEY ADELMAN, BUDGET OFFICER
DAVID GANZ, ECONOMIST, ACTING BUDGET OFFICER, CONGRESS

### PALAU DELEGATIONS

KIM B. BATCHELLER, ACTING DISTRICT ADMINISTRATOR
JONATHAN MAUI, DISTRICT PROGRAM AND BUDGET OFFICER
KUNIWO NAKAMURA, CHAIRMAN, WAYS AND MEANS COMMITTEE

HIDEO TERMETEET, VICE CHAIRMAN, WAYS AND MEANS COMMITTEE
LINDA VANCIL, LEGAL COUNSEL, BUDGET OFFICER, DISTRICT LEGISLATURE

MARSHALL ISLANDS DELEGATION

ANTON A. DEBRUM, FOREIGN SECRETARY
ATJANG PAUL, MINISTER OF FINANCE
KEITH MERRICK, SECRETARY OF FINANCE
JETON ANJAIN, CHAIRMAN OF APPROPRIATIONS COMMITTEE

DEPARTMENT OF ENERGY

DR. BRUCE WACHHOLZ, OFFICE OF HEALTH AND ENVIRONMENTAL RESEARCH, OFFICE OF ENVIRONMENT
DR. WILLIAM BURR, DIRECTOR, OFFICE OF HEALTH AND ENVIRONMENTAL RESEARCH
L. JOE DEAL, CHIEF ENVIRONMENTAL PROTECTION AND PUBLIC SAFETY BRANCH, OFFICE OF ENVIRONMENTAL AND COMPLIANCE REVIEW

OTHER WITNESSES

BILL MILLS, DIRECTOR OF THE DIVISION OF CRITERION STANDARDS, EPA
EARL P. GILMORE, VICE PRESIDENT, HOMES & NARVER, INC.

BIKINI ISLAND DELEGATION

JONATHAN M. WEISGALL, ESQ., ATTORNEY FOR PEOPLE OF BIKINI
TOMAKI JUDA, MAGISTRATE OF THE KILI/BIKINI COUNCIL
NATHAN NOTE, COUNCIL'S SCRIBE
SENATOR HENCHI BALOS, ELECTED REPRESENTATIVE OF BIKINI PEOPLE TO THE MARSHALL ISLANDS LEGISLATURE, THE NITIIJELA

ENEWETAK RESETTLEMENT DELEGATION

DR. A. BERTRAND BRILL, CONSULTANT, NATIONAL CYTOGENICS, INC.
DR. MICHAEL A. BENDER, CONSULTANT, NATIONAL CYTOGENICS, INC.
THEODORE R. MITCHELL, COUNSEL TO PEOPLE OF ENEWETAK
DWIGHT HEINE, INTERPRETOR AND CONSULTANT
IROIJ JOHANNES PETER, HEREDITARY LEADER
IROIJ BINTON ABRAHAM, HEREDITARY LEADER
MAGISTRATE JOHN ABRAHAM

DELEGATE FROM GUAM

HON. ANTONIO B. WON PAT, DELEGATE TO CONGRESS, GUAM

GUAM

Mr. DICKS. The committee will come to order. Our first witness today will be Congressman Won Pat, our distinguished colleague. We are delighted to have you here today, to open this very important hearing.

I would like you to proceed in any way that you so desire.

STATEMENT OF HON. ANTONIO B. WON PAT

Mr. WON PAT. Thank you very much, Mr. Chairman. I have a brief statement; I will try, of course, to be brief. Today I have the honor of appearing before you, before this committee in a dual capacity, first as the Chairman of the Subcommittee on Pacific Affairs, of the House Interior and Insular Affairs Committee, the other as Guam's Delegate to the Congress.

Because I recognize the great pressure in your hectic schedule, I will keep my statement brief and to the point. I want you to know my deep appreciation for your past support. This subcommittee has been extremely generous with Guam and the other territories over the years.

They have tried to utilize that assistance in a responsible manner. I only regret that your obligations and the time have not permitted you to make a trip to the territories. We would certainly welcome the opportunity to show you our beautiful Pacific Islands.

I, as a Member of Congress, appreciate the heavy pressure you face in seeking a balanced budget. I would be remiss, however, not to note the extent of the economic problems in Guam, American Samoa, the Commonwealth of the Northern Marianas and the Trust Territory. As you know, we are totally dependent upon foreign resources for energy. Our power bills are among the highest in the world, although much of this is subsidized by the Federal Government.

Further, nearly every item we consume is brought to us by ship or plane, another factor in our high cost of living.

LACK OF PRIVATE INVESTMENT

Compounding our growing problems is the disappointing inability of the territories to attract private investment to our shores, because of regulatory and statutory constraints. I do not enjoy seeing Guam on welfare. I want Guam and the rest of the territories to pay their own way. Yet, today, for all practical purposes, our economy is dependent on Federal spending and subsidies.

I sincerely hope that our future is not to be one of continued handouts, Federal handouts. Speaking for Guam and the other territories, I can honestly state our sincere desire is to get on with the business of developing a healthy, self-sustaining economy.

I am aware of the administration's budget requests for the various territories, and although they have been decreased considerably from last year, I realize full well the dilemma your committee faces in these trying fiscal times. Nevertheless, I fully support these requests. I will not touch on the specifics of these requests of the territories for I know the respective territorial officials will go into that in detail when they appear to testify. However, there is one critical need which has concerned me for some time now, and I would like to take a minute to make this point. I fully agree with the President that Federal laws pertaining to Guam, the Virgin Islands and American Samoa should be studied to assure uniform application and to resolve present difficulties which arise from these laws interfering in our ability to develop.

COMMISSION ON FEDERAL LAWS

To this end, I ask that $1.5 million be appropriated to fund the proposed Presidential Commission on Laws for the territories which the President announced on February 14 of this year, and which I have long advocated.

In my capacity as Chairman of the Pacific Affairs Subcommittee, I have had the added responsibility of exercising oversight and investigative authority over the Federal policies, programs and activities in the territories of the Pacific.

STATUS OF TERRITORIAL GOVERNMENTS

I was privileged to visit the District centers of all but one of the seven entities, including Saipan, last January with a delegation representing my Subcommittee. I saw and heard first hand, the many problems they face as they strive to move into a new concept of territorial government. I'm referring, of course, to the compact of free association with the United States, which is moving closer to realization.

The Marshalls seem to be well on their way to political autonomy with some economic development potential evident. Palau has had consitutional problems which have delayed its entry into a separate compact, but the newly elected legislature and its new political status commission appear bent on correcting the deficiencies in its constitution and, it is hoped, it will catch up with the others before the termination of the Trusteeship in late 1981.

FEDERATED STATES OF MICRONESIA GOVERNMENT

The Federated States of Micronesia, comprised of Ponape, Truk, Yap and Kosrae, are currently clearing the results of the recent Kona political status talks within their respective governing bodies prior to initialing the agreement. In this connection, I would like to bring to the attention of the Subcommittee a critical problem which is inhibiting the infant central government of the Federated States of Micronesia. While the four states have their own governments intact, the new central government has been without operating funds since its inception almost a year ago.

It has existed on local revenues and borrowed funds while awaiting release of fiscal year 1980 operating money. It is very difficult to organize an effective umbrella government without funds. It will be more difficult proving to the people that the Federation is the answer to their solvent future, when it is literally on the verge of collapsing before it even has a chance to serve. I do hope that the subcommittee will address this problem immediately.

COMMON PROBLEMS OF TERRITORIES

The major problems facing all of the territories of the Pacific are basically the same. They are inadequate communications, dwindling supplies of energy-producing fuel and their attendant rising costs, and the need to continue development of their infrastructures so that they can attract outside capital and enterprise.

I close my statement with this thought: if we want to maintain America's sphere of influence in the Pacific and keep the friendship and loyalty of these people, we in Congress must make every effort to fund them properly as they set out to chart a new course for themselves. If we fall short in this effort, I for one am afraid that they will find sympathetic ears and helpful hands from our allies and adversaries on the Asian side of the Pacific. I don't think we want to ever think about the implications of such a situation. Thank you Mr. Chairman.

Mr. DICKS. Mr. Won Pat, I want to thank you. This is a very good statement, a very comprehensive statement, and I will make certain that our colleagues in the subcommittee give it full consideration.

I thought you raised several important points and one dealing with the question of no private investment because of regulatory matters. Are those regulatory matters that are of a local nature or Federal nature.

Mr. WON PAT. They are of a Federal nature, and of course they apply to this area.

Mr. DICKS. Can you give me an example.

JONES ACT

Mr. WON PAT. For example, now the current shipping loss from the Jones Act. You know very well that you can't ship goods from the mainland to Guam because under that law, of course, you must ship on American bottoms, you cannot utilize foreign bottoms. The same is true also of the Fisheries Conservation and Management Act of 1976, that forbids the use of foreign bottoms for shipping or fishing.

We recently had that problem with the Northern Marianas. They were given ships by the government of Japan, and they can't utilize them because under that law they are forbidden. So it was necessary for the President to waive the application of the laws by issuing an Executive Order. All those cause a lot of problems among the citizens of the area, and it constrained any development.

Now, Guam, I think, has suffered more than any place else in the islands, because the other islands are just emerging.

Mr. DICKS. Is there an organization, maybe private or public organization that works toward economic development?

Mr. WON PAT. Yes; there are.

Mr. DICKS. In the territories?

Mr. WON PAT. Yes, more of these entities now are engaging in doing that.

FEDERAL LAWS COMMISSION

Mr. DICKS. Will the Presidential Commission on laws for the territories deal with some of the problems that you have mentioned here?

Mr. WON PAT. That's the main purpose of that proposed commission—to review all these laws, see where some of those laws apply to this territory, to their detriment.

Mr. DICKS. I noticed that some of the things that you have mentioned lie outside of the jurisdiction of your committee, because I know with the gentleman's great efforts in the past that any of these laws within the Interior Committee's jurisdiction you would have changed them by now and corrected these problems. I noticed that some of these are in the Merchant Marine Committee and other committees, so I think this is a very good idea. I think it's vitally important that the Congress understand the impact because your statement clearly denotes your awareness, as all of us are aware, of the great pressure to balance the Federal budget. You understand the political realities of what that means. It's going to be very difficult because many of these things, when they stand alone, are vitally important.

Yet when we add it all up, we have to be within the budget for fiscal year 1981. Your committee has done an exemplary job of working with this committee over the years to take care of the vital interests of the Trust Territory, and I certainly know we are going to have that same cooperation in the future and do the best job we can.

Mr. WON PAT. I know that you personally and I have a lot of things in common——

Mr. DICKS. Usually I'm testifying before the Armed Services Committee, where you also serve in vital matters of concern in the national security area. We appreciate your testimony and we look forward to the hearing today. I know you have a very busy schedule, we don't expect you to stay for the whole hearing.

Mr. WON PAT. We want the others to take the time.

Mr. DICKS. Thank you very much for a very good statement.

Mr. WON PAT. Thank you, Mr. Chairman.

## SUPPLEMENTAL BUDGET REQUEST

Mr. DICKS. Our next witness will be Wallace O. Green, Acting Deputy Assistant Secretary of Interior for Territorial and International Affairs. At this point we'll put in the record the Department of the Interior, Territorial Affairs, Trust Territory of the Pacific Islands supplemental now requested to existing legislation, so that will go in. Also the Department of the Interior, Territorial Affairs, Administration of Territories supplemental now requested to existing legislation.

[The information follows:]

DEPARTMENT OF THE INTERIOR

TERRITORIAL AFFAIRS

TRUST TERRITORY OF THE PACIFIC ISLANDS

SUPPLEMENTAL NOW REQUESTED, EXISTING LEGISLATION

For an additional amount for "Trust Territory of the Pacific Islands", $6,117,000, to remain available until expended.

REQUEST FOR FY 1980 SUPPLEMENTAL APPROPRIATION

TRUST TERRITORY OF THE PACIFIC ISLANDS

MAJOR ACTIVITY: Kwajalein Atoll Development - $2,000,000

BACKGROUND:

Following the 1944 capture from the Japanese of Kwajalein Island in the Kwajalein Atoll after heavy fighting, the island became an American military facility. A number of Marshallese residents of the atoll lived there and were employed on the Island. By 1950, the Marshallese population was about 550 and their presense began to interfere with military activities. In 1951 they were relocated to the then vacant island of Ebeye, in the Kwajalein Atoll. In the early 1960's Ebeye's population increased rapidly. Today approximately 8,000 Marshallese live on Ebeye, occupying 308 government-built apartments and some 300 privately-built houses.

The population is composed of the original Kwajalein Islanders and their families, other Kwajalein Atoll families either, displaced because of other military activities elsewhere in the atoll, or attracted by the prospect of jobs, and immigrants from other parts of the Marshall Islands. Over 50% are aged 14 years or younger. The 76 acre island of Ebeye has a population density of about 12,000 persons per square mile.

Ebeye is a congested urban community, slum-like in most respects. Its housing is deficient and overcrowded, and utilities are deteriorated and inadequate.

The FY 1980 appropriation provided $1.3 million for emergency repairs and replacement of sewer lines, and for minor rehabilitation to the power plant on Ebeye Island in the Kwajalein Atoll. This amount, coupled with a $1.6 million grant from EPA, provided for the complete cost of the sewer project on Ebeye.

PROPOSAL:

The $2.0 million supplemental will provide the following:

- $1,500,000 for upgrading and improving the water system. Cisterns leak badly and are unsanitary. Catchment gutters are poorly designed and in disrepair. Distribution lines are inadequate and distribution is hampered by inoperative pumps. Pressure is insufficient to operate fire hydrants.

- $500,000 for hospital rehabilitation on Ebeye. The existing hospital is structurally sound but the exterior needs repair and the interior needs extensive rehabilitation and space reallocation.

NEED FOR FUNDING:

One of the most effective means of guiding growth is the location of quality community facilities, and most essential to the improvement and progress of Ebeye, is the provision of a water and sewer system. The groundwork for decent community living on Ebeye has been laid by completion of the new catchment system, the construction of a new sewerage plant, and the on-going rehabilitation of public housing. However, special attention still needs to be given to the several elements which constitute Ebeye's community facilities.

Of greatest need on Ebeye is an adequate water and sewer system, not only for public convenience, but for protection of public health and environment. At present, the fresh water system is in place and in operation. However, its successful operation is dependent upon the availability of water and electrical power. There are several housing areas that have been without pressurized water for want of one or the other of these elements. The existing cisterns are leaking badly and are unsanitary, catchment gutters are poorly designed and in disrepair, and the distribution lines are hampered by inoperative pumps.

The salt water system, a component of the sewerage system, is not operating at effective levels. The pressure is not adequate to provide sufficient head to make the fire hydrants operational. The distribution system is undersized in some areas and deteriorated in others. The health hazard created by the inadequate sewage collection system is significant and is caused by inoperative pumps and lift stations, undersized pipes and insufficient electrical power.

There is a two-phased rehabilitation effort programmed to addressing some of the needs identified above. Funding for this effort is being provided for by a a mix of regular CIP and EPA funds. However, additional replacement and rehabilitation is necessary, particularly in the area of water, before these systems can be considered adequate.

The Ebeye hospital is in poor condition and is in need of many improvements, both with regard to its operation and its physical plant. While structurally sound, the exterior needs to be cleaned and painted, and doors and windows need to be repaired and/or replaced. Because the interior is rapidly deteriorating, floors, walls, insulation and plumbing need to be rehabilitated and an overall redesign and reallocation of space needs to be accomplished.

A new facility has been proposed which would be a modular unit and would cost approximately $1,300,000. Since the existing structure still maintains its structural integrity a rehabilitation effort is proposed. This rehabilitation will be accomplished for $500,000 and will serve the projected hospital needs for the immediate future.

DEPARTMENT OF THE INTERIOR

TERRITORIAL AFFAIRS

TRUST TERRITORY OF THE PACIFIC ISLANDS

MAJOR ACTIVITY: Indefinite Land Use Agreements - $4,117,000

BACKGROUND:

During the late 1940's and the 1950's the United States and the Trust Territory Governments took the position that lands occupied by the United States and the Trust Territory Government since the end of the war should not be acquired outright through purchase, but that a lump sum payment should be made for "indefinite use rights," particularly in those areas where public lands could not be exchanged for the privately-owned lands that were being used or held by the government. The major such settlements were made in the late 1950's (1956 for most of the agreements).

Since that time, and particularly during the late 1960's and into the 1970's Micronesian land-owners have maintained that the valuation placed on their lands was too low and that they did not understand the meaning of the agreements they were asked to sign. In early 1977 the Department of the Interior agreed to participate in a study group composed of respresentatives of the Congress of Micronesia and the Trust Territory executive branch to analyze the problem and to make recommendations concerning its solution. The study group was composed of four members from the Congress of Micronesia--the Trust Territory Attorney General, the Chief of the Lands and Surveys Office, the Chief of the Office of Planning and Statistics, and former High Commissioner William R. Norwood, appointed by the Department of the Interior.

The study group concluded that, whatever the legal character of the indefinite land use agreements, the meaning of the agreements was not clearly understood; that the compensation paid was inadequate; and that in view of the inequities surrounding the negotiation and execution of the agreements, all such agreements should be terminated and renegotiated.

The group recommended that the Trust Territoy Government expedite its review and return of lands under such agreements that are now not needed (necessity rather than convenience being the criterion); that all indefinite use agreements be terminated as soon as practical to do so, but not later than January 1, 1980; that prior to January 1, 1980, the Trust Territory should acquire definite term leases, easements, negotiated fee simple titles, or, as a last alternative, fee simple title through appropriate legal condemnation proceedings; that in the case of disputes arising from the recommendations, the landowners may agree to binding arbitration; and that additional compensation for past use and occupancy should be paid to the landowners. Approximately 636 acres of land are currently involved in indefinite use agreements.

PROPOSAL

The proposed funding of $4,117,000 would provide payments to Micronesian landowners for the past use of their land by the Trust Territory Government and for the purchase or lease of their land for future use. The values of the lands in question are based on the appraisal report of Cowell and Company, Real Estate Consultants, engaged by the High Commissioner to appraise all lands in the Trust Territory held under indefinite use agreements. The appraisal was made in October 1978. The appraisal report has been endorsed by the Interim Congress, Federated States of Micronesia.

FUNDING

The proposed Supplemental Appropriation of $4,117,000 is broken down by Districts and period of land use, as follows:

| DISTRICT | PAST DUE | 3 YEAR LEASE | PURCHASE | TOTAL |
|---|---|---|---|---|
| Kosrae | $ 28,491 | $ 16,180 | $ 0 | $ 44,671 |
| Marshalls | 723,076 | 361,349 | 145,500 | 1,229,925 |
| Truk | 731,618 | 108,185 | 1,399,229 | 2,239,032 |
| Ponape | 9,604 | 5,454 | 0 | 15,058 |
| Yap | 174,349 | 60,564 | 292,200 | 527,113 |
| SUBTOTAL | $1,667,138 | $551,732 | $1,836,929 | $4,055,799 |
| ADMINISTRATIVE EXPENSES | | | | 60,800 |
| TOTAL FUNDING REQUIRED (Rounded) | | | | $4,117,000 |

The estimates for past and future use are based on the appraisal values established in October 1978. Using the appraisal as a base, values of each of the tracts were estimated as of the time of the 1950's agreements and payment for past use was then calculated at 6 percent a year (less the indefinite use payments already made). The proposed lease payments are calculated at 7% a year for three years dating from October 1978. The purchase price is the appraised value of those tracts.

NEED FOR FUNDING

It is desirable that the issues arising out of the indefinite land use agreements be settled as quickly as is practicable, and particularly prior to the planned termination of the Trusteeship in 1981. The United States civilian and military organizations have had use of approximately 636 acres of privately owned land through indefinite use agreements which were, in a great many cases, not fully understood by the land owners. Values have been placed on property which we only now realize were computed erroneously. The Trust Territory Government should renegotiate the use of the lands it deems necessary to hold and settle the amounts past due. No source of funds is available other than a grant appropriated for this purpose.

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STANDARD FORM 304
Mar 1969, Bureau of the Budget
Circular No. A-11, Revised
304-103

DEPARTMENT OF THE INTERIOR
TERRITORIAL AFFAIRS
TRUST TERRITORY OF THE PACIFIC ISLANDS
PROPOSED SUPPLEMENTAL, EXISTING LEGISLATION

OBJECT CLASSIFICATION (in thousands of dollars)

| Identification code 14-0414-0-1-806 | 19 80 XXXX Present Estimate | 19 80 XXXX Revised Estimate | 19 80 XXXX Proposed Supplemental |
|---|---|---|---|
| Personnel compensation: | | | |
| 11.1 Permanent positions | 2,080 | 2,080 | --- |
| ~~11.3 Positions other than permanent~~ | | | |
| 11.5 Other personnel compensation | 393 | 393 | --- |
| ~~11.8 Special personal services payments~~ | | | |
| Total personnel compensation | 2,473 | 2,473 | --- |
| Personnel benefits: | | | |
| 12.1 Civilian | 168 | 168 | --- |
| ~~12.2 Benefits for former personnel~~ | | | |
| 21.0 Travel and transportation of persons | 118 | 118 | --- |
| 22.0 Transportation of things | 8 | 8 | --- |
| ~~23.0 Rent, communications, and utilities~~ | | | |
| ~~24.0 Printing and reproduction~~ | | | |
| ~~25.0 Other services~~ | | | |
| ~~26.0 Supplies and materials~~ | | | |
| ~~31.0 Equipment~~ | | | |
| ~~32.0 Lands and structures~~ | | | |
| ~~33.0 Investments and loans~~ | | | |
| 41.0 Grants, subsidies, and contributions | 111,708 | 117,825 | 6,117 |
| ~~42.0 Insurance claims and indemnities~~ | | | |
| ~~43.0 Interest and dividends~~ | | | |
| ~~44.0 Refunds~~ | | | |
| | | | |
| | | | |
| 99.0 Total obligations | 114,475 | 120,592 | 6,117 |
| | (Mono cat: 20.11) | (Mono cat: 5.9) | (Mono cat: 5.9) (Mono cat: 5) |

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STANDARD FORM 300
July 1964, Bureau of the Budget Circular No. A-11, Revised.
300-101

DEPARTMENT OF THE INTERIOR
TERRITORIAL AFFAIRS
TRUST TERRITORY OF THE PACIFIC ISLANDS
PROGRAM & FINANCING (IN THOUSANDS OF DOLLARS)
PROPOSED SUPPLEMENTAL EXISTING LEGISLATION

| Identification code 14-0414-0-1-806 | 19 80 [illegible] | 19 80 [illegible] | 19 80 [illegible] |
|---|---|---|---|
| Program by Activities: | Present Estimate | Revised Estimate | Proposed Estimate |
| Direct Program: | | | |
| 1. Indefinite Land Use | --- | 4,117 | 4,117 |
| 2. Kwajalein Atoll Development | --- | 2,000 | 2,000 |
| 3. All other | 114,475 | 114,475 | --- |
| Total Program Costs, Funded | 114,475 | 120,592 | 6,117 |
| Total Obligations | 114,475 | 120,592 | 6,117 |
| Financing: | | | |
| 21.40 Unobligated Balance Available, Start of year | -587 | -587 | --- |
| 24.40 Unobligated Balance Available, End of year | --- | --- | --- |
| Budget Authority | 113,888 | 120,005 | 6,117 |
| Budget Authority | | | |
| 40.00 Appropriation | 113,785 | 119,902 | 6,117 |
| 44.20 Supplemental now requested for civilian pay raises | 103 | 103 | --- |
| Relation of obligations to outlays: | | | |
| 71.00 Obligations incurred, net | 114,475 | 120,592 | 6,117 |
| 72.40 Obligated balance, start of year | 91,063 | 91,063 | --- |
| 74.40 Obligated balance, end of year | -99,142 | -100,642 | -1,500 |
| 90.00 Outlays, excluding pay | 106,295 | 110,912 | 4,617 |
| 91.20 Outlays from civilian pay raises | 101 | 101 | --- |
| (Memo ent: 31.8) | (Memo ent: 8) | (Memo ent: 8) | (Memo ent: 4.8) |

GPO : 1973 O - 448-337

DEPARTMENT OF THE INTERIOR

TERRITORIAL AFFAIRS

ADMINISTRATION OF TERRITORIES

(SUPPLEMENTAL NOW REQUESTED, EXISTING LEGISLATION)

For an additional amount for "Administration of Territories", $3,318,000, to remain available until expended.

DEPARTMENT OF THE INTERIOR
OFFICE OF TERRITORIAL AFFAIRS
ADMINISTRATION OF TERRITORIES
(PROPOSED SUPPLEMENTAL EXISTING LEGISLATION)

Background of Covenant Funding

Grants to the Government of the Northern Mariana Islands - $3,318,000
Background:

1. Section 704(b) and (c) of the Covenant provide that (1) approval of the Covenant by the United States will constitute an authorization for the appropriation of a pro-rata share of the funds provided under Section 702 for the period between the effective date of this section and the beginning of the next succeeding fiscal year, and (2) the amounts stated in Section 702 will be adjusted by a percentage which will be the same as the percentage change in the United States Department of Commerce composite price index using the beginning of the Fiscal Year 1975 as a base.

2. Section 702 base figures are as follows in thousands of dollars.

| | |
|---|---|
| Operations | $ 8,250 |
| Economic Development | 1,750 |
| Construction | 4,000 |
| Total | $14,000 |

3. The reference in 704 (c) and Section 803(b) of the Covenant to a United States Department of Commerce composte price index is intended to refer to the United States Gross National Product Implicit Price Deflator (GNPIPD).

4. Therefore, in accordance with number 3 above and 704(c) the $14.0 million represents the base beginning in FY 1975 and is equal to zero. The GNPIPD used for the base represents the index for the quarter ending 6/30/74 and is also equal to zero. The mathematical computation to apply the GNPIPD is as follows:

   (a) Base amount $14.0 million times the actual GNPIPD as of 9/30 for the year being used divided by the base GNPIPD of 114.34 will then equal the base amount adjusted to that fiscal year dollars.

5. Since the actual GNPIPD for any period ending 9/30 is not available until December of that same year the following must be taken into account.

   (1) Current year appropriation based on previous 9/30 GNPIPD will need two adjustments in order to have been fully adjusted for that fiscal year. Thus each supplemental request for the current year appropriation contains two adjustments.

   (a) First adjustment represents the final one for the past year appropriation.

   (b) Second adjustment represents the first one for the current year appropriation.

   (c) Therefore, these adjustments will be sought as a supplemental in the budget year once the GNPIPD for the current year ending 9/30 is known.

63-072 O—80——22

6. Except for FY 1978 where 704(c) of the Covenant applied for three quarters of the fiscal year, the remaining full seven fiscal years (FY 1979 to FY 1985) will be adjusted by the GNPIPD as outlined above.

7. The following tables show

   (1) GNPIPD - FY 1974 to EST 1980

   (2) Summary for Covenant Funds Appropriated

   (3) Mathematical Computation of the FY 1980 Supplemental

Computation of Current Dollar Adjustment

GROSS NATIONAL PRODUCT IMPLICIT PRICE DEFLATOR

| 1972 = 100 | | Annual Increase |
|---|---|---|
| ACTUAL CY 1974, 2nd QTR | 114.34 BASE[1/] | --- |
| ACTUAL CY 1974, 3rd QTR | 117.34 BASE[1/] | --- |
| ACTUAL CY 1975, 3rd QTR | 127.23 FY 1975 | +12.89 |
| ACTUAL CY 1975, 3rd QTR | 134.34 FY 1976 | + 7.11 |
| ACTUAL CY 1977, 3rd QTR | 142.19 FY 1977 | + 7.85 |
| ACTUAL CY 1978, 3rd QTR | 153.59 FY 1978 | +11.40 |
| ACTUAL CY 1979, 3rd QTR | 167.14 FY 1979 | +13.55 |
| EST CY 1980, 3rd QTR | 179.96 FY 1980 | +12.82 |

1/ With all parties (DOI, OMB, and GNMI) agreeing the actual GNPIPD base was changed to the period ending 6/30/74 in conformance with section 704(c) of the Covenant. Previous FY 1978 adjustments used the GNPIPD ending 9/30/74.

Government of the Northern Mariana Islands

Summary of Appropriations and
Current Dollar Adjustments, FY 1978 to FY 1980

(In thousands of Dollars)

| | Appropriated FY | Supplemental 1st Adjust (CY) | Supplemental 2nd Adjust (PY) | Total | Total FY | | |
|---|---|---|---|---|---|---|---|
| FY 1978 Operations | 9,582 | 289 | --- | 289 | 9,871 | 1/ | Appropriation 1978 |
| EDLF | --- | 1,586 | --- | 1,586 | 1,586 | 2/ | 1st Adj 76 $ to 77 $ |
| Construction | 3,933 | 674 | --- | 674 | 4,607 | | |
| TOTAL | 13,515 1/ | 2,549 2/ | --- | 2,549 | 16,064 | | |
| FY 1979 Operations | 9,967 | 1,115 | 836 | 1,951 | 11,918 | 1/ | Represents 1977 dollars |
| EDLF | 2,114 | 237 | 177 | 414 | 2,528 | 2/ | 1st & last adj 77 $ to 78 $ |
| Construction | 4,832 | 541 | 406 | 947 | 5,779 | 3/ | 2nd & last adj 76 $ to 78 $ |
| total | 16,913 1/ | 1,893 2/ | 1,419 3/ | 3,312 | 20,225 | | |
| FY 1980 Operations | 11,082 | 978 | 978 | 1,956 | 13,038 | 1/ | Represents 1978 dollars |
| EDLF | 2,351 | 207 | 207 | 414 | 2,765 | 2/ | 1st Adj 78 $ to 79 $ |
| Construction | 5,373 | 474 | 474 | 948 | 6,321 | 3/ | 2nd & last adj 77 $ to 79 $ |
| TOTAL | 18,806 1/ | 1,659 2/ | 1,659 3/ | 3,318 | 22,124 | | |

MATHEMATICAL COMPUTATION OF THE FY 1980
NORTHERN MARIANA ISLANDS CURRENT DOLLAR
ADJUSTMENT SUPPLEMENTAL

1. Computation to bring base figure to FY 1979 dollars (in thousands of dollars)

| | BASE | | GNPIPD 9/30/79 | | GNPIPD 6/30/74 | | ADJUSTED BASE |
|---|---|---|---|---|---|---|---|
| Operations | 8,250 | x | 167.14 | ÷ | 114.34 | = | 12,060 |
| EDLF | 1,750 | x | 167.14 | ÷ | 114.34 | = | 2,558 |
| Construction | 4,000 | x | 167.14 | ÷ | 114.34 | = | 5,847 |
| Total | 14,000 | | | | | | 20,465 |

2. Computation to bring FY 1978 dollars appropriated in FY 1979 to FY 1979 dollars

| | (77$) Appropriated FY 79 | (Adj. to 77$) Supplemental FY 79 1st Adj. | Adjusted 77$ to 78 | Less Adj. 79$ | 2nd Adj. Supp 77$ to 79$ |
|---|---|---|---|---|---|
| Operations | 9,967 | 1,115 | 11,082 | 12,060 | 978 |
| EDLF | 2,114 | 237 | 2,351 | 2,558 | 207 |
| Construction | 4,832 | 541 | 5,373 | 5,847 | 474 |
| Total | 16,913 | 1,893 | 18,806 | 20,465 | 1,659 |

3. Computation to bring FY 78 dollars appropriated in FY 1980 to FY 1978 dollars

| | FY 78 dollars Appropriated in FY 80 | Less Adj. 79 $ | 1st Adj. $ 78 to 79 $ |
|---|---|---|---|
| Operations | 11,082 | 12,060 | 978 |
| EDLF | 2,351 | 2,558 | 207 |
| Construction | 5,847 | 5,847 | 474 |
| Total | 18,806 | 20,465 | 1,659 |

4. Supplemental Summary

| | 2nd Adj. 77$ to 79$ | 1st Adj. 78$ to 79$ | Total FY 80 Supplemental |
|---|---|---|---|
| Operations | 978 | 978 | 1,956 |
| EDLF | 207 | 207 | 414 |
| Construction | 474 | 474 | 948 |
| Total | 1,659 | 1,659 | 3,318 |

July 1964, Bureau of the Budget
Circular No. A-11, Revised
300-101

TERRITORIAL AFFAIRS
ADMINISTRATION OF TERRITORIES
PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)
(SUPPLEMENTAL NOW REQUESTED, EXISTING LEGISLATION)

| Identification code 14-0412-1-1-806 | 19 80 XXXXX | 19 80 XXXXX | 19 80 XXXXX |
|---|---|---|---|
| | Present Estimate | Revised Estimate | Proposed Supplemental |
| Program by activities: | | | |
| Direct program | | | |
| 7. Government of the Northern Mariana Islands, grants | 23,000 | 26,318 | 3,318 |
| All other activities | 52,161 | 52,161 | --- |
| Total direct program | 75,161 | 78,479 | 3,318 |
| Reimbursable program | 300 | 300 | --- |
| Total program costs funded | 75,461 | 78,779 | 3,318 |
| Change in selected resources (undelivered orders) | 12,643 | 12,643 | 3,318 |
| 10.00 Total obligations | 88,104 | 91,422 | 3,318 |
| Financing: | | | |
| 11.00 Offsetting collection from: Federal funds | -300 | -300 | --- |
| 21.40 Unobligated balance available, start of year | -1,032 | -1,032 | --- |
| 24.40 Unobligated balance available, end of year | --- | --- | --- |
| Budget Authority | 86,772 | 90,090 | 3,318 |
| Budget Authority: | | | |
| 40.00 Appropriation | 86,661 | 89,979 | 3,318 |
| 44.20 Supplemental for civilian pay raises | 111 | 111 | --- |
| | (Memo ent: 31.1) | (Memo ent: 0) | (Memo ent: 1) | (Memo ent: 4.9) |

Circular No. A-11, Revised.
300-101

DEPARTMENT OF THE INTERIOR
TERRITORIAL AFFAIRS
ADMINISTRATION OF TERRITORIES
PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS) (CONT.)
(SUPPLEMENTAL NOW REQUESTED, EXISTING LEGISLATION)

| Identification code 14-0412-1-1-806 | 19 80 XXX | 19 80 XXXX | 19 80 XXXX |
|---|---|---|---|
| Relation of obligations to outlays: | Present Estimate | Revised Estimate | Proposed Supplemental |
| 71.00 Obligations incurred, net ..... | 87,804 | 91,122 | 3,318 |
| 72.40 Obligated balance, start of year | 21,258 | 21,258 | --- |
| 74.40 Obligated balance, end of year | 40,765 | 40,765 | --- |
| 90.00 Outlays, excluding pay raise supplemental ..... | 68,188 | 71,506 | 3,318 |
| 91.20 Outlays from civilian pay raise supplemental | 109 | 109 | --- |
| | (Memo ent: 21.5) | (Memo ent: 5) | (Memo ent: 1) | (Memo ent: 4.9) |

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STANDARD FORM 304
Memorandum of the Bureau of the Budget
Circular No. A-11 Revised
104-105

DEPARTMENT OF THE INTERIOR
TERRITORIAL AFFAIRS
(SUPPLEMENTAL NOW REQUESTED, EXISTING LEGISLATION)

OBJECT CLASSIFICATION (in thousands of dollars)

| Identification code 14-0412-1-1-806 | 19 80 XXXX Present Estimate | 19 80 XXXX Revised Estimate | 19 80 XXXX Proposed Supplemental |
|---|---|---|---|
| Direct Program: | | | |
| Personnel compensation: | | | |
| 11.1 Permanent positions | 2,796 | 2,796 | --- |
| XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX | | | |
| 11.5 Other personnel compensation | 178 | 178 | --- |
| XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX | | | |
| Total personnel compensation | 2,974 | 2,974 | --- |
| Personnel benefits: | | | |
| 12.1 Civilian | 390 | 390 | --- |
| XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX | | | |
| 21.0 Travel and transportation of persons | 355 | 355 | --- |
| 22.0 Transportation of things | 95 | 95 | --- |
| 23.1 Standard Level User Charges | 180 | 180 | --- |
| 23.2 Rent, communications, and other rent | 128 | 128 | --- |
| 24.0 Printing and reproduction | 93 | 93 | --- |
| 25.0 Other services | 401 | 401 | --- |
| 26.0 Supplies and materials | 60 | 60 | --- |
| 31.0 Equipment | 84 | 84 | --- |
| XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX | | | |
| XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX | | | |
| 41.0 Grants, subsidies, and contributions | 83,044 | 86,362 | 3,318 |
| XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX | | | |
| XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX | | | |
| XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX | | | |
| Total direct programs | 87,804 | 91,122 | 3,318 |
| Reimbursable program | 300 | 300 | --- |
| 99.0 Total obligations | 88,104 | 91,422 | 3,318 |
| | (Memo cast: 20.11) | (Memo cast: 3.9) | (Memo cast: 3.9) (Memo cast: 3) |

STANDARD FORM 300
July 1963, Issued by the Budget Circular No. A-11, Revised 300-101

DEPARTMENT OF THE INTERIOR
TERRITORIAL AFFAIRS
PERSONNEL SUMMARY
(SUPPLEMENTAL NOW REQUESTED, EXISTING LEGISLATION)

| Identification code 14-0412-1-1-806 | 19 80 XXXX Present Estimate | 19 80 XXXX Revised Estimate | 19 80 XXXX Proposed Supplementa |
|---|---|---|---|
| Direct: | | | |
| Total numbers of permanent positions .. | 108 | 108 | --- |
| Total compensable work years ..... | 104 | 104 | --- |
| Full-time equivalent of other positions ..... | (0) | (0) | --- |
| Full-time equivalent of overtime and holiday hours ..... | (1) | (1) | --- |
| Average ES salary ..... | $50,112 | $50,112 | --- |
| Average GS grade ..... | 10.67 | 10.67 | --- |
| Average GS salary ..... | $24,106 | $24,106 | --- |
| Reimbursable: | | | |
| Total number of permanent positions .. | --- | --- | --- |
| Total compensable work years ..... | 5 | 5 | --- |
| Full-time equivalent of other positions ..... | (0) | (0) | --- |
| Full-time equivalent of overtime and holiday hours ..... | (0) | (0) | --- |
| Average GS grade ..... | 11.25 | 11.25 | --- |
| Average GS salary ..... | $22,354 | $22,354 | --- |
| | (Memo est: 31.5) | (Memo est: 5) | (Memo est: 5) (Memo est: 4.9) |

Mr. DICKS. Mr. Green, we're delighted to have you here today. We'll put your full statement in the record at this point and ask you to summarize and make any comments you would like to make at this point. Proceed as you wish.

[The statement follows:]

Statement of Wallace O. Green, Acting Deputy Assistant Secretary, Territorial and International Affairs, before the Subcommittee on Appropriations for the Department of the Interior and Related Agencies; FY 1981 Budget Request, April 1980.

Mr. Chairman:

It is a distinct pleasure for me to appear before your Committee. Before addressing the FY 1981 budget request for the territories, I would like to highlight some of the new developments that are taking place within the Administration with regard to territorial policy.

## Presidential Policy on Territories

On February 14, 1980, the President announced the framework for a comprehensive Federal Territorial policy toward Guam, the United States Virgin Islands, American Samoa, and the Northern Mariana Islands. Its purpose is to strengthen the United States' fundamental commitment to encourage the self-determined political, economic and social development of our territories. The basic elements of this policy were developed through an intensive Domestic Policy Review of the then current Territorial policy. The review was conducted by the Administration, in consultation with territorial leaders and Members of Congress. Appended to my statement is the President's message to the Congress which outlines the overall policy, and planned new initiatives for implementing that policy. It should be noted here, that until the organizational arrangements for handling United States relations with the freely associated States of Micronesia have been completed by both the Administration and the Congress, the responsibilities previously placed in the Secretary of the Interior by the President for exercising full jurisdiction will remain with the Secretary of Interior.

## Assistant Secretary of the Interior - Territorial and International Affairs

One of the Presidential initiatives states that the office charged with territorial liaison and assistance responsibility will be enhanced organizationally to help it deliver the services expected of it and will be headed by a new Assistant Secretary of the Interior for Territorial and International Affairs. Pursuant to this the Secretary of Interior issued Secretarial Order No. 3046, dated February 14, 1980, establishing that position. Appended to this statement is a copy of that Order.

As you are aware, the Under Secretary of Interior was charged with oversight responsibility of territorial administration and affairs by the Secretary. These responsibilities were basically discharged through the Director, Office of Territorial Affairs, which office now has been reorganized under the Assistant Secretary - Territorial and International Affairs. In that regard, I as Deputy Undersecretary, having been associated with the program, policy and administration of the Office of Territorial Affairs, was appointed by the Secretary of Interior as Acting Assistant Secretary - Territorial and International Affairs. Ruth G. Van Cleve, was also designated by the Secretary as Deputy Assistant Secretary for Policy. These appointments have been made until such time as a nomination for Assistant Secretary is made by the President, and confirmed by the Senate.

I should like to take a moment to thank publicly, before this Committee, Mrs. Van Cleve and the staff of the Office of Territorial Affairs for the splendid support afforded me and for their assistance and cooperation in planning and carrying out the reorganization.

Territorial Policy Implementation

As a result of the President's recently announced territorial policy we are reassessing our organizational arrangement and territorial needs.

Our major emphasis for the balance of FY 1980 will be to organize the new office; launch a program that will emphasize planning, economic development, technical assistance, and Federal program coordination; and improve the depth of our policy analysis and legislative liaison functions, thereby giving us greater effectiveness as advocates for territorial government initiatives and needs.

For FY 1981, consideration is being given within the Administration to increased funding of the organization, including an increased technical assistance and program coordination staff. Discretionary funds for planning assistance are also being considered. Funding for other programs such as the Commission on Federal Laws, if authorized during calendar 1980, will also be sought in 1981.

Finally, in calendar 1980, we will redefine the role of the International Affairs staff. It will be reviewed extensively by all concerned, i.e., Interior, State, OMB, and the Congress. Following, I hope in the 1982 submission, the program can be funded to enable us properly to oversee and coordinate Interior's myriad of international assistance projects.

FY 1981 Budget Request

The Administration's budget request for the territorial governments for FY 1981 is a reduced request from FY 1980, but most of the reduction can be attributed to special one-time funding items in 1980. All of the requests for funding from the territorial governments to the Administration could not be included in this request. The request before you, however, represents those items considered to be of the highest priority.

The following outlines the territorial budget request for FY 1981:

The total budget authority requested for fiscal year 1981 is $202,343,000. This amount, which represents a net decrease of about $82.9 million from FY 1980, provides funding for the Trust Territory of the Pacific Islands, the Northern Mariana Islands, American Samoa, Guam, the U.S. Virgin Islands, the Federal comptrollers' offices in each of the territories, and for Territorial Administration in Policy, Budget, and Operations.

As you know, the territorial tax matching proposal which was recommended for initiation in FY 1981 will be postponed as part of the President's Budget reduction exercise.

$79,459,000 requested for the Trust Territory

The United States, through the Department of the Interior, administers the Trust Territory of the Pacific Islands under a Trusteeship Agreement with the Security Council of the United Nations. As Administering Authority, the United States has obligated itself to promote political, economic, and educational development and to improve the health and well-being of the Micronesians through better community facilities and services. The Trust Territory covers a water area of 3 million square miles with a total land area of 516 square miles. The population (excluding the Northern Marianas) is approximately 120,000.

Funds for the 1981 Trust Territory grants for operations, capital improvements, and special programs total $79,459,000, a decrease of $34.3 million from the FY 1980 level.

The FY 1981 budget proposed for the Trust Territory Government operations is $49,575,000, a decrease of $2.1 million from 1980. This amount will provide for the following significant items: $8.0 million for medical services; $11.7 million for educational programs; $3.7 million for resources and development; $11.6 million for public works and operations and maintenance; $5.3 million for transportation and communications; $2.2 million for protection of persons and property; and $7.1 million for other areas. The proposed grant for capital improvements is $23.6 million, a decrease of $28.1 million in this category from 1980 as the 5-year program is concluded. This $23.6 million includes the following work:

Major Capital Improvements - FY 1981

| | |
|---|---|
| Water and Power projects | $9,260,000 |
| Roads and Docks | $7,359,000 |
| High School Cafetorium | $1,781,000 |
| Restoration of funds to projects deferred in order to liquidate construction claims agains the TTPI | $5,184,000 |

In addition to operations and capital improvements, the request for the TTPI includes $3.3 million for transition cost to assist in the establishment of the newly formed government entitites, $1.0 million for compensation of Rongelap and Utirik nuclear victims, and $2.0 million for Kwajalein Atoll development.

$20,470,000 requested for the Northern Mariana Islands

The requested funding for FY 1981 includes a $1.7 million increase over FY 1980 as specified by law. This funding will provide $12,060,000 for governmental operations, $5,847,000 for construction, and $2,558,000 for economic development.

$12,470,000 requested for Guam

The requested funding includes $500,000 for the Guam Economic Development Loan Fund, to be lent to borrowers in Guam who are working to develop local resources, such as fishing and agriculture. In addition, $11,970,000 is requested for capital improvements in the areas of: school renovation ($6,750,000); water facilities ($4,140,000); and roads ($1,080,000).

$25,750,000 requested for American Samoa

The requested funding includes $500,000 for American Samoa's Economic Development Loan Fund, $17,600,000 for the Operation of the territorial government; and $7,650,000 for capital improvements. The capital improvements moneys would be divided as follows: $4,950,000 for dock expansion, $1,800,000 for the Marine Railway, and $900,000 for roads and schools.

$18,400,000 requested for the Virgin Islands

The requested amount is for the second increment of a major rebuilding of health care facilities on the Virgin Islands.

$3,134,000 requested for the Federal Comptrollers

This request, with an increase of $152,000 over the 1980 level, will provide direct funding for the Comptrollers' offices in American Samoa, Guam, the Trust Territory, and the Virgin Islands. Our proposed reorganization plan calls for a redistribution within the Comptrollers' organizations of both personnel and funding with no additional amounts to be requested.

$1,165,000 requested for the Office of Territorial Affairs

This request, with an increase of $75,000 over 1980, will provide direct funding for the Office of Territorial Affairs. The Office of Territorial Affairs' activities are to become part of the planned larger organization. Funds appropriated for the office will be transferred within this account to the new activity of Territorial Administration, Policy, Budget, Operation once we have that organization in place.

I should like to make one last point, and that is that, prior to finalizing any part of the planned reorganization for the Assistant Secretary of Interior for Territorial and International Affairs, we will certainly inform the Committee of the proposal and also seek the advice of this Committee.

Mr. Chairman, this concludes my prepared remarks. I thank you for the opportunity to provide an overview of the Department's territorial budget request and I will be pleased to respond to questions you and other members of the committee may have.

DEPARTMENT OF THE INTERIOR

Comparison of Fiscal Year 1980 with Fiscal Year 1981 Budget Authority

(In thousands of dollars)

| Bureau or Office and Appropriation Title | 1980 Appropriation | Net Transfers and requested Supplementals | 1980 Amount Requested | Fiscal Year 1981 Estimate | Increase or Decrease (-) 1981 compared with 1980 |
|---|---|---|---|---|---|
| Office of Territorial Affairs | | | | | |
| Administration of Territories | 86,661 | 3,429[1/] | 90,090[1/] | 81,384 | -8,706 |
| Trust Territory of the Pacific Islands | 113,785 | 6,220[1/] | 120,005[1/] | 79,459 | -40,546 |
| Payment to the U.S. Territories Fiscal Assistance | 83,000 | --- | 83,000 | 41,500 | -41,500 |
| Internal Revenue Collections for the Virgin Islands | 1,802 | --- | 1,802 | --- | 1,802 |
| Total, Office of Territorial Affairs | 285,248 | 9,649 | 294,897 | 202,343 | -92,554 |
| Outlays | 268,964 | 8,145 | 277,114 | 219,026 | -58,088 |

1/ Includes civilian pay raise supplemental.

FOR IMMEDIATE RELEASE

Office of the White House Press Secretary

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THE WHITE HOUSE

TO THE CONGRESS OF THE UNITED STATES:

I am announcing today the framework for a comprehensive Federal territorial policy towards Guam, the United States Virgin Islands, American Samoa and the Northern Mariana Islands. It strengthens our Nation's fundamental commitment to encourage the self-determined political, economic and social development of our territories.

The legislative proposals and executive actions that make up the basic elements of this policy were developed through an intensive Domestic Policy Review of current policy conducted by my Administration in consultation with territorial leaders and Members of Congress.

A number of developments precipitated this review:

-- Congressional leaders and Administration officials have joined territorial residents in concern about inadequate economic development in the territories;

-- Growing deficits have brought both Guam and the Virgin Islands close to insolvency, despite considerable Federal assistance;

-- Territorial income tax revenues, as a percentage of gross territorial product, have dropped substantially;

-- Some territories are having increasing difficulty in providing essential public services. This failure impairs the quality of life of their populations, inhibits economic expansion, and leads to requests for extraordinary Federal support;

-- The territories have been confronted with new social problems which have reached near-crisis proportions in some instances;

-- Federal policies toward the territories are often inconsistent, inappropriate, or confusing, exacerbating problems and frustrating well-intentioned programs; and

-- The government and the administration of the territories have changed considerably over the last decade, creating the need for a reconsideration of organizational arrangements within the Executive Branch and possibly status.

Over the past several years, the Federal government has attempted to rectify many of the pressing problems facing the territories. In many cases, however, the piecemeal solutions devised have failed to clear up the underlying causes of those problems. While some Federal actions have contributed to the development of the territories, others have not promoted the greater self-sufficiency to which they justly aspire.

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Our new policy is significant not only because of the scope of the individual initiatives it proposes; it is also significant because it is comprehensive. The interrelated elements of this policy seek to improve the full range of the Federal-territorial relationship.

Because the Congress is mandated plenary power for the territories by the Constitution, I ask that you join my Administration in adopting and implementing this comprehensive policy. Through legislation and the exercise of oversight responsibility, the Congress can ensure that the policy goals I outline here are realized. They include:

-- detailing a procedure for the orderly political development of the territories;

-- providing opportunity for and a stimulus to their economic growth;

-- rationalizing the existing Federal-territorial financial relationship and improving local financial management;

-- enhancing territorial treatment under Federal programs; and

-- elevating the Federal organization for dealing with territorial matters.

I especially want to request the involvement of those Members of both Houses and of both parties who have shown consistent leadership and sensitivity on territorial issues: Senators Jackson, Johnston, Matsunaga, McClure, Stevens and Hatfield; Representatives Phillip Burton, Yates, Murphy, Clausen, Lagomarsino, Duncan; and Delegate Won Pat. Their views have been essential to the development of this policy and their help is essential for its implementation.

They know that we in Washington have an obligation to protect and nurture the unique cultures and fragile economies of these islands, which are so distinct from the rest of the Nation in terms of history, geography, economic potential, tradition and ethnic composition. Our goal should be to recognize these distinctions as assets rather than to expect the territories to conform to practices and policies designed for the States and often inapplicable to insular areas.

That is why this policy was not simply adopted in Washington for the territories; it was formulated in conjunction with the elected officials of the territories whose input was obtained at every stage and played a major role in shaping this policy.

Executive Branch Reorganization

To implement the initiatives I announce today, I will continue to rely upon the Department of the Interior, which for some time has had principal responsibility within the Executive Branch for territorial matters. To help it perform this function, I propose the following reorganization steps:

-- the Secretary of the Interior will be given clear responsibility for all matters related to the territories and will be accorded increased support from other agencies and the White House staff;

-- the office charged with territorial liaison and assistance responsibility will be enhanced organizationally to help it deliver the services expected of it and will be headed by a new Assistant Secretary of the Interior for Territorial and International Affairs; and

-- to further ensure a coordinated Federal effort, territorial matters will be among the major responsibilities of a senior assistant on my Domestic Policy Staff.

These measures will improve the attention given the territories. They will make explicit Interior's responsibilities for the Northern Mariana Islands but will not change the Department's responsibilities for the Trust Territory of the Pacific Islands prior to the termination of the Trusteeship.

The organizational arrangements for handling United States relations with the freely associated States of Micronesia after termination of the Trusteeship, however, will not be determined until the final character of our responsibilities with regard to those island States is fully defined through the agreements now being negotiated.

The present policy of assigning no one department specific responsibility for liaison and assistance to Puerto Rico will continue until the government of that island requests such an assignment.

Under this reorganization, the Federal Comptrollers will continue to provide the territories with technical assistance and to perform their traditional and essential auditing function.

Political Development

In keeping with our fundamental policy of self-determination, all options for political development should be open to the people of the insular territories so long as their choices are implemented when economically feasible and in a manner that does not compromise the national security of the United States.

If the people of any of the territories wish to modify their current political status, they should express their aspirations to the Secretary of the Interior through their elected leaders, as is the case now. The Secretary, along with representatives of the appropriate Federal agencies, will, in turn, consult with territorial leaders on the issues raised. Following such discussions, a full report will be submitted to the Congress, along with the Secretary's proposals and recommendations.

This procedure will permit an orderly development of the Federal-territorial relationship. To maximize local self-determination, however, I want to encourage the people of Guam and the Virgin Islands to continue in the constitution-drafting process. By doing so, they will in due course replace the Federal laws under which their local governments now function with instruments of their own design.

The Secretary of the Interior will also make recommendations to me on the other proposals for political development considered during the Administration's Domestic Policy Review, including: Federal court reform in Guam and the Virgin Islands, Congressional representation for the Northern Mariana Islands, and other changes in current law.

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Economic Development

Attainment of the political aspirations of the people of the territories, as well as the quality of their lives, is vitally dependent on the economic viability of these insular areas. Therefore, this policy framework places special emphasis on furthering the economic development of each of these areas. As with other aspects of this policy, the Department of the Interior will be given new responsibilities to accomplish this end. Chief among these will be coordination of the work of the Federal government's economic development agencies with respect to the territories.

So that we may make sense out of the somewhat confused pattern of Federal laws that now apply or fail to apply to the territories, I will propose legislation to establish a Presidential Commission to examine the application of Federal statutes on a case by case basis to Guam, the Virgin Islands and American Samoa. On this Commission, representatives of each of the territories would join Federal legislative and executive representatives in recommending legislation to the President for his submission to Congress.

The Commission would not examine the applicability of Federal laws to the Northern Mariana Islands because our Covenant with that Commonwealth stipulates the appointment of a separate commission for that purpose. I will shortly appoint members to that Commission.

I will also direct the Department of the Interior, with the assistance of Federal economic development agencies, to undertake an analysis of Federal constraints on territorial economic expansion. This study will provide information and policy guidelines for the Commissions on Federal laws and will propose concrete action to remove administratively-imposed constraints.

I have, further, directed the Secretary of the Interior to devise methods of encouraging private sector development in the territories by providing technical training and public and private financing assistance. Again, in this effort the Secretary of the Interior will coordinate the involvement of all relevant agencies, particularly the Economic Development Administration of the Department of Commerce, which I expect to play a major role in fostering the growth of the private sector in the territories.

Capital Development

Federal constraints, the need for technical assistance and training, and the lack of local venture capital are not the only factors inhibiting private sector growth in the territories. There is also a serious need to develop and maintain the basic capital infrastructure to meet business and human requirements. In many of the islands, meaningful economic growth -- as well as a decent standard of living -- will be an unattainable dream unless elementary facilities are constructed.

My 1981 Budget recognizes this fact. In it I have proposed substantial Federal support for several essential capital improvement projects. The funding level proposed would have the Federal government finance 90 percent of the cost of these projects. This method of cost-sharing of capital improvement projects in the territories is a major element of the territorial assistance proposals I announce today. I urge that it be standardized until the territories become sound enough financially to assume a greater portion of the cost of needed projects.

Joint Federal-Territorial Planning

To plan and set priorities for territorial capital development, my Administration will propose a program for joint Federal-territorial, comprehensive, multi-year planning, financed by Federal grants. This planning will serve other purposes as well. It will help to improve the effectiveness of Federal grant programs in the territories and it will assist the territories to better manage their finances.

Federal Grant Programs

Several other initiatives will be undertaken by my Administration to enhance the effectiveness and usefulness of Federal grant programs, including:

-- encouragement to territorial governors to strengthen their grant coordinating units and to participate in joint planning efforts,

-- a directive to all Federal agencies to keep the Department of the Interior informed of all grant applications and decisions affecting the territories and to provide it with data related to the applications and the programs to which they apply,

-- a waiver of matching requirements for programs or projects the Federal government wants to encourage in the territories, and

-- development of a test proposal to provide the territories with block grants replacing the categorical grants-in-aid which the territories find increasingly difficult to administer effectively.

Financial Assistance

The initiatives I propose to ameliorate territorial financial difficulties are part of a major revision of the financial relationship between Washington and the territories. This change is designed to promote greater self-reliance in the territories. It recognizes that somewhat greater levels of assistance are required in the short run to enable the territories to be more self-sufficient in the long run. It focuses on capital improvements, economic development, and gradually increasing territorial contributions to the funding of local programs and projects.

Thus, while my Administration will continue to oppose measures that provide a disincentive to prudent budget practices -- such as the financing of deficit spending -- I will submit legislation designed to enable Guam and the Virgin Islands to alleviate immediate and near-term budgetary pressures while improving their financial management practices.

This proposal is expected to provide an additional $25 million in financial aid to the two territories in Fiscal Year 1981, as well as to provide an incentive toward greater local tax effort. It will be accompanied by assistance designed to improve budget-making and planning in the territories. It will make continued additional Federal support contingent on sound budgeting and accounting practices, including a plan to eliminate accumulated deficits.

My 1981 Budget proposes a continuance of significant Federal support for American Samoa and budgetary support for the Northern Mariana Islands as required by the Covenant. Both will also be able to participate in our program of budget

planning assistance. As an incentive to self-reliance in American Samoa, I propose that in the future our operational assistance to that territory be limited to the previous year's base plus a five percent inflation adjustment.

To increase territorial revenues, I propose that we fully extend the Internal Revenue Code, now limited to the States and the District of Columbia, to the territories. I will submit legislation similar to S. 2017, sponsored by Senator Johnston, that will replace the so-called "mirror" systems of income taxation imposed by Federal law and eliminate restrictions on the local imposition of a local income tax.

This measure would provide the territories with many advantages in addition to according them State-like Federal income tax treatment. Collections by the Internal Revenue Service would be covered over to territorial treasuries for an anticipated significant net gain. Anomalies in current tax laws would be eliminated, encouraging business activity and increasing collections. Employees of territorial tax agencies would be given preference in hiring for Internal Revenue Service positions in their territories. And the legislation would create new incentives for business investment.

As I noted at the outset, the legislative proposals and administrative actions that make up this policy framework seek to reaffirm our fundamental commitment to self-determination. They recognize as well our unique relationships with the territories and our special obligations to their peoples.

This comprehensive territorial policy will enhance the political, economic and social development of those territories to which we owe so much and which need our assistance. Territorial Americans can rest assured that we will pursue this new policy with diligence and perseverance.

JIMMY CARTER

THE WHITE HOUSE,

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# United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

ORDER NO. 3046

Subject: Establishment of Assistant Secretary - Territorial and International Affairs

Sec. 1 Purpose. This order provides for the establishment of the position of Assistant Secretary - Territorial and International Affairs in the Secretariat of the Department of the Interior. This action is being taken in accordance with the authority provided by Section 2 of the Reorganization Plan No. 3 of 1950 (64 Stat. 1262).

Sec. 2 Establishment of Position

a. An Assistant Secretary - Territorial and International Affairs is hereby established to administer the laws, functions, responsibilities, and authorities related to territorial and Trust Territory matters and to oversee and coordinate the various international activities of the Department.

b. The Assistant Secretary - Territorial and International Affairs hereby assumes all the authorities and responsibilities of the Director, Office of Territorial Affairs. Certain authorities may be redelegated pending subsequent organization and position realignments.

Sec. 3 Authority

a. The Assistant Secretary - Territorial and International Affairs is authorized to exercise all of the authority of the Secretary, including the authority to issue amendments of and additions to the Code of Federal Regulations and the authority to administer the oath of office or any oath required by law in connection with employment except as provided by 205 DM 8.2E.

b. The Assistant Secretary - Territorial and International Affairs may redelegate the authority delegated in Section 3a, except where prohibited by statute, Executive Order, or limitations established by other competent authority. Such redelegation will be restricted to authority related to the programs, functions, and responsibilities of the Assistant Secretary - Territorial and International Affairs under Section 2.

c. All authority delegated to the Director, Office of Territorial Affairs, is hereby revoked. However, any redelegations of authority made by the Director, Office of Territorial Affairs, will remain in effect until amended or superseded by the Assistant Secretary - Territorial and International Affairs.

d. The principal Deputy Assistant Secretary may exercise all of the authority of the Assistant Secretary. In the absence of the Assistant Secretary, the principal Deputy will serve as Acting Assistant Secretary.

Sec. 4 Effective Date. This order is effective February 14, 1980. It will remain in effect until its provisions are incorporated in the Departmental Manual, or until it is superseded or revoked. In the absence of the foregoing actions, this order will be considered obsolete one year after date of signature.

Cecil D. Andrus
Secretary of the Interior

Date: February 14, 1980

STATEMENT OF WALLACE O. GREEN

Mr. GREEN. Thank you, Mr. Chairman. It is a pleasure to be here with you today. I had the pleasure of accompaning the Secretary of the Interior earlier this year in an initial appearance before this committee, and it is now a pleasure to be here as Acting Deputy Assistant Secretary for Territorial and International Affairs.

As I understand, the committee wishes to focus on the matters regarding the Trust Territory this morning. I would like to summarize my statement. I will focus on the Trust Territory, but first let me say a word about the President's policy regarding the territories.

Mr. Chairman, on February 14 of this year, the President announced the framework for a comprehensive Federal Territorial policy toward Guam, the United States Virgin Islands, American Samoa and the Northern Mariana Islands.

Its purpose is to strengthen the United States' fundamental commitment to encourage the self-determined political, economic, and social development of the territories. The basic elements of this policy were developed through an intensive domestic policy review. The review was conducted by the Administration in consultation with territorial leaders and members of Congress.

Appended to my statement is the President's message to the Congress which outlines the overall policy and planned new initiatives for implementing that policy.

It should be noted that until the organizational arrangement for handling the United States relations with the freely associated States of Micronesia have been completed by both the Administration and the Congress, the responsibilities previously placed in the Secretary of the Interior by the President for exercising full jurisdiction will remain with the Secretary of Interior.

REORGANIZATION OF OFFICE OF TERRITORIAL AFFAIRS

One of the Presidential initiatives states that the office charged with territorial policy liaison and assistance responsibility will be enhanced organizationally through an Assistant Secretary for Territorial and International Affairs. Pursuant to this, the Secretary established this position through the issuance of Secretarial Order number 3046.

As you are aware, the Under Secretary of the Interior was charged with oversight responsibility for territorial administration and affairs by the Secretary. These responsibilities were basically discharged through the Director of the Office of Territorial Affairs, an office which now has been reorganized under the Assistant Secretary for Territorial and International Affairs.

I should like to take a moment to thank publicly before this committee Mrs. Van Cleve and the staff of the Office of Territorial Affairs for the splendid support afforded me in the several weeks during which I have served as Acting Assistant Secretary and for the assistance and cooperation in planning and carrying out the reorganization.

As a result of the President's announced policy, we are reassessing our organizational arrangement and territorial needs. Our major emphasis for the balance of fiscal year 1980 will be to

organize the new office, launch a program that will emphasize planning, economic development, technical assistance, and Federal program coordination, and to improve the depth of our policy analysis and legislative liaison functions, thereby giving us greater effectiveness as advocates for territorial government initiatives and needs.

For fiscal year 1981, consideration is being given within the Administration to increased funding of the organization, including an increased technical assistance and program coordination staff. Discretionary funds for planning assistance are also being considered. Funding for other programs such as the Commission on Federal laws, which was mentioned by Delegate Won Pat, if authorized during calendar 1980, will be sought in 1981.

BUDGET REQUEST

Mr. Chairman, turning to the Trust Territory, our request totals $79,459,000. This includes grants for operations, capital improvements and special programs and represents a decrease of $34.3 million from the fiscal year 1980 level.

The fiscal year 1981 budget proposed for Trust Territory Government operations is $49,575,000 a decrease of $2.1 million from 1980. This amount will provide for the following significant items: $8 million for medical services; $11.7 million for educational programs; $3.7 million for resources and development; $11.6 million for public works and operations and maintenance; $5.3 million for transportation and communications; $2.2 million for protection of persons and property; and $7.1 million for other areas.

The proposed grant for capital improvements is $23.6 million, a decrease of $28.1 million in this category for 1980 as funding for the five-year program for capital improvements is concluded. This $23.6 million includes water and power projects, roads and docks, a high school cafetorium, and restoration of funds to projects deferred in order to liquidate construction claims against the Trust Territory Government.

In addition to operations and capital improvements, the request for the TTPI includes $3.3 million for transition costs to assist in the establishment of the newly formed government entities; $1 million for compensation of Rongelap and Utirik nuclear victims, and $2 million for Kwajalein Atoll development.

Mr. Chairman, with me today is Mr. Hugh Gallagher, Budget Officer for the Office of Territorial and International Affairs, and Mr. Sablan of the Trust Territory Government. We will be pleased to respond to any questions you might have, and if I may, I'd like to ask them to join me at the table.

Mr. DICKS. Thank you, Mr. Green. We'll now put Mr. Sablan's and Capt. Weis' statements in the record.

[The statements follow:]

Statement of Juan A. Sablan, Deputy High Commissioner, Trust Territory of the Pacific Islands, before the Subcommittee on Appropriations for the Department of the Interior and Related Agencies; FY 1981 Budget Request, April 1980.

Mr. Chairman:

I am honored to have this opportunity to appear before you as a principal witness to support the fiscal year 1981 budget request for the Trust Territory Government. I have served in the Trust Territory Government for the past 18 years and prior to that, for eight years, in the U.S. Naval Administration on Saipan in number of key positions: as Assistant T. T. Budget Officer, a member of the Congress of Micronesia, as District Administrator, as TTPI Executive Officer, and presently as Deputy High Commissioner.

I feel that the experience obtained in these various positions during the past 26 years of public service has helped me to become keenly aware of the needs of the Micronesian people, and, indeed, of the transitional changes that have evolved during the last 26 years of the 33 years of the Trust Territory Administration. Before I go into the budget matters, I would like to highlight some major changes in the political development in Micronesia, and how these changes affect the FY 1981 budget.

Last year, when we appeared before this committee, we indicated that the Micronesian people are in the process of establishing their constitutional governments. I am happy to report to you that the constitutional governments of the Marshalls and the Federated States of Micronesia, composed of the States of Yap, Truk, Kosrae, and Ponape, were installed on May 1, and May 10, 1979, respectively. Palau is expected to have their constitutional government before the end of this calendar year. The administering authority is now in the process of helping to establish these new governments and to transfer all functions currently performed by the Trust Territory headquarters located in Saipan to the new entities. The budget request before you is designed to achieve those goals. Under Secretarial Order 3039 of April, 1979, the High Commissioner still retains general executive responsibility over the three entities until the termination of the Trusteeship Agreement, which is scheduled for 1981. In this regard, we are in the process of transfering duties and responsibilities from the TTPI headquarters operations to each of the three entities.

Now, I would like to present a summary of our budget request. I won't go into the budgetary details at this time because this information can be found in the budget book, but I would like to take a moment to summarize our FY 1981 request. The Trust Territory Government is requesting $79,459,000 for the support of the Trust Territory headquarters, the Governments of the Federated States of Micronesia, the Marshall Islands, and Palau. Of this amount $48,175,000 is earmarked for operations, $23,454,000 for construction, $3,300,000 for Government transition, $1,400,000 for outer islands communication system up-grade, and $3,000,000 for special programs in the Marshall Islands.

It should be pointed out, Mr. Chairman, that while there is an increase of $762,000 in operations, we feel that this increase is more than offset by the high rate of inflation and additional costs associated with the transfer of functions. An example of inflation is the cost of diesel fuel which has more than doubled since this budget request was originally prepared two years ago. In FY 1979, the Trust Territory Government incurred a deficit of over $2 million due to uncontrollable increased costs in fuel, medical referrals, transition and general increases in prices. This deficit is being absorbed within our already limited FY 1980 budget. Moreover, the new governments are now exploring the possibilities of increased tax rates and increased consumer charges in order to increase local revenues to help pay for government operations. Some government entities, such as Palau, have already initiated increased power charges. However, these increases are not expected to absorb all of the increased costs. In this regard, the High Commissioner has directed all program managers to do everything possible to remain within their budget allocations and continue to provide the services to the people of Micronesia.

The actual transition effort has proved to be more costly and time-consuming than originally envisioned. Most of the problems are unavoidable and involve such matters as training of personnel, inability of states to accept a given responsibility at a planned time, need for continuance of headquarters support beyond target dates, and frequent travel to and from the new entities. All of these factors place additional demands, manpower and dollars, on both the TTPI headquarters and the new government entities. Transition funds in the amount of $4,100,000 have been provided in FY 1980 and are currently being sought in the amount of $3,300,000 for FY 1981 for the three entities. It may also be necessary to request similar funds for the headquarters operations if the current difficulties continue.

The $1,400,000 for the outer islands communication system upgrade is the second increment of a funding plan to complete an upgrade of the entire high frequency system utilization in Micronesia. The first part of the project is proceeding on schedule and positive results are expected by July of this year.

The $3,000,000 for special projects in the Marshall Islands includes $2,000,000 for Kwajalein Atoll redevelopment and $1,000,000 for additional compensation for the Rongelap and Utirik people. The decrease of $34,116,000 in construction is due to the fact only $23,584,000 is needed in FY 1981 over the $57,700,000 appropriated in FY 1980 to fund fully the five-year capital improvement program approved by this Committee.

In closing, Mr. Chairman, I would like to emphasize that this is a minimal budget request that only provides for the basic services needed by the Micronesian people.

I am accompanied by staff adivsors consisting of Mr. Haruo Willter, T.T. Program and Budget Officer, Mr. Lazarus Salii, Administrator of the H. Q. Department of Development Services, and Captain James Weis, Officer-in-Charge of Construction, Marianas, in his capacity as TTPI Construction Administrator. We are prepared to answer any questions the Committee may have on our FY 1981 budget request.

Statement of Captain J. M. Weis, USN, Officer in Charge of Construction, Marianas, before the Subcommittee on Appropriations for the Department of the Interior and Related Agencies; FY 1981 Budget Request, April 1980.

Mr. Chairman:

It is a pleasure and a privilege to come before you again, on behalf of the High Commissioner of the Trust Territory of the Pacific Islands, to describe and support the Department of the Interior's fiscal year 1981 funding requirements for the capital improvement program.

As you know, the fiscal year 1981 funding requirements are the culmination of the multi-year capital improvement program initiated in fiscal year 1976. I would like to present an overview of the current status of this total program and set forth our expectations for bringing this infrastructure and basic facilities construction effort in Micronesia to its successful conclusion.

As set forth at the inception of the capital improvement program, the underlying objective has continued to be the construction of basic infrastructure facilities in the Trust Territory, to foster and promote accelerated development in the basic areas of social, community and economic growth. We are in fact accomplishing this objective. The expeditious placement of infrastructure facilities, although always highly desirable, has become urgent and critical as Micronesia now stands at the threshold of attaining a new political status of much greater self-government, and hopefully self-sufficiency, with the termination of the United Nations trusteeship.

We are now in the fifth year of the program, and are seeing the translation of the tedious scoping, engineering and design efforts into actual construction in place. Hopefully, this construction activity throughout Micronesia has made the U.S. commitment to build the basic infrastructure something much more real to the people than the less tangible conceptual and design talks which necessarily preceded the actual construction.

I am pleased to report that of the $122.977 million appropriated and available for CIP construction through the FY 1979 funding program, $118.985 million has been obligated. Since my last appearance before your committee, we have awarded contracts for construction on Ponape, Kosrae, and Palau; as well as the second phase of construction at Truk. As you will recall, the FY 1980 program, which became available for construction in December 1979, amounted to $58.848 million. Our current execution schedule anticipates obligation of most of that amount prior to the end of 1980, with the single largest package being the airfield project on Yap, for which we will open bids on the 17th of this month. Our bidding results have been extremely favorable to date, enabling us to achieve award of the total project scope on every contract, thus far.

Nine (9) projects have been totally completed and turned over to the TTPI, and the respective state governments. The Yap dock is expected to be completed next month. The construction on Truk is proceeding apace, with completion scheduled during the summer of 1981.

The contractors for the airfield construction on Kosrae and Palau are presently mobilizing, with physical construction scheduled to start within the next two (2) months, while the contractor on Ponape is well along with the initial stages of that state's airfield construction.

The fiscal year 1981 CIP budget estimates, now before you, contain three major components which are considered essential to the completion of the overall CIP, in the full spirit and intent as envisioned at the inception of the program in fiscal year 1976. These three (3) components are: (1) the final funding increment to permit completion of the projects at the originally scoped levels, recognizing minimal but urgently needed scope expansions; (2) a TT-Wide water resources development program that recognizes a critical requirement for upgrading fresh water resources and quality, neither of which were adequately provided for in the original program scope; and (3) a component to reinstate funds to projects from which monies were out-reprogrammed in December 1979 to pay contractor claims which required immediate settlement.

The initial category above, "funding to permit completion of the projects at the originally scoped levels", includes roads at Palau, Yap and Ponape; power system upgrades at Palau, Kosrae and in the Marshalls; outer-island docks in the Marshalls; and inclusion of an oft-deferred high school cafetorium, also in the Marshall Islands. Of the $23,584,000 requested in FY 1981, these line items amount to $11,900,000. This funding is required to fulfill the original aspirations for complete and usable facilities, and to provide that basic infrastructure considered minimally necessary to stimulate accelerated growth and to promote increased self-sufficiency.

The second category, "water resources and quality improvements projects", requested in this FY 1981 request, recognizes a paramount problem in Micronesia, namely, a serious shortage of adequate fresh water for human consumption and industrial/mercantile uses. Severe water rationing and fresh water inadequacies continue to be the rule rather than the exeption throughout Micronesia. This leads to lowered standards of living, health and sanitation problems, and dampening of commerical and industrial growth. Whereas the water development projects in the basic CIP will contribute greatly to significant water systems improvements, particularly in water distribution and treatment, there remain serious shortfalls in providing for adequate fresh water sources of proper quality for the water systems. In order to meet the fresh water requirements of the growing communities and their future economic systems, provision must be made for increasing the source availability for fresh water by further development of such facilities as water catchments, water storage, drilled wells, diverted rivers, and dams construction.

The water resources development program received a great stimulus from the USEPA decision to make 100 percent sewer grants. This made available $6,241,000, in previously identified TTPI CIP funds, which had originally been intended to be utilized as 25 percent matching funds for the EPA sewer grants. The total estimated cost of the water resources development program for all of the States combined is $13,241,000. Utilizing the $6,241,000 matching funds as an off-set against that amount, plus $500,000 for water studies appropriated in FY 1980, the deficit identified for funding in this FY 1981 CIP amounts to only $6,500,000.

Regarding the third component "reinstatement of funds", in December 1979, it became necessary to settle two (2) major claims by construction contractors for airports, water, and sewer projects construction, which were initiated and, in the case of the airports claims, completed prior to the current CIP. Because of the urgency for settlement of these claims, it was decided that available project funds could be diverted and that a request for reinstatement of funds to the losing projects would be made in fiscal year 1981. Although the project advertising and construction schedules permitted deferral of the available funds, reinstatement of funding is required to complete the program in its original scope. These funding reinstatement requests amount to $5,184,000 in this FY 1981 program. This diversion of project funds for claims settlements was based upon an urgency to identify immediately available funds, and not because the losing projects did not require those funds. All projects were carefully reviewed, particularly from the standpoint of immediate funding requirements, and the fund diversions were requested only when anticipated design completion milestones and/or incremental funding requirements for multi-phased projects indicated that such fund diversions could be made without serious project disruption, provided a reinstatement of funding could be expected in FY 1981 or sooner.

Mr. Chairman, this concludes my overview of the CIP, and the highlights of the FY 1981 funding increment. I hope I have been able to make this presentation in sufficient clarity so that it becomes apparent that the FY 1981 funding is vital to the logical conclusion of the CIP. I am pleased to note that with these funds requested in the FY 1981 program, we will be able to complete the full scope of the originally conceived projects. I feel personally gratified to have been closely involved in this rewarding effort, and I am sure I speak for all of those members of my staff who have become so intimately involved with bringing this worthwhile program to fruition when I express pride, pleasure and satisfaction in having had a role in the capital improvement program in Micronesia. Thank you very much.

Mr. DICKS. Mr. Sablin would you like to make some introductory remarks?

STATEMENT OF JUAN A. SABLAN

Mr. SABLAN. Mr. Chairman, I just wish to convey to the committee my appreciation and that of my colleagues from Micronesia for the opportunity to appear before this committee.

My statement has been submitted to the committee, I believe, and very much represents the general problem areas we are encountering in my area with reference to fiscal year 1981 budget. Thank you Mr. Chairman.

Mr. DICKS. I think we would like to introduce the other gentleman who represents the payroll, Mr. Haruo Willter, and Capt. Weis.

GOVERNMENT TRANSITION

Please review for the subcommittee where you stand in the transition to the three local governments in the Trust Territory. In this regard, please review the various actions that have been taken in Palau with regard to the constitution there. Why was the original constitution held to the unsatisfactory?

Mr. GREEN. Mr. Chairman, I'd like to respond to the first question and defer to Mr. Sablan on the matter of the Palau constitution.

TRANSITION FUNDING IN FISCAL YEAR 1980

The Department has proposed a $4.1 million addition for transition funding, and we are seeking $3.3 million in fiscal year 1981 to support transition costs. That is, we already have $4.1 million for 1980. These funds will be divided among the entities. $2.3 million will go to the Federated Sates of Micronesia, and approximately $900,000 each will go to the Marshall Islands and to Palau in 1980.

In addition to that, we will be asking for supplemental funding for operations for the Federated States of Micronesia central government, and that is now within the Department. We are asking for approximately $2.2 million for 1980 as a supplemental and $4.1 million in 1981 as a budget amendment.

Mr. DICKS. Are the governments in place and operating now?

NEW GOVERNMENTS

Mr. GREEN. Yes, very much so. The Marshall Islands Government, of course, has been in operation for some time. The Federated States have elected a President. Palau will be having an election this year. As to the Palau constitution, I'm going to defer to Mr. Sablan.

Mr. SABLAN. We have with us also a delegation from Palau who might be able to expand and enlighten the committee, if you so desire.

Mr. DICKS. We intend to talk to them later.

Mr. SABLAN. In terms of the constitutional process, the election of the new government would most probably take place before the end of this year with the constitution of the goverment itself being installed by the end of this year, or the early part of January 1981.

Mr. DICKS. Why was the original constitution held to be unsatisfactory?

Mr. GREEN. I think, Mr. Chairman, we might want to refer that to the representatives from Palau as to the internal issues that relate to that.

Mr. DICKS. All right, we'll just have to wait then. Where do you stand with regard to the status negotiations connected with the termination of the Trust Territory?

Mr. GREEN. Mr. Chairman, as you perhaps know, the Administration's policy is to move toward the termination of the Trusteeship by the end of calendar 1981, and Ambassador Rosenblatt is the President's representative for those negotiations. We are working very closely with him in that respect, but as far as the Department of the Interior is concerned in carrying out its responsibilities, we are not making any plans beyond 1981 in the expectation that the trusteeship will in fact end.

From that point on, the negotiations will provide for the ongoing support of the needs of the various entities which will partake a status of free association.

Mr. DICKS. What steps will we have to go through to have the Trusteeship terminated and the new entities established?

Mr. GREEN. That's a very complex set of negotiations. The bottom line, so to speak, would be the signing of a compact between the United States and the individual entities in which their formal status vis a vis the United States would be as freely associated states. That, of course, would need to be approved by the Congress.

Mr. DICKS. What about the U.N.?

Mr. GREEN. I'm not sure, I don't believe it has an approval authority. The U.N. certainly has an interest in terms of what the United States does there. There may be someone from Mr. Rosenblatt's office here who might indicate whether or not a U.N. approval is required. I don't think so.

Mr. DICKS. Would you like to stand up and identify yourself.

TERMINATION OF TRUSTEESHIP

Mr. BERG. Yes sir, my name is James Berg from the office of Ambassador Rosenblatt. The question, I believe, was with respect to the process of termination of the trusteeship agreement.

Mr. DICKS. Right.

Mr. BERG. After the political status arrangement, the Compact of Free Association, has been approved by each of the Micronesian entities, both through governmental approval and in a plebiscite, it must be submitted to the Congress of the United States, and we will be looking for majority approval in both Houses. After that, the United States, with the Micronesian governments, will take up the question of termination in the United Nations.

There is no precedent with respect to the termination of this strategic trusteeship agreement. None of the past eleven trusteeship agreements, which were entered into and which have since been terminated, was strategic. This one is and the parties to the agreement are the United States and the Security Council of the United Nations. So the exact procedure has never before been

tested. Nevertheless, we have said we will take up the question of termination with the United Nations, and that remains our plan.

Mr. DICKS. Do you perceive any problems at the United Nations?

Mr. BERG. Well, there can always be problems in a situation like that. It is our hope that we will have broad United Nations support based on the fact that this is the political status which will have been freely entered into and desired by the people of Micronesia. It presumably by that time will have already have been approved in a plebiscite which will have been observed by a United Nations' mission.

We think that political support will exist, especially in the other Pacific areas, and our policy is to move toward that end.

FUTURE U.S. RESPONSIBILITY

Mr. DICKS. What will be our general relationship to each of the entities?

Mr. GREEN. The Federal responsibility has not yet been decided, Mr. Chairman. As a matter of fact, it was specifically not decided by the President, in the context of our overall policy review, which Federal agency would have the responsibility for relating with newly formed entities, whether it would be the State Department or the Department of Interior, or some other established organization. Jim, do you want to answer that?

Mr. BERG. No, I think that's perfectly correct. If your question went to the level of continuing Federal involvement after free association starts, we think that involvement will be probably significantly less than presently exists. Under free association, each of the Micronesian governments will be responsible for its internal and foreign affairs. The United States will retain responsibility for defense and security affairs.

So Federal involvement in local government and in day to day operations will, in essence, cease.

Mr. DICKS. What will be our on-going financial relationship?

Mr. BERG. The financial relationship will be specified in the compact, which will have been negotiated. The amount of U.S. assistance, except for the Marshall Islands, has still not yet been finally initialed and approved by the governments of the Micronesian entities.

In January the United States initialed a compact with the Marshalls, but we haven't yet with the Federated States and Palau. Nevertheless, we would look toward a 15-year financial relationship under free association.

Mr. DICKS. Did I understand you to say that the time frame is to terminate the Trust Territory in calendar 1981? Do you think that's a realistic date?

Mr. GREEN. I'll defer to Mr. Berg on that.

Mr. BERG. We think it's a realistic date, and we also have no choice but to move in that direction since this is the announced intention of President Carter. It was announced in May of 1977. We're working toward that end as quickly as we can.

Mr. DICKS. Are you going to make it?

Mr. BERG. We think we can, yes.

Mr. DICKS. Then it's an optimistic prediction.

Mr. BERG. It is an optimistic prediction, but I think it's a realistic one also. There remains a lot to be done and we're anxious to get it done.

FSM CENTRAL GOVERNMENT FUNDING

Mr. DICKS. With regard to the Federated States of Micronesia, no funding is provided for central government. Do you have estimates for the funds needed to run the central government?

Mr. GREEN. Mr. Chairman, between now and the end of the Trusteeship, I presume your question is directed to that time beyond that——

Mr. DICKS. You presume correct.

Mr. GREEN. The Secretary of the Interior has assured the Federated States of Micronesia that we will seek funding for $2.2 million in 1980 and an addition of $4.1 million, in 1981 to support operations of the central government. We are working toward a presentation to the Administration at this time.

Mr. DICKS. What functions would be in the central goverment, rather than in the various state governments?

Mr. GREEN. I'll defer to Mr. Sablan.

Mr. SABLAN. Generally speaking, Mr. Chairman, the functions of the central government of the Federated States of Micronesia would be limited to those functions that are not delegated specifically to the state goverments by their own consitituion. We have with us also today a delegation from both the Executive Branch, as well as the Legislative Branch of the Federate States of Micronesia who might better respond to your question, as to the delegation of authority, and so forth.

Mr. DICKS. I want you to expand on that for the record. Is it reasonable to assume that the individual states can provide some amount of funding to the central government?

Mr. SABLAN. Yes, my guess, Mr. Chairman is that there is that capability. How much, that is something we would rather look into and if you so require, we can submit some figures at another time.

Mr. DICKS. Sure. Anything you come up with we would like to see.

[The information follows:]

FEDERATED STATES OF MICRONESIA CENTRAL GOVERNMENT

With the establishment of the constitutional governments the High Commissioner is turning over the bulk of his former executive duties and functions to the new governments. In the case of the FSM, finance matters, i.e., accounting, property and supply will be assumed on July 1, 1980. Data processing functions are still carried out by the High Commissioner. In the "Resource and Development Area", FSM by July 1, 1980, will have taken control of all activities except Communications, which will be retained by the High Commissioner. All social services, i.e., education, health services, community development will be turned over to the FSM on July 1, 1980. The same holds true for the functions of the Attorney General. Budget matters already are controlled by FSM, other than those set aside for the High Commmissioner by Secretarial Order 3039. The FSM already has undertaken control of personnel functions, planning and statistics, Office of the Public Defender, immigration and entry.

Following are estimates of State contributions to the FSM Central Government:

[In thousands of dollars]

| State | Estimate fiscal year 1980 | Estimate fiscal year 1981 |
|---|---|---|
| Yap | $376 | $400 |
| Truk | 663 | 702 |
| Ponape | 676 | 717 |
| Kosrae | 70 | 75 |
| Total | $1,785 | $1,894 |

Note.—The above figures represents tax revenues collected at the State level and shared with the central government.

COMPACT FUNDS FOR FEDERATED STATES OF MICRONESIA

Mr. DICKS. Is the problem of funding the cental government of the Federated States a temporary one? That is, do the status negotiations envision a certain amount to be set aside for the central government in the negotiations for U.S. government support after the termination of the Trusteeship?

Mr. GREEN. I think Mr. Berg might handle that. Jim?

Mr. BERG. Mr. Chairman, the economic assistance discussions which we've had with the three Micronesian entities, particularly with the Federated States of Micronesia, involved, in essence, a block grant from the United States to the Federated States of Micronesia. The only restriction that we have specified in the compact is that over the course of the relationship, an average of 40 percent of the U.S. assistance be diverted to economic development, capital improvement, and revenue-generating projects.

The remaining 60 percent would go toward government expenses. It would be the choice of the Federated States of Mircronesia Government and its states to determine the split of that money between the Federal and state governments. They have certain constitutional provisions that they have to be aware of as well as language in the compact.

EBEYE REHABILITATION

Mr. DICKS. Thank you. The Congress provided $1.3 million to repair the sewer and power plant on Ebeye in fiscal year 1980. In addition, you are requesting $2 million in a fiscal year 1980 supplemental and $2 million in fiscal year 1981. Please describe the activities that will be accomplished for each of these increments. Once these projects are completed, what will be the overall condition of the facility on Ebeye?

Mr. GREEN. I just want to say very generally, Mr. Chairman, that the conditions of Ebeye require immediate attention.

Mr. GALLAGHER. The Ebeye project took $4 million: $2 million in 1980; and $2 million in 1981. There is a list of projects that will be provided through the capital improvement program on Ebeye, but it will not solve the entire problem.

The $4 million was an amount negotiated with the Defense Department to put some funding in prior to the end of the termination, so these are the major projects. There was a list of projects for Ebeye totaling $15 million. The agreement was for $4 million, $2 million for each of the two years, and the high-priority projects

which are listed in the supplemental and in the budget request make up that $4 million.

Mr. DICKS. Will the rest of the $15 million get funded, or not?

Mr. GALLAGHER. I think later on, again, with the compact, with the Marshalls, and the deal on Kwajalein. There were some special provisions in the negotiations to cover Ebeye.

EBEYE'S POPULATION GROWTH

Mr. DICKS. Your supplemental justification said the population on Ebeye was approximately 550 in 1951 and is now about 1,000. Why has the population grown so rapidly?

Mr. GREEN. Mr. Chairman, Ebeye is Washington, D.C. in the Pacific sense; it is the center of urban activity. It is close to Kwajalein, which is a source of employment, and it is a natural attraction for a migration of people to that point. It has created a compressed situation that has severely strained available public services.

Mr. DICKS. Do you expect it to get even larger?

Mr. GREEN. I would expect that that very well could happen, if there is not sufficient planning in terms of broader economic development activities that provide incentives for residents of neighboring areas to remain there. Such things as copra production and related types of economic activities.

Mr. DICKS. Are any of those activities going on already? Any of that planning that you talk about being accomplished?

Mr. GREEN. The Marshalls are certainly the most active area in terms of copra production, and we hope that activity will increase and opportunities of different types, appropriate types of economic development activities that provide employment, perhaps some local agricultural activity, will be stimulated.

Some of that will be encouraged by the Department, but the government is certainly undertaking its own economic planning.

INDEFINITE LAND USE AGREEMENTS

Mr. DICKS. Your fiscal 1980 supplemental justification requests $4.1 million for indefinite land use agreements. Please explain to the committee the background in arriving at these settlements.

Mr. GREEN. I would like to ask George Milner from the office of Territorial and International Affairs to make a comment on that.

Mr. MILNER. My name is George Milner. The Trust Territory Government and the United States, in its administrative authority, chose not to acquire real estate in the Trust Territory in the past. Instead, an effort was made to acquire land through what were called indefinite land use agreements.

The current agreements were negotiated for the most part in the early to mid-1950's and there is some evidence that perhaps the negotiations were not fully at arm's length. The people did not understand quite what was involved.

This had become a major problem by 1977, and the Micronesians asked the Interior Department to study the problem. A study group was put together with people from the Executive Branch of the Trust Territory, from the Micronesian community, and a former

High Commissioner, who represented the Department of the Interior in this study group.

Mr. DICKS. Who was that?

Mr. MILNER. Bill Norwood. He had been High Commissioner in the latter part of the 1960's.

The recommendations of the study group were essentially that some land could be returned, some land should be acquired by the Trust Territory Government in fee simple, and other land should be leased for a fixed term and a fixed amount to be negotiated. The Trust Territory hired a private appraisal firm that made an anlysis of land value and came up with numbers that the Trust Territory concluded added up to $4.1 million. This figure was discussed with the Micronesians. The Congress of Micronesia has endorsed the figure and this is the basis for the $4.1 million. Some of the money would be used for out right acquisition costs, some would be for lease agreements from 1978 to 1981.

Mr. DICKS. We may have covered this, but let's just make sure for the record. Your justifications indicate that the study group that you mentioned concluded that these indefinite lease agreements be terminated by January 1, 1980 and several other steps be taken. Has that been done or do you require the appropriations before you proceed with such steps?

Mr. MILNER. We need the appropriations before we could complete those agreements, yes sir.

## MAINTENANCE OF CAPITAL INFRASTRUCTURE

Mr. DICKS. A letter dated October 23, 1979 from Ms. Van Cleve to Representative Burton indicates that to maintain the capital infrastructure that is currently under construction in the Trust Territory would require an average of $24 million a year in operating and maintenance funds.

How does this compare with the amounts budgeted for like items in fiscal year 1981?

Mr. GREEN. Let me make a general comment, and I'll ask Mr. Gallagher to be more specific, Mr. Chairman.

The matter of capital improvements in the area is one we have considered extensively with the Federated States and the Marshalls. There is great interest in completion, continued work and capital improvements even beyond that which is required or being questioned here.

We continue to work with those entities to ensure, to the fullest extent that we can within the time available to us prior to the end of the Trusteeship, that we fulfill as much of these requirements for capital improvement as possible.

Based on the study we referred to, the Administration did add an additional $3 million in 1981 to the Trust Territory budget request for operations and maintenance. But based on the study it still——

Mr. DICKS. What's the total?

Mr. GALLAGHER. Well, it's $17 million now. It is still a short-fall from the original estimate that was $24 million. But this is revenue from all sources, now.

Mr. DICKS. Why the shortfall?

Mr. BETTENBERG. I was going to advocate that one of the aspects of it is that many facilities aren't getting fixed.

Mr. DICKS. It's hard to maintain an operational facility when you can't get things fixed.

Mr. GALLAGHER. Yes. Some of the newer facilities that come on line don't require a great deal of maintenance in the earlier part. But, regardless of the dollars that are out there, the big thing, and what we are again going to plan—what we have to do is to get a good operations and maintenance plan and administration to handle the operation. Dollars are the answer to the problem. They are the whole problem.

And there is on the way soon—what we hope to do is to get together with the three new entities and with their public works people and start to develop a long-range planning cycle for operations and maintenance.

Mr. DICKS. Are they going to have money to do that?

Mr. GALLAGHER. We think there are sufficient funds in this budget to do that.

Mr. DICKS. Eventually they are going to have the responsibility aren't they?

Mr. GALLAGHER. Yes, they are.

Mr. DICKS. Are they going to be able to take that burden or is that the big question?

Mr. GREEN. I think, Mr. Chairman, that is a really very tough question of governmental administration in terms of using available resources for increased construction or tapping a portion of available resources to ensure that which you have is being properly maintained and operated. There needs to be an increased emphasis on providing funds, earmarking funds for operations and maintenance, and for training of employees to handle those jobs in the future.

Mr. DICKS. By their own governance.

Mr. GREEN. That's correct.

### OPERATIONS AND MAINTENANCE FUNDS IN THE COMPACT

Mr. DICKS. We talked about $24 million, now we're talking about $17 million. How do those two numbers compare to the spending levels currently being negotiated and the status of the negotiations?

Mr. GALLAGHER. I think Mr. Berg pointed out it will be a block grant with 40 percent earmarked for economic development and capital improvement projects. Again, the states will have to decide how much out of this they are going to use for their operations and maintenance. So I don't think it's a specific line item being negotiated in the compact.

Mr. DICKS. We have been discussing block grants—is there any level of funding that has been talked about? For the block grants?

Mr. BERG. We have with the Marshall Islands come to an agreement on the amounts.

Mr. DICKS. But not for the rest?

Mr. BERG. We do not yet have initialled Compacts with the other two.

Captain WEIS. Well, my observations here, Mr. Chairman, are that we have two sources of additional training, informal on-the-job type training.

One, we have Seabee teams who are working in each of the states, or two or three of the states, at this point in time. These are thirteen-man teams who are performing construction, performing work with the people, and training them as they go.

We have in fact a viable entity in Ponape, the Ponape Transportation Authority, which is, I think, the result of ten years of Seabee team activity in Ponape. In addition, our contractors, I'm pleased to note, have employed a number of Micronesians. I think the Truk contractor has 250 local employees. He has a minimum of Japanese nationals; the rest are local employees who are being slowly trained.

I think I said before this Committee last year, I pray God that construction doesn't take long enough to train an apprentice or complete an apprenticeship training, but at least we are training people who can continue operating equipment and maintaining facilities, who have been a part of the construction as it has progressed.

EMIGRATION OF TRAINED PERSONNEL

Mr. DICKS. In your opinion do you think we are doing enough to identify and address the problems of operation and maintenance of these facilities?

Captain WEIS. I think we are now, sir. I think that Mrs. Van Cleve's $24 million package is a significant response, I don't think we have in the past, and of course, the problem is you can't keep them in Micronesia when they have learned a trade. This is a significant problem we are going to have, and as Mr. Sablan said, it is going to be an ongoing problem in my opinion, sir.

Mr. DICKS. Not only the resources, but the personnel

Captain WEIS. The personnel. Particularly the personnel.

Mr. DICKS. Where do they go when they leave Micronesia?

Captain WEIS. They go to Guam, they go to a number of places. Micronesians have come to the United States to the mainland for college. And I'm sure that you don't get a hundred percent——

Mr. DICKS. How are we going to keep Micronesians in Micronesia?

Captain WEIS. How do we keep anybody anywhere? They go where the action is.

Mr. DICKS. We have to create some action in Micronesia. How do you think we could do that?

Captain WEIS. Mr. Chairman, you are out of my range of perception. We have experts looking at that, and I don't think we have the answers yet.

Mr. DICKS. All right. Do you have any ideas on that Mr. Sablan?

Mr. SABLAN. Being a Micronesian myself, I think I can speak a little bit about the possible future training program.

I frankly don't believe that the Micronesians who have received training would necessarily decide to go abroad after the termination of the Trusteeship.

Mr. DICKS. What if they got training in Micronesia, would they get training there and then leave Micronesia? Isn't that what you said?

Mr. SABLAN. Yes, I expect some of that.

Mr. DICKS. I'm just curious to know if it is something that we ought to be thinking about to keep people with these skills in the country. Is there someway we can encourge them to stay at home? Because of the ongoing requirements.

Mr. SABLAN. It would be difficult to forecast what percentage of those trained would decide to remain and what percentage would decide to leave the islands.

But we Micronesians have been in islands in the past 33 years under U.S. administration and very few of us have decided to leave the islands, despite the hardship and difficulties we had to go through following the Second World War. I'm still a native Micronesian, and I've had all the opportunity to leave Micronesia, but I haven't left.

## HEADQUARTERS BUDGET

Mr. DICKS. The budget for the Trust Territory Government headquarters has decreased by some $8.6 million in fiscal year 1981 to approximately $6.3 million. What overall functions remain the responsibility of the Trust Territory Government?

Mr. SABLAN. Mr. Chairman, it is our intention to completely phase down the normal operating functions so that the High Commissioner's staff will be very small and transfer these functions entirely out to the three emerging entities.

The budget, if you would note, is reduced by about 57 percent altogether for the headquarters operation alone. And we have transferred out to the three entities, Palau, the Federated States and the Marshalls, an average of anywhere from 23 percent for Palau, 30 percent for the Federated States and 27.8 percent to the Marshalls.

In other words, what we have done here, Mr. Chairman, is cut down the headquarters operation to $14.8 million in 1980 and $6.3 million in 1981, and transferred the $8 million reduction to the three entities. Along with a transfer of resources, naturally, would be a transfer of responsibilities. Retaining only on Saipan those responsibilities that the High Commissioner must retain to discharge his responsibilities in regards to the United Nations trusteeship administration of the islands.

The High Commissioner must perform budgetary controls on behalf of the United States government. Some residual functions in finance are necessary to support the High Commissioner's staff personnel, residual-type operations in supply to support the ongoing functions. Everything outside of those functions would ultimately be transferred to the three entitites.

## EDUCATION PROBLEMS

Mr. DICKS. There are three questions that are important. Your justification on page 35 indicates that 50 percent of eighth grade graduates are still not able to attend high school in Ponape or the

Mr. DICKS. Was the agreement with the Marshall Islands public or is that confidential?

Mr. BERG. No, we can provide the initialled Compact.

TRAINED PERSONNEL FOR OPERATIONS AND MAINTENANCE

Mr. DICKS. In addition to the spending is there also an inadequate number of personnel in the Trust Territory to operate and maintain the equipment?

Mr. GREEN. Mr. Chairman, I would say it is a general state of the condition of the territorial governments whether it is the Trust Territory or other U.S. territories. The problem is efficiently trained manpower. Both in terms of education and in terms of maintenance. Across the board, you can pick any area and there is——

Mr. DICKS. What is being done to recruit and train a satisfactory worker.

Mr. GREEN. We have a few initiatives underway. The Federal Comptrollers, who are really the only significant presence of the United States in the territories, are playing a very major role in providing technical assistance and financial management assistance. We are increasing——

Mr. DICKS. Something very dear to my heart.

Mr. GREEN. I understand that, sir. The governments themselves are working to improve these efforts.

Mr. DICKS. Does anyone want to add any specifics to that?

Mr. SABLAN. Yes. We have an ongoing apprenticeship training program. It is sponsored by the Navy in Guam and funded——

Mr. DICKS. How many people are going through it?

Mr. SABLAN. We have 39 at the present time and we are adding another 30 in some 14 different skill areas. It is a three-year program, and it is now in its second year, and the third year will commence in October.

By the end of the program, we expect to have 69 or 70 people trained who meet the Navy certification standard for the respective skill area.

Mr. DICKS. Let me ask you this as part of that same question. How long will it take for a work force with the proper skills to be put into place? Is that going to be an ongoing challenge?

Mr. SABLAN. We expect it to be an ongoing program which we hope the new succeeding governments will carry forward after the Trusteeship terminates.

We have, as you know, the Micronesia Occupational Center, which is part of the College of Micronesia, located in Palau. The Catholic mission vocation education training center is in Ponape.

These three institutions are engaged in a training program for skilled men.

Mr. GREEN. Captain Weis, I believe, might want to add a little.

Mr. DICKS. Yes, Captain why don't you give us your perspective. We always love to hear from the Navy.

Captain WEIS. The Navy is just your construction agent here, sir.

Mr. DICKS. We always like to hear from them because they are so observant.

Marshals because of lack of facilities or faculty. Are there any plans to alleviate this situation?

Mr. SABLAN. Mr. Chairman, we have some statistics we have brought with us on this and we would like to have the opportunity to submit these actual details on this.

Mr. DICKS. We'll put the details in the record.

[The information follows:]

TRUST TERRITORY SCHOOL SITUATION

PONAPE

Approximately 55% to 60% of the students who graduate from eighth grade can be accommodated at the Ponape Central School. One of the dorms at the Central High School was recently converted into administration facilities. There are no current plans for additional facilities or faculty. Because of budget constraints some of the teachers from the high school are now teaching at the community college.

MARSHALLS

In the Marshalls about 60% of the eighth grade graduates can go to the two high schools. One in Majuro and the other in Jaluit. There are no current plans to build additional facilities in the Marshalls.

YAP, KOSRAE, PALAU

100% of the students graduating from eighth grade can attend high school.

TRUK

About 75% to 80% of the eighth grade graduates can go so far as the 9th and 10th grade because Truk has 4 junior high schools. About 75% to 80% of the 10th grade graduate can go on to the one high school in Moen.

GENERAL

Nearly 100% of the Micronesian school age children attend elementary schools and 99% of the teachers are Micronesians.

In areas where all Micronesian students cannot be accommodated in high schools, the political entities have established entrance examinations for admission.

About one-half of the school age population live in outer islands; whereas most of the high schools are in the district centers. Some parents do not want their children to leave their home islands to go way to school - that is particularly true in Yap where the culture does not desire to have girls go away from their home islands for high school. Some children likewise do not want to leave their home island to go to the district centers for school. It would not be cost effective to build high schools in all outer islands with limited populations. It should be noted however, that there are two outer island high schools - one in Yap in Ulithi, and one in the Marshalls in Jaluit. Limited budgets often prohibit the building of additional boarding facilities, classrooms and hiring of teachers to accommodate all students who may wish to attend high school. The political entities also have higher capital improvement priorities. It should be noted that in Palau there are a number of private high schools as well as the one public high school which makes it possible for all Paluans who wish to attend high school to do so.

Mr. DICKS. But what are we going to do about it?

Mr. SABLAN. May I refer to our budget officer? He has done the research on it.

Mr. WILLTER. Mr. Chairman, the problem of students not being able to be accommodated, because of lack of classrooms and funds, will probably continue to exist. As the Deputy High Commissioner stated, we would be able to provide for the record some of the educational statistics of a couple of years ago when we first tried to improve the situation.

I must point out for the record, not all the students that we are unable to accomodate in classrooms are seeking to be admitted to the high school level.

Mr. DICKS. How many then are not?

Mr. WILLTER. I would like to ask that we submit that for the record.

Mr. DICKS. We'll submit that for the record.

[The information follows:]

TRUST TERRITORY EIGHTH GRADE STUDENTS NOT SEEKING TO GO TO HIGH SCHOOL

Of the approximate 2,700 eighth grade graduates, 1,700 go on to the ninth grade. It is estimated that 30 percent of the remaining 1,000 students did not seek to go to high school, for various reasons, the main one being students in the outer islands who did not want to leave to go to school; 10 percent did not go to high school because parents would not allow them; 20 percent were unable to qualify due to low test scores on the entrance exam; and the remaining 40 percent were unable to attend because of lack of facilities and faculty.

MICRONESIAN OCCUPATIONAL CENTER

Mr. DICKS. Please explain what programs you have in the Micronesian Occupational Center that will aid in the operation and maintenance of equipment and facilities currently being constructed in the Trust Territory.

Mr. SABLAN. Mr. Chairman, the Micronesian Occupational Center (MOC) in Palau is part of the College of Micronesia. Its program, in terms of vocational training, consists of the standard plumbing, electrical, and mechanical type training programs. They are not necessarily geared toward the maintenance program that we have just reviewed earlier. If that's what you are referring to, it's not actually developed to cope with the maintenance operation.

Mr. DICKS. Should there be some effort to coordinate those programs?

Mr. SABLAN. The maintenance aspect of the Trust Territory is benefitting from the product of the MOC program. But what I'm saying is, it is not an institution built for that purpose.

Mr. DICKS. Yes, I understand that. But is seems to me that in the institutional framework you might add some efforts to develop some people with skills that are necessary to do the other assignments.

Mr. SABLAN. Yes, we certainly are gearing ourselves toward that.

Mr. DICKS. What are you going to do when you divide up into three entities, regarding the occupational program?

Mr. SABLAN. I think the present sentiment is to continue the college of Micronesia as it is today. The major question is, I guess,

where the main college campus would be located—whether it should be in Ponape or elsewhere or whether the present campus should be divided further to accomodate the other two entities, Palau and the Marshalls.

But that would be a decision that the three entities themselves must decide, and discussion, as far as I know, is under way to resolve that particular issue.

PRIVATE SECTOR DEVELOPMENT

Mr. DICKS. Could you explain the current activities, and we've discussed this somewhat before, in the Trust Territory aimed at increased development of the private sector. Has private sector activity increased in the past two years and to what extent?

Mr. SABLAN. In the private sector you have the economic development——

Mr. DICKS. What kind of economic development?

Mr. SABLAN. We have with us, Mr. Chairman, the administrator of Resources and Development. He is not here with us at the table, but is back in the audience.

Mr. DICKS. Why don't you stand up and tell us what is going on if anything.

Mr. SALII. My name is Lazarus Salii. Mr. Chairman, that's one of the toughest questions that——

Mr. DICKS. That's why we asked it.

Mr. SALII. All the development plans, are being emphasized——

Mr. DICKS. We have plans, are we getting anything done?

Mr. SALII. Tourism is increasing. Last year, 3,000 people came to the island. This year——

Mr. DICKS. What do you do to promote that?

Mr. SALII. Through hotels and airlines in Japan and Israel. We are a member of the Pacific travel association.

We provide literature to the travel agents and promote tourism that way. Fishing is also a viable area, and is increasing in interest for foreign countries as well as local fisherman. This increasing, and the future looks very good.

Mr. SABLAN. And I might add, Mr. Chairman, that recently Mr. Salii has been a catalyst in the organization of the regional tourist council which is a forum consisting of representation from Guam, Northern Marianas and TIPI entities.

Mr. DICKS. Will this continue once the trusteeship ends?

Mr. SABLAN. It is again our hope that it will continue beyond the Trusteeship period.

Mr. DICKS. You said you were into fishing.

Mr. SALII. Yes. About 30 boats are operating off the coast.

Mr. DICKS. What kind of fish do you catch?

Mr. SALII. Tuna.

Mr. DICKS. Tuna. Do you have any problem with the 200 mile limit? I guess you wouldn't, would you?

Mr. SALII. We have what appears to be 200 mile limit.

Mr. DICKS. How is that going to work out after you——

Mr. SALII. We have negotiations with the Japanese to allow boats to fish within our zones.

Mr. DICKS. Anything else going on? What are your big plans? What do you want to do?

Mr. SALII. From the headquarters we want to get out of the business and look to the entities to see what they want to do.

Mr. DICKS. It's good timing to start doing something.

Mr. SABLAN. That transition money we are requesting and have now received for 1980 is for provision of the development of economic plans for future operations of the states within the FSM area, the Marshalls and Palau. And we hope that these plans will provide them with the baseline upon which to continue with economic development of the territory after the trusteeship terminates.

FUTURE FUNDING CAPITAL IMPROVEMENT PROJECTS

Mr. DICKS. Is the fiscal 1981 request for construction the last increment of the total Trust Territory construction?

Mr. GREEN. Mr. Chairman, it may indeed turn out that way. However, we do recognize, and the Secretary certainly has recognized, in response to meetings with the President of the Federated States and with other representatives of the entities, that there are additional requirements that we would like to support this year.

And within the Interior Department we will be working in the near future, and for the next several weeks, to develop a very

modest, recognizing the constraints on the budget, but nevertheless recognizing that there are needs that are perhaps unmet, we will attempt to develop a very modest and very limited addition to capital improvements funding in the Trust Territory.

Mr. DICKS. The local governments would like a second level capital improvement program to be developed for the various outer islands. Are funds for such a program part of the status negotiations?

Mr. GREEN. Let me answer that another way. The answer I just gave you relates to what, unfortunately became known as a second-level CIP which has a very high dollar figure attached to it. It attempted to identify the additional outer island needs. The concept of second level CIP was meeting outer island requirements. What we are saying is that we do recognize that there are some needs there, and we hope to develop a limited proposal.

Mr. DICKS. Would this be for the entire Trust Territory?

Mr. GREEN. The entire Trust Territory, yes.

Mr. DICKS. Was such a plan ever put together, this plan that we've talked about?

Mr. GREEN. This plan was not a plan that was requested by the Department or by the Administration.

Mr. DICKS. Who put it together?

Mr. GREEN. This was put together by the High Commissioner in consultation with the entities involved, and it was not one we requested.

Mr. SABLAN. The whole idea, Mr. Chairman, was not so much seeking funding, but we developed the plan mainly as a guideline upon which future CIP programs may be based.

Mr. DICKS. A kind of an inventory.

Mr. SABLAN. Yes an inventory of needs.

Mr. DICKS. Not a wish list.

Mr. SABLAN. No, it was not that. It was an inventory of needs. That's basically what it amounts to.

Mr. DICKS. Well, it is good to do that every once in a while, sir. In my district they have a long list, and not all their wishes are going to be met, unfortunately.

For the record give us the type of facilities that would be involved or were involved in this plan and the total estimated cost of the program that we discussed.

[The information follows:]

OUTER ISLANDS CONSTRUCTION IMPROVEMENT PROGRAM PLAN

The type of facilities included in the plan were docks and channels, dispenseries, water and power projects, boats, seawalls, roads, warehouses, schools, airports, freezer storage facilities, agricultural development projects, fisheries and mariculture projects, feedmills and slaughter houses, and sanitation and communications projects.

The total estimated cost was $228 million. Of that amount $28 million was estimated for A&E. The plan envisioned a five year funding.

MAJURO TIDAL DAMAGE

Mr. DICKS. What was the extent of the damage of the tidal wave that struck the Marshalls earlier this year? What funds are being used to repair the damage? And was there damage in any other areas of the Trust Territory?

Mr. GREEN. That damage was extensive to a central part of Majuro, Mr. Chairman. We are now working with the Federal Emergency Management Administration for replacing housing, and we hope that we can enhance the quality of that housing. There are problems of infrastructure, water supply, and others. But let me ask Mr. Sablan to answer.

Mr. SABLAN. Yes, we were, as a matter of fact, Mr. Chairman, just yesterday working with the Marshalls delegation, which is also here in Washington, to work up the necessary funding package that they feel they need to restore the facilities back to pre-disaster condition.

Mr. DICKS. Would you give this Committee a report on what the problem areas are.

Mr. SABLAN. Yes.

[The information follows:]

PROBLEM AREAS RESULTING FROM WAVE ACTION ACTION DISASTER IN MAJURO, MARSHALL ISLANDS

The main problem areas resulting from the wave action disaster are contained in the "Utilizations Report on Rehabilitation Funding" prepared by the Government of the Marshall Islands, a copy of which is being provided to the Committee. In summary, the main items contained in the report are as follows: (1) Shore line protection; (2) upgrading destroyed homes; (3) replacing washed out bridges; (4) upgrade government equipment and spare parts; (5) rehabilitation of land areas destroyed; (6) repair, re-cap, and sealing of roads; (7) upgrade and restoration of water lense and well system; (8) repair and renovation of government buildings; and (9) planning, engineering, design and supervision.

## FINANCIAL MANAGEMENT

Mr. DICKS. I am now going to turn over the chair to Mr. Murtha from Pennsylvania. Let me ask you one question before I leave and then Mr. Murtha will take over.

As I've said earlier, one of the things I've been concerned about is just making sure we keep our books straight—that we have some integrity in the financial recordkeeping. And can you comment on how that operation is going?

Mr. GREEN. It's not a difficult question, Mr. Chairman. We have done a number of things regarding the Trust Territory. As a matter of fact, Mr. Frank Solomon from our office has just returned after spending some time working in developing the necessary management systems that would enable the governments to administer and manage funds appropriately.

We have in the Comptroller in Guam, a very valuable resource who has been working with us to assist in developing management capability to accomplish the kinds of things I know you are concerned with.

Mr. DICKS. When do you think we will have a good, credible system in place?

Mr. GREEN. Our objective is, when the Trusteeship ends, that there will be in place an adequate system of financial management. There is now in Saipan a computerized facility, which could have a utility in terms of being generally available to the individual entities, and if not that, we will be working with them individually to ensure that they have sufficient systems in place.

Mr. DICKS. As I understand; it is the block grants that we are talking about in the future which will require Congressional approval, is that not correct?

Mr. GREEN. The ultimate arrangement for the free association.

Mr. DICKS. But beyond that, once the various agreements are reached, it will still require appropriations from the Congress to meet the block grants. Is that correct?

Mr. GREEN. Yes.

Mr. DICKS. I just want to make the strongest possible point that I can that this committee is going to insist on a credible financial accounting system to be maintained in the future, or there are going to be very difficult times ahead in appropriating money because as the budget priorities get tighter and tighter, at least from this member's perspective, there is going to be increased pressure for accurate accounting, accurate bookkeeping, and financial integrity. I would hope that this would be one of the very highest priorities established before these agreements are reached. I know the mood in the Congress is not going to be supportive if we cannot get accurate accounting information and be able to detail how expenditures are being made.

Mr. GREEN. Those representing those governments hear you very clearly.

Mr. DICKS. We have some additional questions that we would like you to answer for the record.

Mr. GREEN. I will provide the answers.

[The questions and answers follow:]

ADDITIONAL COMMITTEE QUESTIONS
TRUST TERRITORY OF THE PACIFIC ISLANDS

Government Transition

Question: $3.3 million is requested in transition expenses for the local governments. Of this amount, some $1.4 million is for plans and studies (page Terr 107). What kinds of plans and studies are to be done? What kind of firms or consultants will do this planning work?

Answer: Plans and Studies to be conducted include:

(a) Economic Development Plans - Some type of economic development is required for each entity in the draft compact of Free Association in order for the U.S. Congress to release allocations for economic development and capital improvements in the post trusteeship period.

(b) Organization of the new Constitutional Governments - At present, the structure of the local governments are exact duplications of the Headquarters organization. There is a need to review the existing structure of each government and reorganize them to conform with the approved constitution of each entity. Management consultants will be needed to assist in the development of the new government organizations.

(c) Manpower Development Studies - A study will be conducted to determine the manpower requirement for each entity. An inventory of professional, technical and skilled labor will be taken to determine the need for additional education and training programs to produce a work force to meet the requirements of both the government and the private sector.

Most of the planning and studies will be done in-house with some outside assistance where specific technical specialists are needed. At present, no particular firms or consultants have been identified to perform the work.

Kwajalein Atoll Development (Ebeye Islands)

Question: Your supplemental justifications say that a rehabilitation of the hospital for $500,000 will serve the projected hospital needs for the immediate future. How long will it serve? Your justifications also state that a new facility had been proposed which would be a modular unit and would cost approximately $1,300,000. Why do you choose to rehabilitate the existing facilities rather than build the new facility? What are the advantages of the new facility? Will it meet the needs for a longer period of time?

Answer: It is anticipated that the planned rehabilitation will serve the projected needs of the hospital for several years. With a multitude of competing demands for the $2 million negotiated funding for FY 1980, it was determined that a rehabilitation of the existing facility would enable the water system to be upgraded at a cost of $1.5 million. This is not to say, however, that a new hospital wouldn't be useful or desirable.

The new facility would, if properly maintained, meet projected needs for 10 to 15 years. The avantages of a new hospital facility include: easier maintenance, costing less in the long run; a sturdier structure; and the opportunity to furnish some power needs with alternate energy sources.

Indefinite Land Use Claims Settlement

Question: How were the values currently used for the land arrived at? Your supplemental justifications state that values have been placed on property which we only now realize was computed erroneously. Please explain how you come to this realization.

Answer: On March 15, 1977, a number of members of the Congress of Micronesia met with the Under Secretary of the Interior to discuss among other matters, the question of compensation under indefinite land use agreements. It was alleged that the value of the property had not been adequately compensated for at the time of the original "taking" and that subsequent payments have been inequitable. The Congress of Micronesia in 1977 created a study group to review the problem of the agreements. The Study Group, which included representatives from the Executive Branch and a representative of the Department of the Interior, concluded in December 1977, after reviewing the lands covered by the agreements, that the indefinite land use agreements should be terminated if the lands are no longer needed or, if a need continues, that they be converted to term leases or acquisition of title. The Study Group was requested to review qualified appraisers and to recommend a firm or firms that could be employed to appraise the value of the lands.

The contractor, Cowell and Company, of Hawaii, prepared separate appraisal reports for each of the major districts involved. The appraisal took into account the use being made of the lands, their locations, and the use being made of nearby or comparable lands. The firm estimated that the total value of the lands was $4,388,556 affecting 180 parcels. The appraisal report was endorsed by the Congress of Micronesia. The estimated requirement for $4.1 million is broken down into payments for sums past due, $1,667,138; purchase, $1,836,929; and for three year leases, $551,732.

Communications Systems Upgrade

Question: Please describe the system for the outer islands that you are requesting in fiscal year 1981 at $1,400,000. (Page Terr 112) Your justifications state that these will be powered by solar energy. Have such systems like this been used before? How reliable will they be using solar energy as a power source?

Answer: The proposed 105 outer islands communication system is configured around the use of solar technology as the prime energy source of power for the small radio systems operated by this dispersed population. This outer-island network has been designed to operate as six separate clusters which feed into District Centers for local consumption or transfer to the TTG or world-points. The use of the solar system removes the dependancy on field trip-ships to provide every six weeks the diesel fuel required to operate the small generators. We are currently operating three such systems in Ponape and have been for two years. To date we have experience no equipment

failures. Current experience indicates 100% reliability, twenty four hours per day.

General Operations

Question: Direct government grants for operation are projected in the fiscal year 1981 budget at approximately $48 million (Terr 15). What revenues are expected by the local governments in 1981? How does that compare to previous years?

Answer: It is projected that about $15 million in taxes will be available in FY 1981. The following table shows the revenue comparison:

(IN THOUSANDS OF DOLLARS)

| GOVERNMENT | FY 1979 | ESTIMATE FY 1980 | ESTIMATE FY 1981 |
|---|---|---|---|
| Federated States of Micronesia | $ 5,068 | $ 5,530 | $ 5,681 |
| Marshall Islands | 3,426 | 4,434 | 5,781 |
| Palau District | 2,799 | 3,204 | 3,512 |
| TOTAL | $11,293 | $13,168 | $14,974 |

Question: What level is projected for other grant programs of the Federal government that apply to the territories? How do those amounts compare to previous years?

Answer: It is projected that other federal grant programs now available to the entities will remain at about the same level in FY 1980, as shown in the following table:

(IN THOUSANDS OF DOLLARS

| ACTIVITY/PROGRAM | FY 1979 | ESTIMATE FY 1980 | ESTIMATE FY 1981 |
|---|---|---|---|
| Office of the High Commissioner | $ --- | $ --- | $ --- |
| Judiciary | --- | --- | --- |
| Health Services | 3,130 | 2,679 | 2,679 |
| Education | 7,779 | 8,545 | 8,545 |
| Public Affairs | 3,440 | 2,258 | 2,258 |
| Resources & Development | --- | --- | --- |
| Protection to Persons and Property | 642 | 642 | 642 |
| Administration | 6,405 | 5,011 | 5,011 |
| Transportation & Communications | --- | --- | --- |
| Public Works | --- | --- | --- |
| TOTAL | $21,396 | $19,135 | $19,135 |

Question: What functions remain to be transferred to the local governments from the Trust Territory Government and when will these transfers be accomplished?

Answer: The Trust Territory Headquarters on Saipan is still performing certain functions in the following program areas for the local governments:

Health
Education
Public Affairs
Resources and Development
Protection to Persons and Property
Administration
Transportation and Communications
Public Works

We are now involved in a transition program to transfer most of the above functions to the local governments. It is anticipated that those functions to be transferred will be transferred by September 30, 1980.

Question: Please explain how you can decrease the funding for finance and supply (Terr 56) by approximately $450,000 in fiscal year 1981, a decrease of over 20%. Won't it be more difficult to operate financial systems for three local governments rather than a consolidated system? On page Terr 57, you also show a reduction of $121,000 in internal audit, reducing that program to zero. Will this function be assumed by the local governments? If so, where are the funds for it?

Answer: (a) Finance and Supply - The decrease of $451,800 represents a reduction in Headquarters finance operations. 49 positions and the above dollars will be eliminated since the function will be performed by each of the state governments. The employees for the state are currently on board and are being trained at headquarters to take over the function for the state governments. Funding for the finance and supply function has been budgeted for each of the state governments in FY 1981. The above dollars, therefore, will not be needed by either the states or Headquarters for operation of the finance and supply function.

(b) Operation of financial management system - We agree that it will be difficult for each of the three local governments to run a new and separate financial system. We are however attempting to convince them to use the current system modified to their new requirements using a central computer or service center concept. By doing this each of the governments will control their own financial resources, and will have the ability for fast financial data processing at a reasonable costs versus each government buying or leasing their own computer.

(c) Internal Audit - At the time the FY 1981 budget was prepared, it was assumed that the audit responsibility would be performed by the local governments, as provided in their constitutions, with the assistance of the U.S. Federal Comptroller and that there would be no need for the internal audit function. However, we are now thinking about continuing the program in FY 1981 by funding the program within the FY 1981 Headquarters operation funds.

Question: Please describe for the Committee the transportation system that has been transferred to the local governments (Terr 62). What kind of commercial airlines are operated under this activity.

Answer: The transfer of the sea transportation function to the local governments simply means that the operation and the administrative control of the ships are now the responsibility of the local governments, with the Headquarters to continue to monitor the program. Previously, the funds for this program were allotted to the Director, Transportation and Communications. In FY 1981, the funds will be allotted to the local governments, together with the rest of their operations funds. At present, there are no commercial airlines operated under the transportation activity.

Question: Your justification on page Terr 72 shows a government employment of approximately 5,200 people. What is the employment of the private sector in the Trust Territory?

Answer: There are approximately 9,000 people employed in the private sector.

Construction

Question: Please describe your reprogramming requested as part of the budget request of $6,241,000 from sewer projects to overall water resources development.

Answer: Prior to Fiscal Year 1981, the wastewater program (sewer) projects were funded on the basis of a 75% contribution by the U.S. Environmental Protection Agency (EPA) and 25% matching funds being provided by the grantee (TTPI). CIP appropriation requests, therefore included the 25% CIP matching fund requirements, inclusive of FY 1980. Late in calendar year 1979 (FY 1980), the USEPA waived the 25% matching fund requirements for the TTPI and instituted a program of 100% grants assistance, eliminating the need for the wastewater program matching fund, with the provision that the "savings" in matching funds would be utilized for improvements in the water programs area. (See narrative, Department of the Interior Budget Justification, FY 1981; Page Terr 77).

The "savings" in sewer match funds, of funds appropriated, inclusive of FY 1980, were identified as totalling $6,241,000 from the budgets of the various states of the TTPI. (See Department of the Interior Budget Justification; Pages Terr. 96 through 103). In conformance with the provision of the matching fund waiver granted by USEPA, and in recognition of a critical need for water systems upgrade particularly of resources, a scope of water systems requirements was developed totalling $13,241,000. Of this total project funding requirement, $6,241,000 would be defrayed by the reprogramming requested in the FY 1981 Budget Estimates and $6,500,000 is requested as new obligational authority (NOA) line items in the FY 1981 Budget Request. The remaining $500,000 has already been appropriated as a water program item in Fiscal Year 1980.

Question: What is the status of construction of the Majuro Hospital that was approved by the Congress in Fiscal Year 1980?

Answer: Preliminary conceptual designs identifying functional requirements, basic square footage requirements, and basic architectural concepts were developed in November 1979. A functional review meeting of all concerned is scheduled for early April 1980, at Majuro, in the Marshall Islands to finalize functional requirements and siting of the new hospital. Actual design will proceed immediately thereafter.

The present project "milestones" look to a design completion and project advertisement by October, 1980, and construction contract award either late December, 1980 or in January, 1981. Construction itself is expected to take 2 years, i.e., completion in January 1983.

Question: Please provide for the record a consolidated list of the previously approved reprogrammings for which you are requesting funds, to pay back the original projects.

Answer:

| | State and Project | Reprogram Out | Reinstate (81) |
|---|---|---|---|
| A. | To Defray Santa Fe Claim | | |
| | (1) Yap-Woleai Dock (FY 79) | $ 244,000 | $ 244,000 |
| | (2) Truk Airfield (FY 79) | 200,000 | 200,000 |
| | (3) Ponape Docks (FY 79) | 1,041,000 | 1,041,000 |
| | (4) Ponape Marine Resources (FY 78) | 1,347,000 | 1,347,000 |
| | (5) TT-Wide Design Eng. (FY 79) | 252,000 | 252,000 |
| | Subtotal for Santa Fe Claims | $3,084,000 | $3,084,000 |

| | State and Project | Reprogram Out | Reinstate (81) |
|---|---|---|---|
| B. | To Defray Santa Fe Claim | | |
| | (1) Palau Airfield (FY 79) | $ 324,000 | $ 324,000 |
| | (2) Ponape Sewer (FY 78) | 876,000 | 876,000 |
| | (3) Marshalls Dock (FY 80) | 549,000 | 649,000* |
| | (4) Marshalls Sewer (FY 79) | 251,000 | 251,000 |
| | Subtotal for AIC Claims | $2,000,000 | $2,100,000 |

(*Reinstatement of Marshall Islands Dock project increased by $100,000 in FY 1981, to allow for inflationary escalation of project costs due to deferral)

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| | | |
|---|---|---|
| GRAND TOTAL: REPROGRAM OUT AND REINSTATEMENTS | $5,084,000 | $5,184,000 |

Mr. MURTHA [presiding]. Mr. Secretary if you would stay at the table. We will now hear from the Trust Territory, the Government of the Federated States of Micronesia.

Mr. Tun, will you introduce your staff.

Mr. TUN. I have with me Mr. Chairman, from the Federated States of Micronesia, Senator Raymond Setik, the Chairman of the Ways and Means Committee of our Congress, and with him is the Economist and Acting Budget Officer for our Congress, Mr. David Ganz. And seated next to him is the Executive Branch Budget Officer, Mr. Rodney Adelman.

Mr. MURTHA. Your entire statement, Mr. Tun, will be part of the record, and if you would summarize what you have to say it might be better, and of course, all the members will read the statement in the record. But if you would give us a summary of your statement, I would appreciate it.

Mr. TUN. Thank you very much, Mr. Chairman. I have a written statement I will submit for the record, together with other supporting documents. These include a detailed explanation of the items included in our budget request, statements from the Governors of Ponape and Truk, a statement from the Speaker of the Legislature, and a paper. This paper was prepared for discussion between the FSM president and the Secretary of the Interior. All of these documents will be submitted to the Committee.

Mr. MURTHA. With no objection it will be made part of the record.

[The statements and the paper follow:]

MICRONESIAN WASHINGTON OFFICE
OF
THE FEDERATED STATES OF MICRONESIA

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SUMMARY STATEMENT BY PETRUS TUN
VICE PRESIDENT OF THE
FEDERATED STATES OF MICRONESIA

APPROPRIATIONS SUBCOMMITTEE ON INTERIOR

APRIL 1, 1980

MR. CHAIRMAN, I AM PETRUS TUN, VICE PRESIDENT OF THE FEDERATED STATES OF MICRONESIA. WITH ME ARE SENATOR RAY SETIK, CHAIRMAN OF THE WAYS AND MEANS COMMITTEE OF OUR CONGRESS, RODNEY ADELMAN, THE BUDGET OFFICER FOR OUR EXECUTIVE BRANCH, AND DAVID GANZ, ECONOMIST AND ACTING BUDGET OFFICER FOR OUR CONGRESS.

LET ME FIRST EXPRESS OUR APPRECIATION FOR THE OPPORTUNITY TO APPEAR BEFORE THIS COMMITTEE WHICH HAS BEEN MOST UNDERSTANDING OF OUR SITUATION AND SYMPATHETIC TO OUR NEEDS.

SINCE ARRIVING IN WASHINGTON OVER A WEEK AGO WE HAVE SPENT A GREAT DEAL OF TIME TALKING WITH EXECUTIVE AND LEGISLATIVE BRANCH OFFICIALS ABOUT THE BUDGET OUTLOOK. WE HAVE HEARD ALMOST IDENTICALLY THE SAME THING FROM EVERYONE - TIMES ARE HARD - DON'T EXPECT ANYTHING - BETTER YET, DON'T ASK FOR MUCH. THE MORE SYMPATHETIC ONES WE TALKED TO EXPRESSED THEIR REGRET AND FRUSTRATION THAT THE OUTLOOK IS SO BLEAK.

I WOULD LIKE TO SAY FIRST THAT WE RECOGNIZE THE DIFFICULT TASK FACING THIS COMMITTEE, AND WE KNOW FULL WELL THAT YOUR FINAL DECISIONS WILL BE GOVERNED BY MANY COMPETING CONSIDERATIONS. BUT WE, LIKE YOU, HAVE A DUTY TO PERFORM ON BEHALF OF OUR PEOPLE. WE FACE VERY REAL AND PRESSING NEEDS THAT VERY SERIOUSLY AFFECT OUR LIVELIHOOD AND SO WE ARE EXTREMELY ILL-EQUIPPED TO BE SELECTIVE IN RESPONSE TO CURRENT ECONOMIC AND POLITICAL EVENTS. WHAT WE DO KNOW A GREAT DEAL ABOUT, HOWEVER, IS THE LACK OF BASIC ECONOMIC ESSENTIALS THAT WE HAVE LONG SUFFERED AND CONTINUE TO EXPERIENCE IN THE FEDERATED STATES OF MICRONESIA.

I MUST SAY TO YOU DIRECTLY THAT WE APPROACH THIS COMMITTEE THIS YEAR, MORE THAN AT ANY TIME IN THE PAST, CAUGHT IN THE MIDDLE BETWEEN TWO CONFLICTING ATTITUDES WITHIN THE UNITED STATES GOVERNMENT. ON THE ONE HAND, THE EXECUTIVE BRANCH STATUS NEGOTIATORS TELL US FIRMLY THAT WE HAVE REACHED THE LIMIT OF WHAT CAN BE OFFERED AS FINANCIAL AID UNDER A COMPACT OF FREE ASSOCIATION AND THAT IF THERE ARE DEFICIENCIES THOSE MUST BE MET WITH THE HELP OF THE INTERIOR DEPARTMENT PRIOR TO TERMINATION. BUT ON THE OTHER HAND, WHEN WE GO TO INTERIOR AND POINT TO AREAS OF CONTINUING NEED THAT HAVE LONG BEEN THE SUBJECT OF UNITED STATES COMMITMENTS, WE ARE TOLD THAT THE TRUSTEESHIP IS ABOUT TO TERMINATE, TIMES ARE HARD, THERE IS NOT ENOUGH TIME LEFT, AND WE SHOULD TAKE IT UP WITH AMBASSADOR ROSENBLATT.

WE IN THE FEDERATED STATES CANNOT BE ASKED TO SIGN A COMPACT THAT INCORRECTLY ASSUMES THE PRIOR SATISFACTION OF CRITICAL NEEDS AND IS THUS NOTHING MORE THAN A FORMULA FOR ECONOMIC AND GOVERNMENTAL CHAOS. I CANNOT ADEQUATELY EXPRESS TO YOU THE DEPTH OF OUR FRUSTRATION IN BEING IN THIS POSITION AT THE VERY MOMENT IN HISTORY WHEN THE UNITED STATES, HAVING BEEN INSTRUMENTAL IN THE FORMATION OF NOT ONE, BUT FOUR DIFFERENT MICRONESIAN ENTITIES, SEEKS PROUDLY TO ANNOUNCE AT AN EARLY DATE THE FULFILLMENT OF ITS TRUSTEESHIP OBLIGATIONS BUT AT THE SAME TIME TO LEAVE THE FOUR LEAST DEVELOPED FORMER DISTRICTS OF TRUK, YAP, PONAPE AND KOSRAE JOINED IN A FEDERATION MARRED BY SUCH ECONOMIC STAGNATION AS TO CRIPPLE THEIR VIABILITY AS A POLITICAL UNIT. THUS, WE HOPE THAT THE COMMITTEE'S REVIEW OF OUR SPECIFIC REQUESTS WILL BE MADE WITH YOUR PAST UNDERSTANDING OF OUR PROBLEMS, AND THAT THE STRONG BOND THAT EXISTS BETWEEN OUR PEOPLE AND YOURS WILL SURVIVE THE DIFFICULT PERIOD AHEAD.

I WOULD NOW LIKE TO BRIEFLY PRESENT TO YOU OUR PRIORITY LIST OF CRITICAL FUNDING REQUESTS, MANY OF WHICH WERE UNFUNDED IN PRIOR YEARS AND HAVE ACCUMULATED UNTIL NOW.

OUR MOST URGENT PRIORITY ITEM IS FUNDING FOR THE NEWLY CREATED NATIONAL GOVERNMENT, AT A COST OF $2.2 MILLION IN FISCAL YEAR 1980 AND $4.9 MILLION IN FISCAL YEAR 1981. YOU WILL NOTE THAT NO FUNDS ARE PROVIDED IN EITHER YEAR IN THE ADMINISTRATION'S REQUEST BEFORE YOUR COMMITTEE. WITHOUT SUCH FUNDING, OUR NEW GOVERNMENT CANNOT HOPE TO FUNCTION AT ANY LEVEL OF COMPETENCE, AND OUR DESIRE FOR

SELF-GOVERNMENT AND "FREE ASSOCIATION" WILL ONLY REMAIN A DREAM. ESTABLISHING OUR NATIONAL GOVERNMENT ALSO INVOLVES ADDITIONAL REQUIREMENTS SUCH AS HOUSING, OFFICE SPACE AND EQUIPMENT, AND OTHERS. OUR AGREEMENT WITH THE HIGH COMMISSIONER ON THE TRANSFER OF GOVERNMENTAL FUNCTIONS WILL BECOME MEANINGLESS WITHOUT SUCH FUNDING.

OUR SECOND PRIORITY IS THE ESTABLISHMENT OF A VIABLE AND RELIABLE COMMUNICATIONS SYSTEM IN THE FEDERATED STATES OF MICRONESIA. THE ADMINISTRATION'S REQUEST FOR $1.4 MILLION SHOULD SUBSTANTIALLY IMPROVE COMMUNICATIONS WITH THE OUTER ISLANDS. THE REMAINING TASK IS TO IMPROVE COMMUNICATIONS LINKS WITH THE OUTSIDE WORLD. THE LATEST PROPOSALS BY UNITED STATES FIRMS CALL FOR APPROXIMATELY $3.9 MILLION FOR US TO ENTER INTO THE ERA OF SATELLITE COMMUNICATIONS. OUR NEW GOVERNMENT CANNOT FUNCTION AND ECONOMIC DEVELOPMENT AND SELF-SUFFICIENCY CANNOT BE ACHIEVED WITHOUT SUCH COMMUNICATIONS CAPABILITIES.

OUR NEXT TWO ITEMS ARE CONCERNED WITH INFRASTRUCTURE, SO CRITICAL IN OUR HOPES FOR DEVELOPMENT. THE FIRST IS THE INSUFFICIENT FUNDING AVAILABLE FOR FUEL AND MAINTENANCE. AN ADDITIONAL $6 MILLION IS REQUIRED TO PROVIDE ADEQUATE MAINTENANCE OF FACILITIES, AND TO COVER THE RAPIDLY INCREASING COST OF FUEL TO OPERATE SUCH FACILITIES. DETERIORATION CONTINUES UNABATED ON OUR FACILITIES WITHOUT PROPER MAINTENANCE; AND OUR FUEL CRISIS CAUSES POWER DISRUPTIONS AND BLACKOUTS, AND HINDERS OUR LIMITED SERVICES TO

THE OUTER ISLANDS. NEXT, WE HAVE AN URGENT NEED FOR ADDITIONAL INFRASTRUCTURE, PARTICULARLY IN AREAS OUTSIDE THE DISTRICT CENTERS. OUR REQUEST IS FOR $15,674,000 TO PROVIDE FOR THE ARCHITECTURAL AND ENGINEERING WORK NECESSARY PRIOR TO ACTUAL CONSTRUCTION. WITHOUT SUCH INFRASTRUCTURE, OUTER ISLANDS HAVE LITTLE HOPE OF ENTERING THE MONEY ECONOMY.

FINALLY, ON BEHALF OF THE COLLEGE OF MICRONESIA, WE WOULD LIKE TO REQUEST $5.4 MILLION FOR CONSTRUCTION OF ADEQUATE CAMPUS BUILDINGS AND FACILITIES. THIS WILL NOT ONLY ASSIST EDUCATIONAL ADVANCEMENT FOR ALL MICRONESIANS, BUT ALSO ASSIST IN ALLEVIATING THE SHORTAGE OF TRAINED AND QUALIFIED MICRONESIANS TO ASSUME RESPONSIBLE POSITIONS, PARTICULARLY IN TECHNICAL AND PROFESSIONAL AREAS.

MR. CHAIRMAN, THAT CONCLUDES MY STATEMENT. I ASK THAT YOUR COMMITTEE GIVE OUR REQUESTS YOUR MOST FAVORABLE CONSIDERATION AS YOU HAVE IN THE PAST. WE WOULD BE HAPPY TO ANSWER ANY QUESTIONS THAT YOU MAY HAVE.

THANK YOU.

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STATEMENT BY VICE PRESIDENT PETRUS TUN
OF THE
FEDERATED STATES OF MICRONESIA

BEFORE THE
APPROPRIATIONS SUBCOMMITTEE ON INTERIOR

FISCAL YEAR 1981 - BUDGET HEARINGS
APRIL 1, 1980

Mr. Chairman and Members, I am Petrus Tun, Vice President of the Federated States of Micronesia, and I am pleased to have the opportunity to testify on behalf of our government on the Fiscal Year 1981 budget request for the Trust Territory of the Pacific Islands. With me is Senator Raymond Setik, Chairman of the Ways and Means Committee of the Congress of the Federated States of Micronesia, who has appeared before this Committee many times previously and has been kind enough to come and assist me in my presentation and in support of our request. Also with me are Mr. Rodney Adelman, Budget Officer for the Executive Branch and Mr. David Ganz, Economist and Acting Budget Officer for the Congress.

In this statement, I will briefly describe the current political situation and economic condition of the Federated States of Micronesia, next discuss our overall concerns regarding the Fiscal Year 1981 budget request, and then provide detailed comments on the Fiscal Year 1981 budget. I would also like to provide for the record a proposed Fiscal Year 1981 budget request for the National Government, and a paper entitled "Issues for Discussion by the President of the Federated States of Micronesia and the Secretary of the United States Department of the Interior" which contains a comprehensive discussion of the major problem areas which we are requesting to be resolved. In addition, I am submitting for the record statements by the Governors of the States of Ponape and Truk and by the Speaker of the Truk State Legislature.

In terms of political development, the Federated States of Micronesia has been striving to forge viable National and State Governments that can

effectively provide essential public services in a manner responsive to the needs of our people. Since last years' hearing by this Committee, the National Government of the Federated States of Micronesia was installed under our Constitution, on May 10, 1979, and our first President, the Honorable Tosiwo Nakayama, was inaugurated on May 15, 1979. Under his direction, significant progress has been made in filling key Executive Branch positions and in assuming the functions constitutionally provided for our National Government. The four Executive Department Directors and key staff officers have been installed and have begun to assume their respective responsibilities. An agreement and a schedule for the transfer of functions from the Trust Territory Government to the Federated States has been entered into with the High Commissioner. The Federated States of Micronesia is the only part of the Trust Territory which chose to remain united, and creating a new National Government encompassing the four States has been a complex and challenging process.

Establishing viable National and State Governments for the Federated States is an essential prerequisite to entering into the new political status of Free Association currently under negotiation. As a result of the most recent round of negotiations, held in Kona during January 1980, a draft Compact of Free Association between the Micronesian entities and the United States is very near completion. The principal unresolved issues involve the inflation adjustment for the United States grants and the extension of Federal Programs to Micronesia. Even if these final obstacles can be overcome, however, there are certain other commitments apart from those being negotiated in the Compact, such as funding for adequate communications and essential infrastructure, that must be settled before our government can conclude the negotiations.

In addition to establishing the means to effectively govern ourselves, the next major challenge facing the Federated States of Micronesia is to provide for rapid economic development. Our objective is to create a self-sustaining private sector economy that will provide the basis for the Federated States' growth and prosperity. At present, I must regretfully report that the economy of the Federated States remains completely stagnant and entirely dependent on public sector expenditures which are largely funded by the Federal grants which we are discussing today. About half of all final consumption in the Federated States is accounted for by the government and this sector provides slightly over half of all employment in the money economy. Our dependence on imported goods is illustrated by the fact that the value of private sector imports rose from $3,702,900 in 1966 to $21,041,300 in 1977 while exports declined from a value of $1,349,400 to $1,036,300 during the same period. The lack of private sector production for either local comsumption or export is dramatically reflected in a very high rate of unemployment which was about 20% in 1973 and appears to have increased significantly since then. The number of workers unemployed in 1973, 4,386 has tripled to 13,690 in 1977 as reported by the preliminary results of the recently completed skill and occupational survey. The lack of job opportunities is made even more dismal by a population growing at the very high rate of 3.5% a year which means that rapidly increasing numbers of young people are reaching working age. By any economic measure, the Federated States remains

the least developed area in Micronesia. With funding for certain projects which I will be discussing shortly and the economic assistance that would be provided through the Compact, we are hopeful that our new governments will overcome the very low level of economic development that we inherit and be able to generate a productive private sector economy.

I would now like to address the Fiscal Year 1981 budget request for the Trust Territory of the Pacific Islands and discuss our overall concerns which involve the absence of any funding for the National Government, the lack of provision for adequate communications facilities, the severe shortage of fuel and maintenance funds, and the need to extend the construction of capital infrastructure beyond the State Capitals (former District Centers) and to the outer islands. We are requesting added funding in each of these areas, which are presented in order of priority, although they are all of critical importance to us. These requests are for items where pressing needs have been identified for some time now and which are imperative for establishing viable governments.

The Fiscal Year 1981 Budget Request contains no funds for operation of the National Government and without such funding the Federated States of Micronesia will be unable to function as a political unit. In contrast, the proposed budget provides operations funding for the other two National Governments, Palau and the Marshall Islands, as well as for the four State Governments of the Federated States. Just as with these governments, there is simply not sufficient local economic activity to generate the revenue needed to support even a minimum level of operations for the National Government of the Federated States. During Fiscal Year 1981, locally derived revenues will be utilized to fund the Congress of the Federated States of Micronesia and a number of other governmental agencies including the Commission on Future Political Status and Transition, the Micronesian Maritime Authority, the Federated States Development Bank, the Federated States Copra Processing Authority and others. In addition, remaining local revenues are used to fund a share of the expenses of the Executive Branch of the National Government. The Executive and Judicial Branch positions not supported by local revenues must be funded from the annual United States grant.

Beginning in February 1979, we have made repeated requests to obtain funding for the National Government. Most recently, on September 12, 1979 complete proposals for Fiscal Year 1980 and Fiscal Year 1981 funding for the National Government were delivered to the High Commissioner. Our request for Fiscal Year 1981 includes $4.9 million for 271 positions and related expenses to fulfill essential responsibilities of the National Government. This is based on receiving a Fiscal Year 1980 supplemental request of $2.2 million, to begin National Government operations. These functions are limited to responsibilities directly mandated by our Constitution solely to the National Government, and to include certain other responsibilities identified at meetings between leaders of the National and State Governments which can

be implemented more economically at the National level rather than being replicated in each State. The National Government is currently operating on local revenues and on a $900,000 grant for Fiscal Year 1980 which is borrowed from the $2.2 million in transition funds provided for the State Governments of the Federated States. This is completely inadequate for the National Government of the Federated States of Micronesia to carry out its responsibilities under our Constitution.

We believe that the absence of designated funding for the National Government in Fiscal Year 1981 denies the Federated States of Micronesia the most basic form of recognition. The effect is to turn back the clock on our efforts to achieve self-government. This runs counter to the wishes of our people as expressed in the Constitutional referendum and could effectively render the people of the Federated States incapable of entering into a Compact of Free Association.

A second important area of concern regarding the Fiscal Year 1981 budget request is the need to provide modern voice and telegram communications facilities in the Federated States. We appreciate the efforts being made to upgrade the existing systems for which funding of $1.4 million is included in the Fiscal Year 1981 budget request to improve outer islands' communications, and we fully support this request. However, improving the High Frequency system must be recognized as a temporary stop-gap measure that does not provide adequate communications for the Federated States and its people under Free Association. Even when it is upgraded, the existing system will remain too limited in scope to address already existing needs between State Capitals and will not provide modern or reliable voice and telegram communications with the outside world. We are requesting additional funds of $3,900,000 for a satellite communications system based on proposals submitted by a number of United States companies that would provide very satisfactory communications with a technology suitable for our islands.

The third area where we request additions to the proposed Fiscal Year 1981 budget request involves fuel and maintenance. Because of rapidly escalating fuel prices the funds provided for this purpose in Fiscal Year 1980 and proposed for Fiscal Year 1981 are completely inadequate. Added fuel costs are causing severe budget difficulties for our State Governments and the outlook is that they will simply not have the funds to operate their power facilities or provide regular surface transportation to the outer islands. Another serious problem regarding infrastructure is the substantial deterioration in existing facilities as a result of inadequate funds for maintenance and training. The lack of funds for fuel and for maintaining essential facilities will deny basic amenities to our people and have a devastating impact on our prospects for economic growth. Accordingly, we request an additional $4 million for fuel and $2 million for maintenance.

The Federated States believes that there exists a critical need for our economic development to provide basic infrastructure to areas beyond the State Capitals (former District Centers) and to the outer islands which have not benefited from the Capital Improvement Program. The current budget contains

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a reduction of $34,166,000 based on completing the existing Capital Improvement Program. Our request includes projects identified under what has been termed the "Second Level Capital Improvement Program" but which in reality is just a continuation of the existing first level program to areas that have not been covered. As a minimum we request that $15,674,000 be provided to begin the architectural and engineering work for these projects which would be completed later. It is particularly hard on us to terminate a program critically needed for economic development as we begin to assume responsibility for the welfare of our islands.

The final area of general concern which I would like to address involves the College of Micronesia, which as you know, represents a joint undertaking of ourselves, Palau, and the Marshall Islands. Although technically not part of the request for the Federated States, we recommend that $5,405,000 for construction be included in the Fiscal Year 1981 budget to replace congested and deteriorating facilities on Ponape. Substantial progress which has been made in upgrading the curriculum and receiving accreditation will be lost if the facilities are not improved.

Having discussed our overall concerns regarding the proposed Fiscal Year 1981 budget, I would now like to provide specific comments on the submission by the Department of the Interior. The Fiscal Year 1981 budget request by the Administration is for $79,459,000 a decrease of over $35,051,000 or 30%. A slight increase of $762,000 is included for operations, while the Capital Improvement Program is dramatically reduced by over $34,166,000, to a level of $23,584,000. Funds for governmental transition and communications system upgrade are also reduced.

While operations funding is slightly increased, by less than two percent, the increase is not nearly enough to cope with the increasing population, inflation, skyrocketing fuel price increases, and the decentralization of government functions. Because most government operations are funded by the United States grant and only supplemented by available local revenues, the level of government services is directly tied to the level of United States assistance. Our comments on funding for each program area are presented below.

1. High Commissioner's Office - Funding is reduced for the High Commissioner's Office in line with the decentralization of functions. The level of funding of $400,000 should be sufficient for this operation.

2. Judiciary - While funding for the Trust Territory of the Pacific Islands Judicial system increases slightly, to cover increased costs, no provision is made for the establishment or transfer of these functions to the Federated States of Micronesia National Government or the States. Sufficient planning, assistance, and funding are required to effect this transfer.

3. Health Services - A slight increase is provided for health services, but population growth and increased costs, due to inflation, of providing health services necessitate increased funding. Additional qualified personnel and adequate supplies are necessary to operate recently-completed health facilities.

4. Education - Again, the slight increase in this activity is more than offset by the increased demand for educational opportunities caused by the rapidly increasing population and the growing need for more highly-skilled and better-educated Micronesians to fill more responsible positions in the public sector and to further development in the private sector. A high school education is still not available to every Micronesian due to lack of facilities and teachers. The student assistance program is being drastically reduced, and the aid to non-public schools program is being eliminated. Adequate vocational and professional training is still not available in the Federated States of Micronesia.

5. Public Affairs - Funding for public affairs is being increased slightly, mostly to cover the increased costs of the Civic Action Teams. Funding for public information, so crucial as we enter new government structures and the end of the Trusteeship, is significantly reduced. Funding for community development remains at a very low level, and in some cases is being eliminated.

6. Resources and Development - Funding for this activity is severely cut by over 25%, despite the strong need for emphasis in this area. While many of these functions are being either eliminated at the Headquarters level or transferred to the Federated States of Micronesia National Government or the States, sufficient funding is not being provided to the new entities to continue to perform these functions. The most significant reductions are being made in Agriculture, of 27%, in Economic Development, of 47%, and in Marine Resources, of 26%. These three areas are the only identifiable key to Micronesia's hopes for future development and self-sufficiency.

7. Protection of Persons and Property - This activity is being reduced by over ten percent, despite the increasing need for such services. The reduction in public safety is particularly critical in light of the recent jailbreak and multiple murders on Ponape. Decreased funding for immigration activities impedes the new National Government in its assumption of this function.

8. Administration - Funding for administrative activities is being cut by over 26%. Funding at headquarters is reduced by nearly 50%, in line with the decentralization of these functions to the State and the National Governments. However, the required funds are not being provided to these entities to perform

these necessary functions. Funding for financial activities is significantly reduced, despite the inability to maintain accurate, timely and "auditable" financial records and reports. It is critical for our new governments to establish strict financial controls to prevent waste. Funds for personnel, budget, planning, supply and property management activities are also reduced, even though the decentralization of these functions to the State and National Governments obviously requires additional funding and substantial training of the needed personnel. With the elimination of internal audit, no auditing services will be available to the Federated States of Micronesia, except on an as-available basis from the Federal Comptroller's office in Guam. Proper and efficient administration of limited financial and other resources is crucial for the emerging governments in the Federated States of Micronesia.

9. Transportation and Communications - Funding for this activity is being dramatically reduced, notwithstanding the continuously rising costs of providing these services. Funding for operation of the field trip vessels is being transferred to the States, but at a level 16% lower than that provided in Fiscal Year 1978. This is utterly unrealistic in the face of skyrocketing fuel costs, a major component of the operational costs of the vessels. Despite the $1.4 million provided for communications system upgrade, funding for communications operations is also reduced by nearly 16%, or over $205,000. While improvements in the communications system are urgently needed, increased operations funding to maintain the system and its improvements are also an urgent necessity.

10. Public Works - Public Works activities remain a critical funding problem, and probably the most under-funded of all governmental activities. While funding for operations and maintenance increased by nearly $2.5 million, to over $6.6 million, this amount is far short of the Trust Territory Government's estimate of $23 million required to adequately maintain those projects and facilities now in place or to be completed by Fiscal Year 1981. This problem is emphasized in the statement by the Speaker of the Truk State Legislature in reference to the Truk hospital. A related public works problem is utilities funding, which although increased to nearly $4,864,000, remains only 7% over the Fiscal Year 1978 funding level. As discussed earlier, this level is unrealistic in light of the rapidly increasing cost of fuel world-wide. Micronesia is particularly vulnerable to these fuel price increases. Power rationing and blackouts are not uncommon in the Federated States of Micronesia.

11. Transition - Funding for governmental transition is included in the request by the Administration. We support this request, but also see a need for additional sums for other transition problems facing the Federated States of Micronesia which include: lack of housing for government employees, lack of office space, furniture, and equipment, and other essential needs.

Mr. Chairman, I have attempted to explain the issues of basic concern to us regarding the Fiscal Year 1981 budget request. Our delegation will be glad to answer any questions you may have.

TRUST TERRITORY OF TH' PACIFIC ISLANDS
OFFICE OF THE GO ERNOR
TRUK DISTRICT
TRUK, EASTERN CAROLINE ISLANDS 96942

March 10, 1930

The Honorable Towiso Nakayama
President, Federated States of Micronesia
State of Ponape
Eastern Caroline Islands 96941

Dear Mr. President:

As suggested your P0223372, I am submitting herewith a statement on our FY-1981 budget request. I trust that we have described in our FY-1981 Budget Book the real situation here in Truk and that your own testimony will help convince those concerned of the validity and urgency of our needs.

Our best wishes and prayers for a successful budget hearing.

Sincerely,

Ephart Aten
Governor,
State of Truk

Enclosure

RECEIVED
MAR 10 1980

TRUST TERRITORY OF THE PACIFIC ISLANDS
OFFICE OF THE GOVERNOR
TRUK DISTRICT
TRUK, EASTERN CAROLINE ISLANDS 96942

March 10, 1980

TRUK STATE GOVERNOR'S STATEMENT
FY - 1981 BUDGET REQUEST

The Truk State Budget Book , along with the budget books from each of the other States, is being presented in Washington on Truk's behalf by the Federated States of Micronesia. It contains detailed information on Truk State's FY-1981 operations budget. The first part of the Budget Book contains the data and justification for the budget request under the allowance given by the U.S. Department of Interior. The second part consists of an "add-on" section which provides data and justification for perceived needs to correct deficiencies of the given budget allowance.

The $9.9 million budget allowance for Truk includes a total of some $1.3 million for funding certain decentralized functions being transferred to the Truk State by the Trust Territory Headquarters in Saipan. It is therefore important to note that the effective increase over the FY-1980 budget is only $800,000 or about 10% and not $2.1 million.

The budget request for $9.9 million for Truk operations is required to carry out the decentralization program and provide the usual and necessary governmental services. A lesser amount would force the State to continue the 30-hour work week policy made effective in February 1980, as a result of a substantial reduction of the FY-1980 allotment. This policy, with a corresponding decrease in earned wages, is a necessary measure to reduce the anticipated deficit this year but it has a deleterious effect on employee morale, production goals and the local economy. We have reduced our staffing level over the years and have come to the point where any substantial reduction of personnel would seriously hurt our basic programs, particularly in Public Works, Health and Education Services. Barring a deficit this year (which we are striving to avoid) and with some help from the Congress of the Federated States of Micronesia and the Truk State Legislature, Truk State should be able to restore the regular 40-hour work week beginning FY-1981.

The Truk Budget Book has an "Add-on" section which should be carefully considered if the State is to find enough funds for maintenance and for extending essential services, particularly Education and Health, to the remote outer islands. About $40 million has been made available in the past 5 years to capital improvement projects, however, the level of budgeting has not allowed for the maintenance of these new major infrastructures. Nor has there been more than token amounts set aside for the maintenance of the then-existing facilities. We feel that the add-on request will help making Truk better equipped to cope with the maintenance problems and better prepared for the post-trusteeship era. And, finally, the cost of fuel continues to rise. Already, our FY-1981 estimates have been exceeded and are obsolete 6 months before the start of the new fiscal year.

We realize the national need for belt-tightening and strive to do more with less. But we can also appreciate the limitations that "less" can lead us to, particularly when "less" means going below the point of diminishing returns -- a situation that is not uncommon in many areas of Truk and the rest of Micronesia. We can only hope and pray that the United States Congress will be sympathetic to our predicament and will favorable respond to our budget request for FY-1981.

BRIEF STATEMENT BY SPEAKER TADASHI WAINIT OF THE TRUK LEGISLATURE
IN SUPPORT OF GOVERNOR ATEN'S STATEMENT ON
THE FINANCIAL NEEDS OF TRUK STATE

The Truk State Legislature fully supports the statement by Governor Aten regarding the request for funds in the areas of needs of the Truk State Government as identified in the Governor's statement.

I, on behalf of the Truk State Legislature, especially request this Committee to support and approve the requested funding for the Truk Hospital.

The problems regarding the Truk Hospital are serious and must be given immediate attention and treatment. These are some of the existing problems of our hospital.

-- The boilers at the hospital have not been working. This has resulted in the increase of health hazard due to the lack of clean, sanitary materials and tools used in the delivering of health services to the people of Truk.

-- The roofs leak badly at some portion of the building and causing unsanitary conditions and unfortunately, our personnel at the Truk Department of Public Works do not have the skills and knowledge to repair the leaks. We need outsiders to do the repairing, ergo, we need funding for such a project.

-- The hospital generator has not been working properly and lacks the necessary spare parts to make it fully operable. Furthermore, there are no funds available for proper upkeep and maintenance.

Personnel at the Truk Department of Public Works have estimated that it would cost about 1 million to 1.5 million to satisfactorily solve the serious existing problems of the Truk Hospital.

Without the necessary funds to solve our existing problems of our hospital, I fear, and know that the people of Truk will encounter and face a serious health problem in the future.

Once again, I humbly request this committee to support and approve the requested budget for the State of Truk as submitted by the Governor.

Tadashi C. Wainit
Speaker
State of Truk

Federated States of Micronesia
KOLONIA, PONAPE, EASTERN CAROLINE ISLANDS
TELEPHONE 228 CABLE FSM GOVT.

Office of the President

January 25, 1980

The Honorable Cecil D. Andrus
Secretary
United States Department of the Interior
Washington, D.C. 20240

Dear Mr. Andrus:

In our meeting in Ponape in December, we delivered to you a very brief document summarizing issues which, in our judgment, must be resolved before termination of the Trusteeship and raised several additional items orally. During the Ponape discussions, Congress Speaker Bethwel Henry and I arranged to meet with you in Washington and discuss these matters at length with the hope and expectation that mutually satisfactory solutions can be found. I understand that such a meeting has been arranged for February 12, 1980, and I look forward to seeing you at that time.

Attached is a document entitled "Issues for Discussion by the President of the Federated States of Micronesia and the Secretary of the United States Department of Interior" setting forth a more thorough discussion of the issues raised with you in Ponape, outlining our viewpoints on these issues and requesting that certain action be taken by your Department as to each. We ask that you and your staff give these matters your most serious attention and we look forward to our discussions with you in Washington.

Sincerely,

Tosiwo Nakayama
President
Federated States of Micronesia

TN/lml

Attachment

# ISSUES FOR DISCUSSION BY THE PRESIDENT OF THE FEDERATED STATES OF MICRONESIA AND THE SECRETARY OF THE UNITED STATES DEPARTMENT OF THE INTERIOR

January 25, 1980

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# ISSUES FOR DISCUSSION BY THE PRESIDENT OF THE FEDERATED STATES OF MICRONESIA AND THE SECRETARY OF THE UNITED STATES DEPARTMENT OF THE INTERIOR

January 25, 1980

## SECTION 1.--PREFACE

As the Federated States of Micronesia nears the end of its first year of existence, we are proud to have created a unified and viable Nation. Comprising the States of Kosrae, Ponape, Yap and Truk, our Constitutional Government brings together two thirds of the population, land area, and sea area of the Trust Territory of the Pacific Islands. In establishing our Nation, we have overcome difficult obstacles including the agonies of fragmentation, the Constitutional referendum, the problems of forging unity within the Federated States in the post-referendum period, the process of selecting a chief executive and cabinet, organizing a government, and most difficult of all, obtaining recognition of the National Government of the Federated States by those outside Micronesia. We have assumed our position as the National Government of the only portion of the Trust Territory which chose to remain united, and we trust that the value of our Government is beginning to be recognized.

As political difficulties of the past are being resolved through implementation of the Constitution of the Federated States and formation of the Government, we can focus on our aspirations for long-term development and future political status. The goal of the Federated States for long-term development is to create a Nation which both preserves our culture and promotes our advancement in a proud and self-reliant manner. We wish to develop an economy that provides an independent and self-sustaining basis for our Nation's growth and prosperity. The dependence on the United States is embarrassing and abhorrent to us. We are affronted and appalled by the image of Micronesia portrayed in the recent television program "60 Minutes". Citizens of the Federated States are a proud people who were once self-sustaining and who seek the means to become self-sustaining once again.

In determining future political status, the objective of the Federated States is to establish our sovereign right to self-determination based on human rights and fundamental freedoms for all. We also seek a close and enduring relationship with the United States, not as the price to be paid for obtaining financial assistance, but out of a genuine sharing of a common world view. We wish to associate with the United States because, in so doing, we believe we are joining with the forces of progress and freedom in the world. With all its faults, with all the frustrations for us created by the intricacies of its burreaucracy, the United States is a great and powerful Nation, and we are proud of our ties with the United States.

Through the negotiations on entering into a Compact of Free Association, we are striving for an arrangement that will enable us to fulfill our goals for long-term development and political status and which will permit the United States to complete its obligations under the Trusteeship. Progress is being made in developing the Compact which establishes a voluntary relationship of free association based on the principles of equality and dignity. However, there remain important issues, apart from those addressed in the Compact, that must be resolved to prepare the Federated States for entering into this new relationship.

The purpose of this paper is to review a series of issues that remain as major obstacles that must be surmounted to permit termination of the Trusteeship and transition to a relationship of free association with the United States. The issues discussed in the paper concern and are presented under the following topics.

Part I. Funding needed for operation of the Federated States National Government and for transition

These issues concern the need to provide funding for the National Government so that it can assume and begin to fulfill its responsibilities under the Constitution. Unlike the governments of the other two jurisdictions, Palau and the Marshall Islands, and the State Governments, no direct funding has been provided for the National Government of the Federated States. Also covered is the need to fund the onetime costs of transition from the Trust Territory to the Federated States National and State Governments.

Part II. Funding needed for projects integral to functioning as a Nation

This part is concerned with important projects which have had the blessing of and received certain formal commitments for funding by various federal agencies over the past several years, but for which funding has been postponed year after year. These projects must be resolved directly in order to avoid their becoming an impediment to termination of the Trusteeship.

Part III. Fulfilling promised obligations to Federated States citizens

These issues include meeting commitments made for payments approved and certified regarding indefinite land use agreements and war claims.

Part IV. Transition issues

The High Commissioner has been very helpful and cooperative in providing for the transfer of functions from the Trust Territory to the National and State Governments. The issues in this part represent those transition matters that remain unresolved.

The next section of this paper, Section 2.--SUMMARY OF ISSUES lists individually and provides a brief description of each issue under the above topics. Section 3.--ISSUE PAPERS presents a discussion paper on each issue.

ISSUES FOR DISCUSSION BY THE
PRESIDENT OF THE FEDERATED STATES OF MICRONESIA
AND THE
SECRETARY OF THE UNITED STATES DEPARTMENT OF THE INTERIOR

January 25, 1980

## SECTION 2 -- SUMMARY OF ISSUES

### Part I. Funding Needed for Operation of the Federated States National Government and for Transition.

#### Issue No. 1 -- Operations funding for the National Government.

There is a pressing need to obtain supplemental funding for FY 1980 for the operations expenses of the Federated States National Government. Unless funding such as that provided to the other two jurisdictions, Palua and the Marshall Islands, and to the State Governments is furnished to the National Government, this Government cannot assume its responsibilities for the Federated States.

#### Issue No. 2 -- Transition funding for the Federated States.

Adequate funds should be made available for the transition process and transition funds which are borrowed for operations expenses should be replenished. Transition funding is required for those one-time costs associated with implementation of the Constitution and no funds for this purpose have been identified for the National Government. In addition, the share intended for the state governments of the Federated States is inequitable in relation to that for Palau and the Marshall Islands.

### Part II. Funding Needed For Projects Integral to Functioning as a Nation.

#### Issue No. 3 -- Temporary facilities for the Capital of the Federated States.

Immediate funding is needed to provide government housing, additional office space and public facilities to absorb the increased workforce required by the establishment of the National Capital on Ponape. The National

Government now operates out of temporary facilities belonging to the Ponape State Government and leased from private parties. These facilities are inadequate even for the small staff presently comprising the National Government.

Issue No. 4 -- Funding for the permanent capital of the Federated States.

Funding is requested for construction of the Capital of the Federated States, phased over a three year period. This will fulfill a fundamental commitment by the United States which we believe must be honored.

Issue No. 5 -- Providing an adequate telecommunications system.

We are seeking the planning, funding and implementation of a modern and adequate telecommunications system for the Federated States before termination of the Trusteeship. The existing telecommunications facilities are so outmoded, limited and unreliable that they do not permit the normal conduct of government functions, private commerce or personal communications. This lack severely hampers our economic development and cohesiveness as a Nation.

Issue No. 6 -- Facilities for the College of Micronesia.

There is an urgent need to appropriate funds authorized under United States P. L. 94-255 for construction of campus facilities for the College of Micronesia. Substantial progress which has been made in upgrading the curriculum and receiving accreditation will be lost if the facilities are not improved.

Issue No. 7 -- Second-Level Capital Improvement Program.

Funding is requested to initiate immediately projects identified under the Second-Level Capital Improvement Program. This is needed because the projects to be completed under the First-Level Capital Improvement Program will not provide the minimum infrastructure needed to support any viable level of economic development in the Federated States.

Part III. Fulfilling Promised Obligations to Federated States Citizens.

Issue No. 8 -- Indefinite land-use cases.

Funding needs to be obtained to settle claims resulting from indefinite land use cases where the land of citizens of the Federated States was unfairly used by the Trust Territory Government. An impartial group under the auspices of the Department of the Interior has proposed compensation to settle numerous lawsuits. The scarcity of land, its importance in Micronesia, the landowners' justified belief that they suffered injustices, the large number of citizens adversely affected, and the need to resolve the legal status of lands on which essential facilities are located, make resolution of this problem urgent and compelling.

Issue No. 9 -- Micronesia War Claims Program.

This issue involves discharge of United States obligations under Title I of the Micronesian War Claims Act by making funds available to satisfy 50 percent of the remaining unpaid claims awarded and certified by the Micronesian Claims Commission and by vigorously urging Japan to fulfill its obligations by funding the remaining 50 percent.

Part IV. Transition Issues.

Issue No. 10 -- Foreign relations.

Agreement is sought between the Federated States and appropriate United States Government officials clearly delineating the authority of the Federated States Government with respect to foreign relations, and setting forth procedures to carry out that authority. This is intended to clarify the present confusion on this issue and to permit us to assume a more direct and larger role over foreign relations in preparation for termination of the Trusteeship.

Issue No. 11 -- Financial management system.

We are requesting assistance in the establishment of a new Financial Management System designed for the needs of the Federated States in the post-Trusteeship period.



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The system now used by the Trust Territory Government is unsuitable for use by the Federated States after the end of the Trusteeship and it is essential that an adequate and workable system be established by that time.

Issue No. 12 -- Equitable allocation of United States assistance.

It is urged that an overall policy be established concerning the distribution of United States assistance and Trust Territory assets among the three jurisdictions--Federated States, the Marshall Islands and Palau--and that this distribution be based on population. This is intended to avoid the divisiveness and needless expenditure of effort associated with a case-by-case allocation of funds and assets.

Issue No. 13 -- Economic Development Loan Fund.

We request approval of the Manual of Administration for the Economic Development Loan Fund (EDLF), release and allocation of the funds to the three jurisdictions, and policy guidance to the Trust Territory Government that the EDLF should be administered in accordance with the generally accepted principles for a development loan fund. This will provide desperately needed investment capital for private sector economic growth.

Issue No. 14 -- New policy for Federal Programs.

A new policy is sought which will permit the Federated States Government to fully utilize appropriate Federal programs authorized by law and which will provide the Federated States Government with direct responsibility for these programs. The present confusion over policy has had a very adverse effect on the ability of the Federated States to prepare for providing essential services in a broad range of areas after termination of the Trusteeship.

Issue No. 15 -- Tax treatment of United States citizen employees of the Federated States Government.

The Department of the Interior is requested to continue to urge the Internal Revenue Service to amend its Revenue Rulings to provide United States citizen employees of the Federated States Government the benefits of Section 911(a)(2) of the Internal Revenue Act. This is to reflect the separate juridical status of the Federated States.

Issue No. 16 -- Continued assurance of commercial airline service.

The Department of the Interior is requested to continue its support and assistance within the councils of the United States Government to maintain and promote commercial air service in Micronesia. Regular air service is critical for the Federated States and we have been adversely affected by recent reductions in service.

ISSUES FOR DISCUSSION BY THE
PRESIDENT OF THE FEDERATED STATES OF MICRONESIA
AND THE
SECRETARY OF THE UNITED STATES DEPARTMENT OF THE INTERIOR

January 25, 1980

## Section 3 -- ISSUE PAPERS

### Part I. Funding Needed For Operation of the Federated States National Government and For Transition.

#### Issue No. 1 -- Operations funding for the National Government.

Requested Action: To obtain supplemental funding for FY 1980 for the operations expenses of the Federated States National Government and to be included as a line-item in the FY 1981 budget and thereafter.

The Federated States National Government was initiated on May 10, 1979, concurrent with the implementation of the Federated States Constitution. A key problem now facing the National Government is the lack of funding for its operations. No funds are currently identified on a permanent basis for the operating expenses of the Federated States Government until termination of the Trusteeship.

The Congress of the Federated States of Micronesia has historically been and continues to be funded entirely by locally derived revenues. These revenues also are used to fund a number of other governmental agencies such as the Commission on Future Political Status and Transition, Micronesian Maritime Authority, Micronesian Washington Office, Federated States of Micronesia Delegation to the United Nations Law of the Sea Conference, Study Group on Indefinite Land Use Agreements, Federated States of Micronesia Development Bank, Federated States of Micronesia Coconut Processing Authority and the Revenue Division which is responsible for the collection of all locally derived revenues. The annual cost of these entities is over $2.1 million. In addition, the Federated States Government hopes to fund from locally derived revenues the salaries and expenses of the President and Vice-President of the Federated States and their secretaries, as well as the salaries and expenses of those Executive Branch positions subject to the advice and consent of the Congress and their secretaries. The remaining Executive and Judicial Branch positions, and related costs, should be funded from the annual United States Grant.

The Constitution of the Federated States of Micronesia was adopted in November of 1975 and ratified by the people on July 12, 1978. The entire process of establishing a Constitutional Convention and the calling of the referendum was conducted pursuant to public law and with the other support and financial aid of the United States Government in accordance with the Trusteeship Agreement. At the time of ratification, it was apparent that a National Government would necessarily be established and would require considerable funding from the United States Grant.

Since that time, repeated requests for funding have been made by Federated States officials. On February 2, 1979, the Chairman of the Congress' Joint Committee on Program and Budget Planning transmitted a letter to the High Commissioner requesting $7 million for transition expenses, including a small amount to cover start-up costs for the National Government. This request was prepared by the Commission on Future Political Status and Transition. In testimony before the United States House of Representatives on March 21, 1979, and before the United States Senate on March 22, 1979, concerning the FY 1980 budget request, Federated States officials again requested the transition funds and pointed out the lack of funding for the National Government. The Congress' Joint Committee on Program and Budget Planning also pointed out the lack of funding for the National Government in its annual report on the United States Grant for FY 1981 and proposed a $6.3 million request. A complete budget proposal for FY 1980 and FY 1981 for the FSM National Government was hand-delivered to the High Commissioner on September 12, 1979, requesting $4.5 million for FY 1980 and $4.9 million for FY 1981. During our first round of transition talks with the High Commissioner in early November, 1979, the FY 1980 request was revised to a level of $2.5 million because of the delays encountered in the assumption of functions. The High Commissioner has assured us that he will endeavor to obtain funding for the operations expenses of the National Government.

In FY 1979, the High Commissioner made available sufficient funds for six positions in the Executive Branch by reprogramming money intended for operations and projects within the Federated States. However, there is no line item in the Trust Territory of the Pacific Islands budget requests to the United States Congress for the National Government for fiscal years 1979, 1980 or 1981. The National Government cannot function without major assistance from the United States Grants.

During our recently concluded transition talks with the High Commissioner in December, it was agreed that $900,000 would be made available for National Government start-up operations from the $4.1 million appropriated for transition in FY 1980. This will not be sufficient for full operations of the National Government in FY 1980. Our total requirement is approximately $2.2 million. An emergency FY 1980 supplemental should be requested for $2.2 million, $1.3 million to be added to the transition funds made available by the High Commissioner and $900,000 used to replenish those transition funds. This amount will provide sufficient funding for salaries and expenses of the 132 additional positions requested for FY 1980, based on a phase-in schedule over the remaining eight months of the fiscal year. This amount is in addition to funds required for such incidental start-up items as staff housing, office facilities, office furniture and equipment, basic office supplies, etc.

In addition, funds are necessary to fully staff the National Government during FY 1981. This will require an additional 191 positions, for a total of 323 positions, to be funded by the United States Grant. The remaining 104 positions in the National Government will be funded from locally-derived revenues. The total amount required from United States Grants during FY 1981 is $4.9 million. This amount will cover the salaries and related costs (i.e. travel, recruitment, supplies, equipment, etc.) for the 323 positions. The attachment provides a distribution of the new positions by organization for each fiscal year. Most important, a line item needs to be included in future budget requests to adequately fund the continuing costs of the National Government.

Funding for the National Government is a critical and urgent problem. Solutions must be found immediately. Without sufficient funding for the National Government, assumption of functions and progress toward self-government are severely hampered.

FSM National Government
New Positions

| | FY 1980 | FY 1981 |
|---|---|---|
| Office of the President | 2 | -- |
| Department of Social Services | 17 | 48 |
| Department of External Affairs | 12 | 10 |

FSM National Government
New Positions (cont'd)

| | FY 1980 | FY 1981 |
|---|---|---|
| Department of Resources and Development | 30 | 41 |
| Department of Finance | 21 | 18 |
| Office of the Attorney General | 11 | 7 |
| Office of the Public Defender | 3 | 20 |
| Office of Budget | 6 | 3 |
| Office of Planning and Statistics | 9 | 10 |
| Office of Personnel | 11 | 19 |
| Office of Information | 3 | 1 |
| National Judiciary | 3 | 12 |
| Public Auditor | 4 | 2 |
| | 132 | 191 |

Issue No. 2 -- Transition funding for the Federated States.

Requested Action: To provide adequate funds for the transition process, and to replenish transition funds which are borrowed for operations expenses.

The United States Congress has appropriated $4.1 million for FY 1980 for transition expenses, which has been designated for Palau, the Marshall Islands and the four state governments of the Federated States. No funds are identified for the Federated States of Micronesia National Government, even though it has the greatest need for such funding. On February 2, 1979, the Chairman of the Congress' Joint Committee on Program and Budget Planning transmitted a letter to the High Commissioner requesting $7 million for transition expenses, including a small amount to cover start-up costs for the Federated States of Micronesia National Government, as prepared by the Committee on Transition of the Commission on Future Political Status and Transition. The

request also included funds for transition for the four state governments of the Federated States. In testimony before the United States House of Representatives on March 21, 1979, and before the United States Senate on March 22, 1979, concerning the FY 1980 budget request, Federated States of Micronesia officials repeated the request for transition funding and the request was made a part of the record at that time. The testimony by Federated States of Micronesia officials was instrumental in getting the appropriation of $4.1 million in FY 1980. The distribution of the appropriation, however, is inequitable, both as to the share for the state governments of the Federated States relative to Palau and the Marshall Islands, and as to the absence of any funds for the Federated States of Micronesia National Government. To date, the only funds available for transition have been $300,000 for renovation of temporary office facilities and $900,000 on a loan basis, for start-up personnel costs of the Federated States of Micronesia National Government. The lack of funds has seriously hampered efforts to assume and perform government functions required by the Constitution of the Federated States of Micronesia.

Transition funding is required for those one-time costs associated with implementation of the Constitution. Transition expenses can be grouped as those unique to the National Government and those common to the National Government, the state governments, Federated States, and the governments of Palau and the Marshall Islands. Those expenses unique to National Government include:

a. Executive Branch transition: expenses necessary for the limited time while executive functions of the Federated States of Micronesia and the Trust Territory overlap during the transition process;

b. Judicial Branch transition: similar to (a) above;

c. Financial management: design and implementation costs of an efficient, yet affordable, financial management system and corresponding operating manuals (See Issue No. 11);

d. Construction and/or renovation of office facilities: funds are required for office space for employees of the new National Government (See Issue No. 3);

e. Relocation of staff: funds are required for relocation costs of staff transferred from Saipan and new recruits from outside Ponape, to perform functions currently being done in Saipan, but which are being transferred to the National Government on Ponape. Relocation costs include travel costs of employees and dependents, transportation costs of household effects of employees, transfer costs of office supplies, equipment and records from Saipan, and other transfer allowances for employees;

f. Housing: funds are needed for the construction and leasing of housing for the influx of new and transferred Federated States Government employees coming to Ponape, which, even without the National Government, faces a severe housing shortage;

g. Population influx impact expenses: new and transferred National Government employees and dependents will severely strain the present capacity of the roads, public utilities, classrooms, health facilities, etc. available on Ponape. Funds are needed to provide for the accommodation of the population influx and its efforts on the above services;

h. Permanent Capitol planning: funds are required to complete the planning (blueprints, design and other A & E work) for the permanent Capitol facilities on Ponape. Other planning (social, economic administrative, etc.) must also be concurrently conducted (See Issue No. 4); and

i. Transition coordination: funds for travel and other expenses are required to plan, coordinate and implement the transition process, including the ever-increasing number of trips to Saipan necessary to implement the transition process.

Other expenses common to the Federated States of Micronesia National Government, and its States, and the Governments of Palau and the Marshall Islands include:

a. Facilities: all state governments of the Federated States, as well as Palau and the Marshall Islands, will be assuming new duties and responsibilities. This will require expanded office facilities and additional personnel. Funds are needed to begin the construction and renovation of such facilities;

b. Organization planning: increased responsibilities will require planning for organizational structures and administrative procedures to meet those responsibilities. Funds are required for this planning;

c. Manpower studies: no current or comprehensive manpower needs and availability studies have been done in the Trust Territory of the Pacific Islands. Funds are required to conduct such studies in order to more effectively and efficiently use future financial and manpower resources;

d. Development plans: review and update of current development plans are required as we approach the end of the Trusteeship. Much more comprehensive and detailed plans are contemplated as an integral part of the United States approach to financial assistance under the Compact of Free Association. Funds are necessary for outside assistance in amending these plans;

e. Training: a critical need of all entities is proper training. As new and sometimes unfamiliar responsibilities are assumed, competent personnel are required to perform these duties and responsibilities. There is currently a scarcity of competent personnel to perform these functions. Therefore, training in professional, technical and clerical areas is essential. Funds are required for obtaining this training; and

f. Miscellaneous: many unforeseen requirements will arise as the transition process proceeds. Funds are required to meet these contingencies.

These various requirements must be met if the transition process is to be successfully concluded. Full funding is not necessary in FY 1980, but rather must be provided as these requirements occur. Funds must be identified for the Federated States National Government within the $4.1 million appropriation, and additional funds must be sought for FY 1980. Also, funding requests for transition expenses must be included in the Trust Territory of the Pacific Islands budget requests for FY 1981 and thereafter. Funds which are borrowed from the transition appropriations, such as funds made available by the High Commissioner, should be replenished.

## Part II. Funding Needed for Projects Integral to Functioning as a Nation

### Issue No. 3 -- Temporary facilities for the Capital of the Federated States

Requested Action: To furnish immediate funding to provide government housing, additional office space, and to expand public facilities to absorb the increased population brought about by the establishment of the National Capital on Ponape.

The Federated States of Micronesia Government now operates out of renovated facilities belonging to the Ponape State Government and leased from private parties. Funds to construct additional office space have been made available through reprogramming by the High Commissioner to renovate the former Ponape District Hospital as a temporary headquarters for the Federated States of Micronesia National Government. Offices under construction, however, will not be adequate for the approximately 300 employees expected within the next twelve months. Funds are still needed for the construction of additional office space.

The establishment of the Federated States of Micronesia National Government on Ponape has exhausted the limited office facilities available. In addition, the relocation of staff to Ponape is also beginning to strain other State services. Schools in Kolonia are enrolling out-of-state students who are being relocated. New classrooms and additional teaching staff are needed for the increase in enrollment. The demand on public utilities is equally increasing. These added costs cannot be borne by the State of Ponape alone. It was generally assumed that costs associated with the new Federated States of Micronesia Government were to be paid by additional appropriations by the United States. While everyone concerned seems to agree on this principle, no funds have been appropriated for this purpose. Some suggest that funds for this purpose should come from locally derived revenues. The limited economic base and locally generated revenues prevent this approach. All available revenues are fully committed to the support of the Executive and Legislative Branches of government, and to the support of governmental agencies.

Housing for government employees is also in extremely short supply. The State of Ponape has made extraordinary efforts to assist the National Government with its housing problems. Despite this help, the National Government needs approximately 100 units constructed immediately. We have tried to stimulate private investment in housing through giving long term lease commitments to local businessmen. Because of economic conditions, the banks are unwilling to provide loan capital to these businessmen for the construction of houses and each of these attempts has failed. We therefore need funds for the construction of approximately 100 housing units.

Issue No. 4 -- Funding for the permanent Capital of the Federated States

Requested Action: To fund construction of the Capital of the Federated States of Micronesia, phased over a three year period.

During most of this century, what is now the Trust Territory of the Pacific Islands has been administered as a single political unit. At the end of World War II when the Trusteeship was established, the United Nations confirmed this political unity by creating a single Trust Territory, and thereby conferring upon the population as a whole the right to self-determination. The first challenge to political unity occurred at the time the Northern Mariana Islands (then called the Mariana Islands District) began its movement to separate. The United States supported this movement. The political leaders in the remainder of the Trust Territory had to choose between resisting the separation movement or acquiescing to it. Had they resisted, they might well have won. As a legal matter, international law recognizes the right of self-determination as residing with the entire population of a territory, not with each of its components. The Mariana Islands did not have a legal right to separate without the consent of the remaining population of the Territory. As a political matter, the United Nations has repeatedly resisted the fragmentation of territories during the decolonization process, particularly where the separation is seen as advantageous to the colonial power. The secession of the Marianas meant not only separation of cultures and families, loss of territory, loss of people, diminishment of economic prospects for the remainder of the territory, but also loss of the Trust Territory Government headquarters facilities.

Partly out of respect for the desire of the people of the Mariana Islands and partly because of assurances from Ambassador Franklin Hayden Williams and his staff that the United States would replace the capital facilities lost in the separation of the Mariana Islands with comparable facilities in another District to be chosen by the Congress of Micronesia, the leaders of the remainder of the Trust Territory chose to refrain from opposing the separation. The Ambassador's pledge was reaffirmed in the 1976 amendment of the Department of the Interior's Secretarial Order. In 1976, the Congress chose Ponape as the permanent capital. Subsequently, Palau and the Marshall Islands voted in a referendum to separate following the lead of the Mariana Islands. The States of Ponape, Truk, Yap and Kosrae chose to remain united as the Federated States of Micronesia. With approximately 2/3 of the population of the Trust Territory as a whole, and comprising the only districts of the Trust Territory which chose to remain united, the Federated States views itself as the beneficiary of the pledge made by Ambassador Williams and the Secretary of the Interior to fund a capital to replace the facilities lost in the separation of the Mariana Islands.

The capital of the Federated States is to be located in the Palikir Valley, approximately 5 miles from Kolonia, the principal town on Ponape. The Palikir site was dedicated to the National Government of the Federated States by the Ponape State Legislature by statute even before the capital planning process began. It was a good choice. It is the closest area to Kolonia with sizable public lands. It has sufficient public land for the present and future needs of the capital. It is approximately one mile from the site where the new Community College of Micronesia is to be constructed, thus allowing the utility costs for the two projects to be shared. It has ample water for an independent water supply. The Palikir site is located a little more than two miles from the Nanpohnmal power plant, a distance approximately equal to the distance of Kolonia from the Nanpohnmal plant, thus holding the costs of construction of electrical power generation to a minimum.

The town of Kolonia itself was rejected as a possible site. With a population of about 6,000, it would be far too congested if the capital were located there. The capital is expected to attract 2,500 additional people to Ponape, which added to Kolonia's existing population would create intolerable conditions. In addition, the only possible site for the capital facilities in Kolonia is the

present agriculture station. Locating the capital there would mean that the agriculture station would have to be relocated elsewhere at considerable cost. While the agriculture station would probably provide adequate space for the capital buildings for the present, there would be no room for expansion.

The San Francisco planning firm of MacKinlay, Winnacker & McNeil prepared a master plan for the capital including estimates of cost. Their report, entitled "Master Plan for the Capitol of the Federated States of Micronesia - Final Report," dated September 1979, estimates the cost of the capital project at about $42,000,000 in 1979 dollars. Their breakdown is as follows:

| | |
|---|---|
| Capitol complex (buildings and adjacent sitework) | $14,995,000 |
| Official Government Housing | 1,234,800 |
| Community Facilities (elementary school, community center, etc.) | 7,847,000 |
| Off-site utilities (water, wastewater, power, telephone, road improvements) | 14,765,600 |
| On-site utilities | 3,006,900 |

We propose that the funding to be done in three phases as follows:

Phase I

| | | |
|---|---|---|
| Architectural and Engineering | | $ 2,901,000 |
| Off-site utilities (except wastewater and road) | | 7,053,300 |
| Water | $2,953,600 | |
| Power | 4,050,000 | |
| Telephone | 49,700 | |
| Total | | $ 9,954,300 |

Phase II

| | | |
|---|---|---|
| Remaining off-site utilities | | $ 7,712,300 |
| Wastewater | $6,034,500 | |
| Palikir road improvement | 1,677,800 | |
| On-site utilities | | 3,006,900 |
| Site work and office construction | | 13,154,000 |
| | Total | $23,873,200 |

Phase III

| | | |
|---|---|---|
| Official Government Housing | | $ 1,083,200 |
| Community Facilities (elementary school, community center, etc.) | | 6,883,580 |
| | Total | $ 7,966,780 |

These figures are in 1979 dollars. The planners suggest a 10% to 12% inflation factor for each year of delay.

Issue No. 5 -- Providing an adequate Telecommunications System

Requested Action: To work with the Federated States Government to plan, fund and implement a modern and adequate telecommunications system before termination of the Trusteeship.

The existing telecommunications facilities in the Trust Territory, and the Federated States in particular, are highly unreliable and simply inadequate either to perform their present intended functions or the future requirements of the post-Trusteeship period. The existing facilities require all calls to go through Saipan, making direct State-to-State communications difficult and restricted. This system does not work at present, and

moreover, is inappropriate for our changing political structure. Local telephone systems do not exist on Kosrae and need major and expensive upgrading everywhere else in the Federated States. The present high-frequency (HF) link to the outside is less than reliable, provides poor quality transmission and reception, and is not practical for our commercial, private or governmental worldwide communications requirements in the coming decade. The problems with the present system seriously hamper economic development and the establishment of a truly united Federated States of Micronesia.

We appreciate the efforts of the Department of Interior to upgrade the existing system to perform according to its original specifications. This is a helpful, but short term solution to our present problems. We are very concerned, however, that this effort to upgrade the present HF system will involve expenditure of large sums of money that might more fruitfully be invested in long-term improvements. Such improvements should consist of satellite communications for at least the capital of the Federated States of Micronesia and the State of Truk and reorientation of existing HF facilities on Yap, Truk and Kosrae. Efforts to upgrade the outer island radio links and improvement in the telephone systems will require substantial additional outlays.

We believe that the United States Government should provide for the Federated States of Micronesia at least one, and preferably two, Standard-B satellite earth stations. These would enable the Federated States of Micronesia to communicate with world points with high-quality, highly reliable equipment. This, plus the installation of adequate telephone systems in our population centers, modernized links between Kosrae and Yap to Ponape by adjustment and upgrading of the HF system, and improving the outer islands ability to communicate with state capitals and each other, would, in our view, constitute an adequate fulfillment of the obligations of the Administering Authority in the area of communications under the Trusteeship. It is our view that such a system would, under proper management and with properly trained technicians, be economically self-sustaining, and would contribute immeasurably to the economic development and future productivity of the Federated States. Preparation for such a system must begin as soon as possible.

We have already received two proposals regarding installation of satellite earth stations and other communications facilities in the Federated States. These



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proposals, made by RCA Global Communications and Hawaiian Telephone/GTE, reflect a very serious interest of these companies in making a major investment in Micronesia. We anticipate other proposals will be forthcoming in the near future from the Communications Satellite Corporation (ComSat, which has a major new investment in American Samoa) and perhaps other companies. In addition, we have made a formal request, through the United States State Department, to the Government of Japan to provide us with two earth stations as foreign aid.

We request the Department of the Interior to assist us in engaging the services of an appropriate contractor or of the United Nations Development Programme to prepare a plan for a comprehensive improvement of telecommunications facilities in the Federated States, with the goal of establishing an integrated system of reliable, modern, top-quality telephone, telegraph, telex and data transmission facilities. To the extent that the Federated States is unable to find other sources of capital aid, we hope that the United States Government will include such outlays as part of the package of transition, pre-termination assistance to be given to the Federated States. This assistance should be given a very high priority.

Issue No. 6 -- Facilities for the College of Micronesia

Requested Action: To appropriate funds obligated under United States P.L. 94-255 for improving facilities for the College of Micronesia on Ponape.

The College of Micronesia, established to provide a Trust Territory-wide system of post-secondary education, is one of the last remnants of a unified Micronesia, serving Palau, the Marshall Islands and the Federated States of Micronesia. It currently operates through the Community College of Micronesia in Ponape, the Micronesian Occupational Center in Palau, and the Trust Territory School of Nursing in Saipan, as well as extension centers throughout the Trust Territory. All three political entities actively participate, through the Board of Regents, in the policies and governance of the College.

Over the last few years, the curriculum of the College has been thoroughly reviewed and modified, so as to be appropriate for the needs and cultures of Micronesians.

The curriculum has been expanded in the liberal arts areas, and emphasis has been placed on manpower and occupational needs. As a result, the College was recently granted accreditation by the Western Association of Schools and Colleges, with the provision that continued accreditation was conditional upon the upgrading and expansion of facilities.

In recognition of the need for the continued improvement and expansion of the College, the United States Congress authorized $8 million, under Public Law No. 94-255, for the construction of buildings, in order to provide an appropriate 4-year institution of higher learning. However, no funding has been made available for upgrading and expanding the facilities on Ponape.

The buildings and other facilities on Ponape, congested on a two-acre tract of land, were limited to begin with and have seriously deteriorated. The campus does not promote an academic environment or permit an acceptable standard of curriculum development. Moreover, lack of adequate facilities seriously endangers the hard won accreditation of the College. Loss of accreditation will mean not only loss of academic standing, but also a loss of Federal aid and loss of transferability of credits for students.

Appropriation of funds authorized by the United States Congress is urgently requested to begin construction of an adequate and accreditable campus in Ponape. Current estimates for campus construction are as follows (as adopted by the Congress in its annual budget report for FY 1981, and presented to the High Commissioner in August, 1979):

| | | |
|---|---|---|
| Building Construction | | $4,158,000 |
| Administration | $ 184,000 | |
| Support Services | 795,000 | |
| Student Services | 1,382,000 | |
| Learning Resources | 728,000 | |
| Classrooms | 874,000 | |
| Faculty Offices | 195,000 | |

| | | |
|---|---|---|
| Site Improvements | | $ 755,000 |
| Roadways | $ 183,000 | |
| Water Development | 107,000 | |
| Sewage | 91,000 | |
| Electrical and Communication | 168,000 | |
| Site and Grading | 151,000 | |
| Recreation Fields | 55,000 | |
| Contingency | | 492,000 |
| Total cost | | $5,405,000 |

Issue No. 7 -- Second-Level Capital Improvement Program

Requested Action: To fund the Second-Level Capital Improvement Program before termination of the Trusteeship.

The Federated States of Micronesia is requesting that funding be provided to permit immediate initiation of projects identified under the Second-Level Capital Improvement Program. This will provide for the initiation of construction on critically needed basic infrastructure that will be completed under United States financial assistance after termination of the Trusteeship. The urgency for beginning construction of projects planned under the Second-Level Capital Improvement Program is that the projects to be completed under the First-Level Capital Improvement Program will not provide the minimum infrastructure needed to support any viable level of economic development in the Federated States of Micronesia.

The Capital Improvement Program (CIP), which is administered by the United States Naval Facilities Engineering Command, was designed to provide the Federated States with infrastructure facilities needed for the basic amenities of life, and for the operation of a local cash economy. The types of projects covered under the CIP include transportation facilities (roads, docks and airports), utilities

(electricity, water and sewage), medical facilities (hospitals, clinics and dispensaries), schools, warehouses and buildings for various other purposes (e.g. warehouses, refrigeration plants, markets). Work under this program that has been completed and is in process is part of what has been termed the First-Level CIP. The Second-Level CIP provides for infrastructure projects outside the District Centers and in the outer islands.

The First-Level CIP represented a start on the building of absolutely essential infrastructure, but it is completely inadequate to fulfill the objectives of the CIP for the following reasons:

The First-Level CIP is Limited to Projects in the State Capitals.

Almost no CIP projects have been undertaken in the outer islands where about 60% of the Trust Territory population lives. Moreover, the projects generally do not extend even to the outlying areas of the District Center Island or to other islands in the same lagoon. This has had the unfortunate consequence of drawing population to the already overcrowded District Centers.

The First-Level CIP Projects are Inadequate even for the State Capitals.

Even with completion of all funded CIP projects in 1980, few District Center roads will be paved and roads to areas outside the centers will be unpaved, water facilities will remain marginal and limited, and power generation equipment will remain inadequate, inefficient and obsolete.

The First-Level CIP provides only "Horizontal" Construction.

This "horizontal" approach provides only the basic structure without any of the accompanying facilities needed to make the structure fully operational. For example, airport runways are being constructed, but no terminal or perimeter facilities are included, and docks are being constructed with no provision for water, electricity or buildings. This kind of infrastructure does not fulfill the basic infrastructure requirements for local development and represents an inadequate response to the obligations of the Trusteeship.

The Second-Level CIP will extend certain minimum infrastructure facilities to areas outside the District Centers and the outer islands as outlined in the document entitled "Second Level Capital Improvement Program" published by the Trust Territory Office of Planning and Statistics, August 1978. The need for those projects was described by the High Commissioner's address to the United Nations Trusteeship Council on May 15, 1978, in the following terms:

> "The proposed program is to utilize the remaining years of the trusteeship to develop, fund and initiate the construction of the basic amenities of life in the outer islands...based on the premise that most of the over 50% of the Trust Territory Population which lives and works outside the District Centers must be more active and direct participants in and contributors to the economic, social, and cultural life of the Trust Territory."

The Report of the Joint Committee on Program and Budget Planning of the Interim Congress of the Federated States of Micronesia on the FY 1981 Budget, called for an appropriation of $43,600,000 for the Second-Level CIP. This would include full funding for architectural and engineering work and approximately twenty-five percent of the proposed funding for each state. The facilities that would be initiated are urgently needed to begin serious economic development and raise standards of living in the outer islands. Clearly, the lack of basic infrastructure in the Federated States of Micronesia constitutes a major impediment to any economic development that could create self-sufficiency by the end of the century.

Section 3 -- ISSUE PAPERS

## Part III. Fulfilling Promised Obligations to Federated States Citizens

### Issue No. 8 -- Indefinite Land Use Cases

Requested Action: To obtain funding to settle the indefinite land use cases.

In the late 1940's, the Trust Territory Government began occupying and using for government facilities a large number of tracts of privately owned land in the Federated States and in the Marshall Islands. In the 1950's, land use arrangements were negotiated with the owners, providing for use of these lands for an "indefinite" period by the Government, and some compensation was made.

The negotiations were extremely unfair for a number of reasons, among them: (1) the lands had been occupied, without compensation, by the Trust Territory Government for many years (and often the Japanese had earlier forcefully occupied the lands), thus the owners were confronted with the apparent option of getting some compensation--or none--for use of their lands by the government; (2) the owners were without legal representation to assist them in negotiating better terms and informing them of their rights; (3) the owners suffered from inaccurate translations and explanations of the documents they were expected to sign. When it became apparent to the owners several years later that the Government regarded these lands as belonging to it in perpetuity, with rights tantamount to fee interests, the landowners sought redress in the courts and through their elected representatives in the Congress of Micronesia. The security of land, its importance in Micronesian society, the landowners' justified belief that injustices were done to them, the large number of people adversely affected, and the need to resolve the legal status of the lands on which essential facilities are located, all make this problem one of the most serious in Micronesia today. Numerous lawsuits were instituted. With the support and encouragement of Under Secretary James Joseph, the Congress established a Study Group. It was composed of the Trust Territory Attorney General and the Lands and Claims Division Chief, representatives from the Congress, and former High Commissioner William R. Norwood, who was the appointee of the Office of Territorial Affairs.

The Study Group, in a unanimous report, determined that major public facilities, including hospitals, schools, administration buildings, housing and airfields, are located on these lands, which are essential to governmental operations; that the landowners, and in some cases even the government negotiators, did not understand the intent of the documents that purport to reflect the understandings of the parties; that compensation paid was inadequate, and in the case of Truk lands, a mathematical error cut the value of the land to less than half of what the Government itself had believed was a correct figure, and in any event, even this value was not paid. The Study Group noted that it is questionable whether the negotiations were conducted according to the standards which should govern the actions of a trustee. In essence, the Study Group found that the arrangements do not constitute what a court of law would consider to be binding legal agreements.

The Study Group, again unanimously, recommended that new definite- term leases be acquired over certain lands, and that others be either acquired in fee, at proper value, or returned to the owners, and that compensation for past use be given in all cases, reflecting the difference between actual compensation received, and what should have been paid. The intent was to resolve all these matters not later than January 1, 1980. Although an extensive survey of Trust Territory land values was made by a reputable appraisal firm and appraised values determined for the lands in question, and the lawsuits conditionally dismissed in anticipation of out-of-court settlement, not one agreement has yet been renegotiated. The reason is that expected funding from the United States Congress has not appeared.

The appraisal indicates that, in 1978 dollars, the payments recommended would total approximately $4.1 million for the four States of the Federated States. (The appraisers did not actually make specific recommendations for Kosrae, which could not be visited for logistical reasons. The Kosrae estimate was made on the basis of Ponape land values.) It should be noted that this figure does not represent any agreements of the landowners, but represents only the appraiser's valuation. The costs for the past and future use of lands in the Marshalls would add about $1.3 million, for a Trust Territory-wide total of about $5 million. This reflects the status of the problem in 1978. An additional ten to twenty percent may need to be added to reflect continued use by the Trust Territory Government and inflation.

Issue No. 9 -- Micronesian War Claims Program

Requested Action: Discharge United States obligations by making funds available for 50% of the remaining Title I claims and vigorously urging the Government of Japan to fulfill its obligations by funding the remaining 50%.

During and after the Second World War, the people of Micronesia where the fighting was particularly fierce, suffered three kinds of damage:

(1) Encroachments on property rights when the Japanese Army was preparing for the attack of December 1941 and later when it was organizing the struggle against the United States forces;

(2) Damage to persons and property during the hostilities, particularly in 1944; and

(3) Material damage after the United States took the islands ("post-secure" damage).

The basis of Micronesian claims rests upon the Treaty of Peace between the United States and Japan which came into being in 1952. Article 4(a) of that Treaty states that claims of Micronesians would be subject to "special arrangements" between Japan and the United States.

At the urging of the United Nations, serious and intensive negotiations finally began in 1966 between Japan and the United States on Micronesian claims. These negotiations culminated in an Executive Agreement between Japan and the United States in 1969. There was no Micronesian participation in any of the negotiations.

In this Agreement, the United States discharged Japan from any further claim by Micronesians arising either from the period of the war or from the period under the Japanese Mandate prior to the war. The Agreement, without ruling on anyone's liability, provides that, as an ex-gratia contribution to the welfare of the inhabitants of the Trust Territory:

(a) Japan would waive its asserted claims and would contribute the equivalent of 1,800,000,000 yen having a value, at the time of Agreement, of

$5 million. The Agreement called for the Japanese contribution to be in goods and services; and

(b) The United States would establish a $5 million fund to be used for the welfare of the inhabitants of the Trust Territory.

This Agreement was implemented by Title I of the Micronesian Claims Act of 1971 which provides for consideration of claims "directly resulting from hostilities" and arising "between December 7, 1941, and the dates of securing the various islands."

The Micronesian Claims Act of 1971 further incorporated a provision for a second distinct claims program. Title II of the Act provided for the consideration of claims against the United States arising from incidents occurring after the dates of securing the various islands by the United States Armed Forces and prior to July 1, 1951. Title II was incorporated into the Act "with a view to maintaining friendly relations." The sum of $20 million was authorized in the Act toward Title II claims.

It should be noted that the authorizations were made on an estimate of the proportion of losses attributable to the wartime and "post-secure" damages. The estimates were evidently based solely on the experience of the Marianas, where the large majority of damages took place in the post-secure time. By contrast, there was only a small proportion of post-secure damage in the Federated States. As is noted below, the Title II claims have been paid in full, leaving the Marianas claims largely paid, but the Federated States claims largely unpaid.

The responsibility for the investigation and adjudication of claims under Title I and Title II was given to the Micronesian Claim Commission. The Commission began its program in 1972 and completed it in 1976. The total amount awarded and certified by the Commission under Title I is more than $34 million, $24 million more than the available amount. The total amount awarded and certified by the Commission under the Title II is more than $32 million, $12 million in excess of the appropriated amount. We are pleased that the United States recently made money available to pay, in full, the unpaid balance of Title II awards. What gives us great concern is the unpaid balance of Title I, which is about $24 million, or over seventy percent of the total. Moreover, no interest has been awarded for any

portion of these thirty year old claims, either before or after adjudication. It seems that we are again running into an obstacle on this long-outstanding issue.

Section 105 of Public Law 95-134 authorized the payment of 50% of the unpaid awards under Title I upon the Government of Japan making an identical payment. The United States House of Representatives version of the Onmibus Bill now before the Congress authorizes the payment of 50% of the remaining unpaid awards under Title I. The Senate's Committee on Energy and Natural Resources deleted that provision, saying:

> "The Committee sees no reason to even consider any further modification absent fulfillment of the condition precedent contained in Public Law 95-134."

Further, the Interior Department has stated that it is premature to authorize payment for the balance of the awards under Title I, given the pending litigation.

We believe that the resolution of the Micronesian War Claims is long overdue. We believe there are possible ways to accommodate the uncertainty of the pending litigation. We believe that the support of the Department on this issue is imperative if we are to receive the awards due to us under Title I.

Section 3 -- ISSUE PAPERS

Part IV. Transition Issues

Issue No. 10 -- Foreign relations

Requested Action: To reach agreement between the Federated States Government and appropriate officials in the United States Government clearly delineating the authority of the Federated States Government with respect to foreign relations, and setting forth procedures to carry out that authority.

In a letter dated September 21, 1979, to the President of the Federated States, the High Commissioner stated the following as policy of the United States:

> "In order to facilitate the transition from Trusteeship to the status envisioned in the still incomplete compact of free association, the United States encourages the Micronesian governments to broaden and intensify their international contacts during the current period of transition prior to termination."

We wholly concur in this policy statement and believe that we must assume more direct and ever-increasing involvement in foreign relations in order to prepare ourselves for the assumption of these responsibilities upon termination of the Trusteeship. Our problem is that we have so far been unable to work out procedures for carrying out this policy. In addition, there seems to be uncertainty about who within the United States Government is responsible for our foreign relations. Adding to the confusion is a cable sent to all embassies in the region by the State Department categorically denying the capacity of the Federated States, Palau, and the Marshall Islands to engage in any foreign relations related activities. The cable was sent in September, 1979, and to the best of our knowledge has not been rescinded.

In our minds, there are three different categories of foreign relations activities, each of which requires a slightly different mechanism for resolution. The first relates to ongoing activities which in the past have been carried out either by the Congress of Micronesia or the Federated States Government. This category includes Law of the Sea and membership in the South Pacific Bureau for Economic Co-operation. Through the Congress of Micronesia,

we have participated as an observer delegation in the United Nations Law of the Sea Conference for the past several years. More recently, in July of 1979, we were invited by the South Pacific Forum to become a full member of the South Pacific Bureau of Economic Co-operation. Following that decision by the Forum, we ratified the SPEC Agreement and transmitted an instrument of accession making us full members. In view of the September cable, we need some sort of document re-affirming our capacity to engage in these activities.

The second category is foreign relations activities which have historically been carried out by the Trust Territory Government rather than the Department of State. This category includes membership of the Trust Territory in the South Pacific Commission, the Economic and Social Commission for Asia and the Pacific and the United Nations Development Program. We wish to assume these functions with respect to the Federated States of Micronesia. We need something like a transfer of functions agreement, along with an undertaking by the High Commissioner along with the Department of the Interior to support our membership in these organizations in our own right and name.

The third category is foreign relations activities which are new and have never been carried out by the Department of State. This category includes government to government fishery and foreign aid agreements, membership in regional or international organizations, normal treaty relations by the Federated States with nations in the region, and so forth. Based on the September 21, 1979 letter, it appears that these activities will have to be approved on a case by case basis. We ask that a procedure be established which is simple and straight forward in which we can get expeditious and sympathetic consideration to such requests.

Issue No. 11 -- Financial Management System

Requested Action: To assist the Federated States in establishing a new Financial Management System designed for the needs of the Federated States in the post-Trusteeship period.

The Financial Management System (FMS) now used by the Trust Territory Administration has several disadvantages which will make it unsuitable for use by the Micronesian jurisdictions after the end of the Trusteeship.

1. It is too expensive, since it is designed for use on a large computer which must be leased at a very high rent.

2. It is too sophisticated and complex for present Micronesian skill levels, and would have to be staffed with expatriate specialists for years to come until Micronesians could be trained in the advanced techniques utilized.

3. It is unsuited to the physical realities of Micronesia, since it requires that data be sent in from numerous far-flung islands for processing at a central point (Saipan, and possibly Guam, after termination of the Trusteeship) and thus makes National and state officials depend wholly on the vagaries of the transportation and communication systems for vital financial information.

4. It is unreliable; serious delays are normal and inaccuracies are frequent.

5. It is completely unsuited to the future political situation of Micronesia, in which there will be three entirely separate governmental jurisdictions, one of which in turn will have four states which are protective of their autonomy. It is unrealistic to imagine that all these governmental bodies could find a way of peacefully sharing the services of a system administered and at least to some extent controlled by a management alien to all of them, in an area as important and sensitive as that of financial administration.

The problem is acute and urgent because the end of the Trusteeship is drawing steadily closer. When it comes, it is essential that the National and State Governments of the Federated States of Micronesia should already be using adequate and workable systems. If not, the risk of falling into financial chaos would be not merely possible, but overwhelmingly likely.

Officials of the Federated States of Micronesia have for a long time been keenly aware of this problem and have made repeated efforts toward its solution. For example, in 1976 while the present system was still being developed

and installed, the United States General Accounting Office surveyed it and prepared a preliminary report (apparently the only one that was issued) recommending that the system be abandoned and that a simpler and more appropriate system be adopted. Later on in May, 1978, the High Commissioner assured the United Nations Trusteeship Council that, within six months from that time, measures would be started to modify or replace the FMS. Yet, until today, nothing effective has been done to develop a more suitable system, much less to put it into use.

For the Federated States of Micronesia, the most immediate questions would include these:

1. What should be the general characteristics of the new system for the National and all the state governments?

2. Is it possible to adopt coordinated or integrated systems for the National and all the state governments?

3. Should the new system use big computers, mini-computers, manual methods or some mix of two or all three?

The Federated States Government has recently asked the United States Congress to request that the GAO conduct a study for the purpose at least of providing answers to these questions and of going as far as possible in the direction of recommending the specific characteristics of a new financial management system adapted to the needs of Micronesia in the post-Trusteeship period. We are awaiting an answer to our request.

The Secretary is asked to assist in the following manner:

1. The Department of the Interior and the Trust Territory Administration should urge the GAO to comply with the request and should cooperate fully with the GAO team and with any other survey group which may be brought in by the Micronesian governments for this purpose.

2. It is quite possible that the GAO study will not go so far as to develop a complete new system (which might include an accounting manual,

pro forma entries, and the like). If not, a private firm will probably have to be retained for this purpose. Also, it is likely that, when a new system is ready for use, it will have to operate side by side with the existing one for a time, necessitating expenses beyond what has been budgeted. It is not yet possible, of course, to predict the amount that will be required for these purposes. As soon as that amount is known, we hope that the Secretary will assist and support the Federated States in its efforts to get this additional funding through either reprogramming or a supplemental appropriation.

Issue No. 12 -- Equitable allocation of United States assistance

Action Requested: To establish a general policy providing for the distribution of United States assistance and Trust Territory Government assets among the three jurisdictions based on population.

The Federated States of Micronesia believes that an overall policy should be established for the allocation of United States assistance and of Trust Territory Government assets among the three entities, the Federated States of Micronesia, Palau, and the Marshall Islands. We further feel that the most equitable system for such a distribution would be based on the percent of the Trust Territory population in each entity, as shown below.

| Jurisdiction | 1979 Population | Percent Distribution |
|---|---|---|
| Federated States of Micronesia | 73,620 | 63.1% |
| Marshall Islands | 28,720 | 24.6% |
| Palau | 14,320 | 12.3% |
| Total | 116,660 | 100.0% |

The allocation mechanism we propose would provide 63.1% of total funding, grant assistance and assets to the Federated States of Micronesia.

We suggest that establishing an overall allocation system based on population will avoid the divisiveness and needless expenditure of effort associated with a case-by-case allocation of funds, and will provide for a fairer distribution than has often occurred. There are numerous instances where funds or assets of the Trust Territory must be divided among the three jurisdictions. In the past, there has frequently been intense competition among them which makes for a time consuming and difficult allocation process. Some examples where funds must be divided among the jurisdictions include the Economic Development Loan Funds, Congress of Micronesia Scholorship Funds, Supply Stock Funds, Medical Stock Fund, Trust Territory Indemnity Benefit Fund, Agricultural Development Loan Fund, Marine Resources Development Loan Fund and the Production Development Loan Fund.

Population is proposed as the criteria for the allocation of funds and assets because this measure most closely and consistently approximates needs in each of the entities. Almost all the purposes for which funds are provided--government operations, education, health services, economic development--can be related to population. It is important to note that in just about any area for which funds would be distributed, the Federated States of Micronesia could demonstrate a need in relation to the other entities which exceeds its share of population. This is because the states comprising the Federated States of Micronesia have historically received a disproportionately small share of the Trust Territory Government expenditures. As a consequence, the Federated States of Micronesia has experienced less economic development than the other two entities, as shown below.

| Development indicators for 1977 | FSM | Palau | Marshalls |
|---|---|---|---|
| GNP per capita | $ 778 | $1,160 | $ 995 |
| % employed in money economy | 26% | 48% | 31% |
| Earnings per capita | $ 403 | $ 693 | $1,858 |
| Average wage per worker | $2,280 | $2,495 | $5,747 |
| % employed in village economy | 27% | 10% | 21% |
| Value of deposits and loans per capita | $ 191 | $ 558 | $ 515 |
| Exports per capita | $ 30 | $ 647 | $ 49 |



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In addition to a less developed economy, the Federated States of Micronesia inherits poorer infrastructure facilities. The Federated States of Micronesia also has to contend with travel and communications covering the very large distances between the States which necessarily increases the cost of government operations in comparison with the other two jurisdictions.

Despite being able to demonstrate a greater need on a case-by-case basis, the Federated States of Micronesia would rather have allocations among the entities be made in a consistent manner on the basis of an objective criterion --population. While there may be instances where there are special needs and this mechanism will not be appropriate (e.g. transition costs or capital facilities), it should serve in most cases. Utilizing an objective and consistent method for allocating funds should prevent decisions being made in response to the political pressures existing at the time. We believe the system we are proposing will also provide each jurisdiction greater certainty regarding the level of funding they may expect, and accordingly, permit the longer range planning that results in more effective expenditures of the funds.

Issue No. 13 -- Economic Development Loan Fund

Action Requested: To approve the Manual of Administration for the Economic Development Loan Fund (EDLF), release and allocate the funds to the three entities, and provide policy guidance to the Trust Territory Government that the EDLF should be administered in accordance with generally accepted principles for a development loan fund.

The EDLF represents desperately needed private investment capital for the Federated States of Micronesia, since this fund constitutes the only available source of low-interest, high-risk capital for new or expanding enterprises. One of the greatest impediments to development of the private sector in the Federated States of Micronesia has been the unavailability of capital. There exist few commercial banking facilities in the Federated States of Micronesia, and these provide loans to well established firms with a record of successful operation. As a result, only 40% of deposits made in Federated States of Micronesia banks are invested within the Nation. If we are to develop a viable

private-sector economy, capital from specially established financing institutions, such as the EDLF, must be made available to permit new enterprises to develop. This has been the traditional pattern for private-sector economic growth in developing countries.

Recognizing the importance of obtaining private investment capital for the Federated States of Micronesia, we have taken a series of steps to obtain release of the EDLF, but these funds remain inactive, as they have been since 1975. We understand that the Office of Territorial Affairs drafted regulations for the operation of the EDLF in August, 1977, and on April 30, 1979, the Honorable Sidney R. Yates, Chairman of the House Appropriations Subcommittee on the Interior sent a letter to Under Secretary Joseph releasing EDLF funds for use in the Trust Territory. In July and August, 1979, representatives of the Federated States of Micronesia met with the High Commissioner to redraft the EDLF regulations to permit establishment of a Federated States of Micronesia Development Bank to administer these funds. These regulations which were in the form of a Manual of Administration for the EDLF, were subsequently forwarded to the Department of the Interior for approval. When no action was forthcoming on the Manual of Administration, in October 1979, Congressional Resolution No 1-65 was passed requesting approval of these regulations. The Federated States of Micronesia has been taking every possible step to prepare for and secure release of the EDLF funds. Yet we are still waiting for approval of the EDLF Manual of Administration.

In addition to obtaining release of the EDLF, we believe it is important for the Department of the Interior to provide guidance that these funds should be administered in accordance with the generally accepted principles for a development loan fund. The Director of the Development Loan Office in the Trust Territory Government has described his proposal for administering the EDLF which would be to make large loans at close to market interest rates to well established and financially successful firms. We believe this policy is contrary to the intent of United States P.L. 92-257 which established the EDLF and goes against the overall purpose of the fund because it would prevent loans to the types of firms needed for expanding economic development. To enable the EDLF to operate effectively and prevent further delays in resolving loan policy, we believe guidance should accompany the regulations which establish that EDLF loans should be made under the following conditions:

* the interest rate should be significantly below the market interest rates,

* loans should be made available to new, small, and necessarily risky ventures.

This is how development loan funds operate in numerous countries and the manner in which the EDLF will be able to be of most use in the Federated States of Micronesia.

Further delay in making the EDLF operational will continue to stall private sector development at this critical time for the Federated States of Micronesia. In addition, the Trust Territory Development Loan Office has been operating for several months now which causes a significant expenditure of EDLF funds that would be better spent on investments for economic development.

Issue No. 14 -- New Policy for Federal Programs

Action Requested: To issue a new policy which will permit the Federated States Government to fully utilize appropriate Federal programs authorized by law and which will permit the Federated States Government direct responsibility for these programs.

The Federated States of Micronesia seeks a clear policy determination by the Department of the Interior that will enable us to fully utilize appropriate Federal programs authorized by law for the Trust Territory. As a separate and equally important matter, the Federated States of Micronesia wishes to obtain direct sponsorship responsibility for these programs. There is presently confusion over the status of Federal programs in the Federated States of Micronesia, and over the possibility of obtaining additional Federal programs in critically needed areas. In addition, the effectiveness of Federal programs could be significantly enhanced if sponsorship responsibility for Federal programs could be transferred to the Federated States of Micronesia from Trust Territory Headquarters which is distant and removed.

Federal programs are needed to continue providing essential services in a broad range of areas (education, health, manpower training, public safety, legal services, and others) and to promote economic and energy development.

These programs have been a very important means of funding government operations in the Trust Territory, particularly since 1974, as shown by the substantial portion of the total budget they comprise.

| Fiscal Year | Federal Program grants ($ in millions) | Total Obligations ($ in millions) | Federal Programs as a percent of total obligations |
|---|---|---|---|
| 1973 | 4.8 | 64.8 | 7.4% |
| 1974 | 11.9 | 70.3 | 16.9% |
| 1975 | 14.5 | 84.2 | 17.2% |
| 1976 | 19.4 | 105.8 | 18.3% |
| 1977 | 18.6 | 107.8 | 17.3% |
| 1978 | 33.9 | 130.5 | 26.0% |
| 1979 | 26.7* | 130.0 | 20.5% |

*Includes one-fourth of $21.3 million in EPA and FAA funds available for obligation between FY 1979 and FY 1982.

As of 1977, the Trust Territory was eligible for 513 Federal programs (some of which by their nature are not of benefit to the Trust Territory), and participated in 154 of these.

Despite the importance of Federal programs and the large role they serve, the Interior Department, through the High Commissioner, issued a Policy Statement on Federal programs on November 17, 1978, that called for a drastic phase-down of these programs in preparation for the end of the Trusteeship. Recently, in verbal statements and in proposed expenditure estimates for Federal programs, it appears that the policy is not being fully implemented, although our right to initiate participation in programs not yet present in the Trust Territory has been denied. The issue of the continuation of Federal programs is also addressed by Section 104 of H.R. 3756 introduced by Representative Phillip Burton which reaffirms that currently available Federal programs cannot be terminated by Executive action without the express consent of the United States Congress. In testimony before the United States Senate, Mrs. Van Cleve stated that the present phase-down policy was under review within the Department and that a new policy would be issued subsequent to consultations with Micronesian officials and the Congress. In the meantime, valuable programs have been lost and others seem jeopardized.

The Federated States of Micronesia believes that we should have full access to Federal programs even as the Trusteeship nears termination. Reducing these programs deprives us of needed social services and makes it much more difficult and costly to re-establish these services after the end of the Trusteeship.

Moreover, it is now apparent that the phase-down was established in anticipation that no Federal programs would be available in the post-Trusteeship period. At that time, this was the negotiating position of the United States, and never represented the views of the Federated States, which has consistently sought access to all programs available to the United States territories. Now the United States has significantly revised its views on this subject, and it appears likely that many of the existing programs will remain intact under free-association. Thus, the reason for the phase-down policy has disappeared, and its continued existence is more counter-productive than ever.

In the areas of economic and energy development, a variety of Federal programs which have not been used, or fully used, can sponsor projects and provide infrastructure that will promote a self-sustaining local economy. In this connection, we wish to call attention to a Federal program, the Public Works and Economic Development Act of 1965, to which Representative Clausen introduced an amendment on November 14, 1979, that would make the Trust Territory eligible to participate. This program provides grants to assist in the construction of public facilities needed to initiate and encourage long-term economic growth in designated geographic areas where economic growth is lagging. We request that the Department of the Interior support Representative Clausen's amendment, and in general, the Federated States of Micronesia's complete participation in Federal programs that will encourage the economic development that has been so lacking in the Federated States of Micronesia.

In addition to broadening participation in Federal programs, it is important that direct sponsorship responsibility for these programs be provided to the Federated States of Micronesia to permit more effective implementation and to enable the continuation of the services provided through such programs after termination of the Trusteeship. Because the Trust Territory Government Headquarters is distant and removed and is in the process of devolving

responsibilities, the administration of Federal programs in the Federated States of Micronesia (e.g CETA) has suffered. Providing the Federated States of Micronesia sponsorship responsibility will make Federal programs more responsive to local needs and reduce the delays and administrative difficulties currently being experienced.

It is also imperative to increase the administrative responsibility of the Federated States of Micronesia and the state governments over Federal programs so that the necessary experience can be gained regarding the critical services they provide. The present integration of Federal programs into health and education operations is so pervasive that the transfer of functions in these areas cannot occur without an increase in Federated States of Micronesia management and administrative responsibility.

Issue No. 15 -- Tax Treatment of U.S. citizen employees of the Federated States Government

Action Requested: To urge the Internal Revenue Service to amend its Revenue rulings to provide United States citizen employees of the Federated States Government the benefits of Section 911(a)(2) of the Internal Revenue Act.

The Government of the Federated States requests the continued assistance of the Secretary in obtaining from the Internal Revenue Service a Revenue Ruling that would reaffirm the entitlement of United States citizen employees of the Federated States Government to the benefits of Section 911(a)(2) of the Internal Revenue Act. We have recently been informed that Under Secretary Joseph initiated this process by a letter to the Internal Revenue Service in November, 1979.

This provision, in brief, allows persons subject to United States income taxation to exclude from their taxable income the first $15,000 of their earnings from sources outside the United States, if the taxpayers satisfy certain residence requirements. The essential difficulty has been that the Internal Revenue Service has regarded income from the Trust Territory Government not to be excludable, on the ground that the Trust Territory Government is an agency of the United States Government (Revenue Ruling 68-608).

This policy was held invalid by the Ninth Circuit Court of Appeals in McComish v. Commissioner, 580 F. 2d 1323 (1978). However, the Internal Revenue Service has apparently resisted implementing the court decision which relies heavily on the finding that the tax law denies the benefits to employees of the United States Government because they receive Federal retirement, sickness and disability benefits, none of which are received by employees of the Trust Territory Government.

We believe that the entitlement of United States citizen employees of the Federated States Government to the benefits of Section 911(a)(2) is clear, regardless of the status of employees of the Trust Territory Government. The separate juridical status of the Federated States of Micronesia Government, and the total absence of the Federal employee benefits, make clear that they should be entitled.

Nonetheless, without a Revenue Ruling or other formal statement of the Internal Revenue Service, both the Department of Finance of the Federated States, and the United States employees will face a period of economic uncertainty. The Department of Finance would prefer, when it takes over the payroll function, to reduce the Federal income tax withholding deductions that the Trust Territory Department of Finance presently makes for these employees. The employees wish to be secure in the understanding that they will not face major tax liabilities when they make their returns, and they will not be confronted with potential penalties for failure to have made adequate withholding.

If a Revenue Ruling or similar policy statement is obtained, the Federated States of Micronesia Government intends to make promptly a reduction in its system of differential payment to its United States employees for cost-of-tax adjustments. Thus, the effect of this request will be to reduce the costs to the Federated States of Micronesia of its expatriate employees, and is not intended to provide a windfall of any sort to the employees themselves.

Issue No. 16 -- Continued assurance of Commercial Airline Service

Action Requested: To support and assist within the United States Government the maintenance and improvement of commercial air service in Micronesia.

The Federated States of Micronesia is far more dependent on reliable airline service than most other areas in the world. As an island country, it has no practical alternative land-based transportation. Moreover, passenger service on the cargo ships that come into Micronesia is very expensive, irregular and very infrequent.

Not only is our commercial airline service our sole practical means of transportation among the states of the Federated States and to the outside world, it is also an essential communications link. As is noted elsewhere in this paper, our communications system is unreliable, and virtually non-existent for international telephonic communications. Thus, we must use the mails in many instances in which the telephone would be used in the United States. The mails, of course, are carried by the airline. Finally, the airline is our only practical means for the emergency transfer of critically ill patients to adequate medical facilities in Guam and Hawaii. Air transportation is then quite literally a matter of life and death for the people of Micronesia.

The Trust Territory is served by a single major commercial airline--Air Micronesia--which is operated by Continental Airlines, its largest stockholder. Local services are being established using small STOL aircraft, but these do not compete with Continental/Air Micronesia, which is the only interstate carrier. Kosrae is not served by Continental, but is served by two local carriers, which have experienced very severe problems over the past year because of fuel allocation shortages. Air Nauru uses Ponape as a fueling stop, and takes passengers between Ponape and South Pacific points. However, it has been unable to secure permission to compete with Continental on the Ponape-Guam route, because Air Nauru enjoys a large government subsidy, while Continental does not.

In recent months, we have suffered a significant reduction in service: Ponape and Truk now have only two flights each week from Honolulu, instead of the prior four. Fares have also increased by 15%. Continental Airlines has removed one of Air Micronesia's three aircraft, putting greater scheduling pressures on the two remaining. This has resulted in a noticeable increase in both the frequency and length of delays, because of an apparent reduction in routine maintenance time given to the aircraft. Moreover, this reduction in flights, when combined with our serious communications problems and the fact that the flights

necessarily make multiple stops, has created numerous problems of overbooking and long waiting periods before travel.

We realize that the reductions in frequency of service and increase in fares reflect similar problems experienced world-wide by airlines and their passengers. However, it seems that they have been somewhat more drastic here in Micronesia, a problem compounded by the importance of the service to us. We are also fully aware that the economic survival of our present airline service is dependent on the fact that Air Micronesia has the right to provide service over the profitable route between Japan and Saipan and Guam.

It is our hope that the Department of the Interior will continue its support and assistance within the councils of the United States Government to maintain and promote commercial air service in Micronesia.

STATEMENT OF PETRUS TUN

Mr. TUN. Thank you.

Let me first express our appreciation for the opportunity to appear before this Committee which has been most understanding of our situation and most sympathetic to our needs.

Since arriving in Washington over a week ago, we have spent a great deal of time talking with Executive and Legislative Branch officials about the budget outlook. We have heard almost identically the same thing from everyone. Times are hard. Don't expect anything. Better yet, don't ask for much. The more sympathetic ones we talked to expressed their regret and frustration that the outlook is so bleak.

I would like to say first that we recognize the difficult task facing this committee, and we know full well that your final decisions will be governed by many competing considerations. But we, like you, have a duty to perform on behalf of our people. We face very real and pressing needs that very seriously affect our livelihood, and so we are extremely ill-equipped to be selective in response to current economic and political events. What we do know a great deal about, however, is the lack of basic economic essentials that we have long suffered and continue to experience in the Federated States of Micronesia.

I must say to you directly that we approach this Committee this year, more than at any time in the past, caught in the middle between two conflicting attitudes within the United States Government. On the one hand, the Executive Branch status negotiators tell us firmly that we have reached the limit of what can be offered as financial aid under a Compact of Free Association and that if there are deficiencies, those must be met with the help of the Interior Department prior to termination. But on the other hand, when we go to Interior and point to areas of continuing need that have long been the subject of United States commitments, we are told that the Trusteeship is about to terminate, times are hard, there is not enough time left, and that we should take it up with Ambassador Rosenblatt.

We in the Federated States cannot be asked to sign a compact that incorrectly assumes the prior satisfaction of critical needs and is thus nothing more than a formula for economic and governmental chaos. I cannot adequately express to you the depth of our frustration in being in this position at the very moment in history when the United States, having been instrumental in the formation of not one, but four different Micronesian entities, seeks proudly to announce at an early date the fulfillment of its trusteeship obligations, but, at the same time, leaves the four least developed former Districts of Truk, Yap, Ponape and Kosrae joined in a Federation marred by such economic stagnation as to cripple its viability as a political unit. Thus, we hope that the Committee's review of our specific requests will be made with your past understanding of our problems, and that the strong bond that exists between our people and yours will survive the difficult period ahead.

FUNDING REQUESTS

I would now like to briefly present to you our priority list of critical funding requests, many of which were unfunded in prior years and have accumulated until now.

Our most urgent priority item is funding for our newly created national government, at a cost of $2.2 million in fiscal year 1980 and $4.9 million in fiscal year 1981. You will note that no funds are provided in either year in the Administration's request before your committee. Without such funding, our new government cannot hope to function at any level of competence, and our desire for self-government and "Free Association" will only remain a dream. Establishing our national government also involves additional requirements, such as housing, office space and equipment, and others. Our agreement with the High Commissioner on the transfer of governmental functions will become meaningless without such funding.

Our second priority is the establishment of a viable and reliable communications system in the Federated States of Micronesia. The Administration's request for $1.4 million should substantially improve communications with the outer islands. The remaining task is to improve communication links with the outside world. The latest proposals by United States' firms call for approximately $3.9 million for us to enter into the era of satellite communications. Our new government cannot function, and economic development and self-sufficiency cannot be achieved without such communications capabilities.

Our next two items are concerned with infrastructure, so critical in our hopes for development. The first is the insufficient funding available for fuel and maintenance. An additional $6 million is required to provide adequate maintenance of facilities, and to cover the rapidly increasing cost of fuel to operate such facilities. Deterioration continues unabated on our facilities without proper maintenance; and our fuel crisis causes power disruptions and blackouts, and hinders our limited services to the outer islands. Next, we have an urgent need for additional infrastructure, particularly in areas outside the district centers. Our request is for $15,674,000 to provide for the architectural and engineering work necessary prior to actual construction. Without such infrastructure, outer islands have little hope of entering the money economy.

Finally, on behalf of the College of Micronesia, we would like to request $5.4 million for the construction of adequate campus buildings and facilities. This will not only assist educational advancement for all Micronesians, but also assist in alleviating the shortage of trained and qualified Micronesians to assume responsible positions, particularly in technical and professional areas.

Mr. Chairman, that concludes my statement. I ask that your Committee give our requests your most favorable consideration, as you have in the past. We would be happy to answer any questions that you may have.

Thank you.

Mr. MURTHA. Mr Tun, I appreciate your statement. Now address yourself to the specific items, so that we have in the record some

justification for them. For instance, Item No. 1 is for $2.2 million. How would you use that $2.2 million?

## FSM CENTRAL GOVERNMENT FUNDING

Mr. TUN. This would be used for the Executive Branch of the FSM government. We are now in the process of organizing a central government for the Federated States.

Mr. MURTHA. Is that capital expenditures?

Mr. TUN. To some extent, yes.

Mr. MURTHA. Salaries?

Mr. TUN. It will be for salaries, recruitment, house rentals, and equipment. Because we have never had such a central government before, we will need a lot of equipment, initially.

Mr. MURTHA. Do you have a detailed breakdown? If you don't, submit for the record a detailed breakdown of how this money will be used.

Mr. TUN. We can submit that.

[The information follows:]

### FEDERATED STATES OF MICRONESIA CENTRAL GOVERNMENT FUNDING

In addition to our request for $4.9 million in fiscal year 1981 for funding of the Federated States of Micronesia national government, we are in urgent need of approximately $2.2 million to fund the national government in fiscal year 1980. This will be matched by over $3.3 million in locally-derived revenues, which will severely limit the national government's ability to fund other urgent priority items. Additional funding contributions, other than those previously provided for by law from the states, are not available, since they already face very restricted budgets, operation deficits from reduced funding levels, increasing fuel and other costs, and other demands on their limited resources. In addition, the Federated States currently receives less than an equitable per capita share of the financial resources available to the Trust Territory. All of these factors indicate that the only potential source of funding for the FSM central government is the annual U.S. grant. The $2.2 million requested for fiscal year 1980 for the central government would be used for salaries and related expenses, office furniture and equipment, housing, recruitment, etc. The funds will be used for all executive activities. A distribution of the funds is as follows:

[Dollars in thousands]

| Organization | FSM | United States | Total |
|---|---|---|---|
| Office of the President | $126 | $109 | $235 |
| Social services | 318 | 208 | 526 |
| External affairs | 180 | 293 | 473 |
| Resources and developments | 236 | 433 | 669 |
| Finance | 341 | 260 | 601 |
| Attorney general | 61 | 290 | 351 |
| Public defender | 28 | 70 | 98 |
| Budget | 41 | 58 | 99 |
| Planning and statistics | 37 | 228 | 265 |
| Personnel | 34 | 121 | 155 |
| Information | 0 | 70 | 70 |
| Judiciary | 43 | 49 | 92 |
| Public auditor | 17 | 24 | 41 |
| Legislature | 1,138 | 0 | 1,138 |
| Other | 739 | 0 | 739 |
| Total | 3,339 | 2,213 | 5,552 |

*A detailed listing of the total funds by object class follows:*

| | |
|---|---|
| Salaries | 2,386 |
| Benefits | 125 |
| Travel | 702 |
| Recruitment | 226 |
| Transportation | 55 |
| Rent, communication and utilities | 118 |
| Housing | 284 |
| Printing | 81 |
| Contracts | 692 |
| Supplies and materials | 146 |
| Furniture and equipment | 71 |
| Grants | 636 |
| Total | 5,552 |

COMMUNICATIONS SYSTEM

Mr. MURTHA. The second item is a communication system for $1.4 million. What does that mean? What do you mean by communication systems?

Mr. TUN. The $1.4 million that the Administration included in the budget request is for upgrading the system we have now, which is a high frequency system. It is intended to improve communications within the Federated States, particularly with the outer islands.

Mr. MURTHA. You have a series of islands and you need radio communications. Is that what you're talking about?

Mr. TUN. Yes.

Mr. MURTHA. What kind of communications do you have now?

Mr. TUN. We have a high frequency system. It is not working. It doesn't take a technician to know that. Very often I pick up the telephone to call someone on another island or sometimes on the same island, most of the time I don't get through.

Mr. MURTHA. Do you actually have telephones?

Mr. TUN. We do, within the District centers.

Mr. MURTHA. So it's microwave transmission. You have inter-island and intra-island—both—between islands and inside the islands; is that correct?

Mr. TUN. Inside the islands and between the islands. And both are not working.

Mr. MURTHA. So you have a system in place, but it doesn't work, and you need $1.4 million to modernize the system. Is that the idea?

Mr. TUN. To make it work.

Mr. MURTHA. Provide for the record a detailed breakdown of what would happen to this money? Where this money would go—for telephones, wire, whatever.

[The information follows:]

COMMUNICATIONS SYSTEM UPGRADE

The $1.4 million will be used only for the purchase of new high frequency radio sending and receiving equipment for the 105 outer islands, and for solar generating equipment for the power source for the radio equipment.

Mr. TUN. I think the $1.4 million is primarily for equipment for outer islands.

Mr. MURTHA. So that wouldn't help your inner-island communication. You'd still have the same problem there.

Mr. TUN. We have now a limited channel system. For example, if you call, from Micronesia to Washington, D.C., there is only one channel. You have to place your call. The response is usually, "I'm sorry, the line is busy." You have to wait all day to get through. That is the kind of situation we have now in Micronesia.

Mr. MURTHA. How about to the other islands? How many channels?

Mr. TUN. Just one outside.

Mr. MURTHA. Have you had problems because of the lines being busy there?

Mr. TUN. We have problems because of the inadequacy of the lines.

EFFECT OF COMMUNICATIONS ON INDUSTRY

Mr. MURTHA. What would it mean if you improve this? How would it help the overall industry, attracting of industry or whatever you're trying to do besides just obtaining better communication? How would it affect the islands themselves?

Mr. TUN. Maybe I can ask our budget officer to elaborate further on it.

Mr. ADELMAN. As has been mentioned, there is only one outside line for each island, and the funding that we're requesting would provide earth stations in three of the four states. With that, we would be guaranteed at least eight outside lines Right now, a private company cannot get through to any other island. The government has priority on the lines since they are government-owned. Our request would provide a communications system for the use of private industry, as well as government.

Also, the current system is not a private system. Anyone can listen in on any call. The President cannot make a confidential communication to the High Commissioner, for example, or to anyone else. Our request would also provide a private system of communications.

Without adequate communications, industries are very reluctant to go into Micronesia. They cannot order supplies.

UNEMPLOYMENT RATE

Mr. MURTHA. What's the unemployment rate?

Mr. ADELMAN. The last estimate was about 20 percent. That was done several years ago, and it is worsening because of the population growth.

Mr. MURTHA. What is the population?

Mr. ADELMAN. Around 73,000 in the FSM.

Mr. MURTHA. 73,000 with an unemployment rate of 20 percent.

Mr. ADELMAN. That's for those people who are interested in getting a job. There are still many people who are still on a subsistence economy, and those are not counted.

Mr. MURTHA. If you're going to attract industry, you're going to need a better telephone communication system?

Mr. ADELMAN. That is correct.

SECOND LEVEL CAPITAL IMPROVEMENT PROGRAM

Mr. MURTHA. The $15 million, Mr. Vice President, how are you going to use that money?

Mr. TUN. We have what we call a second-level capital improvement program. I think the total cost for that is about $100 million. This not a new item. We are asking for $15 million to be used for engineering and architectural work that has to take place before construction can start.

Mr. MURTHA. Provide for the record a detailed list of the expenditure of the $15 million. Just explain briefly how you expect to spend that $15 million.

[The information follows:]

FEDERATED STATES OF MICRONESIA CAPITAL IMPROVEMENT PROGRAM

The request for $15,647,000 will be used for the architectural and engineering work necessary prior to the beginning of actual construction for those projects identified in the document "Second Level Capital Improvement Program", dated August 1978. The distribution by State is as follows: Truk, $6,789,300; Yap, $2,773,000; Ponape, $4,443,900; Kosrae, $1,687,700. The projects include water, sanitation, classrooms, dispensaries, seawalls, docks, roads, airports, power, fisheries, mariculture, agriculture, and others.

Mr. GANZ. It would be used for sanitation projects, sea walls, roads, docks and channels—needs that have been identified in the outer islands which have not benefitted from the construction that has been done to date.

Mr. MURTHA. Do you have a building which houses the Legislature?

Mr. GANZ. Yes

Mr. MURTHA. You have that. You say infrastructure. You're talking, then, about the basic things that any community has—basic communication as far as roads go, sewage system—that kind of thing—on which you'll spend your $15 million?

Mr. GANZ. That's right. In outlying areas.

Mr. MURTHA. In outlying areas. The main islands already have those types of facilities?

Mr. GANZ. They have a limited degree of facilities from the existing program that's being completed in fiscal year 1981.

CENTRAL GOVERNMENT FUNDS

Mr. MURTHA. The priorities as you list them, Mr. Vice President, $2.2 million, which I understand is a supplemental request, and some $4.4 odd million for government operations this year and then right down the line. If we have to cut something back, we start at the bottom and cut that part of the budget. Is that right?

Mr. TUN. The funds for the operation of our central government is our top priority. We need a supplemental appropriation for the current fiscal year of $2.2 million. That is because half of the fiscal year is already gone. $4.9 for fiscal year 1981.

Mr. MURTHA. Mr. Setik?

Mr. SETIK. Thank you. I was just going to add that the $2.2 million was not even in the administration's 1980 request.

Mr. MURTHA. The supplemental request.

Mr. SETIK. We would appreciate it very much if it could be included in the supplemental request. $4.9 million is what we need for fiscal year 1981, and it was not even in the books presented to your committee.

Mr. MURTHA. Do you agree with these priorities Mr. Secretary?

Mr. GREEN. Mr. Chairman, the Department of the Interior agrees that funding for the national government is necessary. We are working on a proposal now to be forwarded to the Office of Management and Budget. We are comfortable with a request for a supplemental of $2.2 million in 1980 and an amendment in 1981 of $4.1 million. Let me distinguish that from the need for capital improvement projects. As we mentioned earlier, the Department is cognizant of the fact that the outer islands continue to have a need for development of their infrastructure, and we intend to work in the coming weeks with the new governments.

The Secretary did meet with the President of the FSM, and we agreed to take a very close look at, and hopefully come up with, within the constraints of the President's budget, and the ceilings that the Congress has set, a very modest additional program in 1981.

Mr. MURTHA. I thank you all.

DEFICIT SITUATION

Mr. SETIK. A question was asked earlier about the states' contributions for the central government. Let me clarify that for the record. The states now are unable to support their own government operations. They are not even able to support that. As an example, at the beginning of fiscal year 1980, the Trust Territory, faced about a $2.7 million deficit, simply because of the inflation costs related to fuel, medical supplies, and so forth. All resources are consumed in covering the deficit. In 1980—the current fiscal year—we project that there is going to be a $6 million deficit throughout Micronesia; therefore, each state cannot contribute toward the central government. This is the factual information, which I hope you will consider.

On the matter of maintenance, there is another problem that I wish to call to your attention. Not even a penny was allowed for the past six to nine years, projected from 1969 up to now. There was not even enough money provided for the maintenance of facilities. An example for the record is in the statement of the Speaker of the Truk State Legislature calling attention to the situation in the Truk hospital today. It's really a mess. The boiler is not even working right. The air conditioning is down. It's very critical. The roof is leaking.

Mr. MURTHA. Is maintenance part of the $15 million request? Where does that fall in the request?

Mr. SETIK. It is not in the $15 million. The package mentioned earlier was compiled by Mrs. Van Cleve on maintenance costs. I call your attention to it because it was not even in the budget request before your Committee.

Mr. MURTHA. If you will submit the latter, we will put it in the record without objection.

[The information follows:]

## TTPI INFRASTRUCTURE AND RELATED OPERATION AND MAINTENANCE COSTS

### Description of Infrastructure

The infrastructure described herein is the infrastructure (equipment and structures) that will be in place in the TTPI when the ongoing construction program is completed in 1983. In this regard, the infrastructure was separated into two categories, i.e., existing and planned or on-going construction. The existing infrastructure are those facilities and equipment that currently are being utilized by the TTPI and will not be replaced by on-going or planned construction projects. The planned and on-going construction projects are the facilities that will be constructed as part of the 6-year CIP program which is administered by the Department of Navy, OICC Guam. These projects are targeted for completion in 1983.

When the 6-year CIP program is completed, each "district" government will have in the district center: a basic network of roads; a power generation and distribution system; water, sewer, and treatment systems; a telephone system; an airport; docks and harbors; a hospital and dispensaries; police and fire stations; administration and education facilities; and miscellaneous facilities in several of the more populated outer islands. In addition, the governments will have various pieces of equipment ranging from lawn mowers and vehicles to heavy-duty hauling equipment and ships.

The total estimated value of this infrastructure (including equipment) in 1984 is $464,870,000. (See Exhibit I for revised estimated value of infrastructure for period 1979 through 1988.) In preparing the estimates, replacement value was used for existing facilities and projected construction costs for planned and on-going construction projects. Both the Navy OICC Guam, and the TTPI Public Works personnel participated in the effort to identify the infrastructure and its estimated value. Exhibit II presents a summary of the infrastructure by type of facility, by locations, and its estimated value. Exhibit III presents a summary of the Navy's construction program.

Current Operations and Maintenance Program

The TTPI operations and maintenance program is a crisis oriented program. There are not enough funds for supplies, spare parts, and skilled personnel. As a result, equipment and facilities are not being maintained on a scheduled basis. This is in regard to preventative maintenance, periodic overhauls and refurbishment. Maintenance occurs and is performed when the equipment or facility is broken down, inoperative, or has deteriorated to the point of decay. If current practices continue equipment and facilities will deteriorate to such a state that they will have to be replaced rather than repaired.

Operation and Maintenance Responsibility

In the TTPI, the Department of Public Works is responsible for providing for the operation and maintenance of all utilities and most equipment and the maintenance of roads, airfields, docks, and all public buildings. However, it is not responsible for the operation and maintenance of highly specialized equipment used by TTPI-wide communications, health (hospital), transportation (ships), and broadcast. Thus, for this report, operation and maintenance will include all costs (O&M) for public works and transportation (field trip vessels) but only maintenance costs for the other areas.

Problems with Providing O&M

Before presenting an estimate of the future O&M costs, it is necessary to emphasize some of the key problems associated with the program.

A. Logistics

The remote physical location of these islands makes it extremely difficult to provide support. The movement of manpower and equipment is totally dependent on sea and air transportation. Major air service (Air Micronesia) is provided to each district center (except Kosrae) but only on every second day from Guam and Honolulu. Concerning ships each district center is visited by a field trip ship every four to six weeks. It is not uncommon to have delays in air service and shipping due to weather conditions and mechanical breakdowns. As a result, it is extremely important to plan well in advance for movement of equipment, supplies and materials.

B. Supplies and Materials, Spare Parts

Obtaining appropriate supplies and materials is a complex problem when the districts have to order from the U.S. Mainland or foreign countries. It can be several months (six to nine) before the necessary products are obtained from a vendor. For example, the TTPI uses freight forwarders for all materials sent via ships in order to reduce shipping costs. However, this increases shipping time as most items are held until a full container can be packed and shipped. Logistic and supply difficulties present problems even to major contractors who usually have good liaison with their home office. In the TTPI, the district must depend on the vendors themselves and on the liaison support provided by TTPI offices in Honolulu, San Francisco and Guam. Future plans call for the elimination of these three offices which will further complicate the problem.

C. Weather

Salt corrosion is definitely a problem on all of these islands. Frequent typhoons, tropical storms and heavy annual rainfull add additional problems.

D. Management and Personnel

Faced with difficult logistic and supply problems, there is a need for sound management and planning. Unfortunately, the management of the Public Works Department in the TTPI is continuing to decline, as expatriate personnel in Public Works leave the TTPI, leaving a void not only at the skill level of expertise, but in the more critical area of planning and sound maintenance management. As the more sophisticated equipment is installed, particularly power generators, sewage and water treatment plants, pumping stations, the requirement for skilled personnel to maintain these facilities is lacking. Regardless of the number of personnel needed both skilled and unskilled unless the critical areas of maintenance management are provided for such as a quality control inspection program, work planning and scheduling, and procurement, the O&M program will not succeed.

Current O&M Budget

The FY 1979 Budget for Public Works is approximately $10 million ($8,460 - operating budget and $1,600 - reimbursements). There are approximately 889 people (51 expatriates and 838 Micronesians) employed by the Department of Public Works. These resources are divided among the districts as follows:

| District | Budget ($) | Personnel |
|---|---|---|
| Palau | $ 2,382 | 232 |
| Yap | 1,050 | 147 |
| Truk | 1,916 | 156 |
| Ponape | 1,428 | 148 |
| Kosrae | 398 | 50 |
| Marshalls | 2,276 | 126 |
| Headquarters | 625 | 30 |
| Total | $10,075 | 889 |

Add to this total the budgeted O&M costs for transportation (ships and other) and maintenance costs for the equipment used in communications, health, and other areas and the total O&M costs for the TTPI in 1979 are approximately:

| | |
|---|---|
| Public Works | $10,075 |
| Transportation | 3,250 |
| Other | 2,600 |
| Total | $15,925 |

Projected O&M Budget

In order to adequately maintain and operate the TTPI infrastructure, the Department of Public Works estimates it will need approximately $24,000,000 per year (net of local reimbursements) (See Exhibit II). This is an increase of approximately $7,875,000 over the current FY 1979 budget costs. (The average yearly funding for O&M fluctuates due to the scheduled maintenance of equipment).

| | FY 1979 | Projected (81) | Increase |
|---|---|---|---|
| Public Works | $10,075 | $17,000 | $6,925 |
| Transportation | 3,250 | 3,600 | 350 |
| Other | 2,600 | 3,200 | 600 |
| Total | $15,925 | $23,800 | $7,875 |

Trust Territory budgeted levels for O&M in fiscal years 1980 and 1981 are approximately the same levels as 1979 ($16.0 million).

The development of this amount was based on a detailed analysis of the current operations, the anticipated future needs related to the on-going construction and scheduled maintenance for all equipment. (See Exhibit IV). In this regard, the following guidelines were used.

Facilities (buildings)

It is estimated that it will cost an average of 50 cents per square foot per year to maintain the buildings. This amount ranges from 79 cents per square foot for hospital facilities to 18 cents for warehouses. This average charge per square foot compares favorably with similar rates for Navy facilities. For example, Navy estimates an average per square foot cost of $1.00 for medical facilities as compared to 79 cents for the TTPI.

Utilities and Equipment

These estimates were based on manufacturer's scheduled maintenance. Included in the costs are amounts for repair kits, manhours, etc. In most cases, the analysis was done at the component level, eg., individual valves, switches, batteries, etc.

Fuel and Lubricant Costs

These estimates were based on the factory specifications on lubricants and fuel consumption, average KWH demand, and an estimate for increases in KWH. Because of the rapid increases in fuel costs, the amounts presented in the report will probably be low. Also,until the economy of the TTPI is developed,the recovery of costs through user charges will be minimal.

Based on this detailed analysis, the increased funding will be used (1) to hire additional staff in the Public Works offices (from 889 to 1681); (2) to enhance the training effort; and (3) to provide for supplies and materials for scheduled maintenance.

Concerning the personnel increases, the following is recommended.

| Type of Personnel | FY 1979 | Projected | Increase |
|---|---|---|---|
| Expatriate | 51 | 77 | 26 |
| Micronesian | 838 | 1,604 | 766 |
| Total | 889 | 1,681 | 792 |

The expatriates would include the following types of personnel in the districts.

Director
Individual in charge of work planning and scheduling (Industrial Engineer)
Individual in charge of procurement
Individual in charge of power generation
Individual in charge of water, sewer, and treatment facilities
Individual for facilities maintenance and possibly a master mechanic

The increases in Micronesian personnel would be in all technical areas.

The training effort would include on the job training through expatriates located in the districts and off-island training in Guam and other locations. The on the job training in the districts will be provided by the district expatriate personnel. On the job training is necessary to upgrade the skills of the personnel who are currently performing O&M.

It is anticipated that each area would need the expatriate personnel for approximately 5 to 7 years. At the end of this time, the existing personnel in the on the job training program in the districts should have obtained the experience necessary to assume the responsibilities from the expatriate personnel. It will be necessary to gradually phase out expatriate personnel starting from the lower levels up to the Director, who would be the last person to depart.

The off island training program is necessary to train local personnel to assume the O&M responsibilities in the future. The training should include both the technical and professional areas. Concerning technicians, the TT would need individuals with experience in power (electrical and mechanical), water and sewer (plumbing), refrigeration, heavy equipment maintenance, and telephones. The training of these individuals will take approximately 2 to 4 years depending upon their past experience. (An average time span to receive a Journeyman classification is four years.)

Concerning the professional field, the local personnel would need at least one individual in each of the major engineering fields. (Structural, civil, sanitary, electrical, etc.) This training will take longer because of a requirement for a college degree and some work experience.

Therefore, the need for additional personnel will be primarily to cover the new construction and equipment coming on line. This would bring the staffing to acceptable levels in order to provide the necessary scheduled maintenance.

Summary

It is apparent from visits to the district centers that the O&M process is incomplete. Preventative maintenance, orderly work planning and scheduling, and quality control inspections are non-existant. Supplies, materials and equipment are in short supply and there are no funds to purchase these items. In addition, there is a need for qualified experts in certain areas.

If the U.S. is to ensure that the $464,870,000 worth of infrastructure is properly maintained, it will be necessary to provide funds for the O&M of these facilities. However, dollars are not enough. As mentioned above, there is a definite need for special expertise in the districts. Whether, these experts are hired by the local governments as part of the existing staff, obtained via a contractor, or an IPA agreement does not matter as long as these personnel are hired and given the responsibility for O&M and training. Most importantly the need for short and long range O&M management planning and implementation is critically needed.

Other considerations (can) include the pooling of these professional talents. For example, the Government of Yap may not be able to support a full time "Power" engineer but the Government of Yap could share the cost with another state government. Moreover, a professional engineer with experience in power generation and distribution probably would not have enough work in only one state. Pooling of resource talent is a definite possibility for the Federated States.

If funds will become available, the next steps will be to determine how each government will solve the manpower problem; and to define a comprehensive training program for each government. Both of these actions should be planned and initiated prior to the termination of the Trusteeship Agreement. In the post Trusteeship period, funds should be earmarked for O&M only so that they will not be diverted to other areas.

(Revised 9/10/79)

REVISED - 10 Sept. 1979

LONG-RANGE OPERATIONS AND MAINTENANCE PLAN FOR INFRASTRUCTURE
(Revised August 1979)

TT-WIDE SUMMARY

| FISCAL YEAR | 1979 | 1980 | 1981 | 1982 | 1983 | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|---|---|---|---|---|
| Physical Plant value (1) | 287,890 | 302,291 | 356,377 | 432,759 | 461,748 | 464,870 | 464,870 | 464,870 | 464,870 | 464,870 |
| Original O&M Projections | 24,644 | 25,069 | 24,012 | 23,380 | 23,330 | 23,248 | 24,668 | 23,546 | 23,902 | 23,782 |
| ± Change in Maintenance Costs (2) | -0- | 10.4 | 16.7 | 83.1 | 102.9 | 148.0 | 159.6 | 168.5 | 180.3 | 190.3 |
| Adjustments (All Categories) (3) | (605.0) | 1.6 | (213.7) | (19.1) | (63.9) | (74.0) | (78.6) | (95.5) | (109.3) | (120.3) |
| Revised O&M Projections (4) | 24,039 | 25,081 | 23,815 | 23,444 | 23,369 | 23,322 | 24,749 | 23,619 | 23,973 | 23,852 |
| % Maintenance Cost/Phy. Plant | 8.35 | 8.29 | 6.68 | 5.42 | 5.06 | 5.02 | 5.32 | 5.08 | 5.16 | 5.13 |

NOTES: This summary updates the long-range estimates submitted in the "Long-Range Operations and Maintenance Plan for Infrastructure (1979-1988)" dated April 1978. Items in the current Six-Year C.I.P., which were not included in the above report plus other adjustments, are now included in this revised estimate. These totals include estimated maintenance of the infrastructure (utilities, facilities, vessels) and the operational costs associated with operation of all TTPI utilities and vessels. Operational costs for other functions, e.g., Health Services, Communications, Broadcasting, Transportation are not included. Figures in this summary are in thousands and 1978 constant dollars.

(1) Physical Plant Value includes and reflects the inclusion of the Six-Year C.I.P. program ($11,827 M$) and the deletion of the value of those items which are being replaced.

(2) ± Change in Maintenance Costs denotes the increased cost made necessary by the additions to the infrastructure through the C.I.P. program.

(3) Adjustments (All Categories) reflect the elimination of the requirement for barges because of the Navy/Interior transfer of LCU's, and transfer of funds between object classes in Health Services.

(4) Anticipated funding levels for O&M costs in fiscal year 1981 are under review within the Administration.

August 1979
Bureau of Public Works
T. T. P. I.



Exhibit I

SUMMARY: TT-WIDE ESTIMATED PHYSICAL PLANT VALUE VS MAINTENANCE COSTS
(1979-1988)
(IN THOUSANDS OF DOLLARS)

| Year/Physical/O&M Costs | Palau | Yap | Truk | Ponape | Kosrae | Marshalls | HQ BPW | TT Wide Sub-Total | Health | Comm -Main- tenance | Broad- casting | HQ Main- tenance | Field trip vessels | Transp. (Train) | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1979 Total physical plant | 61,028 | 26,830 | 51,264 | 57,582 | 7,565 | 80,149 | --- | 284,418 | --- | 3,441 | 31 | --- | --- | --- | 287,890 |
| Total O&M costs | 3,419 | 2,408 | 3,038 | 2,652 | 1,362 | 3,832 | 1,010 | 17,721 | 1,228 | 898 | 87 | 745 | 3,341 | 19 | 24,039 |
| 1980 Total physical plant | 62,892 | 33,710 | 51,264 | 59,663 | 8,319 | 82,971 | --- | 298,819 | --- | 3,441 | 31 | --- | --- | --- | 302,291 |
| Total O&M costs | 3,321 | 2,996 | 2,869 | 2,626 | 1,630 | 4,035 | 1,025 | 18,502 | 1,293 | 931 | 127 | 745 | 3,459 | 24 | 25,081 |
| 1981 Total physical plant | 64,341 | 34,770 | 88,210 | 69,584 | 8,319 | 87,681 | --- | 352,905 | --- | 3,441 | 31 | --- | --- | --- | 356,377 |
| Total O&M costs | 3,111 | 2,612 | 3,071 | 2,291 | 1,937 | 3,735 | 1,043 | 17,800 | 911 | 684 | 99 | 745 | 3,557 | 19 | 23,815 |
| 1982 Total physical plant | 75,505 | 52,023 | 88,210 | 74,875 | 45,467 | 93,207 | --- | 427,287 | --- | 3,441 | 31 | --- | --- | --- | 432,759 |
| Total O&M costs | 3,167 | 2,467 | 2,791 | 2,437 | 1,305 | 3,784 | 1,062 | 17,013 | 1,374 | 557 | 100 | 745 | 3,655 | --- | 23,444 |
| 1983 Total physical plant | 96,897 | 54,990 | 88,210 | 74,875 | 50,097 | 93,207 | --- | 458,276 | --- | 3,441 | 31 | --- | --- | --- | 461,748 |
| Total O&M costs | 2,885 | 2,587 | 3,321 | 2,650 | 1,311 | 3,535 | 1,079 | 17,368 | 704 | 684 | 110 | 745 | 3,758 | --- | 23,369 |
| 1984 Total physical plant | 96,897 | 54,990 | 88,210 | 77,997 | 50,097 | 93,207 | --- | 461,398 | --- | 3,441 | 31 | --- | --- | --- | 464,870 |
| Total O&M costs | 3,102 | 2,504 | 3,145 | 2,885 | 1,632 | 3,542 | 1,079 | 17,909 | 705 | 656 | 102 | 186 | 3,764 | --- | 23,322 |
| 1985 Total physical plant | 96,897 | 54,990 | 88,210 | 77,997 | 50,097 | 93,207 | --- | 461,398 | --- | 3,441 | 31 | --- | --- | --- | 464,870 |
| Total O&M costs | 3,749 | 2,788 | 3,236 | 2,856 | 1,666 | 3,508 | 1,099 | 18,923 | 1,002 | 658 | 103 | 186 | 3,877 | --- | 24,749 |
| 1986 Total physical plant | 96,897 | 54,990 | 88,210 | 77,997 | 50,097 | 93,207 | --- | 461,938 | --- | 3,441 | 31 | --- | --- | --- | 464,870 |
| Total O&M costs | 3,177 | 2,557 | 3,125 | 2,697 | 1,679 | 3,600 | 1,120 | 17,973 | 703 | 660 | 100 | 186 | 3,997 | --- | 23,619 |
| 1987 Total physical plant | 96,897 | 54,990 | 88,210 | 77,997 | 50,097 | 93,207 | --- | 461,938 | --- | 3,441 | 31 | --- | --- | --- | 464,870 |
| Total O&M costs | 3,216 | 2,780 | 3,170 | 3,024 | 1,557 | 3,477 | 1,138 | 18,382 | 706 | 472 | 105 | 186 | 4,122 | --- | 23,973 |
| 1988 Total physical plant | 96,897 | 54,990 | 88,210 | 77,997 | 50,097 | 93,207 | --- | 461,938 | --- | 3,441 | 31 | --- | --- | --- | 464,870 |
| Total O&M costs | 3,344 | 2,817 | 3,019 | 2,745 | 1,541 | 3,509 | 1,158 | 18,154 | 710 | 450 | 99 | 186 | 4,253 | --- | 23,852 |

Exhibit II

TT-WIDE SUMMARY OF CHANGES IN PHYSICAL PLANT VALUE DUE TO THE
SIX-YEAR CIP PROGRAMS AND ADJUSTMENTS TO O&M COSTS AS IDENTIFIED IN THE LONG-RANGE PLAN

| Physical Plant ($000) | 1979 | 1980 | 1981 | 1982 | 1983 | 1984 | 1985 | 1986 | 1987 | 1988 | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. Power Systems | 14,602 | 3,057 | 6,287 | 5,165 | --- | --- | --- | --- | --- | --- | 29,111 |
| 2. Water/Sewage Systems | 18,481 | 4,291 | 7,961 | 28,689 | 1,950 | --- | --- | --- | --- | --- | 61,372 |
| 3. Vehicles/Equipment | 12,534 | --- | --- | --- | --- | --- | --- | --- | --- | --- | 12,534 |
| 4. Roads and Bridges | 22,469 | 1,131 | 10,187 | 7,433 | 4,630 | 3,122 | --- | --- | --- | --- | 48,972 |
| 5. Primary Docks | 20,410 | 5,922 | 7,268 | 11,800 | 1,017 | --- | --- | --- | --- | --- | 46,417 |
| 6. Primary Airfields | 17,579 | --- | 22,383 | 23,295 | 21,392 | --- | --- | --- | --- | --- | 84,649 |
| 7. Buildings | 157,086 | --- | --- | --- | --- | --- | --- | --- | --- | --- | 157,086 |
| 8. Broadcast Stations | 394 | --- | --- | --- | --- | --- | --- | --- | --- | --- | 394 |
| 9. TT-Wide Communications | 7,753 | --- | --- | --- | --- | --- | --- | --- | --- | --- | 7,753 |
| 10. Ships/Vessels | 15,880 | --- | --- | --- | --- | --- | --- | --- | --- | --- | 15,880 |
| 11. Telephone systems | 702 | --- | --- | --- | --- | --- | --- | --- | --- | --- | 702 |
| Total Plant Increases | --- | 14,401 | 54,086 | 76,382 | 28,989 | 3,122 | --- | --- | --- | --- | |
| Physical plant total | 287,890 | 302,291 | 356,377 | 432,759 | 461,798 | 464,870 | 464,870 | 464,870 | 464,870 | 464,870 | 464,870 |
| O&M Costs ($000) | | | | | | | | | | | |
| LRP (April 78) | 24,644 | 25,069 | 24,012 | 23,380 | 23,330 | 23,248 | 24,668 | 23,546 | 23,902 | 23,782 | |
| Adujustments to LRP | -605 | 12 | -197 | 64 | 39 | 74 | 81 | 73 | 71 | 70 | |
| Adjusted O&M total | 24,039 | 25,081 | 23,815 | 23,444 | 23,369 | 23,322 | 24,749 | 23,619 | 23,973 | 23,852 | |

Exhibit II

Exhibit II

Legend:

M$ = Thousand of Dollars
M = Thousands
Mw = Megawatts = Millions of Watts
Mgd = Millions of Gallons per Day
Mi = Miles
Lf = Lineal Feet
MSY = Thousands of Square Yards
MSF = Thousands of Square Feet
KW = Kilowatts = Thousands of Watts
DWT = Dead Weight Tons = Load Capacity
O&M = Operations and Maintenance
LRP = Long-Range Plan

Exhibit II

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Exhibit II

Exhibit II

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Exhibit II

amounts by year of physical plant value
(at costs/year in maintenance cost due to
--year CIP.

POWER

LEGEND: PHYSICAL PLANT COST
(UNITS)
INCREASED MAINTENANCE COSTS

| | POWER SYSTEMS MW/CAPACITY | WATER/SEWAGE SYSTEMS TREAT WATER/WASTEWATER TREATED / TREATMENT | TRUCKS/AUTOMOBILES TRK/VEH MAINT $ | BRIDGE & BRIDGES NO. OF BRIDGES | PRIMARY DOCKS LF FACING/ STORAGE YARDS & AIRING | PRIMARY AIRFIELDS NO./RUNWAY AIRCRAFT | BUILDINGS NO. FOOTAGE | BROADCAST SYS. NO. RATINGS | TELEPHONE COMMUNICATIONS | BASES/VESSELS NO./SHIPS | TELEPHONE SYSTEMS NO./TERMINALS | PHYSICAL PLANT INCREASES | PHYSICAL PLANT PLANT TOTAL ($B) | NEW/OTHERWISE TO LAND ($B) | LAND ($B) | BUILDINGS ($B) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1979 | 780<br>(272.42 Mw) | 300<br>(1.82/-) | 852<br>(30/12) | 814<br>(112.8 Mi) | 1361<br>1243/0.7 MBT) | 530<br>(1/11.1 MSF) | 1943<br>(55 MSF) | 44<br>(11) MW) | 283 | | | | 7363 | | 1347.8 | 1362.8 |
| 1980 | 774<br>(1.9 Mw) | | | | | | | | | | | 734 | 8319 | | 1639.5 | 1629.5 |
| 1981 | | | | | | | | | | | | | 8319 | | 1537.2 | 1537.2 |
| 1982 | 1343 | 13932 | | 3516<br>(2.3 Mi) | 5178<br>(532 LF/12 MBT) | 12000<br>(121.9 MBT)<br>3.0 | | | | | | 37149 | 65487 | 2.0 | 1307.3 | 1305.3 |
| 1983 | | | | 4630<br>(22 Mi) | | 3.0 | | | | | | 4630 | 70097 | 3.0 | 1308.7 | 1316.7 |
| 1984 | 13.8 | | | | | 3.0 | | | | | | | 70097 | 15.0 | 1634.7 | 1610.9 |
| 1985 | 15.3 | | | | | 3.0 | | | | | | | 70097 | 17.3 | 1649.8 | 1666.1 |
| 1986 | 17.0 | | | | | 3.0 | | | | | | | 70097 | 19.0 | 1679.8 | 1679.8 |
| 1987 | 18.9 | | | | | 3.0 | | | | | | | 70097 | 20.9 | 1536.1 | 1527.0 |
| 1988 | 3137<br>(272.42 Mw)<br>21.3 | 13152<br>(2.0/0 Mgd) | 803<br>(30/13) | 7716<br>(37.1 Mi) | 5560<br>(699 LF/24.0 MBT) | 12538<br>(1/113 MSF)<br>3.0 | 2943<br>(55 MSF) | 66<br>(12) MW) | 283 | | | | 70097 | 23.1 | 1317.5 | 1540.8 |

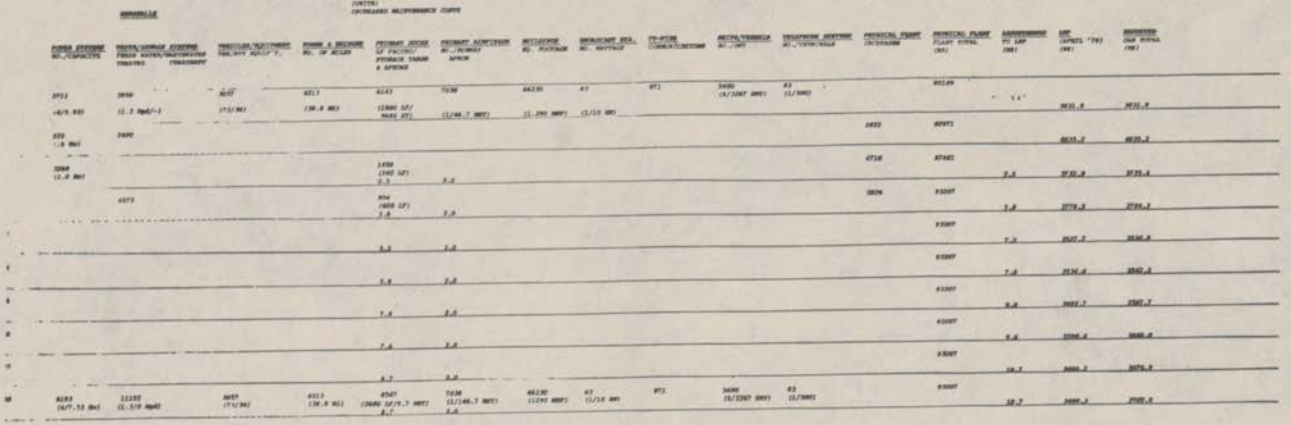

Exhibit II

ANALYSIS OF 6-YEAR CIP PROGRAM PROJECTS
(FOR TEN-YEAR OPERATION & MAINTENANCE PLAN FOR THE TTPI)
(Prepared 21 August 1979)



| STATE (DISTRICT) AND PROJECTS | FY FUNDED | ($K 000) AMT (Prog. Amt) | AWARD DATE (E = Est.) | COMPLETION DATE (E = Est.) | REPLACEMENT CODE R = Total Replace P/R = Partial Replace A/O = Add-on to Existing | | SCOPE & COMMENTS |
|---|---|---|---|---|---|---|---|
| I. PALAU | | | | | | | |
| Roads (Phase I) - (Pkg I) | FY76/77 | $ 2.019 | 11 Aug 78 | Apr 81(E) | R | 100% | 4.8 miles; pave & improve; Malakal Dock, Koror Town; to Konrak Bridge. |
| Dock (container storage yard) - (Pkg I) | FY76/77 | .705 | 11 Aug 78 | Dec 79(E) | P/R | 40% | Pave 10,000 sq. yds. of container storage yard. |
| Water - (Pkg I) - (Pkg I) | FY76/77/78 | 3.451 | 11 Aug 78 | Aug 80(E) | P/R | ? | 25,500 LF transmission mains; Babelthaup WTP to Topside Koror; Ngurusar to airport; Ngerbedel Village; 6 acre catchment and 2.6 million gal. storage at Peleliu; 3,000 LF distribution lines at Angaur. |
| Roads (Phase II) - (Pkg II) | FY79 | 1.897 | 19 Nov 79(E) | Dec 81(E) | R | 100% | 3.9 miles; pave & improve; Malakal to Marine culture; Arakabesan, Ngermid, Konrak Bridge to airport (Babelthaup). |
| Electrical - (Pkg II) (Phase I) | FY79 | 2.582 | 19 Nov 79(E) | Dec 81(E) | A/O & P/R | ? | Three 1250 KW generators; expand Malakal Power Plant; improve & extend distribution lines through Koror to Konrak Bridge. |
| Airfield (incl. FAA) - (Pkg II) | FY79/80 | 24.078 | 19 Nov 79(E) | Dec 82(E) | R | 100% | 7,300 ft. runway, same location. |
| Sewer (Satellite) - (Pkg III, incl. EPA) | FY76/77 | 2.107 | 25 Jun 80(E) | Jan 82(E) | A/O | 100% | Build 18 satellite sewer collection systems, including lift sta. in K-cor, Malakal, Arakabesan, Ngarmid & Babelthaup. |
| Roads (Phase III) - (Pkg IV) | FY81 | .783 | Nov 80(E) | Dec 81(E) | — | 100% | This is funding to cover Pkg I & II shortfalls. Not additional roads. |
| Water Resources - (Pkg IV) | FY81 | 3.550 | Nov 80(E) | Dec 82(E) | A/O | 100% | New dam, pumps, transmission and treatment. |
| Electrical - (Phase II) - (Pkg IV) | FY81 | 3.100 | Nov 80(E) | Jun 82(E) | — | A/O & P/R | This is funding to cover Pkg II shortfalls. Not additional facilities. |
| TOTAL FOR PALAU | | $43.174(E) | | | | | |
| II. YAP | | | | | | | |
| Roads (Phase I) - (Pkg II) | FY76/77/78 | $ 1.338 | 5 Sep 78 | 14 Nov 79(E) | R | 100% | 1.3 miles; pave & improve; FW yard to new hospital and southside of Chamorro Bay. |
| Dock: Colonia (Pkg I) | FY76/77/79 | 5.842 | 30 Jan 78 | Jan 80(E) | R | 100% | New dock on northside of Donterach Islands, 450X 125 ft. vertical face; 12,500 sq. yds. asphaltic container yard. |
| Ulithi (Pkg IIIA) | FY79/80 | 1.300 | 15 May 80(E) | Jun 82(E) | A/O | 100% | Dock to handle field trip vessels; including access road. |
| Wolfai (Pkg IV) | FY79/80/81 | 1.817 | 15 Mar 81(E) | Dec 82(E) | A/O | 100% | Dock to handle field trip vessels; including access road. |
| Water (Pkg II) | FY76/77 | .319 | 5 Sep 78 | 14 Nov 79(E) | A/O | 100% | 8,200 LF water laterals; improve existing distribution system; upgrade treatment plant. |
| Electrical (Pkg II) | FY76/77/78 | .455 | 5 Sep 78 | 26 Aug 79(E) | A/O | 100% | Two 800 KW generators; extend distribution lines to new hospital |
| Airfield (Pkg IV) | FY80 | 13.100 | 15 May 80(E) | Dec 82(E) | R | 100% | 6,000 ft. runway, in new location. (replaces old airfield) |
| Roads (Phase II) (Pkg III) | FY80 | 2.705 | 15 May 80(E) | Dec 81(E) | R | 100% | 5 miles; pave & improve; airport to northside of Chamorro Bay and road to new dock & legislature bldg. |
| Sewer (Pkg III) | FY80 | 1.644 | 15 May 80(E) | Dec 81(E) | A/O | 100% | Improvements to sewer system based on facility plan. |
| Electrical (Force Account) | FY80 | 1.132 | 15 Oct 79 | Dec 80(E) | A/O | 100% | 6 miles distribution lines; Tomil to Map and 2 miles on western coast to Fanif. |
| Roads (Phase III) (Pkg IV) | FY81 | .850 | Nov 80(E) | Dec 81(E) | — | 100% | This is funding to cover Pkg II and III shortfalls. Not additional roads. |
| Water Resources (Pkg IV) | FY81 | 1.950 | Nov 80(E) | Dec 82(E) | A/O | 100% | Increase reservoir capacity; improve treatment; added distribution lines to outlying areas. |
| TOTAL FOR YAP | | $31.672(E) | | | | | |

TRUST TERRITORY OF THE PACIFIC ISLANDS
ANALYSIS OF 6-YEAR CIP PROGRAM PROJECTS
(FOR TEN-YEAR OPERATION & MAINTENANCE PLAN FOR THE TTPI)
(Prepared 31 August 1979)



| STATE (DISTRICT) AND PROJECTS | FY FUNDED | ($K 000) AMT (Prog. Amt) | AWARD DATE (E = Est.) | COMPLETION DATE (E = Est.) | REPLACEMENT CODE R = Total Replace P/R = Partial Replace A/O = Add-on to Existing | | SCOPE & COMMENTS |
|---|---|---|---|---|---|---|---|
| III. TRUK | | | | | | | |
| Airfield (Incl FAA) ( Pkg I) | FY76/77/78/79 | $20.951 | 30 Apr 79 | 30 Apr 81 | P/R + A/O | 20-40% | 6,000 LF, NAVAIDS, obstruction lights. |
| Dock (Pkg II) | FY79 | 3.573 | 23 Aug 79 | 30 Jan 81 | A/O | | 300 LF 3700 sq. ft. additional paving. |
| Electrical (Pkg II) | FY79 | 2.143 | 23 Aug 79 | 30 Jan 81 | A/O, P/R | 75-25% | 70,000 LF dist, 2-800 KW generators. |
| Marine Resources (Pkg II) | FY78 | 2.245 | 23 Aug 79 | 30 Jan 81 | A/O | | Improvements, 33X 64 ft. dock. |
| Roads (Pkg III) | FY80 | 3.744 | 1 Mar 80 | 1 Mar 81 | A/O | | 7.1 miles improvement. |
| Water (Pkg III) | FY80 | 3.744 | 1 Mar 80 | 1 Mar 81 | A/O | | 10,000 ft. dist., 3-1 mil. gal,5300 LF at Wichip, fire hydrants, treatment. |
| Sewer (Pkg III) | FY80 | 3.455 | 1 Mar 80 | 1 Mar 81 | A/O | | 26000 LF mains, lift stations. |
| TOTAL FOR TRUK | | $39.896 | | | | | |
| IV. PONAPE | | | | | | | |
| Dec Sokele Bridge (Roads) - (Pkg II) | FY76/77/78 | $ 1.046 | | 30 Jan 79 | R | | |
| Airfield Lighting (Incl FAA) (Pkg I) | FY76/77 | .577 | | 30 Aug 78 | A/O | | |
| Roads (circumferential) - (FTA) Phase I | FY76/77/78/79/80 | 1.067 | | 30 Aug 79 | A/O | | 10 miles new unimproved. |
| Roads (paved) (Pkg III) | FY78/79 | 6.072 | 18 May 79 | 18 May 81 | A/O | | 11 miles paving. |
| Docks (Pkg III & IV) | FY79 | 1.670 | 18 May 79 | 18 May 81 | A/O | | Repairs |
| Water (Pkg III) | FY78 | .721 | 18 May 79 | 18 May 81 | A/O | | Various improvements |
| Electrical (Pkg III) | FY78/79 | 2.734 | 18 May 79 | 18 May 81 | R | | 23.1 miles dist. |
| Airfield (paving) (Pkg III) | FY79 | 3.784 | 18 May 79 | 18 May 81 | A/O | | |
| Sewer (Pkg IV) | FY80 | 3.944 | 30 Aug 80 | 30 Aug 82 | A/O | | Sewage disposal. |
| Marine Resources (Pkg IV) | FY78 | 1.347 | 30 Aug 80 | 30 Aug 82 | A/O | | 90 LF dock face, paving, electrical |
| Roads (circumferential) (FTA) Phase II | FY81 | 3.122 | 30 Nov 80 | 30 Nov 83 | A/O | | 24 miles circ. road. |
| TOTAL FOR PONAPE | | $25.884(3) | | | | | |
| V. KOSRAE | | | | | | | |
| Electrical (Phase I) (Pkg I) | FY78 | $ .734 | 9 Feb 79 | 7 Jun 80(E) | A/O | | Install 3-400 KW, 1-600 KW, complete plant bldg., complete substation. |
| Roads (Phase I) (Pkg II) | FY78 | 2.514 | 9 Oct 79(E) | 9 Oct 81(E) | A/O | | 1200 LF Okat - Tafuneak. |
| Dock (Phase I) (Pkg II) | FY78 | 3.368 | 9 Oct 79(E) | 9 Oct 81(E) | A/O | | Earthwork for Phase III, 6000 LF small boat channel. |
| Water (Phase I) (Pkg II) | FY78 | 1.168 | 9 Oct 79(E) | 9 Oct 81(E) | A/O | | Tofol treatment plant. |
| Airfield (Pkg II) | FY78 | 12.000 | 9 Oct 79(E) | 9 Oct 81(E) | A/O | | 8000 LF unpaved. |
| Roads (Phase II) (Pkg III) | FY80 | 4.430 | 30 Jun 80(E) | 30 Jun 83(E) | A/O | | 22 miles circumferential - unimproved. |
| Dock (Phase II) (Pkg III) | FY80 | 4.850 | 30 Apr 80(E) | 30 Apr 82(E) | A/O | | 550 LF, 30000 sq. ft. hardstand. |
| Water (Phase II) (Pkg III) | FY80 | 3.200 | 30 Apr 80(E) | 30 Apr 82(E) | A/O, R | | Replace Lelu system, add treatment, add distribution. |
| Sewer (Incl. EPA) (Pkg III) | FY80 | 8.784 | 30 Apr 80(E) | 30 Apr 82(E) | A/O, R | | 60000 LF, treatment plant (primary.) |
| Electrical (Phase II) (Pkg III) | FY80 | 1.607 | 30 Apr 80(E) | 30 Apr 82(E) | A/O, P/R | 60/40 | 22 miles distribution |
| Electrical (Phase III) (Pkg IIIA) | FY81 | .300 | 30 Jan 81 | 30 Jun 81 | A/O | | Rehab 2 generators. |
| TOTAL FOR KOSRAE | | $43.156 | | | | | |

TRUST TERRITORY OF THE PACIFIC ISLANDS
ANALYSIS OF 6-YEAR CIP PROGRAM PROJECTS
(FOR TEN-YEAR OPERATION & MAINTENANCE PLAN FOR THE TTPI
(Prepared 21 August 1978)

| STATE (DISTRICT) AND PROJECTS | FY FUNDED | ($ IN 1000) AMT (Prog. Amt) | AWARD DATE (E = Est.) | COMPLETION DATE (E = Est.) | REPLACEMENT CODE R = Total Replace P/R = Partial Replace A/O = Add-on to Existing | | SCOPE & COMMENTS |
|---|---|---|---|---|---|---|---|
| VI. MARSHALLS | | | | | | | |
| Dock - Majuro | FY76/77 | $ 3.090 | 30 Dec 77 | 14 Sep 79(E) | A/O | 100% | New dock at Dalap; 1,450 LF of dock face; container storage yard. Old T-dock (in Uliga) remain operative. |
| Dock - out-islands (Phase I) | FY79/80 | 2.900 | Dec 79(E) | Jul 81(E) | R; P/R&A/O | (various) | Docks at subdistrict centers of Ebeye, Jaluit & Wotje and small out-island docks, up to 12. |
| Water - Ebeye | FY78 | .562 | 31 Oct 78 | 30 Mar 79 | A/O | 100% | Combination catchment/reservoir of 200,400 sq. ft. (Impound approx. 1 mil. gal) |
| Water - Majuro | FY79 | 3.100 | 1 Oct 79(E) | Mar 80(E) | A/O&R | 100% | Two 3 mil. gal. reservoir and replace lagoon and oceanside catchments at airfield. |
| Sewer - Majuro (incl. EPA) | FY79 | 3.372 | Jan 81(E) | Jul 82(E) | A/O | 100% | Sewer treatment (Majuro) plus collection lines at D-U-D Laura and Ebeye (based on FacPlan) |
| Sewer - Ebeye (incl. EPA) (treatment plant) | FY76/77 | .914 | carry-over | 28 Jul 78 | A/O | 100% | STP - oxidation pond. |
| Sewer - Ebeye, emergency | FY79 | 1.100 | Sep 79(E) | Dec 80(E) | A/O&R | 100% | Upgrade of sewer collection system; including saltwater flushing system. |
| Electrical - Ebeye | FY79 | .750 | 28 Feb 79 | Jun 80(E) | A/O&R | 100% | One 600KW generator; improve distribution system. |
| Electrical - Majuro (Phase I) | FY79/80 | 2.568 | Sep 79(E) | Dec 80(E) | A/O&R | 100% | New power plant at Dalap (near new dock); one new 1000 KW generator; three fuel storage tank; dist. lines improve old power plant (Majuro) as standby. |
| Hospital renovation - Majuro (4) | FY80 | 2.496 | May 80(E) | Jun 82(E) | R | 100% | Present plans to replace existing hospital w/new 80-bed hospital. |
| Dock - out-islands (Phase II) | FY81 | .954 | Nov 80(E) | Dec 81(E) | A/O | 100% | Additional out-island docks (see line item #2). |
| Water resources - Marshalls | FY81 | 1.000 | Nov 80(E) | Dec 81(E) | A/O | 100% | Additions to airfield catchment system. |
| Electrical - Majuro (Phase II) | FY81 | 1.260 | Nov 80(E) | Dec 81(E) | A/O | 100% | This is funding only, to cover Majuro electrical shortfalls. (Not added facilities) |
| Education - (cafeteria) | FY81 | 1.781 | Nov 80(E) | Jun 81(E) | R | 100% | Replace existing Majuro High School cafeterium. |
| TOTAL FOR MARSHALLS | | $39.047(5) | | | | | |
| TOTAL FOR TTPI | | $111.987 | | | | | |

FOOTNOTES

(1) Does not include: Contribution to Malakal Bridge $ .220K
Water money to TTPI .200K
Electric money to TTPI .135K
TOTAL $ .555K

(2) Does not include: Electric money to TTPI $ .110K

(3) Does not include: Electric money to TTPI $ .143K
FY78 sewer matching fund to be reprogrammed to water resources .875K
TOTAL $1.018K

(4) May be increased by FY80 budget. Amendment to $6.476K and new hospital built, instead of renovation.

(5) Does not include: Electrical money to TTPI $ .205K

PROPOSED 1981 O&M BUDGET
FOR TTPI
(M$)

| Function | O&M Manpower | Training | Other | Total |
|---|---|---|---|---|
| Power | $7,441 | $ 878 | $ 9,511 1/ | $17,800 |
| Transportation | -0- | 19 | -0- | 19 |
| Communication | 288 | 25 | 371 | 684 |
| Health | 112 | -0- | 799 | 911 |
| Broadcasting | 37 | -0- | 62 | 99 |
| Field Trip Vessels | 2,100 | 104 | 1,353 | 3,557 |
| Other | -0- | -0- | *745 | 745 |
| TOTAL | $9,948 | $1,026 | $12,841 | $23,815 |

*Headquarters Maintenance

1/ 59% of this amount is for fuel purchases.

Mr. GREEN. If I may, Mr. Chairman, the maintenance does not necessarily appear in the line item, but there will be funds based on the expression of needs among various entities. We will allocate funds for maintenance purposes, but it is, of course, difficult to say whether or not that is sufficient to meet all of them at this time.

Mr. MURTHA. Thank you very much. We appreciate your coming, and we will give it every consideration. The budget, as we say, is going to be tight. Obviously there is substantial increase in the budget even though it sounds like we're cutting the budget, there will be an increase this year, so it's not like we're cutting the budget. We're just cutting it back in order to balance it.

## PALAU DELEGATION

Next we have the Palau delegation. We have the acting District Administrator, Mr. Batcheller, and Mr. Maui, the District Program and Budget Officer, and three members of the district legislature. Mr. Chairman, if you will introduce your colleagues.

Mr. NAKAMURA. Thank you very much, Mr. Chairman. Beginning at my extreme right is Vice Chairman of the Ways and Means Committee, Legislator Hideo Termeteet; at my immediate left is Mrs. Linda Vancil, who is the assistant legislative counsel for our district legislature, and of course, the individual who yielded the floor to me is our Acting District Administrator, Mr. Kim B. Batcheller.

Mr. MURTHA. We have two statements.

Mr. NAKAMURA. Mr. Chairman, the one which we just submitted supersedes the others.

Mr. MURTHA. The latest statement then will be made in its entirety part of the record. We will also place in the record your supplemental request and your add-ons for fiscal year 1981.

[The statement and other information follows:]

Trust Territory of the Pacific Islands
Palau District

FY 1980 Supplemental Budget Request

| | FY 1979 Funding | FY 1980 Base Approp. | Requested Supplemental | FY 1980 Revised Budget |
|---|---|---|---|---|
| 1. Public Works | 1,804,300 | 1,760,400 | 1,956,152 | 3,717,292 |
| 2. Health Services | 1,140,000 | 1,140,000 | 300,000 | 1,440,000 |
| 3. Education | 1,458,000 | 1,483,000 | 100,000 | 1,583,000 |
| 4. Public Affairs | 143,000 | 135,000 | -0- | 135,000 |
| 5. Resources & Development | 559,400 | 579,200 | -0- | 579,200 |
| 6. Protection to Pers. & Property | 430,000 | 403,000 | -0- | 403,000 |
| 7. Administration | 416,700 | 410,000 | -0- | 410,000 |
| 8. Transportation & Communication | 98,300 | 121,300 | -0- | 121,300 |
| | $6,049,700 | $6,031,900 | 2,356,152 | $8,388,052 |

As shown above, the total operations budget for Palau decreased by some $18,000 between 1979 and 1980. This occurred despite deficits in 1979 of some $300,000 in Public Works, $158,000 in Medical Referrals, and $67,000 in Education. Thus Palau began the 1980 fiscal year by absorbing 1979 deficits. The areas for which supplements are requested are Public Works, Health Services, and Education.

Medical Referral - Proposed Supplement; +$300,000 - Travel, Liaison Office and Contractual Services.

Current Program: The medical referral program provides for Palauans with urgent health problems, which Palau lacks the facilities to treat, to be referred and treated at the closest facility where the necessary medical procedure can be administered. Additional funds will be required to operate this program in FY 80. One of the problems this District has in budgeting for this program, is that billings from hospitals to which patients are referred, do not come in until several months after the treatment is completed, and communications problems from the district make it impossible to verify the projected amounts in advance. As a result, when the FY 80 budget was considered it was impossible to foresee that the program would incur a deficit in 1979 of $158,000 as was later discovered. In 1979 the major costs were transportation costs for persons referred, in the amount of $25,226.46 and contractual services (billings from the hospitals to which referrals were made), in the amount of $207,456.00, for a total of only 26 patients referred. Since these high costs have been known, efforts have been made to provide funding from other sources. The Legislature provided additional funding in the amount of $75,000 for FY 79 and expects to provide similar funding this year. Rules have now been

implemented requiring that transportation costs be borne by the family of the person referred. However, the income level in Palau is very low by U.S. standards, and the 20 percent increase in the cost of travel between Palau and Honolulu, the only hospital in the Pacific Basin where some complicated operations can be performed, makes it impossible to require the individual to pick up any more of this burden. In addition a new FAA regulation implemented this year, requires that stretcher patients to be transported in stretchers bolted to the floor in place of six regular airline seats, so that the airlines now are charging the regular fare timessix, for the serious medical referrals. As a result, it is expected that the District may in at least some cases have to pick up a portion of the transportation bill. Additionally the cost of transporting patients by air from villages to the Palau Airport (villages are not served by road) has increased with the jump in fuel costs. In additional cost first passed on to the district this year from Trust Territory Headquarters, is Palau's pro rata share of the costs in a Medical Liaison Office to handle medical referral patients in Guam. This is expected to cost in the vicinity of $10,000. Another factor is the increase in hospitalization costs at Military hospitals to which persons must be referred, from $242.00 to $253.00. Cost of medicine and other medical care have also increased. The final factor contributing to the increase is the rapid and unforeseeable growth in the number of referrals made. While in 1979 and previous years, the maximum number of patients referred was 26, already in the first five months of this year there have been 22 persons referred, which requires us to project that at least 42 persons might be referred in the entire fiscal year. The reason for the increase in the number of referrals is not clear, but may be related to a growing awareness among the population of the availability of health services. Palau is searching for alternative ways of dealing with the problem and thereby reducing the use of this costly referral program. Teams of medical specialists have been brought in on occasion, and the District would like to increase the frequency of these visits, so that urgent health problems might be averted. However, the equipment necessary for use by specialists is not yet available here, and the District would like to work on obtaining this through other revenues, while continuing at least for the present time, the present necessary level of services in the medical referral program.

Amount budgeted for FY 80, $75,000.00

Feasibility: The cost per patient last fiscal year, exclusive of transportation exceeded $8,000.00 per referral made. Assuming there are 42 patients in FY 80, the cost for all referrals exclusive of transportation would be approximately $339,000. Travel cost, at the same level as last year, assuming most referrals are able to pay the cost of transportation, would be $26,000.00. The Medical Liaison Office is expected to cost $10,000. Thus with a budget increase as requested, the District will be able to continue operation of the program, while revenues from the Legislature can be used to improve hospital facilities, and to develop plans to reduce the use of the referral program without decreasing the level of medical services available, in future years.

Capability: The $300,000 requested is sufficient to accomplish the objective of maintaining operations at the present level.

| | | | |
|---|---|---|---|
| Previous appropriation | $ 75,000 | Projected contractual services | $339,000 |
| Supplemental requested | 300,000 | Liaison Office in Guam | 10,000 |
| | | Transportation costs | 26,000 |
| | $375,000 | | $375,000 |

Public Works - and Operations — Proposed Supplement $1,956,152.00 -POL (fuel) and Maintenance.

Current Program: The Department of Public Works supplies fuel to governmental entities and to private consumers who are charged for use. The Operations and Maintenance Division maintatins and improves public works projects, including roads and capital improvements. Because of the Ceiling imposed on the operating budger for Palau in 1980, which was some $18,000. below the funding level of 1979, programs had to be cut back. Thus the total public works budget was decreased by some $40.000. and the POL budget was decreased by some $212.000. Although this may seem like poor planning when unrealistic ceilings are provided, within which wer are instructed to work, we cannot plan a reasonable budget. At the time the budget cut was made, the drastic increase in fuel prices was not forseable. However Palau terminated the 1979 fiscal year with a deficit of over $319.000. for fuel. This deficit was absorbed in the FY 1980 budget. However, by that time it was clear that thel980 deficit would be ever larger, at least the $319,000 increased by the $212.000. budget cut. Thus, even if prices and consumption had remained static an FY 80 deficit of $532,000 would occure however prices of fuel to the government have increased from $.506 per gallon when the Fy 80 budget was prepared to $1.11 per gallon as of March, 1980, and they are steadily rising each month. Also because of highly irregular power, Public Works leased two generators from the United States Army. Power failures are still frequent, but because of the increased efficiency of the generators, fuel consumption by the power plant has increased som 67%. As of February 28, 1979, only five months into this fiscal year, a total of $871.000 had been spent on fuel. These figures are based on the billings running between $.80 and $1.06 per gallon, but as stated, the cost is now higher.

The current rates of fiel consumption are as follows: diesel fuel 181.000 gallons per month at $1.11 per gallon delvac oil for the power plant $174.30 per drum, 40 drums per month miscellaneous fuel priducts $1,696 per month at present rates. Thus the fuel costs for the remaining seven months of this fiscal year, assuming no further price increases, would be:

$1,406,370 for diesel
11,872 for miscellaneous products
48,804 for delvac oul

~~$1,467.046~~
871,846 for the first five months
~~$2,338,892~~ for FY 80
(432,000) amount budgeted for FY 80

$1,906,892 projected deficit assuming no further increase

The Palau District has made efforts to reduce this deficit, including directives to users of government housing that they shut off water heaters and air conditioners, elimination of the policy of paying fuel bills for future expatriate employees, freezing the

purchase of new vehicles for government use, creation of a boat pool and requirements that government agencies coordinate trips to outer municipalities, the institition of a policy whereby governmental agencies are charged for fuel in order to encourage conservation, and a 67% rate increase, which our citizens are barely able to pay.

Feasibility: We believe that if the requested supplemental were granted, increased costs for the balance of FY 80, above the present rate of $1.11 per gallon, could be offset by our fuel saving policies.

In addition to the figure outlined above for fuel, we are requesting an additional $50,000 for Operations and Maintenance, which would cover increasing costs in that area due to inflationary factors affecting materials and supplies, and the increasing demand for services due to Capital Improvement Programs.

Amount Budgeted for FY 80: $1,760,400

Capability: The requested supplement would be apportioned as follows:

| | |
|---|---|
| Increased POL costs | $1,906,892 |
| Increased O & M | 50,000 |
| Base Allocation | 1,760,400 |
| Revised Total | $3,717,292 |

Elementary and Secondary Education - Proposed Supplement: +$100,000.

Current Program: The educational program in Palau provides basic elementary education and secondary education to those able to meet entry requirements. Elementary education must be provided in villages inaccessible by road, and materials and personnel must be transported to those villages by boat, resulting in high fuel consumption. FY 1979 the program incurred a deficit of $67,000. A private mission high school burned down requiring the public schools to accomodate additional students and retain 2 teachers more than expected, as well as additional text books and equipment. Textbooks for all students must be replaced and the cost of textbooks and supplies have doubled within the last 2 years.

The FY 80 budget for education was not increased over FY 79 budget despite step increase for teachers mandated by law. Due to the budget ceiling imposed on the Palau District, and the fact that the District was required to assume and pay for programs for which the Trust Territory Headquarters previously had responsibility, the actual operating budget for the District decreased, and it was necessary to pass the total decrease on by not budgeting amounts actually needed to maintain services in areas such as education. The Department of Education has tried to conserve funds without decreasing the level of services, but in view of the problems above, has been unable to do so.

Amount Budgeted for FY 80: $1,483.00

Feasibility: With the increase requested the Department will be able to maintain the present level of services and provide necessary texts and equipment for the upcoming school year, without massive cutbacks in teachers and educational materials. Cutbacks in teachers would have an adverse impact both on the students and the overall economy. Many textbooks are outdated or not geared to the students of the district. The increase would allow new texts to be ordered in time for the 1980-81 school year.

Capability: In the Secondary Education Division - The requested supplemental would be as follows:

| | |
|---|---|
| Retaining 2 teachers (not really an increase) but planned reduction in force in that amount was not implemented because of increased students ..... | $15,000 |
| Additional equipment to meet needs of extra students . | 5,000 |
| Increase in POL (Fuel cost increase $.56 per gallon to $1.00 and rising) ..... | 4,000 |
| Total Supplement ..... | $24,000 |

In the Elementary Division - The entire amount budgeted previously ($941,000) is $2,000 less that the total personnel costs ($943,000) because of step increases.

The supplemental would be used as follows:

| | |
|---|---|
| To offset personnel deficit | $ 2,000 |
| "All other", books, equipment, etc. | 74,000 |
| | $76,000 |
| Total Supplement needed ..... | $100,000 |

| | |
|---|---|
| Revised Elementary ..... | $1,017,000 |
| Revised Secondary ..... | 482,000 |
| Unrevised Administration ..... | 84,000 |
| Total Budget | $1,583,000 |

Opening Statement for the Palau District

My name is Kuniwo Nakamura, and I am Chairman of the Ways and Means Committee for the Seventh Palau Legislature which assumed office in January of this year. Difficulties along the road to Constitutional government in Palau are now being ironed out, and we expect to have our first Constitutional Government installed by January 1981. The District Administrator has worked closely with the Legislature to examine needs, and to implement budget tightening strategies. As a result the District Administration and the Legislature are in full agreement that the amounts requested in the documents submitted, are essential to the continued existence of governmental programs in Palau.

Palau does not like to find itself in the position of coming to the United States Congress with requests for more money, and claims that the amount budgeted for 1980 is inadequate to see us through to the end of the year, and that the amounts proposed in the President's Budget for 1981 will not allow our government to maintain anywhere nearly the present level of services in that year, but this is unfortunately true. We also realize that this is a particularly bad year to request supplemental or addendum funding, in light of all the budgetary problems the United States is experiencing. However, we must ask you to appreciate our special problems in Palau. Our District is the furthest from the United States in all of Micronesia, and as a result the effects of the fuel crisis have hit us extremely hard, and have resulted in massive inflation in the costs of imported goods which are necessary to the operation of government. Additionally our islands are not connected by roads, and even the largest island, where most of our population resides, is accessible only by boat, resulting in high transportation costs.

Since the 1981 budget was first prepared, the cost of fuel, to our government has increased from roughly $.50 per gallon to $1.10 in March, and is continually rising. As a result we are already far in excess of the amount budgeted for FY 1980 for fuel costs, and the projected deficits for FY 1980 and 1981 are immense. A $300,000 deficit for fuel in 1979 was absorbed in our 1980 budget, but it is impossible for us to absorb the projected $2,000,000 to $4,000,000 deficits for 1980 and 1981, when our total operating budget is in the vicinity of $7,000,000. This Legislature and the Administration have devised and implemented plans to eliminate wasteful practices involving the use of fuel including directives to users of government housing that they shut off water heaters and air conditioners, freezing the purchase of new vehicles for government use, the creation of a boat pool and requirements that government agencies coordinate trips to outer municipalities, the institution of a policy whereby governmental institutions will be charged for fuel and utilities, in order to encourage conservation, and rate increases which our citizens can barely afford to pay.

We are also beginning to study alternative energy sources for long range planning. But despite these efforts our fuel problem will reamin at crisis level for the foreseeable future. Our government cannot function without fuel, and it will be impossible for Palau to attract outside investment necessary to develop a self sustaining economy if fuel supply is unreliable or unduly limited. Our economic potential lies in the areas of tourism, farming, and fishing. However, new hotels cannot be built unless a reliable source of power is available, and farming and fishing cannot be developed on a commercial basis without power for freezing and packing plants.

Our next most serious problem is the projected deficit in the Medical Referral Plan. Here also, a substantial deficit from 1979 was absorbed in the 1980 budget, making it impossible to absorb deficits for this year and next. The Medical Referral Plan provides for the evacuation and treatment of emergency and critically ill patients to facilities outside Palau, where treatment is available. Because of inflationary costs the level of funding budgeted for this program is inadequate to allow it to continue to operate and the facilities in Palau are inadequate to provide even minimally necessary levels of care to the critically ill. Policies have been implemented requiring the families of patients to bear the transportation costs to hospitals outside the district, but the income level in Palau is insufficient to allow additional charges to be imposed on the consumer. We realize that we cannot continue to maintain the medical referral program indefinitely, but until equipment and facilities can be improved we have no alternative for the next few years. We recently had our first Palauan M.D. return to Palau to serve our people, and expect a second shortly. There are presently five nurses in Palau, who cannot be employed because of insufficient available monies. Last year the Legislature provided funds to cover the deficit in the Medical Referral Plan, but we would like to be able to direct local funds to improvement of local health facilities this year, instead, so that the continued need for the referral program is eliminated. Other areas for which operations funding is requested are specified in the documents submitted.

Additionally, I would like to mention capital improvement projects. Some of the old Japanese roads to outlying municipalities are now completely overgrown and useless. Two new bridges have recently been completed, connecting the present district center, with Babeldaob, the largest island, and Malakal, where the harbor is located. If roads could be continued onward from these bridges, agriculture and tourism could be developed. At present there are only a few inadequate dirt roads, which do not even connect to the beaches or to the villages where people reside. Other needed improvements include the construction of buildings for a new capitol. The Court System and the Legislature are housed in buildings constructed by the Japanese. Some government offices are housed in quonset huts. Government offices are widely scattered and should be consolidated. Preliminary investigation reveals that between $5,000,000 and $10,000,000 will be needed to construct a capitol.

Palau joins the Federated States of Micronesia in requesting funds for the College of Micronesia, an institution serving all of Micronesia.

Also Palau, like the FSM, sees a need for additional funds for transition purposes, as the full cost of the transfer is not yet known.

Another area for which addendum funding is requested is to cover a badly needed pay increase for government workers. With sky rocketing fuel costs, which in turn cause dramatic increases in the costs of imported food and in other consumer goods, Palauans can no longer afford to live on salaries which begin at $.80 per hour for government workers. Proposals are pending in the Legislature to raise the minimum wage to $1.25 per hour, but if that occurs, without an increase in the government budget, lay-offs will occur and the service level will drop markedly. Although prices have increased in the vicinity of 40 percent since 1975, government wages have not increased. At the same time wages of government employees in the Trust Territory Headquarters in Saipan have increased by approximately 25 percent. This causes Palau added hardship because our educated youth can earn better livings by remaining outside Palau, and this, if it occurs, will impede our ability to develop. Although at present a substantial number of our college educated youth do return, because of strong family ties, this cannot be expected to continue when, for instance, we can offer a registered nurse only a salary of around $1.50 per hour, starting. Of those who do return, the motivation will not be great, if they cannot make ends meet by working. Our alternatives are either to pay a reasonable wage which will enable workers to participate in a cash economy, or to return completely to a subsistence economy, after we have been taught to expect better.

Another area about which Palauans are concerned is Title I war claims. Massive destruction occurred during World War II, for which Palauans have still not been compensated. The United States has been most generous with countries in Western Europe and elsewhere, in helping to overcome the effects of the war. We hope to see the claims which Palauan citizens have tried to resolve for years, settled, at least on the side of the United States, prior to the termination of the trusteeship. The Micronesia Claims Commission, under the 1971 Act, found that Palauan citizens were entitled to $5,756,346. Palauans feel that this amount with a reasonable inflation factor should now be paid.

In closing, I would like to stress that although requested addendums and supplements may seem absurdly high, they are in fact necessary to bring Palau effectively toward termination of the trusteeship. I know you all appreciate the effect of inflation. Yet in past years our budget has gone slowly and steadily downward in relation to the expanded functions passed on to us from Trust Territory Headquarters. It does not take an economist to see that we cannot expect to continue to function at all when our responsibilities increase and our dollars decrease, while at the same time each dollar holds less purchasing power.

We are at the crucial time in our history, entering for the first time into self government. A referendum will be held this year regarding the Constitution and we expect elected officials to be installed by January 1981. The success of our new government depends on our capability to appropriately fund it. Palauans have learned much from the United States and very much admire and would like to emulate its democratic tradition. But we will be unable to do this if supplemental and addendum funding requests are not granted and the lights go out and governmental institutions you have initiated for us, close down, just as we are in the process of forming our Constitutional government. Palau must therefore urgently request your assistance in preventing us from slipping backward, at the time we are most ready to progress economically and socially toward self sufficiency.

Thank you very much.

TRUST TERRITORY OF THE PACIFIC ISLANDS
Palau District
FY 1981 Proposed Budget Add-ons

| Activity | FY 81 Budget Estimates | Proposed Budget Add-Ons | FY 81 Revised Budget Estimates |
|---|---|---|---|
| 1. Public Works | 1,861,100 | 4,321,000 | 6,182,100 |
| 2. Health Serv. | 1,260,000 | 300,000 | 1,560,000 |
| 3. Proposed Pay Increase | 0 | 630,000 | 630,000 |
| 4. Resources & Development | 856,000 | 120,000 | 976,000. |
| 5. Public Affairs | 510,000 | 50,000 | 560,000. |
| 6. Protection to Persons & Property | 420,000 | 70,000 | 490,000 |
| 7. Education | 1,520,000 | 63,000 | 1,583,000 |
| 8. Administration | 428,900 | 0 | 428,900 |
| 9. Transportation & Communication | 138,000 | 0 | 138,000 |
| Total | 6,994,000 | 5,554,000 | 12,548,000 |

The Palau District Government requires a total of $12,548,000 in order to maintain the existing level of services. In view of inflationary costs, especially in the area of fuel, and in view of the fact that programs have been transferred from the Trust Territory Government to the Palau District Government, the level of funding proposed in the President's Budget is unrealistically low. Since the budget was prepared, many prices, including fuel costs, have doubled, and it is expected that fuel costs may double again within FY 81.

Public Works $4,321,000
a. POL (fuel) $4,162,000. This add on request is justified by the increased fuel costs. As of March, 1980, fuel was $1.11 per gallon for diesel, in Palau. Increases are detailed in the Fy 80 Supplemental request for POL. Based on the limited information available ( a check with a local fishing company which purchases large amounts of fuel ) we believe the price per gallon for fuel in FY 81 will average $2.10 per gallon. If the United States government has more accurate projections the requested add on funding should be decreased or increased accordingly. The consumption rate for fuel is roughly 181,000 gallons per month of diesel, and 40 drums per month of delvac oil, which now costs $174.30 per drum. Miscellaneous fuel products total $1,696.00 per month. Assuming the cost of diesel is $2.10 per gallon, and that other prices remain at current levels, the total fuel cost would be $4,673,000.

After subtracting the $511,000. budgeted within the Public Works Budget for fuel in FY 81, the deficit would be $4,162,000, which is the amount of the requested supplement.
b. Power Distribution $70,000.00 This additional funding is requested for the purchase of one International Truck equipped with a digger derrick and line body, to be used for placing poles and making electrical power distribution installations and repairs. The present truck is in poor condition due to age and the mechanical state makes it unsafe for operation.
c. Sewage Treatment and Collection, $84,000.00 - Additional funds are required to support and operate the new Sewage Treatment plant in FY 1981. The Palau House Sewer Connection Program is scheduled to begin on May 1, 1980, and no funds were provided for this in the budget.

Health Services $300,000. These funds are requested for the same reasons as the 1980 supplemental request for medical referrals. The total health services budget was increased by $120,000 in the President's proposed budget, however the extra $120,000 was budgeted to meet increases in the general support cost for the operation of the District Center Hospital and thirteen dispensaries in outer municipalities. Funds of $300,000. are requested to keep the medical referral plan in operation for one more year, while long term plans are made to eliminate or drastically reduce the need for the referral program by improving local facilities.

Proposed Pay Increase $630,000. These funds are requested so that the minimum wage can be raised to $1.25 per hour without a resulting necessary lay-off of government employees, and to fund a 13 % increase in salary for government employees now receiving more than $1.25 per hour. The across the board increase would affect 1,051 employees, and would cost $492,000, while the minimum wage increase would affect 289 employees and cost $138,000. The average salary for government workers is $3,729.00 annually and no pay raise has been effected since 1975, although the cost of living has increased by at least 40% during that time period. Pay increases have during that time been given to employees at Trust Territory Headquarters in Saipan, and the result to employees in Palau is inequitable.

Resources and Development $120,000.00 These funds are requested for the Livestock/Feedmill project which was initiated and funded by the Trust Territory government, and which has now become the responsibility of the Palau District Government. If the project is funded, the Piggery Unit will distribute some 300 purebred piglets and carry on feed trials using feed, locally produced from copra, a biproduct of coconut oil production in Palau. The Feedmill is expected to mill approximately 160 tons of animal feed. A Cattle Unit, also part of the project would carry on investigative work in pasture development, and appraisal of animals best suited to local conditions and management.

Public Affairs $50,000.00 These funds are needed for a Civic Action Team. At the time the budget was prepared, the estimated cost of the team was $350,000.00, but it has since increased to $400,000. The Civic Action Team would assist in the construction of various municipal and community projects.

Protection to Persons and Property $70,000.
a. Public Safety $20,000. Additional funds are requested for the replacement of three Public Safety patrol vehicles which are no longer safe to drive.
b. Public Defender $50,000.00 The Public Defender was funded by the Trust Territory Central government until Fy 80, when it was transferred to the District, without a transfer of funding to support it. The Public Defender provides legal counsel to any citizen requiring representation in criminal or civil cases.

Education $63,000.00 Additional funds are required to bring the educational budget to the same level as requested for Fy 80, with supplemental funding, because of the increased students mentioned in the FY 80 supplemental request, as well as an anticipated enrollment increase from 2,560 pupils in 1980, to 2,700 in 1981. There are 25 elementary schools with 148 classrooms, which are scattered throughout the 16 municipalities. General support costs have increased and funding is necessary to maintain the present level of services. With $30,000 additional funding, two American English Teachers could be employed to improve the quality of the English program by providing for teaching by native speakers.

Mr. MURTHA. If you will summarize very briefly. I would like to have some time for questions, and we are going to have to limit your time to about fifteen minutes; so if you could summarize very briefly what you need, and the priorities; then let me ask a few questions, and then we'll submit for the record the details of what you need.

STATEMENT OF KUNIWO NAKAMURA

Mr. NAKAMURA. I have a very brief summary statement. Mr. Chairman, our detailed justifications in support of fiscal year 1980 supplemental and fiscal year 1981 add-ons have been submitted to your committee. We regret that this was just submitted to you today. However, we prepared our request approximately three weeks ago and submitted them to the Trust Territory Government. For some reason they were not submitted to your Committee with our earlier statement, especially the supporting data. We understand that the Interior Department has today for the first time submitted the supplemental request; however, we have not received a copy and have had no opportunity to review Interior's submission and do not know if it fully reflects our concerns. I, therefore, respectfully ask that you examine our budget justifications together with those submitted by Interior.

Mr. Chairman, I will at this time briefly summarize the highlights of our statement which we submitted to you today and would like to ask, with your permission, that our Acting District Administrator, Mr. Kim Batcheller, and other members of our delegation may submit additional comments in response to any questions you may have.

FUEL COSTS

Mr. Chairman, our most serious problem in this Fiscal Year is in the area of fuel to run our power generators. I believe this same problem is also being faced by our neighboring islands, the FSM. Since the fiscal year 1981 budget was first prepared, the cost of fuel to our government has increased from roughly 50 cents per gallon to $1.10 in this month and is continually rising. As a result, we are already far in excess of the amount budgeted for this fiscal year for the fuel cost, and the projected deficits for this fiscal year in 1981 are immense. Three hundred thousand dollars deficit for fuel in fiscal year 1979 was absorbed in our current fiscal year budget, but it is impossible for us to absorb the projected $2 to $4 million deficits for the current fiscal year in 1981. Our total operating budget is in the vicinity of $7 million.

We have considered every possible means of alleviating this very serious problem, including implementation of certain plans to eliminate wasteful practices employed in the use of fuel and rate increases, which our citizens can barely afford to pay, but despite these efforts, our fuel problem will remain at crisis levels.

MEDICAL PROGRAM

Our next most serious problem, Mr. Chairman, in this fiscal year is also the projected deficit in the medical program. Here also substantial deficit from 1979 was absorbed in this current fiscal year's budget, making it impossible to absorb similar deficits for this fiscal year and next.

PAY INCREASE FOR GOVERNMENT EMPLOYEES

One of the areas for which addendum funding is requested is to cover a badly needed pay increase for government workers.

In response to your questions to TTPI representatives a while ago as to how to keep Micronesians in Micronesia, we would like to respond as follows: With skyrocketing fuel costs, which in turn cause dramatic increases in the costs of imported fuel and in other consumer goods, Palauans can no longer afford to live on salaries which begin at eighty cents per hour for government workers. Proposals are pending in the Legislature to raise the minimum wage to $1.25 per hour, but if that occurs without an increase in the government budget, lay-offs will occur and the service level will drop markedly.

Although prices have increased in the vicinity of 40 percent since 1975, government wages have not increased. At the same time, wages of government employees in the Trust Territory Headquarters in Saipan have increased by approximately 25 percent. This causes Palau hardship because our educated youth can earn better livings by remaining outside Palau, and this, if it occurs, will impede our ability to develop.

Although at present a number of college-educated youth do return to Palau because of strong family ties, this cannot be expected to continue when, for instance, we can offer a registered nurse only a salary of around $1.50 per hour. The motivation will not be great if they cannot make ends meet by working. Our alternatives are either to pay a reasonable wage, which will enable workers to participate in a cash economy or to return completely to a subsistence economy—after we have been taught to expect better.

Mr. Chairman, Palau does not like to find itself in the position of coming to the United States Congress with requests for more money and claim that the amount budgeted for current fiscal year is insufficient, is inadequate to see us through the end of the year, and that the amounts proposed in the President's budget for fiscal year 1981 will not allow our government to maintain anywhere near the present level of services in that year, but this is, unfortunately, true. We also realize that this is a particularly bad year to request supplemental or addendum funding in light of all the budgetary problems that the United States is experiencing; however we must ask you to appreciate our problems in Palau.

In closing this rather brief statement, I would like to stress that although requested addendums and supplements may seem high, they are in fact necessary to bring Palau effectively toward termination of the trusteeship. We are at the most crucial time in our history, and turning, for the first time, to self government. A referendum again will be held this year regarding the constitution, and we expect elected officials to be installed by January 1, 1981. The success of our new government depends on our capability to be appropriately funded. Palau has learned much from the United States, and very much admire and wish to emulate democratic tradition; but we will be unable to do this if supplemental and addendum funding requests are not granted and the lights go out in government institutions you have initiated while we are in the process of forming our constitutional government. Palau must,

therefore, urgently request your assistance in preventing us from slipping backward. At this time, we are most ready to progress economically and socially toward self-sufficiency.

Thank you very much, Mr. Chairman.

BUDGET PRIORITIES

Mr. MURTHA. Mr. Nakamura, you say that the cost of living has increased since 1975 by 40 percent. Is that the figure you used?

Mr. NAKAMURA. Yes.

Mr. MURTHA. And you're requesting an increase for government employees from eighty cents an hour to $1.25 an hour?

Mr. NAKAMURA. That's right.

Mr. MURTHA. What are your priorities? You have listed in your justification the priorities of how you would spend this $7 million?

Mr. NAKAMURA. Yes sir. We have in one of the attachments to the detailed statement a list of proposed add-ons which include Public Works on top for fuels—$4.3 million, health services, that's the medical referral program, $300,000 and then $630,000 will be to take care of the pay increase.

FUEL CONSUMPTION

Mr. MURTHA. The list that you have here is the priority list and you take them in that order. How much has fuel consumption decreased in the last year from 1978 to 1979?

Mr. NAKAMURA. Mr. Chairman, if I may, I would like to ask our Acting District Administrator to come up with that answer.

Mr. BATCHELLER. Mr. Chairman, our gasoline consumption has been reduced 50 percent during the last year. We have stopped buying cars. We had 130 vehicles at one point. We have not purchased any cars in the last nine months. We are using motor bikes for government employees now. We are pooling boats. We are reducing the size of engines, repairing cars that we do have; standardizing vehicles—buying only vehicles of the same kind, reducing the number of the cars. We have a motor pool requirement that people use all the same vehicles, multiple use of vehicles.

With regard to diesel fuel, we have been unable to reduce the consumption of the diesel fuel. We have an old power plant that needs serious repair. It has not had any maintenance for a period of almost eight years. We borrowed three generators from the Army Corps of Engineers to use as back-ups while we are maintaining and repairing our other generators. We are about nine months into that program. We do have our old generators under repair. Hopefully, when they're completed, we will be able to run them more efficiently and reduce the consumption of fuel. On the other hand, we have—we're entering the end of our capital improvement project. We're getting a new airport, we're getting two new generators for that—to operate navigational lights; we have continued growth in the area—more and more appliances, more and more demand for the electric power. So our fuel use is increasing in that area, but we have reduced in our gasoline consumption.

Mr. MURTHA. The fact that you've cut back your gasoline consumption by 50 percent shows you did your part in that area. Do you agree with their priorities, Mr. Secretary?

Mr. GREEN. Mr. Chairman, I can't comment in great detail on the priorities. We have not seen them in the Department although we are aware, through the office of the High Commissioner, that he is working with the government to help develop justification. There is no doubt that there have been significant increases in the cost of fuel, not only in Palau, but also elsewhere in the Pacific, and we would hope that we could justify the need for some of the other things, and that we can come forth with some additional requests.

TRUST TERRITORY BUDGET PROCEDURES

Mr. MURTHA. Mr. Nakamura, you said in your initial statement of the justification and the budget you were not aware, had not seen it, until you came before the Committee. What did you mean by that? What's the procedure you go through when you submit a budget?

Mr. NAKAMURA. The procedure is that we submit it through the District Administrator who will subsequently submit it to the High Commissioner.

Mr. MURTHA. What happens to it? Does he give it back to you with some changes and suggestions? Makes a comment? What happens?

Mr. NAKAMURA. From there it goes to the Department of the Interior and OMB, but as I stated in my summary statement, after we submit it, we normally don't get to see it until we come to the hearing.

Mr. SABLAN. Let me just clarify this. I think the problem is that Chairman Nakamura is newly—is a member of a newly-elected legislature—of the present Palau seventh legislature. The sixth legislature was the legislature that actually participated in the review process of the 1981 submission. The seventh legislature just got inaugurated on January 1 of this year.

Mr. MURTHA. When you say review—don't they initiate the budget?

Mr. SABLAN. Yes. They receive their allocation from the High Commission.

Mr. MURTHA. So you say to them, "You'll get a certain amount of money," and then they draw up a budget. Or do you draw up a budget in conjunction with them? How does it work?

Mr. SABLAN. The process, generally speaking, is that we set up a ceiling. We receive our own planning ceiling from the Department of Interior and the High Commissioner sub-allocates that ceiling to the three entities. Palau is one of these entities. Palau then determines how the ceiling will be broken down into the various budget categories.

Mr. MURTHA. An allocation is submitted to them, they come up with what they consider a budget, they re-submit it, and then it goes to the High Commissioner. The High Commissioner then sends it to the Department of the Interior. What happens next. Do you come up here with two separate budgets?

Mr. GALLAGHER. No, sir. The High Commissioner still has the responsibility of submitting an executive budget for the Trust Territory to the Department of the Interior.

Mr. MURTHA. So it's the responsibility of the High Commissioner, and he does not go back to the legislature to try and work out differences?

Mr. GALLAGHER. He does try to work out differences where he can, based on a planning allowance he has.

Mr. MURTHA. When did you submit this budget initially? A spring budget last fall?

Mr. GALLAGHER. A year ago they submitted a spring budget. The High Commissioner didn't have time to go back to them after he looked over the budget before he submitted it to Interior, and Interior, of course, just got it to us a couple of weeks ago. We can understand that—with all that's probably going on up here, but I can't understand why the High Commissioner did not have time to go back and confer with——

Mr. MURTHA. Did they go back, Mr. Nakamura as Chairman, and confer?

Mr. NAKAMURA. I must say unfortunately, they never conferred with us.

Mrs. VANCIL. I believe the problem is that they do confer perhaps on the ordinary budget, but our specific problem here has been with the supplemental. First, there were supplemental requests turned in quite some time ago, and then we upped the supplemental request when we found out of the additional problems with fuel, and we submitted that to the Trust Territory Government with the understanding that it would have been submitted to Congress, and we would come here with it all submitted. We came here and found out that the supplemental had not yet been submitted.

Mr. MURTHA. In this case, I don't think we've gotten any supplementals for anybody.

FISCAL YEAR 1982 BUDGET

Mrs. VANCIL. The other problem, I believe, is that we're a little bit confused in the District because we have a need for approximately $12 million to operate for one year, and we understood earlier when we were getting ready to plan the budget, for instance, for 1982, that there would be no Congressional ceiling, but then we get a Department of Interior ceiling for 1982 of $7 million. When the cost of fuel was $4 million, and yet those are the figures. We're told to figure up an existing level, an improved level, and an enhanced level. Supposedly, with $7 million, we're supposed to come up with an enhanced level of services. That's just downright impossible when fuel consumed $4 million.

Mr. MURTHA. Fuel consumed $4 million. What did fuel consume last year?

Mrs. VANCIL. Previously the other services got approximately $6.5 million allocated to services other than fuel; so now, if you take $4 million for fuel, that leaves us approximately $3 million to do a job that was previously done on $6.5 million, despite inflation.

BUDGET CYCLE

Mr. GREEN. Mr. Chairman, I think that there are a number of things getting muddled up here. Let me ask Mr. Willter to provide some clarification here.

Mr. MURTHA. What is your position, Mr. Willter, as Program and Budget Officer?

Mr. WILLTER. I would like to clarify the budget cycle for the record. We do get an allowance from the Interior. The High Commissioner then goes out to all the entities and asks them to submit a budget based on that number.

Mr. MURTHA. What figure did you give them for the 1980 budget?

Mr. WILLTER. A little over $6 million. They prepare their own budget based on their priority list. They then submit it to the legislative branch of that government. They review the budget through the process of hearings, just like this; the the District Administrator comes to the High Commissioner with a budget endorsed by the local Legislature.

Mr. MURTHA. What was the budget they sent up to you?

Mr. WILLTER. They submitted a budget within the number.

FUEL COST SUPPLEMENTAL

Mr. MURTHA. How much of that was fuel cost?

Mr. WILLTER. If my memory is correct, I believe it was around $400,000.

Mr. MURTHA. For 1980 fiscal year?

Mr. WILLTER. Yes, sir. The problem here which is disturbing is that it's true that the supplemental for fuel was prepared hurriedly because of the inflation in the price of fuel. We did, in fact, send messages to all the entities and asked them to get in their requests so that we could prepare a supplemental in a matter of three days. This was done. I guess what is in question here is that they have not seen what was prepared and submitted to the Department of the Interior.

Mr. MURTHA. You were under a deadline to submit a supplemental, was the problem that you weren't able to go back to them in this particular case?

Mr. WILLTER. Yes.

Mr. MURTHA. I'm confused on the fuel cost. The fuel cost, as I understand it, was substantially higher. The Acting District Administrator says you saved 50 percent of fuel use. The fuel cost more than doubled, so actually they should be close to the figure that they are. Now what are the fuel costs this year?

Mr. BATCHELLER. We saved 50 percent of our gasoline consumption, but diesel, consumption is much greater, and it has increased; so the savings in gas is very small in comparison to the overall.

Mr. MURTHA. Surely you haven't gone from $400,000 to $4 million.

Mr. BATCHELLER. Some background. Our 1979 budget was at the 1978 level. The 1980 budget actually had a decrease. Our budgeted fuel amount has remained at a constant for three years while fuel costs have gone up. In 1979 we overspent our budget by $379,000 primarily in the area of fuel cost.

Mr. MURTHA. For the record break down that information. That's very important. Straighten it out for me just so I know exactly what you're talking about as far as the amount you saved in gasoline, the increased cost of fuel, diesel and gasoline, and go through the whole process. So there is a substantial increase in fuel cost, and it has gone from $400,000 to what in the 1981 budget.

[The information follows:]

*Palau fuel costs*

| | |
|---|---|
| Actual fiscal year 1979 | $1,247,300 |
| Estimates fiscal year 1980 | 2,440,200 |
| Estimates fiscal year 1981 | 4,561,200 |
| Increase/decrease | 1,192,900 |
| Increase/decrease | 2,121,000 |

PALAU FUEL COSTS

| | Amount | Gallons |
|---|---|---|
| Actual fiscal year 1979: | | |
| Gasoline | $130,697 | 258,295 |
| Diesel fuel | 1,116,603 | 2,206,725 |
| Total | 1,247,300 | 2,465,020 |
| Estimates fiscal year 1980: | | |
| Gasoline—operational maintenance | 140,697 | 108,000 |
| Diesel—utility | 2,299,503 | 2,064,000 |
| Total | 2,440,200 | 2,172,000 |
| Estimates fiscal year 1981: | | |
| Gasoline | 262,000 | 125,000 |
| Diesel | 4,299,200 | 2,647,000 |
| Total | 4,561,200 | 2,772,000 |

Palau District in fiscal year 1980 has initiated the new fuel (gasoline) policy which in effect decreases the consumption by roughly 50 percent. This was done by having vehicles and boat pools and also placing restriction on purchasing new vehicles with substitution of small motorbikes. In fiscal year 1979 the operation and maintenance fuel costs were $130,697 at a time when fuel cost was $.506 per gallon at the beginning of fiscal year 1979 and $.84 per gallon at the end of fiscal year 1979. Thus the consumption rate during the year was 258,295 gallons of gasoline for the operation of government boats, vehicles and equipments. After the implementation of the fuel policy at the beginning of fiscal year 1980, we have actually consumed 34,570 (for period of 5 months from Oct. 1979 to Feb 29, 1980). The gasoline consumption is expected to be 108,000 gallons for this current year (fiscal year 1980) with slight increase in fiscal year 1981 when the new infrastructures are put in place.

Mr. BATCHELLER. We're estimating our fuel costs for 1980 Fiscal year at approximately $2 million.

Mr. MURTHA. Two million dollars this year?

Mr. BATCHELLER. Yes. For fiscal year 1980.

Mr. MURTHA. So you're asking for a supplemental which will include $2 million for fuel. So your fuel costs have gone up $1.5 million?

Mr. GREEN. Let me just fill in the last part—where that is. It's moved, as I understand it, from the High Commissioner's office to the Department; there has not been any decision within the De-

partment as to whether or not we will forward it. It has just not arrived in my office as yet.

Mr. WILLTER. Yes sir. That is correct. That is why we have not submitted this back to the states.

TRUST TERRITORY BUDGET PROCESS

Mr. MURTHA. We have such a limited time. Let me go back and ask you about this budget. Under normal circumstances, do you go back to the legislature—the people who have been elected—and represent Palau and ask them about the normal budget process? Do you disagree with some of the budget problems? Do you go back to them and confer about that budget?

Mr. WILLTER. Yes sir. We have tried, and we have not tried to reorient the priorities for the Palau government.

Mr. MURTHA. You have tried not to rearrange.

Mr. WILLTER. Right. We have tried to come up with their requests in the allocated amount.

Mr. MURTHA. So if you do have a difference, you go back and confer with them? You don't resubmit the original budget as they've submitted it to you?

Mr. WILLTER. Yes sir. There are some exceptions as I pointed out earlier. We do go back whenever we have a cut. We submit the same information to the chief executives of those states. They will then in turn try to revise the budget submitted to the High Commissioner and then get back to us. It is the responsibility of the chief executive of those areas to go back to their legislatures to get an endorsement of any change from them. It's a very long, drawn-out process.

Mr. MURTHA. How do you stand right now? What's your situation? Are you running out of money?

DEFICIT SITUATION

Mr. NAKAMURA. We are running at a significant deficit because of our fuel situation.

Mr. MURTHA. Where do you borrow the money?

Mr. NAKAMURA. I am not sure, Mr. Chairman.

Mr. MURTHA. If you are running at a deficit, do you have to borrow money at the going rate of 20 percent?

Mr. SABLAN. Mr. Chairman, maybe our budget officer might be able to comment.

Mr. MURTHA. Where do they get their money if they overrun their budget?

Mr. WILLTER. In the case of the deficit that has been mentioned, which we experienced in fiscal year 1979, what we have done to accommodate the situation is that we have borrowed from 1980 allocations to meet these obligations as they become due—we are reviewing with the finance people to determine the validity of some of the obligations.

There are in some instances—we have some duplications. The funds will be made available to them after we have this review completed.

At the present time, we have funds for 1980 to operate the ongoing programs, including the fuel costs. The problem here is

if we do not receive a supplemental. Yes, I would say we will run into a problem at the end of the fiscal year. We are given the whole budget for the entire fiscal year 1980. So what I am saying here, I guess, is that we are already using the third and fourth quarter funds.

Mr. MURTHA. So you have no problems at this point with money?

Mr. NAKAMURA. No.

PALAU CONSTITUTION

Mr. MURTHA. One more question. Mr. Chairman Nakamura, about the constitution. What is the status of your Palauan constitution?

Mr. NAKAMURA. Thank you, Mr. Chairman. That question was asked earlier, so if I may, I would like to answer so that I am sure to answer the question which you have asked.

The question was—why did the original constitution fail?

Mr. MURTHA. Yes.

Mr. NAKAMURA. I have a prepared statement.

Mr. MURTHA. A prepared statement?

Mr. NAKAMURA. Yes, sir. I would like to—it is a short one.

Mr. MURTHA. Okay, let's insert the prepared statement in the record if you will, Chairman Nakamura.

[The statement follows:]

PALAU CONSTITUTION

On July 9, 1979 the Palau Constitution was ratified by 92% of the people of Palau. The Constitution never has been rejected by the people of Palau, but because of certain circumstances, has not taken effect. Basically, the problem is that the Palauan people, who are proud and independent thinking people, chose to draft the Constitution without input from the United States as to its contents. I am sure the United States citizens whould not have desired input from other countries when they drafted their Constitution and Palauans felt the same.

When United states representatives learned of the contents of the constitution, the voiced the objection, that in three areas, it was inconsistent with the proposed comptact of free association, which is being negotiated. The Palauan people of course, also look forward to concluding the compact of free association with the United States, and would have made every effort to reach some agreement with the United States regarding the disputed areas, with input from all the people, through proper democratic processes. However, due to the fault of either the United States, or the previous Palau Legislature, or both, the Palauan people got the impression that the United States was instructing it as to what its Constitution should contain. The previous Palau Legislature (Sixth Legislature) amended the Constitution which had been ratified previously by the people of Palau, to make it consistent with the desires of the United States in the three disputed areas. The problem was, that the Sixth Legislature did this without consulting the people of Palau, through a referendum or other democratic process. This of course upset the people of Palau, and a lawsuit was initiated by the people to set aside the actions of the Sixth Palau Legislature in amending the constitution without their consent. This lawsuit is still pending, and during the interim, the effective date of the Constitution has lapsed. In an effort to resolve the matter and get Constitutional government started in Palau, this legislature (Seventh Palau Legislature) has passed a bill calling for a referencum on the Constitution previously ratified, with a new effective date. The referendum is scheduled for July 9, 1980.

This legislature has also recently passed a bill which has been signed into law, creating a Commission on Status and Transition. This Commission will negotiate with the United States concerning the three disputed areas, and concerning other matters (including financial matters) which are of great concern to the people of Palau. Assuming that an agreement can be reached between the Commission and the United States, the rest of the Palauan people will be consulted through a referendum or other proper democratic process, to approve any necessary changes to the Constitution. This legislature does not believe it is the domain of a few people to decide the fate of all Palauan people, contrary to their earlier expressions of intent, without consulting them, and informing them fully as to why any changes in the Constitution may be proposed.

I believe all of the people of Palau have great respect and admiration for the American people, and the American way of government. We have learned our strong belief in the democratic system from America. Palau looks forward to building its future in cooperation with the United States through a free association compact. I ask only that Palauans be given the same opporunity to decide their own future, that the American people would expect and demand before taking any major step which affects the internal organization of the country or its status among other nations. I believe that with patience and understanding on both sides, a partnership can be built of which both Americans and Palauans can be proud.

Mr. MURTHA. I very much appreciate your coming.

## MARSHALL ISLANDS

Next we will have the Marshall Islands delegation. Mr. Debrum, Foreign Secretary of the Marshall Islands, please introduce your colleagues.

Mr. DEBRUM. Thank you, Mr. Chairman. We have with us the Finance Minister, Atjang Paul; Education Minister, Tom Kitchner; the Chairman of our Appropriations committee, Mr. Anjain, and also the Finance Secretary, Keith Merrick.

Mr. MURTHA Your entire statement will be made part of the record without objection, and if you would, summarize your comments and leave a little time for questions. I would like to leave here at 12:30 if at all possible. That doesn't leave you a lot of time, but you have heard the previous testimony—you can see fairly well what I am interested in.

Of course, there are some things that we will want justification for and I need to know the priorities and the bottom line budget. I would also like to know any problems you may have had in submitting the budget—any technical problems or procedures.

[The statement follows:]

STATEMENT BY ANTON A DEBRUM
TO THE
HOUSE APPROPRIATIONS COMMITTEE
APRIL 2, 1980

MR. CHAIRMAN:

WE THANK YOU FOR THIS OPPORTUNITY TO APPEAR BEFORE YOUR COMMITTEE. FOR SOME OF US HERE PRESENT, THIS MAY NOT BE THE FIRST TIME WE HAVE BEEN PRIVILEGED TO PRESENT TO THIS ESTEEMED COMMITTEE OUR VIEWS REGARDING THE VARIOUS ITEMS OF INTEREST AND IMPORTANCE WHICH MUST BE SCRUTINIZED AS PART OF THE ANNUAL BUDGET CYCLE.

FOR THE MARSHALL ISLANDS, HOWEVER, THIS OCCASION MARKS THE FIRST TIME THE NEWLY FORMED CONSTITUTIONAL GOVERNMENT OF THE MARSHALL ISLANDS HAS BEEN INVITED TO PARTICIPATE IN THIS PROCESS. THIS HAS SPECIAL SIGNIFICANCE FOR US AND WE WOULD LIKE TO EXPRESS ON BEHALF OF THE MARSHALLESE PEOPLE OUR MOST SINCERE APPRECIATION FOR ALL THE ASSISTANCE YOU AND THE MEMBERS OF THIS COMMITTEE HAVE GIVEN OUR PEOPLE. WITHOUT YOUR PERSONAL CONCERN AND INTEREST IN OUR PROGRESS AND FOR OUR SPECIAL NEEDS, THIS MEMORABLE OCCASION FOR THE MARSHALL ISLANDS WOULD NOT HAVE BEEN POSSIBLE.

TRANSPORTATION AND COMMUNICATION DIFFICULTIES PRECLUDED OUR EARLIER ARRIVAL IN WASHINGTON AND, AS A RESULT, WE ARE STILL IN THE PROCESS OF WORKING OUT THE MAJOR DISCREPANCIES WHICH HAVE BECOME EVIDENT BETWEEN THAT BUDGET WHICH THE DEPARTMENT OF INTERIOR HAS PRESENTED TO THIS COMMITTEE AND THOSE

FIGURES WHICH WE FEEL MORE REALISTICALLY REFLECT THE URGENT REQUIREMENTS FOR OUR GOVERNMENT TO PROVIDE EVEN THE MOST BASIC HEALTH, EDUCATIONAL, SOCIAL AND DEVELOPMENTAL SERVICES IN THE MARSHALL ISLANDS. AS THE FINAL FIGURES ARE PUT IN APPROPRIATE AND PRESENTABLE FORM FOR TRANSMITTAL TO THIS COMMITTEE WE WILL ENSURE THEIR DELIVERY, AND WE BEG YOUR INDULGENCE IN THIS MATTER. WE HOPE TO HAVE THESE DOCUMENTS TO YOU WITHIN A MATTER OF HOURS.

FOR TODAY'S HEARING, PLEASE ALLOW US TO TOUCH GENERALLY ON THOSE ITEMS WE CONSIDER TO BE OF VITAL INTEREST TO US AND WHICH WE HOPE THE COMMITTEE WILL FAVORABLY CONSIDER:

1. FLOOD RELIEF AND RECONSTRUCTION: IN NOVEMBER AND DECEMBER OF 1979, THE CAPITAL AREA OF THE MARSHALL ISLANDS, MAJURO AND MORE SPECIFICALLY THE DARIT-ULIGA-DALAP MUNICIPALITY WAS SEVERELY HIT WITH HIGH WAVES WHICH DESTROYED APPROXIMATELY 400 HOUSES AND LEFT UPWARDS OF 5,000 PEOPLE WITHOUT SHELTER. ADDITIONALLY, SEVERE DAMAGE WAS DEALT A NUMBER OF PUBLIC FACILITIES, INCLUDING ROADS, GOVERNMENT BUILDINGS, WATER AND ELECTRICAL DISTRIBUTION SYSTEMS. WE WERE BLESSED WITH IMMEDIATE EMERGENCY ASSISTANCE FROM THE FEDERAL EMERGENCY MANAGEMENT ADMINISTRATION (FEMA) WHICH COORDINATED ACTIVITIES OF THE UNITED STATES MILITARY, THE RED CROSS, AND SEVERAL U.S. GOVERNMENT AGENCIES IN THE MONUMENTAL RELIEF EFFORT WHICH FOLLOWED. WHILE WE FULLY APPRECIATE THE EFFORTS AND

ASSISTANCE OF THESE AGENCIES, WE STILL FIND IT NECESSARY TO COME TO YOU FOR ASSISTANCE IN AREAS WHICH COULD NOT BE ADDRESSED BY THESE VARIOUS AGENCIES.

TODAY, OVER 3,000 RESIDENTS OF MAJURO WHO LOST THEIR HOMES IN THE FLOOD ARE STILL LIVING IN TENTS BUILT WITH THE ASSISTANCE OF THE AMERICAN RED CROSS AND FEMA AS TEMPORARY SHELTERS IN DECEMBER. THE COSTS OF RECOVERY, REHABILITATION AND RECONSTRUCTION ARE PRESENTED IN SEPARATE DOCUMENTS HEREIN ATTACHED.

2. IN FISCAL YEAR 1979 WE SUFFERED A FINANCIAL DEFICIT OF $691,000 DUE MOSTLY TO SKY ROCKETING FUEL COSTS AND UNANTICIPATED MEDICAL REFERRAL COSTS. WE HAVE HAD TO ABSORB THESE COSTS IN OUR 1980 BUDGET AND ARE SEEKING ADDITIONAL FUNDS TO SUPPLEMENT REQUIREMENTS IN THESE TWO AREAS. TO AUGMENT OUR HEALTH SERVICES FUNDS, WE SEEK THE SUPPLEMENTARY AMOUNT OF $500,000 AND IN PUBLIC WORKDS, TO ALLEVIATE SEVERE FUEL PRICES, $1.2 MILLION. (SEE ATTACHMENT 1).

3. WE ARE FURTHER REQUESTING ADDITIONAL FUNDS FOR OPERATIONS IN FISCAL YEAR 1981 IN THE AMOUNT OF $5,236,000, THE DETAILED BREAKDOWN FOR WHICH IS SEPARATELY SUBMITTED. (SEE ATTACHEMENT 2).

WE WOULD WISH NOW TO OFFER SOME GENERAL COMMENTS. WE CAN UNDERSTAND THE DIFFICULTIES FACED BY THE DEPARTMENT'S MOST DIRECTLY CONCERNED WITH OUR PART OF THE WORLD, IN DEALING WITH FISCAL PROBLEMS ASSOCIATED WITH, ON THE ONE

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HAND, THE EFFORTS OF YOUR GREAT COUNTRY TO DEAL WITH THE PROBLEMS OF INFLATION, AND ON THE OTHER HAND, THE WIND DOWN OF THE TRUSTEESHIP, AND THE NECESSITY OF LEAVING BEHIND AT A MINIMUM, THE VERY BASIC INFRASTRUCTURAL FOUNDATION UPON WHICH THE NEWLY EMERGING GOVERNMENTS MUST BUILD. WE HEAR REFERRALS TO A COMPLETION OF CIP PROJECTS BUT NO ONE SEEMS TO BE CONCERNED WITH JUST WHAT CIP PROJECTS HAVE BEEN COMPLETED AND WHAT ELSE IS MINIMALLY REQUIRED. TO ILLUSTRATE, ON MAJURO, THE CAPITAL OF THE MARSHALLS, THE COMMUNITY IS CURRENTLY ON A ONE HOUR A DAY WATER RATIONING PROGRAM. IT IS TRUE THAT A NEW AIRPORT AND WATER CATCHMENT/STORAGE SYSTEM WAS BUILT IN 1973 BUT BUDGETARY CONSTRAINTS WERE SO BAD EVEN THEN, THAT THE AIRSTRIP WAS BUILT LITERALLY AT OR BELOW THE HIGH WATER MARK, THE WATER CATCHMENT SYSTEM WAS LINED WITH A RUBBER MEMBRANE WHICH HAS DETERIORATED IN SPITE OF CONSTANT MAINTENANCE TO A POINT WHERE PRESENTLY, A MAJOR REHABILITATION PROJECT COSTING MILLIONS IS UNDERWAY TO KEEP THE SYSTEM FUNCTIONING. SO, EVEN IF IN CONGRESSIONAL RECORDS, AND EXECUTIVE BRANCH REPORTS, AN AIRPORT AND WATER CATCHMENT SYSTEM HAVE BEEN BUILT IN THE MARSHALLS, AND ADDITIONAL $4.1 MILLION MUST NOW BE SPENT TO MAKE THOSE SYSTEMS WORK. NUMEROUS OTHER EXAMPLES CAN BE CITED.

OUR GOVERNMENT IS NOW STRIVING TO WORK OUT WITH THE VARIOUS U.S. AGENCIES CONCERNED, AN INTELLIGENT COHERENT PLAN FOR CIP WHICH WOULD MEET THE MINIMAL REQUIREMENTS AS WE SEE THEM. WE DO WISH TO GO ON RECORD, HOWEVER, SERIOUSLY QUESTIONING THE NOTION THAT THE "CIP PROGRAM FOR THE TRUST TERRITORY WILL BE COMPLETED AFTER RECEIPT OF THIS FISCAL YEAR'S $23 MILLION ALLOTMENT." THE REQUIREMENT OF CONTINUED EMPHASIS ON CAPITAL IMPROVEMENT IN THE PROPOSED COMPACT OF FREE ASSOCIATION CERTAINLY WOULD TESTIFY TO THE CURRENT INADEQUACY OF CAPITAL INFRASTRUCTURE.

ONE OTHER MOST URGENT ITEM, MR. CHAIRMAN, WHICH CAUSES US GREAT ANXIETY AND APPREHENSION IS THE LINGERING REMNANTS OF THE NUCLEAR WEAPONS TESTING PROGRAM OF THE LATE FORTIES AND EARLY FIFTIES. A SEPARATE LETTER FROM OUR PRESIDENT HAS BEEN SENT TO YOU ON THIS SUBJECT. IT MUST, NEVERTHELESS, BE SAID, THAT OUR GOVERNMENT CONSIDERS THE PROBLEMS OF ENEWETAK AND BIKINI, OF UTRIK AND RONGELAP, OF INDEED THE ENTIRE NORTHERN MARSHALLS, TO MERIT CONSIDERATION AND ATTENTION AT THE HIGHEST LEVELS OF BOTH THE MARSHALLESE GOVERNMENT AND THE UNITED STATES GOVERNMENT. WE HAVE BEEN EXTREMELY DISAPPOINTED WITH THE DEPARTMENT OF ENERGY IN ITS PAST DEALING WITH US AND WE SEEK YOUR HELP IN ASSURING THAT THE CONGRESSIONAL MANDATES WHICH HAVE BEEN EMBODIED IN VARIOUS LEGISLATION DESIGNED TO ALLEVIATE THE HARDSHIPS AND ENSURE THE HEALTH AND PROSPERITY OF THE UNFORTUNATE MARSHALLESE AFFECTED BY THE FRIGHTENING LEGACY OF THE NUCLEAR TESTS, ARE FAITHFULLY CARRIED OUT.

MR. CHAIRMAN, THIS COMMITTEE WILL BE HEARING DIRECTLY FROM THE PEOPLE OF BIKINI AND ENEWETAK TODAY. HOWEVER, WE WOULD BE SERIOUSLY REMISS IN OUR RESPONSIBILITIES AS REPRESENTATIVES OF THE MARSHALL ISLANDS GOVERNMENT IF WE DID NOT CALL TO YOUR ATTENTION THE GRAVE MISGIVINGS WE HAVE REGARDING NOT ONLY THE PROPOSED RESETTLEMENT OF ENGEBI, BUT, INDEED, THE IMPENDING RESETTLEMENT OF THE ENEWETAK ATOLL BY ITS PEOPLE.

PRESIDENT AMATA KABUA HAS WRITTEN TO YOUR DISTINGUISHED PRESIDENT ON THIS MATTER AND I RESPECTFULLY REQUEST THAT THAT DOCUMENT BE INCORPORATED INTO THE RECORD OF THIS HEARING.

MR. CHAIRMAN, WE ARE FULLY AWARE OF AND ARE SYMPATHETIC WITH THE ATTACHMENT OF THE PEOPLE OF ENEWETAK TO THEIR HOMELAND. IT IS INDEED, AN ALMOST SUPERNATURAL BOND WHICH BAFFLES THE WESTERN MIND, BUT TO US, IT IS VERY REAL AND TRULY OVERWHELMING. THIS, COUPLED WITH ASSURANCES BY CONCERNED AGENCIES OF THE UNITED STATES THAT THE ATOLL IS SAFE ENOUGH FOR HUMAN HABITATION HAS RENDERED ANY ALTERNATIVE TO ACTUAL RESETTLEMENT ALMOST UNTHINKABLE. WE WISH TO STATE, HOWEVER, THAT THE GOVERNMENT OF THE MARSHALL ISLANDS IS STILL NOT CONVINCED THAT THE RESETTLEMENT OF ENEWETAK IS SAFE. INDEED, INFORMATION WE HAVE RECEIVED SERIOUSLY QUESTIONS THE SUCCESS OF THE CLEAN UP PROGRAM AND THE WISDOM OF REPATRIATION.

WE HAVE ASSURED THE PEOPLE OF ENEWETAK THAT WE WILL NOT STAND IN THE WAY OF THEIR RETURNING TO THEIR HOMELAND IF THAT IS THEIR CHOICE. BUT, MR. CHAIRMAN, WE ARE TROUBLED BY THE UNCERTAINTIES AND CANNOT HELP BUT BE APPREHENSIVE ESPECIALLY IN LIGHT OF OUR UNFORTUNATE BIKINI EXPERIENCE. FURTHERMORE, WE ARE INCREASINGLY BEING CONFRONTED WITH RATHER FRIGHTENING EVIDENCE THAT THOSE AREAS OF THE MARSHALLS, INCLUDING LIKIEP, AILUIL, MEJIT, BIKAR AND BOKAAK, AS WELL AS SEVERAL OTHER ATOLLS IN THE WESTERN MARSHALLS, ONCE DECLARED SAFE BY THE UNITED STATES GOVERNMENT, MAY ALSO BE CONTAMINATED TO THE POINT OF BEING HAZARDOUS TO HUMAN LIFE.

AN EXTENSIVE STUDY, FUNDED BY THE UNITED STATES, CALLED THE NORTHERN MARSHALLS RADIOLOGICAL SURVEY, WAS CONDUCTED IN 1978 BY THE DEPARTMENT OF ENERGY. RESULTS WERE PROMISED TO US BY FALL OF 1979. TO DATE WE HAVE RECEIVED NO REPORTS AND ARE BEING TOLD THAT FINAL ANALYSES WILL NOT BE COMPLETED UNTIL 1981. IN VIEW OF THE APPARENT INCREASING MEDICAL PROBLEMS WHICH CAN BE RADIOLOGICALLY ASSOCIATED, OCCURING IN ATOLLS OF ADMITTEDLY LOW RADIOLOGICAL EXPOSURE, IT WOULD SEEM TO US TO BE EXTREMELY PRUDENT TO COMPLETE THIS RADIOLOGICAL SURVEY, AND EMBARK ON A MEDICAL EXAMINIATION PROGRAM TO IDENTIFY POTENTIAL VICTIMS IN THESE ATOLLS OF LOW LEVEL RADIOACTIVITY, BEFORE MOVING YET ANOTHER COMMUNITY INTO AN AREA KNOWN TO BE RADIOACTIVE.

MR. CHAIRMAN, WE HAVE TAKEN UP MUCH OF YOUR VALUABLE TIME ALREADY. WE SHALL TRY TO ANSWER ANY QUESTIONS YOU OR MEMBERS OF YOUR COMMITTEE MAY WISH TO ASK.

THANK YOU ONCE AGAIN FOR YOUR CONTINUED INTEREST IN OUR PROGRESS.

*Office of the President*
THE MARSHALL ISLANDS

March 28, 1980

The Honorable Jimmy Carter
President of the United States
The White House
Washington, D.C.

Dear Mr. President:

I have learned that the United States is planning ceremonies at Enewetak Atoll to mark the return of the people of Enewetak. In light of the serious questions raised by the Enewetak clean-up effort as reflected in recent news accounts, and the radiation dangers which are present on the Atoll, I respectfully request that you personally look into this matter.

The Government of the Marshall Islands is deeply concerned with the plight of the people of Enewetak and fully understands their strong desire to return to their Atoll. However, the information available to the Government of the Marshall Islands raises serious doubts regarding the success of the efforts to clean up radioactive debris from Enewetak and to remove from the water, soil and food chain of Enewetak the radioactive fallout left by the United States nuclear weapons testing. My Government has been in office for only a short period and has not had an opportunity to analyze fully the voluminous scientific data which has been accumulated regarding the Enewetak clean up program and the effects of the residual radioactivity on the Atoll.

The determination of the people of Enewetak to return to their homeland whatever the consequences is certainly understandable, especially in light of the assurances made by the United States. But I must confess a profoundly sad sense of deja vu at this time as I recall the plight of the people of Bikini who also were assured that their return was to a safe home and their tragic disappointment when they subsequently learned that the invisible cancer causing legacy of the nuclear testing program still haunts their beloved atoll. The United States now concedes that the Bikinians returned home at least 30 years too soon. But for many of them, this information comes too late and some, most probably the innocent young, may pay with their lives for this scientific mistake.

To limit contact with radiation contaminated land and food sources, the Enewetak resettlement proposals would impose life style restrictions which go against long established, traditional patterns and which are unlikely to be practicable. Even if the people are able to abide by the restrictions in large measure, the evidence we have seen indicates that the residents returning to Enewetak face a serious risk of contracting radiation related diseases which will plague current and future generations.

I have expressed my serious misgivings in a message to the people of Enewetak. While the Government will respect the decision by the people of Enewetak to return to their Atoll, we are very troubled by the uncertainties as to whether the people will be safe there. Lastly, Mr. President, we are sure that you will agree that in the event the people suffer radiation induced desease by reason of their exposure at Enewetak, the United States will have to bear full responsibility for these consequences.

Sincerely,

Amata Kabua
President.

*Office of the President*
THE MARSHALL ISLANDS

March 28, 1980

Congressman Phillip Burton
2304 Reyburn House Office Bldg.
Washington, D.C.

Congressman Sidney R. Yates
2234 Rayburn House Office Bldg.
Washington, D.C.

Dear Congressmen Burton and Yates:

The people of the Marshall Islands deeply appreciate your efforts in securing passage of H.R. 3756 (Public Law 96-205) which commits the Government of the United States to provide to the people of each of the atolls affected by the United States nuclear weapons testing program in the northern Marshall Islands during the period 1946 to 1958 "a program of medical care and treatment and environmental monitoring for any injury, illness or condition which may be the result directly or indirectly of such nuclear weapons testing program". Once in place, the programs to be provided will meet serious and pressing medical needs of the people. However, the experience which we have had during the past year in our attempts to work with the Department of Energy and the Department of Interior to identify probable radiation - related serious medical problems affecting the people of atolls other than Bikini, Enewetak, Rongelap and Utirik has led us to the belief that without direct assistance from the Congress, the existing medical problems of the people of these other atolls will remain undetected and untreated and the purposes of H.R. 3756 will not be fulfilled.

The events of the past year present an unfortunate and stark example of the cruel slowness with which the Department of Energy seems determined to proceed.

When the Government of the Marshall Islands assumed office on May 1, 1979 and assumed responsibility for many of the files of the Trust Territory Government, disturbing information was discovered in these files which indicated the occurence of serious birth defects and other medical abnormalities of a type often connected to radiation exposure in people of atolls in the northern Marshall Islands which had been viewed by the United States as either uncontaminated

by the radioactive fallout from the nuclear weapons testing or contaminated by such a low level of radiation as to be of no consequence. In addition, several people of those atolls had reported the occurence of such medical problems. In a preliminary attempt to define the scope of the problems, the people of one of these atolls, Likiep, were asked to advise the Government of any such medical problems and to complete a questionaire describing the nature of the problem. The extent of the problems identified by this initial rough effort were profoundly disturbing. Out of a population of approximately 600 Likiep people, 22 thyroidectomies were reported in addition to 18 other chronic throat disorders, 2 cases of severe birth malformations, one case of intestinal cancer and 2 cases of chronic nervousness.

In an effort to obtain more complete and accurate information on the scope of the medical problem on Likiep and the other atolls in the northern Marshalls previously considered uncontaminated, representatives of the people of Likiep and the Government of the Marshall Islands came to Washington in mid-May, 1979 to report their preliminary findings and to enlist the assistance of the Federal agencies which had been addressing the problems of Bikini, Enewetak, Rongelap and Utirik. In a mid-May meeting attended by numerous officials including representatives of the Department of Energy, Interior, Defense, State, and the Defense Nuclear Agency, the Marshall Islands representatives were assured by the officials of the Departments of Energy and Interior that steps would be taken expeditiously to confirm the scope of the medical problem on the atolls of the northern Marshalls and to provide the necessary medical care.

These assurances proved to be empty promises. Ten months after the initial meetings, representatives of the Marshall Islands were invited to return to Washington to be advised of the progress which had been made. The delegation was presented not with a plan to provide medical care to the people of the northern atolls with radiation related problems nor even with a plan to conduct an analysis to ascertain the existence and scope of current medical problems that may derive from radiation exposure resulting from the nuclear testing program. Instead, the delegation

was presented with a contract which the Department of Energy had concluded with Tabershaw Occupational Medicine Associates of Rockville, Maryland in the amount of $58,999, excluding travel expenses, for a six month project to send statisticians to the Marshall Islands essentially to verify whether the questionaire was a valid method of ascertaining historical information on only one form of radiation induced disease.

The Department of Energy indicated that only after this six month project was completed would the Department consider sending medical doctors to determine the scope of the existing radiation related medical problems of the people. Department officials indicated that this medical survey could take two or more years to complete, during which period the people's medical problems would remain unattended.

The delegation from the Marshall Islands was deeply disturbed by the callous unresponsiveness of the Department of Energy proposal. The delegation therefore contacted an independent medical doctor to seek preliminary recommendations regarding most productive, efficient and rapid manner to ascertain the scope of the existing medical problem in order to obtain treatment for the people in need. We were advised that although additional work would be required to design an appropriate medical survey, at a minimum, medical doctors should be sent to Likiep and the other northern atolls to scan the population with appropriate medical equipment to detect not only thyroid but also other types of cancer and abnormalities. In addition, blood tests and medical histories would need to be obtained. We were advised that surveying all 600 Likiep people likely could be completed in approximately 3 months time or less. We presented this plan outline to the Department of Energy and requested that it not proceed with its Tabershaw contract but instead utilize appropriate equipment and personnel to conduct expeditiously a full scale survey of all current radiation related medical problems. The survey, we suggested, also could be an important step towards devising the plan called for in H.R. 3756.

The Department of Energy again proved woefully unresponsive to these requests. Although offering to send a

physician to Likiep, and to do some biochemical analysis at Likiep and a control atoll in the southern Marshalls, the Department proposed that the physician would be limited to examining the population for thyroid nodules, the most gross method of detecting thyroid problems. No willingness was expressed to scan the population with appropriate medical equipment to detect bone cancer or other potentially radiation related cancers and abnormalities. The approach proposed by the Department virtually would ignore the significant advances in cancer diagnosis which have taken place in recent years. Moreover, the proposed agreement stated that "it is clearly understood that the activities identified above are in no way related to, establish a precedent for, or influence any definition of 'affected atolls' as set forth in Public Law 96-205. The presence of thyroid pathology will not be considered as prima facie evidence of radiation causality."

Essentially, the Department again has proposed to take an extremely limited, medically backward approach which does not address the desperate needs of the people of Likiep and the other northern atolls and would frustrate the intentions of the Congress of the United States as expressed in H.R. 3756.

In light of the repeated unwillingness of the Department of Energy to respond in any adequate fashion to the pressing need to identify and treat the radiation related medical problems of the people of the northern Marshall Islands, the people of the Marshall Islands respectfully request that Congress appropriate to the Department of the Interior for the Government of the Marshall Islands for fiscal year 1981 $250,000 to enable the Government of the Marshall Islands to develop and implement a full medical survey of the people of Likiep and the other northern atolls, using appropriate medical technology, medical doctors and support, to enable us to diagnose the medical problems of the people finally so that the long needed treatment can be provided on a current and ongoing basis. Although the federal administrative bureaucracy continuously has shirked its duty, we look to the United States Congress to provide the people of the northern Marshall Islands other than Bikini, Enewetak, Rongelap and Utirik the means to begin addressing the unfor-

tunate legacy left by the nuclear weapons testing program. The information obtained in such a medical survey might also prove valuable in assessing the risks to the people of Enewetak since the cancers and other medical problems that appear to be cropping up in Likiep that was originally categorized as an uncontaminated atoll may indicate that the consequences of long term exposure to even relatively low levels of radiation are unacceptable.

Sincerely,

Amata Kabua
President

ATTACHMENT I

Government of the Marshall Islands
FY 80 Supplemental Budget Request
(in thousands of $)

| | U.S. Grant TTPI | Local Rev. | Federal Agency Grants | TTPI Transitional Transfers | U.S. Supplement | TOTAL |
|---|---|---|---|---|---|---|
| Health Services | 1,833 | 376 | 215 | | 500 | 2,924 |
| Education | 1,986 | 513 | 2,077 | | | 4,576 |
| Trns. & Comm. | 139 | 370 | | 1,223 (1) | | 1,732 |
| Public Affairs | 97 | 94 | | | | 191 |
| Res. & Dev. | 284 | 302 | 900 | | | 1,486 |
| Internal Security | 234 | 139 | | | | 373 |
| Finance | 198 | 146 | | | | 344 |
| Public Works | 1,713 | 400 | | | 1,200 | 3,313 |
| Social Welfare | 4 | 219 | 200 | | | 423 |
| Legislature: | | | | | | |
| Nitijela | | 772 | | | | 772 |
| Council of Iroij | | 121 | | | | 121 |
| President | | | | | | |
| Cabinet | | 130 | | | | 130 |
| Chief Sec. | 165 | | | | | 165 |
| Public Service | 29 | 70 | 371 | | | 470 |
| Foreign Affairs | | 382 | | | | 382 |
| Judicial | 44 | | | | | 44 |
| | 6,726 | 4,034 | 3,763 | 1,223 | 1,700 | 17,446 |
| FY 1979 Deficit | (691) | | | | 691 | |
| | 6,035 | 4,034 | 3,763 | 1,223 | 2,391 | 17,446 |

(1) Inter Island Shipping

ATTACHMENT II

Government of the Marshall Islands
FY 1981 Budget Request/with Add on
(in thousands of $)

| | Proposed U.S. Grant Allocation | Local Revenues | Special Grants | Add-on | TOTAL |
|---|---|---|---|---|---|
| Health Services | 1,920 | 193 | 403 | 1,407 | 3,923 |
| Education | 2,050 | | 2,000 | 1,013 | 5,063 |
| Trans. & Comm. | 1,252 | 456 | | | 1,708 |
| Public Affairs | 100 | 161 | | | 261 |
| Res. & Dev. | 341 | 388 | 900 | | 1,629 |
| Internal Security | 243 | 577 | | | 820 |
| Finance | 128 | 279 | | | 407 |
| Public Works | 2,230 (1) | 251 | | 2,000 | 4,481 |
| Social Welfare | | 182 | 596 | | 778 |
| Legislative: | | | | | |
| Auditor General | | 54 | | | 54 |
| Nitijela | | 1,241 | | | 1,241 |
| Council of Troij | | 127 | | | 127 |
| President: | | | | | |
| Cabinet | | 265 | | | 265 |
| Chief Sec. | 249 | 308 | | | 557 |
| Public Ser. | 37 | | 217 | 815 (2) | 1,069 |
| Foreign Affairs | | 554 | | | 554 |
| Judicial | 46 | 345 | | | 391 |
| Total | 8,596 | 5,381 | 4,116 | 5,235 | 23,328 |

(1) Includes $442 K Fuel Supplement
(2) Government-wide wage adjustment

Mr. DEBRUM. Sir, I will not read my statement. I would merely like to say that there are other documents relative to our budget request that we would ask to be able to submit later this afternoon—or within hours actually. They are being put together.

Mr. MURTHA. Without objection, those submissions will be made part of the committee record.

[The details for Rehabilitation funding have been placed in the Committee files. A summary of the requested funding follows:]

*Utilization report on rehabilitation funding—total authorization $20,000,000*

| Item: | *Estimated cost* |
|---|---|
| Shore line protection | $4,500,000 |
| Upgrading destroyed homes | 8,000,000 |
| Long Island Bridge | 500,000 |
| Upgrade equipment and parts | 1,400,000 |
| Rehabilitate land areas | 400,000 |
| Repair and re-cap roads—seal | 700,000 |
| Upgrade and restore water lense well systems | 1,500,000 |
| Repair renovation government building | 1,205,000 |
| Planning, engineering, design and supervision | 1,795,000 |
| Total | 20,000,000 |

Mr. DEBRUM. Thank you, sir.

We have, as matters of priority, a request for funds to assist in flood relief and reconstruction.

Mr. MURTHA. Where is this?

Mr. DEBRUM. It is not attached.

Mr. MURTHA. Okay, go ahead.

Mr. DEBRUM. The bulky document that we have copies of now—we will be able to submit.

Mr. MURTHA. Alright.

## FUEL COSTS AND CONSUMPTION

Mr. DEBRUM. Further, the financial deficit for fiscal 1979 in the amount of $691,000—again due mostly to fuel costs and medical referral costs.

Mr. MURTHA. How much of that is fuel costs?

Mr. DEBRUM. Approximately $400,000.

Mr. MURTHA. Four hundred thousand—what have you done in order to cut back on the consumption of fuel?

Mr. DEBRUM. Sir, we have more than doubled our utility costs to consumers. We have cut back on vehicle usage for field trip services and on other fuel use.

Mr. MURTHA. How much have you cut back on the utilization of automobiles and so forth?

Mr. DEBRUM. We have cut down on the number of automobiles, Mr. Chairman. I do not have the ready figures here on the approximate percentages.

Mr. MURTHA. Do you have a scheduled program of cutbacks? Anything like they did at Palau—going to motor bikes and that type of thing?

Mr. DEBRUM. Not momentarily, sir, but we are indeed concentrating on such a program as that.

The additional funds that we seek to add on to fiscal year 1981 total $5,200,000—the breakdown of which is submitted in attachment 2. Justifications are in another set of documents, which will be sumitted in the next few hours.

BUDGET PROCEDURES

Mr. MURTHA. Now, will you tell me how your budget works. Does it work the same way? They give you a figure and then you send that figure back to them?

Mr. DEBRUM. That is correct.

Mr. MURTHA. And do they confer with you about any changes that they would suggest?

Mr. DEBRUM. First of all, sir, when we get that figure, we are informed that that is the rock bottom figure—we do not and cannot submit a budget that goes beyond that amount. Any additional amounts could be put in by Congress if it so desired, but they cannot authorize us to submit through the process any additional requests.

Mr. MURTHA. So they give you a ceiling figure?

Mr. DEBRUM. Right, sir.

Mr. MURTHA. Then you are able to maneuver within that ceiling—set the priorities—do they normally try to change your priorities?

Mr. DEBRUM. No, sir, priorities are set at the local government level. We have had difficulty in the past trying to make ends meet with the limits that are given by the High Commissioner, but not as bad as we find it this fiscal year, sir. We have a problem in trying to abide by the United States Administration's wish to control the spending. At the same time, we were left behind in the determination of at least basic construction upon which we have been building new governments.

Although we have been told programs are being completed, we do not wish to be associated with that statement—we definitely disagree with it—with that notion.

There are projects that have been completed, but hardly enough to put the governments into operation—and I am sure Palau has felt this way as well.

PAY OF GOVERNMENT EMPLOYEES

Mr. MURTHA. What do you pay your government employees?

Mr. DEBRUM. Currently 85 cents minimum per hour.

Mr. MURTHA. Have you planned an increase in that level this year?

Mr. DEBRUM. Yes, sir, we have an adjustment of up to $1.25.

Mr. MURTHA. The same as Palau. Are you able to keep within the ceiling—even with that increase?

Mr. DEBRUM. Within the ceiling allowed by the High Commissioner—no, sir.

Mr. MURTHA. So this $5 million figure you are talking about is about 25 percent over the ceiling. And you are going to give us a detailed justification for $1.4 million for health services, transportation, communication—I assume that that is fuel costs, there?

Mr. DEBRUM. Right, sir.

PUBLIC WORKS

Mr. MURTHA. Two million for public works—is this what you are talking about when you say the capital projects have not been completed—is that right?

Mr. DEBRUM. These have not been completed.

Mr. MURTHA. Will you give me an example of what you are talking about?

WATER RATIONING

Mr. DEBRUM. Well, first off, in 1973 an airport in the Marshalls was completed, a water system—catchment storage system and distribution system—installed. Right now—this fiscal year—we are spending another $4.1 million to make that system work because currently we have one hour per day water rationing. It simply does not meet the minimum requirements.

Mr. MURTHA. You have one hour a day that you cannot get water?

Mr. DEBRUM. One hour a day that you can get water.

Mr. MURTHA. Do you just turn off the water system except for one hour a day?

Mr. DEBRUM. That is correct, sir.

Mr. MURTHA. What do you need—a desaltation system?

Mr. DEBRUM. If the water catchment is repaired and current storage is repaired, we would have adequate water for the community.

Mr. MURTHA. Well, when did this problem come about—was it increased population or bad maintenance?

Mr. DEBRUM. Neither, the project—when it was first justified to this committee, was to cover the District Center capital, Majuro. Because of cost restraints at that time, the air strip catchment area itself was built a foot and a half lower than originally in the specs. It is indeed right now at sea level or below.

When we have extreme high tides, the water catchment cannot work.

Mr. MURTHA. When do you turn the water on by the way?

Mr. DEBRUM. In the evening between 6:30 to 7:30.

Mr. MURTHA. Can they take a shower during that time? Can they fill up the barrels? What happens?

Mr. DEBRUM. They try the best they can. If you figure each household in Majuro averages 10 to 13 people, you can imagine what difficulty you would have maintaining basic sanitation and hygiene.

Mr. MURTHA. How does everybody manage to take a shower during that hour? It would be impossible. How much will it cost to fix that system?

Mr. DEBRUM. $4.1 million, which the Interior Department has already budgeted.

Mr. MURTHA. Is that in the supplemental funding?

Mr. DEBRUM. No, it's been expended now.

Mr. MURTHA. Is it in the 1981 or 1980 budget?

Mr. DEBRUM. It is in the 1980 budget.

Mr. MURTHA. In the 1980 budget.

COMPLETION OF CAPITAL IMPROVEMENT PROJECTS

Mr. DEBRUM. Yes, sir. What I am trying to say is that there are other capital improvement projects that may appear on your records and in the administration reports as having been completed but which need——

Mr. MURTHA. Is this one of them that shows——

Mr. DEBRUM. This is one of them.

Mr. MURTHA. That is shown as being completed?

Mr. DEBRUM. That is right, sir.

Mr. MURTHA. Well, now, where is that listed?

Mr. DEBRUM. It is not listed on there because in 1980 we came in with an additional $4.1 million request to complete it, even though back three or four years ago it was listed as——

Mr. MURTHA. Well, who lists these items as completed?

Mr. DEBRUM. The Corps of Engineers—I believe the OICC now—the Navy in Guam.

Mr. MURTHA. Do we have somebody who can speak to this? Why do we list this project as being completed when it is not?

Mr. SABLAN. Mr. Chairman, let me explain this because I think Mr. Debrum is not as familiar with the problems as we are in Saipan.

I believe whenever you see a project identified on the book or report as being completed, it simply means completed as originally scheduled. That activity—that particular project—may not be fully functional, may require additional funding to make it fully functional.

Mr. MURTHA. Well, now are you saying that the original project was completed?

Mr. SABLAN. With the available funds.

Mr. MURTHA. But it is inadequate. Is that what you are telling me?

Mr. SABLAN. Basically.

Mr. MURTHA. So the projects that cost $5 million originally or $10 million originally was completed. But once it was completed, it was immediately obsolete?

Mr. SABLAN. No, it is not—some of the projects have three-year funding——

Mr. MURTHA. Well, what about this particular project?

Mr. SABLAN. I do not——

Mr. MURTHA. The water project.

Mr. SABLAN. I do not know exactly about this one particular project, but I presume——

Mr. MURTHA. Let's see if the Captain knows. Captain, are you familiar with the water project on the Marshall Islands that is listed as completed?

Captain WEIS. Yes. Mr. Chairman, that is a part of a large water development program, in fact, in the Marshalls. There was $3.1 million in the 1979 program which builds some additional water supply facilities—and I think the contract is just recently awarded for that, hasn't it—and of course, that is not done.

Then there is additional monies, as I recall and I will check my records, about $1.0 million as I recall, in the 1981 budget for still additional water supply development.

Mr. MURTHA. Well, they say there is $4.1 million needed in order to complete this project.

Mr. DEBRUM. No, sir, I am saying—here is a project that was listed as completed—when in order to make it function properly, you need to spend another $4.1 million to make it meet the needs.

Mr. MURTHA. So this is not to make it function properly but meet the needs.

Mr. DEBRUM. That is correct.

Mr. MURTHA. Of today's population.

Mr. DEBRUM. That is correct, sir. And to say that the five-year CIP program for the Trust Territory would be over once the additional 1981 figure of $23 million is added on—I do not think it is a correct statement.

Captain WEIS. May I address that, Mr. Chairman, please?

Mr. MURTHA. Yes.

Captain WEIS. The $23.6 million that is in the 1981 budget will complete the original scope of the five-year CIP. It will not, obviously, and I think Mr. Green has spoken to this and each of the delegations have spoken to the fact that there are going to be additional infrastructure requirements.

There are certainly projects that have been completed. We have got a bridge completed, but the roads aren't paved on either end of that bridge yet—but the bridge is in place. So someone could say the road system is not complete.

We have sewage treatment plants completed, but we don't have sewers connected to them in all cases—in most cases.

Those things are in subsequent projects, and I think part of the problem in the Marshalls is that we have got—and I an not sure whether you are speaking, Tony, to the collection system—but we have got collection systems, but we don't have storage yet.

May I elaborate on that a little bit. What we do is—pond the water on the edges of the runway—there is a collection of fresh water. That will be pumped into storage tanks, and as I remember there are six million gallons of storage in that $3.1 million project in the 1979 program.

Until that storage is built, we can't store all we collect at this point in time. So it is an evolving process, but I think by 1983 approximately—when we complete the construction of the CIP we will have fulfilled what was identified in 1976 as the requirements of the—area, sir.

Mr. MURTHA. Well, let me ask this. Would they then be able to turn the water on all day long?

Captain WEIS. Well, we think so; yes, sir. But I hope they don't waste it.

Mr. MURTHA. So you are both saying the same thing. The water project is not completed. There are other projects, such as the road network and so forth, that are not completed—although certain parts of its are completed. It may be listed as completed, but they are not.

Captain WEIS. Mr. Chairman—excuse me——

Mr. MURTHA. Yes.

Captain WEIS. Line items have been completed, sir, but a program has not been completed. But the water project, as a big umbrella, has not been completed, but individual parts of it have.

Mr. MURTHA. So that water project may have been completed, but not the complete overall system.

Captain WEIS. That is right, sir.

DEPARTMENT OF ENERGY PROGRAMS IN MARSHALL ISLANDS

Mr. DEBRUM. One last point, Mr. Chairman. You will be hearing, I believe, directly from the people of Enewetak—the people of Bikini—later. But while we have this short time available to us, we would like to register our—a couple of points.

One—the President of the Marshall Islands, Mr. Amata Kabua, has written to Chairman Yates and to Chairman Burton as well, regarding our concern for the lack of attention on the part of the Department of Energy to continuing, frightening problems of long-term, low-level radiation we suspect in the northern Marshalls and areas other than those being taken care of currently.

We have attached a copy of that letter in the statement this morning.

We are asking that the Department of the Interior be funded an additional $250,000 in order that we can jointly embark upon an independent program—medical survey and assessments—of the problems of the people of the northern Marshalls who do not come under current programs administered by the DOE.

We are thankful for the legislation that has gone through paying special attention to that problem. But we would like to call to the attention of the committee the need for immediate action on this particular problem.

ENEWETAK SITUATION

Furthermore, attached to the documents before you is a letter from our President to President Carter which asks for personal attention and review of the entire Enewetak situation. We will not, of course, stand in the way of people who wish to return. We recognize the almost supernatural attachment that Marshallites have for their land. And we also take into consideration the fact that the people of Enewetak have been assured that it is indeed safe for them to return.

Mr. Chairman, the government of the Marshall Islands is yet to be convinced that that is the case, and we wish to register our concern in that matter.

Mr. MURTHA. Mr. Duncan will be here this afternoon. Mr. Duncan is a strong advocate of funding for your program. Of course, Mr. Yates is also a strong proponent, but it would be beneficial, I think, if you could be here this afternoon to hear the testimony about Enewetak and the other trust territories.

Mr. Secretary, do you have any additional comments?

Mr. GREEN. I would like to say that we are very much aware of the concerns expressed. I did meet with President Kabua two weeks ago, and I am very familiar with his concerns and, as well, his letter to the President. We are giving that attention.

Mr. MURTHA. Thank you, very much. This committee will adjourn until 1:30.

WEDNESDAY, APRIL 2, 1980.

AFTERNOON SESSION

ENEWETAK

Mr. DUNCAN [presiding]. The committee will come to order. We will continue the hearings of the Department of the Interior's Territorial Affairs Office. And I think if we have Mr. Green and who else—alright we will need some people from the Department of Energy, perhaps Mr. Wacholz, would you be an appropriate person? If you want to bring the rest of your friends up here to give you moral support, well that is alright too.

Do you need any moral support, Mr. Green?

Mr. GREEN. I can use a little from the Energy Department, I suspect.

Mr. DUNCAN. All right, whom do we have here? I see Mr. Wachholz, Mr. Burr, and Mr. Deal.

CLEAN-UP AND RESETTLEMENT

Mr. DUNCAN. I wonder if you can tell us, Mr. Green, what the status is of the clean-up and the resettlement of Enewetak? We are interested in when people will be returning to the Atoll? What islands will be resettled? How long a period will it be before all the people of Enewetak will be resettled on the Atoll?

Mr. GREEN. Mr. Chairman, this offers me a convenient opportunity to turn to my moral support, the Energy Department, which has been primarily concerned with this.

Mr. DUNCAN. Alright, can any of you people help?

Dr. WACHHOLZ. It seems that there were a number of questions there. Would you mind identifying them?

Mr. DUNCAN. Generally, I was just trying to guide you a little bit. What we really want to know is the status of the clean-up and the resettlement on Enewetak.

Dr. WACHHOLZ. With respect to the clean-up, I would ask Mr. Deal to respond to that if he would please.

Mr. DUNCAN. There is only one more left, Mr. Deal.

Mr. DEAL. As you know, Mr. Chairman, our responsibilities in the clean-up were for providing radiological support to the Department of Defense in the clean-up effort.

Our field work in the radiological support project was substantially completed in December last year. It is my understanding that the clean-up is substantially completed, and they are going to have some ceremonies next week to turn the island back over to the people.

The Department of Defense has completed the clean-up program.

Mr. DUNCAN. Is there anyone from the Department of Defense here?

Alright, on what do you base this belief that the clean-up is just about completed?

Mr. DEAL. Well, they are having the ceremony on April 8 to turn over the Atoll back to the people.

And we have done a great deal of work with our program—I can give you just a little bit of information.

RUNIT ISLAND

The final characterization of the soil conditions and the radiological conditions on Runit Island—which was the last island we were cleaning up—and that is the one where they deposited the radioactive material in the crater and had covered the crater over.

Mr. DUNCAN. What island?

Mr. DEAL. Runit.

Mr. DUNCAN. How many other islands are we talking about in this Atoll?

CONDITION OF THE ATOLL

Mr. DEAL. Well, almost every island in the Atoll has been touched in one way or another.

Mr. DUNCAN. They have all been cleaned up?

Mr. DEAL. Yes, sir.

Mr. DUNCAN. And even the island on which the debris was deposited has been covered over and is deemed safe?

Mr. DEAL. That island would be under quarantine. That has always been part of the planning—that that island will not be used in the future.

Mr. DUNCAN. And all the rest of the islands are clean at this point?

Mr. DEAL. They have been cleaned to the best of their ability with the clean-up program.

Mr. DUNCAN. What does that mean—to the best of their ability? Does that mean there is still radioactivity of a sufficient amount to pose a hazard to life and limb?

Mr. DEAL. In the planning for the clean-up and the impact statement that described the clean-up program, the southern islands were where the residential houses and community were to be built, and that of course has been done. The dispute at the moment, I think, is over whether—in the northern part of the Atoll—whether the radioactivity is low enough for the people to return.

Mr. DUNCAN. Are you telling the committee now that the southern islands are clean? Have you gone back in and re-checked them?

RADIATION DOSE SURVEY

Mr. DEAL. Yes, sir, we have had surveys going.

Mr. DUNCAN. And that was done in December?

Mr. DEAL. It was started in November and December, and that survey has been completed. There have been estimates of what radiation doses the people would receive if they went back to the various islands. I will now turn to Dr. Wachholz. He can answer those questions about the doses.

Mr. DUNCAN. Well, now I want to get this straight for the record.

The work has been completed on the southern Atolls and houses have been re-constructed there?

Mr. DEAL. Yes, sir.

Mr. DUNCAN. The Department of Energy went in with all your machines, and you measured the radioactivity, and you found that radioactivity to be within tolerable limits?

Mr. DEAL. I would rather let my friend talk about the limits.

Dr. WACHHOLZ. By limits, I assume you mean U.S. radiation exposure standards.

Mr. DUNCAN. I want to know whether it is safe for people to go back in there. That is what I want to know. I am not much on limits—whatever you have established as being tolerable.

Dr. WACHHOLZ. I would respectfully suggest the agency responsible for that is the Environmental Protection Agency, which is present here at the hearing today—in terms of which standards——

Mr. DUNCAN. Alright, then you tell us what the results of your measurements were.

Dr. WACHHOLZ. Right.

Mr. DUNCAN. In November and December.

Dr. WACHHOLZ. All right, according to our estimates with regard to——

Mr. DUNCAN. Estimates or measurements?

Dr. WACHHOLZ. The doses are based on measurements. However, there are a number of assumptions and mathematical models which one has to go through in order to convert these measured values into something meaningful, such as a dose estimate—and that is why we refer to it as an estimate—because one has to make assumptions with regard to diet, with respect to other parameters. Perhaps I shouldn't say assumptions; rather, one has to make calculations with respect to the radionuclide uptake in the various food products, and time spent on different islands, and so forth.

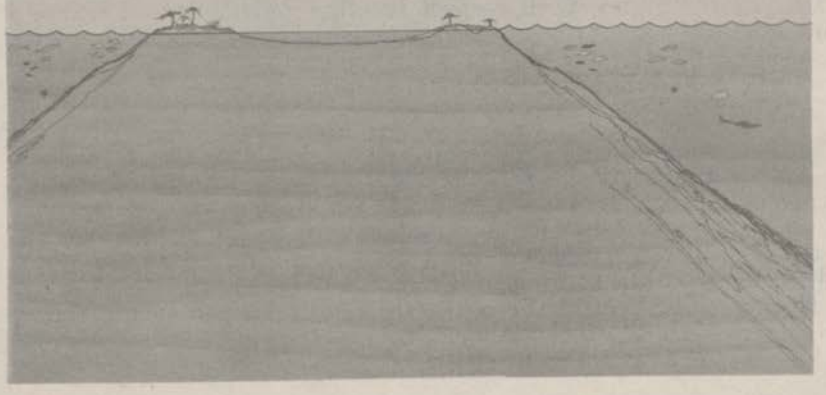
ASSUMPTIONS FOR DOSE ESTIMATES

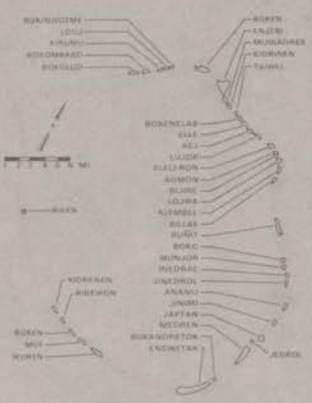
We, in conjunction with the legal counsel for the Enewetak people, agreed sometime back as to which scenario of lifestyles were most appropriate for us to address in terms of making dose estimates. Those particular lifestyles are addressed in the book, which the staff has in front of it right there.

Now, with respect to the southern islands—if you turn to pages 18 and 19.

[A copy of the report follows:]

# Ailin in ENEWETAK
# Rainin






# Ailin in ENEWETAK Rainin

## The ENEWETAK Atoll Today


| | Page No. |
|---|---|
| Kadkadin book in | 1 |
| Men drikdrik ko radioactive | 2 |
| Jaon kajur eo etan radiation | 4 |
| Tiltiktrik im melkwanar in bomb | 6 |
| Ijoko men ko reproductive rej bed ie ilo ailin in Enewetak | 8 |
| Wawen an radiation maroñ drelon ilioan enbennein armij | 11 |
| An radiation maroñ jelet enbwinnin armij | 12 |
| Wawen an scientist ro jela jonan radiation jaon armij ej buke | 14 |
| Jonan radiation armij karoke (radiation standard ko) | 15 |
| Wawen an scientist ro maroñ antanelok jonan radiation jaon armij emaroñ boke dano enaj jokwe ilo ailin in Enewetak | 16 |
| Melele ko retobrok jen jonok tiltiltik ko | 17 |
| Melele ko retobrok (jonan radiation) | 18-24 |
| Ran in kejjemlok | 25 |


**Kadkadin book in** Introduction

Jumin jet yio ko remotlok Kien eo an America ear jino kazreoik ailin in Enewetak im kamakiti men ko rar bed wot elikin air kökönmälmel kin atomic bomb ko ikotan yio kein, 1948 im 1958, bwe armij in Enewetak ren bar maroñ kejerbale. Eor jilu ra ko rej bok kwonair ilo jerbal in kazreo in: Defense Nuclear Agency, Department of Interior, im Department of Energy.

Ilo ien kazreo in rar kamakiti meko im kobijiri kein jerbal lölölö ko (möttan cement, mel, aer, etc.) im bar men otemjej rar ejjebliklik ilo ailin eo elikin ien kökönmälmel eo. Bareinwot rar köröllok möttan men drikdrik ko rar walok jen bomb ko im ajedred ilo jet möttan büdrej ko. Botab ej wor wot möttan men kein rej bed wot ilo büdrej.

Book in ej kwalok jet melele ko kin ailin in Enewetak rainin. Ej kemelele kin ta in radiation, kin men drikdrik ko rar walok jen bomb ko im ijoko rebed ie ilo büdrej ilo ailin in Enewetak, im kin wawen air naj maroñ jelet mour an armij ro elane renaj jokwe ilo ailin eo. Elliktata, book in ej kwalok melele ko retobrak kin jonan radiation bwelen armij remaroñ boke ekkar non ene ko renaj jokwe ie im moona ko renaj kañi, kab ta tokjen melele kein non mour ko air tokelik.

Kien eo an America ear kotobrak melele kein non an lñek non armij in Enewetak im non ri kabilelök ro air, non an maroñ in lajlok air melele kin wawen ailin eo air rainin.

Kajin Marshall in ear ukok ekkar non melele ko ilo kajin English, im kajin English in ilo book in ear ukok jen kajin Marshall.

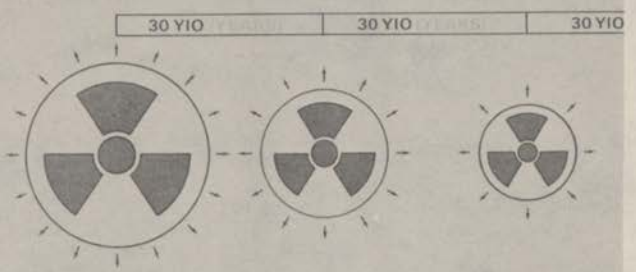
## Men drikdrik ko reradioactive

Jabrewot men ko ilo lol in rej ejak jen bwijin men drikdrik ko jejjab maroñ in loi. Jet ian men kein rejenolok im eirwot juon ilo juon wawen, kinke rej oktak im erom bar jet kain men drikdrik ko. Ilo an men drikdrik kein oktak wot jenaj ba bwe men kein reradioactive.

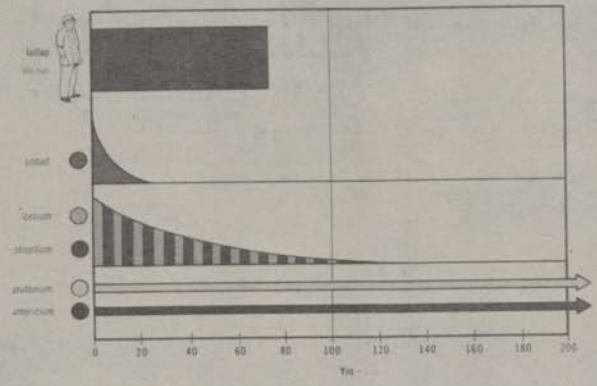
Ilo ien ko ke rej oktak ewalok juon kain kajur jeni eo jejjab maroñ in loe im rej naetan *radiation*. Ne emwij air oktak, ejako kajur in jeni. (Nan ko renaj kemeleleiklok *radiation* rebed ilo *page* 4.)

Eor ian men ko reradioactive rar baj mõttan wot lol in. Komonmon-in-Anij men kein im reban jako. Elon ilo bũdrej, ilo dren, ilo keinikkan im menin eddrek ko jet, bareinwot ilo menin mour im ilo enbwinnid.

Ebareinwot wor men ko reradioactive rar walok jen *atomic bomb* ko. Jet emokaj air oktak—iumin jet *minute* ak ran. Ak ko jet erumwij air oktak, im men kein rej bed wot non rainin ilo jet ian ene ko ilo ailin in Enewetak. Etan jet ian men kein *Cesium*, *Strontium*, *Cobalt*, *Plutonium*, im *Americium*. Jimottanin *Cesium* im jimottanin *Strontium* renaj jako elikin 30 yio. Ijo ebed enaj bar jako jimottanin elikin bar 30 yio, im eindrein manlok. Jimottanin *Cobalt* enaj jako elikin 5 yio, im ijo ebed enaj bar jako jimottanin elikin bar 5 yio, im eindrein manlok. *Plutonium* im *Americium* rejamin oktak iumin buki buki yio ko.

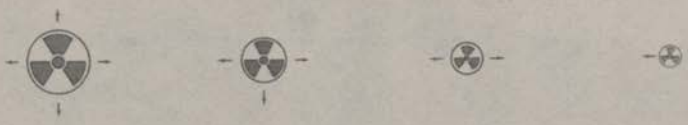



Jimottanin *Cesium* enaj jako elikin 30 yio. Ijo ebed enaj bar jako jimottanin elikin bar 30 yio, im eindrein manlok.




Pija in ej kwalok jete yio men ko *radioactive* renaj oktak im erom men ko rejjab *radioactve*. Ej bar keidri aitokan an men kein *radioactive* bed non aitokan an juon armij mour (enanin 75 yio). Enaj kanuij in drik jonan *Cobalt* elikin 25 yio. Enaj drik jonan *Cesium* im *Strontium* elikin 100 yio. Ak *Plutonium* im *Americium* enaj jidrik wot air oktak iumin buki buki yio ko.

| | | | |
|---|---|---|---|
| YEARS) | 30 YIO (YEARS) | 30 YIO (YEARS) | 30 YIO (YEARS) |



## Juon kajur eo etan *radiation*

Kajur eo jen men ko re*radioactive* enanin einlok wot okmanan in kijeek im meram in al, botab jeban loe, ronjake, nemake, āt bwin, ak enjake.

Eor jilu kain *radiation* rej walok jen lol in:

1. *Alpha radiation* - ekadru ijo ej tobare, bwelen 3 *inch* ibelakin ilo mejatoto, im juon pepa emaroñ kabwijrake.
2. *Beta radiation* - eaetoklok ijo ej tobare, bwelen 4 *yard* ibelakin ilo mejatoto, im men ko remejllok jen pepa, einwot *plywood*, renaj maroñ kabwijrake.
3. *Gamma radiation* - elap an aetoklok ijo ej tobare, bwelen 300 *yard* ibelakin ilo mejatoto, im men ko wot remejil im bin, einwot *cement*, dreka ko rellap, im mel, remaroñ kabwijrake.

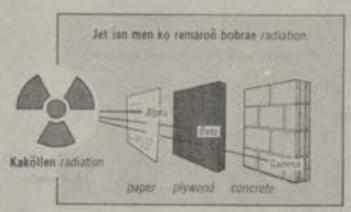
Ejjab bidrudru an *alpha radiation* kab *beta radiation* driñuk kilin armij im drelon non enbwinnier. Ijoke *radiation* kein remaroñ drelon im tobar botoktok, dri, ār, im ilo möttan ko jet ilo enbwin jen men ko re*radioactive* im rej bed ilo mona ko armij rej kañi im ilo mejatoto eo rej emmenonoiki.

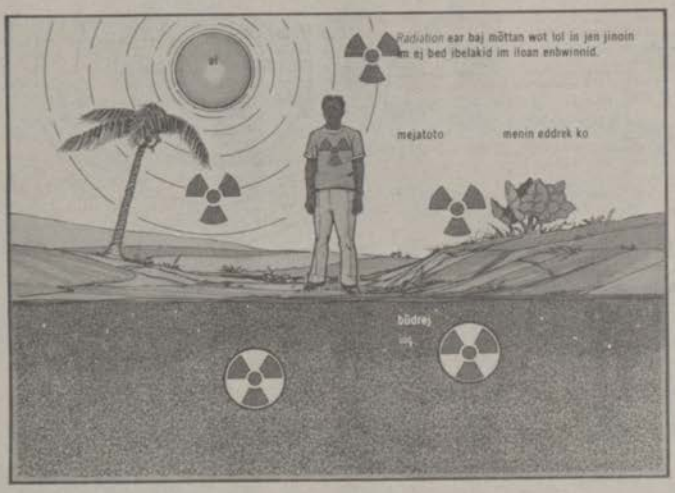
Ak *gamma radiation* ne ej itak ibben armij, ej driblok enbwinnier, im naj wor wot möttan kajur in *radiation* in ebwijrak ilo enbwinnier.

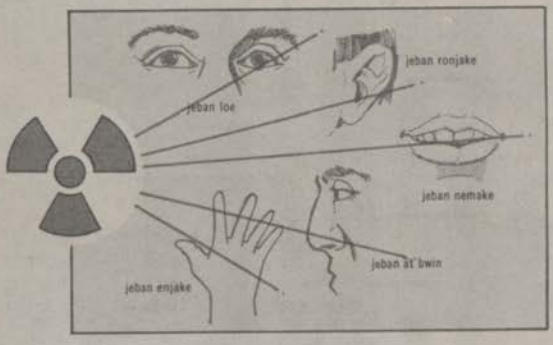
Einwot ilo jikin ko jet ibelakin lol in, *alpha*, *beta*, im *gamma radiation* rar walok ilo ailin in Enewetak jen men ko re*radioactive* im rar möttan wot lol in jen jinoin. Ebar wor *radiation* ko rej itok jen ijoko ilañ im rej driblok enbwinnin armij.

Ilo ailin in Enewetak, *alpha radiation* ej bar walok jen *Plutonium* im *Americium*. *Beta radiation* ej bar walok jen *Strontium*. *Gamma radiation* ej bar walok jen *Cesium* im *Cobalt* im jidrik jen *Americium*. Kememej bwe *Plutonium* im *Americium* rej bed wot ilo jet ian ene ko ilo ailin in Enewetak im reban jakolok iumin buki buki yio. *Strontium* im *Cesium* rebareinwot bed ilo jet ian ene ko, botab emokajlok air jakolok jen *Plutonium* im *Americium*.

*Scientist* in lol otemjej rej kejerbal kakōlle in einwot kakōllen *radiation*.




Radiation ear baj mõttan wot lol in jen jinoin
im ej bed ibelakid im iloan enbwinnid.
mejatoto
menin eddrek ko
bũdrej


jeban ronjake
jeban loe
jeban nemake
jeban at bwin
jeban enjake

## Tibdrikdrik im melkwarar in *bomb*

Ne juon *atomic bomb* ej rup ej bokliñlok jabrewot men, einwot dreka, būdrej, dren, im men ko eirlok wot. Ilo ien eo ej rup im ebjak, tibdrikdrik im melkwarar in men kein rej koba ibben men ko re*radioactive* jen *bomb* eo im belliñlok im bar wōtlok loltak.

Eor 43 *atomic bomb* ko rar kōkōmmālmel kaki ilo ailin in Enewetak. *Map* in ilo *page 7* ej kwalok ene ko Kien eo an America ear kōkōmmālmeli *bomb* kein ie. Tibdrikdrik im melkwarar in *bomb* ko rar wōtlok ilometo, ilomalo, im ion jet ian ene ko, im koto ar bookilok jet non ijoko rettolok.

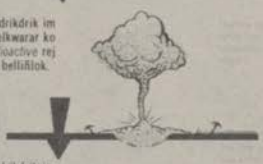
Tibdrikdrik im melkwarar ko re*radioactive* jen *bomb* ko rar wōtlok ion ailin in Enewetak im bareinwot ion jikin ko rettolok ibelakin lol in.

Edreboklok in *bomb*

Būdrej im tibdrikdrik in *bomb* rej koba ibben dron.

Roñ kommon jen *atomic bomb*

Tibdrikdrik im melkwarar ko re*radioactive* rej belliñlok.

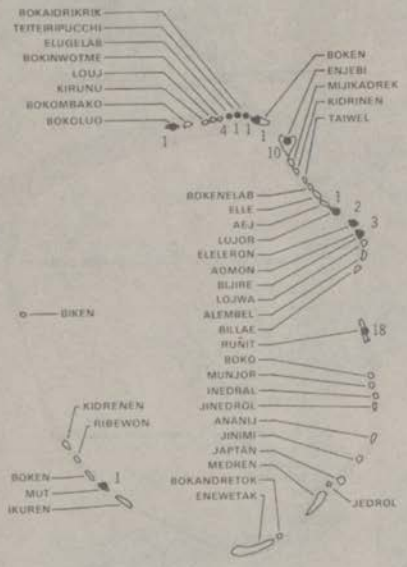


Tibdrikdrik im melkwarar ko re*radioactive* rej bar wōtlok lōltak—jet ion ailin eo im jet ijoko rettolok.

Iumin eloñ yio ko, tibdrikdrik im melkwarar ko re*radioactive* rej wonlōlōtlok ibuloñ būdrej.

Men drikdrik ko re*radioactive* ilo būdrej rej drelon ilo mona ko.

Elane armij rej kañ mona ko re*radioactive* im emmenonoiki buñal ko re*radioactive*, men drikdrik ko re*radioactive* renaj drelon iloan enbwinnier.




Ene ko rebŏrŏrŏ rej ene ko rar kŏkŏmmālmel ie. *Number* kein rej oran *bomb* ko rar rup ion ak iturin kajjojo ene kein.

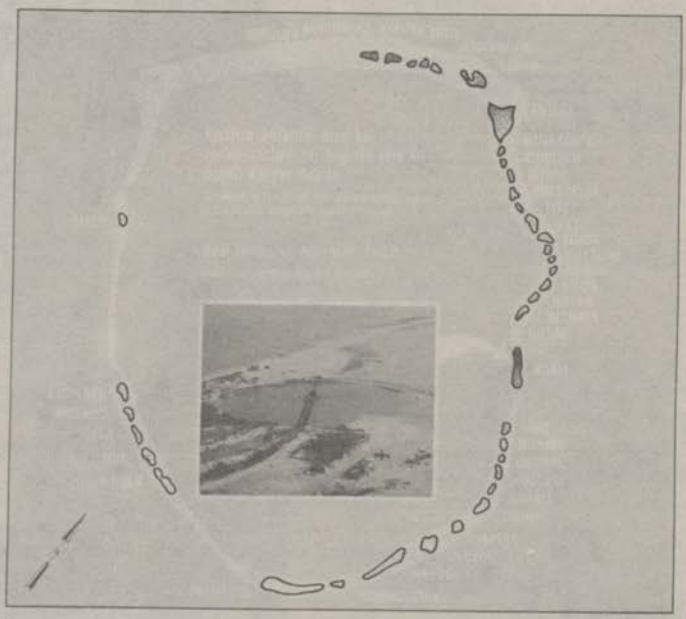
Ene ko rekilmej rej ene ko rar bar kŏkŏmmālmel ie im rejako rainin.

*Number* kein rej itok jen book eo naetan *Environmental Impact Statement: Wawen An Karreo, Ekkal im Kaarmije Enewetak ilo Marshall Islands*, Volume 1, April 1975, Defense Nuclear Agency.

Pija in ej kwalok juon ian roñ ko kommon in *atomic bomb* ilo juon ian enedrik ko.

## Ijoko men ko re*radioactive* rej bed ie ilo ailin in Enewetak

*Map in ej kwalok ia ko men ko reradioactive rej bed ie ilo ailin in Enewetak.*



Edriktata jonan men ko reradioactive ie

Edrik jonan men ko reradioactive ie

Elaplok jonan men ko reradioactive ie

Elaptata jonan men ko reradioactive ie

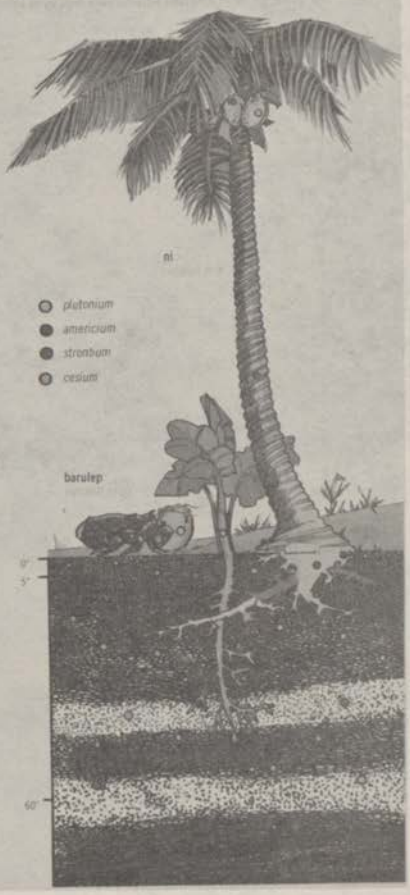
Pija in ituanbwijmaroñ ej kwalok ijoko men drikdrik ko reradioactive rebed ie ibulon būdrej. *Plutonium* im *Americium* rebed ilo būdrej jab eo ituliñ. *Cesium* im *Strontium* rej bed ilo būdrej ko rebijbij im bareinwot ko remwilol.

Kin an *Plutonium* im *Americium* bed ijo ebijbij, im kin an naj kanuij to bwe ren make jakolok, emwij an Kien eo an America kōrōtlok jet ian mōttan būdrej ko elon *Plutonium* im *Americium* ie ilo jet ian ene ko, im kamakiti non juon roñ kommon in *bomb* iman Ruñit.

*Map* in ilo *page* 8 ej kwalok ene ko men ko reradioactive rej bed ie ilo ailin in Enewetak rainin. Jej lo bwe jet ian ene kein elaplok jonan men ko reradioactive ie jen ene ko jet. Unin, kinke rej ene ko rar kōkōmmālmel *bomb* ko ie, im bareinwot koto ko rar bookilok tibdrikdrik in *bomb* ko noni. Ene ko iturok ekanuij in drik jonan men ko reradioactive ie.

Pija in ej kwalok wawen roñ eo iman Ruñit ilo *May* 1979

Pija in ej kwalok ijoko men ko reradioactive rej bed ie ilo būdrej.



bŏb

ieraj

ni, waini

barulep

mā

Jet ian men ko re*radioactive* ilo bŏdrej rej drelon ilo okor ko im wonliŏlok non leen menin eddrek ko. Elane armij renaj mona jen leen menin eddrek kein renaj bareinwot kaflı men ko re*radioactive*.

iik

Eiet men ko re*radioactive* ilo iik.

10

## Wawen an *radiation* maroñ drelon iloan enbwinnin armij

Armij remaroñ bok *radiation* jen men ko re*radioactive* ilo ailin in Enewetak ilo tuo wawen: 1—*Radiation* eo ej walok jen büdrej emaroñ dribuk kilin armij im drelon ilo enbwin; 2—Men ko re*radioactive* im rebed ilo jet ian mona ko armij rej kani, ilo jet ian dren ko rej ilimi, ak ilo mejatoto eo rej emmenonoiki remaroñ kommon *radiation* iloan enbwin.

*Radiation* eo ej wonlintak jen büdrej ej walok jen *Cesium* im *Cobalt* ko rebed ijoko rebijbij. *Radiation* eo jen *Cesium* im *Cobalt* ko rebed ijoko remwilol, eor möttan ejjab maroñ tobar armij kin an mejil büdrej eo. Iumin jet yio ko, *Cesium* im *Cobalt* rej oktak im ejakolok air *radioactive*.

Einwot an alikkar ilo pija eo ilo *page* 9, elon men ko re*radioactive* rej bed ilo büdrej, jet ijoko okoran menin eddrek ko rej eddrek ie. Menin eddrek otemjej rej bok kijeir jen büdrej kin okorair. Kio, ilo an menin eddrek kein bok kijeir, men ko re*radioactive* ilo büdrej rej wonliñlok ilo kair non ra ko rair, im non men ko leir. Elaplok an *Cesium* im *Strontium* dreloñ ilo leen menin eddrek ko jen *Plutonium* im *Americium*.

Elane armij renaj mona leen menin eddrek kein, renaj bareinwot kañi men ko re*radioactive* ie. Jemaroñ watok bwe mona kein re*radioactive* bareinwot elane menin mour ko renaj kañi menin eddrek kein, renaj bariwot kañi men ko re*radioactive* ie. Im elane armij renaj kañi menin mour kein, renaj bar kañi men ko re*radioactive* im rej bed ilo kamniek ko. Mene armij renaj kematti mona ko elon men ko re*radioactive* ie, ak eban jako air *radioactive*.

Kin an wor men ko re*radioactive* ilojet, emaroñ bareinwot wor jidrik möttair ilo iik ko. Elane armij renaj mona iik, enaj kanuij in drik jonan men ko re*radioactive* renaj boki.

Elane enaj wor möttan men ko re*radioactive* redrelon ilo enbwin, enaj wor mottair renaj drioilok, im eor mottair renaj bed wot im *radiation* enaj walok wot jeni.

## An *radiation* maroñ jelet enbwinnin armij

Ekkā wot an ri Marshall naetan *radiation* baijin. Botab an baijin jerbal im an *radiation* jerbal reinjuon jen dron. Enanin aolep ien ōe baijin ej drelon ilo enbwinnin juon armij (einwot idrak jeraiko, *kerosene*, DDT, im men ko eirlok wot) emokaj an walok jorran non enbwinnin—emaroñ lumin jet wot *minute* ak ran. Botab elane enaj wor jorran jen *radiation*, ekkā wot an to kitien an jino walok—emaroñ elikin elon yio ko. Enaj jeja an walok jorran jen *radiation* eo ilo ailin in Enewetak.

Kememej bwe eor *radiation* ear baj mōttan wot lol in, im ebar wor *radiation* ear walok jen *atomic bomb* ko. *Radiation* kein jimor remaroñ kommon jorran non men jiddrik ko rej bed iloan enbwin (einwot ba, *cell* ko) im rej koba ibben dron non ejake juon enbwin. Tjellokin *radiation*, ebar wor men ko rej kommon ejja jorran rot in wot non *cell* ko ilo enbwin, einwot kobaatat. Jet ien jorran kein rej make walok jen enbwin. Elane enaj eindrein an wor jorran iloan enbwin emaroñ walok naninmij in *cancer* ko.

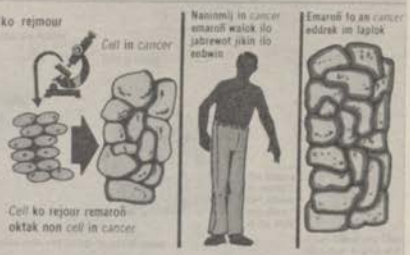
Aoleb *cell* ko rej lōñlok ilo air ajej im roo mōttan. Wawen drein an jabrewot enbwin maroñ eddrek kab ijoko rejorran ilo enbwin rej bar mo im erom kāl ilo ejja wawen in, kin an *cell* ko maroñ ajej im lōñlok. Naninmij in *cancer* ko rej walok ne *cell* ko ilo enbwinnid rejorran im emokaj air eddrek im lōñlok jen jonan. Ilo air eindrein remaroñ kokkure mōttan ko rejmour ilo enbwin im kommon bwe armij ren naninmij. Jet armij remaroñ mour jen naninmij in *cancer* ak jet remaroñ jab.

Naninmij in *cancer* ar walok jabrewot jikin ilol in moktalok jen an wor *atomic bomb*. Non wanjonok, ōe eor 108 armij remij ibelakin lol in jen jabrewot un ko, bwelen 15 iaie remaroñ kar mij jen *cancer*. Naninmij in *cancer* ko rej walok wot ibelakin lol in non rainin.

*Cancer* ko rej walok jen *radiation* rejjab oktak jen *cancer* ko rej walok jen men ko jet. Ne eor naninmij in *cancer* ko renaj walok ibben armij in Enewetak, reban einjuon jen ko rej walok ibben

Wawen an naninmij in *cancer* eddrek

Jabrewot armij remaroñ bok naninmij in *cancer* mene rejjab bok *radiation*. Naninmij in *cancer* ej make walok jabrewot jikin ilol in.




Naninmij in utamwe ko ibben niñniñ

Jet naninmij ak utamwe an ajiri rej itok jen jineir ak jemeir mene jineir ak jemeir rar jab bok *radiation*.

armij ro jet ilol in. Ekkar non melele ko rej walok ilo *page* 18-24, elukkun naj jeja an walok naninmij in *cancer* ko jen *radiation* ilo ailin in Enewetak. Emwij an *scientist* ro lo bwe juon ian men ko re*radioactive* ear walok jen ien eo rar kökömmälmel *atomic bomb* ko emaroñ kommon *cancer* ilo buru (ilo *thyroid*). Jet wot alliñ in an men in e*radioactive* bed, innem ejako jen ailin in Enewetak rainin.

Ibben jabrewot ri ailin, eor ajiri ro rej lotaktok kin naninmij in utamwe ko rej bödrañe jineir ak jemeir kaki. Erkein jet iairr: jarronron, bilo, jibikbik, bwebwe ak utamwe in kemalij, im meo ko eirlok wot. Utamwe rot kein rar walok i Marshall moktalok jen an kar wor kökömmälmel kin *atomic bomb*, im rej walok wot non rainin. Ilo juon jukjuk in bed eo emwij an armij ro ie bok *radiation*, emaroñ löñlok jidrik oran ajiri ro rej lotaktok kin utamwe, ak emaroñ jab.

*Cancer* emaroñ eddrek im ajedred non aoleben enbwin

*Cancer* emaroñ walok einwot löpper ituloa ak itulik ilo enbwin

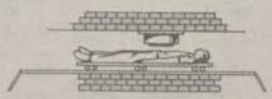
*Cancer* emaroñ kommon bwe armij ren naninmij. Jet remaroñ mour ak jet remaroñ jab.

Erkein jet ian utamwe ko: jibikbik, utamwe in kamelij, im men ko eirlok wot.

## Wawen an *scientist* ro jela jonan *radiation* juon armij ej boke

Joñe men ko re*radioactive* tulik in enbwinnin juon armij

Joñe jonan *Cesium* ilean enbwin



Joñe jonan men ko re*radioactive* ilo bũdrej

For men ko re*radioactive* iloan enbwinnin jabrewot armij ilol in. Armij reban make jela jonan *radiation* ilo jabrewot men kab ilo enbwinnier, kinke rejjab maroñ in loe, ronjake, nemake, ãt bwin ak enjake. Kein kakõlkõl ko wot remaroñ kalikkare. Elon kein kakõlkõl ko non joñe men ko re*radioactive* ilo bũdrej im ilo mona, im ebar wor non joñe *radiation* eo ej walok jen bũdrej. *Scientist* ro rej kejerbal kein kakõlkõl kein non air bok melele ko bwe ren maroñ in antonelok jonan *radiation* armij renaj boke elane renaj jeblak im jokwe ilo ailin in *Enewetak*.

For juon kein kakõlkõl *scientist* ro rej kejerbale non joñe jonan *gamma radiation* eo ej walok jen men ko re*radioactive* ilo enbwin. *Scientist* ro remaroñ bok kein kakõlkõl in im joñe jonan men ko re*radioactive* ilo enbwinnin armij in Enewetak. Ilo yio kane rej itok, *scientist* ro remaroñ bar etale armij ro im bar joñe jonan *radiation* ilo enbwinnier, bwe ren jela jonan men ko re*radioactive* rar drelon non enbwinnier ilo air jokwe ilo ailin eo.

*Scientist* ro rej bareinwot kejerbale kein kakõlkõl in, non air joñe jonan *Cesium* im *Cobalt* ilo enbwin, botab men in ejjab maroñ in joñe jonan *Plutonium*, *Americium*, im *Strontium*. Wawen air joñe men kein jilu, rej bok drennin kebbojak im joñe jonan men ko re*radioactive* ie. Jen air kommone men in remaroñ antonelok jonan *Plutonium*, *Americium*, im *Strontium* ilo enbwinnin juon armij. Etan bwinbwin ko rej kejerbali non joñe jonan kajur in *radiation* juon armij ej boke ilo enbwinnin ej *"millirem."*

## Jonan *radiation* emwij karoke (*radiation standard* ko)

Ejjelok en elukkun jela kin jonan *radiation* juon armij emaroñ boke im jab wor jorran non enbwinnin. Ibelakin lol in, elon drolul in *scientist* im *doctor* rej etale im ekkatak kin men in. Erkein etan jet ian drolul ko: International Commission on Radiological Protection, U.S. Environmental Protection Agency, im International Atomic Energy Agency. Non kejbarok armij jen jorran ko remaroñ walok jen *radiation*: ekkar non tobran melele ko emwij air loi, drolul kein rej kwalok jet jonan *radiation*, ko armij ren jab bok elaplok jeni. Drolul kein rej bareinwot rejañ armij bwe ren kajjeon kejbarok bwe en drik jonan *radiation* eo ej drelon non enbwinnier, jonan wot air maroñ. Elon *government* ko emwij air rejtak karok kein.

Kin men in, emwij an Kien eo an America karok juon jonan *radiation* non ri America bwe ren jab bok elablok jene. Jonan *radiation* in ejja einwot jonan eo emwij an drolul kein iliñ rejtake. Rej naetan jonok in emwij karoke, *radiation standard*, im *standard* in ej walok ilo *millirem*.

Emwij an Kien eo an America karok bwe juon armij en jab bok elablok jen 500 *millirem* ilo juon yio. Bareinwot rar karok bwe jonan *radiation* eo iolap *(average)* juon emman ak juon kora eo ej jokwe ilo U.S. emaroñ boke iumin 30 yio en jab laplok jen 5,000 *millirem*. Kien eo an America ej kajjeon kejbarok jonan wot an maroñ, bwe jonan *radiation* ri ailin eo an rej boke ilo air mour ak jerbal, en driklok jen bwinbwin kein iliñ.

Meñe *standard* kein rej kwalok jet *number* ko, elap tokjen bwe armij in Enewetak ren lukkun melele, ilo air lali melele kein retobrak ilo *page* 18-24, bwe ejjelok en elukkun jela kin jonan *radiation* kajjojo armij in Enewetak renaj boke elane renaj jeblak im jokwe ilo ailin eo air. Unin, kinke ejjelok en emaroñ jela jonan monsa ko re*radioactive* kajjojo armij renaj kañi, ak wawen an kajjojo armij mour im makitkit ilo ailin eo. *Scientist* ro remaroñ jolle kajjojo armij ilo yio kane tokelik. Men in enaj menin jibañ non kalikkar jonan *radiation* kajjojo armij remaroñ boke ion ailin in Enewetak.

Elane armij in Enewetak renaj jela ke eor *radiation standard* ko, enaj menin jibañ ir ilo air etale men otemjej ekkar bwe ren lemnak kake ikijjen air rol non ailin en air.

## Wawen an *scientist* ro maroñ antonelok jonan *radiation* juon armij emaroñ boke elane enaj jokwe ilo ailin in Enewetak.

Jen tokjen katak ko im jonok ko relōñ, *scientist* ro remaroñ antonelok jonan *radiation* eo bwelen armij in Enewetak remaroñ boke elane renaj jeblak im jokwe ilo ailin eo air.

Rar kōb elon roñ, jet rebūbij im jet remwilol, im bok mōttan būdrej jeni im joñe jonan *radiation* eo ilo mōttan būdrej kein kajjojo. Rar bar etale drennin lojet, jen lometo im jen lomalo, im bareinwot drennin aebojlol ko. Rar bar ebbok iik im menin mour ko jet jen lojet im ekkatak kaki. Rar etale jonan an keinikkan ko im menin eddrek ko jet bok men ko re*radioactive* jen būdrej. Kin an kar iiet keinikkan ko ilo ailin in Enewetak ilo lalim yio ko remotlok, *scientist* ro rar kalbwini jet menin eddrek ko noon air naj etale jonan men ko re*radioactive* ilo men ko leir. Rar bareinwot etale men ko re*radioactive* ilo buñal imejatoto.

Erkein melele ko emwij an *scientist* ro loi, ekkar non jerbal kein rar kommoni:

1. jonan men ko re*radioactive* ilo kajjojo ene ko rar etali
2. men rot kein re*radioactive* ilo kajjojo ene kein
3. tu ia ilo būdrej men ko re*radioactive* rebed ie
4. jonan *radiation* ej walok jen būdrej
5. jonan men ko re*radioactive* ilo būdrej im renaj drelon ilo mona ko, menin eddrek ko, im menin mour ko
6. jonan an lomalo im lometo *radioactive* im jabrewot mona ko jen lojet, einwot iik, baru, wor, kabor im men ko eirlok wot
7. jonan an aebojlol ko im dren in idrak ko *radioactive*
8. jonan men ko re*radioactive* ilo buñal imejatoto im armij renaj emmenonoiki.

Iumin jonoul yio ko rejemlok, emwij kejerbal elon *million dollar* ko im elonlok jen buki armij, non an tobrak melele kein.

Emwij an armij in Enewetak kennanik ro ilo Micronesian Legal Services kin jonan air mona im mona rot ko kijeir. Micronesian Legal Services ear lelok melele kein non *scientist* ro.

Jen aolepen melele kein woj, *scientist* ro remaroñ antonelok jonan *radiation* juon armij emaroñ boke jen men ko kijen, jen mejatoto, im jen būdrej, elane enaj rol im jokwe ilo ailin in Enewetak.

Botab eban jonan wot juon *radiation* ibben kajjojo armij in Enewetak, kinke rejamin jokwe ilo juon wot ene, im ejamin jonan wot juon buñal ilo mejatoto eo rej emmenonoiki. Jet armij emaroñ driklok air bok *radiation* jen ro jet.

## Melele ko retobrak jen jonok lōñlōñ ko

Jen jonok lōñlōñ ko emwij kemeleleiki imanlok, emwij an *scientist* ro antone jonan *radiation* eo armij in Enewetak remaroñ bwelen boke elane renaj mona mona ko jen ailin ko ilik ibben mona ko jen ailin eo air. Bareinwot, emwij an *scientist* ro antone jonan *radiation* eo armij rein remaroñ boke elane renaj mona wot mona jen ailin eo air.

Kinke elaplok jonan men ko re*radioactive* ilo ene ko ituion jen ene ko jet, im bareinwot elaplok jonan men ko re*radioactive* ilo ni ko rej eddrek ie, emwij an bar *scientist* ro antone jonan *radiation* eo armij remaroñ bwelen boke elane renaj kowainini ilo ene kein elap air *radioactive*, ak elane rejjab kowainini ie.

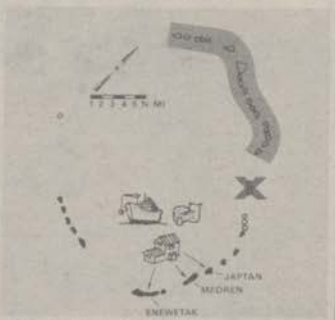
Watwat in bwinbwin kein kajjojo kin jonan *radiation* ko armij ro remaroñ boki rej walok ilo *page* 18-24. Melele ko ilo *page* kein rej kwalok jonan *radiation* armij remaroñ bwelen boki ekkar non ene in jokwe ko kajjojo, kain mona ko rej kañi, im ekkar non kajjojo ene ko renaj kowainini ie.

Jen wot an *scientist* ro kejerbali melele kein iman rar maroñ antone oran armij ro remaroñ bok naninmij ak utamwe in enbwin ekkar non jonan *radiation* eo reboke. Juon drolul in *scientist* ilo United States, etan in *The National Academy of Sciences—National Research Council's Committee on the Biological Effects of Ionizing Radiation* emwij an antonelok oran armij ro remaroñ mij jen *cancer* kab oran niñniñ ro remaroñ lotaktok kin utamwe in enbwin ak kemalij, walok jen *radiation*. Oran armij ro ilo ailin in Enewetak im remaroñ mij jen *cancer* ko walok jen kajur in *radiation*, im oran niñniñ ro remaroñ lotaktok kin utamwe in enbwin, walok jen *radiation*, rej ellajrak ilo *page* 18-24. *Number* kein rej ekkejil wot ibben melele ko an *scientist* ro ilo drolul in ilin.

Aolep bwinbwin ko ilo *page* 18-24 rej atartar wot ilo melele ko retobrak ibben *scientist* ro. Botap ej wor wot katak ko rej wonmanlok wot ikijjen men kein. Im elane enaj wor melele ko rekāl im ekkar bwe en wor oktak ilo bwinbwin kein, enaj bar wor kojjela kaki non armij in Enewetak.

## Melele ko retobrak

Elane armij renaj jokwe ilo ENEWETAK, JAPTAN, im MEDREN;
Elane renaj mona mona ko jen ailin eo na ibben mona ko jen ailin ko ilikin;
Elane rejjab kowainini jen Billae lok non Mijikadrek:




Jonan radiation eo elaptata bwelen juon armij emaroñ boke iumin juno yio ..... 11 milirem

Jonan radiation eo iolap (average) bwelen juon armij emaroñ boke iumin 30 yio:
ilo aoleben enbwinnin (whole body) ..... 69 milirem
ilo nonnonmej iloen dri (bone marrow) ..... 100 milirem

Jonan lõõlok in cancer ko bwelen remaroñ walok ilo yio kein 30 iman ..... 0.04%

Meleten, bwe elane enaj wor 10.000 armij remij ilo yio kein 30 imaai jen jabrewot cancer ijellokin cancer ko rej walok jen radiation eo ej walok jen atomic bomb; emaroñ bar kobatok 4 ro rej mij jen cancer ko rej walok jen radiation eo ej walok jen atomic bomb.

Jonan lõõlok in ajiri ro bwelen remaroñ lotaktok kin nanimmij in utanwe ilo yio kein 30 iman ..... 0.01%

Meleten, bwe elane enaj wor 10.000 ajiri ro rej lotaktok kin nanimmij in utanwe walok jen jabrewot un ko ijellokin radiation eo ej walok jen atomic bomb ilo yio kein 30 iman, emaroñ bar kobatok 1 ajiri rej lotaktok kin naninmij in utanwe walok jen radiation eo ej walok jen atomic bomb.

## Melele ko retobrak

Elane armij renaj jokwe ilo ENEWETAK, JAPTAN, im MEDREN;
Elane renaj mona mona ko jen ailin eo na ibben mona ko jen ailin ko ilikin;
Elane renaj kowainini jen Billae lok non Mijikadrek:

28 milirem

200 milirem
250 milirem

0.10%

Meleten, bwe elane enaj wor 10.000 armij remij ilo yio kein 30 iman jen jabrewot cancer ijellokin cancer ko rej walok jen radiation eo ej walok jen atomic bomb; emaroñ bar kobatok 10 ro rej mij jen cancer ko rej walok jen radiation eo ej walok jen atomic bomb.

0.04%

Meleten, bwe elane enaj wor 10.000 ajiri ro rej lotaktok kin nanimmij in utanwe walok jen jabrewot un ko ijellokin radiation eo ej walok jen atomic bomb ilo yio kein 30 iman, emaroñ bar kobatok 4 ajiri rej lotaktok kin naninmij in utanwe walok jen radiation eo ej walok jen atomic bomb.

## Melele ko retobrak

Elane armij renaj jokwe ilo ENEWETAK, JAPTAN, im MEDREN:
Elane renaj mona mona ko jen ailin eo wot:
Elane rejjab kowainini jen Billae lok non Mijikadrek:

| | |
|---|---|
| Jonan radiation eo silaptata bwelen jaon armij emaroñ boke iumin jaon yio | 24 milirem |
| Jonan radiation eo relap (average) bwelen jaon armij emaroñ boke iumin 30 yio: | |
| ilo aolebun enbwinnin (whole body) | 120 milirem |
| ilo eonnonmej ilioak ilei (bone marrow) | 220 milirem |
| Jonan lõllõk in cancer ko bwelen remaroñ walok ilo yio kein 30 iman | 0.09% |

Melelen, bwe elane enaj wor 10.000 armij remij ilo yio kein 30 iman jen jabrewut cancer ijellokin cancer ko rej walok jen radiation eo ej walok jen atomic bomb, emaroñ bar kobatuk 9 ro rej mij jen cancer ko rej walok jen radiation eo ej walok jen atomic bomb

Jonan lõllõk in ajiri ro bwelen remaroñ lotaktok kin nanonmij in utamwe ilo yio kein 30 iman .... 0.02%

Melelen, bwe elane enaj wor 10.000 ajiri ro rej lotaktok kin nanonmij in utamwe walok jen jabrewut un ko ijellokin radiation eo ej walok jen atomic bomb ilo yio kein 30 iman, emaroñ bar kobatuk 2 ajiri rej lotaktok kin nanonmij in utamwe walok jen radiation eo ej walok jen atomic bomb

## Melele ko retobrak

Elane armij jenaj jokwe ilo ENEWETAK, JAPTAN, im MEDREN.
Elane renaj mona mona ko jen ailin eo wot:
Elane renaj kowainini jen Billae lok non Mijikadrek:

| | |
|---|---|
| | 51 milirem |
| | 330 milirem |
| | 460 milirem |
| | 0.18% |

Melelen, bwe elane enaj wor 10.000 armij remij ilo yio kein 30 iman jen jabrewut cancer ijellokin cancer ko rej walok jen radiation eo ej walok jen atomic bomb, emaroñ bar kobatuk 18 ro rej mij jen cancer ko rej walok jen radiation eo ej walok jen atomic bomb

| | |
|---|---|
| | 0.07% |

Melelen, bwe elane wor 10.000 ajiri ro rej lotaktok kin nanonmij in utamwe walok jen jabrewut un ko ijellokin radiation eo ej walok jen atomic bomb ilo yio kein 30 iman, emaroñ bar kobatuk 7 ajiri rej lotaktok kin nanonmij in utamwe walok jen radiation eo ej walok jen atomic bomb

Ene non kowainini

Jab ene in kowainini

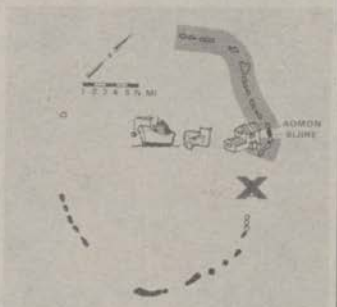
Ene non jokwe

Mona ko jen ailin ko ilokin

Ruñiñ: Jab ilok none

## Melele ko retobrak

Elane armij renaj jokwe ilo BIJIRE ak AOMON:
Elane renaj mona mona ko jen ailin eo na ibben mona ko jen ailin ko ilikin:
Elane rejjab kowainini jen Eleleron lok non Mijikadrek, im jen Lojwa lok non Billae:




| | |
|---|---|
| Jonan *radiation* eo etaptata bwelen joon armij emaroñ boke iumin 30 yio: | 150 *milirem* |
| Jonan *radiation* eo rolaji (*average*) bwelen joon armij emaroñ boke iumin 30 yio: | |
| ilo aolepan enbwinnin (*whole body*) | 960 *milirem* |
| ilo roonnonnej iloan dri (*bone marrow*) | 1000 *milirem* |
| Jonan iiiñiok in *cancer* ko bwelen remaroñ walok ilo yio kein 30 iman | 0.40% |

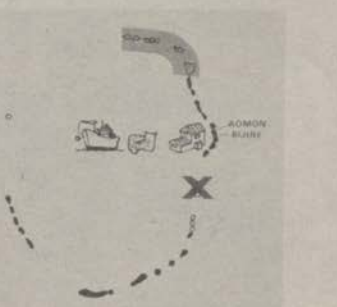
Melelen, bwe elane enaj wor 10,000 armij remij ilo yio kein 30 iman jen jabrewot *cancer* ijeliokio *cancer* ko rej walok jen *radiation* eo ej walok jen *atomic bomb*, emaroñ bar kobatok 40 ro rej mij jen *cancer* ko rej walok jen *radiation* eo ej walok jen *atomic bomb*.

| | |
|---|---|
| Jonan iiiñiok in ajiri ro bwelen remaroñ lotaktok kin nanmmij in utamwe ilo yio kein 30 iman. | 0.19% |

Melelen, bwe elane enaj wor 10,000 ajiri ro rej lotaktok kin nanmmij in utamwe walok jen jabrewot ue ko ijeliokin *radiation* eo ej walok jen *atomic bomb* ilo yio kein 30 iman, emaroñ bar kobatok 19 ajiri rej lotaktok kin nanmmij in utamwe walok jen *radiation* eo ej walok jen *atomic bomb*.

## Melele ko retobrak

Elane armij renaj jokwe ilo BIJIRE ak AOMON:
Elane renaj mona mona ko jen ailin eo na ibben mona ko jen ailin ko ilikin:
Elane renaj kowainini jen Billae non Mijikadrek:




| | |
|---|---|
| | 156 *milirem* |
| | |
| | 990 *milirem* |
| | 1,200 *milirem* |
| | 0.48% |

Melelen, bwe elane enaj wor 10,000 armij remij ilo yio kein 30 iman jen jabrewot *cancer* ijeliokio *cancer* ko rej walok jen *radiation* eo ej walok jen *atomic bomb*, emaroñ bar kobatok 48 ro rej mij jen *cancer* ko rej walok jen *radiation* eo ej walok jen *atomic bomb*.

| | |
|---|---|
| | 0.20% |

Melelen, bwe elane enaj wor 10,000 ajiri ro rej lotaktok kin nanmmij in utamwe walok jen jabrewot ue ko ijeliokin *radiation* eo ej walok jen *atomic bomb* ilo yio kein 30 iman, emaroñ bar kobatok 20 ajiri rej lotaktok kin nanmmij in utamwe walok jen *radiation* eo ej walok jen *atomic bomb*.

## Melele ko retobrak

Elane armij renaj jokwe ilo BIJIRE ak AOMON:
Elane renaj mona mona ko jen ailin eo wot:
Elane rejjab kowainini jen Eleleron lok non Mijikadrek, im jen Lojwa lok non Bijlae:

| | |
|---|---|
| Jonan radiation eo elajtata bwelen juon armij emaroñ boke iumin juon yio | 294 milirem |
| Jonan radiation eo ioñap (average) bwelen joun armij emaron boke iumin 30 yio:<br>ilo aolleben enbeinnini (whole body)<br>ilo ponnonmej iloan dri (bone marrow) | 1,700 milirem<br>2,200 milirem |
| Jonan iliñiok in cancer ko bwelen remaroñ walok ilo yio kein 30 iman | 0.88% |

Melelen, bwe elane enaj wor 10,000 armij remij ilo yio kein 30 iman jen jabrewot cancer ijeliokin cancer ko rej walok jen radiation eo ej walok jen atomic bomb, emaroñ bar kobatok 8.8 ro rej mej jen cancer ko rej walok jen radiation eo ej walok jen atomic bomb.

| | |
|---|---|
| Jonan iliñiok in ajiri ro bwelen remaroñ lotaktok kin nanonmej ro ytamwe ilo yio kein 30 iman | 0.34% |

Melelen, bwe elane enaj wor 10,000 ajiri ro rej lotaktok kin nanonmej in utamwe walok jen jabrewot on ko ijeliokin radiation eo ej walok jen atomic bomb ilo yio kein 30 iman, emaroñ bar kobatok 34 ajiri rej lotaktok kin nanonmej in utamwe walok jen radiation eo ej walok jen atomic bomb.

## Melele ko retobrak

Elane armij renaj jokwe ilo BIJIRE ak AOMON:
Elane renaj mona mona ko jen ailin eo wot:
Elane renaj kowainini jen Bilae non Mijikadrek:

| | |
|---|---|
| | 303 milirem |
| | 1,900 milirem |
| | 2,300 milirem |
| | 0.92% |

Melelen, bwe elane enaj wor 10,000 armij remij ilo yio kein 30 iman jen jabrewot cancer ijeliokin cancer ko rej walok jen radiation eo ej walok jen atomic bomb, emaroñ bar kobatok 92 ro rej mej jen cancer ko rej walok jen radiation eo ej walok jen atomic bomb.

| | |
|---|---|
| | 0.38% |

Melelen, bwe elane enaj wor 10,000 ajiri ro rej lotaktok kin nanonmej in utamwe walok jen jabrewot on ko ijeliokin radiation eo ej walok jen atomic bomb ilo yio kein 30 iman, emaroñ bar kobatok 38 ajiri rej lotaktok kin nanonmej in utamwe walok jen radiation eo ej walok jen atomic bomb.

Ene non kowainini

Jab ene in kowainini

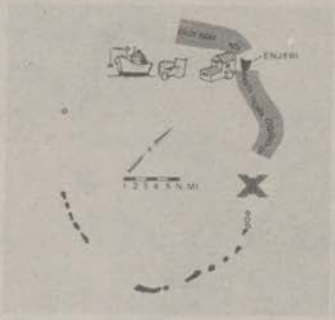
Ene non jokwe

Mona ko jen ailin ko ilokin

Ruñit:
Jab ilok none

## Melele ko retobrak

Enale armij renaj jokwe ilo ENJEBI:
Elane renaj mona mona ko jen ailin eo na ibben mona ko jen ailin ko ilikin:
Elane rejjab kowainini jen Mijikadrek lok non Billae.




Jonwa *radiation* eo elaptata bwelen juon armij emaroñ boke iumin juon yio ..... 975 *millirem*

Jonan *radiation* eo ielap *(average)* bwelen juon armij emaroñ boke iumin 30 yio:
ilo aoleben enbwinnin *(whole body)* ..... 4,900 *millirem*
ilo naennonnej ilioan dri *(bone marrow)* ..... 5,500 *millirem*

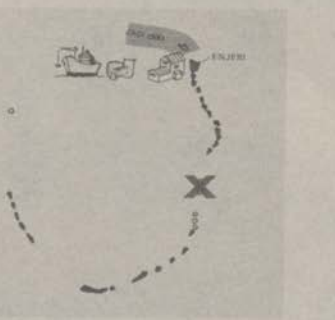
Jonan lilliok *in cancer* ko bwelen remaroñ walok ilo yio kein 30 iman ..... 2.2%

Melelen, bwe elane enaj wor 10,000 armij remij ilo yio kein 30 iman jen jabrewot *cancer* ijellokin *cancer* ko rej walok jen *radiation* eo ej walok jen *atomic bomb*, emaroñ bar kobatok 220 ro rej mij jen *cancer* ko rej walok jen *radiation* eo ej walok jen *atomic bomb*.

Jonan lilliok *in ajiri* ro bwelen remaroñ lotaktok kin nanimmij in utamwe walok jen jabrewot un ko ijellokin *radiation* eo ej walok jen *atomic bomb* ilo yio kein 30 iman, emaroñ bar kobatok 98 ajiri rej lotaktok kin nanimmij in utamwe walok jen *radiation* eo ej walok jen *atomic bomb*.

## Melele ko retobrak

Elpne armij renaj jokwe ilo ENJEBI:
Elane renaj mona mona ko jen ailin eo na ibben mona ko jen ailin ko ilikin:
Elane renaj kowainini jen Mijikadrek lok non Billae.




..... 900 *millirem*

..... 4,600 *millirem*
..... 5,100 *millirem*

..... 2.0%

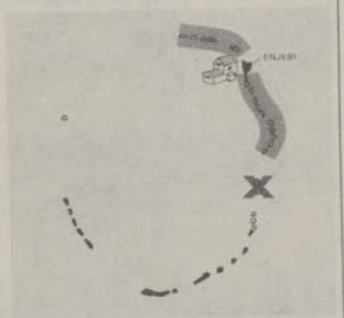
Melelen, bwe elane enaj wor 10,000 armij remij ilo yio kein 30 iman jen jabrewot *cancer* ijellokin *cancer* ko rej walok jen *radiation* eo ej walok jen *atomic bomb*, emaroñ bar kobatok 200 ro rej mij jen *cancer* ko rej walok jen *radiation* eo ej walok jen *atomic bomb*.

..... 0.92%

Melelen, bwe elane enaj wor 10,000 ajiri ro rej lotaktok kin nanimmij in utamwe walok jen jabrewot un ko ijellokin *radiation* eo ej walok jen *atomic bomb* ilo yio kein 30 iman, emaroñ bar kobatok 92 ajiri rej lotaktok kin nanimmij in utamwe walok jen *radiation* eo ej walok jen *atomic bomb*.

## Melele ko retobrak

Elane armij renaj jokwe ilo ENJEBI;
Elane renaj mona mona ko jen ailin eo wot;
Elane rejjab kowainini jen Mijikadrek lok non Billae:




Jonan radiation eo elaptata bwelen juon armij emaroñ boke lumin juon yio ..... 2,010 *millirem*

Jonan radiation eo ielap (*average*) bwelen juon armij emaroñ boke lumin 30 yio:
ilo aoleben antwinnin (*whole body*) ..... 9,100 *millirem*
ilo nonnonmej ilean diri (*bone marrow*) ..... 11,000 *millirem*

Jonan iiōlok in *cancer* ko bwelen remaroñ walok iio yio kein 30 iman ..... 4.4%

Melelen, bwe elane enaj wor 10,000 armij remij ilo yio kein 30 iman jen jabrewot *cancer* ijellokin *cancer* ko rej walok jen *radiation* eo ej walok jen *atomic bomb*, emaroñ bar kobatok 440 ro rej mij jen *cancer* ko rej walok jen *radiation* eo ej walok jen *atomic bomb*.

Jonan iiōlok in ajiri ro bwelen remaroñ lotaktok kin naninmij in utamwe ilo yio kein 30 iman ..... 1.8%

Melelen, bwe elane enaj wor 10,000 ajiri ro rej lotaktok kin naninmij in utamwe walok jen jabrewot on ko ijellokin *radiation* eo ej walok jen *atomic bomb* ilo yio kein 30 iman, emaroñ bar kobatok 180 ajiri rej lotaktok kin naninmij in utamwe walok jen *radiation* eo ej walok jen *atomic bomb*.

## Melele ko retobrak

Elane armij renaj jokwe ilo ENJEBI;
Elane renaj mona mona ko jen ailin eo wot;
Elane renaj kowainini jen Mijikadrek lok non Billae:

..... 1,863 *millirem*

..... 8,500 *millirem*
..... 10,000 *millirem*

..... 4.0%

Melelen, bwe elane enaj wor 10,000 armij remij ilo yio kein 30 iman jen jabrewot *cancer* ijellokin *cancer* ko rej walok jen *radiation* eo ej walok jen *atomic bomb*, emaroñ bar kobatok 400 ro rej mij jen *cancer* ko rej walok jen *radiation* eo ej walok jen *atomic bomb*.

..... 1.7%

Melelen, bwe elane enaj wor 10,000 ajiri ro rej lotaktok kin naninmij in utamwe walok jen jabrewot on ko ijellokin *radiation* eo ej walok jen *atomic bomb* ilo yio kein 30 iman, emaroñ bar kobatok 170 ajiri rej lotaktok kin naninmij in utamwe walok jen *radiation* eo ej walok jen *atomic bomb*.

Ene non kowainini

Jab ene in kowainini

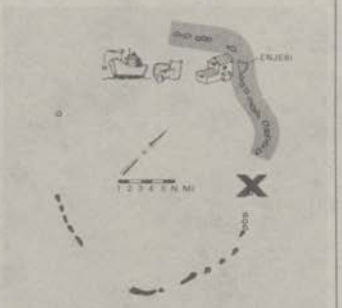
Ene non jokwe

Mona ko jen ailin ko ilikin

Rufit:
Jab ilok none

## Melele ko retobrak

Elane armij renaj jokwe ilo ENJEBI:
Elane renaj mona mona ko jen ailin eo na ibben mona ko jen ailin ko ilikin;
Elane renaj kowainini wot jen ene ko iturok, jen Jinedrol lok non Kidrenen:




| | |
|---|---|
| Jonan radiation eo elaptata bweilen juon armij emaroñ boke iumin juon yio | 300 millirem |
| Jonan radiation eo ielap (average) bweilen juon armij emaroñ boke iumin 30 yio: | |
| ilo astoben enbwinnin (whole body) | 1,800 millirem |
| ilo iomoonmej iloan dri (bone marrow) | 2,300 millirem |
| Jonan tilōlok in cancer ko bweilen remaroñ walok ilo yio kein 30 imaan | 0.92% |

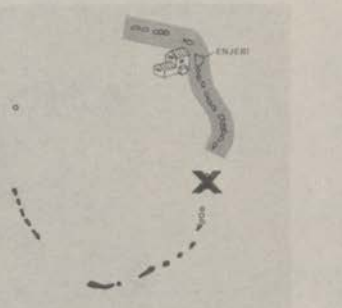
Melelen, bwe elane enaj wor 10,000 armij remij ilo yio kein 30 imaan jen jabrewot cancer ijellokin cancer ko rej walok jen radiation eo ej walok jen atomic bomb, emaroñ bar kobatok 92 ro rej mij jen cancer ko rej walok jen radiation eo ej walok jen atomic bomb.

| | |
|---|---|
| Jonan tilōlok in ajiri ro bweilen remaroñ lotaktok kin naminmij im utamwe ilo yio kein 30 imaan | 0.36% |

Melelen, bwe elane enaj wor 10,000 ajiri ro rej lotaktok kin naminmij im utamwe walok jen jabrewot un ko ijellokin radiation eo ej walok jen atomic bomb ilo yio kein 30 imaan, emaroñ bar kobatok 36 ajiri rej lotaktok kin naminmij im utamwe walok jen radiation eo ej walok jen atomic bomb.

## Melele ko retobrak

Elane armij renaj jokwe ilo ENJEBI:
Elane renaj mona mona ko jen ailin eo wot;
Elane renaj kowainini wot jen ene ko iturok, jen Jinedrol lok non Kidrenen:




| | |
|---|---|
| Jonan radiation eo elaptata bweilen juon armij emaroñ boke iumin juon yio | 561 millirem |
| Jonan radiation eo ielap (average) bweilen juon armij emaroñ boke iumin 30 yio: | |
| ilo astoben enbwinnin (whole body) | 2,600 millirem |
| ilo iomoonmej iloan dri (bone marrow) | 3,800 millirem |
| Jonan tilōlok in cancer ko bweilen remaroñ walok ilo yio kein 30 imaan | 1.5% |

Melelen, bwe elane enaj wor 10,000 armij remij ilo yio kein 30 imaan jen jabrewot cancer ijellokin cancer ko rej walok jen radiation eo ej walok jen atomic bomb, emaroñ bar kobatok 150 ro rej mij jen cancer ko rej walok jen radiation eo ej walok jen atomic bomb.

| | |
|---|---|
| Jonan tilōlok in ajiri ro bweilen remaroñ lotaktok kin naminmij im utamwe ilo yio kein 30 imaan | 0.52% |

Melelen, bwe elane enaj wor 10,000 ajiri ro rej lotaktok kin naminmij im utamwe walok jen jabrewot un ko ijellokin radiation eo ej walok jen atomic bomb ilo yio kein 30 imaan, emaroñ bar kobatok 52 ajiri rej lotaktok kin naminmij im utamwe walok jen radiation eo ej walok jen atomic bomb.

Ene non kowainini

Jab ene in kowainini

Ene non jokwe

Mona ko jen ailin ko ilikin

Ruñit: Jab ilok none

24

Nan in kejjemlok

Bwinbwin ko rej ellajrak ilo page 18-24 rej jemlokin nan in kemelele ko kin radiation, bareinwot kin ijoko men ko reradioactivesrebed ie zainin ilo ailin in Enewetak, im ekijkan air naj maroñ jelet mour an armij ro elane renaj jokwe ilo ailin eo.

Elon jet melele ko rekāl ilo book in, im jet iair ebin melele kaki. Mene eindrein, ak elap tomak im kejatdrikdrik bwe enaj wor kwonan book in ilo an kalaplok melele ko non ri Enewetak kin wawen ailin eo air rainin. Bareinwot bwe melele kein renaj maroñ jiban ri Enewetak im ro nejier, im ro nejin ro nejier.

Armij eto rar kamanok book in ran U.S. Department of Energy

E. jaje ro
William J. Bair, Pacific Northwest Laboratory, Battelle Memorial Institute
John W. Healy, Los Alamos Scientific Laboratory
Bruce W. Wachholz, Office of Environment, U.S. Department of Energy

E. ukok ro
Alice Beck Kehoe, Kwajalein Marshall Islands, Trust Territory of the Pacific Islands
Wilmina John Tobeo, Marshall Islands, Trust Territory of the Pacific Islands
Rosalind Tseo Dikela, Marshall Islands, Trust Territory of the Pacific Islands

E. kabenok kin ejenol
John Iaman, Majuro, Marshall Islands, Trust Territory of the Pacific Islands

Editor ej
Yue W. Bauhton, Pacific Northwest Laboratory, Battelle Memorial Institute

E. komron pio
Henry D. Kruger, Michael L. Sloots, Patricia A. Anderson, Mark P. Hutton
Pacific Northwest Laboratory, Battelle Memorial Institute

Jorok ko ilo book in ej lori jorok ko an armij eto
William L. Robison, et al., Lawrence Livermore Laboratory

Dr. WACHHOLZ. On pages 18 and 19, you see according to the line across the top there that you are dealing with very low levels of radiation exposure under all these particular scenarios.

For comparison, the standards which apply in the United States would be on the order of 500 as the base of comparison across that top.

Mr. DUNCAN. Five hundred millirems?

Dr. WACHHOLZ. Right, across that top line.

Mr. DUNCAN. What is the millirem radiation in Denver, Colorado, for instance? Do you have any idea?

Dr. WACHHOLZ. The natural background in Denver is on the order of 150 millirem per year—somewhere in that range.

NATURAL BACKGROUND RADIATION

Mr. DUNCAN. The natural background radiation in Denver, Colorado, exceeds by very substantial factors the maximum radiation that you have actually measured on any of these southern islands—is that correct?

Dr. WACHHOLZ. Well, these are calculated for you, but the answer to your question is yes.

Mr. DUNCAN. Well, isn't it a calculated exposure in Denver, too?

Dr. WACHHOLZ. Well, it is a measured exposure there. You are talking about natural background there whereas here this includes the exposures that result from radioactivity in food products taken into the body.

Mr. DUNCAN. I see, it includes that.

Dr. WACHHOLZ. Yes, these numbers do.

Mr. DUNCAN. So the natural background radiation is absolutely miniscule in these islands. Is that right?

Dr. WACHHOLZ. It is very low.

Mr. DUNCAN. Is there any difference really in the danger to a human being or the volume of the radiation between a natural background radiation that you can measure in Denver, Colorado, and one in the Enewetak Atolls induced by atomic weapons? Is there any difference at all, or is the net effect on the human being the same?

Dr. WACHHOLZ. In terms of the external exposure—that which you would receive from the ground or cosmic rays or whatever—there is no difference involved. The difference would come if there is anything of any significance in terms of the amount of radionuclides which are ingested as a result of their diet.

Depending upon which radionuclide is concerned—it would locate at different organs in the body.

Mr. DUNCAN. Are radionuclides present in the food of the people of Denver, Colorado?

Dr. WACHHOLZ. To some extent, yes.

RADIONUCLIDIC SCENARIOS

Mr. DUNCAN. To some extent, yes. Okay, so lets see what these scenarios are.

On all four columns, this represents four different scenarios——

Dr. WACHHOLZ. The scenarios are identified at the very top above the map. The first one on the left, for example, assumes that people will reside on the three islands indicated—Enewetak, Japtan and Medren—and that imported food is available to them as well as the food grown locally on the island, and that they do not gather coconuts from the shaded area of the map.

Mr. DUNCAN. Those are what we have been referring to as the northern islands.

Dr. WACHHOLZ. Right.

Mr. DUNCAN. The reason you don't want them to gather coconuts—or I assume eat other food that might be grown on those northern islands in the shaded areas—is because you have measured the radionuclide intake into the plants and have considered that that would raise the exposure level of 11 millirems.

Dr. WACHHOLZ. Well, if you read this, sir, it says they do not gather coconuts from——

Mr. DUNCAN. Yes, sir, but if they were to, this would then raise this factor.

Dr. WACHHOLZ. It could.

Mr. DUNCAN. And that gets into the other scenario.

Dr. WACHHOLZ. Yes, and that is the one immediately to the right on that page—if they do gather coconuts there.

Mr. DUNCAN. Then the exposure would go up to 28 millirems, which is still substantially below the 500.

Dr. WACHHOLZ. That is correct.

Mr. DUNCAN. Does it make any difference from the standpoint of public health whether a person gets his radiation from background radiation or from the absorption of radionuclides in food?

Dr. WACHHOLZ. The assumption is that whatever the exposure—when we see there is an incremental risk associated with that exposure—this is assumed, at present anyway, to be a straight-line relationship.

Mr. DUNCAN. Whether it comes from eating or just being there?

Dr. WACHHOLZ. Right.

Mr. DUNCAN. Okay, so the difference between the first one and the second one is that they can eat coconuts from Billae—how do you pronounce that name—Mijikadrek?

Dr. WACHHOLZ. I defer to the experts present.

Mr. DUNCAN. An island in the Atoll—M-I-J-I-K-A-D-R-E-K?

Dr. WACHHOLZ. Yes, sir.

Mr. DUNCAN. And in the next scenario——

Dr. WACHHOLZ. The only difference for the next page there is that it is assumed there is no imported food available and that all local products would come from the home islands.

Mr. DUNCAN. So the variable between column one and column three is that they would have no food from the outside?

Dr. WACHHOLZ. That is correct.

Mr. DUNCAN. They would grow their own food on their own island.

Dr. WACHHOLZ. That is correct.

Mr. DUNCAN. And that is 24 millirems. And in the fourth column——

Dr. WACHHOLZ. That is the comparison with column two on page 18—namely, that they do gather coconuts from the northern islands. Again, there is no food available from outside the Atoll.

Mr. DUNCAN. And they do not spend—except transitory periods of time—on those islands.

Dr. WACHHOLZ. Right.

Mr. DUNCAN. Gathering coconuts. Is that correct?

Dr. WACHHOLZ. That is correct.

Mr. DUNCAN. And the islands that still remain shaded in column two and column four—are those the islands on which you have deposited the debris—from which you——

Dr. WACHHOLZ. No, sir, that island is marked with a red X.

Mr. DUNCAN. That is the red X.

Dr. WACHHOLZ. Yes, sir.

Mr. DUNCAN. Then these islands that are shaded—are those islands that have not been subjected to a clean-up by the Department of Defense?

Dr. WACHHOLZ. No, they have been subjected to clean-up. It is my understanding that those are not islands that are under discussion with respect to the planting of coconut trees. So there is no intention to plant coconut trees on those islands.

Mr. DUNCAN. I see. Why? Won't they sustain coconut trees?

Dr. WACHHOLZ. I will stand corrected on this, but it is my understanding that the size of the islands is such that it is not worth the effort to do so in terms of commercial coconuts.

Mr. DUNCAN. They are going to plant coconut trees on these islands of Billae and Mijikadrek——

Dr. WACHHOLZ. I am sorry, sir.

Mr. DUNCAN. They will plant coconuts on these islands in column two and column four that have been removed from the shaded areas.

ENJEBI ISLAND

Dr. WACHHOLZ. Yes, I thought you were referring to the shaded area at the very top. Of course, the island of question—which we will come to—is the island of Enjebi. For example—just to point that out to you—on the far right-hand map, it would be the lowest of the shaded islands there.

Mr. DUNCAN. The biggest one.

Dr. WACHHOLZ. Right.

Mr. DUNCAN. And the most southerly.

Dr. WACHHOLZ. That is correct.

Mr. DUNCAN. What do you call that one?

Dr. WACHHOLZ. Enjebi.

Mr. DUNCAN. Enjebi.

Dr. WACHHOLZ. Although I have heard other pronunciations of it and I don't know——

Mr. BURGENER. Will the Chairman yield?

Mr. DUNCAN. Yes, indeed.

Mr. BURGENER. Over on pages 22 and 23, we get some very high readings. Will you be kind enough to explain those?

Dr. WACHHOLZ. Those are the situations with respect to living on Enjebi, and the first one on the left—it assumes that people live on

Enjebi and that they receive food from outside the atolls as well as food from Enjebi—that is the calculated radiation dose level.

Mr. BURGENER. All right, some of these go way up to 2,000. Is it correct to say that people do not intend to live on Enjebi—or am I wrong?

Dr. WACHHOLZ. I think that that is the subject of discussion at these hearings.

Mr. BURGENER. Oh, I see. That is the bottom line.

Mr. GREEN. May I comment, Mr. Chairman.

Mr. DUNCAN. Please.

Mr. GREEN. In terms of Enjebi——

Mr. DUNCAN. I am glad to have a volunteer. So far we have had nothing but bad bees.

Mr. GREEN. The matter of the return to Enjebi is currently being considered within the Department of Interior. A decision will be made by the Secretary of Interior. It is not on his desk as yet. It is still at the staff level.

"60 MINUTES" TELEVISION PROGRAM

Mr. BURGENER. May I ask another question? Did you gentlemen see the "60 Minutes" program a couple or three weeks ago on this subject?

Mr. GREEN. Yes, sir.

Mr. BURGENER. A couple of things struck me. One of the most amazing was when they showed the picture of Runit and showed the depository. The other was the closing line of the show, when the TV guy said he wondered what an archeologist a thousand years from now would think this was. That makes a pretty large assumption that there is going to be a break in recorded history. I hope and pray that isn't the case.

Do you have any opinion about that show? Is it a halfway reasonable presentation or is that a tough question?

Mr. DUNCAN. That is what the public sees—they don't come to these hearings.

Dr. WACHHOLZ. I understand—may I speak personally?

Mr. BURGENER. Sure.

Dr. WACHHOLZ. And unofficially. I thought by and large, the program was fairly well balanced, considering what the options were to the producer.

On the other hand, I feel that in terms of imparting information to the public, which is not aware of the background and the specifics of this issue, they perhaps could have—if you will—put the story line together so it would have been more meaningful to the public than what came across.

They seemed to attempt to combine several different issues and to interrelate them. I understand from the people that I have spoken to who are not familiar with the situation—these did not always connect with each other very effectively.

Mr. BURGENER. It left the impression that there was going to be a lot of problems about vegetation—things that were going to grow out of the soil—they left that impression. Now maybe they intended that to be at one particular spot or one particular island as opposed to generally. It wasn't clear to me when they were talking

about the north and the south—this and the other. Perhaps that is what you mean in terms of story continuity and so on.

Thank you, Mr. Chairman.

ENEWETAK RESETTLEMENT IN SOUTHERN ISLANDS

Mr. DUNCAN. Alright, then, I would assume that I can maybe paraphrase answers to our questions.

In what islands will the people from Enewetak be allowed to settle? There is no disagreement they will be allowed to settle the southern islands. There is no desire to return to any of the northern islands, except Enjebi and that is under consideration by the Department, and will be submitted to the Secretary for a decision in due course.

Dr. WACHHOLZ. Yes.

Mr. DUNCAN. Now, are people going to begin to return to the southern islands following this ceremony on the first of April, Mr. Green?

Mr. GREEN. Yes.

Mr. DUNCAN. How soon—do you know?

Mr. GREEN. It will be very soon.

Mr. DUNCAN. Well, you are in the Department—now aren't you in charge of this?

Mr. GREEN. No we are not—this is again the Energy Department.

Mr. DUNCAN. And you guys think it is the Department of Defense?

Dr. WACHHOLZ. I am sorry—is the issue when the Enewetak people will be settled timewise?

Mr. DUNCAN. Yes, are you in charge of the resettlement, too? I thought that it was the Department of the Interior.

Mr. GREEN. Well, you are talking about the information. I am not talking about the actual transportation.

Mr. DUNCAN. I am talking about the actual transportation. When will they be going back to the southern islands?

Mr. GREEN. Well, John DeYoung of my staff will answer.

Mr. DUNCAN. John, do you want to come up here. We are going to need you I think. We are told that there is to be a ceremony celebrating the clean-up of the southern islands. It is to take place early in April. Will the resettlement program take place immediately thereafter?

Mr. DEYOUNG. Not to my understanding, Mr. Chairman. The original master plan called for a return—a gradual return—to the three southern islands after the clean-up program was completed.

The clean-up program has been completed very successfully. The Defense Nuclear Agency will officially be leaving the Atoll on April 15. The April 8 ceremony is the week before that.

There will be several hundred people of Enewetak returning to Enewetak for the turnover ceremony. It is our understand that the majority of those people will then return to Ujelang, and they will return to their new homes in the three southern islands in gradually phased movements.

We do not have all the details of the return because a planning meeting was held in mid-February at Enewetak with the Enewetak

Planning Council, officials of the Trust Territory and the Government of the Marshall Islands and the Enewetak people themselves to discuss plans for the return and how long the return would be, whether it would be within one year, two years, three years.

The Enewetak delegation that is here today and that you will be hearing shortly will be able to give you that information.

It is my understanding, however, that the return will probably take place over several years—simply because while the houses and the community are ready, you must remember the crops—the coconut seedlings—are probably not more than one foot high at the present time.

TIMING OF ENEWETAK RESETTLEMENT

Mr. DUNCAN. So the final decision on the timing of the migration back has really not been made, and you intend—do I understand you correctly—the Department intends to consult with the people themselves and with the government of the Marshall islands.

Mr. DEYOUNG. That is correct, Mr. Chairman, with this proviso—we have always maintained that it is the people of Enewetak and their Council that will make the determination when they wish to go back—not when we or any one else wants them.

Mr. DUNCAN. Is the sentiment still strong to go back?

Mr. DEYOUNG. To the three southern islands?

Mr. DUNCAN. Yes.

Mr. DEYOUNG. It is my understanding that that is so.

Mr. DUNCAN. How many people are involved in that?

Mr. DEYOUNG. The total number, I believe, currently is around 570 people. Of that group, roughly half—and I can be corrected by the Enewetak delegation later—are the people of Enjebi.

There are houses for them in the southern islands. There is nothing for them on the island of Enjebi. This is the particular issue at stake here today.

Mr. DUNCAN. Do the half from the southern islands—do they all want to go back?

Mr. DEYOUNG. As far as I know, yes.

Mr. DUNCAN. And there is no compulsion—anyone who would like to stay on the island will be permitted to do so?

Mr. DEYOUNG. That is correct. The people have been given the title to Ujelang, where they currently reside. They have always anticipated using that island for considerable periods of time as a place where they will be growing food as well as probably having a small residual community there.

RISK ASSESSMENT ON ENJEBI

Mr. BURGENER. May I ask a question, Mr. Chairman?

Mr. DUNCAN. Yes, sir.

Mr. BURGENER. I am looking again at page 23, which seems to contain the worst case—that would be column three relating to Enjebi—and it is 2,010 millirems that one person might receive during one year. I take it that is high—that would be an unsuitable figure from most standards in this country—or would it?

Dr. WACHHOLZ. Yes, sir.

Mr. BURGENER. Alright, as I go below and try to interpret what that means—it says that if 10,000 people were to die within the

next 30 years from cancer unrelated to atomic bombs—that would be cancer from all causes—that we might expect on best information about 440 more—or 10,440 or a 4.4 percent increase in the worst case.

Is Enjebi, therefore, one of the hot issues—one of the more controversial issues before the Department of the Interior?

Dr. WACHHOLZ. I would concur in that, yes.

Mr. DUNCAN. About how many people have expressed a desire to go back there—does anybody know that?

Mr. DEYOUNG. I would say that all of the people of Enjebi hope to go back there some day. This is roughly half of the group—225, I think. This is their ancestral home. This is where they have their landrights.

ASSUMPTIONS ON FOOD IMPORTS

Dr. WACHHOLZ. May I make a comment to clarify this a bit?

Mr. DEYOUNG. Yes.

Dr. WACHHOLZ. In our assumptions here, someone had to make some assumptions as to what percentage of food would be imported versus what percentage of food would not.

And we assumed for purposes of calculation that we are talking roughly 50 percent. Now we can make other assumptions that it may be 25 percent or 10 percent.

Mr. DUNCAN. Fifty percent would be what?

Dr. WACHHOLZ. Fifty percent of their food would be imported and 50 percent of it would be local.

Mr. DUNCAN. Oh, I see.

Dr. WACHHOLZ. And that is what these numbers are based on. One could make other assumptions in terms of 25 percent of their food being imported—or 40 percent or 10 percent.

Mr. DUNCAN. These figures it says up at the top—if they eat food from the Atoll only——

Dr. WACHHOLZ. Right.

Mr. DUNCAN. And if they do not gather coconuts from these two other——

Dr. WACHHOLZ. I was speaking generally with respect to the comparisons reported for non-imported food.

Mr. DUNCAN. From those assumptions of 50 percent throughout.

Dr. WACHHOLZ. Right, throughout the maps here. So this highest individual is calculated to be roughly three times the population average, which, I am sure if the discussion gets into standards and so on, the Environmental Protection Agency could discuss and describe. It is assumed that the individual that is exposed to the highest level is not more than three times the average for the population, and that is taken into account here also.

UNITED STATES AND INTERNATIONAL RADIATION STANDARDS

Mr. DUNCAN. You have a couple of times mentioned that 500 millirems limit with respect to within the United States. Is there a different standard internationally?

Dr. WACHHOLZ. No, sir. I would prefer to defer to the Environmental Protection Agency, which is responsible for this general topic.

Mr. DUNCAN. Who is here from the Environmental Protection Agency? There is a volunteer—what is your name, or are you going to remain anonymous? What is your name, sir?

Dr. MILLS. Bill Mills.

Mr. DUNCAN. Do you want to come up, Dr. Mills? What is your position or occupation? Dr. Mills, what is your job down there?

Dr. MILLS. I am the Director of the Division of Criteria and Standards in the Office of Radiation Programs of EPA.

Mr. DUNCAN. Alright, why don't you talk to us for just a few minutes about the standards and what is the significance of this, so that Mr. Burgener and I and the committee that reads this report will have a little better understanding. You have heard our questions here—about 500 millirems and what it means. Go ahead, we are listening.

Dr. MILLS. The standards that we are referring to are the standards that were promulgated in 1960 by the Federal Radiation Council. This Council existed up until 1970 when it was disestablished and the function was transferred to the Environmental Protection Agency. So the standards we are talking about are the standards that were established by the Federal Radiation Council in 1960.

Mr. DUNCAN. That was 500 millirems of exposure per year?

Dr. MILLS. That was 500 millirems per year to the maximum exposed person.

Mr. DUNCAN. Was this for industrial purposes—factories and so forth?

GENERAL POPULATION RADIATION STANDARD

Dr. MILLS. No sir, this was for the general population. The standards for the occupational and industrial exposure is 5 rems per year—5,000 millirems per year.

Mr. DUNCAN. And that is assuming they will not be exposed to them for as long a period of time. Is that correct?

Dr. MILLS. That is part of the decision. The decision was to reduce the general population number by a factor of 10 when you apply it to uncontrolled situations.

In the case of occupational, you are monitoring the radiation and you have a better control over it.

Mr. DUNCAN. Do you have any natural radiation of 500 millirems or more?

Dr. MILLS. Not in this country I don't think there are, but there are areas within India and Brazil which have very high radiation levels, and they are above 500 millirems per year, yes.

Mr. DUNCAN. What occurs at 500 millirems? What does not occur at 500 millirems that led your Federal Radiation Council to set that standard?

Dr. MILLS. Well, there is nothing specifically that occurs at 500 millirems per year.

Mr. DUNCAN. You can't measure any increase in the incidence of malignancies?

Dr. MILLS. No, sir, we would be unable to detect—except in extremely large quantities—and I mean probably millions of people to be studied. But the radiation is—there is no level that says

above this level you will have an effect and below this level you will not see an effect.

Unfortunately, radiation does not behave that way. Therefore, as Dr. Wachholz has mentioned, we work on a linear extrapolation—that is to say, we curve the dose down and the incremental risk decreases in proportion to the dose as it decreases.

So if you are talking about 100 millirems per year—the effect that you would project is only one fifth of that that you would project for 500 millirems per year.

Mr. DUNCAN. So you don't have one-fifth of the measurable effect at 100 that you have at 500?

Dr. MILLS. Yes, sir, in terms of——

Mr. DUNCAN. Then it is still unmeasurable at either level?

Dr. MILLS. For the most part, it is undetectable at those levels.

Mr. DUNCAN. And all you are really saying I guess is that we really don't know as much about it as we would like to know. What risks, if any, exist below that level are beyond our kin at this time.

Dr. MILLS. It is beyond our ability to detect it.

Mr. DUNCAN. Now, do you agree with these percentage figures that have been attributed in here? I have been trying to figure out—that is virtually a straight line projection of four times as much risk of a malignance at 2,010 millirems as at 500. That is a straight line extrapolation.

Dr. MILLS. Yes, sir, and we reviewed this——

Mr. DUNCAN. Now can you measure adverse effect on the human being at 2,010 millirems?

Dr. MILLS. If you had a reasonable size population, you'd probably do an epidemiology study. I am just picking a number off my head, but it would take in the tens of thousands of people, yes, sir.

### MALIGNANCY RISKS

Mr. DUNCAN. I am kind of curious as to why you express this risk of malignancy here in terms of the population of 10,000—estimated for example that in the third column with respect to Enjebi that you would have 440 cancer deaths when we are talking about a population of 270.

Why do you do that? That 440 people are dying, that scares everybody. At the lower levels, you would come out with 9 people—four percent of 235 people.

Dr. WACHHOLZ. Well, four percent increase over those who would die of cancer from other causes so you are talking about——

Mr. DUNCAN. You're talking about 9 people instead of 440 people, aren't you?

Dr. WACHHOLZ. You are talking in terms of perhaps one or two.

Mr. DUNCAN. One or two people.

Dr. WACHHOLZ. And I can give you those numbers.

### CALCULATION OF RISK ESTIMATE OF CANCER DEATHS

You raised the question why it was done this way—with the 10,000 people—which is admittedly——

Mr. DUNCAN. I know why. Because the guy couldn't do arithmetic very well, and he needed to use 10,000.

Dr. WACHHOLZ. He needed big numbers.

In preparing this book, you will note that it is in Marshallese as well as English, and this was done over a period of some weeks or months—working with Marshallese people as well as U.S. citizens who have lived most of their lives in the Marshall islands and are expert translaters and so on.

There was more than a little bit of discussion as to how most effectively to present these numbers. After looking at it several different ways, the general consensus was that in order to be meaningful on a relative basis, the incidence which was lowest should be the number one—not to be a .00 something percent. Consequently, one of these—on the bottom of page 18 in terms of birth defects—it says one child born with defects due to radiation exposure out of a population of 10,000 children born. So everything else was scaled to that using this lowest risk as a whole integer. And that is why these numbers get to be quite large.

Other options, of course, were to put it in terms of exactly what you are saying, the population involved, but then one would get to fractions of percentages and the people that we were working with questioned whether that would, in turn, be meaningful also.

So this is a judgment decision admittedly.

Mr. DUNCAN. This is an area where it very easy to frighten people—including the members of this committee, and when you magnify these figures for the purpose of illustration and to make it simpler, it sometimes complicates the problem immeasurably.

I suppose I ought to ask this question. I figured out that 4 percent of 235 to be 9.4 and now you tell me it would be one.

Dr. WACHHOLZ. Well, you have to take that percentage of the population which would be expected to die from cancer from other causes, and for our calculations, we assumed roughly 10 percent of the population because the population would be skewed toward younger people.

Mr. DUNCAN. Well, but your figures here at 4.4 percent increase in cancers based upon this 10,000 mytical population—you say an additional 440 will die from cancer—doesn't that mean over and above those whom might die from natural radiation?

Dr. WACHHOLZ. Right. What I am saying is that in a population of 200 or so that the number who may die of natural causes—or naturally occuring cancer—you might be talking about the 20 or 30 people rather than 10,000.

Mr. DUNCAN. Well, explain to me why that is so in the record, will you?

[The information follows:]

Example of calculation of risk estimate discussed above.

Assumptions: Total population: 200 people.

Percentage (and number) of person who might be expected to die from cancers resulting from non-radiation causes: 10 percent (0.10 x 200=20 people.)

Estimated radiation dose over 30 years: 11,000 millirem.

Estimated increase in percentage (and number) of deaths resulting from radiation exposure over 30 years: 4.4 percent (0.044 x 20=0.88 persons, or approximately 1 person.) [1]

HALF-LIFE OF CESIUM AND STRONTIUM

Mr. BURGENER. Could I ask a question?

[1] Based upon the value of 0.4 percent per rem found in the National Academy of Sciences-National Research Council 1972 Report on the Biological Effects of Ionizing Radiation.

Mr. BURTON. Sure.

Mr. BURGENER. On pages two and three we have a chart illustrating the half-life of cesium and strontium. 30 years is a relatively short half-life in nuclear terms—is that correct?

Dr. WACHHOLZ. In relative terms—what is short and what is long?

Mr. BURGENER. Well, yes, but I mean—does that relate to whatever materials might be in the ground and so on?

Dr. WACHHOLZ. It relates to the cesium and strontium.

Mr. BURGENER. Others have a shorter half-life. Cobalt is five years and so on.

Dr. WACHHOLZ. Correct.

Mr. BURGENER. So 30 years would be the longer half-life.

HALF-LIFE OF PLUTONIUM

Dr. WACHHOLZ. Well, plutonium would be the longest one with a half-life of 24,000 plus years.

Mr. BURGENER. Right, but is that there?

Dr. WACHHOLZ. It is on page three—the figure at the top—the blue line.

Mr. BURGENER. Oh, plutonium. What materials are we dealing with there?

Dr. WACHHOLZ. Where, sir?

Mr. BURGENER. Which islands?

Dr. WACHHOLZ. You are dealing with all of them that are identified at the top of page three. Strontium, plutonium, cesium—those are the primary exposures.

Mr. BURGENER. Well, plutonium does have a very long half-life—of many, many, many generations, which of course is figured into all your calculations of millirems.

CLEAN-UP OF ENJEBI

Mr. DUNCAN. Why did we have so much trouble cleaning up Enjebi? Was that one of the islands that was immediately down-wind of the target?

Mr. DEAL. Sir, that was one of the target islands that was used a number of times. I have forgotten how many shots there were, but there were shots on towers—there were air bursts over the island—there was a lot of debris there. There was a large apartment house building—there were a lot of reinforced concrete structures that were there for test purposes—and one for conducting tests—bunkers to protect the instrumentation and make the measurements. The radioactivity was throughly mixed in the soil. It was one of the worst islands to clean up.

Mr. DUNCAN. And you made a maximum effort and are satisfied that the maximum beneficial results that you can accomplish have already been accomplished on Enjebi?

Mr. DEAL. Oh, I think the Department of Defense did a marvelous job in cleaning up that place.

PLANTING IN THE NORTHERN ISLANDS

Mr. DUNCAN. A letter from Secretary Joseph dated July 3, 1979 indicated that planting of trees in the northern islands would be held up pending a re-estimation of the radioactivity level in the northern part of Enewetak Atoll.

Has any planting been done up there now?

Mr. DEYOUNG. Yes, Mr. Chairman, the northern islands in question have been planted. I think the planting has been completed, but I can verify that by asking the contractor who is in charge of that program.

Mr. DUNCAN. Well, let's find out if they have been planted.

Mr. DEYOUNG. Mr. Gilmore?

Mr. GILMORE. Six of the northern islands have been planted.

Mr. DUNCAN. And do I fully understand that those six that have been planted are included on the shaded areas that have been removed from shading in column two—you are talking about northern islands and whether they gather coconuts from them—Mijikadrek to Billae. Are those the islands that you planted?

Mr. GILMORE. Yes, sir, these are planted and very successfully.

NORTHERN ISLANDS RADIONUCLIDE CROP INTAKE

Mr. DUNCAN. Okay, but you haven't had a crop and you have not been able to measure the radioactivity?

Mr. DEYOUNG. No, Mr. Chairman, these are just seedlings—less than a foot high.

Mr. DUNCAN. Well, then how do we know that they are going to get all this intake from radionuclides if we haven't gotten any crops?

Dr. WACHHOLZ. The information from garden plots is the measured information that has been fed into these estimates, so it is based on measured intake of radionuclides

Mr. DUNCAN. I see, well why did we bother to plant the bloody things if we don't want anybody to eat them? Is there somebody holding out the hope that a new planting up there will show different results, is that possible?

Dr. WACHHOLZ. Well we don't know—we don't have specific information for the islands that have been planted. This is an extrapolation from what we do——

Mr. DUNCAN. I see, on other places. So it is possible that the adverse effects anticipated from crops harvested on these northern islands may never materialize. Is that correct?

Dr. WACHHOLZ. That is possible, sir. The Department of Interior asked us what the consequences would be under very specific conditions in terms of people living in the three southern islands, and planting these six northern ones, and assuming that they spend a certain percentage of time there, I forget what it is, 10 percent or 15 percent for care and harvesting and so on. And we provided that information for the Department of Interior. I don't have the letter here in front of me, but as I recall, it increased the exposure by something on the order of 50 millirem.

AVAILABILITY OF ADDITIONAL LAND IN THE SOUTH

Mr. DUNCAN. Are we short of land area in which to plant sufficient crops to feed people on the southern islands?

Mr. DEYOUNG. The southern islands have been planted almost to their potential maximum, again Mr. Gilmore who is here can——

AGRICULTURAL CAPACITY SOUTHERN ISLANDS

Mr. DUNCAN. Well, I am wondering about the capacity of those southern islands from an agricultural standpoint to support the population of approximately 235 people, no, I am sorry 575 people.

Mr. DEYOUNG. In 1974 and 1975, when the original master plan had to be recast, and by recast I mean when it was decided Enjebi should be off limits for 30–50 years, the master plan took a look at this aspect. It was determined that the southern islands could support the entire population. This is why the master plan went forward as it did with concentration of communities in the south.

AGRICULTURAL RISK NORTHERN ISLANDS

Mr. DUNCAN. Why, then did we go ahead and plant those northern islands? The temptation to harvest the crops and eat them is going to be very substantial. And unless there is some hope that they are going to produce fruit that is edible, it seems to me to have been a mistake to have replanted them. Do you care to comment on that?

Mr. DEYOUNG. One of the reasons for planting was that the islands in the north were to produce copra for possible export—not essentially for consumption.

Currently there are experiments underway in this country to determine whether coconuts which have contamination can be used and the Department of the Interior, in conjunction with one of these experimental groups, is planning to look at a new process by which cesium and strontium might be extracted from coconuts and yet leave an end product that is usable.

I am not saying that the people can eat the coconuts, but it might be feasible under certain conditions to come up with a commercial product which could be usable, which would produce income for the people of this area.

These are still experiments I must add.

Mr. DUNCAN. Does the committee understand that these coconuts would not even be suitable because of the radionuclides even for use as copra?

Mr. DEYOUNG. That is a possibility, and that is why we are exploring all possible ways to see if the content can be reduced.

ISLAND RADIATION LEVELS

Mr. DUNCAN. Alright. What are the levels of radiation on Enjebi—how do those compare with the island of Eneu and Bikini Atoll?

Dr. WACHHOLZ. Just in general terms, the calculated exposed levels for Enjebi are about three times higher than those for Eneu, and Bikini would be roughly about eight times higher than Eneu.

Mr. DUNCAN. You say that Enjebi would be three times higher than on Eneu and eight times as high as on Bikini?

Dr. WACHHOLZ. Enjebi would be three times higher than Eneu, and Bikini would be about eight times higher than Eneu.

Mr. DUNCAN. OK. Say that again for me, would you?

Dr. WACHHOLZ. If you start out with Eneu being one, Enjebi would be three and Bikini would be eight. If you had one millirem on Eneu, you would have roughly three on Enjebi and eight on Bikini.

Mr. DUNCAN. So Eneu's radiation levels are lower than Enjebi's.

Dr. WACHHOLZ. Correct.

POSSIBLE RETURN TO ENEU ISLAND

Mr. DUNCAN. Are there—are we talking about letting the Bikinians return to Eneu?

Dr. WACHHOLZ. I believe that is also on today's agenda.

Mr. DUNCAN. What other factors—besides the radiation levels—would be involved in a decision on that question?

Dr. WACHHOLZ. Well, I am not the person to speak to about this, but I suspect there would be sociological and cultural factors that would involve people residing for example, on Eneu. In the Bikini Atoll, there are no "clean islands," such as there are at Enewetak in the south. To what extent this is a variant of the situation I would have to leave to others.

Mr. DUNCAN. But if the radition is lower by a factor of one to three on Enewetak, wouldn't that reduce these annual exposure rates by a third that you have listed with respect to Enewetak?

ESTIMATED EXPOSURE AT ENEU AND BIKINI

Dr. WACHHOLZ. Well, we can provide the estimated exposure for both Eneu and Bikini.

Mr. DUNCAN. Under those same sets of assumptions?

Dr. WACHHOLZ. No, these hold for the lifestyle scenarios that we and the Counsel for the Enewetak people derived. We also cooperated with the legal counsel for the Bikini people as to a set of lifestyle scenarios that they would prefer—which would be different from those at Enewetak.

Mr. DUNCAN. Furnish them for the record along with an explanation of the assumptions. It is assumed that the natives of either Eneu, Enjebi or the Bikini islands eat only fruit that is grown on the islands, what are the earliest times when you would assume it would be safe within the federal radiation limits to return to each of those islands.

Dr. WACHHOLZ. I can provide you with estimates of that.

[The information follows:]

CALCULATED MAXIMUM ANNUAL DOSE ESTIMATES BELOW WERE PREPARED IN RESPONSE TO LIVING PATTERNS REQUESTED BY LEGAL COUNSEL FOR THE BIKINI PEOPLE

| | Millirem/year | |
|---|---|---|
| | With imported food [1] | Without imported food |
| 100 percent of time on Eneu Island—All local food from Eneu Island | 350 | 710 |
| 90 percent of time on Eneu Island | 400 | 770 |
| 10 percent of time on Bikini Island—All local food from Eneu Island | | |
| 50 percent of time on Eneu Island; 50 percent of time on Bikini Island; 50 percent of local food from Eneu Island; and 50 percent of local food from Bikini Island | 1,700 | 3,300 |
| 100 percent of time on Bikini Island—All local food from Bikini Island | 3,000 | 5,800 |

[1] 50 percent of diet assumed to be imported.

Dr. WACHHOLZ. All right, using U.S. standards as a basis for reference.

Mr. DUNCAN. That is the 500 millirems.

Mr. WACHHOLZ. Right. This is presented both in terms of imported food available and no imported food available.

Mr. DUNCAN. Let's go on the none available.

ENJEBI AND BIKINI COMPARISIONS

Dr. WACHHOLZ. No imported fruit available, okay. For Eneu, you are talking on the order of about 15 years—in round numbers. For Enjebi, you are talking on the order of 65 to 70 years. And for Bikini, for the order of 100 to 110 years.

Mr. DUNCAN. And if you import food?

Dr. WACHHOLZ. For Eneu island, they could return immediately if imported food was available as a part of their diet.

Mr. DUNCAN. A part of it? Not totally, but just a part of it?

Dr. WACHHOLZ. Fifty percent. For Enjebi, you are talking about roughly 40 years and for Bikini, roughly 70 to 80 years.

RISK ASSESSMENT PREPARED BY ENEWETAK CONSULTANTS

Mr. DUNCAN. All right. Drs. Michael Bender and A. Bertrand Brill prepared an assessment of radiation health effects of the resettlement of Enewetak. What is the Department of Energy's opinion of this document? Have you examined it?

Dr. WACHHOLZ. We have reviewed that document—both ourselves and our experts in the laboratory; and while Drs. Bender and Brill make a number of assumptions which are somewhat different from the assumptions we made—referred to earlier—basically we take no issue with their analysis.

Mr. DUNCAN. Based on those assumptions?

Dr. WACHHOLZ. Right, and I think they acknowledge in their document that, basically, they agree with ours. Consequently, we would agree with theirs.

Mr. DUNCAN. Oh, you scratch my back and I'll scratch yours.

Dr. WACHHOLZ. So we have at least gotten to the point where the committee can compare apples and apples.

Mr. DUNCAN. You do not agree based on these assumptions?

Dr. WACHHOLZ. I am not aware that there is any disagreement between us in terms of using the dose estimates or the risk estimates.

CLEAN-UP CRITERIA FOR ENEWETAK

Mr. DUNCAN. The letter of November 7 from Secretary Joseph states that the environmental impact statement to the Enewetak clean-up and rehabilitation program recommends criteria for clean-up which are one-half of the Federal Radiation Counsel guidance for individuals and 80 percent of the 30-year guidance for population.

In the Department of Energy's opinion, is that too rigid a standard to apply for people living on the islands? Or should it be applied on the basis that it was in the environmental impact statement?

Where is that guy from EPA—is he here to speak out? Aren't you the one that should be answering this question, Dr. Mills?

Dr. MILLS. Yes, sir.

Mr. DUNCAN. I beg your pardon. Do you want me to give you that question again?

Dr. MILLS. Yes.

Mr. DUNCAN. The environmental impact statement on the Enewetak clean-up and rehabiliation program recommended criteria for clean-up one-half of the Federal Radiation Council guidance for individuals and 80 percent of the 30-year guidance. Those are more strict I take it.

Dr. MILLS. Yes, sir.

Mr. DUNCAN. In the Department of Energy's opinion—well—I want the Department of Energy's comments. Is that too rigid a standard to apply to people living on the islands?

Mr. DEAL. Mr. Chairman, I will volunteer part of the answer to that and maybe ask for some help with the next part.

In the beginning, it was felt that we needed some kind of a goal to meet for the clean-up—rather than just starting with the total 500 millirems. We felt that the goal for the clean-up should be something less than the 500. And that is why we chose to use one-half of the standard in the beginning.

That is all written out and documented thoroughly in our task group report that established the criteria for the clean-up.

Mr. DUNCAN. Have you met that goal? You haven't, have you, on Bikini?

Mr. DEAL. Well, on Bikini, those criteria never applied to Bikini—just Enewetak.

Mr. DUNCAN. Well, you have more than met that, haven't you?

Mr. DEAL. For the southern islands.

Mr. DUNCAN. For the southern islands?

Mr. DEAL. Oh, yes.

Mr. DUNCAN. So, what you are saying is that in the Department of Energy's opinion, the goals that you set do not necessarily have to be the standards for resettlement of these islands. Is that correct?

Mr. DEAL. Yes.

Mr. DUNCAN. And what do you think about that?

Dr. MILLS. Well, I basically agree with that. There is a fundamental principle in radiation protection that you get the dose as low as is reasonably achievable in order to ensure that the exposure—unless you have got justification for it that the exposure is not exceeding. I think one should always set its goals for a clean-up criteria somewhat less, recognizing that we may not, in fact, be able to clean up to meet that goal in every situation. But you have to make some kind of trade-off.

Mr. DUNCAN. But you would not apply that same standard when you have got a practical problem of resettling people on an island of their ancestors?

Dr. MILLS. That probably wouldn't be applied in this case.

BIKINIAN REMOVAL STANDARDS

Mr. DUNCAN. What standard did we use or what basis did we use for determining the removal of the people of Bikini from their island?

Mr. DEYOUNG. Of the 145 people who were removed from Bikini in August 1978, a considerable number of them had exceeded the U.S. Federal standard level. I don't have all the figures here. I think in one category there were six individuals who had many times higher than the acceptable levels. I also understand that 50 percent of the tested group had exceeded the Federal standard level.

Dr. WACHHOLZ. Perhaps I can comment on that, Mr. Chairman.

Mr. DUNCAN. Go ahead.

Dr. WACHHOLZ. I was not involved in this particular program at that time and was not present at those hearings, although I have read the record, but at the time, the information available was based on what is referred to as whole-body counting of individuals, and this detects primarily cesium levels in people.

At that time, I believe there were some 13 people—I may be subject to correction on that——about 10 percent of the population—and if they had been allowed to remain, it was estimated their annual exposure would exceed the 500 millirems per year.

I believe it was on that basis and other considerations that the decision was made to remove them.

Subsequent to that—with additional data, and so on—it turns out that of the people who were present at that time who were whole-body counted—and I think the number is something like 99, so we are talking about roughly 100 people who were counted—about 22 of them exceeded the 500 millirems per year based on cesium measurements. Subsequently, the analysis for strontium in the population indicated that perhaps as many as another 27 could be added to that. So roughly 49 people out of the 99 would have exceeded the U.S. exposure limit of 500 millirems.

Mr. DUNCAN. So there are other radioactive elements that might if you body counted—is that what you call it—body counted?

Dr. WACHHOLZ. Body counted.

Mr. DUNCAN. So it might have even been higher than the 49 if you had looked for other elements?

Dr. WACHHOLZ. The two—strontium and cesium—are by far the main contributors to the——.

Mr. DUNCAN. Was there any ill effect measurable in terms of a higher incidence of malignancies than otherwise would have been——

Dr. WACHHOLZ. I am not a physician, but it is my understanding that nothing has been detected along those lines at this point anyway.

Mr. DUNCAN. Is that your understanding too?

Mr. DEYOUNG. That is my understanding. The period is too short to determine whether there will be any defects.

Mr. DUNCAN. Well, how long a period are we talking about—how long did they live on Bikini?

Mr. DEYOUNG. Some of them moved to Bikini in 1970. The group gradually grew from, I would say, 25 to 150 individuals. There were roughly 150 when we moved them.

Mr. DUNCAN. And what do you need—a 20- or 30-year period within which to see this reflected in malignancies?

Mr. DEYOUNG. Sometimes it takes that long.

Mr. DUNCAN. Are these anticipated malignancies in excess of what you expect normally—based upon actual experience and measurement? Or is this a purely theoretical figure?

Dr. WACHHOLZ. With this number of people involved, I think you are playing numbers games here—statistical games.

### COMPARISON WITH JAPANESE RADIATION VICTIMS

Mr. DUNCAN. All right, but are these statistical figures derived in the first instance from an actual measurement? In Japan, for instance, were you able to correlate an increase of incidence of malignancies with the exposure to radioactivity in a sufficiently large population that you could draw these figures that are relied upon in this booklet that we are referring to here.

Dr. MILLS. Everyone is looking at me.

Mr. DUNCAN. Well, you are the one that is——

Dr. MILLS. From the standpoint of where the basic data comes from—it comes from several things—primarily, perhaps the most exhaustive study has been of the Hiroshima-Nagasaki survivors. That data has definitely shown a correlation between radiation exposures and the incidence of malignancies.

Mr. DUNCAN. Are they the percentages we rely upon in this book for instance?

Dr. MILLS. Well, I think that what that percentage is—and I would let Dr. Wachholz justify me—but I think it is based on the 1972 National Academy of Science study which looked at all the available data including those medically treated for radiation exposure and came up with risk estimates upon which the regular agencies depended.

Mr. DUNCAN. I haven't asked my question very well, but I think you have answered it in spite of my ineptness. What I really want to know is—are those figures of anticipated maligancies from various exposure rates the result of mathematical computations or actual observations in real life? I think what you are telling me is that it is actual observations in real life, to the extent the data is available.

It includes studies in Japan following Hiroshima and Nagasaki.

Dr. MILLS. Yes, sir.

Mr. DUNCAN. As well as actual exposures in this country to excessive doses of radiation. Is that what you have said?

Dr. MILLS. Yes, sir, they are extrapolations from doses which were much higher than the doses we are talking about.

COST OF ENJEBI COMMUNITY FACILITIES

Mr. DUNCAN. Well, I answered my question better than I asked it, right?

If facilities were to be constructed on Enjebi, how much would we be talking about—what is the cost of facilities? I guess we are talking about housing and things of that sort?

Mr. DEYOUNG. The cost varies depending upon the size of the community. The basic cost with the present plan is roughly $6.5 million. I think a little larger community—taking into consideration the population growth—would be approximately $10 million.

Mr. DUNCAN. What kind of a population did you estimate at $6.5 million?

Mr. DEYOUNG. That is the present population—roughly 225 people.

Mr. DUNCAN. And it would be $10 million to take care of the natural growth of the population.

Mr. DEYOUNG. That is my understanding.

PRESENT FACILITIES FOR ENJEBI PEOPLE

Mr. DUNCAN. If we do not—if the people do not go back to Enjebi, are there going to be additional costs in resettling them to other islands or even in maintaining them beyond the budget figures you have submitted already?

Mr. DEYOUNG. In the three southern islands, in which communities have been built, there are houses for the Enjebi people. Their concern is that their island to the north someday would be available to them, but there would be nothing on that island for them to go back to.

The immediate situation is that housing already is available in the south.

Mr. DUNCAN. At no additional expense.

Mr. DEYOUNG. At no additional expense.

COMPENSATION FOR LAND

Mr. DUNCAN. What steps are you taking to resolve such matters and arrive at compensation figures for lost land or lost land usage prior to the termination of the Trusteeship? Mr. Green, is that your question?

Mr. GREEN. Currently, there is litigation, and the Federal posture is to await the completion of that. There have been certain awards made, I believe, to the total of about $10 million—about half of which the United States has put up. Japan is obligated to supply the addition.

Mr. DEYOUNG. I think your question was related to the particular problem of the Enewetakese. The Assistant Secretary referred

to war claims. I don't think there are any war claims pending in this particular problem.

The specific question you raise is a matter that is still subject to discussion and must be negotiated. It has not yet been addressed.

Mr. DUNCAN. Is it part of the overall negotiations for the future status of the——

Mr. DEYOUNG. It will be involved in that process, but the people who are affected will also be involved.

Mr. DUNCAN. Individually?

Mr. DEYOUNG. Yes.

RADIOLOGICAL HEALTH PROGRAM

Mr. DUNCAN. Public law 96-205 includes the radiological health program for the people of the Atolls—Bikini, Enewetak, Rongelap and Utirik. What steps are you taking to implement this activity and when will you have a comprehensive plan and estimate of cost that will be involved?

Mr. DEYOUNG. We have had preliminary discussions on how to begin to formulate this proposal and develop a plan. Shortly, we will be meeting with the other agencies that also must play a very important role. We will also be meeting with the representatives of the people concerned and with representatives of the government of the Marshall Islands as specified in the law.

Mr. DUNCAN. This would be for measuring body counts of radioactivity and incidence of malignancies and things of this nature.

Mr. DEYOUNG. It is a very broad, sweeping area that we are going to have to interpret. Radiological monitoring will be one aspect of it. With respect to the affected fall-out people—the people of Rongelap and Utirik—there must also be medical follow-up.

And then there is a new problem if people go back to Enewetak and possibly parts of Bikini, obviously, they must also be monitored.

Mr. DUNCAN. Well, you don't have a comprehensive plan until you can include conversations with individuals and the Marshallese government.

Mr. DEYOUNG. That is correct. The first step, Mr. Chairman——

Mr. DUNCAN. When are you going to do that?

Mr. DEYOUNG. We are beginning to carry out the first consultations. We expect to have that in process within the next two weeks. The actual preparation of the plan is going to be a very laborious and time-consuming job.

It is going to take a great many experts, but we hope we will have at least the framework of the plan by next October. A plan must be submitted to the Congress by the end of the year.

COST ESTIMATE OF HEALTH PLAN

Mr. DUNCAN. And you would—I assume—have no estimate of cost at this point.

Mr. DEYOUNG. We have no estimate of cost except if it is going to involve bringing in people from the area for discussions, sending out scientific teams to the area to look at particular problems, then, we are talking in terms of, I would say conservatively, several hundred thousand dollars.

This has not been provided for in our budget.

Mr. DUNCAN. That is just to put the plan together.

Mr. DEYOUNG. That is correct.

HEALTH PROGRAM COST ESTIMATES

Mr. DUNCAN. And then what is it going to cost us after you get it put together? Do you have any idea?

Mr. DEYOUNG. On the basis of the various components of the plan and on the basis of what currently is being done just for the direct fall-out people, I would hazard a guess that we might well be talking about from $6 to $10 million a year in the future. I now have been told that that may be on the low side.

Mr. DUNCAN. Who told you that?

Dr. WACHHOLZ. Since we are guessing here a little bit, the current expenditures on the order of somewhere between $3 and $4 million, just with regard to people of Rongelap and Utirik—the support activities and so on in terms of medical follow-up for those diseases related to radiation fall-out.

The bill, as was indicated, is quite broad—it addressed general health care as well as disease resulting from radiation exposure. It also is not limited to the four Atolls that we have been discussing. I think it is an open question at this point as to how much broader that would be.

Considering that we are talking about roughly 250 people—or something around that—at Rongelap and Utirik—by the time one adds several hundred or thousand more—I would be reluctant to hazard a dollar guess at this point.

Mr. DUNCAN. What's the reason for such excessive costs for monitoring?

Dr. WACHHOLZ. Well, a good part of it is logistical support—getting the equipment, material, ships out there in order to go around to the Atolls. Then we have the situation that while most of the environmental monitoring is done by the national laboratories, the medcical component is not carried out by—if you will—the in-house staff in the Department of Energy or the national laboratories. Rather, they coordinate and go to university medical centers around the country to bring in specialists to address the issues there.

OTHER POSSIBLY AFFECTED ATOLLS

Mr. DUNCAN. How much broader is it? Does the law require that this program be extended beyond the people of those four Atolls? I wonder why you say it will be so much broader than that.

Dr. WACHHOLZ. I don't have the law directly in front of me, but my recollection is that there is a clause in there that says such other Atolls as may be and have been affected by——

Mr. DUNCAN. Would you put in the record at this point a list of the other Atolls that might be involved and the population of them? Can you do that so that we will know what we are looking at?

[The information follows:]

ATOLLS AND POPULATIONS THAT MAY BE CONSIDERED FOR INCLUSION UNDER PUBLIC LAW 96–205

[Included in Rongelap population]

| Atoll | Population | |
|---|---|---|
| | 1973 census | current estimate |
| Ailinginae | 335 | 400 |
| Ailuk | 0 | 0 |
| Bikar | 925 | 900 |
| Bikini/Kili | 406 | 500 |
| Likiep | 165 | 165 |
| Rongelap | 0 | 0 |
| Rongerik | 0 | 0 |
| Taka | 342 | 500 |
| Ujelang/Enewetak | 217 | 225 |
| Utirik | 61 | 80 |
| Wotho | 0 | 0 |
| Jemo Islands | 271 | 280 |
| Mejit Islands | | |

Dr. WACHHOLZ. I think this is part of the negotiating process that has to be discussed.

Mr. DUNCAN. Well, is it any secret about what is on the table and what is being argued about in the negotiations? I don't want to destroy your negotiations at all. The Marshallese must know what they are contending, and you must know what you are contending. Can you put in the record without any concession that either side is right or wrong—can you do that?

Dr. WACHHOLZ. Well, I was under the impression that the language of Public Law 96–205 was being discussed, sir.

### FUNDING FOR HEALTH CARE

Mr. DUNCAN. The legislation provides that we make an appropriation to cover this activity through the Department of Energy rather than the Department of the Interior. Is the single purpose account for this activity a reasonable mechanism for funding it?

Dr. BURR. I really don't believe the Department has yet explored the most appropriate way for it to seek the funding or how it should be carried. This is fairly new legislation, and I don't think that has been really looked at.

Mr. DUNCAN. Better have them look at it and talk to Sam and give us some answers, will you?

Dr. BURR. Yes.

### PROGRAM FUNDING—RADIOLOGICAL HEALTH

Mr. DUNCAN. You say that none of the several hundreds of thousands of dollars that you think will be necessary to prepare this comprehensive radiological health program is in this budget?

Mr. DEYOUNG. It is not in the Interior or Trust Territory budget that is before you at this time. And I cannot speak as to whether Energy has any funding——

Dr. BURR. Sir, it is a cost that would be borne in relationship to the bill that has been passed. It is not part of our request to Congress in our present appropriations request.

Mr. DUNCAN. You had better take a look then and let us know approximately what you think it is going to cost in a little more definitive figures than you have supplied to us here at the table. Would you?

BIKINI RESETTLEMENT EXPLORATION

Mr. DUNCAN. Describe to the committee the various locations the people of Bikini and representatives of the Department of the Interior have visited with regard to temporary relocation of the Bikinians.

Mr. DEYOUNG. Mr. Chairman, for the past year, the High Commissioner of the Trust Territory and the Department, in collaboration with the people of Bikini, have been exploring various places in which they might resettle. It is our understanding they have visited Hawaii twice. They have gone to Wake Island. They have visited a variety of Atolls in the Marshall Islands. The group has just returned from a recent exploratory trip, and we have not yet been officially given a report. However, the Bikini delegation that is in this room and their attorney are prepared to tell the committee of the results of their most recent exploration as well as some of the ideas of the Bikini people as to what they feel is their need in the way of resettlement.

Mr. DUNCAN. Are there additional sites that you know of that are to be reviewed?

Mr. DEYOUNG. At the present time, it is my understanding that they feel they have exhausted possible sites.

KILI ISLAND FACILITIES

Mr. DUNCAN. What is the status of the facilities on Kili Island?

Mr. DEYOUNG. The temporary rehabilitation of Kili—that is, temporary houses, temporary school house, dispensary, and a few other temporary-type buildings—has been completed.

There is no work of a permanent nature carried out on Kili Island.

Mr. DUNCAN. I am sorry. Say that last sentence again.

Mr. DEYOUNG. A rehabilitation project on Kili has been carried out, but it has been of a temporary nature—temporary in the sense that houses of plywood and tin roofing have been built—not the kind of housing that will stand up for any length of time.

Mr. DUNCAN. So it is not a permanent habitation?

Mr. DEYOUNG. It is not a permanent rehabilitation.

Mr. DUNCAN. Is there any desire on the part of the Bikinians—any of them—to stay there on Kili?

Mr. DEYOUNG. This is something that we in Interior are interested in hearing this afternoon from the people of Bikini.

Mr. DUNCAN. Any progress in planning for facilities to make the islands accessible during the four-month period when it cannot be reached?

Mr. DEYOUNG. There has been some preliminary work done as to how the island could be made more accessible, i.e. the possibility of a short-range airstrip, the possibility of deepening the harbor so at

least in good weather the field trip ships could get up closer. A preliminary look at the island has demonstrated that to put in a permanent dock would probably be astronomical in cost, and there would be no assurance that that dock would even stay for any length of time.

FISCAL YEAR 1979 BIKINI APPROPRIATION

Mr. DUNCAN. What have you done with the six million we appropriated in 1979 for Bikini relocation?

Mr. DEYOUNG. Three million of the six million was put into the Bikini trust fund. The other three million has been used for the temporary rehabilitation of Kili Island. The relocation move of the people from Bikini, has provided for temporary facilities on the little island of Ejit near Majuro, where some 12 to 15 families who refuse to return to Kili elected to go. The same kind of housing that was built on Kili has been built on Ejit for them.

Mr. DUNCAN. So you used part of that money to get the people from Bikini to Kili?

Mr. DEYOUNG. That is correct. The exploration trips they have been making have also been funded out of that particular account.

BIKINI TRUST FUND

Mr. DUNCAN. What is this money in the trust fund? What is that for? What are you going to do with that?

Mr. DEYOUNG. The money in the original trust fund consisted of $3 million that the Congress had earlier appropriated for the people of Bikini. There was a second increment appropriated, and again, the Bikini delegation and their attorney can amplify this.

It is my understanding that they have $6 million currently in their trust fund.

Mr. DUNCAN. Is that for reparations or settlement of claims?

Mr. DEYOUNG. These are ex gratia payments for the hardships they have endured over the past 30 years. It is not payment for land or war claims.

Mr. DUNCAN. Do you have a schedule for resolving these relocation questions of the Bikinians? Is that part of the negotiations—is that what you told me?

Mr. DEYOUNG. No, we are waiting in Interior for a proposal from the Bikinians.

RONGELAP AND UTIRIK COMPENSATION

Mr. DUNCAN. The fiscal year 1981 budget request includes an additional million for compensation of the people of Rongelap and Utirik for medical problems caused by radiation exposures. Please tell us again why the additional funds are needed. Review for the committee the population of each of the Atolls. The number of cases of compensable medical damage. The number of new cases that have occurred since the last appropriation of these dispensatory payments.

Why do we need additional funds? Then tell us about the individual population.

Mr. DEYOUNG. I think the background of these two groups are well known. They are the victims of the 1954 fall-out accident.

Several years ago by Public Law 95-134 Congress authorized payments to the affected people. That is, for example, compensation payment of $25,000 for thyroid operations. In the last 15 years, thyroid disorders have begun to appear in large numbers.

The original compensation appropriation was for roughly $1 million. We had a backlog of cases so that the $1 million that was appropriated in fiscal year 1978 was exhausted, and we received a $600,000 supplemental in fiscal year 1978.

Since that time, additional cases have appeared, and we estimate that by the time the cases now pending are settled, we will have only $70,000 left in the reserve fund.

New cases are appearing among the people of Rongelap and Utirik at the rate of six to seven a year. Additionally, in recent years, second cases have been appearing. In other words, people who have had one operation and have undergone great suffering now have to undergo additional operations. It has been thought that some sort of additional compassionate compensation should be paid to these people who are experiencing second and even third operations.

Mr. DUNCAN. And these are being paid out on a flat sum depending upon the affliction and the area?

Mr. DEYOUNG. That is correct.

Mr. DUNCAN. And this is in addition to the ex gratia money that is in the trust fund.

Mr. DEYOUNG. The people of Rongelap and Utirik do not have a trust fund—this is the people of Bikini.

Public Law 96-205, just passed, provides a slight amendment of the original law Public Law 95-134, which permits the Secretary to make additional compassionate payments in these second cases. We anticipate probably five to six of these special cases a year.

So the amount we are requesting covers calendar years 1980, 1981 and—because of the uncertainty of how this compensation matter will be handled after termination of the trusteeship—in order to have a reserve on hand—we have anticipated a certain number of cases in calendar year 1982.

I must point out that the people involved who undergo an operation and who are now entitled to compensation cannot understand why they have to wait a year or a year and a half if there is no money in the fund, and we have to go through a budget process and ask for additional funds.

This is why we felt that we needed the reserve category.

Mr. DUNCAN. What is the total population of Rongelap and Utirik?

Mr. DEYOUNG. I have that information.

Mr. DUNCAN. Will you provide it in the record?

Mr. DEYOUNG. Yes, I will.

[The information follows:]

RONGELAP AND UTIRIK POPULATIONS

RONGELAP POPULATION

The population of Rongelap today is estimated at 165. At the time of the 1954 fallout, the population of the atoll was 86. This included four in utero. The estimated Gamma Dose on Rongelap Island was 175 rads. Some 18 individuals of the Rongelap population were on Ailingnae Island of the atoll the day of the fallout and

they received 69 rads. (Ailingnae is 110 miles from Bikini Atoll where the Bravo shot took place, Rongelap Island is 105 miles away.)

21 of the original 86 exposed Rongelapese have died since 1954. Two of these deaths, in all probability, are held to be attributable to the effects of the fallout. One 21-year old male died from leukemia in 1972 and a 64-year old male died from stomach cancer in 1974. Three of the deceased individuals had thyroid operations prior to their death. The majority of the other deaths occurred between 1956–1966 prior to the period when late thyroid effects began to develop in the Rongelap exposed group.

To date, in the original Rongelap exposed population of 86 people there have been 37 cases of thyroid abnormalities compensated under the provisions of Public Law 95–134. One death payment has been made, the other is pending appropriation of additional funding. Compensation for four additional cases of second operations is pending. New cases of thyroid abnormalities are developing at the rate of 6–7 cases a year. Additional cases of compensation for second operations are anticipated in the Rongelap group.

UTIRIK POPULATION

The Utirik population today is estimated at 225. At the time of the 1954 fallout, there were 158 people on Utirik Atoll. These individuals received an estimated Gamma Dose of 14 rads in the fallout as compared to the 175 rads the people of Rongelap Island received. Utirik is 275 miles from Bikini Atoll where the Bravo shot took place. 47 of the original 158 exposed Utirikese have died since 1954.

13 cases of thyroid abnormality have appeared to date in the Utirik exposed group and approximately 6 new cases a year now are appearing.

Under Public Law 95–134, each of the 158 exposed individuals received a flat $1,000 ex gratia payment for suffering and hardship. They had not received ex gratia compensation in 1965 as had the people of Rongelap. Additionally, the Utirik exposed individuals are being compensated for thyroid abnormalities and operations under the formula set forth in Public Law 95–134.

BIKINI RESETTLEMENT

Mr. DUNCAN. If we do not have questions from members of the committee, we are going to turn you gentlemen loose for a little bit, and we will listen first to the people of Bikini and their counsel, and then we will hear from the people of Enewetak and their counsel.

Mr. WEISGALL. I am associated with the law firm of Ginsburg, Feldman, Weil and Bress here in Washington, D.C.

Mr. DUNCAN. Alright, and would you introduce your clients.

Mr. WEISGALL. Certainly. Moving from left to right as we face you is Nathan Note, who is the scribe of the Bikini-Kili Council. To my immediate left is Henchi Balos, who is the Bikinians' representative in the Marshall Islands legislature, Nitijela. To my immediate right is the leader of the Bikini people, the magistrate Mr. Tomaki Juda. And at the extreme right is Mr. Johnny Johnson, who is the treasurer of the Bikini Council.

Mr. DUNCAN. Alright, you have a very long statement. I wonder if it would be possible for us to put this in the record at this point and ask you to summarize it for us. Would you?

Mr. WEISGALL. That will be fine.

[The statement follows:]

STATEMENT OF JONATHAN M. WEISGALL
ATTORNEY FOR THE PEOPLE OF BIKINI
BEFORE THE HOUSE APPROPRIATIONS COMMITTEE
SUBCOMMITTEE ON INTERIOR

April 2, 1980

Mr. Chairman and Members of the Subcommittee:

As legal counsel for the people of Bikini, I have been asked to testify before you today. With me are Tomaki Juda, Magistrate of the Kili/Bikini Council, Nathan Note, the Council's scribe, Johnny Johnson, treasurer of the Council, and Senator Henchi Balos, the elected representative of the people of Bikini to the Marshall Islands legislature, the Nitijela.

I have met regularly during the past year with the Kili/Bikini Council to review resettlement issues, and I have just returned from a series of meetings in the Marshall Islands with the Council as well as approximately 50 other heads of Bikinian families living on Kili and Ejit. Kili, as you know, is the island to which the Bikinians were "temporarily" moved in 1948, and it is today the home for approximately 550 of the 925 people of Bikini. Ejit, a small island in Majuro Atoll, is the "temporary" home for approximately 120 Bikinians, most of whom were removed from Bikini in 1978.

I. RESETTLEMENT OPTIONS

In light of the Interior Department's finding in 1978 that Bikini Island would not be safe for the foreseeable future, the people of Bikini have spent over a year exploring possible resettlement sites. This complicated project has involved many different agencies and individuals, and there are still certain questions which have not been resolved. For example, questions concerning Bikini Island's safety persist. When will the island be habitable? Will it be 10 years, 20 years, 50 years or longer? We still do not know. Can the cesium-137 and strontium-90 on Bikini Island be successfully cleaned up? What would such a cleanup entail? What would it cost? If a cleanup would not make the island safe now, would it at least reduce the period of time during which the island will be off-limits? If so, by how much? The Bikinians have put these basic questions to the Interior and Energy Departments, and they have yet to be answered. I am hopeful that they will be answered shortly.

Recognizing that these questions cannot be answered immediately, the Bikinians have proceeded to visit possible resettlement locations on the assumption that Bikini Island cannot be resettled for at least 30 years. With the help of High Commissioner Winkel, three trips have been conducted in the last eight months, one to Wake, one to fly over Palmyra, and one to various atolls in the Marshall Islands, including Mili, Knox, Jaluit, Ailinglaplap, Erikub and Likiep.

Only one of these potential relocation sites -- Wake -- interested the Bikinians. Wake has very little rainfall and virtually none of the life-sustaining trees or vegetation commonly found throughout the rest of the Marshall Islands, but it does pose one very attractive future for the Bikinians -- the United States military. One cannot overestimate the importance of the United States' presence in the Bikinians' minds. The people's desire to be cared for by the United States may seem ironic in light of U.S. treatment of them over the last 34 years, but to the Bikinians this desire is perfectly logical. The United States military removed them from Bikini in 1946. The people have not yet returned, so they anxiously look to the United States to continue to care for them. The Bikinians saw at Wake a clear sign of a continuing U.S. presence, so they immediately seized on Wake as a possible resettlement site. The Pentagon, however, has been adamant in its refusal to permit Wake to be used for resettlement. In sum, the Bikinians would be interested in resettlement on Wake, but the Pentagon has declared that any such resettlement is out of the question.

Palmyra, a privately-owned atoll consisting of 39 islands, poses two major disadvantages for the Bikinians. First, and most important, it is more than 2,000 miles from the Marshall Islands; a move to Palmyra would thus isolate the Bikinians from their traditional environment. Second, although

the total land area of all 39 islands in the atoll is over two square miles, none of the islands has as much living area as Kili, where most of the Bikinians now live. Given Palmyra's distance from the Marshalls, the people would want to live together in one central area, but a move to Palmyra would not permit this.

With respect to the other Marshallese atolls the Bikinians visited, resettlement possibilities are virtually nonexistent. First, there is already some social friction between the Bikinians and other Marshallese groups, and the continued special treatment of the Bikinians in the post-Trusteeship period (e.g., food programs and medical care) may well contribute to greater strains. Moreover, resettlement on part of an atoll might create a ghetto environment, with the Bikinians being regarded as intruders and "squatters," even if the land were leased or bought. This would further contribute to the Bikinians' concern about freedom of movement and loss of collective identity. For example, the few Bikinians now living on a small part of Jaluit Atoll do not feel they are free to travel to other parts of the atoll. Since these sometimes subtle -- and potentially serious -- social problems are not susceptible to resolution, resettlement on another inhabited atoll in the Marshall Islands is not acceptable. As to uninhabited atolls, such as Erikub,

it appears that they are uninhabited simply because they are uninhabitable. Even those which could sustain some human life could not possibly support a significant part of the entire Bikinian population, which now numbers approximately 925 people.

Having discussed and reviewed all possible resettlement options, the people of Bikini have concluded that their first choice is Bikini Island in Bikini Atoll; their second choice is Eneu Island in Bikini Atoll; and their third choice is Wake. Given the problems of resettlement on Bikini Island and Wake, this realistically leaves only one option open -- Eneu Island in Bikini Atoll.

## II. ENEU ROTATION PROGRAM

On behalf of the people of Bikini, I would like to propose a comprehensive resettlement program based on this option. The people's preference would be to move the entire Bikini population to Eneu and perhaps some of the islands west of the Eneu channel. However, it is possible that these islands could not handle such a large number of people. If this is the case, the Bikinians propose to utilize a system devised by the people of Enewetak several years ago when they were living on Ujelang Atoll. When the Enewetak cleanup began and the southern islands were ready for habitation, the people had to decide who would move. Since the whole population could not move at once, the people decided to set up a rotation system, pursuant to which a certain percentage of the population moved from Ujelang to Enewetak

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for six months. After six months, these people left, and they were replaced by another group. This rotation system has continued through today and has worked successfully.

The Bikinians propose to apply this system to Eneu Island. They recognize that all the people cannot return to Bikini. However, the Department of Energy (DOE) has indicated that it is possible to resettle on Eneu Island if certain strict regulations are followed. The Bikinians are prepared to comply with these regulations and they propose to establish a rotation system to permit resettlement. Under this system, the population would be divided into, let us say, four groups. Once housing and support facilities are ready at Eneu, those people in the first group who wished to move to Eneu could do so. After a set period of time -- for example, one year -- they would leave, and the second group would move to Eneu. Under this system, every Bikinian would have an opportunity to live on Eneu, but no one would live there for more than one year in every four. These two numbers, four groups and one-year rotations, are simply illustrative; it may be that fewer or more groups should be established or that the rotation period on Eneu should be something other than one year.

It is clear that such a system must be carefully monitored and enforced in order to work successfully. I have

spoken with the representatives of the major holders of land rights on Eneu, and I was assured that these landholders would permit other Bikinians to live on Eneu. I also asked the approximately 50 adults I spoke with if the people living on Eneu would agree to leave after their rotation period was over. I was assured they would. Lastly, I asked the people if they were prepared to comply with Department of Energy restrictions regarding a return to Eneu. In order to be in compliance with federal radiation protection guidelines, it would be necessary for the people to live only on Eneu, eat no food at all from Bikini, and maintain a diet consisting of approximately 50% local food from Eneu and 50% imported food. The people assured me that they would comply with these restrictions and that they would be willing to accept certain measures to insure that they do not violate DOE restrictions.

It will also be necessary to insure that a regular shipping schedule is established to bring imported food to Eneu. As you may recall, Mr. Chairman, at hearings before your Subcommittee in June, 1978, when people were still living on Bikini Island, you were told that monthly trips were scheduled to take food to Bikini, but in fact it turned out that ships called on Bikini sporatically because the Trust Territory Government did not have enough ships

available to service Bikini on a monthly basis. You asked me to ask Jendrik Leviticus, who attended the hearings representing the people then living on Bikini, "to describe the providing of food to the Bikinians, as to whether it was adequate, . . . as to whether it came in on time?" I replied as follows:

> "Mr. Chairman, Mr. Leviticus states that... ships...apparently did not arrive on anything approaching a monthly basis, and that caused the Bikinians to go into the interior parts of the island and eat the breadfruit, the coconuts, the pandanus growing there. These excursions to the interior of the island would occur in the time period well after the arrival of a ship, when no new ship was in sight. That accounts for the Bikinians more or less disobeying what they had been told by DOE officials, but it was simply the function of not having enough food....
>
> Mr. Yates. How often were they off schedule, Mr. Weisgall?
>
> Mr. Weisgall. Mr. Chairman, Mr. Leviticus states that sometimes as much as 3 months would go by without the arrival of the field trip ship."

As you recall, the infrequency of ship services caused the people to eat food grown on Bikini. This, in turn, caused their body burdens to exceed acceptable federal standards, resulting in their removal from Bikini.

We must learn from the mistakes of the Bikini Island resettlement. If ships do not arrive at Eneu regularly, it is probable that the people will go right to Bikini Island and

eat whatever food is available there. This program cannot be implemented halfway. If the Eneu rotation system is accepted, there must be a special ship purchased and earmarked for supplying the food program on Eneu.

Mr. Chairman, an Eneu rotation program will require good planning and implementation by the United States and sacrifice and self-dicipline by the Bikinians. It will, however, accomplish three important objectives. First, the Bikinians will have an outpost at Bikini Atoll, their homeland. The people of Bikini strongly support this proposal, even though it is a far cry from their hopes of returning to Bikini Island. Second, this rotation system, if implemented, will insure that when the Trusteeship terminates, the United States will be committed to a full-scale program of resettling the Bikini people. The Bikinians are greatly concerned as to what may happen if the Trusteeship terminates in 1981, the Marshall Islands Government takes over full control, and there is no decision concerning resettlement. Third, I am hopeful that this rotation program will meet federal radiation protection guidelines. DOE stated in 1979, as you know, that people could return to Eneu today if the requirements I previously mentioned were met. This DOE statement, however, was not based on a complete analysis of all the data, although I understand that we will hear the Department's final assessment

today. It is possible that the program, by requiring all Bikinians to spend three of four years away from Bikini Atoll, could reduce the present predicted radiation dose to the population by as much as 75%.

## III. APPLICABILITY OF FEDERAL RADIATION STANDARDS

Mr. Chairman, if a resettlement on Eneu is approved, it must be carried out properly or we will risk a repeat of 1978, when the people living on Bikini were removed because their exposure to radiation exceeded federal standards. That removal was necessary but traumatic, and it must not be repeated.

The radiation question constitutes one area in which there is no concensus among the people of Bikini. Many of the people, especially the older ones, wish to move to Bikini Island regardless of the radiological risks involved. Others conclude that the radiological risks outweigh the benefits of returning. It is therefore impossible to present one view on this matter on behalf of the Bikinians.

The standards against which all radiological measurements on Bikini have been made are the Federal Radiation Council guidelines, which are used by federal agencies in their radiation protection activities. Although others have urged that

these guidelines should be ignored or relaxed with respect to Bikini and Enewetak, this Subcommittee should carefully consider certain factors before condoning looser standards.

First, these EPA federal guidelines, which state that radiation exposure should not exceed 500 millirems per year to individuals and 5,000 millirems/30 years to a population, are identical to international recommendations promulgated by the International Commission on Radiological Protection. The situation here thus differs from those cases in which EPA health and environmental standards are stricter than those of other countries. In those cases, arguments have been made that the United States standards should be relaxed to conform to looser international standards.

Second, the federal guidelines are not based on exposure patterns analagous to this case. They only represent extrapolations based on studies of peoples (such as Hiroshima and Nagasaki survivors) exposed to short-term radiation doses. Since no scientist really knows the precise long-term effects of low-level radiation, this Subcommittee should consider whether people should be allowed to live on the dangerous side of what we do know.

Third, the Federal Radiation Council's Report No. 1, recognizing that it is not reasonable to establish radiation

guidelines which take into account all possible combinations of circumstances, specifically recommends: "Every reasonable effort should be made to keep exposures as far below this level as practicable."

Fourth, as you are aware, the people of Bikini (represented by myself and Micronesian Legal Services Corporation) brought a lawsuit in 1975 against the United States and Trust Territory Governments seeking to stop the Bikini Island resettlement program because a radiological survey concluded that the people would receive radiation doses in excess of these federal guidelines if the resettlement continued.

Lastly, in light of recent Congressional hearings and the incident at Three-Mile Island last year, the question of the potential risks of long-term exposure to low-level radiation has become a very political and highly emotional issue in the United States. Should the United States, as trustee, set one standard for its own citizens and another, less strict, standard for the peoples of the Trust Territory?

As I stated earlier, there is no consensus among the people of Bikini on this question, and there is no certainty in the scientific community. This Subcommittee should therefore consider these policy questions carefully before agreeing to the relaxation of federal standards.

## IV. OTHER COMPONENTS OF A RESETTLEMENT PROGRAM FOR THE PEOPLE OF BIKINI

The proposed Eneu rotation program constitutes only one part of the Bikinians' proposed resettlement program. If the rotation system is implemented, only part of the Bikinian population could be accommodated on Eneu at any given time; the remainder would live where the people are living now. Most of the Bikinians -- 550, or about 60% -- now live on Kili. An additional 120, or 13%, live on Ejit Island in Majuro, and most of the rest live on Majuro, Kwajalein, Ailinglaplap and Jaluit. Moreover, it was clear from my discussions with the Bikinians that some people may wish to live permanently on Kili or Ejit and not participate in a rotation program to live on Eneu.

The United States has always assumed that the Bikinians would live "temporarily" on Kili until they could return to Bikini. If DOE projections are correct, that return to Bikini is many, many years away, so whatever "temporary" measures are going to be taken on Kili and elsewhere should be as good as "permanent" measures, especially since there will probably be a permanent Bikini population remaining on Kili and Ejit. For example, the temporary wooden housing that was built on Ejit and Kili during the past two years will last for perhaps five or ten more years, assuming there is no typhoon. The Bikini resettlement program should provide

question of a dock. The Trust Territory Government has begun to examine this possibility, but no feasibility study has been completed. I am told that the cost of building a dock capable of withstanding the surf conditions on Kili may prove to be astronomical. If this is the case, the second option should be to dredge a deeper channel at Kili, thus permitting field trip ships to anchor closer to the island in calm weather. The third option would be to employ the methods used when the area was controlled by the Japanese. Field trip ships should off-load supplies at Jaluit Atoll during the winter months if surf conditions at Kili make access impossible. In addition, a smaller boat should be based year-round at Jaluit. On those few winter days when the surf conditions at Kili are tolerable, the people on Kili can call Jaluit by radio and the small boat can make the 40 mile trip in a few hours to off-load supplies at Kili. Between an airstrip and improved ocean access to the island, living conditions on Kili could be significantly improved.

The Eneu rotation program, combined with physical improvements on Kili and other atolls where the Bikinians now live, would constitute an important step in the fulfillment of the United States' obligation to the people of Bikini. Other actions, however, must also be taken. First, there must be a comprehensive health care program for all the

Bikini people, especially if today's proposal regarding resettlement of Eneu is adopted. The 139 people removed from Bikini in August of 1978 are currently being monitored by scientists from Brookhaven Laboratories, but many more people were on Bikini between 1970 and 1978 who left before August of 1978; these people also require medical monitoring. Second, there must be periodic comprehensive radiological surveys of Bikini Atoll and updated radiation dose assessments. These two actions will be implemented pursuant to Public Law No. 96-205, which was just recently signed by the President.

Third, there must be a continuing food support program for the people living on Kili. Fourth, there must be an improved education program on Kili. Very few Bikini children have learned English and the other skills necessary to attend public high school in the Marshalls. The assignment of two American elementary school teachers to Kili would greatly help the Bikini children to overcome these educational deficiencies. Fifth, the Government of the Marshall Islands, as successor to the Government of the Trust Territory of the Pacific Islands, should reaffirm the Trust Territory's grant and conveyance to the Bikinians of full use rights in the public domain lands of Kili, Ejit and two islands and part of a third island on Jaluit, together with reef and lagoon

rights. Sixth, all use rights in the land and lagoon of Bikini Atoll should be conveyed to the people of Bikini.

Seventh, the people of Bikini must receive compensation from the United States for (a) the complete destruction and disappearance of islands as a result of the 1954 "Bravo" test, (b) the loss of the use of Eneu Island between 1946 and the commencement of the proposed resettlement program, (c) the indefinite loss of the use of Bikini and other islands in the atoll since 1946, (d) the loss of revenue from the copra crop on Bikini Atoll, (e) injuries suffered by people who lived on Bikini Island from 1970 to 1978 resulting from the United States nuclear testing program, and (f) hardships suffered by the Bikinians as a result of being displaced in 1946 and again in 1978, as well as their continued displacement in the foreseeable future.

Lastly, the United States government should pledge to return the people to Bikini Island if and when the island is safe for resettlement.

These, then, are the basic elements needed for the resettlement of the Bikini people -- a carefully monitored, enforced and supported rotation system for resettling Eneu, improved, permanent housing for the Bikinians elsewhere in the Marshalls, improved access to Kili, health care for the Bikini people, periodic radiological surveys and dose assessments of Bikini Atoll, continued food supports for Kili, an improved education system for Kili, conveyance to the people of Bikini of land, reef and lagoon rights in Kili, Ejit, Bikini Atoll, and certain parts of Jaluit Atoll, compensation

to the people of Bikini and a pledge by the United States to return the people to Bikini Island if and when it is safe.

## V. COMPACT OF FREE ASSOCIATION

One major policy question remains: Who should negotiate this resettlement program and how should it be implemented? Section 177(a) of the Compact of Free Association, initialed in January of 1980 by the Governments of the United States and the Marshall Islands, provides, in part, that "the Government of the United States accepts the responsibility for compensation owing to citizens of the Marshall Islands. . . for loss or damage to property and person. . .resulting from the nuclear testing program which the Government of the United States conducted in the Northern Marshall Islands. . ."

Section 177(b) goes on to provide as follows:

> "The Government of the United States and the Government of the Marshall Islands shall set forth in a separate agreement provisions for the just and adequate settlement of all such claims which have arisen in regard to the Marshall Islands and its citizens and which have not as yet been compensated or which in the future may arise, for the continued administration by the Government of the United States of direct radiation related medical surveillance and treatment programs and radiological monitoring activities and for such additional programs and activities as may be mutually agreed, and for the assumption by the Government of the Marshall Islands of responsibility for enforcement of limitations on the utilization of affected areas developed in cooperation with the Government of the United States and for the assistance by the Government of the United States in the exercise of such responsibility as may be mutually agreed. This separate agreement shall come into effect simultaneously with this Compact and shall remain in effect in accordance with its own terms."

These sections are ambiguous on the questions of who should negotiate these programs and how they should be implemented. Section 177(b) states only that the two governments shall set forth these matters "in a separate agreement," but it does not specify the parties to the negotiations leading to such an agreement, and it is silent on the question of implementing the agreement.

The Marshall Islands Government has indicated that it intends to negotiate this separate agreement exclusively with the United States on behalf of the people of Bikini. These exclusive government-to-government negotiations are totally unacceptable to the people of Bikini. There are, to be sure, some specific nuclear-related issues which should be addressed on a government-to-government basis, such as the responsibility, if any, of the Marshall Islands Government to insure that Bikini Island is not resettled, and the action, if any, the Marshall Islands Government will take in the event that the Bikinians receive radiation doses in excess of federal standards.

Indeed, there are also certain Bikini resettlement issues which must be negotiated between the people of Bikini and the Government of the Marshall Islands, such as conveyance by the Government to the people of Bikini of all rights in the public domain lands of Kili, Ejit and parts of Jaluit.

However, with these very few exceptions, the entire Bikini resettlement program warrants a direct relationship between the Government of the United States and the people of

Bikini. Issues such as the Eneu rotation program, improved, permanent housing for the Bikinians elsewhere in the Marshalls, improvements on Kili, health care, radiological surveys and dose assessments on Bikini Atoll, food supports for Kili, an improved education system for Kili, compensation to the Bikinians and arrangements for an eventual return to Bikini Island -- in short, virtually the entire resettlement program -- contemplates a continued direct relationship between the United States and the people of Bikini.

Certainly some aspects of the resettlement program will require coordination with the Marshall Islands Government, but it will not suffice for the United States simply to reach an accord with the Government of the Marshall Islands. First, the United States took possession of Bikini Atoll from the Bikini people, not the Government of the Marshall Islands; it must therefore come to terms with the people. Second, as outlined above, all but a very few aspects of the Bikini resettlement program contemplate and require a continuing direct relationship between the United States and the people of Bikini, with no direct involvement by the Marshall Islands Government. Coordination with the Marshall Islands Government may be necessary, but interposing the Marshall Islands Government between the United States and the people of Bikini is unwarranted and would serve only to add a burdensome level of bureaucracy between the United States and the Bikini people.

permanent housing for the people, similar to the sprayed concrete houses which were recently built on Enewetak. These were the only buildings that survived the 1978 typhoon there.

Other steps should be taken to make living conditions on Kili more tolerable. As you are well aware, Kili is an island, not an atoll, and it has less than one-sixth the land area of Bikini Atoll. It has neither a lagoon nor sheltered fishing grounds. Moreover, since Kili runs parallel to the northeast trade winds, no side is leeward, and the island is virtually inaccessible from November to May when the trade winds cause heavy surf to pound the island. The high surf conditions which predominate during these months greatly restrict the Bikinians' fishing efforts as well as their ability to obtain food from the outside world.

In addition to improving the condition of houses and public buildings on Kili, the resettlement program should make Kili more accessible. For example, an STOL (short take-off and landing) strip should be built on the island to accommodate small aircraft, such as the airplanes recently purchased by the Marshall Islands Government.

As for ocean access to Kili, three options or combinations of options should be considered. First is the

Third, there is no practical or policy reason to justify interposing the Government of the Marshall Islands. The Marshall Islands Government is wholly incapable of providing for the resettlement of the Bikini people. Unlike the United States, it lacks the wherewithal to provide housing, food supports, transportation, monetary compensation, radiological surveillance and dose assessments and resettlement of Bikini Island. Only the United States can provide these programs for the Bikini people. The United States, not the Marshall Islands Government, caused the damage to Bikini Atoll. The United States, not the Marshall Islands Government, has promised to care for the Bikinians until Bikini Island can be resettled. And the United States, not the Marshall Islands Government, has the ability to provide for such resettlement.

Fourth, there is no indication that the Marshall Islands Government would represent the best interests of the Bikini people in government-to-government negotiations with the United States. In fact, in many respects the interests of the Marshall Islands Government and the interests of the people of Bikini are in direct conflict.

In order for the United States to fulfill its stated obligation to the people

of Bikini, Congress must first legislate a resettlement program for the people of Bikini, hopefully incorporating the proposals outlined today. Second, the "separate agreement" referred to in Section 177(b) of the Compact must incorporate this legislation directly and provide that it preempt any other terms of the Compact which may be in conflict with such legislation.

Mr. Chairman, it is difficult for outsiders to understand the importance of land to the Marshallese people. Land is not a commodity, as it is to Westerners; it is a symbol of individual identity. As the result of the U.S. nuclear testing program, the United States achieved a position of nuclear strength. The people of Bikini, on the other hand, lost their land -- and with it their identity. The testing program is over, but Bikini will bear its scars for many generations, and the United States must continue to provide direct care for the people of Bikini for the indefinite future. I hope that a limited resettlement of Eneu will help the Bikinians to reestablish their identity and dignity.

BIKINI RESETTLEMENT OPTIONS

Mr. WEISGALL. The first issue raised in this testimony is the question of resettlement options. As Mr. DeYoung told you, those trips have been conducted over the last 12 months. The Bikinians have visited Hawaii. They have also visited Wake. There has been a flyover of Palmyra, which is about 1,000 miles south of Hawaii and 2,000 miles east of the Marshall Islands. And most recently, the group completed a lengthy trip around the Marshall Islands to visit various atolls which appear on that map, including, in the southern part, Jaluit, Mili, Knox, moving north, Ailinglaplap, Erikub and Likiep, to see if there were any possible resettlement options in the Marshall Islands.

Mr. DUNCAN. Are those atolls inhabited now?

Mr. WEISGALL. They are all inhabited, with the exception of Erikub. With respect to the available islands in the Marshalls—and I am really summarizing briefly the testimony—it is safe to say that the uninhabited ones, such as Erikub, are uninhabited because they are uninhabitable. They simply cannot sustain life—at least in the numbers we are talking about. We are talking about 925 people.

CULTURAL DIFFERENCES

As to the inhabited atolls, there are simply a variety of, I guess, sociological problems you would call them that would make resettlement on any of the inhabited atolls unacceptable.

The atolls are all owned by various iroijes or paramount chiefs. There are populations which have land rights in these atolls, and there is already a history of problems between Bikinians and other Marshallese groups trying to get along on the same atoll.

It was the conclusion of the group that visited these relocation sites that resettlement on any inhabited atoll in the Marshall Islands would simply not be acceptable.

Mr. DUNCAN. Presumably, you could buy some of the rights. Is there room for expansion of population on these inhabited atolls?

Mr. WEISGALL. There would be room. I think it is safe to say that these social problems are not susceptible to resolution. Take one example. There are some Bikinians who live on Jaluit Atoll, which is very close to Kili Island, where most of the group live now.

Those people live on a very small part of Jaluit, and they do not feel free to travel in the other parts of Jaluit because they do not have land rights there. There are problems about ownership of lagoon rights, and it boils down to a question of, I think, incompatible social groups.

There are other problems which I could foresee in the future. If the Bikinians are to receive compensation, food supplements, special medical care—I think there is a potential for even more serious social frictions to develop between the Bikinians and other people who might be living on atoll, who might want some of the food supplements—who might want some compensation—that kind of problem.

WAKE ISLAND

With respect to the other places visited, Wake was found to be very attractive by the people. Wake is an unincorporated territory

of the United States. It is used as a military base now. There is a historical Marshallese claim to the area, but it is held by the United States.

The Pentagon has made it abundantly clear that it would oppose any possible resettlement on Wake.

The other location visited was Palmyra——

Mr. DUNCAN. Excuse me. Is there a native population on Wake Island?

Mr. WEISGALL. There is no indigenous population there now, and I do not believe there ever has been. There are a number of contract workers, numbering, I believe, approximately 200.

Mr. DUNCAN. From where?

Mr. WEISGALL. Support facilities for——

Mr. DUNCAN. Are they Americans?

Mr. WEISGALL. No, I believe they are mostly foreigners—Filipinos and Koreans. There is a very small military contingent, I think numbering perhaps under 20 U.S. military.

PALMYRA ISLAND

The other site visited was Palmyra, a privately owned atoll. The bottom line on that is that it is 2,000 miles east of the Marshall Islands, which is pretty far away from home. It has 39 separate islands, but no single one of them has enough land area to support a large number of people.

It was the Bikinians' feeling that if they would be living so far from home they would like to be concentrated in one central area. They simply found Palmyra from an aerial view to be unattractive to them.

Mr. DUNCAN. Is there an indigenous population in Palmyra?

Mr. WEISGALL. No, there is not. There are privately employed, mostly Gilbertese people on Palmyra, who work there on one-year contracts. The atoll is owned by the Fullard-Leo family in Honolulu, Hawaii.

Mr. DUNCAN. What do they do there—grow copra?

Mr. WEISGALL. There is some copra, and there are various plans for other activities, some related to fisheries—or I believe storage fisheries.

Mr. DUNCAN. How far is Wake from Bikini?

Mr. WEISGALL. Wake is approximately 450 miles north of Bikini.

Mr. DUNCAN. That is quite a ways, too, isn't it?

Mr. WEISGALL. It is also quite a ways. It does not have the vegetation found in the rest of the Marshall Islands—it does not have any mature coconut trees.

It has the U.S. military, and that is one thing that the people found very attractive. They are very concered about what is going to happen to them, and they found the presence of the U.S. military—with a complete support base and telecommunications systems—to be quite attractive to them.

I am hopeful that as I go throught the rest of this testimony, we can begin to outline the beginnings of the successful resettlement program. However, as far as the military is concerned, Wake is simply out of the question.

BIKINIANS RESETTLEMENT CHOICES

Having discussed these resettlement options, the people of Bikini have concluded that their first choice for resettlement is Bikini Island in Bikini Atoll. The second choice is Eneu Island in Bikini Atoll. And their third choice is Wake.

ENEU ISLAND RESETTLEMENT PROPOSAL

Given the problem—of which you are well aware—about Bikini Island and given the problem I have just described to you about Wake, this realistically leaves only one option—which is resettlement of Eneu Island in Bikini Atoll.

That is what I would like to discuss today.

The people's preference would be to move the entire population to Eneu and perhaps some of the other islands west of the Eneu Channel in Bikini Atoll. However, it is posible that these islands could not sustain that large a population.

In that photograph, you will see Eneu in the lower right-hand corner, and if you move your finger to the left across the water, you will see some other islands in the southern part of Bikini.

Their external radiation exposures are quite similar to Eneu, I am told, although I am sure the DOE gentleman could help us out on that.

Mr. DUNCAN. Well, let's get an answer right now. Do you know the answer to that?

The islands just to the west of Eneu, that are unnamed here—the suggestion was made, if you want to look at this chart, that the external radiation levels would be comparable to Eneu. Can you confirm or reject that?

Dr. WACHHOLZ. I believe that that is true except for one corner of the referenced island.

Mr. WEISGALL. Mr. Chairman, do you see the letter J on one of those islands?

Mr. DUNCAN. I do.

Mr. WEISGALL. That, I think, is the area that Dr. Wachholz is referring to. We really do not know at this time if Eneu and those other southern islands can handle such a large number of people as we are talking about. This is something we want to pursue.

Mr. DUNCAN. We are talking about just under 1,000 people.

Mr. WEISGALL. That is correct for the entire Bikini population. That population, incidentally, is somewhat scattered throughout the Marshalls.

There are 550 people living on Kili. The next largest group is living on Ejit in Majuro Atoll. That is approximately 120 people. So that is about three-fourths of the people. The rest are scattered on Majuro and Kwajalein.

Mr. DUNCAN. Do all of them want to be relocated regardless of where they are living now?

Mr. WEISGALL. I think it is safe to say that this is going to depend on how attractive the relocation looks. Based on my discussion with the people, I suspect there will be some who want to stay on Ejit, Majuro. I suspect there will be some who will want to stay on Kili. I also suspect many would like to go back to Eneu and the other islands if they could.

Mr. DUNCAN. And these other islands that you talk about are not included on this chart titled the Northern Marshall Islands, Atoll, B, Bikini, November 1978—does not include those marked K through G.

Mr. WEISGALL. That is correct.

Mr. DUNCAN. We are only talking about B through J, with the understanding that J's radiation limits and one-quarter may be about the 500 millirem. Is that correct?

Mr. WEISGALL. I think you are correct, but I am not sure what the numbers are specifically.

ENEU ROTATION SYSTEM

If it is the case that these islands cannot handle the entire population, the Bikinians would like to propose a rotation system which was first used by the people of Enwewtak several years ago.

In the early 1970's, when it became clear that some of the people on Ujelang could return to Enewetak, the people had a decision to make—they could not all go back at once. So they divided themselves into groups, and each group went back for a six month rotation. This gave everyone access to the homeland. In psychological terms, I think it was very important for the people.

I believe the rotation system has continued through today and has worked successfully.

ENEU HABITATIONAL RESTRICTIONS

The Bikinians would like to adopt this kind of system for resettlement on Eneu and other islands of Bikini, which can be inhabited. The problem we face, as the Department of Energy has indicated, is that Eneu can be resettled only if certain strict regulations are followed.

The Bikinians are prepared to comply with those regulations. Briefly, they involve living on Eneu only—no habitation on Bikini Island. They involve eating approximately 50 percent of food from Eneu and 50 percent imported food.

Mr. DUNCAN. How are you going to control that?

Mr. WEISGALL. I think it will be important to have some kind of enforcement mechanism because the Bikini experience we saw in years back simply did not work.

Point one—you may well have to destroy the 40 homes which exist on Bikini Island today. I think it would be simply too much of an attractive nuisance for people living on Eneu.

Point two—the people would have to discipline themselves, teach their children not to go over to Bikini Island, and you may even need some kind of enforcement official, either from the Department of Energy or perhaps some other agency, to ensure that people do not go to Bikini and do not grow food there.

You would also have to make sure the supplemental food reached the people. You may recall several years ago, there were severe problems with the ship schedule getting the food to Bikini. Although there was a monthly schedule, the ships were sometimes arriving every three months, and this is what drove the people into the interior of Bikini Island to eat the food.

Mr. DUNCAN. Is there access to those islands all year round?

Mr. WEISGALL. There is access from Eneu to Bikini Island all year round, I believe. Yes.

Mr. DUNCAN. And when you talk about limiting the resettlement to Eneu only, are you also talking about these other islands to the west—E through J?

Mr. WEISGALL. If that is possible, yes. We have reasonably complete radiological assessments on Eneu. We do not have the same detailed assessment of those islands to the west. We hope to get those as soon as possible.

Mr. DUNCAN. In any case, you do not talk about any form of a permanent settlement on those islands?

Mr. WEISGALL. That is correct. We really will have to see what the people's reaction is.

As I said earlier, there may well be some people who are happy on Ejit Island and might not want to rotate. It is my impresson that the overwhelming majority of the Bikini people would like to move back to Bikini Atoll. If they cannot all be handled, the people would be prepared to implement a rotation system.

OUTPOST BIKINI ATOLL

It would get them this outpost on Bikini which is something they desperately want. It would put us in a situation where, when the Trusteeship terminates, the United States would be committed to a full-scale program of resettling the Bikini people. Thirdly, to the extent there are unanswered questions concerning radiation, if the people can live on Bikini for only one out of every four years and must be off of Bikini Atoll for three out of four years, persumably you will have a reduction in radiation risk as much as 75 percent.

I do not know that as a scientist. I am only inferring that as a layman.

Mr. DUNCAN. What are you talking about? Going back to Bikini?

Mr. WEISGALL. Alright, when I say Bikini, I mean the Atoll. Let me be more precise. Eneu Island in Bikini Atoll is what I am referring to. I meant to say it gives the people an outpost at Bikini Atoll. Any resettlement would have to keep Bikini Island off limits in the foreseeable future.

Mr. DUNCAN. Well, what are you talking about that would commit the United States to resettle?

POLITICAL ASPECTS—BIKINI RESETTLEMENT

Mr. WEISGALL. The people are very concerned that if the Trusteeship terminates in 1981—as it is scheduled to do—and there is no program developed for a resettlement of Bikini Atoll, then it may be too late.

There are political problems that exist here, and the Bikinians are anxious to have a resettlement program implemented by 1981.

Mr. DUNCAN. Are you suggesting that these problems that militate against resettlement on other Atolls also exist in the Marshallese legislature?

Mr. WEISGALL. I am not sure I understand the question.

Mr. DUNCAN. Well, didn't you say that as you reviewed the possibilities for resettlement—as you went to Palmyra, for instance, and to Wake and to other Atolls in the Marshalls—that you

rejected any other Atolls in the Marshalls because of the social problems that would exist between the Bikinians and the indigenous people on those Atolls?

Are you suggesting a similar problem in the legislature—that Marshallese legislature would pose some problems with respect to the resettlement of the Bikinis?

Mr. WEISGALL. I don't see the problem in the legislature, although I do think another advantage of having the people back on Eneu is that they will be in their own community.

A bigger problem is how this resettlement program should be developed. Are we going to have Congressional legislation or are we going to have negotiations between the executive branch of the United States and the Marshall Islands government without participation by the Bikini people?

As you know, there are political status negotiations going on today. A compact of free association has been initialled between the United States Government and the Marshall Islands government, and that compact contains a specific provision regarding nuclear claims matters. It is somewhat ambiguous, but it does raise problems for the Bikinians. That section provides, as quoted at the bottom of page 18 of my prepared statement, that the government of the United States and the government of the Marshall Islands shall set forth separate agreement provisions, and it goes on basically covering provisions of nuclear claims matters.

Mr. DUNCAN. Now what's the problem you have with that.

DIRECT INVOLVEMENT OF PEOPLE OF BIKINI

Mr. WEISGALL. The section is ambiguous on the question of who should negotiate the program and how it should be implemented. It simply says that the two governments shall set forth these matters "in a separate agreement". It doesn't specify the parties leading to these agreements and it is silent on the question of implementing these agreements.

The Marshall islands government has indicated that it intends to negotiate this separate agreement exclusively with the United States Government on behalf of the people of Bikini. Any direct government-to-government negotiations are totally unacceptable to the Bikini people.

They feel that they must be involved in any such negotiations, and they feel any resettlement program ought to be handled here in Congress to the extent it can be decided between now and the termination of the Trusteeship.

Mr. DUNCAN. I guess what you're telling me is that the Bikinians have no confidence in the Marshallese government to represent them and protect them. Is that what you're telling me?

Mr. WEISGALL. I don't think that's entirely accurate. Point number one, the resettlement program. Well, let's go back in time. Point one, the United States took Bikini from the people of Bikini. There was no involvement with the Marshall Islands government. There is a government today. Point two, all but a very few aspects of the Bikini resettlement program envision a direct relationship betweeen the government of the United States and the people of Bikini.

The resettlement of Eneu, who is going to live on what island, compensation, continued food support, radiological monitoring of Bikini, medical monitoring of the people—these types of questions are almost exclusively between the United States and the people of Bikini. There are certain issues that have to be negotiated between the governments of the Marshall Islands and the United States. But the bulk of what we feel is involved in a Bikini resettlement program must be between the United States and the people of Bikini.

The third point, the Marshall Islands government lacks the wherewithal to carry out any resettlement program. It can't provide the housing, food support or transportation, compensation, or radiological surveillance or close assessment, that the Bikinians need.

POSSIBLE CONFLICT OF INTERESTS

Lastly, is the point you raised, the Bikinians are not entirely confident that the Marshall Islands government is going to represent their interests. There are certain aspects in which the interests of the Marshall Islands government and the interests of the Bikini people are in direct conflict. I have been told by the Marshall Islands government that it would like to have the people of Bikini resettled on Wake. That would give the Marshall Islands government a vastly increased 200-mile, exclusive economic zone for fishery jurisdiction. That would be to the benefit of the Marshall Islands government, without necessarily looking out for the best interests of the Bikini people.

Mr. DUNCAN. You mean they would claim Wake Island and that would reassert their claim that you said existed historically of the Marshalls to the Wake Island.

Mr. WEISGALL. That has been stated to me by a representative of the Marshall Islands government. There is a very touchy question on compensation. It is the Bikinians' position that whatever money either in the trust funds that you heard about earlier or in whatever compensation will be forthcoming from Congress should go directly to the people with no intermediary levels.

Mr. DUNCAN. This information to which you called our attention, set out on page 18, doesn't discuss specifically resettlement. Is that the ambiguity to which you're referring?

Mr. WEISGALL. That's correct.

Mr. DUNCAN. But it does talk about a separate settlement agreement with provision for the claims that you have mentioned. It also says in there for such additional programs and activities as may be mutually agreed. Now you're expressing an apprehension on behalf of the Bikinians that their interests in a resettlement may not be concluded to their satisfaction when this separate agreement that is to be completed and to come into effect simultaneously with the compact.

Mr. WEISGALL. If their interests are represented by the Marshalls government, that is correct.

NEGOTIATION TEAM REPRESENTATION

Mr. DUNCAN. Are there any Bikinians on the negotiation team for the Marshall Islands government?

Mr. WEISGALL. No, there are not.

Mr. DUNCAN. Mr. Balos, how big a population, what's the percentage of Bikinians in the total Marshallese population, do you know? How many Bikinians in the Senate?

Mr. BALOS. In the Senate.

Mr. DUNCAN. Yes.

Mr. BALOS. I only know of myself in the legislature.

Mr. DUNCAN. In either house.

Mr. BALOS. There's only one house.

Mr. DUNCAN. There's only one house and you're the only Bikinian there.

Mr. BALOS. Yes, Mr. Chairman.

Mr. DUNCAN. Aren't those seats distributed on the basis of population?

Mr. BALOS. Not that I know of, Mr. Chairman.

Mr. DUNCAN. Are the Bikinians a separate, distinct racial group in the Marshall Islands?

Mr. WEISGALL. No, they're not. They very much want to remain a part of the Marshall Islands, but these problems have come up. The living on Jaluit, as I explained it, has been difficult.

I do not see this section 177(b) as necessarily providing a road block incidentally. I think we can develop legislation here in Congress, such as Public Law 96-205, which takes care of two very important aspects of the future needs of the Bikini people, that being radiological surveillance and medical testing and health care. That kind of legislation could form the "separate agreement" referred to in Section 177.

Mr. DUNCAN. That's obviously what they're talking about in there. Do I gather that those items are being taken care of to the satisfaction of the Bikinians? It's the resettlement that you're concerned about?

Mr. WEISGALL. It's the resettlement and compensation and an eventual move back to Bikini Island that concern us most of all.

Mr. DUNCAN. That's going to be a long time.

Mr. WEISGALL. That's correct.

PREVIOUS BIKINI ISLAND RESETTLEMENT PROBLEMS

Mr. DUNCAN. As a matter of fact, we tried moving some people back to an island with limitation as to where they should go, what they should eat and our experience was not very good. This was with Bikinians, right.

Mr. WEISGALL. That's right.

Mr. DUNCAN. Why would you urge us to undertake that again?

Mr. WEISGALL. First of all that was a return to Bikini Island, not Eneu Island and you've——

Mr. DUNCAN. But the circumstances are similar, are they not?

Mr. WEISGALL. Although in Bikini you had absolutely no enforcement of the restricted living pattern, and you did not have any restrictions on the living pattern until it was virtually too late. It was not until the people were tested on a yearly basis——

Mr. DUNCAN. Restrictions in the sense of attempts to enforce it, but certainly warnings were given, were they not? And the people

urged and told that they not eat these products and they ought not to visit these particular——

Mr. WEISGALL. Beginning in approximately 1977, the people were warned about eating certain products. At this point, it may, from a radiological point of view, have been too late. More important, you did not have a program that was carried out adequately.

The people needed imported food, the Department of Energy realized that at a late stage of the game and attempted, through the Trust Territory Government, to implement a feeding program for the people, with ships coming in once a month.

Those ships frequently arrived two months late. When there's no food, people are not going to obey any kind of restrictions on coconuts that look perfectly healthy. If there is to be resettlement on Eneu, it must be carried out correctly; it can't be done halfway. I think if there is a feeding program, which means a special boat that would go to Eneu on what would be needed, perhaps a monthly basis, and if there is enforcement of the restrictions about Bikini Island, that a resettlement on Eneu would be possible. It would require self-discipline by the people, and it would require enforcement.

NEED FOR ENFORCING RESTRICTIONS

Mr. DUNCAN. Do you want the Unites States government to police this operation?

Mr. WEISGALL. It could be the United States government, or perhaps an arrangement with the Marshall Islands government.

Mr. DUNCAN. How about the Bikinians, if we're going to deal directly with the Bikinians, why shouldn't the Bikinians police themselves?

Mr. WEISGALL. That goes without saying; I meant an outside enforcement agency. Of course, the Bikinians themselves would have to control their children, and control themselves not to go to the Bikini Island. But I think that the United States—it would be my guess that the United States government is not going to want to sign off on any resettlement program unless it has some kind of policing mechanism, perhaps from the outside. If you have——

U.S. RESPONSIBILITY FOR MEDICAL PROBLEMS

Mr. DUNCAN. Do you want the U.S. Government to assume the responsibility of monitoring, and treating, and compensating any medical problems that develop, do you not, following this resettlement?

Mr. WEISGALL. Yes.

Mr. DUNCAN. So the government would bear the risk of any violations to the regulation by the Bikinians themselves.

Mr. WEISGALL. As far as we know right now, if there are no violations, there will be no risks. If there are violations, they must be dealt with as I said——

Mr. DUNCAN. But the Bikinians could not police themselves. They would have to either be policed by the Federal government or by the Marshallese. Is that correct?

Mr. WEISGALL. No, I think the Bikinians could police themselves to a certain degree, but there's a point at which there may be too much pressure on an individual Bikinian. Let's assume Mr. Balos is

given the duty of keeping people from going to Bikini Island. I don't think he is going to stand on Bikini Island with a rifle firing warning shots into the air.

Mr. DUNCAN. It's going to be pretty hard for the United States government to do that.

Mr. WEISGALL. I think that it would be more difficult for someone like Mr. Balos or another Bikinian to keep his family and friends off of Bikini Island than it would be for a non-Bikinian.

Mr. DUNCAN. We have tried, as you know, to avoid any coercion to the extent possible; it's been very difficult where, let's say, health problems have been involved and where Bikinians actually don't want to leave the homes of their fathers.

Mr. WEISGALL. That's correct.

Mr. DUNCAN. And it's been very, very difficult, and I don't want to get ourselves into another position where coercion is going to be the order of the day or where we would even be exposing ourselves to substantial risks and compensating additional medical problems that develop, nor beyond that, do we want those medical problems to develop. So there is no way we can really compensate in dollars and cents for the problems that we've heard described here today.

Mr. WEISGALL. There is another analogy here we ought to look to, which is the Enewetak situation. We're facing a situation now where people can move to the southern islands of Enewetak. The question of Enjebi is up in the air, and presumably there will have to be some enforcement and self-discipline on Enjebi, by the people of Enewetak to stay off Enjebi, to stay away from Runit and stay away from other islands in that atoll which are not safe. This is precisely what we're proposing with respect to Bikini.

Bikini Island would have to stay off limits, but if any other island is safe from a radiological point of view, the people are prepared to comply with any DOE restrictions.

### RADIATION LEVELS, ENEU AND ENJEBI

Mr. DUNCAN. The radiation levels, though, are substantially less, are they not, with respect to the analogy that you just drew?

Mr. WEISGALL. I think the radiation level of Runit Island in Enewetak Atoll is greater than the radiation levels on Bikini by a factor of perhaps hundreds. So I think the analogy is apt.

### STATEMENT OF BIKINI DELEGATION

Mr. DUNCAN. Do any other clients have anything to say here to us? You have very eloquently, I think, expressed the statement of your clients. Is there such a desire on the part of the delegation here to speak, if so, we want to hear them. If they want to be heard.

Mr. BALOS. Yes, Mr. Chairman.

Mr. DUNCAN. We were going to hear from Senator Balos.

Mr. BALOS. Thank you, Mr. Chairman. Thank you for this opportunity that the misplaced Bikinians can be heard. Mr. Chairman, we only came this long way to Washington to appear before your committee as a beggar humbly asking you to help us return to our homeland. Mr. Chairman, if certain parts of the Bikini Atoll are safe enough for rehabitation, please help us in any way possible so that we can be able to return home.

Mr. DUNCAN. Senator, we do not consider that you come here or any of your colleagues come here as beggars. You come here as friends, and we want to help solve this problem. We are asking you, and our questions here are for your assistance in helping us, to help you to solve this very, very difficult problem. We want to solve it as quickly as we can, as expeditiously as we can, in such a fashion that we retain your friendship and certainly without any loss of dignity to you or to your people. Thank you.

Anyone else? Counsel?

Mr. WEISGALL. I have three very quick points. Point one, your concern about enforcement of the program on Eneu is a very important one. Please remember the experience on Bikini Island was one where people would eat what was in their backyards. Bikini Island had levels of radiation eight times as high as Eneu.

With people living on Eneu, I expect they are going to be eating food growing in their backyard. I don't think there is the spectre of people getting into boats and going over to Bikini Island. I don't think that's as serious a problem as one would think.

It certainly is there and is certainly there as a possible attractive nuisance, as I said earlier. There are houses on Bikini Island, but if the people are on Eneu, I think the experience we have seen in the Trust Territory is that people will eat the food that grows where they live, and if they eat food grown on Eneu, and they eat imported food, the estimates are that the people can go back today.

Mr. DUNCAN. They may want to go back and take whatever risk there may be, it doesn't sound like it's very much. But they are willing to take that risk?

Mr. WEISGALL. They are willing to take that risk on Eneu and quite frankly, I think most of them are willing to take that risk on Bikini Island, but at this point the Federal standards intervene and will probably say that even if they are willing to take that risk, they can't. But as long as Eneu is below the Federal standards, we feel there can be resettlement there.

Mr. DUNCAN. They want to go back to Eneu, but they also want the Federal Government to stand back of any radiation illnesses that might develop in the future as a result of them moving back there.

Mr. WEISGALL. That is of concern to them, yes it is. I think it is——

Mr. DUNCAN. If they're concerned about compensation, why would they want to go back and run the risk of illness? As I have already pointed out. I don't think we can compensate for these things——

Mr. WEISGALL. I think that the answer to that is when it comes to Eneu, most of them see the benefits——

Mr. DUNCAN. No risk.

Mr. WEISGALL. The benefits outweigh the risks because the risk is minimal, but——

Mr. DUNCAN. What other points do you want to make?

### COMPARABLE RESTRICTIONS IN ENEWETAK ATOLL

Mr. WEISGALL. Point two, the people living on Enewetak today are themselves subject to restrictions which are not unlike the

restrictions that we are proposing for Eneu. Those people on Enewetak cannot go off to Runit as of now. They can't go off to Enjebi. We are proposing a similar kind of program.

Point three, I just wanted to clarify what Dr. Wachholz had said earlier about the radioactivity levels on the three islands. He put Eneu at a one, he put Enjebi at a three, and he put Bikini at an eight. Eneu is the only one of those three islands where the radiation doses are well under the Federal standard of 500 millirems per year. And we feel that resettlement on Eneu can be accomplished at this time.

Mr. DUNCAN. And I'm assuming again the you mean Eneu and those islands to the west.

Mr. WEISGALL. Yes sir.

ENEU PROPOSAL COST

Mr. DUNCAN. The one question I want to ask you, what is it you want this committee to do? We are an appropriations committee. What is it you want us to do?

Mr. WEISGALL. I think today is too early to put together dollar figures on resettlement of Eneu or on a boat for a food support program, and things like this. I would like to spend the next few days while the Bikinians are in town working with the Interior Department and the Energy Department to put together a proposal based on an Eneu resettlement and get back to your committee as soon as possible with specific dollar estimates.

The reason we've not been able to make progress here is we haven't known where they have wanted to go. If an Eneu resettlement is possible—and we're talking about improvements on Kili as well—we can come back to you in a very short period of time with specific dollar amounts for very specific programs.

Mr. DUNCAN. Are you going to do that right away?

Mr. WEISGALL. As soon as Interior and Energy and the Bikinians can get together, which I hope is in a matter of days.

Mr. DUNCAN. Are Interior and Energy prepared to sit down within in a matter of days and discuss this matter with counsel?

Mr. GREEN. We are.

Dr. WACHHOLZ. We are.

Mr. DUNCAN. The answer is yes. Both departments. I'll urge you to do it. May I ask you, have you been out there, Mr. Weisgall?

Mr. WEISGALL. Yes I have——

Mr. DUNCAN. To the Bikini Islands?

Mr. WEISGALL. On a regular basis.

Mr. DUNCAN. I suppose you suggested this question to me. We have the Magistrate and we have the Senator, we have the Scribe and we have the Treasurer. How do we know that they are speaking for the Bikinians?

Mr. WEISGALL. Two weeks ago we discussed this problem in an exchange of telexes when they wanted to come to Washington with a large delegation. I said any delegation would not be large enough to really see the views of the people. I just returned from Majuro where I met with fifty adult heads of households living on Kili and Ejit, so I felt that in three days of meetings I had a very clear picture of what the people wanted.

Mr. DUNCAN. Did you get to Kili?

Mr. WEISGALL. I did not get to Kili on this trip, I hope to go in about six weeks. I've been to Kili before. We had hoped to go on this trip, but the airplane schedule for Air Miscronesia was such that I could not do the trip and get back for these hearings. We have plans. The people have asked me to get back within six to eight weeks to discuss today's hearings and to put together a resettlement package as soon as possible. So I hope to be on Kili within eight weeks.

Mr. DUNCAN. Sometimes, even in Oregon people wonder if the United States government is representing them, so I understand how the Bikinians might feel that with respect to the Marshallese government, and its occurs to me also that the Bikinians themselves might have the same questions with respect to their leadership. I don't suppose you'll always get total unity. Thank you, counsel. Thank you for coming, you've got a difficult problem. We'll do the best we can.

Mr. WEISGALL. Thank you, Mr. Chairman.

MARSHALL ISLANDS VIEW

Mr. DUNCAN. Before we get to the Enewetak people, we will hear from Tony Debrum, Foreign Secretary. Mr. Secretary, do you have a comment? I suspect we may have touched a sore point, did we?

Mr. DEBRUM. Mr. Chairman, I have just a few remarks to correct the record.

First of all, the new government of the Marshall Islands does not cover the individual atolls, personal or private.

Mr. DUNCAN. Do you cover Wake?

Mr. DEBRUM. Wake, sir, we consider to be part of the Marshalls.

Mr. DUNCAN. What is this?

USE OF WAKE ISLAND

Mr. DEBRUM. We certainly have made that known to the negotiators of the United States. We have not precluded the possibility of the Bikini people settling. As long as they needed it, it would be theirs, if the United States agreed. This was our comment on Wake. Not that we want it for ourselves. Even if Wake was claimed, and the United States recognized that claim, and ceded it back to the Marshalls, we would certainly try to insure that those people who had traditional rights on Wake would take it.

The comment that the government of the Marshalls has indicated that it would negotiate an agreement on radiological problems, and specifically on Bikini problems, without Bikini participation, is absurd. Mr. Chairman, right now, we are in the middle of negotiations regarding Ujelang, which is also privately owned, as you know. We have the Ujelang land owners committee, which was formed by the land owners and the people of Ujelang, participating in those negotiations. It is certainly the intention to include Bikini people in the negotiations relative to Bikini. It would be imprudent, to say the least, not to.

PARLIAMENT MEMBERSHIP

You have mentioned the question of Members of Parliament. There are only two. Well, there are four actually, because Majuro has five members, Kwajalein has three members, the islands of Aomon and Jaluit would have two members each. All of the others—there are 24 atolls represented—have one member in Parliament.

Mr. DUNCAN. Is that roughly divided by population?

Mr. DEBRUM. That is correct, sir. I also wanted to point out that the concept of a direct relationship between the United States and an individual people or community within the Marshalls. After all, we have a constitutional government that encompasses all of the Marshallese people. We strive to be a representative government. Attempts to circumvent or to eliminate the Marshalls Government from such a relationship, I think, is an undermining of the basic principle that establishing a government in the Marshalls is a true responsibility of the United States government. There are political differences. We are not a totalitarian govenment. We have opposition, and an active and loyal opposition, I hope. It is not a matter of the government wishing to do everything. It is a matter of trying to behave like a government and to act accordingly.

I am encouraged by counsel for the Bikinians, who indicated to me earlier that they are willing to sit down and discuss the difficulties that they might have with the Compact, and with other arrangements that are being consulted. We seek that kind of consultation as a matter of common practice.

It is not for the Marshall Islands Government to undertake that. We are concerned about the safety of the people. The Constitution holds that the government must protect people, their health, their welfare. We are concerned. We have also indicated in the case of other areas in the Marshalls that we want to abide by the decision of the people, that we want to make sure that those decisions are based on an intelligent review of the facts, and that it is not one that is forced upon them in any way, by circumstance or by custom. This has been our position.

RADIOLOGICAL PROBLEMS

We are concerned that some of our questons about radiation have not been fully answered. A radiological program that took place in 1978, a radiological survey program of the northern Marshalls, is still in the labs as of this day. We do not know, for sure, if more atolls than the northern Marshalls have indeed been affected. These are some of the things that we need answers for in order to know for sure that low level subradiation, over a long period of time, will not affect healthy Marshallese people.

Those are the reactions.

Mr. DUNCAN. I am not sure that the answer to that last question is obtainable. I don't know whether anybody knows the answer to that question. That question is asked with respect to low level radiation in the United States constantly.

Mr. DEBRUM. Mr. Chairman, if I may say something, there are atolls in the northern Marshalls, which were affected by the nuclear tests, and which were declared free and clear of any radiological hazard after the tests. Last year in May, I came with a delegation

from the Marshalls to present to the Department of Energy, Department of Interior, Defense, and others, very raw data, admittedly, but nevertheless, frightening data that indicated that there may be some problems in northern Marshall areas other than Utirik and Rongelap. We asked these departments to look into this matter. Earlier this month, they had put together a study, a study that we thought was inadequate to perform the job. This was a $60,000 study to verify the so-called survey that we conducted. We told them it was really not a survey, but affidavits filled out by people who claim that they had problems. An example is Likiep Atoll. Likiep Atoll, Mr. Chairman, is a small atoll, slightly out of range of the so-called cigar-shaped fallout, but of population of between 500 and 600 people. We are experiencing upwards of 20 reported cases of thyroidectomies.

Mr. DUNCAN. 20 cases of what?

HEALTH EFFECTS

Mr. DEBRUM. Thyroidectomies, of people from that population having to go through surgery. We had reports of birth anomolies. We have reports of children as imbeciles or mongoloid idiots. These things we need to look at before anyone can conclude that low level radiations are not hazardous.

We have here a cross population of the Marshalls, 6 or 7 atolls, that have had low-level radiation for the last 25 years. What is so difficult about going down and checking these people out to see if there is any problem?

Mr. DUNCAN. Could you, Mr. Secretary, prepare and insert in the record at this point a list of the questions that you submitted, the answers to which you feel have not been satisfactory. I wish you would direct them to the appropriate department, and I wish the appropriate department would prepare responses for the record. I would like them submitted so that I could take a look at them, and don't get them lost.

[The questions follow:]

QUESTIONS CONCERNING RADIATION HEALTH EFFECTS FOR

PERSONS AFFECTED BY NUCLEAR TESTING PROGRAM

IN THE MARSHALL ISLANDS

The questions raised by Mr. DeBrum must be answered by the Department of Energy and the Department has requested that agency to comment on them. It is also our understanding that the Department of Energy currently is preparing a new proposal on the specific matter of a survey of the Northern Marshalls for submission to the Government of the Marshalls. As soon as this proposal is received, a copy will be furnished to your committee.

A copy of a letter to Acting Assistant Secretary Wallace O. Green from counsel to the Marshall Islands Government concerning these questions is attached.

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April 21, 1980

HAND DELIVERED

Mr. Wallace O. Green
Acting Assistant Secretary of
International and Territorial Affairs
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Room 6151
18th and C Streets, N.W.
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Dear Mr. Green:

Mr. Anton A. deBrum, Foreign Secretary of the Marshall Islands, has asked me to forward to you the following information, which Congressman Robert Duncan requested from Secretary deBrum at the conclusion of his testimony on April 2, 1980 before the House Appropriations Committee. During his testimony, Secretary deBrum related to the Committee the efforts of the Government of the Marshall Islands to determine the health consequences of previous radiation exposure and residual radiation in the northern Marshall Islands left by the United States nuclear weapons testing. As Secretary deBrum explained in his testimony, shortly after assuming office on May 1, 1979, the Government of the Marshall Islands discovered extremely disturbing data indicating serious medical abnormalities of a type often connected to radiation exposure in people of atolls in the northern Marshall Islands which had been viewed by the United States as either uncontaminated by radioactive fallout from the nuclear weapons testing or contaminated by such a low level of radiation as to be of no consequence.

As you will recall, on May 16, 1979 a delegation sent by the Government of the Marshall Islands participated in a meeting you chaired with representatives of the Department of Energy, Interior, Defense, State and the Defense Nuclear Agency. On that occasion the Government of the Marshall Islands requested assistance from the assembled agencies in determining the scope of the potentially radiation related medical problems on the northern atolls previously considered uncontaminated which, unlike Bikini, Enewetak, Rongelap, and Utirik, had not heretofore been the subject of focused attention by the United States. At that meeting, the Government of the Marshall Islands presented the results of its own rough, preliminary survey of the people of one of these northern atolls, Likiep, which identified out of a population of approximately 600 people, 22 reported thyroidectomies, 18 other chronic throat disorders, 2 cases of severe birth malformations, one case of intestinal cancer and 2 cases of chronic nervousness. In light of these profoundly disturbing preliminary findings, the Government of the Marshall Islands asked the Department of Energy and the Department of the Interior to undertake the necessary medical examinations, building on the expertise they had gained in their studies of Bikini, Enewetak, Rongelap and Utirik, to determine the scope of the problems which may have been caused by long term exposure to the levels of radiation left on Likiep, Wotje, Mejit, Ailuk, Jemo and possibly other northern atolls by the nuclear weapons testing program.

Ten months later, when a delegation from the Government of the Marshall Islands was invited to return to Washington, the members of this delegation were extremely disheartened to learn that the Department of Energy had not even begun the necessary study of the medical problems of the people of the northern atolls to determine the effects of their low level radiation exposure. Instead, the Department had concluded a contract with Tabershaw Occupational Medicine Associates of Rockville, Maryland, in the amount of $58,999, excluding travel expenses, for a six month project to send statisticians to the Marshall Islands to determine whether the preliminary questionnaire used by the Government of the Marshall Islands was a valid method of ascertaining certain historical medical information. Faced with this apparent unwillingness of the Department of Energy to undertake the necessary medical survey, the Government of the

Marshall Islands sought the assistance of Dr. Robert G. Loeffler to attempt to identify the medical information which must be obtained in order to determine the extent of potentially radiation related abnormalities in the northern Marshall Islands.

Since no definitive radiation measurements are available either for the fallout experienced by the atolls in question as a consequence of the weapons testing or for body dose exposure on these atolls, the only meaningful assessment of the risk factor created by the exposure of the people of the northern atolls is the current and recurrent determination of somatic effects in the potentially affected population. Furthermore, Dr. Loeffler advised us that since radiation induced carcinogenicity requires long latency periods (10-20 years for some solid tumors) retrospective analysis of incomplete, nondirected medical records are clearly inadequate to establish possible secondary deleterious effects. Recognizing that the proposed surveys of health effects will of necessity be incomplete, Dr. Loeffler is of the view that we must attempt to provide answers at least to the following specific questions.

I. What evidence exists of developmental effects associated with radiation?

This may be established by individual and population data of histories and physical examinations to include anthropometric data (adult and pediatric). Population genetic studies including cytogenetic chromosoural analyses should be conducted.

II. What evidence exists of late somatic effects associated with radiation?

This determination would require:

a) Thyroid cancer and malfunction screening to include:
- History and physical examinations
- Technitium radioisotope gamma camera imaging scanning (alternatively radioactive Iodine scanning)
- Biochemical analyses including Thyroglobulin determination by radioimmune assay

- $T_4$ and TSH by radioimmune assay - standard SMAC 20 for general screening purposes (Calcium, Phosphorus, Alkaline Phosphatase and Cholesterol included)
- Thyroxine Binding Globulin determination
- If indicated, in selected cases, needle aspiration biopsy for cytological examination and possible surgical intervention

b) Leukemia screening to include:
- History and physical examination
- Complete peripheral bloodcount
- Sedimentation rate
- If indicated, in selected cases, bone marrow aspiration or biopsy

c) Bone and Cartlige sarcoma screening to include:
- History and physical examination
- Technitium$_{99}$ diphosphanate gamma imaging
- Radiographic chest examination and skeletal survey where indicated
- If indicated, in selected cases, open or closed biopsies

d) Lenticular opacification screening to include:
- Opthamological examination to include slit lamp

e) Skin cancer screening to include:
- History and physical examination
- If indicated, in selected cases, incizional or excizional biopsies

All of the above studies must also be done on an appropriate control group to provide meaningful statistical analyses and conclusions.

The information which we are seeking is crucial to the Government of the Marshall Islands and to the Government of the United States in carrying out our shared determination that the necessary medical treatment be provided to all people of the Marshall Islands affected by the United States nuclear weapons testing program. Public Law 96-205 recently enacted by the Congress commits the Government of the United

States to provide to the people of each such atoll

> "a program of medical care and treatment and environmental monitoring for any injury, illness or condition which may be the result directly or indirectly of such nuclear weapons testing program."

The statute mandated the development of a plan by the Secretary of Interior in consultation with the Government of the Marshall Islands and others that specifies an integrated, comprehensive health care program including primary, secondary and tertiary care tailored to the "condition and needs of the individual atoll peoples." The Government of the Marshall Islands cannot assist the Secretary in formulating such a plan until it first determines the current medical condition of the people living on the various affected atolls. Quite obviously the intention of Congress cannot begin to be carried out without first obtaining the answers to the questions we pose.

As Congress understood and intended, this effort must procede immediately. In Senate Report No. 96-467 the Committee on Energy and Natural Resources clearly expressed the view that it

> "expects the Secretary to immediately begin the development of the comprehensive health care and environmental monitoring plan as provided in this section using existing authorities."

During the House floor consideration of finally approved statutory language, Congressman Burton in referring to the deadline of January 1, 1981 for submission of this comprehensive health care and monitoring plan to Congress, emphasized the point that

> "the committee encourages the Secretary to commence development of the plan as soon as possible and to complete it earlier than the deadline."

Chairman Burton went on to note that

> "All costs of planning, including travel and other expenses, are to be chargeable to the budget of

> the radiological program, but in the interest of expediting the program, the Secretary is encouraged to use other departmental funds for later reimbursement out of appropriation."

In constrast to the niggardly approach taken by the Department of Energy even to ascertaining the true nature of the medical problems that have possibly resulted from nuclear weapons testing, Congressman Burton emphasized during the floor consideration of the finally approved statutory language the intent and rationale of Congress that the United States err on the side of over inclusion rather than risk failing to treat any medical problems that were the legacy of the weapons testing program:

> "Special emphasis is to be placed upon the biological effects of ionizing radiation, but since health effects associated with radiation exposure, such as thyroid anomalies, malignant tumors, and genetic defects are indistinguishable from the spontaneous occurance of the same disorders, the only way to assure that the radiation-related problems are dealt with is to deal with all of the health problems of the affected peoples."

Later in his remarks Congressman Burton explained:

> "We believe we have a special moral obligation to these people and it is our intent that this provision be interpreted to provide the most possible protection to them."

Finally, of pertinence to our request that the most sophisticated scientific approach and most advanced technology be employed in identifying the health problems in the northern Marshall Islands that received radioactive fallout, it is worth noting Congressman Burton's explanation that Congress specified the involvement of a scientific advisory committee "to insure the maintenance of the highest professional standards for both basic research and applied science."

Furthermore, the information we seek is crucial to the successful conclusion of the political status negotiations

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between the Government of the United States and the Government of the Marshall Islands. A key part of these negotiations is the conclusion of a separate agreement between the Government of the United States and the Government of the Marshall Islands regarding the provision by the United States of radiation related medical surveillance and treatment programs and radiological monitoring activities. Information regarding the effects of low level radiation in all of the northern atolls must be accumulated before this agreement can be negotiated.

We look forward to working with you on these important and urgent matters.

Sincerely yours,

Richard D. Copaken

gmd

cc: Congressman Duncan
Congressman Yates
Congressman Burton
The Honorable Amata Kabua
The Honorable Anton A. deBrum
Mr. John deYoung
Dr. Robert G. Loeffler

Mr. BURGENER. I would appreciate that. We thank you very much for your comments. I agree with you that you want to be careful about having a nation grow up within a nation.

We have very serious problems, as you know, with the American Indian, under the concept that they are independent nations. It is a very difficult thing to deal with.

Thank you.

ENEWETAK

If Mr. Mitchell and the people of Enewetak would come to the witness table.

Mr. Mitchell, we will put your statement in the record.

[The statement follows:]

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STATEMENT OF

THEODORE R. MITCHELL,

COUNSEL TO PEOPLE OF ENEWETAK

BEFORE THE

SUBCOMMITTEE ON INTERIOR AND RELATED AGENCIES

COMMITTEE ON APPROPRIATIONS

96th CONGRESS,

2d SESSION,

ON

ENEWETAK RESETTLEMENT PROGRAM

AND

MARSHALL ISLANDS RADIOLOGICAL
HEALTH PROGRAM

(FY 1981 BUDGET)

April 2, 1980

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1. Resolution of People of Enewetak (on Engebi Resettlement)

2. Correspondence between People of Enewetak and Department of the Interior:

Letter, Theodore R. Mitchell to James A. Joseph, Under Secretary, dated October 8, 1979

Letter, James A. Joseph, Under Secretary to Theodore R. Mitchell, dated November 6, 1979

Letter, Theodore R. Mitchell to James A. Joseph, Under Secretary, dated February 27, 1980

Letter, Wallace O. Green, Acting Assistant Secretary to Theodore R. Mitchell, dated March 18, 1980

Letter, Theodore R. Mitchell to Wallace O. Green, Acting Assistant Secretary, dated March 18, 1980

3. Enewetak Risk Estimate ("Assessment of Radiation Health Effects of the Resettlement of Enewetak Atoll", by M.A. Bender and A.B. Brill, National Cytogenetics, Inc.)

4. Correspondence on radiation protection standards for Enewetak Atoll:

Letter, David R. Rosenbaum, Deputy Assistant Administrator for Radiation Programs, to Ruth G. Van Cleve, Director, Office of Territorial Affairs, dated August 23, 1979

Letter, Theodore R. Mitchell, Counsel to Enewetak People, to Alan C.B. Richardson, Chief, Federal Guidance Branch, EPA, dated October 24, 1979

5. P. C. Tompkins, "The Role of the Government in Formulation of Guides and Protection Standards," Pediatrics, Vol. 41, No. 1, Part II (January, 1968)

6. Federal Radiation Protection Standards:

Radiation Protection Guidance for Federal Agencies, Fed. Reg., May 18, 1960 (Radiation Protection Guides)

Radiation Protection Guidance for Federal Agencies, Fed. Reg., Sept. 13, 1961 (Radiation Protection Guides)

Radiation Protection Guidance for Federal Agencies, Fed. Reg., July 16, 1964 (Protective Action Guides)

Radiation Protection Guidance for Federal Agencies, Fed. Reg., May 17, 1965 (Protective Action Guides)

7. Background Material on Protective Action Guides:

Staff Report No. 5, Federal Radiation Council, "Background Material For The Development of Radiation Protection Standards," July 1964

Staff Report No. 7, Federal Radiation Council, "Background Material For The Development of Radiation Protection Standards," May 1965

INTRODUCTION

We are honored to appear before your Committee on behalf of our Micronesian clients who have an interest in several parts of the Trust Territory budget for fiscal year 1981.

The Micronesian Legal Services Corporation was founded ten years ago by a group of Micronesians, for the purpose of providing civil legal representation for those Micronesians who do not have the means to employ an attorney. It is wholly supported by the Legal Services Corporation which, as you know, is a creature of this Congress. With offices throughout Micronesia, our attorneys have assisted thousands of Micronesians with all manner of legal problems.

We are here today because of the interest of our clients in two of the provisions in the 1981 appropriation. The people of Enewetak are very desirous of adding the island of Engebi to the resettlement program which was approved by this Committee in 1977. The people of Enewetak, the people of Rongelap and the people of Utirik, are all vitally interested in the radiological health and monitoring program which was created by section 102 of P.L. 96-205.

We will first turn to a brief discussion of the Trusteeship Agreement, which is the fundamental basis of the presence of the United States in Micronesia, then we will discuss each of the two topics referred to above.

THE TRUSTEESHIP AGREEMENT

The events leading up to the United States Trusteeship of Micronesia are very familiar to this Committee, as are the precise provisions of the Trusteeship Agreement itself. We briefly sketch that history and those obligations here in order to provide an appropriate context for what we have to say about the specific provisions of the appropriation measure before this Committee.

In the immediate post-war period, while Micronesia was still administered by the United States Navy, the question of Micronesia's future was debated at the highest level of government. Advocates for annexation of the area argued the imperative necessity of avoiding a recurrence of the surprise attack on Pearl Harbor. Others insisted that the area should be submitted to the trusteeship system which was to become part of the United Nations Charter. Ultimately, President Truman worked out a compromise which rejected annexation but resulted in the only trusteeship which permitted the administering authority to use the area for military purposes, a so-called strategic trust.

We have been unable to find any historical evidence of consultation with the Micronesians about their future, prior to the establishment of the Trusteeship. The Trusteeship Agreement itself was drafted by the United

States and ultimately approved in essentially the same form as originally submitted to the Security Council. 1 Whiteman, Digest of International Law 788 (1963); see also, H.Rep.No. 889, 80th Cong., 1st Sess. 3-4 (1947).

It would be hard to improve, nonetheless, on the language in Article 6 of the Trusteeship Agreement, which embodies the principle aims of the entire Trusteeship and the humanitarian obligations undertaken by the United States. Couched in mandatory terms, the United States agreed to:

> Foster the development of such political institutions as are suited to the trust territory and shall promote. . .self-government or independent . . .
>
> Give the Micronesians a progressively increasing share in the administrative services in the territory . . .
>
> Develop their participation in government . . .
>
> Give due recognition to the customs of the Micronesians . . .
>
> Promote the economic advancement and self-sufficiency of the inhabitants.
>
> Improve the means of transportation and communication . . .

Promote . . . social advancement.

Protect the health of the Micronesians . . .

Promote the educational advancement of the Micronesians.

The juridical status of the Trusteeship Agreement has been the subject of litigation in the federal courts three times. In 1958 the United States District Court for the District of Columbia, in an action brought by Dr. Linus Pauling and Dwight Heine, refused to enjoin the Hardtack series of nuclear weapons tests at Enewetak. Pauling and Heine argued that the detonation of the nuclear weapons would "produce radiation or radioactive nuclei [which] will inflict serious genetic and somatic injuries upon [the] plaintiffs and the population of the world in general, including unborn generations." Pauling v. McElroy, 164 F. Supp. 390, 392 (1958). Among other things, Pauling and Heine argued that the nuclear testing program was a violation of the Trusteeship Agreement. The court disagreed and dismissed their complaint. On appeal, a panel of judges which included now Chief Justice Warren E. Burger, disposed of the matter on different grounds, holding that the plaintiffs did not have standing to bring the lawsuit in the first place. Pauling v. McElroy, 278 F.2d 252 (D.C.Cir. 1960), cert. denied, 364 U.S. 835 (1960).

A similar attempt by the same plaintiffs to accomplish the same purpose was also rejected in 1964. Pauling v. McNamara, 331 F.2d 796 (D.C. Cir. 1964).

The first case to squarely reach the question of enforceability of the terms of the Trusteeship Agreement was People of Saipan v. U.S. Department of the Interior, 356 F. Supp. 645 (D. Hawaii 1973), aff'd. as modified, 502 F.2d 90 (9th Cir. 1974). The United States Court of Appeals for the Ninth Circuit held that:

> The preponderance of features in this Trusteeship Agreement suggests the intention to establish direct, affirmative, and judicially enforceable rights.
>
> * * *
>
> Moreover, the Trusteeship Agreement constitutes the plaintiffs' basic constitutional document . . .

502 F.2d at 97-98. The Government sought review of this decision in the United States Supreme Court, but was refused. 420 U.S. 1003 (1974).

Thus, this Trusteeship Agreement which was written by the Executive and approved by the Congress, gives rise to an affirmative obligation on the part of the Executive Branch to fulfill the purposes of the Trusteeship Agreement. It is both a legally binding and morally compelling undertaking.

RESETTLEMENT OF ENGEBI ISLAND

On September 19 and 20, 1979, a meeting was held at Ujelang Atoll. Representatives of the Department of Energy, Department of Interior, Environmental Protection Agency, Defense Nuclear Agency and others travelled by commercial airliner to Honolulu, to Enewetak Atoll by Military Airlift Command and then by ship the remaining 160 miles to Ujelang.

The purpose of the meeting, sponsored by the people of Enewetak, was to review the latest radiological information about Enewetak Atoll in general and Engebi island is particular. The motive force of the meeting, called the Dose Assessment Conference, was the desire of the dri-Engebi to resettle their home island.

A dozen or more representatives of the Department of Energy, some administrators and some scientists, made the long trip in order to present in detail their information on the radiological status of the islands at Enewetak Atoll. A copy of their printed report has been provided to the Committee. Their lengthy presentation included presentation of the booklet page by page with the assistance of an expert Marshallese language interpretor and a general discussion, all of which took place on September 19.

The following day, the people met in conference with their own scientific advisors, Dr. William E. Ogle, Dr. A. Bertrand Brill and Dr. Michael A. Bender, ably assisted by Dwight Heine and Alik Alik as interpretors.

At the conclusion of their deliberations on September 20, they decided to seek your assistance to enable them to reestablish the community at Engebi island, the ancestral home of roughly half of the members of their group. A copy of that resolution is provided as Appendix 1 to this statement.

The long series of events which led them to this, the final step to their complete resettlement of their homeland, began with the radiological cleanup of the islands conducted under the auspices of the Department of Defense, with Vice Admiral Robert R. Monroe, Director of the Defense Nuclear Agency as Project Manager. The Department of Energy through its Nevada Operations Office provided radiological monitoring and support for the cleanup program with Roger Ray serving as Manager of the DOE Enewetak Radiological Support Project. Both of these gentlemen have served with personal and professional dedication and the success of the combined cleanup and radiological support projects is due largely to their efforts. Without them we doubt that the projects would have ever accomplished what they did.

At the conclusion of the cleanup program, a dedicated and extremely capable group of scientists at Lawrence Livermore Laboratory, led by Dr. William L. Robison, conducted a radiological dose assessment which took into account the post-cleanup radiological conditions and estimated the likely doses of resettlement for both the islands in the south - Enewetak, Medren and Japtan - as well as Engebi island. It was a considerable undertaking resulting in a lengthy scientific report supported by a trunk full of exhibits which contained the underlying data. A copy of this work entitled "Preliminary Reassessment of the Potential Radiological Doses for Residents Resettling Enewetak Atoll," W.L. Robison, et al., July 23, 1979 (UCID-18219), has been provided the Committee for its records.

Standing alone, the radiation dose assessment does not tell us what we need to know in order to make a decision whether Engebi is habitable. The final conclusions of the dose assessment, expressed in rem, must be evaluated by scientists who know how to estimate the health risks associated with the predicted dose. For this purpose, we employed on behalf of the people of Enewetak two of this country's most prominent and capable scientists:

Dr. Michael A. Bender and Dr. A. Bertrand Brill. Working under the auspices of National Cytogenetics, Inc., Dr. Bender estimated the risks at Engebi of incurring an increase in birth defects. Dr. Brill estimated the increase in the cancer risk. A copy of their report is provided in Appendix 3 of this statement. It was the information contained in this report, together with direct consultation with Drs. Bender and Brill, which formed the basis of the decision to return to Engebi. As you will see, the findings of this report indicate that the people who return to Engebi can expect an increase in the incidence of cancer and birth defects of less then a single case. Given the protective measures which can and should be undertaken to minimize even that relatively low risk and taking into consideration the great cultural importance to them of resettling their islands in the traditional way, their decision was a reasonable one.

A preliminary plan for the rehabilitation and resettlement of Engebi island has been prepared for the Department of the Interior, together with cost estimates. A copy of the document, entitled "Preliminary Master Plan Concept for Engebi," (HN 6079.00) Holmes & Narver, Inc., February 1980, has been provided to the Committee for its records.

It remains now for the Congress to consider this matter and decide whether it can agree with the wisdom of the decision taken by the people of Enewetak and, if so, whether it can provide the necessary funds, estimated to be $8.5 million, to finance the construction of houses, a church, a school, a dispensary and community building, and the restoration of the coconut groves together with pandanas, breadfruit and other food bearing trees. We fervently hope so.

We shall now discuss in somewhat more detail each of the phases of the Enewetak Cleanup, Rehabilitation and Resettlement Program.

The Cleanup Program

We would like to submit for the record a complete report of the extraordinary effort expended upon the cleanup of Enewetak atoll by the Department of Defense. The report is in the form of a letter from Vice Admiral R.R. Monroe to the Honorable Phillip Burton dated March 28, 1980. I will draw from that report a brief summary of what has been accomplished, with emphasis on Engebi island.

Under the general leadership of Admiral Monroe, the cleanup effort involved important contributions from the Army, the Navy, the Air Force, the Department of Energy, and various private contractors. With $20 million appropriated

in the FY 1977 military construction funds and statutory authority to draw, without reimbursement, from all of the military services for labor, material, transportation and other assistance, the total effort spanned more than three years. The total value of the cleanup and rehabilitation effort combined approximates $100 million. The average workforce on the island was approximately 1000 persons. The principle objectives of the programs were the following:

1. Transport all radiocontaminated debris and soil to the island of Runit for encasement in a concrete dome covered with an 18 inch concrete cap.
2. Remove all noncontaminated debris left over from the testing period to clear the way for construction of homes and agricultural redevelopment.

Throughout the course of the project, radiological support was provided by the Department of Energy. Care was taken to meet or exceed the radiological criteria which had been set for the program which were as follows:

1. Residence islands were to be cleaned to a level of 40 picocuries of plutonium-239 per gram of soil (pCi/gm).

2. Agricultural islands were to be cleaned to a level of 80 pCi/gm.

3. Food gathering islands were to be cleaned to a level of 160 pCi/gm.

At the completion of the cleanup, of the 40 islands which make up Enewetak atoll, 30 islands qualified for residence and agriculture, 7 qualified for agriculture and 2 qualified only for food gathering. Runit became the depository of the radiocontaminated soil and other material and will be quarantined forever.

With respect to Engebi island, I quote from Admiral Monroe's report:

> The original plan did not include cleanup of contaminated soil from the large island of Engebi in the north, even though this was the ancestral homeland of the dri-Engebi, and although the transuranic levels in the soil were known to be in excess of the standards for a residence island. This situation was not a planning oversight; it arose from the fact that contaminated soil removal from Engebi was considered too extensive a task to be undertaken. In 1978 DNA made the decision to attempt the Engebi soil cleanup, although time and resources still appeared inadequate to do the job. Through remarkable innovation and sustained effort, Engebi was cleaned to residential island standards for transuranics, thereby making possible the eventual resettlement of the dri-Engebi to their home.

A few statistics help convey the vast scope of the cleanup effort. Over 215,000 cubic yards of uncontaminated debris were removed from the islands and reef areas. About 16,000 items of World War II ordnance were located and removed. Some 6,000 cubic yards of radiocontaminated debris were transported to Runit and disposed of in the dome. About 105,000 cubic yards of radiocontaminated soil were removed from numerous islands in the northern part of lagoon and deposited in the dome at Runit.

All in all, cleanup effort has met or exceeded its original objectives. For the island of Engebi, the achievement of residential conditions for that island so far as the plutonium and americium are concerned, laid the foundation for consideration of the resettlement of that island. Since the transuranics constitute a potential hazard via the inhalation pathway, unless that problem could have been solved, it alone would have prevented the resettlement. With the transuranic problem behind us, the question becomes what hazard do the remaining radionuclides constitute, a subject which we will take up after giving a brief account of the rehabilitation program.

DOI Rehabilitation Program

The rehabilitation program as approved by this Committee in 1977 is virtually complete. Homes designed by the people

themselves have been constructed on the three southern islands of Enewetak, Medren and Japtan, along with community centers on Enewetak and Medren which include a church, school, dispensary and meeting house.

Crops that are vital to the subsistence of the people have been planted on the southern islands including breadfruit, bananas, dwarf coconuts and others. Some 31,000 coconut trees which have both subsistence and commercial value have been planted on all the other islands in the atoll which are suitable for that purpose, except for Engebi.

The rehabilitation work has been carried out under the project management of Holmes & Narver, Inc., on behalf of the Trust Territory government. The general contractor is American International Construction Company. Both companies have done an outstanding job.

Radiation Dose Assessment

In December 1978 we learned that the cleanup effort had been successful in bringing the transuranic soil concentrations at Engebi to or below 40 pCi/gm, the standard for residential islands. We immediately called upon the Department of Energy to conduct a reassessment of the radiological conditions at Engebi in order to determine the feasibility of resettlement. Through the considerable efforts of Dr. William L. Robison and numerous other scientists and technicians working with him at both Enewetak atoll and Lawrence Livermore Laboratory,

the task was accomplished in record time. For complete details you may consult the copy of the dose assessment which we have provided for your files.

After receiving a copy of the dose assessment report in July of last year, we gave it to Dr. William E. Ogle, whom we had hired to critique its methodology and the reliability of its results. After he had the opportunity to study it carefully, together with its voluminous appendices, I asked him the following question: Based on all that you know about the dose assessment report, would it be reasonable and prudent for a person to rely upon its results in arriving at a decision whether to go back to Engebi. His answer was an unqualified yes.

In general, a dose assessment involves an attempt to estimate in advance the exposure which a person will receive from radiation from two sources via what is called the external and internal pathways. The external pathway is radiation which reaches the human body through the air from sources in the soil, in stone with which buildings are constructed or from the sun.

The internal pathway entails the inhalation or ingestion of substances with some radioactive content, resulting in radiation exposure of internal parts of the body. Transuranic elements in very fine aerosol size

particles can be inhaled and deposited in the lung. Radionuclides like cesium-137 and strontium-90 bond with chemicals such as calcium and potassium which are part of the nutrients of the coconut, the breadfruit and the pandanas trees. The radionuclides follow the calcium and potassium and become deposited in the fruit which is in turn ingested.

What Dr. Robison and his colleagues did was take an enormous amount of information about the measured concentrations of radionuclides in the soil at Engebi (and in the rest of the atoll as well) and put that together with information about the metabolism of the food bearing plants. From an extensive dietary survey taken at Ujelang, they were able to construct an accurate picture of the amounts of these various foods which are consumed by the Enewetak people under normal conditions when they have adequate field trip service and at other times when they don't. Other factors must also be taken into account such as the metabolism of these foods by the human system so that one can estimate the likely effect on one organ or another as well as upon the whole body.

With all of this information and more, Dr. Robison and his group were able to calculate with considerable accuracy the amount of radiation exposure which would be experienced by any returning resident of Enewetak atoll in general, and Engebi island in particular. Once we had those results

in hand and were assured by Dr. Ogle that they were reliable, we turned to Dr. Bender and Dr. Brill to evaluate the dose assessment results.

The Risk Estimate

The estimate of the health risks posed by the predicted radiation doses is contained in the report entitled "Assessment of Radiation Health Effects of the Resettlement of Enewetak Atoll," by M.A. Bender, Ph.D. and A. Bertrand Brill, M.D., Ph.D. A copy of the report is provided in the third appendix to this statement. It is a quite readable and informative description of the biological effects of ionizing radiation with which we are concerned here.

We have also provided a complete curriculum vitae of each of these scientists for your records. Each has a distinguished career in exactly the disciplines of interest to us and both serve on the prestigious National Academy of Sciences' Advisory Committee on the Biological Effects of Ionizing Radiation, Dr. Bender on the Genetics Subcommittee and Dr. Brill on the Somatic Effects Subcommittee. We are very fortunate to have their assistance and we have implicit faith in their judgment.

With regard to genetic effects, Dr. Bender tells us that it is "entirely possible that this radiation exposure [at Engebi] will never result in even a single case of

disease among either the returning population or their descendants." He estimates that the "upper credible limit of genetic risk is 0.18 additional case in 1000 live births over the next 30 years...." This is to be compared with some 100 cases of birth defects which are expected to occur naturally among these 1000 births, without any added radiation exposure.

It should also be understood that those conditions which are classified as birth defects fall on a continuum of seriousness, from a slight predisposition to hypertension to gross malformations of the human skeleton.

Dr. Brill tells us that over the 60 years following resettlement we can expect more than 60 cases of cancer to occur naturally. This is based on the fact that some 15% of the population will die with cancer of one form or another. (The other 85% die of something else, a fact sometimes overlooked in discussions on this kind of subject.) Using very conservative estimation models, Dr. Brill calculates the "upper credible limit on the number of radiation-induced cancer among the return people [as] only 0.66 case..."

This is the kind of information which is comprehensible by the average person and enables one to make an intelligent decision about the radiation hazard in the context of everything

else in one's life of importance. It was on the basis of precisely this information that the people of Enewetak considered the question on September 20, 1979 and decided to seek your help in resettling Engebi island.

One final observation on this matter of the risk estimate. It is espressed as a probability, not a certainty. The causal relation between cancer and birth defects and radiation and other substances known to increase the incidence of these disorders, is not fully understood. Until it is, the scientists can only talk to us in terms of probabilities. And to say that there is a risk of 0.66 of a radiation-induced cancer at Engebi is not a prophecy of the death of a human being. It is equally probable that there will be no radiation-induced cancer or birth defect. The simple law of probability that the toss of a two-sided coin will yield heads half the time and tails the other half of the time, does not prophesy the result of the next toss.

The Administration and the Engebi Question

We are acutely aware of the fact that we are here advocating another act of beneficence on your part without the benefit of a decision by the Department of the Interior. But time is of the essence of this matter. The cleanup

program and the rehabilitation program as originally conceived are virtually complete. The trusteeship is slated to end in 1981. If action is not taken on this matter soon, there will simply not be time to complete the project even if it is approved.

As early as December 1978, the Administration knew that Engebi was a real issue. Instead of joining efforts with the people themselves to give the matter the due consideration which it deserved, the officials at the Department of Interior appeared to be indifferent and were certainly inactive. The Dose Assessment Conference which took place in September 1979 had to be sponsored by the people themselves. Other work which logically would have been done by a conscientious Administration, such as the risk estimate, was also obtained by the people themselves. The correspondence between the people of Enewetak and the Department of Interior urging a decision is contained in Appendix 2. For our part, we believe that the Administration has had ample time to consider the matter and that the Congress need not wait for its answer.

MARSHALL ISLANDS RADIOLOGICAL

HEALTH AND ENVIRONMENTAL MONITORING PROGRAM

We applaud the inclusion of the radiological health and environmental program in P.L. 96-205 and we urge this Committee to take an active interest in the development and execution of the program.

(Section 102 of P.L. 96-205 amends P.L. 95-134 by adding a new section 106. Hereinafter we will refer to the specific provisions as they are found in the section 106 format.) ;

The plight of the peoples of Bikini, Enewetak, Rongelap and Utirik is very well known to this Committee and need not be recounted by us in any detail. It may be helpful, however, if we briefly describe the circumstances of each as it relates to this program.

The atolls of Bikini and Enewetak were used by the United States in its nuclear weapons testing program during the period from 1946 to 1958. At Bikini there were a total of 23 nuclear tests conducted, most of them on barges anchored either in the lagoon or on the exterior reef. Normally there would not have been very much radioactive contamination of the land surfaces of the atoll, but on March 1, 1954 there was considerable radioactive fallout

from the thermonuclear explosion known as the Bravo test, part of the Castle series. This was the second experimental thermonuclear device constructed and detonated by the United States, the first having been the Mike explosions of the Ivy series at Enewetak in 1952.

These atolls had been chosen, among other reasons, for their remoteness and the prevailing northeasterly winds, but on this occasion there was an unfortunate "combination of circumstances involving the energy yield of the explosion, the height of burst, the nature of the surface below the point of burst, the wind system over a large area and to a great height, and other meteorological conditions." S. Glasstone, ed. The Effects of Nuclear Weapons 464 (rev. ed. 1962). In particular, the upper level wind direction was miscalculated and substantial amounts of radioactive fallout were deposited on the eastern rim of the Bikini atoll and significant amounts were detected as far away as 300 miles east of Bikini. Id. 462. Within the first 96 hours following the detonation, Bikini island at Bikini atoll received at least 2100 roentgens. Id. 462.

After their removal from Bikini, the people were taken to various places including Rogerik and Kwajelein, but eventually were resettled at the exceedingly inhospitable island of Kili in the southern Marshalls, a very small place without a lagoon. Such efforts as the government has

made to fulfill the wish of the people of Bikini to resettle their atoll have been marked by poor coordination among the relevant executive agencies, poor planning and even more disappointing execution. The people of Bikini have never actually accepted the return of their atoll from the United States, because they have never been satisfied that enough has been done to clean up and rehabilitate the atoll. After the resettlement of the atoll by a few Bikinians nearly 10 years ago, the atoll was ordered evacuated last August by the Department of the Interior, putting the entire project right back where it started in 1968 with the announcement by President Lyndon B. Johnson that the people would be resettled to their homeland.

During the time those few Bikinians were living at Bikini atoll, they received some radiation exposure, but the Department of Energy has never published a scientific or technical report on the matter. As we have said, we are not counsel for the people of Bikini, but we are informed that at least some of them have a strong desire to return to and resettle Bikini atoll.

The People of Enewetak

The people of Enewetak were unceremoniously removed from their atoll on December 21, 1947 and taken directly to Ujelang atoll where they have lived to this day. In their

absence, 43 nuclear tests were conducted at Enewetak atoll, including the world's first thermonuclear explosion on November 1, 1952, the Mike test. That explosion and the later Koa explosion completely "vaporized" three islands.

The decision to permit the return of the people to their atoll was announced in 1972. An elaborate program for the cleanup, rehabilitation and resettlement of the atoll has been underway for several years and is now virtually complete. The cleanup program, conducted under the auspices of the Defense Nuclear Agency, is an outstanding success and we have enjoyed a very productive and cooperative relationship with the Director of the Defense Nuclear Agency, Vice Admiral Robert R. Monroe, and his staff. The program has exceeded all original objectives.

This Committee was kind enough to authorize the rehabilitation and resettlement program for Enewetak atoll in 1977. That program, as originally planned, is nearing completion.

Return to Engebi

The Enewetak resettlement program, as currently planned, does not include resettlement of Engebi island, the traditional community of the Engebi subgroup. In September, 1979, in

a meeting at Ujelang atoll, the people of Enewetak decided that they would like to reestablish the Engebi community. Their decision has been communicated to this Committee and the Department of Interior and they have requested this Committee to include funding for the Engebi community in the 1981 budget.

Radiological Needs of Enewetak and Bikini

The needs of the people of Bikini and Enewetak are approximately the same. We do not expect anyone in either group to receive anything like a large dose of radiation. On the other hand, the natural environment at both atolls has been studied considerably and deserves further study in order to increase understanding of the concentration of the radionuclides and their behavior in the ecosystem. Of special significance is the movement of the radioactive materials from the soil, through the food web, to man.

The prime objective of the program for both Bikini and Enewetak atolls will be to assure that the radionuclides in the food web are followed carefully so that modifications can be made in the diet or in the living patterns to prevent undue exposure by the internal pathway. This is precisely what was not done at Bikini in the past and would have obviated the painful removal of the people in 1978. It will prevent any such thing ever happening at Enewetak.

What is believed about ionizing radiation sometimes bears little relation to what is actually known. This is and can be a rather complex and troublesome problem. Even if there may be no danger whatsoever, or a danger so slight that it gets lost in the ordinary dangers of everyday life, a person living at Bikini or Enewetak could become unnecessarily worried. At the same time, radiation is the subject of considerable public debate, worldwide, including in the Marshall Islands, and is likely to continue to be so for many years to come. The people of Enewetak and Bikini are certain to be affected by that kind of public debate. Some will advocate that radiation constitutes no danger at all. Others will express great alarm and fear with even that amount of radiation which is quite naturally part of the environment anywhere in the world.

The private worry and anxiety and public embarrassment can be very real person problems, in the absence of any detectable health effects. The only solution is true understanding and an education program to impart that understanding.

The People of Rongelap and Utirik

The cloud formed by the Bravo explosion at Bikini atoll in 1954 was carried by the winds so far eastward that it deposited significant amounts of radioactive material at

the atolls of Rongelap, Ailinginae and Rongerik. At its eastern most extension, there was fallout at Utirik atoll. Since there were no measuring instruments on those islands at the time, the precise dosimetry is not available, but various personnel were sent to each of those islands within two days to arrange for evacuation of the people and to attempt to determine the extent of radiation exposure.

Deposition of radioactive material varied considerably from atoll to atoll and among the islands at each. The northeastern part of Rongelap received at least 3,300 roentgens during the first 96 hours of fallout from the cloud, while across the atoll amounts as low as 170 roentgens were measured. The people of Rongelap, who were living in the south, are estimated to have received a dose of "up to 175 roentgens before they were evacuated." S. Glasstone, ed., op cit. 463. This was the estimated whole body exposure to gamma radiation. At Utirik the whole body gamma exposure was estimated at 14 rads. R.A. Conard, A Twenty-Year Review of Medical Findings in a Marshallese Population Accidentally Exposed to Radioactive Fallout 11 (Brookhaven National Laboratory 1975)[hereinafter referred to as "Brookhaven Report"].

At Rongelap, within 4 to 6 hours after the Bravo explosion, the radioactive ash began to reach the ground. To these people of the tropics the strange, snowlike material

fluttering down from the sky gave no hint of its harmful nature. Children played in it as it collected in large amounts on the ground. The curious touched it and tasted it in an effort to understand this heretofore unknown phenomenon.

At Ailinginae and Rongerik, 4 to 8 hours after the explosion, radioactive fallout of a mistlike quality was observed by the people.

The estimated dose of gamma radiation received by the people at these atolls was between 69 and 79 rads.

All in all, the effects varied with the amount of radiation dose received, with the greatest exposure at Rongelap and the least amount at Utirik. There were early acute effects at Rongelap, including skin burns, loss of hair, vomiting and depression of blood elements. Exposure of the thyroid gland occurred in people at Rongelap, Ailinginae and Utirik from gamma radiation during the initial fallout and from other radionuclides ingested with food and water. Brookhaven Report 5-10.

Because of the latency period between exposure and the onset of cancer and genetic effects, it is reasonable to be concerned about health effects in the Rongelap, Ailinginae and Utirik populations for some time to come. This is also true if there is residual radiation at those islands which could result in exposure via the food web.

## Biological Effects of Ionizing Radiation

In this country the standard work on the subject of human health effects as a result of radiation exposure is a report entitled, The Effects on Populations of Exposure to Low Levels of Ionizing Radiation. This report was prepared by the prestigious National Academy of Sciences' Advisory Committee on the Biological Effects of Ionizing Radiation in 1972, after thorough review of all of the scientific data available. We shall refer to this Committee as the "BEIR Committee" and its report as the "BEIR Report."

The BEIR Committee studied the effects of long-term radiation exposure. With the exception of the acute effects suffered by the people of Rongelap in the weeks and months immediately following their exposure, the information and findings of the BEIR Committee are relevant to the conditions at Rongelap, Ailinginae, Rongerik, Utirik, Bikini and Enewetak.

From the BEIR Report we learn that there are two principle concerns that one should have about radiation exposure at low levels. First, although the precise mechanisms are not understood, it is known that radiation increases the risk of cancer and of genetic abnormalities. BEIR Report 46-48, 86. Second, the relation between the amount of radiation to which one is exposed and the risk of ill-effects is such that even small amounts of radiation can cause harm. BEIR Report 51, 64, 89.

Radiation does not create any new health problems. Both cancer and birth defects are known to occur in conditions where nothing more than background radiation is present. It is also observed that any number of non-radioactive substances can play a part in causing both cancer and genetic defects. Radiation simply increases the risk of cancer and genetic defects, but because the underlying biological mechanisms are not fully understood, the precise role of any form of carcinogen or mutagen is not fully understood.

Because of the great value we place upon human life and health, the BEIR Committee recommends the use of the linear hypothesis for the purpose of estimating health risks associated with radiation at low levels. Simply put, this means that for a given unit dose of radiation exposure, a given health effect can be expected and as the dose increases or decreases, the likely effect changes in direct proportion.

One more observation is important to this topic of the health effects of radiation. A cancer or a birth defect which may have in fact been induced by ionizing radiation, that is, without the presence of the radiation it would not have occurred when it did, is indistinguishable from the same type of cancer or the same type of birth defect which has occurred spontaneously. BEIR Report 46, 86. Until there is a full scientific understanding of the human

organism, the link between radiation and deleterious health effects is a statistical one. The ill effects are observed as an increase in the otherwise normal rate of gene mutations, chromosomal aberrations, and malignant tumors.

Thus, if the normal incidence of cancer and birth defects in these Marshallese populations is the same as that observed in the United States, we can expect approximately 15% of the people to die of cancer and 11% of the live births to be afflicted with some kind of genetic anomaly. As a result of the radiation exposure at Rongelap, Utirik and Bikini, and any exposure which may occur at Enewetak, however slight, we can expect the incidence of these conditions to increase in direct proportion to the amount of the exposure. BEIR Report 58-60, 87-91.

The Sources of Ionizing Radiation

The sources of ionizing radiation with which we are concerned here are of two kinds. First, the relatively brief, high exposure of the people as a result of the fallout from Bravo. Second, the long-term, low-level exposure at all of the islands from terrestrial sources of radiation and, of greater significance, the internal exposure of residual radiation via the food web.

For those who received relatively high exposures, there is nothing to be done but observe and treat any ill effects that may have resulted from the initial exposure.

Future potential doses through the diet, however, are subject to modification, if enough is known about the environmental sources of the radiation and the movement of the radionuclides through the food web.

Summary of Needs

It seems to us that, in varying degrees, the people of Enewetak, Bikini, and Rongelap and Utirik have the same needs. They are fourfold:

(1) There is a need for medical screening and comprehensive health care. In one way the medical needs of the people varies in direct proportion to the amount of the exposure, for the reason that the health effects are directly proportional to the dose. In another way, however, even those who have or will experience low to exceedingly low doses, can still have worries and fears and can be the object of unrealistic fear on the part of others, as lepers were once feared.

Thus, the people at Utirik, or the people at Enewetak, for example, may need medical screening in an effort to establish the absence of any serious problem.

(2) As a result of the nuclear weapons tests, there is radiation in the environments of each of these atolls and there is simply no way to remove it. It

can be studied and understood, however, and the information derived can be used to estimate the risk to the people and develop any protective measures which appear to be necessary.

This is the means by which the radiation will be discovered and understood before it finds its way into the human being, so that measures can be instituted to reduce or prevent exposure.

(3) From time to time it will be necessary to take all that is known about the presence and transport of the radionuclides in the environment, to put that together with what is known of the diet and living patterns of the people, and perform what the scientists call a "dose assessment." This is an exceedingly elaborate process which attempts to take measurements and perform calculations so as to predict the future exposure. Only by this means can one make a judgment whether it is within exceptable limits, or whether some protective measures must be undertaken.

(4) Unfortunately perhaps, the people of these islands cannot afford to be ignorant about radiation. They must understand a fair amount about the physics of radioactive materials, they must be educated about radionuclides in the environment and they must be informed about the health effects of ionizing radiation.

At Bikini and Enewetak we would expect the program to give greater emphasis to environmental study, dose assessment, and education. At Rongelap all four elements would receive equal, high emphasis.

For those who need medical care, such as the people at Rongelap, it makes no sense to try to take care of only what is thought to be their "radiation-related" problems. As we have said, there is no way to search for and find the problems which may have in fact resulted from the radiation and distinguish those from any others. Nor is it humane for a health care program serving Rongelap to examine the patient for a thyroid problem or a tumor and ignore the patient's diabetes, or polio or broken arm. At the same time, medical attention which is not justified can do more harm than good, because it makes the people think that there is something seriously wrong when that is not the case at all. It creates what is referred to as the "worried well" syndrome, which has been a serious problem for the delivery of medical care in this country. S.R. Garfield, et al., "Evaluation of an Ambulatory Medical-Care Delivery System," 294 New England Journal of Medicine 426 (1976). The consumption of health care services by those who are well and nevertheless worried, is a luxury which we cannot afford in a program of this kind. Furthermore, it is simply a way of creating a new and unneeded problem for the people themselves.

In order for the program to provide for each group and each atoll that which is appropriate, and no more, the entire program will have to be carefully and thoroughly integrated under centralized management. All four elements of the program are essential to all of the people concerned, but at the outset and over time the emphasis of each or several will necessarily vary.

Program Administration

Although P.L. 96-205 does not prescribe any particular structure for the management of this radiological program, we think that it will require both a group to set policy and a staff organization separate from the Interior Department to implement and manage the program. Indispensable to success of the program is involvement of representatives of the people to be served as required by section 106(a). Representatives of each of the groups should be included in a formal way in both policy formulation and in the actual implementation of the program. Part of the educational effort should be to train and educate a few people on each island so that they can educate others and assist in the actual work of the program.

Plan First, Execute Later

Section 106(b)(1) requires submission of the program plan to the Congress by January 1, 1981, but the legislative

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history makes it very clear that the Secretary is expected to begin planning immediately. We think that this plan should be developed as quickly as possible, together with cost estimates, and should be submitted to the Congress for its review and approval as part of the appropriation of funds for fiscal year 1981.

Responsibility for this program is bifurcated, with overall administrative responsibility given to the Secretary of Interior (section 106(a)), while the funds are authorized to be appropriated to the Secretary of Energy (section 106(b)(3)). In the version of the legislation as it was approved by the House, the various federal agencies would participate on a reimbursable basis but the appropriation was authorized to the Secretary of the Interior. H.R. 3756, section 103. The Senate insisted upon authorizing the funds to the Secretary of Energy "so that program costs are clearly reflected as arising from this country's nuclear testing program, not from our administration of the territories." S.Rep. 96-467, 96th Cong., 1st Sess. 31 (1979). We hope that this Subcommittee and its counterpart in the other Chamber will retain jurisdiction for this program, notwithstanding the division of labor between the Secretary of Interior and the Secretary of Energy.

Summary

We think section 102 of P.L. 96-205 is an extremely important piece of legislation, founded on humanitarian

concern for some innocent people whose lives have been radically affected in one way or another by the nuclear weapons testing program. The United States used those Micronesian islands for nuclear testing so as to minimize the risk of harm to its own people. With little thought for the welfare of the native inhabitants, there were wholesale forced migrations, years of exile and actual exposure to radioactive fallout. Amends have been made in some ways, as we have described elsewhere in this statement, and for that the people are deeply grateful. In a very real sense, this kind of long-range, radiological program is the one thing which remains to be done. It is infinitely more valuable than the disbursement of even large amounts of cash. It will, if properly planned and wisely executed, provide the best and only remedies known to us for the actual losses suffered by the people as a result of the testing program.

Finally, to the extent which the proposed resettlement of Engebi island involves some risk because of the radiation there, the existence of this program and the attention that it will give to the potential problems reduces the risk to O.

RADIATION PROTECTION STANDARDS FOR
ENEWETAK ATOLL

Introduction

Radiation protection standards and guidance for agencies of the United States government are developed by the Environmental Protection Agency (hereinafter referred to as "EPA") and promulgated by the President. The source of the President's authority to issue the guidelines is the Atomic Energy Act of 1954, as amended, 42 U.S.C. §2021(h). None of these guidelines applies in Micronesia, because Micronesia is not included within the territorial scope of applicability of the Atomic Energy Act.

As the administering authority of the Trust Territory of the Pacific Islands under the Trusteeship Agreement between the United States and the United Nations, the United States has obligated itself, among other things, "to give due recognition to the customs" of the people of Enewetak and "promote [their] economic advancement and self sufficiency," and to "protect [them] against the loss of their lands and resources." In addition, the United States is pledged to "protect the health" of the people of Enewetak. Trusteeship Agreement for the Former Japanese Mandated Islands, 61 Stat. 3301, Art. 6.

Decisions taken by officials of the United States with respect to the resettlement of Enewetak Atoll must give due consideration to all of these interests and where they are in conflict, take care to reconcile the conflicts wisely, in full consultation with the people of Enewetak themselves.

The United States should look to the presidental memoranda on radiation protection for guidance in carrying out its responsibilities under the Trusteeship Agreement, notwithstanding the fact that these guidelines have no direct application in Micronesia.

The presidential memoranda which are relevant to radiation protection at Enewetak Atoll are those establishing "Protective Action Guides" [hereinafter sometimes referred to as "PAGs"]. The "Radiation Protection Guides" [hereinafter sometimes referred to as "RPGs"], which were developed to inform the design and control of industrial and scientific sources of radiation, are neither relevant nor applicable to radiation protection at Enewetak Atoll.

The principal distinction between the conditions calling for use of the Radiation Protection Guides and the Protective Action Guides is that, in the former, those making decisions have a choice about design of the radiation sources before a contaminating release has occurred

while in the latter a contaminating event has occurred and it is a matter of evaluating the radiation source as one finds it in the environment. In applying the RPGs, it is a matter of weighing the known benefits of the radiation against its potentially adverse effects. In application of the PAGs, there is no known benefit to the radiation source and, instead, one must weigh the disadvantages of the radiation against the disadvantages of measures intended to limit or reduce human exposure to it. A cost, a disadvantage, a loss, is inevitable. The objective is to minimize that loss. The two sets of guides are mutually exclusive. The PAGs apply to the Enewetak case.

The Presidential Memoranda Setting Standards for Radiation Protection are not Applicable in the Trust Territory of the Pacific Islands

The sovereignty of the United States does not extend to Micronesia. Rather, the authority of the United States with respect to Micronesia is derived from and defined by the terms of the Trusteeship Agreement for the Former Japanese Mandated Islands [hereinafter referred to as "the Trusteeship Agreement"]. 61 Stat. 3301 (1947).

Within the United States constitutional framework, the Congress exercises authority with respect to all territories, including the Trust Territory, under Article 1, Section 8. The Congress has delegated to the Executive authority to conduct the civil administration of the Trust Territory. 68 Stat. 330, 48 U.S.C. §1648.

Article 3 of the Trusteeship Agreement provides that:

> The administering authority shall have full powers of administration, legislation, and jurisdiction over the territory subject to the provisions of this agreement, and may apply to the Trust Territory...such of the laws of the United States as it may deem appropriate to local conditions and requirements.

Under our Constitution, the manner in which the "laws of the United States" would be applied is determined by Congress in the enactment of legislation of one kind or another to be directly applicable in Micronesia or by applying existing laws with or without modificiation. The wisdom of Article 3 seems clear. Micronesia is not part of the United States and the role of the United States there is a special one, undertaken for the specific purpose of assisting the Micronesians in achieving the central objective of the Trusteeship: self-government and independence. Trusteeship Agreement, Article 6.

The requirement that the administering authority's own laws will not apply to Micronesia unless expressly made applicable, prevents the undesirable result of the indiscriminate application of federal laws. For example, the Fair Labor Standards Act, 29 U.S.C. §§201 et seq., require a minimum rate of compensation, which, given present levels of productivity in the Trust Territory, would render almost the entire population unemployable.

Similarly, the application of the Internal Revenue Code would be undesirable in an economy so underdeveloped that it does not provide an adequate tax base to support Micronesian governmental activities. Even United States statutes which attempt to foster goals which are unquestionably benign, such as the Highway Safety Act of 1966, 23 U.S.C. §§105 et seq., could have a negative impact when applied to a place with such meager financial resources and such limited land area. Accordingly, Congress, in defining the territorial scope of applicability of this statute, enumerated Puerto Rico, American Samoa, and the Virgin Islands, but excluded the Trust Territory by failing to name it. 23 U.S.C. §401.

Article 3 of the Trusteeship Agreement has been the subject of judicial interpretation. In The People of Enewetak v. Laird, 353 F. Supp. 811, 814-15 (D.Haw. 1973), Judge Samuel King stated:

> Although the United States, pursuant to Article 3 of the Trusteeship Agreement with the United Nations, has "full powers of administration, legislation, and jurisdiction," federal legislation is not automatically applicable to the Trust Territory. Instead, Congress must manifest an intention to include the Trust Territory within the coverage of a given statute before the courts will apply its provisions to claims arising there. Such an intention is usually indicated by defining the term "state" or "United States" as used in the legislation, to include the Trust Territory.

Judge King gave over thirty examples. Id. n. 8. If the statute is silent on the territorial scope of its coverage, the court will look to the history, character, and general aim of the legislation — the legislative history of the statue — in order to ascertain the intent of Congress, id. 815, but if the statute contains a provision defining its territorial scope, the Trust Territory must be explicitly included by name in order for the statute to apply there.

The original Atomic Energy Act of 1946 was enacted before the Trust Territory came into existence on July 18, 1947. Although the statute has been amended a number of times and was completely overhauled in 1954, the Trust Territory has never been included, although other similar areas have been, such as Puerto Rico and the District of Columbia. 42 U.S.C. §2021(n) (1959). This explicit enumeration of areas other than states, underscores the intent of Congress not to include the Trust Territory within the scope of the Atomic Energy Act, and that necessarily precludes applicability of any regulations or guidelines issued under the authority of that statute.

The section of the Atomic Energy Act of 1954 from which the President derives his authority to issue radiation protection standards contains a definition of its specific territorial scope. It includes "any state, territory or possession of the United States, the Canal Zone, Puerto Rico, and the District of Columbia." 42 U.S.C. §2021(n).

The federal courts which have spoken on the subject have made it clear that the term "territory or possession of the United States" does not include the Trust Territory of the Pacific Islands, which is administered by the United States under the Trusteeship Agreement. People of Saipan v. Department of the Interior, 356 F. Supp. 645 (D.Haw. 1973), affirmed as modified, 502 F.2d 90 (9th Cir. 1974), cert. denied, 420 U.S. 1003 (1975); and World Communications Corporation v. Micronesian Telecommunications Corporation, 456 F. Supp. 1122, 1123 (D.Haw. 1978).

The same federal district court judge who decided The People of Enewetak case, Samuel P. King, held that:

> The Trust Territory is technically not a territory or possession because the United States does not have sovereignty.

356 F. Supp. at 656. The Ninth Circuit Court of Appeals expressly agreed with him. 502 F.2d at 95.

On August 15, 1959 President Eisenhower established the Federal Radiation Council to advise the President with respect to radiation matters. Executive Order 10831, 3 C.F.R. 365 (1959-63 Comp.) Within one month the Council's advisory role was given a statutory basis by an amendment to the Atomic Energy Act. 42 U.S.C. §2021 (h). In 1970 the advisory function was shifted from the Federal Radiation

Council to the Environmental Protection Agency. Reorganization Plan No. 3 of 1970 §2(a)(6) and (7), 35 F.R. 15623, 84 Stat. 2086. With all of these changes and substitutions, there has been no change in the territorial scope of applicability of the federal radiation protection standards. They apply in the United States, its territories and possessions, but not in Micronesia.

The net effect of this analysis, is that radiation protection standards developed by and for the conditions in the United States cannot be mechanically applied to conditions in Micronesia. While they govern decisions by the Department of Interior with respect to its programs in the United States, they do not govern actions taken by the Department in the administration of Micronesia. Instead, the responsibilities which devolve upon the United States and each of its departments or officers, from the Trusteeship Agreement, must be the controlling principle, as we shall show. This does not mean that wise and perceptive counsel cannot be taken from those at the former Federal Radiation Council and elsewhere who have worried about the same or similar problems, but it does mean that the issues presented by the resettlement of Enewetak Atoll do not have ready answers which can be found in the federal radiation protection standards.

The Trusteeship Agreement

Decisions with respect to the resettlement of Enewetak Atoll must be taken in accordance with the principles contained in Article 6 of the Trusteeship Agreement. At the outset we described the salient features of the Trusteeship Agreement which defined the affirmative obligations of the United States. What must be appreciated, in this context, is the comprehensive nature of that responsibility.

Its scope is so broad as to include every human value: political freedom, cultural integrity, financial security, protection of the environment, social advancement and, of course, health.

To be sure, physical health is an important prerequisite to the enjoyment of virtually all other benefits and opportunities, but at the same time it is entirely possible to have quite adequate physical health and suffer greatly from the denial of other values. What we are attempting to suggest here is that all relevant factors must be taken into consideration in arriving at a decision regarding the Engebi resettlement and we must avoid an undue emphasis upon any one, lest we defeat our very purpose in doing what is best, overall, for the people of Enewetak.

Clear analysis of this question and compassionate consideration of the desires of the people of Enewetak cannot be accomplished by reference to some simplistic

numerical values contained in the radiation protection guides which apply in the United States. There is no such thing as radiological safety just within those standards and danger just outside them. Such a notion is scientifically and legally baseless. The radiation protection guides themselves are the result of a cost-benefit analysis which makes sense for the entire United States of America, on the average. Those RPGs do not answer the question for us at Enewetak. We must analyze it carefully taking into consideration all of the principles of Article 6 and determine in this particular case what is right.

The Protection Action Guides are the Only U.S. Radiation Protection Criteria Which are Relevant to the Enewetak Case

We have established that it is the responsibility of those who must make decisions concerning resettlement of Enewetak Atoll to give due consideration to all of the important interests reflected in Article 6 of the Trusteeship Agreement: customs and cultural values, economic development, protection of natural resources, education and health. It is not unique to the Enewetak situation that efforts to achieve some of these objectives necessarily preclude or diminish fulfillment of others. In a sense, the Enewetak case presents a sharp conflict between the radiological health hazards created by what is generally referred to as a "high" technology and some of the highest cultural values

of a singularly nontechnical society. Resolution of the conflict is not provided in a neat package of federal guidelines, but it is reasonable for responsible officials of the United States government to seek enlightenment from those who have worried about similar problems elsewhere. It is from this viewpoint that we will take a brief look at the Protective Action Guides [hereinafter "PAGs"] which were developed by the Federal Radiation Council and promulgated by President Lyndon B. Johnson in 1964 and 1965.

The Appendix contains what we believe to be the primary source materials for a discussion of the PAGs, the circumstances under which they apply and a comparison of the PAGs with the standards for general population, contained in the Radiation Protection Guides which were promulgated in 1960 and 1961.

The most useful single discussion will be found in Appendix 5, an excellent article by Dr. Paul C. Tompkins, who was Executive Director of the Federal Radiation Council during all of its most important work. We recommend heavy reliance upon his views because he seems to have given the most careful thought to the application of a scheme of radiation protection and guidelines to real life situations.

We have included both the Radiation Protection Guides of 1960 and 1961 and the Protective Action Gudies of 1964

and 1965 in Appendix 6 for direct comparison. Although the Federal Radiation Council's Staff Reports Numbers 1 and 2 are of some interest here, because of the limited space available, they have been omitted. Federal Radiation Council Staff Reports Numbers 5 and 7 are set forth in full in Appendix 7. A reading of these reports makes it clear that the PAGs are the only guidelines of any relevance to the Enewetak case. Also of interest, but omitted because of space limitations are the extensive hearings before the Subcommittee on Research, Development, and Radiation of the Joint Committee on Atomic Energy, held June 29 and 30, 1965. Entitled Federal Radiation Council Protective Action Guides, these hearings dealt specifically with the purpose of the PAGs and the distinction between them and the RPGs which had been promulgated five years earlier. Everything therein supports the assertions we make here.

Now we shall attempt in the briefest possible way to describe the RPGs and the PAGs and the difference between the two sets of guidelines.

In 1963, at hearings before the Joint Committee on Atomic Energy, Dr. Tompkins made the following observations regarding the use and application of the 1960 and 1961 Radiation Protection Guides:

> [T]hese guidelines were developed to control the release of radionuclides to the environment as the result of industrial and scientific activities, [hence] the values set for this purpose are judged to represent risks to health which are so low that protective action affecting some other segments of the economy is not required. Indeed, the [Federal Radiation] Council has pointed out, an action causing disruption in the normal production, distrubution, and use of food might very well have an adverse rather than favorable effect on public well-being.
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> The principle point which I would like to establish at this time is that, although the basic [RPG] guidance deals with exposures to people and to concentrations of radionuclides in the environment, these guidelines are intended to be communications from the radiation protection professional people to the administrators who must make decisions affecting the release of radioactive material to the environment. They are not intended, and should not be used to make decisions affecting a different sector of the economy and, in particular, they should not be used as a basis for making decisions affecting the food and agricultural activities of the nation. [Emphasis added.]

"Fallout, Radiation Standards, and Countermeasures," Hearings Before the Subcommittee on Research, Development, and Radiation of the Joint Committee on Atomic Energy, 88th Cong., 1st Sess. 8-9 (1963). It should be noted that these hearings took place prior to the issuance of the first PAGs the following year. The RPGs were developed with "normal peacetime operations" in mind and that term was generally

meant to include the industrial use of radiation and any exposures of the general population which might result from accidents associated with medical or scientific uses of radiation. The RPGs did not apply to disagnostic or therapeutic uses of radiation prescribed by physicians for their patients, nor to exposures to radioactive fallout.

The RPG numerical values of 500 mrem per year for the individual in the general population and 5 rem per thirty years were thought to approximate the level of background radiation with which "man has existed throughout his history. . ." "Radiation Protection Guidance for Federal Agencies," Fed. Reg., May 18, 1960 (set forth in full in Appendix 6).

The RPGs were intended solely to set standards for the design of future sources of radiation. On the premise that any exposure of human beings to ionizing radiation, including that from the natural background, can potentially have deleterious effects, the numerical guidance recommended by the F.R.C. Staff Report No. 1 was deliberately set very low, in order to inspire those who had control over the design and construction of new sources of radiation to weigh the relative benefits and risks carefully and to design the source accordingly.

An important assumption was that the nuclear generation of electrical power and the industrial and scientific uses

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of radiation all had a strong element of benefit to them. At the same time, it was recognized that the radiation was potentially harmful. Decisions with respect to the design, manufacture, placement and use of these radiation sources were to be made employing a benefit/cost analysis which struck the best possible balance between the good and the bad effects of the radiation. But decisions regarding countermeasures to be taken with respect to radiation which has been released to the environment entails different considerations and requires a different approach.

For example, plans for the testing of nuclear weapons in the atmosphere are governed by the RPGs. The assumed benefit to be derived from the development of a nuclear arsenal must be weighed against the health hazards of radioactive fallout. It is ironic that, as Dr. Tompkins observed in the 1963 hearings before the Joint Committee on Atomic Energy, management of the primary source of radiation in that case (the nuclear bombs) would require "transfer of the U.S. test series to the Pacific" in order to achieve radiation protection, presumably for the United States population. 1963 J.C.A.E. hearings 302. But:

> [O]nce weapons testing in the atmosphere has taken place, the dose to be permitted in lieu of such alternatives as depriving the population of essential food stuffs might also be quite different from levels used in the planning phases [of the weapons tests].

P. Tompkins, Appendix 5, pp. 279-80; see also Id. pp. 282-83.

The Protective Action Guides were developed and intended to provide guidance for the conditions where a contaminating event had occurred, introducing radioactive material into the environment in such a way that it constitutes a health hazard to human beings via the food chain. FRC Staff Report No. 5 (set forth in full in Appendix 7). The "release of radioactive materials from the detonation of nuclear weapons or other nuclear devices" was expressly distinguished from the "normal peacetime operations" to which the RPGs apply. Id. 1-2.

A protective action is defined as "an action or measure taken to avoid most of the exposure to radiation which would occur from future ingestion of foods contaminated with radioactive materials." Id. 7. The FRC expressly recognized that action of this sort, intended to be beneficial, could also have an adverse effect.

> Protective actions are appropriate when the health benefit associated with the reduction in dose that can be achieved is considered sufficient to offset the undesirable factors associated with the action.
>
> * * *
>
> A decision to implement a protective action involves a comparison of the risk due to radiation exposure with the undesirable features of the contemplated action.

Id. 7. And the greater "the degree of intervention in accustomed activity" the greater the radiation risk must be to justify it. Id. 8.

The type of protective actions contemplated by the Protective Action Guides are generically the same as those which have been considered in connection with the resettlement of Enewetak Atoll:

> 1. Altering production, processing or distribution practices affecting the movement of radioactive contamination through the food chain and into the human body. This action includes a storage of food and animal feed supplies to allow for the radioactive decay of short-live nuclides.
>
> 2. Diverting affected products to uses other than human consumption.
>
> 3. Condemning foods.

Id. 8. Also included are "alterations of the normal diet." Id. 9.

At Enewetak protective actions which have been recommended include modification of the diet by restriction of the planting of coconut and other trees and restrictions in living patterns. These are all protective actions within the meaning of the PAGs. Unlike the conditions to which the RPGs apply, following a contaminating event one is no longer faced with the choice between benefit and risk, but rather a choice between the risks associated with exposure to the environmental sources of radiation and

the risks associated with alteration of normal living patterns and, in the case of Enewetak, important cultural values. The Federal Radiation Council offered the following guidance for those who have to make these kinds of decisions:

> 1. If the projected dose exceeds the PAG, protective action is indicated.
>
> 2. The amount of effort that properly may be given to protective action will increase as the projected dose increases.
>
> 3. The objective of any action is to achieve a substantial reduction of dose that would otherwise occur - not to limit it to some prespecified value.
>
> 4. Proposed protective actions must be weighed against their total impact. Each situation should be evaluated individually. As the projected doses become less, the value of protective actions becomes correspondingly less.

Id. 9. These observations are especially appropriate to the Enewetak situation, where to forbid the resettlement of an entire island, or to require substantial alteration of the normal diet pose threat of serious harm to the people of Enewetak.

The numerical value of the PAGs are considerably higher than the RPGs. Categories I and II are related to the internal dose in the first year following a contaminating event and Category III relates to internal exposure via the food chain after the first year. Category I deals

specifically with the radionuclide pathway to man via pasture-cow milk. The numerical guide for Category I is

> a mean dose of ten rads in the first year to the bone marrow or whole body of individuals in the general population...provided... that the total dose from Category I does not exceed 15 rads.

"Radiation Protection Guidance for Federal Agencies," Fed. Reg. May 17, 1965, p. 6954 (see Appendix 6).

For Category II, which is concerned primarily with the transmission of strontium-89, strontium-90 and cesium-137 through food crops, the numerical value is

> a mean dose of five rads in the first year to the bone marrow or whole body of individuals in the general population.

Id. p. 6955.

Category III is concerned with the long-term effects of strontium-90 and cesium-137 in the food web, following the first year after the contaminating event. The FRC expressly recognized that "there can be [such] extremely wide variations in the sitautions that might exist" under Category III, that no specific numerical protection action guide could be recommended. Instead, it was recommended that:

> The desirability of protective action against exposure to environmental radioactivity from situations in Category III be determined on a case by case basis. If it appears that annual doses to the bone marrow after the first year may exceed 0.5 rad to individuals or 0.2 rad to a suitable sample of the population such situations shall be appropriately evaluated.

Id. p. 6955.

The proposed resettlement of Engebi island is a case which falls within Category III of the Protective Action Guides. In other words, what should be done with respect to the environmental radioactivity at Engebi must be considered, ad hoc, and a decision made for that case alone. Several protective measures have already been considered and should be approved. The radiological health and environmental monitoring program which we discuss elsewhere is in and of itself the most important protective measure which can and should be taken. It provides careful environmental monitoring so that decisions about modifications in the agriculture program, the diet or the living pattern can be taken prior to any exposure via the food web.

In addition, the agricultural redevelopment program for Engebi should include the planting methods which will minimize the dependence of each tree upon the soil which contains the strontium and cesium. A special "clean bed" of soil and nutrients can be used for each tree. Even the

precise position in which the coconut is planted can effect the tendency of the tree to take its nutrients from near the surface or further down where the radio-contamination is greater. The importation of fresh soil should be considered by the soil scientists and if advisable, it should be included in the program.

Of perhaps greatest single significance is the ability of the people to maintain their preferred diet. The dietary survey which became the basis for the dose assessment found that approximately 60% of the diet consists of imported food (i.e., packaged foods of one kind or another imported from the United States, Japan or Australia) and the remainder from domestic food stuffs grown on the island. It is only these latter foods which contain any appreciable amounts of radiation, principally the coconut, pandanas and breadfruit. In estimating the health risks of a settlement at Engebi, Dr. Brill assumes that people will be able to observe their preferred diet 75% of the time and 25% of the time they will be totally dependent upon locally grown foods. This will result in an average annual radiation dose of 163 mrem or a total of 4.9 rem in 30 years. If they are permitted to maintain their preferred diet, that is their normal diet with 60% imported foods and 40% local foods, then the total

30 year dose is 4.6 rem. If the island is not supported with adequate field trip service, which is the only source of imported foods, then the dose could go as high as 8.5 rem for 30 years.

These numbers point up the importance of the field trip service to maintaining the lowest practicable dose, because the diet is far and away the most significant contributing factor. Thus, one important protective measure which should be instituted is adequate transportation to bring the stores of food to the island, those which are essential to the normal, preferred diet of the people. This can easily and economically be done as part of the Marshall Islands Radiological Health Program which we discuss elsewhere in this statement. Necessarily that program will involve regular vists to Enewetak island by ship. Food supplies can be carried at the same time.

Furthermore, it is entirely conceivable that a cache of packaged foods could be set up on the islands at the time of resettlement and maintained in storage for the time when the field trip service fails. The field trip service has never been good in Micronesia and we understand that its quality has deteriorated significantly since the High Commissioner transferred management of the Trust Territory ships to the Marshall Islands government.

With these protective measures, taking into consideration the relatively low doses and their correspondingly low risk, the resettlement of Engebi island becomes entirely feasible.

We note in passing that the agency responsible for development of radiation protection guides, the Environmental Protection Agency, essentially agrees with our approach. While they do not necessarily agree with our assertion that the RPGs and the PAGs are mutually exclusive and that only the PAGs apply here, David R. Rosenbaum, Deputy Assistant Administrator for Radiation Programs, in a letter to Ruth G. Van Cleve, Director, Office of Territorial Affairs, dated August 23, 1979, made it very clear that the numerical RPG values do not operate as an absolute upper limit. He also pointed out that Category III of the Protective Action Guides "applies to the Enewetak situation." Appendix 4.

We close our discussion of this topic with some salient observations from FRC Staff Report No. 7, p. 6, which is included in Appendix 7:

> Caution should be exercised in decisions to take protective actions in situations where projected doses are near the numerical values of the RPGs, since the biological risks are so low that the [protective] actions could have a net adverse rather than beneficial effect on the public well-being.

Conclusion

If the protective measures which we described are undertaken, the resettlement of Engebi island is entirely feasible.

CONCLUSION

We apologize for having to burden you with such an enormous amount of information and material, but we hope that you will find good reason to agree with us that the decision of the people of Enewetak to resettle Engebi was a rational one, based upon adequate information. We also hope that you will see fit to appropriate the necessary funds so that this important project, the rehabilitation of Enewetak atoll, can be completed with the reestablishment of the ancestral home of the dri-Engebi.

Mr. DUNCAN. Mr. Mitchell, you can introduce the members of your delegation, if you will. The appendix we will keep and not reprint it, with your permission. We will keep it in the files and study it carefully, if you don't mind.

Mr. MITCHELL. I would suggest that the appendix to our statement being considered for the record would be worth the effort and the space, but I really don't want to bog down on that at this point.

Mr. DUNCAN. I will not order it for the record, at this point. We will take a look at it, and make a decision. In any event, we will place it in the committee files and it will be considered carefully with respect to decisions we might make.

Now, would you introduce your delegation for us.

Mr. MITCHELL. Yes. I would like to introduce first Iroij Johannes Peter, the gentleman two places to my left. He is the Iroij for the southern part of Enewetak Atoll. We don't know exactly how old he is. He doesn't really keep track, but it is somewhere between 90 and 100.

Mr. DUNCAN. Remarkable. Welcome!

Mr. MITCHELL. Next to him at his left is Binton Abraham, who is the Iroij for the northern part of the atoll.

Mr. DUNCAN. Both of you are Iroijes?

Mr. MITCHELL. Also a hereditary leader. John Abraham is elected by all of the people of Enewetak, as their magistrate.

Mr. DUNCAN. Mr. Abraham, are you related?

Mr. HEINE. Yes, they are brothers.

Mr. MITCHELL. The gentleman who just responded to you is Dwight Heine, who is from the Marshall Islands. He is here, working with us, although in real life, he is the special consultant to the High Commissioner.

To my right, is Dr. Michael Bender, who has been engaged by us to advise us and our clients on the genetic effects of radiation.

To his right is Dr. Aaron Bertrand Brill, who is an expert on the somatic effects of ionizing radiation, in this case, that means cancer.

Mr. DUNCAN. What kind of effects?

Mr. MITCHELL. Somatic, the effects upon the human body in a current generation.

Mr. DUNCAN. All right. Mr. Mitchell, can you summarize your statement for us?

Mr. MITCHELL. Yes, by all means. But before I do that, Iroij Johannes would like to say something very, very briefly, and then Iroij Binton would also like to make a statement in their own language to be translated by Dwight Heine.

Mr. DUNCAN. Fine, you may take all the time you like. We would welcome your statement.

STATEMENT OF IROIJ JOHANNES PETER

Mr. PETER [Speaking in native tongue].

Mr. HEINE [Translating for Mr. Peter].

Mr. Chairman, I would love to have talked with you, but I cannot talk in your language, neither can I read because my eyes are not as good as they used to be, so I let someone else read the statement, which I would love to read.

Mr. DUNCAN. Very well, we appreciate your being here.

STATEMENT OF IROIJ BINTON ABRAHAM

Mr. ABRAHAM. Mr. Chairman and members of the Committee:

Mr. HEINE [Translating for Mr. Abraham]. Mr. Chairman——

Mr. DUNCAN. I got the Mr. Chairman.

Mr. HEINE [Translating for Mr. Abraham]. Members of the Committee, it is a great pleasure to appear before you again, to both report on the successful completion of the radiological cleanup of our island, and to urge you to provide the necessary funds to complete the rehabilitation program, with the construction of a community on Enewetak Island.

Mr. Chairman, when we visited with you before, three years ago, the cleanup program had just barely begun, and the rehabilitation program was only a plan. We want to express to you, on behalf of all of our people, our deepest and most profound gratitude for the rehabilitation program which is virtually complete now for the islands in the southern part of our atoll.

It is with mixed feelings that I return to ask for further assistance on behalf of the members of a group who are known as Dri-Enjebi, those who traditionally lived on Enjebi Island, in the northern part of our atoll.

My mixed feelings are due to the fact that because you have given so generously, I am somewhat ashamed to ask you for more help. But I must make you aware that because of the successful completion of the cleanup program, it is now possible for us to fully rehabilitate the atoll, and reestablish the ancestral community of Enjebi Island.

If that can be done, if you can provide the funds for that purpose, you have fully and completely restored us to our traditional way of life. Our attorney, Mr. Mitchell, has prepared a comprehensive statement on our behalf, which we would like you to accept for the record. In order to facilitate this matter, we have authorized Mr. Mitchell to speak on our behalf. Also, I have approved Mr. Heine as translator; he understands us very well. He is also Marshallese. Please feel free to call upon him to help you understand us better.

Thank you very much, Mr. Chairman.

Mr. DUNCAN. Thank you very much for a very eloquent statement. We appreciate it, Mr. Abraham. The statement may be made a part of the record.

[The statement follows:]

RESOLUTION OF THE COUNCIL OF ENEWETAK

Whereas while the People of Enewetak are one people, consisting of two subgroups known as the People of Engebi and the People of Enewetak; and

Whereas within the Atoll of Enewetak, the island of Enewetak is the traditional dwelling place for the People of Enewetak; and

Whereas Engebi Island is the traditional residence island of the People of Engebi; and

Whereas it is of vital importance to the People of Engebi to re-establish their homes upon Engebi Island; and

Whereas all of the people of Enewetak Atoll fervently hope and pray that the People of Engebi will be assisted by the United States of America in achieving the fulfillment of their desire; and

Whereas representatives of the Department of Energy have explained the radiological conditions which exist at Engebi Island; and

Whereas the People of Enewetak and Engebi have carefully considered the radiological report of the Department of Energy; and

Whereas the People have consulted with their own independent advisors regarding the conditions at Engebi Island; and

Whereas the People of Enewetak are satisfied that they have sufficient information to make an intelligent decision regarding the resettlement of Engebi Island; and

Whereas the People of Enewetak believe that it is their fundamental right to decide their future and to call upon the United States to assist them in the fulfillment of their desire to resettle Engebi Island; and

Therefore be it resolved that, the People of Engebi shall and must return to live on the island of Engebi at Enewetak Atoll; and

The United States Government be implored to concur in this decision and to provide all necessary assistance to enable the People of Engebi to return to their traditional homeland.

IROIJ JOANNES PETER
(And 14 others).

Done this 20th day of September 1979, at Ujelang Atoll.

Mr. MITCHELL. Mr. Chairman, most of what I would have otherwise said is completely unnecessary because of your earlier questions and your approach to the whole problem.

I can say 10 percent or less, of what I had in mind to begin with.

CLEANUP PROGRAM

I would like, so far as the cleanup program is concerned, to give you that red binder with some pictures that come from Admiral Robert Monroe, the Director of the Defense Nuclear Agency, who has done a magnificient job of providing the leadership over the last three years for that project. I would submit, for the record, a report which he prepared at the request of Congressman Phillip Burton.

Mr. DUNCAN. That is in what you already gave us?

Mr. MITCHELL. Yes. If that may be submitted for the record, I would have nothing more to say about the cleanup program.

Mr. DUNCAN. There are some pictures here of pouring concrete. Are they covering the debris with concrete?

Mr. MITCHELL. That is a crater on the north end of Runit. They used what is called a tremmy operation that mixed the radiocontaminated soil in cement, fed it into a pump and through a hose down into the bottom of the crater. It filled up the entire crater, and they kept right on going until they had a huge dome which you see at the very end of the book.

Mr. DUNCAN. Are there any Marshallese working on this project?

Mr. MITCHELL. A few, very few. Most of it was done by military personnel and contractors.

Mr. DUNCAN. Why didn't they hire Marshallese to do this project?

Mr. MITCHELL. Most of it is highly technical, and the work had to be done under a very tight schedule.

There were about 110,000 cubic yards of radiocontaminated soil that was picked up in various places and deposited inside that dome that you see. Another 215,000 cubic yards of uncontaminated debris was removed. All in all, it was a massive undertaking that was very thoroughly and well done.

RADIATION HEALTH EFFECTS

That leads to what I would like to offer a broad suggestion: that the only way to deal with these matters is to understand the health effects, the so-called risk estimate of the radiation. I will suggest—and in our statement we have discussed exhaustively the question of standards—I will suggest it doesn't help us at all. You are not safe just below the standards, and you are not in any more danger just above them than you are right at them. It is a question, as your earlier questions have implied, of just what does the radiation do to you after all, and what does that mean in the context of life in general for the population concerned.

I will have to tie it in with the cleanup operation to this extent. Admiral Monroe, although not originally asked to do this, appreciated the importance of Enjebi Island to these people, and did his best to clean up the transuranic elements there, and he accomplished that objective. He brought the soil concentrations at Enjebi down to within 40 picocuries per gram of soil, which is the standard for residential islands.

That left one broad question remaining. Can people live there? Can they live normally? Can they live in a fashion that they prefer? In order to answer that question, you have to do a dose assessment and a risk estimate. The dose assessment was done very, very well. In December, 1978, we called on the Department of Energy to do it. They gave the task to Dr. William L. Robison, at Lawrence Livermore Laboratory, who is in the room today. He, in charge of a team of scientists, and probably tens, if not hundreds, of technicians, calculated the radiation dose the person would get if living on Enjebi.

CANCER RISK ESTIMATES

But that information standing alone, expressed as so many millirem, which you see so much of in the DOE book there—which scared the life out of us, too, when we looked at it—doesn't tell you anything. You have got to give that information to some specialists who understand the relationship between radiation and cancer, and radiation and genetic effects. For that purpose, we hired our own advisors, the two gentlemen to my right, whom I have already introduced. They perform what is called a risk estimate.

They can explain to you how they do that. But the conclusion that they reached, after carefully considering it, is just how many cases can you expect, as a result of the amount of radiation that is present in the dose assessment. They can also explain their methods and how to understand the results.

Mr. DUNCAN. Let them do it for us, will you?

Mr. MITCHELL. Right now?

Mr. DUNCAN. Yes. As I look at what we have heard today, Enjebi is going to be contaminated for 35 to 40 years, even if we used imported food. If we don't use imported food, it is 65 to 70 years. On a comparative scale, I am under the impression that Enjebi is three times as bad as Eneu. Now three times nothing is still nothing. I would be delighted to hear what some of you radiological experts have to say to us laymen, who unfortunately, have to make some of these decisions. We want someone to clarify, not confuse.

Dr. BRILL. Let me start with the question of radiation dose, in terms of the figures that were given us by Dr. Robinson and his associates.

If one computes for the different living patterns on Enewetak, Enjebi, Eneu, and the different scenarios involving Bikini, the 30-year average radiation dose in millirems per year, and in this circumstance, as Dr. Wachholz pointed out, a number of different dietary scenarios could be utilized. We, in our calculations, assumed that 25 percent of the year, the people would rely upon local produce. And 75 percent of the time throughout the year, they would have accesss to imported food.

With those assumptions, which differed very slightly from those used by the Department of Energy for Enewetak, one comes up with the dose millirem per year, averaged over the thirty-year period, of 12 millirem per year. The next higher dose, assuming——

Mr. DUNCAN. Slow down just a second, sir, if you don't mind.

Dr. BRILL. Sure.

Mr. DUNCAN. You are smart enough to keep your train of thought, and I am not.

RADIATION DOSE AVERAGES

You are averaging this over 30 years, and my understanding of their testimony was that in 35 to 40 years with imported food, we could safely move back. If you average it over 35 to 40 years, aren't you loading these people up with radiation in the first part of it, and then it is going to decline in the last part of it?

Dr. BRILL. Given the relationship between radiation and effect, which assumes a linear relationship between the amount of dose and the amount of effect, a 12 millirem per year radiation dose, averaged through the lifetime of these people, would result in 0.07 added cancers in their entire lifetime.

Mr. DUNCAN. In this size population?

Dr. BRILL. In this size population.

Mr. DUNCAN. What size population are we talking about?

Mr. MITCHELL. We are talking about roughly 200.

Dr. BRILL. 273 people, I believe was the estimate that that number was based upon, 273.

Mr. DUNCAN. But is that true, that even though you get a more intensive dose which tapers off, can you average that out over 30 years?

Dr. BRILL. That is the assumption that we have been operating on in all the radiation protection standards calculations to date.

Mr. DUNCAN. That a high dosage in the immediate period of time can be balanced by lower dosages at the end of a person's life?

Dr. BRILL. Exactly.

Mr. DUNCAN. Is that borne out by experience?

Dr. BRILL. It is, except for the fact that people believe that if given at a slow rate, over a long period of time, the effect is less than if it is given in a single exposure. So that there is reason to believe, and indeed the best estimates that the National Academy of Sciences' BEIR III Committee has come up with include a dose reduction factor for protraction of the exposure.

The numbers I was giving you were assuming linear relationships with no recovery whatsoever, due to the fact that it is being delivered as a slow dose rate.

So that the magnitude of the effect that we are talking about here, in Enewetak, appears to be very low indeed.

Mr. DUNCAN. 0.007, that was the——

Dr. BRILL. The number I gave, really was .07, as a relative risk, relative to the incidence of cancer in the people who had returned to Enjebi.

[COMMITTEE NOTE: After the hearing the committee was advised that ".07 is the number of additional cancers that could be expected above normal morality in that population based upon relative risk incrementals," and that "coincidentally the dose to persons returning to Enewetak is also 7 percent of the dose estimated for Enjebi (30-year average), and hence the risk relative to Enjebi is also .07".]

Mr. DUNCAN. Over what you would expect in a population not exposed to Enjebi?

Dr. BRILL. Exactly. If you ranked the other scenarios, intermediate between Enewetak and Enjebi, the 100 percent living circumstance on Eneu has a relative risk of 0.53. There would be 0.53 as many cancers between 0 and 1 in the lifetime of the population.

Mr. DUNCAN. On Eneu?

Dr. BRILL. On Eneu.

Mr. DUNCAN. Well, that's a higher risk factor.

Dr. BRILL. It is a higher risk than Enewetak, but it is a lower risk than Enjebi.

RISK AT ENJEBI ISLAND

Mr. DUNCAN. Let's see, tell us what do you have on Enjebi here. Let's see what we have on that.

Mr. MITCHELL. Mr. Chairman, may we suggest, at this point, as a submission for the record, the radiation health effects estimates; those documents that you have before you?

Mr. DUNCAN. Without objection, they will be included.

[The reports follow:]

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

AUG 23 1979

Mrs. Ruth G. Van Cleve
Director, Office of Territorial Affairs
Department of the Interior
18th & C Streets, N.W.
Washington, D.C. 20240

Dear Mrs. Van Cleve:

The Environmental Protection Agency has examined the applicability of Federal Guides to radiation protection for those Marshall Islands people who want to return to Enewetak. Several issues are relevant to this possible Federal action, and the following are our views:

1. Do Federal Guides apply to this situation?

Yes. It is our view that any Federal action conducted by an agency of the U.S. Government is subject to the Federal Radiation Protection recommendations approved by the President. The responsibility to provide these recommendations was created by Executive Order 10831 and was later enacted by Congress. It is codified at 42 U.S.C. 2021(h) and was transferred to EPA by Reorganization Plan No. 3 of 1970. The appropriate language reads as follows:

> It is the statutory responsibility of the Council (Administrator) to "...advise the President with respect to radiation matters, directly or indirectly affecting health, including guidance for all Federal agencies in the formulation of radiation standards and in the establishment and execution of programs of cooperation with States...". (25 F.R. 4402)

2. What Federal Guides are to be used?

The appropriate Guides are those approved by President Eisenhower in 1960 (25 F.R. 4402) and by President Kennedy in 1961 (26 F.R. 9057). These guides are designated as Radiation Protection Guides (RPG's). The 1960 RPG for an individual in the population is 0.5 rem per year and applies when individual whole body doses are known. When the individual whole body doses are not known, as an operational technique to provide

resonable assurance that the 0.5 rem per year is met, the protection guide for annual whole body dose is 0.17 rem per capita per year. Likewise, the annual individual whole body dose of 0.5 rem is likely to assure that the 1960 gonadal RPG of 5 rem in 30 years is not exceeded. The 1960 guides did not include internal emitters, but in 1961 additional guidance was provided to translate the 1960 RPG's into daily rates of intake of specific radionuclides, e.g., strontium-89 -90, based on equivalent organ doses or lower. These guides are basically identical to those promulgated by the International Commission on Radiological Protection.

Additional Federal guidance was provided as Protective Action Guides by President Johnson in 1964 (29 F.R. 12056) and in 1965 (30 F.R. 6953). This guidance is applicable to acute localized contaminating events. Only Category III for controlling the "...long-term transmission of strontium-90 through soil into plants in the years following..." applies to the Enewetak situation, since the other PAG's are limitations imposed in the first year following the event. The numerical dose limits for Category III are effectively identical to the RPG's quoted above after the first year.

In our view, the 1960 RPG's and the operational techniques for their attainment are applicable to the Federal programs concerned with Enewetak.

3. Can the 1960 Federal Guides be exceeded?

- Yes. The guidance states the following:

> It is recommended that:
> 7. The Federal agencies apply these Radiation Protection Guides with judgment and discretion, to assure that reasonable probability is achieved in the attainment of the desired goal of protecting man from the undesirable effects of radiation. The Guides may be exceeded only after the Federal agency having jurisdiction over the matter has carefully considered the reason for doing so in light of the recommendations in this paper. (25 F.R. 4402)

Further in 1965, it was stated that:

> Although radiation doses numerically equal to the RPG's may impose a risk so small that they can be accepted each year for a lifetime if there is significant benefit from the programs causing the exposure, they do not and cannot establish a line that is safe on one side and unsafe on the other. Rather, some risk of injury may exist at any level of dose and the risk continuously increases with dose. Caution should be exercised in decisions to take protective actions in situations where projected doses are near the numerical values of the RPG's since the biological risks are so low that the actions could have a net adverse rather than beneficial effect on the public well-being. (30 F.R. 6953)

Thus, in carrying out its programs, the Department of Interior can, without violation of Federal Guides, allow the possibility of occasional individual doses in excess of 0.5 rem/yr, provided it has carefully considered the reason for doing so.

If further information is required, please contact Dr. William A. Mills of my staff for assistance.

Sincerely yours,

David M. Rosenbaum
Deputy Assistant Administrator
for Radiation Programs (ANR-458)

cc: Dr. Bruce Wachholz, DOE

bcc: Mr. Todd Joseph (A-133)
Dr. Gordon Burley (ANR-460)

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PLEASE REPLY TO Washington Office

October 24, 1979

Alan C. B. Richardson
Chief
Federal Guidance Branch
Criteria and Standards Division (ANR-460)
Environmental Protection Agency
Washington, D.C. 20460

Dear Alan:

Thank you very much for sharing your trip report with me and for a copy of your letter of August 23 to Mrs. Van Cleve. I find both to be very interesting.

Your trip report I think accurately captures the essence of the Dose Assessment Conference. I hope you will have the opportunity to help the people at Interior understand it as well.

Your letter, of course, discusses the same issues which we addressed in our "Radiation Protection for Enewetak Atoll" which was not finished until September. Without having had the benefit of our legal analysis, it seems to me you came very close to the same result! Let me point out the only ways in which we disagree.

Do federal guides apply to this situation? You say yes. We say, no, not directly, but they are relevant to informed decisionmaking under the Trusteeship Agreement.

DEFENSE NUCLEAR AGENCY
WASHINGTON, D.C. 20305

28 March 1980

Honorable Phillip Burton
House of Representatives
Washington, D. C. 20515

Dear Mr. Burton:

On behalf of the Joint Chiefs of Staff I am pleased to respond to your request for a report (enclosed) on the radiological cleanup of Enewetak Atoll. As you know, the Defense Nuclear Agency is the Department of Defense Project Manager for this operation.

The Enewetak radiological cleanup and rehabilitation program has been one of the great American success stories of recent times. Three years ago Enewetak was a dangerous, quarantined atoll, littered with debris and wreckage from World War II and a decade of nuclear weapons testing. Many islands were contaminated with radioactivity, some of them dangerously so. In short, the atoll was virtually an unhabitable wasteland.

Today, Enewetak Atoll is clean and safe for resettlement as planned. More than 110,000 cubic yards of radioactive debris and soil have been collected from throughout the atoll and immobilized in concrete in one location. Another 215,000 cubic yards of uncontaminated but hazardous debris have been disposed of, and about 16,000 rounds of potentially deadly World War II ammunition have been located and destroyed. Homes for the People of Enewetak have been constructed using designs and locations of their own selection. Subsistence crops and commercial coconuts have been planted. This spring the People of Enewetak will be able to return to their ancestral homeland and resume a lifestyle of their choosing, in balance with nature, and with relatively few restrictions on their actions.

This transformation has been achieved through a remarkable effort by the American people--unprecedented in history. The radiological cleanup and rehabilitation have cost about $100 million, and the work has required an on-atoll task group of about a thousand men and women of the Department of Defense and other organizations for the past three years. The radiological characterization effort was more technologically complex and scientifically advanced than any previously attempted.

For the military personnel of the cleanup force, working conditions were primitive and strenuous, and six men lost their lives during the operation. Work weeks were nominally 60 hours, actually much more, under conditions of high temperature and humidity, the potential for exposure to radiation, and often the need to work in confining anti-contamination clothing and masks. Living conditions were austere. In spite of these hardships, the overriding feeling of those involved in the Enewetak radiological cleanup project has been one of intense pride in contributing to the accomplishment of an important humanitarian effort--the restoring of the homeland for an entire people.

It is fashionable today to deplore the radiological residue and hazards from America's nuclear weapons test programs of past decades, without giving recognition to the national security imperatives that led to the programs, or the beneficial results realized from them. The nuclear weapons whose development was made possible by the testing at Enewetak have been major elements in the mechanism of deterrence that has ensured the security of the free world and the absence of nuclear war for the past three decades. With the Enewetak radiological cleanup and rehabilitation, America has lived up to its responsibilities to set right the adverse effects of the testing. All those involved in the cleanup project--and every American--can take great pride in this accomplishment.

Sincerely,

R. R. MONROE
Vice Admiral, U. S. Navy
Director

1 Enclosure
Rpt, "The Radiological Cleanup of Enewetak Atoll," of March 1980

Defense Nuclear Agency
March 1980

# THE RADIOLOGICAL CLEANUP OF ENEWETAK ATOLL

In April 1980 the Department of Defense (DoD) will return Enewetak Atoll to its People. This event will mark the end of the largest radiological cleanup operation ever conducted and will fulfill a moral obligation incurred by the United States thirty-three years ago. This paper summarizes these events from the perspective of DoD.

Enewetak is the northwestern atoll in the Marshall Islands--which themselves are one of the major island groups in Micronesia and in the Trust Territory of the Pacific Islands (TTPI). Enewetak lies some 2400 nautical miles west-southwest of Honolulu. The atoll is formed by a coral reef, oval in shape, which surrounds a lagoon stretching some 23 miles in a general north-south direction and 17 miles east-west. Rising from the reef at intervals along its circumference are some 40 low, sandy islands--most of them quite small.

The People of Enewetak--who have lived on the atoll for centuries, and who are different in many ways from other Marshall Islanders--subdivide into two groups: the dri-Enewetak, whose home is the largest southern island of the atoll (Enewetak); and the dri-Enjebi, whose home is the largest island in the north (Enjebi).

Enewetak's role in the nuclear age began shortly after World War II, when the imperatives of national security required the establishment of several proving grounds for the testing of nuclear weapons. Enewetak was one of the principal sites selected for this testing, particularly for the higher-yield thermonuclear devices that were then in the conceptual stage. The People of Enewetak--then numbering about 150--were relocated in 1947 to a much smaller atoll, Ujelang, some 125 miles to the southwest. A large scientific and military task force, under the joint direction of the Atomic Energy Commission (AEC--now the Department of Energy (DoE)) and DoD, established its headquarters on the southern islands of Enewetak Atoll. Between 1948 and 1958, 43 nuclear

tests were carried out on the atoll. The great majority were conducted in the northeastern quadrant, to keep the base camps in the south free of contamination. Some of the "ground zeros" were on the islands themselves, some were on the reef, some were in the lagoon, and one was in the ocean nearby. The tests were detonated in the air, on towers, on the surface of islands and reefs, on barges, and underwater. The nuclear weapons developed through this decade-long test program have been major elements in the mechanism of deterrence which has ensured the security of the free world and the absence of nuclear war for succeeding decades.

In 1958 the U.S. ceased nuclear testing on Enewetak, in response to a trilateral US-UK-USSR testing moratorium. However, radioactive debris and fission products from the detonations and the resulting fallout contaminated most of the northern islands to varying degrees. The southern islands, which had been used as a base for the scientific task force, remained relatively uncontaminated.

From 1958 until 1976 DoD retained custody of the atoll, and a small caretaker force remained on Enewetak Island in the south. The atoll was occasionally used for DoD programs not involving nuclear testing. During this period, in 1972, the U.S. Government decided that future national requirements in this part of the world could be met without use of Enewetak; and Ambassador Franklin Haydn Williams announced that the atoll would be returned to the TTPI Government, for subsequent return to the people--who by this time had not seen their homeland for 25 years. The announcement also committed the U.S. Government to cleanup and rehabilitation of Enewetak.

Planning for the radiological cleanup and rehabilitation programs was intensive and complex. It extended from 1972 until 1977, and involved major actions by numerous departments and agencies in the Executive Branch, by the Congress, and by the People of Enewetak. The hallmark of the entire effort was total involvement by the People of Enewetak in all major decisions.

The major milestones of the planning effort--each of which required many months or even years of work--were: conduct of a detailed radiological survey of the atoll, its islands, and the lagoon by the AEC; conduct of a comprehensive engineering survey of the structures and debris on the atoll by the Defense Nuclear Agency (DNA); preliminary planning of resettlement options with the People of Enewetak; development and study of cleanup options, and selection of a preferred course

of action, by an AEC Task Group; assignment of responsibilities to Executive Branch Departments, as follows: AEC for radiological characterization, DoD for radiological cleanup and operational support, and Department of the Interior (DoI) for rehabilitation and resettlement; development of a detailed Master Plan for rehabilitation and resettlement by the People of Enewetak, assisted by DoI, DoD, and AEC; development, issuance, and resulting action on an Environmental Impact Statement (EIS); development of disposal/containment options for radioactive soil and debris, and selection or a preferred plan; presentation of issues to the Congress, and ultimate Congressional authorization and appropriation; development by DNA of a Concept Plan (CONPLAN) governing the cleanup, and its approval by Joint Chiefs of Staff; assignment of individual responsibilities to Army, Navy, and Air Force; and development by DNA of a detailed Operation Plan (OPLAN) governing all facets of the cleanup operation.

At an early juncture in this planning process the Defense Nuclear Agency was designated the DoD Project Manager for the Enewetak operation.

A key decision in this process was that operations would be concurrent rather than sequential. The normal, conservative approach would have been to conduct the operation in three sequential phases: first, the detailed on-site radiological characterization by AEC (DoE); second, the cleanup by DoD, based upon the radiological characterization developed in the first phase; and third, the rehabilitation (homebuilding, crop planting, etc.) and resettlement by DoI, once the DoD cleanup had been completed. To save time and money, the planners decided on a much riskier concurrent approach, in which all three phases would be carried out simultaneously. Because support costs are a dominant portion of overall expense, this approach shortened the project by several years and saved tens of millions of dollars.

Because of the isolation and lack of facilities at Enewetak, any productive effort in any of the three phases required establishment and maintenance on the atoll of such supporting infrastructure as: an electrical power generation and distribution system; a fresh water distillation, storage, and distribution system; a complete airhead for air transportation; cargo-handling piers; regular sealift and airlift to and from the atoll; a tank farm for receipt, storage, and distribution of various types of fuel; living and messing accommodations for about 1,000 individuals; large-capacity refrigeration facilities for storage of food; extensive medical facilities up to the operating-room level; satellite and high-frequency long-haul

communications; an inter-island communication network; an extensive fleet of Navy landing craft and boats for inter-island water transportation, backed up by major boat maintenance facilities; vehicles for land transportation; helicopters and associated maintenance facilities for medical evacuation and other emergency use; underwater demolition and ordnance disposal capabilities; a large maintenance and repair facility for heavy construction equipment (bulldozers, graders, rock crushers, frontloaders, trucks, backhoes, cranes, etc.); a postal system; austere recreation facilities; etc.

Many of the early planning decisions addressed the problems of radiological contamination. It was recognized that a distinction had to be made between two types of soil contamination, "transuranics" and "suburanics." Transuranics are elements above uranium in the atomic table, such as plutonium. They typically have very long half-lives, e.g., 24,000 years in the case of plutonium. Suburanics, such as strontium-90 and cesium-137, have much shorter half-lives. These two, for example, are 28 and 30 years, respectively. The AEC's radiological survey had disclosed that, except on the island of Runit, most high transuranic concentrations were in the top few centimeters of soil. This was not the case with suburanics, which, because of their water solubility, were distributed to considerable depth. Since the near-surface transuranics had the greatest potential for ingestion or inhalation through resuspension, and since their threat was long-term, it was recognized that the cleanup would have to deal with them. Excision of soil contaminated with suburanics, however, was simply not practicable. To do so would require such extensive soil removal as to render the island useless for habitation or subsistence agriculture. However, by the same token, cleanup of suburanics was less essential because contamination levels were declining measurably year by year. Thus it was determined that, insofar as contaminated soil was concerned, the radiological cleanup would address transuranics.

Another key decision concerned the method for disposing of, or containing, contaminated debris and soil. Various options were developed and analyzed: lagoon-dumping, ocean-dumping, spreading over the surface of Runit, etc. The method selected--after extensive debate on the EIS--incorporated the following elements:

- All contaminated debris and soil on all islands would be transported by boat to the island of Runit.

o The contaminated soil would be mixed with cement and formed into a concrete matrix, which would fill the crater on the north end of Runit formed by the "Cactus" nuclear detonation.

o The contaminated debris would be encapsulated in this concrete matrix.

o The dome-like mound formed over Cactus crater would be covered with a concrete cap to remove any resuspension and inhalation threat.

o Since the entire island of Runit would remain quarantined indefinitely because of residual sub-surface contamination in its soil, presence of the capped, encapsulated contamination at the north end of the island should pose no future problems for the People of Enewetak.

In 1975 the Congress authorized the Enewetak Radiological Cleanup and Rehabilitation Project, and funds were appropriated in 1976. Congressional guidance was as follows:

o The radiological cleanup was to be accomplished by the Military Services.

o A total of $20 million was appropriated in FY 1977 Military Construction (MilCon) funds.

o DoD was directed to draw other needed resources, without reimbursement, from the Military Services' construction and support forces, their subsistence, equipment, material, supplies, and transportation.

o DoD was further directed to employ all feasible economies in the project, consistent with meeting radiation standards established by AEC (DoE).

o The People of Enewetak were required to agree that appropriation of the $20 million MilCon funds would constitute the total commitment of the U.S. Government for the cleanup of Enewetak Atoll.

During development of the Master Plan with the People of Enewetak, probably the most important decision involved choice of residence islands. Since residence islands would be the site of most subsistence agriculture, as well as living and sleeping quarters and community centers, great care had to be taken to ensure that the living patterns and

locations selected would not permit the people to accumulate lifetime body burdens of radioactivity at levels thought by medical science to cause any significant increase in the risk of adverse health effects. From the start it was clear that the dri-Enewetak could return safely to their home island of Enewetak in the south. The three large southern islands of Enewetak, Medren, and Japtan, which had been the base camp for the 4,000-man scientific task force during the test period, had remained essentially uncontaminated by the testing and had served as headquarters for the caretaker force subsequently. The level of residual contamination on these islands was generally less than that of most locations in the United States. At the outset it was hoped that the dri-Enjebi could return to their home island of Enjebi in the north. However, upon analyzing the results of the radiological survey, AEC (DoE) decided in 1974 that residual levels of suburanics in the soil of Enjebi would be such that the lifetime body burden accumulated by people eating crops grown in the Enjebi soil might exceed levels then considered acceptable. Accordingly, the Master Plan developed by the People of Enewetak and the U.S. Government in 1975 called for both the dri-Enewetak and the dri-Enjebi--then numbering about 450 in total--to reside on Enewetak, Medren, and Japtan in the south. Because of the relatively short half-lives of the principal suburanics in the north, it was recognized that eventual return to Enjebi would be possible.

In addition to identifying the three large southern islands as the location for residence and subsistence agriculture, the Master Plan also outlined virtually all other major aspects of the future life-style of the People of Enewetak after return to their atoll. For example, in it the people set forth their property boundaries, the desired location of each family's home, the house designs they had selected, the location and configuration of the community centers, their decision not to have electrical power in their homes, their option for individual water catchment systems rather than a distillation plant, etc.

The planning documents identified the desired utilization of each island as either residential, agricultural, or food-gathering. The acceptability of each island for the desired use depended upon the residual radiation levels, as follows:

o Islands whose soil met the tightest standard for amount of residual transuranics could be used for residence (including subsistence agriculture), provided suburanic levels were acceptable.

o Islands whose soil met an intermediate standard of residual transuranics could be used for agriculture (e.g., coconut trees for copra production).

o Islands whose soil met a lesser, but still acceptable, standard for residual transuranic contamination could safely be visited for food-gathering (fishing, bird's egg gathering, etc.).

o The lagoon was safe for all purposes, including fishing, for which the People of Enewetak would normally use it.

The radiological cleanup itself consisted of three phases spanning 35 months. Phase I, Mobilization, commenced on-atoll on 15 May 1977 and lasted six months, completing on 15 November 1977. Phase II, Cleanup, was scheduled for 22 months, terminating on 15 September 1979. Phase III, Demobilization, was scheduled for seven months, completing on 15 April 1980. DoI's rehabilitation effort was to start subsequent to DoD's Mobilization Phase, but was scheduled to complete concurrently with DoD on 15 April 1980. These schedules were established in 1976, during preliminary planning, and the entire project has remained on schedule all the way through to completion.

Mobilization began in the spring of 1977. The base camp on Enewetak Island, which had served as the home of the caretaker force for many years, was expanded manyfold to accommodate the support forces, the cleanup forces who would clear the southern islands of uncontaminated debris, and the DoI contractor who would carry out the rehabilitation effort. An advance camp was constructed on the island of Lojwa in the northeastern chain. Residual radiation levels on Lojwa were very low, and the island was of adequate size to accommodate the cleanup force of about 400 men who would clear the northern islands of uncontaminated debris, contaminated debris, and soil with the highest levels of transuranic contamination. Lojwa also served as the base for the sizeable force which carried out containment operations for contaminated material on the island of Runit.

Throughout the summer and fall of 1977 on-atoll personnel levels rose and construction activity increased, until by the end of the Mobilization Phase on 15 November 1977 the camps on Enewetak and Lojwa were completed and the on-atoll force numbered about 900.

During the planning stages it had been recognized that the People of Enewetak--then exiled from their homeland for 25 years--longed to return to their atoll as soon as possible; yet the cleanup and rehabilitation efforts would keep them away for three more years. To accommodate their desires to the maximum extent possible, an "early return" program was established whereby some 50-60 of the people could return at the start of the Mobilization Phase and live on Japtan, one of the uncontaminated islands in the south. The people selected those who would first return to Japtan (generally the older individuals, some of whom might not survive for three more years), and the U.S. Government established austere temporary housing facilities. The results were highly successful, in that it meant a great deal to the people (who rotated residents between Japtan and Ujelang every few months), and it created no problems for cleanup and rehabilitation forces which could not be worked out.

The complexity of the radiological environment on Enewetak Atoll required DoE to employ highly sophisticated methods in its soil characterization efforts. A laboratory complex was established on the atoll, incorporating modern equipment and methods for the rapid analysis of many thousands of samples. This made possible the timely use of laboratory results in day-to-day planning. Noteworthy was the method employed by DoE to identify the plutonium content of soil. Plutonium is an emitter of alpha particles, a form of radiation that is not penetrating. For example, alpha radiation can be stopped by a few inches of air, or a sheet of paper, or tiny particles of soil. Thus it was entirely impractical to measure directly for plutonium in the soil by attempting to detect alpha radiation. Instead, DoE measured the gamma radiation emitted by americium--a daughter product of plutonium. Americium results from radioactive decay of plutonium, and its gamma emissions are sufficiently energetic to penetrate several inches of soil. To accomplish this measurement in the difficult environment on Enewetak, DoE designed and built special tracked vehicles which could operate in the soft sands, equipped them with boom-mounted, highly sensitive germanium detectors (cooled by liquid nitrogen), and installed

analysis and counting equipment in the vehicle. The vehicle itself was air conditioned to provide a controlled environment for this delicate equipment. These mobile measuring systems measured the intensity of gamma radiation in the energy spectrum characteristic of americium. Readings were taken at every intersection of a 50-meter grid surveyed on each island which coarser aerial and in-situ surveys had shown to have significant transuranic contamination. At each location of van readings, soil samples from several depths were obtained and were analyzed for plutonium-americium ratio by the radiological laboratories. In areas of higher or irregular contamination, additional van readings and soil samples were taken at intervals of 25, 12½, or 6¼ meters. Sophisticated computer programs were developed to produce radiation contour maps of plutonium contamination, which were then used by cleanup teams to guide soil excision. After each removal of soil, the area was re-surveyed, new van readings and new soil samples were taken, until residual plutonium contamination had reached acceptable limits.

The U.S. forces which accomplished the radiological cleanup and rehabilitation throughout 1978 and 1979 typically were present in about the following groups and strengths:

| | |
|---|---|
| Joint Task Group Staff (DNA) | 35 |
| Army Element | 430 |
| Navy Element | 115 |
| Air Force Element | 75 |
| Support Contractor | 165 |
| Army & Air Force Exchange System | 5 |
| DoE | 5 |
| Rad-Lab Contractors | 10 |
| Mid-Pacific Research Laboratory | 10 |
| DoI and TTPI | 5 |
| Rehabilitation Contractor | 100 |
| Micronesian Labor | 10 |
| | 965 |

The U.S. military forces performed with great effectiveness in this difficult environment. Tour lengths on-atoll were about six months for most personnel, one year for key individuals.

Some were volunteers, but because of the specialized nature of most tasks, the majority were assigned from units worldwide having the necessary skills. It was arduous, rigorous work in a harsh environment, with potentially hazardous conditions always present. The planned workweek was 60 hours, with many individuals working much more. Temperatures and humidities were always high, and for those working in confining anti-contamination clothing, short shift lengths had to be established. Living conditions were austere, and recreational facilities were extremely limited (and even here there was potential for danger). In all, over 4,000 U.S. servicemen served on-atoll in the Enewetak radiological cleanup; and six lost their lives (two in industrial accidents, two in a recreational accident, and two unrelated to the environment).

The Army element, which was the largest of the Service contingents, came principally from the 84th Engineer Battalion in Hawaii. These Army engineers performed the bulk of the actual cleanup work, and provided the maintenance capability for the heavy construction equipment. The Army also supplied the helicopter detachment for medical evacuation, search and rescue, and other emergency use.

The Navy element, which drew large numbers of its personnel from Assault Craft Unit One of the Pacific Fleet, provided all inter-island water transport--a task which required some 30 Navy landing craft and boats and extensive maintenance facilities for their support. The Navy also provided the Underwater Demolition Teams, the Explosives Ordnance Disposal Teams, and some of the technicians for DoE's radiological laboratories.

The Air Force element, whose personnel came from force-wide units, provided a myriad of support functions: Field Radiation Support Teams for on-site radiological safety supervision, communications team, staff for the medical facilities, POL (fuels) team, airhead detachment, some laboratory technicians, and postal workers.

Despite the rigorous and austere nature of the assignment, personnel problems were few. Individuals understood and supported the important objectives of the radiological cleanup and its national and international significance. In recognition of their unselfish and highly effective efforts, the Secretary of Defense awarded the DoD Humanitarian Service Medal to members of all Services for meritorious participation on-atoll in the Enewetak radiological cleanup.



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Throughout every step of planning and every day of execution, the most important consideration in the cleanup operation was the radiological safety of individuals involved in the operation. In planning, each aspect of the operation was designed to minimize the potential for exposure of individuals to ionizing radiation. In execution, each operation involving possible radiation exposure was directly supervised and closely reviewed by teams or organizations whose sole function was radiological safety (radsafe). Radiation exposure standards were set conservatively to begin with; and the guiding philosophy was for operations to be conducted so as to assure that radiation exposure of individuals was limited to the lowest levels practicable within these standards. The goal has been to ensure that any actual exposures are so much lower than today's standards that they should not be a cause for concern even if future Federal exposure standards were to be tightened by a factor of ten or more.

The standard operating procedures for the radiological safety program were developed by experts from DoE, Sandia Laboratories, Lawrence Livermore Laboratory, and DNA. The program was implemented in the field by a specially qualified group of Air Force personnel organized into Field Radiation Support Teams. These teams were under the supervision of trained radiation safety personnel in the Radiation Control Division of the Joint Task Group (JTG) staff on the atoll. Overseeing these organizations and monitoring the overall radiological safety program was an on-atoll Radiation Control Committee, which included the JTG Deputy Commander, a medical doctor, a DoE representative, and a representative from each of the Service elements. Finally, an independent "Radiation Safety Audit and Inspection Team" of experts headed by the Director, Armed Forces Radiobiology Research Institute (AFRRI), and including representatives from DoE and the three Services, visited the atoll frequently during the project to ensure the radsafe policies and procedures were sound and that actual practices in effect at the work sites were effective.

Personnel assigned to Enewetak Atoll were briefed on the known and potential radiological risks involved in the operation. Upon arrival, all personnel received an initial orientation covering the operation and the potential hazards--not only those involving radiation, but also sunburn, coral, swimming, fish, and others. A sizeable percentage of the servicemen assigned to Enewetak--those who lived and worked on the southern islands--had no potential for exposure to radiation. The others--those who were engaged in cleanup of radioactive

debris and soil--underwent additional training covering operations in controlled areas, potential risks, and radiological safety procedures. Written standard operating procedures outlined the conduct of all operations.

The most fundamental procedure employed to keep exposure to a minimum was rigid control of access to contaminated islands. Extensive knowledge of the radiological environment was available before the cleanup began. Reports of the nuclear tests were reviewed to ascertain exactly where each test occurred, and the patterns of known or expected radioactive contamination that resulted from it. Helicopter surveys were then made to define the existing radiation situation in more detail. Finally, DoE conducted a detailed island-by-island survey to identify precise radiological contamination contours before the removal of soil and debris began. Travel to controlled (contaminated) islands was permitted only for cleanup-related purposes, and individuals were logged in and out on each occasion. Personnel working on these islands were under supervision of the Radiation Control Division and under constant surveillance of a Field Radiation Support Team. This team monitored the local radiation environment, sampled the air for airborne activity, determined the level of protective equipment needed, and monitored personnel for contamination.

The low gamma radiation levels found at Enewetak Atoll would not normally require a full-scale dosimetry program, however, such a program was established. All personnel who worked on, or visited, the contaminated northern islands were issued film badges on a monthly basis. Because film badges frequently were adversely affected by climatic conditions, a supplemental dosimetry system making use of thermoluminescent dosimeters (TLDs) was established for personnel working on contaminated islands. TLDs had the additional advantage that they could be read on-atoll. Self-reading ionization chambers (pocket dosimeters) were also issued, as required, to provide backup dosimetry before TLDs were acquired.

When earth-moving operations were conducted in contaminated areas, water sprinklers were normally rigged to minimize resuspension of the soil. Personnel were trained (and directed on-site) habitually to remain upwind of any dust-producing operation. Air samplers were set up downwind to monitor for any airborne hazard. These power-operated samplers forced air through filters, which were monitored and changed at two-hour intervals, and subjected to laboratory analysis.

During transit, trucks containing soil were wet down and covered with tarpaulins. Personnel involved in earth-moving operations wore appropriate safety gear for the conditions (respirators, protective clothing, etc.). Bioassay procedures (nose swipes, fecal analysis, urine analysis) were established on the atoll and used as required. Urine samples from personnel who worked for extended periods on controlled islands were collected at end of tour and analyzed.

The effectiveness of this conservative approach toward sampling the radiological environment, and controlling and measuring exposure to it, is borne out by the very low radiological exposures that were experienced.

Exposures to gamma radiation were extremely low level. Of some 12,000 film badge readings, about 83% show zero exposure, and the highest valid reading is about 0.07 rem.*

The probability of there having been any internal (inhaled) contamination is similarly very low, as shown by the facts that:

(1) More than 5,000 filters from air samplers were collected during the operation, and about one million cubic meters of air were sampled. Over half the filters showed no traces of transuranic element activity, over 95% showed less than one percent of the maximum permissible concentration (MPC), and none showed more than 10% of MPC.

(2) Assays of urine samples of some 2,000 individuals were carried out, with no indication of any contamination attributable to activities on the atoll.

Finally, extensive permanent documentation of individuals involved, their assignments, operations, protection levels, exposures, etc., has been carried out. In summary, it would be difficult to identify additional radsafe precautions that could have been taken. The measured results bear out the effectiveness of the program.

*The current Federal guideline for allowable exposure for radiation workers is 3 rem per quarter, or 12 rem per year (reduced to 5 rem per year when certain age-exposure limits have been reached).

During the course of the three-year cleanup operation, numerous changes and setbacks occurred which added significantly to the scope of work and the amount of effort required. Four of the more significant are summarized below:

o Throughout the years of planning and into the actual Cleanup Phase, all soil-removal estimates had been based upon plutonium-239 and -240 being the only significant transuranics present in the soil. In early 1978 DoE identified that significant amounts of plutonium-238 and americium-241 were also present. DNA thereupon made the decision to include all transuranics (not solely the planned isotopes) in calculations to determine the soil to be excised, although it was estimated that this change might increase the quantity of soil to be removed by about 30%.

o In the planning process, the standards for soil cleanup which DoE provided to DNA were as follows:

(1) Residence islands were to be cleaned to a level of 40 picocuries of plutonium-239 per gram of soil (pCi/gm);

(2) plutonium-239 concentrations greater than 400 pCi/gm were to be excised wherever found; and

(3) case-by-case decisions were to be made by DNA for cleanup of plutonium-239 concentrations between 40 and 400 pCi/gm.

In 1978 DoE provided new radiological guidance to DNA as follows:

(1) Residence islands were to be cleaned to the same numerical standard as before--40 pCi/gm--but now based on total transuranics;

(2) agriculture islands were to be cleaned to a transuranic level of 80 pCi/gm; and

(3) food-gathering islands were to be cleaned to a transuranic level of 160 pCi/gm.

These vastly tighter standards increased greatly the amount of soil-removal work required.

o The original plan did not include cleanup of contaminated soil from the large island of Enjebi in the north, even though this was the ancestral homeland of the

dri-Enjebi, and although the transuranic levels in the soil were known to be in excess of the standards for a residence island. This situation was not a planning oversight; it arose from the fact that contaminated soil removal from Enjebi was considered too extensive a task to be undertaken. In 1978 DNA made the decision to attempt the Enjebi soil cleanup, although time and resources still appeared inadequate to do the job. Through remarkable innovation and sustained effort, Enjebi was cleaned to residential island standards for transuranics, thereby making possible the eventual resettlement of the dri-Enjebi to their home.

o During the three-year duration of the radiological cleanup project, four major typhoons and tropical storms hit Enewetak Atoll, causing extensive destruction. In particular, two of them did such damage to boats and landing craft that extensive repair and replacement efforts were required, and cleanup work was slowed for many months. One typhoon required complete evacuation of the atoll.

In terms of results achieved, the three-year radiological cleanup was a striking success. The Enewetak forces met all cleanup objectives and exceeded many. The following subparagraphs discuss some of the accomplishments:

o Over 215,000 cubic yards of uncontaminated debris were removed from islands and reef areas and disposed of at designated dump sites in the lagoon and in shoreline protection. Before any piece of debris could be touched, it had to be screened by radiation monitors for several types of possible contamination, and then marked as contaminated or uncontaminated. In many cases (e.g., blockhouses and bunkers) extensive demolition of uncontaminated structures was required. For debris in the reef areas, Navy Underwater Demolition Teams often worked in 10 or 20 feet of water clearing sunken landing craft and other objects. Repeated post-cleanup inspections of each of the 40 islands verified them to be completely clear of even the smallest scraps of residual debris from World War II and the test period.

o About 16,000 items of World War II ordnance (e.g., unexploded artillery projectiles, mortar shells, hand grenades, small arms and ammunition) were located by detectors, dug up, and disposed of by Navy Explosive Ordnance Disposal Teams.

o Some 6,000 cubic yards of radiologically contaminated debris were identified, transported by landing craft to Runit, and immobilized in concrete in Cactus crater.

o All former dumps, crypts, and burial sites for contaminated debris and soil during the test period, to which reference could be found, were excavated and the contents were encapsulated in Cactus crater. One major crypt on Aomon island was so extensive and difficult it required over a year to plan and carry out its excavation.

o About 105,000 cubic yards of soil contaminated with transuranics, principally isotopes of plutonium and americium, were identified, excised, transported by landing craft to Runit, and mixed with cement to form concrete with which Cactus crater was filled. This crater in the reef is about 350 feet in diameter and some 30 feet deep. The crater volume below sea level was filled by the tremie method, in which a concrete slurry is pumped by large hose and pipe to the crater floor, and progressively built up. Above the waterline, a soil-cement mixture was formed from the contaminated soil. A thick concrete keywall was constructed around the circumference, and a dome-shaped concrete cap covered the entire crater.

o At the completion of the cleanup, of the 40 islands of Enewetak Atoll: 30 qualified as residential and subsistence agriculture islands in terms of residual transuranic contamination; seven qualified as agriculture islands; two qualified as food-gathering islands; and the last one, Runit, had all identified high-level concentrations of transuranics removed. It remains quarantined because of residual sub-surface contamination. Every island designated in planning documents for a particular end-use by the people was cleaned at least to the level corresponding to that use; and for many islands--including, most significantly, Enjebi--the cleanup exceeded the planning goals.

Costs have remained remarkably constant for the duration of the project. The effort has been completed within the $20 million MilCon funds originally appropriated for the task. When Congressional direction was received to accomplish the cleanup project with military forces without reimbursement, the first estimate of total project cost was developed by DNA during the Mobilization Phase and was presented to Congress in the spring of 1978. At that time DoD costs were estimated at $80 million (including MilCon), DoI costs at $12 million, and DoE costs at $4 million, for an overall total of $96 million. Despite inflation, major increases in project scope, unforeseen difficulties, and damage and delay from four severe typhoons, current estimates today, more than two years later (and within a few weeks of project completion) are: DoD $86 million; DoI $14 million; DoE $4 million; for a total of $104 million. While this amount

represents "value received" by the People of Enewetak in terms of cleanup effort, "out of pocket" cost for U.S. taxpayers is substantially less, because many of the DoD expenses would have accrued had there been no Enewetak cleanup (e.g., pay and subsistence for personnel, fuel and spare parts for vehicles). DNA estimates that the cost to the taxpayers of the Enewetak cleanup and rehabilitation program has been approximately: DoD $49 million (including MilCon); DoI $14 million; DoE 4 million; for a total of $67 million.

DoI's rehabilitation program has involved the construction of 116 homes for the people on the three southern islands of Enewetak, Medren, and Japtan, along with community centers, piers, and other life support elements. Subsistence agriculture (breadfruit, pandanus, dwarf coconuts, etc.) has been planted on the three southern islands, and some 31,000 coconut trees for commercial and subsistence purposes have been planted throughout the atoll (20,000 in the south, 11,000 on the lesser contaminated islands in the northeastern chain).

As mentioned earlier, a continuing hallmark of the Enewetak cleanup and rehabilitation project has been the total and continuing involvement of the People of Enewetak in the process. Frequent inspection visits and planning conferences by the Enewetak leadership have been held on the atoll, with the Enewetak hereditary leaders, the Magistrate, the Planning Council, and others traveling from Ujelang to Enewetak for periods of days or weeks. This continuing interaction has resulted not only in a feeling of deep involvement by the People of Enewetak, but also in accomplishment of the cleanup and rehabilitation in accordance with their desires.

The issue of when the dri-Enjebi may be able to return to their ancestral home island of Enjebi in the north is still unresolved. As noted previously, all planning and project execution to date--with the agreement of the People of Enewetak--has been based upon the dri-Enjebi residing initially in the south, and this is where their homes have been constructed. One of the remaining responsibilities of the U.S. Government is to advise the dri-Enjebi when it will be safe to return to their home island. To provide this advice, DoE, DoI, and TTPI have collected extensive data on residual suburanic soil contamination in the north, on radionuclide uptake by crops, on alternative living and subsistence patterns in the north, on the rate of accumulation

of radionuclides in the body, and on estimated health effects from this accumulation. These data have been analyzed in-depth and combined into dose assessments. Separately, the People of Enewetak have engaged their own team of eminent scientists and authorities to provide them with independent estimates of the above factors and the resulting dose assessments. Based upon extensive review of the data provided by both sources, the People of Enewetak have expressed their desire for the dri-Enjebi to return at once to their home island. The U.S. Government has this request under consideration at the time of this writing.

The remarkable success of the Enewetak radiological cleanup operation has been due in large measure to the dedication and commitment of the Military Services in providing the resources to do the job; and to the enthusiasm, initiative, and willing efforts of the individual servicemen assigned to the cleanup force. Also notable has been the remarkably effective coordination between the many organizations whose efforts had to be integrated into a smooth-working team on-atoll.

In summary, the Enewetak Radiological Cleanup and Rehabilitation Program was well conceived and well executed, was completed on time and within cost, and produced more effective results than anticipated. It marks the fulfillment of a moral obligation this country incurred decades ago, and it represents an effort in which every American can take great pride.

*National Cytogenetics, Inc.*

# Assessment of Radiation Health Effects of the Resettlement of Enewetak Atoll

# ASSESSMENT OF RADIATION HEALTH EFFECTS OF THE RESETTLEMENT OF ENEWETAK ATOLL

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I. INTRODUCTION

The return of the people of Enewetak to their atoll will result in their being exposed to increased amounts of ionizing radiation from radionuclides remaining from atomic weapons tests. The magnitude of these increased doses, which will depend upon such variables as island of residence and sources of food supplies, have recently been assessed by a group from Lawrence Livermore Laboratory (Robison et al., 1979). The purpose of this paper is to present estimates of the possible impact of these doses upon the health of the present and future generations of the people who resettle Enewetak Atoll.

A number of sorts of health effects of ionizing radiation have been documented in human populations and experimental animals. Large, acute, whole body doses can produce fairly prompt, serious illness. However, at the low doses and dose rates of interest in connection with the resettlement of Enewetak Atoll, the only potential health effects are the induction of cancer among the exposed population and the induction of genetic effects that may be expressed as ill health in the next and in subsequent generations.

Upon the occasion of the Dose Assessment Conference held at Ujelang Atoll on September 19 and 20, 1979, officials of the U.S. Department of Energy presented to the Enewetak people a bilingual booklet (Ailin in ENEWETAK Rainin," or "The ENEWETAK Atoll Today") which also gives esitmates of the risks of cancer

and of genetic effects that may result from the resettlement of the atoll. These estimates, based upon several different residence and future food supply scenarios, and utilizing different bases for both calculation and presentation, are compared with our own estimates.

II DOSE ASSESSMENT

The recent "Preliminary Reassessment of the Potential Radiological Doses for Residents Resettling Enewetak Atoll" (Robison, et al., 1979) has been reviewed both by ourselves and more extensively, by Dr. William E. Ogle, consultant to Micronesian Legal Services, Inc. on radiation dose assessment. Though some uncertainties remain, this document appears to present as good an assessment of the doses likely to be realized as can be achieved, and we adopt it as a basis for our health effects estimates.

Many factors influence the radiation dose estimates, the most important of which are islands of residence, islands upon which food (coconuts, pandanus, breadfruit) will be grown, and the future availability of imported foods. From the "Dose Reassessment," we have selected a scenario which appears to us to be both reasonable and conservative, and have calculated the doeses to be used for health hazard estimation in the following manner.

It is assumed that 180 of the roughly 450 Enewetak people (i.e., all of the dri-Enjebi) go back to Enjebi island, while the rest (the dri-Enewetak) return to Enewetak island. The living pattern assumed for the dri-Enjebi is that called the "Enjebi Island/Northern Island" living pattern (pattern 1.b on page 26 of the Dose Reassessment). That assumed

for the dri-Enewetak is that called the "Southern Islands/Northern Islands" pattern (pattern 2.b on page 27 of the Dose Reassessment). The dose estimates for 30 years and for 50 years are given in Tables 35 and 42 of the Dose Reassessment, respectively. These give estimates for two diet patterns; one based upon the current normal diet which includes foods imported from outside the atoll, and the other, designated "famine," which assumes that no outside food is ever available. We consider the latter case unrealistic, since it assumes that no ship ever calls at the atoll bringing supplies of preferred staple foods (such as rice, sugar, and flour) during the entire 30 or 50 year period considered. In order to make a conservative, but more realistic appraisal, we have arbitrarily assumed that the famine case will persist no more than 25% of the time, or three months of each year.

The whole body doses to the Enjebi people from all sources (except natural background) are estimated to be 4.6 rem in 30 years under normal diet conditions and 8.5 rem over 30 years in the famine case (Table 35 of the Dose Reassessment) so the dose under our diet assumption would be

$$(4.6 \times 0.75) + (8.5 \times 0.25) = 5.6 \text{ rem},$$

or an average of about 186 mrem per year. The comparable 50 year doses are 6.6 and 12 rem, respectively, so our estimate is

$$(6.6 \times 0.75) + (.2 \times 0.25) = 8.0 \text{ rem},$$

or 159 mrem per year on the average.

The 30 year whole body doses to the Enewetak people are esti-

mated to be 0.2 rem for normal diet and 0.33 rem for famine (Table 42 of the Dose Reassessment), so we assume a 30 year dose of

$$(0.2 \times 0.75) + (0.33 \times 0.25) + 0.23 \text{ rem},$$

or an average of about 8 mrem per year. The comparable 50 year whole body estimates are 0.28 and 0.46 rem, so our estimate is

$$(0.28 \times 0.75) + (0.46 \times 0.25) + 0/33 \text{ rem},$$

or an average of about 7 mrem per year.

It is of interest to consider the average yearly dose to the entire population of the atoll. Assuming 180 people returning to Enjebi and 273 returning to Enewetak, the average 30 year whole body dose may be estimated

$$(180 \times 5.6 \text{ rem}) + (273 \times 0.23 \text{ rem}) = 2.36 \text{ rem},$$

or an average yearly dose of 79 mrem per year. The parallel average 50 year whole body dose may be similarly calculated to be 3.4 rem, or an average of about 68 mrem per year. It is true that in some years the estimated doses to individuals will be higher than this, and that the total 30 year doses to some individuals will likely be higher than 2.36 rem. However, because for doses and dose rates in the range of concern here all genetic and somatic health effect assessments of which we are aware assume a linear (or essentially linear) relationship between dose and effect, it is only the <u>average</u> population dose that is of concern in estimating the health effects for a population such as the people re-



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returning to Enewetak Atoll. In other words, as far as health effects are concerned, the years in which the doses are low compensate for those in which they are high.

On the other hand, for genetic risk estimates, where the number of children that might be born to given parents must be assumed, it is nevertheless sometimes also of interest to consider the maximum dose a potential parent might receive. The largest individual 30 year doses for persons born after return occur under the Enjebi living pattern for children born eight years after the return and existing under famine conditions. Under the normal diet pattern the 30 year dose is 4.0 rem; in famine it is 7.5 rem (Table 44 of the Dose Reassessment). Again assuming famine conditions will exist 25% of the time, we have an upper credible 30 year dose of

$$(4.0 \times 0.75) + (7.5 \times 0.25) = 4.9 \text{ rem},$$

or about 163 mrem per year on the average.

It is instructive, before even considering the possible health consequences of these radiation doses, to simply compare them with radiation dose levels that various other groups of people experience through their own choice of either residence or occupation. Everyone is, of course, exposed every day to natural background radiation from cosmic rays, from terrestrial radionuclides, and from naturally occuring radionuclides in ones own body. The average dose per year for Americans is about 80

mrem per year to either the gonads or the bone marrow (BEIR III, Table III-4). However, the actual rates experienced by individuals varies widely, depending on local geology, altitude and latitude (BEIR III, Figs. III-1 and III-3), so that persons living on the Colorado Plateau, for example, may receive more then twice the average, while persons living in some sections of the Southeastern United States may receive less than half. It should be noted that the residents of Enewetak Atoll are in an area of very low natural radiation background because of the near-equitorial latitude, sea level altitude, and the coral subsoil (3.5 ur per hour, primarily from cosmic radiation Dose Reassessment, pg. 4). This may be compared with about 16 ur per hour on the Colorado Plateau (BEIR III). Thus some persons in the United States receive doses from natural background radiation of the same order as the estimated average added doses to Enewetak people during the first thirty years after return under the Enjebi Island/Northern Island living pattern, and assuming no outside foods are available a full one-fourth of the time. Some populations in certain coastal areas of both India and Brazil where there are extensive alluvial deposits of the thorium-rich mineral Monazite experience terrestrial radiation background ten or more times the world average (UNSCEAR, 1972, Volume 1).

On occasion, human activities have concentrated naturally occurring radionuclides. As one example, persons living in houses built on deposits related to phosphate rock mining in Florida are

exposed to radioactive radon gas that produces dose rates far in excess of those to which the returning Enewetak people will be exposed. It has been recommended by the U.S. Environmental Protection Agency that corrective measures be taken for an estimated 4,000 houses in which about 14,000 people reside, to reduce the dose rates to that recommended for new construction in this area (Federal Register, 1979), but even if so corrected, the target dose rate is still almost 30 ur per hour, which would result in an estimated whole body dose of about 190 mrem per year (assuming a 75% occupancy factor). In 30 years the cumulative dose would be 5.7 rem, which may be compared with the 30 year estimate of 4.9 rem for a child born on Enjebi eight years after the return.

Finally, many people engage in activities or occupations that increase their exposure to ionizing radiation. It has been estimated, for example (UNSCEAR, 1977: Table 33), that one round trip between Los Angeles and Paris in a conventional jet results in an added dose of 4.8 mrad, a substantial fraction of the estimated 8 mrem average per year for the people returning to Enewetak Island. Average occupational exposures are, of course, much higher. For example, in the nuclear power industry in the United States it is estimated that the approximately 40,000 workers who receive measureable doses each year are exposed to an average of between 600 and 800 mrem per year (BEIR III, Table III-23). Since employment in the nuclear industry cannot start before age 18,

this sort of dose is not accumulated over the entire life span. A nuclear industry worker who receives an average of 700 mrem per year from age 18 to age 30 will have accumulated a 30 year dose of 8.4 rem, which may be compared with the estimated 30 year whole body dose of 4.9 rem for a child born on Enjebi 8 years after the return. If such a worker were to accumulate such an annual dose over his entire working life from age 18 to, say, 65, he would accumulate 32.9 rem, over four times the estimated 50 year dose for residents of Enjebi Island.

III. GENETIC EFFECTS

Genetic health effects result from alterations in the genetic apparatus in the germ cells or their precursors. Thus they are not expressed in the persons in whom they arise, but only in the following or in subsequent generations. They are of two general types: alterations called mutations (changes in the information encoded in the genetic material, (deoxyribose nuclei acid, or DNA), and chromosomal aberrations (changes in number or form of the chromosomes, the microscopic structures containing the cells' DNA). Such changes have long been known to arise spontaneously, without known exposure to any mutation-causing agent. Identified mutation-causing agents (mutagens) include many chemicals and drugs, as well as physical agents like ionizing radiation and ultraviolet light.

It is generally agreed that where possible it is best to base human health effects estimates upon human data. However, despite intensive study over the past fifty years, there is virtually no positive evidence of any genetic effects having arisen as a consequence of human radiation exposure. Human generations are simply too long, and the sizes of the populations required far too great to allow their detection. However, there is positive evidence from all of the experimental organisms tested, and because of the similarities between the genetic apparatus of all organisms including man, we may be certain that

human radiation exposure must also produce genetic effects, even though their frequency may be so low as to be undetectable.

Because of the unavailability of human data, estimates of the risk of radiation-induced human genetic health effects must perforce be based upon data from experimental animals, and all recent estimates by national and international committees have depended very heavily upon the large body of data now available for the laboratory mouse. The mouse is a mammal like man, and the negative human data, most importantly from study of the offspring of Hiroshima and Nagasaki atomic bomb survivors, is consistent with the mouse data. Though there remain uncertainties, we may thus be confident that the extrapolation from mouse to man cannot greatly underestimate the genetic health effects of human radiation exposure.

Furthermore, neither is there any direct evidence for the induction of genetic effects in animals by doses as low as those of interest in connection with the return of the Enewetak people to their atoll. The effects of doses below a few tens of rem are simply too small to be detected statistically. Nevertheless, both indirect experimental evidence and theoretical considerations strongly indicate that genetic effects are in fact induced by even very low doses of ionizing radiation, and that, in the range of dose and of dose rate that is of interest here, the numbers of effects produced is a simple linear function of dose.

Genetically related ill health is ubiquitous in human populations; almost 11% of live births in the United States are affected (BEIR III, TABLE IV-2). Such ill health spans the entire range from major congenital defects incompatible with life to relatively trivial conditions that, while eventually requiring medical attention, are of relatively minor consequence in the lives of the affected person. It is important to recognize that, as far as is known, ionizing radiation produces only the same kinds of genetic changes as occur spontaneously. No novel types, arising only from radiation, have ever been observed. It follows, then, that any genetically related ill health which might arise as a result of human radiation exposure must be indistinguishable from that which already occurs spontaneously. Thus no case of genetic ill health in any particular individual can ever be absolutely attributed to parental radiation exposure. Only the probability can be assigned. Furthermore, the smaller the dose the less likely it becomes that parental irradiation was the cause.

Mutations are generally recognized to be likely to be detrimental to the health of individuals carrying them. The degree of harm varies from mutation to mutation, and a few might even be beneficial under certain circumstances, but it is widely agreed that any increase in the human mutation rate may be expected to result in some net increase in human ill health.

Though mutations may be induced in any body cell that has a nucleus, we define as genetic effects only those that arise in germ cells or their precursor cells that actually contribute to the next generation. Consequently, the doses of concern are only those actually received by these cells, or, for practical purposes, by the gonads. Generally speaking, the gonadal dose is roughly equivalent to whole body dose. Conversion of whole body or gonadal dose to genetic effects estimates also requires an estimate of the number of children the person might subsequently have. Often, as in the present use, this requires that some assumptions be made about the parental population actually exposed and about the rate at which it will reproduce.

The available data bearing on human genetic radiation effects estimates are periodically reviewed and evaluated by various National and International committees, most notably those of the U.S. National Academy of Sciences (BEAR Report, 1956; BEIR I Report, 1972; BEIR III Report, 1979), and the United Nations Scientific Committee on the Effects of Atomic Radiation (most recently, UNSCEAR Report, 1972; UNSCEAR Report, 1977). Each report has developed and updated formulations of the probable genetic effects of human ionizing radiation exposure. The most recent effort is the report of the 1979 BEIR III Committee's Genetic Effects Subcommittee. We adopt their

findings and methodologies as the basis of our present analysis of genetic risk for the Enewetak population. We note, however, that adoption of those used in any of the earlier reports would not result in any dramatic change in our numerical assessment.

Because of differences in the circumstances under which different mutations are expressed as ill health, two types of risk estimates may be made. Some mutations, called dominant, as well as some chromosomal aberrations, are expressed in the first generation following exposure of the parental generation. Other mutations, called recessives, are not expressed in carrier individuals who inherit them from only one parent,so expression cannot occur in the first generation, but only in later generations when two carriers mate and produce an affected child who receives the mutant gene from both parents. Different estimates must thus be made for the expression of dominant genetic effects in the first generation and for the ultimate expression of both surviving dominant mutations and of recessive mutations.

The BEIR III Committee has used two separate approaches to making these kinds of risk estimates, both based very largely upon experimental data for the laboratory mouse, though taking into account the very limited pertinent human information. For estimation of effects in the first generation following parental exposure, a so-called "direct" method depending upon observations of induced heritable skeletal abnormalities in mice. The frequ-

ency of such serious skeletal abnormalities per rem of exposure was adjusted to estimate anomalies of all organ systems. This approach provided an estimate that 5-65 induced dominant disorders would be expected during the lifetime of 1 million live-born children following parental exposure to one rem of radiation. Based largely on information from human spermatogonial irradiations and the observed frequency of chromosome abnormality, it was possible to develop in addition an estimate of the number of offspring of irradiated parents who would manifest a genetic disorder as a result of some induced chromosomal anomaly; from 0-10 affected per million offspring per rem of parental exposure. Thus the total number of cases of genetic ill health estimated to occur in the first generation is a range of from 5 to 75 per million offspring per rem of parental radiation.

The second risk estimate methodology employed by the BEIR III Committee (as well as the previous BEIR I Committee) is called the "indirect" method. This procedure permits as estimate of the number of genetic disorders to be expected in each generation following many generations of parental radiation, when an equilibrium has been reached between the rates at which new genetic ill health is induced in each generation and the rate of elimination in each generation through its expression in affected individuals. By definition, this equilibrium estimate is numerically the same as the total number of affected individuals to be expected over all future generations following

a single exposure of one generation, essentially the case of interest in connection with the Enewetak people. Estimates by this method integrate the number of additional disorders over literally hundreds or thousands of generations into the future.

The indirect equilibrium genetic effects estimate made by the BEIR III Committee is based largely upon extensive data on the induction of recessive mutations in mice. From these induced rates and the observed spontaneous mutations rates, a relative mutation risk (i.e., the reciprocal of the so-called "doubling dose," or amount of radiation exposure required to double the spontaneous mutation rate) is derived. The relative mutation risk factor was used together with estimates of the degree to which the frequency of human ill health is responsive to mutation frequency to derive an equilibrium estimate of from about 60 to possibly as many as about 1,100 affected individuals per million live born per generation per rem of parental exposure in each generation.

It is exceedingly important that the BEIR III Committee's numerical genetic risk estimates, and indeed any such risk estimates, be placed in proper perspective by comparison with the incidence of such effects to be expected spontaneously in the same population. The estimate of current incidence given in the BEIR III Report is 107,100 per million live births; that is 10.7% of all human live births. The estimated first generation increase

of between 5 and 75 cases per million live births per rem of parental exposure (i.e., 0.0005-0.0075%) may, then, be more meaningfully expressed as an increase from 10.7% to somewhere between 10.7005% and 10.7075% per rem of parental exposure.

The "all time" (i.e., equilibrium) estimate of from 60 to 1,100 cases per million per rem of parental exposure is more difficult to put in perspective, simply because neither the total number of future generations nor the future population dynamics is known. However, the number of persons that will eventually descend from most human population groups is clearly very large, so the "all time" estimates would certainly be diluted out over many, many generations, in each of which we might expect a very large "background" of spontaneously arising cases of genetic ill health.

IV. SOMATIC EFFECTS

Of the somatic effects of ionizing radiation,cancer induction is that of the greatest concern. Unlike the case for genetic effects, there is much direct positive evidence for statistical increases in human cancer incidence and mortality following radiation exposures. Leukemias and various cancers of solid organs are known to be increased following exposure to high doses of ionizing radiation, and to occur in the ratio of approximately one leukemia to four cases of other forms of cancer. Good information relating the risk of cancer induction to radiation is available from human studies involving many different kinds of exposures, and there is surprisingly good agreement between the different large studies for doses above approximately 50 rads.

Cancer occurs spontaneously, of course, and with an unfortunately high frequency in all human populations. There is furthermore no known means of distinguishing a cancer induced by radiation from a spontaneously arising one. Thus no case of cancer may be definitely attributed to a prior radiation exposure; only the probability that it might have been can be assessed. And the lower the dose, the less likely it becomes that a given cancer was radiation induced.

Knowledge concerning the molecular and cellular mechanisms by which radiation induces cancer is unfortunately not as complete

as for genetic effects. The process may vary depending on the type of tumor. Though there are human data, they are limited to dose ranges above those with which we are usually concerned, and in considering the possible consequences of population exposures like those estimated for the people of Enewetak it is, therefore, necessary to extrapolate below the range at which positive effects have been documented. The three types of dose-response curve usually considered in making such extrapolations can be described by a single mathematical function which has terms both linear and quadratic in dose, and this relationship has been accepted as best fitting the available human leukemia and the available animal tumor data. The predictions of such a model fall in between those derived from fitting the data with either of the extreme limiting cases, the purely linear one or the pure quadratic which have been used to describe radiation dose-effect curves for breast cancer and for skin cancer, respectively. In the calculations presented later in this report, we use the linear-quadratic model to provide what we believe to be the best estimates of cancer risk, and the linear model predictions in order to place an upper credible bound on these estimates.

In estimating the possible number of cancers that may be induced by radiation exposure, the following observations are pertinent:

1. As already noted, cancers induced by radiation cannot be distinguished from those that occur naturally. Their existence may only be inferred from observations of statistically significant increases above the natural incidence. Tissues and organs of the body vary considerably in their sensitivity to the induction of cancer by radiation.

2. The natural incidence of cancer varies significantly in magnitude, depending on the type and site of the neoplastic growth, age, sex, and other factors.

3. The time elapsing between irradiation and the appearance of the detectable neoplasm is characteristically long, i.e., years or even decades.

4. This long latent period is taken into consideration in our risk calculations by assuming that risk observed during the first 30 years following radiation can be projected into the future either at a fixed level (absolute projection model) or at a rate which increases with natural cancer rates (relative risk projection model).

5. Some of the existing human and animal data on radiation-induced cancers come from populations exposed to internally deposited radionuclides for which dose-incidence relationships are influenced by marked nonuniformities in the temporal and spatial distribution of radiation within the body.

From the large human experience now accumulated, a clear-cut increase in cancer mortality with increasing radiation dose

has been documented. Most of the information now available is reasonably consistent from one irradiated human population to another; this suggests that it can be used for estimating risks to the general population.

It is generally acknowledged that there is no good evidence that dose rates of gamma or x-irradiation of the order of a few hundreds of mrem per year are in anyway detrimental to the exposed people. It is important to recognize that the absence of sound evidence for any effect at these very low doses means that it is possible that either there might be no effect at all, or there might be an effect equal to the upper range of risk estimates. The fact that knowledge is not precise at these low doses arises from the fact that if excess risk is truly proportional to dose, and if 1,000 exposed and 1,000 control subjects are required to adequately statistically test for the cancer excess at a dose of 100 rem, then about 100,000 in each group would be required at 10 rem, and 10,000,000 in each group would be needed for a dose of one rem.

The available data on human cancer induction by ionizing radiation have been reviewed most recently by the United Nations Scientific Committee on the Effects of Atomic Radiation (UNSCEAR, 1977) and by the U.S. National Academy of Sciences' Committee on the Biological Effects of Ionizing Radiations (BEIR III, 1979). The estimates provided in these Reports have been used in making



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the present estimates of the risk of induced cancer that will result from the return of the Enewetak people to their Atoll. Based upon their comprehensive review of current knowledge of radiation induced cancer, the BEIR Committee calculated the risk of cancer mortality in accordance with different models that relate dose to observed effects. The highest risk estimates are derived from linear (L) models, and the lowest from dose-squared ($D^2$) models. The Committee is presently attempting to define an intermediate model, for all cancers, like the mixed, linear quadratic (LQ) model adopted for leukemia analyses. The computations presented in this document are based on the LQ model, which many believe produces the most reasonable results, and the upper limit is represented by the L model.

V. SPECIFIC RISK ESTIMATES

A. Genetic Effects

As already noted, any estimation of possible genetic effects arising as a consequence of population exposure to ionizing radiation requires some assumptions regarding population dynamics, birth rate, generation time, etc.

For most purposes, a generation is taken to be 30 years. In the United States, it is currently a bit shorter, but 30 years is still taken as a convenient simplification. For the Marshall Islands, the Five Year Comprehensive Health Plan gives a breakdown by age of mother (Table V-3, Page 120) that shows the age of mothers at the "average" or "middle" birth to be only 23-24 years. However, no information is available on the age of fathers, who seem likely to be older than the mothers, and in any case the usual 30 year interval is used here. It should be noted that to the extent the Enewetak generation is actually shorter, this tends to overestimate dose to the parents of the average child, and thus the genetic health risk estimate.

While genetic risk estimates may be expressed per live birth, thus avoiding any assumptions about future birth rates, it is helpful to attempt to estimate the total risk for the entire next generation of the Enewetak people. As a minimum, we might simply assume a "replacement" birthrate of 453 live births over the next 30 years, or about 15 births per year. As a maximum, we might

assume that the average birth rate in the entire Marshall Islands for the 20 years from 1955 to 1975 might apply to the Enewetak population for the next 30 years. From Table III-1 of the final draft of the Five Year Comprehensive Health Plan, one can calculate that the average yearly birth rate for the period (it seems remarkably stable over this period) is 39.7 $\pm$ 4 births per 1,000 of population; for practical purposes 40 per 1000 or about 11 per year for the 273 people assumed to return to Enewetak and about 7 per year for the 180 people assumed to return to Enjebi.

Of course, should the present birth rate and current population growth rate of the order of 3-4% per year continue, the absolute numbers of births will grow during the coming 30 years. Assuming a 4% growth rate, the Enewetak population may include 816 people 15 years from now, and about 33 births might be expected that year, while in thirty years there would be almost 1,500 persons, with well over 60 births per year. It seems unlikely that the population will grow to this extent; in view of the uncertainties involved, perhaps a reasonable assumption would be that there will be not more than roughly 1000 births in the population during the next 30 years.

With exponential population growth, roughly one-half of the births expected over 30 years will occur during the first 20 years; the remainder will occur during the final 10 years.

In view of the uncertainties involved, it seems reasonable to assume as an upper credible limit that there will be 1000 births, the average accumulated parental dose for which will be that accumulated for the first twenty years. However, the doses were calculated for 30 years, and since these are not enormously larger than the 20 year integral doses (see Fig. 3 of Dose Reassessment), they are used here as upper bound estimates of the doses of genetic significance in calculating genetic risk.

The population dose estimates described earlier give the average 30 year dose for all members of the Enewetak people that return, allowing for 180 returning to Enjebi Island, as 2.36 rem. The BEIR III estimates are for a population receiving one rem in thirty years (BEIR III, 1979, Table IV-2). The first generation estimate for the Enewetak people, which may be obtained by adjusting by the ratio of doses (2.36/1) the range of risk from BEIR III. Thus the increased risk is from (2.36x5) to (2.36x75), or 11.8 to 177 per million live births.

As a minimum estimate, we assumed the present population might just replace itself in 30 years; i.e., 453 births. The risk, then, would be

(11,8 to 177) x 453/1,000,000 = 0.0053 to 0.0802

additional cases. Assuming a 10% spontaneous risk, we would expect 48.5 cases to occur naturally during the same period. Thus the upper bound risk in this case is that the normally expected 48.50 cases arising during the next 30 years might conceivably

increase to as much as 48.58, an increment of less than two tenths of one percent.

Assumption of the higher number of 1000 births in the next 30 years simply increases the absolute numbers proportionately: The risk becomes

(11.8 to 177) x 1,000/1,000,000 = 0.012 to 0.18

additional cases in 30 years, against a spontaneous total of 107 cases.

To provide an absolute upper limit to credible risk of genetic ill health, we might consider a child born to a couple born on Enjebi eight years after the return. They would receive as much as 4.9 rem in 30 years, so the risk to a child born to them at age 30 would be roughly 5 times the BEIR II risk for 1 rem, or (5x5) to (5x75)/1,000,000 = 25 to 375 per million or roughly 3 chances in 100,000 to 3 chances in 10,000. This is of course, in addition to the 10,7 chances per hundred normal risk.

B. Cancer

Approximately 15% of the U.S. Population, at birth, are destined to develop cancer during their lifetime. The risk of several forms of cancer is high in young children, falls in middle age and thereafter the risk of cancer increases with increasing age. There are many causes of cancer in addition to radiation, and as already noted, there is no characteristic that allows one to distinguish radiation-induced from "spontan-

eous" or natural cancers. Mortality data for the Marshall Islands (final draft of the Marshall Islands Five Year Comprehensive Health Plan) suggest that reported mortality from cancer is less frequent among the Enewetak people than among the United States population. This is surely in part due to poorer diagnosis of cancer among the Marshallese. However, the structure of the Enewetak population, and indeed that of Marshall Islanders in general, is also markedly different from that of the United States, there being relatively more young people and proportionately fewer old people. Since the risk of dying of cancer increases with increasing age, one would expect a lower current death rate from cancer for the younger Enewetak population. For these reasons, and in order to be conservative,we will assume that the spontaneous cancer risk for this population is in fact like that for the United States population, or about 15% at birth.

Leukemia is the most well understood cancer that can be induced by ionizing radiation. Following large doses in large populations, the incidence can be observed to increase in 2 years, peak in 5 to 10 years, and fall to background levels in 25 years. For this cancer we know the total expressed risk and can compute the number of cases expected with precision. For other cancer the latent period is longer, and the length of time the risk remains elevated is less well known. Two models are used to make risk calculations for these cancers--

absolute and relative risk projection models. The absolute risk projection model assumes that the risk observed in the first 25 years persists throughout life at that observed rate. Thus, if the risk falls in later years, as it does for leukemia, the expected risk would be overstated. The relative risk model assumes that the increased risk increases with the spontaneous cancer rates. Thus, as the cancer risk rises with age, so does the expected radiation-induced risk. This model results in the highest risk estimates, and when compared to calculations by the UNSCEAR Committee (UNSCEAR 1977) exceeds their risk estimates by 2 to 4 times.

Thus, it seems reasonable to accept the linear model and the relative risk projection model, as furnishing maximum credible risk estimates, and the linear-quadratic as providing the best estimate under either risk model.

The risk coefficients for these models are given in Table 2. These coefficients, when multiplied by the normal cancer incidence observed, give the increase expected from lifetime exposure (from birth) to 1 rem/year. Thus, assume 500 people are exposed to 0.25 rem per year through life. In the U.S., at current cancer rates, 15% of the population at birth, are expected to die ultimately with cancer; i.e., 500 x .15 = 75 cancers are expected normally. If the risk coefficient is

1.8% per rem for lifetime exposure, then

$$75 \times \frac{1.8 \times 0.25 \text{ rem/yr}}{100} = 0.34$$

added or new cancers are expected from radiation above the 75 expected ordinarily in the lifetime of the population.

TABLE 1

RISK COEFFICIENTS (PERCENT) FOR INCREASE IN CANCER MORTALITY FOLLOWING 1 REM PER YEAR FOR LIFETIME*

| DOSE-RESPONSE MODEL | RISK PROJECTION MODEL | |
|---|---|---|
| | ABSOLUTE | RELATIVE |
| LINEAR-QUADRATIC | 1.95 | 3.65 |
| LINEAR | 6.65 | 14.35 |

*Percent increase in cancer risk (as a multiple of normal cancer risk) from lifetime exposure to 1 rem/year. From BEIR III May 1979 Report and from the most recent unpublished draft.

Using the above described data and computational methods, and the dose estimates already discussed, the number of new cases of cancer expected in the residents of Engebi and the Southern Islands are presented in Table 2.

From these calculations, it is clear that persons living on the Southern Islands, eating 10% Northern Islands foods when they become available, might have as high as .05 of an added cancer above the .15 x 273 = 40.95 expected in the lifetime of the 273 persons expected to return to the Southern Islands. It should be noted that the risk figures used assume that the population is exposed from birth, and since this is an obvious overestimate, even fewer cases would actually be expected. This can be balanced out against the increasing population that will be born to residents on the island, at later times, when doses on the average are lower.

For persons who return to Engebi, the estimated number of additional cancer cases above the 180 x .15 = 27 expected, are between 0.10 and 0.66 and again the upper estimates are 2-4 times higher than those that would result if the risks produced by the UNSCEAR Committee were used instead. In any case, radiation-induced cancer mortality in the lifetime of the population is estimated to be less than a single case.

TABLE 2

NO. OF ADDED CANCERS DUE TO LIFETIME EXPOSURE (50 YRS) TO
INHABITANTS OF ENJEBI AND SOUTHERN ISLANDS

| POPULATION GROUP | ABSOLUTE RISK PROJECTION MODEL | | RELATIVE RISK PROJECTION MODEL | |
|---|---|---|---|---|
| | LINEAR-QUAD. DOSE RESPONSE MODEL | LINEAR DOSE RESPONSE MODEL | LINEAR-QUAD. DOSE RESPONSE MODEL | LINEAR DOSE RESPONSE MODEL |
| ENJEBI/NORTHERN ISLES | .09 | .30 | .17 | .62 |
| SOUTHERN ISLES | .01 | .02 | .01 | .04 |
| TOTAL GROUP | .10 | .32 | .18 | .66 |

VI. COMPARISON WITH DEPARTMENT OF ENERGY RISK ESTIMATES

In the booklet "Ailin in Enewetak Rainin" (The Enewetak Atoll Today) the U.S. Department of Energy presented their own estimates of the numbers of genetic effects and of cancers that might occur as a consequence of the return of the people of Enewetak according to a number of different living and dietary patterns. Because the BEIR III Report was available only in draft form, their estimates were based upon the risk factors contained in the Committee's earlier report (BEIR I, 1972). In contrast, our own estimate uses the more recent BEIR III draft Report risk factors. In addition, the DOE estimates were made for either the continuous availability of outside food or the "famine" case doses from the Preliminary Reassessment, so no case is strictly comparable to those we used. Because their mode of presentation of both radiation doses and risk estimates is somewhat different from those we favor, it might appear at first glance that the DOE estimates are much higher than our own. However, such is not actually the case.

The Enjebi Island/Northern Island living pattern is considered for the two dietary patterns on pages 22 and 23 of the booklet, for example. The 30 year whole body doses listed are the same ones we obtained from the Preliminary Reassessment: 4.6 and 8.5 rem. The cancer risk estimates given, however, consider only these 30 year doses, whereas we have used the 50 year doses. Thus for comparison we may calculate parallel

30 year dose cancer risks as 14.35 percent for a one rem per year radiation dose (under the linear dose-response and the relative risk models), times either .153 rem per year or 0.283 rem per year average over the 30 year period, or either a 2% or a 4% increase in natural risk. These are, by coincidence, precisely the same numerical values presented in the DOE booklet.

The BEIR III genetic effects upper bound estimate of 75 cases per million live births per rem of parental exposure is .07% of the spontaneous incidence, so for the 50 year integral doses listed the upper bound increases expected would be 0.32% and 0.6% respectively. The DOE estimates of 0.92% and 1.7%, though larger, are only about three times the comparable estimates from the BEIR III risk factors, and this is simply a reflection of the larger BEIR I genetic risk estimates.

VII. CONCLUSION

Even using conservative assumption, the average yearly radiation doses likely to be experienced by the people of Enewetak following reoccupation of the atoll, including residence of the dri-Enjebi on Enjebi Island, are relatively small, and comparable to those experienced by many other populations elsewhere in the world through their choices of either residence or occupation. It is entirely possible that this radiation exposure will never result in even a single case of disease among either the returning population or their descendants. It is estimated that the upper credible limit of genetic risk is 0.18 additional case in 1,000 live births over the next 30 years, which may be compared with some 100 cases that are expected to occur naturally among these 1,000 births, without any added radiation exposure. Furthermore, using very conservative estimation models, the upper credible limit on the number of cases of radiation-induced cancer among the returning people is only 0.66 case,which may be compared with more than 60 cases than are expected to occur naturally during the lifetime of the population. Though presented in somewhat different form, our upper credible risk estimates are in substantial agreement with those presented to the Enewetak people on September 19, 1979, by the U.S. Department of Energy.

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# RADIATION HEALTH EFFECTS ESTIMATES FOR BIKINI ATOLL RESIDENTS

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RADIATION HEALTH EFFECTS ESTIMATES
FOR BIKINI ATOLL RESIDENTS

Radiation dose estimates for persons returning to Bikini Atoll under several residence and dietary scenerios have been provided by Dr. William L. Robison (February 19, 1980). These allow a comparison of risks for the Enewetak and the Bikini people. Because the information available as yet is limited, however, such a comparison must be based upon simple relative risk estimates, and some of our previous Enewetak risk estimates must be converted (i.e., from 50 year to 30 year doses) in order to provide a common basis for comparison. The Enewetak numerical estimates presented here will thus not be exactly the same (though not greatly different either) as those presented in our October, 1979 detailed estimates.

Dose Estimates

Using Robison's (1980) whole body, 30 year dose estimates, one can calculate the average population doses to returning Bikinians for various living circumstances analogous to those assumed for the Enewetak/Engebi people in our earlier assessment (Bender and Brill, Oct. 1979). These presume that imported food supplies will be available for 75% of each year, and that total dependance upon local foods will occur during the remaining 25%. Table 1 shows the population dose estimates for the different residence circumstances for which dose data are available.

TABLE 1: Whole Body Radiation Dose Estimates Averaged Over 30 Years for Different Living Patterns

| Living Pattern (%) | | Total Dose (rem) | mrem/year |
|---|---|---|---|
| Eneu | Bikini | | |
| 100% | 0 | 2.95 | 98.3 |
| 90% | 10% | 3.35 | 111.7 |
| 50% | 50% | 14.5 | 483.3 |
| 0 | 100% | 25.8 | 858.0 |

Comparable estimates for Enewetak assuming residence of the 180 dri-Engebi on Engebi and the remaining 273 dri-Enewetak on Enewetak are 2.4 rem average 30 year exposure, or 80 mrem per year. The average dose for those residing on Engebi only is 5.5 rem in 30 years, or 184 mrem per year, while those residing on Enewetak are expected to receive 0.35 rem in 30 years, or only about one mrem per year.

Genetic Effects

The basis for our previous genetic effects estimates for Enewetak Atoll was the most recent draft for the Report of the National Academy of Sciences Committee on the Biological Effects of Ionizing Radiation (the BEIR III Report) which estimates that between 5 and 75 added cases per

million live births per rad of added parental radiation would be expected among the first generation of offspring, and notes that this number must be considered in relation to the current "spontaneous" incidence of such cases of about 10.7%, or 107,000 per million live births. Put another way, each rad of parental exposure is expected to cause an increase of from 0.0047% to 0.07% of the normal risk. This radiation risk estimate may be used to calculate the added risk attributable to any other average population 30 year dose by simply multiplying by that dose. Table 2 presents such estimates for the entire Enewetak Atoll population, for the people residing on Engebi, and for the various Bikini Atoll residence patterns, presented as risks per 100 live births. They should be compared with the normal expectation of about 11 cases per 100 live births in the absence of any added radiation exposure.

TABLE II. Estimated incidence of cases of genetic ill health among the offspring of the Enewetak and Bikini people returning to their atolls under various living patterns, expressed as additional cases expected per 100 live births.

| Population | Living Pattern | Added cases per 100 births |
|---|---|---|
| Enewetak | Enewetak 100%* | 0.0001 to 0.003 |
| | Engebi 40%<br>Enewetak 60%* | 0.001 to 0.02 |
| Bikini | Eneu 100% | 0.002 to 0.02 |
| | Eneu 90%<br>Bikini 10% | 0.002 to 0.03 |
| | Eneu 50%<br>Bikini 50% | 0.007 to 0.11 |
| | Bikini 100% | 0.013 to 0.19 |
| United States (current incidence)** | | 10.7 |

* Percent of population.

**United States population estimate is used because data for the Marshall Islands is unavailable.

Obviously, the genetic risks are greatest for the estimated 30 year dose, but even in this case, the added risk is at most less than 2% of the normal "spontaneous" risk.

Cancer Risk

The linear dose response, relative risk model permits a direct comparison of the relative risk experienced by different populations by a simple ratio of the radiation doses received. (Thus, a population exposed to 10 mrem/year would have 1/10 the risk experienced by one exposed to 100 mrem/year.) The risk ranking on this basis of the Enewetak-Bikini resettlement is presented in Table III.

TABLE III. Relative Risk - Based on 30 year average, Radiation Exposures

| Living Pattern | Dose (30 yr - mrem/yr) | Relative Risk |
|---|---|---|
| Enewetak | 12 | .07 |
| Eneu (100%) | 98 | .53 |
| Eneu (90%), Bikini (10%) | 112 | .61 |
| Engebi | 184 | 1.00 |
| Eneu (50%), Bikini (50%) | 483 | 2.63 |
| Bikini (100%) | 858 | 4.66 |

In order to appreciate the magnitude of the risk associated with the different living patterns on Bikini and Eneu comparisons can be made with the Enewetak/Engebi resettlement. The DOE dose estimates for Bikini present the dose averaged over 30 years for the living patterns shown in Tables I and III.

The number of radiation-induced cancers that are estimated for the 180 persons assumed to return to Engebi island is 0.15-0.91, which scales to .08-.51 per 100 returnees. Table IV shows the range of estimates per 100 returnees to the Enewetak and Bikini Atolls.

TABLE IV. Estimated lifetime increase in cancer mortality per 100 returnees from radiation (30 year averaged dose).

| Living Pattern | Risk Model* | | |
|---|---|---|---|
| | Linear Quadratic (Absolute Risk) | Linear (Relative Risk) | Geometric Mean** |
| Enewetak | .005 | .03 | .01 |
| Eneu (100%) | .04 | .27 | .10 |
| Eneu (90% Bikini (10%) | .05 | .31 | .12 |
| Engebi | .08 | .51 | .20 |
| Eneu (50%) Bikini (50%) | .22 | 1.33 | .54 |
| Bikini (100%) | .39 | 2.36 | .96 |

* The lower risk estimate is from the preferred NAS BEIR III Linear/Quadratic model, while the higher estimate is from the linear dose-response model.

**The geometrical mean is $\sqrt{\text{low x high estimate}}$.

RISK FACTOR

Mr. MITCHELL. Dr. Brill is talking about the table on page 6 of the April 2, 1980 risk estimate report.

Mr. DUNCAN. Here on Enjebi, that relative risk factor goes up to a factor of 1, right?

Dr. BRILL. Yes. It is computed as being unity, assuming, let's say for the moment, that that is an acceptable scenario. Then, in Enewetak, for example, one is down to 7 percent of that kind of risk that they would be committed to by living on Enjebi island.

Mr. DUNCAN. Have you seen this little blue book?

Dr. BRILL. Yes, I have.

Mr. DUNCAN. When we get in to living on Enjebi, we get radiation doses that are approximately twice and up as high as four times the standard, whatever the standard is worth. Those figures in absolutes kind of frighten the layman when you look at some of the lower standards they have on some of these other islands.

Do I understand what you're telling me is that over a thirty-year period, you would expect those millirems of annual exposure to be reduced so that the average would be such that it would produce only .01 factor increase in the relative risk of cancer?

Dr. BRILL. For the people who would return to Enjebi, the number of added cancers in that population estimate, on the basis of a thirty-year average dose, is between 0.08 and 0.51 in a hundred persons returning to the island.

Mr. DUNCAN. A hundred.

Dr. BRILL. In a hundred persons returning to the islands.

Mr. DUNCAN. So if we return 250, it would be twice that? 0.16 to 1.02?

Dr. BRILL. To about one.

Mr. DUNCAN. To about 1.02.

Dr. BRILL. That's correct.

Mr. DUNCAN. You'd expect that over a thirty-year period?

Dr. BRILL. In the lifetime of the population from the radiation dose as averaged over a thirty-year period.

Mr. DUNCAN. As a maximum.

Dr. BRILL. As a maximum. The 0.16 cases in the total population would be the best estimate that the National Academy of Sciences' BEIR III Committee came up with. The 1.02 added cases, is calculated using the linear-relative risk model, which is believed to be the upper limit——

THYROID OPERATIONS

Mr. DUNCAN. These thyroid operations that they are having out there. Are those cancerous thyroids——

Dr. BRILL. The vast majority of them are adenomas. Some of them are cancers, none of them have been, to my knowledge, the type of cancers that kill people.

Mr. DUNCAN. Are those that you are refering to the kind that most people got before we used to eat salt with iodine in it?

Dr. BRILL. These types of cancers I don't believe have a strong relationship to iodine in the diet, but very many people have these

types of cancer, if you cut through the thyroid and look at it very systematically. Something like 4 percent of the——

Mr. DUNCAN. More than just the enlarged cancer that the iodized salt attacked.

Dr. BRILL. That's correct.

Mr. DUNCAN. Well, that puts the thing in perspective, I guess. It makes you kind of wonder whether all the money we spent cleaning all this up and getting them down to these very low risks were really in the interests of the Bikinians or the Americans, either one.

Dr. BRILL. Well they brought it into line with the U.S. standards so that one could not be criticized for putting people back into living circumstances that we would not easily approve for citizens in the United States.

IMPORTANCE OF FOOD SOURCES

Mr. DUNCAN. But this again assumes they will be using only limited amounts of local food, and I assume further that they will not be getting food from the northern islands, other than Enjebi. So we've——

Mr. MITCHELL. Excuse me.

Dr. DUNCAN. Yes.

Mr. MITCHELL. That's not exactly correct. The dose estimates, the dose assessment results that Drs. Bender and Brill have used for their risk estimates assume a diet which includes local foods to the extent of 40 percent. Sixty percent imported, 40 percent local.

Dr. BRILL. 25 percent local and 75 percent imported.

Mr. MITCHELL. I need to straighten the record out here. We're talking about 75 percent of the time under normal living conditions. And that 75 percent of the time includes a diet that has 60 percent imported foods and 40 percent domestic foods. The 25 percent of the time that Dr. Brill is referring to is the estimated 25 percent of the time that they are going to be stuck out there without field trip service, and will be totally dependent on local food sources.

COMPARISON WITH DOE RISK ESTIMATES

Dr. DUNCAN. Is that substantially a great deal different from the assumption made in here?

Mr. MITCHELL. It's somewhat different, but the reason why it's different is that book is inaccurate; the DOE book is wrong.

Mr. DUNCAN. Wrong for the assumptions that they have made?

Mr. MITCHELL. The results are not that different from what Drs. Bender and Brill have reached.

Mr. DUNCAN. I think I understand that, but you're not telling me that the calculations are wrong?

Mr. MITCHELL. What I mean to say is that a number of the assumptions that they made there just aren't realistic. The number of cases that they posit are just not——

Mr. DUNCAN. But am I also able to understand that the assumptions are not all that much different in terms of end result.

Dr. BRILL. That's correct.

Dr. BENDER. Perhaps, Mr. Chairman, I could clarify. The numbers that we have used are derived from two of the sets of figures

on pages 22 and 23 of this DOE booklet. They are the right hand sets of figures in both cases. That is to say, we have taken the dose estimate which supposes that people living on Enjebi collect food on the northern islands, and that they have outside food available. We've also taken the case which is the same, except that there is no imported food available.

We said that it is perhaps reasonable to assume that for 25 percent of any given year there will be no outside food available, and 75 percent of the time there will be outside food. What we get is an average, weighted in that way, of the numbers which appear in those tables. I do have the right ones, yes.

Another point that I think might clarify matters is that the numbers that you quoted earlier, as for example 2,000 millirem, are numbers with which we don't substantially disagree, for the dose that might be anticipated in the year of maximum dose. The dose changes in the case of people residing on Enjebi, eating local food part of the time. When the coconuts mature in seven or eight years, I suppose, from the time they are planted, they will start to get a much higher dose than they will have gotten prior to that time, simply because the food will start coming from that island. It will then fall off, that is, their burden and their doses, as a function of time.

RADIATION STANDARDS

Mr. DUNCAN. Is the dosage that they could expect under these assumptions of yours lower than the thirty-year standard. Don't we have a thirty-year standard?

Dr. BENDER. We do, the FRC guide recommends that people should not be exposed—well that's a difficult—it's too simple an answer—if I may for a moment. The guide actually states two things. We should not expose the general population to more than 170 millirem per year or 5 rem total cumulative over thirty years. The philosophy here was, as Dr. Wachholz mentioned earlier, that in the case where you are not measuring the population, where doses may differ between members of the population, it's reasonable to assume that no one in the population will get more than three times the average.

The actual recommendation, then, was that no one should be exposed to more than 15 rem, that is the maximum in thirty years, nor half a rem in any given year. Some of these DOE dose estimates for various scenarios do in fact exceed the former. I think by our means of reckoning, which is not substantially different from the DOE means of reckoning, that none of these scenarios do in fact exceed the thirty-year accumulative dose pattern of 15 rem or the maximum.

They do exceed doses——

Mr. DUNCAN. Five rem.

Dr. BENDER. Five rem——

Mr. DUNCAN. That's the unmeasured population.

Dr. BENDER. That's right. But this is a controlled population. It is my personal belief that what should apply here is the half rem and the fifteen rem, as an exceptional sort of situation.

COST OF ENJEBI RESETTLEMENT

Mr. DUNCAN. What you want the committee to do?

Mr. MITCHELL. Specifically, the people of Enewetak would like this committee to appropriate the estimated cost, which is $8.5 million, you've got the details before you, to redevelop Enjebi Island and resettle the people there.

Mr. DUNCAN. Now?

Mr. MITCHELL. Yes, now. It means 55 houses, it means trees, a church, community building, school, pier, that sort of thing. In addition, and I suppose this really needs to be mentioned at this point, we would like very much to have you continue your interest in what we call the Marshall Islands Radiological Islands Health Program. We think that also is important. Among other things, it will mean that each of those islands will have regular field trip service, because the ship has got to take doctors there and bring food that the people can purchase in order to maintain their diet.

FUTURE DAMAGE CLAIMS

Mr. DUNCAN. If the committee were to do that, would your clients hold the Government harmless for any further payments for damages for radiation illnesses that might develop?

Mr. MITCHELL. First of all, I think the answer is no, for a variety of reasons. One, because I don't think the trustee can ask these people, the beneficiaries, to waive those kinds of rights. I want at this point to correct the record. Someone earlier said something about Enewetak people receiving $10 million. That just is not the case. We've had the benefit of all these programs, and there was a trust fund set up many years ago. But they're not the ones that have been getting big chunks of money lately. It's got to be somebody else.

You raise a very interesting question. If the magnitude of the problem is as our own experts are telling us, then why should either one of us worry that much, and if the Northern Marshall Islands Radiological Health Program, which has been authorized, is ultimately funded and does a reasonably good job, it's going to take care of any health problems that arise.

I think that's the way to approach the problem rather than to worry about lawsuits.

Mr. DUNCAN. You may be correct with respect to your statement about the responsibility of the trustees to the beneficiaries. I suppose that responsibility would also extend to a decision whether or not in the first instance they should go back at this point. It's difficult not to be swayed by the desires and the hopes and aspirations of the people who want to go back to their homes.

We can make a pretty sound case, and Three Mile Island ought to be decontaminated and opened up right now. You can say the same thing with respect to a lot of the plants that have closed down and are not operating right now. Even the definition of facts in this field are so soft, no one can really agree on them and it makes it more difficult for us when you chaps use different sets of assumptions that we've got to interpret. And see what it means alongside of the peoples' perceptions of the facts. That is far more important I guess, than even what the facts are. In this area we

don't really know. If the Chairman were here, he would be asking you can you be absolutely certain, and your answer would have to be no.

You can't be absolutely certain in these areas. I'm not so sure that we can live in our day-by-day life by that sort of a standard. I think there's risk in living; the question is what's an unreasonable risk, and that's what we're trying to make a decision on, but it's very difficult.

I appreciate the help that you've given us, counsel and doctors. I'm going to read all this stuff myself, and may I call on either of you, if we have further questions, to try to help us make up our minds in this area.

Mr. MITCHELL. Could I just put in a word for these two gentlemen who are sitting to my right, who have done so well by us. Both of them are members of the National Academy of Sciences' Committee on the Biological Effects of Ionizing Radiation, the very committee that all these DOE gentlemen have to look to for the answers. We looked all over to find the best, and I think we've got them. In matters of this kind, what else can a person do, but rely on those who are the recognized authorities on the subject? I wanted to leave you with that notion.

I think we've got the best, and we have great confidence in them, and we commend their opinions to you. We'll be glad to bring them back at any time you want to talk to them.

Mr. DUNCAN. I may have to call on you, for some additional help, and it may be that we may want to put that in the record at some future date.

You see the difficulty here is that it isn't so much the answers to the questions, it's even knowing what the right questions are to ask and that's pretty hard for us.

Mr. MITCHELL. If I may say so, you've been asking the right ones today. The very ones we've asked.

Mr. DUNCAN. You just want $8.5 million.

Mr. MITCHELL. Well of course, I do; of course, I want that. But it's also a great relief to sit here and have a discussion all in common terms, something we don't often enjoy.

Mr. DUNCAN. Thank you very much, we'll go over this, and we may be calling on you again.

Thank you for coming so far. Is there any other testimony, is there anyone else here from the islands who has something they could contribute and want to add. We don't want you fellows to have to get on an airplane and come back again.

I suppose the record ought to show the recognition on the part of the committee on the comments that have been made with regard to the Department of Defense's role in this. They've done a good job and the committee appreciates that too.

Thank you very much, the committee will be adjourned until tomorrow morning at 10 o'clock.

# DEPARTMENT OF INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR 1981

THURSDAY, APRIL 3, 1980.

## TERRITORIAL AFFAIRS

### WITNESSES

WALLACE O. GREEN, ACTING DEPUTY ASSISTANT SECRETARY OF INTERIOR, TERRITORIAL AND INTERNATIONAL AFFAIRS
RUTH G. VAN CLEVE, DEPUTY ASSISTANT SECRETARY OF INTERIOR FOR POLICY, TERRITORIAL AND INTERNATIONAL AFFAIRS
GEORGE R. MILNER, DIRECTOR OF PROGRAM COORDINATION
MATTHEW N. NOVICK, DIRECTOR, FEDERAL COMPTROLLER'S OFFICES AND FINANCIAL MANAGEMENT TECHNICAL ASSISTANCE
JOHN E. DE YOUNG, SENIOR STAFF ASSISTANT, PACIFIC AFFAIRS
HUGH J. GALLAGHER, BUDGET OFFICER, TERRITORIAL AND INTERNATIONAL AFFAIRS
WILLIAM D. BETTENBERG, DIRECTOR OF BUDGET, DEPARTMENT OF INTERIOR
AL PANGELINAN, DIRECTOR, OFFICE OF BUDGET, GOVERNMENT OF GUAM
BEN FUKUTOME, FEDERAL COMPTROLLER, GUAM/GNMI/TTPI

### GOVERNMENT OF GUAM

Mr. DUNCAN. If the Committee will come to order we will hear testimony on the budget submitted by the Department of Interior for the Government of Guam. And our first witness is Mr. Pangelinan. Do you have the Governor and Lieutenant Governor here too?

### MR. PANGELINAN'S TESTIMONY

Mr. PANGELINAN. I am sorry sir, the Lieutenant Governor was scheduled to come here but on the way from Honolulu he received word that his father-in-law is gravely ill.

Mr. DUNCAN. Oh, I am sorry. So he returned to Guam?

Mr. PANGELINAN. I think he is still over in Honolulu because his father-in-law is there.

Mr. DUNCAN. I see, so you will be presenting the testimony on behalf of the Government of Guam?

Mr. PANGELINAN. Yes, sir.

Mr. DUNCAN. We are delighted to have you with us. The Committee has the statement submitted by Lieutenant Governor Ada. Do you want us to put this in the record? Is this the official testimony?

Mr. PANGELINAN. Yes, sir.

Mr. DUNCAN. All right, without objection it will be placed in the record. You may summarize.

[Material referred to follows:]

TESTIMONY OF THE
HONORABLE JOSEPH F. ADA
LIEUTENANT GOVERNOR OF GUAM
BEFORE THE
HOUSE INTERIOR SUBCOMMITTEE
ON APPROPRIATIONS

Mr. Chairman, members of this Subcommittee, I am honored to appear before you to express the appreciation of the People of Guam for the Committee's continuing support for Guam's financial needs.

In our last meeting, I stated that the new Administration will be taking steps to rectify the financial plight that Government of Guam is in. I am pleased to inform you that Government of Guam has taken steps to reduce the General Fund deficit from $72.7 million to $45.6 million. With the deappropriation plan, this amount would be reduced further by as much as $7 million. The substantial deficit reduction is attributed to a more careful financial planning and accounting of Government of Guam General Fund, increased revenues, and implementation of fiscal controls. Let me assure you that our efforts will continue to focus on further reducing this deficit. Let me also assure you that we intend to continue reducing the deficit without deficit-financing from the Federal Government.

Although we have appropriated some $32.3 million of capital projects from our General Fund within a 10-year period, Government of Guam is still faced with the problem of funding capital improvement projects for Guam. There are still projects that are important in

the delivery of essential services to the People of Guam and in the development of Guam's economy which cannot be financed because of limited General Fund revenues.

Attempts are being made to explore financing alternatives to pay for these projects. One such attempt is our ongoing loan negotiation with local banks to finance $15-$20 million highway construction plans using liquid fuel taxes as a revenue source to finance the loan. Unfortunately, Government of Guam's relatively new involvement in the credit market has made it difficult to go into debt-financing for most of our projects. Particularly, those projects that we are requesting in the Department of Interior's fiscal year 1981 budget.

Let me also reiterate that one of Government of Guam's objectives is to gradually minimize the financial assistance from the Federal Government for the funding of capital projects. Government of Guam recognizes that federal funds are becoming more and more difficult to get because of the growing concern to balance the federal budget, reduce the Federal Government's deficit and control inflation. However, our Government cannot accomplish its objective with the many economic constraints (which I have stated in the past) imposed by the Federal Government. Again, I call upon you and other members of Congress to immediately review and remove these constraints so that Guam can maximize the development of its economic potentials. Without the removal of these constraints, Government of Guam will be forever knocking at the doors of the Federal Government asking for considerable funding aid. More importantly, however, without the removal of these impediments, the aspirations of the People of

Guam which are shared by the U.S. Congress when they enacted the Organic Act of Guam to have greater self-determination and to be more economically independent will never be achieved by this Territory. Therefore, I ask this Committee that in its deliberation on our FY 1981 budget request for capital projects, the Committee should favorably consider not only our budget request but also concerns I raised which have brought about the need for financial assistance.

FY 1980 Budget

Mr. Chairman, the People of Guam are most grateful for the $10.1 million appropriated in FY 1980 for Guam. Plans are now being prepared to implement the new penitentiary ($6.5 million), construction for a water reservoir ($3.1 million), and economic development loans under the economic development fund (EDLF $.5 million). If you recalled, the funding for the penitentiary was reduced from $10.3 million to $6.5 million. I am requesting that an amendment be made to restore the original request. I am also requesting that the $500,000 reduction from the original $1 million for economic development and the $7 million request for health related facilities eliminated from the FY 1980 budget requests be restored. Capability statements have been prepared to support the adjustments being requested.

FY 1981 Budget Request

For FY 1981 budget, Government of Guam is requesting a total of $21 million of capital projects needed to enhance health, safety, education and economic development on Guam. Unfortunately, the

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Administration's budget submitted to Congress only reflects a total of $12.5 million which only represents 90% of the $13.4 million worth of projects approved by Department of Interior. The 10% or $1.4 million (excluding EDLF) is to be provided by Government of Guam.

I strongly appeal to this Committee to remove this 10% matching requirement. Our General Fund cannot support this requirement without going into further deficit or without jeopardizing the funding of critical programs. I might add that the underlying basis for requesting financing of capital projects from the Federal Government is because Government of Guam does not have the necessary funds to implement the requested projects immediately. To compel us to adhere to the 10% matching requirement would mean a delay in the implementation of these projects in the absence of local funds.

The $21 million projects were taken out of the multi-year CIP plan jointly prepared by the Department of Interior and Government of Guam. These projects are discussed in their order of priority.

Approximately $4.6 million is being requested to provide structural renovation and improvement of 28 elementary and secondary schools. These schools serving approximately 26,256 student population are scattered throughout Guam. Most of the schools which have been constructed after 1962 have weathered numerous typhoons, earthquakes and have depreciated thru normal wear and tear. Because of lack of funding, the schools could not be repaired to prevent further deterioration. Many of the schools have electrical, structural and mechanical deficiencies which must be corrected.

Failure to correct these deficiencies immediately endangers the safety of students, teachers and the general public.

One Million Dollars ($1 million) is being requested for economic development on Guam. This request would be used for loans and loan guarantees pursuant to the Economic Development Act of 1968. The funds being requested along with unobligated balances in the Economic Development Loan Fund will be used for economic stimulating projects in agricultural, fishing, tourism, industrial and commercial ventures. According to the Guam Economic Development Agency (GEDA) projections, there are approximately $4.2 million worth of potential projects that could be implemented in FY 1981. This amount is approximately $2 million over the funds that could be made available in FY 1981.

The total of $5.8 million is requested for water projects throughout Guam. Most of the funds would be used for new waterlines and replacements of deteriorated waterlines. Many of the new waterline constructions are for expanded residential developments throughout Guam. Many of the waterlines needing replacements were constructed immediately after World War II. These projects being requested in FY 1981 are consistent with the water facilities plan for the Territory of Guam.

Approximately $7.2 million is being requested for construction and renovation of Government facilities critical for the operation of Government of Guam and delivery of essential services. These facilities include the construction and renovation of a school,

renovation of a crime laboratory, construction and renovation of the old Guam Memorial Hospital facility and construction of an administration and maintenance building of the Department of Parks and Recreation.

The Agat-Santa Rita Jr. High School which is now being constructed and renovated will require approximately $3 million for its completion. The school will serve over 1,200 students. Presently, the school needs a cafeteria, gymnasium and additional classrooms to meet the increasing population in the Agat-Santa Rita and surrounding areas. It is estimated that the civilian population alone in Agat and surrounding areas would increase from 10,000 to over 19,000 by the year 2000. In addition to servicing the civilian population, the school would also accommodate the students of military families. Presently, the estimated number of military residents in this area is 10,000.

Funds for the Crime Laboratory would be used to renovate the existing facility. Electrical, mechanical and structural deficiencies have been identified. Failure to correct these deficiencies not only endangers the lives of individuals working in this facility, but also, can jeopardize the security of evidences gathered on a criminal case. The proposed plan is to provide not only a safe facility, but also, provide a secure storage area for evidences gathered. With the needed sophistication to implement law enforcement programs, it is imperative that we immediately correct these deficiencies.

The construction and renovation of the old Guam Memorial Hospital facility is part of the overall facility utilization plan for the

old hospital. This plan is part of the terms and conditions of the $25 million MCM hospital purchase. The construction and renovation plan would provide for additional beds for the skilled nursing facility, a mental health facility, administrative offices for physicians and nurses working in the facility, and an extended care facility.

The funding request for the Department of Parks and Recreation is for an administration and maintenance building. Presently, the department is operating without any building to store the department's recreation and maintenance equipment. Because of the expanded maintenance responsibilities of the Department of Parks and Recreation as a result of new parks and recreation facilities being built, the department is in great need to continually upgrade and maintain its equipment. Presently, because of lack of a maintenance facility, the equipment fleet of the Department of Parks and Recreation is difficult and costly to maintain.

Lastly, $2.5 million is being requested to reimburse the General Fund loaned to the Medical Center of the Marianas (MCM) now Guam Memorial Hospital. This money was made available to MCM for the operation of MCM before the purchase was finalized in December, 1979.

The budget request for FY 1981 is far from adequate in meeting Government of Guam funding outlays for capital projects. However, with your favorable consideration and the support of other members of Congress on this request, we can begin to meet Guam's funding requirements for infrastructure and economic developments. More-

over, we can continue to strengthen our financial affairs so that we can minimize our reliance on the Federal Government for financial assistance.

Specific details and additional information are incorporated in our FY 1981 budget request to the Department of Interior. However, should you have questions concerning our request, we will be glad to try and answer them.

Agency/Bureau: Department of Interior

Appropriation: Administration of Territories

Activity: Government Facilities

Proposed Amendment: + $500,000

Current Program: The Department of Parks and Recreation is comprised of the Division of Parks and the Division of Recreation. Parks division is responsible for the planning, administration, development and maintenance of parks and recreation facilities. The Recreation division is responsible for the promotion, administration, planning and coordination of recreational programs. Presently, there is no central building for the administration of programs under this department. At present, the maintenance section occupies a crowded old building (WW II huts) under a Special Use Permit from the National Park Service. The permit expires on October 1, 1981. The maintenance division has a $1 million budget to maintain over 11 acres of park land.

Amount Budgeted FY 1981: There are no funds budgeted for FY 1980.

Feasibility: The construction of an administration and maintenance building for the Department of Parks and Recreation would provide better coordination and management of the Department's program. The building would also provide a secure storage and maintenance shop for the department's vehicle and equipment fleet.

Capability: Funds will be used for the following activities:

| | | |
|---|---|---|
| A. | Site development including site preparation | $ 50,000 |
| B. | Building costs, fencing and parking lot development | 200,000 |
| C. | Other project costs, including A & E, inspection and project administration | 50,000 |

Outlay: FY 1981 - $300,000

Agency/Bureau: Department of Interior

Appropriation: Administration of Territories

Activity: Health Care Needs

Proposed Amendment: + $10,000,000 - hospital renovation and other health care needs in the Territory of Guam

Current Program: Public Law 95-134 appropriated $25 million for the purchase of the Medical Center of the Marianas (MCM) to ensure the availability of adequate health care services. Plans have been formulated to convert the old Guam Memorial Hospital which is a government-owned facility into an extended care facility which will enable the MCM to be utilized for acute care purpose. The old GMH must also be rehabilitated by repairing damages incurred by typhoons.

Amount Budgeted FY 81: No funds have been appropriated although $10 million has been authorized by Public Law 95-348.

Feasibility: Renovation of the old GMH is planned to complement the new hospital facility's acute care functions. Funding is required to renovate GMH, purchase necessary hospital equipment and to make modifications to the new hospital.

Capability: The requested $10 million is sufficient to fund the activities listed above. Although renovation of GMH and the purchase of hospital equipment are critical needs, the other activities can be programmed for FY 1981. The $10 million will be used as follows:

| | |
|---|---|
| Ranovation of GMH | $ 3,500,000 |
| GSDA Loan to MCM | 2,500,000 |
| Purchase of equipment | 2,500,000 |
| Northern Area Health Center | 1,150,000 |
| Modifications to MCM | 850,000 |
| TOTAL PROJECT COST | $10,000,000 |
| Outlay effect: Fiscal Year 1981 | 4,600,000 |
| Fiscal Year 1982 | 5,400,000 |

Agency/Bureau: Department of Interior

Appropriation: Administration of Territories

Activity: Government Facilities

Proposed Amendment: + $150,000

Current Program: The crime laboratory is crucial in sound forensic analysis. The laboratory is staffed with 13 positions. The laboratory is responsible to provide routine criminalistic services to Criminal Justice Agencies on Guam, Northern Marianas and the Trust Territory, 24 hours a day, 7 days a week. The laboratory is also responsible to provide security for all physical evidence, photographs, and lab equipment.

Amount Budgeted FY 1981: No funds have been appropriated for this facility.

Feasibility: Renovation of the existing facility would enhance the laboratory's efficiency and effectiveness in carrying out its responsibility. The funds being requested would provide for the repair of structural, mechanical and electrical deficiencies cited by OSHA.

Capability: The requested $150,000 will be used for the following:

(1) Provide storage facilities for different chemicals used in forensic analysis.

(2) Provide for proper ventilation system.

(3) Correct faulty electrical wire system.

(4) Upgrade the physical structure.

(5) Provide for fire exits.

Outlay effect: Fiscal Year 1981 $150,000

Agency/Bureau: Department of Interior

Appropriation: Administration of Territories

Activity: Penitentiary Construction

Proposed amendment: + $2.1 million - to complete the construction of a new penitentiary facility

Current Program: The existing Guam Penitentiary was designed to accommodate 49 inmates. Currently, there are 119 inmates housed in the penitentiary with an average sentence of 1.9 years. By 1934, it is projected that Guam will have 240 inmates at the penitentiary. A major consequence of overcrowding is that first-time offenders are housed with hardcore criminals which prevents effective rehabilitation. Moreover, the existing penitentiary lacks supportive recreational, rehabilitative and counseling facilities. The Government of Guam faces potential litigation from inmates due to the poor conditions at the penitentiary. Finally, the penitentiary was not designed for maximum security which has resulted in frequent escapes and more criminal acts.

Amount Budgeted FY 1980: There is a $6.5 million appropriation made in FY 1980 for the penitentiary. Also, $1.7 million of approved projects were reprogrammed to the penitentiary. This reprogramming increased the funding level for the penitentiary to $8.2 million. This amount is short by $2.1 million from the estimated funds of $10.3 million required for the penitentiary.

Feasibility: A new penitentiary will be constructed to accommodate 240 inmates with the necessary support facilities for effective rehabilitation. The construction of a new Guam Penitentiary is a top priority project especially in light of the frequent escapes, overcrowded conditions, the lack of effective rehabilitation and possible litigation.

Capability: Funds will be released to the Government of Guam for the following activities:

| | | |
|---|---|---|
| A. | Site development including site preparation, recreation fields, perimeter security and road relocation. | $ 545,000 |
| B. | Building Costs including inmate housing, administration, rehabilitation facilities, and Control center. | 8,341,325 |
| C. | Other project costs, including equipment, surveying, architectural and engineering fees, inspection and project administration. | 1,435,000 |
| | TOTAL PROJECT COST | $10,321,325 |

It should be noted that $560,000 has been appropriated by the 15th Guam Legislature for design of the penitentiary, construction of an interim detention facility which will eventually become the educational and vocational building upon completion of the entire penitentiary complex, and to improve security fencing. These costs are not included in the total project cost indicated above.

| | | |
|---|---|---|
| Outlay effect: | Fiscal year 1980 | $1,238,000 |
| | Fiscal year 1981 | $6,709,000 |
| | Fiscal year 1982 | $2,374,000 |

Agency/Bureau: Department of Interior

Appropriation: Administration of Territories

Activity: Guam Economic Development Loan Fund

Proposed Amendment: + $500,000

Current Program: The Guam Development Fund Act of 1968 as amended by PL 95-134 and PL 95-348, provided for the funding of economic stimulating projects in the categories of agriculture, fishing, tourism and industrial/commercial/supportive activities. The objective of this program is to develop Guan's economy into a strong but competitive base which will provide jobs and income for the island's population while generating revenues for the operation of the government.

Amount Budgeted FY 1981: $500,000 balance of the authorization on PL 95-134 is $3,000,000.

Feasibility: The additional amount being requested would be used for additional loan application that have been processed or are currently being processed by GEDA. Current estimated loan requirements based on application are $4.2 million. Current resources available for loan and loan guarantees including FY 1980 appropriation are $1.6 million.

Outlay effect: Fiscal 1981 $1,000,000

Mr. DUNCAN. Secretary Green, you will be testifying on behalf of the Department.

Mr. GREEN. Yes, Mr. Chairman; and with me is Mr. Hugh Gallagher, our Budget officer, and Ben Fukutome, the Comptroller of Guam.

Mr. DUNCAN. I see.

Mr. PANGELINAN. Mr. Chairman, if I may, I'd like to give you my summary statement first.

Mr. DUNCAN. OK. Is this a summary of the statement of the Lieutenant Governor?

Mr. PANGELINAN. Yes, sir.

Mr. DUNCAN. All right, good. Do you want to review it orally?

Mr. PANGELINAN. If I may.

Mr. DUNCAN. All right, go ahead.

Mr. PANGELINAN. Mr. Chairman, members of this Subcommittee: I am honored to appear before you on behalf of the Governor and Lt. Governor of Guam. As I mentioned earlier, Mr. Chairman, the Lieutenant Governor regrets not being here. I have with me the Lieutenant Governor's prepared eight-page testimony supporting Government of Guam's fiscal year 1981 budget request. In the interest of brevity, let me try to highlight it.

Let me first say that the people of Guam are very grateful for the continuing support by Congress of Guam's financial needs.

### REDUCTION IN GUAM'S DEFICIT

Mr. Chairman, during the fiscal year 1980 budget hearings, the Lt. Governor testified that Government of Guam will reduce Guam's $72.7 million general fund deficit. I am pleased to inform you that the deficit has been reduced by $27 million. This is made possible through our efforts to carefully plan and properly account for our general funds accounts, increase our revenues, and implement fiscal controls. Let me assure you that our efforts will continue to further reduce the deficit.

Although we are reducing our deficit without deficit-financing, we are very much concerned about the proposed budget cuts by the President. Some of these cuts will adversely impact on many of the programs that Guam is implementing now. These include LEAA, CETA, EPA and education programs. We are also very much concerned about the proposed 90/10 capital project funding. We foresee that if these plans were to be implemented, Government of Guam will be faced with catastrophic consequences. Our deficit will not only increase, but also some critical programs will have to be eliminated and general unemployment will occur throughout the Island's economy.

We appeal to you and other members of Congress to reconsider the proposed cuts in light of Guam's situation. We also appeal to you and other members of Congress to waive the 10 percent local matching requirements. We do not have the available funds for the matching requirement.

### FISCAL YEAR 1981 REQUEST

Our fiscal year 1981 budget request amounts to over $21 million dollars. This requst is for the following:

School repairs, $4.6 million; economic development loan fund $1.0 million; water projects, $5.8 million; government facilities, $7.2 million; general fund reimbursement, $2.5 million for a total of $21.1 million.

Of the total $21.1 million, the Department of the Interior approved $13.9 million, of which $1.4 million or 10 percent, will be funded by Government of Guam. The balance of $7.2 million were projects not supported by the Department. They are: $500,000 for economic development loan fund $4.2 million for government facilities; $2.5 MCM Reimbursement to the general fund; for a total of $7.2 million.

Although we support the Department of Interior's submission we feel that we still need the additional requests. The additional requests, particularly for the $500,000 Economic Development Loan Fund and the $4.2 million for Government facilities, are crucial for the development of Guam's economy and delivery of essential services.

In addition to the above requests, Government of Guam seeks your favorable consideration to provide $2.1 million for our new penitentiary; $500,000 for our economic development loan fund; and $7 million for hospital facilities. All of these projects that were not included in this budget were identified in our supplemental request in FY 1980. We appreciate the favorable action by Congress of providing $6.5 million as partial funding for the penitentiary in FY 1980. Unfortunately this amount is still short of the required penitentiary funding. Government of Guam is also appreciative of the $25 million appropriation for the new hospital. However, there are still other health needs that Guam is faced with. We direly need funding for the renovation of Guam Memorial Hospital; procurement of health equipment; modification of the MCM facility——

Mr. DUNCAN. What's MCM?

Mr. PANGELINAN. This is the Medical Center of the Marianas. This is the new hospital sir, upgrading of health centers, and construction of a Northern Area Health Center.

While we recognize the difficult problems in balancing the Federal government's budget and in getting additional funds, Government of Guam requests that some consideration be given to developing its infrastructures and other capital improvement projects. Government of Guam wants to be less dependent on the Federal Government for its funding requirements. In this regard, we ask that in your deliberation of Guam's funding requirements, you also consider the various Federal constraints imposed on Guam which impede economic development on Guam. Unless these constraints are addressed positively by the Federal Government, Government of Guam will be forever asking for considerable financial assistance from the Federal government which Government of Guam is most reluctant to do.

Mr. Chairman, this summarizes Guam's funding requests for this budget year. I hope that this Committee will favorably consider our requests and our concerns raised.

Thank you.

Mr. DUNCAN. Thank you Mr. Pangelinan for an eloquent statement of the Government of Guam's position. Is Mr. Won Pat in the room? Mr. Won Pat is a very diligent representative of Guam.

Mr. Pangelinan, What these Federal constraints that you are talking about?

Mr. PANGELINAN. Sir, we're talking about federal regulations that are affecting air transportation, that are affecting immigration and naturalization, customs. We are also talking about regulations concerning the use of military land.

I think when the Lt. Governor was here the last time, or last year, he pointed out the specifics of those constraints. I will be more than happy to submit a list to your committee.

Mr. DUNCAN. Are those constraints that exist peculiar to Guam? Aren't they likewise constraints applicable to the balance of the country? Are you talking about access for instance to Japan, New Zealand and Australia as far as airlines are concerned?

Mr. PANGELINAN. Yes sir. We are talking about, I think in the case of Guam, sir, some peculiarities because of the distance and because of our economic situation. We're pretty remote out there. And yet in the case of, and I think you are aware of the problems concerning the Jones Act, for instance. And these are some of the things I think are critical for our economic development.

Mr. DUNCAN. The Jones Act affects the country, what about the military land that you are talking about.

Mr. PANGELINAN. We're talking about, sir, we have made some studies in conjunction with the military, and although they have made some releases to the Government of Guam, we have identified military lands that are not being used but are important for economic development. But as of now we still have not been able——

IMMIGRATION CONSTRAINTS

Mr. DUNCAN. And the immigration constraints that affect you?

Mr. PANGELINAN. In immigration, we have the quota system. We have a lot of aliens coming in, and as a result of that, it is impacting on our labor market.

Mr. DUNCAN. You mean you are bearing an undue burden of your share of immigrants into this country in Guam?

Mr. PANGELINAN. Yes, sir, we have, for instance, in the case of a lot of our skilled workers in Guam, a lot of them are from other foreign countries.

Mr. DUNCAN. They aren't emmigrating, are they? Isn't that contract labor?

Mr. PANGELINAN. Yes, sir, but at the same time there are certain provisions in there that identify certain quotas. Guam cannot control the immigration of alien labor.

Mr. DUNCAN. No, neither does Oregon.

Mr. PANGELINAN. Well sir, this is a problem.

Mr. DUNCAN. Is this an illegal alien problem in Guam? Or are they all there legally?

Mr. PANGELINAN. I think there are some there illegally.

REDUCTION IN DEFICIT

Mr. DUNCAN. Yes, I'm sure there are some. We received a telegram on January 30 from the Governor stating that the general

fund deficit of Guam had been reduced from approximately $73 million to approximately $46 million. You would corroborate that statement?

Mr. PANGELINAN. Yes sir, I mentioned that we reduced it about $27 million.

Mr. DUNCAN. Well those figures jive exactly as of September 30, 1979.

How were you able to make such a large reduction? Now that is accumlative debt, isn't it?

Mr. PANGELINAN. Yes, sir.

Mr. DUNCAN. That represents the national debt of Guam?

Mr. PANGELINAN. You may say that, sir.

Mr. DUNCAN. How were you able to do that? That's a pretty good job.

Mr. PANGELINAN. We were able to do it in several ways. We were able to, of course, make adjustments in our accounting records. We were able also to cut down costs in the operation of government. We were able also to do it in containing the costs of various programs. In all, I think when the new Administration came in, it came in with an austere plan, austere budget for the fiscal year. And the Governor in his territory address has made it clear that he wants to pursue that.

INCREASED REVENUES

Mr. DUNCAN. Did you increase your revenues?

Mr. PANGELINAN. Yes sir. We were able to increase the revenues.

Mr. DUNCAN. From local taxes?

Mr. PANGELINAN. Yes sir. We are talking about the income taxes, we were able to increase that value $20 million.

Mr. DUNCAN. $20 million, is that by more effective collections, or did you raise the rates, or both?

Mr. PANGELINAN. By effective collections, sir.

Mr. DUNCAN. Is the Internal Revenue Service collecting your income tax for you there now?

Mr. PANGELINAN. No sir.

Mr. DUNCAN. You're doing it yourself?

Mr. PANGELINAN. Yes, sir.

Mr. DUNCAN. Were you able to increase your revenues from the United States Government to help you cut that deficit down?

Mr. PANGELINAN. As far as the section 30, sir?

Mr. DUNCAN. Well any source of Federal funds. Increased revenues from the Federal government that contributed to the reduction of that deficit.

Mr. PANGELINAN. There have been some increases, but not substantially, I would say, that would impact on this. Primarily it is in the revenues and primarily in cutting down of——

Mr. DUNCAN. Mr. Fukutome, can you confirm these remarkable results?

Mr. FUKUTOME. Mr. Chairman, right now we are in the process of conducting an audit of the fiscal year 1979 financial statement.

Mr. DUNCAN. That's what we're talking about.

Mr. FUKUTOME. Yes. The bulk of the turnaround, the so-called turnaround, is a result of the increase in revenue, and the increase

in revenue is narrowed down to the local income tax. We made a detailed breakdown of that, and it 's in the withholding, individual withholding and corporate income tax collected. To a tune of, as he said, $24 million. That's where most of it is, resulting in a surplus position.

Mr. DUNCAN. And the other $3 million is cost containment?

Mr. FUKUTOME. Basically, yes. But the bulk is in the revenue.

Mr. DUNCAN. One of the things you said is that you tightened up your accounting procedure. So are you telling me that this is all a sleight of hand and——

Mr. PANGELINAN. No, not necessarily.

Mr. DUNCAN. And you just changed figures on the budget deficit over here.

BUDGET AND ACCOUNTING CONSOLIDATED INFORMATION SYSTEM

Mr. PANGELINAN. No, sir. What I'm saying, sir, is that we are very pleased with the implementation of the BACIS, the automated Budget and Accounting Consolidated Information System, and this is in conjunction with the technical assistance granted within the Department of Interior.

Mr. DUNCAN. With the implementation of BACIS, you made a new accounting structure?

Mr. PANGELINAN. That's correct.

Mr. FUKUTOME. With a new computer program. I think two years ago I mentioned to this committee that Guam was in the process of reconverting its accounting system.

Well, I'm happy to report that as of December last year, they have fully implemented this sytem. It is a combination of budget and accounting systems on the computer.

Mr. DUNCAN. You are telling us that in one year the Government of Guam was able to increase revenues from Guamanian residents and industry by $24 million?

Mr. FUKUTOME. Mr. Chairman, last year I also said that there was a lot of room for improvement in collection of revenues, and I think this has proven that there was room for improvement.

Mr. DUNCAN. When did this Administration take office?

Mr. FUKUTOME. January of 1979.

Mr. DUNCAN. When's the next election?

Mr. FUKUTOME. 1982.

Mr. DUNCAN. Well, you think you're going to survive a $24 million increase in payment of taxes? Well, that's remarkable, really, and the Committee is very appreciative of the Guam Government. I think it is an impressive thing, and when they vote you out of office next time, I'll come out and tell them all about that. When are your audits going to be completed?

Mr. FUKUTOME. Within the next couple of months.

Mr. DUNCAN. We would like you to give us the results of that when you get through with it.

Mr. FUKUTOME. About May or June, something like that.

GAO REPORT—TAX COLLECTIONS

Mr. DUNCAN. All right. That may be in time for it to be of use to us; anyway, as quick as you can. And if you get some preliminary

figures, we would like those as soon as you have them. Subject to confirmation.

The GAO report of October 3, 1979 was extremely critical of the Government of Guam's administration of its income tax program. It said you are losing millions of dollars because of the inability to assess and collect territorial taxes properly.

Now is this still a year or so behind you? Did you read the GAO report? Is it valid?

Mr. PANGELINAN. There have been some, or there were some, problems in the income tax collection. Again, when the new Administration came in, we identified the problems, and we have in fact requested a supplemental from our local legislature so that we can computerize the collection of income taxes and obtain the number of——

Mr. DUNCAN. I thought you told me it was computerized.

Mr. FUKUTOME. No, the accounting system.

Mr. PANGELINAN. The accounting system.

Mr. DUNCAN. I see, but you don't have the tax rolls on the computer?

Mr. PANGELINAN. No, sir. We hope that would be implemented shortly.

Mr. DUNCAN. So we can look for even further increases in the productivity of your tax system in Guam.

Mr. PANGELINAN. That's correct. We're looking forward.

### FISCAL YEAR 1978 DEFICIT

Mr. DUNCAN. Justifications on page 19 indicate that the fiscal year 1978 deficit was only $42 million, rather than the $72 million shown by an independent audit in the Governor's telegram.

Now this was 1978. Can you explain the difference between those two figures?

Mr. PANGELINAN. I think, sir, you're referring to the Comptroller's report.

Mr. DUNCAN. Is that what we're referring to on page 19? Go ahead. Let's assume it's correct.

Mr. PANGELINAN. An independent auditor came out and for fiscal year 1978 came out with the report that the Government of Guam had a deficit of $72 million.

Mr. DUNCAN. Then the Federal Comptroller's office audited that, and the deficit was only $42 million.

Mr. FUKUTOME. $47 million, sir. What we did was we broke down the $72 million, sir, and only took out that portion that pertained to revenue and expenditures and reserves. The revenue and the expenditure, the excess of the revenue and expenditure, amounted to $39 million. And of the $72 million, there was $7.8 million in reserves. That was what we computed to be a true deficit balance, which is a sum total of $47 million.

The $72 million includes other items such as continuing authorizations that we didn't consider.

### CHANGING ACCOUNTING SYSTEM

Mr. DUNCAN. You have them on a cash basis, and that would have been one kind of accrual basis.

Mr. FUKUTOME. Well, no.

Mr. DUNCAN. Not exactly. But they were reserving against future expenditures under a continuing authorization.

Mr. FUKUTOME. Yes, which hadn't even been expended.

Mr. DUNCAN. And is this what the two of you are talking about when you talk about changing the accounting system.

Mr. FUKUTOME. No.

Mr. DUNCAN. That is not.

Mr. FUKUTOME. When we are changing the accounting system, we mean we're including in the accounting system information pertaining to budget. And we're throwing it all into the computer as an innovative accounting system for both budget and accounting.

Mr. DUNCAN. Isn't this a change in the accounting system that you're——

Mr. FUKUTOME. No. We still maintain an accrual system. We still maintain an obligation and so forth.

Mr. DUNCAN. So, I guess we're arguing semantics here. It seems to me if the Government of Guam was accruing authorizations before they were obligated that that would be——

Mr. FUKUTOME. No. This has always been done, and still is today. For the purpose of reporting, we have only reported as far as the funds deficit balance is the excess of the expenditures, and over the revenue and reserves.

ACCUMULATIVE DEFICIT REDUCTION

Mr. DUNCAN. Did these same problems affect the 1979 deficit of $46 million?

Mr. FUKUTOME. The 1979 deficit does not relate to the $72 million. If you only consider the revenue and expenditure and reserves, we're talking about a reduction from $47 million down to, based on our tentative audit, $34 million; approximately $11 million is what we are coming up with now.

Mr. DUNCAN. So to compare apples and apples rather than apples and oranges, we would compare a budget deficit for 1979.

Mr. FUKUTOME. There is not a deficit sir, it's a surplus.

Mr. DUNCAN. A surplus.

Mr. FUKUTOME. That's right.

Mr. DUNCAN. A reduction of the accumulative deficit would not be from $73 million down to $46 million but it would be from $47 million down to $34 million is that right?

Mr. FUKUTOME. That's right. Based on our tentative results of our audit.

Mr. DUNCAN. That's still a 25 percent reduction in the accumlative deficit and that's pretty good.

Mr. FUKUTOME. Yes. We're all pleased about the status.

Mr. DUNCAN. Do we give you the credit for this or the new Administration?

Mr. FUKUTOME. No, we're just doing the background area.

Mr. DUNCAN. Good for you. That's the right answer.

Mr. DUNCAN. On page 19, your justification explains that many of the jobs, especially construction jobs, are held by imported H-2 workers, but this situation is being corrected. Now I gather that this is a part of the immigration problem you are talking about.

Mr. PANGELINAN. Yes, sir.

Mr. DUNCAN. What are you doing to correct this? Now these are contracts that go out on a low bid, is that right? And the contractor brings in imported labor. Where is this from? Korea, Phillipines?

Mr. PANGELINAN. Well, Korea and the Phillipines.

Mr. DUNCAN. Taiwan?

Mr. PANGELINAN. Taiwan.

Mr. DUNCAN. All right. There's no restriction in the contracts that the Guam Government submits?

Mr. PANGELINAN. No. They are private contractors, and they submit their petitions to the Department of Labor and they work with the Immigration and Naturalization Office.

Mr. DUNCAN. They cannot get the domestic labor and therefore are permitted to import?

Mr. PANGELINAN. The result of that.

Mr. DUNCAN. All right, what do you do about this?

Mr. PANGELINAN. I think the Governor, when he was here last year, contacted the Immigration and Naturalization Service and requested some technical assistance.

At the same time, we have a plan for developing our skilled labor in Guam, and we're pushing for the Community Career College which will provide the skilled labor, and hopefully these will fill the vacuum once these workers——

Mr. DUNCAN. Well you've had some graduates. You graduated 367 students in the occupational trades. Are these people employed?

Mr. PANGELINAN. Yes, sir.

Mr. DUNCAN. Are the contractors employing Guamanian labor to the extent that the supply is available?

Mr. PANGELINAN. That's correct.

Mr. DUNCAN. So, it isn't really a perversion of the labor and immigration rules to bring in the imported labor. They are using Guamanian labor to the full extent that that market will supply. Is that correct?

Mr. PANGELINAN. That's correct.

Mr. DUNCAN. All right, and you are trying to enhance them in skill and enlarge the force of Guamanian Labor to replace these people.

Mr. PANGELINAN. That's correct.

Mr. DUNCAN. Good.

Mr. GREEN. If I may.

Mr. DUNCAN. Yes, please.

Mr. GREEN. The matter of immigration is certainly related to the availability of skilled labor throughout the Pacific. As a result of the President's policy, we have launched an initiative to review the constraints that have been talked about here and to improve the immigration situation, and we will be making recommendations to the Secretary.

Mr. DUNCAN. Then perhaps you can tell us in a little more detail what these constraints are and how they affect Guam differently from Oregon and California. Can you?

Mr. GREEN. Well, the general issue is a matter of applicability of laws that are basically intended to affect the state and the potential adverse affect or limiting affect they have on the territory.

Mr. DUNCAN. And is this because an undue percentage of legally admitted aliens each year settled in Guam rather than in New York or Pennsylvania?

Mr. GREEN. I'm not sure that's the answer.

Mr. DUNCAN. Well I wish you'd find out, and give us the answer for the record if you don't know.

Mr. GREEN. We certainly will.

Mr. DUNCAN. Because I don't understand what these constraints are. Now with respect to the Virgin Islands, I recall that there is a substantial burden of immigration borne by the Virgin Islands from the Carribean Islands—all within the quota, the limits of our legal immigration. And you don't know if that's the problem in Guam or not. Well I want you to find that out for the record.

[The information follows:]

GUAM IMMIGRATION

Since Guam is not contiguous to the States and is essentially surrounded by foreign areas, the patterns of immigration in the States are quite different from those in Guam, and certain immigration policies that seem reasonable in the States do not produce the same results in Guam. For example, Federal Immigration quotas in the contiguous States may not be such a burden to an individual State because the immigrants do not necessarily remain in that particular State. Because of Guam's distance from the States, immigrants admitted to Guam cannot easily move into other U.S. areas. Guam is thus forced to absorb expanding numbers of immigrants in a limited area of land. Consequently, laws permitting legal immigration into Guam may need to be more restrictive than they are in the States.

On the other hand, temporary visitors to Guam are not as likely to "jump ship" on Guam, since they would not find it easy to move to other U.S. areas. Laws restricting admission to Guam for temporary visitors and fishermen on shore leave, may not need to be as restrictive as those laws are in the contiguous States.

Mr. DUNCAN. What are we going to do about this?

Mr. GREEN. To the extent that remedies are available through regulatory changes, we will propose them.

Mr. DUNCAN. Well what are the remedies that are available?

Mr. GREEN. Well, we have not analyzed it that closely, sir.

Mr. DUNCAN. Well, the Virgin Island problem has been going on for a number of years.

Mr. GREEN. Well, now we have, I think——

Mr. DUNCAN. Well, I looked into it myself to see if within constitutional limitations we could affect the location of applications for residents in this country. And I was not satisfied that under the constitution we could. What option are you looking at?

Mr. GREEN. It is a very broad issue, but to the extent that the increased immigration affects the school system and the health system——

Mr. DUNCAN. We know it does,

Mr. GREEN. We do hope to submit something in the way of a report, in consultation with the Congress, sometime in the next couple of months.

Mr. DUNCAN. Do you have a comment sir?

Mr. FUKUTOME. I think there is a priority in the various constraints that we are talking about. Priority regarding immigration is a lower priority. The top priority is in the area of land available to increase the economic development program. That would be an area around the ports.

Mr. DUNCAN. Owned by the Defense Department.

Mr. FUKUTOME. That's the problem. Whether Guam can get access to some of these excess lands so that they could—

Mr. DUNCAN. Well you have almost, but not quite, diverted me from the immigration issue. Good effort. How many imported workers are there? Do you know?

Mr. PANGELINAN. I don't know off hand.

Mr. DUNCAN. Will you submit that for the record?

Mr. PANGELINAN. Yes, sir.

Mr. DUNCAN. And I would like a trend if you can, if those statistics are available. I want to know if it is increasing or decreasing or remaining stable.

[The information follows:]

IMPORTED WORKERS

Based on Immigration and Naturalization Service and Government of Guam statistics, information on imported workers is provided:

*Total imported workers*

| Month ending: | |
|---|---|
| September 1974 | 9,228 |
| March 1975 | 6,933 |
| March 1976 | 4,781 |
| March 1977 | 5,086 |
| March 1978 | 4,816 |
| March 1979 | 4,785 |
| April 1980 | 3,128 |

The trend for imported workers is decreasing mainly because of a decrease in construction, and partly due to efforts to train local labor.

TAX RATES

Mr. DUNCAN. Previous testimony has been that the tax rates are lower than those for individual states. You already alluded to this. Did you raise your tax base, or are you just raising more money under the same rates?

Mr. PANGELINAN. For income taxes, sir, no we haven't raised them, but for property taxes we have.

Mr. DUNCAN. Property taxes have been raised to what extent?

Mr. PANGELINAN. To the extent of, in some areas, we are talking about doubling it.

Mr. DUNCAN. And the income rates have been left constant?

Mr. PANGELINAN. Yes, sir.

Mr. DUNCAN. And the additional revenue has been produced by a more diligent collection. What about the excise tax on industry?

Mr. PANGELINAN. We have had some discussions about the possibility of increasing it, but as far as actual legislation, we have not. We have submitted other legislation to increase charges and fees and regulatory fees and charges.

Mr. DUNCAN. Yes, staff has suggested that we should have in the record at this point what these new proposals are, when they will

be considered, and when a decision will be made, and we'd like to have some statistics in the record at this point on the increased productivity of the taxes that you have, including the increased collections on real estate taxes and the more diligent collection of the other taxes.

[The information follows:]

GOVERNMENT OF GUAM TAX REVENUES

Fiscal year 1977–Fiscal year 1980

[In thousands of dollars]

| | Fiscal Year | | | |
|---|---|---|---|---|
| | 1977 | 1978 | 1979 | 1980 [1] |
| Income taxes | 51,144 | 60,554 | 76,204 | 77,740 |
| Gross receipt taxes | 23,072 | 26,134 | 29,472 | 31,040 |
| Real property taxes | 2,568 | 1,799 | 1,389 | 2,000 |
| Other miscellaneous taxes | 2,694 | 2,751 | 2,536 | 2,563 |
| Total | 79,478 | 91,238 | 109,601 | 113,343 |

[1] Estimate

For the most part increases in tax revenues, particularly income tax and the gross receipts tax, are largely attributable to increases in total wages, and inflationary prices of goods and services.

Continuing efforts are being made to upgrade and improve all tax collection systems and procedures.

ECONOMIC DEVELOPMENT LOAN FUND

Mr. DUNCAN. Now, the Guam Economic Development Authority. Can you tell us generally how that operates? Where your funding comes from, and who is running it?

Mr. PANGELINAN. Back in 1968 the Congress passed the Economic Development Act which allows an authorization of $5 million for this act for the development of Guam's economy.

At the same time, there is a fund known as the Guam Economic Development Loan Fund, and this fund supposedly is to enhance economic development of businesses, such as agriculture, in the area.

Mr. DUNCAN. Did we put the full $5 million into that economic development fund, do you know?

Mr. GALLAGHER. The first $5 million was appropriated over a period of years by about $1 million a year.

Mr. DUNCAN. Yes. And that was to be a kind of revolving economy, payments were made back, and we supplemented that year by year.

I see you have a $500,000 request in this year and we appropriated $1 million last year. Are we still within that $5 million authorization?

Mr. GALLAGHER. The orignial $5 million was used up, and there was since then an amendment to that, and an additional $5 million was authorized.

Mr. DUNCAN. Who's managing that?

Mr. PANGELINAN. We have an agency known as the Guam Economic Development Loan Agency. It is headed by Jesse Parris, Administrator, and what we are looking at now, and what the Governor has seriously considered, is the possibility of merging the agency with the Department of Commerce.

We have also come out with procedures to enhance the loan application processing and at the same time to ensure that loans will be processed adequately and efficiently and correctly.

Mr. DUNCAN. Mr. Fukutome, does your audit include an audit of this economic development fund?

Mr. FUKUTOME. We have recently made an audit of the so-called GEDA, the Guam Economic Development Authority, and in the process of performing that audit, we have looked in to the Economic Development Loan fund.

Mr. DUNCAN. What was the first one you said you were doing?

Mr. FUKUTOME. GEDA is the one that is managing the fund, running the Guam Economic Development Loan Fund.

Mr. DUNCAN. I see and they have the loan fund under their authority. And, have you audited their accounts at all?

Mr. FUKUTOME. Yes, we just conducted a management audit of the entire GEDA operation.

Mr. DUNCAN. Well, what can you tell us about that? What has that money been used for? Loans?

Mr. FUKUTOME. Oh, definitely. One of the problems in the past administration was awarding loans to individuals and corporations which were very risky—to the point where there were a lot of uncollectable, bad debts, so to speak. And, one of the things that the new administration conducted was a complete review of the outstanding debts and determined which one were not collectable and——

Mr. DUNCAN. How big a loan portfolio do they have? $5 million?

Mr. FUKUTOME. I don't recall off-hand.

LOAN DEFAULT RATE

Mr. DUNCAN. I would like to have you submit that for the record, and I would assume that there would be some repayment schedules over the years. I would like to know what their default rate has been.

[The information follows:]

GUAM EDLF LOAN PORTFOLIO AND DEFAULT RATE

*1. Guam EDLF portfolio*

| | |
|---|---|
| Federal EDLF funds received | $5,550,000 |
| Status of portfolio as of Mar. 31, 1980: | |
| Cash on hand | 2,323,316 |
| Accounts receivable: | |
| Interest Receivable (time deposits) | 73,078 |
| Other Receivables (less miscellaneous liabilities) | 18,672 |
| Total | 91,750 |
| Loans receivable | 4,205,989 |
| Interest and service charges receivable | 94,845 |
| Less: allowance for doubtful accounts | —669,443 |
| Total | 3,631,391 |
| Total value of portfolio | $6,046,457 |

2. EDLF DEFAULT AND DELINQUENCY RATE

| Category | Number of loans | Percentage of loans made | Dollar value loans made | Percentage of dollar value |
|---|---|---|---|---|
| Defaulted loans[1] | 20 | 32 | $1,616,022 | 38 |
| Delinquent loans | 18 | 29 | [2] 809,619 | 19 |
| Loans repaid | 6 | 10 | 69,090 | 2 |
| Loans current | 18 | 29 | 1,720,800 | 41 |
| Total loans made on which payments have become due | 62 | 100 | $4,215,531 | 100 |

[1] 2 of these totaling $520,000 have been written off.
[2] Current principal balance of delinquent loans is $755,211.

Mr. FUKUTOME. I think there was a figure of 30 percent.

Mr. DUNCAN. 30 percent default rate? That's a little high; be kind of hard for anybody to stay in business with a 30 percent default rate.

Mr. GALLAGHER. Mr. Chairman, I would like to make a point on the Economic Development Loan Fund. It was established as a high risk fund, and one of the criteria for getting a loan out of the economic development loan fund, is that the applicant must have already tried to get loans from two private institutions, so it is——

Mr. DUNCAN. And, they probably don't require the collateralization that private firms do, but there is a requirement even on these soft loans that there be a reasonable chance for repayment.

Mr. PANGELINAN. Mr. Chairman.

Mr. DUNCAN. Yes.

Mr. PANGELINAN. Let met just comment on that. As I mentioned earlier, we recognize that there are problems within the economic loan fund. The new administrator now is adopting the system which will include the Small Business Administration and the independent bankers. They will be using the new criteria for the review of these loan applications.

Mr. DUNCAN. You have an advisory committee of independent bankers.

Mr. PANGELINAN. Yes, sir.

TAX REBATES FOR INDUSTRY

Mr. DUNCAN. All right. I think 30 percent is an outrageously high default rate, but in all fairness to you, I want to say that that is a lot better record than I have seen on some of the other economic development funds that we have set up in this Committee.

So, you can take a mixture of pride and resolve, as I think you have, to do better than 30 percent. Does GEDA provide tax rebates as an incentive for relocating in Guam?

Mr. PANGELINAN. Yes, sir.

Mr. DUNCAN. What is the magnitude of these? 100 percent of taxes?

Mr. PANGELINAN. Yes, sir, for corporate income taxes.

Mr. DUNCAN. Corporate income taxes. Over how long a period?

Mr. PANGELINAN. It depends. I think some five, some ten, some fifteen years.

Mr. DUNCAN. All right. Would you give us some details about that for the file? Has this stimulated the private sector in Guam? Has it resulted in investment?

Mr. PANGELINAN. Yes, sir; it has.

GUAM POWER AUTHORITY

Mr. DUNCAN. In testimony in previous years, there were questions concerning the reasonableness of payments by the Navy to the Guam Power Authority for the use of electricity.

Does that problem still exist or have you adjusted the rates?

Mr. PANGELINAN. I have general knowledge in that, sir. There have been some rate adjustments. With respect to the Navy, I think the problem is controlled, probably.

Mr. FUKUTOME. I think the problem had to do with the Navy's contribution to the other expenses that GPA was incurring, particularly in the area of the interest on long-term loans, $36 million, as an example.

The Navy, in the past, has not participated in the allocation of that expenditure. So, as a result of this conference which was held in Honolulu in June of last year, they have agreed to participate in the so-called, what they call a "debt service"——

Mr. DUNCAN. That is the part of the rates they pay?

Mr. FUKUTOME. Yes.

Mr. DUNCAN. Didn't the Navy own a power plant there?

Mr. FUKUTOME. They still do.

Mr. DUNCAN. They still own it?

Mr. FUKUTOME. Yes.

Mr. DUNCAN. Do they sell that power to the power authority? And they buy it back, or do you know?

Mr. FUKUTOME. The Guam Power Authority is the authority that has control over all production of power.

Mr. DUNCAN. Including the Navy?

Mr. FUKUTOME. Well, the Navy only produces the power in the Piti plant. All the other power is generated by GPA.

Mr. DUNCAN. Piti?

Mr. FUKUTOME. Piti. That is the old Navy generating plant. That is the original one. The Tangeeson plant, which is owned by the Navy, is operated by GPA.

Mr. DUNCAN. Owned by the Navy but operated by the GPA.

Mr. FUKUTOME. Yes.

Mr. DUNCAN. Well, I wish you would put in the record a brief explanation of the nature of the dispute over rates, contention of the government, contention of the Guamanians, and how it was resolved. Will you?

Mr. FUKUTOME. There is no dispute.

Mr. DUNCAN. Over the rates anymore?

Mr. FUKUTOME. There is no dispute over the rates anymore, no, sir.

Mr. DUNCAN. Well, all right.

Mr. FUKUTOME. The only question I had right now which is pending is whether the facilities that the Navy has acquired, whether that is acutually acquired for the island-wide power or was acquired for national defense.

Mr. DUNCAN. I would like to know the production of those Navy plants. Itemize the Navy plants. You can forget this other thing on rates, if that has been resolved. We have got enough problems that haven't been resolved, we don't need to worry about those.

But tell us, identify the Navy or the Defense Department's plants, and tell us where that power goes, and on what terms, and the nature of this other dispute. There is a question about ownership. The Guam Power Authority would like to act.

[Material to be supplied follows:]

Guam Power Situation

1. Production capacity of each Navy plant is as follows:

| Location | Megawatts (A) |
|---|---|
| 1. Agana (B) | 6.0 |
| 2. Orote | 6.0 |
| 3. Tanguisson No. 1 | 24.0 |
| 4. Piti No. 2 | 11.5 |
| 5. Piti No. 3 | 11.5 |
| 6. Piti No. 4 | 22.0 |
| 7. Piti No. 5 | 22.0 |
| 8. Barge Inductance (C) | 30.0 |
| TOTAL | 133.0 |

(A) Maximum output at any given moment
(B) Used only in emergency
(C) Currently leased from the Navy by GPA and operated by them.

2. All power generated by the Navy and the Guam Power Authority (GPA) is considered to be part of the power pool. Each month, in accordance with the Power Pool Agreement (PPA), determination is made as to how much power each party contributed to the pool, how much power each received from the pool, and the costs incurred by each. These factors are used to compute the cost sharing and are shown in the GPA quarterly statements. The following Attachment I is the latest PGA Statement 307 available dated 10/15/79 of Sales, Pool Deliveries and Gross Generation KWH for the months of July, August, and September 1979. This illustrates the reporting of power contributed and power used.

Current Dispute

1. The principal unresolved element of Amendment VIII of the power pool agreement is whether the Navy is entitled to receive credit from the power pool for equipment and facilities it has provided to the Island-Wide Power (IWPS) System, which were acquired or constructed with U.S. appropriated funds.

2. Fixed assets credits under normal utility procedures are set aside in a reserve account to assure availability of funds for plant replacement. The Navy had no intention of replacing its fixed assets. Based on the provisions of the Power Pool Agreement, the Navy is to relinquish its participation in the IWPS as soon as it determines that GPA is capable of operating it on its own. Further, it has not, from the outset of the Power Pool Agreement set aside these credits into a separate reserve account, but instead has entered them into the local industrial fund. This action has, in effect, benefitted the local Naval installation in terms of lower power cost as compared to costs to other GPA customers.

3. The monthly credit to Navy for providing its fixed assets to the power pool is approximately $240,000, which amounts to $2.9 million annually. This amount would be almost enough to place GPA in a favorable financial position for the bond market, if the credits are discontinued. Also, GPA would not have to request for a substantial rate increase.

   If Navy wanted to keep title to the fixed assets that it provided to the IWPS it is believed this could have done so and at the same time financially assist GPA by exercising the government-furnished property procedure. Under this procedure, Navy would only turn over the physical assets at no cost to the power pool. If, on the other hand, it still wants to provide the assets on a lease basis, it is believed that the proceeds should be turned over to the U. S. Treasury. Resolutiions to the above disputed have yet to be acted on.

GPA-307
10/15/79

SALES, POOL DELIVERIES AND GROSS GENERATION
KWH IN MILLIONS

| MONTHS | | GPA SALES MWH MONTHLY | GPA SALES MOVING 12 MONTHS MWH | GPA SALES MOVING 12 MONTHS % | LOSSES % + | POOL DELIVERIES TO GPA MWH MONTHLY | POOL DELIVERIES TO GPA MOVING 12 MONTHS MWH | POOL DELIVERIES TO GPA MOVING 12 MONTHS % | POOL DELIVERIES TO NAVY MWH MONTHLY | POOL DELIVERIES TO NAVY MOVING 12 MONTHS MWH | POOL DELIVERIES TO NAVY MOVING 12 MONTHS % | GROSS GENERATION MWH MONTHLY | GROSS GENERATION MOVING 12 MONTHS MWH | GROSS GENERATION MOVING 12 MONTHS % |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| FY 1975 | | 451,838 | 451,838 | 6.27 | 12.49 | 516,337 | 516,337 | 6.09 | 419,791 | 419,791 | 0.96 | 1,037,829 | 1,037,829 | 4.92 |
| FY 1976 | | 436,123 | 436,123 | (3.48) | 8.44 | 476,340 | 476,340 | (7.75) | 417,277 | 417,277 | (0.60) | 999,321 | 999,321 | (3.71) |
| FY 1977 | | 419,193 | 419,193 | (3.88) | 14.63 | 491,039 | 491,039 | 3.09 | 422,661 | 422,661 | 1.29 | 1,016,374 | 1,016,374 | 1.71 |
| FY 1978 | | 461,386 | 461,386 | 7.59 | 12.88 | 529,619 | 529,619 | 6.74 | 438,538 | 438,538 | 3.76 | 1,111,774 | 1,111,774 | 9.39 |
| FY 1979 | | | | | | | | | | | | | | |
| July | 1978 | 40,363 | 462,540 | 6.99 | 12.86 | 46,003 | 530,798 | 5.33 | 35,880 | 435,682 | 2.03 | 90,566 | 1,107,994 | 7.14 |
| August | | 40,465 | 460,913 | 5.07 | 13.11 | 46,235 | 530,484 | 4.27 | 34,862 | 433,923 | .67 | 90,219 | 1,106,898 | 5.97 |
| September | | 38,003 | 459,664 | 3.95 | 13.96 | 46,140 | 534,221 | 4.87 | 34,421 | 431,051 | ( .75) | 90,239 | 1,102,075 | 4.03 |
| October | | 42,184 | 463,123 | 4.33 | 14.06 | 48,720 | 538,895 | 5.73 | 35,200 | 419,210 | (5.35) | 94,164 | 1,074,677 | (1.43) |
| November | | 39,827 | 468,272 | 5.60 | 13.60 | 46,186 | 542,004 | 6.02 | 31,819 | 416,750 | (5.72) | 87,683 | 1,075,175 | (1.44) |
| December | | 43,008 | 470,679 | 4.99 | 13.61 | 47,929 | 544,812 | 5.98 | 33,269 | 414,283 | (6.27) | 91,501 | 1,075,191 | (1.86) |
| January | 1979 | 40,636 | 475,468 | 5.87 | 13.28 | 46,119 | 548,304 | 6.42 | 32,257 | 412,347 | (6.18) | 87,417 | 1,075,972 | (1.54) |
| February | | 38,707 | 480,595 | 6.67 | 12.92 | 42,137 | 552,236 | 6.99 | 28,882 | 411,059 | (5.65) | 78,335 | 1,077,148 | ( .88) |
| March | | 39,899 | 482,866 | 6.51 | 12.93 | 46,773 | 554,558 | 6.91 | 32,834 | 408,538 | (6.56) | 87,955 | 1,074,979 | (1.84) |
| April | | 39,569 | 484,493 | 5.93 | 12.89 | 45,596 | 556,186 | 6.55 | 33,813 | 407,004 | (6.35) | 89,538 | 1,074,370 | (1.85) |
| May | | 44,615 | 487,029 | 5.57 | 12.43 | 48,490 | 556,182 | 5.52 | 36,832 | 405,367 | (7.81) | 95,510 | 1,074,343 | (3.09) |
| June | | 42,833 | 490,099 | 6.22 | 12.00 | 46,608 | 556,943 | 5.16 | 34,791 | 404,860 | (7.68) | 91,915 | 1,075,042 | (3.30) |
| | | 490,099 | | | | 556,943 | | | 404,860 | | | 1,075,042 | | |
| FY 1980 | | | | | | | | | | | | | | |
| July | 1979 | 42,878 | 492,614 | 6.50 | 11.79 | 47,514 | 558,454 | 5.21 | 35,431 | 404,411 | (7.18) | 92,197 | 1,076,673 | (2.83) |
| August | | 40,608 | 492,757 | 6.91 | 11.85 | 46,759 | 558,978 | 5.37 | 34,248 | 403,797 | (6.94) | 91,664 | 1,078,118 | (2.60) |
| September | | 41,963 | 496,717 | 8.06 | 11.17 | 46,308 | 559,146 | 4.67 | 34,071 | 403,447 | (6.40) | 90,410 | 1,079,289 | (2.11) |



ATTACHMENT 1

Mr. DUNCAN. Now, let me ask you another question. As a result of the dramatic and indeed remarkable efforts of the Government of Guam in the reduction of this debt, has there been change in the capacity of the government to issue bonds?

Weren't their bonds under jeopardy for a period of time? Weren't there defaults or potential defaults? Either by the Port Authority——

Mr. FUKUTOME. This is where the $36 million has resolved the problem.

Mr. DUNCAN. It has solved that problem?

Mr. FUKUTOME. Yes.

Mr. DUNCAN. As I recall, the principal problem was the Port Authority, which is a kind of a quasi-independent organization.

Mr. FUKUTOME. Well, the bonds were from the Guam Power Authority but Mr. Novick can explain that.

Mr. NOVICK. Mr. Chairman, the original problem that we had back in 1978 dealt with the fact that Guam was about to issue bonds to refinance the $36 million. They were for Guam Power construction projects. When the economy began to falter, and they weren't able to maintain their bond rating, we came to you to ask permission to guarantee that $36 million. There was no financing there.

Mr. DUNCAN. And we did that?

Mr. NOVICK. Yes, sir.

Mr. DUNCAN. And those bonds were then issued?

Mr. NOVICK. They were guaranteed and they were issued by the Federal Financing Bank, and they have been paid back on schedule ever since.

Mr. DUNCAN. Well, wasn't there a problem with the Port Authority in Guam defaulting on obligations?

Mr. PANGELINAN. No, sir.

Mr. DUNCAN. Not bonded indebtedness, they were pretty slow payers, weren't they?

Mr. PANGELINAN. The Port Authority has not issued any revenue bonds.

Mr. DUNCAN. But, am I not correct in that they were having difficulty meeting their obligations?

Mr. PANGELINAN. Yes, sir. At one time or another, yes. But they are pretty solvent, now.

Mr. DUNCAN. And that is a public agency, but it is not a part of the Guamanian government. Is that correct?

Mr. PANGELINAN. It is like an authority.

Mr. DUNCAN. So, the full faith and credit of the Guamanian government stands in back of them?

Mr. PANGELINAN. That is correct.

Mr. DUNCAN. But, they are on a current basis now.

Mr. PANGELINAN. Yes, sir.

Mr. DUNCAN. I want you to respond to a number of questions for the record, will you? We're unfortunately pressed for time. I want to ask you to put your response in the record. And I don't mean to imply that the Committee is less interested in those questions than

the ones we talked about. So respond to those in writing with the same care that you would if you responded orally.

You will respond to these will you not, the Governor of Guam? We don't want the people downtown answering these questions.

Mr. PANGELINAN. I will be here, and I'll be——

Mr. DUNCAN. Don't let them in.

[The questions and answers follow:]

QUESTIONS BY THE COMMITTEE

GUAM

Question: Please explain the procedure by which it is determined that certain construction projects cannot be reasonably funded by the government of Guam and therefore require Federal support. How much construction in addition to that being requested of this Committee is being accomplished with government of Guam funding?

Answer: The construction program that is used by the Government of Guam is the ten year plan which was develop jointly by Guam and the Department of the Interior. This overall plan was submitted to the Congress as required by law in P.L. 95-348. Most all of the construction projects that are considered to be funded each year are those taken from that plan. As to what projects will be requested to be funded by the Federal Government, and what projects will be funded by the Government of Guam depends upon the availability of local resources. The resources of the Government of Guam are limited, and therefore those projects costing more are the ones that Federal funds are sought for. The smaller costing projects the Government of Guam attempts to fund within the resources available in a given fiscal year. Therefore, the construction projects being requested of the Committee are those that cannot be financed because of lack of general fund monies and not because of Guam's lack of commitments to these projects. As you know, Guam's general fund is in deficit by $45 million. This does not mean that Guam is not funding any capital projects out of its local revenues. Government of Guam has appropriated some $33 million for CIP's over the last 10 years. Just recently, the Government of Guam appropriated over $5 million for highway projects, bridges, recreational facilities, and renovations of Government facilities. To cite a few specific examples, the Government of Guam recently appropriated over $3.5 million for highway construction; $500,000 for facility development; $500,000 for interim penitentiary facility; $200,000 for school canopies and walkways; $250,000 for police substation in Tumon; over $500,000 for flood damages on the water-sewer systems on Guam.

Question: Please explain the details of the financial aid package for Guam and the Virgin Islands which has been targeted by the President as one of the budget reductions in fiscal year 1981. How would this program have worked? How much funding would have been available to Guam?

Answer: The Administration's proposed tax-matching program, to assist the Governments of Guam and the Virgin Islands in eliminating their fiscal deficits over a four-year period, would provide a Federal payment to match a portion of the taxes collected by each territory, thus offering needed financial assistance and an incentive for the territories to raise local revenues. The FY 1981 budget included $22 million for the program, of which it was estimated $13 million would have gone to Guam, although the exact amount would have depended on actual tax receipts. The $22 million was one of the President's FY 1981 budget reductions, and it is proposed that the program be deferred until FY 1982. The Department has submitted proposed legislation to implement the program in FY 1982.

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Payments would be made according to the following formula:

(1) Total net local tax collections divided by per capita personal income (as provided by the Department of Commerce for the most recent year for which data are available -- 1979 for the FY 1982 payments) and multiplied by $3,000.

(2) From this amount will be deducted, in the case of Guam, 50% of the Federal payment that Guam receives in Federal income taxes paid by military personnel (Section 30 of the Organic Act of Guam) except for those sums covered directly upon collection into the treasury of Guam; and in the case of the Virgin Islands, 50% of the Federal excise taxes collected on Virgin Island products (Section 28(b) of the Revised Organic Act of the Virgin Islands).

Payments will be made on a quarterly basis, based on an estimate of net local tax collections certified by the respective Federal Comptroller. Adjustments to the amount paid in one fiscal year will be made the following fiscal year when the actual amount of tax collections is known.

No payments will be made until the Secretary has approved the territory's plan to eliminate the general fund deficit by: implementing effective budget and accounting systems; financing accumulated general fund deficits; projecting realistic revenues and expenditures; and reducing the general fund deficit to produce a balanced general fund budget by FY 1985. The territory's governor will submit to the Secretary a quarterly report, certified by the Federal Comptroller, describing progress in implementing the deficit correction plan.

Question: You are requesting approximately $4.1 million to renovate educational facilities in fiscal year 1981. Your justification on page Terr 33 says that frequent earthquakes occur in Guam. Are the facilities you are constructing designed to withstand those earthquakes?

Answer: Yes. The facilities being requested would be structurally designed to withstand earthquakes registering 7 on the Richter scale.

Question: Your justifications on page Terr 43 describe a water facilities master plan and you request $5.2 million for various water projects that are part of it. What is the expected total cost of the plan? Your justifications also state that the Public Utility Agency of Guam is losing millions of dollars as a result of water leakages in the system. Is the expansion you are requesting financing for also going to alleviate the loss of water due to leakage?

Answer: Estimated cost of the plan has not been fully determined. The proposed expansion plan will replace approximately 30 to 40 percent of the leaky pipes. Water losses are expected to be reduced by as much as 25 to 30 percent.

Question: What is the status of the penitentiary construction for which funds were provided in the fiscal year 1980 request?

Answer: An advance drawdown of over $1 million has been received by the Government of Guam. The A&E contractor has been selected and A&E design is about to be completed. It is expected that construction work would begin before the end of FY 1980.

Question: What activity is Guam undertaking to develop a constitution?

Answer: The Governor and the Legislature are working together to have a new constitutional convention and to create a political status commission. A legislative resolution would be submitted to the U.S. Congress urging the U.S. Congress to address Guam's political status issue. Further information relative to this question would be submitted shortly to this Committee.

Mr. DUNCAN. Is there anything I haven't asked you that I ought to know?

Mr. PANGELINAN. I don't think I need add any more.

Mr. DUNCAN. Well, I thank you very much. I would say that we are kind of encouraged by what is happening in Guam.

Mr. PANGELINAN. Thank you, sir.

Mr. DUNCAN. And, we look forward to continued working with you, and pretty soon you won't even have to come back here.

Mr. PANGELINAN. I like to see the Committee once in a while.

Mr. DUNCAN. Thank you very much. Thank you, Mr. Fukutome, too. We are pleased with what you have been able to tell us.

Mr. FUKUTOME. Thank you.

## U.S. VIRGIN ISLANDS

### WITNESSES

HON. HENRY A. MILLIN, LIEUTENANT GOVERNOR, U.S. VIRGIN ISLANDS

HON. MELVIN H. EVANS, DELEGATE TO CONGRESS, U.S. VIRGIN ISLANDS.

LEROY A. QUINN, COMMISSIONER OF FINANCE, U.S. VIRGIN ISLANDS

STEPHANOS A. O'REILLY, BUDGET DIRECTOR, U.S. VIRGIN ISLANDS

ROY L. SCHNEIDER, COMMISSIONER OF HEALTH, U.S.VIRGIN ISLANDS

AMADEO I. FRANCIS, COMMISSIONER OF COMMERCE, U.S. VIRGIN ISLANDS

DARRELL E. FLEMING, FEDERAL COMPTROLLER, U.S. VIRGIN ISLANDS

Mr. DUNCAN. We will now hear from the Virgin Islands.

Mr. MILLIN. Mr. Chairman, I would like to ask Mr. Darrell Fleming, the Comptroller for the Virgin Island to join us.

Mr. DUNCAN. Mr. Evans, we are delighted to have you here. Can you introduce your delegation for us, please.

### REPRESENTATIVE EVANS' INTRODUCTION

Mr. EVANS. It is a pleasure, Mr. Chairman. I have with me on my immediate left, the Lieutenant Governor of the Virgin Islands, the Honorable Henry A. Millin, who will represent the Governor, who could not be here. Next to him is the Commissioner of Health, Dr. Roy L. Schneider. Next to him is the Budget Director, Mr. Stephanos A. O'Reilly. Next to him is Commissioner of Finance, Mr. Leroy A. Quinn. And, finally, on the end is the Commissioner of Commerce, Mr. Amadeo I. Francis.

My role here this morning is merely to introduce the delegation. As a Member of Congress, I will have an opportunity to testify in May.

Mr. DUNCAN. They have come a long way, so we will let them take the time.

Mr. EVANS. That's right. I did want to take the opportunity—there is a question that I feel particularly able to answer that you asked the Guam representation, and as applied to the Virgin Islands, about immigration. If I could have 60 seconds, I would like to——

Mr. DUNCAN. You may take as much time as you like, sir.

Mr. EVANS. Our problem in the Virgin Islands, as far as immigration is concerned, is a very severe one and it has come about because of, first, the importation of workers. That was not too bad because they came on a temporary basis, usually for six months, and then it was repeated and repeated.

Mr. DUNCAN. You call those, "green carders?"

Mr. EVANS. No, these were temporary workers. But then in April, 1970, Public Law 91-225 went into effect, which allowed the H2 workers who were in the United States—it wasn't the Virgin Islands particularly—to bring the spouses and all minor children in.

Mr. DUNCAN. And, the H2 workers are on temporary visas? Or, are they permanent residents?

Mr. EVANS. The ones I am referring to are temporary workers. The green card holders are the permanent workers. But, these——

Mr. DUNCAN. In what year was Public Law 91-225 enacted?

Mr. EVANS. It was signed into law on April 7, 1970.

Mr. DUNCAN. 1970?

Mr. EVANS. April 7, 1970. It opened the flood gates because the families are very large, and we even had suspicion that sometimes the relationship was not as direct as it was reported to be. As I sometimes remarked, as a physician, I had to relearn the fact that human gestation is not limited to nine months because of what happened then. At any rate, our population exploded. Our school population went up almost 200 percent—our public school population went from a little over 9,000 to 26,000, and a great load was placed on our housing, hospitals, health services, safety, and all across the board.

I thought I would mention that.

Mr. DUNCAN. I'm still a little bit confused. An H2 worker is not one that was in on a temporary, six-month contract.

Mr. EVANS. No. It may be—there is H2 and H4. I would rather at this point, say the workers who were in temporarily and not use a designation because they were the ones who were allowed to bring their wives, and spouses, and all minor children in.

Mr. DUNCAN. And, then they never go home.

Mr. EVANS. No, they never go home.

Mr. DUNCAN. Why don't they go home with the temporary worker when he goes home?

Mr. EVANS. Well, immigration rules are such that first of all, when they are out of a job, then they are allowed a certain amount of time to get another job and they are no longer restricted to one person so they actually float in the community——

Mr. DUNCAN. How long a time are they admitted for each time?

Mr. EVANS. It used to be six months, but, there are some catches to that. What happens is that as soon as the wife and her husband come in and a child is born in the Virgin Islands, that child is an American citizen. Then you have the problem of deporting an American citizen. It is to the point now where our public school population is 25 percent alien. If you add to that those citizens born of alien parentage, you have a still larger amount. Also, we

have been hurt by the fact that as each island in the West Indies becomes an independent nation, St. Lucia, St. Vincent, Granada; previous to that Barbados, Trinidad, Jamaica, each one gets its own quota, and, this is their first stepping stone on the way to the United States.

I thought I would mention that.

Mr. DUNCAN. I'm glad you did. I think it is a problem. I recall it from testimony in previous years. I'm glad that you brought it to the committee's attention again. Now, Governor, are you prepared to make a statement?

LT. GOVERNOR'S STATEMENT

Mr. MILLIN. Yes, Mr. Chairman.

Mr. DUNCAN. Do you want to summarize your statement? We can put it in the record. Let's see, we have a statement by the Governor who you say is unable to be here. We will put his statement in the record. And, you have a statement of your own, sir?

Mr. MILLIN. I have the statement of the Governor, but I would like to make a summary, sir.

Mr. DUNCAN. Well, I apparently have more statements than you have, unless you just copied the Governor's statement, did you?

Mr. MILLIN. The statement I came prepared with is the Governor's statement for the record, but there is some information I would like to have the opportunity to enter.

Mr. DUNCAN. We will put the Governor's statement in the record, and Dr. Schneider's statement will go into the record without objection, and we will put your prepared statement, Governor, in the record, and ask that you summarize it for us. Whatever way you want to handle it, that is fine with us.

[The statements follow:]

Statement of Henry A. Millin, Lieutenant Governor - U.S. Virgin Islands before the Subcommittee on Appropriations for the Department of the Interior and Related Agencies; FY 1981 Budget Request, April 1980.

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

I am appreciative of the opportunity you have afforded me to appear once again before your committee in order to bring to your attention two of our most serious long standing problems. (Inadequate electric power and lack of water) and to solicit your understanding and immediate assistance to help us eliminate these problems once and for all. These two basic unmet needs have created tremendous hardship on our people and have seriously hampered both our social and economic progress. A third item, already authorized by the Congress for which I seek your assistance, is that of economic development.

Unlike my appearance in previous years, I am not here to ask the Congress to bail us out of any deficit situation. Through budgetary constraints imposed by my administration, we have been able to balance our budget. While we are not yet fully out of our financial bind, we are addressing the problems and it is anticipated that with continued diligence we will be able to correct the situation regarding operational expenses.

This will be no easy task. With the rising demands for public services and the runaway inflation rate affecting the entire country -- and more particularly the offshore possessions -- the job of achieving a balanced budget will be herculean, but we are prepared to meet the President's challenge of reducing inflation by contributing our share to the national effort.

Therefore, the package that I have submitted for your consideration is strictly for desparately needed capital projects, since the magnitude of these is beyond the financial capability of the Virgin Islands Government to undertake. I am seeking no assistance, as I said, to cover operating expenses. The President has taken the initiative in developing a broad Territorial policy designed to address many of the social and economic problems of the Territories. However, these initiatives cannot be implemented in sufficient time to meet our immediate critical needs.

In the area of power, the Virgin Islands Water and Power Authority has been operational since 1964 as an independent instrumentality of the Government of the Virgin Islands. This agency is headed by a Board of Directors appointed by the Governor with legislative consent. The day-to-day operations are under the supervision of an Executive Director, appointed by the Board.

The power facilities were acquired from the former Virgin Islands Corporation through the General Services Administration. This aged equipment soon had to be replaced and a program of rebuilding was commenced, financed through the marketing of revenue bonds. Today the Authority is indebted to this source of some $44 million and has no further entrance to the market. The authority has been operating at a loss for the past several years and has been unable to meet its mandatory obligations. The community must have electrical power.

What has brought about this condition? The primary cause has been that expenditures have been outpacing revenues over a period of years. Fuel cost alone accounts for 80 percent of total operating costs and 69.5 percent of total revenues. This has resulted in accumulated revenue shortfall of $3.5 million as of December 31, 1979.

The second most serious problem has been continuous plant breakdowns. The community at large is growing increasingly critical and ill-tempered over the almost daily rotating power outrages. Plant equipment has deteriorated to such an extent that nothing short of major overhaul and rebuilding will alleviate the crisis situation.

To accomplish this mandatory task will require the phased withdrawal from service of the major generating units. This can only be accomplished through the acquisition and installation of one 20-megawatt diesel generating unit each on the islands of St. Thomas and St. Croix and one diesel generating unit for the island of St. John. The Government of the Virgin Islands has to date made contributions to the power operation of some $3.7 million and is unable to make any further contributions due to its poor fiscal condition.

I am therefore appealing at this time to this committee to view the situation as most critical and I ask your understanding and support in appropriating the funds requested for the acquisition of the necessary equipment.

Additionally, to complete the rehabilitation of all existing units, I am requesting the sum of $3.7 million. When these needed additions and repairs are concluded, the community will be assured of stable, reliable power for years to come.

I have requested the Department of Energy to assist us in developing an operation and maintenance program that will ensure maximum efficiency on a long-range basis. I am also recommending to the Water and Power Authority the establishment of an equipment acquisition and maintenance reserve fund into which will be deposited annually an amount equal to depreciation expenses to be used solely for annual maintenance overhaul and replacement.

With respect to the water problem, I am requesting a total of $32.7 million over a three-year period to assist the insular government in correcting this most critical situation.

At the present time potable water is rationed to the entire community for approximately two hours per day. Water shortages have long posed a vexing problem in the islands, especially on the island of St. Thomas. As you are aware, there are no rivers or streams in the islands. Our dependence has been primarily on desalinated water produced by the Water and Power Authority, augmented by underground wells and barging from Puerto Rico.

Despite huge investments in desalination plants, sufficient water was never produced due in part to faulty plant engineering and constant breakdowns. These plants must now be scrapped as maintenance cost does not justify their continued use. Water barging from Puerto Rico is expensive, now averaging $13 to $15 per thousand gallons.

The Government of the Virgin Islands in its endeavors to correct the unhealthy situation of inadequate water supply has contracted for the construction of three desalination plants at a cost of approximately $28 million. The first of these plants will be operational in early 1981. Also, I have recently submitted to the Legislature for its approval, an agreement to acquire on a turnkey basis three additional desalination plants at an approximate cost of $13.2 million, the first of which will become operational during the current year.

As part of this agreement, the manufacturer will provide all maintenance and spare parts for a minimum of seven years. As you see, I am trying to avoid the costly mistakes of the past.

When these six plants are in operation, their output will satisfy the community needs through the year 2000.

However, plant acquisition is only part of the problem. Adequate storage facilities and a distribution system to take the water into the rural areas where the majority of the residents live is equally important.

The present distribution system serves only the city of Charlotte Amalie in St. Thomas. A portion of this system was installed by the United States Navy some 50 years ago. It is totally corroded and must be replaced. It is estimated that at least 30 percent of the water fed through these lines is lost through leakage and -- more serious still -- whatever water succeeds in getting through is contaminated by the corrosive elements within the system. It is unsafe for drinking purposes, and as an aside, I may add that it is alleged that a citizens suit will be brought against the Government for supplying polluted water, which is alleged causes infections among residents.

To correct this critical problem requires the outlay of large sums of money, money that is not available from local government sources. The piecemeal approach to resolving the situation is ineffective as it amounts to nothing more than bandaid treatment. It will never be corrected in this fashion. The entire system is faulty and the only solution is complete replacement.

The Government of the Virgin Islands is contributing $41 million toward this effort by providing the water production facilities. We are unable to finance the second portion of the system, storage and distribution. I am therefore requesting your consideration for providing an appropriation of $32.7 million over the next three years to finance this one-time investment.

The third and final item I am presenting for your consideration is the appropriation of the $5 million authorized in P.L. 95-348 (the 1979 Omnibus Territories Bill) for the purpose of promoting the economic development of the Virgin Islands. Though authorized, it has not been appropriated. The need for this funding is well documented and has received support through its inclusion in the legislation. Without the appropriation, the intended project remains undeveloped.

I earnestly request your inclusion of this amount in the 1981 appropriation.

Mr. Chairman and members of the committee, this is my appeal to you. I respectfully urge your support for the appropriation of these funds as requested, for which the people of the U.S. Virgin Islands will remain forever grateful.

I will be pleased to respond to any questions you might have.

I thank you.

CAPABILITY STATEMENT

Agency/Bureau: Office of Territorial Affairs

Appropriation:

Activity: Water and Power Production & Distribution

Proposed Amendment: $40,000,000 to finance acquisition, repairs and installation of power generating equipment and water storage and distribution systems, St. Thomas/St. John and St. Croix, U.S. Virgin Islands.

Current Program: The Virgin Islands Water and Power Authority was created by the Legislature of the Virgin Islands in 1964 as an independent instrumentality of the Governemnt of the Virgin Islands for the purpose of generating all electric power for the islands and the production of water. Water produced by the Authority is sold to its sole customer, the Government of the Virgin Islands.

Over the years the Authority has been unable to generate sufficient income to amortize its capital investments. As a result, the system as it exists today is incapable of supplying the needs of a population that has quadruppled unprecedently during the past two decades. Power outages are almost a daily occurence despite high expenditures in repairs. As a result of the diversion of revenues to the patchwork maintenance program, the Authority has been unable to meet is mandatory obligations to its bond holders and the risk of defaulting is highly probable.

Amount budgeted FY-1981: None

Feasibility: In order to correct this most serious and vexing problem, it will be necessary to acquire additional generating equipment to permit the withdrawal from service of the existing units to implement a complete major overhaul and rebuilding program. With respect to water production the Government of the Virgin Islands is investing a total of approximately $41 million for the acquisition of six new desalination plants which, when completed, will produce sufficient water to meet the demands for the next fifteen years. When these plants become operational, they will not in themselves resolve the critical water problem. Adequate storage and distribution system must be upgraded. The present system is corroded causing contamination resulting in water falling below the minimum standards established by the Safe Drinking Water Act. Additionally, 30% of the water pumped through these lines are lost from leakage.

Capability: The $40,000,000 requested, plus an additional $10,000,000 being provided from other Federal sources, on loan basis, will be sufficient to correct serious deficiencies in our power and water production and distribution systems for years to come. These funds will be used exclusively for capital improvements. No salaries or overhead expenses will be covered by this grant other than construction-related activities. Proposed expenditures are as follows:

Power:

| | |
|---|---|
| Two (2) 20 megawatt combined cycle generating units | $12,600,000 |
| One (1) diesel generating unit | 1,000,000 |
| Repair and/or rebuild nine (9) generating units | 2,750,000 |
| Repair underwater distribution cable from St. Thomas to St. John | 1,000,000 |
| Total | $17,350,000 |

Water:

| | |
|---|---|
| Construct six (6) 10 million gallon storage tanks - all islands | $ 7,200,000 |
| Replacement of old distribution system | 9,950,000 |
| Extension of distribution system to rural areas | 14,000,000 |
| Installation of well fields | 1,500,000 |
| Total | $32,650,000 |
| Grand Total | $50,000,000 |

Outlay Effect:

| | |
|---|---|
| Fiscal Year 1981 | $21,000,000 |
| Fiscal Year 1982 | 15,000,000 |
| Fiscal Year 1983 | 14,000,000 |

OPERATING ACCOUNT

Agency/Bureau: Department of Interior

Appropriation: Economic Development Fund for Virgin Islands

Activity: Development Financing and Technical Assistance

Proposed Amendment: +$5,000,000 - economic development funding

Current Program: Public Law 95-348 provides for $5,000,000 for the purpose of promoting economic development in the Virgin Islands in order to assist the Territory in building a viable economy capable of attracting and sustaining investment and supporting a reasonable level of government services. Although this authorization provided for funding from FY 1979 - FY 1983, to date no appropriation has been made. On February 14, 1980 President Carter announced a major initiative for the Territories, in which he stated the "Nation's fundamental commitment to encourage self-determined political, economic and social development of our territories." The appropriation of this funding is very much in keeping with the Presidential mandate and the Congressional intent. The funds would be used to capitalize a Government Development Bank for the Virgin Islands, technical assistance, and a revolving loan fund for indigenous entrepreneurship.

Amount budgeted in FY 1981: No amount budgeted

Feasibility: The V.I. Governemnt enacted legislation creating a Government Development Bank in 1978 in order to address the critical shortage of long term credit in the territory. The law requires that the initial capitalization of the bank come from $2,000,000 of common stock purchased by the V.I. Government and $8,000,000 in 15 year bonds issued by the bank. Because of the severe fiscal constraints under which the V.I. Government has been operating, no funds have been available to provide this initial capital injection. The V.I. Government also has a Small Business Development Agency which provides loans to Virgin Islands residents, however, its funding has been completely insufficient in recent years. Approximately $5.6 million is backlogged for loan request but the local budget is only $105,000 for FY 1980. The institutional framework exists for the implementation of an effective economic development program. What is required is a sufficient level of funding, to capitalize the development bank; provide funding to the small business loan program and to hire qualified professional staff to provide technical assistance to loan recipients.

Capability: Public Law 95-348 provided for a $5 million economic development fund. The most effective use would be as follows:

| | |
|---|---|
| Government Development Bank equity requirement | $2,000,000 |
| Small Business Development loan fund | 2,500,000 |
| Technical Assistance | 500,000 |
| | $5,000,000 |

Outlay Effect:

| | |
|---|---|
| Fiscal Year 1981 | $5,000,000 |

ADDENDUM TO THE STATEMENT

OF

HENRY A. MILLIN, LIEUTENANT GOVERNOR

UNITED STATES VIRGIN ISLANDS

PRESENTED BY

AMADEO FRANCIS

COMMISSIONER OF COMMERCE

UNITED STATES VIRGIN ISLANDS

BEFORE THE

HOUSE COMMITTEE ON APPROPRIATIONS

SUBCOMMITTEE ON INTERIOR

April 3, 1980

Washington, D.C.

Section 4(a) of P.L. 95-348 authorizes the appropriation of up to $5,000,000 to be made available to the Government of the Virgin Islands for the purpose of promoting economic development in the Virgin Islands.

On February 14, 1980, President Jimmy Carter announced a major initiative for the insular possessions in which he stated the "Nation's fundamental commitment to encourage political, economic and social development of our territories." The fundamental thrust of this Presidential mandate is to assist the territories in establishing viable economies that are capable of sustaining and attracting investment and that can support a reasonable level of government services from their own resources. In August 1978, when Congress passed P.L. 95-348 authorizing $5,000,000 for economic development, it too recognized that economic development must be the cornerstone to the Virgin islands' efforts to become a self-sustaining entity and to provide its residents with sufficient opportunities for employment and advancement.

Over the past several years, the Government of the Virgin Islands has implemented an economic planning process. This activity has been funded by the U. S. Department of Commerce Economic Development Administration. This comprehensive planning effort, which incorporated the grass roots participation of the Virgin

Islands people, underscored two critical needs: diversification of the Islands' economic base and increasing the economic participation of the territory's indigenous population.

The Virgin Islands Government has created the necessary mechanisms which are needed to foster economic development, but has been unable to provide the resources needed to activate these essential entities. The funds which would be made available under P.L. 95-348, if prudently managed, would be a tremendous boost to the territory's efforts in this area. The Virgin Islands Department of Commerce has developed a strategy to maximize the utilization of these funds. It is composed of four elements: the strengthening of the V.I. Small Business Development Agency; the capitalization of a Government Development Bank; the establishment of a publicly-owned industrial park system; and the provision of technical assistance to native entrepreneurs.

1. Creating the Mechanisms for the Promotion of Economic Development:

Over the past decade the Government of the Virgin Islands has adopted a number of statutory measures aimed at promoting the economic development of the Territory. Among others, these have included the following:

1) A 1969 Act creating the Small Business Development Agency to promote the involvement of the indigenous population of the Virgin Islands in private enterprise through the establishment and ownership of small business concerns. Under this statute the Small Business Development Agency may make, participate in, or guarantee loans repayable in not more than fifteen years to eligible small business concerns. To date, the Agency has received

$2,590,000 in funding from the Territorial government and has made or participated in 219 loans for a total of $7,862,780.

2) A 1977 Act establishing an Industrial Park Development Corporation to acquire, operate, and improve industrial parks in order to provide suitable sites for the location of industries in the Virgin Islands. The Corporation is empowered to acquire property for the purposes of construction, reconstructi improvement, maintenance and furnishing of industrial park project and to make and issue bonds, not in excess of $5,000,000 for its corporate purposes. It is also empowered to accept grants or loans from Federal agencies or the Government of the Virgin Island and to expend the proceeds of any such grants or loans for any of its corporate purposes.

3) A 1978 Act creating a Government Development Bank for the Virgin Islands. The purpose of this legislation is to accelerate the economic development of the Virgin Islands by providing loan guarantees and medium and long-term credit for enterprises, needing such guarantees and credits, which have qualified for investment incentives under the Territory's Industrial Development program.

In addition, the Virgin Islands Legislature has enacted an Industrial Development program which provides substantial fiscal incentives and subsidies to industries and business activities that are determined to be in the public interest by advancing the growth, development and diversification of the Territorial economy. Under the Industrial Development program a total of 75 firms are currently enjoying various incentives and subsidies and are providing over 4,000 jobs within

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2. Funding the Economic Development Agencies

As indicated in the preceding narrative, the institutional framework exists for the implementation of an effective economic development program. What is required is a sufficient level of funding to activate these mechanisms.

Strengthening the V.I. Small Business Development Agency.

Encouraging the involvement of the native population in private enterprise creates additional employment opportunities, increases the multiplier effect of dollars circulating in our open insular economy, assists the local populace in acquiring financial and managerial skills, broadens the equity participation and decision-making base in the community, and contributes to general social and political stability.

Since 1969 the V.I. Small Business Development Agency has been charged with the responsibility for assisting the indigenous population of the Territory in establishing small business operations throughout the Virgin Islands. This assistance is provided through direct financial aid, guaranteed loans and the rendering of professional financial counseling to loan recipients.

Unfortunately, the V.I. SBDA has never been given the level of financial and professional resources necessary to optimally achieve these stated objectives. Funded from territorial appropriations, the General Fund contributions to the Small Business Development Agency have been successively cut back (from $300,000 in F.Y. 76, to $200,000 in FY 77, to $105,000 in FY 78, with $150,000 for FY 79 and 80) as the fiscal realities facing the

Government of the Virgin Islands have severely limited the government's ability to sufficiently fund this program. This inadequate funding has greatly impeded the Agency's financial assistance program. Most affected are the direct loans and the SBDA/SBA participation loan programs which offer applicants a substantial reduction in interest costs. Currently there are 242 applications pending before the SBDA, seeking guarantees of loans amounting to $8,115,000. While many of the proposed investments appear meritorious, and all of the 242 pending applications qualify for assistance under the Agency's policies and guidelines, with only $150,000 available for new loans during this fiscal year, these potential entrepreneurs will have to seek assistance elsewhere. As credit continues to tighten and interest rates soar to 20% and higher, the likelihood that these projects will become viable increasingly diminishes. To rectify the situation, we are requesting that $2.5 million of the $5 million economic development fund be appropriated to meet the needs of the V.I. Small Business Development Agency.

It is not enough, however, to merely provide financial aid to prospective small entrepreneurs. A lack of technical and managerial expertise is characteristic of small businesses, in the Virgin Islands as elsewhere. In a small concern, the entrepreneur and/or owner must invariably perform all of the many functions of management which would normally be dispersed throughout a professional managerial group in a large enterprise. This problem is exacerbated in the Virgin Islands where there is not a strong tradition of private enterprise among the indigenous population.

Two out of every five (40.5%) of the businesses which have received assistance from the V.I. SBDA have failed. To make this program work and work well, a strong program to provide technical assistance and business counseling is required. This should include guidance on starting or expanding a business, instruction on financial management and record keeping, and periodic monitoring of the status of each investment in order to assist with problems of inventory control, cash management, and other difficulties common to small businesses. To perform this task, top level professionals will be required. We are requesting that $500,000 of the $5,000,000 economic development fund be appropriated to fund this activity.

Capitalization of the Government Development Bank

There is a critical shortage of long-term credit in the Territory. This can be attributed to the limitations on Small Business Administration funding, the profitability and active demand for short-term loans, and the conservative lending policies of the commercial banking community. The scarcity of long-term risk capital for medium-size investment has hampered efforts to establish manufacturing enterprises locally. As the Administration anti-inflation campaign continues to tighten credit and push up interest rates, this long-term credit situation in the Territory will go from bad to worse.

In 1978, the Virgin Islands Legislature created the Government Development Bank of the Virgin Islands in order to fill this need. It is empowered to guarantee loans of up to 80% made by the banks to enterprises that have qualified for the investment incentives provided by our Industrial Development Commission. It

may also make direct loans and is authorized to invest in equity shares of corporations qualified to receive investment incentives under Virgin Islands law. Unlike the V.I. SBDA which has a $100,000 direct loan ceiling and is aimed specifically at very small businesses, the Government Development Bank could guarantee loans of up to $700,000 with an additional $300,000 available if secured by additional collateral. The law provides that the initial capitalization of the bank would come from $2,000,000 of common stock purchased by the Virgin Islands Government and $8,000,000 in 15 year bonds issued by the bank. Because of the severe fiscal constraints under which the V.I. Government has been operating, no funds have been available to provide this initial $2,000,000 capital injection. Therefore, we are requesting that $2,000,000 be appropriated from the $5,000,000 economic development fund for the purpose of capitalizing the Virgin Islands Government Development Bank.

Industrial Park Development

The final element in the Virgin Islands economic development program is the construction of publicly-owned industrial parks. The high cost of land and construction, and the lack of existing infrastructure such as roads, sewage lines, etc. discourage the potential industrial investor from locating in the Virgin Islands. Therefore, in 1977, the Virgin Islands Legislature created an Industrial Park Development Corporation to acquire, build, and operate industrial parks in the Territory.

Again, due to severe budgetary limitations, this project has never been funded. The Government received $25,000 in FY 79

from the Farmers Home Administration to conduct a feasibility study for the location of industrial park facilities. This study was recently completed and the Farmers Home Administration has made an additional $25,000 available in FY 80 to perform the preliminary design work and engineering studies. It is estimated that $2,500,000 will be required over the following two years to acquire land for site development and for the construction of the park complex. It is anticipated that this sum will be raised through local resources and/or EDA public works funding, leaving the $5,000,000 authorized in P.L. 95-348 for funding the other critical elements in the Territory's economic development plan. To further bolster these efforts, the Virgin Islands has recently received an Industrial Identification Study conducted by Robert Nathan Associates and funded by EDA which will enable us to target our industrial promotion efforts. We have also positioned personn on the U. S. mainland who will actively pursue firms in the market place and persuade them to locate facilities in the Territory. Additionally, our Delegate to Congress Melvin Evans has co-sponsored legislation which would liberalize certain provisions of the U. S. Tariff Schedules to attract additional light manufacturing to our shores. The additional resources available through the funds authorized in Section 4(a) of P.L.95-348 will allow us to implement this sound and desirable economic plan. Hopefully, with an adequately funded effort, we shall be able to spark the economic activity that is essential in developing the Virgin Islands into a stable, productive and self-sufficient entity.

OPERATING ACCOUNT

| | |
|---|---|
| Agency/Bureau: | Department of Interior |
| Appropriation: | Economic Development Fund for Virgin Islands |
| Activity: | Development Financing and Technical Assistance |
| Proposed Amendment: | +$5,000,000 - economic development funding |

Current program: Public Law 95-348 provides for $5,000,000 for the purpose of promoting economic development in the Virgin Islands in order to assist the Territory in building a viable economy capable of attracting and sustaining investment and supporting a reasonable level of government services. Although this authorization provided for funding from FY 79 - FY 83, to date no appropriation has been made. On February 14, 1980 President Carter announced a major initiative for the Territories, in which he stated the "Nation's fundamental commitment to encourage self-determined political, economic and social development of our territories." The appropriation of this funding is very much in keeping with the Presidential mandate and the Congressional intent. The funds would be used to capitalize a Government Development Bank for the Virgin Islands, technical assistance, and a revolving loan fund for indigenous entrepreneurship.

Amount budgeted in FY 81: No amount budgeted

Feasibility: The V. I. Government enacted legislation creating a Government Development Bank in 1978 in order to address the critical shortage of long term credit in the territory. The law requires that the initial capitalization of the bank come from $2,000,000 of common stock purchased by the V. I. Government and $8,000,000 in 15 year bonds issued by the bank. Because of the severe fiscal constraints under which the V.I. Government has been operating, no funds have been available to provide this initial capital injection. The V.I. Government also has a Small Business Development Agency which provides loans to Virgin Islands residents, however, its funding has been completely insufficient in recent years. Approximately $5.6 million is backlogged for loan request but the local budget is only $105,000 for FY 80. The institutional framework exists for the implementation of an effective economic development program. What is required is a sufficient level of funding, to: capitalize the development bank; provide funding to the small business loan program and to hire qualified professional staff to provide technical assistance to loan recipients.

Availability: Public Law 95-348 provided for a $5 million economic development fund. The most effective use would be as follows:

| | |
|---|---|
| Government Development Bank equity requirement | $2,000,000 |
| Small Business Development loan fund | $2,500,000 |
| Technical Assistance | $ 500,000 |
| | $5,000,000 |

Outlay effect FY 1981 $5,000,000

STATEMENT OF

ROY L. SCHNEIDER, M.D., FACS, FICS

COMMISSIONER OF HEALTH

TERRITORY OF THE UNITED STATES VIRGIN ISLANDS

BEFORE THE

HOUSE SUB-COMMITTEE ON INTERIOR AND RELATED AGENCIES

COMMITTEE ON APPROPRIATIONS

MR. CHAIRMAN:

I APPRECIATE THE OPPORTUNITY TO APPEAR ONCE MORE BEFORE THIS COMMITTEE TO SUPPORT OUR REQUEST FOR FURTHER INCREMENTAL FUNDING FOR NEW HEALTH FACILITIES IN THE UNITED STATES VIRGIN ISLANDS.

BEFORE PRESENTING JUSTIFICATION DATA FOR THIS YEAR'S FUNDING, I WOULD LIKE TO STATE THAT AFTER FINALLY RECEIVING, IN FEBRUARY, THE INITIAL FUNDS FROM THE DEPARTMENT OF INTERIOR, WE BEGAN THE DESIGN PHASE OF ALL PROJECTS. WE ARE ON TARGET FOR INITIATING CONSTRUCTION IN THE FIRST WEEK OF JULY, WITH A COMPLETION DATE 24 MONTHS HENCE. WE ARE ABLE TO MEET THIS COMPRESSED SCHEDULE BY THE COOPERATION AND TIMELY APPROVAL OF THE CHIEF ENGINEER AND ARCHITECT OF REGION II, THE DEPARTMENT OF HEALTH AND HUMAN RESOURCES (HEW).

OUR FUNDING NEED, BASED ON A CASH FLOW ANALYSIS EXTENSIVELY REVIEWED WITH OUR HOSPITAL ARCHITECTURAL CONSULTANTS, ARTHUR D. LITTLE, INC., IS FOR $25,892,000.00. THIS SUM WILL ACCOMPLISH THE FOLLOWING:

1. THE COMMENCEMENT OF CONSTRUCTION OF ALL PROJECTS SIMULTANEOUSLY;
2. THE 12-BED HOLDING FACILITY IN ST. JOHN, AND NEIGHBORHOOD CLINICS WILL HAVE ALL BEEN COMPLETED AND FUNCTIONING IN THIS FISCAL YEAR;
3. THE TWO 250-BED HOSPITALS WOULD BE PROGRESSING TO THE EXTENT THAT MORE THAN 50% OF THE CONSTRUCTION WOULD HAVE BEEN COMPLETED;
4. THE CASH FLOW OF ABOUT $2,537,000.00 MONTHLY WOULD BE MET UNTIL WE RECEIVE CONTINUING FUNDING, THUS PREVENTING CONSTRUCTION DELAYS OR STOPPAGE.

THROUGHOUT THE PLANNING AND DESIGN PHASES OF OUR HEALTH FACILITIES PROJECTS, WE HAVE ATTEMPTED TO MAINTAIN A POSTURE OF FISCAL RESPONSIBILITY AND SOUND CASH MANAGEMENT.

OUR APPROACH TO CONSTRUCTION, WHICH WAS APPROVED BY THE DEPARTMENT OF HEALTH AND HUMAN RESOURCES (HEW), OF HAVING CONSTRUCTION MANAGERS RESPONSIBLE FOR THE CONSTRUCTION PHASE HAS PRODUCED CERTAIN GAINS WHICH INCLUDE:

- A GUARANTEED MAXIMAL PRICE, BY JUNE 1980, RESULTING FROM EARLY COST DEFINITION AND CONTINUOUS BUDGET CONTROL WITH PENALTY FOR INABILITY TO MEET DEADLINES
- THE COMMENCEMENT OF EARLY CONSTRUCTION WITH AS MUCH AS SIX MONTHS REDUCTION IN PROJECT CONSTRUCTION TIME
- SIGNIFICANT SAVINGS OF MORE THAN FOUR (4) MILLION DOLLARS DUE TO NATURAL INFLATIONARY INCREASES
- SECURING SEPARATE ARCHITECTS AND CONSTRUCTION MANAGERS FOR FEES FAR BELOW THE USUAL PERCENTAGES FOR SERVICES WHILE HAVING QUALITY PRODUCTS
- PROVIDING VALUE ENGINEERING, AND AN ESTABLISHED PHASING STRATEGY.

CONCURRENT WITH OUR NEW FACILITIES CONSTRUCTION PLANNING WE HAVE CONTINUED OUR INITIATIVES IN REVENUE COLLECTIONS, IMPROVING ADMINISTRATIVE AND MANAGEMENT OPERATIONS, INCREASING OUR MAINTENANCE PROGRAMS AND PREPARING RESPONSES TO OUR MANPOWER NEEDS. RECOGNIZING THE OBLIGATION OF THE TERRITORY TOWARDS THESE PROJECTS, THE VIRGIN ISLANDS GOVERNMENT HAS CONTRIBUTED LANDS FOR THE SITES ASSESSED AT PRESENT MARKET VALUE OF APPROXIMATELY FIVE (5) MILLION DOLLARS. IN ADDITION, WE ARE REQUESTING WAIVERS FOR VARIOUS PERMITS AND FEES WHICH TOTAL ANOTHER OUTSTANDING SUM. NONETHELESS, THE FISCAL CONDITION OF THE VIRGIN ISLANDS GOVERNMENT IS STILL A DILEMMA. SIGNIFICANT ASSISTANCE IN FUNDING IS STILL REQUIRED DUE TO A CONTINUED POPULATION GROWTH FROM INMIGRATION SECONDARY TO IMMIGRATION LAWS FOR WHICH WE HAVE NO CONTROL; BEARING OF ONE OF THE HIGHEST COST OF LIVING IN THE NATION, AND UNEMPLOYMENT DUE TO THE SOCIAL AND OTHER FACTORS WHICH DRAIN OUR LOCAL RESOURCES.

MOREOVER, THE PRECARIOUS FISCAL PICTURE WILL CONTINUE DUE TO THE FOLLOWING:

- UNREALIZED INTEREST AND OTHER REVENUES WHICH ARE ANNUALLY PROJECTED IN THE BUDGET
- THE MAL-EFFECTS OF THE OIL CRISIS IN IRAN, WITH QUESTIONABLE FUTURE REVENUES FROM THE HESS OIL COMPANY IN ST. CROIX, V.I.
- THE SPIRALING EXPENSES DUE TO INFLATION

THE PRESENT VIRGIN ISLANDS GOVERNMENT ADMINISTRATION HAS A COMMITMENT TO THESE PROJECTS AND WILL DO WHATEVER IS POSSIBLE WITHIN ITS LIMITED RESOURCES TO BRING THESE PROJECTS TO FRUITION. THE CONTINUED POSITIVE RESPONSE OF THE SENATE AND THE HOUSE IN AUTHORIZING AND APPROPRIATING CONSTRUCTION FUNDS FOR NEW HEALTH FACILITIES IN THE VIRGIN ISLANDS, WHICH TAKE INTO CONSIDERATION THE RISING INFLATIONARY COSTS AND THE FUNDING TO COMPLETE THESE PROJECTS IS TRULY NOTEWORTHY. THE REALIZATION OF THESE PROJECTS WILL PLACE THE HEALTH DELIVERY SYSTEM OF THIS TERRITORY OF THE UNITED STATES, IN THE CARIBBEAN, IN AN ENVIABLE POSITION WITH OTHER NATIONS IN THE AREA. AND IT WILL CERTAINLY SERVE TO SUSTAIN THE IMAGE OF THE UNITED STATES IN THIS REGION OF THE WORLD.

YOUR CONTINUED SUPPORT AND UNDERSTANDING IS APPRECIATED BY ALL THE PEOPLE OF THE VIRGIN ISLANDS AND VISITORS TO OUR SHORES.

I WILL BE PLEASED TO RESPOND TO ANY QUESTIONS.

Mr. MILLIN. Yes, sir. The delegate has explained that we have with us members of the Governor's staff who are prepared to give detailed information and answers to specific questions.

Mr. DUNCAN. You have got to bring your brains along with you to answer the questions. That is what I try to do.

FUNDING REQUESTS

Mr. MILLIN. Apparently, so. Unlike previous years, Mr. Chairman, we are not requesting funds for operating purposes. We are asking for consideration for specific assistance for health facilities, in excess of the amount asked for by the Department of Interior's budget. The reason for that is because of the progress being made, and we estimate that the cash flow will be in excess of the amount that is requested by Interior's budget.

Dr. Schneider, who has been here frequently in Washington arranging for that, will be prepared to give additional and specific information to you and your staff.

We are not requesting additional money for operating funds mainly for the reason that the administration is determined to maintain a certain amount of fiscal discipline and the principal ingredient of that happens to be keeping within our revenues, keeping our expenses within our revenues.

In order to continue to do so, however, we do have need for tremendous economic development, and we are prepared to expand our program of economic development, and that is why the amount of $5 million is asked for. We have here the Commissioner of Commerce who will be able to give specific answers to questions that you or your staff may have.

We are asking for assistance for improving our very inadequate water and power facilities. These facilities go hand in hand with our need for economic development and our determination for economic expansion in order to take care of the population explosion and increased number of people who are seeking jobs.

Congressman Evans has, I think, adequately explained the problem that we have as a result of the immigration problem and that problem cannot be solved without the economic development that we so sorely need.

As far as water and power are concerned specifically, we are faced with continuous outages almost on a daily basis now. That's an indirect effect on our tourist trade, which is our mainstay, our principal industry. The same happens with our water supply. We are barging water from Puerto Rico and even that is hardly available. We are completely dependent upon the generosity of the Puerto Rican government, and in that connection we find that as a result of the two hurricanes that we experienced last year, the facilities for loading the barges were disrupted, and we were without water from that source for many months.

The hardship continues because our need is for over 4 million gallons a day just for the urban area, and we are only getting 500,000 gallons every two days from Puerto Rico.

The conditions that we are experiencing from lack of water and inadequate power facilities is very disturbing to our administration because it is causing a lot of social unrest and at a period of time

when we can ill afford it. As this committee is certainly well aware, the entire Caribbean area is experiencing tremendous difficulty due to the immigration of people from other places and the infiltration of those who would spread ideologies foreign to the American way of life.

We consider ourselves to be the last bastion in the Caribbean of the American way of life. But we are extremely concerned, and there has been evidence of attempts to infiltrate and to spread foreign ideologies, which we abhor. We are determined to stay on a steady course of being part of America, and we will resist every attempt to the best of our means, to have anything otherwise.

But, we hope that in giving consideration to our request, you realize that we still need assistance. We are trying to help ourselves, but we want assistance to help us to be less dependent upon the generosity of the Congress, and, realizing the fiscal difficulties of the nation itself and what it faces, we want to do our share in facing that by being able to help ourselves. We certainly appreciate any continued assistance we could have this year, Mr. Chairman.

DESALINATION PLANTS

Mr. DUNCAN. When were those desalination plants constructed that have gone bad and you are scrapping?

Mr. MILLIN. At various periods, many years ago.

Mr. DUNCAN. Many years ago? How many—10, 15, 20?

Mr. MILLIN. Some more than that.

Mr. DUNCAN. More than that?

Mr. MILLIN. Mr. Quinn, do you know how old they are?

Mr. QUINN. I believe the oldest ones were installed about 15–18 years ago.

Mr. MILLIN. About 18 years ago.

Mr. QUINN. And they are now unworkable.

Mr. DUNCAN. They never did work very well?

Mr. MILLIN. That is right. In 1967 we had the first unit at St. Croix, and around the same time, St. Thomas.

Mr. DUNCAN. Well, as I read through your statement, Governor, what you are asking us for is $44 million for the electrical system.

Mr. MILLIN. Mr. Chairman, that is divided so that what we are requiring is actually $11 million. Our breakdown shows $21 million, but $10 million would be available from other sources.

INDEBTEDNESS OF WATER AND POWER AUTHORITY

Mr. DUNCAN. Bottom of the page, three lines up? "The authority is indebted. . ." What are you going to do about that indebtedness? Are you going to let it accumulate?

Mr. MILLIN. The Water and Power Authority is in a very serious condition. There is a possibility that come October they might default. However, in order to preserve the good faith and credit of the Government of the Virgin Islands, we will have to step in. They are just not generating sufficient revenues to meet their bonded indebtedness, and we are seeking all ways and means to try and avoid them getting into that condition.

Mr. DUNCAN. Tell me how much you are asking for the power plant?

Mr. MILLIN. Actually, this fiscal year, $11 million.

Mr. DUNCAN. $11 million out of total requirements of $21 million. million.

Mr. MILLIN. The requirements for this fiscal year will be $21 million.

Mr. DUNCAN. And this will come from the Virgin Islands government?

Mr. MILLIN. No, $10 million will come from other funds including a soft loan that I think the Commissioner of Finance has more information on.

Mr. O'REILLY. Yes, we expect to be able to—we are putting together a package now for the Farm Home Administration under which they would make available a 30-year loan at 5 percent. $2½ million dollars, which would go hand-in-hand with grants from three Federal agencies—Farm Home Administration for one-half million, Economic Development Administration for one-half million, and Housing and Urban Development for one-half million. So, that total package is about $4 million, and this is part of the White House Rural Initiative. In addition to that, we expect to get $6 million dollars in a loan from the Coastal Energy Impact Program. We expect that these funds will be available to assist us in the replacement and repair of the current and highly deficient distribution system which——

Mr. DUNCAN. We are not talking about energy, we are talking about power.

Mr. MILLIN. Yes.

Mr. DUNCAN. OK.

Mr. FRANCIS. The $50 million that is needed is a combination of power and water.

Mr. DUNCAN. I understand that and I am trying to keep them separate.

Mr. FRANCIS. I see.

Mr. DUNCAN. At this point I just want to talk about power. Is it broken down in that fashion?

Mr. FRANCIS. Yes.

Mr. DUNCAN. Well, that is what I was trying to see. This figure that you have——

Mr. MILLIN. There is a statement attached, Sir. On the second page, they prepared a statement for you.

Mr. DUNCAN. OK. Then, those figures that you have attached are a capability statement.

Mr. MILLIN. Yes.

Mr. DUNCAN. It outlines what you need. Now, this is your request to this committee?

Mr. MILLIN. Yes, sir.

Mr. DUNCAN. I want a statement put in the record here of what you have just given me orally of the total cost and of the sources that you propose to get those funds from. Sort of a source and disposition of funds statement, and break it down, if you will, by

the power system and the water system, so that we can look at it and see each one. Will you do that?

Mr. MILLIN. Fine.

[The information follows:]

VIRGIN ISLANDS WATER AND POWER FUNDING

Following is source and dispositions of funds for the power and water distribution system (in millions):

| Source: | *1981* |
|---|---|
| V.I. request for congressional appropriation | $40.0 |
| FMHA long-term loan | 2.5 |
| FMHA, EDA, HUD grants ($500,000 each) | 1.5 |
| Coastal energy impact program loan | 6.0 |
| Total | $50.0 |

| Disposition | 1981 | 1982 | 1983 |
|---|---|---|---|
| Power: | | | |
| Repairs to equipment | $3.7 | | |
| New equipment | | $1.0 | $12.6 |
| Total | 3.7 | 1.0 | 12.6 |
| Water: | | | |
| Construction of 6 storage tanks | 4.8 | 2.4 | |
| Extension of distribution system to rural areas | 9.0 | 5.0 | |
| Replacement of old distribution system | 2.0 | 6.6 | 1.4 |
| Develop well fields | 1.5 | | |
| Total | 17.3 | 14.0 | 1.4 |
| Grand total | $21.0 | $15.0 | $14.0 |

Mr. DUNCAN. Do you have to have an electrical distribution system, too, or is it just the generator?

Mr. FRANCIS. We believe that we can handle the electrical distribution system out of the resources of the power company.

USE OF DIESEL FUEL

Mr. DUNCAN. Now, another question. This says diesel. What is the reason for settling on diesel? Isn't natural gas more readily available?

Mr. FRANCIS. No, not in the Virgin Islands. We do have a fairly large refinery in the Virgin Islands, which can give us a supply of diesel.

Mr. DUNCAN. So, that is the most practical way to go in the Virgin Islands?

Mr. FRANCIS. At the moment at any rate. We are however, exploring alternatives. We will look at coal, we will look at any alternative power source. We are also considering OTEC and solar. Those are down the road.

Mr. DUNCAN. What's OTEC?

Mr. FRANCIS. Ocean Thermal Energy Conversion.

Mr. DUNCAN. The thermal gradient?

Mr. FRANCIS. Yes, sir.

GENERAL FUND DEFICIT

Mr. DUNCAN. The past two years the Appropriations Committee has been aware of serious financial problems in the Virgin Islands. However, the official government of the Virgin Islands funds balances reported to the end of fiscal 1978, showed a surplus in the general fund of some $76,000. The Federal Comptroller shows a deficit of $35.4 million. Is this an annual figure or is this a cumulative figure?

Mr. FRANCIS. That is an accumulated, uncovered deficit.

Mr. DUNCAN. OK. Can you tell us the difference in these figures? Is there a difference of opinion as to how you are categorizing debt, or what?

Mr. O'REILLY. I believe that most of the comptroller's findings are accurate, and I think there is a disagreement between the Commissioner of Finance and the comptroller as to his conclusions. I think the Commissioner is in a better place to explain those differences.

Mr. QUINN. Most of the differences stem from the treatment, accounting treatment, with certain transactions. I am not aware of how the comptroller arrived at his $35 million, but perhaps he can enlighten us.

Mr. DUNCAN. Maybe the comptroller can tell us what the difference in these figures is and the basis for it.

Mr. FLEMING. We do have a professional disagreement on the treatment——

COMPTROLLER'S AUDIT

Mr. DUNCAN. It's a friendly disagreement.

Mr. FLEMING. Absolutely. The latest figures that I can attest to are as of June 30, 1978, which is the completion of our last audit.

Mr. DUNCAN. How come you are running almost two years behind?

Mr. FLEMING. Their records are not closed, and so we cannot audit them for 1979. I understand that they will be closed in a month or two, and then it will be two or three months for our audit, so it will be at least five or six months from now before we can give you any accurate picture for fiscal year 1979 at all.

Mr. DUNCAN. Well, isn't that a long period of time? Here it is April 3, 1980. When does your fiscal year end?

Mr. MILLIN. September 30.

Mr. FLEMING. It has been very disturbing to all of us for quite some time.

Mr. MILLIN. We have improved over the years.

Mr. DUNCAN. Have you?

Mr. MILLIN. Yes. It used to be worse than this.

Mr. DUNCAN. Is that true?

Mr. FLEMING. As a matter of fact, it is true. We have four people from my staff on a technical assistance project working side by side with the Commissioner's people, and piece by piece we are working on this. It is not going to be a short-range thing. It's long-range. Much longer than I would like to see it——

Mr. DUNCAN. Well, have you got 1978 fiscal year audited yet?

Mr. FLEMING. Yes. At the end of fiscal year 1978, we identified an accumulated uncovered deficit of $35.4 million. There are a number of items that make that figure up. Principally, they are adjustments that we believe should have been made to their books as of the end of that fiscal year, and the Commissioner does not agree with that. We really haven't during the past year——

Mr. DUNCAN. Adjustments—that would have been credit adjustments, really, because they show a $76 million——

Mr. FLEMING. $76,000.

Mr. DUNCAN. Oh, $76,000 surplus. What about these adjustments?

Mr. FLEMING. They are in the category of a failure to recognize certain reserves and liabilities that existed at the end of the fiscal year plus the necessity, we think, to write off certain assets that we don't believe exist.

Mr. DUNCAN. Like the power company and the water company?

PRESUMED ASSETS

Mr. FLEMING. Well, a small reference, as an example, would be bank accounts that have not been able to be reconciled. According to the records of the territory, money exists in those bank accounts; according to the bank, the money does not exist. It has been carried for several years, and we believe it needs to be written off against operations.

Mr. DUNCAN. How much does that amount to?

Mr. FLEMING. $1.4 million.

Mr. DUNCAN. Have you assisted them in setting up a new set of books? Is this what you are telling me with your technical advisors?

Mr. QUINN. Well, it is true his office has been helping us to reconcile those particular bank accounts. A new account was established some years ago.

Mr. DUNCAN. All right. But the present accounting system would not permit a situation of this sort, inability to reconcile a bank account, to exist? Is that correct?

Mr. FLEMING. I don't think we are quite that far along yet. I think the opportunity for that to happen is still there. It is much more closely monitored, and it is getting better all the time. The difference over this deficit has been a subject of professional disagreement. And, during the past year and one-half, it hasn't really—nothing has happened to require us to really get together on it.

Mr. DUNCAN. Do you think that $1.4 million is still sitting in a bank vault somewhere?

Mr. QUINN. No, it's not. It's a matter of reconciling the bank records with the records of the government.

BORROWING FROM OTHER ACCOUNTS

Mr. DUNCAN. I see. And, what about the reserves. What reserves have they not set up?

Mr. FLEMING. They were loans from other funds that were brought into the operating——

Mr. DUNCAN. Now, is this from the worker's compensation fund——

Mr. FLEMING. And retirement fund.

Mr. DUNCAN. Retirement fund?

Mr. FLEMING. Yes, sir. That money was brought into the operating fund during 1978, and was used to cover operating losses, but that debt was not recorded at the end of the fiscal year. But, it will have to be repaid.

Mr. DUNCAN. It does have to be repaid. There is no argument about that, is there?

SEVERAL SPEAKERS AT ONCE. No, no.

Mr. FLEMING. But it is not reflected on the financial records.

Mr. DUNCAN. As a liability?

Mr. FLEMING. That is correct. That, in turn, would of course be——

Mr. DUNCAN. What does that amount to?

Mr. FLEMING. There are four or five separate ones.

Mr. DUNCAN. Will you itemize them, the accounts from which the money was borrowed——

Mr. FLEMING. I can provide for the record a breakdown of the entire $35.4 million.

Mr. DUNCAN. All right.

[The information follows:]

*Virgin Islands deficit*

| | |
|---|---|
| Unreserved fund balance (deficit) at July 1, 1977 | $5,497,847 |
| Add: | |
| Decrease in reserve for accounts payable | $767,881 |
| Decrease in reserve for amounts due from other funds | 493,332 |
| Decrease in reserve for cash advances | 110,577 |
| Transfer of emergency loan fund | 472,064 |
| Transfer of education appropriation from industrial development fund | 175,000 |
| Total additions | $2,018,854 |
| Total unreserved fund balance (deficit) and additions | $3,478,993 |
| Deficit: | |
| Deficiency of receipts and transfers from other funds over disbursements and transfers to other funds | 13,634,218 |
| Increase in amounts due to other funds | 7,097,022 |
| Increase in reserve for encumbrances | 4,685,566 |
| Increase in reserve for income tax refunds | 2,806,169 |
| Increase in other liabilities | 872,654 |
| Increase in reserve for contingencies | 600,000 |
| Increase in reserve for unencumbered appropriations | 296,460 |
| Adjustments to cash | 1,518,617 |
| Decrease in amounts due from other funds | 380,405 |
| Other adjustments | 60,564 |
| Total deductions | $31,951,675 |
| Unreserved fund balance (deficit) at June 30, 1978 | $35,430,668 |

Mr. DUNCAN. Are there additional items that you categorize under liability?

Mr. FLEMING. No, that $35.4 million encompasses all of that.

Mr. DUNCAN. Okay.

Mr. FLEMING. I would like to mention, I do believe, that at the end of fiscal year 1979, when the books are finally closed, and we are able to audit them, I have strong confidence that the Commissioner and I will be able to sit down and work each one of those points out to a resolution.

Mr. DUNCAN. Well, I would think so. And, hope so. Do I understand that the procedures of borrowing from these funds has been terminated?

Mr. FLEMING. That is true.

Mr. DUNCAN. You are no longer borrowing from these retirement funds.

Mr. FLEMING. No. That is true.

Mr. O'REILLY. Well, we haven't recently.

Mr. DUNCAN. No.

Mr. O'REILLY. There is no prohibition. But it is just like a loan from a commercial agency that the legislature would approve, and we would pay interest on those funds borrowed.

Mr. DUNCAN. And, do you issue bonds of the Virgin Islands Government to cover them?

Mr. O'REILLY. No.

Mr. DUNCAN. Just a note.

Mr. O'REILLY. Just a note. It hasn't been done for the past three years.

Mr. DUNCAN. Are those funds in any difficulty? Those retirement funds in any difficulty financially?

Mr. O'REILLY. No.

Mr. DUNCAN. They have been able to meet their obligations currently, is that correct? Do you agree with that?

Mr. FLEMING. That is correct. However, what has not been done are the actuarial conclusions needed in order to update that fund to the point where if everybody retired tomorrow, there would be enough money.

Mr. DUNCAN. Well, you are not going to do that, are you?

Mr. FLEMING. It is required to be reflected on the records.

Mr. DUNCAN. Is it?

Mr. FLEMING. Yes, sir.

Mr. DUNCAN. We don't do that with our Social Security.

Mr. FLEMING. That's true. We don't.

Now, that isn't going to reflect any operating loss or deficit. It is merely a reflection of what their liability should be, or is recognized to be.

Mr. DUNCAN. But, the law requires them to set up a reserve against all—just like a private insurance company.

Mr. FLEMING. That's right, sir.

Mr. DUNCAN. Well, I'm not so sure that it isn't a prudent way of doing it, but——

UNFUNDED LIABILITIES

Mr. O'REILLY Just as an aside, sir, you can read in this report from the National Governor's Conference there is a total of $170.0 billion represented by unfunded liabilities throughout the 50 states. It is not unique.

Mr. DUNCAN. I know it is not unique. I wish it were unique, because I think it is one of the greatest financial problems that is facing our society today because the unfunded liabilities of both private and public retirement programs is massive. If that problem isn't solved, I suspect that it isn't just the Virgin Islands that are going to have some social problems. But, this country is going to have some, too. So, I urge you to get out from under that as quick as you can, because I am going to do what I can to see that the public funds in this country get in a better position. I just don't think our social structure or our political system, either one, would survive that sort of thing, and you mentioned the political problems in the Caribbean. I think they exist in this country, too.

Mr. MILLIN. Mr. Chariman——

FUNDS INVESTMENT

Mr. DUNCAN. Let me say this. This money you won't just put in the vault. What did you do with the money that you didn't borrow as a government? Where is the rest of that money?

Mr. MILLIN. Mr. Chairman, that money is managed by the First Pennsylvania Bank & Trust Company under contract. It is a one-year contract and various institutions bid on the management.

Mr. DUNCAN. What do they do with this money? Have they got it sitting in bags in a vault somewhere?

Mr. MILLIN. We had a recent report where they show quite an increase in the yield.

Mr. DUNCAN. Well, they have got to invest it.

Mr. QUINN. It is invested.

Mr. DUNCAN. The interest rates that you are paying, are they comparable to the earnings of this fund where it is deposited with this management account?

Mr. FLEMING. More or less.

Mr. DUNCAN. Comme si, comme sa.

Mr. QUINN Right now, some of the funds deposited are at 17 percent——

REVENUE MEASURES

Mr. DUNCAN. We appropriated in 1980, $10 million contingent upon increased revenue measures of the Government of the Virgin Islands. Such measures have not been forthcoming. What are you doing about your tax structure? Are you going to expect an increase in taxes, either in collections or in rates?

Mr. MILLIN. The administration has submitted to the legislature bills calling for increased taxes from new sources. We are also asking for an increase in the property tax base assessment.

Mr. DUNCAN. Do you have an income tax?

Mr. MILLIN. Not a local income tax, no. The Federal income tax is applicable there.

Mr. DUNCAN. So, you rely on property taxes and excise taxes?

Mr. MILLIN. Property and excise taxes.

Mr. DUNCAN. You have the authority to surcharge the Federal income tax.

Mr. MILLIN. We do have the authority.

Mr. DUNCAN. But, you have not exercised that? Is that under consideration?

Mr. MILLIN. Not at the present time.

Mr. DUNCAN. I seem to recall, and you may correct me, that in previous years we have been told that the legislature was considering increases in taxes. Is that true?

Mr. MILLIN. Proposals have been submitted to the legislature, but none have been adopted except the hotel occupancy tax, which was initiated in December.

Mr. DUNCAN. What is it producing, do you know?

Mr. O'REILLY It is estimated to produce $2.2 million.

Mr. DUNCAN. That is the only increase in tax that you have had down there for the past several years?

Mr. O'REILLY That is the only one in effect. We proposed revenue measures last month designed to raise $7.7 million—in the remaining five months of the fiscal year. That is under consideration by the legislature.

Mr. DUNCAN. Would you put the details of that proposal in the record? Is the Governor and the administration supporting it?

[The information follows:]

REVENUE MEASURES PROPOSAL

($ in millions)

The following tax measures have been submitted to the Legislature and are currently being considered by that body:

| | |
|---|---|
| Real property tax increase from 60 percent to 85 percent of valuation | $2.5 |
| Gross receipts tax increase from 2 percent to 3 percent | 4.2 |
| Water charges increase from $6 to $10 per 1,000 gals. | 1.0 |
| Total | $7.7 |

Mr. O'REILLY. We submitted the proposed legislation.

Mr. DUNCAN. You submitted it.

Mr. O'REILLY. It would change the real property tax from 60 percent of evaluation to 85 percent; and an increase in the gross receipts tax from 2 to 3 percent. It would also increase the water rate from $6 a thousand gallons to $10.

Mr. DUNCAN. And, you increased the evaluation without decreasing the levy?

Mr. O'REILLY. No, the levy remains the same.

Mr. DUNCAN. I suppose this is being welcomed by the legislature with gleeful shouts?

Mr. O'REILLY. This is an election year, sir.

Mr. DUNCAN. So, the estimates of it passing are not very good? They are not ready to bite the bullet down there?

Mr. O'REILLY. Well, there are some Senators sitting in the audience; I wouldn't want to give them any solace.

Mr. DUNCAN. Well, you might put in the record the Governor's estimate of that passing.

[The information follows:]

GOVERNOR OF THE VIRGIN ISLANDS ESTIMATE CONCERNING PASSAGE OF TAX LEGISLATION

The tax legislation submitted to the legislature as a supplement to the Virgin Islands fiscal year 1980 budget has of this hearing date not been taken up by the appropriation subcommittee. It is anticipated that hearings on the proposal will be held shortly. We are optimistic that action on the measure by the legislature will be

favorable. However, we cannot say with any degree of certainty when or if the proposed tax legislation will be enacted into law.

TAX COLLECTIONS

Mr. DUNCAN. Do we have a problem in the Virgin Islands as we have had in Guam, for example, of inability or unwillingness to collect the taxes that are already on the books?

Mr. O'REILLY. That has been an allegation made, I'm sure, in any government. Wherever you are dealing with money collection, there will always be an accounts receivable, there will always be some delinquency. The Commissioner of Finance can attest that there has been a reduction in that revolving accounts receivable.

Mr. QUINN. Our delinquencies at the end of the year are nominal, and they range from $4 to $5 million.

Mr. DUNCAN. What is that in terms of a percentage of your collections?

Mr. QUINN. A very small percentage. We collected out of $90 million——

Mr. DUNCAN. Out of $90 million?

Mr. QUINN. Out of $90 million, we had $4 to $5 million delinquencies at the end of the year.

Mr. DUNCAN. Now, those are real estate taxes, so those are collateralized, you can sell that property, can't you.

Mr. QUINN. I am not speaking of real estate taxes. We can sell real estate property, so the taxes are always——

Mr. DUNCAN. So, this is really a corporate excise tax.

Mr. QUINN. Corporate and personal income taxes.

Mr. DUNCAN. I understood that you didn't have an income tax?

Mr. QUINN. We have an income tax. It is the federal tax applied to the Virgin Islands. We administer the law, and we keep the revenues.

Mr. DUNCAN. And, you are administering it and collecting it.

Mr. QUINN. We have taken certain steps to insure that we do collect more money; we have improved our techniques substantially, which has resulted in additional revenues being collected from those resources.

Mr. DUNCAN. And, that $90 million figure that you are giving me, is that cumulative from the income and corporate excise?

Mr. QUINN. That is corporate income tax and individual income taxes for a 12-month period, October 1, 1978 through September 30, 1979.

Mr. DUNCAN. Are the 4 or 5 percent figures accurate, and is that an excessive delinquency rate on an income tax?

Mr. FLEMING. I can't speak with any degree of accuracy to that subject because we don't have access to the income tax returns.

Mr. DUNCAN. IRS does that for us.

Mr. FLEMING. That is correct.

Mr. DUNCAN. Do they audit your collection——

Mr. QUINN. They audit our records and our entire procedure and operation every two years. And, they prepare a final report which is submitted to the Governor.

Mr. DUNCAN. The Governor?

Mr. QUINN. Yes, and to IRS here.

Mr. DUNCAN. Well, I suppose we could get it from downtown. Why don't you get that for the file anyway?

FEDERAL MATCHING OF INCREASED LOCAL REVENUES

Mr. Fleming. Mr. Chairman, if I may interrupt a moment.

Mr. DUNCAN. Yes.

Mr. Fleming. You asked the question before about meeting the matching of that $10 million that was authorized, and we started to talk about the hotel occupancy tax.

I would like to point out that that tax did not qualify for matching under that provision because the enactment was prior to June 12, 1978, and did not meet the requirement of the public law. So the Virgin Islands was unable to obtain matching on that tax, although it would have normally been considered.

Mr. DUNCAN. So, you haven't gotten that $10 million yet?

Mr. O'REILLY. It will be at the end of the year.

Mr. DUNCAN. If you pass another tax

Mr. O'REILLY. The package that we have just submitted to the legislature is intended to yield $7.7 million of which we are hoping to qualify for about $6 million of the federal matching funds. We will not qualify for the entire $10 million. But, it is based upon the legislature enacting this piece of legislation.

CASH FLOW PROBLEM

Mr. DUNCAN. Well, the next question is, when is it expected that a serious cash flow problem will occur in the government of the Virgin Islands?

Mr. O'REILLY. We do not anticipate one.

Mr. DUNCAN. You do not. Do you agree?

Mr. Fleming. Yes, I do agree at this point. We were very concerned last year, you may remember from last year's testimony, about the cash flow situation and the possibility of not being able to meet the payroll.

The legislation that enabled an advance payment of the $24 million estimated annual collection of rum tax at the beginning of the fiscal year, I think, went a long way to help with the cash flow situation as did a pre-payment from Martin-Marietta under the tax exemption program.

So, there have been unexpected sources of revenue at the beginning of the year that have helped with the cash flow considerably.

Mr. DUNCAN. I wish you would put in the record at this point. A short statement of your tax structure. The different taxes that you levy including your share of the federal income tax or what you get from the federal income tax.

[The information follows:]

## VIRGIN ISLANDS TAX STRUCTURE

The following local taxes are currently in effect in the Virgin Islands:

| | |
|---|---|
| Real Property: | 1.25% of 60% of assessed valuation |
| Trade & Excise: | 2-10% of imported value |
| Gross Receipts: | 2% of gross revenues |
| Hotel Occupancy: | 5% of hotel room rate |
| Inheritance: | 2% over $200 to and from Lineal relatives |
| | 8% over 100 to brothers and sisters |
| | 14% over 100 to distant relatives and strangers |
| Highway Users: | 11¢ per pound each vehicle imported |
| Fuel: | 8¢ per gallon on gasoline and diesel Sold on concerned |
| Stamp: | 1% of value of real and personal property transfers |
| | 40¢ per copy of judicial papers |
| Production: | 65¢ per yard on woolen yard goods |
| | $2.50 per watch or clock manufactured when sold. |

## VIRGIN ISLANDS INCOME TAX
(Mirrored tax system of the Federal Income Tax)

The following is a breakdown of individual and corporate income tax collections for the fiscal years 1972 through 1979, inclusive:

| YEAR | INDIVIDUAL | CORPORATE | TOTALS |
|---|---|---|---|
| 1972 | $40,585,464 | $19,914,120 | $60,499,584 |
| 1973 | 43,485,189 | 14,758,738 | 58,243,927 |
| 1974 | 43,736,096 | 27,432,461 | 71,168,557 |
| 1975 | 52,588,754 | 14,744,393 | 67,333,147 |
| 1976 | 53,576,227 | 10,125,517 | 63,701,744 |
| 1977 | 48,009,399 | 19,856,250 | 67,865,649 |
| 1978 | 46,562,852 | 19,710,862 | 66,273,714 |
| 1979 | 61,262,141 | 28,821,474 | 90,083,615 |

INDUSTRIAL TAX SUBSIDIES

Mr. DUNCAN. Tax subsidies to industrial firms on the island constitute over $175 million a year as of fiscal 1978 according to page 17 of a Comptroller's report dated June 1979. Now, you say that a new agreement has been negotiated with Martin-Marietta for an increased tax payment—Was this an advance or was it an increased tax? Will you explain the details of your agreement with Martin-Marietta?

Mr. FRANCIS. The agreement with Martin-Marietta provides for a royalty which they will pay on each kind of aluminum that is produced. It also provides for their payment of the full property tax, and the only taxes they will continue to be exempt from are the corporate income tax.

We anticipate that the revenues being derived from this agreement will fluctuate between $4 and $5 million a year.

Mr. DUNCAN. Which you weren't getting otherwise?

Mr. Francis. Which we weren't getting otherwise.

Mr. DUNCAN. And, this is a concession on the part of Martin-Marietta? Under their agreement they weren't forced to do that?

Mr. FRANCIS. Their agreement was expiring, and they came in to us with a proposal for a sizeable expansion of their facility. They were also willing to make certain other concessions as far as the employment of native personnel, which has been a matter of quite some concern in the community, and also as far as their procurement practices, which we feel will make a significant contribution to the continued economic development of the island.

Mr. DUNCAN. For how long are they entitled to the income tax exemption?

Mr. FRANCIS. They got a five year—well, their income tax exemption was expiring in 1981 or 1982. And they got a five-year extension.

Mr. DUNCAN. So, for five more years they will be exempt on the income tax?

Mr. Francis. That will not be a full exemption. It's a 75 percent exemption. They are paying an effective corporate income tax of 12 percent rather than 46 percent. I want to make that point clear, it wasn't a complete, total income tax exemption; it was partial.

HESS OIL NEGOTIATIONS

Mr. DUNCAN. Well, I think you have made that clear. What others? Are you negotiating with Hess Oil Company What is the status with Hess?

Mr. FRANCIS. The committee completed negotiations last week, and we turned it over to the lawyers, and now we have to go back to negotiation.

Mr. DUNCAN. Have those lawyers left?

Mr. FRANCIS. Lawyers are lawyers, sir.

Mr. DUNCAN. Now be careful about lawyers, now.

Mr. FRANCIS. We have reached an agreement, and now there are some legal points in the final document that have to be submitted to the Governor and the legislature. So, we will be meeting again next week—the committee and the staff along with the lawyers—to hopefully iron out the rough parts. We think, though, that every-

one will be very pleased with the agreement. Unfortunately, I can't tell you very much more about it.

Mr. DUNCAN. All right.

Mr. FRANCIS. We will provide the committee with a copy of the agreement when it is finalized.

OPERATING DEFICITS OF INDEPENDENT AGENCIES

Mr. DUNCAN. Are there operating deficits in any of the other independent agencies run by the government besides water and power?

Mr. MILLIN. None that have been reported.

Mr. O'REILLY. They are independent agencies and are so financially structured.

Mr. DUNCAN. Are they all right?

Mr. O'REILLY. We have no knowledge.

Mr. DUNCAN. You have no knowledge?

Mr. O'REILLY. They are independent.

Mr. DUNCAN. The full faith and credit of the Virgin Islands Government is not back of them?

Mr. FRANCIS. Well, the other——

Mr. O'REILLY. The Housing Authority is Federally funded financing.

Mr. FRANCIS. The only other one that I can speak for, because I am chairman of it, is the Virgin Islands Port Authority. We are now, on an operating basis, turning a profit. We do have an accumulated deficit, but we have now turned into the black.

Mr. DUNCAN. You have no bonded liability.

Mr. FRANCIS. No bonded liability for the Port Authority.

Mr. DUNCAN. So, the deficit is just unsecured debt. Which you financed on unsecured paper at the bank? Tell us for the record, how much that accumulated deficit is. Also, put in a list of the independent agencies and a statement—to the extent you know—of what, if any, is the obligation of the Virgin Islands Government with respect to them.

[The information follows:]

LIABILITIES OF INDEPENDENT AUTHORITIES

The liabilities of the independent authorities in the Virgin Islands as of December 31, 1979 are approximately as follows:

a) Water and Power Authority

| | POWER | WATER |
|---|---|---|
| Current | $ 17.3 | $ 7.3 |
| Long-Term | 35.8 | $ 7.4 |
| Total | $ 53.1 | $14.7 |

b) Virgin Islands Port Authority

| | |
|---|---|
| Current | $ 2.3 |
| Long-Term | --- |
| TOTAL | $ 2.3 |

c) Virgin Islands Housing Authority

| | |
|---|---|
| Current | $ 3.9 |
| Long-Term | 102.0 |
| Total | $105.9 |

The foregoing liabilities of the independent authorities are not general obligations of the government of the Virgin Islands, and as such, its full faith and credit are not pledged as security or collateral. However, these instrumentalities are an integral part of the overall economic and social well-being of the territory, and therefore we do have a moral and self-serving obligation for any indebtedness incurred by them.

Mr. FLEMING. Mr. Chairman, I might add the Governor requested my office to do an audit of the Water and Power Authority, and that is almost completed. We will have some adequate figures on that very shortly. He has also just asked us to do an audit of the Housing Authority, so we will have a better picture on that in about five or six months down the road.

Mr. DUNCAN. How far away are you on Water and Power?

Mr. FLEMING. About a month.

Mr. DUNCAN. We would like to see whatever preliminary figures you get and the final report when it comes out.

Mr. FLEMING. I will get it to you.

[The information follows:]

AUDIT OF WATER AND POWER AUTHORITY

The audit of the Virgin Islands Water and Power Authority will be completed early in June and the final report will be forwarded to the Committee upon completion.

Mr. DUNCAN. I think we have covered the first part of question seven. You can supplement the record on that. We will give you copies of these questions. We would like you, not the department to answer them.

EXCISE TAX COLLECTIONS BY U.S. CUSTOMS

Mr. DUNCAN. It has been suggested that the U.S. Customs should collect the Virgin Islands excise tax at the port but that legislation would be needed to provide such authority to the U.S. Customs.

Mr. EVANS. That has been done, sir.

Mr. DUNCAN. That has been done?

Mr. EVANS. The bill has been passed which provides for the collection of excise tax at the time of entry.

Mr. DUNCAN. By the U.S. Customs?

Mr. EVANS. By the U.S. Customs.

STATUS OF HOSPITAL CONSTRUCTION

Mr. DUNCAN. What is the status of the Virgin Islands Hospital?

Dr. SCHNEIDER. Mr. Chairman, I am happy to say that even though we received the funding from last year's fiscal year budget in February, we have already completed the schematics of all projects, and we are ready to break ground on the first of July.

We have had the approval of all of our schematics and engineering and architectural plans by HEW, so we are quite on schedule, and we hope to move right along with the project.

[COMMITTEE NOTE.—The committee was advised subsequent to the hearing that HEW has reviewed schematics, but has not yet approved final A & E plans.]

Mr. DUNCAN. How much do you estimate that it is going to cost?

Dr. SCHNEIDER. I figure that we should increase our costs about the mid-point of construction by about $8 million more dollars, which, to me, is a significant saving, because if you use any figures of inflation, you would be about $72 million—if you took the normal 1 percent per month. So, I think we have had significant savings and——

Mr. DUNCAN. So, you think that the total cost of $52 million will be affected by the inflationary factor only by about $8 million. You tell us it will be about $60 million total cost, now?

Dr. SCHNEIDER. Yes, sir. Just about.

Mr. DUNCAN. And, does that represent changes in design or is that the inflationary factor?

Dr. SCHNEIDER. Both, sir. When we originally gave $52 million as the cost, this was in October 1978; and in the authorization bill, 95-348, was included provision for inflation. When we finally had a true plan by Arthur D. Little, Inc., our hospital consultant—the number of beds, rooms, and the different services, it came up more. There was no way you could get anyone to give you a smaller sum.

Mr. DUNCAN. How many beds?

Dr. SCHNEIDER. 250 beds in each hospital.

Mr. DUNCAN. How many hospitals?

Dr. SCHNEIDER. Two hospitals. One on each island.

Mr. DUNCAN. What inflation factor are you using, do you know?

Dr. SCHNEIDER. We used from October to mid-point. If you use 0.85, which is what it was in October, you would be up to about $62 million.

Mr. DUNCAN. One percent a month you are talking about?

Dr. SCHNEIDER. Yes.

Mr. DUNCAN. January 24, 1980, we had a letter from Mrs. Van Cleve to Governor Juan Luis which says that the balance of the fiscal 1980 appropriation will be granted when the final design plans for the many facilities have been reviewed by the Department of Interior, Office of Management and Budget, and approved by HEW. Now, you say that they have been approved by HEW. How about those other fellows?

GUARANTEED MAXIMAL PRICE CONTRACT

Dr. SCHNEIDER. Well, the funny thing is that what we are using is the GMP—the guaranteed maximal price approach. This gives us six months of construction. We are hoping, and we have been assured by HEW that they would approve the final drawings in June. If we have to send these to Interior, I am hoping that they understand that if we don't begin our construction in July, we would have an inflation factor of almost $500,000.

Mr. DUNCAN. What do you mean? The contractor is going to build it for a guaranteed price?

Dr. SCHNEIDER. Yes, sir.

Mr. DUNCAN. Is that guaranteed price subject to the variable of inflation?

Dr. SCHNEIDER. It is not. That is the good point about it. If you have a GMP, a guaranteed maximal price in June, it——

Mr. DUNCAN. He absorbs that risk.

Dr. SCHNEIDER. Right. At about $200,000 a month if he delays.

Mr. DUNCAN. And what is the price he has given you?

Dr. SCHNEIDER. We have about $24 million, which includes the gross receipts and excise taxes, which includes his fee. So, if you take those away, we are now trying to get a waiver from our local legislature to remove the excise tax, so the true construction cost would have only have increased about $2 million.

Mr. DUNCAN. Now, that is $24 million. On each hospital.

Dr. SCHNEIDER. Yes, sir.

Mr. DUNCAN. But that is only $48 million.

Dr. SCHNEIDER. Yes. But as you will recall, we also have the 12-bed holding facility in St. John's and three neighborhood clinics.

ROLE OF INTERIOR AND OMB

Mr. DUNCAN. Why does OMB and the Department of Interior get into this act, do you know?

Dr. SCHNEIDER. I'm not sure. I think they are trying to determine whether what we are doing is correct. As recently as about a month ago, they had another firm doing a study of us as to whether we should have the hospital, and whether the beds are correct, and I am happy to say——

Mr. DUNCAN. Who did the study?

Dr. SCHNEIDER. Moore and Johnson, for the Interior Department on request from OMB. But that study also showed that not only do we need the hospital, but our estimations and our costs and everything are correct.

Mr. GREEN. Mr. Chairman, I would like to have Mrs. Van Cleve, who has been working closely on this project indicate what the Interior Department's role is with regard to the hospitals.

Mr. DUNCAN. I want to know, too. Because I don't know that you people are experts to build a hospitals.

Mr. GREEN. That's right.

Mr. DUNCAN. Will you tell us, Mrs. Van Cleve, what you know about all these hospitals?

Mrs. VAN CLEVE. We don't purport to be experts on hospitals. We are, however, the channel for obtaining Federal funds to build the hospitals in the Virgin Islands, and as a result, the Office of Management and Budget will look to us to be able to give intelligent answers to a series of questions.

The last series of questions being put to us required expert knowledge. They required a talent that we didn't have, and that we discovered that HEW could not provide. As a consequence——

Mr. DUNCAN. HEW could not provide? Are these technical questions about the construction of hospitals?

Mrs. VAN CLEVE. In effect. And——

Mr. DUNCAN. And, HEW didn't know anything about it?

Mrs. VAN CLEVE. HEW said it was unable to give us the expert assistance that we needed to answer these questions.

Mr. DUNCAN. Then, why have we got HEW reviewing the thing?

Mrs. VAN CLEVE. HEW is reviewing another aspect of this project. It has become very complicated because of the degree of surveillance that——

Mr. DUNCAN. Is this a part of the Administration's plan to reduce paperwork and improve bureautic efficiency?

Mrs. VAN CLEVE. We are simply trying to respond to OMB's questions as quickly as we can so as to get on with this project.

Mr. DUNCAN. I must say. Who did you contract with to answer these questions?

Mrs. VAN CLEVE. Moore-Johnson, and the price was $9,600;

Mr. DUNCAN. Well, that sounds like a bargain for something we didn't probably need.

Mrs. VAN CLEVE. The work was done in 30 days. It has been provided to OMB, and we hope that everyone is satisfied.

Mr. DUNCAN. Well, when do you expect your approval from HEW?

Dr. SCHNEIDER. In June.

Mr. DUNCAN. Is there any possibility that Interior and OMB can be conducting all these $9,000 studies and have them completed so that they can simultaneoulsy write off on this, if and when HEW does?

Mrs. VAN CLEVE. We expect to do everything we need to do as close to overnight as possible, which has been our standard throughout.

Mr. DUNCAN. I don't know what the Chairman and the balance of the Committee would do, Mrs. Van Cleve and Mr. Secretary, but if there is any delay, as a result of the OMB and the Department of Interior, which results in additional costs, we are going to find some place in the Interior budget to get it.

Mr. BETTENBERG. I would like to say, Mr. Chairman, from a budgetary standpoint, the funds for this project were initially appropriated entirely by the Congress and without any serious review of the estimate by the Administration. I believe the Office of Management and Budget's concern is that they are not sure what they are being asked to finance and——

Mr. DUNCAN. I tell you. You can tell them down there that they aren't being asked to finance anything. That the Congress of the United States has the responsibility for appropriating money, and the Congress of the United States is the sort of Board of Directors that sets policy in this country, and it is the function of the Executive Branch of government to carry it out.

Mr. BETTENBERG. I don't think they would disagree with you, sir.

Mr. DUNCAN. Well, I don't think that is exactly the way I heard you say it.

Mr. BETTENBERG. I think that, in fact, the Administration has requested additional funds for next year, for instance. And frequently this Committee, as well as other committees of Congress, is interested in the Administration's requesting funds for something like this.

Mr. DUNCAN. Mrs. Van Cleve, I wish you would get——

Mr. BETTENBERG. I think they are still concerned with understanding what the total expenses are on top——

Mr. DUNCAN. Well, I—Excuse me.

Mr. BETTENBERG. Over and above——

Mr. DUNCAN. Well, I don't disagree with that. HEW is the Department of Health, Education and Welfare and they have had Hill-Burton funds to administer for years. I find it difficult to believe that they don't have any expertise in the Department of HEW that can look at costs and validate costs and look at the need of the community and estimate the proper number of beds that are needed. We want careful checking about these costs. But, I don't understand why in this period when the American people are revolting against government controls that we have to get three agencies involved when one would do the job.

I would like to have you put in the record at this point a little justification as to what OMB has in mind, and why from HEW they couldn't do it.

Mrs. VAN CLEVE. Fine, Sir.

[The information follows:]

REVIEW OF VIRGIN ISLANDS HEALTH FACILITIES

Since the Secretary of Interior has general administrative responsibility for the relationship between the Federal Government and the United States territories, the Department reviewed the planned size and scope of the construction of the Virgin Islands health facilities, for which $21 million was appropriated in fiscal year 1980 and for which $18.4 million has been requested in the fiscal year 1981 budget, to try to ensure that the facilities would be properly planned and adequate to meet the needs of the Virgin Islands. The Department asked the Government of the Virgin Islands to justify the size of the facilities, prepare plans for operating the facilities, and develop construction timetables which would enable the Department to plan for the outlay of Federal funds.

The Office of Management and Budget, also concerned with the same issues, specifically directed the Department to study the financial feasibility of the construction package being proposed, the amount of total construction costs that the Virgin Islands Government could bring to the project, the measures to be taken to ensure proper maintenance and avoid premature deterioration of facilities, the additional personnel required to staff the facilities and the likelihood that adequate staff could be recruited, and the appropriateness of the proposed patient mix and distribution of beds for the three islands.

Officials at the Office of Resources and Services of the Department of Health, Education, and Welfare, when asked by the Department of the Interior if they could assist in responding to these questions, said they were not in a position to do so. The Department then hired an independent consulting firm to prepare a study in response to the OMB request. A copy of the study is provided for the Committee's use.

The study pointed out, among other things, that the actual cost of the project would likely be higher than originally expected—actual costs are now estimated at $60 million rather than $52 million—and that there were some deficiencies in the planning for the facilities. Since the study, there have been some modifications in the Virgin Islands' plans.

DEPOSITING FEDERAL FUNDS IN INTEREST-BEARING ACCOUNT

Mr. DUNCAN. Now, the Virgin Islands wants the full $21 million appropriation provided to the government so they can put it in an interest-bearing account ear-marked for hospital construction only and pick up the interest on it. Please explain. That has not been done, I take it.

Mr. O'REILLY. That was the original request. If the full $52 million was advanced to us, we could invest it, and therefore, the income off of the investment would take care of the inflationary cost. But, that was not done.

CASH MANAGEMENT POLICY FOR TERRITORIES

Mr. DUNCAN. That was not done. What has been the policy with similar situations in Guam, the Trust Territories, and the Northern Marianas? Mr. Secretary, do you know?

Mr. GREEN. I think that Mr. Gallagher of our Budget Office might respond to that.

Mr. GALLAGHER. The current policy, except for specific legislation, is to advance cash only on an as-need basis in conjunction with the Treasury and the Administration's rules on cash manage-

ment. And, to prevent the drain on the Treasury where the Treasury has to go out——

Mr. DUNCAN. So, all of these, Guam and the Trust Territories, and the Northern Marianas, and the Virgin Islands are being treated similarly with respect to that.

Mr. GALLAGHER. Yes, sir.

Mr. DUNCAN. And, what you are telling us is that since we are operating in the United States Government at a deficit position, that you do not have to go out into the market and pay these outrageous interest rates in order to borrow the money to advance it to the Virgin Islands, who could then loan it out at outrageous rates.

As long as everybody is being treated the same, as one responsible for the Federal money, I not only do not disapprove, we heartily approve.

We may, before we get through, be able to find something else that you are doing to approve of.

ECONOMIC DEVELOPMENT LOAN FUND

Mr. DUNCAN. Mr. Francis, we put your statement in the record. Is there anything that you would like to add in addition to what we have put in? Anything that we haven't asked you?

Mr. FRANCIS. I would like to just indicate, sir, that the Congressman did——

Mr. DUNCAN. I don't know whether that is flattery or——

Mr. FRANCIS. You authorized $5 million for the purposes of economic development, and there is a little consternation, at least in this Commissioner, that none of those resources have been forthcoming. Not in last year's budget, nor the budget——

Mr. DUNCAN. Is this the first economic development fund we have set up or helped you set up?

Mr. FRANCIS. To the best of my knowledge, it is, sir. I know that the patterns are set up for other territories, and I must admit that I came onto the job with the thought that we would be able to use these resources——

Mr. DUNCAN. You do have such an agency, don't you?

Mr. FRANCIS. We do have one agency actually existing, the Small Business Development Agency, which has a fairly good track record even if it does have a high delinquency rate.

Mr. DUNCAN. What is it, do you know?

Mr. FRANCIS. It's up around 30 to 35 percent. But, I would like to—we took the figures for the last seven years and I'm going to submit this data. But just quickly, if I may give you some figures, sir, for the seven year period, fiscal year 1973 through fiscal year 1979, that agency received 900 applications for assistance for $26 million dollars.

And, these are from local laymen, small——

Mr. DUNCAN. Entrepreneurs.

Mr. FRANCIS. We were only able to approve 95.

Mr. DUNCAN. Who is funding that agency now, Sir?

Mr. FRANCIS. That agency has been funded up to this point by the Government of the Virgin Islands. The Government of the

Virgin Islands started off very generously, but it ran into a crisis and had to restrict its contributions.

Mr. DUNCAN. How much capital was put in, do you know?

Mr. FRANCIS. About $2.8 million.

Mr. DUNCAN. And, if you are losing that at 30 percent—is that a cumulative——

Mr. FRANCIS. What they have been doing recently, sir, is that they have been extending guarantees. But we have stopped that because the amount that we had to freeze in order to back up those guarantees, the ratio was just atrocious, and since I have come on board we have not been putting in guaranteed notes, and the entire program has come to a halt.

Mr. DUNCAN. And, if they put $2.8 million in, how much capital do you have left?

Mr. FRANCIS. It is down to less than—operating capital is down to less than $100,000. What has been there has been very well applied.

### DELINQUENCY RATE

Mr. DUNCAN. The 30 percent loss ratio. Is that a cumulative loss ratio over the years?

Mr. FRANCIS. Let me just indicate. These are loans that many of them we have accepted as non-collectible. But, we are continuing efforts, and in some cases, somebody hits the lottery for instance, and they think they are rich, and all of a sudden there is one of our staff reminding him that he owes us $50,000.

We have been very patient with all of this. Of course, everbody doesn't hit the lottery or something like that. But we have been trying to clean up our books, and we have been very slow to actually write these things off.

Mr. DUNCAN. We will take a look at that, and you might put in the record a little statement about the types of loans you have made, the total amount you have made.

[The information follows:]

### SMALL BUSINESS LOANS

The following loans were made by the SBDA, both direct and guaranteed, for the period July 1970 thru June 1978:

| | | |
|---|---|---|
| Agricultural | 18 | $226,602 |
| Construction | 5 | 177,850 |
| Manufacturing | 13 | 504,750 |
| Transportation | 28 | 701,674 |
| Wholesale Trade | 3 | 325,000 |
| Retail Trade | 71 | 1,963,817 |
| Service Trade | 49 | 1,707,421 |
| Total | 187 | $5,607,114 |

### LOAN APPLICATIONS

Mr. FRANCIS. And, depending on demand, we have currently about 242 applications before us, none of which we will be able to service. It does create a tremendous—the Governor spoke about the matter of social unrest, and we have a community where everything that is going on seems to be going on by the non-natives.

Mr. DUNCAN. Yes.

Mr. FRANCIS. The native population——

Mr. DUNCAN. The outside agitators——

Mr. FRANCIS. That is right. They have a feeling that they aren't getting a piece of the action. And, this is the only agency that offers them the opportunity to get a piece of the action, and it has no resources with which to do it.

Mr. DUNCAN. Well, I want to commend you for your attitude toward the delinquency. I can remember in our little law office, we had a big bill owed by a guy that was in the penitentiary for life. And, the statute of limitations was running on it. My partner said to let it go, it wasn't worth extending the statute. And, I said, let's do it, it will only take me a few minutes.

So, I went down and extended the statute. A couple of years later, the guy got paroled and a year later an unknown uncle left him a bloody lot of money, and we finally collected.

It doesn't happen very often, but it does happen once in a while.

IMMIGRATION PROBLEMS

I want to ask if your review of the immigration problems in Guam that you mentioned also includes the immigration problems in the Virgin Islands?

Mr. GREEN. Absolutely.

Mr. DUNCAN. We want to be kept advised of whatever thoughts you might have, and any suggestions that you might have, please communicate them to Mr. Green, will you, because I think this is a serious problem, and I'm not sure how we can handle it under the Constitution, but I would like to address that problem in some fashion.

Periodically, of course, every section of the country gets the feeling that they are being swamped almost in the tide of immigrants—Florida, for instance, from Cuba, and Oregon and California from Southeast Asia. It may be that it equalizes over the country over a period of time, I don't know. But I think it has been a problem for you, and I would commend it to you. We will probably keep it in mind, too.

All right, gentlemen, please provide for the record the answers to these questions.

Mr. FRANCIS. Yes, sir; we will.

Mr. DUNCAN. Is there anything else we should ask you about?

Mr. FRANCIS. No, sir.

Mr. DUNCAN. Well, then, Ministers, and Representatives, we thank you very much.

Mr. GREEN. Thank you.

[The questions and answers follow:]

QUESTIONS BY THE COMMITTEE
ANSWERS PROVIDED BY GOVERNMENT OF
VIRGIN ISLANDS

Question: Please describe the activities that are underway to improve both the water and power delivery systems in the islands.

Answer: With respect to power, the Authority lacks the resources to mount the aggressive maintenance program as recommended by the Mid-Pacific Region, Water and Power Resources Service Department of the Interior, in their study and evaluation of the system, dated March 12, 1980. Funds to implement their recommendation is a portion of our request. With respect to water, the Government of the Virgin Islands is contributing some $42 million in desalting plants. However, we lack the resources to enter the collateral phase of storage and distribution. 50% of our capital budget is earmarked for the payment of our bonded indebtedness and the balance to the government's capital needs. We are not in any position to undertake this much needed program without jeopardizing our credit posture.

Question: What is the overall financial status of the Water and Power Authority?

Answer: The books of the Water and Power Authority as of December 31, 1979 reflect current liabilities of $24.6 million against current assets of $21.2 million for a deficiency of $3.4 million. Long-term liabilities (bonded-indebtedness) total $43.2 million.

Question: Is it not true that it is in technical default on its bond commitments?

Answer: The Water and Power Authority is technically in default to its bond holders. The possibility is very real that by October the Authority will go under if payments are not brought current. The Authority has no resources with which to correct the situation and the Government of the Virgin Islands must find the ways and means of providing assistance in order to avoid default.

Question: The Virgin Islands previously had a constitution rejected by the electorate. What are your plans for redrafting a new constitution?

Answer: A special election was held on March 11, 1980 in which 30 delegates were elected and charged with the responsibility of drafting a constitution. On March 24, 1980, these delegates were officially seated and must complete their task within 90 days. Final draft of this constitution will be placed as a referendum on the ballot in the upcoming elections in November.

Question: What is the experience to date in fiscal year 1980 with regard to revenues and expenditures in the Virgin Islands? Could it be reasonably expected that a large deficit will be incurred in fiscal year 1980?

Answer: Our current projection for fiscal year 1980 shows a slight surplus in revenues over expenditures and we expect to have a balanced budget. However, in view of the national efforts to curb consumer credit, it is unkown at this time what impact such a policy will have on our number one industry--tourism--and consequently government revenues. The summer months will therefore be crucial to our efforts, but we have already formulated a plan to cope with any revenue shortfall that might result, as we are determined to have a balanced budget.

## AMERICAN SAMOA

### WITNESSES

HON. PETER T. COLEMAN, GOVERNOR OF AMERICAN SAMOA
HON. GALEA'I P. POMELE, PRESIDENT OF THE SENATE
HON. TUANA'ITAU F. TUIA, SPEAKER OF THE HOUSE OF REPRESENTATIVES
ACE A. TAGO, DIRECTOR, OFFICE OF PROGRAM PLANNING AND BUDGET DEVELOPMENT
STEPHEN D. JONES, FEDERAL COMPTROLLER, AMERICAN SAMOA

Mr. DUNCAN. The representatives from Samoa.

Mr. GREEN. Mr. Chairman, I would ask that Steve Jones, the Federal Comptroller for American Samoa be asked to join us, please.

Mr. DUNCAN. Mr. Jones. I guess we are going to have to use those Republican seats again, I guess.

Mr. TUIA. Thank you very much. Incidentally, we bring to you the love of your good friend, Mr. Lutali.

Mr. DUNCAN. Mr. Lutali. I think of him as the Speaker. Well, you extend my thanks to him for remembering me and to his family, too.

Mr. DUNCAN. Are we ready to go? Are we on the record?

Governor Coleman, we welcome you and appreciate it if you would introduce your delegation.

### GOVERNOR COLEMAN'S TESTIMONY

Mr. COLEMAN. Thank you very much, Mr. Chairman. To my far left is the Speaker of the House of Representatives of the legislature of American Samoa and closer to me is the President of the Senate. On my right and next to me is our Director of the Budget, and we have, too, some members of our legislature, both houses, and also some members of Samoa's finest in the Marine Corps. They are stationed nearby, and they thought they would be stopping by here to say hello.

Mr. DUNCAN. Are they here? I wonder if you introduce for the record, Governor, the members of legislature that are here? Will you do that?

Mr. COLEMAN. Yes, sir.

Mr. DUNCAN. Perhaps they could stand and identify themselves.

Mr. MEREDITH. I am Amituana'i E.R. Meredith of the Senate Ways and Means Committee.

Mr. IULI. Iosefo K. Iuli, House Appropriations Committee.

Mr. LUTU. Fa'asuka S. Lutu, House Committee on Ways and Means.

Mr. TUIOLOSEGA. Tagaoloa M. Tuiolosega, Senate Committee on Budget and Appropriations.

Mr. DUNCAN. And now we have some members of the Marine Corps?

Mr. COLEMAN. They have been here all morning and wanted to——

Mr. DUNCAN. What is your name, sir?

Mr. SUIAUNOA. Tusipasi Suiaunoa.

Mr. MALUFAU. Fafiti Malufau.

Mr. TUIA. He is my constituent.

Mr. COLEMAN. Also with us is our delegate to Washington, High Talking Chief, Fofo I. F. Sunia, Delegate-at-Large.

Mr. DUNCAN. Well, I am pleased. We have the members of the legislature here and the Marines. Well, the Marines represent some steps of progress for Samoa, doesn't it?

Mr. COLEMAN. Yes, sir. That is progress, and it sets the tone this morning of our address to you. We bring to you the expression of gratitude of the Samoan people to the United States Government and to the Congress of the United States, for all of the support that has been given us in the past, and we look forward to continuing this close-working relationship in the future. To give you an overview type report quickly, we want to say that the spirit of our people is very high, and loyalty to the United States is never challenged.

This recent incident of the hostages in Iran caused our people to pray daily for their safety and return. Many of our people are serving in the armed Services of the United States. Perhaps the highest on a per capita basis of any state or territory in the Union.

So, the bottom line really, sir, is that for the help that you are giving us, we are doing all our best to reciprocate in some form.

The fueling facilities of our beautiful harbor are available to the U.S. military at any time. The airport that you helped us build is standing by for any need by our own armed forces, so that today American Samoa really stands proud and grateful to you people.

Mr. DUNCAN. Well, that's a very gracious statement, Governor. We accept it in the same way that we would a statement from California or Oregon. There is still a difference in the status of Samoans, are they not still American nationals?

Mr. COLEMAN. Yes, sir, they are.

### MILITARY SERVICE FOR SAMOANS

Mr. DUNCAN. Was there not a change in the last few years with respect to service in the Marines and the Armed Services?

Mr. COLEMAN. Yes, sir. The U.S. nationals can join the service at any time.

Mr. DUNCAN. Isn't that a fairly recent development?

Mr. COLEMAN. No, it was there all the time except there was a question as to whether they were subject to the draft. But, as Nationals they were not subject to the draft. Most of them are volunteers. They had volunteered in great numbers.

Mr. DUNCAN. I thought there was a restriction, because of the unusual status of Samoans, within the American family, on service in the armed Services. I'm wrong on that?

Mr. COLEMAN. For example, sir, some of the families that have been living in the United States and have raised their children and

attended school here can be drafted. But, our own people that grew up in American Samoa are not subject to the draft.

Mr. DUNCAN. No, that is not what I am thinking about, and I must be in error.

But, before we get into your statement, Governor, Mr. Tuia has brought me the greetings of your former delegate here, Mr. Lutali, who is an old friend of mine. I was formerly speaker of the Oregon House of Representatives, many, many years ago, and at that time he was Speaker of the Samoan House, and we met not once but a number of times and became friends. I am pleased that he would remember me, and I want to send back my best wishes to him and to his family and to put on the record what a fine representative he was for Samoa during his years of service here.

Mr. COLEMAN. Thank you very much.

Mr. DUNCAN. And, I might add that his successor has been equally as well received and equally as gifted.

Now, Governor, we have your statement and a combined statement from Mr. Poumele and Mr. Tuia which you may put in the record at this point. Would you care to summarize yours for us.

[The statements follow:]

GOVERNMENT OF AMERICAN SAMOA
OPENING STATEMENT
FOR
FISCAL YEAR 1981 CONGRESSIONAL BUDGET HEARINGS
PETER T. COLEMAN, GOVERNOR

TO THE CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE ON INTERIOR:

Mr. Chairman and distinguished members of this committee, may I take this opportunity to express, on behalf of the people of American Samoa, our sincere gratitude for your generosity, support and wise counsel without which many of the important programs for the territory during the past two years would not have been realized. I solicit your continued support and guidance in charting a reasonable course for the development of the territory during the difficult times ahead.

American Samoa's fiscal year 1981 budget request of $25,750,000 includes $17,600,000 for operations, $500,000 for American Samoa's Economic Development Loan Fund and $7,650,000 for capital improvements.

Our $17,600,000 request for operations reflects a minimal 1.7% increase over Fiscal Year 1980 funding levels, while the current annual inflation rate is estimated at 20%. The $500,000 for the Economic Development Loan Fund should help maybe one or two business proposals. The capital improvement request of $7,650,000 is 90% of the required estimated amount under a new policy implemented by OMB in December 1979, subsequent to American Samoa's budget submittal to the Department of Interior.

The resource allocation process for fiscal year 1981 has not been easy for the Territory. While we have made good progress towards resolving many of the financial management

problems of the past, American Samoa is still plagued with predictable as well as unpredictable problems. These problems are stated below.

Predictable Problems:

1. The reclassification of white collar worker employees began in November 1978 and was completed in October 1979. The plan was finally implemented in January 1980 due to lack of funds at a cost of $900,000. The annual cost of the plan is estimated at $1,200,000.
2. The National Labor Relations Board will conduct hearings beginning in April 1980 for the minimum wage requirements for the blue collar workers pursuant to the U.S. Fair Labor Standards Act. Results of these hearings will affect approximately 1,000 workers and it is anticipated that the minimum wage will advance from $1.40 per hour to $1.60 per hour, costing the government approximately $500,000 annually.
3. The Earned Income Credit law (EIC), mirrored after the U.S. Internal Revenue Code is estimated to cost the American Samoa Government $3.5 million for calendar year 1979 if it is made retroactive to calendar year 1975. This added cost would significantly affect all programs unless the law is repealed. Local legislation to repeal this law is pending.

Unpredictable Problems:

Problems that surfaced after the decisions were made in the budget process for fiscal year 1981 which are beyond the control of the territorial planning process are listed below.

1. On May 6, 1979, one of the buildings at Samoana High School was completely destroyed by fire. Funds to acquire temporary classroom and office space were provided through reprogramming DOI capital improvement funds. It is now estimated that the cost to construct a building to replace the one destroyed is $700,000.
2. The off-island medical care rate per in-patient day has been increased from $242 to $298. On the basis of the new rates, it is estimated that an additional $600,000 will be required, to fund the balance of fiscal year 1980 program. There has been no information at this point as to what the anticipated increase might be during 1981.
3. In June 1979, the government's LCU sank in the Manu'a Islands after the delivery of necessary supplies and equipment for the residents. The existing private vessel prohibits the shipment of diesel fuel for the power plants in Manu'a nor does it have the capacity to transport heavy equipment for capital improvement projects. The purchase price for a new vessel is estimated at $900,000.
4. A recently completed study of power generation capacity in American Samoa recognizes the need to replace existing twenty year old generators with a 6,000 KW unit no later than the end of calendar year 1982. It is estimated that this project will require $6 million in fiscal year 1981 in order to meet the targeted deadline.

5. An OMB policy requiring $850,000 or 10% of local funds to match the proposed DOI funding for FY 1981 capital improvement projects came as a complete surprise especially after our FY 1981 revised budget had been sent to the Department of Interior. The funds taken away for this purpose were anticipated to be used to fund the white collar employees salary reclassification and the new minimum wage requirements.
6. The Governor of American Samoa was appointed civil administrator of Canton Island by the Secretary of Interior, pursuant to Executive Order #7828, dated July 12, 1979. This order remains in effect until such time that the treaty between the United States signed July 12, 1979 relinquishing U.S. claim to the island is ratified by the U.S. Senate. This action is pending.

   The American Samoa Government is currently advancing funds to absorb administrative expenses for Canton Island as no monies were received from the federal agencies for this purpose.

   American Samoa is requesting $150,000 to reimburse the monies expended from the general fund.

Although we are faced with the above problems, American Samoa is making every effort to become financially responsible while at the same time provide its citizens with an improved quality of life. The American Samoa Government, under its new self-determination concept, has ended its second year with revenues exceeding expenditures thus erasing entirely the balance of the general fund deficit from prior years. In addition to balancing the budget, we have instituted policies to cut spending, to maintain or reduce the size of the government work-

force, to generate local revenues through economic diversification, and to instill fiscal discipline at all management levels. The result of these actions will no doubt produce savings in the short run but will be far from adequate to meet our major needs as described above.

In fiscal year 1980, American Samoa was not given any capital improvement project funds due to critical comments in the GAO report which stated:

> "As of December 31, 1977, $26.5 million of $57.5 million, provided by the Federal Government since 1971 for these projects, was unobligated."

Through a combination of reprogramming actions and a concerted effort towards actual construction, the American Samoa Government as of September 30, 1979, has an unobligated balance of federal CIP funds of $5.6 million. Of this total $3.5 million or 63% are FY 1979 CIP's while $2.1 or 37% represent FY 1978 and prior year CIP funds. Compared to previous years, the American Samoa Government's CIP program is up to date and is prepared to accept new capital improvement projects.

American Samoa's main areas of concentration are (1) economic development, (2) education and (3) health. We have completed much of the planning and ground work necessary to set the direction for resource allocation. The CIP requests we have made for fiscal year 1981 through the President's budget and Congressional add-ons are based on the framework established and are absolutely essential for the development of our main areas of thrust.

In Summary, Mr. Chairman, American Samoa's request for fiscal year 1981 in the order of priority is as follows:

| Priority Order | Item | Request |
|---|---|---|
| 1 | Basic Operations | $17,600,000 |
| 2 | Capital Improvements | 7,650,000 |
| 3 | Economic Development Loan Fund | 500,000 |
| | TOTAL BASIC REQUEST | $25,750,000 |
| 4 | Funding for CIP Local Match | 850,000 |
| 5 | Congressional Add-On: FY 1980 Supplemental | 2,750,000 |
| 6 | Congressional Add-On: FY 1981 Budget Request | 10,500,000 |
| | TOTAL REQUEST | $39,850,000 |

Thank you Mr. Chairman and the distinquished members of this Committee for your time and continued support of American Samoa's programs.

PETER T. COLEMAN
Governor

AMERICAN SAMOA GOVERNMENT
CAPABILITY STATEMENTS
SUPPLEMENTAL 1980 - CONGRESSIONAL ADD-ON

| PRIORITY ORDER | ACTIVITY | AMOUNT |
|---|---|---|
| 1 | SAMOANA HIGH SCHOOL BUILDING | $ 700,000 |
| 2 | VOCATIONAL EDUCATION BUILDING | 400,000 |
| 3 | NEW LANDING CRAFT (UTILITY) | 900,000 |
| 4 | CANTON ISLAND ADMINISTRATION | 150,000 |
| 5 | WESTERN DISTRICT DISASTER RELIEF | 600,000 |
| | TOTAL SUPPLEMENTAL REQUEST | $2,750,000 |

AMERICAN SAMOA GOVERNMENT
CAPABILITY STATEMENT

Agency/Bureau: Office of Territorial Affairs
Appropriation: Administration of Territories
Activity: American Samoa, Construction
Proposed Amount: +$700,000 - Samoana High School Building

Current Program:

On the Morning of May 6, 1979 there was a fire at Samoana High School. The two story 11,000 square foot building was a total loss. On June 29, 1979 an emergency reprogramming also approved which allowed the use of DOI funded CIP projects to be set aside so that nine pre-fabricated modular classrooms could be acquired. The prefab buildings have been received and classes are being conducted within them at this time, though quarters are extremely cramped and uncomfortable.

Amount Budgeted for FY 1980: None

Feasibility:

Replacement of this building is absolutely essential to the quality of education in American Samoa. The current temporary facilities would be replaced by a two story 24,000 square foot building. The site has been razed and is clear and ready for construction. This project is the highest priority of all our items requested in the supplemental.

Capability:

Architectural and engineering work is currently underway and is funded out of 1979 funding. Estimated cost of construction of the building is $700,000. Estimated construction time is twelve months.

Outlay Effect:

1980 - $200,000
1981 - $500,000

63-072 O—80——56

AMERICAN SAMOA GOVERNMENT
CAPABILITY STATEMENT

| | |
|---|---|
| Agency/Bureau: | Office of Territorial Affairs |
| Appropriation: | Administration of Territories |
| Activity: | American Samoa, Construction |
| Proposed Amount: | +$400,000 - Vocational Education Buildings |

Current Program:

The current vocational education program is suffering from a severe lack of space. Students are being turned away from participation because of the limited space in the Tafuna Skills Center. This facility centralizes all vocational training for high school students 1.5 miles from the community college. This location, is 20 minutes one way from Samoana and Leone High School and 50 minutes one way from Fagaitua High School. Even if the Skill Center was expanded students would have to spend substantial time travelling to and from class. Students living in the Manu'a islands have no opportunity to participate in these important programs.

Amount budgeted in FY 1980: -0-

Feasibility:

Vocational education is emerging as a critical need in American Samoa, second only to basic educational skills. The current status of June 1979 graduating seniors indicates that approximately 70% of high school graduates do not enter college or the military. Vocational Education in many cases may make the difference between a productive citizen and a welfare recipient. The objective of this request is to provide vocational education facilities at the four high schools. These facilities will offer exposure oriented programs for the high school students so that they can be aware of the future available to them through vocational education. This request is ranked second only to our need to replace the burned out high school facility.

Capability:

The $400,000 requested will provide metal modular buildings on existing campus sties. The funding will also provide basic equipment necessary for the program.

Outlay Effect:

1980 - $200,000
1981 - $200,000

AMERICAN SAMOA GOVERNMENT
CAPABILITY STATEMENT

Agency/Bureau: Office of Territorial Affairs
Appropriation: Administration of Territories
Activity: American Samoa - Capital Improvement
Proposed Amount: +$900,000 - New Landing Craft (Utility)

Current Program:

The landing craft utility owned by ASG was the cargo lifeline to the Manu'a islands and north shore village projects. It shipped fuel for the electric utility, food, supplies to Manu'a as well as bringing back food to be sold on Tutuila. The only other transportation is via small aircraft or by deep draft tugboat. This vessel ran aground on the reef in Ta'u and has sunk.

Feasibility:

The proposal is to purchase a new landing craft (utility). This will reopen a vital transportation link to the Manu'a islands.

Capability:

The $900,000 request will allow the acquisition and delivery of an appropriate vessel. The possibility is of locating a surplus LCU is being explored but this could be only a short term answer.

Outlay Effect:

1980 - $900,000

AMERICAN SAMOA GOVERNMENT
CAPABILITY STATEMENT

Agency/Bureau: Office of Territorial Affairs
Appropriation: Administration of Territories
Activity: American Samoa, Operation
Proposed Amount: +$150,000 - Canton Island Administration

Current Program:

The Secretary of the Interior appointed Governor Coleman as the administrator of Canton Island effective July 12, 1979. This responsibility will remain in effect until the treaty relinquishing U.S. soverignity is ratified by the Senate.

Amoutn Budgeted for FY 1980: None

The American Samoa Government is currently advancing funds to absorb administrative expenses for Canton Island.

Feasibility:

The operation in Canton Island began with six ASG employees maintaining the facilities. The staff has now been reduced to a minimal level to ensure that facilities remain operational and to protect against vandalism.

Capability:

The $150,000 requested to reimburse ASG for personnel, food, fuel, travel, and other expenses already being absorbed by our General Fund.

Outlay Effect:

1980 - $150,000

AMERICAN SAMOA GOVERNMENT
CAPABILITY STATEMENT

| | |
|---|---|
| Agency/Bureau: | Office of Territorial Affairs |
| Appropriation: | Administrative of Territories |
| Activity: | American Samoa - Disaster Clean Up |
| Proposed Amount: | +$600,000 - Western District Disaster Relief |

Current Program:

In the aftermanth's of the Western District land and mud slides, the following situations became highlighted. The Poloa-Fagamalo pioneer road was severely damaged. There are funds to restore it to it's original condition but the road could still be tenuous in future occasions of heavy rain. Several village catchment and stream type water systems were damaged or destroyed. Funds are available to restore those systems but they, like the roads, could be subject to damage in the future also. Mudslide and flash flood debris has been cleaned up to an extent where the villages can begin to function again, but much clean up and earth moving is still needed.

Amount Budgeted in FY 1980:

In FY 1980 local funds totaling $100,000 have been made available to restore housing and to support clean up efforts.

Feasibility:

The funds requested will upgrade the damaged infrastructure to a level where it will be less likely to suffer so severely in the future. Additionally funds made available to date have made the devastated villages habitable again but have left them in a barren state. The following are suggested to resolve these needs: To upgrade the Poloa-Fagamalo road from a pioneer road to a secondary road. This will require some retaining walls, grading, and base stabilization; to extend the ASG water pipeline farther into the Western District, thus reducing the reliance on village water catchments (In addition to stabilizing the supply of water, the quality of the water will be more easily monitored and controlled). This project offers an important public health side benefit since water supply and quality can vary greatly due to excessive of sub-par rainfall. Finally a village project fund will be created to aid the villagers in restoring the villages to their original state of repair.

Capability:

The estimated costs of this proposal are borken out as follows:

| | |
|---|---|
| Roadwork | $250,000 |
| Extension of water lines | 250,000 |
| Small village projects (village roads, common areas, earth moving, revegitation.) | 100,000 |
| Total | $600,000 |

Outlay Effect:

1980 - $600,000

# AMERICAN SAMOA GOVERNMENT
# CAPABILITY STATEMENTS
# FY 1981 CONGRESSIONAL ADD-ON

| PRIORITY ORDER | ACTIVITY | AMOUNT |
|---|---|---|
| 1 | 6 MW GAS TURBINE GENERATOR | $ 6,000,000 |
| 2 | SCHOOL BUSES | 200,000 |
| 3 | ECONOMIC DEVELOPMENT LOAN FUND | 2,000,000 |
| 4 | HOUSING LOAN FUND | 2,000,000 |
| 5 | OFU DOCK IMPROVEMENTS | 300,000 |
| | TOTAL FY 1981 ADD-ON | $10,500,000 |

AMERICAN SAMOA GOVERNMENT
CAPABILITY STATEMENT

Agency/Bureau: Office of Territorial Affairs
Appropriation: Administration of Territories
Activity: American Samoa, Construction
Proposed Amount: +$6,000,000

Current Program:

During 1979, a survey and analysis of power generation needs for the next twenty years was made for the American Samoa Government by a private engineering consulting firm. The findings indicate both a need for immediate action to increase the generating capacity of the Electric Utility Division (EUD) and a need for longer range planning of even greater incremental increases to meet future demands as well as replace existing units as they reach the end of their service life. Current generating capacity range from 3 to 20 years old. Army auxiliary generators brought to Samoa in 1974 are being phased off line and being returned to the army.

Amount Budgeted in FY 1980: -0-

Feasibility:

Immediate action will require an increase in generation capacity at the EUD of 6 MW prior to the end of calendar year 1982. Because of the short time available, it is essential that the initial expansion be a conventional type of plant consisting of units presently available and capable of being procured and installed within the remaining time following appropriations approval. Longer range increases in generating capacity are directed toward a lessened dependence on petroleum fuels. These plants are longer range in that, even though of conventional design, the components have a longer delivery time than can be tolerated for short-term implementation, or various long-term studies are necessary to prove their feasibility and applicability to the Samoan environment.

Capability:

All cost data in the survey was presented as constant 1979 dollars. Adjustment to 1981 dollars result in an approximate installed and tested cost of $6,000,000.

Outlay Effect:

1980 - -0-
1981 - $4,500,000
1982 - $1,500,000

AMERICAN SAMOA GOVERNMENT
CAPABILITY STATEMENT

Agency/Bureau: Office of Territorial Affairs
Appropriation: Administration of Territories
Activity: American Samoa, Capital Improvement
Proposed Amount: +$200,000 - School Buses

Current Program:

Transportation of school children is still a problem unless new school buses are acquired. During calendar year 1979, the existing fleet of 26 buses transported 1,150,466 student passengers with total mileage traveled of 223,468. The total enrollment in 1979 was 11,000 and it is anticipated that the total enrollment has increased by a net 3% for 1980.

Current Budget 1980: -0-

Feasibility:

There are currently four buses that are over ten years old and should be replaced. With the pavement of secondary roads to Masefau, Vatia and Afono, it is now necessary to purchase one four wheel drive bus to accomodate the mountainous roads. The five new buses requested will satisfy these requirements.

Capability:

The proposal will purchase four replacement buses and one additional bus. If this request is rejected, the Territory's student transportation system's 100% safety record maybe jeopardized. The system's safety requirements include a regular equipment replacement program, a scheduled maintenance program, a driver education program, a student safety partol program and a regular on the job inspection program by transportation officials.

Outlay Effect 1981: $200,000

AMERICAN SAMOA GOVERNMENT
CAPABILITY STATEMENT

Agency/Bureau: Office of Territorial Affairs
Appropriation: Administration of Territories
Activity: American Samoa
Proposed Amount: +$2,000,000 - Economic Development Loan Fund

Current Program:

The American Samoa Government requested one million dollars from the Department of Interior in FY 1979 for an Economic Development Loan Fund to provide low interest venture capital loans to help finance private commercial ventures congruent to ASG economic development policies. Given the limited amount of venture capital available for loans, ASG has to be very selective in the approval of loans under the fund. Loan applicants providing a needed support service or significant employment generation were usually approved. So far, sixteen loan applications have been approved, twenty have been denied and two are pending. The $1,000,000 appropriated in FY 1979 has been totally committed.

Amount Budgeted FY 1981:

$500,000 is included in the Department of Interior budget request for the EDLF.

Feasibility:

The request for $2,000,000 would allow the development and encouragement of business opportunities in the territory. Tax policies like the Earned Income Credit will force the territory to rely to an increasing degree on corporate taxes. Our industrial park now has 9 businesses employing a total of 100 people. There have been requests from 5 more businesses to locate there. There is a potential in the territory that can be developed but more venture capital is needed. Bearing in mind what is happening to the prime rate in the states venture capital from commercial sources is virtually non-existent.

Capability:

In addition to the two applications pending, preliminary information shows that the following business ventures are being planned and applications being formulated for submission to the appropriate institutions for funding.

Capability: (Cont'd)

| | | |
|---|---|---|
| 1. | Miscellaneous Fish Processing | $ 500,000 |
| 2. | Chicken broiler & processing | 500,000 |
| 3. | Warehousing & factory facilities | 250,000 |
| 4. | Multi-story office building | 5,000,000 |
| 5. | Hydroponics venture | 2,000,000 |
| 6. | Inter-island vessel | 750,000 |
| 7. | Samoan Cultural Center | 200,000 |
| 8. | Glass bottom boats | 500,000 |
| 9. | Paper box manufacturing | 500,000 |
| | Total | $10,750,000 |

Loan priority is given to businesses which can result in import substitution, employment increases will provide new services, or will encourage tourism.

Outlay Effect:

1981 - $2,000,000

AMERICAN SAMOA GOVERNMENT
CAPABILITY STATEMENT

Agency/Bureau: Office of Territorial Affairs
Appropriation: Administration of Territories
Activity: American Samoa
Proposed Amount: +$2,000,000 Housing Loan Fund

Current Program:

The FY 1979 $1,000,000 housing loan fund has been totally committed. The only other large source of home loans, American Savings & Loan has ceased operations and will be out of the territory by April 15. The two private banks in the territory are commercially oriented and are not a significant factor in the home loan market.

Amount Budgeted FY 1981: None

Feasibility:

With the withdrawal of American Savings & Loan from the local housing market, the need is more profound than ever before. As in the case of venture capital, the prime rate is making housing money increasingly hard to obtain. Communal land ownership problems also complicate the housing market.

Capability:

There are currently 1,207 unprocessed home loans of which 771 are for new construction and 436 for home improvements. If all were to be funded, $7.1 million would be required. Loan priority in the housing area is based on standard business considerations.

Outlay Effect:

1981 - $2,000,000

AMERICAN SAMOA GOVERNMENT
CAPABILITY STATEMENT

| | |
|---|---|
| Agency/Bureau: | Office of Territorial Affairs |
| Appropriation: | Administration of Territories |
| Activity: | American Samoa, Capital Improvement Project |
| Proposed Amount: | +$300,000 - Ofu Island Dock Improvements |

Current Program:

During the Construction of Ofu Harbor in 1975, there was insufficient local money to fund a concrete dock. As an alternative a shelf was dug out and an old barge was floated on at high tide and allowed to fill with water.

There are several problems with this barge/dock: First, it is too high (8') for a suitable passenger dock. Second, the deck is rusting through and is hazardous to passengers. Third, it is in an area in the harbor subject to wave action. However, it appears to be solid even though it is on a slight slope to the South. The oil line supplying the power house is adjacent to this barge/dock.

The cost of the removing and disposing of this existing barge/dock would be excessive.

Feasibility:

The existing dock would still be suitable for heavy cargo. A passenger dock is needed. A new passenger and light cargo dock will be built along the north edge of the harbor. The dock will be 50' long and at elevation +6.0 2' over high water. The dock will be of sheet piling with tie backs, concrete deck, bollards, passenger building, lighting, water, etc. will be included.

Capability:

The specific costs of the program follow:

Pilling - furnish drive:

| | |
|---|---|
| 3300' @30# - @$150 | $140,000 |
| Tie backs - Deadman | 25,000 |
| Concrete deck 50'X30'X1' ÷ 27 = 56cy. @$125 | 7,000 |
| Fill 15'X50'X50' ÷ 27 - 1400cy. @$25 | 7,000 |

Capability: (Cont'd)

| | |
|---|---|
| Passengers Shed 25'X50' = 1250 st. @$25 | $ 31,000 |
| Bollards, lights, water, & sewer | 31,000 |
| | $250,000 |
| Engr. & Contingencies 20% | 50,000 |
| | $300,000 |

Outlay Effect:

1981 - $300,000

Statement of Galea'i P. Poumele, President of the Senate, and; Statement of Tuana'itau F. Tuiā, Speaker of the House of Representatives, Legislature of American Samoa, before the Subcommittee on Appropriations for the Department of the Interior and Related Agencies; FY 1981 Budget Request, April 1980.

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE:

I thank you for this opportunity to join with Governor Coleman in presenting to you, and responding to your questions concerning, the FY 1981 Congressional Budget, in so far as it involves moneys requested for support of the operation of the American Samoa Government and for development of the infrastructure and the economy of American Samoa. In addition, I would like to thank you for the support you have given to our Territory - support of our budget requests and as importantly, support of new legislation, and amendments to statutes, affording us the opportunity to participate in Federal programs suited for American Samoa.

American Samoa's fiscal year 1981 budget request of $25,750,000 includes $17,600,000 for operations, $500,000 for American Samoa's Economic Development Loan Fund and $7,650,000 for capital improvements. The total of $25,750,000 represents 40% of the Territory's budget of $64,783,322.

It must be recognized that the Territory is not now nor will it soon become, 100% economically self-sufficient. However, the degree of self-sufficiency has, and will increase, in part because of the willingness of the private sector to join forces with the Government in implementation of projects outlined in American Samoa's 5-year Economic Development Plan. An inducement to continued plan/implementation is Federal assistance in funding high priority, capital investments. It is that area I will emphasize.

CIP AND EDLF

The capital improvement projects and special programs for which your support is requested are projects selected to best implement the objectives of the American Samoa Economic Development Plan adopted in 1979. On the inside cover of the plan is the proverb: "Tatou Mua Seu I Aloalo, Ae Muli I Moana". That translates "Let us first fish the nearshore waters before we venture to the more distant deep sea waters". Our CIP requests reflect the notion of relying first on proven, local industries - dock expansion for transhipment($4,500,000 Federal/$500,000 Local) and Marine Railway expansion for boat repair ($1,800,000 Federal/$200,000 Local). Port Administration revenues are projected to be up 21%. Harbor visits have increased 30% in the last two years. The number of containers moving in and out of the harbor have increased 100%. Transhipment of goods is becoming a reality. Continued upward revenue connections from this industry depend on being able to safely handle ships without undue delay because another vessel is in port. The extension is needed both for speed and safety. Marine Railway lacks the capacity to handle the number or size of vessels in need of its service. Even so, revenue is up 15%. To

appreciate the delay caused by lack of capacity of the Marine Railway, one has merely to look at the Korean vessels anchored in the harbor, orange with rust from six months at sea. Vessels wait because Marine Railway is known to do excellent work. Some don't and revenue is lost both by vessel owners, the canneries, and the Government because of lack of capacity. $1,800,000 Federal and $200,000 local seems a wise investment in this capital infrastructure.

One major goal of the Department of Public Works is to complete the territorial secondary road system to link all the villages of Tutuila, the main island of American Samoa. It is to support that goal that the Legislature supplies the attached capability statement requesting a Congressional add on of $1,440,000 for the construction of Poloa-Fagali'i-Fagamalo road. Transportation to and from these villages was cut off by the mudslides. Upgrading the road to secondary status decreases the potential for this to occur. The sum may be reduced if the FY 1980 addition for upgrading the road is approved.

The EDLF fund requested for FY 1981 will be used to expand and diversify the primary and secondary economies on a selective basis. The Legislature has made changes in the local land tenure laws in order to expand the financial opportunities for development in the Territory. Possible areas of development include a pig slaughterhouse,

recreation/tourist sites, and fish meal processing.

EDLF funds supplied the Territory in FY 1979 were loaned largely to businesses which provided goods that substitute for imports, thus increasing the retention of Federal and local dollars, and increasing revenues from corporate taxes and other business related revenues.

Import substitution of food stuffs is evident at the Farmers Market where local produce is sold. Some farmers have gone beyond substitution and are supplying the foreign fishing vessels with fresh Chinese cabbage and other vegetables grown locally. One such farmer, incidently, has made a request to EDLF for funds to purchase a tractor.

Operational Budget

While I hesitate not to overstate our needs hoping that the compromise is satisfactory to both, I think it fairest to capsulize our remarks as to the operational budget by saying that we can live with the sum of $17,600,000 requested for operations in the FY 1981 Congressional Budget submission. It represents a mere 1.7% increase in Federal operational funds over FY 1980. It was cut at our "OMB" before submission to the Fono; it was cut by your OMB. It is, however, liveable; particularly in light of the priorities of our government and the Federal government.

The Government instituted an austerity program this fiscal year to slow the growth of the public sector. By doing this, we will be in a better position to allocate the available resources to development of the private sector so as to continue to increase the degree self-sufficiency, while minimizing the adverse effect on the operations of

the Government. In addition, you will note repeatedly throughout the operational budget reference to personnel positions budgeted for 1980 but not for FY 1981. This reduction in budgeted positions is the result of weeding out positions in the process of implementating the pay plan for White collar workers. Such actions clearly confirm the Governor's remarks about improving personnel and budget management.

Health service, particularly off-island care, and education, absorbed the bulk of the increase over 1980. Increase in education costs, reflect the shift from teachers with AA to teachers with Bachelor degrees and the increased number of students. While on education, the FY 1980 add on for a vocational education building is important. Our climate is hard on equipment. Maintaining that equipment requires people, well trained in vocational skills and able to read service manuals and write service instructions. We can't afford cuts in education and we need increases in vocational education. Related to this is the need of students for a quality and santitary environment in which to eat their noon meal; thus the request for $450,000 Federal for school dining shelters in this years CIP's.

We are aware of the unprecedented restraints that must be imposed on the Federal Budget for FY 1981. But the Territory, while solvent, does not have a surplus nor is it self-sufficient enough to generate infrastructure investment moneys or to cover expenditures for the unexpected problems outlined by the Governor. Adjustments have already had to be made to in operations to absorb the local CIP contribution required after this was submitted. These CIP's

are important to a continual increase in the degree of self-sufficiency and to induce those of us who have a development plan to stick to it by rewarding its accomplishments. In short, we need the funds requested.

Finally, as a Legislator, I would like at some point to see amendments to the Budget to specifically allow the Territory to treat a portion of the sums appropriated as local revenues (block grants). In an environment in which moneys are finite, the Territory of American Samoa has to prioritize its programs in order that programs most essential to attainment of Samoa's goals are financed first using the limited resources. A block grant would give the Legislature more room to make necessary shifts in funding to move more rapidly towards the goals in the Territory's socio-economic development plan.

Thak you again for this opportunity to present our views on this budget.

Appropriation: Construction and Remuneration - Poloa to Fagalii to Fagamalo Road

| Proposed Amendment: | | |
|---|---|---|
| | Poloa to Fagalii | $ 550,000 |
| | Fagalii to Fagamalo | 1,050,000 |
| | Total | $1,600,000 |

Current Conditions:

The Poloa-Fagalii-Fagamalo pioneer road was completed in 1978 at a cost of $200,000. The road is badly eroded and only partially passable at present. Recent heavy rains caused landslides which closed the road and forced the villagers to walk between eight and ten miles daily to and from nearest transportation line, often with heavy loads of goods and household supplies. The road needs reconstruction for surfacing, an effective drainage system, and continuous regular maintenance work.

Capability:

The $1,600,000 requested is sufficient to re-construct parts of the pioneer road, set-in the drainage system, and complete surfacing with asphaltic pavement. In addition to construction and surfacing, the request includes maintenance operations funding for the first year. The four mile road located in the westernmost tip of the Island of Tutuila connects three villages and will serve their transportation needs.

BUDGET REQUEST

Mr. COLEMAN. Yes, Sir. We are asking for a total of $25,750,000 for FY 1981. A total of $17,600,000 is for operations, and the remaining $8,150,000 for Capital Improvement Projects and the Economic Development Loan Fund.

The operations cost of $17.6 million constitutes a 1.7 percent increase in our request compared to 1980. In other words, the requests for the operation of our government have leveled off, and even considering the inflationary factors which we have not taken into account within this request, indicate that there has been a real reduction in DOI funding for operations costs. During 1980, the Government of American Samoa did not have any CIPs, and this year we are asking for CIPs in order for us to continue building our own economy.

The major portion of our capital improvement program is about $4.95 million for the dock extension. That is part of our efforts to use American Samoa as the transshipment point for cargoes from the United States and other areas of the Pacific to all the neighboring island countries. It is a revenue-raising type of measure, and it is our hope that our request will be acceptable to the Congress.

With regard to the overall management of the government, I am happy to report that American Samoa has eliminated the entire prior-year deficit in the general fund. In the last two years we have operated with a balanced budget and in the black.

So, as far as our other needs are concerned, we are doing the best that we can to do our part in carrying some of the responsibilities.

Some of these financial obligations come about because of the effects of U.S. Federal laws. For example, we have before us the earned income tax credit which may affect our own local resources to the tune of about $3.5 million. There is also a periodic wage review made by the Department of Labor and local representatives on the minimum wages there for some of our industries. When the minimum wages increase, the cost rippling effect is felt on the whole classification and wage-salary system.

But, we are working on this. We are trying, first of all, on the earned income tax credit, to identity our legal obligation to pay that. So, as far as——

Mr. DUNCAN. These are changes in the tax structure of the United States that affect adversely your tax collections on the island?

Mr. COLEMAN. Yes, sir, it does.

DOCK FACILITIES

Mr. DUNCAN. The dock that you mentioned, where is it?

Mr. COLEMAN. We have the main dock at the present time.

Mr. DUNCAN. Is that in Pago Pago?

Mr. COLEMAN. Pago Pago, yes, sir.

Mr. DUNCAN. And that is in addition to the one at Ofu.

Mr. COLEMAN. Ofu is a very small one and Ta'ū is also a very small one for small boats. The one in Pago Pago handles the big container ships.

Mr. DUNCAN. Do you have a separate capability on that one in Pago Pago? Or, it is in the budget? That's why I couldn't find it. All right, go ahead.

Mr. COLEMAN. Also, our legislature is asking for an additional add-on of $1,600,000 for the extension of the road over to the western side of the island which I fully support.

GENERAL CONDITIONS

Water-wise, we are in very good condition. With regard to power, we are all right at the present time, but we see problems in the near future because of the age of the engines and we will need to replace these engines.

Mr. DUNCAN. These are deisel generators?

Mr. COLEMAN. Yes, sir. We realize that the price of fuel is constantly going up. We have just recently updated our rates, and there is a constant surcharge on the bills to cover the increase in the price of fuel.

FINANCIAL MANAGEMENT

Our financial management system has been stabilized. We have issued a formal financial statement, and through the close assistance of the Interior Department and the Federal Comptroller, we have managed now to predict more accurately our potential revenue and potential expenditures.

Mr. DUNCAN. You say you operated in the black last year?

Mr. COLEMAN. Yes, sir.

Mr. DUNCAN. Do you have an accumulated deficit and accumulated debt?

Mr. COLEMAN. No, sir. No debt. Our prior-year deficit has been eliminated entirely in fiscal year 1979. American Samoa, as you know, sir, also does not have any borrowing authority. So, we watch very closely because when we are faced with a real emergency where we have no money, we usually reprogram from our CIPs. But almost all of our CIP funds have now been obligated. There were no CIP funds for 1980 which put us in a very tight position. So we are watching our financial affairs very closely.

Mr. DUNCAN. Very good. Do you gentlemen have a statement you want to make before we want to get into some questions?

Mr. GALEA'I. We have submitted our statement for the record, but we would like to touch on it very quickly.

Mr. DUNCAN. You go ahead.

LEGISLATURE'S COMMENTS

Mr. GALEA'I. Mr. Chairman and members of the committee, we would like to thank you for this opportunity to join with our Governor, Mr. Coleman, in presenting to you our 1981 budget, and maybe we will be answering some of the questions. In addition, I would like to thank you for the support you have given the territories in their budget requests. Another important support is the amendment to federal statutes affording us the opportunity to participate in federal programs and federal grants. And, also, in our statement, I would like to refer to the section where we have

moved to amend our land laws to boost our land leases from 30 years to 55 years.

And, as we have in our statement and our budget, we would like to develop our island so that it will be self-sufficient at a later day with the help of the Federal Government.

LAND LEASE LAW EXTENSION

Mr. DUNCAN. What lease are you extending?

Mr. GALEA'I. Land lease.

Mr. DUNCAN. Oh, land lease.

Mr. GALEA'I. We have increased the term of land leases from 30 years to 55 years just last year.

Mr. TUIA. That will be a great step for economic development. A lot of companies would like to come down to American Samoa, but they were restricted, and they were afraid of our 30-year lease requirement. Finally, after all these years, this law was changed from 30 to 55 years.

Mr. DUNCAN. And, this was to accommodate investment with the local land laws.

Mr. TUIA. Yes.

Mr. DUNCAN. And, do you—is there local participation in these business enterprises by Samoans?

Mr. TUIA. We say that if a business is coming down to American Samoa, we would like to have local people participate and become part of any company coming to American Samoa.

Mr. DUNCAN. Do you have a percentage, 51 percent or——

Mr. TUIA. Not 51, 49 percent.

Mr. DUNCAN. 49 percent. That is what you want in Samoa?

Mr. COLEMAN. No, sir. The current requirement is 50 percent local ownership.

HOTEL OPERATIONS

Mr. DUNCAN. Is that the basis on which the hotel at the airport was built?

Mr. COLEMAN. No, sir, the hotel in Pago Pago is totally owned by the Samoans.

Mr. DUNCAN. Totally owned by the Samoans. Is that operating at a profit?

Mr. COLEMAN. Yes, sir. Right now. There was a time when we had problems—with the DC-10 being grounded. Occupancy was down to 40 percent and then to only 22 percent. It is now up to 80 percent occupancy. And, they contemplate declaring a dividend for the first time in the history of that hotel.

Mr. DUNCAN. Have they—has that corporation hired a management—who manages that, Pan Am, or who?

Mr. COLEMAN. No, we manage it. No outside management contract has been awarded for some time. And for the first time, that hotel has made a profit.

Mr. DUNCAN. Well, that is fine. Well, in response to your statement I would like to say that we have got a Chairman, of this committee who has a great deal of empathy with all of the island territories and possessions, and sometimes instead of saying he has empathy, they say he is a push-over for you.

And, that may be. I don't know. In any event, I think that all of the members of this committee are proud of the relationship that we have and are particularly proud when we see distinct improvements on the financial end that we have seen in the testimony that has been given this morning.

All right. Do you have anything to add to supplement what has been said here?

LEGISLATURE'S SUPPORT

Mr. GALEA'I. Yes, we would like to support the statement by the Governor regarding the $1.6 million add-on for fiscal year 1981. This is a must for our agricultural development. This must be done somehow. The remote area of the island was damaged during the flooding last year.

Mr. DUNCAN. This was the disaster area?

Mr. GALEA'I. Yes, this was the disaster area. And, again, I have not—I just wanted to thank you for this opportunity to present our views.

POLITICAL STATUS COMMISSION

Mr. DUNCAN. On April 28, 1978, the Governor of American Samoa signed into law a bill to establish the second temporary political status commission to study the territory's political association with the United States. What has been the result of this commission's work so far? Anything?

Mr. COLEMAN. The commission has issued a report, which was submitted to the legislature and to the Governor's office. And, in that report basically the committee recommended the organization of the legislature into a unicameral system and also that the present political status of American Samoa as a territory be continued at the present time. The commission feels that the protection of the land in all these years has been so important.

As both the Speaker and President were members of that political status committee, there is a need for some of these questions to go into a constitutional convention in order for the constitution to be changed. We will determine the date of the convention upon our return to American Samoa because our legislature has been in session for the last two months.

Mr. DUNCAN. So, the Commission recommended no change in the relationship with the United States?

Mr. COLEMAN. That is correct.

Mr. DUNCAN. The balance of the recommendations dealt with internal matters with respect to the reorganization of your government. Is that correct?

Mr. COLEMAN. Right.

Mr. DUNCAN. I suppose the idea of a unicameral legislature met with a great deal of support in the legislature, didn't it?

Mr. GALEA'I. We have not yet discussed that.

Mr. DUNCAN. Well, I've come up with the idea of a unicameral legislature. People used to ask me what I felt about that when I was Speaker in Oregon. But I said, well, I'm all for it, but you have to have my plan, and that is to abolish the Senate.

And the President of the Senate called up the office and he said——

Well, did you want to add something to these general statements, Sir? No? Fine.

How big is this report? I would be interested in getting a copy for the Committee file.

Mr. COLEMAN. I will get you one.

BUDGET REDUCTIONS

Mr. DUNCAN. In several areas of your budget, is indicated that deductions were to be made from 1980, but that it is planned that increases will be funded locally. Now, how are you going to generate the increased local funding?

Mr. COLEMAN. We have not had a problem with our collection. I should say, we have increased our collection, and the business climate in Samoa has been very good comparatively speaking for a small place. But, we have been able, for instance, to increase our revenues almost a million dollars a year.

CANNERY OPERATIONS

Mr. DUNCAN. By increasing the rates, the tax rates, or better collection procedures?

Mr. COLEMAN. By just strengthening our collection procedures and, of course, with more industrial activity. Last year, I think our canneries produced the highest in history and——

Mr. DUNCAN. How many canneries do you operate?

Mr. COLEMAN. We have two canneries, Van Camp and Star Kist, one owned by Ralston Purina and the other owned by Heinz.

Mr. DUNCAN. May I inquire at this point as to the employment structure at those two canneries? Are Samoans being employed there?

Mr. COLEMAN. Yes, sir. The Samoans are the main employees there. We have had an agreement with these canneries that we would like to see some more local personnel in management, and eventually have complete management of that cannery, understanding, of course, that technical help would be needed and the interests of the companies in the states would be protected.

Mr. DUNCAN. Are you finding those suggestions making some headway?

Mr. COLEMAN. Yes, sir. Star Kist, for instance, had recently hired Samoans from the west coast for personnel management.

FISHING FLEET

Mr. DUNCAN. How about the fishing fleet? Who mans the fishing fleet?

Mr. COLEMAN. The fishing fleet is manned by the Koreans and the Taiwanese, and our people are mainly short-period type of

fishermen. The fishing that is being used right now is called the long-liners, and that is where they go away for two months at a time, and our people are not used to it. Besides, it is a different type of life from the culture that we have had.

Mr. DUNCAN. Yes. An outsider has difficulty in understanding how these magnificent sailors can find their way across unchartered seas with only a star chart? Why do they have to go and get Koreans and Taiwanese to go to sea and catch the fish, I've never been able to understand that.

Mr. TUIA. I would like to add, at present, Star Kist is undergoing an expansion of $3.7 million and it is presently spending it. And, Van Camp is presently taking that step, too, toward the extension of it.

Mr. DUNCAN. But, there is no indication that the Samoans are going to sea to fish?

Mr. COLEMAN. Well, the purse seiners are coming into the picture now and there has been expressed interest from the young Samoans to go aboard these purse seiners.

Mr. DUNCAN. So, you will generate these increased local funds by expanding your tax base, greater economic activity and by more stringent tax collection techniques?

Mr. COLEMAN. Yes.

### MAINTENANCE OF FACILITIES

Mr. DUNCAN. Does the Territory of American Samoa have a sufficient work force and operative supplies to maintain the capital facilities now under construction?

Mr. COLEMAN. Yes, sir, we do have. We have periodically hired from outside for the maintenance and engineering aspects of these projects.

Mr. DUNCAN. What kind of training projects do you have in Samoa now to assure yourself of a labor supply and level of operations and maintenance that you require for your facility?

### COMMUNITY COLLEGE VOCATIONAL TRAINING

Mr. COLEMAN. We have pressed hard now on the vocational education in high school as well as in the community college. We just completed a brand new facility for automotive repair shop, engine repair shop, and other trades at the community college. There is also an effort on our part through public relations and speeches and appearances—I just finished talking to four high schools about two weeks ago during vocational education week—to encourage the young people to go into these skills.

There seems to be some interest in these skills.

Mr. DUNCAN. Instead of going to the University of Hawaii, Oregon, or wherever a student can now pick up a couple of years' credits in Samoa.

Mr. COLEMAN. That is right.

Mr. DUNCAN. What's your enrollment?

Mr. COLEMAN. Our enrollment now is about 800.

Mr. DUNCAN. 800 students?

Mr. COLEMAN. Yes.

Mr. DUNCAN. Divided between vocational and academic?

Mr. COLEMAN. Mainly academic. We have what we call inservice and pre-service training for our teachers to upgrade the quality of our teachers.

Mr. DUNCAN. I'd like to know for the record, what your breakdown is. How many academic and vocational students do you have?

Mr. COLEMAN. All right.

[The information follows:]

VOCATIONAL AND ACADEMIC STUDENTS

Following is a breakdown between vocational education students and academic students at the Community College.

| School year | Vocational education students[1] | Academic students | Total enrollment |
|---|---|---|---|
| 1977–78 | 1,010 | 830 | [2] 1,840 |
| 1978–79 | 1,359 | 1,089 | [2] 2,448 |
| 1979–80 | 1,180 | 950 | [3] 2,130 |

[1] Voc. Ed. Enrollees include business courses, trades and industries, police and nursing.
[2] Total enrollment for spring, fall and summer terms.
[3] Total enrollment for spring, fall terms only.

Mr. DUNCAN. I was impressed with that when I saw it many, many years ago. I gather from what you are saying that it's gotten better over the years.

Mr. COLEMAN. Well it went down because of the constant shifting in population. Most of the young people were going to the mainland of United States. But now it has picked up again.

Mr. DUNCAN. Are there students there from the other islands? Do you have students from Western Samoa, for instance?

Mr. COLEMAN. There are some students from Western Samoa there.

Mr. DUNCAN. Any place else?

Mr. COLEMAN. I think some students from Tonga whose families are working in Samoa. They don't come in as students.

CIP UNOBLIGATED BALANCES

Mr. DUNCAN. In previous years, you've had large unobligated balances in your construction account.

Mr. COLEMAN. Most of those unobligated balances have been obligated.

Mr. DUNCAN. You've learned how to spend it faster.

Mr. COLEMAN. Well it's just that we have, I think, worked harder and got a couple of things together and set up a schedule that had to be met.

Mr. DUNCAN. You haven't sacrificed efficient and prudent use of that money to speed up your obligation in any way?

Mr. COLEMAN. No, sir, we have recognized that and in doing so, we had to hire people with some special skills to oversee some of these contracts. Also we're making use of a lot of our own local construction companies, and they're doing a very fine job building the projects there.

Mr. TUIA. In fact, we're about 95% completed on those CIP's.

EMPLOYMENT FOR LOCAL COLLEGE GRADUATES

Mr. DUNCAN. Your youngsters going to the community college, are you able to give them jobs when they get out? Is there enough economic activity on the island for employment?

Mr. COLEMAN. Yes, sir. There is a place for every graduate that comes out. They have to accept what is available there. We compete with the mainland United States for them when they graduate. So they have the choice, and we are encouraging them to stay with us.

Mr. DUNCAN. You mean there's a demand for your graduates in the United States?

Mr. COLEMAN. Yes, sir. It is because of competitive salaries and the desire for self development.

FINANCIAL CONDITION

Mr. DUNCAN. In the past we have had financial problems out there, particularly with the finance and accounting system. Can you tell us about that and what kind of status finance and accounting is in in Samoa, now?

Mr. COLEMAN. We have the Comptroller with us.

Mr. DUNCAN. Would you address that question?

Mr. JONES. Yes sir, I would be very happy to, Mr. Chairman. Of course, I am glad to be here with the Samoan delegation. My testimony last year and the statement that we had last year, talked about the progress that we were seeing at that time—the provisions in some of their systems with respect to obligation controls, expenditure controls, and other things. I believe you have the record from last year.

The government has made considerably more improvements as we go along. I can report that they have established a grants management section that centralized the control over grants, which was a very critical problem in the GAO report. We had not much control in years past, and had many old grants that had not been closed out. They now have a system that the Governor, I should say a section in the government, has set up that I think is going to be very effective.

They have also revised, or we revised, a grants account system whereby we can now bill the Federal government in a more orderly manner. Cash reconciliations are current, and I think that's a significant step because two years ago, we were not making case reconciliations. We had a considerable number of problems, and that system has been revised and its been updated, we've been monitoring it pretty close.

They are in the black, according to the report, and for the first time in several years they have completed their own financial report.

Mr. DUNCAN. Can you get one of those for us?

Mr. JONES. Yes, sir, you may have that one.

Mr. DUNCAN. Do you agree with the report?

Mr. JONES. I cannot say that I agree with the balances shown in the report, because we're now in the process——

Mr. DUNCAN. What year is that for?

Mr. JONES. This is for fiscal year 1979.

Mr. DUNCAN. You mean they closed——

Mr. JONES. They closed and had their report. They have had their books closed for about three months.

Mr. DUNCAN. That's reasonable, isn't it?

Mr. JONES. I'd say that's significant progress.

Mr. DUNCAN. We don't have a problem with a disagreement with the bank as to how much money they've got in the bank?

Mr. JONES. No, sir. We do not. We may have had two years ago, but we don't today.

Mr. DUNCAN. So you can balance the bank statements?

Mr. JONES. Yes, sir. I would like to add that the gentlemen here were talking about the CIP programs and how they had obligated funds. One other significant thing, too, is that about a year ago a considerable amount of effort was made by a CIP process committee set up by the Governor and including one of my people. We went through and updated all the data on all of these construction projects, many of which had been in some sort of limbo for some time. As a result of that effort, the records were cleaned up, and they identified an additional amount of CIP money which was available for reprogramming. The governor submitted a reprogramming request, and I think that's in pretty good shape now.

Mr. DUNCAN. Mr. Tago are you responsible for all this progress?

Mr. TAGO. I just help the Governor, sir.

Mr. DUNCAN. He's learned which side of the bread that's got the butter on.

I was smiling just a minute ago when we were talking about reconcilations because I was thinking about my mother who is over 90 now and at the time my father died a few years ago, she had never written a check. Strange because most women, I'm told are born with a checkbook in one hand. Did you know that.

She had never balanced a bank statement and my brother and I have shown her how to reconcile her statement and if we've told her once we've told her a dozen times. Each time I say, Mother, do you understand that. She says oh yes I understand it. You know how she balances her statement, she calls up the bank every once and a while and asks, how much money have I got left.

Mr. JONES. I would like to volunteer just one other bit of information. They have not had to resort to some of the other processes of borrowing from the retirement fund and some other things to maintain their tax book. I think that also——

Mr. DUNCAN. A lot of unfunded liability in the retirement fund?

Mr. JONES. Well, they had an actuarial study which—I guess, Governor, you're going to have another actuarial study, because that one did not seem to be too good. I could not comment on that. I would think that it's not high.

Mr. DUNCAN. Not high.

Mr. JONES. As to the amount, I'm not sure.

Mr. DUNCAN. Are you trying to reserve against all contingent liabilities?

Mr. JONES. They have about $9 million invested in their retirement fund in certificates of deposits that are earning a fair rate of interest now. I think about $400,000. Counsel tells me we already covered that pretty well. We appreciate your coming in, I just

wonder if you need all this money, if you didn't spend too much money on that magnificent reception you had.

SPEAKER TUIA'S COMMENTS

Mr. TUIA. I have one comment, Mr. Chairman. You know you've always asked us about our investment buying from Oregon. I want you to know they have tripled now.

Mr. DUNCAN. I'm delighted then. That will help. I was very pleased when I visited over there when Rex Lee was over there using western red cedar shingles from Oregon. That was all I could find at the time, but I'm glad you're getting some other lumber.

Thank you very much. We appreciate your coming to testify, thank you for a fine presentation. Please provide for the record the answers to these questions. Thank you.

Mr. TUIA. Yes, we will and thank you.

[The questions and answers follow:]

QUESTIONS BY THE COMMITTEE
ANSWERS PROVIDED BY THE GOVERNMENT OF
AMERICAN SAMOA

Question: The budget justifications indicate a decrease in the amount of Federal grants received in fiscal year 1981 from $17 million to $13 million (Terr 61). Why is Samoa expecting a drop in Federal grants?

Answer: Based on initial information received from the grantor agencies, grant reduction may occur in the grants for CETA, LEAA, old age program, traffic safety, FHWA, EPA, and the bilingual-bicultural program. For this reason, initial budgets prepared two years in advance reflect these future possibilities and their net impact on program budgets.

Question: On page Terr 67 there are three accounts: Communications, Driver Training, and Road Maintenance, in which it is not immediately clear how funds are raised. Please explain how this is done.

Answer: Driver Training Fund - Revenues for this fund come from taxes on motor fuel at $0.015 per gallon established under Title 34 ASC Section 402 (4) A.
Road Maintenance Fund - Revenues for this fund come from taxes on motor fuel at $0.10 per gallon established under Title 34 ASC Section 402 (4) A.
Communications Fund - This fund was established by executive order, and it is considered an enterprise fund. Its revenues are raised through user charges for local telephone service, installation charges, overseas calls, telex service and radiograms. Its current expansion program to accomodate our new satellite communication service has been funded entirely from its own revenues.

Question: Your justifications on page Terr 75 show a financial aid to students item of $862,000 to support some 327 students. Is any of this assistance conditioned upon the recipients returning to Samoa for a period of time or is any forgiven if they do?

Answer: Under the current scholarship policies, most of the assistance provided to the students is not conditioned upon the recipients returning to Samoa for service. Conditioned grants predicated on service was the policy in the early days of the scholarship program. In view of the significant amount of resources allocated to the program and the need for Samoan talent to return to participate in territorial growth, it is evidently clear that a reevaluation of the existing scholarship policy is essential.

Question: Page Terr 86 of your justification shows a decrease of $225,000 in off-island medical care while the number of patients referred and the number of days they are served remain the same. How can you make such a reduction?

Answer: The reduction in off-island medical care is primarily due to the limitation on local revenues. It is anticipated that the current level of service can be maintained through increased medical fees, a more restrictive professional screening policy for referrals, the potential for trade-off with other programs and the remote possibility of excess revenues in 1980.

Question: As stated on page Terr 92 of your justifications, the major goal of your Department of Public Works is to develop a five-year plan for capital improvement programs in the area of roads, water, sewer, electrical improvement, and building construction. When will you have such a plan completed? What is the total cost of such a plan likely to be?

Answer: The initial five-year plan for capital improvement programs by the Department of Public Works was completed in March 1979. However, a more comprehensive five-year plan which encompasses the needs of all departments prioritized by fiscal year is currently being developed. It is approximately 30% complete. Our time frame for completion is six months. The total cost of such a plan will not be known until the plan is finished.

Question: Your request includes $4,950,000 for a dock expansion in the Pago Pago Harbor. (Terr 104) You estimate that $1 million in local revenues will be generated yearly starting in 1983. What will the operating costs of the expanded dock be. In other words, what profit will accrue from having the larger dock facilities? How much more local business will be generated by such facilities?

Answer: The existing 400' main dock produced $2.6 million in excise taxes and $1.0 million in front charges for total actual revenues of $3.6 million in fiscal year 1979 against a total operating budget of a little over $800,000 for the Department of Port Administration. Its operating budget has not materially increased for 1980 and 1981. From the above, revenues exceeded expenditures by $2.8 million or 350% in 1979. The term "profit" as used in commercial practices is ignored here since Port Administration does not operate as an enterprise fund.

Given the above data and assuming that the net excess revenues is proportionate to the size of the main dock, the proposed 600' extension of the main dock should produce an additional $4.2 million net excess revenues. Due to other unknown factors such as stability in product demand, the extent of cannery expansion and the fishing industry, we have deliberately lowered our estimates of additional revenues at attainable levels.

Question: You are requesting $1,800,000 for an expansion of the Marine Railway. You indicate that the railway has now a single cradle capable of handling a combined gross tonnage of 800 tons and that purse seiner fishing vessels, whose capacity levels range from 2 to 3 thousand tons, dock on a regular basis in the harbor (Terr 106) Will your expansion be able to handle these larger vessels in dry dock facilities?

Answer: Based on current estimates the proposed expansion can accomodate purse seiner fishing vessels.

63-072 O—80——58

## COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

### WITNESSES

FRANCISCO C. ADA, LT. GOVERNOR

MANUEL A. SABLAN, PLANNING AND BUDGET AFFAIRS OFFICER
PEDRO SASAMOTO, DIRECTOR OF PUBLIC WORKS
SAUL A. NEWMAN, DIRECTOR OF FINANCE

PEDRO P. TENORIO, PRESIDENT, THE SENATE
VINCENTE M. SABLAN, CHAIRMAN, APPROPRIATIONS COMMITTEE, THE HOUSE OF REPRESENTATIVES
JOHN YAMASHITA, LEGISLATIVE CONSULTANT

EDWARD DLG. PANGELINAN, REPRESENTATIVE

### NORTHERN MARIANAS

Mr. DUNCAN. We now will hear the delegation from the Commonwealth of the Northern Marianas. While you're taking your place, I'm going to do something that I think is against the rules, so I will ask unanimous consent that the rules be suspended for the purpose of permitting Mr. Duncan to recognize some people in the audience. Is there objection. The chair hears none. The record is suspended and I am pleased to introduce Ms. Calderon and her daughter who is my foster daughter this year while my daughter is enjoying the hospitality of the Calderons and Stockwells.

Proceeding with financial matters here, you might like to know that for years Sweden prided itself upon being a tax free country, but that in recent years they've decided that was not stylish, so they have acquired a debt and Mr. Calderon is the manager of the Swedish debt. Is that correct.

Ms. CALDERON. Yes that's right.

Mr. DUNCAN. Greetings to the delegations from the Commonwealth of the Northern Marianas. We're delighted to welcome you. The delegation is headed by Lt. Governor Francisco Ada, is that correct?

### LT. GOVERNOR ADA'S TESTIMONY

Mr. ADA. That's correct.

Mr. DUNCAN. Governor, would you introduce your delegation.

Mr. ADA. I would like to introduce the budget Officer, Mr. Manuel Sablan, to my immediate left, and Mr. Pangelinan, the Washington representative of the Commonwealth.

Mr. DUNCAN. You back again.

Mr. PANGELINAN. I'm always here.

Mr. ADA. Next to him is Congressman Sablan, Chairman of the Appropriations Committee in the House of the Commonwealth Legislature, next to him is Senator Pedro Tenorio, the President of the Senate of the Commonwealth Legislature, and next to him is Mr. Saul Newman who is the Director of Finance.

Mr. DUNCAN. I am delighted. We have a statement from Lt. Governor Ada. We have a statement from President Tenorio, and a statement from Congressman Sablan. The three statements will be placed in the record.

[The statements follow:]

*Office of the Representative to the United States*
Commonwealth of the Northern Mariana Islands

PHONE: (202) 466-5324
TELEX: MARIANAS 64361

SUITE 700
1016 SIXTEENTH STREET, N.W.
WASHINGTON, D.C. 20036

March 28, 1980

Honorable Sidney R. Yates
Chairman
Subcommittee on Interior
House Committee on Appropriations
B-304 Rayburn House Office Building
Washingto, D.C. 20515

Dear Mr. Chairman:

Enclosed is the list of official delegates to the budget hearings from the Commonwealth of the Northern Mariana Islands.

Lt. Governor Francisco C. Ada is the prime witness, accompanied by President Pedro P. Tenorio and Congressman Vicente M. Sablan, Chairman of the House Appropriations Committee, Northern Marianas Commonwealth Legislature. To assist the Lt. Governor with his testimony are members of the Governor's and Legislative's staff.

If you require any additional information, please do not hesitate to let me know.

Sincerely yours,

Edward Pangelinan

Edward DLG. Pangelinan
Representative to the
United States

Enclosure

COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

Official Delegates
To
Fiscal Year 1981 Budget Hearing

| Executive Branch | Legislative Branch |
|---|---|
| Francisco C. Ada<br>Lt. Governor | Pedro P. Tenorio<br>President, The Senate |
| Manuel A. Sablan<br>Planning & Budget Affairs Officer | Vicente M. Sablan<br>Chairman, Appropriations Committee<br>The House of Representatives |
| Pedro Sasamoto<br>Director of Public Works | John Yamashita<br>Legislative Consultant |
| Saul A. Newman<br>Director of Finance | |

Washington Representatives

Edward DLG. Pangelinan
Representative to the United States

# OPENING STATEMENT OF

# LIEUTENANT GOVERNOR FRANCISCO C. ADA

# OF THE GOVERNMENT OF THE

# COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

# BEFORE THE SUBCOMMITTEE ON INTERIOR,

# COMMITTEE ON APPROPRIATIONS,

# U.S. HOUSE OF REPRESENTATIVES

APRIL 2, 1980

Mr. Chairman and Honorable Members of this Committee:

I wish to convey the deepest regret of our Governor, Dr. Carlos S. Camacho, for not being able to attend this hearing. The ailing health condition of his beloved father necessitated his remaining at home. We have recently received word that his father passed away yesterday. The Governor extends his warm greetings and appreciation to you, Mr. Chairman, and members of this Committee for your assistance and responsiveness to the needs of our new government.

I consider it a great honor and privilege again to appear today before this august body to testify on the proposed Fiscal Year 1981 budget of the Commonwealth of the Northern Mariana Islands.

Before proceeding further on my statement, I wish to take a moment to introduce myself and the members of the Northern Marianas delegation. I am Francisco C. Ada, Lieutenant Governor of the Commonwealth of the Northern Marianas. To assist me with my testimony is Mr. Manuel A. Sablan, Planning and Budget Affairs Officer. Mr. Saul Newman, Director of Finance and Mr. Pedro Sasamoto, Director of Public Works who are here for other official businesses are available to assist in this hearing. Representing our legislative branch are Senator Pedro P. Tenorio, President of the Senate and Congressman Vicente M. Sablan, Chairman of the House Committee on Appropriations. Also present is Mr. Edward DLG. Pangelinan, our Northern Marianas' Representative to the United States who resides here in Washington.

While our main purpose here is to present testimonies on how the Commonwealth proposes to use its Fiscal Year 1981 budget, I thought it would be useful to your committee for our presentations to first begin with statements highlighting significant accomplishments achieved during the first two years of our new government and then discuss our budgetary requirements for Fiscal Year 1981. The statements that follow highlight those achievements which indeed represent real and tangible progress made by our new Commonwealth government towards improving the social and economic conditions of the people.

The executive reorganization of our new government has been substantially completed and appointments to head major department, office, board, and

commissions have substantially been made. In addition, we have begun upgrading the skills and competence of government employees utilizing funds made available under the Covenant (P.L. 94-241) and from other sources. Where there is a demonstrated shortage of needed skills and expertise locally, the Commonwealth Government has attempted to secure such skills and expertise from without -- mainly from the United States -- by way of direct recruitment, or through the Federal "IPA Mobility Assignment" program with a federal agency concerned. Efforts to strengthen our working relations with the various federal agencies that extend programs to the Commonwealth have begun. A majority of these federal assistance programs represents a new experience for the Commonwealth. Institutional arrangements have been established locally to provide central coordination of these functions within the Office of the Governor in order to assure the timely, careful and systematic selection and evaluation of those federal assistance programs which are most responsive to the needs of Commonwealth. This system is patterned after the Federal OMB A-95 clearinghouse procedures.

The Commonwealth places great emphasis on planned development. We have established a central planning office which is charged with the Commonwealthwide social and economic planning functions. The office is currently updating the five year social and economic development plans which the former Office of Transition Studies and Planning had prepared in 1977 for the new government. The plan updating also involves a revision of the multi-year financial and capital improvement program (CIP) plans for the Commonwealth. These plans will provide the basis for formulating the annual budgets of the Commonwealth. In fact, the capital improvement projects proposed for Fiscal Year 1981 were reflected in the social and economic development plan. I should also note that Governor Camacho has recently submitted to the Northern Marianas Commonwealth Legislature a proposal calling for the enactment of a comprehensive planning and budgeting legislation. The bill proposes budgetary procedures for the Commonwealth and integration of the annual budget processes with the multi-year social and economic development planning processes. We were assisted by the Department of Interior in preparing this legislative proposal, for which the Commonwealth is extremely grateful.

Mr. Chairman, on the social and economic areas, I would like to report the following:

The tourism industry, considered as the most active money and employment generators in the private sector of the Northern Marianas, is ever growing and expanding. The industry reported 103,252 tourist arrivals in the Northern Marianas in 1979 -- an increase of roughly 13% over the previous year. The industry generated $52.4 millions and contributed roughly $4.5 million tax revenues (60% of total tax revenues), and supported directly the employment of approximately 1,200 persons in 1979. The industry has a bright future and will continuously receive active government support.

Agriculture has become an economic activity second only to tourism in importance. A total of about 600 acres are now under cultivation in the Northern Marianas, and about 22,500 acres are in grazing. Livestock consists of approximately 2,500 swines and 7,500 cattles. Sales of crops grown in the Northern Marianas amounted to 640,000 pounds in Fiscal Year 1979 and are projected to rise in Fiscal Year 1980 and Fiscal Year 1981. Sales of agricultural products amounted to $632,000 in Fiscal Year 1979. Budgetary expenditures for agricultural services in Fiscal Year 1979 amounted to about $478,000. Another $228,000 was budgeted in Fiscal Year 1979 for agricultural sector capital projects, including irrigation development, heavy equipment purchases and renovaton of facilities. Funding support for this sector in Fiscal Year 1980 and Fiscal Year 1981 will be strengthened.

Fishery development in the Commonwealth involves about 115 small boats supporting semi-subsistence and sports fishing, and about seven boats in a 32 to 40 foot class supporting commercial operations. Most families in the Northern Marianas engage in casual or semi-subsistence fishing from time to time. The annual catch by Northern Marianas fishermen has ranged between 50 to 120 tons in recent years. We have begun paying greater attention to developing and organizing the domestic market for fish caught in the Northern Marianas, and in putting into place the needed infrastructure to support orderly marketing -- chilled boxes, freezers and appropriate ice facilities. The fishery programs are being expanded utilizing Covenant and Federal assistance grants.

General business development involves some 543 different businesses falling under the category of construction, retailing and a range of service enterprises in the Northern Marianas. These businesses generated gross revenues of

approximately $102 million during Fiscal Year 1979. Funding support is being made available to our Department of Commerce and Labor and other agencies to provide continued assistance in this area.

Emphasis is being made in improving the delivery of social services. We have begun to take steps to strenghten the qualifications of our teachers in public schools as quickly as possible so that all classroom teachers will have training to at least the A.A. degree level. Teachers are being given expanded in-service training and are required to attend college extension and summer courses. In addition, efforts to strengthen the school curricula to be responsive to the educational needs of the Commonwealth have been given greater attention. Also, we have been giving greater attention to programs involving youth development and programs for the aged.

Major efforts have been directed toward improving the health care delivery system in the Commonwealth. We have been working closely with the U.S. Department of Health, Education and Welfare (HEW) in assessing the health care requirements of the Commonwealth and in determining how best these requirements can be achieved. The improved programs are being supported by local grants as well as grants obtained from HEW.

Turning now to the proposed Fiscal Year 1981 budget for the Commonwealth, I wish to note that the package represents a balanced budget, depicting on one side all anticipated revenues available for appropriations by the Northern Marianas Commonwealth Legislature and on the other all planned expenditures of the Commonwealth Government. The anticipated budgetary resources for Fiscal Year 1981 are approximately $31.9 million, consisting of $23.6 million provided for in the Covenant (P.L. 94-241) and $8.1 million from locally raised revenues. The estimated resources of $8.1 million for locally raised revenues is extremely conservative. Proposed legislation, economic expansion and inflation could raise substantially this estimate.

The allocations to the Departments of Public Health and Environmental Services, Education, and Public Works constitute the major budgetary increases in the Fiscal Year 1981 budget for the Commonwealth. These funding increases are reflective of our desire to see much progress in these areas. However, the funding

increases for the Department of Public Works largely are to meet the additional fuel costs for electric power generation. There have been rampant increases in the price of oil and other petroleum products in Fiscal Year 1979 and Fiscal Year 1980, which placed severe financial burdens on the Commonwealth. The recent increase in the price of oil for our electric power generation to $28 per barrel was not anticipated at the time when we were preparing the Fiscal Year 1981 budget. The effect of this price increase will be a $1.7 million deficit in Fiscal Year 1980 budget for our Department of Public Works. There is no indication that the price of oil will decrease in Fiscal Year 1981. Rather it is anticipated that the cost of generating electricity will go up. The recent escalations of the price of oil will have adverse effects, if not damaging effect, upon the financial conditions of the Commonwealth. We repectfully ask this Committee to review the severity of this problem and to provide immediate assistance.

On related matter, I wish to report that our government has recently retained a financial expert (on loan from the Guam Power Authority) to advise and assist us on the reorganization of the existing utility agency as an independent, self-sustaining public utility rate commission and the restructuring of the existing utility rates. Governor Camacho has placed this initiative as one of his top priorities.

The specific capital improvement projects proposed for Fiscal Year 1981, totaling about $6.7 million, would provide further improvements in the Commonwealth's water distribution system, highways and roads, agricultural and fishery facilities, park and recreational facilities and operating equipment for public works and social services departments. In additions, these improvements would facilitate economic development, commerce and domestic trade.

The Governor has recently created the Economic Development Loan Fund Board (EDLF) to be responsible for the funds made available by the United States for this purpose under the Covenant. The program has been organized and has begun making low interest and long term direct loans and loan guarantees to Northern Marianas citizens and corporations for viable economic projects. As of February 29, 1980, there were a total of nine loans made totalling about $380 thousands involving fishery, agricultural and general business developmenmt. The program is managed by an Executive Director assisted by trained staff. The

amount requested for EDLF in Fiscal Year 1981 is about $2.8 million as provided for in the Covenant.

Mr. Chairman, I now turn to the special projects for which we respectfully seek your Committee's favorable consideration. These projects have been authorized for appropriation by P.L 95-348 and P.L. 95-205.

An amount of $3.0 million was authorized by P.L. 95-348 as amended for the development of the American Memorial Park. The Commonwealth Government is extremely interested in developing the park as a memorial to the American soldiers and Northern Marianas civilians who died in the Northern Marianas duringWorld War II and also as a recreational and sport activities. We have already invested $50,000 from our Covenant funds in past years for the initial land clearing and site development. The "park" is now being actively utilized by local residents and visitors. We hope that this appropriation for this very important capital project will be made in Fiscal Year 1981.

We expect that in ten years the resident population of the Northern Marianas will increase by as much as 13,300 people by 1990 -- an increase of over 70%. This population increase will cause a significant increase in the demand for hospital facilities. Our current acute care hospital, Dr. Torres Hospital on Saipan, which was built in 1962 for a much smaller populations, and which is in need of significant renovation, will not be able to adequately service the demands which will be placed on it. Within the past year our planners have determined the size of the facility required, the costs of this facility, the medical and support staff required, the resulting costs of operations, and the methods for financing the operations. The investment requirement for hospital facilities is estimated to be $24.3 million in 1980 prices. Our planning work has shown us that this figure will be seriously increased by inflation, which will add roughly $3 million a year -- an increase of an average of $8500 a day from now until 1982. This awareness creates a sense of urgency for getting the construction started, and we therefore urge that the appropriation be implemented at the earliest possible date. The appropriation for this facility has been authorized by P.L. 96-205. We urge the Committee to provide for this appropriation at the earliest time. We will be providing the Committee detailed justification for this appropriation upon completion of the information being currently developed by our health planners in consultation with

the officials of U.S. Department of Health, Education and Welfare and Department of Interior. We expect to submit a detailed budget justification for this project in about 2 months.

In addition, we respectfully seek an appropriation of $7.0 million for the power distribution improvements in the Northern Marianas as authorized by Public Law 95-348. $5.0 million of this amount will go to providing immediate upgrading of our old and inefficient power distribtuion system and the remainder $2.0 million for the overhaul and repair of the U.S. Army Corp of Engineers-owned power barge "Impedance". The Commonwealth Government is required by an agreement with the U.S. Army Corp of Engineers to have the barge overhauled. We seek your Committee's favorable support in appropriating this amount.

The commercial port of Saipan dated from the immediate post-war period when a pre-war Japanese port was reconstructed by the U.S. Navy. No major renovation or reconstruction of the port has been undertaken since that time. The port needs urgent repair and expansion. It is anticipated that the costs for the rehabilitation and expansion of the Saipan port would be so enormous as to necessitate separate Federal funding assistance. The Commonwealth Government has budgeted in Fiscal Year 1980 approximately $300,000 from the Covenant funds to begin the process of determining the technical and engineering condition of the port facilities. The current estimate prepared by the Northern Marianas Department of Public Works for the rehabilitation and expansion of these facilities is $11 million. We also seek your Committee's support in providing financial assistance to upgrade this vitally important project.

I wish to make a special note regarding the need for additional federal financing assistance for the improvement of the Commonwealth's highways and roads, and for the rehabilitation and expansion of the Saipan commercial port facilities. While some funds are being budgeted under the Covenant, for these programs, additional funding from the Federal government to allow a speedy process of upgrading the islands highways and road system, are urgently needed. It is estimated that to implement federally-approved highways and road development system, the Commonwealth would need roughly $48 million. For the rehabilitation and expansion of the Saipan commercial port, the Commonwealth would require separate Federal funding assistance of approximately $11 million.

In passing, Mr. Chairman, the Commonwealth wishes to be on record supporting the provision of technical assistance to the Commonwealth and other territories by the Federal government. The recent GAO audit report on the Northern Marianas clearly indicates that our government cannot function effectively and that management cannot make the necessary judgemental decisions without timely and accurate financial information. Our government supports fully any expansion of the technical assistance staff capabilities of the Department of the Interior's Federal Comptroller's Office. The Federal Comptroller's technical assistance personnel has been assisting our Department of Finance in improving our financial management system, and I am happy to report that our Department of Finance now produces monthly financial status reports regularly.

Mr. Chairman, this concludes my presentation. I respectfully ask your Committee's support of the appropriations requested. My staff and I will be happy to answer any questions that you may have on our budget request. Hafa Adai and Si Yuus Maase!

OPENING STATEMENT OF

SENATOR PEDRO P. TENORIO,

PRESIDENT OF THE SENATE,

NORTHERN MARIANAS COMMONWEALTH LEGISLATURE

BEFORE THE SUBCOMMITTEE ON INTERIOR,

COMMITTEE ON APPROPRIATIONS,

U. S. HOUSE OF REPRESENTATIVES

APRIL 2, 1980

Mr. Chairman and distinguished members of this Committee:

I bring greetings and extend a warm Hafa Adai from the people of the Northern Mariana Islands. The members of the Senate of the Second Northern Marianas Commonwealth Legislature support the budget request of $23,605,000 (supplemental inclusive) for the Commonwealth of the Northern Mariana Islands for Fiscal Year 1981 and urge that this Committee act favorably on this request.

The House and Senate adopted House Concurrent Resolution No. 2 on March 28, 1980 endorsing the United States Department of the Interior Budget Justification, Fiscal Year 1981 for grants to the Commonwealth.

The demand for public service is continuously growing and the numerous capital improvement requirements far exceed the approximately $7.0 million we are requesting here today. The ever increasing price of petroleum products is causing extreme harships on our Government. The price has jumped over $8.20 per barrel since the beginning of Fiscal Year 1980. However, we in the Senate understand our limited resources and will allocate these funds in the best manner possible and where most needed.

There are other matters before the Congress of the United States which affect our Commonwealth. The President recently signed into law the Omnibus Territories Bill, Public Law 96-205. This law contains an authorization for an appropriation of $24.4 million for the construction of health facilities for the Commonwealth of the Northern Marianas, said facilities to be located on Saipan. We respectfully solicit your support for the appropriation of this amount for this needed and vital facility for our people.

Congress appropriated $5.0 million for the new power plant in Fiscal Year 1980. The authorization for this appropriation was $12.0 million. The $5.0 million will complete the construction phase. However, an additional $5.0 million is needed for the distribution system which is totally inadequate and $2.0 million for the overhaul and repairs of the power barge "Impedance", the latter being on loan from the U.S. Army Corp of Engineers and which must be overhauled as mandated by an agreement between the Government of the Northern Mariana Islands and the U.S. Army Corp of Engineers.

Sections 802 and 803 of the Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union With the United States of America stipulate that the Commonwealth will make available to the government of the United States, for lease, 17,799 acres on Tinian, 177 acres at Tanapeg Harbor and 206 acres encompassing the entire island of Farallon de Mendenilla for a period of 50 years.

In addition, the United States was given an option to extend the lease for an additional 50 years at no cost. The sum of $19.5 million (1975 Constant Dollars) was the figure agreed upon by the people of the Northern Mariana Islands and the people of the United States. We ask that the United States of America make a decision whether or not to exercise the lease option. The leaders of the Commonwealth need to know at the earliest possible date in order that other plans may be pursued to develop this precious real property.

Fifty percent of the payments due, pursuant to Title I of the Micronesian Claims Act of 1971, has not been appropriated. As you know, these claims have been adjudicated by the War Claims Commission and we respectfully request that this Committee look into this matter as our people are patiently waiting payment.

An extensive highway construction and development is required to support the evolving economies of the Commonwealth. Tourism, the primary source of revenue for the Commonwealth depends entirely on safe and efficient intra-island highway facilities. The Federal Highway Act under P.L. 95-599 authorized $1.0 million to be appropriated annually. We respectfully request that the entire amount be made available to the Northern Marianas to continue our road contruction projects.

Public Law 95-348 authorized to be appropriated the sum of $3.0 million for the development, maintenance, and administration of the American Memorial Park at the Tanapag Harbor Reservation on Saipan. The appropriation of this $3.0 million will get this project underway.

Mr. Chairman and members of this committee, on behalf of the Senate of the Commonwealth of the Northern Mariana Islands, I respectfully request that you

act favorably on these requests which are urgently needed by the people of the Commonwealth. I wish to thank this Committee and the Congress of the United States for its continuing generosity and understanding support of our young, developing Commonwealth. Thank you very much for the opportunity to appear before your Committee. I would be most happy to answer any questions that the members of the Committee may have. Hafa Adai!

SECOND NORTHERN MARIANAS COMMONWEALTH LEGISLATURE
FIRST REGULAR SESSION, 1980

HOUSE CONCURRENT RESOLUTION NO. 2

A HOUSE CONCURRENT RESOLUTION

Endorsing the United States Department of the Interior Budget Justifications, F.Y. 1981, for Grants to the Commonwealth.

WHEREAS, pursuant to the Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America the Federal Government is required to make annual grants to the Commonwealth for Operations, Economic Development Loans, and Capital Improvements, and may make grants for other purposes; and

WHEREAS, such grants are subject to adjustment to reflect inflation as measured by changes in the Gross National Product Implicit Price Deflator Index; and

WHEREAS, the President of the United States has submitted a document entitled "United States Department of the Interior Budget Justifications, F.Y. 1981, Administration of Territories" to the United States Congress for consideration for inclusion in the U.S. Fiscal Year 1981 appropriations, and such document includes such grants as adjusted; now, therefore, be it

RESOLVED by the House of Representatives, the Senate Concurring, that the United States Department of the Interior Budget Justifications, F.Y. 1981, Administration of Territories, is hereby endorsed as it applies to grants to the Commonwealth; and

RESOLVED FURTHER, that the United States Congress be and hereby is urged to include funds for such grants in the Fiscal Year 1981 Department of the Interior appropriations; and

RESOLVED FURTHER, that the Speaker of the House of Representatives and the President of the Senate certify and the Clerks of both Houses attest to the adoption of this resolution, and that certified copies hereof be transmitted to the President of the United States, the Chairmen and Ranking Minority Members of the United States House and Senate Interior Appropriations Subcommittees, the United States Secretary of the Interior, the Governor of the Commonwealth of the Northern Mariana Islands, and the Representative to the United States for the Commonwealth of the Northern Mariana Islands.

Adopted: March 28, 1980

Joaquin I. Pangelinan
Speaker

Ignacio K. Quichocho
Acting President of the Senate

ATTEST:

Esteban I. Pangelinan
House Clerk

Joaquin S. Torres
Acting Senate Clerk

OPENING STATEMENT OF

CONGRESSMAN VICENTE M. SABLAN,

CHAIRMAN OF THE HOUSE APPROPRIATIONS COMMITTEE,

NORTHERN MARIANA ISLANDS COMMONWEALTH LEGISLATURE

BEFORE THE SUBCOMMITTEE ON INTERIOR,

COMMITTEE ON APPROPRIATIONS,

U.S. HOUSE OF REPRESENTATIVES

APRIL 2, 1980

Mr. Chairman and members of this Committee:

I wish to extend my deepest appreciation to you and the members of this Committee for the opportunity to present supportive statements on the proposed Fiscal Year 1981 budget of the Commonwealth of the Northern Marianas. The House of Representatives of the Northern Mariana Islands Commonwealth Legislature fully endorses the budget package, and I wish to insert for the Committee's record a copy of a House Concurrent Resolution No. 2 attesting to our support of the budget submission made by the U.S. Department of the Interior on behalf of the Northern Marianas.

I would like to reaffirm the need for appropriations for specific projects as authorized by Public Laws 95-348 and 96-205. These involve the following projects.

Regarding the need for improvements of our health care facilities, we respectfully ask that an appropriation of $24.4 million for the construction of the new hospital for Saipan be made at the earliest possible time. We have been kept informed of the progress made by the Governor's Office in preparation of detailed budget justifications for this project and its efforts in coordinating this work with the Department of Health, Education and Welfare (HEW) and the Department of Interior. We have assured the Governor and the officials of the federal agencies concerned of our cooperation and support in this effort.

We appreciated the appropriation of $5.0 million for the new Saipan power plant approved for Fiscal Year 1980. The new plant will be commissioned in May, 1980. We have been upgrading the power distribution system. In this regard, we respectfully seek the Committee's support in appropriating the remaining $7.0 million authorized by Public Law 95-348 as amended of which $5.0 million is for power distribution and $2.0 million for the overhaul and repairs of the power barge "Impedance". The barge was loaned to the Commonwealth by the U.S. Army Corps of Engineers.

We are also supporting the request for an appropriation of $3.0 million for the development of the American Memorial Park. This is an extremely important project to our people as it will memorialize the American soldiers and Northern Marianas citizens who died on our soils during World War II. The park will serve as a major attraction to our local residents and visitors for recreational and sport activities as well.

We share the expressions made by our Lt. Governor that something urgently needs to be done regarding the constant increases in the price of fuel and the adverse effects this will have on our government and the local economy. We respectfully seek your Committee's immediate support in helping our government find answers to this problem -- a problem that could result in a financial crisis in the Northern Marianas.

In an attempt to raise local revenues, we are currently looking at a number of revenue generating measures, and we are working closely with the Northern Marianas executive branch on this effort.

In addition, we have introduced in the House a Planning and Budgeting bill, which would provide comprehensive procedures for the preparation of the budget and the integration of the budget with the development planning processes.

In conclusion, Mr. Chairman, I wish to thank you and the members of this committee for your continued interest and assistance in the affairs of our new government. I respectfully solicit your support in approving our appropriations requests.

Thank you.

SECOND NORTHERN MARIANAS COMMONWEALTH LEGISLATURE

FIRST REGULAR SESSION, 1980

HOUSE CONCURRENT RESOLUTION NO. 2

---

A HOUSE CONCURRENT RESOLUTION

Endorsing the United States Department of the Interior Budget Justifications, F.Y. 1981, for Grants to the Commonwealth.

WHEREAS, pursuant to the Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America the Federal Government is required to make annual grants to the Commonwealth for Operations, Economic Development Loans, and Capital Improvements, and may make grants for other purposes; and

WHEREAS, such grants are subject to adjustment to reflect inflation as measured by changes in the Gross National Product Implicit Price Deflator Index; and

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RESOLVED by the House of Representatives, the Senate Concurring, that the United States Department of the Interior Budget Justifications, F.Y. 1981, Administration of Territories, is hereby endorsed as it applies to grants to the Commonwealth; and

RESOLVED FURTHER, that the United States Congress be and hereby is urged to include funds for such grants in the Fiscal Year 1981 Department of the Interior appropriations; and

RESOLVED FURTHER, that the Speaker of the House of Representatives and the President of the Senate certify and the Clerks of both Houses attest to the adoption of this resolution, and that certified copies hereof be transmitted to the President of the United States, the Chairmen and Ranking Minority Members of the United States House and Senate Interior Appropriations Subcommittees, the United States Secretary of the Interior, the Governor of the Commonwealth of the Northern Mariana Islands, and the Representative to the United States for the Commonwealth of the Northern Mariana Islands.

Adopted: March 28, 1980

Joaquin I. Pangelinan
Speaker

Ignacio K. Quichocho
Acting President of the Senate

ATTEST:

Esteban I. Pangelinan
House Clerk

Joaquin S. Torres
Acting Senate Clerk

Commonwealth of the Northern Mariana Islands
Office of the Governor
Saipan, Mariana Islands 96950

FOR OFFICIAL USE
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March 31, 1980

Honorable Sidney R. Yates
Chairman, Subcommittee on Interior
Committee on Appropriations
House of Representatives
B-308 Rayburn House Office Building
Washington, D.C. 20515

Dear Mr. Chairman:

We are jointly writing this letter of request for your consideration of the appropriation of $7 million for the Commonwealth of the Northern Mariana Islands for Fiscal Year 1981 for the design and construction of a hardened power distribution system of Saipan and for the drydocking and overhauling of the power barge "Impedance". As authorized by P.L. 95-348, we are seeking your support and consideration for the approval of this additional funding because of the urgency and critical nature of the project.

The construction of a hardened power distribution on Saipan has been planned for several years now, but has not been carried out due to the unavailability of funds. Construction of the system must be undertaken to ensure availability of electrical power to meet the rapidly growing demand for power on Saipan, the population center as well as the industrial and economic center of the Commonwealth. Such construction will alleviate the recurring electrical outtages associated with the operation and maintenance of the present power distribution.

We strongly feel that the development of an economical, efficient and reliable power distribution would provide the necessary incentive for diversification of both commercial and industrial activities by way of encouraging active local and foreign investments which we believe is the only viable way to foster a broader economic base for the Commonwealth's economy.

Withouth the provision of a permanent and reliable power distribution in Saipan it is doubtful that the new U.S. Commonwealth will achieve its long-range objective of economic self-sufficiency, nor will it provide for an improvement in the standard of living of its people and other basic amenities which are commonplace in the United States and its territories.

We request that the full amount of $5 million be approved for the design and construction of the power distribution system, which include the design and installation of permanent concrete power poles, underground utilities and appurtenances. It is estimated that an additional $1.0 million to $2.0 million will be required for the other islands of Tinian, Rota and Pagan. These improvements are necessary to protect the system from the constant threats of typhoons, from infestation of the wooden power poles by termites and corroded hardwares. It is also felt that the islands aesthetic environment would be greatly improved by eliminating overhead electrical wires and transformers which scar the natural beauty of the islands.

For the information of the Committee we have attached a pertinent section of the physical development master plan for Saipan which describes the power situation, the recommended improvements and the estimated cost.

For the power barge "Impedence", we request $2 million dollars for the renovation in accordance with the terms of the contract with the Corps of Engineers.

We join the people of the Commonwealth of the Northern Mariana Islands to express our appreciation for the Committee's support last fiscal year in including the appropriation of $5 million dollars for the Saipan permanent power plant. We wish however to point out that this support would not be complete without your support of our power distribution problems in Saipan.

Sincerely yours,

Pedro P. Tenorio
President, The Senate, NMCL

Francisco C. Ada
Lt. Governor

Vicente (Ben) Salas Taman
Chairman, Appropriations Committee
The House of Representatives, NMCL

Edward DLG. Pangelinan
Representative to the
United States

ATTACHMENT I

NOTE: The following is an updated version of the Power Program as shown in the Physical Development Master Plan

# POWER

## EXISTING CONDITIONS

Saipan's power system presently suffers many shortcomings which have to be corrected. The primary power source, the power barge "Impedance", is scheduled to be drydocked. The distribution system suffers from poor maintenance. Frequent outages are caused by lightning, failing transformers and storms. Wires are corroded, hardwares are old and difficult to replace, and poles are rotting.

Electrical energy conservation practices are not in effect.

Growth of electrical demand is anticipated to be significant. The annual growth rate will approach 9½ per cent, but due to the relatively small size of Saipan's system, growth will occur in quantum jumps. At best, therefore, growth will be dramatic and must be analyzed with respect to development project.

### Management/Operation

The Public Works Department of the Northern Mariana Islands (NMI) government now operates the entire electric power system. The Saipan Utilities Agency has been established with this division to operate the electric power, water and sanitation systems in Saipan. Current peak usage is 13.1 MW (13,100,000 watts or 13,100 KW). During FY 1979, about 77 million KWH were generated by the system.

Power Generation

The present primary power source, the power barge "Impedance", on loan from the U.S. Army Corps of Engineers, must be drydocked and overhauled in accordance with the contract before it is returned.

The new Saipan power plant, to be commissioned by May 1980, will require an additional generating unit by 1984. This is to ensure that essential back-up and stand-by power be continuously available. Beside generating the required projected load, the plant should have back-up capability to permit the performance of periodic maintenance on each unit. Thus an additional generating unit is required to permit "rotation" for maintenance and inspection. Stand-by capability is also required for unscheduled failures of on-lines units.

Power Distribution

The distribution system on Saipan consists of about 72 miles of 13.8 KV primary lines and approximately 96 miles of secondary lines. These circuits consist of various size conductors. Circuits which service the area south of the power plant carry 80% of the system loads.

The condition of the lines ranges from fair to poor, with numerous unscheduled outages caused by lightning, burned out transformers and storms. Due to budgetary constraints, maintenance is less than optimal with repair and replacement of corroded wires, hardware, and rotten poles occuring less frequently than reasonable maintenance shedules call for.

PLANNING FACTORS

Load Growth

Saipan is a relatively small area facing dramatic quantum growth from international interests such as the economy of Japan and U.S. military plans. It should be noted that load increases on a system the size of Saipan's existing 500 KW

capacity, requires special consideration. Therefore, projections of anticipated load growth based on anticipated socioeconomic factors were developed. These are summarized in Table 1.

Table 2 synthesizes the gains and losses through the planning period. These data indicated an average annual growth of 9.5% in Saipan's power requirements. In 1985 the peak demand is expected to reach 22.98 MW. If the 9.5% growth is projected, the system will peak at 30 MW in 1989 and 40 MW in 1992. Moreover, major social and economic changes would affect these projections.

Hardening

Recent experience has emphasized the need to "harden" the power system against tropical storms and typhoons. Both on Saipan and neighboring Guam, the distribution system is the first to fail. Therefore, as lines are extended or replaced, an evaluation of the cost effectiveness of various hardening techniques will be made. The eventual burial of the line on Beach Road from Micro Beach to Wallace Road, for example, has already been identified. This action will markedly reduce the recovery time of restorative operations to customers throughout the entire area.

Conservation

Forced dependence on oil fuel will mean drastic increases in Saipan's energy bill throughout the planning horizon and beyond. Although technological breakthroughs may come any time, it is almost certain that energy will remain as ever precious commodity. Therefore, an electrical energy conservation plan similar to the type in the planning stage in the U.S. must be implemented on Saipan. The plan would establish a power budget for various types of clients with a heavy penalty for any power consumed beyond the established budget. Along this line, Governor Carlos Camacho have initiated preparatory work in establishing a Public Utility Commission to regulate the public utilities to achieve a greater measure of self-sufficiency. In addition, the Governor's Task Force on Energy have been very active in finding ways and means of weaning the Commonwealth of the Northern

Mariana Islands from fossil fuel dependency.

## CAPITAL IMPROVEMENT RECOMMENDATIONS

The short-range recommendations for the development of the Saipan Power Distribution and Power Generation Systems include:

* Develop a program for the systematic replacement of primary and secondary lines. Redundancy and hardening of essential primary lines should be considered.

* The extension of electric power to resort and agricultural areas in need of development.

* The drydocking and overhauling of the power barge "Impedance."

The proposed system will serve island growth to the 40 MW level, matching the proposed power plant's ultimate capacity. All four circuits will have a 10 MW capacity. Circuits are expected to run along major roads. Major developed areas and facilities such as the airport, new hospital, industrial area, resort area, and commercial area will have a back-up circuit. One circuit from the new power plant paralleling West Coast Highway should be hardened immediately to provide assurance of rapid renewal of power service and long-lived capital investments in the generation and distribution subsytems.

The estimated cost for the system is $10,390,000, which includes $5,200,000 for power generation and $5,190,000 for power distribution. Detailed costs are depicted in Table 3.

### Beyond the Planning Horizon

About 5 years before the 40 MW system peak is reached, a study should be made to determine new requirements for a power plant and the distribution systems. When the system's load exceeds 40 MW, a major change must be made to the distribution

systems. If the southern half of the island exceeds 20 MW, then a higher voltage transmission line must be built and a substation located as near as possible to the load center.

TABLE I

SAIPAN POWER DEMAND 1979 - 1985

FOR PROBABLE MAJOR CONSTRUCTION

| | | | EST LOAD KVA |
|---|---|---|---|
| 1979 | New Junior High School (25 Classrooms) | | 100 |
| | Public Health Center - 10,000 sq. ft. | | 50 |
| | 160 New Single-Family Homes | | 320 |
| | | TOTAL | 470 |
| 1980 | New Hospital - 90 to 100 beds (Phase out of old) | | 500 |
| | First 15 room correctional facility (maximum security) | | 25 |
| | 5 New Classrooms - Elementary | | 5 |
| | 170 New Single-Family Homes | | 340 |
| | Far East Broadcasting | | 750 |
| | | TOTAL | 1620 |
| 1981 | New Commercial Center - Garapan size of Town House | | 750 |
| | 180 New Single-Family Homes | | 360 |
| | | TOTAL | 1110 |
| 1982 | Two hundred (200) room hotel | | 400 |
| | 190 New Single-Family Homes | | 380 |
| | New Fire Station (Garapan) | | 50 |
| | | TOTAL | 830 |
| 1983 | Canning Processing Plant (Maximum 8,000,000) | | |
| | Lime Plant - (size unknown) | Estimate | 1500 |
| | 200 New Homes (20% Apts. and/or Condominiums) | | 400 |
| | | TOTAL | 1900 |
| 1984 | New Harbor Facilities - Lighting | | |
| | 600 ft., berth - breakbulk warehouse | | 600 |
| | 210 New Homes | | 420 |
| | | TOTAL | 1020 |
| 1985 | 220 New Homes (20% Apts. and Condominiums) | | 440 |
| | Misc. a) Probably more commercial area | | |
| | b) Potential for another 100 room hotel | | |
| | c) Increase in light industrial | Estimate | 700 |
| | | TOTAL | 1140 |

TABLE 2

SAIPAN SYSTEM GROWTH THROUGH 1985

| YEAR | EXIST'G GROSS PLANT GEN. MW | EST. NEW CONST. MW | OTHER INCR. (1%) MW | STA LOSS (NEW) 8% MW | TOTAL INCR. MW | NEW DEMAND MW | % INCR. |
|---|---|---|---|---|---|---|---|
| 1979 | 13.09 | 0.47 | 0.13 | 0.04 | 0.64 | 13.73 | 4.89 |
| 1980 | 13.73 | 1.62 | 0.14 | 0.13 | 1.88 | 15.61 | 13.69 |
| 1981 | 15.61 | 1.12 | 0.15 | 0.09 | 1.36 | 16.97 | 8.71 |
| 1982 | 16.97 | 0.83 | 0.17 | 0.07 | 1.07 | 18.04 | 6.31 |
| 1983 | 18.04 | 1.90 | 0.18 | 0.15 | 2.23 | 20.27 | 12.36 |
| 1984 | 20.27 | 1.00 | 0.20 | 0.08 | 1.28 | 21.55 | 6.32 |
| 1985 | 21.55 | 1.14 | 0.21 | 0.08 | 1.43 | 22.98 | 6.64 |

AVERAGE INCREASE 9.48

TABLE 3

POWER GENERATION AND DISTRIBUTION

Estimated Costs 1980 - 1985

POWER GENERATION

| | | | |
|---|---|---|---|
| 1980: | Power Barge "Impedance" Drydocking and Overhaul | 1985: | One (1) 8 MW unit Installed cost $400 per KW |
| | Total Cost: $2,000,000 | | Total Cost: $3,200,000 |

TOTAL COST: $5,200,000

POWER DISTRIBUTION

| | | | |
|---|---|---|---|
| NEW LINE CONSTRUCTION | | | |
| Primary Line 10 miles | | | |
| @ $70,000/mile | 10 x 70,000 | $700,000 | |
| Secondary Line 20 miles | | | |
| @ $40,000/mile | 20 x 40,000 | $800,000 | |
| Commercial & Residential Hook-Ups | | | |
| Estimated 1400 during plan period @ $250 | 1400 x 250 | $350,000 | |
| TOTAL: | | | $1,850,000 |
| REPLACEMENT OF EXISTING LINE | | | |
| Estimated replacement needs in short term are 33% of existing Primary & Secondary lines | | | |
| Primary Line 22 miles | | | |
| @ $70,000/mile | 22 x 70,000 | $1,540,000 | |
| Secondary Line 30 miles | | | |
| @ $40,000/mile | 30 x 40,000 | $1,200,000 | |
| Primary Line - Hardening | | | |
| Approx. 7.5 miles @ $80,000/mile | 7.5 x 80,000 | $600,000 | |
| TOTAL: | | | $ 3,340,000 |
| | | POWER DISTRIBUTION COST: | $5,190,000 |

Commonwealth of the Northern Mariana Islands
Office of the Governor
Saipan, Mariana Islands 96950

FOR OFFICIAL USE
CABLE ADDRESS
GOV. NMI SAIPAN
REPLY TO:
DEPT. or ACTIVITY

March 31, 1980

Honorable Sidney R. Yates
Chairman, Subcommittee on Interior
Committee on Appropriations
House of Representatives
B-308 Rayburn House Office Building
Washington, D.C. 20515

Dear Mr. Chairman:

We are submitting jointly the attached statement justifying an appropriation request for the development of the American Memorial Park in the Northern Mariana Islands.

The American Memorial Park has been authorized by Public Law 95-348 as amended.

The people of the Northern Marianas is extremely interested in having the park developed in commemoration of the American soldiers and Northern Marianas civilians who had given up their lives in the islands of the Northern Mariana Islands during World War II.

As indicated in the attached statement, the Commonwealth Government has begun to undertake initial preparations for the development of the park utilizing its own Covenant funds and manpower. The lands have been cleared and are being actively used by the local residents and visitors for recreational and sports activities.

We respectfully seek your Committee's favorable action on this request for appropriation of $3.0 million for the project.

Sincerely yours,

Pedro P. Tenorio
President, The Senate, NMCL

Francisco C. Ada
Lt. Governor

Vicente M. Sablan
Chairman, Appropriations Committee
The House of Representatives, NMCL

Edward DLG. Pangelinan
Representatives to the
United States

## AMERICAN MEMORIAL PARK

Public Law 95-348 authorizes an appropriation not to exceed $3.0 million for the development of the American Memorial Park. The park encompasses about 135 acres of prime coastal area immediately adjacent to the major hotel and the major harbor facilties on Saipan. As a memorial for the American soldiers and civilians who had given up their lives in the Northern Mariana Islands during the World War II. In addition, the park would serve as a major attraction to tourists and residents for recreation and sport activities. With the assistance of the National Park Service(NPS) of the Department of Interior, preparatory efforts are being made accumulating historical information and documents depicting the war activities in the Northern Marianas during World War II. A monument has been scheduled for siting sometime in 1980. A park ranger for the National Park Service will be assigned to Saipan sometime this year to assist in the preparation work. Endangered species, known to live in a wetland portion of the park, would be protected within the nature study area.

The architectural renditions of the park are shown in the physical development master plan for Saipan. The park is to include a history center, boat lauching facilities, nature study area, athletic fields, swimming pool, amphitheater, and picnic facilties.

Congress has authorized $3.0 million for construction of facitlites which will be made available through the National Park Service which has been authorized to plan, develop and administer the park. A NPS park ranger will be stationed on Saipan beginning this month.

The park, as proposed in the Physical Development Master Plan for Saipan, provides for a phase development. The first phase is estimated to cost roughly $3.0 million. However, the total cost for the completion of the park as prepared in the plan was estimated to be roughly $16.0 million. Due to obvious funding constraints and in recognition of great desire to proceed with the park development, Governor Carlos S. Camacho has created a special American Memorial Park Task Force to work with the National Park Service in prioritizing the park development so that

the project, if funded, may proceed in manner which will allow the total park concept to be realized over several years.

The Task Force has recommended that this initial park development involve the following:

1. Site clearing, grading and landscaping
2. Erection of the memorial monument
3. Construction of sanitation facilities
4. Removal of water navigational hazards and reconstruction of eroded facilities
5. Construction of a covered, open air, multi-purpose theater
6. Construction of an activity center for the aged and youth.

These improvements would provide for a memorial of the war victims; an aesthetically pleasing open space theater which can be used for passive and active recreational activities and sports for tourists and residents, minimal sanitary facilities and removal of boat hazards. An appropriation of $3.0 million for the park as authorized by P. L. 95-348 would allow the National Park Service in conjuction with Commonwealth Government to undertake the above efforts.

The government and people of the Northern Mariana Islands are increasingly concerned about the American Memorial Park. The park land has been minimally developed because of the pressing needs for available capital elsewhere. The rampant inflation will push the costs of the development higher if appropriation for the project is not made soon.

Governor Camacho in his opening remarks to the American Park Task Force, had this to say: "While we have strong desire to see the park completed in a hurry, let's be reaslistic. We know it will cost $16.0 million to complete the park, but we shouldn't wait until we have $16.0 million. We should start now, utilizing any funds that we could raise locally and seeks any financial support from without so that our people and our island visitors could begin to use the park area."

Commonwealth of the Northern Mariana Islands
Office of the Governor
Saipan, Mariana Islands 96950

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REPLY TO
DEPT. or ACTIVITY

March 29, 1980

Honorable Sidney R. Yates
Chairman
Subcommittee on Interior
Committee on Appropriations
House of Representatives
B-308 Rayburn House Office Building
Washington, D.C. 20515

Dear Mr. Chairman:

We are jointly writing this letter of request for your consideration for the appropriation of $1 million for the Commonwealth of the Northern Mariana Islands for Fiscal Year 1981 for the design and construction of the approved Federal Aid Highway System in Saipan, Tinian and Rota.

An extensive highway reconstruction and development is required to keep pace with, as well as support, the needs of the evolving economies of the Commonwealth of the Northern Mariana Islands. Tourism, the primary source of revenue for the Commonwealth, depends entirely on safe, efficient, and convenient intra-island highway facilities.

The Physical Development Master Plan for Saipan, Tinian and Rota indicate that there are 164 miles of road in the three islands needing reconstruction at an estimated cost of $90,200,000. Unfortunately, out of the total 164 miles of deteriorated roads, only 86.9 miles are eligible under the Federal Aid Highway System. Current estimate shows that we will need a total of $48,000,000 to fully implement our approved Federal Aid Highway System. Assuming that the current annual level of appropriation is constant at $532,500, it will take us a little over ninety (90) years to complete our Federal Highway Program.

The Commonwealth of the Northern Mariana Islands is faced with the responsibility of reconstructing the ineligible 77.1 miles of roads under its own capital improvement programs funded by the Covenant.

Due to the obvious budgetary constraints, we are seeking your assistance and support in appropriating the full amount of $1 million authorized under P.L. 95-599.

Lastly, we wish to thank you and your Committee for your understanding and support of our highways development program.

Sincerely yours,

Pedro P. Tenorio
President, The Senate
Northern Marianas Commonwealth
Legislature

Francisco C. Ada
Lt. Governor

Vicente M. Sablan
Chairman, House Appropriation Committee
Northern Marianas Commonwealth
Legislature

Edward DLG. Pangelinan
Representative to the
United States

Commonwealth of the Northern Mariana Islands
Office of the Governor
Saipan, Mariana Islands 96950

FOR OFFICIAL USE
CABLE ADDRESS
GOV. NMI SAIPAN
REPLY TO
DEPT. or ACTIVITY

March 31, 1980

Honorable Sidney R. Yates
Chairman
Subcommittee on Interior
Committee of Appropriations
House of Representatives
B-308 Rayburn House Office Building
Washington, D.C. 20515

Dear Mr. Chairman:

We are jointly writing this letter of request for your consideration for the inclusion of $11,000,000 in the budget for the Commonwealth of the Northern Mariana Islands for Fiscal Year 1981 for the design and construction of the Saipan Port. We are seeking your support and favorable consideration for this additional funding because of the urgency and critical nature of the project.

The construction of the Saipan Port has been planned for several years now, but has not been carried out due to lack of funds. We have been exploring various avenues for funding assistance with various Federal agencies. However, our efforts in securing financial committments have not been successful. Construction of ports improvement is necessary to meet both the increase in ships traffic and cargo volume.

The Saipan dock facility dates back to the Japanese Administration. It was constructed of concrete blocks, stacked on top of one another. Recent investigations have shown that the concrete blocks have shifted and are on the verge of collapsing. Maintenance dredging along the berthing face cannot be undertaken in order not to aggravate the impending collapse of the concrete blocks bulkhead.

The available 530 feet of berthing space can accommodate only one large ship and at the most two (2) 200 feet ships. Within the last two (2) years Saipan harbors have been badly congested. Several ships had to anchor within the turning basin area, waiting for their turn at the berthing area.

The break bulk cargo warehouse is filled to the beams, requiring the piling of break bulk cargo outside the warehouse, on all sides of the docks. This condition necessitates greater security surveillance and subtantially restricts movement of service vehicles and equipment. In addition, this condition reduces container storage resulting in the storage of containers outside the secure confines of the dock. In turn, this results in greater equipment travel time, and greater ship's time at berth and turn around time. Needless to say these costs are passed on to the consumers.

The inadequate docking facilities at Saipan Port also require that ships bound for Saipan unload their cargos in Guam for transhipment to Saipan. This condition has not provided us the opportunity to capitalize on our exemption from the Jones Act. This is one of the major causes of our high cost of import goods in the Commonwealth of the Northern Mariana islands. Massive improvements to the Saipan Port are necessary to meet present and future needs.

For the information of the Committee, we have attached the pertinent section of the Physical Development Master Plan for Saipan which describes the ports situation, the recommended improvements and the estimated cost.

Lastly, we wish to thank you and your Committee for your understanding and support of our Saipan Port Development.

Sincerely yours,

Pedro P. Tenorio
President, The Senate
Northern Marianas Commonwealth
Legislature

Francisco C. Ada
Lt. Governor

Vicente M. Sablan
Chairman, House Appropriation Committee
Northern Marianas Commonwealth
Legislature

Edward DLG. Pangelinan
Representative to the
United States

SAIPAN PORT DEVELOPMENT

COST SUMMARY

| | |
|---|---|
| Baker Dock (1977 Constant Dollars) | $3,146,000 |
| Charlie Dock (1977 Constant Dollar) | 3,512,800 |
| Dredging (1977 Constant Dollar) | $2,000,000 |
| Sub-Total | $8,658,800 |
| Add 30 % Inflation Factor | $2,597,640 |
| | $11,256,440 |

HARBORS

Although the airports are a key to the Northern Marianas for passenger movement, the harbor and dock facilities are more important to overall economic growth in the islands. The movement of most consumer goods to the Marianas and the reliance upon local subsistence fisheries by many of the people require adequate docks and harbor facilities.

Establishment of regular and reliable sea cargo services between other countries and the Northern Marianas will be a critical factor in the growth and development of the economy. The problem of promoting shipping services for the Northern Marianas is and has been that the whole Trust Territory area, including the NMI, generates a relatively small volume of cargo. In addition, physical facilities in NMI ports have been rather poor, creating inefficiences in cargo handling and lengthening vessel turn-around times.

During the plan period it is anticipated that the volume of sea cargo transported to the NMI will increase, with the increased capital improvements program, as well as rising personal incomes and population growth. Increased capital improvements resources will also make substantial port development possible within a few years. In sum, the efficiences achieved through port improvements, coupled with general growth in economic activity throughout the NMI, will increase the appeal of the Northern Marianas as a port of call for vessels and ships.

Planning for Harbors and Dock facilities in the Northern Mariana Islands and more specifically for Saipan must consider the following issues:

* Saipan is favorably located and with its exclusion from provisions of the Jones Act could become a major transshipment point for cargo vessels in the western Pacific.

* Inter-island sea transport between Saipan and neighboring islands is important for the overall economic development of the Northern Mariana Islands.

* Commercial fisheries could become an important industry in the economy of the Northern Mariana Islands.

* Recreational boating, sport fishing and subsistence fishing require improved docks, pier spaces and ancillary shore facilities in order to grow and contribute to the overall economic development of the Northern Marianas.

EXISTING CONDITIONS

Management of docks and harbors in the NMI is presently the responsibility of the Department of Public Works. On Saipan, a Port Control Officer with a staff of five has administrative charge over entry and departure of vessels and responsibility for generally overseeing dockside operations.

Sea Transport

As of the beginning of 1977, eight private shipping companies have been granted rights to enter ports in the NMI, of which six have established scheduled services. The companies provide service between Saipan and ports in the Far East, Australia and on the U.S. West Coast, including Hawaii. Routes often include ports in the Trust Territory as well. Frequency of service varies between roughly 40 and 60 days, depending upon route structure. In addition, barge service on a weekly basis has been established between Saipan and Guam by two private companies which provides intermediate or transshipment service to Rota and Tinian.

For calendar year 1976, a reported 68,803 revenue tons (R/T) moved through NMI ports. Inbound cargo accounted for 59,485 R/T and outbound cargo 9.318 R/T, or about 86.5 percent and 13.5 percent, respectively, of total cargo volume. The 1976 figure represents an increase of about 44 percent over 1975's reported 47,756 total revenue tons. The Port of Saipan handled 64,503 R/T, or nearly 93.8 percent of all NMI cargo in 1976, while Tinian handled 2,359 R/T (3.4 percent) and Rota 1,941 R/T (2.8 percent). Earlier records of cargo movement are fragmentary; however, it does appear that increases or declines in the amount of cargo moving through the Port of Saipan have been closely tied to the size of public and private construction activities.

Physical Facilities - Saipan Harbor and Charlie Dock

Saipan Harbor, which consists of the outer anchorage, Garapan Anchorage, and Puetton Tanapag, is the port of entry and is the administrative center for GNMI. The harbor is formed by the waters within a radius of 2/½ miles of the root of the landing at Garapan. The entrance channel of Puetton Tanapag is about 300 feet wide and has a shallow depth of 8.8 m (29 feet). The harbor is sheltered by the barrier reef and is partially protected from winds.

Anchorages. The outer anchorage affords shelter during prevailing easterly winds, but none during infrequent westerly storms. This anchorage, which lies from 3 to 5 miles offshore, is suitable as only temporary anchorage for large vessels.

The inner anchorage, which includes Garapan Anchorage, contains numerous berths in depths ranging from 14.6 m (50 ft.) to over 54.9 m (180 ft.), holding ground fair to good, with coarse coral sand. This anchorage lies from 1 mile to 2 miles offshore.

The anchorage area in Puetton Tanapag has been dredged to a projected depth of 9.1 m (30 ft.). A seaplane landing area is located northward of the anchorage area.

Navigation Aids. Tanapag Harbor is equipped with range lights and some lighted buoys. There is also a U.S. Coast Guard Loran Station located on Saipan.

Charlie Dock (Pier C). Saipan's harbor complex consists of a commercial port plus a small boat quay and a pier at which the power barge "Impedence" is currently docked.

As-built drawings or plans for Charlie Dock are not available. The dock was originally constructed by the Japanese prior to World War II and was subsequently improved or expanded. Inspection of the dock in 1972 indicated that the face of dock is a masonry wall consisting of 4' x 4' x 5' concrete blocks.

Charlie Dock C, is L shaped, and has 530 feet of berthing space along its north side. Berths, with depths of 7.6 m (25 ft.) to 6.1 m (20 ft.) are available along the north and west sides of the pier. Depths of 2.4 m (8 ft) are found alongside the south side of the pier.

The channel to the dock, running more or less on a southwesterly line, is 457.2 m (1,500 ft.) long, 91.4 m (300 ft.) wide and 8.8 m (29 ft.) deep. It is marked with lighted and non-lighted buoys set by the U.S. Coast Guard.

Dockside facilities include a 1,115 $m^2$ (12,000 $ft^2$) warehouse (Prefab type) constructed by the Trust Territory and presently used as a break-bulk warehouse. For cargo handling, the port has some heavy forklift equipment and trucks available, and has access to heavy cranes (50 ton mobile and 30 ton crawler) owned by NMI Public Works.

A second prefab type warehouse owned by the NMI Government is also located at the port and is presently occupied by port operations and maintenance.

Small Boat Facilities

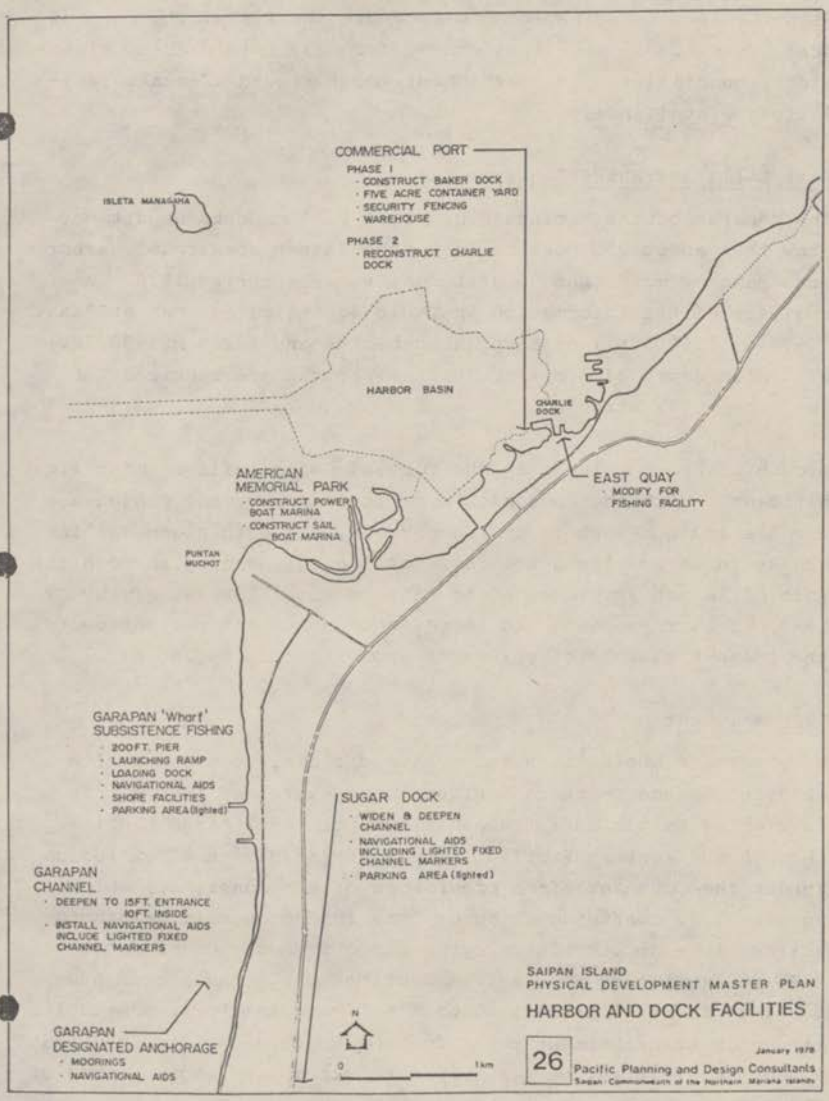
Facilities for small boat harbors are also woefully inadequate. Only the "Smiling Beach" small boat area provides adequate protection during storms.

In Garapan a pier, 155 meters in length (485 feet) originally constructed by the Japanese and later reconstructed by the U.S. military forces, is in a bad state of disrepair. Erosion of the shoreline, filling in of the formerly-dredged docking area, wooden pilings, and several wrecks make this harbor area inadequate. Garapan Channel is also shallow and narrow and has inadequate navigational facilities further limiting the harbor's usefulness. Shore facilities are inadequate as no docking or tie up space is available. Only recently were concrete boat launching ramps constructed.

Sugar Dock, another Japanese remnant in Susupe consists of a concrete pier 84.1 m (276 ft) in length. Presently the Tinian Co-op vessel utilizes this facility on Tuesdays and Fridays. However, the channel is so shallow that entry and exit can not be made during low tide. A concrete launching ramp is available and daily usage is generally between seven (7) and ten boats. Navigational aids are also inadequate. Adjacent land is all in private ownership further limiting the usefulness of this pier (See Plate 26).

PLANNING FACTORS

A substantial increase in cargo volumes to be handled in NMI Ports is projected between FY 1978 and FY 1985. Factors underlying this growth will be the quantum increase in construction activity which the new political status of the Northern Marianas will bring, rising real incomes of NMI citizens, and a continuing increase in population.


COMMERCIAL PORT
PHASE 1
- CONSTRUCT BAKER DOCK
- FIVE ACRE CONTAINER YARD
- SECURITY FENCING
- WAREHOUSE
PHASE 2
- RECONSTRUCT CHARLIE DOCK
ISLETA MANAGAHA
HARBOR BASIN
CHARLIE DOCK
EAST QUAY
- MODIFY FOR FISHING FACILITY
AMERICAN MEMORIAL PARK
- CONSTRUCT POWER BOAT MARINA
- CONSTRUCT SAIL BOAT MARINA
PUNTAN MUCHOT
GARAPAN 'Wharf' SUBSISTENCE FISHING
- 200 FT. PIER
- LAUNCHING RAMP
- LOADING DOCK
- NAVIGATIONAL AIDS
- SHORE FACILITIES
- PARKING AREA (lighted)
SUGAR DOCK
- WIDEN & DEEPEN CHANNEL
- NAVIGATIONAL AIDS INCLUDING LIGHTED FIXED CHANNEL MARKERS
- PARKING AREA (lighted)
GARAPAN CHANNEL
- DEEPEN TO 15FT. ENTRANCE 10FT. INSIDE
- INSTALL NAVIGATIONAL AIDS INCLUDE LIGHTED FIXED CHANNEL MARKERS
GARAPAN DESIGNATED ANCHORAGE
- MOORINGS
- NAVIGATIONAL AIDS
N
0
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SAIPAN ISLAND
PHYSICAL DEVELOPMENT MASTER PLAN
HARBOR AND DOCK FACILITIES
26
January 1978
Pacific Planning and Design Consultants
Saipan Commonwealth of the Northern Mariana Islands

63-072 O—80——61

With the recent indications to increase tariffs at the port of Guam, there is an excellent chance for Saipan to pick up significant quantities of transshipment cargo should adequate facilities be available.

Port Calls and Wharf Requirements

The records of the Mariana's District Public Works Department show that about 250 port calls to the Saipan commercial harbor were made by more than 70 different vessels during 1976. An analysis of the information in Table 35 indicates that at least 304.8 m (1,000 ft.) of deep water berths and 182.9 m (600 ft.) of medium depth (6.1 m ± or 20 ft ±) berths are required for the commercial port.

Growth in cargo volumes in the Port of Saipan will be most significant. With the increase in capital improvement projects, durable and non-durable consumer goods, and with a general increase in inter-island trading, total cargo passing through the Port of Saipan is projected to rise to about 138,700 R/T by FY 1985. This represents and increase of about 115 percent over the present base level volume of approximately 64,000 R/T.

Transshipment

Many private businessmen and public officials concerned with shipping in the Northern Marianas have expressed interest in developing Saipan as a transshipment point for cargo passing through the Western Pacific. The Northern Marianas' exclusion (under the Covenant) from provisions of the Jones Act, which governs U.S. coastwide shipping, may in fact permit Saipan to attract foreign vessels carrying cargo from the continental U.S. to Pacific or Far Eastern destinations. The recent proposal to increase tariffs at Guam's Commercial Port, presently the major transshipment point for the Western Pacific, provides anadditional incentive for Saipan to attempt to capture some of the transshipment market.

Table 35

Analysis of the District Public Works Department
Log on Port Calls at Saipan Harbor During 1976
Number of Days Ships Were in Port

| | Ships | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | Tug & Barge | LCM |
| January | 6 | 4 | 5 | 6 | 3 | | | | | 7 | 3 |
| February | 1 | 6 | 11 | 4 | 5 | | | | | 4 | 2 |
| March | 5 | 9 | 8 | | | | | | | 7 | 1 |
| April | 7 | 7 | 12 | 3 | | | | | | 5 | 5 |
| May | 11 | 8 | 7 | 1 | | | | | | 5 | |
| June | 3 | 13 | 6 | 3 | 2 | | | | | | |
| July | 4 | 5 | 6 | 5 | 3 | 2 | 2 | 2 | 2 | 7 | 1 |
| August | - | 5 | 17 | 3 | 6 | | | | | 4 | 3 |
| September | 3 | 13 | 12 | | | | | | | 6 | 2 |
| October | 2 | 6 | 16 | 6 | 2 | | | | | 6 | 4 |
| November | 5 | 5 | 11 | 4 | 1 | 1 | 1 | | 1 | 7 | |
| December | 8 | 11 | 8 | 1 | | | | | | 5 | |
| Totals | 55 | 92 | 119 | 36 | 22 | 3 | 3 | 2 | 3 | 69 | 21 |

The basic data was furnished by the Trust Territory of the Pacific Islands District Public Works Department.

The average vessel turn around time, excluding the barge, is 36.9 hours.

The average vessel turn around time, including the barge, is 26.7 hours.

Significant upgrading of the physical facilities at Saipan's port, including warehousing, and ship and cargo handling capabilities would be necessary.

Inter-island Sea Transport

Efforts should be made during the course of the plan period to accommodate the expansion of inter-island sea transportation, commensurate with increasing requirements. Sea transport service for both cargo and passengers to the sparsely inhabited northern islands will be an important component of inter-island transport. This shipping service, presently known as "field trip" service, is organized and funded by the Government of the Northern Mairanas as a public service to northern islands residents.

The government itself does not possess a vessel for field trip operations, but leases a ship from a local private operator. The option of obtaining a vessel on a permanent basis to use for field trip shipping, as well as for other services, is currently under consideration. Possibilities include renovation and taking possession of a YFU class landing craft from the U.S. Navy, or obtaining a vessel from the Trust Territory Government under the agreement dividing Trust Territory capital assets with the Northern Marianas.

Inter-island sea transport needs between Saipan and its neighbor islands of Rota and Tinian appear at present to be adequately covered by private shipping companies, principally barge service, plus boats operated by the Tinian Municipality.

Once military base construction on Tinian is initiated, however, it will be important to establish a regular daily ferry service between Tinian and Saipan in order to promote a steady flow of goods and labor which will support both the base construction and later, the base operations.

Fisheries and Recreational Boating

Physical facilities for subsistence fisheries, large scale commercial activities and recreational boating are inadequate and should be improved during the plan period. Improved docks, pier spaces and ancillary shore facilities are needed in order for the subsistence fisheries industry to grow and to contribute to the overall economic development of the Northern Marianas.

An estimate of the number of small fishing craft was made with the help of the Northern Marianas Fishing Cooperatives. Currently, there are fewer than 100 co-op members and only 37 co-op boats. (See Table 36).

Table 36

ESTIMATE OF SMALL FISHING CRAFT - NMI

| Island | Number of Members | Number of Small Fishing Boats (Outboards) | | |
|---|---|---|---|---|
| | | Co-op Members | Non-Members | Total |
| Saipan | 58 | 25 | 53 | 78 |
| Rota | 24 | 6 | 2 | 8 |
| Tinian | 16 | 6 | 5 | 11 |
| Total | 98 | 37 | 60 | 97 |

The primary need is to improve launching ramps at convenient locations. The old Japanese seaplane ramps are good for launching boats except that they become very slippery at times tending to launch both the vehicle as well as the boat.

There are also several concrete boat ramps such as at Fishing Base in Garapan and Sugar Dock and one gravel launching ramp at the memorial park site, "Smiling Beach".

The deep lagoon around the commercial port provides a super abundance of moorings. There is also a shallow lagoon, about 10 feet deep, inside the reef near Garapan. Channels through the reef are shallow (6 feet deep) except for the 29 foot ship channel.

Commercial Fishing Port

Commercial fishing could become an important industry in the NMI economy, and policies relating to marine resources are of extreme importance to economic development. The new international agreements on the 200 mile coastal fishing zones will involve the NMI in many ways and must be followed carefully.

The existing berths for commercial fishing vessels at the end of Charlie Dock interfere with traffic, disrupt security, and inadequately serve the fishing industry. Although it is likely that the East Quay will continue as the fishing dock during the Short Range Plan, future possible locations include the rehabilitation of portions of Able Dock or construction of a new facility behind the present Northern Marianas Public Works facilities, south of the existing seaplane ramps. If large scale commercial fisheries prove to be viable, a medium depth dock and shore facilites should be constructed.

Present Maritime Fleet

A list of vessels in service in the Trust Territory of the Pacific Islands (TTPI) during 1976 was provided by the TTPI District Public Works Department (DPWD). the characteristics of these vessels were compiled from the American Bureau of Shipping Record Book, 1977, and are shown on Table 37. The deepest draft vessel, the ENNA G. draws 28.29 feet when fully loaded. All others draw less than 26 feet, and about seven of them draw less than 12 feet. Generally, it is anticipated that the type of vessel serving Saipan and the Mariana

TABLE 37

VESSELS CALLING AT SAIPAN PORT
GOVERNMENT OF THE NORTHERN MARIANA ISLANDS
Marianas Public Works Department
Saipan, Mariana Islands

Data revised in accordance with the American Bureau of Shipping Record Book, 1977.

| Name of Vessel | VESSEL DATA SHEET Length (feet) | Breadth (feet) | Depth (feet) | Draft (feet) |
|---|---|---|---|---|
| Muskingum | 338.75 | 50.00 | 29.00 | 1/ |
| Herkimer | 321.33 | 50.00 | 29.00 | 23.42 |
| Fentress | 321.33 | 50.00 | 29.00 | 23.42 |
| Micronesia Princess | 242.75 | 40.00 | 21.50 | 13.83 |
| Ponape Maru | 479.00 | 73.49 | 1/ | 25.82 |
| Enna G | 456.08 | 61.04 | 1/ | 28.29 |
| Seven Seas | 231.30 | 37.10 | 17.00 | 1/ |
| Tjirebon Maru | 433.00 | 60.33 | 27.60 | 1/ |
| Coral Princess | 477.75 | 61.00 | 1/ | 18.54 |
| Marshall Islands | 185.00 | 33.00 | 11.00 | 1/ |
| Kaselehlia | 131.23 | 27.90 | 11.48 | 10.10 |
| James Cook | 225.67 | 1/ | 1/ | 1/ |
| Truk Islander | 111.02 | 22.31 | 9.84 | 8.88 |
| Yap Islander | 111.02 | 22.31 | 9.84 | 8.88 |
| Ran Annim | 165.00 | 32.00 | 14.29 | 10.04 |
| Militobi | 156.00 | 30.00 | 13.00 | 11.05 |
| Tinian II | 40.00 | 12.00 | 6.00 | 1/ |
| Olwol | 72.36 | 15.60 | 7.55 | 1/ |
| Normar II | 122.00 | 23.00 | 10.40 | 9.20 |
| New Field Trip Vessels | 185.00 | 33.00 | 15.00 | 11.00 |

1/ Information not published.

Islands will continue to be of similar class although it is probable that significantly more cargo will be shipped via containers.

Future Maritime Fleet

At least three types of vessels may be involved in the future of the Northern Mariana Islands. The selection of future vessels will be affected by cargo type, passenger markets, cargo tonnage, passenger volume, fuel costs, and the development of new types of vessels. Modernized tugs and barges and self-loading monohull container ships with bow thrusters for maneuvering will continue to be competitive during the short term.

Hovercraft and the high speed hydrofoil, such as the Boeing Jetfoil, have an exotic appeal. These 50 mph vessels stimulate the imagination and provoke thoughts for their use on short runs. A ferry system, such as from Tinian to Saipan is one possible use provided future passenger volumes of 200-300 persons per trip become a reality. These passenger carriers draft only 5 feet with foils up. Sugar Dock pier with minor channel improvements could therefore be used as a terminal. A shorter run and direct delivery of passengers to the population center on Saipan are possible advantages.

However, it is discouraging that experience with these vessels in Hawaii has not proven competitive with regular air service. Hydrofoil fares are actually less for given routes but operations have been conducted at a loss. Sea Flite, as the hydrofoil service is known in Hawaii, has therefore been terminated and the GNMI would do well to seriously evaluate the feasibility of such services before embarking on any commitments.

The stable, semi-submersible platform (SSP) appears to be the most promising of future vessels. A pilot model is presently being tested in Hawaii. A report on the use of the SSP entitled "Hawaii Marine Highway System Study, Review of a Stable Semisubmerged Platform (SSP) Marine Highway System," was made by the State of Hawaii Department of Transportation in 1976. Vessels proposed for use include 500-ton and 3,000-ton displacement SSP's. The 500-ton SSP would have a full load draft of 16.5 feet and a capacity of 150 long tons with an operating range of 600 miles at about 25 mph. Such vessels may prove economical for future inter-island transport in the Marianas.

PORT AND HARBOR DEVELOPMENT PROGRAM

To accommodate projected growth in cargo, and in general to support and stimulate economic activity in the Northern Mariana Islands, a program of port and harbor developments will be implemented during the Plan period. The program should feature major improvements to the commercial port and the development of shore facilities for Saipan. Funding for subsistence and commercial fishing program needs will be provided in large part by government CIP allocations. It is anticipated, however, that U.S. Federal program assistance for port development will also be available, especially for harbor and channel dredging, and breakwater construction. Recreational and tourist oriented boating facilities are proposed to be included in the American Memorial Park.

Future Harbor Development, Federal Cooperation

It is assumed that future harbor planning will be in cooperation with the U.S. Government; therefore, the normal division of responsibilities would conform with proposed legislation and U.S. statutes. Accordingly, the Corps of Engineers would be authorized to plan harbor development, construct and maintain the main channels, basins, and breakwaters for commercial

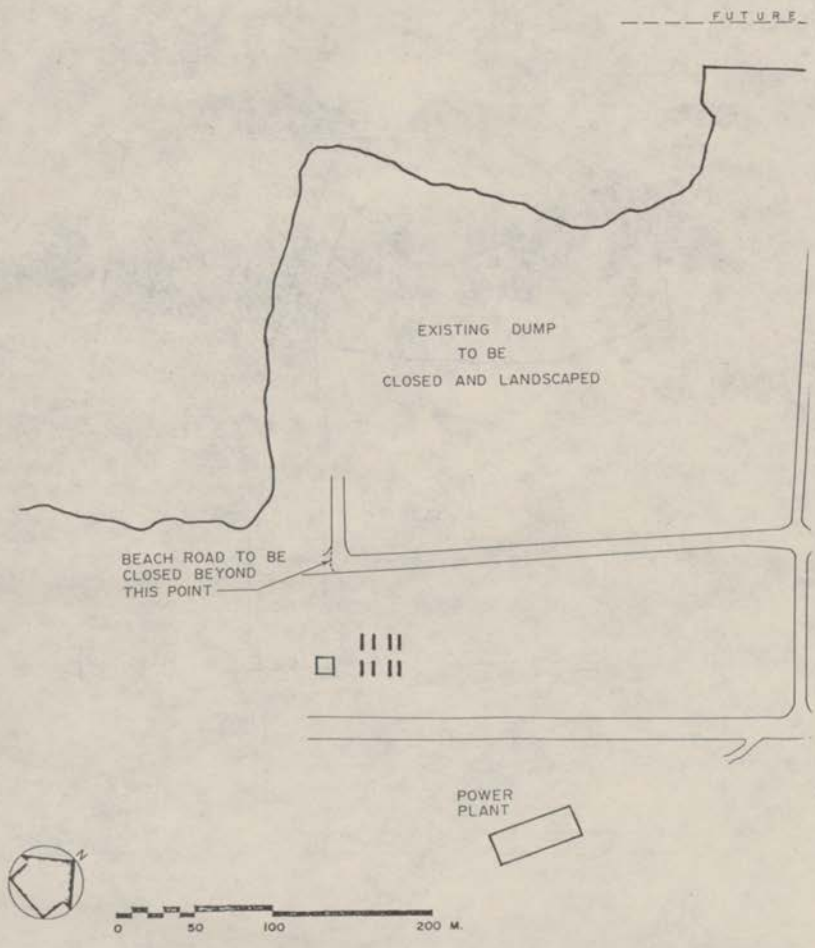
harbors, for fishing harbors including those of subsistence fishing, and recreational harbors. On such projects, the GNMI would be required to contribute about half the construction cost.

The Corps of Engineers' maintenance would include periodic hydrographic surveys to check the harbor depth, etc. (Hydrographic surveys of the harbors in the NMI, except for Rota Harbor were last conducted in 1944. Rota Harbor was surveyed in conjunction with the design of various repairs and improvements necessitated by the devastation of typhoon Pamela.) The U.S. Coast Guard would also be authorized to provide navigational aids on Federal projects. The Defense Mapping Agency, Washington D.C., will update navigation charts as new data becomes available from hydrographic surveys by the Corps of Engineers or others.

Commercial Port

Early in the plan period, it is suggested that funds be made available to do emergency repairs (bullrail and temporary fenders) to Charlie Dock. An engineering analysis of Charlie Dock should also be undertaken to determine its structural integrity.

Although the present planning effort did not provide funds for an extensive analysis of Charlie Dock, preliminary surveys seem to indicate that major reconstruction of Charlie Dock will be necessary. The final configuration of the new port complex would depend upon the findings of the Charlie Dock analysis and subsequent master plan, but in any event would include substantial expansion of dockside storage and working areas. Other features of the port development would probably involve construction or reconstruction of a bulkhead; doubling, reinforcing, and paving of dock surface areas; creation of additional ship berthing space; construction of a break-bulk warehouse; provision of security fencing for the dockside itself (See Plate 27). Adequate shoreside facilities for loading and unloading of cargo will also be required.


FUTURE
EXISTING DUMP
TO BE
CLOSED AND LANDSCAPED
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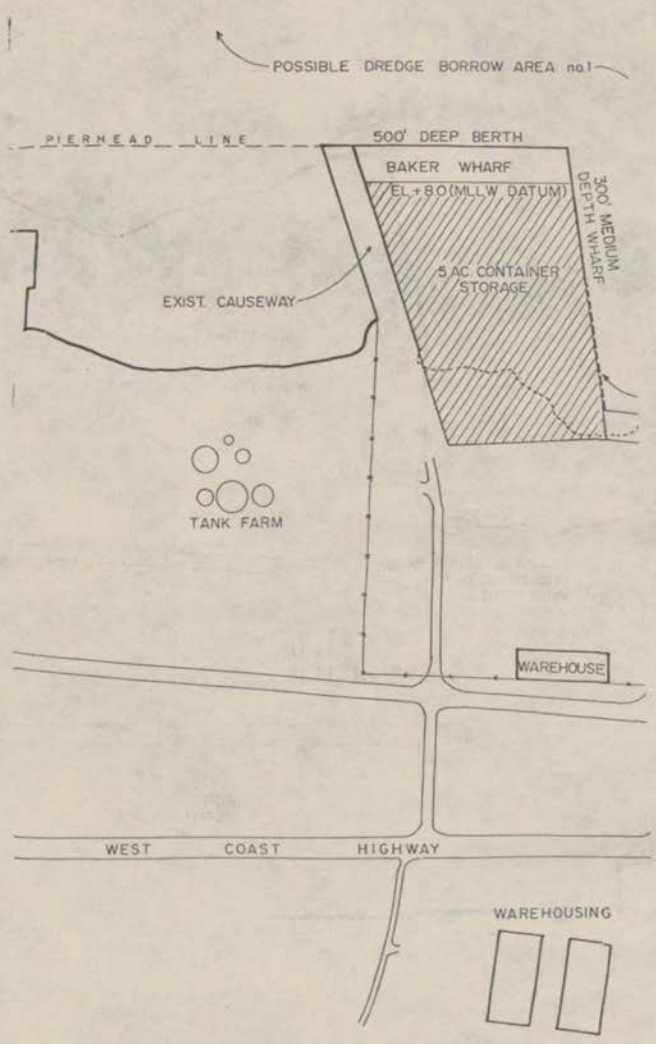

POSSIBLE DREDGE BORROW AREA no.1
PIERHEAD LINE
500' DEEP BERTH
BAKER WHARF
EL.+80(MLLW DATUM)
300' MEDIUM DEPTH WHARF
5 AC. CONTAINER STORAGE
EXIST. CAUSEWAY
TANK FARM
WAREHOUSE
WEST COAST HIGHWAY
WAREHOUSING

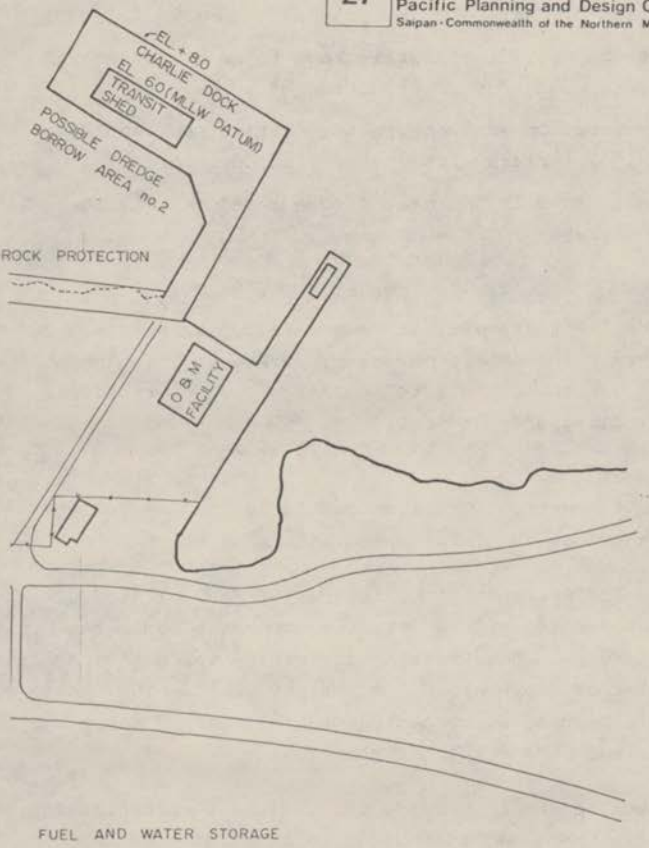
SAIPAN ISLAND
PHYSICAL DEVELOPMENT MASTER PLAN

# COMMERCIAL PORT

27

January 1978

Pacific Planning and Design Consultants
Saipan - Commonwealth of the Northern Mariana Islands



The long term commercial port facility would then have approximately 304.8 meters (100 feet) of deep berthing, 182.9 meters (600 feet) of medium berthing, 10 acres of container storage, a transit shed to be rebuilt on Charlie Dock for break-bulk cargo, a warehouse, scales, etc. Factors that inhibit the immediate reconstruction of Charlie Dock include:

a. The cost of upgrading Charlie Dock to modern standards approaches costs for construction of a new pier.

b. The construction work to upgrade Charlie Dock would seriously interfere with stevedoring operations.

c. It appears that in the near future two docks will be needed anyway.

It is therefore recommended that only interim repairs to Charlie Dock be made. For example, it is necessary to install a 12' x 12' timber curb for safety purposes. Presently, equipment operators do not use the outer 5 to 10 feet of the pier because of the danger of rolling off the pier.

Baker Wharf

Rather than reconstruct Charlie Dock it is recommended that a new Baker Wharf be the first phase of construction.

Construction of Baker Wharf would add 500 feet of deep water berth (30-35 feet deep) and 300 feet of medium depth berth (15-20 feet deep). Construction activities would include dredging to a 35-foot depth alongside the new wharf. The dredge material could be used as compacted backfill behind Baker Wharf for a container yard and other purposes.

Ultimate development to provide for efficient mechanization of the commercial port, would include an extended pier head line established on a straight line from the northwest corner of Charlie Dock to the south end of the old Army pier. If major transshipment activity is thus developed, container crane tracks and other mechanized equipment and facilities could be installed to serve more than 2000 feet of deep water wharf.

Container Yard

The container yard would require about 5 acres to handle an average of 40 containers per day and 10 day demmurage. The container yard should also be raised on a good foundation and paved with a minimum 4 inches of A.C. on a 12 inch base.

Other requirements include:

a) break-bulk shed
b) security fence
c) control tower
d) flood lights
e) electric outlets for refrigerated containers and
f) truck scales, etc.

Subsequent to the completion of Baker Wharf, Charlie Dock can be renovated, thereby avoiding the discontinuance of service during construction. Estimated cost for the construction of Baker Wharf is given in Table 38.

Charlie Dock Reconstruction

The eventual reconstruction of Charlie Dock would include an envelope of a new concrete-capped, steel sheet pile wall with tie backs and a new fender system. The new wall should be 2 or 3 feet outside the existing block wall. The deck level should be raised to an elevation of 8 feet to minimize overtopping by waves and to provide a suitable backing for the fender system. A new transit shed would have to be constructed.

Reconstruction of Charlie Dock would provide an additional 400 feet of medium depth dock and 550 feet of deep dock, 30 to 35 feet deep. (See estimates Table 39).

TABLE 38

ESTIMATED COST FOR CONSTRUCTION OF BAKER WHARF

| | |
|---|---|
| New/500' Baker Wharf (35' depth, 60 returns): | |
| Sheet Piles & Tie Backs 620' @ $1600 = | $ 992,000 |
| Fenders 500' @ $500 = | 250,000 |
| Cleats & Misc. Metal 500' @ $50 = | 25,000 |
| Pave Wharf 500' x 60' = 30,000 SF @ $1.35 = | 40,000 |
| SUBTOTAL: | $ 1,307,500 |
| New Medium Depth Wharf (East Side): | |
| Sheets 240' @ $1200 = | 280,000 |
| Fenders 300 @ $350 = | 105,000 |
| SUBTOTAL: | $ 393,000 |
| Fill for New Wharf & 5 Ac. Container Storage: | |
| Dredge Fill (-10 to +8) | |
| 165,300 c.y. @ $5.00 = | 826,500** |
| Dike on east side 500' @ $200 = | 100,000 |
| Dike on north face 450' @ $200 = | 90,000 |
| SUBTOTAL: | $ 1,016,500 |
| 5 Acre Container Storage: | |
| Paving & Base 218,000 SF @ $1.35 = | 294,300 |
| Fencing 1600 LF @ $15.00 = | 24,000 |
| Rock Protection east side 300 LF @ $100 = | 30,000 |
| Flood Light | 80,000 |
| Electric Underground | 25,000 |
| Warehouse | 150,000 |
| SUBTOTAL: | $ 603,300 |
| TOTAL SHORT TERM: | $ 3,320,300 |
| ENGINEERING INSPECTION 10%: | 332,000 |
| TOTAL: | $ 3,652,300** |

* Utilities, unless specified, are not included

** Assumes dredge fill from Harbor and Channel. Cost for dredging harbor and channel may be borne by the federal government. Should a Corps project not be simultaneous with Dock construction estimated cost for land fill material is approximate 3.000/ cubic yard or 500,000.

TABLE 39

ESTIMATED COSTS FOR RENOVATION OF CHARLIE DOCK

| | |
|---|---|
| **Short Term Improvements** | |
| **Emergency Repairs for Charlie Dock** | |
| Bull Rail and Fenders | $ 50,000 |
| Structural Analysis of Charlie Dock | 70,000 |
| SUBTOTAL: | $ 120,000 |
| **Long Term Improvements** | |
| **Reconstruction of Charlie Dock*:** | |
| Sheet Pile & Tie Back 900' @ $1600 = | 1,440,000 |
| Fenders 500' @ $500 = | 250,000 |
| 400' @ $350 = | 140,000 |
| Fill - 4' Deep - 100,000 SF - 14,800CY @ $6.00 = | 88,800 |
| 130,000 SF @ $1.00 | 130,000 |
| Cleats & Misc. 500LF @ $50 = | 25,000 |
| Lights & Power Service | 50,000 |
| SUBTOTAL: | $ 2,123,800 |
| Transit Shed on Dock | 160,000 |
| SUBTOTAL: | $ 2,283,800 |
| Engineering & Inspection 10% | 288,200 |
| TOTAL: | $ 2,512,000* |

* Utilities on Dock not included. Does not include cost of any breakwater or significant harbor dredging.



63-072 O—80——62

In addition, dredging of portions of the Saipan harbor and channel will be required to complement development of the dock and its related facilities. An application requesting Federal Assistance should be filed with the U.S. Corps of Engineers to accomplish this work.

Garapan Wharf

Small-boat fishing facilities are planned for Garapan Wharf. Work would involve dredging to improve the passages in the lagoon and permit better access to the dock, and construction of a launching dock, a building, boat slips, and a secure boat storage area. It is hoped that breakwaters and navigational aids will be constructed with Federal funds.

The buildings at the small-boat center will include:

* A service building for refrigerated storage of fish for ice making and to house equipment for weighing, cleaning and selling fish.

* A second building will contain offices for the government agencies involved in developing the fishing industry, and offices for fishing cooperatives. A classroom/meeting room will be available for training purposes, as well as for co-op meetings.

* Land should also be made available for a secure one or two acre boat repair yard.

Estimated costs of the fishing wharf are indicated on Table 40.

Recreational Facilities

Marinas for power boats and sail boats will be constructed as part of the development plans for the American Memorial Park. Capital Improvement costs for the park including the two Marinas will come from the $2,000,000 trust fund. In addition, marine fuel taxes and boat berthing fees should be set aside

Mr. DUNCAN. Lt. Governor, we will be please to hear your summary statement.

Mr. ADA. Very short, Mr. Chairman. First of all, I would like to extend the regret of Governor Camacho for not being able to be present here. The failing health of his father prevented him from leaving the island; and his father passed away three days ago.

Mr. DUNCAN. I'm sorry, would you convey the condolences of the committee?

Mr. ADA. I certainly will Mr. Chairman. As you indicated, my statement has been submitted for the record. We do want to prioritize, and in the interest of brievity, I will take just a few minutes of your time.

Mr. DUNCAN. You take what time you need to give us the message.

FUNDING REQUESTS

Mr. ADA. I certainly will. First of all, we are asking for $20,465,000 that is provided for in the Covenant, plus a $3,318,000 allowance for inflation, as a supplemental for fiscal year 1980.

Mr. DUNCAN. That's provided for in the covenant, too.

Mr. ADA. Yes, the Covenant provided that funds should be based on the 1975 prices. In addition to that, we are asking for a supplement for $5 million for power distribution.

Mr. DUNCAN. For power distribution?

Mr. ADA. Yes. And $2 million for the overhaul of the power barge and pilings; $3 million for the American War Memorial Park.

POWER PLANT AND DISTRIBUTION SYSTEM

The committee was very generous to give us at least $5 million in fiscal year 80 for the power plant. The power plant will be complete by next month and will be in operation We still have the problem of trying to extend power to many places on the island.

Mr. DUNCAN. Is your present distribution system usable and functional?

Mr. ADA. Yes sir, but it was installed there immediately after the war. It is not in good condition, and we have constant problems with power.

Mr. DUNCAN. So you've got to rehabilitate your existing distribution system then add to it. Is that what you want?

Mr. ADA. Yes, sir. This is very important because now that we have a $5 million power plant, we have got to make use of it, and therefore in order to generate revenue, we've got to extend power to places where economic activities can be brought about.

Mr. DUNCAN. It's called the ratchet effect, Governor.

Mr. ADA. I didn't have any word that would adequately describe it.

ARMY POWER BARGE

We are also bound by contract with the Army Corp of Engineers to overhaul the power barge and piling and return it in the shape that we got it from them.

Mr. DUNCAN. What's that, the power box and pilings?

Mr. ADA. It's a floating power generator.

Mr. DUNCAN. Oh that floating plant up there. That was just loaned to you temporarily, and it's got to be overhauled before you return it.

Mr. ADA. Yes sir.

Mr. DUNCAN. What'd you do to it?

Mr. ADA. Well since we got it in 1975, it has to be overhauled. It's been subject to heavy seas, typhoons, and what have you. We still have to overhaul it——

Mr. DUNCAN. What kind of vessel is it?

Mr. ADA. Well it's a——

Mr. DUNCAN. It is a barge.

Mr. ADA. It's a barge, yes.

Mr. DUNCAN. How much do they want to overhaul the barge?

Mr. ADA. We estimate it to be about $2 million, to overhaul it.

Mr. DUNCAN. Is that the generating, overhaul the generating facilities, or just the——

Mr. ADA. Inclusive of everything.

Mr. DUNCAN. $2 million. What are they going to do with it?

Mr. ADA. Last year we made a strong pitch to try to acquire permanent possession of it. But I was told by the good general that it is still part of the contingency requirement here that if they declare it surplus, they would have to come up with $25 million elsewhere to replace such surplus. We're still trying to make a strong case, whether——

Mr. DUNCAN. Do you need that generating capacity?

Mr. ADA. We certainly do in the event——

Mr. DUNCAN. For what?

Mr. ADA. For assembly unit.

Mr. DUNCAN. What you're telling me is, now you've got a power plant, but you've got to have more lines, a distribution plant. You get those distribution lines, and you'll be in here next year saying, hey we got all these customers out here, and we don't have the capacity, we've got to have another power plant.

NEW POWER PLANT

Mr. ADA. I think the present, the new, power plant will be able to adequately serve the Commonwealth for the next possibly——

Mr. DUNCAN. But you want it for standby?

Mr. ADA. Yes. We have no standby capability at the present time, other than, we're picking close to about 13,000 kilowatts a day and the total generators which are available for standby are only 9,000 kilowatts and they are mostly diesels.

Mr. DUNCAN. What's your new generation, what kind of power do you use in the new plant? Isn't that diesel?

Mr. ADA. No; that's heavy oil. It's cheaper than diesel.

Mr. DUNCAN. All right.

WAR MEMORIAL

Mr. ADA. In addition to that we're asking the committee for $3 million to get going on the erection of the war memorial.

Mr. DUNCAN. Where is that planned for?

Mr. ADA. That is planned on the island of Saipan that area that is situated right by the beach there. It's north of——

Mr. DUNCAN. Is that the point where the suicides were alleged to have taken place?

Mr. ADA. No sir, this is way further down, about the center of the island. It's immediately north of the Continental Hotel. Right on the ocean side.

Mr. DUNCAN. I see, what will it mark? It's the whole war in the Pacific, I take it,

Mr. ADA. It will have among, other things, outdoor recreational facilities like amphitheaters. There will be—the monuments commissions were out there and they were interested in putting, as a matter of fact, they will put in, a monument strictly commemorating the American dead over there.

This is important because we have a very promising tourist industry on Saipan. I think this is an added recreational facility.

Mr. DUNCAN. The little Japanese memorial to their troops, wasn't there a high——

Mr. ADA. The Japanese government built one memorial.

Mr. DUNCAN. That on Tinian?

Mr. ADA. No on the other side, at the last command post.

Mr. DUNCAN. All right, and you want $3 million to start on that?

Mr. ADA. Yes.

Mr. DUNCAN. You think we ought to start on that this year, when we're trying to balance the budget?

Mr. ADA. We're making our request, sir——

Mr. DUNCAN. Thank you.

Mr. ADA. Certainly we are mindful of the——

Mr. DUNCAN. Problems——

Mr. ADA. Fiscal constraints that this country——

Mr. DUNCAN. Yes, go ahead. Good answer.

Mr. ADA. But the primary reason why we want this war memorial is because it is a memorial in memory of some 3,000 great soldiers of this country who gave their lives there. Additionally, the 3,000 plus who suffered casualties. The roughly close to about 550 innocent chamorros who died as a result of the Second World War and we feel——

Mr. DUNCAN. I expect all that who died were innocent in that sense of the word.

Mr. ADA. I guess, including my five-year-old sister.

Mr. DUNCAN. I expect.

Mr. ADA. So that is the summary of the priorities that I'm presenting to this committee.

Mr. DUNCAN. Have they started building a memorial on Guam? There was to be a memorial to the war in the Pacific on Guam, right below——

Mr. FUKUTOME. The Park Service is there, and they are starting. They haven't finished the project yet, but they have started.

Mr. DUNCAN. They have started. We have financed that operation. That's a memorial of the whole war in the Pacific, I think.

Have you gentlemen anything you want to add to what the Lt. Governor has told us?

Mr. NEWMAN. Mr. Chairman. I might add that we spent approximately $50,000 in local funds in clearing the land for the memorial property. We've gotten started on our own.

Mr. DUNCAN. You have. The land is acquired and owned by the government of Northern Marianas?

Mr. ADA. Actually it's a part of the military lease land.

POLITICAL STATUS

Mr. DUNCAN. For the record, what is the exact status of the government of the Commonwealth of the Northern Marianas right now? The trust has never been formally terminated. Has it?

Mr. ADA. No.

Mr. PANGELINAN. Mr. Chairman, the President of the United States is anticipating 1981 for the termination of the agreement.

Mr. DUNCAN. And that has to be done between the two governments with the approval of the United Nations?

Mr. PANGELINAN. The United Nations and the Federal Government.

Mr. DUNCAN. So it's really a kind of de facto Commonwealth government that we have now that accommodates the relationships between the United States and the Northern Marianas. In the eyes of the world, through the Security Council, the Northern Marianas Commonwealth does not exist and won't until 1981?

Mr. PANGELINAN. That is correct. It is a half-commonwealth.

Mr. DUNCAN. All right. We are pleased to welcome Mr. Murtha to our group.

Mr. MURTHA. Thank you, Mr. Chairman.

Mr. DUNCAN. Not from the Commonwealth of Northern Marianas but the Commonwealth of Pennsylvania.

Mr. MURTHA. That's correct. That's right.

DRAW-DOWN OF FUNDS

Mr. DUNCAN. That was probably a mistake, I think we probably did the right thing in the Northern Marianas, but in Pennsylvania, I'm not so sure.

All right. Would you explain why the Commonwealth of the Northern Marianas believes it should receive all of its grant funds immediately upon appropriation, rather than through the regular procedures of the Department of Interior and the Treasury Department? Now I understand the practical reasons, because you want to pick up the arbitrage, but why should we handle it differently for the Northern Marianas than we do with the other islands? Take your time.

Mr. ADA. I would like to have Mr. Sablan answer that question.

Mr. DUNCAN. All right, Mr. Sablan. What's the difference between the Northern Marianas and the Virgin Islands, let's say.

Mr. SABLAN. Mr. Chairman there has been a number of things evolving regarding the questions of draw-down, which is essentially what is referred to here. We are looking at the situation now, and we understand that there are all kinds of budgetary constraints and so forth. In light of that, after listening to the Governor here, we will continue to pursue this somewhat mildly and with the view

that there is certainly a need for additional funding for the Marianas because of its new status.

Mr. DUNCAN. What you're saying is that if you don't get your money in arbitrage, you're going to have it from some other source?

Mr. SABLAN. Essentially the Commonwealth government has looked into this issue, is what I'm saying, and felt that we have to identify additional funds locally, but also funds for purpose of investment so we can generate additional revenue to help support the new requirements in our government.

Mr. DUNCAN. All right.

Mr. SABLAN. So that's essentially the situation.

Mr. DUNCAN. So you're not really arguing that the Marianas are in a different status with respect to the advancement of Federal funds than the Virgin Islands, Micronesia or Guam?

Mr. PANGELINAN. Mr. Chairman, can I answer that?

Mr. DUNCAN. Let me get his answer first. You're not making that contention?

Mr. SABLAN. There is a difference.

Mr. DUNCAN. There is a difference?

Mr. SABLAN. Yes, for example. Status from the rest of the territories, as we see it——

Mr. DUNCAN. Do you want to expand on that?

Mr. PANGELINAN. Yes, Mr. Chairman, because I was one of the individuals responsible for the negotiation of the Covenant. We believe that the Covenant does permit such an advance draw-down. We believe that the Covenant is a document which clearly distinguishes the Northern Marianas from the other territories. An agreement was reached with the peoples of the Northern Marianas and the United States which permits such an accommodation.

Mr. DUNCAN. All right, that's a reasonable position. Would you provide for the record, if you don't have it right now, the particular sections of the Covenant which you think set the Northern Marianas in a different category, in effect, constitute a contractual obligation on the part of the government?

Mr. PANGELINAN. I believe we have already submitted for the record, early in advance our position on that Mr. Chairman.

Mr. DUNCAN. Oh.

Mr. PANGELINAN. We will be very happy to present you with a more lengthy——

Mr. DUNCAN. No, I think this is in enough detail. I think we'll, if there's a summary of the argument in here with it, a summary in the record. I tell you what we'll do. We'll keep this in the file, because I don't want to build this record up, if I don't have to. Would you submit a paragraph or two for the record, summarizing this paper?

Mr. PANGELINAN. Yes, sir.

[The information follows:]

COVENANT FUNDING PROCESS

Section 704(c) of the Covenant states: "The amounts stated in Section 702 will be adjusted for each fiscal year by a percentage which will be the same as the percentage change in the United States Department of Commerce composite price index using the beginning of the fiscal year 1975 as the base."

This provision of the Covenant clearly indicates that it was the intent of the parties to the Covenant to provide a constant dollar, undiminished by inflation, for the direct grant assistance to the CNMI by the U.S. Government.

The present procedure used to implement Section 702 and 704(c), using fiscal year 1979 as an example, is as follows:

1. The fiscal year 1979 appropriation is made by the U.S. Congress using the United States Gross National Product Implicit Price Deflator (GNPIPD) for the quarter ending September 30, 1977. The correct GNPIPD that should be used in order to provide for all inflation before fiscal year 1979 would be the GNIPID for September 30, 1978. This figure is not available when the appropriation is made and it is therefore necessary for the U.S. Congress to make a supplemental appropriation to adjust for the inflation that occurred during fiscal year 1978.

2. A Supplemental fiscal year 1979 appropriation is made by the U.S. Congress after the GNPIPD for the quarter ending September 30, 1978 becomes available.

3. The total amount appropriated by the U.S. Congress is "drawn-down" by the CNMI during fiscal year 1979, as required, in more or less equal installments during the entire year.

The above procedure provides adjustment for all inflation occurring prior to fiscal year 1979 but makes no allowance for inflation occurring during fiscal year 1979. OMB only permits CNMI to "drawn-down" the Covenant Grant as required. The "draw-downs" are made throughout the fiscal year and therefore the "constant dollar" provided for by Section 704(c) has diminished in value by approximately nine percent (based on the current rate of inflation, computed for six months) for the original appropriation. In addition, the supplemental appropriation referred to in No. 2 above now approximates three million dollars and is received approximately eighteen months later. This results in a further erosion of the "constant dollar", provided for by Section 704(c) of the Covenant, by 25 percent at current inflation rates. This procedure is not in accordance withe the intent of Public Law 94-241.

This inequity may be corrected by allowing the CNMI to draw-down the entire amount provided by Section 702 and 704(c) of the Covenant as soon as it is appropriated by the U.S. Congress. The money would then be invested by CNMI in order to mitigate the effects of inflation. It should also be noted that the recommended change in the procedure would be consistent with the assurances of self-government given to the Commonwealth throughout the Covenant.

Mr. DUNCAN. Then I want to look at that, too. Also put the answers for these additional questions in the record. I'll repeat to you what I have said to other delegations, when we ask you to put the answers to questions in the record, we do not attribute any less significance to the responses than if we had asked them orally. So prepare your answers as carefully as you would orally respond.

[The questions and answers follow:]

QUESTIONS BY THE COMMITTEE, ANSWERS PROVIDED BY THE GOVERNMENT OF NORTHERN MARIANA ISLANDS

*Question.* The Congress provided $5 million in fiscal year 1980 for the partial payment of construction of a new powerplant in Saipan. Does the CNMI plan to make up the difference out of their Covenant funds?

Answer. Congress provided five million dollars in fiscal year 1980 for the partial construction costs of a new power plant in Saipan. The total cost of the new power plant is approximately $8 million. The additional cost of three million dollars is being defrayed by CNMI Covenant funds and local revenues.

*Question.* Public Law 96-205 authorizes $24,400,000 for medical facilities in the Northern Marianas. Please explain your needs for such facilities. Has the Department of Health and Human Services reviewed your needs in this area?

Answer. The construction of new medical facilities for the Northern Marianas, authorized by Public Law 96-205, are required because of the substantial population increase projected by the Commonwealth and the inadequate and antiquated state of our present hospital on Saipan. A sense of urgency is demonstrated for the need for the early completion of this project by the fact that our planning indicates an additional cost of $3 million dollars per annum or $8,500 per day because of inflation occuring between the present and the estimated completion date in 1982. A detailed budget justification will be submitted within two months.

The analysis and evaluation of the needs for this project are being coordinated with both HEW and the Department of the Interior as memorialized in the House Interior Committee's report no. 5. page 50, dated March 15, 1980.

*Question.* Your justifications on Page Terr 132 show a significant decrease in revenues associated with income tax, beginning in fiscal year 1981. Why is this the case?

Answer. The Budget Justification on page Terr 132 shows a significant decrease in revenues associated with income taxes beginning in fiscal year 1981. This was based on the presumption that the Trust Territory Government would be terminated in fiscal year 1981 and therefore our Public Law 1-30 would expire because of a built-in provision in the law.

Our projected annual revenue for income taxes has since been revised to $5,800,000 for fiscal year 1981 based on current information and a revenue bill now before the Legislature, which has apparent support. Our current tax structure, in accordance with Public Law 1-30, is functioning well, has widespread support and is likely to be reenacted upon the termination of the trusteeship. Our present projection for local revenue from all sources for fiscal year 1981 is $11,500,000.

*Question.* Has the CNMI Federal Laws Commission been appointed yet? If not, when is it expected to be appointed and when will it begin work?

Answer. The following members of the Commonwealth of the Northern Marianas' Commission on Federal Laws have been appointed: (a) James Joseph, Chaiman; (b) Edward DLG. Pangelinan; (c) Pedro A. Tenorio; (d) Jesus C. Borja; (e) Agnes M. McPhetres; (f) Myron Thompson.

The organizational meeting of the Commission will be held May 7, 1980.

ECONOMIC DEVELOPMENT LOAN FUND

How much of total funds have been appropriated to the economic development loan fund through 1980?

Mr. M. SABLAN. We are seeking close to $2.3 million for fiscal year 1981, the total would be roughly $6 million.

Mr. DUNCAN. That has been appropriated up through 1980?

Mr. M. SABLAN. No, the appropriation for 1979 and 1980 is $1.75 million.

Mr. DUNCAN. Each year.

Mr. M. SABLAN. Each year, adjusted for inflation.

Mr. DUNCAN. $1.75 million?

Mr. M. SABLAN. Yes.

Mr. DUNCAN. Plus inflation?

Mr. M. SABLAN. That's correct.

Mr. DUNCAN. Did we appropriate for the economic development fund before 1979?

Mr. M. SABLAN. In 1978 it was a pro-rated appropriation because the cabinet provided that upon the council of government, the operation of the Covenant would apply in terms of the financial provision.

Mr. DUNCAN. Did we have an economic development fund before the covenant was signed?

Mr. M. SABLAN. Out of the Trust Territory, yes.

Mr. DUNCAN. Out of the Trust Territory. Did this fund take it over or is it still there? Is it functioning?

Mr. SABLAN. The Trust Territory's?

Mr. DUNCAN. Yes.

Mr. SABLAN. Independent to ours.

Mr. DUNCAN. Is that the loan fund that we froze and that we discussed in connection with the Trust Territory?

Mr. SABLAN. Yes.

Mr. DUNCAN. So that there is no benefit accruing from that to you at this point?

Mr. SABLAN. None at this point.

Mr. DUNCAN. Some of the defaulted loans of that fund were in the Northern Marianas?

Mr. SABLAN. That is correct.

Mr. DUNCAN. What have you been doing with this money, let's see, $1.75 million, times 2, that's $3.5 million. You've had about $3.5 million.

Mr. SABLAN. We have made so far about $300,000 in loans for fishery, agriculture and other businesses.

LOAN PORTFOLIO

Mr. DUNCAN. Is that the size of your loan portfolio?

Mr. M. SABLAN. Mr. Chairman, in reference to the economic development fund, studies have been financed over the covenant, we have just recently established a new economic development loan fund.

Mr. DUNCAN. When you say just recently, do you mean within the past couple of months?

Mr. M. SABLAN. In the past, I would say, past eight or nine months. In terms of organizations and picking equipment and so forth. The governor's position on that is that he would like to move the new programs with good management, personnel with experience over the previous program.

In addition to that, with respect to the portfolio, we have accepted some of these loans from the Trust Territory, whereby we have taken a very aggressive collection effort in refinancing through payroll deductions and so forth. What the Lt. Governor has reported is new loans that have been made under the covenant money.

Mr. DUNCAN. OK can we talk about the $350,000.

Mr. M. SABLAN. To be exact, it's $364,266.

Mr. DUNCAN. But we had about $3.5 million, didn't we all together?

Mr. M. SABLAN. Yes.

Mr. DUNCAN. So you have a loan portfolio between $300,000 and $400,000 and the balance of the capital is still intact?

Mr. M. SABLAN. Yes. It's been invested.

Mr. DUNCAN. In investments.

Mr. M. SABLAN. With interest.

Mr. DUNCAN. All right. That has gone to fishing and agricultural——

Mr. M. SABLAN. And general business development.

Mr. DUNCAN. Are you using any of that money to finance government operations? Any government authority?

Mr. M. SABLAN. No sir.

Mr. DUNCAN. Any quasi-government authority?

Mr. M. SABLAN. No.

Mr. DUNCAN. Power company, phone company, nothing?

Mr. M. SABLAN. Nothing.

Mr. DUNCAN. What has your default rate been so far?

Mr. M. SABLAN. Zero default, because these are all new loans.

Mr. DUNCAN. There's no payment due on them yet.

Mr. M. SABLAN. Some of them have begun to accumulate——

Mr. DUNCAN. Maybe we should quit right now, while you've got 100%.

Mr. M. SABLAN. Mr. Chairman I should also add for the record the Governor has proposed to the legislature a proposal for an Appraisal Development Bank, which would, in effect provide the conduit for purposes of inducing additional capital from the outside.

Mr. DUNCAN. So you can leverage a little bit?

Mr. M. SABLAN. Yes.

Mr. DUNCAN. There's no leverage in these funds?

Mr. M. SABLAN. At the moment no.

Mr. DUNCAN. Is there any Commonwealth money in this development loan fund?

Mr. M. SABLAN. Strictly Covenant.

Mr. DUNCAN. Just Covenant funds. Which is the euphemism for the money that we're putting in through this Committee. Is that correct?

Mr. M. SABLAN. That's correct.

Mr. DUNCAN. Just so we understand. Why do we need to put more money in there now, if you've got capital of over $3 million already?

Mr. M. SABLAN. We feel, Mr. Chairman that there are still potential borrowers, for potential businesses.

Mr. DUNCAN. Have you applications now for additional loans?

Mr. M. SABLAN. Oh, very much.

Mr. DUNCAN. Have you turned down any loan applications?

Mr. M. SABLAN. We have. I also serve as Chairman of the Board of Directors of the new Board. We have turned down in fact a good number of these loan applications.

FINANCIAL RECORDS

Mr. DUNCAN. Your financial records of this fund will be kept in such a fashion that it will be subject to audit so that you can have your auditors get in and verify the transaction?

Mr. M. SABLAN. Yes sir.

Mr. DUNCAN. You'll have an audit trail?

Mr. M. SABLAN. Yes.

Mr. DUNCAN. This development bank. Where do you propose to get the capital for that?

Mr. M. SABLAN. Essentially the proposal there is to take the present EDLF experience and clothe it or make it a tool in the process of moving forward much of this development project.

Mr. DUNCAN. So your capital would be the balance remaining in the economic development loan fund?

Mr. M. SABLAN. Essentially that.

Mr. DUNCAN. And that's all the capital you'd have, you wouldn't put anymore capital in from the Commonwealth?

Mr. M. SABLAN. Mr. Chairman, the EDLF money we are referring to requires only the capital in terms of financial assistance. Essentially what we are saying is that under the Covenant agreement, what we have done is put together a source of an economic development plan for example, one of which is the financial plan.

Under that plan, we identify the kind of economic projects that we would like to put in the private sector. The economic development loan fund has been looked at to provide that service for us.

The governor thought that maybe the way we could do this was through the economic development loan fund, and therefore, the development bank proposition.

But this would be the capital we are looking at here as an annual appropriation provided by the Covenant for the purpose of the development loan.

Mr. DUNCAN. Well, your justifications from the department on page 180 discuss the development bank and say it will operate on a businesslike basis, and the loans it makes will provide collateral of sufficient quality will allow us to sell bonds throughout the United States and minimize the risks it must take. It will only make loans only to autonomous public agencies such as Housing Authority, the Airport, the Electrical power and so on.

That's on page 180. That's why I asked you that question about whether you had made any loans out of the economic loan fund. I think your answer stands, no. I think this is a prospectus statement of what you would plan with respect to activities of your bank.

Mr. M. SABLAN. Exactly, Mr. Chairman.

Mr. DUNCAN. So, but you're also going to use the loan fund as capital for that bank, so at the time of the development of the bank, if that capital is going to be used exclusively for autonomous public agencies to build up the credit rating so you can sell bonds, then what are you going to do for these little fellas without much collateral who want to buy fishing poles or start a farm or a little business?

Mr. M. SABLAN. Mr. Chairman, the statement provided there is the prospective plan. It was recommended that perhaps the development bank might take a form that would provide loans directly to a public entity, say a fishing cooperative or fishing association, a farm association, and then provide loans to its members, so to speak.

This is the planned recommendation. However, the other side of this is the questions regarding how that organization can be put together so that essentially there are loans that go out to small farmers and fishermen.

Mr. DUNCAN. So you're still at the planning stage right now, with respect to the development bank.

Mr. M. SABLAN. That's correct, sir.

Mr. DUNCAN. While you're planning, I assume you're going to use this loan fund to continue to make loans to individuals or private entrepreneurs in the private sector? Is that correct?

Mr. M. SABLAN. Most definitely.

ECONOMIC DEVELOPMENT PLAN

Mr. DUNCAN. To satisfy that demand you have in excess of $3 million in capital right now. My question is when do you expect to formalize your plans with respect to the formation of an economic development plan? Is that a year away, a year and a half?

Mr. M. SABLAN. Mr. Chairman, we had actually referred this question also to the legislative delegation, but the Governor has submitted the legislation. There were some hearings on it and I'm sure——

Mr. DUNCAN. I wish you'd submit the Governor's proposal, will you, to the Committee staff. What do you fellows say about that? You going to pass it right away?

Mr. TENORIO. It is still under consideration.

Mr. DUNCAN. The committees haven't acted on it yet. How much longer are you going to be in session?

Mr. M. SABLAN. We have our regular season now going on, and hopefully we have two regular sessions per year.

Mr. DUNCAN. I see.

Mr. M. SABLAN. The first regular session won't be out until the end of this month.

Mr. DUNCAN. So you probably won't get to it this month. When do you meet again?

Mr. M. SABLAN. We meet again in June.

Mr. DUNCAN. In June, and how long is that?

Mr. M. SABLAN. We take 90 days for a regular season.

Mr. DUNCAN. Is this first session for fiscal purposes? To set your budget?

Mr. M. SABLAN. That's correct.

Mr. DUNCAN. Then you take the general legislation in the second session?

Mr. M. SABLAN. All mostly committee work belong to the next session.

Mr. DUNCAN. Well we'd like to see the Governor's proposal. Do you have any estimates? Is it being favorably received in the legislature? Is there a lot of opposition developing to it or what?

Mr. M. SABLAN. At this point we haven't really gotten in to it, so I can't say much.

Mr. DUNCAN. I wish you'd submit for the record a statement of the types of loans, how many loans have you made so far?

Mr. M. SABLAN. Nine loans.

Mr. DUNCAN. Itemize all of them would you, the amounts and the types of businesses and their locations.

DEVELOPMENT BANK

Under the Governor's proposal, if this bank is set up, does that mean that there won't be any money left for the type of development loan that you have been making so far?

Mr. M. SABLAN. No sir, In fact, the bank will serve two purposes.

Mr. DUNCAN. So it will really just manage this——

Mr. M. SABLAN. Manage and expand its activity. Expand the activity——

Mr. DUNCAN. If that's so, how are they going to be able to use that money for their capital? You're going to have to capitalize that bank separately, won't you?

Mr. M. SABLAN. It will be a solely government owned corporation, in terms of——

Mr. DUNCAN. Do you audit the Northern Marianas, too?

Mr. FUKUTOME. Yes, sir.

Mr. DUNCAN. Have you looked at this at all?

Mr. FUKUTOME. No, sir, because it is still in the planning stage.

Mr. DUNCAN. I see, well we'd like to see that plan. We went over the question of the power plant. And we went over the questions of

rehabilitating the barge and we went over the question of the memorial. Have I overlooked anything?

Mr. SABLAN. The distribution system.

AGRICULTURE

Mr. DUNCAN. Yes, we went over the electrical distribution system. What are you doing with farming? Is farming developing there at all?

Mr. SABLAN. Yes, it's an increased dimension in terms of revenue. It's second only to tourism.

Mr. DUNCAN. What's the size of your agricultural industry?

Mr. SABLAN. Roughly about 600 acres of land.

Mr. DUNCAN. How many farmers?

Mr. SABLAN. I would say roughly, most of the farmers are on Rota, Tinian, and Saipan, so we are talking about close to 100.

Mr. DUNCAN. 100 farmers. What are your crops? They had one cattle ranch that I remember visiting, didn't I?

Mr. SABLAN. Yes, there's a big cattle ranch on the Island of Tinian.

Mr. DUNCAN. That was quite a few acres there, it looked to me like you might have had 600 acres, right there.

Mr. SABLAN. He has about 7,000——

Mr. DUNCAN. 7,000 acres?

Mr. SABLAN. 7,000 head of cattle.

Mr. DUNCAN. 7,000 head.

Mr. SABLAN. Yes, inclusive of the 900 dairy cows.

Mr. DUNCAN. This other 600 acres of farms you're talking about is exclusive of that big cattle ranch.

Mr. SABLAN. Exclusive.

Mr. DUNCAN. These 600 farms, what do they raise?

Mr. SABLAN. Mostly cash crops like cucumbers, watermelons, tomatoes, bell peppers, onions, giant scallions.

Mr. DUNCAN. You raise any sugar cane in there? Or is it bad sugar country?

Mr. SABLAN. It was a good sugar country during the Japanese time, but I don't think it is economically viable at this time. It would require certainly heavy investment. There is a lot of talk about it. A lot of Japanese businessmen have expressed interest, but they have not actively pursued it.

OTHER INVESTMENT CAPITAL

Mr. DUNCAN. What about private investment capital coming into the Northern Marianas?

Mr. SABLAN. Quite a number of capital investment has come in.

Mr. DUNCAN. Mostly Japanese?

Mr. SABLAN. No, the biggest investor in the Commonwealth is really the United States.

Mr. DUNCAN. What types of investments do they make?

Mr. SABLAN. We have the Mobil Corporation; we have Duty Free; and we have Continental Amalgamation, hotels.

Mr. DUNCAN. Automobiles, did you say?

Mr. SABLAN. No, Mobil Oil Company.

Mr. DUNCAN. Mobil Oil, I see. What do they have—a distribution system? Do they have a refinery?

Mr. SABLAN. No they don't.

UNEMPLOYMENT

Mr. MURTHA. What's the unemployment rate?

Mr. SABLAN. We practically have a zero unemployment rate.

Mr. M. SABLAN. We may have some problems when the Trust Territory moves out, though. That's one of the concerns we have.

Mr. SABLAN. When I say zero unemployment rate, I mean that anybody that wants to work can find a job, because this is indicative of the fact that we have to import at the present time roughly 2,000 alien laborers. The work ranges from farmhands to live-in maids. Waitresses, bartenders, managers, accountants, secretaries. So even if the Trust Territory does move out, and even if we have to inherit some 400 of our employees, if they really want to work, they can find employment.

Now, if they're expecting to replace our Director of the Department of Public Works, or Trust Officer, they can't expect to get those same positions in the Commonwealth government because we already have the slots filled.

Mr. DUNCAN. How many people are employed by the territorial government?

Mr. SABLAN. At the present time, roughly 1,500.

Mr. DUNCAN. Fifteen hundred.

Mr. MURTHA. With full employment out there. At the time, the Mariana citizens have 150 people over there, we understand.

Mr. DUNCAN. One hundred fifty.

Mr. MURTHA. One hundred fifty Mariana citizens.

Mr. DUNCAN. What's the average wage?

Mr. M. SABLAN. $4,200 a year.

Mr. DUNCAN. What would your average hourly wage be?

Mr. SABLAN. The minimum wage at the present time is $1.35.

Mr. DUNCAN. Well, if there's nothing else gentlemen. Thank you very much. I appreciate your coming in.

STAFFING OFFICE OF ASSISTANT SECRETARY

Mr. DUNCAN [continuing]. Now we have a couple of questions for the Assistant Secretary. How many personnel are you expecting in the office of the Assistant Secretary? When can we expect the funding request?

Mr. GREEN. We, within the department, are finalizing an amendment which we will have very shortly.

Mr. DUNCAN. How many people are you going to put in?

Mr. GREEN. Our proposal is for an additional 36, is that right?

Mr. GALLAGHER. Ten in the immediate office.

Mr. GREEN. I think——

Mr. DUNCAN. Ten in the Office of the Secretary. These will be ten in addition to the people we've been employing in the Office of Territorial Affairs?

Mr. GREEN. That's correct, yes.

Mr. DUNCAN. Are you adding some more people in the Office of Territorial Affairs?

Mr. GREEN. I'm sorry, I thought your question was directed on our reorganization, I'm sorry.

Mr. DUNCAN. So what do you add another 20 people in the Office of Territorial Affairs?

Mr. GREEN. Well let's separate the immediate office from the entire organization.

Mr. DUNCAN. All right.

Mr. GREEN. The immediate office would be about ten.

Mr. DUNCAN. All right.

Mr. GREEN. The additional staff would be involved in technical assistance, budget assistance and other areas like that, approximately 16.

Mr. DUNCAN. And where are those people going to be located, their payroll? In the Office of Territorial Affairs?

Mr. GREEN. In the Office of Territorial Affairs.

Mr. DUNCAN. Do you have any corresponding reduction in the Office in Territorial Affairs?

Mr. GREEN. Reduction?

Mr. DUNCAN. In personnel.

Mr. GREEN. No.

Mr. DUNCAN. So we're adding thirty people?

Mr. GREEN. This would be embodied in a fiscal year 1981 amendment, if approved by the Administration.

Mr. DUNCAN. What are we going to get for those extra thirty people?

Mr. GREEN. I think we'll get a lot; the territories will get a lot. The President's policy placed some major emphasis on the provision of technical assistance in budget, long term planning, and economic development planning. These are some of the things that this Committee expressed concern about, certainly Chairman Yates and Mr. Dicks and others have. We are attempting to put people in a position to deliver technical assistance more directly.

Mr. DUNCAN. How many people in the Office of Territorial Affairs?

Mr. GREEN. Currently there are twenty-seven.

Mr. DUNCAN. What is this technical assistance? How are you going to increase the technical assistance available in the territories? I personally thought this was technical assistance to you, it isn't, it's to the territories. Is that right?

Mr. GREEN. That's right.

Mr. DUNCAN. Now, how are you going to provide this? Are you going to do it by contract? Are you going to send people out there, or what?

Mr. GREEN. We contemplate all that. Our position right now is to increase the technical in financial systems through the Comptrollers whom you've seen during the last couple of days.

Mr. DUNCAN. They've been doing a pretty good job. They don't need anymore help do they? You fellows don't need anymore help do you?

Mr. GREEN. No, they don't need help; but I'm saying that we're placing a greater emphasis on technical assistance, and hopefully the territories will be receptive. Indeed, our proposal is responsive to increased demands for technical assistance.

Mr. DUNCAN. How many people do you have working for you?

Mr. FLEMING. I've got a position to fill right now.

Mr. DUNCAN. How many have you got?

Mr. FLEMING. 26 all together.

Mr. DUNCAN. What about you, sir.

Mr. FUKUTOME. I have 33 authorized, and 29 on board.

Mr. GREEN. Our proposal has no increase in the overall size of the Comptrollers' organizations.

Mr. DUNCAN. Yes, but they're back there slathering at the mouth, thinking they're going to get some more people.

Mr. GREEN. They understand there will be no increase in the overall size of the organization. The increase would be in the area of budget planning and preparation at the local level, and economic development as you see the need for long-term, economic development.

Mr. DUNCAN. It might help you auditors, wouldn't it?

Mr. FUKUTOME. Oh yes, I think also we intend to put more emphasis in the technical assistance area and less in the auditing as we are able to shift the emphasis within——

Mr. DUNCAN. Well, that'll make it easier to run your office, too, I think, wouldn't it?

Mr. FUKUTOME. Yes.

Mr. MURTHA. Mr. Chairman, could I ask a question?

Mr. DUNCAN. Yes, please do.

SIXTY MINUTES PROGRAM ON TERRITORIES

Mr. MURTHA. Mr. Secretary, there was an article on a segment from "Sixty Minutes", and I sent a copy to the Chairman, on the way they were willing to hide employment and so forth, and the Marianas had very low unemployment rates and yesterday they testified 25 percent. Why the difference?

Mr. GREEN. The significant contribution is that the Trust Territory Government is located there.

Mr. MURTHA. Is the Commonwealth located at Saipan?

Mr. GREEN. That's right, in Saipan.

Mr. DUNCAN. And they said they employed about 1,500 people with 150 from the Northern Marianas.

Mr. GREEN. It's a number about that size.

Mr. MURTHA. Also the wages are much higher than the Marianas. $1.35 vs. $.85. Did you see that segment of "Sixty Minutes"?

Mr. GREEN. Yes, sir.

Mr. MURTHA. Did you find validity in the criticism?

Mr. GREEN. I think that some of the issues discussed were historic issues. A number of improvements have taken place in the last few years.

Mr. MURTHA. Not because of the program, but they've been ongoing improvements?

Mr. DUNCAN. Was the film made recently?

Mr. GREEN. Yes, sir, it was.

Mr. DUNCAN. But they took note of what you now call historical problems?

Mr. GREEN. Yes, Mr. Chairman.

Mr. DUNCAN. By historical, what do you mean, six months, a year, two years?

Mr. GREEN. I'd say a few years.

TECHNICAL ASSISTANCE

Mr. DUNCAN. What role would the other government agencies play in this technical assistance to the territories?

Mr. GREEN. We contemplate working very closely with the Federal Regional Councils, in terms of the Pacific, on the West Coast; and here on the East Coast, in terms of dealing with the Caribbean area. We've had meetings with the Federal Regional Council representatives, and we're looking for ways to tap, by reimbursement or simply direct delivery, assistance from every agency and government wherever we can find it in response to identified territorial needs. So we'll work toward——

Mr. DUNCAN. Why is it necessary to set up an office in Honolulu, Hawaii?

Mr. GREEN. It's our belief, Mr. Chairman, that it becomes very difficult, and we have compared the cost of different approaches. It is our belief that it's very difficult to respond appropriately and in a timely manner to a need in the Pacific from Washington.

We also think there could be some cost savings involved. We've had Matt Novick of our office do some analysis of delivering technical assistance from Honolulu vs. delivery from Washington.

Mr. DUNCAN. Well, haven't you got a High Commissioner out there now in Guam?

Mr. GREEN. That's just for the Trust Territory.

Mr. DUNCAN. For the change of status, are you still going to need an office in Hawaii?

Mr. GREEN. The status of the Trust Territory will not affect that decision. The status of the Trust Territory, should it end in 1981, it is not clear what on-going responsibility the Interior——

Mr. DUNCAN. You're talking about serving Guam and Samoa, Northern Mariana Islands?

Mr. GREEN. Northern Mariana Islands, that's right.

Mr. DUNCAN. Well why would you set it up in Hawaii?

Mr. GREEN. Because it's a convenient location, within the reach of Guam and American Samoa and because of the air transportation, it's much more convenient to deal this way from Hawaii and have direct access to both Guam and American Samoa.

Mr. DUNCAN. Provide answers to these questions for the record.

[The questions and answers follow:]

HOUSE APPROPRIATIONS COMMITTEE QUESTIONS

TERRITORIAL AND INTERNATIONAL AFFAIRS

Question: Please explain how the duties of the Assistant Secretary will be different from those that were in the Office of Territorial Affairs.

Answer: Management of the needs of the territories at a higher policy level ensures (1) immediate policy attention on an equal basis with other departmental program responsibilities and (2) high-level policy support of territorial needs which require the cooperation of other Federal departments and the Congress. Institutionalization of information gathering and decision making channels removes any doubt about the importance attached by the Administration to all matters concerning the territories.

The clearest addition to the duties of the former Office of Territories is assumption of policy guidance and program over-sight responsibilities for international affairs. These responsibilities are ennumerated in the answer to the following question.

Question: Please explain what responsibilities you will have under your international affairs activity.

Answer: Following abolishment of the Office of International Activities by the Congress in December 1975, the residual oversight management responsibilities were placed with the Assistant Secretary-Policy, Budget, and Administration. These responsibilities, which we hope to augment and strengthen to assure proper management of the Department's rapidly growing involvement in international work, have been assumed by the Assistant Secretary - Territorial and International Affairs.

The Department's international work involves cooperative research and development, provision of technical training and technical advisory services on a reimbursable basis, exchanges of technical and scientific information, implementation of international conventions and agreements providing for multi-lateral cooperation on natural resources and associated environmental concerns, and implementation of domestic program objectives that have significant international components such as (1) protection of endangered species, migratory birds, and natural preserves, (2) studies of earthquake phenomena and related hazards, and (3) location, evaluation, and development of fuel and non-fuel minerals resources. All of these programs or activities are carried out by technicians and scientists either in or identified by international offices or staffs which are part of technical bureaus or offices.

The primary functions of the new Assistant Secretary are (1) to assist the Secretary and other high-level policy officials with resolution of bilateral and multi-lateral foreign policy problems which involve the Department's technical competence, and (2) to serve as a central mechanism for over-sight management of Interior's technical and scientific participation in international work, particularly those aspects which have an effect on domestic policy goals and objectives. In carrying out these functions, the Assistant Secretary:

1. Provides (1) advice and support, as appropriate, to the Secretary, Under Secretary, and other Assistant Secretaries on all international matters requiring the attention of the Secretary, and (2) an initiating and coordinating role aimed at strengthening Departmental consideration of international developments in determining Departmental policies and at marshalling the Department's natural resources expertise in support of the international aspects of its domestic missions and of U.S. foreign policy goals and objectives.

2. Serves as a focal point and principal contact for requests from outside the Department for international cooperation and provides guidance in development of priorities for responding to requests; serves as liaison on international activities with the White House, the Congress, the State Department, and other Federal departments and agencies.

3. Coordinates international activities involving more than one program area and represents the Department on interagency or other mechanisms dealing with such activities.

4. Reviews foreign travel of Department employees to assure (1) that an appropriate balance of program interests is represented when more than one program is involved, and (2) that the travel is appropriate in the light of international political conditions.

Mr. DUNCAN. Is there anything else we need to ask him? Do you have any questions Mr. Murtha, from the Commonwealth of Pennsylvania? Have you established diplomatic relations with the Commonwealth of Northern Mariana Islands?

Mr. MURTHA. We are just trying to establish diplomatic relations. In the balance, to make sure they don't get more than the Commonwealth of Pennsylvania.

Mr. DUNCAN. All right then, I think we have completed our hearings. The hearing is adjourned.

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