



Native American Issues in the 109th Congress

name redacted

Specialist in American Indian Policy

September 14, 2006

Congressional Research Service

7-....

www.crs.gov

RS22056

Summary

Native American issues before Congress are numerous and diverse, covering such areas as federal recognition of tribes, trust land acquisition, gambling regulation, education, jails, economic development, welfare reform, homeland security, tribal jurisdiction, highway construction, taxation, and many more. This report focuses on four Native American issues currently of great salience before Congress: health care, energy, trust fund management reform, and Native Hawaiian recognition. This report will be updated as developments warrant.

Thus far, more than 500 bills have been introduced in the 109th Congress that apply, in whole or in part, specifically to Indians,¹ federal Indian programs, or Native Hawaiians. Among the major Native American policy issues of concern to the 109th Congress are:

- Indian health care,
- Indian trust fund management reform,
- Indian gaming lands, and
- Native Hawaiian recognition.

Each of these issues is briefly discussed in this report.

Indian Health Care

Indian Health Care Improvement Act

Congress has for more than five years been wrestling with the reauthorization of the Indian Health Care Improvement Act (IHCIA; P.L. 94-437, as amended). Federal responsibility for Indian health care is met primarily through the Indian Health Service (IHS) in the Department of Health and Human Services (HHS). While IHS's permanent authorizing legislation, the Snyder Act of 1921, is very broad, the IHCIA authorizes a great many specific IHS programs, including health professional recruitment and retention, mental health services, urban Indian health services, construction and repair of health facilities, various special IHS funds, and IHS reimbursement by Social Security Act health programs (Medicare and Medicaid) and other public and private health insurance programs. Authorizations of appropriations for IHCIA programs expired at the end of FY2001, but Congress continues to appropriate funds for the programs.

Leading Indian health proponents in and out of Congress suggested major changes in IHCIA. A number of significant changes have not been acceptable to HHS or other agencies, however, and ongoing negotiations have produced a succession of IHCIA reauthorization bills through the 106th-109th Congresses. The first IHCIA reauthorization bill introduced in this Congress, S. 1057, was referred to the Senate Indian Affairs Committee and reported on March 16, 2006 (S.Rept. 109-222). A House bill (H.R. 5312), very similar to S. 1057 as reported, was referred to three House committees, and ordered reported by one committee, the Resources Committee, on June 21. A Senate Finance Committee bill, S. 3524, amending the Social Security Act regarding Indian health provisions in Medicaid, Medicare, and SCHIP, was reported by the Committee July 12 (S.Rept. 109-278). For detailed discussion of these bills and Indian health issues, see CRS Report RL33022, *Indian Health Service: Health Care Delivery, Status, Funding, and Legislative Issues*.

Indian Trust Fund Management Reform

Congress faces a possibly multi-billion-dollar problem stemming from Indian trust funds. The federal government's management of Indian trust funds and lands has led to financial claims

¹ In this report, the term "Indian" means American Indians and Alaska Natives (the latter term includes the American Indians, Eskimos (Inuit and Yupik), and Aleuts of Alaska); the term "Native American" means Indians and Native Hawaiians.

against the United States by Indian individuals and tribes. The Indian individual claimants alone suggest they are owed as much as \$176 billion. Besides lawsuits, the issue has also led to the controversial reorganization of two agencies, the Bureau of Indian Affairs (BIA) and the Office of Special Trustee for American Indians (OST) within DOI.

The BIA has long managed funds, lands, and related physical assets held in trust for Indian tribes and individuals. Trust lands total about 56 million acres (almost 46 million acres for tribes and 10 million acres for individuals). The funds' asset value recently totaled about \$3.3 billion, of which about \$2.9 billion was in about 1,400 tribal accounts and \$400 million was in more than 260,000 Individual Indian Money (IIM) accounts. The Treasury Department houses the accounts, including making payments to beneficiaries. Historically, the BIA was frequently criticized for its management of trust lands and funds. Investigations and audits in the 1980s and after showed that, among other problems, the BIA could not document the asset values of all trust fund accounts and could not link all trust lands to their owners and accounts. Congress enacted the American Indian Trust Fund Management Reform Act of 1994 to reform the management of Indian trust funds and assets; the act directed the Secretary of the Interior to account for trust fund balances and created the OST to oversee trust management reforms. Two years later, based on the 1994 act and general trust law, IIM account holders filed a class action suit in the federal district court for the District of Columbia against the various U.S. officials, demanding an accounting of their funds and correction of fund mismanagement (*Cobell v. Norton*, Civil No. 96-1285, D.D.C.). In addition, at least 25 tribal suits have been filed, covering specific tribes' funds. These events have led to the current reorganization of the BIA and OST and to congressional consideration of the settlement of IIM and tribal claims arising from trust fund and lands mismanagement.

Claims and Settlement²

In the first of two stages of the *Cobell* case, the district court in 1999 found that DOI and Treasury had breached their trust duties regarding (1) the document retention and data gathering necessary for an accounting and (2) the business systems and staffing to fix trust management. The court ordered DOI and Treasury to bring trust management up to current trust standards. The final stage of the lawsuit will determine the amount of money that ought to be in the IIM plaintiffs' accounts. In an intervening stage, the district court decided what historical accounting method should be used to determine the amount owed the plaintiffs. DOI in 2003 proposed reconciling all trust account transactions above a certain value but only a sampling of transactions below that value, back to 1938, while the plaintiffs had proposed using production and mapping databases and DOI data to estimate the total amount due. DOI estimated its method would show IIM losses in the tens of millions, while the plaintiffs' methods have shown estimated losses (including interest) of well over \$100 billion.

The district court has twice issued orders (September 2003 and February 2005) requiring the DOI to perform a historical accounting of all IIM trust account transactions and assets since 1887, without using statistical sampling. After the second order, DOI estimated that compliance would cost \$12-13 billion. Both times the U.S. Court of Appeals for the D.C. Circuit overturned the

² For a legal analysis and history of the *Cobell* case, see CRS Report RS21738, *The Indian Trust Fund Litigation: An Overview of Cobell v. Norton*. Case documents and further information are available at the plaintiffs' and the Justice Department's websites, at <http://www.indiantrust.com> and <http://www.usdoj.gov/civil/cases/cobell/index.htm>, respectively.

district court's order. To date the district court has not issued another order on historical accounting. The DOI continues to carry out its historical accounting plan.

Congress has acted on the *Cobell* suit chiefly through oversight hearings and through provisions in Interior appropriation acts and reports. Both the House Appropriations Committee and the conference committee, in their reports on the FY2006 Interior appropriations act (P.L. 109-54), stated that they rejected the position that Congress intended in the 1994 Act to require an historical accounting on the scale of that ordered by the district court, but no bills have been introduced in this Congress to amend the 1994 Act to delineate the extent of the historical accounting obligation.

Congress has long been concerned that the costs of the Cobell lawsuit may jeopardize DOI trust reform implementation, reduce spending on other Indian programs, and be difficult to fund. Current costs include the expenses of the ongoing litigation. Possible future costs include \$12-\$13 billion for the court-ordered historical accounting, a Cobell settlement that might cost as much as the court-ordered historical accounting, the \$27.5 billion that the Cobell plaintiffs have proposed as a settlement amount (in their statement of principles for settlement legislation), or the more than \$100 billion that Cobell plaintiffs estimate their IIM accounts are owed. Among the funding sources for these large costs are discretionary appropriations and the Treasury Department's "Judgment Fund," although some senior appropriators consider the Fund insufficient for a \$12-\$13 billion dollar settlement, much less a larger one. Among other options, Congress may await further court actions, delay a court-ordered accounting, delineate DOI's historical accounting obligations, or direct a settlement. Thus far two settlement bills, S. 1439 and H.R. 4322, have been introduced in the 109th Congress. Both bills would establish an IIM accounting-claim settlement fund (whose size was left blank in the introduced bills) from which payments would be distributed to IIM claimants (under a formula to be determined by the Treasury Secretary), establish a commission to review and recommend changes in Indian trust asset management, allow increased payments for fractionated individual Indian trust interests, create a tribal trust management demonstration project, combine BIA and OST under a new Under Secretary for Indian Affairs, and require an annual independent audit of all Indian trust funds (for detailed discussion, see CRS Report RS22343, *Indian Trust Fund Litigation: Legislation to Resolve Accounting Claims in Cobell v. Norton*). The Senate Indian Affairs Committee held hearings on S. 1439 in July 2005 (S.Hrg. 109-194) and March 28, 2006 (S.Hrg. 109-483), and, with the House Resources Committee, on both bills on March 1, 2006 (S.Hrg. 109-441). H.R. 4322 awaits further committee action. Senate Indian Affairs Committee mark-up of an amended S. 1439, with a settlement amount of \$8 billion, was scheduled for August 2 but withdrawn at the Administration's request, pending more negotiations over including IIM land mismanagement claims as well as IIM accounting and funds mismanagement claims under the \$8-billion settlement.³

Reorganization

The DOI, BIA, and OST have undertaken, or proposed, a number of administrative and organizational changes to implement trust management reform since the 1994 Act. One of the more important changes was the 1996 transfer from BIA to OST of the office that manages the trust funds; management of trust lands and other physical assets stayed with BIA. In April 2003

³ "McCain Puts Twist in Cobell Settlement Legislation," *Indians.com*, Aug. 3, 2006, available at <http://www.indians.com/News/2006/015273.asp>.

the DOI undertook a new, and ongoing, reorganization that splits the BIA trust management operations off from other BIA services at the regional and agency levels, and creates OST field operations (by placing fiduciary trust officers and administrators at BIA regional and agency offices) to oversee trust management and provide information to Indian trust beneficiaries. Tribal leaders and the *Cobell* plaintiffs vigorously oppose the current reorganization, claiming it included insufficient consultation with tribes, insufficiently defined new OST duties, and should have followed, not preceded, creation of new trust management procedures. The DOI responded that it had consulted with tribes for a year beforehand and that it had faced a court-ordered deadline. Attempts to halt the reorganization in recent Congresses have been defeated, and bills in previous Congresses proposing various changes in DOI and BIA trust management, such as abolishing OST, assigning trust line authority to a new office, or establishing a commission to recommend improvements in federal Indian trust laws and policies, have not been reported from committee. S. 1439 and H.R. 4322, however, as noted above, propose to reorganize DOI management of Indian trust assets, and S. 1439 may be marked up pending the negotiations mentioned above.

Indian Gaming Lands

The Indian Gaming Regulatory Act (IGRA; P.L. 100-497) was enacted to provide a regulatory structure for gambling on Indian reservations and certain other lands, with the intent that tribes would use gaming revenues for tribal economic development and governmental programs. IGRA prohibits gaming on any trust lands acquired after its enactment in 1988, but allows eight exceptions to this prohibition, including ones for tribes without reservations in 1988, newly recognized tribes, restored tribes, and land-claim settlements, and in circumstances where the Interior Secretary and the state governor agree that the acquisition would benefit the tribe and not harm the local community. Critics assert that the exceptions allow “reservation shopping,” where tribes seek trust lands for gaming “off-reservation” (i.e., distant from tribes’ existing reservations or current or historic locations), and also undermine the on-reservation economic development intended by Congress and encourage land claims and investor-funded tribal petitions for federal acknowledgment.

Two of the bills introduced to curb the exceptions, S. 2078 and H.R. 4893, have been reported. Both bills delete the exception requiring secretarial and gubernatorial agreement, but allow applications filed before a certain 2006 date (March 7 for H.R. 4893, April 15 for S. 2078) to go forward, although H.R. 4893 adds a geographic limitation to lands with a “nexus” to the tribe. Both bills retain exceptions for tribes without reservations in 1988, newly recognized tribes, and restored tribes (but with limitations for the latter two exceptions, including a tribal land “nexus,” Interior Secretary approval, and, for H.R. 4893, a tribal-local mitigation agreement). The land claim exception is repealed by H.R. 4893 but retained by S. 2078 although with geographic and legal limitations. H.R. 4893 adds a new exception for tribes landless on the date of its enactment, but applies the same limits as for newly recognized tribes. Opponents object that the bills add new and unfair burdens on newly recognized, restored, and landless tribes, that the exceptions for secretarial/gubernatorial agreements and land claims have been used only rarely since 1988, and especially that H.R. 4893’s requirement for mitigation agreements is an unprecedented subjection of tribal sovereignty to local governments. S. 2078 awaits Senate floor action. H.R. 4893 was considered by the House September 13 and failed to pass. (For more information, see CRS Report RS21499, *Indian Gaming Regulatory Act: Gaming on Newly Acquired Lands*.)

Native Hawaiian Recognition

Native Hawaiians, the indigenous people of Hawaii, are not currently considered Indians under federal Indian law and have no political entity that, like Indian tribes, is recognized by the federal government. Congress has however authorized a number of federal programs to benefit Native Hawaiians. Supporters of recognition are concerned that the absence of a recognized Native Hawaiian political entity endangers federal and state Native Hawaiian programs, exposing them to current legal challenges that claim the programs are race-based. At present, Indian tribes are usually recognized either by Congress or through the DOI's administrative process; Native Hawaiians, however, are excluded from the DOI process, which means congressional action is needed for a Native Hawaiian political entity to be recognized. Three bills in the 109th Congress, S. 147, H.R. 309, and S. 3064, would establish a process by which a Native Hawaiian political entity would be organized and federally recognized. The bills leave for later negotiations (and legislation) questions concerning the political entity's governmental powers and lands, and exclude the Native Hawaiian political entity from BIA programs and from coverage under the Indian Gaming Regulatory Act. Some of the arguments for and against the bills are summarized here.

Proponents argue that Congress has power to recognize a Native Hawaiian political entity because Congress's constitutional authority over "commerce with ... the Indian tribes" extends to all indigenous native peoples in the United States. They also argue that Congress has recognized a "special political and legal relationship with the Native Hawaiian people" (S. 147, §2(21)) identical with that with Indian tribes. They point to the numerous Native Hawaiian programs that Congress has established, especially the Hawaiian homelands program, which was established in 1921 when Hawaii was a territory but is now under Hawaii state control (with certain continuing congressional duties), under which certain public lands are reserved for lease only to Native Hawaiians. Proponents argue that Native Hawaiians have not given up their claims to sovereignty but rather had sovereignty forcibly withdrawn in the 1893 overthrow of the Kingdom of Hawaii, an action led by Americans living in Hawaii and with the active support of certain U.S. officials and armed forces there. (The new Republic of Hawaii agreed to U.S. annexation in 1898.) They further state that Native Hawaiians, like Indian tribes, have maintained a single distinct community, with cultural and political institutions.

Opponents dispute these points. They argue that Congress's authority extends only to Indian tribes, not to all indigenous peoples, and that hence Congress does not have constitutional authority to recognize a Native Hawaiian political entity. A September 2005 Justice Department statement echoed this concern over constitutionality. Opponents also argue that the United States does not have a special responsibility to Native Hawaiians as it has for Indian tribes. Opponents also contend that recognition of a Native Hawaiian political entity would be based on race alone, arguing that unlike Indian tribes the Native Hawaiian entity would not need to meet criteria of geography, community, and continuous political autonomy. They argue further that Native Hawaiian recognition would set a precedent for political recognition of other, race-based, non-Indian groups. For instance, the U.S. Civil Rights Commission on May 5, 2006, issued a briefing report opposing passage of S. 147 as reported, citing racial discrimination concerns. In addition, some opponents dispute the claims regarding Native Hawaiian sovereignty, arguing among other things that Native Hawaiians' sovereignty ended well before 1893 because the kingdom gave political rights to non-Native Hawaiians, or that sovereignty resided in the monarch, not the Native Hawaiian people, and ended with the 1893 overthrow.

Bills similar to S. 147 and H.R. 309 received extensive consideration in the previous three Congresses. S. 147 was reported by the Senate Indian Affairs Committee on May 16, 2005 (S.Rept. 109-68). S. 3064, an amended version of S. 147 introduced May 25, 2006, is based on discussions among congressional offices, the Administration, and the state of Hawaii. The Senate on June 8, 2006, failed to invoke cloture on a motion to proceed to consider S. 147, effectively ending Senate consideration of S. 147 and S. 3064. H.R. 309 was referred to the House Resources Committee and has not been reported. Separately, the House Judiciary Committee's Subcommittee on the Constitution held a hearing on July 19, 2005, on constitutional issues raised by H.R. 309 (Serial No. 109-37).⁴

Author Contact Information

(name redacted)
Specialist in American Indian Policy
/redacted/@crs.loc.gov, 7-....

⁴ For further analyses of legal and other issues, see CRS Report RL33101, *S. 147/H.R. 309: Process for Federal Recognition of a Native Hawaiian Governmental Entity*.

EveryCRSReport.com

The Congressional Research Service (CRS) is a federal legislative branch agency, housed inside the Library of Congress, charged with providing the United States Congress non-partisan advice on issues that may come before Congress.

EveryCRSReport.com republishes CRS reports that are available to all Congressional staff. The reports are not classified, and Members of Congress routinely make individual reports available to the public.

Prior to our republication, we redacted names, phone numbers and email addresses of analysts who produced the reports. We also added this page to the report. We have not intentionally made any other changes to any report published on EveryCRSReport.com.

CRS reports, as a work of the United States government, are not subject to copyright protection in the United States. Any CRS report may be reproduced and distributed in its entirety without permission from CRS. However, as a CRS report may include copyrighted images or material from a third party, you may need to obtain permission of the copyright holder if you wish to copy or otherwise use copyrighted material.

Information in a CRS report should not be relied upon for purposes other than public understanding of information that has been provided by CRS to members of Congress in connection with CRS' institutional role.

EveryCRSReport.com is not a government website and is not affiliated with CRS. We do not claim copyright on any CRS report we have republished.