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Federal Management of Tribal Trust Funds: Overview and Selected Issues for Congress

Congress has enacted various laws to fulfill the *federal trust responsibility*, a legal obligation under which the United States—through treaties, acts of Congress, and court decisions—“has charged itself with moral obligations of the highest responsibility and trust” toward federally recognized Tribes (*Tribes*) and individual tribal members. Over the years, this relationship has been interpreted to include a fiduciary duty to manage tribal trust assets. *Tribal trust assets* include lands, natural resources, funds, and other assets held in trust for Tribes and individual tribal members. Congress delegated performance of the fiduciary duty to manage tribal and individual trust funds primarily to the Department of the Interior (DOI) and the Department of the Treasury.

Tribal Trust Funds

Tribal trust funds, the federal management of which began in the 1800s, comprise four main sources of funding:

Treaty Payments. In the 18th and 19th centuries, the federal government entered into many treaties with Tribes, whereby Tribes often ceded their homelands in exchange for compensation. In 1820, the federal government adopted a policy of holding treaty payments in trust unless and until it distributed the funds. In 1837, Congress codified this policy and required the Secretary of the Interior to deposit these treaty payments into “special accounts” (i.e., *tribal trust fund accounts*) in the Treasury.

Investment Income. Since 1837, Congress has required tribal trust funds to be invested in specific ways to generate interest income.

Revenue from Tribal Lands. Since 1883, Congress has required the deposit in tribal trust funds of revenue from the lease and sale of products from the approximately 56 million acres of tribal trust lands as well as *restricted fee lands*, where the Tribe owns the land but the land may not be alienated or encumbered (e.g., sold, gifted, leased) without federal approval.

Judgment Funds. These funds are awarded pursuant to a judgment or legal settlement, such as those reached before the former Indian Claims Commission.

Individual Indian Money Accounts

In 1887, the General Allotment Act (24 Stat. 388) extended the federal fiduciary duty to individual tribal members. Pursuant to that act, the government divided tribal lands into individual parcels of 40 acres to 160 acres (trust or restricted fee *allotments*). Similarly, the 1906 Alaska Native Allotment Act permitted individual Alaska Natives to acquire up to 160 acres of land. Individual trust fund accounts (*Individual Indian Money [IIM] accounts*) were to

be set up for every tribal member with an allotment. Like tribal trust fund accounts, these accounts receive investment income. There are now four main types of IIM accounts:

- **Land-based accounts** contain revenues from the lease and sale of products from allotments.
- **Special deposit accounts** are temporary accounts that hold funds that could not be immediately credited to the IIM account holder.
- **Judgment accounts** contain funds from tribal distributions of litigation awards and settlements.
- **Per capita accounts** contain revenue the Tribe earned on its activities that is divided among tribal members as a per capita payment.

Federal Mismanagement of Tribal Trust Funds and IIM Accounts

Throughout the 20th century, DOI’s Bureau of Indian Affairs (BIA) and the Department of the Treasury attempted to carry out fiduciary duties in managing tribal trust funds and IIM accounts. For example, BIA was responsible for depositing funds and keeping accurate financial records. Treasury held and invested funds at DOI’s direction and provided accounting and financial management services. Concerns were raised periodically about federal mismanagement, including BIA’s accounting systems.

Congress became concerned with federal mismanagement of tribal trust funds and IIM accounts in the late 1980s and began holding oversight hearings. Around the same time, DOI’s Office of Inspector General, the Office of Management and Budget, and others reported BIA mismanagement of these funds and accounts and proposed reforms. In 1992, Congress summarized its findings in a report criticizing DOI for being slow to implement reforms.

In 1994, Congress enacted the American Indian Trust Fund Management Reform Act (*Reform Act*). The act required the Secretary of the Interior to properly discharge federal trust responsibilities, delineating those responsibilities as including (1) providing adequate accounting for trust fund balances, receipts, and disbursements; (2) providing periodic account statements; (3) providing “adequate staffing, supervision, and training” for trust fund management; and (4) establishing “consistent, written policies and procedures for trust fund management.” The Reform Act also established the Office of the Special Trustee for American Indians (OST) within DOI to improve tribal trust asset accountability and management. The Reform Act directed OST to submit a strategic plan

outlining reforms and, once the reforms were implemented, to propose terminating the office.

Meanwhile, DOI continued to be sued for mismanaging accounts. For instance, in 1996, a class of 300,000 IIM account holders sued DOI and Treasury, claiming they had failed to collect and disburse trust land revenues. In 2010, Congress settled this case, *Cobell v. Salazar*.

The Bureau of Trust Funds Administration

Following the Reform Act and *Cobell* settlement, DOI began to make changes to funds administration. In 1996, DOI formally established OST. In 1997, DOI submitted to Congress a strategic plan for trust reform, which included clearing probate backlogs, improving records management, planning the workforce, and establishing internal controls. Among other actions, in the early 2000s, DOI issued a set of principles to guide trust asset management, and OST began to use the Trust Funds Accounting System, an automated accounting and investment data system. In 2013, the Secretarial Commission on Indian Trust Administration and Reform (*Commission*) submitted a report to Congress.

In 2020, DOI established the Bureau of Trust Funds Administration (BTFA) to take over OST functions. DOI asserted that this change would ensure continuity of operations when OST closed (per the Reform Act). From FY2021 to FY2023, many in Congress expressed skepticism that this change aligned with the Reform Act and continued to fund OST. In FY2024, Congress accepted DOI's change and funded BTFA.

As of 2026, BTFA manages more than \$8.8 billion, of which approximately \$7.2 billion is held in 4,300 tribal trust fund accounts and approximately \$1.6 billion is held in 411,000 IIM accounts.

Selected Issues for Congress

Federal Management and Coordination. Since BTFA is relatively new, and given the concerns expressed about a history of mismanagement, Congress may wish to conduct oversight of the agency. Congress also may evaluate whether six other DOI bureaus that provide trust-related administration (e.g., managing oil and gas revenues) are fulfilling their duties. In 2013, the Commission recommended that DOI create a customer service call center for all trust administration agencies and that Congress establish an “Indian Trust Administration Commission” within DOI to improve coordination and mitigate tribal concerns about conflicting bureau priorities. The Indian Trust Asset Reform Act of 2016 authorized DOI to establish an Under Secretary for Indian Affairs to help with coordination. In 2023, the Government Accountability Office (GAO) recommended that DOI clarify OST/BTFA and BIA roles and responsibilities, but this has not yet been completed.

Nonfederal Management. Whether the federal government or a nonfederal entity should manage tribal trust funds is a recurring issue. Congress has increasingly supported *tribal self-determination*—that is, a Tribe's ability to manage its own affairs—and could expand that policy to tribal trust fund administration. For example, the Reform Act allowed Tribes to submit a plan to DOI to directly manage tribal

funds held in trust. Alternatively, Congress could transfer some or all responsibility for tribal trust fund or IIM account management to private entities, such as commercial banks. The Commission has urged consideration of whether privatization would deliver “efficient provision of trust services; fairness in providing those services to all eligible constituents; ... and improved quality of life for trust beneficiaries.”

Individual Customer Service. Whether BTFA adequately services individual tribal members with IIM accounts is another issue. In recent years, BTFA has tried to improve customer service. For example, per a 2021 executive order, BTFA committed to providing online account access by 2025; as of 2026, account holders still lack online account access and must call the Trust Beneficiary Call Center or contact BTFA field staff.

This lack of online access can delay service to IIM account holders and lead to high demands on BTFA staff. In 2025, BTFA estimated that field staff respond to 150,000 beneficiary calls and in-person contacts annually, an average of 500 beneficiary interactions per workday. Furthermore, DOI has reported that staffing and workload issues “continue to be challenges” as the demand for beneficiary services increases. For this reason, in 2023, GAO recommended that DOI develop a strategic workforce plan. BTFA has not yet completed this plan.

Funding. Whether and how much to fund DOI's trust administration agencies is a perennial issue. Congress provided about \$100 million to BTFA in FY2024 and maintained that funding level in FY2025 and FY2026. The Reform Act required the Special Trustee to develop a consolidated Trust Management program budget for all trust administration agencies for each fiscal year, but it is unclear whether this program budget was developed. Tribal leaders have asked for an independent entity to evaluate the adequacy of the federal budget for trust management.

Fractionation. Congress may continue to debate fractionation and associated federal costs. Individual tribal interests in allotments are often split, or *fractionated*, over generations as allotments divide among heirs. Fractionated interests make it difficult for owners to manage, use, or transfer land. BTFA also faces difficulties investing and distributing funds to thousands of fractional interest owners who often are receiving small amounts. The value of these accounts may be less than the cost of their administration. Reducing fractionation may decrease BTFA's administrative costs and enable closure of some accounts. At the same time, limiting fractionation may impair tribal members' ability to receive interests in allotments.

Congress has used different strategies to address these issues. For example, the Indian Land Consolidation Act of 1983 established rules to limit fractionation during the probate process for allotments whose owner dies *intestate* (i.e., without a will). Additionally, appropriations laws for several years have stated that DOI is not required to provide a quarterly performance statement for IIM accounts that have not had activity for at least 15 months and hold \$15 or less. GAO and others also have suggested alternatives, such as charging maintenance fees or liquidating small accounts, much like commercial banks.

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