

\$1 million that the Cherokee Nation must divert from direct patient care to cover contract support costs, the Cherokee Nation health system must forego 5,800 patient visits.

While the President's FY 2013 Budget request for IHS is \$4.42 billion – an increase of \$115.9 million over the FY 2012 enacted level – IHS sees only a very modest \$5 million increase in IHS funding for contract support. The Cherokee Nation appreciates the increase, but it is less than a one percent increase over the FY 2012 enacted level. At this level, the IHS contract support cost shortfall is estimated to increase to approximately \$100 million in FY 2013. This shortfall will substantially impact Cherokee Nation, which, like other tribes across the United States, operates replacement or joint venture facilities throughout our tribal jurisdiction.

The projected CSC shortfall will force the Cherokee Nation to divert investments in job creation and other important programs to avoid decreasing primary care, dental treatment, and pharmaceutical coverage. As long as the federal government maintains the status quo of inadequate funding, the United States is failing in its partnership with tribes and is ignoring its Trust Responsibility.

Fortunately, BIA does not have the same CSC shortfall crisis. Cherokee Nation appreciates the President's Budget Proposal because it increases Indian self-determination funds by \$8.8 million. This increase must be protected during the appropriations process to avoid the same problems IHS has with CSC funding and BIA should be seen as a model for IHS.

We appreciate past and current efforts to reduce shortfalls, but it is unacceptable for sequestration or domestic deficit reduction efforts to single out tribes by cutting tribally-administered health and law enforcement programs. The federal government has a moral and legal obligation to fund these essential governmental services. The trust responsibility is not, and should not be viewed as, discretionary spending.

Indian Health Service (IHS): Under a Self-Governance compact with the Department of Health and Human Services, the Cherokee Nation constructs and maintains waterlines and improves sanitary services throughout the region. Furthermore, in conjunction with IHS contract support cost dollars, the Tribe operates a sophisticated network of eight rural outpatient health centers that provide Native People with primary medical care, dental service, optometry, radiology, mammography, behavioral health promotion and disease prevention, and a public health nursing program.

In addition to these services, the Cherokee Nation operates WW Hastings Indian Hospital in Tahlequah, Oklahoma. Hastings is a 60-bed facility offering outpatient and ancillary services with over 300,000 outpatient visits each year and more than 335,000 prescriptions filled annually. Adequate funding is required to continue this successful partnership in fulfillment of the United States' trust obligations and IHS must be exempt from future reductions during appropriations and the sequestration process as prescribed in the Budget Control Act of 2011.

Expanding the Joint Venture Program: The IHS Joint Venture program demonstrates the shared commitment of Tribal Nations and IHS. This program provides additional health facilities within the Indian health system and the staff necessary to support the

facilities across Indian Country. This program has been effective in the Oklahoma City Area as well as providing staff at our clinics across eastern Oklahoma. Cherokee Nation requests the Joint Venture program be funded at an adequate level, including CSC funds.

Indian Health Care Improvement Fund (IHCIF): In addition to the well-documented disparate funding between IHS and other federally-funded health programs, funds among the various IHS areas are distributed inequitably. In order to address such inequities, the IHCIF was created to achieve parity among the IHS Areas. Over the years, tribes have recommended the federal government implement a time-limited plan to bring all IHS Operating Units to the 80% level. To achieve parity, a \$1 billion investment will be required over a four-year period.

Substance Abuse and Mental Health Services Administration (SAMHSA) Block Grant Funds: The President's FY 2013 Budget request for SAMHSA is \$3.4 billion, a \$141.9 million decrease from the FY 2012 Enacted Level. Each state receives block grant (formula) funds from SAMHSA for providing behavioral health services to all residents within the state. However, when an American Indian is in need of behavioral health services, he typically seeks care through an IHS or tribally-operated facility, as opposed to a state agency or state-operated facility. As with competitive and discretionary funds, increasing and giving the Cherokee Nation access to this type of funding would expand our opportunity to improve our behavioral health services and better meet the system's current demand.

Bureau of Indian Affairs (BIA): Cherokee Nation compacts with the Department of Interior to administer a wide array of federal programs serving American Indians. Full federal funding is crucial for continued administration of social services, child wellness programs, child abuse services, adult and higher education, housing improvement, law enforcement service, road and bridge construction, planning and maintenance, forestry and real estate programs, and Johnson O'Malley education programs.

Indian Guaranteed Loan Program: The Indian Guaranteed Loan Program, established under the Indian Financing Act of 1974, helps Cherokees and other Native Americans access capital by guaranteeing and insuring loans to promote economic development throughout Indian Country. The program leverages appropriated monies by a ratio of 13 to 1. However, in the upcoming budget, the program sees a \$2.1 million reduction to \$5 million because it is purportedly duplicative of programs in other agencies. However, these programs do not replace the Guaranteed Loan Program. Cherokee Nation requests this highly-successful program be fully funded so tribes may access loans when attempting to increase their economic livelihood in often economic-depressed regions.

Tribal Priority Allocations (TPA): We join our fellow Self-Governance Tribes in continuing to request funding increases for the fundamental services provided as Tribal Priority Allocations. Of the 566 federally-recognized Tribes, 235 Tribes manage their own affairs under Self-Governance agreements with the BIA. Although these Tribes account for 42 percent of the federally-recognized tribes, they received roughly only 15 percent of the BIA budget, which bears the responsibility for providing services to all federally-recognized Tribes. Collectively, most of the varied programs fall under the broad category of "Tribal Priority Allocations."

The President's FY 2013 budget includes \$2.5 billion for BIA, which is \$4.6 million or 0.2 percent below the FY 2012 enacted level. While this is basically level with FY 2012's Budget, any decrease strains tribal governments. Further, the budget proposes a total of \$897.4 million in Tribal Priority Allocations and these funds must be protected as the budget process proceeds.

Sequoyah Schools and the TED Pilot Project: In 1985, Cherokee Nation gained control of Sequoyah Schools, a former, underperforming BIA boarding school. After years of tribal control, Sequoyah is now regionally and state accredited, consistently meets Adequate Yearly Progress goals and is flourishing. While Sequoyah receives funding from Bureau of Indian Education grants, the Cherokee Nation also utilizes tribal funding from motor vehicle tag sales to fund the School.

The Campus now covers over 90 acres and houses more than 400 students in grades 7-12 representing 42 Tribes. Cherokee Nation and other tribes better understand how to educate our children and provide cultural curricula that revitalizes and protects language and tribal history. The School also creates an academic environment that mirrors college preparatory schools by utilizing an advanced curriculum and using data collection to track student progress and School performance, which allows the administrators to quickly address any deficiencies or problems that develop.

Therefore, Cherokee Nation is very appreciative of the \$2 million dollars appropriated for the Tribal Education Departments (TEDs) Pilot Project in the FY 2012 Department of Education Budget. Funding for TEDs is also authorized in No Child Left Behind Act for DOI, but has not been funded. This pilot project will increase the role of TEDs in education and will help tribes provide an equitable learning environment for our children. Therefore, we request \$2 million in FY 2013 for the TED pilot project.

The pilot project will allow tribes and the federal government to utilize a method of funding that has been demonstrated to increase efficiency and self-determination in other areas. The pilot project allows TEDs to receive funding as authorized in the Elementary and Secondary Education Act (ESEA) for education programs and authorizes the TED to directly administer such ESEA programs in a similar fashion as the Cherokee Nation receives and administers funding for IHS and BIA self-governance programs. The Nation respectfully requests this Subcommittee work with the Appropriations Subcommittee on Labor, Health and Human Services, Education, and Related Agencies to ensure the pilot project is funded and that the Appropriations Act language directs the Department of Interior and Education to directly provide ESEA funding to the tribes chosen to participate in the pilot project.

Conclusion: Cherokee Nation is committed to providing federal services and direct, local-level programs, including job creation, education, health and law enforcement services, in a time when economic issues and desired deficit reduction hinder federal attempts to accomplish the same. The federal government's current fiscal situation does not negate its trust responsibility to Cherokee Nation and Indian Country. Thank you for your continued support and for the opportunity to testify on these critical FY 2013 Budget issues. Please contact the Cherokee Nation Washington Office at 202.393.7007 with any questions or requests for additional information.