

Faye BlueEyes, Director of Finance
DZILTH-NA-O-DITH-HLE COMMUNITY GRANT SCHOOL (DCGS)
Navajo Nation, Bloomfield, NM

CONGRESSIONAL TESTIMONY

Submitted to the United States Congress:

**House Appropriations Subcommittee on
Interior, Environment and Related Agencies**

Regarding

FY13 Budget Request for the Bureau of Indian Education, Department of the Interior

March 27, 2012

Mr. Chairman and Members of the Subcommittee:

Request Summary: My name is Ervin Chavez, School Board President of the Dzilth-Na-O-Dith-Hle Community School (DCGS) on the Navajo Reservation in Bloomfield, New Mexico. With me is Faye BlueEyes, Finance Director, who will be presenting our testimony on behalf of the DCGS School Board. We will focus on three areas of particular concern to our School in the Fiscal Year (FY) 2013 funding requests for the Bureau of Indian Education (BIE). The DCGS requests the following, all under the BIE budget category:

1. Provide \$109.8 million in *facilities operations* and \$76 million in *facilities maintenance* as recommended by the National Congress of American Indians in its Budget Requests.
2. Support requested \$2 million increase, at a minimum, for *Tribal Grant Support Costs*; provide \$72.3 million to fully fund
3. Restore \$4.4 million in reductions to the *Indian School Equalization Program Formula Funds* account.

Background: DCGS is a tribally controlled grant school is located in Bloomfield, New Mexico, approximately 170 miles northwest of Albuquerque, within the boundaries of the Navajo Indian Reservation. DCGS is primarily funded through appropriations received from the BIE, and pass-through funding from the Department of Education. Our school, which has been in continuous service since 1968, operates a K-8 educational program and a dormitory program for students in grades 1-12. Residential students in grades 9-12 attend the local public school. There are 109 students currently enrolled in our academic program, and 67 students are housed in campus dormitories. Our all-Navajo Board operates the DCGS through a Grant issued by the BIE under the Tribally Controlled Schools Act. The DCGS mission is to make a difference in the educational progress of our students and we believe that all of our students are capable of achieving academic success. DCGS, however, has struggled with chronic underfunding of virtually each and every one of its educational and related programs. We describe below the impacts of the underfunding in several key areas.

I. Funding for Facilities Maintenance in the amount of \$76 million and Facilities Operations in the amount of \$109.8 million. *Facilities Maintenance* funds are intended to provide for the preventative, routine, and unscheduled maintenance for all school buildings, equipment, utility systems, and ground structures. There are numerous studies that attest to the fact there is close correlation between poor or inadequate facility conditions and poor student and staff performance. And it is documented fact that 63 of the 181 schools for which BIE is responsible are rated in "poor" condition on the Bureau's "Education Facility Condition Index (FCI) for Fiscal Year 2013," the same number as in FY 2012. Without a significant increase in facilities maintenance funding, there is little doubt there can be no measurable progress in addressing the ever-growing deferred maintenance backlog of at least \$967 million (according to the 2011 draft No Child Left Behind School Facilities and Construction Negotiated Rulemaking Committee Report). The report also acknowledged that persistent underfunding of Facilities Maintenance contributes to more rapid deterioration of the aging buildings.

The DCGS is, unfortunately, one of the "poor" rated schools and with an FCI of 0.4001, it is among the poorest-rated facilities. From a practical standpoint, this means that we are not able to provide a safe, healthy learning environment for our students and staff. Realistically, some of the health and safety problems at DCGS include the closure of the *restrooms* servicing our junior high classrooms due to leaking sewer lines. Whereas the required industry standard for plumbing today is PVC piping, our 40 plus year-old buildings have galvanized pipes that have become so rusted, corroded and contain sediment experts estimate only about ¼ inch diameter of the pipes remain open. Repairs are also difficult because extensive corrosion makes any disturbance of the pipes makes it susceptible to crumbling. Adding to the sewer problems is that the sewage lagoon servicing the DCGS is not the adequate size for our complex, thus requiring *weekly* cleanouts, meaning our already over-burdened facilities have to send out one staff member to *manually* hose out each of the sewage cells in the lagoon.

The age of the facilities also impacts the water lines, which are also very corroded and contain so much sediment that we must provide *bottled* drinking water for the students (an additional cost that most public schools do not face). We also have issues with an outdated electrical transformer for which parts are no longer available and insufficient internal electrical wiring that must be replaced to avoid further electrical fires.

Most public schools have readily available, reliable internet access. The DCGS, on the other hand, has for years relied on a satellite link to support the educational technology needs of the students. The Internet access was very unreliable—depending on weather conditions and other reasons that were not able to be fully determined by the provider—which more often than not resulted in frustrating students trying to do research and/or cancelling academic lessons. We pleaded with the BIE to assess and address the problem or at least facilitate rewiring the facilities to accommodate better IT access but sadly that tech support has been so lacking for over six years that we have turned to the Navajo Nation Technology Department (NNTD) for assistance. Sadly we are placing blind faith that through the federal E-rate program we will be able to recoup the installation payment we had to pay upfront for the NNTD to begin work and to also fund the additional work to complete the technology upgrades. Even with the limited work that has been completed, the students are already seeing noticeable improvements in internet availability.

Despite our best efforts to maximize the limited facilities maintenance funds for upkeep of our buildings, there is only so much that our five-member facilities staff can do. The BIE has

estimated \$7.7 million would be needed to fix all that is on the DCGS deferred maintenance backlog, and the replacement cost would be \$19.1 million. The BIE's FY13 request for facilities maintenance is nearly level funding again (\$50.9 million), which means that once again there will not be enough to make a significant dent in the maintenance backlog of DCGS or any of the other schools.

Facilities Operations funding is for the ongoing operational expenses like electricity, heating fuels, communications, ground maintenance, refuse collection, water and sewer service, etc. However, the facilities operation expenses are currently funded at approximately 46% of need. In light of the escalating costs of these essential services—especially the cost of electricity and heating costs—it is evident the BIE's FY13 request of \$58.6 million (level funding) is still grossly inadequate.

When the facilities operations and maintenance costs are not funded at a realistic level, our schools are not able to address the small, preventable problems to keep them from becoming bigger and more expensive to fix, or we cannot even perform some needed maintenance. Further, in emergency situations, school funding must be diverted from other programs to meet these needs. For the health and safety of our students and staff, we support the NCAI-recommended \$76 million for facilities maintenance and \$109.8 million in facilities operation funding.

II. Funding for Tribal Grant Support Costs in the Amount of \$72.3 million. Tribal Grant Support Costs (TGSC), formerly known as Administrative Costs Grants, are funds provided to tribally-operated schools to cover the administrative or indirect costs associated with the operation of a school. Currently, 125 of the 183 BIE funded schools are operated by tribes or tribal school boards, with another three BIE-operated schools possibly being converted to grant status in FY13. TGSC funding is applied to the costs of payroll, accounting, insurance, background checks, and other legal, reporting and record-keeping requirements, including the preparation of required annual audits. TGSC are appropriated in a lump sum and then awarded to individual schools after application of a complex statutory formula that divides the *available* funding—not the statutorily required amount—among eligible recipients. In FY12, the funding available for TGSC met only 63.7% of the need of the schools, which is below the BIE estimated rate for FY12. This means that at 100% of TGSC need, *DCGS should have received nearly \$700,000; instead, we received only \$445,000.* What happens when there is a \$250,000 shortfall? At DCGS we have consolidated internal controls, streamlined checks and balances, and scaled back significantly our management staff. For example, our business office now has only two fulltime staff to handle all the DCGS business-related functions, such as process payroll for 90 on a bi-weekly basis; complete all the accounting; complete all tax reporting requirements; process account payables-requisitions-purchase orders, and ensure conformance with all audit requirements.

For FY13, the BIE requests a \$2 million increase, which they estimate will provide a TGSC rate of 65% of need. The DCGS is very concerned this projected percentage is being over reported. Consider that the BIE does not request *separate* start-up funds for newly converting schools but they report there may be as many as three in FY13. With no start-up funds, the additional school conversions will consume an inordinate amount of the already limited TGSC, thus further limiting the funds available to the ongoing grants/contracts.

The increase sought by the Administration not only falls well short of the schools' actual support cost needs, it fails to make even minimal progress in promoting fairness or equity with respect to the government's support costs paid for other Indian programs. As a result of contract support cost (CSC) litigation brought by tribes for BIA and IHS failures to fully fund CSC, in all other BIA program areas except education, growth has been tremendous. In fact, for the period covering FY09 to FY12, the non-school *BIA CSC account has grown by an astounding \$73.9 million*, which raised the percentage of CSC need paid from 75% to nearly 100%. In contrast, the TGSC funding during the same period increased by a mere \$2.8 million, and that was in the last two fiscal years; with the TGSC rate rising from 61% to 63.7% during that period. The schools should not have to spend years before the courts litigating their being short-changed by the BIE. Congress should fix the problem and fully fund TGSC at \$72.3 million for the indirect cost requirements of current tribally-controlled schools, and provide \$2 million in start-up funds for newly converting schools.

III. Restore \$4.4 million to Indian School Equalization (ISEP) Formula Funds account. The FY13 Budget Request proposes a \$4.4 million (or 1%) reduction in ISEP formula funds due to a 1% decline in student population. The Bureau, however, fails to recognize that schools still have costs that are not directly tied to the number of students enrolled; in essence a minimum operating costs to keep our doors open. For instance, our electrical bill is not based on the number of students served, and the buses must cover their routes whether there is one student or 50 students on that route. Further, as we have testified, many of the accounts that support School Operations are seriously underfunded so that we must constantly utilize our education-program (ISEP) funds to offset non-academic costs such as student transportation, maintenance, administrative functions to name a just a few. Despite our best efforts to stretch each and every dollar, in school year 2012-2013 DCGS will be forced to reduce the number of student school days and instead operate on providing the requisite number of contact hours for each grade level.

Conclusion

It is widely acknowledged that investments in education have a direct economic impact as well as benefits to the individual. Studies have also shown that reductions in education expenditures have negatively impacted employment rates. With our native students coming from some of the hardest hit areas in these times of economic downturn, we ask Congress to provide the levels of education funding that will enable us to provide a quality education in safe and secure environment for our students. We are grateful for any assistance you can provide.

Respectfully submitted,
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