



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

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The Honorable Paul J. Fannin
United States Senate

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Dear Senator Fannin:

In accordance with your request of July 31, 1974, and subsequent agreements with your office, we obtained information on the Bureau of Indian Affairs' planning and budgeting system, called band analysis, and the determinations of funding levels needed to educate Indian children in public schools under the Johnson-O'Malley program. Specifically, we determined (1) whether the Bureau informed local public school district officials of the band analysis procedures to be followed in establishing the level of Johnson-O'Malley funds needed, (2) whether State and local school district funding needs to educate Indian children were determined before preparing the band analysis budget, and (3) the extent of tribal involvement in preparing the band analysis budget. As your office requested, we directed our review to the fiscal year 1976 band analysis for Arizona.

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The Bureau established the Band Analysis System in response to the need for Indian participation in the Bureau's program planning process. Through band analysis, Indians identify their needs and establish their funding priorities on a program-by-program basis. The Johnson-O'Malley program was among the programs included under the Bureau's Band Analysis System. Under the Johnson-O'Malley program, the Bureau, through contractual arrangements with States, school districts, or Indian corporations, provides funds for the education of Indian children living on reservations but attending public schools. Johnson-O'Malley program funds supplement other Federal and State education financial aid.

We previously briefed your office on the results of our review, including the Bureau's plan to eliminate the Johnson-O'Malley program from future band analyses. As your office requested, we are briefly summarizing the results of our review.

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INFORMATION ON BAND ANALYSIS PROCEDURES
WAS NOT GIVEN TO LOCAL SCHOOL OFFICIALS

Officials of the Bureau's Phoenix and Navajo Area Offices told us that procedures for preparing the band analysis had been explained to Bureau personnel and certain tribal officials. They added, however, that local public school district officials were not given information on the band analysis procedures. Bureau Central Office officials said that they had not directed their Area Office to give such information to school officials.

We discussed this matter with public school district superintendents of the Whiteriver, Keams Canyon, Indian Oasis, and Window Rock Districts. They said they had not received any information from the Bureau on band analysis procedures.

THE BUREAU DID NOT OBTAIN INFORMATION ON
JOHNSON-O'MALLEY FUNDING NEEDS FROM
STATE AND LOCAL SCHOOL DISTRICTS

Phoenix and Navajo Area Office officials said they neither sought assistance nor used information from the Arizona Department of Education or local school districts in determining the amount of Johnson-O'Malley funding. They said that they did not contact local public school officials because the Johnson-O'Malley funding request for Arizona was compiled by its Department of Education and that they did not contact State officials because the State budget was prepared after the Bureau's band analysis was completed.

Local officials of the Indian Oasis, Keams Canyon, Whiteriver, and Window Rock School Districts told us that the exact amount of Johnson-O'Malley funds needed would not have been known at the time the Bureau's fiscal year 1976 band analysis was prepared. They added, however, that the Bureau could have been given an estimate.

Phoenix Area Office officials said that their 1976 Johnson-O'Malley band analysis figures were computed by the Phoenix Area Office's Division of Education. Division of Education officials said that the amounts of Johnson-O'Malley funds which they suggested were based essentially on the previous year's figures with certain upward adjustments to show the impact of inflation and a slight increase in student enrollment.

Navajo Area Office officials said the amount shown at the 95-percent budget level was a 5-percent reduction in the previous year's base figure. The Navajo Area Office Division of Education officials added that they originally intended to provide for an increase of \$430,500 at the 110-percent level to "assist in meeting the special needs of the pupils." However, these officials stated that, during a telephone conversation between Navajo Area Office officials and the Chairman of the Navajo Tribal Education Committee, it had been agreed not to increase the Johnson-O'Malley funding. They added that this decision had been based on the anticipated closing of a school dormitory in Gallup, New Mexico.

According to an official of the Navajo Area Office Division of Education, the \$5,226,000 established as the Johnson-O'Malley funding need included certain increases for administrative costs of the Navajo Area Office Division of Education, a new program for preschool children, and an expected growth in student enrollment.

Bureau headquarters officials said they did not instruct their field offices on how Johnson-O'Malley funding needs should be determined. They agreed that, if the Johnson-O'Malley program were to be included in future band analyses, Bureau field offices and tribal officials should be given specific instructions requiring that they meet with both State and local school district officials to discuss funding needs before preparing the band analysis.

LIMITED TRIBAL INVOLVEMENT IN PREPARING BAND ANALYSIS BUDGETS

Band analyses are prepared at Bureau Area Office and agency office levels. According to Area Office officials, Area Office band analyses include programs and activities--such as certain types of road and irrigation projects--which cannot be included in the agency office band analysis. Other programs and activities are included in the agency office band analyses.

The Navajo Area Office prepared the Navajo band analysis without the review or approval of the Navajo Tribal Council or the Navajo Tribal Chairman. Area Office officials stated that, although the tribal council or chairman was not consulted, various Bureau programs were discussed with individual tribal councilmen and tribal committees, Navajos at the local level, and agency superintendents.

The Phoenix Area Office prepared band analyses for about 48 percent of the amount of its budget. The remaining amounts were handled by agency offices with some input by the tribal committee.

According to a Department of the Interior official, certain legal and practical considerations limit the percent of the band analyses which tribes can prepare. For example, welfare grant payments are set by eligibility requirements and State welfare standards, and the band analysis system was not designed to consider capital investments, such as school construction.

Tribal participation was limited in the Navajo and Phoenix Area Offices because of the interpretation placed on Bureau band analysis instructions. Officials of both area offices were of the opinion that the instructions required the agency to prepare band analyses after discussions with tribal officials. However, a Bureau Central Office official stated that the instructions were meant to require the tribes to prepare the band analysis with only the Bureau agency officials' comments.

A Bureau headquarters official, instrumental in developing the band analysis system said that, if the agency or the Bureau Area Office disagreed with the amounts the tribes presented, it should advise headquarters officials but should not change the amounts the tribe presented. The official said also that revised instructions would be issued to clarify this matter.

As your office requested, we did not obtain Department of the Interior officials' comments on the information in this report, but we did discuss these matters with certain Bureau officials.

We do not plan to distribute this report further unless you agree or publicly announce its contents.

Sincerely yours,



Comptroller General
of the United States