

**Ervin Chavez, School Board President
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

FY14 Budget Request for the Bureau of Indian Education, Department of the Interior

April 18, 2013

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) 2014 funding requests for the Bureau of Indian Education (BIE). The DCGS requests the following, all under the BIE budget category:

1. Oppose \$16 million in reductions to the *Indian School Equalization Program Formula Funds* account.
2. Provide \$109 million in *facilities operations* and \$76 million in *facilities maintenance* as recommended by the National Congress of American Indians in its Budget Requests.
3. Provide \$73 million to fully fund *Tribal Grant Support Costs* as recommended by the National Congress of American Indians in its Budget Requests

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 220 students currently enrolled in our academic program, and 59 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. Oppose the \$16 million proposed reduction to Indian School Equalization (ISEP) Formula Funds account. The FY14 budget request proposes a \$16 million (or 4.2%) reduction in ISEP formula funds, of which \$15 million would be used to fund a new school turnaround demonstration program that would provide grants to an undetermined number of schools for the purpose of helping them to "substantially raise" student achievement. Funding priority would be given to the BIE-funded schools that are in the restructuring category. The DCGS strongly opposes this plan, primarily because, as we have previously testified, the ISEP funds we currently receive are already pressed to offset non-academic costs under the School Operations accounts which are seriously underfunded (i.e., student transportation, maintenance, administrative functions). According to the Indian Affairs budget justification, if ISEP is funded at the request level, the base per pupil amount would drop from an estimated \$5,342.34 to \$5,162.

We urge you to recognize that despite our best efforts to stretch each and every dollar, such a drastic reduction in ISEP funding may result in even more schools not being able to provide the quality academic programs and instruction necessary to meet the adequate yearly progress requirements.

II. 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. As we previously testified, our school is, unfortunately, among the poorest-rated facilities (FCI of 0.4001). Without a significant increase in facilities maintenance funding, there is little doubt we will not be able to make much progress in addressing the myriad health and safety problems at DCGS, which include the closure of the *restrooms* servicing our junior high classrooms due to leaking sewer lines and corroded water lines. The water lines contain so much sediment due to the corrosion that drinking water must be trucked in for the students (an additional cost that most public schools do not face).

The BIE last estimated that \$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. Yet the BIE FY14 request of \$51.1 million for facilities maintenance is nearly level funding again. Thus, funding will be insufficient to reduce the maintenance backlog of DCGS or that of any other BIE-funded school.

The BIE's FY14 request of \$58.7 million (level funding) for *Facilities Operations* is for the ongoing operational expenses like electricity, heating fuels, communications, ground maintenance, refuse collection, water and sewer service, etc. Considering that the facilities operation expenses are currently funded at approximately 46% of need and that the costs of these essential services continue to escalate, we believe FY14 request is grossly inadequate.

Unless the facilities operations and maintenance costs are funded at a realistic level in order that we can properly maintain and take preventive action, we will continue to be unable to

provide our students staff a safe and healthy environment. We urge you to support the NCAI-recommended \$76 million for facilities maintenance and \$109 million in facilities operation funding.

III. Funding for Tribal Grant Support Costs in the Amount of \$73 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. These costs include payroll, accounting, insurance, background checks, and other legal, reporting and record-keeping requirements, including the preparation of required annual audits. Currently, 125 of the 183 BIE funded schools are operated by tribes or tribal school boards, with another three BIE-operated schools considering converting to grant status in FY14.

In FY12, the funding available for TGSC met only 64% of the need of the schools, which means that at 100% of TGSC need, *DCGS should have received nearly \$700,000; instead, we received only \$445,000.* For FY14, the BIE requests a \$2 million increase for a total of \$48.2 million, which they estimate will provide a TGSC rate of 67% of need. This is still far below the 91% contract support costs that will be provided to non-school BIA contractors if Congress provides the full \$230 million CSC request. In addition, there is not a separate start-up fund for newly converting schools (although there may be an additional three conversions in FY14) but for the BIA contractors, \$1 million is requested for the Indian Self Determination Fund, which provides start up costs and CSC for the initial year of contract or compact.

Due to the tremendous shortfall, the DCGS has had to consolidate internal controls, streamline checks and balances, and significantly scale back in our management staff. Now, our business office has only two fulltime staff to handle all the DCGS business-related functions, such as processing payroll for 90 on a bi-weekly basis; completing all the accounting; completing all tax reporting requirements; processing account payables-requisitions-purchase orders, and ensure conformance with all audit requirements.

We urge that Congress fix the inequity between TGSC and CSC funding by fully funding TGSC at \$73 million for the indirect cost requirements of current tribally-controlled schools, and provide \$2 million in start-up funds for newly converting schools.

Conclusion

We ask Congress to provide the levels of education funding that will enable us to provide a quality education in a safe and secure environment for our students. We are grateful for any assistance you can provide.

Respectfully submitted,
Faye Blue Eyes, Finance Director,
Dzilth-Na-O-Dith-Hle Community Grant School
35 Road 7585 #5003
Bloomfield, NM 87413
(505) 960-6681
Fayeblueeyes13@gmail.com