

**ASSOCIATION OF NAVAJO COMMUNITY CONTROLLED SCHOOL BOARD,  
INC.**

*"A partnership of communities working together to inspire and advocate for excellence in Dine Education"*

**Post Office Box 6  
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The Association of Navajo Community Controlled School Board (ANCCSB), Inc. is an organization of 11 member school boards who operate federally-funded schools on the Navajo Reservation in Arizona and New Mexico under contracts or grants from the Bureau of Indian Education (BIE).

**BIE Background.** The BIE school system is comprised of 183 elementary and secondary schools and dormitories located on or near reservations in 23 states; with over one-third (66) located on the Navajo Reservation. As of school year (SY) 2012-2013, tribes and tribal school boards operate 58% of all BIE-funded schools and residential facilities, either through Indian Self-Determination Act contracts or grants authorized by the 1988 Tribally Controlled Schools Act.<sup>1</sup> Approximately 41,000 Native students, representing over 250 tribes, attend the BIE-funded schools.

We urge that the BIE school system be exempted from any further reductions in Federal spending, we highlight below three of the most pressing areas of need that directly impact the educational programs, facilities, student transportation, and administrative management.

**Tribal Grant Support Costs**

Since the 1988 Elementary and Secondary Education Act reauthorization, tribally-operated elementary and secondary schools have received funding for the administrative expenses incurred for the operation of Bureau of Indian Education-funded schools through an Administrative Cost Grant, now called *Tribal Grant Support Costs* (TGSC). These funds are used for costs of essential services such as contract/grant administration; program planning and development; human resources; insurance; fiscal, procurement and property management; required annual audits; recordkeeping; and legal, security and other overhead services. At present, the 125 BIE-funded schools operated by tribes or tribal school boards receive TGSC funding.

TGSC is forward-funded, so the FY 2015 appropriation would provide TGSC funds for SY 2014-15. The No Child Left Behind Act called for the Secretary of the Interior to include in its budget request TGSC for on-going contracts/grants and a separate amount for first-year indirect and one-time costs for new conversions of schools from BIE-operated to tribally-operated status. The Administration, however, only seeks TGSC funds for the on-going contracts/grants even though at least one school will convert to grant status and two tribes are considering assuming operation of their schools.

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<sup>1</sup> A tribe or school board can choose between two mechanisms to operate a BIE-funded school: (i) an Indian Self-Determination Act *contract* (referred to as a "contract school"); or (ii) a Tribally Controlled Schools Act *grant* (referred to as a "grant school").

The TGSC amount due to a tribally-operated school is determined by a statutorily-mandated formula. Because appropriations have not kept up with the amount needed to fully fund the formula, each grant/contract school receives only a *pro-rated* portion of its TGSC needs. For SY 2012-13, the tribal grant/contract schools received only 58% of the amount they were due. Therefore a school that should have been allocated \$700,000 if TGSC were fully funded only received \$445,000. Yet, despite the tremendous shortfall in administrative funds, that school is still expected to perform all the mandated financial and program management requirements.

In addition to the problems caused by the shortfall, the tribally-operated schools suffer great disparity between the treatment of TGSC in comparison to the efforts by the White House and Congress to address the fiscal shortfalls in the IHS and BIA contract support costs (CSC). The FY14 \$2 million increase for TGSC 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 to correct 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 additional \$2 million requested by the Administration would only raise the TGSC rate to 67% of need for FY 2015, and that is not including the losses incurred once more tribes assume control of BIE schools, as is expected. The schools should not have to spend limited resources and time litigating in federal court to require the BIE to fulfill its statutory obligations.

*Impacts.* Since the TGSC appropriations have not been sufficient to provide 100% of the level of need and without other sources of revenue, we must re-direct more and more funds from our education program budgets to cover essential administrative costs. Our schools must make difficult decisions—such as delaying purchase of new textbooks and other materials, paying non-competitive teacher salaries, reducing the number school days—to fit within these reduced budgets. Even with these cost-saving measures, some schools are still struggling with further reductions in management and business-office personnel at the risk of prudent internal controls and meeting the federally-mandated requirements for fiscal processes and operation of education grants/programs.

**Request.** To achieve full-funding of TGSC, approximately \$ 73 million is needed, assuming no current BIE-operated schools will convert to tribally-operated grant/contract status. To ensure that new conversions—which BIE knows one will occur on July 1, 2014 (and another two in 2015)—will not negatively impact the TGSC amounts for the on-going tribal grant/contracts, a separate Initial TGSC fund of \$2 million is also necessary.

### **Facilities Operations and Maintenance**

*Facilities Maintenance* funds are intended to provide for the preventative, routine, and unscheduled maintenance for all school buildings, equipment, utility systems, and ground structures. The FY 2014 Facilities Maintenance request is virtually unchanged from prior years despite the rising costs of maintaining school buildings—particularly for the older facilities that make up much of the BIE schools.

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 one-third of the BIE facilities are still rated in "poor" condition on the Bureau's "Education Facility Condition Index (FCI) for Fiscal Year 2013," the same number as in FY 2012. Further, according to the "Indian Affairs Education Facility Condition Index, FY 2011," there were 150 projects with *deferred*

*maintenance needs totaling of \$304.4 million!* Since there was no increase in FY 2013 Facilities Maintenance appropriations (instead decreasing by \$2.01 million), and the FY 2014 proposal is essentially level funding at the FY 2012 level, it is highly doubtful any measurable progress will be made in addressing the deferred maintenance backlog. **In fact, the BIE claims that by eliminating the remaining \$17 million left in new school construction, it can focus on maintenance. Yet, the Administration Facilities Maintenance request is only \$441,000 above the FY12 enacted level.**

*Facilities Operations* funding is for the ongoing operational expenses like electricity, heating fuels, custodial services, communications, refuse collection, water and sewer service, grounds maintenance, etc. This budget category is also underfunded, with the latest estimates indicating that federal funds provide only an estimated *46% of need*. A review of recent appropriations reveals that since the high mark of \$59.4 million in FY 2010, Facilities Operations funding has been eroding and was down \$845,000 by FY 2012. For FY 2015 the Administration only requests a \$201,000 increase over FY12 enacted levels.

*Impact.* Our schools are making every effort to make do with the meager facilities funding. Since we can't delay paying our utilities or avoid taking actions that would impact student safety, we often have to resort to using our other education or academic program monies. We would caution that any reduction to the limited facilities maintenance and facilities operations amounts will mean delaying routine as well as unscheduled maintenance of buildings, equipment, utility systems and grounds—thereby possibly jeopardizing student and staff safety. Attempts to moderate electrical and/or heating costs, or reduce custodial and refuse services and similar costs cutting measures would only make our already compromised learning conditions more uncomfortable and unhealthy for students and staff. If we cannot provide a decent learning environment, how can we expect our students to focus on achieving academic success?

**Request.** To fully fund Facilities Maintenance would require \$76 million, and \$109.8 million would be needed to fully fund Facilities Operations.

### **School Transportation**

The Student Transportation account is intended to cover 1) the costs of the daily bus services for children attending the BIE-funded elementary and secondary schools; and 2) air travel for children who attend distant boarding schools. School transportation costs include vehicle rental (buses, vans), maintenance and repair, fuel, and qualified bus driver salaries. The BIE budget justification states that up to 15% of the BIE transportation miles are on unimproved roads, and that the BIE-funded schools have transportation routes where the mileage covered is "significantly higher than in metropolitan areas."

***For the schools located on the Navajo Reservation***, the percentage of unimproved roads traveled by our buses is much higher and in some cases it can be *as much as 90%*. Further, these unpaved roads are often subject to becoming "washboards" due to adverse weather impacts such as mud and snow. At times these roads are impassable so we have to resort to using 4-wheel drive vehicles to ferry the students to a waiting bus. There have been times, however, when even the 4-wheel vehicles cannot reach the students so they are prevented from making it to class through no fault of their own. These conditions take a tremendous toll on vehicles, resulting in greater maintenance and repair costs, and greatly increase student travel time as well as the drivers' work day.

The BIE must be aware of the enormous increases in motor fuel costs over the past several years as well as increased bus leasing costs. Nonetheless, the BIE does not seek a program increase in the proposed FY 2014 budget. Based on the amount requested, the BIE estimates it will provide only \$3.17/mile for school transportation costs—a two cent per mile *decrease* from the enacted FY 2012 level.

From our experience, the 66 BIE-funded schools on the Navajo Reservation must supplement our Student Transportation allocated amounts by at least \$70,000 to \$100,000 each year. Even at a modest estimate that each of the 185 schools in the BIE school system supplement their transportation funds at \$50,000, there would a \$9.25 million shortfall each year!

Another issue is that *the full cost of BIE-funded schools Student Transportation is unknown* since some transportation needs that our schools provide are not eligible to be included in the "number of miles driven" data. These include transporting students to/from evaluations to determine eligibility for Special Education services (when evaluators will not drive to our remote areas to conduct assessments), additional bus runs related to after-school academic services (many parents lack transportation or are not employed close-by to pick up children), etc.

*Impact.* As with the other program shortages, varied cost cutting measures have been instituted—from reducing the number of bus routes (resulting in longer rides for our students) to delaying vehicle replacements as long as possible. Nonetheless, underfunding Student Transportation will continue to adversely impact classroom programs since each year schools have no choice but to use scarce education program dollars to subsidize the transportation costs.

**Request.** Substantial data collection would be required to present a specific estimate of Student Transportation funding needs so that the per mile rate would be more in line with actual costs. While we believe actual costs are considerably higher, at this time ANCCB supports the Navajo Nation request of \$73 million.

### **Indian School Equalization Formula (ISEF)**

The Indian School Equalization Formula (ISEF) is the core budget account for Educational and residential programs of the BIE elementary and secondary schools and dormitories. These funds are used for instructional programs at BIE-funded schools and residential programs at dormitories, and include salaries of teachers, educational technician, principals, and other school-level program administration, kitchen, and dormitory staff. The ISEF amount due to each school is determined by a statutorily-mandated formula established by regulation (24 C.F.R. 39.12(g)(1) and (2), 39.13 and 39.14).

During the eight (8) year period of FY 2003 to FY 2010, the ISEF account increased by almost \$45.5 million; but in only two (2) of those years – FY 2009 and FY 2010 – the increase was actually an increase in program funding. For the other years, the requested increases were limited to amounts needed for fixed costs and related changes, as opposed to actual program increases.

For most Bureau Funded Schools, the chronic shortfall in the other key school accounts has a negative impact on ISEF funding, because ISEF funds are most often diverted to make up the shortfalls in other accounts (School Transportation, Facilities, Tribal Support Cost (Formerly Administrative Costs), etc.) when a tribe or tribal school board has no other source of revenue to satisfy those shortfalls. This means fewer dollars are available for the education and residential programs.

ANCCSB Members Schools respectfully requesting a full funding of ISEF at \$431 Million or above the FY 2010 enacted level of \$391.7 Million.

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