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**TESTIMONY BEFORE THE HOUSE COMMITTEE ON APPROPRIATIONS,
SUBCOMMITTEE ON INTERIOR, ENVIRONMENT, AND RELATED AGENCIES OF
THE HOUSE OF REPRESENTATIVES AMERICAN INDIAN AND ALASKA NATIVE
PUBLIC WITNESS DAYS**

FEBRUARY 25, 2025

**KATHLEEN WOODEN KNIFE, PRESIDENT
OF THE ROSEBUD SIOUX TRIBE**

Chairman Simpson, Ranking Member Pingree, and distinguished members of the Committee: thank you for your invitation to appear before you today to discuss future Interior spending.

The relationship with the federally recognized Indian tribes is a non-partisan issue that dates back to the founding of this country and the establishment of the federal agencies. While this relationship has not been without issue over the past two-hundred and fifty years, it is a relationship that tribal governments greatly respect. Federally recognized Indian tribes face increasingly difficult strategic choices, and are likely to continue this trend until enhancements in funding for Indian education, Indian health, and law enforcement services are adequately made. Tribes now encounter new challenges with freezes in federal funding as a result of unanticipated activities. While we welcome accountability and fiscal responsibility, we do so as a cooperative party. As such, we request that the Committee enhance congressional funding to ensure that basic services in education, healthcare, and security are available to federally recognized Indians; and ensure adequate access to funding that is not subject to random or ad hoc reasoning freezing our government accounts and restricting access. Finally, as Tribes seek to develop their own economies, we ask for the Committee's support in providing appropriations that would allow for the development of Tribal-International trade opportunities, with the support and guidance of the United States Dept. of Commerce.

I. Indian Health Services

My testimony today draws upon the experience in dealing with federal agencies that have been keen in agreement to address these systemic issues, but fail to meet their burden when it comes to complete funding. In terms of healthcare, this has resulted millions, if not billions, in underfunded services. Tribes are annually in a position of deciding whether to fund their operations out of their own budgets to cover an agency's shortfalls, or risk losing the services offered completely. The Rosebud Sioux Tribe (the "Tribe") faced a decision at the end of this past Fiscal Year when Indian Health Services were not funding the ambulatory services that the Tribe contracted for, and the Tribe risked losing the service. The Tribe opted to pay out of its own funds to cover the shortfall and now seeks reimbursement from the Indian Health Services.

Rather than address the funding issue head on, the agency responded that they lacked the funding to provide, and on many occasion have sought to find every reason they could to avoid making payments to reimburse the Tribe for doing the job that the IHS were supposed to do. More recently, the Supreme Court for the United States holding of *Becerra v. San Carlos Apache Tribe*, 602 U.S. ___ (2024) addressed this shortfall issue and mandated that the Indian Health Service make due on its promises to fund the services it agrees to fund. While this landmark decision has provided some directive, tribes are still forced to litigate their recoveries from IHS until Congress appropriates funding to reimburse the losses of tribes.

II. Bureau of Indian Education Funding

In terms of education, the Rosebud Sioux Tribe faces a new challenge as federal staff and employees were without ample warning, reduced in force. The Tribe is now placed in a position of consequence to continue providing education services to our children. St. Francis is a large school with an elementary, middle, and high school across separate campus buildings. St. Francis was a tribal catholic boarding school from 1884 until 1973 until it was transferred, pursuant to P.L. 100-297 to become a Tribally Controlled School (TCS) governed by a Tribal Board of Trustees.

(1) Tribal Education Program Requests for FY2026: BIE Has been Flat-Funded since FY2023

Indian Schools Equalization Program:	\$951.5 Million
Education Facilities Operation:	\$109 Million (move to forward funding)
Education Facilities Maintenance:	\$100 Million (move to forward funding)
Student Transportation:	\$75.5 Million
Tribal Grant Support Costs:	\$115 Million (move to forward funding)
BIE School Construction:	\$400 million
BIE School Resource Officers	\$93 million

(2) Tribally Controlled Schools are Locally Controlled Schools:

According to the Bureau of Indian Education in FY 2023-24, the federal government funded Indian students at roughly half, \$6,910, of the average state per-pupil funding of \$16,080¹ and minimal compared to the other federally funded education such as the Department of Defense Education Agency, which is funded at \$25,000 per student.² More than 90% of tribally controlled school funding comes from Congress to meet the federal government’s treaty and trust obligations for Indian education, only Congress can solve our funding problem.

All BIE-funded schools receive Indian School Equalization Program (ISEP) formula funds, the largest single source of revenue for tribal schools. ISEP funds are intended for teacher salaries, classroom supplies, textbooks, extracurricular activities, field trips, sports, and related programming. In FY 23 and FY24 (flat funding), St. Francis received \$9.275 million in ISEP

¹ Hanson, Melanie. “U.S. Public Education Spending Statistics” EducationData.org, September 8, 2023, <https://educationdata.org/public-education-spending-statistics>.

² *Who Runs the Best U.S. Schools? It May Be the Defense Department.* <https://www.nytimes.com/2023/10/10/us/schools-pandemic-defense-department.html>. 4/10/2024.0

funding, which was woefully inadequate for the intended purpose. These funds are further constrained by our need to use ISEP funds for expenditures other than educational programs, which are also underfunded like facilities operations and facilities maintenance, student nutrition, and School Resource Officer.

This chart shows the shortfalls that ISEP funding must fill to replace inadequate federal funding, thus consuming critical education funding meant for the education of Indian students.

\$9,275,219		
Special Education	\$781,240	8.42%
Gift & Talented	\$553,899	5.97%
Language Devel	\$577,650	6.23%
Food Service	\$908,044	9.79%
Facilities	\$509,401	5.49%
Custodial	\$98,611	1.06%
Security	\$474,378	5.11%
Info Tech	\$204,108	2.20%
ISEP Instructional	\$5,167,888	55.72%

(3) Facilities, Operation, and Maintenance Funding:

A March 2024 Government Accountability Office (GAO) report titled: *Indian Affairs Is Unable To Effectively Manage Deferred Maintenance of School Facilities*, stated that the Bureau of Indian Education faces a \$1 billion deferred maintenance backlog and a \$6.7 billion backlog in school replacement and construction costs. However, Congress appropriates only about \$116 million annually—an amount that falls dramatically short.

This chart shows how ISEP funds have supplemented O&M Expenses in FY2023-24

	O&M Expense	Additional ISEP
2023	\$1,156,140	\$7,383
2022	\$1,439,878	-\$107,308
2021	\$1,567,686	-\$523,214
2020	\$2,023,485	-\$527,580
2019	\$984,309	-\$229,124
2018	\$1,489,651	\$131,649
2017	\$1,185,591	-\$35,749
2016	\$994,258	-\$67,250
2015	\$809,063	-\$66,069
2014	\$1,091,307	-\$84,372
2013	\$826,828	-\$46,882

III. Law Enforcement Services

The Bureau of Indian Affairs and Department of Justice express that they are unable to provide the necessary services for law enforcement due to lack of funding. Our neighboring Tribes face this same issue. Despite a serious increase in violent crime, the federal government has not increased the Tribe’s tribal law enforcement funding significantly in years. In fact, while the Tribe has seen some small increases in federal dollars, mostly from Congressionally mandated appropriations added to current and past Presidential requests, those increases have paid for little more than the Tribe’s rising costs of gasoline and insurance, neither of which the Tribe has any ability to control. The BIA and the BIA Office of Justice Services have previously reported to Congress that at least 2.8 officers per 1,000 people are required to operate an effective law enforcement program in our rural areas. Our Tribe is funded for less than one-quarter of the officers need to meet that standard.

Indeed, the neighboring Oglala Sioux Tribe is also funded for less than one-quarter of the over 140 officers need to meet that standard, with only 33 police officers to serve a law enforcement service population of 40,000 people. Like the Oglala, our tribal law enforcement services a population over 26,000, with 24 officers funded and 17 employed to cover an area over a million acres. We face the same demands for law enforcement services. This public safety crisis also strains our health care systems, the education systems, and is harming economic development efforts on the

Reservation. Most importantly, the residents of the Rosebud and Pine Ridge Reservations are suffering from this crisis.

IV. International Trade Opportunities for Tribes

Foreign-Trade Zones (“FTZ”) are secure areas under U.S. Customs and Border Protection (“CBP”) supervision that are generally considered outside CBP territory upon activation. Located in or near CBP ports of entry, FTZs are the United States' version of what are known internationally as free-trade zones. The Foreign-Trade Zones Act is administered through two sets of regulations, the FTZ Regulations (15 CFR Part 400) and CBP Regulations (19 CFR Part 146). Foreign and domestic merchandise may be moved into zones for operations, not otherwise prohibited by law, including storage, exhibition, assembly, manufacturing, and processing. All zone activity is subject to public interest review. Foreign-trade zone sites are subject to the laws and regulations of the United States as well as those of the states and communities in which they are located. Goods imported into tribal jurisdictions are subject to all U.S. laws concerning admissibility and payment of duty. A tribal FTZ located on tribal trust land can offer participating entities advantages through duty exemptions, duty deferrals, duty reduction through inverted tariff relief, tax savings and ad valorem tax relief, duty elimination, and weekly entry savings.

Critically, FTZ sites must be within or adjacent to a U.S. Customs and Border Protection (CBP) port of entry. The adjacency requirement can be satisfied if one of the following factors is met:

- (1) The zone or subzone site is within the limits of a CBP port of entry.
- (2) The zone or subzone site is within 60 statute miles of the outer limits of a CBP port of entry.
- (3) The zone or subzone site is within 90 minutes' driving time from the outer limits of a CBP port of entry as verified by the CBP Service Port Director.
- (4) For subzones only: subzone sites that are outside the 60 miles/90 minutes driving time from the outer limits of the CBP port of entry may alternatively qualify to be considered adjacent if they work with the CBP Port Director to ensure that proper oversight measures are in place.

The issue here is the lack of meaningful opportunity for Tribe's to participate in FTZs. For instance, the closest area for a FTZ near the Rosebud Reservation is 261 miles away in Sioux Falls, South Dakota. This makes this opportunity unavailable for many Tribes, like Rosebud, who seek to expand their economic development opportunities and participate in international trade. The regulatory barriers that prevent the tribes from doing so. This can be remedied by expanding existing areas or extending FTZ opportunities directly to tribes, or creating a similar program specifically for federally recognized Indian tribes to participate in international trade. Doing so would provide significant economic investment opportunities and job growth in manufacturing opportunities. Additionally, it would further provide tribal governments with the opportunity to directly participate in international trade through the importing and exporting of goods.