



**INTERTRIBAL MONITORING ASSOCIATION on Indian Trust Funds**  
2309 Renard SE, Suite 212 - Albuquerque, NM 87106  
Phone: (505)247-1447 Fax: (505)247-1449 e-mail: [itma@itmatrustfunds.org](mailto:itma@itmatrustfunds.org)

## REPORT

### **Inter-Tribal Monitoring Association on Indian Trust Funds Meeting with the Office of the Special Trustee Regarding the 1994 Trust Reform Act**

**April 1, 2009**

The purpose of the meeting was to discuss the proposed 'sunset' of the Office of Special Trustee in response to Indian Country's continued and renewed insistence on implementation of the sunset provision in the Trust Reform Act with the new Administration of the Federal Government. Further, these discussions were consistent with Indian Country's continued expression of its desire for a 'single line of authority' for Indian Affairs programs within the Department of Interior. At a meeting held on April 1, 2009, ITMA requested that Ms. Erwin provide OST's position on a prospective merger of OST back into BIA.

OST prepared a packet of information for reference during the discussion including the 1994 Trust Reform Act, a chain of command for OST, specific information on the basic beneficiary services and employee performance objectives. Donna Erwin stated that they would like to redirect the meeting discussion from focusing on the 'sunset' of OST to a discussion of remaining 'Reform Act Options' under the 1994 American Indian Trust Funds Act. Ms. Erwin reviewed the Trust Reform Act section specific to the sunset of OST with a focus on language that provided a sunset was discretionary and should occur after all reforms had been completed. To commence discussion Ms. Erwin provided an overview of the creation of the Office of Special Trustee:

- Numerous reforms were mandated in the 1994 Trust Reform Act and that in 1996 DOI proposed to move trust programs from the BIA to OST and in fact a major reduction of BIA staff occurred in anticipation of the move of trust programs,

- Trust programs were not moved but a Secretarial Order was issued to move all the financial functions to OST,
- The Order created a 'bright line' division between financial functions and resource management functions that remained in the BIA.

Ms. Erwin also discussed OST's management objectives as:

- Striving to evolve and implement improvements to functions and business processes rather than to just adequately perform daily business functions.
- Focus is on creation of automated systems that have built capacity in the organization and improved efficiency rather than to focus on job creation/number of employees in the agency.
- Adding value to BIA trust management functions by OST's assumption of tasks previously performed by BIA; resulting in an increase in available time for BIA to undertake trust functions; basically, for every accountholder, money should be added for BIA from transferred functions.

OST staff stated that only financial positions were moved from BIA to OST – no other Trust Management positions resulting in no duplication of services between BIA and OST. Without moving positions, OST assumed the following tasks:

- Financial distribution of probated estates (replaces agency staff reviewing orders, dividing estates and determining distributions to heirs);
- Addressing beneficiary questions/concerns through Beneficiary Call center (averaging 137,000 calls per year);
- Providing trust officer services to beneficiaries at the local agency level and in three urban areas: Seattle, Rapid City and Tulsa, Oklahoma;
- Lock Box system to receive and distribute trust resource payments – replaced BIA functions of opening mail, determining what payment is for, handling checks and depositing payments into suspense accounts.
- Utilizing the Trust Asset and Accounts Management System for distribution of payments to beneficiaries (replaces BIA agency keeping track of ownership of trust interests).

OST specifically described outreach efforts to beneficiaries including:

5000 beneficiary outreach meetings last year; currently considering outreach meetings after business hours; have focused outreach meetings in urban areas

including Los Angeles and San Francisco with overwhelming turnout; addressing approximately 137,000 calls annually through beneficiary call center which takes calls from 7:00 a.m. to 6:00 p.m. every day except Sunday; recording calls received for the purposes of improving service and insure follow-up; efforts to locate “whereabouts unknown” accountholders (80,000 accounts with approximately \$80 million dollars).

OST made the following points regarding structure and management of the organization:

- Organization has its own political appointee to advocate directly to Secretary of Interior on OST’s specific needs rather than to also represent the other Indian Affairs programs;
- The Organization concentrates solely on the fiduciary trust and does not have to detract from that focus to address various other Indian Affairs responsibilities;
- Organization was able to recruit and retain highly qualified staff from the creation of OST allowing it to avoid the problems associated with an aging and often unskilled, ineffective workforce within the BIA;
- Organization includes highly qualified Regional Trust Administrators; four of whom are attorneys and one a banker with 38 years in the trust arena. These RTA’s oversee 52 trust offices that hold the BIA accountable.

OST representatives identified several trust reform challenges including reaching a point of audit completeness with the on-going trust mismanagement litigation. Currently, OST still has not finally validated audit balances. Additionally, OST is currently paying half a million dollars to the National Business Center for an appraisal tracking system that is not yet implemented resulting in difficulty to see the value of the expenditure. While some reforms have been successfully accomplished, OST remains in the best position to improve existing business practices.

Summary of OST’s position was that additional trust reforms were necessary and could best be accomplished if OST remained a separate entity from the BIA and that the current separation allows BIA to develop additional capacity to address resource management, realty responsibilities, lease compliance and other non-financial trust responsibilities.