



FEB 9 2015

Dear Tribal Leader:

On February 2, the FY 2016 President's Budget was released and the proposed budget authority for the Indian Health Service (IHS) was \$5.1 billion, which represents a \$460 million increase from FY 2015 enacted level. I am writing to initiate a Tribal consultation on the proposal to reclassify contract support costs (CSC) funding as mandatory, rather than discretionary, starting with the fiscal year (FY) 2017 appropriation.

FY 2014 CSC Funding

As you may know, in an Explanatory Statement accompanying the FY 2014 Consolidated Appropriations Act, Congress requested that both IHS and the Bureau of Indian Affairs (BIA) consult with Tribes on long-term solutions for CSC, including accounting, budget, and legislative solutions. The FY 2014 Consolidated Appropriations Act did not specify a limit on the total amount of funds available for the payment of CSC and, with the exception of any earmarked funds, the entire Services appropriation was available for payment of CSC. In May 2014, IHS submitted an operating plan to Congress that identified full funding of the CSC need, which was estimated to be \$587 million at that time and required a \$10 million reduction in other items in the budget. IHS indicated that additional Services funds would need to be reallocated if the CSC need exceeded the \$587 million initially identified in the operating plan for CSC. Additional need was likely, given that various updates, adjustments, and possible renegotiations of CSC need were expected later in the year and given that Tribes could also decide to enter into Indian Self-Determination and Education Assistance Act (ISDEAA) negotiations later in the year for new and expanded programs, functions, services or activities, which would also generate new CSC need. As a result of such changes through FY 2014, IHS had to reprogram an additional amount of \$25.1 million from the Services budget for CSC funding.

During the Tribal consultation last year, Tribes made it clear that while they want full funding of CSC, they did not want it at the expense of the rest of the Services budget. The leading Tribal recommendation was to make CSC a mandatory appropriation and to separate it from the rest of the Services appropriation.

FY 2016 President's Budget

The FY 2016 President's Budget includes a proposal to reclassify CSC as mandatory, rather than discretionary, beginning in FY 2017, which would allow time for Tribal consultation and to work with Congress through FY 2016. The FY 2016 IHS Congressional Justification describes the proposal, which has four basic components:

- 1) A three-year mandatory appropriation, which provides a specific amount for each year to fully fund CSC;
- 2) No-year funding that allows funding to be available to IHS to carry over in future years;

- 3) New CSC estimates will be provided as a part of the reauthorization process every three years; and
- 4) In addition to current amounts, up to 2% of CSC totals can be used for administrative capacity and program management.

Indian Health Service, Justification of Estimates for Appropriations Committees: Fiscal Year 2016, at CJ-147 to CJ-148, available at <http://www.ihs.gov/budgetformulation/includes/themes/newihstheme/documents/FY2016CongressionalJustification.pdf>.

In recent meetings with the IHS Tribal Self Governance Advisory Committee and the IHS CSC Workgroup, Tribal representatives indicated their initial support for the proposal and requested an expedited consultation, especially since Tribal consultation was already held on this issue last year and the proposal implements the top Tribal recommendation from that consultation. Tribes have indicated interest in working with Congress as soon as possible to enact the shift of CSC to a mandatory appropriation.

Therefore, I am requesting input on the FY 2016 proposal to shift CSC to a mandatory appropriation. Since this consultation is being expedited at the request of Tribes, we are using the following opportunities in person or by phone in the next 30 days to gather input:

1. IHS National Tribal Budget Formulation Meeting, February 10-11, 2015, Washington, D.C.
2. National Congress of American Indians Executive Council Winter Session, February 23 - 25, 2015, Washington, D.C. A joint listening session with BIA is being scheduled.
3. All-Tribes Calls – IHS will schedule at least 2 conference calls in the month of February on this topic and notice of the specific dates and times will be disseminated as soon as they are scheduled.
4. Other meetings – IHS welcomes comments on the proposals at other Tribal meetings that are scheduled in the next 30 days.
5. Written comments will be accepted through email to consultation@ihs.gov or in writing to the following address: Indian Health Service, 801 Thompson Ave, Suite 440, Rockville MD, 20852.

We are interested to hear if you support the proposal, and if you have any input on potential changes or modification to the proposal.

Thank you for your input, and we look forward to working with you on this proposal.

Sincerely,

/Yvette Roubideaux/

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