

Indian Affairs -
Loan Fund

Senator Kerr presented this statement to the Senate Subcommittee on appropriations for the Interior department.

Shall we call and ask to be associated with the statement?

Both Kerr and Monroney spoke in favor of it. Cong. Morris said he wholeheartedly approved of the general idea but wasn't sure this was the best way to attack the problem. Cong. Steed, it seems, plans to file a separate statement. Monroney and Kerr and Edmondson all seem to think this is the only sensible approach. Representatives of Jarman's and Steed's offices were there but didn't commit the Congressmen. Senator Kerr asked permission of the subcommittee for us to either associate ourselves with the statement made or to file separate statement.

chas.

O.C.R.
Join statement
Mr. Woodruff

JOINT STATEMENT OF SENATORS ROBERT S. KERR AND A. S.
MIKE MONROE AND REP. ED EDMONDSON BEFORE SENATE
APPROPRIATIONS COMMITTEE, MAY 13, 1959

Mr. Chairman: Our purpose in appearing before the Committee is to urge that a direct appropriation be made to cover the cost of administering loans to Indians by the Bureau of Indian Affairs, in order to avoid further reduction of the funds appropriated by Congress for the specific purpose of Indian loans.

Under the practice followed for the past few years the Bureau of Indian Affairs has been using appropriated loan funds ^{to} pay the cost of administration, under directives of the Congress in its appropriation bills.

An example of such a directive is contained in H. R. 5925 of the 86th Congress, as passed by the House of Representatives, which provides in the section appropriating for Resources Management: (line 1, page 8)

"and in addition, \$754,000 of the Revolving Fund for Loans, Bureau of Indian Affairs, shall be used in connection with administering loans to Indians."

Under this practice, loan funds established by Congress to meet the serious credit needs of American Indians have been reduced substantially since the year 1955, when the Congress last appropriated for loan administration purposes.

Bureau of Indian Affairs officials informed the Oklahoma delegation on May 6th that a reduction totaling \$2,710,000 in loan funds has been ordered by Congress since 1955, to meet administrative costs.

Indian loan fund appropriations since 1934 have totalled only \$13,800,000—including \$2,000,000 for the Oklahoma Indian Loan Fund, \$1,800,000 in the Navajo-Hopi Loan Fund, and \$10,000,000 in the General Indian Loan Fund. All were intended to be continuing, revolving funds, under their authorizations.

By tapping them for administrative costs, however, we have reduced the principal available for loan purposes by nearly 20 percent—practically all of this reduction coming during the past four years.

The impact of this practice was brought forcefully home to the Oklahoma delegation only this month, when the Bureau of Indian Affairs for the first time levied upon the Oklahoma Indian Loan Fund for a percentage of administrative costs, reducing the March balance of the Oklahoma Indian Loan Fund from a total of approximately \$1,848,000 to a March 31 total of \$1,315,000.

At the same time, the Bureau reduced the Navajo-Hopi Loan Fund, which also had not been previously assessed for administrative costs, from approximately \$641,000 to approximately \$493,000.

This decision was made, according to Associate Commissioner of Indian Affairs Rex Lee, because "general Indian loan money was so low there was no other alternative but to tap the two funds."

In a May 6th meeting with our delegation, Mr. Lee advised us that these loan funds are now at one of the lowest points in their history, and can be expected to go even lower during the next fiscal year.

A major factor in this situation has been the heavy demand for loans from the Klamath Indians, whose property and income have been tied up for some time to come in the current termination program.

We do not believe it was intended by Congress that administrative costs should consume the principal of these revolving loan funds.

We believe that current programs for location of industry in areas of Indian population provide legitimate demands for Indian credit which must be met.

We therefore urge that the provisions of H. R. 5915 be amended to provide by appropriation for administrative needs of the Indian loan funds, and the amounts by which these funds have been reduced be replaced at this time.