



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

December 2, 2005

S. 1003

Navajo-Hopi Land Settlement Amendments of 2005

As reported by the Senate Committee on Indian Affairs on October 27, 2005

SUMMARY

S. 1003 would amend the Navajo-Hopi Land Settlement Act of 1974 to phase out the responsibilities of the Office of Navajo and Hopi Indian Relocation (ONHIR) and close that office at the end of fiscal year 2008. The remaining duties of the ONHIR would be transferred to a new Office of Relocation within the Department of the Interior. The bill also would make technical changes to federal laws concerning the Navajo-Hopi land settlement. Finally, the bill would amend civil service laws regarding the personnel of ONHIR.

CBO estimates that enacting S. 1003 would have no significant effect on direct spending or revenues. In addition, we estimate that implementing S. 1003 would reduce discretionary spending by \$15 million over the 2009-2010 period (relative to estimated baseline spending over that period), assuming appropriations are reduced by the estimated amounts.

S. 1003 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). The bill would eliminate a provision that currently authorizes assistance to the Navajo and Hopi tribes for expenses associated with the relocation process. It would impose no other costs on state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 1003 is shown in the following table. The cost of this legislation falls within budget functions 450 (community development) and 800 (general government).

	By Fiscal Year, In Millions of Dollars				
	2006	2007	2008	2009	2010
SPENDING SUBJECT TO APPROPRIATION^a					
ONHIR Spending Under Current Law ^b					
Estimated Authorization Level	9	9	9	10	10
Estimated Outlays	9	9	9	10	10
Proposed Changes					
Spending for ONHIR					
Estimated Authorization Level	0	0	0	-10	-10
Estimated Outlays	0	0	0	-9	-10
Spending for Office of Relocations					
Estimated Authorization Level	0	*	*	2	2
Estimated Outlays	0	*	*	2	2
Separation Pay					
Estimated Authorization Level	0	*	*	*	*
Estimated Outlays	0	*	*	*	*
ONHIR Spending Under S. 1003					
Estimated Authorization Level	9	9	9	2	2
Estimated Outlays	9	9	9	3	2

NOTES: * = less than \$500,000; components may not sum to totals because of rounding.

- a. Enacting S. 1003 also would increase direct spending by less than \$500,00 a year over the 2006-2015 period.
- b. Current law authorizes the appropriation of such sums as are necessary for fiscal years 2006 through 2008 for ONHIR. CBO's baseline over the that period is equal to the 2006 appropriation adjusted for anticipated inflation.

BASIS OF ESTIMATE

For this estimate, CBO assumes that the bill will be enacted in fiscal year 2006 and that the necessary amounts will be provided each year.

Spending Subject to Appropriation

CBO estimates that implementing S. 1003 would save \$15 million over the 2006-2010 period—relative to CBO’s baseline projections—and assuming appropriations are reduced by the estimated amounts.

Office of Navajo-Hopi Indian Relocation. S. 1003 would phase out the activities of the ONHIR as authorized by the Navajo-Hopi Land Settlement Act of 1974, terminate the office on September 30, 2008, and transfer all remaining activities to the Department of Interior (DOI). The bill would require ONHIR to transfer all remaining funds for construction of replacement homes to those who have not received a replacement home by September 30, 2008. Based on the level of funding for 2006, information from ONHIR, and adjusting for anticipated inflation, CBO estimates that the termination of the office would save about \$19 million over the 2009-2010 period.

Office of Relocation. S. 1003 would establish an Office of Relocation within DOI on October 1, 2006, to take over the remaining duties and responsibilities of the ONHIR. This would include final construction projects and funds held in trust for future construction projects for individuals and future heirs. Based on information from ONHIR, CBO estimates that the new office would cost about \$2 million annually over the 2009-2010 period.

Separation Pay. S. 1003 would establish a program to provide separation pay for the employees of ONHIR over the 2007-2010 period during the phaseout of ONHIR and the transfer of duties to DOI. Based on information from ONHIR, CBO expects that this provision would not significantly affect federal spending because less than 50 employees would qualify for such payments.

Direct Spending

Federal employees who were first hired before 1985 are generally covered by the Civil Service Retirement System (CSRS), while most other employees are covered by the Federal Employees’ Retirement System (FERS). S. 1003 would use a more-generous formula to calculate retirement benefits for certain workers employed by the Office of Navajo and Hopi Indian Relocation.

About 50 employees currently work for the Office of Navajo and Hopi Indian Relocation, and CBO expects almost all of those workers would qualify for the higher benefits once they retire. The higher accrual rate would boost annuities for workers by 10 percent to 20 percent. Because of the small number of employees involved, CBO

estimates that direct spending on CSRS and FERS retirement benefits would increase, but by less than \$500,000 a year over the 2006-2015 period.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 1003 contains no intergovernmental or private-sector mandates as defined in UMRA. The bill would eliminate a provision that currently authorizes assistance to the Navajo and Hopi tribes for expenses associated with the relocation process. It would impose no other costs on state, local, or tribal governments.

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