



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

November 22, 2016

H.R. 3764 Tribal Recognition Act of 2016

*As ordered reported by the House Committee on Natural Resources
on September 8, 2016*

SUMMARY

H.R. 3764 would stipulate that an Indian group can become a federally recognized Indian tribe only through the Congress enacting legislation to that effect. The bill would outline the process for such Indian groups to file petitions for federal recognition with the Department of the Interior (DOI).

The bill also would provide federal recognition to the Little Shell Tribe of Chippewa Indians of Montana and six Indian tribes in Virginia—the Chickahominy Indian Tribe, the Eastern Division of the Chickahominy Indian Tribe, the Upper Mattaponi Tribe, the Rappahannock Tribe, Inc., the Monacan Indian Nation, and the Nansemond Indian Tribe. Federal recognition would make the tribes eligible to receive benefits from various federal programs.

CBO estimates that implementing this legislation would cost \$100 million over the 2017–2021 period, assuming appropriation of the necessary amounts. Enacting H.R. 3764 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

CBO estimates that enacting H.R. 3764 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

H.R. 3764 would impose an intergovernmental mandate as defined in the Unfunded Mandates Reform Act (UMRA) by exempting some lands from taxation by state and local governments, but CBO estimates the cost of the mandate would be small and well below the threshold established in that act (\$77 million in 2016, adjusted annually for inflation).

H.R. 3764 contains no private-sector mandates as defined in UMRA.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary effect of H.R. 3764 is shown in the following table. The costs of this legislation fall within budget functions 450 (community and regional development) and 550 (health).

| | By Fiscal Year, in Millions of Dollars | | | | | 2017-2021 |
|---|--|------|------|------|------|-----------|
| | 2017 | 2018 | 2019 | 2020 | 2021 | |
| INCREASES IN SPENDING SUBJECT TO APPROPRIATION | | | | | | |
| Department of the Interior | | | | | | |
| Estimated Authorization Level | 9 | 9 | 9 | 9 | 10 | 46 |
| Estimated Outlays | 8 | 9 | 9 | 9 | 10 | 45 |
| Indian Health Service | | | | | | |
| Estimated Authorization Level | 11 | 11 | 11 | 11 | 11 | 55 |
| Estimated Outlays | 11 | 11 | 11 | 11 | 11 | 55 |
| Total Increases | | | | | | |
| Estimated Authorization Level | 20 | 20 | 20 | 20 | 21 | 101 |
| Estimated Outlays | 19 | 20 | 20 | 20 | 21 | 100 |

BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 3764 will be enacted before the end of calendar year 2016, that the necessary amounts will be provided each year, and that outlays will follow historical patterns for similar assistance to other tribes.

The bill would repeal the current framework for the federal government to recognize Indian groups as Indian tribes, which has been in place since 2015. The bill also would stipulate new administrative procedures for Indian groups to petition for federal recognition. Those procedures would be similar to the procedures that existed before 2015. CBO estimates that implementing the procedures required in H.R. 3764 would not significantly change DOI's administrative costs over the 2017-2021 period. (In 2016, DOI allocated about \$2 million for administrative expenses related to Indian tribal recognition.)

H.R. 3764 also would provide federal recognition to an Indian tribe in Montana and six Indian tribes in Virginia. Such recognition would allow those tribes and about 7,460 tribal members (including members of other federally recognized tribes who live far from their own tribal service area, but close to the service area of the tribes that would be

recognized under H.R. 3764) to receive benefits from various programs administered by DOI and the Indian Health Service (IHS).

Based on average per capita expenditures by DOI and the IHS for other Indian tribes, CBO estimates that implementing H.R. 3764 would cost \$100 million over the 2017–2021 period, assuming appropriation of the necessary amounts.

Department of the Interior

DOI, primarily through the Bureau of Indian Affairs, provides funding to federally recognized tribes for various purposes, including child welfare services, adult care, community development, and other general assistance. In total, CBO estimates that providing those services to the seven tribes that would be recognized under H.R. 3764 would cost \$45 million over the 2017–2021 period, assuming appropriation of the necessary amounts and accounting for anticipated inflation. That estimate reflects per capita expenditures for services provided to the newly recognized tribes that would be similar to those for other federally recognized tribes located in the eastern states. (In 2015, the most recent year for which historical information on such spending is available, per capita expenditures for eastern tribes averaged about \$1,200.)

Indian Health Service

H.R. 3764 also would make members of the tribes newly recognized under H.R. 3764 eligible to receive health benefits from the IHS. Based on information from the IHS, CBO estimates that about 55 percent of tribal members—or about 4,300 people—would receive benefits each year. CBO expects that the cost to serve those individuals would be similar to the costs for current IHS beneficiaries—about \$2,650 per individual in 2017. Assuming appropriation of the necessary funds and accounting for anticipated inflation, CBO estimates that health benefits for those tribes would cost \$55 million over the 2017–2021 period.

Other Federal Agencies

In addition to assistance from DOI and IHS, certain Indian tribes also receive support from other federal programs within the Departments of Education, Housing and Urban Development, Labor, and Agriculture. Based on their status as tribes recognized by Virginia and Montana, the tribes specified in the bill are already eligible to receive support from those departments. Thus, CBO estimates that implementing H.R. 3764 would not authorize additional spending by those agencies.

PAY-AS-YOU-GO CONSIDERATIONS: None.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

H.R. 3764 would impose an intergovernmental mandate as defined in UMRA by exempting some lands from taxation by state and local governments, but CBO estimates the cost of the mandate would be small and well below the threshold established in that act (\$77 million in 2016, adjusted annually for inflation).

ESTIMATED IMPACT ON THE PRIVATE SECTOR

H.R. 3764 contains no private-sector mandates as defined in UMRA.

PREVIOUS CBO ESTIMATES

CBO has transmitted estimates for two other bills with provisions that are similar to provisions of H.R. 3764:

- On March 25, 2015, CBO transmitted a cost estimate for S. 35, the Little Shell Tribe of Chippewa Indians Restoration Act of 2015, as ordered reported by the Senate Committee on Indian Affairs on March 18, 2015. S. 35 is similar to Title III of H.R. 3764.
- On March 26, 2015, CBO transmitted a cost estimate for S. 465, the Thomasina E. Jordan Indian Tribes of Virginia Federal Recognition Act of 2015, as ordered reported by the Senate Committee on Indian Affairs on March 18, 2015. S. 465 is similar to Title II of H.R. 3764.

Differences in our estimates of spending subject to appropriation under the relevant sections of H.R. 3764, S. 35, and S. 465 reflect increases in the estimated size of tribal populations served (because of expected growth between 2015 and 2017) and in the per capita cost of benefits provided by the IHS.

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