



**Waganakising Odawak  
Fred Kiogima, Tribal Chairman**

**Little Traverse Bay Bands of Odawa Indians**  
7500 Odawa Circle, Harbor Springs, Michigan 49740  
Phone 231-242-1401 • Fax 231-242-1412

November 7, 2014

**RE: Veto of Tribal Resolution #100914-03  
Tribal Government Priority Funding Percentage Allocation for FY 2016.**

This memo explains the decision of the Executive Branch to veto **Tribal Resolution #100914-03 Tribal Government Priority Funding Percentage Allocation for FY 2016**, a resolution setting the allocation percentages for FY 2016 budget at an estimated level of 39.42% for General Welfare and 31.40% of the Tribal Government split to the Executive Branch.

Even though these percentages are a little higher than FY2015 allocated level, this allocation seriously and critically further reduces funding overall for the Executive Branch compared to FY2015. Since the Executive Branch is responsible to provide all the services and programs to Tribal Citizens, these cuts will be significant.

Although expenditures have significantly increased over the last ten years due to the growth in program creation and funding, the overall budget has not reflected that growth. During this same time period, spending on both the Judicial and Legislative Branches has significantly increased, thus seriously reducing the funding to the Executive Branch.

The *Supplemental Funding* process has created an environment that reinforces the dangerous misconception that there will always be funds to cover whatever is requested. A budget gets developed that simply does not require any adherence by anyone...because they can always "ask for Supplemental Funding." Some items have been short-term expenditures and others have been long term (ongoing) expenditures which increases the burden on the annual budget.

The current LTBB governmental operation has grown to a level that is unsustainable into the foreseeable future unless we get aggressive in identifying where we can cut and/or creating alternative sources of revenue.

The table below compares the growth and spending by branch since 2010:

General Fund Dollars Only

	Executive Branch	Legislative	Court	Prosecutor	Election	Overall	
2010	\$11,172,985	1,387,280	814,011	171,879	63,491	13,609,646	SPENT
2011	7,550,974	1,786,135	767,420	150,157	119,868	10,374,554	SPENT
2012	9,283,451	3,962,431 (MC)	914,766	138,925	79,065	14,378,638	SPENT

2013	\$8,924,681	1,665,949	1,121,090	163,232	102,691	11,977,643	SPENT
2014	\$9,866,967 debt repayment)	1,601,348	1,113,231	160,834	87,686	12,830,067	BUDGET (not counting
2015	\$9,639,995	1,553,551	1,216,000	183,950	156,504	12,750,000	BUDGET
2016	\$9,461,340	1,641,613	1,215,450	184,083	105,911	12,608,396	Council proposed RAP

Please note Legislative includes Legal in the historical data for comparison purposes.

Examples of the additional programs that have been mandated by the Legislative Branch include, but are not limited to the following:

- Michelle Chingwa Education Assistance Statute requires a minimum annual budget of \$1 million dollars and requires all eligible requests to be funded. That mandate increases the usage and requires an increase in the annual appropriation and sometimes an additional supplemental funding, as well totaling upwards of \$2 million dollars. The program has no restrictions on the number of degrees a person may earn, the Tribe never tries to recoup misused funds from students, and no career planning is required before receiving scholarship funding, rendering the actual need unpredictable.
- Historically, many grant funded positions never ended when those grants ended; personnel costs (including benefits) were just absorbed into the ongoing annual budgets without due diligence and consideration for the ongoing sustainability. That is no longer the case. We now make it known on all grant funded position descriptions and postings that the position ends when the grant ends;
- Foster Care Assistance was added at \$50,000 annually;
- Dental Services were expanded which increased staffing obligations;
- Elder's Dental Assistance Program;
- Hearing Aid Assistance \$100,000 annually;
- Funeral/Burial Assistance at \$200,000/\$225,000 annually. Unfortunately, this year we have had to submit two separate requests for supplemental funding for a total of \$XXX in additional costs;
- Hatchery Operations (about \$180,000 of General Funds);
- OFI Property Tax payments (which used to be paid by Bell's) \$35,000 annually. This costs has not been paid by OFI to date;
- Per Cap payments go up every year as the citizenship grows, \$2.8M at \$599 pp;
- Additional Charter entities;
- Annual Supplementals to OFI at approx. \$150,000 annually (\$3M to date), with another supplemental request due to be on the next AFC Agenda as reported at the 11-6-14 Tribal Council meeting;
- Facility Costs will be increased in 2016 as more properties have been added. Additional property acquisitions automatically mandates an additional burden on that budget with property taxes (until put into trust), utility payments, facility and ground maintenance (interior and exterior), which also raises the space costs all around;
- The Indirect Cost Rate has also risen with the addition of Legal and Treasury to the pool and council increasing their spending significantly as the table reflects. This increased rate affects ALL departments;

Unfortunately, this is by far not an all-inclusive list. Other costs have increased such as the need for program support, as more and more granting agencies require a match, we have an increase in the number of grants requiring a match; the increased starting salaries for Level 1, 2 and 3 employees due to the minimum wage and related wage grid changes as well as program support for Law Enforcement and NRD as BIA has not increased funding in these areas.

With the current decline in general fund revenues, the Executive Branch is very concerned that we will not be able to continue funding annual operating costs at the current levels.

MOST IMPORTANTLY, WE HAVE BEEN HOLDING BACK ON SPENDING FOR THE LAST FEW YEARS AND THIS IS AFFECTING OUR ASSETS, SUCH AS MAJOR REPAIRS TO THE BUILDINGS AND REPLACING OUTDATED VEHICLES AND OTHER EQUIPMENT. Monies saved in 2013 making us under budget were saved by cutting COLA, requiring co-pay on insurance and the Chairman directing the Executive Departments to decrease spending. These cuts *cannot* be made again.

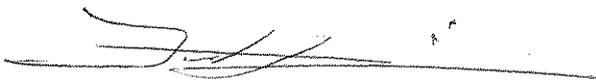
Governments exist to provide services to citizens and it is the Executive Branch that must bear the cost of **ALL** direct services to citizens. Annual costs, just by nature, increase, our elderly population is growing, and as more citizens seek services, the Executive Branch departments need to be adequately funded to meet those increased needs.

Last year at this same time, this Tribal Chairman vetoed the Funding Allocation for FY 2015 and requested an additional \$250,000. We were pleasantly surprised when that request was granted by the Legislative Body. However, we were even more surprised to find that the budget that was actually passed, but never presented to the Executive Branch in advance for comment, ultimately reduced the Executive Branch budget even further. Not only did we NOT received the \$250,000 granted as a result of the veto, but an additional \$84,005 was also cut for a total immediate loss of \$334,005.

Also not addressed during this whole process was a critical shortfall that was identified in the Health Park Budget. At that time, that shortfall amounted to \$1.3 million and was NOT addressed in the FY2015 Budget when it was passed by Tribal Council. The Executive Branch was advised to just submit a Supplemental Funding request.

Therefore, on behalf of the LTBB Tribal Chairman and the LTBB citizens that depend on current service levels, I am compelled to VETO this Resolution. We have met on this budget many times and we've been clear in explaining that we simply cannot maintain the level of services currently provided to citizens. Our focus was on trying to maintain services and jobs. If we are to cut any further, on the Executive side, it will mean elimination of services and/or jobs. If you wish to maintain the current level of services, I would recommend a budget of at least \$13,250,000, with the additional \$641,604 going to the Executive branch to cover the increased services provided by the Executive to the citizens since 2010. This is the absolute bare minimum.

Respectfully Submitted,



Fred Kiogima  
Tribal Chairman

LITTLE TRAVERSE BAY BANDS OF ODAWA INDIANS

7500 Odawa Circle

Harbor Springs, MI 49740

**TRIBAL RESOLUTION #100914-03**

**Tribal Government Priority Funding Percentage Allocation for FY 2016**

**WHEREAS** The Waganakising Odawak Nation, known as the Little Traverse Bay Bands of Odawa Indians, and its citizens are vested with inherent sovereignty and right to self-governance;

**WHEREAS** the Little Traverse Bay Bands of Odawa Indians (“LTBB” or “Tribe”) is a Federally recognized Indian Tribe under Public Law 103-324, and is a party to numerous Treaties with the United States the most recent of which being the Treaty of Washington of March 28, 1836 (7 Stat. 491) and the Treaty of Detroit of 1855 (11 Stat. 621);

**WHEREAS** Waganakising Odawak Statute 2007-003 states that “By October 15 of each year the Tribal Council shall adopt the Tribal Government priority funding allocation which shall set forth the allocation of funds among the five divisions, (Executive, Legislative, Judicial, Prosecutor, and Election Board), for the fiscal period budgets that will begin 14 1/2 months from this date. Prior to approval of this allocation the Tribal Council may hold public hearings.”

**WHEREAS** the Tribal Council set forth a priority allocation that requires adjustment in accordance with the allocation of the funds as set forth in the operating budgets presented by the Appropriations and Finance Committee;

**WHEREAS** in accordance with the Constitution, The Tribal Council shall enact an annual budget for the upcoming fiscal year. The budget shall identify all funding sources, appropriations of operating funds and Tribal enterprises. The Budget shall be a Tribal document, dispersed to Tribal members at the annual meeting of the Tribal Membership, or made available by mail as requested by Tribal members;

**THEREFORE, BE IT RESOLVED** that priority allocation percentages for FY 2016 be allocated to the Tribal Government at 31.40%, Economic Development at 10.36%, General Welfare at 39.42%, Distributions at 18.46% and Donations at 0.36%.

Tribal Resolution: 100914-03 Tribal Government Priority Funding Percentage Allocation for FY 2016

**THEREFORE BE IT FURTHER RESOLVED** that the Tribal Government percentage allocation from above is to be split among all Divisions, based on an anticipated amount of \$12,608,396 as follows: Legislative 13.02%, Judicial 9.64%, Prosecutor 1.46%, Election Board 0.84%, and Executive Branch 75.03%,

**CERTIFICATION**

As the Tribal Council Legislative Leader and Tribal Council Secretary, we certify that this Tribal Resolution was duly adopted by the Tribal Council of the Little Traverse Bay Bands of Odawa Indians at a Regular Meeting of the Tribal Council conducted on October 9<sup>th</sup>, 2014 at which a quorum was present, by a vote of 8 in favor, 0 opposed, 0 abstentions, and 1 absent as recorded by this roll call:

	In Favor	Opposed	Abstained	Absent
Bill A. Denemy	X			
John W. Keshick III	X			
Beatrice A. Law	X			
Michael J. Naganashe	X			
Aaron Otto	X			
Winnay Wemigwase				X
Marcella R. Reyes	X			
Julia A. Shananaquet	X			
Regina Gasco Bentley	X			

Date: 10-9-14 Regina Gasco Bentley  
 Legislative Leader Regina Gasco Bentley

Date: 10-9-14 Julia Shananaquet  
 Secretary Julia A. Shananaquet

Received by the Executive Office on 10-10-14 by [Signature]

Pursuant to Article VII, Section D, Subsection 1 of the Little Traverse Bay Bands of Odawa Indians Constitution adopted on February 1, 2005 the Executive concurs in this action of the Tribal Council.

Date: 7 Nov 14 [Signature]  
 Fred Niogima, Tribal Chairperson

**VETO**