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Highlights

Highlights of [GAO-04-847](#), a report to the Chairman, Committee on Indian Affairs, U.S. Senate

Why GAO Did This Study

American Indians and Alaska Natives generally face worse economic conditions than the rest of the U.S. population. The Economic Development Administration (EDA) within the Department of Commerce provides grants to distressed communities, including to American Indian tribes and Alaska Native entities, to generate employment and stimulate economic growth. Because data on how these EDA grants helped tribes was not publicly available, GAO analyzed all EDA grants made to Indian tribes from 1993-2002 and determined what economic development resulted. Tribes also enter into self-governance and other contracting arrangements with two federal agencies—the Bureau of Indian Affairs (BIA) and the Indian Health Service—to assume the management of individual services, including law enforcement, education, social services, and road maintenance. GAO also analyzed the relationship between changes in tribes' economic profile and the extent to which they had self-governance or contracting arrangements to perform their own services. BIA and EDA provided comments on a draft of this report. BIA generally agreed with GAO's conclusions. EDA took issue with GAO's characterization of the relative success of EDA grant programs.

www.gao.gov/cgi-bin/getrpt?GAO-04-847.

To view the full product, including the scope and methodology, click on the link above. For more information, contact William B. Shear at (202) 512-8678 or shearw@gao.gov.

INDIAN ECONOMIC DEVELOPMENT

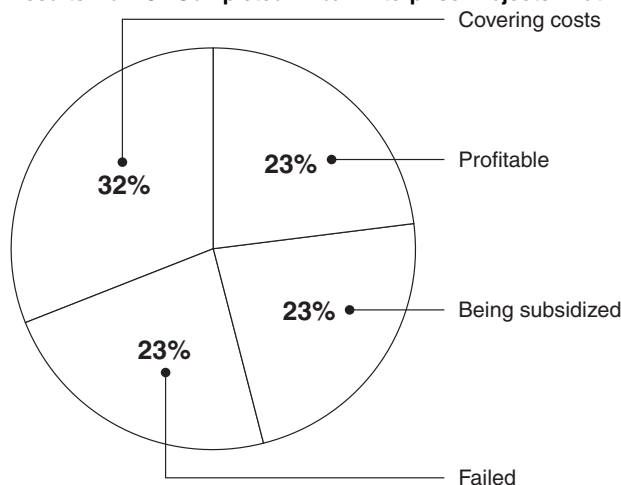
Relationship to EDA Grants and Self-determination Contracting Is Mixed

What GAO Found

Indian tribes have used EDA grants to create businesses, build roads and other infrastructure, and create economic development plans, but these grants have had mixed success in generating jobs, income, and private sector investment. From 1993 to 2002, 143 Indian tribes and tribal organizations received \$112 million in EDA grants, but this represented a small portion of EDA's awards to all organizations. Of the total amount awarded to Indian tribes or Alaska Native entities, \$54 million was used to fund 63 enterprise projects designed to create income and jobs. Of the 59 projects GAO collected data on, 25 had not yet begun operating, and 3 others had just been completed and no results were available. Of the 31 operational projects, tribal officials reported that about half were profitable or were covering their costs, and the remainder were being subsidized or had failed. Most had resulted in the creation of 10 or fewer jobs, and few had attracted private sector investment. EDA also provided \$22 million in grants to tribes for infrastructure projects, such as roads and sewer systems, \$30 million in grants to assist tribes with economic planning, and \$5 million for loan funds and business development.

Almost all of the 219 federally recognized tribes with available data had entered into either contracts or self-governance compacts to operate their own tribal programs and services. Based on GAO's analysis of U.S. Census Bureau data, tribes that had self-governance arrangements or were engaging in higher levels of contracting showed greater gains on average in employment levels from 1990 to 2000 compared with tribes that were contracting less. However, the change in per capita income or the percentage of tribal individuals with incomes above poverty levels over this period was not statistically different for self-governance or high-contracting tribes compared with low-contracting tribes.

Results from 31 Completed Tribal Enterprise Projects That EDA Funded



Source: GAO analysis of data from survey of tribal officials.

Note: Percentages do not add to 100% due to rounding.