
BY THE COMPTROLLER GENERAL

Report To The Congress

OF THE UNITED STATES

Federal Management Weaknesses Cry Out For Alternatives To Deliver Programs And Services To Indians To Improve Their Quality Of Life

A Bureau of Indian Affairs Reorganization Task Force concluded in March 1978 that a general management crisis pervades the Bureau. The Assistant Secretary for Indian Affairs called attention to the numerous reports, studies, and investigations by GAO, the American Indian Policy Review Commission, congressional committees, and others that have pointed out symptoms of near collapse of management throughout the Bureau.

Because this situation and similar management weaknesses in other Federal agencies providing assistance to Indians (Departments of Commerce; Health, Education, and Welfare; and Housing and Urban Development) have persisted for years, the Congress should take action to improve delivery of programs and services to Indians. Unless alternatives are tried, mismanagement of programs and services will continue and improvements in the quality of life of Indians will still be impeded.

Four alternatives the Congress should consider to make delivery of Federal programs and services to Indians more effective are offered in this report.



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COMPTROLLER GENERAL OF THE UNITED STATES

WASHINGTON, D.C. 20548

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To the President of the Senate and the
Speaker of the House of Representatives

This report points out that Federal agencies have not taken actions necessary to correct weaknesses in the management of Federal Indian programs. The report also points out that because management weaknesses persist, the Congress should consider alternatives to deliver programs and services to Indians to insure improvements in their quality of life.

We made our review pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67).

We are sending copies of this report to the Director, Office of Management and Budget; and to the Secretaries of Commerce; the Interior; Health, Education, and Welfare; Housing and Urban Development; and Labor.

A handwritten signature in cursive script, reading "James B. Stuck".

Comptroller General
of the United States

D I G E S T

In spite of recommendations by GAO, congressional committees, the American Indian Policy Review Commission, and other responsible groups over the past several years, Federal agencies have failed to correct weaknesses in their management of programs and services to Indians. GAO has concluded that management alternatives must be legislated by the Congress if Federal activities on behalf of Indians are to be effective.

As a result of the management weaknesses, many Indians may have suffered needlessly, while costs of administering the programs and services have increased drastically. For example, the Bureau of Indian Affairs' appropriations alone have risen from about \$500 million in fiscal year 1975 to about \$1.4 billion (including trust funds) for fiscal year 1979. The fiscal year 1979 budget estimates amount to about \$2,200 per Indian living on or near a reservation. If data were available on funds expended on Indian programs administered by all Federal agencies, the cost per Indian living on a reservation would be even higher.

Prevalent weaknesses, which are listed below, were in such areas as education and health, school construction, business development, housing, training, natural resources, and self-determination activities. Although these weaknesses generally were noted in Bureau of Indian Affairs programs and activities, GAO found similar weaknesses in other Federal agencies that provide assistance to Indians.

- Planning and policy guidance has been lacking or outdated. This situation contributed greatly to the poor success of Federal programs and services. (See pp. 8 to 10.)
- Lack of reliable information has prevented effective needs assessment and made it virtually impossible to measure progress in areas such as educational achievement and to determine whether funds appropriated for Federal programs and services are being used properly. (See pp. 10 and 11.)
- Federal agencies must effectively supervise, monitor, and evaluate Federal and tribal performance to make sure that the funds for various Indian programs are being used effectively. Adequate information must be reported and a concerted management effort must be made, as previously defined, if the services intended to improve the quality of life of Indians are to be successful. (See p. 11 and 12.)
- Some Federal agencies have not defined what role they should fill in this era of Indian self-determination and, as a result, did not take initiative to provide assistance unless requested by a tribe. (See p. 12.)
- Tribal governments need more training and technical assistance to help them develop the capability to negotiate and administer self-determination contracts and grants and improve the managerial and governmental capabilities required to fully exercise their self-determination options. (See pp. 12 and 13.)
- The Indian people often suffer needlessly because Federal agencies have not coordinated their activities adequately to prevent fragmentation or duplication of programs and services. The need for coordination between Federal agencies is dramatized by a chart that shows the

maze of Federal programs involved in business development activities for Indian reservations. (See pp. 13 to 15.)

- Many programs have been plagued by shortages of funds and adequate or knowledgeable staff to operate all aspects of the programs. As a result, some Federal agencies have been unable to provide adequate technical assistance and advice to Indian tribes. (See p. 14.)

ALTERNATIVES TO IMPROVE
DELIVERY OF PROGRAMS AND
SERVICES TO INDIANS

The Congress should consider the following four alternatives for delivering programs and services to Indians:

- Consolidate all federally administered Indian programs and services into a single agency such as the Bureau or an independent agency. (See pp. 18 to 20.)
- Consolidate Indian programs and services into the Federal agency having primary responsibility for overall Federal program areas, such as education, health, housing, economic development, etc. (See pp. 20 to 22.)
- Have all Federal agencies funnel their Indian program funds through one agency such as the Bureau, rather than directly to Indian tribes. (See pp. 22 to 24.)
- Assist tribes in developing the capability to manage all Federal programs and services and provide direct funding through block grants. (See pp. 24 to 26.)

Agency comments were not obtained on this report because GAO had previously reported its findings and recommendations concerning the management weaknesses to the individual Federal agencies involved. Agency comments were considered in developing final recommendation which were incorporated in other GAO reports.

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ABBREVIATIONS

ACE	Active Corps of Executives
ANA	Administration for Native Americans
BIA	Bureau of Indian Affairs
CSA	Community Services Administration
EDA	Economic Development Administration
FmHA	Farmers Home Administration
GAO	General Accounting Office
HEW	Health, Education, and Welfare
HUD	Housing and Urban Development
OMBE	Office of Minority Business Enterprise
RDS	Rural Development Service
SBA	Small Business Administration
SBI	Small Business Institute
SCORE	Service Corps of Retired Executives
YPO	Young Presidents Organization

CHAPTER 1

INTRODUCTION

THE QUALITY OF LIFE OF INDIANS IS A MAJOR CONCERN

A major concern of the Federal Government and Indians 1/ today is how to improve the quality of life of Indians and that of their descendants. Generally, the American Indian's quality of life--as contrasted to other Americans--is characterized by low income, high unemployment, high incidence of health problems, inadequate housing, low educational level, and high rates of major crime. The Federal Government, through treaties, legislation, executive orders, and executive agreements, has established a unique relationship with Indians and a special responsibility for assisting them in improving their quality of life. Although initially the Federal role was primarily that of serving as a trustee for Indian lands, it has expanded considerably through direct aid, grant, loan, subsidy, and other assistance programs in areas such as economic development, health care, housing, education, income assistance, and resource management.

Yet, although the Indian's quality of life has improved, it continues to fall short of that enjoyed by other Americans.

THE CONGRESS HAS TAKEN ACTION TO HELP IMPROVE THE QUALITY OF LIFE OF INDIANS

Within the last decade significant events have occurred that demonstrate increasing congressional concern and interest in federally sponsored programs and services for Indians and in relations between Indian tribes and the Federal Government.

On December 18, 1971, for example, the Alaska Native Claims Settlement Act (43 U.S.C. 1601 et. seq. (Supp. V 1975)) was approved for the purpose of settling land claims of Alaska Natives. Public Law 93-580, dated January 2, 1975, created the American Indian Policy Review Commission to (1) conduct a comprehensive review of the historical and legal developments underlying the Indians' unique relationship with the Federal Government and (2) determine the nature and

1/For purposes of this report the term "Indian" will apply to all native Americans.

scope of necessary revisions in the formulation of policy and programs to benefit Indians.

On January 4, 1975, the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450) was approved. In enacting this legislation, the Congress declared its commitment to maintain the Federal Government's continuing relationship with and responsibility to the Indian people through establishment of a meaningful Indian self-determination policy. This was to permit an orderly transition from Federal domination of programs for Indians to more effective and meaningful participation by Indians in planning and administering programs and services.

On May 17, 1977, the American Indian Policy Review Commission, chaired by Senator James Abourezk, submitted its final report to the Congress which called for action "to right the wrongs done to Indian tribes since the early days of this country." (The Commission included three Senators and three Congressmen.) The report urged creation of a Department of Indian Affairs or an independent agency to take over functions now handled by the Bureau of Indian Affairs, Indian Health Service, and other agencies. In addition, as shown in appendix II, the report included 23 recommendations for improving the Bureau's management of programs and services for Indians.

On August 9, 1977, the Chairman, Subcommittee on the Department of the Interior and Related Agencies, Senate Committee on Appropriations, requested that we make a comprehensive audit of the Bureau of Indian Affairs (BIA). The request was prompted by several existing reports on the poor administrative operations of BIA and the ever increasing costs of its activities. The Subcommittee on Interior, House Committee on Appropriations, has also expressed its concerns. As a result of this request, we issued ten reports.

These recent events which demonstrate increasing congressional concern and interest in federally sponsored programs and services for Indians and in the relations between Indian tribes and the Federal Government have given us an opportunity to work with congressional committees to identify alternative ways to deliver programs and services. In this respect, our recent reports point to the need for greater Federal efforts if the concepts espoused by the Alaska Native Claims Settlement Act, the Indian Self-Determination and Education Assistance Act, and the Indian Policy Review Commission Report to the Congress are to be achieved. (See app. I.) Specifically, any alternatives must enhance settlement of Indian and native land claims,

turn over federally run programs to Indian tribes, and improve BIA management activities presently under attack by the Congress and the Indian community.

AGENCY COMMENTS NOT OBTAINED

Agency comments were not obtained on this report because we had previously reported its findings and recommendations concerning the management weaknesses to the individual Federal agencies involved. Agency comments were considered in developing final recommendations which were incorporated in other reports. (See app. I.)

CHAPTER 2

FEDERAL MANAGEMENT WEAKNESSES WHICH IMPEDE

PROGRESS IN IMPROVING THE QUALITY OF LIFE

OF INDIANS REMAIN UNRESOLVED

In recent years numerous GAO reports, the review conducted by the American Indian Policy Review Commission, and reviews by several congressional committees have all identified similar weaknesses in Federal management of programs and services for Indians. In this respect a Bureau of Indian Affairs Reorganization Task Force concluded in its March 1978 report to the Secretary of the Interior that a "general management crisis pervades the Bureau of Indian Affairs." Concerning this management crisis, the Assistant Secretary for Indian Affairs, in a February 15, 1978, statement to the Task Force stated the following:

"During the past few years numerous reports, studies, and investigations have pointed out the symptoms prevalent throughout the Bureau of near-collapse of the organization's management systems. These include the American Indian Policy Review Commission's report, many GAO and congressional committee reports and investigations, the Reassessment Report on the Bureau's Management Action Plan, Civil Service Commission evaluation reports--and, most poignantly and significantly, the chorus of criticisms and complaints from the Indian community itself, as well as the general public and the media.

"From my own experiences and observations,

"These reports and statements are not purely critical in a destructive manner. In fact, with few exceptions, over and over again they contain constructive recommendations and suggested action steps to be taken, and have attempted to point to specific and urgently needed reforms and improvements in the general management of the Bureau.

"The staff paper which has been prepared recently * * * contains a Management Systems section which outlines and encapsulates all

of those comprehensive management improvement actions required--in the areas of mission statement clarification, policymaking, program planning and evaluation, budgetary processes, manpower allocation, organization analysis, personnel management, decisionmaking, management information, communications, and contract/property/supply management.

"I urge you to consider carefully these management system improvements, which I strongly endorse as long needed and required to overcome the fundamental malaise of the Bureau, rather than continuing to treat only the symptoms with band aids. These improvements are founded on the proven management principles of accountability, responsibility, and discipline--which are the principles on which the Bureau's management must be based if the Indian people are to be served effectively and efficiently."

Because significant management weaknesses have continued to remain unresolved over the past several years, a more concerted effort is needed by the Congress, Federal agencies, and Indian organizations to develop alternative ways to deliver programs and services for meeting the needs of Indian people and to insure that they are properly coordinated and managed and to make them more effective. These weaknesses, which are described throughout all our reports as well as the reviews of the Commission and congressional committees, are the failure of Federal agencies to:

- Develop adequate plans, policies, and procedures for carrying out programs and services for Indians.
- Develop management information systems for controlling and measuring effectiveness of Indian programs.
- Supervise, monitor, and evaluate Federal and tribal performance effectively to insure services are provided to the Indian people.
- Provide adequate training and technical assistance to tribal governments.
- Coordinate their activities to prevent fragmentation and duplication of Indian programs.
- Provide adequate staffing and funding.

This chapter summarizes the management weaknesses identified in 19 of our reports on Indian programs and services issued between June 1975 and March 1978. Five of these reports were addressed to the Congress; three to the Senate Committee on Interior and Insular Affairs; nine to the Subcommittee on the Department of Interior and Related Agencies, Senate Committee on Appropriations; one to an individual Congressman; and one to the Secretary of the Interior.

The management weaknesses identified in each of the reports, regardless of the area of concern, were often similar, and criticisms of deficient Federal management of Indian programs were generally directed at BIA. However, in some cases--such as in Indian housing, education, and business development--criticisms were directed at other cognizant Federal departments and agencies as well.

GAO REPORTS POINT OUT MANAGEMENT
IMPROVEMENTS NEEDED TO HELP
IMPROVE QUALITY OF LIFE OF INDIANS

In response to the August 9, 1977, request of the Chairman, Subcommittee on the Department of the Interior and Related Agencies, Senate Committee on Appropriations, we issued 10 reports criticizing Federal agencies' administration of program and services for Indian people. The reports presented a comprehensive review of federally administered Indian programs and were used by both the Senate Subcommittee on Interior and the Subcommittee on Interior, House Committee on Appropriations, during the fiscal year 1979 appropriations hearings on the BIA budget. The reports were also used by the Senate Select Committee on Indian Affairs during its hearings on several Indian matters held during March and April 1978.

Our reports cited major shortcomings as follows:

- BIA did not have adequate controls over self-determination contracts and grants awarded to Indian tribes under the Indian Self-Determination Act, or over related training and technical assistance activities. Thus, BIA did not know whether the tribes were providing required services to Indian or if training and technical assistance funds were being used properly. About \$157 million were spent on these activities in fiscal year 1977.

- BIA lacked criteria to evaluate the performance of its Indian training program (Indian Action

Team). As a result BIA did not know which of its Indian contracts were successful, which ones needed technical assistance, and which ones should not have been renegotiated. Total cost of the training program from inception in 1972 through fiscal year 1977 was \$66.2 million.

- Federal agencies have been unable to assure the development of profitable businesses on Indian reservations, although 25 grant, loan, and technical assistance programs were being federally funded and administered. The two major agencies involved, BIA and the Economic Development Administration, provided \$294 million to help establish businesses during fiscal years 1975-77. Deficiencies in BIA's administration of its business loan and grant programs under the Indian Financing Act of 1974 had caused the programs to suffer from delinquencies, inadequate accounting systems, poor analysis of loan and grant applications, missing documents in loan and grant files, inadequate loan servicing by lenders, short repayment terms, and limited provision of technical assistance to businesses.
- BIA based its priorities for constructing school facilities on invalid information, thereby making its 1979 school construction priority list unreliable. Furthermore, BIA had not developed comprehensive planning information on school needs of Indian children and could not readily determine when or where school facilities were needed. BIA estimated that as of January 1978 that about \$300 million would be needed to renovate or construct Indian school facilities. BIA could save millions of dollars by having Indian children attend nearby public or BIA schools and by constructing larger, consolidated schools in lieu of smaller, scattered ones.
- BIA had not provided needed educational services such as monitoring and evaluating school activities, because of staffing problems and/or travel fund limitations at its Indian Education Resources Center.
- BIA had inconsistently used its budget process (called band analysis) which is intended to reflect tribal needs and priorities.

Therefore, tribal input in the BIA's fiscal year 1979 funding decisions varied from total involvement to no involvement at all.

--BIA reduced funds for Indian programs by about \$7.6 million in fiscal years 1977 and 1978 rather than reduce its administration costs as directed by congressional committees.

--BIA knew little about Indian students' preparation for and performance in college or about the colleges they attended, yet continued to spend millions of dollars each year on the higher education grant program for Indians. In fiscal year 1976 grants totaled about \$33 million.

--BIA and Indian Health Service dominance over Indian programs and services had changed little since enactment of the Indian Self-Determination and Education Assistance Act, although the act established a Federal policy permitting tribes to assume control over their own programs.

In addition to these reports, we issued other reports citing similar problems in Federal management of Indian programs and services. All of our reports contain numerous recommendations to the Congress, BIA, and other cognizant Federal agencies which, if implemented, should greatly improve the Federal administration of Indian programs and services. (See app. I.)

In response to our reports, Federal agencies generally agreed with our findings and recommendations and stated that corrective actions had been taken or planned. In some cases they said implementing our recommendations would require increased funding and staffing. One agency said that implementing some of our recommendations would not be effective unless all Indian economic development programs were placed in a single agency as we had recommended. As pointed out in several of our reports (see app. I), Federal agencies did not always take action previously promised, the actions were inadequate, or they were not implemented on a continuing basis.

BETTER PLANNING AND POLICY
GUIDANCE ARE NEEDED

Most of the reports pointed out that planning and policy guidance was lacking or was outdated. This situation coupled with the lack of needs assessment has

contributed greatly to the poor success of Federal programs and services. For example, in January 1977 we reported to the Congress that the kinds of deficiencies BIA educational programs had in 1972 still existed. Our 1977 report pointed out that, as a result, there was little evidence that BIA had made progress since 1972 toward improving educational achievement of Indian children.

BIA had not communicated educational goals to its area offices and schools nor designed and implemented a specific plan for raising Indian students' academic achievement levels. In this respect BIA had not updated the goals and objectives published in its manual in 1953 and had failed to define what constituted adequate Indian education for the 1970s. We recommended that an educational needs assessment be made and that plans, goals, policies, and procedures be established for meeting these needs.

In a February 1978 report, we pointed out that BIA developed its 1979 school construction priority list without adequate comprehensive planning data and that, as a result, many schools ranked high on the priority list should not be built.

In 1975 and 1976 we issued reports pointing out that there was a serious need to improve the management of Indian natural resources. Management of forest land, rangeland, and cropland had been hindered by limited BIA and tribe planning on how resources would be developed on a long-term basis. Planning for irrigation management on croplands had been limited or nonexistent, and BIA had not provided guidance to the tribes for implementing irrigation systems. Also, BIA had placed only minor emphasis on planning for mineral resource development; formal mineral management plans had not been developed, causing delays in leasing of Indian lands.

In March 1978 we reported that the underlying objective of the Indian Self-Determination and Education Assistance Act was the possibility that most or all of the services provided by BIA and the Indian Health Service would eventually be provided by tribes under self-determination contracts. However, officials of both BIA and the Indian Health Service stated that they had not developed plans to define their roles or to identify the organizational changes needed if the tribes were to some day control Indian programs.

In other reports we have pointed out that better plans, policies, and procedures should be developed to improve Indians' standard of living through business development and housing construction. Numerous planning and policy problems exist in these areas and will continue to exist without a concerted Federal effort to coordinate development of plans, policies, and procedures which insure that required services are provided to Indians.

BETTER RECORDS AND MANAGEMENT INFORMATION SYSTEMS ARE NEEDED

The lack of reliable or, in many cases, any statistics and data concerning the conditions of Indians, the manner in which Federal program dollars are expended, the current status of Indian lands, and the lack of any realistic assessment of Indian needs and reservation potential have been discussed and documented by the American Indian Policy Review Commission, the Congressional Research Service, and various committees and subcommittees of the Congress in addition to most of our reports. For example, during April 1978 hearings on S. 2712, 95th Congress, cited as the Indian Program Evaluation and Needs Assessment Act, the Chairman, Senate Select Committee on Indian Affairs stated that:

"The lack of information has in the past severely hampered the Congress in evaluating the effectiveness of Federal Indian programs, and the effectiveness and performance of the Federal agencies administering them."

Our review of various Federal programs and services for Indians showed that the problems of inadequate records and/or lack of a reliable management information system for measuring overall effectiveness of the Indian programs exist in most areas discussed in our reports. These areas included business development, higher education loans and grants, education, and Indian self-determination activities (two reports on each area); and natural resources, employment training, boarding schools, the budget system, administrative costs, and housing (one report on each). We have concluded repeatedly that better management information systems should be developed by Federal agencies that would provide meaningful and comprehensive data on various Indian activities, yet there is no evidence that improvements have been made in this area.

The lack of reliable information prevents effective needs assessment and makes it virtually impossible to measure progress in such areas as educational achievement

of Indian students. Also, because Federal agencies do not have reliable information, they cannot determine effectively whether funds appropriated for Federal programs and services for Indians are being used properly.

PROGRAM MONITORING AND EVALUATING
MUST BE STRENGTHENED TO INSURE
THAT REQUIRED SERVICES ARE
PROVIDED TO INDIANS

Federal agencies have not established adequate criteria and measurable goals for use in monitoring and evaluating programs and services for Indians. Consequently, monitoring and evaluating of programs and services has not been done or has been grossly inadequate. This problem existed in many of the program areas discussed in our reports. For example, in one report we pointed out that even though BIA had been contracting with tribal groups for 5 years to train Indian people on reservations for employment, BIA still lacked written criteria to determine the results of its training program (Indian Action Team Program). Until such criteria are established, no overall evaluation of the program's effectiveness can be made.

In another report we pointed out that BIA did not have adequate controls over self-determination contracts and grants awarded to Indian tribes or the related training and technical assistance activities. Thus, BIA did not know whether the tribes were providing required services to Indians. The Indian Self-Determination Act clearly mandates that tribal performance under contracts and grants must be supervised; however, BIA had not met this mandate even though self-determination contracts and grants in fiscal year 1977 accounted for about 25 percent of its budget for operation of Indian programs. We cited several examples why supervision and monitoring of contracts and grants was not effective in identifying and helping improve tribal performance.

In March 1977 we reported that the Department of Health, Education, and Welfare (HEW) had not adequately monitored special education projects for Indian students during the early stages of its special education program. Few onsite project reviews were made, and contact with grantees was primarily through letters and telephone calls.

It is not enough to just provide funds to Indians for various programs. Federal agencies must insure that these funds are being used effectively and that required services are being provided to Indians. To accomplish these objectives, adequate information must be reported and a

concerted effort must be made to monitor and evaluate all Federal program activities designed to help improve the quality of life of Indians.

TRAINING AND TECHNICAL ASSISTANCE
ACTIVITIES NEED TO BE STRENGTHENED

Tribal governments need more training and technical assistance to help them (1) develop the capability to negotiate and administer self-determination contracts and grants and (2) improve the managerial and governmental capabilities required to fully exercise their self-determination options. In spite of this need, Federal agencies, as discussed in many of our reports, have not provided the assistance needed by tribes. In fact, some Federal agencies such as the Department of the Interior and HEW had not defined what role they should play in the era of Indian self-determination and, as a result, did not take any initiative to provide assistance unless requested by a tribe.

For example, in response to our January 1977 report "Concerted Effort Needed to Improve Indian Education," the Department of the Interior stated that the role of BIA "in the future, as determined by the Congress and Indian communities of the country, is to support and strengthen Indian self-determination." Interior stated that "self-determination in education means that tribes should decide education issues and programs." Interior stated that BIA's role would be that of providing technical services but that the full meaning of such services, at this point, is not clearly known.

In June 1975 and February 1978 reports on business development, we pointed out the the Departments of the Interior, Agriculture, and Commerce and the Small Business Administration (SBA) needed to provide better and more timely technical assistance to tribes. The 1978 report noted that when technical and managerial assistance was provided, it was provided after the businesses had lost considerable amounts of funds. We pointed out that by the very nature of business development programs, these Federal agencies financed businesses which could not qualify for financing from commercial lenders. Thus there was a strong need for the agencies to monitor businesses to help them succeed. Neither of the agencies felt, however, that it was their responsibility to assist an Indian business unless the business asked for help.

In addition to not providing adequate training and technical assistance, we found instances where training

and technical assistance funds were used improperly. BIA used training and technical assistance funds appropriated by the Congress for self-determination services for purposes other than those necessary to implement the Indian Self-Determination Act. The act intended that training and technical assistance to tribes should be directly related to increasing the tribes' capability to contract for programs now provided by BIA and to helping tribes overcome problems that could cause BIA to decline requests for contracts. However, BIA provided technical assistance that had no bearing on the tribes' capability to contract under the provisions of the act. Further, some tribal programs were funded with training and technical assistance funds where regular program funds should have been used. Also, BIA did not have a management reporting system to help monitor and control area office use of these funds.

FEDERAL AGENCIES NEED TO
COORDINATE THEIR ACTIVITIES
TO PREVENT FRAGMENTATION AND
DUPLICATION OF INDIAN PROGRAMS

Our reports point out that at the present time there is very little if any coordination of Federal Indian programs between the various Federal agencies. Consequently, the effectiveness of the programs and the well-being of the Indian people often suffer needlessly. The need for coordination between Federal agencies is dramatized by the chart on page 15, which shows the maze of Federal programs involved in the delivery of business development activities to Indian reservations.

Several Federal agencies administer programs under which Indians can obtain assistance in areas such as education, housing, economic development, transportation, and water and sewerage facilities. Within this proliferation of programs, each agency acts independently according to differing mission responsibilities, program goals, and administrative procedures.

Responsibility for coordinating the various Federal Indian programs is fragmented. It is especially unclear what roles each agency should have in dealing with Indian needs in the context of their overall mission and program responsibilities. Further, it is impossible to determine for any one Indian tribe how much Federal money goes to the tribe or whether the tribe receives duplicate funding from several Federal agencies.

In addition to our reports which repeatedly point out the lack of coordination of Federal programs for Indians,

the American Indian Policy Review Commission stated in its May 1977 report to the Congress that:

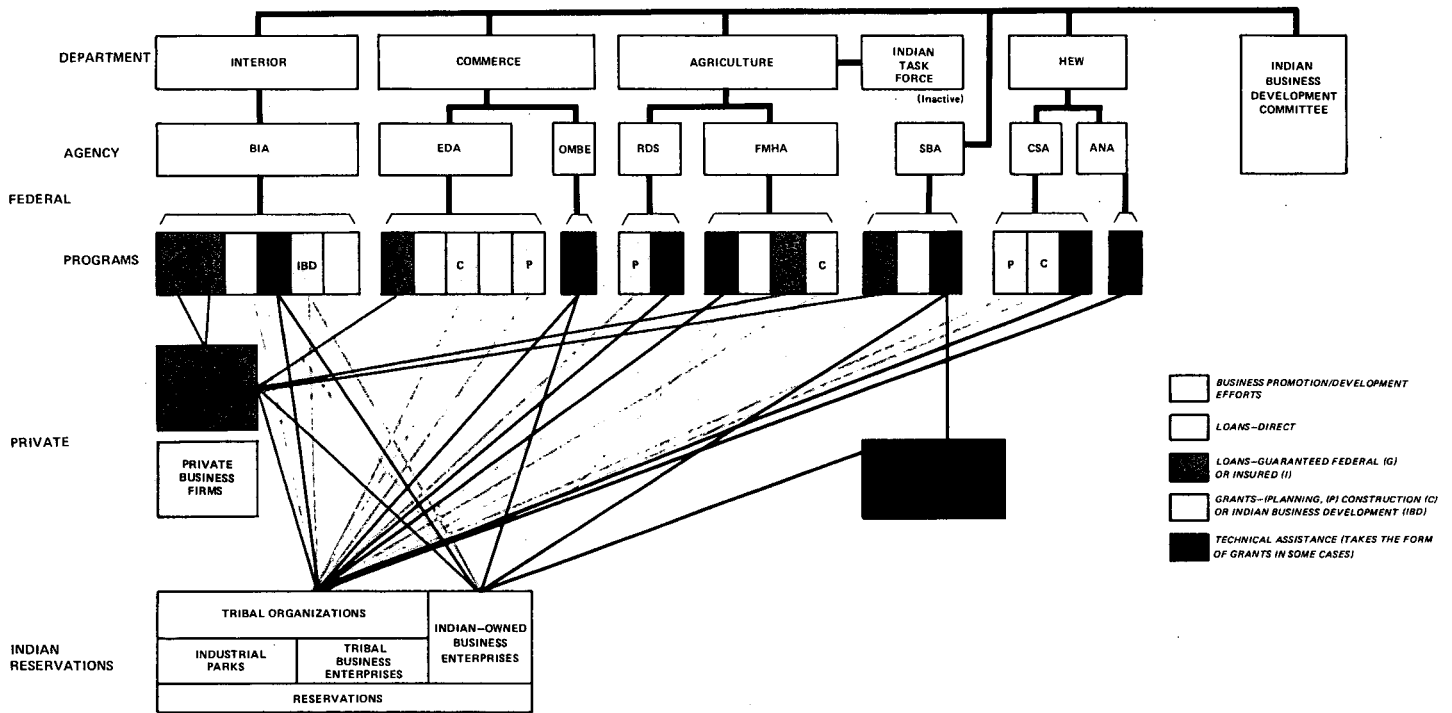
"* * * there is a serious lack of coordination both within and between Federal agencies. As a result, Indian people often fail to realize many of the benefits intended for them."

STAFFING AND FUNDING OF PROGRAMS
FOR INDIANS NEED TO BE IMPROVED

Although we have addressed the problem of inadequate staffing and funding last in this series of major problems identified in the Federal management of Indian programs, it is by no means the least important. In fact, the problem of inadequate staffing and funding has been the one most frequently mentioned in our reports. All but a few of the Indian programs we reviewed appear to be plagued with a shortage of funds and adequate or knowledgeable staff to properly operate all aspects of the programs.

For instance, in our reports on business development, we found that several Federal agencies did not monitor or promote business on Indian reservations because of a lack of manpower. In our reports on Indian natural resources, we found that lack of personnel had hindered BIA from giving tribes necessary technical assistance and advice, and had also hindered the U.S. Geological Survey from adequately inspecting lease sites or monitoring and enforcing lease provisions. In one report on Indian education, we found that the lack of program direction within BIA was attributed to constant turnover of high level positions. In two other reports on Indian education, agency officials said that either they were having difficulty recruiting experienced staff, and were therefore operating below their position ceiling, or they did not have enough personnel to effectively monitor agency performance and tribal contract compliance.

FEDERAL PROGRAMS FOR BUSINESS DEVELOPMENT ON INDIAN RESERVATIONS



CHAPTER 3

ALTERNATIVE WAYS TO DELIVER PROGRAMS AND SERVICES THAT WILL IMPROVE THE QUALITY OF LIFE OF INDIANS

Although Federal agencies have repeatedly advised us and the Congress that actions had been taken or planned to correct the management weaknesses discussed in our reports, such actions were not always taken, were inadequate, or were not implemented on a continuing basis. The weaknesses, which are discussed in chapter 2, have persisted through the years with little or no progress in improving the delivery of Federal programs and services to Indians. As a result, many Indians may have suffered needlessly, while costs of administering the programs and services have increased drastically. For example, BIA's appropriations alone have risen from about \$500 million in fiscal year 1975 to about \$1.4 billion (including trust funds) for fiscal year 1979. The fiscal year 1979 budget estimates amount to about \$2,200 per Indian living on or near a reservation. If data were available on funds expended on Indian programs administered by all Federal agencies, the cost per Indian living on a reservation would be even higher.

We believe that implementation of the numerous recommendations in our reports would have vastly improved delivery of programs and services to Indians. However, the continued failure of Federal agencies, over the past several years, to implement our recommendations or otherwise correct those management weaknesses discussed in chapter 2 lead us to the conclusion that the Congress needs to consider alternatives to insure more effective delivery of programs and services to Indians. Unless new alternatives, such as those discussed in this chapter, are adopted, mismanagement of programs and services may continue and improvement of the quality of life of Indians will be impeded.

The alternatives we identified are:

- Consolidate all federally administered Indian programs and services into a single agency, such as BIA or a separate independent agency.
- Consolidate program areas, such as Indian education, housing, and business development, into the Federal department or agency having

primary responsibility for that area. For example, all Indian education could be under HEW, all Indian housing could be under the Department of Housing and Urban Development (HUD), and all Indian business development programs could be under the Department of Commerce.

--Have all Federal agencies funnel their Indian program funds through one agency, such as BIA, rather than directly to Indian tribes.

--Assist tribes in developing the capability to manage Federal programs and services and provide direct funding through block grants.

Each of the alternatives has advantages and disadvantages. In the discussions which follow, we have identified some of those we believe could affect Indians and the Federal Government.

CONSOLIDATE ALL FEDERALLY
ADMINISTERED INDIAN PROGRAMS
INTO A SINGLE INDEPENDENT
AGENCY

On May 17, 1977, as a result of a congressionally mandated review of Federal programs for Indians, the American Indian Policy Review Commission submitted its final report recommendations to the Congress. Regarding Federal administration of Indian programs, the report stated:

"One of the most serious impediments to the development of Indian self-sufficiency today lies in Federal administration. Indian tribes, like non-Indian communities, are plagued by an excessive number of Federal agencies offering different programs all of which must be inter-related in order to achieve full community development.

* * * *

"It is the conclusion of this Commission that:
1. The executive branch should propose a plan for a consolidated Indian Department or independent agency. Indian programs should be transferred to this new consolidated agency where appropriate."

This proposal or alternative has certain advantages that make it attractive to Indians as well as to the Federal Government; however, some disadvantages would have to be overcome.

Advantages to Indians

Disadvantages to Indians

1. Indians would have to deal with only one agency to obtain needed assistance.
2. Fewer forms and reports would be required.
3. Fewer policies, regulations, rules, procedures, etc. would have to be adhered to.
4. Federal response to Indian needs should be faster and thereby reduce hardships on many Indians.
5. Communications between Indians and the Federal Government should be greatly enhanced, leading to a better understanding of Indian needs and solutions to their problems.

None.

Advantages to Government

Disadvantages to Government

1. Coordination problems which now exist between Federal agencies would be eliminated.
2. Overall costs of providing programs and services to Indians should be reduced because of economies in administration.
3. The possibility of duplicate funding being provided to Indians would be eliminated.

1. Relocation of Federal employees would possibly lead to morale problems in the short run.

4. Control over Federal funds for Indian programs could be greatly improved.
5. The Congress would have easier access to information on Indian needs and Federal efforts to meet those needs.
6. Communications between the Federal Government and Indians should be greatly enhanced, leading to a better understanding of Indian needs and solutions to their problems.

CONSOLIDATE PROGRAM AREAS INTO THE
FEDERAL DEPARTMENT OR AGENCY HAVING
PRIMARY RESPONSIBILITY FOR THAT AREA

In our reviews of Indian programs, we have found that often there are similar programs being administered by several Federal agencies, yet there is little or no coordination among these agencies to avoid confusion and duplication. Our reports on Indian business development, for example, pointed out that several Federal agencies within the Departments of the Interior, Agriculture, and Commerce and the Small Business Administration administer programs under which Indians can obtain economic development assistance. Within this proliferation of programs, however, each agency acts independently according to differing mission responsibilities, program goals, and administrative procedures, and no formal mechanism has been formulated to coordinate Federal projects.

In a June 27, 1975, report on this subject, we concluded that action was needed to decide how Federal agencies would respond collectively to Indian economic development needs and to assign to one agency the role of directing and coordinating Federal programs affecting economic development efforts. We recommended at that time that a proposal by the Director, Office of Management and Budget (OMB), to establish a domestic council committee on Indian affairs, specify that the Committee handle these Indian economic development efforts.

When we again reviewed this area for our February 15, 1978, report, we found that (1) OMB had taken no action

to establish such a committee and (2) other Federal efforts to coordinate economic development programs were not effective. We, therefore, recommended that the Congress consolidate Federal programs on Indian economic development and place them in a single agency. Such consolidation was also recommended by the American Indian Policy Review Commission.

In our March 31, 1978, report on Indian housing, we again concluded that existing uncoordinated Federal programs had not been successful. We recommended, among other things, that the Congress redefine the national policy for Indian housing, and consolidate Indian housing programs and the responsibility for Indian housing into a single agency.

One way of reducing fragmentation is by consolidating Indian programs into the department or agency which has primary responsibility for the subject area. This would mean that:

--HEW would have total responsibility for all Indian health, education, and welfare programs.

--HUD would have total responsibility for all Indian housing programs.

--Commerce would have total responsibility for Indian business and economic development programs.

BIA would retain only its role of meeting the Federal trust responsibilities and providing technical assistance to help tribes improve their governments. BIA staffing levels would be substantially reduced under this alternative. Other advantages and disadvantages of this alternative are:

Advantages to Indians

1. Indians would have to deal with only one agency to obtain single services such as housing and education. As a result Federal response to these single services may be quicker.

Disadvantages to Indians

1. Indians would still have to deal with more than one agency to meet all their needs. For example, education needs would be met by HEW and housing needs by HUD.
2. Because programs such as housing depend on coordination of water, sewerage, roads,

etc., Indians would still have to deal with more than one agency to obtain such assistance.

3. Because Federal agencies operate under different criteria, have different priorities, and do not always coordinate their activities, completion of projects and other assistance such as housing, might still be delayed under this alternative.

Advantages to Government

1. The Government should have better control over Federal funds spent on single programs such as housing and education.
2. Costs of such programs should decrease because certain administrative costs would be reduced by the consolidation.

Disadvantages to Government

1. Federal efforts to meet total Indian needs would still be fragmented among several agencies, and as a result, coordination of all Indian programs would still be a problem.
2. Some reorganization of Federal agencies and shifting of employees would be required. This would cause some personal hardships and morale problems.

HAVE ALL FEDERAL AGENCIES FUNNEL THEIR INDIAN PROGRAM FUNDS THROUGH ONE AGENCY

This alternative may be the least drastic to implement, as it would not require any major reorganization within the present Government structure. It would, however, require considerable communication, coordination, and cooperation among the Federal agencies administering Indian programs, which at present is severely lacking.

Because of the trust responsibilities already designated to BIA, it may be logical for BIA to handle coordination of Federal funding for Indian programs. All Federal agencies involved in funneling funds through BIA should be required to provide accurate and timely information on their Indian programs, which in turn would have to be carefully analyzed by the Congress and BIA. Due to the lack of accurate information now available, improved management information systems would be required, and other problem areas discussed in chapter 2 of this report would have to be resolved. Otherwise, although this alternative should provide information on where Federal funds are being used, it may not improve Federal management of Indian programs.

Some specific advantages and disadvantages of this alternative are discussed below.

Advantages to Indians

None

Disadvantages to Indians

1. This alternative would add another layer for Indians to deal with in obtaining assistance. Further delays might be experienced.
2. More forms and reports would be required. Additional rules, regulations, and procedures would also be required.

Advantages to Government

1. Under this alternative the Federal Government would be able to identify the total Federal funds provided to each Indian tribe. Presently this cannot be done, and as a result some duplicate funding may occur.
2. Coordination of Federal programs for Indians could be improved provided the agency through which funds

Disadvantages to Government

1. Coordination of reporting would be very difficult.

are funneled is authorized to do more than compile statistics.

3. Improved coordination and control over funds should improve the delivery of programs and services to Indians.

DEVELOP TRIBES' CAPABILITIES TO
MANAGE THEIR OWN AFFAIRS AND
PROVIDE DIRECT FUNDING
THROUGH BLOCK GRANTS

In the past several years, following the President's July 1970 message to the Congress on American Indians, BIA has attempted to develop tribes' capabilities to manage their own affairs by encouraging them to contract for the authority and responsibility to plan, conduct, and administer programs and services now provided by BIA.

The importance of developing tribal management capabilities was further emphasized on January 4, 1975, by enactment of the Indian Self-Determination and Education Assistance Act, which authorizes contracts and grants to help tribes develop the capability to operate programs for which they might eventually contract. The Senate Committee on Interior and Insular Affairs stated in Senate report 93-762 that the grants would be used:

"* * * (1) to undertake orderly planning for the takeover of the more complex federally operated programs; (2) to train Indians to assume managerial and technical positions once the tribe has assumed control and management of Federal programs; and (3) to finance a thorough evaluation of performance following a reasonable period of time in which a former federally controlled program has been administered by a tribe under contract."

This action may be the first step toward providing direct funds through block grants to tribes to allow them to manage their own affairs. However, BIA's actions so far have not been without problems. As stated in our report on Indian self-determination contracts, grants, and training and technical assistance activities, BIA is not monitoring the use of these contracts and grants, and training and technical assistance grants are being used for purposes other than those contemplated in the act. For example, one grant was used to establish and operate

a drought impact area office and another was used to conduct a fisheries management program. In neither case were training and technical assistance provided to enable the tribe to take over any program segment previously administered by BIA.

Before this alternative can be considered viable, Federal agencies must help tribes acquire the skills needed to effectively manage their own programs. This will include training that will provide management, budgeting, financial accounting, personnel, and auditing skills. It will also include assistance in development of adequate accounting and reporting systems. Without such skills there would be no control over grant funds and no assurance that the required services were provided to Indians.

Under this alternative, BIA's role would consist of meeting the Federal trust responsibility. As a result, BIA staffing would be substantially reduced.

Other advantages and disadvantages for this alternative are discussed below.

Advantages to Indians

1. Under this alternative tribes would be able to take full advantage of the principles of self-determination. Tribes would manage their own affairs.
2. Tribes would set their own priorities and budget requests.
3. Tribal governments would be strengthened and as a result the Indian people would have control over their own destiny.

Disadvantages to Indians

1. Tribal governments would function as do other local governments and would be limited to funds obtained through block grants. Unlike the past, when BIA would always come to their rescue, tribes would have to compete with local governments for increased funding for program overruns and unexpected emergencies.

Advantages to Government

1. Substantial economies should occur because Federal agencies would not be responsible for planning and implementing Indian programs.
2. Under this alternative the Federal Government would be able to identify total Federal funds provided to each Indian tribe.

Disadvantages to Government

1. No control over programs and as a result no assurance that needed services would be provided to Indians.
2. The Federal Government's trust responsibility might be affected and would have to be carefully considered before initiating this alternative.

GAO REPORTS ON FEDERAL MANAGEMENT
OF INDIAN PROGRAMS

IMPROVING FEDERALLY ASSISTED BUSINESS
DEVELOPMENT ON INDIAN RESERVATIONS
(RED-75-371, JUNE 27, 1975)

The report discussed effectiveness of Federal efforts to improve economic conditions on Indian reservations, problems encountered, and opportunities to improve those efforts.

We reviewed 28 economic development projects on 7 Indian reservations that accounted for more than \$27 million of Federal agency expenditures for developing the economies of reservations. The study including a survey of businesses showed that the agencies have had limited success.

Recommendations

To increase effectiveness of the Indian reservation promotion program, the Director, Office of Management and Budget, should work with the Secretaries of the Interior, Commerce, and Agriculture; the Administrator, Small Business Administration; and other agency heads he deems appropriate, to establish an interagency committee which would

- identify industries which are most likely to consider locating on a reservation,
- aggressively encourage and assist those firms identified as having an interest in locating on a reservation, and
- insure the availability of current promotional literature and materials.

To provide greater assurance of successful operation of new federally financed business ventures on Indian reservations, the Director, Office of Management and Budget, should work with the Secretaries of the Interior, Commerce, and Agriculture; the Administrator, Small Business Administration; and other agency heads he deems appropriate, to establish an interagency committee which would develop procedures for each agency's use in making systematic evaluations of proposed business and commercial development projects and in providing timely monitoring of, and competent technical assistance for, businesses receiving Federal financing assistance.

The Secretary of the Interior should have the Commissioner of Indian Affairs 1/ identify solutions to the problems of excessive turnover of Indian labor and consider the establishment of a postemployment counseling program as one possible solution to helping the Indian worker adjust to a structured work environment.

The Director, Office of Management and Budget, should require that a proposal by his Office to establish a domestic council committee on Indian affairs specify that the committee's responsibility would include efforts to (1) clarify Federal policy concerning Indian economic development assistance responsibilities of Federal agencies, (2) assign responsibility to a single agency for directing and coordinating program efforts, and (3) work with the Secretaries of the Interior, Commerce, and Agriculture; the Administrator, Small Business Administration; and other agency heads he deems appropriate, pending establishment and operation of the committee, to develop proposals for the committee's consideration.

BETTER OVERALL PLANNING NEEDED
TO IMPROVE THE STANDARD OF
LIVING OF WHITE MOUNTAIN APACHES
OF ARIZONA (FGMSD-75-47,
AUG. 12, 1975)

This report shows that the standard of living for Apache Indians on the Fort Apache Reservation in Arizona was considerably lower than that for the general public. The problems preventing White Mountain Apaches from achieving a standard of living comparable to the national average were multiple and interrelated. The report discussed the need for the Department of the Interior to assist the Fort Apache tribal council in planning and implementing an overall program for improving the standard of living of the White Mountain Apaches.

Recommendations

The Secretary of the Interior should direct the Bureau of Indian Affairs to accentuate its cooperative efforts with other Federal agencies and the tribal council in formulating and implementing an overall plan which recognizes the interrelationships among the various programs and factors

1/The Commissioner of Indian Affairs position was eliminated in Sept. 1977 at the same time the new position of Assistant Secretary for Indian Affairs was established.

involved. The plan should take into account the natural assets of the reservation and its people and should establish goals and priorities in accordance with Apache values and aspirations. Under the Indian Self-Determination and Education Assistance Act of 1975, the Bureau's planning efforts should be offered as technical assistance to the tribal council on an interim basis until tribal capacity to perform this planning and coordination is fully developed.

The Secretary of the Interior should also direct the Bureau to work with other Federal agencies and with the tribal council to improve the economic self-sufficiency of the reservation so that increase in Apache income is less dependent upon increased Federal expenditures for the reservation.

Even recognizing the Self-Determination Act and the emphasis it places on giving Indians more responsibility for managing their own affairs, the executive branch still has a large responsibility for seeing that Federal funds are used effectively and efficiently to improve the standard of living of Indians on reservations.

Coordination of Federal efforts at the reservation level is needed for all Indian tribes and evaluations of the type covered in this report should be made for all tribes.

Therefore, the Office of Management and Budget should take the necessary action to insure that

- an approach is developed which will coordinate Federal efforts at the reservation level; 1/
- continuous evaluations are conducted of the effect that Federal programs have on the standard of living at Indian reservations, including developing information systems to support such evaluations; and

1/Our report "Improving Federally Assisted Business Development on Indian Reservations" (RED-75-371, June 27, 1975) made a similar recommendation with respect to business development programs on Indian reservations. The above recommendations expand the earlier one to apply to all Federal programs.

--annual reports are submitted to the Congress on progress made in improving the standard of living of reservation Indians and on any needed changes in legislation to improve the effectiveness of Federal programs.

If early action is not taken, we recommend that the Congress enact appropriate legislation.

INDIAN NATURAL RESOURCES--OPPORTUNITIES
FOR IMPROVED MANAGEMENT AND INCREASED
PRODUCTIVITY, PART 1: FOREST LAND,
RANGELAND, AND CROPLAND (RED-76-8,
AUG. 18, 1975)

The management of Indian natural resources had been hindered by

- limited long-term planning for resource development,
- lack of personnel for technical assistance and advice, and
- conflict of tribal or individual Indian desires with accepted resource management practices.

This report made numerous recommendations to help overcome these problems and improve the management of natural resources to increase the benefits to Indian people and to assist in meeting the Nation's long-term needs for food and fiber.

Recommendations

The Secretary of the Interior should direct the Bureau of Indian Affairs to work with the tribes to:

- Assess the viability of such forest management opportunities as precommercial thinning, commercial thinning, and reforestation to identify the best opportunities.
- Develop long-range work plans for eliminating the backlog of needed forest management work over a reasonable time, with emphasis on the best opportunities first.
- Develop guidelines that limit the use of 10-percent funds to specific forest management activities and establish review procedures to insure the funds are used in accordance with the guidelines.

- Develop salvage plans and use simplified timber sale preparation and administration procedures tailored especially for harvesting dead and dying timber.
- Determine the additional staff needed to harvest the allowable volume of timber and to perform needed forest management work and inform the appropriate committees of the Congress of these needs.
- Periodically evaluate the effectiveness of its efforts in increasing timber production and report the results to the Congress.

The Secretary of the Interior should direct the Bureau to work with the tribes to develop long-term range management plans. These plans should provide for agreement between the Bureau and the tribes on:

- Range and soil inventories to determine current range capacity.
- Timetables for adjusting herd size to capacity.
- Grazing permit systems.
- Development and prudent use of improvements to increase range capacity.
- The amount of Federal and tribal funding needed to develop the improvements.
- Education programs to promote good range management practices.

To encourage the appropriate implementation of these plans, the Secretary of the Interior should request funding for only those range improvements that are in agreement with the long-term management plans and submit the plans to the Congress when requesting funds for range improvements.

The Secretary of the Interior should direct the Bureau to develop lease procedures and terms to insure that Indians (1) have full and complete knowledge of Federal grants involving their leased lands and (2) do not unknowingly forego rental income for improvements made by renters and financed by Federal grants.

COORDINATION NEEDED IN THE AWARD OF
FINANCIAL AID TO INDIAN STUDENTS
(MWD-76-14, SEPT. 8, 1975)

The report pointed out that problems had arisen in developing financial aid packages for Indians because of the lack of Office of Education and Bureau of Indian Affairs guidance.

Recommendations

The Secretary of the Interior should require that:

- The Bureau of Indian Affairs inform all those responsible for providing Bureau grants to Indian students that Bureau policy is that such grants are to be supplementary to all other sources of financial aid.
- Bureau educational specialists take actions to see that Indian students apply on time for Office of Education aid. These actions could include a renewed effort to make high school counseling more effective and contacts with Indian students on campus to help them apply for Office of Education aid.

INDIAN NATURAL RESOURCES--PART II:
COAL, OIL, AND GAS BETTER MANAGEMENT
CAN IMPROVE DEVELOPMENT AND INCREASE
INDIAN INCOME AND EMPLOYMENT
(RED-76-84, MAR. 31, 1976)

The development of Indian mineral resources for the benefit of American Indians had been hindered by

- lack of resource inventories, mineral management plans, and mineral expertise within the Bureau of Indian Affairs;
- no means to determine if Indian preference in hiring lease provisions were effective;
- failure to establish a coal lease royalty rate based on the selling price of coal; and
- inadequate monitoring of lease terms after issuance of a lease.

This report made numerous recommendations to help overcome these problems and improve the management of

mineral resources to increase the economic benefits of the Indian people and help the Nation meet its energy needs.

Recommendations

To help improve development of Indian mineral resources, the Secretary of the Interior should direct the Bureau of Indian Affairs to:

- Develop complete minerals inventories for all reservations having such resources.
- Develop, through the use of available resource information, mineral management plans, taking into consideration the wishes of the Indian people, and update these plans as additional information becomes available.
- Determine the mineral expertise staffing BIA needs to adequately fulfill its trust responsibilities at its headquarters and field locations and take the steps necessary to meet these needs. If it is not feasible to have mineral experts at all mineral developing reservations, alternatives should be considered such as using a minerals task force or consultants.
- Establish procedures to exchange and distribute between area and agency offices information relating to experience gained by the tribes in developing mineral resources.
- Update and maintain its operations manual and expedite revisions to the Code of Federal Regulations when changes are necessary.

To increase Indian employment in the minerals industry, the Secretary of the Interior should direct the Bureau of Indian Affairs to

- establish specific requirements in all Indian mineral leases for Indian preference in hiring and procedures for leasees to report regularly to the Bureau and the tribes on the status of Indian employment, and
- establish procedures for each reservation with minerals development for either the Bureau or the tribe to insure that Indian-preference-in-hiring provisions and requirements are being followed.

To help insure that Indians benefit from the increasing value of the coal resources and to improve coal-lease management, the Secretary of the Interior should direct the Bureau of Indian Affairs to:

- Establish a coal-lease royalty rate policy based on a percentage of the selling price of coal, with a fixed amount (floor) below which the price cannot fall.
- Determine whether the 2,560-acre limitation and the criteria for exceeding the limitation are valid, and, if it is found they are no longer valid, take action to revise the Code of Federal Regulations accordingly. In making this determination, factors to be considered in determining the number of acres to be leased should be identified.
- Insure that the Bureau lease files are adequately documented to support all actions taken.

To improve the Geological Survey's management of leases of Indian mineral lands, the Secretary of the Interior should require the Director of the Geological Survey to

- establish a penalty fee for late payment of royalties and enforce such requirements as necessary;
- instruct leasees to submit reports required by Federal regulations and lease terms when they are due and require purchasers of Indian mineral resources to submit reports on products purchased;
- establish procedures to coordinate reservation reclamation activities among the various agencies involved with this activity on each reservation;
- determine the level of staffing necessary to satisfactorily perform its oil and gas responsibilities on Indian lands and take the steps necessary to obtain such staffing;
- require its field offices to verify on a random basis that oil and gas wells reported to be shut down are no longer producing;

- perform all required oil and gas site inspections;
and
- postaudit all Indian oil and gas lease accounts.

CONCERTED EFFORT NEEDED TO IMPROVE INDIAN
EDUCATION (CED-77-24, JAN. 17, 1977)

This report pointed out that in April 1972 we reported that the Bureau of Indian Affairs needed to improve the quality of education provided by Bureau schools. It also pointed out that since April 1972 the Bureau had done little to meet the educational needs of its students.

- Indian education for the 1970s had not been defined.
- A comprehensive educational program had not been established.

Recommendations

The Secretary of the Interior should direct the Commissioner of Indian Affairs 1/ to:

- Determine the educational needs of Indian students, so appropriate programs can be designed to meet the needs.
- Establish realistic goals and objectives for meeting such needs and communicate the goals and objectives to all operating levels in the Bureau.
- Develop a comprehensive educational program which includes specific policies and procedures for dealing with problems which impede progress in meeting established goals and objectives.
- Monitor and evaluate implementation of established educational goals and programs at all operating levels of the agency.
- Develop a management information system that will provide:

1/The Commissioner of Indian Affairs position was eliminated in Sept. 1977 at the same time the new position of Assistant Secretary for Indian Affairs was established.

1. Meaningful and comprehensive information on the academic aptitude and achievement levels of students in the Bureau's school system.
2. Program-oriented financial management reports to meet the management needs of Bureau education program officials.

Matters for attention by the Congress

Since the Bureau had made no major progress over several years in implementing policies, procedures, and programs to insure that the educational needs of Indian students were met, the congressional committees should more intensively monitor the Bureau and, if adequate progress is not made, explore other alternatives, such as transferring responsibilities for administering Indian education programs to another Government agency.

INDIAN EDUCATION IN THE PUBLIC SCHOOL SYSTEM NEEDS MORE DIRECTION FROM THE CONGRESS (HRD-76-172, MAR. 14, 1977)

The Indian Education Act of 1972 is primarily designed to support special educational needs of Indian children in elementary and secondary schools. This report discussed problems in identifying and selecting Indian children and assessing their special educational needs. It also discussed problems in program operation and administration.

Recommendations

The Secretary of Health, Education, and Welfare should direct the Commissioner of Education to establish adequate guidelines for local education agencies to use in determining and documenting the number of Indian children eligible for the part A program.

For better distribution of part A funds and to serve only Indian children with special needs, the Congress should--after consulting with the Office of Indian Education, the National Advisory Council on Indian Education, and Indian organizations and tribes--provide a clearer definition of Indian children who should be considered eligible for the program and require that part A funds be awarded to local education agencies based on the number of Indian children with special educational needs.

The Secretary of Health, Education, and Welfare should direct the Commissioner of Education to:

- Provide local education agencies more specific guidance on conducting needs assessment.
- Require local education agencies to adequately make and document such assessments.
- Prohibit local education agencies from using Indian Education Act funds to purchase pre-fabricated buildings, unless specific statutory authority is obtained for such uses.

The Congress, after consulting with the Office of Indian Education, the National Advisory Council on Indian Education, and Indian tribes and organizations, should define what constitutes the special educational needs of Indian children.

The Secretary of Health, Education, and Welfare should direct the Commissioner of Education to:

- Establish clear, measurable goals for the title IV Indian education program and set periodic milestones for measuring program effectiveness. Within these goals, grantees should continue to have flexibility to design their projects according to their particular needs. Approaches used in the Department of Health, Education, and Welfare's Operational Planning System and data obtained from the national needs assessment may be useful in establishing these goals and milestones.
- Require grantees to make adequate annual project evaluations.
- Use project evaluations to determine if grantee improvements are needed in future projects.
- Improve technical assistance to parts A and B grantees to help them develop clear, measurable project objectives and evaluate and report project results.
- Solicit grantee comments on the usefulness of the Office of Education's evaluation handbook.

The Secretary of Health, Education and Welfare should direct the Commissioner of Education to clarify parent committee responsibility and authority in program regulations. The Office of Indian Education should also encourage the Local Education Agencies to provide parent committees the

necessary guidance and assistance and the necessary data on their children's needs and accomplishments. The Office of Indian Education should also encourage the Local Education Agencies to increase the number of Indian parents participating consistently in committee functions and get parent committees involved in title IV project operations.

To strengthen the administration and monitoring of title IV projects, the Secretary of Health, Education, and Welfare should direct the Commission of Education to

- require that title IV applications contain sufficient information supporting full grantee compliance with specific provisions of the act and the Office of Indian Education regulations and
- develop a better management information and reporting system to allow the Office of Indian Education to determine and resolve grantee problems.

THE BUREAU OF INDIAN AFFAIRS SHOULD DO
MORE TO HELP EDUCATE INDIAN STUDENTS
(HRD-77-155, NOV. 3, 1977)

The Bureau of Indian Affairs knew little about Indian students' preparation for and performance in college or about the colleges they attend, yet it continued to spend millions of dollars each year on the higher education grant program for Indians. In fiscal year 1976 grants totaled about \$33 million.

Recommendations

The Secretary of the Interior should direct the Assistant Secretary for Indian Affairs to:

- Develop and implement a system for gathering information on Indian students and the colleges they attend to help these students plan their education. Student information should include high school courses taken, achievement test scores, career goals, college grade point averages, the number of students not continuing their education, and the number of graduates. Information should be obtained on support services--such as counseling, tutoring, and remedial programs--at postsecondary educational institutions.

- Encourage Indian counselors to perform duties that enhance the Indians' opportunities to further their education.
- Encourage colleges and universities without Indian counselors to see that Indian students are receiving adequate supportive services.
- Develop regulations based on the higher education program manual and require Bureau personnel to follow them.
- Sufficiently staff the higher education program so that needed services can be provided to Indian students.

LETTER REPORT ON BUREAU OF INDIAN AFFAIRS
COORDINATION WITH OTHER FEDERAL AGENCIES
(CED-78-47, FEB. 8, 1978)

The letter referred to and transmitted copies of four previously issued reports dealing with the need for improved coordination among Federal agencies operating Indian programs.

THE BUREAU OF INDIAN AFFAIRS NEEDS TO
DETERMINE HOW WELL ITS INDIAN TRAINING
PROGRAM IS WORKING AND ASSIST TRIBES
IN THEIR TRAINING EFFORTS (CED-78-46,
FEB. 13, 1978)

After 5 years of contracting with tribal groups to train Indian people on reservations for employment, the Bureau of Indian Affairs still lacked written criteria to evaluate the performance of its Indian training program (Indian Action Team). As a result, the Bureau did not know which of its Indian contracts were successful, which ones needed technical assistance, and which ones should not have been renegotiated. Total cost of the training program from inception in 1972 through fiscal year 1977 was \$66.2 million.

Recommendations

The Secretary of the Interior should direct the Assistant Secretary for Indian Affairs to carry out the recommendations of the Bureau's management review team and to make every effort to reorganize the Indian Technical Assistant Center in the manner outlined in the Bureau's draft operating manual. The Assistant Secretary should then instruct the Chief of the Center to:

- Establish, with the Indian contractors, measurements to evaluate the effectiveness of the Indian Action Team program.
- Modify the Indian contracts to reflect the measurement criteria established and the reporting requirements.
- Require that Indian contractors submit necessary reports to the Center for evaluation purposes.
- Evaluate the Indian contractors' performance as soon as possible to identify those programs for which further contracts should not be negotiated.
- Evaluate proposed Indian Action Team programs and fund the most promising ones if, as a result of the contractor evaluations, funds become available.
- Review all Indian Action Team program conflicts with the Indian contractors to determine if technical assistance may be needed and to provide such assistance.

CONTROLS ARE NEEDED OVER INDIAN
SELF-DETERMINATION CONTRACTS, GRANTS,
AND TRAINING AND TECHNICAL ASSISTANCE
ACTIVITIES TO INSURE REQUIRED SERVICES
ARE PROVIDED TO INDIANS
(CED-78-44 FEB. 15, 1978)

The Bureau of Indian Affairs did not have adequate controls over self-determination contracts and grants awarded to Indian tribes under the Indian Self-Determination and Education Assistance Act, or over related training and technical assistance activities. Thus, the Bureau did not know whether the tribes were providing required services to Indians or if training and technical assistance funds were being properly used. About \$157 million were spent on these activities in fiscal year 1977.

Recommendations

The Secretary of the Interior should direct the Assistant Secretary for Indian Affairs to develop a management reporting system to help monitor and control self-determination contracts, grants, and training and technical assistance activities. The Assistant Secretary should also

be directed to revise the Bureau's policies, regulations, procedures, and practices as appropriate to:

- Prohibit award of contracts in which the starting date preceeds the date of award.
- Require that all contracts and grants include specific criteria against which to measure performance.
- Require that contracts and grants are effectively supervised and monitored by contract and grant officers. This should include (1) designation of full-time contract and grant officer representatives at the area level rather than agency level in order to remove conflict of interest, (2) clear description of contract and grant officer representative responsibilities, and (3) adequate training of contract and grant officer representatives.
- Prevent training and technical assistance funds appropriated for self-determination purposes from being used for assistance that does not help tribes (1) develop the capability to negotiate and administer self-determination contracts and grants or (2) improve their managerial and governmental capabilities required to fully exercise their self-determination options.

MORE FEDERAL EFFORTS NEEDED TO IMPROVE
INDIANS' STANDARD OF LIVING THROUGH
BUSINESS DEVELOPMENT (CED-78-50,
FEB. 15, 1978)

Federal agencies had been unable to assure the development of profitable businesses on Indian reservations, although 25 grant, loan, and technical assistance programs were being federally funded and administered. The two major agencies involved, the Bureau of Indian Affairs and the Economic Development Administration, provided \$294 million to help establish businesses during fiscal years 1975-77. Deficiencies in the Bureau's administration of its business loan and grant programs under the Indian Financing Act of 1974 had caused the programs to suffer from delinquencies, inadequate accounting systems, poor analysis of loan and grant applications, missing documents in loan and grant files, inadequate loan servicing by lenders, short repayment terms, and limited provision of technical assistance to businesses.

Recommendations

The Secretaries of Commerce and the Interior should direct the Administrator, Economic Development Administration, and the Assistant Secretary for Indian Affairs to cooperatively:

- Conduct an economic feasibility study that identifies reservations most likely to support self-sustaining economic development and carry out a comprehensive business development program including (1) pursuing businesses to locate on reservations, (2) providing them initial financial assistance and (3) assisting them in becoming self-sustaining, profitable enterprises.
- Decide whether long-term Federal support should be provided to economically develop other reservations or whether alternative strategies are needed to improve the living standard of Indians living on reservations that lack potential for successful business development. If so, new strategies should be developed and proposed to the Congress for implementing authority and funding.

The Secretary of the Interior should direct the Assistant Secretary for Indian Affairs to:

- Establish specific procedures and guidelines to preclude making revolving fund loans to tribal relending organizations that have experienced continuous problems.
- Take the necessary action to correct deficiencies in the revolving loan fund's automated accounting system.
- Make sure that the required documentation is obtained, accurate, and evaluated by the Bureau before making or guaranteeing loans and grants.
- Establish a policy restricting participation in the guaranteed loan program to only private lenders that demonstrate adequate loan-servicing capability.
- Make sure that necessary technical and management assistance is promptly identified and provided.

- Concentrate on identifying and correcting deficiencies in the grant computer system, including requiring that each agency obtain the necessary information reports from its grantees.

The Congress should consolidate Federal Indian economic development programs and place them in a single agency. This agency would be in a much better position to implement the above recommendations.

QUESTIONABLE NEED FOR ALL SCHOOLS PLANNED
BY THE BUREAU OF INDIAN AFFAIRS
(CED-78-55, FEB. 15, 1978)

The Bureau of Indian Affairs based its priorities for constructing school facilities on invalid information, thereby making its 1979 school construction priority list unreliable. Furthermore, the Bureau had not developed comprehensive planning information on school needs of Indian children and could not readily determine when or where school facilities were needed. The Bureau estimated that as of January 1978 about \$300 million would be needed to renovate or construct Indian school facilities. The Bureau could save millions of dollars by having Indian children attend nearby public or Bureau schools and by constructing larger, consolidated schools in lieu of smaller, scattered ones.

Recommendations

The Secretary of the Interior should direct the Assistant Secretary for Indian Affairs to

- compare the costs and cultural and academic benefits of constructing small, scattered schools as opposed to larger, centralized schools before schools are scheduled for construction;
- enforce the Bureau's policy of having Indian children attend nearby public schools where adequate facilities are available;
- establish a policy which would require use of available space in nearby Bureau schools before new schools are built;
- require comprehensive planning data to justify school construction priorities;

- require verification of data on all construction request applications before including them on school construction priority lists; and
- clarify and enforce the Bureau's policies on school attendance boundaries.

BUREAU OF INDIAN AFFAIRS NOT OPERATING
BOARDING SCHOOLS EFFICIENTLY
(CED-78-56, FEB. 15, 1978)

The Bureau of Indian Affairs had failed to consolidate its boarding schools to make greater use of space and equipment, to establish policies to control boarding school expenditures, and to provide for adequate staff and funds to properly maintain boarding schools. As a result, millions of dollars were being lost.

Recommendations

The Secretary of the Interior should direct the Assistant Secretary for Indian Affairs to:

- Instruct area offices, agency offices, and boarding schools to follow established eligibility criteria and admission procedures.
- Develop space utilization, staffing and funding criteria for boarding schools that will insure efficient operation and that the educational needs of Indian children are met.
- Consolidate boarding schools into the minimum number of facilities needed to meet the above criteria.
- Dispose of unneeded facilities, buildings, and equipment in accordance with established procedures.
- Include provisions for linking procurements to specific educational needs in developing comprehensive education programs.
- Develop a system that will provide information with which to monitor program expenditures and/or determine need for detailed evaluations.
- Monitor and evaluate expenditures of funds at the school level periodically.

- Reevaluate staffing and funding of maintenance at Navajo area boarding schools and make adjustments necessary to insure that these facilities are maintained adequately.
- Implement plans to decentralize and simplify the Navajo area maintenance system.

INFORMATION ON ORGANIZATION AND FUNCTIONS
OF THE INDIAN EDUCATION RESOURCES CENTER
(CED-78-57, FEB. 15, 1978)

This report points out that the assistance provided by the Indian Education Resources Center was considered generally satisfactory by its clientele--mostly Bureau of Indian Affairs field offices and schools. However, Center officials and the Director of Indian Education said that the additional needed services, such as monitoring and evaluating of school activities, had not been provided because of staffing problems and/or travel fund limitations.

TRIBAL PARTICIPATION IN THE BUREAU OF INDIAN
AFFAIRS BUDGET SYSTEM SHOULD BE INCREASED
(CED-78-62, FEB. 15, 1978)

Tribal participation in the Bureau of Indian Affairs fiscal year 1979 budget system and program funding decisions varied. Therefore, the budget represented some, but not all, tribal funding priorities. Major improvements were needed in the Bureau's system to increase tribal participation so that the budget would reflect tribal needs and priorities.

The Bureau had proposed a new process for setting funding priorities. It would build on and modify, rather than replace, the current budget process. However, conditions will again limit tribal participation in developing the fiscal year 1980 budget.

Recommendations

The Secretary of the Interior should direct the Assistant Secretary for Indian Affairs to:

- Give the tribes complete funding data and information.
- Inform the tribes of the exact amount of funds actually available to change the mix of programs and funding priorities.

- Narrow the criteria for excluding a program from the funding priority-setting process and for not assigning program funds to the tribes for priority setting.
- Give the tribes more time to develop program-funding priorities and an opportunity to revise their priorities due to changing conditions.
- Revise the procedures and requirements for setting program-funding priorities to make sure that tribal officials are given an opportunity to identify their priorities.
- Give the tribes an opportunity to participate in developing new programs and making major revisions to existing programs.
- Determine how the Bureau's Planning, Programming and Evaluation Data System can be improved to better evaluate program performance and managerial effectiveness.
- Identify the number of Indian tribes and Alaskan Native groups requiring planning assistance, inform the tribes concerning the benefits to be derived from comprehensive plans and needs analyses, and give funding priority to tribal requests for comprehensive planning assistance.
- Reflect tribal funding priorities in the Bureau's budget.

MORE EFFECTIVE CONTROLS OVER BUREAU OF
INDIAN AFFAIRS ADMINISTRATIVE COSTS ARE
NEEDED (FGMSD-78-18, FEB. 15, 1978)

The Bureau of Indian Affairs reduced funds for Indian programs by about \$7.6 million in fiscal years 1977 and 1978 rather than reduce its administration costs as directed by congressional committees.

Recommendations

The Secretary of the Interior should direct the Assistant Secretary for Indian Affairs to:

- Act immediately to reduce its administrative cost for fiscal year 1978 by most, if not all,

of the \$4 million as requested by the committees.

- Discontinue plans to show reimbursements for computer services as reductions in administrative costs.
- Identify and eliminate (1) positions that overlap or layer another position and (2) unqualified personnel.
- Revise its accounting system operations to use its organizations' operating budgets as approved by the Bureau's budget office to control costs and prevent unauthorized deviations from operating budgets.
- Issue instructions to identify the specific subaccounts to which each Bureau organization can charge its administrative costs, consistent with any changes requested by congressional committees to the appropriation structure, and emphasize the need to comply with the instructions.
- Eliminate the production of all financial reports not needed for effective and efficient program management and revise all retained reports to include only essential data.
- Develop edit routines in the automated system to reject all invalid and improper transactions and provide for prompt correction of rejected transactions.
- Establish fund controls that will keep area offices within amounts budgeted and require them to obtain prior approval from the Bureau's budget office for significant deviations.
- Resubmit the revised system to us for approval.

Along with the Subcommittee on the Interior, House Committee on Appropriations, the Subcommittee on the Department of the Interior and Related Agencies, Senate Committee on Appropriations, should:

- Provide the Bureau of Indian Affairs with a separate appropriation for administrative expenses or place a percentage or dollar

limitation on the amount of its total appropriations that can be spent for administrative costs.

- Specify in future appropriations the amounts that can be used to pay personnel costs, especially when desiring to reduce the number of administrative personnel.

Should either of these alternatives be adopted, the Secretary of the Interior should require the Bureau to change its budgets and related justifications to show total administrative costs and personnel by specific Bureau offices and by each program category. Also, the Secretary should direct the Bureau to include statistics on the Bureau's total work force and total personnel employed by each Bureau office in its budgets and related justifications.

THE INDIAN SELF-DETERMINATION ACT--MANY
OBSTACLES REMAIN (HRD-78-59, MAR. 1, 1978)

Bureau of Indian Affairs and Indian Health Service dominance over Indian programs and services had changed little since enactment of the Indian Self-Determination and Education Assistance Act, although the act established a Federal policy permitting tribes to assume control over their own programs.

Recommendations

The Secretaries of the Interior and Health, Education, and Welfare should direct the Bureau and the Indian Health Service to establish criteria for measuring progress in implementing the Self-Determination Act and to implement procedures for:

- Making sure that tribes have a full understanding of their options under title I.
- Helping tribes obtain information needed for fully informed decisions on assuming programs or program segments. This may require helping tribes assess their ability to operate and manage the contractable programs.
- Guiding the tribe in determining how to acquire the skills or resources needed to contract for a particular program or program segment, including training and assistance available from the agencies.

SUBSTANDARD INDIAN HOUSING INCREASES
DESPITE FEDERAL EFFORTS--A CHANGE IS
NEEDED (CED-78-63, MAR. 31, 1978)

Although the Federal Government built nearly 27,000 new homes on Indian reservations from 1970 to 1976, the number of Indian families living in substandard housing increased from about 63,000 to about 86,000 during that period. This was due to

- more Indian families living on reservations,
- a relatively low level of housing production, and
- inadequate management of new homes.

Recommendations

The Congress should redefine the national policy for Indian housing and establish a program with realistic goals and objectives for implementing that policy. To be effective, an Indian housing program must be centrally administered and must be designed to recognize that Indian housing needs and problems on isolated, rural reservations are different than those encountered in urban non-Indian areas. Accordingly, in establishing a program for Indian housing, the Congress should

- consolidate Indian housing programs and the responsibility for Indian housing into a single agency and
- recognize that a wide range of housing assistance options such as loans, grants, and subsidies will be needed to serve the various income levels and cope with the unique conditions and special needs of Indians living on reservations.

Major changes are necessary to solve the problems experienced in meeting Indian housing needs. Pending the establishment of a new national policy on Indian housing and the implementation of any new or redirected programs, however, prompt action needs to be taken to improve the effectiveness and efficiency of existing programs. Accordingly, the following actions should be taken.

The Secretary of Housing and Urban Development should:

- Assess goals for Indian housing in view of the increasing need and provide the funds necessary to meet these goals.

- Insure that prototype costs be established for each Indian area unless a special analysis is made showing that such costs are not needed.
- Develop procedures to insure that projects are completed as planned in terms of quality and completeness.
- Revise procedures to permit the lesser of the appraised value or cost of leaseholds to be fully considered as part of the total project development costs.
- Reassess the present structure by which housing on reservations is managed.
- Insure that home buyer training required by the Indian housing regulations issued in March 1976 is provided.

The Secretary of the Interior should:

- Determine the number of Indian families which can only be served by the housing improvement program and identify the location and type of assistance needed in terms of new construction or rehabilitation.
- Develop a formal plan for meeting that need and request from the Congress the necessary financial and other resources required to carry out the plan.

The Secretary of Agriculture should direct the Farmers Home Administration to place a greater emphasis on Indian housing, develop a more effective outreach program, and provide staff necessary to implement such a program.

AMERICAN INDIAN POLICY REVIEW COMMISSION'S
MANAGEMENT STUDY OF THE BUREAU OF INDIAN AFFAIRS--
DIGEST OF RECOMMENDATIONS

Budget process:

1. Establish a formal planning system within BIA and integrate it into the present budget process.
2. Reorganize budgeting, planning, and intergovernmental relations into one integrated organization.
3. Stimulate Indian participation in the budget process.
4. Include all nonbanded area programs except trust funds in the agency budget formation process by fiscal year 1979.
5. Make the budget function responsible for variance analyses and performance reviews.
6. Emphasize Indian participation and band analysis in the BIA budget review to Interior, OMB, the President, and the Congress.
7. Establish annual project planning at area and agency levels for all continuing programs and monitor performance quarterly on a personal basis, altering the plan to reflect status changes.

Personnel management:

8. Strengthen Indian preference to improve BIA effectiveness while continuing to hire, train, and upgrade Indians for Bureau employment.
9. Develop a human resources planning system using industrial engineering techniques to establish appropriate staffing levels and position requirements.
10. Develop an aggressive recruiting program to secure qualified or trainable Indians.
11. Reorganize the employment classification system to improve credibility.
12. Improve BIA employee relations practices.

13. Develop training programs to meet specific BIA requirements.
14. Continue regular civil service evaluations and upgrade personnel management quality through Department of the Interior project manager appointments.

Management information:

15. Establish and install performance measurement standards.
16. Initiate a program to improve and facilitate general communications between central office and field supervisors.
17. Develop a concise statement on critical issues.
18. Improve the management by objectives program.
19. Expedite the automatic data processing modernization study to insure completion by January 1, 1977.
20. Complete application analysis section of the modernization study by October 1, 1976.
21. Add remote access and interactive capabilities to reduce preprocessing time and increase computer program development efficiency.
22. Develop an inventory system for a comprehensive management system.
23. Develop standardized material and supply inventory systems.