

**STATEMENT OF MICHAEL J. ANDERSON
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DEPARTMENT OF THE INTERIOR
BEFORE THE
SENATE COMMITTEE ON INDIAN AFFAIRS
HEARING ON S. 2052**

September 27, 2000

Good morning, Mr. Chairman and Members of the Committee. I am pleased to be here today to discuss S. 2052, a bill to establish a demonstration project to authorize the integration and coordination of Federal funding dedicated to community, business, and the economic development of Native American communities. The Administration has a number of concerns with the bill, including the general and specific concerns described in the attached document. The Administration is continuing to review the bill and will provide its position on the legislation to the Committee in the near future.

The federal government currently authorizes a wide variety of economic development, employment, training, education, procurement, contracting and related programs. Many are narrowly focused and target the same clients, provide similar services, and have the same or similar program goals. The overlap is compounded by the requirement of each funding agency to maintain separate records and separate administrative procedures. This situation frustrates tribal program administrators, and it confuses those seeking assistance. The Department is committed to reducing this administrative burden by participating in the governmentwide effort to implement Public Law 106-107, the Federal Financial Assistance Management Improvement Act of 1999, which Congress passed last year.

The Department, through the Bureau of Indian Affairs (BIA), currently participates in broad national economic development issues such as facilitating credit and welfare reform with other federal agencies such as the Departments of Agriculture, Housing and Urban Development, the Treasury, Health and Human Services, Labor, Commerce, and the Small Business Administration.

Within the BIA's Office of Economic Development, we continue to lead the implementation of the Indian Employment, Training and Related Services Demonstration Act of 1992 (Public Law 102-477), which authorizes the consolidation of all federal formula-funded employment, training, and related programs that tribes and tribal organizations contract with other federal agencies. The primary goals are to improve the effectiveness of services, reduce joblessness in Indian communities and serve tribally determined goals. The program was established in FY 1994, and in FY 1999, 22 grantees servicing 181 tribes participated in the program. Funding from the Departments of Health and Human Services, Labor, and other Indian education, job placement, training and welfare programs totaled more than \$20 million. In FY 2000, about 40 grantees servicing 215 tribes will participate in this program with funding totaling more than \$30 million. The Public Law 102-477 program supports the Administration's policy of providing tribes with the resources necessary to develop a self-sustaining economic base, which will in turn work to empower tribes.

Developing entrepreneurs and businesses in the e-commerce environment is new for the nation, new for the world and new for Indian reservations. We can report that the BIA has met with several institutions of higher education and proposes to develop a partnership with them to bring professional and state of the art e-commerce knowledge to reservations. Further, we are pleased to report that the BIA established a distance learning plan with the State Commission on Higher Education and with the State Information Technology Commission. This effort lays the ground work for other technology-based opportunities such as bringing advanced technology and e-commerce to tribes across the country. For example, the New Mexico Institute of Technology has recently been funded by the Department of Defense to establish the Institute for Complex Additive System Analysis, an effort to address high technology in the defense system of our country. The Administration supports developing entrepreneurs in the new e-commerce environment.

This concludes my statement. The Administration has identified a number of concerns with the bill and will provide its overall position shortly to the Committee. I will be happy to answer any questions you may have.

Comments on S. 2052:

- **Sec. 2 Findings; Purposes**

- (b) **Purposes (5) Establish a demonstration project**

- Comment:** We recommend proving a sunset requirement on this pilot program.

- **Sec. 3. Definition**

- Comment:** We are concerned that "ASSISTANCE PROGRAM" is defined too broadly and could lead to the inclusion of other federal assistance programs, such as education scholarships that are not "community business, or economic development" programs intended to be covered by this bill.

- **Sec. 5. Selection of Participating Tribes**

- (b) Applicant Pool - The applicant pool is inconsistent with the definition of "applicant".

- Comment:** We recommend inclusion of "tribal organization" after "Indian tribe".

- Although (c) provides eligibility for receipt of grants to assist with the planning phase; we are concerned that there is no authorization of appropriations.

We are also concerned that the bill does not address how programs would be evaluated and measured for performance success.

- (c) Planning Phase

- This bill authorizes tribes to be eligible for planning grants. We have concerns about this provision on 2 fronts: 1) potential costs to all participating agencies and 2) a lack of clarity on which agency have authorization for planning grants and would be responsible for payment of these planning grants.

- **Sec. 6. Authority of Heads of Executive Agencies**

- (b) Scope of Coverage

- Comment:** We appreciate that the scope of coverage includes several agencies, however, we are concerned that there are some agencies have been overlooked that currently contribute to economic development. We also have concerns about how this consolidation would be implemented. For instance, we are unclear as to what the selection criteria were for the Departments listed (e.g., which particular community/economic/business development programs are targeted specifically). We therefore have concerns that the scope of this consolidation is too wide and that the proposed consolidation might impose an unreasonable burden on agencies.

- (c) Activities

- Comment:** In item (4) we note that the language supports a review of existing program regulations with the intent to adjust differences among them so that grants are better administered across agencies. We support this move. However, in item (5) there is a suggestion of new regulations, across programs and perhaps across programs and agencies,

that will ensure better coordination. We suggest deleting this section as it reflects an existing governmentwide uniform administrative requirement that has already been established by the OMB Circular A-102 common rule.

(d) Requirements - The heads of each executive agency are required to take all appropriate actions to carry out the Act and consult and cooperate with the heads of other agencies in administering the relevant program.

Comment: This requires agency heads to consult with heads of other agencies on how their programs could be administered. We recommend that there be further clarification on how this would work. We interpret this to be a bit too broad.

- **Sec. 7. Procedures for Processing Requests for Joint Financing**

Comment: We would like to work with the Committee on this language. Currently, there are several parts of this section that may not be necessary. We would like to suggest that the process should be developed to be similar to the one used within the Public Law 102-477 programs.

- **Sec. 8. Uniform Administrative Procedures**

Comment: While we understand the intent of the consolidation, we have financial and management accountability concerns over Sec. 8 and 9 on Uniform Administrative Procedures and Delegation of Supervision from one agency to another. First, we are concerned with variations in grantee standards. Logistically, it is unclear as to whether there will be one set of administrative procedures for tribes and another set for all other grantees. Second, we are concerned that these provisions take away individual agency discretion on what is considered essential information in the management and oversight of their programs.

We recommend deletion of this section as the OMB Circular A-102 already exists and is applicable to this program.

- **Sec. 9. Delegation of Supervision of Assistance**

Sec. 9 authorizes an agency head to give up responsibility for the oversight and management of programs to another Federal agency.

Comment: We are concerned that this would cause problems within the various Federal agencies by overriding underlying statutes of the programs that indicate the role of each Secretary. Although the intent is to provide greater flexibility with program melding, this could cause mismanagement of program funds, as well as lack of accountability for those programs.

We also have concerns on how regulations would be promulgated in general and how it would work in this case, when it involves a State.

- **Sec. 10. Joint Assistance Funds and Project Facilitation**

Comment: In (b)(3) Agency heads must include procedures regarding the return of excess

funds to participating executive agencies.

Comments: This provision will cause problems since it would give agency heads the authority to reprogram unobligated balances to other Departments, without regard for the intended purpose of the initial appropriation.

- **Sec. 14. Report to Congress**

Comment: We believe the report that is to be prepared by the “President” should actually be the “Secretary” of the Interior.