

Before the
United States Senate
Committee on Indian Affairs

Legislative Hearing Regarding S. 343
107th Congress



Statement of
Katherine A. Spilde, Ph.D.
Senior Research Associate

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Good morning, Mr. Chairman, Mr. Vice Chairman and Members of the Committee. Thank you for the opportunity to appear here today. My name is Katherine Spilde. I am a Senior Research Associate for the Harvard Project on American Indian Economic Development, in the Kennedy School of Government. The primary research objective of the Harvard Project is to understand the conditions under which sustained, self-determined social and economic development is achieved among American Indian nations.

I am here today to speak in support of the Indian Tribal Development Consolidated Funding Act of 2001 (S.343), introduced by Senator Campbell and cosponsored by Senators Inouye and Johnson. The purpose of S.343 is to establish a demonstration project that would authorize the integration and coordination of Federal funding dedicated to the community, business and economic development of American Indian communities. I will be testifying from my position as a researcher for the Harvard Project, which has produced numerous research studies regarding institutional and economic development in Indian Country. My testimony today relies upon past Harvard Project research, to analyze and recommend ways to facilitate successful implementation of the goals and purposes of this legislation.

By way of background, the research evidence is clear on the overall direction of federal-tribal relations: Self-determination is the only federal policy in a century that has created conditions wherein American Indian tribal governments have been able to begin to reverse the legacy of economic suppression to which they have historically been subjected. For many Indian nations, but not all, economic development activities are flourishing, often for the first time in a century. Most importantly, improvement in economic conditions in Indian Country has been accompanied by improved social conditions.

Consistent with self-determination policies and a government-to-government relationship between federal agencies and tribal governments, this legislation

appropriately encourages and promotes coordination between federal agencies and American Indian communities. S.343 builds upon the principles of the Indian Employment, Training and Related Services Act, also known as the “477 program.” As you know, the 477 program is considered one of the most successful economic development programs administered by the Bureau of Indian Affairs, as it authorizes tribal governments to consolidate job training funding from different agencies into one efficient program that meets the specific needs of the community. As with the 477 program, S.343 encourages the integration of funding across the federal agencies for the benefit of tribal governments.

The Harvard Project supports the partnering between federal agencies and tribal government with the purpose of a coordinated tribal economic development strategy. Consistent with the self-determination policy, S.343 would allow tribal governments to determine what their economic development priorities were and how best to meet these needs. S. 343 is consistent with the findings of the research undertaken by the Harvard Project, and the successes of tribal self-governance illustrates that when tribes themselves have the opportunity for self-rule there is a clear pattern of economic stability.

Successful implementation of S. 343 has great potential, however tribes face certain practical hurdles that limit effectiveness of this legislation. Recently, a GAO report¹ was published in December of 2001 and it echoed what the Harvard Project’s research has found with regard to the challenges that face tribes in securing financing, especially from federal funding sources. The GAO report found that tribes do not have the human capital or the expertise needed to handle the administrative and paperwork requirements of federal economic development programs. Consequently, tribes may avoid using a program because the program’s requirements seem onerous, or tribes may spend a large amount of the federal funds on those requirements, leaving less for the actual implementation of the program.² In addition to onerous requirements, the GAO reported that many tribes are discouraged from seeking funds from particular (unnamed) federal agencies because they have never been successful in the past.³ It is important that tribes are not set up to fail under S.343. Tribal capacity to administer a comprehensive economic development strategy as authorized by S.343 must be present in order for a tribe to successfully carry out S.343.

Other recommendations necessary for successful implementation of S. 343 are as follows:

- Federal agencies need incentives to work with tribal governments.
- Federal agencies need clear mandates with regard to implementing this legislation, as most agencies lack the expertise necessary to work with tribes on interagency projects.

¹ *“Economic Development: Federal Assistance Programs for American Indians and Alaska Natives.” General Accounting Office. December, 2001.*

² *Ibid. 13.*

³ *Ibid. 14.*

- The legislation should balance devolution of federal responsibility with a continued commitment to the federal trust responsibility.
- Currently, the only selection criteria required is demonstration of fiscal responsibility, which overlooks research on capable institutions as a primary indicator of long-term economic development stability.

In conclusion, successful implementation of S.343 has great potential to strengthen tribal self-determination and re-introduce viable and sustain economies in certain tribal communities. S. 343 would maximum tribal participation in federal programs to foster community, economic and business development for disadvantaged Indian communities. The Harvard Project supports S. 343, although certain suggestions outlined in my testimony are meant to ensure successful implementation of S. 343 as the very purpose of this legislation—to facilitate and maximize tribes’ access to federal funding for economic and community development—is integral to the economic viability of disadvantaged Indian communities.

Thank you, Mr. Chairman for the opportunity to provide testimony before the Committee today. If there are any questions, I will be happy to answer them.