Indian Affairs - Office of Public Affairs

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The Bureau of Indian Affairs has distributed draft regulations to Indian tribal leaders for two proposed grant programs scheduled to begin in Fiscal Year 1983 (October 1, 1982 - September 30, 1983).

Interior Assistant Secretary Ken Smith asked for an early reaction to the proposed regulations because he intends "to implement these grant initiatives as soon as possible contingent upon appropriations from the Congress.

The two programs are designed 1) to provide seed money for tribal economic development projects and 2) to assist small tribes to establish or maintain: a basic or core managerial staff. In the 1983 budget request, the Bureau asked for $10 million for the economic development program and $5 million for the small tribes program.

Smith noted, in his letter to tribal leaders, that the proposed regulations for the economic development grant program "are more tightly drawn and restrictive than similar Bureau or other Federal programs of the past. This is by design and is intended to take into account the limited success of many former efforts, the relatively small amount of funds expected to be available, and the strong desire for this to be a sound and successful approach to Indian economic development." The regulations require that at least 75 percent of the total financing come from non-Federal sources. No grant is to be less than $25,000 or more than $500,000.

The purposes of the economic development grants are to:

Provide equity capital for the establishment or expansion of locally determined economic enterprises which generate income and employment opportunities for participating tribes; Serve as an inducement when combined with a tribe's financial and other resources to attract private sector investment capital for the development of the tribe's resources, and;

Reduce tribal dependence on the Federal government over the long term through economic development projects which contribute to a stable private sector reservation economy.

Selection criteria include:

The potential for profitability and long range benefits to the tribe;

Anticipated return on investment;

Degree of independence of economic enterprise management from the political structure of the applicant;

Managerial capability including fiscal accountability of proposed tribal enterprise;

Relative proportion of tribal and private sector investment to requested grant funds, and;

Creation of the highest ratio of Indian jobs to the total amount of dollars to be invested, including market value of materials and equipment contributed to the project.

The purposes of the grants for the small tribes are to help them meet basic tribal management need; to enable them to overcome problems in the administration of tribal and Federal programs -- especially those related to fiscal accountability, and to contribute to the stability of tribal governments, reduce tribal dependency and promote the exercise of self-determination. The grants might be used to employ a tribal planner, an administrator, accountant, bookkeeper or other needed staff for which the tribe has no resources.

To be eligible for a grant as an individual tribe, the population of tribal members living on or near the reservation must be a least 400 and not more than 1,500. Tribes with less than 400 members living on the reservation could receive assistance as part of a multi-tribal organization or, under certain circumstances, as an individual tribe.

Assistant Secretary Smith asked that comments on the proposed regulations be submitted before Labor Day. He said that as soon as Congress acted on the 1983 appropriations request and funds were available, he would issue interim regulations so that the programs could be initiated without delay.