Indian Affairs - Office of Public Affairs

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For Immediate Release: March 25, 1982
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Although millions of Federal dollars have been spent over the past 20 years on economic development on the Pine Ridge Indian Reservation in South Dakota, the reservation's economy is, at best, only marginally better according to a recently released review conducted by the Interior Department's Inspector General.

Federal funds were used to help develop an industrial park, a plastics factory, an electronics company, a sawmill and other enterprises. At the present time, only one business enterprise of significance is operating, Inspector General Richard Mulberry said, and it is in jeopardy.

The review covered contracts issued between 1977 and 1980 and included the now defunct Oglala Sioux Agriculture Enterprise, which received approximately $2 million from various Federal agencies. The money is gone, Mulberry said, and the remaining equipment has been, or will be, sold to pay portions of defaulted loans. A former Pennsylvania plastic fishing bait company was purchased by the Tribe for $305,000, although, Mulberry said, the Tribe was warned that the company was financially troubled. The review shows that this enterprise lasted about two years and then defaulted on a $195,000 loan guaranteed by the Bureau of Indian Affairs.

Another review conducted by Interior's Inspector General at the Pine Ridge Reservation, on selected programs, contracts and grants of the Oglala Sioux Community College (OSCC), shows that OSCC purchased items of questionable necessity because it had too much money.

Some of the questioned expenditures, Mulberry said, included (1) $48,500 spent for computer equipment, which after 14 months from date of purchase had yet to be used because appropriate software programs had not been developed; and (2) $13,277 spent for a graduation ceremony honoring 17 students. This expenditure, the review shows, included $4,140 for dance contest prizes, $1,678 for food, and $2,417 for gifts and awards to the graduates. In addition, Mulberry said, OSCC implemented a new salary scale in which annual salaries were increased 28 percent over the previous year.

With respect to economic development on the Pine Ridge Reservation, Mulberry said it has been recommended, in part, to the Oglala Sioux Tribal Council that it (1) avoid Tribal ownership, (2) not start something simply because Federal money is available, and (3) require better cost/benefit analysis. It was also recommended, he said, that the Tribal Council take a more assertive role in the financial affairs of the Oglala Sioux Community College, because the Council is the only entity which can balance reservation needs.