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UNITED STATES  
DEPARTMENT OF THE INTERIOR  
OFFICE OF THE SECRETARY  
WASHINGTON, D.C. 20240

DEC 12 1966

Memorandum

To: The Secretary

From: Deputy Assistant Secretary - Public Land Management

Subject: Status report of the Working Committee of the Task Force on Indian Affairs of Economic Opportunity Council

At the October 13 meeting in your office of the Task Force on Indian Affairs of the Economic Opportunity Council, I was given the assignment of heading a working committee to set up a framework for providing priority treatment to Indian projects by other agencies.

We have met six times and, although everyone continues to manifest the best of intentions, our accomplishments to date have been negligible.

At the outset, we decided to concentrate our efforts on three fronts: (1) following through on the Gila River Development Program; (2) identifying additional reservations where the resource potential, status of planning, and tribal and Bureau leadership warrant priority treatment; and (3) identifying types of projects that can only be accomplished through the cooperation of several agencies.

Gila River Development Program

The Gila River Program provides an excellent vehicle for concentrating a multi-agency program thrust. It is generally agreed by the working group that it is a top quality effort. Yet, its impact thus far has been minimal. The only major components that have been funded are the poverty and housing programs which were on-going at the time the Program was developed.

The economic component of the Program rests on three industrial parks. Loan and grant requests for two of the parks and business loan applications for two industries (a copper processing plant and a cattle feeding operation) have been pending with EDA since April. The history of these applications is a classic case of the bureaucracy in action (or inaction). At the first meeting of our Task Force, EDA assured us that the applications would be acted upon favorably in a few days. Nothing happened, however, during the ensuing weeks except continued promises. Finally, three weeks ago, EDA informed us

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that SBA, which processes EDA loan applications, had failed to make the required economic feasibility studies of the two business ventures. I discussed the matter with Jim Sharkey, the Assistant Administrator involved. He believes that the projects will eventually be approved and agrees that EDA should have discovered the need for the feasibility studies before seven months had elapsed. Nonetheless, he was unwilling to approve the loan over the objection of his loan examiner who felt that feasibility studies were needed to complete the record.

#### Additional Reservations to be Given Priority

The other agencies, especially OEO and EDA, have stressed the need for BIA to identify additional reservations that would be prime candidates for coordinated priority treatment. Such a priority list would serve largely as a guide for longer range planning. Its immediate value would be limited because most of the agencies have already committed the bulk of this year's funds.

In any event, BIA has yet to come up with a priority list. I am hopeful that one will be forthcoming within a couple of weeks.

#### Special Projects for Interagency Cooperative Ventures

It is in this area that I feel the interagency approach holds the most hope. The working group decided on two types of projects as pilot ventures in interagency cooperation: (a) a builder-training public housing program and (b) the construction of community and vocational training centers.

##### (a) Builder-Training Housing

This housing program has been tried recently at three Minnesota reservations with considerable success. It was initially inspired by OEO and bulled through the other agencies by Senator Mondale. The houses are built by the tribe which obtains short term construction financing from BIA and MDTA funds from Labor to finance the on-the-job training of construction workers. OEO pays for a part of the training supervision and provides supplemental financial assistance to the trainees. Upon completion, HAA purchases the homes on behalf of the tribal housing authority.

Labor union support was obtained prior to beginning the Minnesota project and following completion of the first ten houses at Red Lake, the carpenters' union accepted seven out of 30 of the trainees to full membership. Of the remaining 23, fifteen are now employed in various trades as apprentices and helpers within the Red Lake area and eight are working in labor and clerical positions.

Before the Minnesota model can be widely applied throughout the rest of the country, however, three major obstacles must be overcome.

The first stumbling block is the reluctance of Indians to go through State and local agencies in order to obtain Federal assistance. Many Federal agencies cannot establish a direct line of contact with the tribe. They are required to work through intermediary State instrumentalities. For example, the local initiator for an MDTA program is the State Employment Security office. Training programs must also have the approval of the State Vocational Education Office, which is funded through HEW. In fact, it is generally agreed that the Minnesota operation is illegal because the State Vocational Education people did not approve it.

Secondly, only conventional, low-rent housing can be built under this program and many Indian tribes are interested only in mutual help housing. The prospects for such a program are further clouded by the dismal performance of the Indian Housing Authorities. A continuing successful program will be dependent on BIA's ability to see that the local housing authorities operate according to acceptable standards.

Finally, the program is only applicable in areas where employment opportunities in the construction industry are readily available and where the support or at least the neutrality of organized labor can be obtained. Based on housing need, tribal capability, available labor force and job opportunities, BIA has selected seven reservations (Blackfeet, Yakima, Quinault, Choctaw, Fon du Lac, Oneida, and Lac du Flambeau) to be given top priority and four others (Fort Peck, Fort Hall, Seminole and Flathead) for second priority.

Unless there is a strong local commitment as there was in Minnesota, even the most perfectly planned project will not succeed. BIA and OEO are now approaching the selected tribes to try to stimulate their interest in the program. We expect to have a reading by the end of the month.

#### Community and Vocational Training Centers

The combined approach suggested for these centers would involve a 75% grant from HUD, supplemented by a 5% grant and possibly a 20% loan from EDA, with BIA providing basic engineering and construction supervision, MDTA supplying training funds and OEO renting space for community action programs. BIA has identified five Indian communities (Mescalero, Zuni, Rosebud, Gila River and Santo Domingo) for top priority among those which have submitted proposals for community and vocational training centers. A variation of the plan is to combine the training center with housing to provide a way station for families desiring to leave the reservation for employment.

The total cost of these projects ranges from \$716,000 at Mescalero, (which in my opinion is clearly unrealistic) to \$51,000 at Rosebud. We have requested that the Zuni, Gila River and Santo Domingo proposals be transferred to HUD from EDA which has no money available. HUD has only \$14,000,000 and the competition from urban areas is intense. Consequently, we asked whether they would consider setting aside a definite sum for Indians. HUD (Don Hummel) has refused to do this, but promised to give priority consideration to some Indian projects.

We have now asked HUD to supply us with a preliminary evaluation of the pending applications from these five reservations so that we can assess the need and assist in the development of more realistic proposals. Hopefully, we should be able to get approval for two or possibly three centers.

### Conclusion

Based on my experience of the past two months, I would like to make the following observations:

(1) We are asking other agencies to follow an uncertain lead. BIA priorities at this stage are necessarily somewhat arbitrary. The Bureau's entire program is functionally oriented and it has no mechanism for giving one reservation priority over another. Reservation oriented programming received little encouragement from the previous Commissioner. The Bureau plans to introduce this concept into the budget cycle now getting underway, but it will not happen overnight.

(2) Although it runs counter to the philosophy which we have been publicly espousing, I think we should seriously consider massive increases in BIA programs, especially housing and training, rather than to continue our heavy reliance on other agencies. We are kidding ourselves if we think we are making a significant accomplishment in acculturation merely by sending Indians to other Government agencies for assistance. For the most part these agencies are urban and industry oriented and tend to be even more bureaucratic and inflexible than BIA.

From our experience with HAA and MDTA, I think that we could make a very convincing case that the Indian Bureau could accomplish more at less cost to the Government.

*Robert E. Vaughan*

MEMO

12/23/66

SUBJECT:

FROM: SECRETARY

TO:

- 1. ~~DeSO~~
- 2. Comm. Bennett-BIA
- 3.
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FOR:

- APPROVAL
- INFORMATION
- PER OUR CONVERSATION
- COMMENT
- ACTION AS APPROPRIATE
- DRAFT REPLY FOR SECRETARY'S SIGNATURE
- AS REQUESTED

AND:

- RETURN
- FILE
- FORWARD
- SEE ME

REMARKS:

FROM

THE SECRETARY OF THE INTERIOR

TO: Bennett

Suggest you  
think this over  
with some of your  
people - and  
give me a reaction  
memo later. I  
believe we've got  
to make a big (our)

effort to give  
the Task Force  
a chance to function  
before other plans  
are proposed,  
R.