

**UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON INTERIOR, ENVIRONMENT, AND RELATED AGENCIES
April 24, 2013**

**Native American and Alaska Natives Issues Hearing
Testimony by Amy Fredeen, Executive Vice-President and CFO, Cook Inlet Tribal Council**

Chairman Simpson and Members of the Subcommittee, thank you for the opportunity to speak before you today on the Department of Interior Bureau of Indian Affairs and Department of Indian Affairs, Office of Indian Energy and Economic Development. My name is Amy Fredeen and I am the Executive Vice-President and CFO of Cook Inlet Tribal Council (CITC), an Alaska Native tribal non-profit organization which serves as the primary education and workforce development center for Native people in Anchorage. CITC has been designated tribal authority through Cook Inlet Region Inc., organized through the Alaska Native Claims Settlement Act and recognized under Section 4(b) of the Indian Self-Determination Act and Education Assistance Act, P.L. 93-638. CITC builds human capacity by partnering with individuals to establish and achieve both educational and employment goals that result in lasting, positive change for themselves, their families, and their communities.

Demographics and Expanding Service Population

CITC's programs serve Alaska Native and American Indian people in the Cook Inlet Region, which includes Alaska's most urbanized and populated communities, and is home to an Alaska Native/American Indian population of more than 40,000, approximately 40% of the Native population of the state of Alaska. In Anchorage alone, the Native population is approximately 22,000, about 20% of the total Native population in the state. CITC's programs address many of the social, economic, and educational challenges faced by Alaska Native people. For example, Alaska Native students are *twice as likely* to drop out as their non-Native peers; 33% of Alaska's unemployed are Alaska Native people, and almost 20% of Alaska Native people have incomes below the federal poverty line – nearly three times the rate of non-Native people.

In-migration from rural, largely Alaska Native communities to the urban areas in the Cook Inlet Region is accelerating as Alaska Native people find it increasingly difficult to make a living in rural Alaska. 59% of CITC's participants have been in Anchorage for five years or less; and employment, training, and education are frequently cited as reasons for moving to Anchorage. In contrast, the current Bureau of Indian Affairs funding formula for CITC is based on the population figure of 14,569 -- from the 1990 Census -- which leaves CITC with a funding shortfall to meet the needs of the 40,000 Alaska Native and American Indian people currently residing in our service region. CITC is able to create and maintain successful programs, despite this shortfall, due to flexibility granted by the 477 program that allows us to leverage our existing funding and maximize efficiencies.

Public Law 102-477 is Essential to Effective Service Provision

The Indian Employment Training and Related Services Demonstration Act, Pub. L. 102-477, as amended, 25 U.S.C. §§ 3401-3417 (or the "477 program"), currently administered by the Office of Indian Energy and Economic Development in the Department of the Interior, provides a

critical foundation for maximizing the effectiveness of CITC's programs. The law allows the consolidation of funding streams from the U.S. Departments of Interior, Health and Human Services, and Labor into a single education, employment and training program. The 477 program enables flexibility on the part of the receiving organization to plan the programming to best fit the needs of the community and minimize administrative redundancy by merging reporting requirements, while still adhering to the Government Performance Results Act's stringent accountability standards. 267 tribes and tribal organizations operate through 63 plans under the 477 program, making this a program of national significance.

CITC 477 Programs

The 477 Program is essential to the success of our program as it allows CITC to increase effectiveness and innovation, enhance interoperability, and eliminate inefficiency while maximizing program outcomes. CITC's Employment & Training Services Department (ETSD) provides comprehensive services to assist Native job seekers, including job training and placement, TANF, and child care. CITC's employment and training programs are based on the premise that effective solutions to workforce development require integrated approaches to ensuring job readiness, training, and placement. By working closely with state and federal programs, community and tribal non-profits, universities, vocational training centers, employers, and Native corporations, CITC is able to provide a wide array of training and employment assistance, coupled with supportive services, to help overcome many barriers to employment.

CITC is the sole provider of Tribal TANF in Anchorage, a key component of our 477 program. Our TANF program is built on an integrated service model that connects participants to the range of programs offered throughout CITC's departments. Through our integrated service model, CITC has reduced caseloads as well as effectively implemented TANF prevention. This is precisely the type of innovation and interoperability that would be impossible without the flexibility provided by the 477 program.

Furthermore, efficiencies gained within the TANF program resulted in a **5-year savings of \$8.4 million** – savings that have been re-invested in supportive services and programs going directly to TANF participants. 477 allows Tribes and Tribal entities (e.g. CITC) to administer federally funded employment and job training programs as a single program, with a single budget and single set of reporting requirement. **CITC relies on the 477 program to provide our people more effective and integrated services while reducing costly administrative redundancy.**

Over the Past 5 Years CITC 477-supported Programs Have:

- Provided **9,329** job seekers with career exploration, training and job search assistance; **5,905** (63%) of these individuals were placed in jobs. In 2010, the average hourly wage (AHW) of a job seeker coming to CITC for services was **\$9.95** – upon leaving CITC their AHW was **\$17.23**.
- Transitioned **1,989** TANF recipients from welfare to work, entering with no job experience or income, and leaving with an AHW of **\$11.53**.
- Provided training opportunities and job placement in critical employment sectors, including: **Customer Service/Retail Management** (AHW \$11.01); **Driver's Education** (AHW

\$14.16) and CDL Driver's Certification (AHW \$16); **Weatherization Training** (AHW \$14.77 - \$22.15); **Healthcare: CNA, LPN, RN, Medical Coding** (AHW \$13.79)

CITC has demonstrated that the 477 program is very successful in connecting people to long term, meaningful jobs. In short, the 477 program is a "win-win" for the federal funders and CITC, since it eliminates wasteful inefficiency while maximizing program outcomes. In addition to being successful on the ground, the 477 program is fully accountable. It achieved the highest Office of Management and Budget PART (Program Assessment Rating Tool) rating in Indian Affairs. The 477 program is critical to our effectiveness, especially in this environment of shrinking funding sources.

Similarly, the 477 program on a national level has excellent results. These programs provide tribes and tribal organizations the ability to leverage their federal job training and job placement funding for DOI, HHS and DOL-- including TANF, Childcare other programs. As a result, the 2012 477 national report shows that tribal programs served over 41,000 people, of whom only 4% did not complete their objectives. More importantly, of those who obtained employment: 1) Adults gained \$9.25 per hour; 2) Youth gained \$6.40 per hour; and 3) people on cash assistance gained \$7.60 per hour. As you can see, the 477 program is critical to our effectiveness, especially in this environment of shrinking funding sources.

Subcommittee Support for 477

In 2011 and again last year, the Tribes sought assistance from this Committee regarding two problematic changes the agencies proposed to the administration of the 477 program that would significantly undermine its success: 1) ending the practice of transferring 477 program funds to participating Tribes and Tribal organizations through PL 93-638 contracts or Self-Governance agreements, as authorized by the Indian Self-Determination and Education Assistance Act (ISDEAA); and 2), a new requirement that 477 Tribes and Tribal organizations report their 477 expenditures separately by funding source number for audit purposes.

The federal agencies and 477 Tribes agreed to try to resolve their differences over these issues, which led to the formation of the P.L. 102-477 Administrative Flexibility Work Group. This group has met almost weekly for 18 months and included policy and program representatives from the Departments of the Interior (DOI), which administers the 477 program, Health and Human Services (HHS), Labor (DOL) and the Office of Management and Budget (OMB), as well as representatives from 10 affected Tribes and Tribal organizations. In the meantime, the agencies agreed to temporarily allow funds to continue to be transferred through ISDEAA and have suspended the reporting requirements instituted in the March 2009 OMB Circular.

This Committee has been very responsive to the Tribes' concerns and supportive of the 477 program. The House/Senate Appropriations conferees on the FY 2013 Interior Appropriations bill instructed the federal agencies to continue to engage in consultations with the 477 Tribes and Tribal organizations to reach consensus on the transfer and reporting of funds administered by Tribes through program plans adopted by Tribes and approved by the Department of the Interior under the 477 program.

The Work Group has had some successes: 1) effectively collaboration on interim OMB circular language that has kept the status quo while discussions continue; 2) new draft 477 program

guidelines for the agencies in reviewing tribal plan proposals; 3) certain components of the draft narrative, statistical and financial reporting; and 4) representatives agreed that 477 funds would be transferred through PL 93-638 contract(s) or Self-Governance funding agreement(s). However, in spite of this progress, it has become clear that the agencies continue to question one of the fundamental purposes of the 477 program—to allow tribes and tribal organizations to reallocate their funds **within their approved 477 program** in order to address local issues and programmatic needs in the most effective manner. From our perspective, giving this authority and responsibility to tribes to meet their own needs is exactly the point and strength of the 477 program. It is precisely this flexibility that has allowed us to be so successful.

Given this disagreement of fundamental principle, we urge the Subcommittee to remain involved in this issue and supportive of the 477 program. Specifically, we request that the subcommittee expedite the negotiations and clarify the intent of the program by adding following language: Notwithstanding any other provision of law, and notwithstanding any auditing or reporting circular of the Office of Management and Budget or related compliance memoranda, hereinbefore and hereinafter (1) any funds supplied by any Federal department or agency to carry out a plan under Public Law 102-477 (the Indian Employment, Training and Related Services Demonstration Act), as amended, shall be consolidated and made available to the applicable Indian tribe or tribal organization pursuant to an existing contract, compact, or funding agreement under title I or title IV of Public Law 93-638 (the Indian Self-Determination and Education Assistance Act), as amended; and (2) no Indian tribe or tribal organization carrying out such a plan shall be required to separately account for the expenditure of the funds of each Federal department or agency after the date on which the funds are consolidated and paid to the Indian tribe or tribal organization; (3) all funds transferred under an approved Public Law 102-477 plan may be reallocated and rebudgeted by the Indian tribe or tribal organization to best meet the employment, training and related needs of the local community served by the Indian tribe or tribal organization.

In addition, we request that Contract Support Costs for BIA self-determination contracts and self-governance compacts be fully funded in the amounts of \$242 million, not \$230 million, and that they not be legislatively allocated through a table on an individual contract by contract basis but rather individual negotiations with each tribe and tribal organization.

Conclusion

Mr. Chairman, as a 477 Tribal organization, CITC is grateful for this subcommittee's interest in and support for the 477 program. This program is essential to our ability to meet the needs of our people in innovative and efficient ways that allow us to provide wrap around services designed on a model of integration and maximum efficiency, leveraging . We remain concerned that, in the absence of specific legislative authorization as provided above, the spirit, the letter and the opportunities of the PL 102-477 law will be subject to changes in implementation from administration to administration.

Thank you for your time and consideration.