

Dual Standard

With a number of profit and non-profit Native corporations and institutions struggling to develop fiscal controls and accountability, prospects of bankruptcy proceedings are haunting more than one manager of Native organizations these days. Among managers of profit corporations, financial losses and reversals are very much a part of the price we pay in this learning process in adjusting to corporate systems. For non-profit Native regional corporations, however, the financial problems are severe and threaten the very existence of regions which do not have access to outside sources of funding to cover losses.

Many of our regional non-profit Native corporations face serious financial difficulties because they spend money in the performance of federal contracts with the Bureau of Indian Affairs and Indian Health Service, and because the federal agencies later deny that such expenditures are "allowable" under those contracts. Since non-profit corporations depend upon such contracts to cover expenses, when the federal government "disallows" some expenses the corporation goes in debt because it has no funds to make up the loss. Several regions are dangerously close to bankruptcy because the manner in which the BIA and IHS choses to do business through contracts often leaves the Native organization at a disadvantage. Under the best of circumstances, the Native organization has absolutely no margin for error mismanagement in performing these contracts. The situation amounts to a series of disasters waiting to happen all throughout Alaska.

Some prospect of relief may be in the offing because of a recent action by Senator Mike Gravel. Senator Gravel has requested the General Accounting Office (GAO), the congressional watchdog agency, to investigate the manner in which the BIA and IHS administer contracts with Native organizations. That investigation is in progress at this time and the Senator believes a report will be ready this summer which may provide recommendations for congressional action to relieve the financial pressure on Native organizations who enter in contracts because of overly restrictive BIA and IHS contracting policies. In judging what can be considered "allowable costs," Senator Gravel says, "In many cases, the bureaucrats have one set of rules for themselves and another set for the Native organizations." He adds, "I don't want to see any bankruptcies because of this. (dual standard)"

In some cases, Native organizations are in financial trouble because of mismanagement. The only remedy for this is to learn to be better managers. On the other hand, some IHS and many BIA officials do not want to see Natives succeed at managing their own affairs because such success will mean less jobs and responsibilities for BIA types. The solution to this problem is a more workable set of contracting procedures and policies. We hope that Senator Gravel's attention to the problem will bring relief and we applaud the Senator for seeking a workable solution.