



Highlights of [GAO-06-517](#), a report to the Chairman, Committee on Indian Affairs, U.S. Senate

INDIAN ISSUES

Analysis of the Crow Creek Sioux and Lower Brule Sioux Tribes' Additional Compensation Claims

Why GAO Did This Study

From 1946 to 1966, the government constructed the Fort Randall and Big Bend Dams as flood control projects on the Missouri River in South Dakota. The reservoirs created behind the dams flooded about 38,000 acres of the Crow Creek and Lower Brule Indian reservations. The tribes received compensation when the dams were built and additional compensation in the 1990s. The tribes are seeking a third round of compensation based on a consultant's analysis.

The Congress provided additional compensation to other tribes after two prior GAO reports. For those reports, GAO found that one recommended approach to providing additional compensation would be to calculate the difference between the tribe's final asking price and the amount that was appropriated by the Congress, and then to adjust it using the inflation rate and an interest rate to reflect a range of current values.

GAO was asked to assess whether the tribes' consultant followed the approach used in GAO's prior reports. The additional compensation amounts calculated by the tribes' consultant are contained in H.R. 109 and S. 374.

What GAO Recommends

GAO is not making any recommendations. The tribes' consultant commented that he disagreed with our reliance on the tribes' final asking prices. GAO believes its approach is reasonable.

www.gao.gov/cgi-bin/getrpt?GAO-06-517.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Robin M. Nazzaro at (202) 512-3841 or nazzaror@gao.gov.

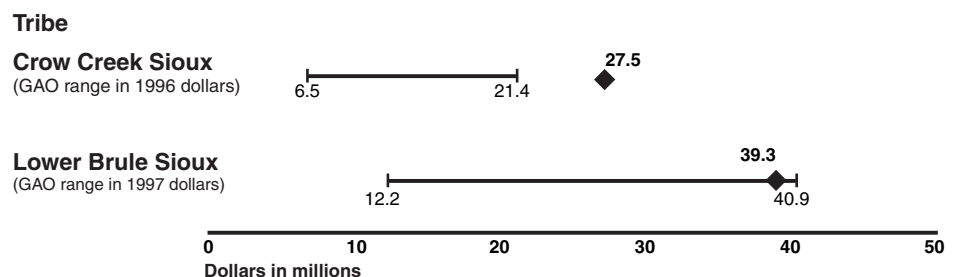
What GAO Found

The tribes' consultant differed from the approach used in prior GAO reports by (1) not using the tribes' final asking prices as the starting point of the analysis and (2) not providing a range of additional compensation. First, in calculating additional compensation amounts, GAO used the tribes' final asking prices, recognizing that their final settlement position should be the most complete and realistic. In contrast, the consultant used selected figures from a variety of tribal settlement proposals. For example, for the rehabilitation component of the tribes' settlement proposals, the consultant used \$13.1 million from proposals in 1957, rather than \$6.7 million from the tribes' final rehabilitation proposals in 1961. Second, the tribes' consultant calculated only the highest additional compensation dollar value rather than providing the Congress with a range of possible additional compensation based on different adjustment factors, as in the earlier GAO reports.

Based on calculations using the tribes' final asking prices, GAO's estimated range of additional compensation is generally comparable with what the tribes were authorized in the 1990s (see figure below). By contrast, the consultant estimated about \$106 million and \$186 million for Crow Creek and Lower Brule, respectively (in 2003 dollars). There are two primary reasons for this difference. First, GAO used the tribes' final rehabilitation proposals from 1961, rather than the 1957 proposals used by the consultant. Second, GAO's dollar amounts were adjusted only through 1996 and 1997 to compare them directly with what the tribes received at that time. The consultant, however, adjusted for interest earned through 2003, before comparing it with the payments authorized in the 1990s.

The additional compensation already authorized for the tribes in the 1990s is consistent with the additional compensation authorized for other tribes on the Missouri River. GAO's analysis does not support the additional compensation amounts contained in H.R. 109 and S. 374.

GAO's Estimated Range of Additional Compensation Versus the Additional Compensation the Tribes Were Authorized in the 1990s



◆ Additional compensation that the Congress authorized for the tribes in 1996 and 1997

Source: GAO.