



AUG 15 2001

Indian Health Service
Rockville MD 20857

Dear Tribal Leader:

This letter is to inform you that I am extending the Contract Support Cost (CSC) Pilot Project, a demonstration program, to be available in fiscal year (FY) 2002 as an option to eligible tribes or tribal organizations participating in Title I self-determination contracting or Title III/V self-governance compacting.

The FY 2002 Pilot Project will serve as a transitional program opportunity available to eligible tribes and allow the Indian Health Service (IHS) to consult further with tribes and tribal organizations on implementing innovative CSC options as permanent IHS policy. The FY 2002 Pilot Project will continue as a demonstration program in 2002. Its future availability as a permanent policy option depends on further tribal consultation and evaluation.

To be eligible to participate in the FY 2002 Pilot Project the tribe/tribal organization must demonstrate historical stability in administering CSC. The FY 2002 Project allows participating tribes to negotiate either a lump sum amount of CSC or a fixed rate that could be applied up to 3 years without renegotiation.

The goal of the revised CSC Pilot Project is to provide stability and predictability to tribes in administration of their CSC, bring order to the existing array of current pilot projects, and stimulate innovations in CSC options. In revising the Pilot Project, the IHS worked closely with the National Congress of American Indians, the Tribal Self-Governance Advisory Committee, and the IHS/Tribal CSC Workgroup. The overall tribal benefits of pilot projects resulted in stability for planning purposes, ability to create efficiencies, better prediction of CSC budget needs by the IHS and Congress, and decrease time and costs for negotiating annual funding agreements and funding agreements. I extend my gratitude to the tribes that have participated in the pilot projects. Their collective success has provided the opportunity for other eligible tribes to participate in a process that has contributed to the progressive implementation of tribal self-determination.

Further information concerning the FY 2002 Pilot Project Program is available from your IHS Area Office.

Sincerely yours,

/Michael H. Trujillo/

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