

# **Growing Economies in Indian Country: Taking Stock of Progress and Partnerships**

## *A Summary of Challenges, Recommendations, and Promising Efforts*

Published by the Board of Governors of the Federal Reserve System

**April 2012**





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The challenges and recommendations contained in this report are compiled from the *Growing Economies in Indian Country* workshop summaries and several external studies and reports, and do not necessarily reflect the views of the working group members or the federal agencies and federal financial institution regulators they represent.

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## PREFACE

The 2011 *Growing Economies in Indian Country: Taking Stock of Partnerships and Progress* (GEIC) workshop series was an interagency effort with a threefold purpose: first, to spur conversations for effectively tackling economic development issues facing Indian Country; second, to raise awareness of federal assistance programs; and third, to highlight best practices of economic development strategies that are showing promise in Indian Country. GEIC evolved out of a similar series sponsored in 2010 by the Federal Reserve Bank of San Francisco and the economic development subcommittee of the Interagency Working Group on Indian Affairs, a White House initiative. Building on the strength of the 2010 initiative, the 2011 GEIC workshop series expanded to nine federal agencies and four Federal Reserve Bank partners, and workshops were held at six locations across the country. The GEIC was innovative in nature, predicated on government collaboration, and focused on a singular cause: Indian Country.

The topics discussed at the workshops varied by location to address and examine regional issues. Attendance at the workshops was free, and events were designed as “town hall” meetings where attendee participation and knowledge sharing was the centerpiece. The most important objective of GEIC was to hear from members of the community about the barriers to economic development in Native American communities<sup>1</sup> and strategies being employed to overcome those barriers. Efforts were made to keep each workshop informal and focused on community input. To that end, the series cultivated an open and honest environment that encouraged candid participation from the audience. Each workshop included listening sessions on current barriers to community development, roundtable discussions from the perspective of community leaders, presentations on the funding programs of federal agency partners, and case studies of best practices and effective economic development strategies being employed in Indian Country today.

The series attracted almost 600 participants from 30 different states, including more than 100 tribal representatives from 63 unique tribes.<sup>2</sup> Participation also included representatives from at least 36 community development financial institutions (CDFIs), 22 federal and state government agencies, 17 university and research institutions, 9 regulated financial institutions, and 7 financial institution regulatory agencies.

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<sup>1</sup> In this report, *Native American communities* include Alaska Native and Native Hawaiian communities, where applicable. Similarly, *Native Americans* includes Alaska Natives and Native Hawaiians, where applicable.

<sup>2</sup> Data cited are based on registration information collected from each workshop. Although best efforts were made to verify specific data points, registration information was self-reported and not a requirement for participation. Conference organizers note that actual attendance frequently and significantly exceeded registration statistics.

Many outcomes were achieved by the workshop series. The GEIC gathered key community stakeholders; connected government officials with practitioners; brought attention to many pressing economic issues in Native American communities across the country; and, in some cases, launched or advanced ongoing efforts in local communities. For example, as an outcome of the GEIC workshop hosted in Phoenix in 2011, the Arizona Commission on Indian Affairs launched a Tribal Economic Development Task Force that meets with stakeholders on a quarterly basis. And as a follow-up to the GEIC workshop hosted at the Lac du Flambeau Reservation in 2011, a Wisconsin Indian Economic Development Committee has been formed to collaborate on a number of initiatives, including the creation of a resource guide for Indian economic development professionals that is intended to build awareness of programs and services available for Native American business owners.

Another important outcome is the partnership that has been formed by the participating federal agencies and regulators to unify the efforts of the federal government's Native American economic development initiatives. Indeed, the GEIC series has set a precedent for interagency communication and collaboration, leveraging many federal resources in a way that has not been done for Indian Country before.

To share the wide range of views and ideas that surfaced in the GEIC series, the working group has prepared this report. In addition, the working group continues to meet and share resources as it looks to increase its collaborative efforts and form new partnerships. The hope is that the GEIC series will serve as a model and launching pad for future interagency efforts in Indian Country.



## EXECUTIVE SUMMARY

This report summarizes the many challenges to economic and business development in Native American communities that were expressed by the GEIC workshop attendees. The challenges fall into eight broad categories of issues that workshop participants indicated, to varying degrees, impede development on tribal lands. They include (1) insufficient access to capital; (2) capacity and capital constraints of small business resource providers; (3) insufficient workforce development, financial management training, and business education; (4) tribal governance constraints; (5) regulatory constraints on land held in trust and land designated as restricted use; (6) underdeveloped physical infrastructure; (7) insufficient research and data; and (8) a lack of regional collaboration. Upon review of several key studies done a number of years ago, such as the *2001 Native Lending Study* published by the U.S. Department of the Treasury's CDFI Fund, it is promising that progress—in some cases, substantial progress—appears to have been made in many areas over the last decade or so. Nevertheless, as expressed by the GEIC workshop participants, many of these barriers and challenges persist today.

This report also sets forth key recommendations, best practices, and promising efforts shared by the GEIC workshop participants and further informed by several notable studies and reports issued over the last several years that pertain to the specified challenges and barriers.<sup>3</sup> The recommendations listed in this report are organized by stakeholder group, and are further categorized topically to address the identified challenges.

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<sup>3</sup> Sources used for this report include the GEIC workshop summaries, the 2011 National Congress of American Indians *Native Business and Economic Development Policy Agenda*, the 2011 *White House Tribal Nations Conference Discussion Document*, the 2011 Native CDFI Network Policy Priorities, the 2004 U.S. Department of Health and Human Services Report titled *Overcoming Challenges to Business and Economic Development in Indian Country*, the 2011 South Dakota Indian Business Alliance *Native American Entrepreneurship in South Dakota's Nine Reservations* report, and the 2010–2011 Montana Indian Business Alliance *Policy Forum* and *Capital Access Forum* reports.

## **FACTORS AFFECTING ECONOMIC AND BUSINESS DEVELOPMENT IN NATIVE AMERICAN COMMUNITIES**

The barriers to economic and business development in Native American communities that GEIC workshop participants shared and that are discussed here are not new. Over time, however, stakeholders have been able to more clearly identify and articulate these challenges in ways that have helped to facilitate a more focused approach to policy development, improved program and resource development and implementation, and expanded opportunities for tribal-private-public-philanthropic collaboration. Toward this end, the challenges set forth in this section were identified by GEIC workshop attendees as continuing and often significant obstacles to growth in their communities.

### **Insufficient Access to Capital**

GEIC workshop participants shared that the considerable barriers that tribal business enterprises and independent Indian-owned businesses located in Native American communities face in acquiring capital for business start-ups and expansion are a major obstacle to economic development in Indian Country. Some of these barriers, such as limited access to brick-and-mortar offices of banks and credit unions, are common to sparsely populated rural areas. Others, such as the inability to tap into home equity as collateral, are especially challenging in Indian Country. Regardless, they continue to hinder growth and prolong the struggle to bring much-needed employment, services, and goods to Indian Country. Attendees voiced the following as ongoing challenges to accessing necessary capital for business development and growth.

#### ***Challenges Related to Insufficient Access to Capital for Tribal Business Enterprises***

- ▶ Even tribal business enterprises with adequate collateral and good credit histories perceive commercial bank financing as difficult to secure.
- ▶ Tribal business enterprises often find it difficult to establish public-private partnerships and thereby diversify funding sources.
- ▶ Federal funding programs and resources are sometimes difficult to understand, access, and utilize. Concerns expressed by workshop participants include:
  - ▷ The fragmentation of federal funding programs across multiple agencies and programs, exacerbated by inconsistencies and regulatory complexities, which makes it difficult to understand what is available and how the programs can be utilized together;

- ▶ A general lack of understanding of federal programs by financial institutions; and
- ▶ Insufficient outreach about federal programs to tribal communities.

### ***Challenges Related to Insufficient Access to Capital for Independent Native-owned Businesses in Indian Country***

- ▶ The lack of equity resources, such as home equity or intergenerational family assets, hinders many Native American small business owners from accessing commercial loans.
- ▶ In many Native American communities, there are insufficient technical assistance resources to help business owners access financing.
- ▶ Residents of some Native American communities have insufficient access to brick-and-mortar offices of regulated financial institutions.
- ▶ Federal funding and loan guarantee programs for Native American small business owners are often difficult to understand and therefore difficult to access and utilize.
- ▶ Native-owned small businesses, such as construction companies, often have difficulty obtaining bid and performance bonds and thus are unable to qualify for government and commercial contracts.

### **Capacity and Capital Constraints of Small Business Resource Providers**

A variety of entities provide small business development, resource, and technical assistance to Native American communities, including CDFIs, community development corporations or entities (CDCs and CDEs), tribal revolving loan funds and credit facilities, and small business development centers. GEIC workshop participants observed that capacity and capital constraints within many of these organizations diminish their ability to meet the lending and technical assistance needs of consumers, entrepreneurs, and small businesses in the communities they serve. Specifically, GEIC workshop attendees identified the following challenges.

- ▶ Many small business resource and technical assistance providers cannot adequately serve their clients due to insufficient loan capital and operating revenue.
- ▶ Grant match requirements are often prohibitive for some small business resource providers, limiting their access to much-needed federal funding.
- ▶ Many small business resource providers serving Native American communities are unable to diversify their funding sources or are unaware of how to do so, creating an over-reliance on federal funds.

- ▶ Resource providers need additional technical assistance support to build internal capacity; for example, to provide training for staff in effective business coaching techniques or loan servicing.
- ▶ Small business resource providers in Native American communities do not consistently engage in organizational succession planning, either as an oversight or because of a lack of resources or information. The departure of key personnel creates a substantial void in institutional and operational knowledge, and sometimes results in the ultimate failure of the organization.

### **Insufficient Workforce Development, Financial Management Training, and Business Education**

Much of Indian Country suffers from high unemployment rates and underdeveloped business environments. These are exacerbated by a general lack of financial management knowledge and experience, poor credit scores, significant under- or unbanked populations, and a dearth of intergenerational business mentors. Many GEIC workshop participants cited the following issues as significant contributors to persistent poverty in Indian Country.

- ▶ General lack of knowledge about personal and business financial management;
- ▶ Shortage of business mentors;
- ▶ Scarcity of opportunities for youth entrepreneurship and business development, such as apprenticeships or internships, which contributes to an out-migration of youth to seek training and employment opportunities;
- ▶ Underdevelopment of labor forces;
- ▶ Limited participation in state and local workforce training programs;
- ▶ Insufficient financial support for individuals to participate in basic or advanced workforce training opportunities; and
- ▶ Inadequate Internet broadband connectivity necessary for distance learning.

### **Tribal Governance Constraints**

As tribes and their members seek to expand business activities, the need to further develop robust legal business environments and sound governance becomes imperative. Underdeveloped legal infrastructure, ill-suited or outdated governance structures, insular tribal policies, and politicized business management are real or perceived barriers to business and economic development in many Native American communities. In particular, GEIC workshop attendees noted the following impediments to development.

### ***Constraints Related to Legal Infrastructure***

- ▶ Many tribes lack modern, comprehensive, and culturally appropriate business and commercial laws or codes. Such an underdeveloped legal infrastructure can create uncertainty and risk for lenders and other business entities. This, in turn, may deter lending or raise the costs of doing business, such as through increased interest rates and/or shorter loan terms.
- ▶ The significant non-uniformity of commercial and business laws among tribes causes confusion for lenders and investors, especially within regions. As with the absence or insufficiency of laws, this may create uncertainty and heighten risk for lenders and other business entities, which, in turn, may deter lending or raise the costs of doing business.
- ▶ The purposes and effects of commercial and business laws are unclear or misunderstood by some tribal leaders and community members. The perception that Uniform Commercial Codes (UCCs) are “pro-lender” and “anti-consumer” exemplifies this confusion.
- ▶ Deficiencies in business and commercial law expertise within some tribal judiciaries may create uncertainty and sometimes mistrust of tribal courts on the part of lenders, non-tribal businesses, and potential investors.
- ▶ Some tribes lack comprehensive ethics codes and/or fail to consistently and fairly enforce ethics rules for elected officials and staff. The existence or perception of ethical issues can dissuade lenders and other parties from doing business with tribes.

### ***Constraints Related to Tribal Governance Structures***

- ▶ Some tribal governance structures are ill-suited for meeting economic development needs; for example, a short-term elected leadership structure does not lend itself to long-term strategic planning and implementation.
- ▶ Governance structures can hinder development when they fail to provide a clear separation of powers between executive, legislative, and judicial functions. In particular:
  - ▷ The lack of independence of tribal courts from tribal councils and other branches of government may create uncertainty about the impartiality and reliability of enforcement of contracts, judgments, and remedies; and
  - ▷ Similarly, political pressure exerted by tribal governments on tribal business entities may encumber business growth. For example, a tribal council could interfere with a tribal business entity’s long-term growth strategy by demanding a payout of dividends to tribal members or increasing hiring rather than reinvesting profits in the business.
- ▶ Some tribal leaders are not provided adequate training in the fundamentals of good governance and management.

### ***Constraints Related to Tribal Policies and Business Management***

- ▶ Some tribes depend on a predominant source of revenue, such as gaming, rather than a diverse economic development strategy that, for example, encourages private sector development.
- ▶ Some tribes rely heavily on grant-driven programs that, because of the short-term nature of grant funding, can hamper long-term planning and implementation.
- ▶ Onerous business licensing and related requirements discourage private business development on some tribal lands. For example, many tribes have multiple tribal divisions involved in the licensing review and approval process.
- ▶ Tribal political interference in the management of tribal businesses often hinders long-term planning and continuity of management, particularly in instances of short and/or non-staggered terms for elected officials.
- ▶ Tribal staff managing tribal enterprises sometimes lack adequate business management training and experience.

### **Trust and Restricted Land Status Constraints**

There are many forms of land ownership in Indian Country and each entails different rights and responsibilities. It is common for a tribe's land base to contain tribal trust land, restricted trust allotments held by tribal members, and fee lands that are owned by tribal members or that were alienated from tribal member ownership during the Allotment Era.<sup>4</sup> The federal government's trust responsibility is intended to protect the value of tribal lands and resources for the benefit of the tribes. This responsibility includes capturing some economic value from the land, which has traditionally and primarily been accomplished through leasing tribal lands to non-Indians for various purposes, including ranching, farming, and mineral leasing. Over the last several decades, tribes have increasingly exercised self-determination in decisions about land use for economic development. GEIC workshop participants, however, expressed that the complexities and confusion associated with land ownership, legal constraints, and authority thwart effective land management and access to financing. The specific issues raised by workshop attendees include:

- ▶ The inability or difficulty in using trust or restricted land as collateral to access financing for business development eliminates a major source of equity and security for loans.
- ▶ Fractionation of allotted lands and "checkerboard" land bases are common and significant obstacles to effective use of land for development. For example, they are often obstacles to securing business leases for Native-owned independent businesses, using land as collateral to secure financing, or having a large enough contiguous land base to support operations such as grazing.

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<sup>4</sup> For a discussion about the Allotment Era and its impact on tribal lands, see [www.bia.gov/FAQs/index.htm](http://www.bia.gov/FAQs/index.htm) and [www.iltf.org/resources/land-tenure-history/allotment](http://www.iltf.org/resources/land-tenure-history/allotment).

- ▶ Clear title to real property is often hard to establish in Indian Country because of the federal government's system of dealing with fractionated interests in real property.
- ▶ The title status report process, typically administered by the U.S. Department of the Interior, is often burdensome and time-consuming, which interferes with the efficient use of land for business development.
- ▶ The U.S. Department of the Interior's oversight and approval processes for land-related transactions, such as business lease processes, are burdensome and serve as a disincentive to potential partnerships between tribes or tribal member-owned businesses and non-tribal entities.

## Underdeveloped Infrastructure

Critical infrastructure includes telecommunications; public transportation; road systems; basic utilities such as water, sewer, and electricity; and building facilities for businesses. GEIC workshop participants noted that the underdeveloped infrastructure in many Native American communities is a major barrier to economic and business development. Participants identified the following infrastructure-related issues.

- ▶ Basic telecommunications services, including broadband infrastructure, are severely underdeveloped on some tribal lands, which deters business development and education opportunities. Specific obstacles to telecommunications development include:
  - ▷ Difficulties in obtaining rights-of-way on tribal lands;
  - ▷ Few incentives for the private sector to invest in these high-cost small markets;
  - ▷ U.S. Department of Agriculture (USDA) lending and other regulatory restrictions pertaining to competition with rural telecommunications companies;
  - ▷ The lack of flexible financing options to develop telecommunications infrastructure; and
  - ▷ Prohibitive cost for small businesses where broadband is provided.
- ▶ The necessary utilities for business development, such as water, sewer, and electricity, are lacking or underdeveloped in many Native American communities.
- ▶ Many Native American communities suffer from poor road infrastructure, which serves as a major impediment to business development.
- ▶ Limited public transportation often precludes residents in Native American communities from accessing employment and education/training opportunities.

- ▶ Effective development may be hampered by a tribe's failure to engage in long-term land use planning, such as business and industrial zoning, or to implement the associated zoning and land use codes.
- ▶ Many Native American communities have insufficient or inadequate buildings and facilities to house aspiring or expanding Native-owned small businesses, or have prohibitive business leasing processes and requirements.

### **Insufficient Research and Data**

GEIC workshop participants expressed a strong desire for better Indian Country data and research as well as increased coordination of research efforts across federal agencies. This would support more thorough assessments of current programs and the development of sound policies and new programs. It would also offer needed resources for tribes and Native American organizations to better support their planning efforts, grant applications, or other requests for funding.

### **Lack of Regional Collaboration**

In some regions, GEIC workshop participants shared that tribal, state, and local leaders do not adequately coordinate and collaborate on regional development efforts or leverage mutually beneficial opportunities for funding, grants, marketing, and business ventures. This is particularly significant as federal programs for economic development, such as the Rural Jobs and Innovation Accelerator Challenge and the Partnership for Sustainable Communities, focus on partnerships, industry clusters, and economic ecosystems.



## IDENTIFIED RECOMMENDATIONS

The following recommendations were gathered from the many GEIC workshop discussions and were further informed by several recent studies, reports, and policy forum and roundtable summaries.<sup>5</sup> They do not necessarily reflect the views of the working group members or the federal agencies and federal financial institution regulators they represent. The views of the GEIC workshop participants and authors of the cited studies have been organized in this section so as to specifically address them to tribal governments, federal agencies, state governments, small business development and resource providers, and financial institutions. These stakeholders play a critical and interconnected role in addressing barriers to economic and business growth in Indian Country.

Solutions to the issues identified during the GEIC workshop discussions will, in many cases, require the development of partnerships and collaboration. Indeed, a common theme underscored by the many best-practice illustrations listed below is the need for continued and increased collaboration among stakeholders. While collaboration is often an important ingredient for success, we have listed the recommendations by stakeholder rather than by issue. The rationale for this manner of organization is to enable each stakeholder group to more easily identify the items that they alone may have the resources or authority to remedy.

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<sup>5</sup> See footnote 3.

## Recommendations Proposed for Tribal Governments

The recommendations set forth in this section were proposed by GEIC workshop participants and other noted sources. Their applicability, relevance, cultural match, and potential impact will likely vary from tribe to tribe and region to region.

### To expand access to capital for tribally owned enterprises and independent Native businesses

- ▶ Build relationships with local financial institutions and organize lender-facilitated training sessions for tribal business enterprise management and independent Native-owned businesses that are designed to explain the loan process and the requirements for successful credit applications.
- ▶ Facilitate the location of a regulated lending institution (such as a bank or credit union branch) within the tribe's physical jurisdiction to expand access to reputable financial services for residents and businesses.

One example is **Eagle Bank**, located on the Flathead Reservation in Montana. Eagle Bank is wholly owned by the Confederated Salish and Kootenai Tribes on behalf of their approximately 7,000 members. Eagle Bank was established and chartered after nearly two decades of research and development into the feasibility of a tribally owned financial institution and represents an extension of the Confederated Salish and Kootenai Tribes' investment in economic development on the Flathead Reservation. See [www.eaglebankmt.com](http://www.eaglebankmt.com).

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Another example is the **Chippewa Eagle Credit Union**, chartered by the National Credit Union Administration in May 2010 to serve the members, families, and descendants of the Saginaw Chippewa Indian Tribe of Michigan as well as employees of any business entity of the Tribe and their families. See [www.chipeagle.com](http://www.chipeagle.com).

- ▶ Establish or expand tribal credit facilities for independent businesses.
- ▶ Convert an existing tribal loan fund into a CDFI to expand access to funding for loans and technical assistance.

- ▶ Fund an equity grant program for Native entrepreneurs.

One promising effort is the Montana Department of Commerce's **Indian Equity Fund**. This fund offers small equity grants of up to \$7,000 on a competitive basis to Native American small businesses. The Equity Fund grant applications are modeled on a commercial bank loan application. Three tribes in Montana have implemented their own equity grant funds utilizing the Montana Department of Commerce model and guidelines in order to expand the number of grants offered annually in their communities. See <http://entrepreneur.mt.gov/indianequityfund.mcp>.

- ▶ Seek funding for and/or encourage tribal members' use of asset-building initiatives, such as grant programs to provide individual development accounts (IDAs), that offer opportunities to build equity needed for small business capitalization.

**Four Bands Community Fund** (Four Bands), a Native CDFI in Eagle Butte, S.D., on the Cheyenne River Reservation in South Dakota, offers a good model. Along with classes on personal financial management and asset building, Four Bands offers an IDA matched savings program to help clients achieve asset-producing goals, such as pursuing secondary education, starting a business, and owning a home. IDA participants can earn as high as a 3:1 match for contributing to a savings account consistently and attending required education classes. Through the IDA program, Four Bands has helped create new businesses in Cheyenne River's communities, such as a healthy foods vendor that produces locally sourced greens. See [www.fourbands.org/stories.htm](http://www.fourbands.org/stories.htm).

- ▶ Support and participate in regional multisector coalitions that provide resources and support for Native American entrepreneurs and small businesses.

A best practice in effective multisector collaborations is the **Indian Business Alliances** (IBAs) of Montana, South Dakota, Minnesota, and North Dakota. These IBAs convene partners from across their respective states that include tribal colleges, tribal governments, Native business owners, state agencies and commissions, federal agencies and regulators, lending institutions, consulting firms, and community development and consumer advocacy organizations. Together, the IBA partners provide advocacy; conduct research; offer conferences, workshops, and webinars; and engage in policy development to support and encourage Native entrepreneurs and small business development in Native communities. See [www.mibaonline.org](http://www.mibaonline.org), [www.sdibaonline.org](http://www.sdibaonline.org), [www.mniba.org](http://www.mniba.org), [www.ndiba.com](http://www.ndiba.com), and [www.minneapolisfed.org/indiancountry/#alliances](http://www.minneapolisfed.org/indiancountry/#alliances).

## To enhance effectiveness of tribal governance

### Develop Legal Infrastructure

- ▶ Enact and implement tribal commercial, business, and other related laws and regulations that will enhance the tribe's legal environment for commercial activity. These laws and regulations may include:
  - ▷ Secured transactions codes, with specific regard for the need for reasonable uniformity among tribes' commercial laws; and trusted, reliable lien-filing systems.

Statewide efforts are under way in Montana and South Dakota to encourage all of the tribes in those states to consider adopting the **Model Tribal Secured Transactions Act** developed by the Uniform Law Commission, with the goal of establishing a reasonably uniform lending environment across Montana's and South Dakota's Indian Country to promote improved access to capital. The *Model Tribal Secured Transactions Act* and its accompanying *Implementation Guide* are available free of charge at [www.nccusl.org/Act.aspx?title=Model%20Tribal%20Secured%20Transactions%20Act](http://www.nccusl.org/Act.aspx?title=Model%20Tribal%20Secured%20Transactions%20Act).

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Crow Nation and the Chippewa Cree Tribes in Montana, Oglala Sioux Tribe in South Dakota, and the Leech Lake Band of Ojibwe in Minnesota have entered into agreements with state UCC filing offices to **utilize state lien-filing sites** as the location for filing liens in collateral under tribal secured transactions laws (specifically the *Model Tribal Secured Transactions Act* drafted by the Uniform Law Commission). These arrangements offer reliable and easily accessible filing systems that are trusted and utilized by lenders and other creditors at no cost to the tribes, and without infringing on tribal sovereignty or tribal jurisdiction. See, for example, <http://sos.mt.gov/Business/Tribal/index.asp>.

- ▷ Consumer protection laws.

In 2011, First Nations Development Institute published a report titled **Building Trust: Consumer Protection in Native Communities** that discusses consumer protection issues, tribal consumer protection laws and why they are important, jurisdictional considerations, and best practices. See <http://firstnations.org>.

- ▷ Business organization laws, such as those that establish the rules and guidelines for chartering tribal corporations and limited liability companies.

For an innovative, comprehensive, and well-integrated business and commercial code model, see the **Oglala Sioux Tribe's Commercial and Business Code** at [http://www.oglalalalokotanation.org/OLN/OST\\_UCC.html](http://www.oglalalalokotanation.org/OLN/OST_UCC.html).

- ▷ Streamlined business licensing regulations.
- ▷ Land use and zoning regulations and codes.

See, for example, the **Tulalip Tribes of Washington Zoning Code**, which comprehensively addresses permitting; compliance with building, fire, and plumbing codes; conservation; forestry; agriculture; residential; governmental and community facilities; recreation; commercial and industrial; lot coverage; building setbacks and heights; environmentally sensitive lands; wetlands; culturally sensitive lands; signage; modular and mobile homes; nonconforming uses; and planning commission procedures. See <http://www.narf.org/nill/Codes/tulalipcode/tulalip80zoning.htm>.

- ▷ Comprehensive ethics codes and management systems.

Navajo Nation has one of the most comprehensive and publicly accessible tribal ethics codes and ethics management systems in the country. See the Navajo Nation's **Official Website of the Ethics and Rules Committee and the Ethics and Rules Office** at <http://www.nnethicsrules.navajo-nsn.gov>.

## Enhance Governance

- ▶ Initiate constitutional reform or revision, if necessary, in order to:
  - ▷ Establish independence of the executive, legislative, judicial, and other branches of government.

For example, in 2007 the Citizen Potawatomi Nation launched an initiative to adopt a **new constitution** that put into place a three-branch system of government, eliminated secretarial elections, and created the Citizen Potawatomi legislature. Today, the legislature meets virtually and all meetings are streamed and archived on the Internet. See [www.potawatomi.org/index.php?option=com\\_content&view=category&id=98&Itemid=29](http://www.potawatomi.org/index.php?option=com_content&view=category&id=98&Itemid=29).

- ▷ Establish longer and staggered council terms to mitigate the impact of leadership turnover.
- ▷ Insulate business from politics, e.g., create independent holding companies for tribal business enterprises that insulate business activities from direct control of elected officials, and establish autonomous boards of directors and officers of tribally owned enterprises.

The **Susanville Indian Rancheria Governance Project** offers an effective example. With the support of a grant from the U.S. Department of Health and Human Services (HHS) Administration for Native Americans, the Tribe, located in California, developed a plan for the creation of an economic development corporation to establish independence of the Tribe's business enterprises. The purpose was to separate the businesses from direct tribal government oversight for liability, financial, and managerial reasons, and thus expand the Tribe's economic development potential. The project established governing policies, procedures, and bylaws, and completed a corporate business charter to ensure current and future tribal businesses are placed under the independent control of the Susanville Indian Rancheria Company. See [www.acf.hhs.gov/programs/ana/archive/success\\_stories/2009.html](http://www.acf.hhs.gov/programs/ana/archive/success_stories/2009.html).

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Another good example is the effort under way by the Red Lake Band of Chippewa Indians in northern Minnesota. The Band has undertaken a **program of constitutional reform and nation rebuilding** following a best-practices model designed by the Native Nations Institute. One major component of the reform and rebuilding has been a thorough restructuring of all tribally owned businesses. See [www.minneapolisfed.org/publications\\_papers/pub\\_display.cfm?id=4804](http://www.minneapolisfed.org/publications_papers/pub_display.cfm?id=4804).

And, more than 1,000 miles to the south in Texas, the Ysleta Del Sur Pueblo underwent a similar governance rebuilding. With an education grant from the U.S. Department of the Interior's Office of Indian Energy and Economic Development, the tribal council and key directors attended the Native Nations Institute's Nation Building training. This spurred the Tribe's leadership to undertake **a series of governance-building steps**. Grants were secured from other federal agencies, including the HHS Administration for Native Americans, to support a tribal policy assessment and additional training. Within a few years, the Tribe established an economic development advisory committee, passed a corporate code, and established a development corporation. To shape its future activities, the Tribe created a comprehensive economic development strategy that identifies ten goals, including workforce development, legal infrastructure development, asset building, and energy efficiency and renewable energy. See also [www.minneapolisfed.org/publications\\_papers/pub\\_display.cfm?id=4804](http://www.minneapolisfed.org/publications_papers/pub_display.cfm?id=4804).

- ▶ Strengthen tribal courts by:
  - ▷ Ensuring tribal judges with responsibility for business and commercial cases are law-trained, with specific education in the applicable business/commercial laws and codes; and
  - ▷ Establishing an intertribal court system or other dispute resolution forum support services that offer tribes expertise for civil commercial and business disputes.

A good model is the **Northwest Intertribal Court System**, a consortium of Indian tribes based in western Washington. These tribes are sharing judges, prosecutors, and related court services to ensure that each tribe has appropriate resources for its own court. The consortium also assists member tribes in the development of their individual justice systems and provides personnel, as needed, to operate each tribal court. See <http://www.nics.ws/index.htm>.

## ***Adopt Policies and Practices that Encourage Independent Native Business Development***

- ▶ Ensure representation from the tribe's private business sector in economic development strategic planning, and include these representatives on all tribal committees whose work may impact independent Native-owned business development (for example, on committees establishing zoning regulations).

This is well illustrated by the **Ysleta Del Sur Pueblo Partnership Strategy**, supported by a grant from the HHS Administration for Native Americans. The objectives of the grant were to create an Economic Development Advisory Committee charged with determining the needs of the Tribe's local communities, establishing a small business center to support local business development based on the data gathered by the committee, and creating strategic plans for implementing the business development services and establishing a CDFI. See [www.acf.hhs.gov/programs/ana/newsletter/2011/Summer/index.html](http://www.acf.hhs.gov/programs/ana/newsletter/2011/Summer/index.html) and [www.minneapolisfed.org/publications\\_papers/pub\\_display.cfm?id=4804](http://www.minneapolisfed.org/publications_papers/pub_display.cfm?id=4804).

- ▶ Conduct an inventory of all on-reservation resources to use as a road map for expanding business opportunities or to use as a marketing tool to increase private sector investing.
- ▶ Streamline business approval and licensing requirements for tribal-member-owned businesses.
- ▶ Implement non-compete and/or anti-monopoly policies to ensure tribal government does not undermine or unfairly compete with Native-owned private businesses.
- ▶ Establish policies that encourage the tribal government to purchase acceptable products or services made or provided by tribal-member-owned businesses first, or other Native-owned businesses second, when possible and appropriate.
- ▶ Establish an ombudsman program to ensure that the tribal government complies with its own preference policies and Tribal Employment Rights Office requirements.



## To support small business resource providers

- ▶ Develop, provide funding to develop, or otherwise engage in partnerships with small business support providers (such as CDFIs and small business development centers) to establish business incubators.

With the support of a grant from the U.S. Department of HHS Administration for Native Americans, the Standing Rock Sioux Tribe and Sitting Bull College established a business incubator on the college's campus in Fort Yates, N.D., with a satellite incubator in McLaughlin, S.D. The incubator, called the **Entrepreneurial Center**, offers technical assistance, financial resources, and business incubator services to small businesses utilizing the combined knowledge and skills of project staff, personnel from the Tribe's Business Equity Loan Fund, and the Sitting Bull College Tribal Business Information Center. Its mission is to assist in growing the reservation's economy through creation and expansion of small businesses, which will provide productive employment opportunities for reservation members. See [www.acf.hhs.gov/programs/ana/archive/congressional\\_reports/2009/North\\_Dakota.pdf](http://www.acf.hhs.gov/programs/ana/archive/congressional_reports/2009/North_Dakota.pdf).

- ▶ Provide funding or support to establish or expand credit counseling and credit repair services to tribal members and small business owners.

Poor credit history has impeded the financial security of many community members on the Crow Creek Reservation in South Dakota. To address this, the Tribe, in partnership with Harvest Initiative, established **Hunkpati Investments**, a Native CDFI, with funding support from the U.S. Department of the Treasury, the USDA, the South Dakota Community Foundation, the HHS Administration for Native Americans, Citi Foundation, First Nations Development Institute, and First Nations Oweesta Corporation. Among other things, Hunkpati offers a credit builder program, making small loans of up to \$2,500 to help community members pay off bad debt, and provides financial education for community members about the importance of credit and household budgeting. Graduation from Credit When Credit is Due, a well-regarded class that explains how credit works, is a prerequisite to qualify for the loan. The class is offered in partnership with Lutheran Social Services' Consumer Credit Counseling Service. See [www.minneapolisfed.org/publications\\_papers/pub\\_display.cfm?id=4744](http://www.minneapolisfed.org/publications_papers/pub_display.cfm?id=4744) and [http://cfed.org/blog/inclusiveeconomy/hunkpati\\_investments\\_first\\_credit\\_builder\\_loan](http://cfed.org/blog/inclusiveeconomy/hunkpati_investments_first_credit_builder_loan).

- ▶ Provide funding to and encourage community support of Native CDFIs, small business development centers, and other reservation-based organizations that support and provide technical assistance to Native entrepreneurs and small businesses.

**Citizen Potawatomi Community Development Corporation (CPCDC)** is a certified Native CDFI established in 2003. CPCDC provides microloans, business loans, short-term consumer loans, credit builder loans, auto loans, IDAs, and development services to Native Americans in Oklahoma, Kansas, Oregon, California, Kentucky, and Missouri. CPCDC has won multiple awards from the CDFI Fund, including Financial Assistance and Technical Assistance awards in 2002, 2005, 2006–2009, and 2011. These awards have helped CPCDC provide small business services and lending capital to its multistate target market.

Another good example of entrepreneur support by a Native CDFI is **Lakota Funds** on the Pine Ridge Reservation in South Dakota. Since its inception in 1985, Lakota Funds has loaned more than \$8.5 million, resulting in the creation of more than 1,200 jobs and more than 400 businesses on or near the reservation. Lakota Funds has provided training and services to more than 2,800 artists and aspiring entrepreneurs. See [www.lakotafunds.org](http://www.lakotafunds.org).

## To expand workforce, financial management, and business education and training opportunities

- ▶ Provide funding or other support to ensure comprehensive financial education is provided for K-12 students, and is available for all community members.

**Qualla Financial Freedom**, the North Carolina-based Eastern Band of Cherokee Indians' financial literacy program for tribal youth and families, received national recognition when its groundbreaking online curriculum for youth was honored by the Native American Finance Officers Association as Financial Literacy Program of the Year in 2011. Per capita payouts from the Tribe's casino revenues are put into its Minors Trust Fund from which the Tribe's youth become eligible to withdraw as young adults. The program is designed to teach youth how to manage their withdrawals and other finances wisely. See [www.cpdfn.org/economic-development-connect/success-stories/95-ebcis-financial-literacy-program-for-youth-earns-national-recognition](http://www.cpdfn.org/economic-development-connect/success-stories/95-ebcis-financial-literacy-program-for-youth-earns-national-recognition).

- ▶ Seek funding for and/or encourage tribal members' use of asset-building initiatives, such as grant programs to provide IDAs, that offer opportunities for financial education.

- ▶ Explore partnerships with local tribal and non-tribal colleges and universities, CDFIs, and other organizations to establish financial education, entrepreneurship training opportunities, workforce development training, and technology centers and business incubators for Native entrepreneurs.

One notable example of a workforce development program carefully tailored for Native people is the **Workin' with Tradition** soft skills training curriculum developed by Dr. Steve Parese in partnership with Opportunity Link, Inc., located in Havre, Mont. See [www.workin-tout.com/5nativeamericans.html](http://www.workin-tout.com/5nativeamericans.html).

- ▶ Establish a cultural literacy committee or otherwise develop and provide cultural training to non-tribal entities, such as financial institutions; potential investors; and federal, state and local government agency staff.

### To enhance land development and land value use, and to develop physical infrastructure

- ▶ Establish zoned business districts and related zoning regulations that include and support private sector business development.

This is well illustrated by the Ak-Chin Indian Community's **Economic Empowerment Project**. In order to meet the needs of a growing tribal community and maximize the opportunity to increase its economic power, the Ak-Chin tribal government resolved to make economic development one of its top priorities. Its planning and development office, with tribal membership involvement, authored the Tribe's *General Plan* in 2003. The plan's objectives centered on the development of Ak-Chin's expansive and geographically advantageous land base in Arizona. With the support of a grant from the HHS Administration for Native Americans, the Tribe created an economic development plan for the community, including designing conceptual master plans for commercial and public use areas. See [www.acf.hhs.gov/programs/ana/archive/success\\_stories/2006.html](http://www.acf.hhs.gov/programs/ana/archive/success_stories/2006.html).

- ▶ Ensure tribal land lease processes and rules are equitably applied to tribal-member-owned small businesses.
- ▶ Adopt laws and regulations that clarify and streamline processes and mitigate risks for land purchases and business leases.

- ▶ To address issues created by fractionation, support the creation of and participate in a collaborative multi-stakeholder effort, such as the effort proposed by the Uniform Law Commission to develop a model tribal probate code, consistent with the provisions of the American Indian Probate Reform Act,<sup>6</sup> to better facilitate the transfer of title to tribal lands in the probate process.
- ▶ Establish land use policies containing clearly defined procedures that support Native American private sector business development. For example, establish policies that outline streamlined and nondiscriminatory processes for securing business leases on tribal trust land.
- ▶ Develop, provide funding to develop, or otherwise engage in partnerships with small business support providers or others (such as CDFIs) in property development initiatives for private sector business use.
- ▶ Expedite the leasing or other use of vacant buildings by Native-owned independent businesses.
- ▶ Develop long-term, comprehensive strategic infrastructure development plans.
- ▶ Engage multisector partners to establish a public transit system that will expand employment and education opportunities for tribal members and reservation residents.

In 2001, the Confederated Tribes of the Umatilla Indian Reservation in Oregon launched a **public transit system** using federal tribal transit funds, state grants, and tribal funds. Commuter buses provide service to ten towns and cities in five counties within two states, and include service to three airports, multiple rail lines, eight hospitals, several regional retail centers, four universities, and three community colleges. See [http://2011.ruralassembly.org/sites/2011.ruralassembly.org/files/Tribal\\_Policy\\_Paper.pdf](http://2011.ruralassembly.org/sites/2011.ruralassembly.org/files/Tribal_Policy_Paper.pdf).

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Another good example is **North Central Montana Transit**, which offers regional public transportation to residents of two Indian reservations and numerous isolated small towns on and off the reservations, connecting them with major hubs. The transit system is spearheaded and managed by Opportunity Link, Inc., in Havre, Mont., which secured federal funding through the Montana Department of Transportation. American Recovery and Reinvestment Act funds were awarded for the purchase of vehicles. Matching funds were provided by two counties, the Fort Belknap Indian Community at Fort Belknap Reservation, the Chippewa Cree Tribes at Rocky Boy's Reservation, and Montana State University. See [www.minneapolisfed.org/publications\\_papers/pub\\_display.cfm?id=4602](http://www.minneapolisfed.org/publications_papers/pub_display.cfm?id=4602).

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<sup>6</sup> The American Indian Probate Reform Act (AIPRA), which was enacted on October 27, 2004, amends the Indian Land Consolidation Act (ILCA) of 1983 and ILCA amendments of 2000. Most parts of AIPRA that pertain to probate took effect on June 20, 2006, with technical amendments signed into law in December 2008. All tribal probate codes pertaining to trust property must be approved by the U.S. Department of the Interior. State laws no longer determine how trust lands on reservations pass from one generation to the next for individuals who pass away on or after June 20, 2006.

- ▶ Seek training opportunities for tribal staff on federal and state funding, grants and tax credit programs for infrastructure development initiatives.
- ▶ Seek and develop partnerships and collaborations with local and regional development groups.

In 2003, the Colville Confederated Tribes in Oregon entered into an **intergovernmental agreement** with Okanogan County for planning and management about land and shoreline use and other information sharing. The Tribes also worked with two other adjacent counties and the Spokane Tribe in a regional Empowerment Zone/Enterprise Community program that coordinated over \$27 million in federal, state, local/regional, tribal, and private sector funds.

### To encourage intertribal and other stakeholder collaboration

- ▶ Seek opportunities for tribal economic development professionals to meet and share best practices.
- ▶ Explore regional development and related funding opportunities with other tribes.

A good illustration is the Navajo Nation's partnership with the Ute Mountain Ute and Hopi tribes in the **Four Corners Empowerment Zone/Enterprise Community** program. The partnership coordinated more than \$29 million in federal, state, local/regional, tribal, and private sector funds in 2003.

## Recommendations Proposed for Federal Agencies

Federal resources to support economic and business development in Indian Country span more than a dozen federal agencies and financial institution regulators, and include nearly 70 programs. The recommendations from GEIC workshop participants and other referenced sources that are set forth in this section address program assessment, expansion, outreach, funding, and accessibility.

### To improve access to and expand utilization of federal funding and business development programs, tax credit programs, and tax exemptions

- ▶ Expand access to federal resources by improving the coordination of interagency efforts to reduce inefficiencies and disconnections between existing programs and by simplifying, streamlining, and coordinating program applications and procedures.

One initiative to begin addressing this issue was implemented in February 2011, pursuant to President Obama's memorandum to federal agencies titled **Administrative Flexibility, Lower Costs, and Better Results for State, Local, and Tribal Governments**. The goal of the Loan and Credit group, one of five working groups established under the memorandum, is to ensure that federal loan and credit programs are deployed to tribal economies through:

- Improved flexibility under existing loan and credit program authority; improved and innovative deployment, oversight, and accountability of loan programs in Indian Country;
- Reduction in inefficiencies or disconnections between existing programs; and
- Improvement in knowledge of programs through better training and technical assistance.

The group has since gathered information on federal loan programs and related applications and is analyzing each loan program across a common set of variables, such as eligibility criteria, type of loan, and maximum and minimum amount of loans available. See [www.whitehouse.gov/sites/default/files/2011\\_Flexibility\\_Memo.pdf](http://www.whitehouse.gov/sites/default/files/2011_Flexibility_Memo.pdf).

- ▶ Assess and, if necessary, revise the metrics used to evaluate federal funding-related programs and technical assistance programs for Native American small businesses. Apply metrics that more appropriately measure the impact of such programs on business development (e.g., count how many loans or contracts are made instead of counting the number of workshop attendees) and identify ways the programs or products could be modified to better serve Native-owned independent businesses or tribal enterprises.

- ▶ Expand outreach efforts in Native American communities to increase awareness and knowledge of federal funding and other business development programs.

For example, the U.S. Small Business Administration (SBA) Office of Native American Affairs recently conducted a **Native Entrepreneurial Development Workshop** in Spokane, Wash., for tribes in the region. It was the first in a series of eight such reservation-based workshops.

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In addition, in 2010, the SBA Office of Native American Affairs increased its outreach in Indian Country by expanding its **Emerging Leaders (e200)** executive training initiative into 12 Native American communities. Under the e-200 program, the SBA identifies businesses nationwide that show high growth potential and provides them with the network, resources, and training required to build sustainable businesses of size and scale in their designated geographic locations.

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Other agencies are also making efforts to improve outreach. For example, within the past two years, **USDA Rural Development** has created a series of print and radio **public service announcements** targeted to American Indians and Alaska Natives. In addition to the public service announcements, USDA Rural Development created an outreach guide for its staff in order to give them a baseline understanding of how to conduct outreach to tribes and their members. More information on this outreach strategy and public service announcements is available at [www.rurdev.usda.gov/AI\\_ANPSACampaign.html](http://www.rurdev.usda.gov/AI_ANPSACampaign.html).

- ▶ Serve as convener to establish dialogue and mutual learning between tribes, financial institutions, and other stakeholders.
- ▶ Create a clearinghouse (a “one-stop shop”) of information about all relevant federal funding resources, grants, and technical assistance.

There are several federal online clearinghouse models that offer examples of how such a resource could be developed. They include:

- [www.businessUSA.gov](http://www.businessUSA.gov), a centralized, one-stop platform designed to make it easier for businesses to access services to help them grow.
- [www.govloans.gov](http://www.govloans.gov), which enables users to search for all federal government loans available in a variety of categories. For business loans, a site visitor may view loan details and terms and determine his or her eligibility.
- [www.whitehouse.gov/aapi](http://www.whitehouse.gov/aapi), the Asian Americans and Pacific Islanders Guide to Federal Agency Resources.

- ▶ Improve flexibility of federal programs to better integrate and support public-private development partnerships.
- ▶ Eliminate the restrictive language defining “essential government functions” under section 7871(e) of the Internal Revenue Code to clarify that tribes may issue tax-exempt bonds to generate capital to finance the same types of investments deemed “essential government functions” that are permissible for state and local governments.
- ▶ Increase or eliminate cap limits on Tribal Economic Development (TED) bonds authorized under section 7871(f) of the Internal Revenue Code to increase the time frames for issuance of the TED bonds; and reallocate unused funding for another TED bond offering.
- ▶ Consider amending the 1603 grant program for renewable energy projects to make the program available to tribal governments; for example, through Section 17 Corporations or Alaska Native Corporations.
- ▶ In order to encourage CDEs to partner with tribes, provide clarification under the New Markets Tax Credit rules that Section 17 Corporations, Alaska Native Corporations, and other tribal entities are qualified active low-income community businesses, or QALICBs.
- ▶ Expand educational outreach efforts on the New Markets Tax Credit to tribes.

### To support small business resource providers (including CDFIs, CDCs, tribal revolving loan funds or credit facilities, small business incubators, and small business development centers)

- ▶ Preserve current levels of or expand funding for Native CDFI programs.

For example, USDA Rural Development has a long history of financing Native CDFIs. Its **Rural Business Opportunity Grant Program** has been a particularly useful tool that has provided Native CDFIs with grant funding to improve the technical assistance they provide. USDA Rural Development’s Rural Business Enterprise Grant Program has been an effective tool for enabling Native CDFIs to capitalize their business loan funds—even prior to them receiving certification from the U.S. Department of the Treasury. Other USDA programs, such as the **Intermediary Relending Program** and the **Rural Community Development Initiative**, have also proven to be effective capitalization and technical assistance resources. Historically, the Rural Business Opportunity Grant, Rural Business Enterprise Grant, and Intermediary Relending programs have all had funds dedicated for federally recognized tribes. Success stories and information on current funding levels are available at [www.rurdev.usda.gov/AI\\_ANHome.html](http://www.rurdev.usda.gov/AI_ANHome.html).



- ▶ Include Native CDFI provisions in the CDFI Fund's statutory authorizing language in order to sustain funding.
- ▶ Ensure continuation of the CDFI Bond Program.
- ▶ Permit federal funds to be used as a qualified match for grant awards to Native CDFIs, CDCs, and other Native nonprofit small business resource providers.
- ▶ Establish uniform eligibility requirements for all Native American-based federal loan guarantee programs.
- ▶ Offer resources to increase the financial and organizational capacity of Native CDFIs and CDCs.

In September 2011, the CDFI Fund launched a new training series for Native CDFIs in coordination with NeighborWorks® America and Seven Sisters Community Development Group. ***The Leadership Journey: Native CDFI Growth and Excellence*** offers advanced, executive-level training and technical assistance to help established Native CDFIs focus on capacity building in the context of the distinct challenges and opportunities present in Native communities. Sixteen Native CDFIs were selected through a highly competitive application process to participate in a training cohort and collaborate over a two-year period to access training, technical assistance, peer mentoring, and executive coaching opportunities. See [www.cdfifund.gov/news\\_events/CDFI-2011-19-CDFI-Fund-Announces-Leadership-Capacity-Building-Series-for-Native-CDFIs.asp](http://www.cdfifund.gov/news_events/CDFI-2011-19-CDFI-Fund-Announces-Leadership-Capacity-Building-Series-for-Native-CDFIs.asp).

## To expand workforce development, financial management training, and business education opportunities

- ▶ Provide funding support for tribal and non-tribal colleges and universities, CDFIs, and other organizations to increase workforce training for Native Americans.

One good example is the recent award of \$18.9 million to United Tribes Technical College (UTTC) in Bismarck, N.D., to lead a group of four tribal colleges in North Dakota and eastern Montana in a program of targeted career training and job development. The award is through the Trade Adjustment Assistance Community College and Career Training Program funded by the U.S. Departments of Labor and Education. UTTC will serve as facilitator for a three-year program known as the **Tribal College Consortium for Developing Montana and North Dakota Workforce**, or TCC DeMaND. Partnering with UTTC are Cankdeska Cikana Community College (Fort Totten, N.D.), Fort Peck Community College (Poplar, Mont.), and Aaniih Nakoda College (Harlem, Mont.). The award will be used to train and educate students and help their tribal communities create and sustain job development.

- ▶ Provide funding to Native CDFIs and other organizations to expand financial education and asset-building opportunities in Native communities.

Recently, the HHS Administration for Native Americans coordinated a joint funding announcement with the HHS Administration for Children and Families Office of Community Services under the **Native Asset Building Initiative**. This partnership provides technical assistance to tribes and Native nonprofits to develop effective and comprehensive asset-building projects. See “Native American Communities” at [www.idaresources.org](http://www.idaresources.org).

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In 2010, the Council for Native Hawaiian Advancement (CNHA) received a \$3.5 million Financial Education and Counseling (FEC) Award from the U.S. Department of the Treasury’s CDFI Fund to conduct statewide financial education on housing-related issues in Hawaii. CNHA used its award to fund the newly developed **Hawaii Family Finance Project**, which unites partner organizations around the common goal of reaching low- to moderate-income prospective homebuyers. The project is projected to serve more than 3,000 individuals over the course of its three-year program term.

- ▶ Inventory existing workforce development programs across federal agencies and coordinate outreach efforts.

The *Administrative Flexibility, Lower Costs, and Better Results for State, Local, and Tribal Governments* memorandum, referenced earlier in this section, established a **workforce development working group**. The group is pursuing three policy areas: (1) the Workforce Innovation Fund solicitation for grant applications, (2) the creation of a comprehensive waiver database to increase transparency around waiver requests, and (3) the Department of Labor Grant Program Information System. See [www.whitehouse.gov/sites/default/files/2011\\_Flexibility\\_Memo.pdf](http://www.whitehouse.gov/sites/default/files/2011_Flexibility_Memo.pdf).

- ▶ Support and participate in multisector coalitions that provide resources and support for Native American entrepreneurs and small business development.<sup>7</sup>
- ▶ Develop and host opportunities to educate off-reservation enterprises and regional and national lenders on doing business in Indian Country and the potential investment opportunities there.
- ▶ Disseminate and/or fund employer-based or workplace-based training and placement initiatives.

### To support and encourage measures for more effective tribal governance

- ▶ Support tribal legal infrastructure development by hosting or supporting the hosting of training and resource workshops and by providing tribes with funding support for legal technical assistance.

For example, in 2006–2007, the U.S. Department of the Interior’s **Office of Indian Energy and Economic Development** provided technical assistance funding to a number of tribes to research and adopt secured transactions laws. Also, in 2012, the SBA, in partnership with the Federal Reserve Banks of Minneapolis and San Francisco, will host up to six regional tribal workshops on UCCs, and specifically on secured transactions codes.

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<sup>7</sup> See discussion of the Indian Business Alliances on page 13.

- ▶ Expand training opportunities by providing funding support for organizations that offer tribal leadership and governance training.

The U.S. Department of the Interior's 2011 memorandum of understanding with the Harvard Project on American Indian Economic Development offers an example. The collaboration is intended to **expand outreach and recruitment opportunities** for graduate education at Harvard University and its allied organizations in leadership, management, and other professional fields relevant to Indian Country economic development policy. Another intention is to **expand the orientation and training of U.S. Department of the Interior staff** to foster a climate of economic growth in tribal communities. See [www.bia.gov/idc/groups/public/documents/text/idc014781.pdf](http://www.bia.gov/idc/groups/public/documents/text/idc014781.pdf).

- ▶ Support and/or provide funding for business and commercial law training for tribal judges.
- ▶ Support and/or provide funding for tribal constitutional reform or revision efforts.

The HHS Administration for Native Americans provides an example of such support. One program area, **Social and Economic Development Strategies**, provides project funding for the purpose of assisting Native communities in achieving the goal of economic and social self-sufficiency. This includes governance projects for federally recognized tribal and Alaska Native village governments to increase their ability to exercise local control and decision making over governance activities, including constitutional reform initiatives. See [www.acf.hhs.gov/programs/ana/programs/program\\_information.html](http://www.acf.hhs.gov/programs/ana/programs/program_information.html).

### To increase access to surety bonding opportunities for independent business owners

- ▶ Explore options to facilitate access to surety bonding for Native small businesses. For example, consider insuring or guaranteeing a pool of such bonds.
- ▶ Expand the U.S. Department of the Interior's Bureau of Indian Affairs guaranteed loan program to ensure access to surety bonding for Native-owned companies.

## To enhance land development and land value use

- ▶ Expedite the U.S. Department of the Interior’s decision processes for approval of leases, timber sales, agricultural sales, right-of-way leases, and land-into-trust applications.
- ▶ Convene an interagency “think tank” with other key stakeholders (national Native organizations, research and policy groups, legal organizations, educational institutions) to extensively explore and develop options for tribal and individual trust land legal status and management that will further the dual objectives of retaining tribal lands and enabling the use of land value for development.

## To develop tribal infrastructure

- ▶ Clarify that tribal trust land may be deemed qualified investment areas for New Markets Tax Credits.
- ▶ Provide technical assistance to tribes to better leverage multiple federal programs and private investment for infrastructure development initiatives.

This is well illustrated by the U.S. Department of Energy’s **Strategic Technical Assistance Response Team (START) Program**, which provided sustained and intensive technical assistance to ten tribal communities as they launched energy development projects. Through the START Program, Department of Energy and National Renewable Energy Laboratory experts worked directly with community-based teams and tribal legal/finance specialists to further develop market feasibility; due diligence research, analysis, and documentation; and early predevelopment work. The technical assistance resulted in prepared pre-development packages to support requests for proposal processes for financing or construction. See <http://energy.gov/indianenergy/resources/start-program>.

- ▶ Ensure federal funding mechanisms offer tribes technical assistance to appropriately assess infrastructure needs and solutions for telecommunications, transportation, roads, water rights, and energy development.

- ▶ Evaluate current federal programs to assess whether restrictions and requirements have a discriminatory effect on tribal governments' ability to access programs for infrastructure development, and amend program requirements as needed to address the barriers.

As an example, the Rural Utilities Service within USDA Rural Development is actively implementing the **Substantially Underserved Trust Areas** (SUTA) provision of the 2008 Farm Bill. A proposed rule was published on October 14, 2011, and a final rule is expected shortly after the publication of this report. Once implemented, the provision will allow the Rural Utilities Service to provide loans at a lower interest rate with extended repayment terms, provide priority for grant funds, and waive matching and duplication of service requirements for many of its programs on SUTAs. This type of flexibility will allow Rural Development to provide increased investments in tribal electric, telecommunications, and water infrastructure, which are critical to furthering community and economic development opportunities on tribal lands. More information on the SUTA provision is available at [www.rurdev.usda.gov/suta.html](http://www.rurdev.usda.gov/suta.html).

- ▶ Streamline, consolidate, and expedite process requirements for obtaining rights-of-way for infrastructure development on tribal trust and allotted lands.

### To improve Indian Country data, research, and analyses

- ▶ Inventory existing federal studies and coordinate federal research efforts to expand and improve the quality of data collection and analyses regarding Native American economies and tribal business, legal, and governance environments.
- ▶ Work in close consultation with tribes to facilitate more effective and appropriate data collection, and include tribes in national data sets.
- ▶ Revise the monthly labor reports from the U.S. Bureau of Labor Statistics and expand the U.S. Census Bureau's American Community Survey to include relevant Indian Country data.
- ▶ Address and resolve discrepancies between the labor force reports of the U.S. Department of the Interior and U.S. Bureau of Labor Statistics.

## Recommendations Proposed for State Governments

Programs and resources provided to tribal governments and residents of Native American communities differ from state to state, in some cases significantly. The recommendations proposed by GEIC workshop participants and other noted sources set forth in this section are therefore likely to vary in their relevance and potential impact from state to state.

### To enhance access to capital and Native small business development

- ▶ Reassess and revise, if necessary, the metrics used to evaluate state funding-related programs for Native American small businesses. Apply metrics that more appropriately measure the impact of such programs on Native American business development (e.g., count how many loans or contracts are made instead of counting workshop attendees).
- ▶ Fund or co-fund an equity grant program for Native-owned small businesses.<sup>8</sup>
- ▶ Serve as convener to establish dialogue and mutual learning between tribes, financial institutions, and other stakeholders.

For example, as an outcome of the Growing Economies in Indian Country workshop hosted in Phoenix in 2011, the **Arizona Commission on Indian Affairs** recently launched a **Tribal Economic Development Task Force** that meets with stakeholders on a quarterly basis. See <http://azcia.gov/TEDTF.asp>.

- ▶ Conduct outreach to, solicit input from, and include tribes in state economic development planning initiatives and policy development.

### To increase surety bonding opportunities for Native small businesses

- ▶ Explore options to facilitate access to surety bonding for Native small businesses. For example, consider insuring or guaranteeing a pool of such bonds.

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<sup>8</sup> See the discussion of the Montana Department of Commerce Indian Equity Fund on page 13.

## To support small business resource providers

- ▶ Ensure state-sponsored small business development center staff understand the needs of and provide resources for Native American small business owners and entrepreneurs.

In November 2011, the **South Dakota Small Business Development Center** (SBDC) and **Four Bands Community Fund**, a Native CDFI in South Dakota, agreed on several strategies to increase the SBDC's small business support services so they can better serve Native Americans around the state. For example, one South Dakota SBDC office serving an area with a large Native American population adopted the following goal: Increase Native American and minority clients of the South Dakota SBDC client base by providing access to all network services, and increase total minority clients by 5 percent and maintain Native American clients to mirror their percentage of South Dakota's population by December 2014.

- ▶ Seek opportunities to collaborate with reservation-based small business resource providers.

## To expand workforce development, financial management training, and business education opportunities

- ▶ Conduct outreach to tribes and solicit input from tribes about state workforce development and other employment training programs to ensure they meet the needs of and are accessible to tribes and their members. Include tribes and Native business owners in these programs by addressing the barriers to participation.

An initiative in Wisconsin offers a good example. In 2011, the State of Wisconsin's Division of Vocational Rehabilitation (DVR) entered into a memorandum of understanding with the Great Lakes Inter-Tribal Council (GLITC), a nonprofit consortium of 12 federally recognized Indian tribes in Wisconsin and Upper Michigan, that outlined **a joint venture for the use of \$350,000 in Native American Gaming Initiative Funds**. The contract enabled the DVR to provide consulting, specialized training, and mentoring for staff hired by the GLITC to increase employment outcomes for Native Americans with disabilities. The services were provided on reservations throughout the state as well as to tribal members in urban areas of Wisconsin. See [www.glitc.org](http://www.glitc.org) and [http://dwd.wisconsin.gov/dvr/pdf\\_files/glitc\\_mou.pdf](http://dwd.wisconsin.gov/dvr/pdf_files/glitc_mou.pdf).



## To develop physical infrastructure

- ▶ Ensure tribes are actively included in statewide economic and business development initiatives, programs, and planning as they pertain to infrastructure development.

## To encourage intertribal and other stakeholder collaboration

- ▶ Create opportunities for tribal economic development professionals to meet and share best practices.

One such initiative is the Montana **State Tribal Economic Development Commission** (STEDC). Established in 1999 within the Montana Department of Commerce, the STEDC is tasked with conducting a comprehensive assessment of the economic needs and priorities of each reservation in Montana and providing recommendations for accelerating economic development on these reservations. The STEDC, which is made up of governor-appointed commissioners from each of Montana's seven reservations, works together with the Montana Department of Commerce to expand economic development opportunities on each of the seven reservations, in partnership with the seven tribal governments and the federal government. The Montana legislature allocates funds on a biennial basis to the STEDC's Indian Country Economic Development program for the support of tribal government projects, to the Indian Equity Fund for the support of Native entrepreneurs, and to small business technical assistance providers on each reservation. See <http://tribal.mt.gov/default.mcp.x>.

## To encourage and support data collection and analysis

- ▶ Work in close consultation with tribes to facilitate effective and appropriate data collection, and include tribes in statewide statistics and data analysis as well as data sets (e.g., unemployment and labor force statistics).

## Recommendations Proposed for Small Business Resource Providers

Small business resource providers play a significant role in supporting economic and business growth in Native American communities, particularly as entrepreneurship and small business development are increasingly viewed as essential for growing vibrant and diversified tribal economies. GEIC workshop participants and other noted sources offered a number of recommendations for expanding the resource providers' capacity, reach, and impact.

### To expand access to capital

- ▶ Seek federal, state, philanthropic, and financial institution partners to develop an equity grant fund for Native entrepreneurs.

Hunkpati Investments is a Native CDFI located on the Crow Creek Reservation in South Dakota. In partnership with Harvest Initiative, Citi Foundation, and the South Dakota Governor's Office of Economic Development, Hunkpati Investments makes **equity grants** of up to \$7,000 to help provide entrepreneurs with the equity they need to start small businesses. Modeled after the grants made through the State of Montana's Indian Equity Fund, these grants are offered on a rolling basis and are competitive. See [www.hunkpati.org](http://www.hunkpati.org) and [www.minneapolisfed.org/publications\\_papers/pub\\_display.cfm?id=4744](http://www.minneapolisfed.org/publications_papers/pub_display.cfm?id=4744).

- ▶ Apply to become an SBA 7(a) lender, microloan intermediary, or PRIME (Program for Investment in Micro-Entrepreneurs) grantee in order to offer federally guaranteed loans.

The CDFI Fund is partnering with the SBA through the newly created **Community Advantage** program, which allows CDFIs to make SBA-guaranteed loans of up to \$250,000 using streamlined "Advantage" paperwork. The program is intended to increase the number of CDFIs that participate in the 7(a) microlender program. Currently, only one Native CDFI, First American Capital Corp. in West Allis, Wis., is a registered SBA 7(a) microlender. See [www.aiccw.org](http://www.aiccw.org) and [www.cdfifund.gov/docs/2011/SBALetter.pdf](http://www.cdfifund.gov/docs/2011/SBALetter.pdf).

- ▶ Seek opportunities to conduct outreach to regulated financial institutions to engage in discussions about potential training partnerships and funding opportunities.
- ▶ Serve as convener to establish dialogue and mutual learning between tribes, financial institutions, and other stakeholders.

## To expand workforce development, financial management training, and business education opportunities

- ▶ Facilitate partnerships with local tribal and non-tribal colleges and universities and other organizations to establish financial education and entrepreneurship training opportunities.

A promising effort is the Four Bands Community Fund's **Building for the Seventh Generation program**, located on the Cheyenne River Reservation in South Dakota. The program involves working with local schools to implement money management and entrepreneurship education. Also included in the program is a partnership with local businesses, tribal departments, and nonprofit organizations to provide youth entrepreneur internship experiences. Entrepreneur interns receive hands-on work experience as they create their own businesses. See <http://fourbands.org/youth.htm>.

- ▶ Facilitate partnerships with local tribal and non-tribal colleges and universities, financial institutions or other partners to establish technology centers and business incubators for Native entrepreneurs.

A good example is the **Lakota Trade Center**, a 12,000-square-foot business incubator on the Pine Ridge Reservation in South Dakota. The center was established by the Lakota Funds, which is a Native CDFI, and funded through a \$1 million grant from the U.S. Economic Development Administration and another \$80,000 in construction and planning from a commercial bank.

- ▶ Support scholarship programs for education and job training in Indian Country.

## Recommendations Proposed for Financial Institutions

Banks and other financial institutions play an indispensable role in economic and business development in the United States. A wide range of factors, however, have historically precluded much of Indian Country from having adequate access to banking services and commercial credit and largely excluded Native American communities from opportunities for economic and business growth. Financial institutions, however, are seeing increasing opportunities in Indian Country as tribally owned and independent Native-owned businesses are growing in numbers and sophistication. GEIC workshop participants and other noted sources offered recommendations for financial institutions to create and expand needed opportunities for business financing and other economic development initiatives in Indian Country.

### To expand financing opportunities for tribally owned and independent Native-owned businesses

- ▶ In order to expedite and expand lending to both tribally owned and independent Native-owned businesses, participate in convenings and trainings that focus on successful Indian Country lending programs and Indian Country-focused government funding and grant programs.
- ▶ Become familiar with the challenges and opportunities regarding financing Native-owned businesses within or near the bank's service and assessment area.
- ▶ Open direct lines of communication with local tribes in an effort to better understand their business and credit needs. To enhance the prospects of building successful and lasting business relationships with tribes and their members, consider hiring staff who are familiar with the culture and history of local tribes.
- ▶ Explore and introduce Indian Country-tailored loan products, and seek partnerships to increase lending to tribally owned and independent Native-owned businesses.

**Chippewa Valley Bank** is a community bank in northern Wisconsin that has consistently received an "Outstanding" Community Reinvestment Act (CRA) rating and has been recognized for its progress in achieving equal housing opportunities for low-income and minority people. In 2004, the bank opened a branch on the Lac du Flambeau Reservation. Chippewa Valley Bank provides mortgage loans to Native homebuyers through the U.S. Department of Housing and Urban Development's Section 184 Indian Home Loan Guarantee Program, has a seat on the board of a Native CDFI called Wigamig Owners Loan Fund, Inc., and continues to seek ways to improve its service and engage in partnerships with Wisconsin's Native community. See [www.chippewavalleybank.com/default.asp](http://www.chippewavalleybank.com/default.asp).

- ▶ Invest in Native CDFIs and lend to Indian Country projects as part of the bank's CRA strategy.

## CONCLUSION

The barriers, recommendations, best practices, and promising efforts listed in this document highlight the economic progress that is being made in Indian Country, but also underscore the tremendous need for continuing and innovative efforts to address the challenges. Broadly, the barriers cited include insufficient access to capital for business development; capacity and capital constraints of small business resource providers; insufficient workforce development, financial management training, and business education; tribal governance constraints; trust and restricted land status regulatory constraints; underdeveloped physical infrastructure; insufficient Indian Country research and data; and a lack of regional collaboration.

A common theme noticeably interwoven through GEIC workshop participants' recommendations to address these barriers, and underscored by the many best-practice illustrations of how these recommendations can be implemented, is the need for continued and increased collaboration among stakeholders. The opportunities for ongoing and new dialogue and engagement among the various partners are many, and cooperative multisector efforts are likely to become even more essential: essential to effect sound policy development, and essential to efficiently leverage resources to better assist tribes in their efforts to achieve sustainable prosperity in their communities.



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