

## *Economic Development*



Native nations continue to work toward self-determination and self-sufficiency, despite the fact that federal resources for entrepreneurial development have been insufficient and targeted elsewhere. With unemployment reaching an average of 50 percent and sometimes as high as 80 percent on reservations, it is critical to invest in economic development opportunities for tribal communities. Economic development programs spur community growth, provide job opportunities, and increase quality of life. The following budget recommendations offer significant promise to address historically unmet needs for economic development in Indian Country.



## *Key Recommendations*

### DEPARTMENT OF COMMERCE

#### **Commerce, Justice, Science Appropriations Bill**

##### **Minority Business Development Agency**

- Increase MBDA funding by \$3.5 million to \$35 million.

The Minority Business Development Agency (MBDA) uses its funding to support minority business enterprise centers (MBECs) and Native American business enterprise centers (NABECs) to provide business consulting, advice on business financing, and procurement technical assistance to Indian tribes, tribal enterprises, and American Indian, Alaska Native, or Native Hawaiian business owners. MBDA's budget decreased by half and was flat-lined for years at \$29 million until a slight increase in FY2010 to \$31.5 million. Only about \$11 million-\$12 million of the budget is devoted to supporting 32 MBECs and 6-8 NABECs. With a higher annual funding level, MBDA could support more MBECs and NABECs at levels sufficient to enable them to hire more business consultants. These consultants can assist additional minority and Native companies in accessing needed business capital, pursuing commercial and government contracts, expanding their services, generating more revenue, and creating more jobs. This budget increase will spur job creation and economic growth in Native communities.

### DEPARTMENT OF COMMERCE

#### **Commerce, Justice, Science Appropriations Bill**

##### **Office of Native American Affairs**

- Fund the Office of Native American Affairs at \$3 million.

Congress enacted the Native American Business Development, Trade Promotion and Tourism Act of 2000 (P.L. 106-464) to codify the Office of Native American Affairs, but funds were not allocated until late 2005 when MBDA set aside about \$200,000 of its own budget for the Office. Indian Country has consistently advocated for dedicated funding for this Office and has urged that \$3 million be made available from within the Commerce's Departmental Management budget to re-establish this Office to implement Indian policy initiatives and expand Native business development initiatives, both domestically and internationally. With independent funding, this Office could collaborate more effectively with Commerce and through the NABECs to fulfill the Secretary's duties prescribed by the 2000 Act, which include: serving as the economic development lead; conducting outreach to tribes; supporting tourism-related activities and demonstration projects; conducting trade and tourism missions abroad; and hosting, co-hosting, and supporting Native programs and conferences devoted to business and economic development, business and financial



management training, marketing and procurement technical assistance, domestic and international trade promotion, and intertribal, interstate, and international tourism.

#### **SMALL BUSINESS ADMINISTRATION**

##### **Financial Services Appropriations Bill**

##### **Office of Native American Affairs**

- Fund the Small Business Administration's (SBA) Office of Native American Affairs at \$2 million.

Historically, the SBA's funding for Native American outreach has been very low, particularly when compared to other SBA program investments. Outreach responsibilities are performed primarily by the SBA's National Director of the Office of Native American Affairs (ONAA), an increasingly active operation with significant ongoing initiatives in business development and tribal and business executive training. With increased authority and funding, the ONAA could provide greater assistance through the SBA's E-200 executive training courses (that have already proven successful in spurring small business growth and job creation) and other training assistance to improve access to SBA loans, loan guarantees, and surety bond guarantees. Increased funding would also enable ONAA to more effectively facilitate and monitor Native contractors participating in the SBA's 8(a) Business Development Program, HUBZone, women business, veteran and service disabled veteran business, and other small business contracting programs. By giving the ONAA more authority and resources to assist tribes, tribal enterprises, and other Native-owned businesses to build their entrepreneurial capacity, these businesses will be more likely to grow, generate increased revenues, create more jobs, and strengthen Native communities facing the ongoing impact of decades-long economic distress.

#### **SMALL BUSINESS ADMINISTRATION**

##### **Financial Services Appropriations Bill**

##### **Native American Business Center Grants**

- Fund Native American Business Center Grants at \$10 million.

The House and Senate both passed bills in the 111th Congress to authorize at least \$10 million to support Native American Business Center (NABC) grants. These grants would expand the availability of business centers that provide culturally tailored business development training, procurement technical assistance, and related services to Indian tribes, tribal enterprises, and other Native-owned businesses. Entities eligible to apply for NABC grants would include tribal colleges and Native nonprofit organizations dedicated to business and financial consulting and procurement technical assistance. Authorization and appropriation of such grants is essential for the ONAA to be able to access a fair share of the sizable amounts appropriated each year for SBA's Entrepreneurial Development programs, including the Small Business Development Center program.



## SMALL BUSINESS ADMINISTRATION

### Financial Services Appropriations Bill

#### Consultation on 8(a) Improvements

- Provide at least \$1 million within the SBA's Business Development Program for SBA Consultations on and Implementation of 8(a) Improvements.

These resources are critical to advancing the SBA's regulatory reform agenda to improve accountability, efficiency, and transparency by re-engineering 8(a) program operations as applied to Alaska Natives, Indian Tribes, and Native Hawaiian organizations and the 8(a) enterprises they own. This dedicated funding would enable SBA to continue and complete its consultations with tribes and these community-based enterprises on the 8(a) regulatory changes proposed by the SBA in October 2009, and promulgate final rules based on the full public record developed during the extensive comment period. The intended result should be clear direction to both the SBA and the 8(a) participants on how program requirements apply to these enterprises and how transparency and compliance with these requirements will improve performance, management, oversight, and overall accountability by contractors and the SBA.

## DEPARTMENT OF THE TREASURY

### Financial Services Appropriations Bill

#### Community Development Financial Institutions (CDFI) Fund

- Increase Native CDFI funding up to 10 percent and at least \$15 million in FY2012.

The Native Initiative of the CDFI Fund has had a tangible effect on nearly 100 Native communities that are now home to certified or developing CDFIs. American Recovery and Reinvestment Act and FY2010-11 investments in the CDFI Fund and direct increases in the Native Initiative allocation have been a welcome investment, but still leave significant unmet needs for access to capital and financial skill development in Native communities. Over the past five years, the number of annual applications to the Native CDFI Initiative has continued to grow, with some application years exceeding \$20 million.

Given the economic conditions of many Native communities, we encourage the CDFI Fund to move toward a set-aside of 10 percent of the CDFI Fund appropriations to support the development and growth of Native CDFIs. The services provided by Native CDFIs are critical to the economic recovery of Native communities. Offering more training for Native entrepreneurs in preparing business plans, applications for business loans and letters of credit, and contracting certifications would enable them to grow their businesses and increase Native employment.



## DEPARTMENT OF THE INTERIOR

### Interior Appropriations Bill

#### Office of Indian Energy and Economic Development (OIEED)

- Fund the Office of Indian Energy and Economic Development at \$5 million.

The Department of the Interior's OIEED has launched many creative and successful initiatives to encourage energy resource development on tribal lands, spur economic and business development assistance and training, expand job and skills training opportunities, and leverage limited federal funding to provide access to capital. More funding would enable the OIEED to expand the scope and usefulness of its Indian Loan Guarantee Program to finance more business development (including support for Native business development providers engaged in assisting Native businesses in preparing business plans and financing applications); enable more Native contractors to satisfy surety bonding requirements necessary to perform construction projects; expand use of the Section 477 program and other job training initiatives; and assist business incubation pilot projects initiated in recent years to facilitate Native business growth and job creation. The OIEED has also worked with Interior's acquisition staff to develop stronger and more streamlined procurement procedures for use of the Buy Indian Act authority to procure goods and services from Native contractors and suppliers to the maximum extent possible.

## DEPARTMENT OF THE INTERIOR

### Interior Appropriations Bill

#### OIEED Guarantees for Indian Loans, Surety Bonds, Development Bonds

- Fund the Indian Loan Guarantee Program at \$15 million.

The OIEED's Division of Capital Investment oversees the Indian Loan Guarantee Program that enables eligible borrowers to develop viable Indian businesses through conventional lender financing that might otherwise be unavailable and helps lenders reduce excessive risks on the loans they make. In order to expand access to capital for Indian tribes and businesses, OIEED is exploring whether the loan guarantee pool could be leveraged further to implement its surety bond guarantee authority that has never been used or guarantee tribal bonds issued for economic and community development purposes.



## DEPARTMENT OF DEFENSE

### **Defense Appropriations Bill**

#### **Procurement Technical Assistance Centers, Defense Logistics Agency**

- Fund AIPTACs at \$3.6 million within \$31 million for the PTAP.

The Defense Logistics Agency has supported the Procurement Technical Assistance Program (PTAP) with cooperative agreement assistance to regional, statewide, and local centers. Many of these Procurement Technical Assistance Centers (PTACs) are housed within educational institutions that help support their operations. American Indian PTACs offer valuable assistance to tribal and other Native-owned companies in navigating the large, complex federal procurement market and winning government contracts for stimulus projects, war-fighting efforts, and myriad other government undertakings.

## DEPARTMENT OF DEFENSE

### **Defense Appropriations Bill**

#### **Indian Incentive Program**

- Fund the 5 percent Indian Incentive Payment Program at \$15 million.

For the past 20 years, Congress has appropriated \$8 million per year for payment of 5 percent Indian Incentive Payments (IIP) to Department of Defense (DOD) contractors that subcontract work to Native-owned subcontractors under DOD contracts. Once DOD fully implemented the IIP program, demand began to outstrip the funding available to make IIP payments to contractors. An increase to \$15 million in funding for the IIP program will address the backlogged IIP requests that have already been approved and expand Native access to the federal contracting process.

