



*Participants at a Tulalip Tribes job fair learning about economic development resources. Photo credit: Flickr/Tulalip*

## Economic & Workforce Development

Tribal nations and the federal government must work together to enhance the economic prosperity and secure the economic future of the first Americans. The federal government owes a solemn trust responsibility to support the prosperity and economic security in Indian Country and to provide the necessary resources to tribes that allow them to better protect and enhance their tribal lands and their seventh generation workforce. To empower tribes in their efforts to achieve greater control over their own affairs and shape their own futures, the federal government should ensure tribal nations have more flexibility to carry out federal programs and remove the barriers and red tape that undermine tribal self-determination and discourage private investment in Indian Country. Recent legislation such as the HEARTH Act demonstrates how giving tribes more flexibility to develop and manage their own lands for economic development leads to efficiencies and results that federal bureaucracies cannot duplicate. Expanding and investing in initiatives such as this will go a long way toward removing unnecessary requirements and limitations that burden so many reservation economies, hindering economic growth and development and creation of jobs for Indian people.

Problems such as chronically high unemployment; underdeveloped business and entrepreneurial opportunities; minimal access to capital; poor physical infrastructure, such as roads and bridges or water supplies; lack of education and training for a local workforce; and limited access to broadband all contribute to the poor economic conditions that have plagued tribal nations for decades. Honoring the trust responsibility and addressing these key needs will unleash the economic power of Indian Country. The results will be beneficial for not only our tribal nations, but the United States as well. Together, tribal nations and the federal government must work to fulfill the promises of the past to secure prosperity for future generations. These FY 2015 budget requests identify items that are essential to advancing economic security for tribal nations.

## Key Recommendations

### DEPARTMENT OF COMMERCE

*Commerce, Justice, Science Appropriations Bill*

#### Minority Business Development Agency (MBDA)

- Provide \$35 million for the Minority Business Development Agency.

Created by Executive Order in 1971, the Minority Business Development Agency (MBDA) was established to support minority business development centers and received funding of almost \$63 million to carry out this mission. Since then, MBDA's funding has shrunk by over 50 percent to an estimated \$30.5 million for FY 2013 and \$29.3 million for FY 2014. After MBDA revamped its cooperative assistance grants to Minority Business Centers (MBCs), the Native American Business Enterprise Centers (NABECs) were eliminated and their services were consolidated with the MBCs. About \$13 million of MBDA's budget is disbursed to the MBCs to provide business consulting; advice on business financing; and some procurement technical assistance to minority businesses, entrepreneurs, and tribal enterprises.

With the service gap created by the elimination of NABECs, the need for an increased level of funding for MBDA is even greater. MBDA must sustain and expand support for these centers, which provide important assistance to businesses that help them grow and develop, creating a stronger private sector and healthier national economy. The MBDA also supports minority contractors' teaming efforts to pursue federal contracts, directs efforts to track minority business data, collaborates with the Office of Native American Affairs, and is increasing its focus on global trade.

### DEPARTMENT OF COMMERCE

*Commerce, Justice, Science Appropriations Bill*

#### Office of Native American Affairs

- Fund the Office of Native American Affairs at a minimum of \$1.25 million as part of the Commerce Department Management Budget.

In the late 1990s, the Secretary of Commerce established an Office of Native American Affairs (ONAA) within the Secretary's office that was codified by the enactment of the Native American Business Development, Trade Promotion and Tourism Act of 2000 (Public Law 106-464) (the 2000 Act). Since then, funding for the Office has been partial and very limited.

In order to carry out its mission, ONAA must receive adequate support to implement Indian policy initiatives and expand Native American business development initiatives both domestically and internationally. Funding made available through Commerce's Departmental Management budget would help ONAA's efforts, particularly given the reduced focus of MBDA on specific Native American business assistance.

This independent funding would allow the Office to draw support from and collaborate with other components in Commerce to address the unique economic challenges and opportunities in Native communities. The Secretary's duties cannot be fulfilled adequately as prescribed by the 2000 Act at the current funding level. Those duties include serving as the economic development lead within the Department to coordinate with other cabinet departments and agencies; conducting outreach to tribes, tribal enterprises, and Native businesses focused on domestic and international trade promotion; 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. The Office may also be instrumental in fostering business incubators that assist Native-owned businesses.

## **SMALL BUSINESS ADMINISTRATION**

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

- *Fund the Small Business Administration's (SBA) Office of Native American Affairs at a minimum of \$1.25 million.*

Compared to program investments across the SBA, funding for Native outreach is extremely low. The entrepreneurial potential in Indian Country is enormous and is a major but underdeveloped opportunity that could benefit tribal and regional economies across the nation. So, while funding for the Office of Native American Affairs (ONAA) has been increasing with ongoing initiatives in business development and tribal and business executive training, funding for the office has not kept up. At least \$1.25 million in funding is needed to allow ONAA to continue its efforts and maximize outreach to Native peoples through training programs such as the Emerging Leaders Program (10 training sites are currently in Native communities) and to help facilitate access for tribally-owned and individual Native-owned businesses to SBA's various loan programs, loan guarantees, and surety bond guarantees.

As outreach expands, SBA's presence in Native communities is growing, evidenced by the SBA's lending to Native American-owned small businesses at a level of \$100 million in Fiscal Year 2013 and counseling and training more than 12,500 Native American small business owners through the first three quarters of FY 2013 alone. Additionally, more than 400 Native American entrepreneurs and businesses owned by American Indian tribes, Alaska Native Corporations, and Native Hawaiian Organizations nationwide have been trained through SBA's Native American Emerging Leaders and Native American Entrepreneurial Empowerment Workshops. Further, ONAA has been integral in the facilitation of Native contractors' participation in SBA's 8(a) Business development program, HUB Zone, women business, veteran and service disabled veteran business, and other small business contracting programs. ONAA is a critical resource for tribally-owned and Native-owned businesses as it works to ensure these businesses gain access to capital, build capacity, generate increased revenues, create more jobs, develop tribal business codes, and strengthen the economic security of Native communities. With increasing tribal participation in SBA programs, it is crucial to provide \$1.25 million to continue SBA outreach to tribes, tribal enterprises, and Native entrepreneurs to tap the burgeoning entrepreneurial potential in Indian Country to help strengthen prosperity across the nation.

## DEPARTMENT OF DEFENSE

### *Defense Appropriations Bill, Operations & Maintenance – Defense-Wide*

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

- *Fund the American Indian Procurement Technical Assistance Program at \$3.6 million within the \$36 million funding for the Procurement Technical Assistance Program.*

For decades, the Defense Logistics Agency (DLA) has supported the Procurement Technical Assistance Program (PTAP) with cooperative agreement assistance to regional, statewide and local centers (PTACs). Many of these centers are housed within educational institutions that help support their operations. Beginning in the early 1990s, DLA began to fund American Indian Procurement Technical Assistance Centers (AIPTACs) under the proviso that such centers serve at least one Bureau of Indian Affairs area. Six such AIPTACs now operate across the country in California, Georgia, Montana, Oklahoma, Washington, and Wisconsin. Each center is run by a non-profit organization that supports itself by supplementing its DLA funds with other income derived from training events and business conferences. AIPTACs offer valuable assistance to tribal and other Native-owned companies in navigating the large, complex federal procurement market, securing government contracts, and complying with extensive government procurement and other regulatory requirements. Congress has supported the continued growth of PTAP with funding growing over the past 10 years from over \$20 million to over \$32 million. Minimum PTAP FY 2015 funding should be provided at \$36 million, including the \$3.6 million set-aside for AIPTACs.

## DEPARTMENT OF DEFENSE

### *Defense Appropriations Bill, Procurement – General Provisions*

#### **Indian Incentive Program**

- *Fund the Indian Incentive Payment Program at a minimum of \$15 million.*

Under Section 504 of the Indian Finance Act (25 U.S.C. 1544), a contractor may receive additional compensation of five percent of the amount paid or to be paid to a Native American subcontractor or supplier under a federal contract. Since FY 1991, Congress annually has appropriated funds for the Department of Defense (DOD) to make Indian Incentive Payments (IIP) to contractors that subcontract work to Native-owned subcontractors under DOD contracts. Since FY 2009, Congress has appropriated \$15 million annually for the IIP program, but demand has always exceeded the funding made available. This has created a backlog of IIP requests that have already been approved for payment but not paid, and the backlog continues to grow. For outstanding payments and to encourage continued participation in the program, Congress should appropriate at least \$15 million for the IIP.

## DEPARTMENT OF THE INTERIOR

### *Interior - Environment Appropriations Bill*

#### **Office of Indian Energy and Economic Development (OIEED) Guarantees for Indian Loans, Surety Bonds, Development Bonds**

- *Fund the OIEED Indian Loan Guarantee Program at a minimum of \$15 million.*

The Office of Indian Energy and Economic Development's Division of Capital Investment oversees the Indian Loan Guarantee Program and loan subsidy program, and has authority to support surety bonding for Indian contractors. The OIEED Loan Guarantee Program is the lone federal guarantee program that facilitates the process for eligible tribal and individual Native borrowers to obtain conventional lender financing for businesses and economic development projects. BIA-certified lenders are those willing and able to lend to tribes and Native businesses on reservations and which submit to tribal court jurisdiction (whereas SBA-certified lenders must adjudicate loan defaults in federal court). OIEED also operates a revolving credit facility, where the SBA has no such support. As lending conditions improve, the OIEED can readily assist Native borrowers seeking loan guarantees and lines of credit for working capital, payrolls for hiring new employees, and even assurances sufficient for sureties to provide performance bonds to tribal- and other Native-owned contractors.

The Indian Loan Guarantee Program received \$6.7 million in FY 2013. With a high demand for financing in Indian Country, an increase in funding for the Office is critical to providing the necessary capital for business and economic development projects in Indian Country. Achieving financial security and prosperity requires sufficient access to capital, and Congress should authorize a substantial increase in the aggregate limit on Indian loan and surety bond guarantees for FY 2015.

## **DEPARTMENT OF THE INTERIOR**

### *Interior - Environment Appropriations Bill*

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

- *Fund a minimum of \$25 million for OIEED, with at least \$5 million specifically to advance its energy and economic development initiatives, fund business plans and feasibility studies, and assist with model tribal leasing and environmental ordinances.*

The Department of the Interior's Office of Indian Energy and Economic Development (OIEED) promotes tribal renewable and conventional energy development and mineral resource development for the purposes of economic development. OIEED is responsible for many creative and successful initiatives that 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 for business development.

OIEED has received over \$20 million annually, but very little of its budget is available specifically for economic development support. However, OIEED has been increasingly effective in stretching its limited funding to launch creative and successful initiatives, including: technical assistance and capacity building workshops and support for feasibility studies to advance energy resource development on tribal lands, spur economic and business development, expand job and skills training opportunities, and improve and streamline the delivery of financing to tribes, tribal enterprises, and individual Indian-owned businesses for business development. The collaboration and direct relationship between OIEED and the Office of the Secretary has been key to OIEED's effectiveness, and therefore, the structure should always be maintained.



Further, to expand upon OIEED’s successful activities, there are other increased funding opportunities that would enable the OIEED to: (1) provide funding to requesting tribes through their 638 contracts for business plans or feasibility studies for business and economic development projects; (2) expand the scope and usefulness of its Indian Loan Guarantee Program; (3) expand use of the Section 477 program and other job training initiatives and provide more technical assistance; and (4) help develop a model tribal environmental code that tribes can adapt and implement along with their new tribal ordinances governing the leasing of their tribal lands for energy and economic development projects. Further, with additional funding, the grant program authorized under Title V of the Energy Policy Act of 2005 could be established and would provide important funding to develop tribal capacity in managerial and technical capabilities, develop energy resource integration projects, and establish and maintain environmental programs in support of energy programs. This funding would be especially useful to tribes seeking to establish leasing/ environmental programs pursuant to the provisions of the HEARTH Act because such grants can be used to establish the tribal regulatory programs necessary to qualify under that Act.

## DEPARTMENT OF THE INTERIOR

### *Interior - Environment Appropriations Bill*

#### **Community and Economic Development**

- *Restore funding for the Community and Economic Development Program at a minimum of \$1.4 million.*

The Community and Economic Development Program has been unfunded since FY 2012. Recognizing that community and economic development in Indian Country require strategic planning and technical assistance for long-term programs designed to provide economic stability and jobs for surrounding communities, tribes request restored funding for this program to its FY 2011 level.

## DEPARTMENT OF THE TREASURY

### *Financial Services Appropriations Bill*

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

- *Maintain a minimum of \$15 million for technical and financial assistance under the Native American CDFI Assistance Program.*

The Native Initiative of the Community Development Financial Institutions Fund (CDFI) is an important program that expands access to capital for individuals and small businesses in Indian Country. Each year the CDFI Fund’s Native Initiatives Financial Assistance and Technical Assistance component, the Native American CDFI Assistance Program (NACA Program), makes awards that assist financial institutions with a primary mission of serving Native communities to increase their lending services and financial products, as well as to build their own internal capacity to serve their target markets. The NACA Program funds Native CDFIs to provide micro loans, small business loans, anti-predatory lending options, and housing loans—including first and second mortgages, rehab loans, and refinancing. Native CDFIs also offer financial literacy and entrepreneurial development training, homebuyer education and foreclosure prevention counseling, credit counseling, small business planning, debt relief counseling, information to warn against predatory lending, Individual Development Accounts, and free tax preparation services in Native communities across the country.

In FY 2013, the NACA Program received applications for funding, totaling \$26.9 million in requests – over double the funding available. With over 70 certified Native CDFIs and numerous organizations in the certification pipeline, demand for support under the NACA Program is expected to continue to increase. The CDFI Fund’s budget line item for NACA has not changed since 2009. Given increased demand and demonstrated impact, additional funding should be appropriated for the NACA Program to support current initiatives and emerging Native CDFIs and to continue specialized capacity building training as part of the CDFI Fund’s Capacity Building Initiative. Additional resources should be dedicated to updating the Native American Lending Study, now more than 10 years old, which will provide crucial data not available elsewhere on the status of financial infrastructure and lending practices across Indian Country.

### **From Cheyenne River:**

Four Bands Community Fund provides one example of the economic impact that a Native CDFI can have on its community. Four Bands is a non-profit, Native CDFI located in Eagle Butte, South Dakota. Founded in 2000, Four Bands’ mission is to create economic opportunity by helping people build strong and sustainable small businesses and increase their financial capability to create assets and wealth. Since it began providing services, this small CDFI has assisted nearly 60% of the reservation’s population.

Four Bands’ approach to poverty reduction is to invest in, grow, and protect Native assets by seeding or investing in new entrepreneurial ideas and growing or expanding entrepreneurs’ efforts on the Cheyenne River Reservation for both adults and youth. Four Bands helps to grow an entrepreneurial spirit among people on the Reservation through financial literacy and business education classes that support entrepreneurs as they develop their ideas, as well as through capital investments in entrepreneurial efforts with loans of up to \$250,000. In efforts to support their community economic development work, Four Bands fosters partnerships among local businesses and advocates for supportive local economic policy.

Four Bands does business on the Cheyenne River Indian Reservation, which is about the size of Connecticut, with a population size of about 8,000 people and a median household income (\$27,000) that is well below the state (\$45,000) and federal (\$50,000) levels. Despite these challenges, Four Bands has had significant economic impact by helping individuals to embrace Native values of self-sufficiency and enabled them to create their own futures. From the time they began operations in 2000 until December 31, 2012, Four Bands has:

- Served nearly 5,000 customers (over 60 percent of the reservation);
- Approved \$4.2 million in 278 Credit Builder loans and 433 business loans;
- Created or retained 440 jobs;
- Graduated 350 individuals from the Cheyenne River Entrepreneurship Assistance and Training and Education (CREATE) program;
- Helped 520 individuals complete financial literacy training;
- Sponsored 150 youth entrepreneur interns;
- Helped 182 Individual Development Account (IDA) savers, committing over \$300,000 in funding; and
- Exposed 2,500 students to the concepts of financial literacy & entrepreneurship (over 30 percent of the reservation).

## DEPARTMENT OF LABOR

*Labor, HHS, Education Appropriations Bill*

### Employment and Training Administration, YouthBuild Program

- *Restore the YouthBuild Program funding to a minimum of \$102.5 million, restore the rural and tribal set-aside in the YouthBuild program, and reinstate a dedicated 10 percent rural and tribal set-aside of at least \$10.25 million.*

The YouthBuild program is a workforce development program that provides significant academic and occupational skills training and leadership development to youth ages 16-24. Engaging approximately 10,000 youth annually, it provides students an innovative alternative education program through personalized instruction en route to their GED or high school diploma, while simultaneously developing skills that allow them to be competitive when they enter the job market. Youth in the program participate in public construction projects while attending classes to obtain their high school diploma or GED.

YouthBuild reports that since it was established as a federal program in 1992, 120,000 YouthBuild students have built 22,000 units of affordable housing in low-income communities in 46 states and the District of Columbia. When the program was transferred from the Department of Housing and Urban Development to the Department of Labor in 2007, the 10 percent set-aside for rural and tribal programs was eliminated. Each year, YouthBuild has to turn away thousands of people because of inadequate funds.

The YouthBuild program recruits youth who have been adjudicated, aged out of foster care, dropped out of high school, or are otherwise at risk of not having access to workforce training. According to YouthBuild, in 2010, 4,252 youth participated in the program and had a completion rate of 78 percent, and 60 percent of those who completed the program were placed in jobs or further education. There are a number of tribal YouthBuild programs in several states, and Native Americans make up roughly four percent of YouthBuild participants. With the recent reduction in tribal YouthBuild programs, high unemployment rates, serious housing challenges in Indian Country, and the growing Native youth population (42 percent of American Indian/Alaska Native population is under 25 years old), it is critical that the 10 percent rural and tribal set-aside be restored.

## DEPARTMENT OF LABOR

*Labor, HHS, Education Appropriations Bill*

### Employment and Training Administration, Indian and Native American Program

- *Fund the Department of Labor's Indian and Native American Program (INAP) at a minimum of \$60.5 million.*
- *Fund the Native American Employment and Training Council at \$125,000 from non-INAP resources.*

Reducing the education and employment disparity between Native peoples and other groups requires a concentrated effort that provides specific assistance to enhance education and employment opportunities, create pathways to careers and skilled employment, and prepare and maintain a pathway for Native people to join the nation's middle class. The Workforce Improvement Act (WIA) Section 166 program serves the training and employment needs of over 30,000 American Indians and Alaska Natives through a network of 175 grantees funded under the Comprehensive Service Program (Adult), the Supplemental Youth Service Program (Youth), and the Indian Employment and Training and Related Services Demonstration Act of 1992, Public Law 102-477.



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As the only federal employment and job training program that serves American Indians and Alaska Natives who reside both on and off reservations, it is imperative that funding levels be maintained for the WIA Section 166 program. Native citizens living on remote reservations or in Alaska Native villages experience great difficulties accessing the state and local workforce. In these areas, the WIA Section 166 program is the sole employment and training provider. And further, any reauthorization and funding of this program must be adjusted for the drastic changes in the economic environment and growth in population since the 2000 Census. According to the Census, the population of tribal communities has grown 27 percent since the 2000 Census compared to nine percent for the general population.

The Act authorizes the INAP to be funded at “not less than \$55 million,” but Section 166 is currently funded at approximately \$47 million. Funding reserved for INAP grantees is distributed directly to tribes from the Department of Labor, and not first dispersed to the states for later tribal distribution in keeping with the sovereign status of our tribal nations. The status of tribal nations as sovereign governments is recognized specifically in the United States Constitution, treaties, federal laws, and numerous Supreme Court opinions, and any WIA reauthorization should preserve this nation-to-nation relationship between the federal government and tribes.

The Act also authorizes the Native American Employment and Training Council to advise the Secretary on the operation and administration of INAP, but it uses funds that are intended for INAP grantees. Since the current INAP funding is already below \$55 million, the Secretary should use other streams of funding to support its advisory council. Without an increase in funding, not enough tribes are able to benefit from the support and training activities for employment opportunities in Indian Country.