



*What is happening with financial education in your community?
Below is information about financial education broadly in Native communities.*

Over the past decade, efforts have grown significantly to promote financial literacy and enhance financial capability in Native communities. Tribal and Native community leaders recognize that Native economies must have a solid foundation of individuals who have a better understanding of how to manage financial resources by wisely investing, spending, and improving their consumer knowledge. Native people have always managed their resources wisely for the benefit of themselves, their families, their communities, and their tribes.

Financial education efforts in Native communities are often linked to actions – such as buying a house, starting a business, saving for college – and may provide incentives for changed behavior.

- ▶ Homeownership programs, provided by tribes or Native organizations, often include “homebuyer and homeowner education” focused on access to financing, understanding credit, managing a budget, and other topics.
- ▶ A growing number of schools and school-related programs in Native communities, from HeadStart, K-12 through college, offer financial education in a variety of subject areas.
- ▶ Youth programs such as Native Boys and Girls Clubs may offer special classes and activities.
- ▶ Technical Assistance for Needy Families (TANF) and Workforce Development programs often include training and skills development such as managing a budget.
- ▶ Native Community Development Financial Institutions (CDFIs) such as loan funds, banks, and credit unions offer a variety of programs including financial education, consumer credit counseling, business planning and small business lending, homebuyer education and mortgage lending, budgeting, credit repair, savings through Individual Development Account programs, free tax preparation services through Volunteer Income Tax Assistance (VITA), and Earned Income Tax Credit (EITC) counseling.
- ▶ Special programs may also include
 - ▶ Incentive programs set up by tribal governments tied to minor’s trust and other per capita payments.
 - ▶ Incentive programs set up by tribal governments for tribal employees to take financial education classes.
 - ▶ Programs for returning veterans that include financial training.
 - ▶ Programs for elders to help manage their budget and protect them from fraud and abuse.
 - ▶ Farm bureau and/or Agriculture extension programs to assist Native farmers and ranchers with budgeting, business planning, and tax planning.

There are significant economic challenges and opportunities in Native communities. Financial education will help tribes and Native communities overcome these challenges and to take advantage of opportunities.

- ▶ Tribal and Native economies are growing and, in certain locations, tribes are the largest employers with a significant economic impact in the region. To continue and sustain this growth over time, tribes need an educated citizenry who make well-informed financial decisions and who are role-models for Native youth.
- ▶ A 2007 study on “The Financial Literacy of Native American Youth” indicates that Native American youth are less prepared to make informed financial choices than most of their peers, with financial literacy scores consistently among the worst.¹ Our future lies with Native youth, as 42 percent of the American Indian and Alaska Native population is younger than age 25.² It is imperative that we help youth and young adults better navigate financial decisions, both as individual citizens and as future leaders of our nations.
- ▶ Access to capital and credit is a longstanding challenge in Native communities. Over 40 percent of Native people have limited or no access to mainstream financial services. This is one of the highest rates in the nation. A full 26.8 percent of American Indian and Alaska Native household are underbanked (in other words, they have a bank account but use alternative financial services), and an additional 14.5 percent are completely unbanked.³
- ▶ Native CDFIs are beginning to fill that gap, meeting needs not just for credit but also for financial education. There are 72 certified Native CDFIs in 19 states as of September 2012.⁴ More are in the pipeline. Of these organizations, 52 are loan funds, 13 are credit unions, five are banks or thrifts, and two are depository institution holding companies.
- ▶ Starting in mid-2012, and into 2014, Native individuals and tribes are receiving more than \$3.0 billion in large financial settlements. The Cobell Settlement made the Stage 1 Historical Accounting Class payments in late December 2012 with \$1,000 payments going to more than 300,000 Native people. Stage 2 payments will come out in late 2013. The Keepseagle settlement payments included \$50,000 payments to 4,200 Native Farmers and Ranchers and \$250,000 payments to more than 100 individuals. More than 40 tribes received trust fund settlements totaling more than \$1.0 billion in 2012-2013, and more than 60 tribal trust fund settlements are still in the pipeline. Many of these tribes used a portion of these funds to make per capita payment to tribal members.
- ▶ In this climate, providing consumer protection information to tribal governments and to Native individuals is imperative. A Federal Trade Commission study noted that American Indian and Alaska Native people are victims of scams and fraud at one of the highest rates of any group.

For more information on the Native Financial Education Coalition, please go to www.ncai.org/initiatives/nativeFinancial-ed/nfec.

1 The Financial Literacy of Native American Youth, April 2007, Miriam Jorgensen and Lewis Mandell, sponsored by NFEC, Jump\$tart!, Oweesta, Merrill Lynch.

2 U.S. Census Bureau, 2010 Census, Summary File 1.

3 2011 FDIC National Survey of Unbanked and Underbanked Households (September 2012), accessed at http://www.fdic.gov/householdsurvey/2012_unbanked_report.pdf, page 15.

4 Information from Amber Kuchar, CDFI Fund, Department of Treasury. April 2, 2013.