



Photo credit: ©Startup Mena/Flickr

# Economic & Workforce Development

As trustee to tribes, the federal government has a solemn responsibility to support the economic prosperity and security of Indian Country. The empowerment of tribal efforts to manage and control their own affairs requires the federal government to grant tribes the flexibility needed to administer federal programs, while removing barriers and bureaucratic hurdles that undermine tribal self-determination and discourage private investment in tribal communities.

A comprehensive, multi-agency approach is necessary to address the issues hindering economic success for many tribes. Conditions such as minimal access to capital, poor physical infrastructure, lack of broadband access, and a need for workforce training all combine to contribute to the economic development challenges found in Indian Country. These conditions, along with inadequate funding and programs for tribes have contributed to the chronically high unemployment rates throughout Indian Country.

Honoring the trust responsibility and addressing the key economic needs will unleash the economic power of Indian Country. The results will be beneficial for not only our tribal nations but for the United States as well. Tribal nations and the federal government must work together to fulfill the promises of the past to secure prosperity for future generations. These FY 2016 budget requests highlight appropriations that are essential to promote the economic prosperity and advance the economic security of 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.*

Established by Executive Order in 1971, the Minority Business Development Agency (MBDA) was created to support minority business development centers to provide business consulting and financing services. Initial funding for the MBDA was set at \$63 million, but this budget has since shrunk over 50 percent as the Consolidated and Further Continuing Appropriations Act of 2015 only authorized \$30 million for the MBDA.

Funding the MBDA at \$35 million will further assist tribes in obtaining vital business consulting, financing services, and procurement of technical assistance. These funds are critically important since MBDA eliminated the Native American Business Enterprise Centers (NABECs) and consolidated its cooperative assistance grants to Minority Business Centers (MBCs).

With the service gap created by the elimination of NABECs, increased funding for MBDA is even greater. MBDA must sustain and expand support for MBCs, which provide important assistance to businesses so they can 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, and collaborates with the Office of Native American Affairs.

## 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 the Office of Native American Affairs (ONAA) within the Secretary of Commerce's office. The establishment of this office 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, ONAA has very limited, partial funding for its functions.

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 ONAA to draw support from and collaborate with other components within the Department of Commerce to address the unique economic challenges and opportunities in Native communities. The functions of ONAA cannot be adequately carried out as prescribed by the 2000 Act at the current funding level. Those duties include serving as the economic development lead on Native American programs within the Department; coordinating with other cabinet departments and agencies; conducting outreach to tribes, tribal enterprises, and Native businesses; and providing business and financial management training.

## 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 a minimum of \$1.25 million.*

The SBA's Office of Native American Affairs (ONAA) provides vital assistance to tribes and Native-owned businesses in navigating the SBA's business assistance and lending programs. While funding for ongoing initiatives in business development and tribal and business executive training has slowly increased, funding for ONAA has not kept pace. Funding ONAA at \$1.25 million would enable the office to continue its efforts and

maximize outreach to Native people, advancing successful initiatives like its tribal and business executive training and spurring business development with SBA loans, loan guarantees, and surety bond guarantees. This funding would also support ONAA's efforts to engage in multi-agency workshops and Native supplier initiative events around the country. Funding ONAA would also serve to offset the loss of funding for the Small Business Teaming Grant program, which previously assisted two American Indian Procurement Technical Assistance Centers that teamed tribal and other Native-owned contractors.

With sufficient funding, SBA's presence in Native communities is growing. This is evidenced by the 67 percent increase in SBA loans to Native American-owned small businesses during Fiscal Year 2014. Further, ONAA has been integral in facilitating Native contractors' participation in the 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. This investment will continue SBA's outreach to tribes, tribal enterprises, and Native entrepreneurs and will support the entrepreneurial potential in Indian Country, which can 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) by providing cooperative agreement assistance to Procurement Technical Assistance 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 condition that such centers serve at least one Bureau of Indian Affairs area. Six AIPTACs now operate across the country, and 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 2016 funding should remain at \$36 million and include a \$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 \$18 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. For outstanding payments and to encourage continued participation in the program, Congress should appropriate at least \$18 million for the IIP.

## 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 (NACA) Program.*
- *Continue to waive the non-federal match requirement for the NACA financial assistance program.*

The Native Initiative of the CDFI Fund is an important program that expands access to capital for individuals and small businesses in Indian Country. Each year, the CDFI funds the Native American CDFI Assistance program, which includes financial and technical assistance components, makes awards that assist community development financial institutions in increasing 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 a wide range of loans including microenterprise, small business, consumer, commercial, and affordable housing and homeownership. Native CDFIs also offer financial education and entrepreneurial development training, homebuyer education and foreclosure prevention counseling, credit counseling, small business planning, debt relief counseling, counseling to improve financial capability, match savings programs called Individual Development Accounts, and free tax preparation services in Native communities across the country. In many areas, Native CDFIs provide the only affordable alternative to predatory financial services providers.

In FY 2014, the NACA program received applications for funding totaling \$20.9 million in requests, but was only able to fund \$12.1 million. 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 remained at \$12 million from FY 2009 to FY 2013, notwithstanding the industry's growth from only nine certified Native CDFIs in 2001 to 70 in 2014. Given increased demand and demonstrated impact, Congress should at a minimum maintain existing funding levels for the NACA Program to support current initiatives and emerging Native CDFIs and to continue specialized training and technical assistance as part of the CDFI Fund's Capacity Building Initiative. In addition, Congress should continue to waive the non-federal match requirement for NACA financial assistance. This budget-neutral provision would continue to stimulate the flow of capital in underserved Native communities and help to address the unmet capital need of \$44 billion in Native communities, as estimated by the CDFI Fund.

Congress should also allocate adequate resources to update the Native American Lending Study, now more than 13 years old, which will provide crucial data not available elsewhere on the status of financial infrastructure and lending practices across Indian Country.

## **NACA Success Stories**

The CDFI Fund's NACA program has had a significant impact by increasing access to credit and capital across Indian Country.

### **Four Directions Development Corporation, Orono, Maine**

Prior to applying for financing from Four Directions Development Corporation (FDDC), Awendela Dana was not aware of any borrowing options for on-reservation properties. She heard about FDDC through word-of-mouth from other tribal members on Indian Island, the Penobscot Nation's Reservation. She was thrilled to learn about FDDC, a Native CDFI which obtained capital through the CDFI Fund's NACA program. FDDC provides an innovative financing program to allow tribal members an opportunity to purchase, improve, and access equity from residential properties located on-reservation.

### **Awendela Dana accesses mortgage financing on the Penobscot Nation's Reservation**



In November 2004, she closed her first mortgage loan to purchase a single family home from another tribal member for \$43,000 on Indian Island. "Tribal people have a hard enough time; most will never own a home," explained Ms. Dana. "Four Directions makes homeownership a reality." In 2008, Ms. Dana returned to FDDC to refinance the loan, and in January 2014, she closed a home improvement loan to replace her roof. Most recently, she worked with FDDC this summer to obtain a deferment of loan payments after a family medical emergency. Without the support from FDDC, this family medical emergency might have had lasting consequences on Ms. Dana's finances and credit.

Ms. Dana exemplifies the positive impact of the CDFI Fund's NACA program in Indian Country. She was able to access affordable mortgage financing several times over the past ten years on an underserved Indian reservation. "This is more than a house," she said. "You have a place within your community."

### **Citizen Potawatomi Community Development Corporation, Shawnee, OK**

Established in 2003, the Citizen Potawatomi Community Development Corporation (CPCDC) provides financial products and counseling services to the Citizen Potawatomi Nation members and employees nationwide, as well as Native American owned-businesses throughout Oklahoma. They offer a wide variety of financial products and services to meet the needs of small business owners. To date, CPCDC has made 251 commercial loans totaling nearly \$24 million and 2,423 short term consumer loans worth over \$3 million.

### **Co-owners of DC Cake Appeal, Inc., David Conway and Owen Davis**



CPCDC has successfully leveraged funding from the CDFI Fund to attract private sector investments to capitalize their \$15 million loan fund to support clients like Citizen Potawatomi Nation Tribal member, David Conway, co-owner of DC Cake Appeal, Inc. Since they began their business in 2006, CPCDC has helped them grow from a small cake baking business out of their home, to a large restaurant and sandwich shop in Shawnee, OK.



## Department of the Treasury

### Financial Services Appropriations Bill

#### **Community Development Financial Institutions (CDFI) Fund New Markets Tax Credit (NMTC) Program**

- *Provide a five percent set-aside and revise ‘service area’ to include Indian Country.*

In 2000, Congress established the New Markets Tax Credit (NMTC) Program to spur investment in projects located in low-income communities. Since the NMTC Program’s inception, the CDFI Fund has made 836 awards allocating a total of \$40 billion in tax credit authority to Community Development Enterprises through a competitive application process. Despite the considerable amount of tax credits deployed throughout the country and the potential of the program to significantly increase economic growth in Indian Country, tribal communities and tribally focused CDEs have been left behind. In fact, over the last two funding cycles in 2013 and 2014, no tax credit allocations were given to Native CDEs. Reasons given during the Senate Committee on Indian Affairs Oversight Hearing on June 25, 2014, included the competitive nature of the program and the lack of NMTC application reviewers who are well-versed in the complexities of Indian Country.

The CDFI has a robust budget in the coming year of \$5 billion in tax credits. That budget should include a five percent set-aside for Indian Country to ensure that Native CDEs receive NMTC allocations. To further enhance the likelihood that tax credits will be deployed in Indian Country, the service area of all participating CDEs should be revised to include Indian Country. This would ensure that CDEs are free to use allocations in any tribal project nationally in an effort to adequately serve their target populations and strengthen the capacity of the NMTC program.

## 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.

Currently, Indian Country is relying on \$8 million from the Office of Indian Energy and Economic Development Indian Loan Guarantee Program to meet the needs of tribal economic development. This is objectionable considering that American Indian and Alaskan Natives are among America’s most underbanked populations, face challenges in accessing the private sector funding, and have an unmet capital need of \$44 billion. While

providing \$15 million for the Indian Loan Guarantee Program is a step in the right direction, the need in Indian Country for increased capital far outweighs the current allocation and the amount requested.

## 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 Labor

### Labor, HHS, Education Appropriations Bill

#### **Employment and Training Administration, YouthBuild Program**

- *Restore the YouthBuild Program funding to the minimum of \$83.5 million for FY 2016 (consistent with WIOA Section 171).*

The YouthBuild program is a workforce development program that provides significant academic and occupational skills training and leadership development to youth ages 16-24. The 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. Engaging approximately 10,000 youth annually, it provides students an innovative alternative education program through personalized instruction leading them to earning their GED or high school diploma, while simultaneously helping them develop skills that will make them more competitive applicants when they enter the job market.

YouthBuild reports that since 1994, more than 120,000 YouthBuild students have built 22,000 units of affordable and increasingly green housing in rural and urban communities across the United States. Each year, YouthBuild is forced to turn away thousands of people because of inadequate funds. There are a number of tribal YouthBuild programs in several states, and Native Americans make up roughly three percent of YouthBuild participants.

Following the passage of the Workforce, Innovation, and Opportunity Act of 2014 (WIOA), Congress passed an omnibus appropriations bill that increased funding for YouthBuild activities by \$2 million over the FY 2015 request level. It is critical that YouthBuild activities funding increase in FY 2016 at a minimum of \$83.5 million, as authorized by WIOA.

## 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 \$65 million.*

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, that creates pathways to careers and skilled employment, and that prepares and maintains 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.

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.

Despite the reauthorization of Indian and Native American Programs in the Workforce, Innovation, and Opportunity Act of 2014, funding of this program has not been adjusted to account for the drastic changes in the



economic environment and growth in population since the 2000 Census. According to the Census, the American Indian and Alaska Native population grew 27 percent between 2000 and 2010 compared to nine percent growth for the general population.

The WIOA authorizes the INAP to be funded at \$461,000 for FY 2015 and allows for incremental increases each year until fiscal year 2020. Actual funding for INAP in FY 2015 was below the statutorily minimum required level of funding. 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 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 the new WIA reauthorization should preserve this nation-to-nation relationship between the federal government and tribes. Thus, it is recommended that Section 166 Native American Programs are funded at a level of \$65 million.

### Department of Labor

Labor, HHS, Education Appropriations Bill

#### **Native American and Employment Training Council**

- *Fund the Native American Employment and Training Council at \$125,000 from non-INAP resources.*

The Workforce Investment 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. The Secretary should use other streams of funding to support its advisory council. Without an increase in funding, many tribes are unable to access the support and training activities for employment opportunities in Indian Country.