



The Chickasaw Nation's economic development efforts have enabled the tribe to better serve its citizens. Pictured above is the Chickasaw Nation Medical Center in Ada, Oklahoma.

Credit: Brad Holt.

ECONOMIC DEVELOPMENT

Native nations striving for self-determination seek increased economic development, improved monetary policy, better workforce development, more job creation, and the beneficial use of tribal land and natural resources. Facing chronic underfunding of federal government programs that serve basic tribal needs, tribes must turn to their own economic development to fund programs and services for their citizens, including health care, affordable housing, education, and infrastructure programs. It is both essential and mutually beneficial for the federal government to partner with tribes to address challenges and leverage economic opportunities to strengthen tribal self-governance. Tribal nations continue to experience unemployment and poverty rates well above the national average and these rates are exacerbated by the nation's current economic hardships. With deficit reduction efforts underway, it is imperative that the Administration and Congress honor the trust responsibility by allowing tribes greater flexibility to develop their economies. Toward that end, there are FY 2013 budget items that are essential to tribal economic development.

Many of the FY 2013 budget items addressed below are needed to prepare Indian Country for economic development promised by the introduction of the Internet and telecommunications via broadband into Native lands. Bringing rapid economic development to tribes via access to technology will require individual, workforce, business, and tribal training, funding, and programs now, while the broadband infrastructure is being planned and built.

For FY 2013, the federal government must step up actions to address Indian Country's chronic disparities in access to business counseling and technical assistance for procurement, financing of all sorts (e.g., loans, loan guarantees, equity investments, surety bonding, bond financing), transportation, Internet and other infrastructure deployment, streamlined leasing of tribal lands, contracting, and other commercial activities that facilitate economic growth and job creation.

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DEPARTMENT OF AGRICULTURE

Agriculture Appropriations Bill

Rural Development Programs

The Department of Agriculture's Rural Development programs (USDA-RD) support a broad array of economic development activities in Indian Country by providing loans, loan guarantees, grants and other assistance for business development, telecommunications, water systems, and other infrastructure deployment, international trade, and crop insurance. From 2001 to 2010, USDA-RD assistance to tribal communities exceeded \$2.7 billion to support job training, business development, community economic development, strategic community planning and self-help initiatives, entrepreneurial training, and broadband deployment.

- *Provide a minimum of \$815 million for the Rural Business and Industry Loan Program, including more than \$10 million for Indian Country applicants.*

In 2011, USDA-Rural Development investments in businesses and job creation in Indian Country totaled \$7.6 million from the Business and Industry Loan Guarantee Program, out of the slightly more than \$800 million available (down from \$1 billion in recent years). The purpose of the Business and Industry Guaranteed Loan Program is to improve, develop, or finance business, industry, and employment, and improve the economic and environmental climate in rural communities. This purpose is achieved by bolstering the existing private credit structure through the guarantee of quality loans that provide lasting community benefits. With its focus on developing business, industry, and employment in rural communities, this is a smart investment in Indian Country that should be continued.

- *Maintain funding of \$1 million or more for Rural Business Opportunity Grants (RBOG) funds for tribal communities.*

In FY 2011, \$2.478 million was awarded under the Rural Business Opportunity Grants (RBOG) program, which focuses on strategic planning activities to improve economic conditions in rural areas, particularly in underserved communities. The RBOG program includes \$990,000 specifically targeted to assist Native communities. Given the need for continued business and economic development in rural communities, and the regional focus and the mission of this program, the tribal funding under this program must be maintained at a level of \$1 million or more for an overall appropriation of at least \$2.488 million.

- *Fund the Rural Business Enterprise Grants (RBEG) funds for tribal communities at a minimum of \$3.5 million.*

In FY 2011, the USDA awarded more than \$3.2 million under the Rural Business Enterprise Grants (RBEG) program to projects in 15 states to support small business and job creation opportunities and train workers in Native communities. Grants under the program were made to help bring transportation improvements to Native communities. The purpose of the RBEG program is to foster the development of small and emerging business enterprises in rural areas through grants to public entities, nonprofit organizations, and federally recognized tribes. Grant funds may be used for a variety of projects to build local and regional food systems including land development, road and building construction, the purchase of equipment, training and technical assistance, and the start and/or operation of a revolving loan fund. The RBEG program's momentum should be sustained by funding the program at no less than \$3.5 million.

DEPARTMENT OF COMMERCE

Commerce, Justice, Science Appropriations Bill

Minority Business Development Agency (MBDA)

- Provide \$35 million for MBDA to support additional Native business centers.

When created by an Executive Order in 1971, the Minority Business Development Agency (MBDA) received a budget of about \$63 million with a key mission of supporting minority business development centers. MBDA has since funded 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 tribes, tribal enterprises, and business owners or entrepreneurs who are American Indian, Alaska Native, or Native Hawaiian. MBDA has been the only federal agency to consistently fund Native business centers (except in the 1990s when the Small Business Administration provided \$5 million annually for 12 tribal business centers).

Currently, roughly one-third of the MBDA budget supports MBECs and NABECs. With NABECs in only seven states (Alaska, Arizona, California, New Mexico, North Dakota, Oklahoma, and Washington), it is clear that additional funding is needed to further expand service to a larger numbers of tribes and Native businesses in additional states. With a higher annual funding level, MBDA could support more MBECs and NABECs at levels sufficient to hire at least one more business consultant each to assist companies in accessing needed business capital, pursuing commercial and government contracts, expanding operations and sales, generating more revenue, and creating more jobs.

DEPARTMENT OF COMMERCE

Commerce, Justice, Science Appropriations Bill

Office of Native American Affairs

- Fund the Office of Native American Affairs at \$3 million as part of the Commerce Department Management Budget.

During the Clinton Administration, the Secretary of Commerce established an Office of Native American Affairs within the Secretary's office. Congress enacted the Native American Business Development, Trade Promotion and Tourism Act of 2000 (Public Law 106-464) to codify the Office, but no funds were provided to implement the 2000 Act until late 2005 when the MBDA set aside about \$200,000 for the Office. MBDA has continued to provide this limited funding, but its budget is overstretched already. Funding for the Office should come from Commerce's Departmental Management budget to implement Indian policy initiatives and expand Native American business development initiatives both domestically and internationally. With independent funding, the Office could draw support from and collaborate with all the different elements of Commerce and also work through the Native American business enterprise centers (NABECs) to fulfill the Secretary's duties prescribed by the 2000 Act. These 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.

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 Small Business Administration (SBA) funding for Native outreach has been very low, particularly in comparison to other SBA program investments. At the same time, the outreach responsibilities performed primarily by SBA's Office of Native American Affairs (ONAA) are increasing, with ongoing initiatives in business development, tribal and business executive training, and new tribal broadband initiatives. With additional funding to match its increased authority, the ONAA could provide greater assistance through the SBA's E-200 executive training courses (that already have proven successful in spurring small business growth and job creation), increased Native American business centers, and other training assistance to facilitate access for small businesses to SBA loans, loan guarantees, and surety bond guarantees. The ONAA also has been integrally involved in facilitating and monitoring 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. The support provided by the ONAA to tribes, tribally-owned companies, and other Native-owned companies is vital to those companies, enabling them to build business capacity, generate increased revenues, create more jobs, and strengthen Native communities devastated by decades-long economic distress. Through ONAA's outreach and programs, Native businesses have access to programs that allow them to fully realize the promise of economic development that accompanies the introduction of broadband capabilities into Indian Country.

SMALL BUSINESS ADMINISTRATION

Financial Services Appropriations Bill

Native American Business Center Grants

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

The House and Senate both have proposed bills in the 112th Congress to authorize between \$10 and \$17 million to support Native American Business Center (NABC) grants. These grants would increase the number of business centers offering culturally tailored business development training, procurement technical assistance, and related services to tribes, tribal enterprises, and other Native-owned businesses. Entities eligible for these grants would include both tribal colleges and Native nonprofit organizations dedicated to business and financial consulting and procurement technical assistance. Authorization and appropriation of at least \$10 million in funds for such grants is essential for the ONAA to be able to access a fair share of the sizeable amounts appropriated each year for the SBA's Entrepreneurial Development programs, including the Small Business Development Center program.

DEPARTMENT OF DEFENSE

Defense Appropriations Bill

Procurement Technical Assistance Centers, Defense Logistics Agency

- *Fund the American Indian Procurement Technical Assistance Program at \$3.6 million within \$34.3 million for the Procurement Technical Assistance Program.*

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. There are six such American Indian PTACs operating across the country, offering valuable assistance to tribal and other Native-owned companies in navigating the large, complex federal procurement market and winning government contracts for projects funded under the American Recovery and Reinvestment Act, war-fighting efforts, and myriad other government requirements.

DEPARTMENT OF DEFENSE

Defense Appropriations Bill

Indian Incentive Program

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

For over 20 years, Congress has appropriated \$8 million per year for payment of 5 percent Indian Incentive Payments (IIPs) to Department of Defense (DOD) contractors that subcontract work to Native-owned subcontractors under DOD contracts. Once DOD fully implemented the IIP program and commercial operations began implementing minority contracting programs, demand began to outstrip the funding available to make IIP payments to eligible contractors that submitted documentation of their use of Native subcontractors and suppliers. Since FY 2009, Congress has appropriated \$15 million annually for payment of backlogged IIP requests that have already been approved. As that backlog continues to grow, the need for consistent funding will remain strong.

DEPARTMENT OF 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 \$15 million.*

The OIEED's Division of Capital Investment oversees the Indian Loan Guarantee Program that is the only federal guarantee program that enables eligible borrowers to obtain conventional lender financing to develop Native businesses and eligible construction, while also enabling other companies to obtain supplemental surety bond guarantees. In the last several years, significant tightening of the credit markets made loans more difficult to obtain, reducing demand for loan guarantees. As lending conditions improve, the revolving credit facility of the OIEED Loan Guarantee Program can greatly assist Native borrowers seeking guarantees for lines of credit for: working capital, payrolls for hiring new employees, and assurances sufficient for sureties to provide performance bonds to tribal- and other Native-owned contractors. The OIEED's Loan Guarantee Program is the most appropriate and urgently needed source of financing for business, energy, and other economic development in Indian Country. With the promises of a broadband-enabled economy in Indian Country looming on the horizon, an expanded investment in the OIEED Loan Guarantee Program would enable operating businesses to build their technological capacity as well as to provide seed financing for new businesses to begin operations.

DEPARTMENT OF TREASURY

Financial Services Appropriations Bill

Community Development Financial Institutions (CDFI) Fund

- *Provide \$15 million for Native CDFI funding.*

The Native Initiative of the Community Development Financial Institutions (CDFI) Fund has expanded access to capital for individuals and small businesses in Indian Country. The Initiative funds Native CDFIs to provide micro loans and facilitates financial literacy and entrepreneurial development training in Native communities across the 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. In FY 2011, 35 Native CDFIs and organizations headquartered in 17 states and serving economically distressed American Indian, Alaska Native, and Native Hawaiian communities across the nation received awards under the program's Financial Assistance and Technical Assistance Awards Program.

Each year the CDFI Fund has received more applications from existing Native CDFIs to expand their lending capacity as well as from new applicants for technical assistance to start up new Native CDFIs. With the growth of new business and the continued need for access to capital, Native CDFIs will continue to be a relevant force in the economy.

DEPARTMENT OF LABOR

Labor, Health and Human Services, Education Appropriations Bill

YouthBuild

- *Restore the rural and tribal set-aside in the YouthBuild program and create a dedicated 5 percent tribal set-aside of at least \$4 million.*

Transferred from the Department of Housing and Urban Development (HUD) to the Department of Labor (DOL) in September 2006, the YouthBuild Program is administered by the Employment and Training Administration. This program assists disadvantaged, low-income youth ages 16-24 in obtaining education and work skills to be competitive candidates in the job market. Youth participate in building affordable housing for homeless and low income individuals while attending classes to obtain their high school diploma or GED. When the program was transferred to DOL, the 10 percent set-aside for rural and tribal programs was eliminated. Since FY 2007, the YouthBuild appropriation has grown from \$49.5 million to \$102.5 million in FY 2010. The FY 2011 and FY 2012 appropriations were \$80 million and \$79.84 million, respectively.

The YouthBuild program recruits youth that have been adjudicated, aged out of foster care, high school drop-outs, and other at-risk populations. In 2010 4,252 youth participated in the program and had a completion rate of 78 percent, and of those that completed the program 60 percent were placed in jobs or further education. There are 14 tribal YouthBuild programs in eight states and at least 4 percent of YouthBuild participants are Native. Given significant unemployment challenges and the growing Native youth population, it is essential that the 10 percent tribal and rural set-aside be restored, including a dedicated set-aside of 5 percent. Based on FY 2011 and FY 2012 appropriations, we request a set-aside of at least 5 percent (\$4 million) for tribal programs.