

Prosperity in Indian Country requires that tribal citizens are able to practice their cultural and religious traditions while enjoying economic opportunities—their families flourishing, with access to quality foods, housing, and financial security. Photo credit: Flickr.com/thaths

Supporting Tribal Economic Security and Prosperity

Fiscal Year 2014 Indian Country Budget Recommendations

“The modern Indian movement has put on grand display America’s truest nobility – its commitment to give dispossessed peoples the chance to thrive – but it took the passionate and informed determination of Indian people to activate that impulse.”

– Charles Wilkinson¹

Introduction

Native people and tribal governments constitute a unique and valuable element of America’s story. Interwoven as a central part of the nation as its first peoples, tribal communities have sustained the longest-standing governments in the United States. As the nation continues to debate the appropriate role and size of the federal government and how best to foster a stronger American economy, Indian Country remains committed to the work of rebuilding and shoring up tribal societies, bolstered with the tools of self-determination and self-government. Overcoming poverty, while honoring tribal traditions and strengthening culture, is achievable but *securing tribal economic security and prosperity will require a sustained commitment.*

Introduction (continued)

Tribal governments exist to protect and preserve their unique cultures, identities, and natural environments for posterity. Respect for the responsibility of tribes as governments – such as passing and enforcing laws, raising revenue, or building and maintaining infrastructure – is essential for Native people to contribute their distinct American and tribal perspectives to future generations. Prosperity in Indian Country requires that tribal citizens are able to practice their cultural and religious traditions while enjoying economic opportunities—their families flourishing, with access to quality foods, housing, and financial security.

Constitutional Responsibility

Tribal nations ceded millions of acres of land that made the United States what it is today and, in return, received the guarantee of ongoing self-government on and off their own lands. The treaties and laws create what is known as the federal “trust responsibility,” to protect both tribal lands and tribal self-government, and to provide for federal assistance to ensure the success of tribal communities. The authority to fund programs that fulfill the trust responsibility is founded in the Constitution, specifically the Indian Commerce Clause, the Treaty Clause, and the Property Clause.

In their role as governments, tribes deliver all the range of services that other governments provide. Tribal governments maintain the power to determine their own governance structures and enforce laws through police departments and tribal courts. Tribes provide multiple programs and services, including, but not limited to, social programs, first-responder services, education, workforce development, and natural resource management. They also build and maintain a variety of infrastructure, including roads, bridges, and public buildings. Yet, tribes need adequate resources to exercise their self-determination and serve as effective governments.

Self-Determination Inspires Effective Government Spending

“Tears of happiness flowed down our cheeks as we watched our flag go up. Then I knew we were truly on our way.”

– Viola Burgess, Chair of the SouthEast Alaska Regional Health Consortium Board of Directors remembering the flag raising ceremony signifying the change of management from the Indian Health Service to tribal management in 1986²

Today, many tribes exercise their right to be self-governing and to take program funds and manage them to best fit the needs of their citizens under P.L. 93-638, the Indian Self-Determination and Education Assistance Act (ISDEAA). Tribal control of Department of the Interior and Department of Health and Human Services programs transfers decision-making power to tribal nations, which ensures an emphasis on community priorities, allows innovation, and affords tribes financial flexibility.

Where tribes exercise self-determination, success stories abound; and they all include the themes of improved responsiveness and increased accountability. The exercise of tribal control invokes the pride and fortitude of tribal people that can contribute to and sustain effective government administration.

In one case in Alaska, the Southcentral Foundation has garnered national attention for its Nuka System of Care, which is responsive to the needs and values of the Native community. In 2011, the Alaska Native-owned, non-profit health care organization serving nearly 60,000 Alaska Native and American Indian people living in Anchorage and 60 rural villages, received the Malcolm Baldrige National Quality Award, which recognizes the country’s most innovative organizations. Nuka is a Native word for strong living things.

Self-Determination Inspires Effective Government Spending (continued)

By developing relationships with patients through in-person and virtual communication, Nuka has reduced health disparities while cutting costs. In the last decade, emergency room visits dropped by 40 percent; hospitalizations, 75 percent; specialty care, 65 percent; and routine doctor visits, 30 percent. At the same time, those improvements allowed Southcentral to operate on an annual two percent increase in Indian Health Service (IHS) funding with an annual increase in patients of seven percent.³ The organization also made progress in reducing binge drinking, strokes, heart disease, and cancer, rates for all of which have dropped to about the national average.

The prosperity that stems from tribal self-determination ripples throughout regional economies, improving life for tribal citizens and non-Indians alike. In northeast Minnesota, the Fond du Lac Band of Lake Superior Chippewa (the Band) poured more than \$300 million into the regional economy in 2011 and created more than 3,600 jobs in three of the counties comprising most of the reservation. The Band contributed \$124 million through government and program operations dollars it generated to provide services for tribal citizens. In addition, the Band's diverse array of enterprises – which include construction, logging, timber, propane, pharmacies, gas and groceries, radio stations, and insurance businesses – made substantial contributions in other regional revenues. The Band employs 2,200 people of its 4,150 enrolled population. However, due to the Band's broad and diverse approach to economic development, less than half of its economic contributions in the region came from tourism dollars. Thus, the Band has not only become the economic engine in the region, but it has prepared a portfolio characterized by long-term sustainability for its citizens.

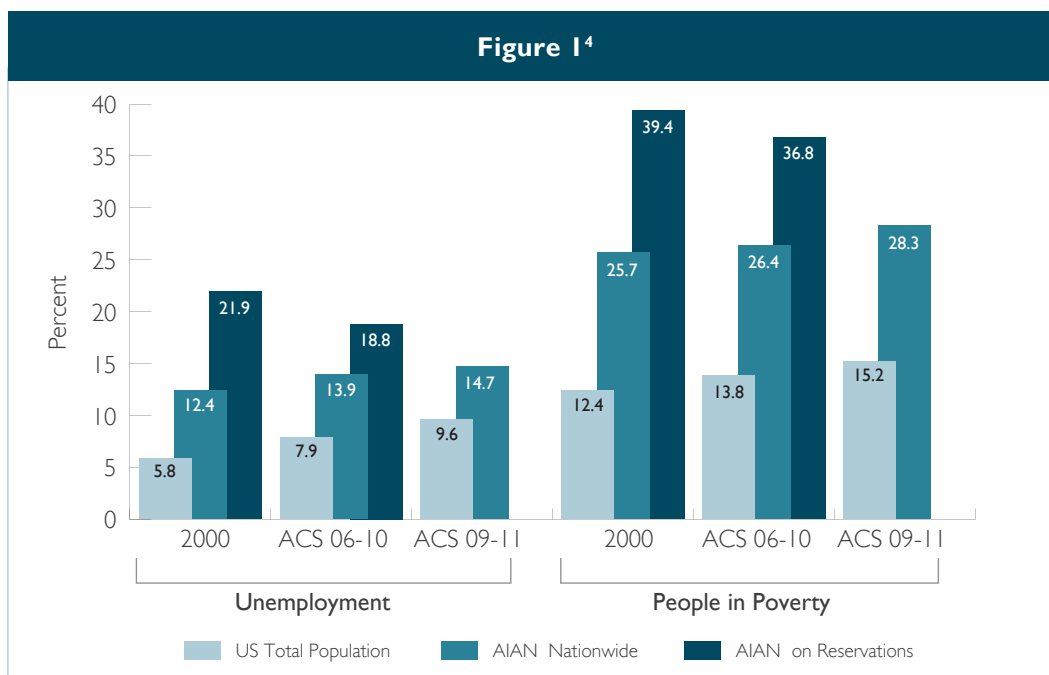
The preceding examples of progress made in tribal health care and economic development are just two of many more successes accompanying the assertion of tribes' right to self-government and self-determination in the last three decades. Tribal leaders, however, often caution decision-makers to ensure that the devolution of functions and funding to tribal governments and consortia does not ever undercut the federal government's ultimate trust, treaty, and statutory obligations to American Indians and Alaska Natives.

Tribes exercising their self-determination and self-governance rights under ISDEAA are awarded self-determination contracts or self-governance compacts. In *Cherokee Nation* (2005) and *Ramah Navajo* (2012), the Supreme Court has twice declared that these are legally binding contract commitments, which must be honored. Consistent with these decisions, the United States must fully honor these contracts by covering full contract support cost requirements, and by promptly resolving all historic contract support cost shortfalls.

Tribes need the tools and resources to continue on self-determined paths that promote economic development, enable honoring of tribal cultures and expression of Native values, and facilitate the pursuit of tribally-driven benchmarks of well-being.

Conditions in Indian Country

Congress and the Administration have wrestled with how to reduce the federal deficit while avoiding damage to the economy. The most recent economic data available do not isolate the impact of the recession or recovery for Indian Country, but comparisons between 2000 and the most recent five-year period estimates (2006-2010) show that economic disparities remain between Native people on reservations/trust land and the rest of the nation (see Figure 1).



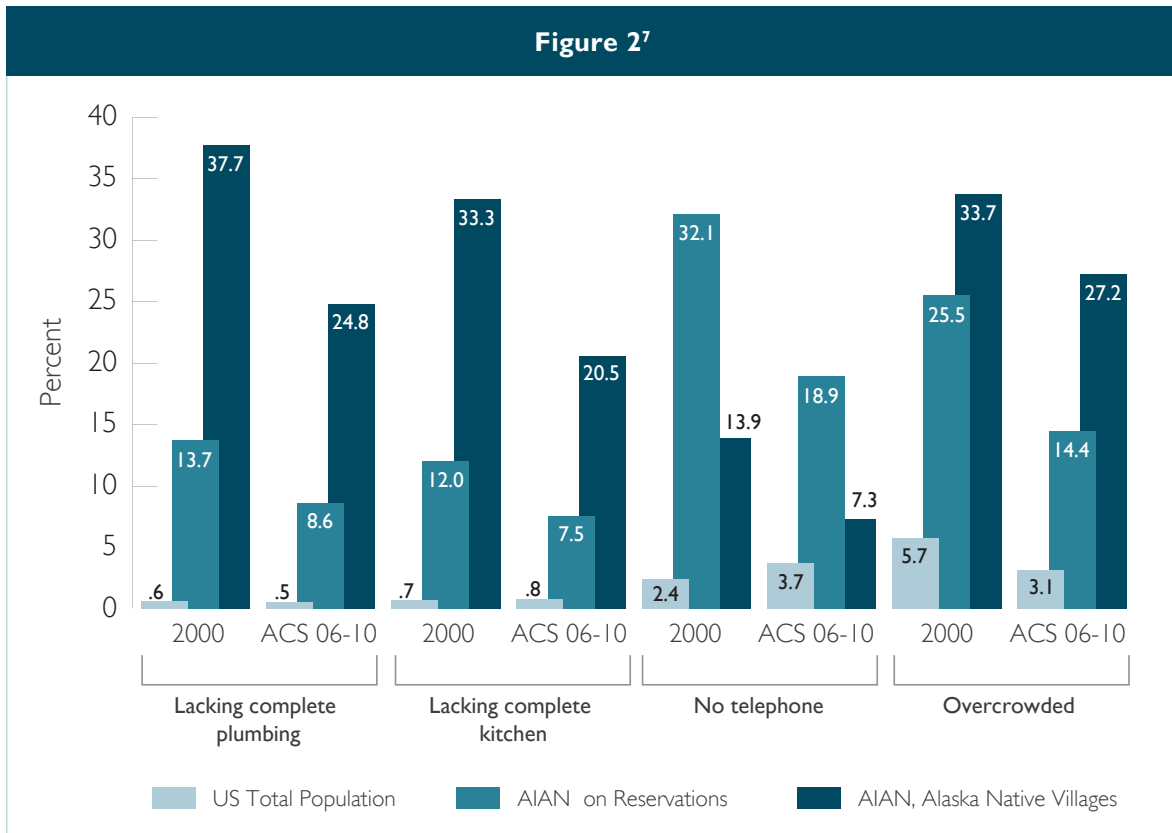
[Note: ACS refers to the American Community Survey and AIAN refers to American Indian/Alaska Native]
Source: US Census Bureau, Census 2000 Summary File 4, 2006-2010, 2009-2011 American Community Survey

Conditions in Indian Country (continued)

Although poverty for tribal citizens on reservation and trust land is more than 2.5 times higher than for the total population, poverty declined from 2000 to the 2006-2010 period by almost three percentage points on reservations, while increasing for the entire nation. Similarly, unemployment, as measured by the Census, decreased on reservations over the same time period; but, with 18.8 percent of the Native civilian labor force still unemployed on reservations, the rate remains more than two times as high as the unemployment rate for the total population.⁵

More recent data (ACS 2009-2011) show increases in poverty and unemployment among American Indians and Alaska Natives both on and off reservations, as well as the total population compared to 2000. Generally, American Indians and Alaska Natives living off tribal lands tend to be in close proximity to American Indian reservations and/or trust lands, Oklahoma tribal statistical areas, and Alaska Native villages.⁶

Meanwhile, tribal citizens have witnessed progress in addressing some of the most basic infrastructure disparities since 2000 (see Figure 2). In Alaska, 38 percent of tribal households in Native Village Statistical Areas lacked complete plumbing, 33 percent had an incomplete kitchen, and 34 percent were overcrowded in 2000. By the 2006-2010 period estimate, incomplete plumbing dropped by a third to 25 percent, complete kitchens increased by 13 percentage points, and the number of homes lacking a telephone was cut nearly in half. Similar advances in infrastructure occurred on reservation lands, but in every census housing indicator, considerable gaps persist: the percentage of reservation homes lacking complete plumbing is 17 times the national percentage, 19 percent of tribal homes still have no telephone, and overcrowding in reservation homes is almost five times as likely, and nine times for Native villages, as for the entire nation. Likewise, the over 160,000 miles of roads in Indian Country comprise the most underdeveloped roadway network in the nation. Critical 21st century infrastructure, such as broadband access, is also severely underdeveloped in Native communities. Undeniably, the lack of basic housing, transportation, and broadband infrastructure continues to pose significant challenges for tribal health, safety, and economic security.



Source: US Census Bureau, Census 2000 Summary File 4 and 2006-2010 American Community Survey

Government Parity in Taxation

Most tribal governments' budgets currently are largely dependent on federal resources. Historically, though, tribal nations participated in an inter-tribal trade economy, which, when coupled with subsistence living and moderate use of goods, provided the necessary tools for a prosperous life. However, over the past several centuries, traditional tribal economies were demolished and replaced with an economic base made up largely of government subsidies. Unfortunately, the crippling of Native economies before the self-determination era left tribal citizens overwhelmingly impoverished, facing high unemployment compared to non-Native people, and with few economic opportunities.

These FY 2014 Indian Country budget recommendations outline key areas where the federal government may assist tribal nations in providing resources to their citizens and developing new governmental and economic opportunities. This assistance and goodwill between nations derives from the trust relationship, and is engrained within Article I, Section 8, of the US Constitution. However, equally important to the trust relationship is a fundamental understanding that tribes are government entities, with all of the necessary tools to govern effectively and achieve government progress. Justice Marshall acknowledged this when he said, *"The power to tax is an essential attribute of Indian sovereignty because it is a necessary instrument of self-government and territorial management."*⁸

While tribal leaders ask Congress and the Administration for the necessary funding to assist in providing services to tribal citizens, tribal nations also seek government parity in national tax reform discussions. Currently, tribes are legislatively restricted from offering tax-exempt financing for certain development projects.

Government Parity in Taxation (continued)

This restriction leaves tribal nations unable to provide tax incentives for energy and natural resource development on tribal lands—even as a recent General Accountability Office briefing document states that the value of leasable minerals on tribal lands was \$2.8 billion during FY 2010 and \$3.5 billion during FY 2011.⁹ Moreover, domestically, tribes do not have access to parent locator services available to states, and cannot offset individuals' federal tax returns to enforce tribal child support judgments. Each of these areas, as well as a host of other changes to the Internal Revenue Code, and increased taxing jurisdiction for tribal governments, would enable tribal nations to begin generating government revenue to establish a strong tax base.

Conclusion

Given that the Budget Control Act of 2011 imposed severe caps over the next ten years on non-defense discretionary funding, tribes look to Congress to protect the trust, treaty, and statutory obligations to tribes funded in the federal budget. Until all tribes retain exclusive taxing jurisdiction within the exterior borders of their tribal lands, federal support remains critical to ensure essential government services are delivered to tribal people.

Many factors give cause for hope in Indian Country for creating economic security and prosperity. The number of American Indian- and Alaska Native-owned businesses increased 17.9 percent from 2002 to 2007; total receipts of these businesses were \$34.5 billion, up 28.3 percent from 2002.¹⁰ Yet, entrepreneurial parity is still unrealized: the adult American Indian/Alaska Native population represented 1.5 percent of the adult US population in 2009, but held only 0.9 percent of all firms, 0.3 percent of these firms' gross receipts and 0.3 percent of their employment.¹¹ Indian Country is also very young. About 32 percent of Native people are under the age of 18, compared to only 24 percent of the total population. The median age for Native people on reservations is 26, compared to 37 for the entire nation.¹² The children of Indian Country are making their way through schools, colleges, and training programs, and into the workforce, all while carrying their cultural traditions. Although disparities in education achievement still exist, there is much to celebrate, such as the growing cadre of second-generation Native college graduates.

Fulfillment of the trust responsibility also represents necessary elements for a strong economic foundation in Indian Country to afford Native children and future generations the opportunity to fulfill their potential. Investments in tribal infrastructure must continue to address the inadequate roads, housing, and broadband systems that are all essential to commerce. Education is fundamental to long-term economic opportunities. Bolstering public safety is also a prerequisite for long-term economic development. Support for energy and natural resources must be ramped up—although tribal lands contain a vast amount of the nation's conventional and renewable energy resources, tribal governments face an array of challenges in developing those energy resources. The federal budget should continue to promote the successful and efficient initiatives in Indian Country that work, such as Self-Determination programs and the 477 program.¹³ All of these investments hold immense promise to contribute to regional economies, in turn strengthening the American economy and building a better future for all Americans.

Tribal leaders urge Congress to uphold its solemn promises to tribes, even as policymakers continue working to reduce the deficit through spending reductions and revenue generation. The following FY 2014 tribal budget program requests have been compiled in collaboration with tribal leaders, Native organizations, and tribal budget consultation bodies. Tribes respectfully request that these recommendations be included in the FY 2014 federal budget in order to honor the trust responsibility and support tribal economic security and prosperity.