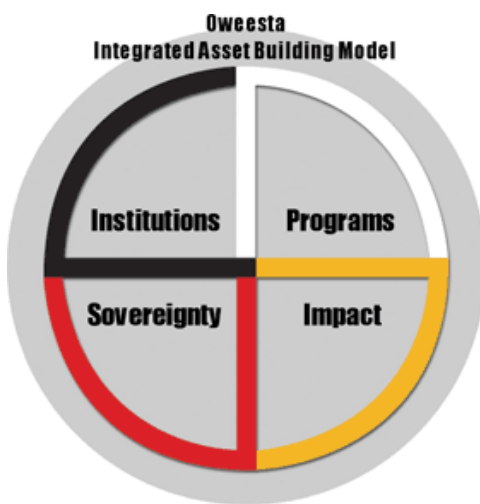


## Policies for the People:

### Native Communities and Policy Recommendations for Development Success

#### Background

If rural America is struggling to find itself again, then Native nations and communities (inclusive of Native American, Alaska Native, and Native Hawaiian people) provide some of the most intense examples of this struggle. Most Native communities exist in extreme rural conditions with alarming levels of unemployment and demanding social and economic conditions. It is a fact that many Native people experience severe poverty. It is also a fact that gaming has brought some economic and social benefit to a few tribes, and most of those tribes have done well with government corporations and programs. However, every Native community is as different in their history, governance, and culture as they may be similar in their challenges and solutions to future growth and prosperity. Gaming has not solved the multi-generational challenges of poverty. Native people, as a whole, continue to be asset poor, and their communities require broad new policies to change this reality.



#### Oweesta's Integrated Asset Building Model

To support the involvement of the private sector and to build strong Native institutions, Oweesta has developed an Integrated Asset Building Model that forms the basis for our programs and products. The model depicts movement in a never-ending circle of development through Institutions, Programs, Impact, and Sovereignty. It is also in these four sectors that the federal government can help Native communities with policies that are effective and forward thinking.

As the only U.S. Treasury-certified national Native CDFI intermediary, Oweesta strives to put practical tools into the hands of Native people to create permanent change and growth. But these tools are only as effective as the policies that support them and we continue to inform and share around recommendations for practical, realistic and long-term steps that will help Native people and communities. We have organized these recommendations into three major areas: Institution and Enterprise Development, Financial Education and Asset Building, and Physical, Governmental and Legal Infrastructure.

#### Institution and Enterprise Development

**Most Native communities lack the institutional structure required to tackle serious development issues.** Tribal councils, tribal departments and Native/tribal corporations often have broader development goals, such as tribal schools/education, health care, and land/natural resources, in mind. The absence of mainstream financial services in Native communities also complicates any personal or community development efforts. Native community development financial institutions (NCDIFs) have grown by leaps and bounds over the last five years and have become a true catalyst for many Native communities. Tribal housing authorities, tribal colleges, and other tribal programs have also contributed to the growth of individually focused asset building programs. However, predatory lenders in rural and Native communities and in border communities continue to wreak havoc on personal (and thus community) financial well-being. Locally developed and controlled Native institutions combat these negative elements and, in turn, help develop the private sector businesses/institutions that promote greater economic stability for the community as a whole. The continued growth and support for NCDIFs and other strong, stable institutions (including small businesses) within Native communities is our number one priority for Native rural revitalization.

#### Financial Education & Asset Building

**If NCDIFs and related institutions are the cornerstone of Native revitalization, then financial education and asset building programs create the foundation for all community work.** High levels of poverty and unemployment combined with often underfunded and/or misguided assistance programs and predatory practices have created a climate in which practitioners must often start with basic personal and community level development before tackling small business development and homeownership. True revitalization cannot occur without engaging the people first.

## Physical, Governmental, and Legal Infrastructure

**Native communities, whatever their state of economic, social, and financial well being, find their community economic development slowed by the lack of some basic physical, governmental, and legal infrastructure.** A Native community's lack of a uniform commercial code (UCC) or corporation ordinances, for instance, may impede the development of small business, and may prevent a Native CDFI from doing its work of helping to create these businesses. Conversely, even with the proper corporation and commercial codes, many Native communities have never had the physical infrastructure to support a full, thriving economy. They may lack utilities, transportation means, or storefronts for new and growing businesses. In addition, most Native communities and tribes suffer from outdated and technologically crippled government structures.

## Policy Recommendations

- ❖ Continue the increase in funding for the U.S. Treasury Department's CDFI Fund, specifically the Native Initiatives funding, to develop culturally appropriate, "right-sized" institutions for Native communities, including loan funds, credit unions, banks, and venture capital funds. It is strongly recommended that the CDFI Fund receive a minimum of \$250 million per year, with the Native Initiatives receiving a minimum of \$10 million per year.
- ❖ Increase funding at other federal agencies and programs to include greater growth and support of NCDFIs and their partners at housing authorities, tribal colleges, tribal departments, etc. at the U.S. Department of Agriculture, U.S. Department of Housing and Urban Development, U.S. Small Business Administration, Bureau of Indian Affairs, and others.
- ❖ Exempt Native CDFIs in high-poverty areas from federal tax.
- ❖ Develop strong anti-predatory lending standards that support the efforts of the Native CDFIs and related institutions.
- ❖ Provide specialized funding from sources like the U.S. Small Business Administration's program for Native entrepreneurs, especially in cooperation with existing or developing Native CDFIs and their partners.
- ❖ Fund the development of local and regional Native Enterprise and Entrepreneurship Systems that integrate the efforts of the tribe and/or Native community and that of the private Native entrepreneur.
- ❖ Provide expanded, adequate funding for schools and other programs to develop and implement youth financial education that is culturally appropriate and effective in imparting pertinent financial management lessons.
- ❖ Expand matched savings/individual development accounts (IDA) in Native communities (particularly for youth) through increased federal funding from a variety of sources and amend federal law to allow and encourage both tribal government agencies and Native nonprofit entities to apply directly for IDA funding and directly deliver IDA programs to Native communities.
- ❖ Increase technical assistance and local funding for volunteer tax preparation services in Native communities through Native CDFIs, housing authorities, tribal departments, nonprofits, tribal colleges, etc.
- ❖ Enact legislation to provide consumer protections against the practice of promoting and issuing high-cost refund anticipation loans.
- ❖ Expand the outreach effort and local funding support for earned income tax credits, especially where coupled with individual development accounts, financial education, and other asset-building programs.
- ❖ Provide new and specific funding (either through existing and related programs like the CDFI Fund or through new streams) for tribes to research and develop appropriate governmental and legal infrastructure, including the creation and/or adaptation of Uniform Commercial Codes, corporation ordinances, court systems, constitutions, bill of rights, and others.
- ❖ Provide a "Marshall Plan" for Native communities through a variety of federal funding sources to develop physical infrastructure including but not limited to sewer, water, telecommunications, transportation, commercial, and governmental structures.