



The Impact of Asset Building Strategies in Native Communities: Implications of First Nations' Integrated Asset Building Model for Economic Development in Tribal Communities

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The topic area of the research

Asset based economic development strategies (relevant to strengthening tribal governance)

¹ Each contributor wrote and researched at least one chapter of this seven chapter report. If this proposal is successful, First Nations will work with NCAI to determine whether it would be helpful for other contributors to attend.

Summary of findings

In mid-2005 the Ford Foundation asked First Nations Development Institute (First Nations) to develop a substantive research report that would document the impact of asset building strategies pursued by their grantees and partner organizations working to build healthy reservation economies across Native America. The resulting report is the most comprehensive study of asset building in Native communities to date and will provide substantive insight to Native leaders and economic development practitioners, federal and state policymakers, and asset building practitioners serving other communities. The report includes the following chapters: (1) Integrated asset building; (2) Financial management skills; (3) Community Development Financial Institutions (CDFIs); (4) Philanthropy; (5) Earned Income Tax Credit (EITC) and tax outreach; (6) Individual Development Accounts (IDA); and (7) Entrepreneurship; a summary of the findings of those chapters is provided below.

The term ‘integrated asset building’ was developed by observation of what resource-challenged Native organizations serving impoverished and economically isolated communities were doing to best serve tribal citizens. The first chapter of the research report outlines the integrated asset building model that forms the basis of the entire report. Founded on First Nations’ vision to build healthy reservation communities and stronger Native communities, the model demonstrates that effective institutions (like CDFIs and philanthropic entities) are foundational to the delivery of tools (like tax outreach and IDAs) that assist tribal members in achieving individual outcomes (like entrepreneurship) that contribute to the overall success of the economy².

The report’s second chapter deals with a critical element of successful integrated asset building strategies – financial management skills. It summarizes research on the importance of financial management skills and identifies key areas for ongoing research into the need for financial education in Native communities. The chapter also demonstrates the importance of expanded access to financial education, increased access to affordable financial services, and the promise of combining basic financial education with investor education strategies.

The third and fourth chapters deal with the institutional foundation of effective asset building. Using quantitative and qualitative data (including case studies) gathered by First Nations and our sister organization, First Nations Oweesta Corporation (Oweesta), the CDFI chapter identifies promising practices among Native CDFIs and outlines the important impact of CDFIs on economic development in the communities they serve. The philanthropy chapter offers detailed data on the impact of tribal investments in grantmaking entities and identifies the need to further invest in institutions that build the economic health of Native communities.

The fifth chapter demonstrates the role of EITC and tax outreach describing the broad policy context, outlining the current and potential economic impact of Native tax outreach campaigns, and analyzing primary data gathered from selected Native-run and Native-serving tax preparation sites across the country in 2006. The sixth chapter outlines the success of Native matched-savings (IDA) programs, documents the growth of the Native field, provides a detailed analysis of the perspectives of Native IDA practitioners,

² This model and its implications for economic development provides a succinct summary of the research findings and is attached as Attachment A

and describes promising practices and the experience of those seeking to start IDA programs for their communities.

Finally, the report deals with the critical issue of Native entrepreneurship. The chapter draws on interviews with over 100 small business owners, business instructors, tribal college students, and political leaders in nine reservation communities. The research documents the need for entrepreneurship development, outlines promising practices, and describes models being implemented by Native organizations across the country.

Practical implications of the research for tribal communities

The report details practical strategies that have been successfully pursued by numerous tribal communities. This success in diverse Native communities, together with the fact that integrated asset building is a community driven model, demonstrate the relevance of this research to tribal communities generally, and tribal leaders specifically.

NCAI President Joe Garcia's testimony before the Senate Indian Affairs Committee confirmed the importance of financial management skills that are developed by and the foundation of successful asset building, when he stated that "financially savvy individuals become financially savvy tribal leaders who are equipped to make sound decisions for their community."³ NCAI's attention to this issue also underscores the relevance of asset building as a **strategy that strengthens tribal governance**, a particular research interest of this year's tribal leader/scholar forum.

First Nations' work over the past 26 years has demonstrated the importance of developing a strong private and nonprofit sector in tribal economies. The strength of these sectors directly affects the capacity of tribal governments to successfully govern their communities. Research findings that demonstrate strategies for developing the private and nonprofit sectors are critical to effective tribal governance and offer a great deal to tribal leaders at NCAI's tribal leader/scholar forum.

Native asset building institutions utilize numerous tools to effectively serve their clients, but the two dealt with in chapters five and six of the report are particularly common and have proven successful in assisting Native people in achieving their desired asset building goals. This research provides specific insight into methods for accessing already available funding that can develop the individual asset base of Native communities and strengthen the economic health of the entire community.

While asset building institutions and tools have successfully assisted tribal members in achieving asset goals related to homeownership and further education, entrepreneurship offers the most promising means for long-term economic development through the strengthening of the local economy and creation of new jobs for community members. As tribal leaders look to diversify the economic base of their communities, this research offers critical insight into methods for supporting Native entrepreneurs.

Policy relevance of the research⁴

The research outlined in the report documents specific strategies that can be supported by tribal policy and identifies challenges and opportunities in current federal

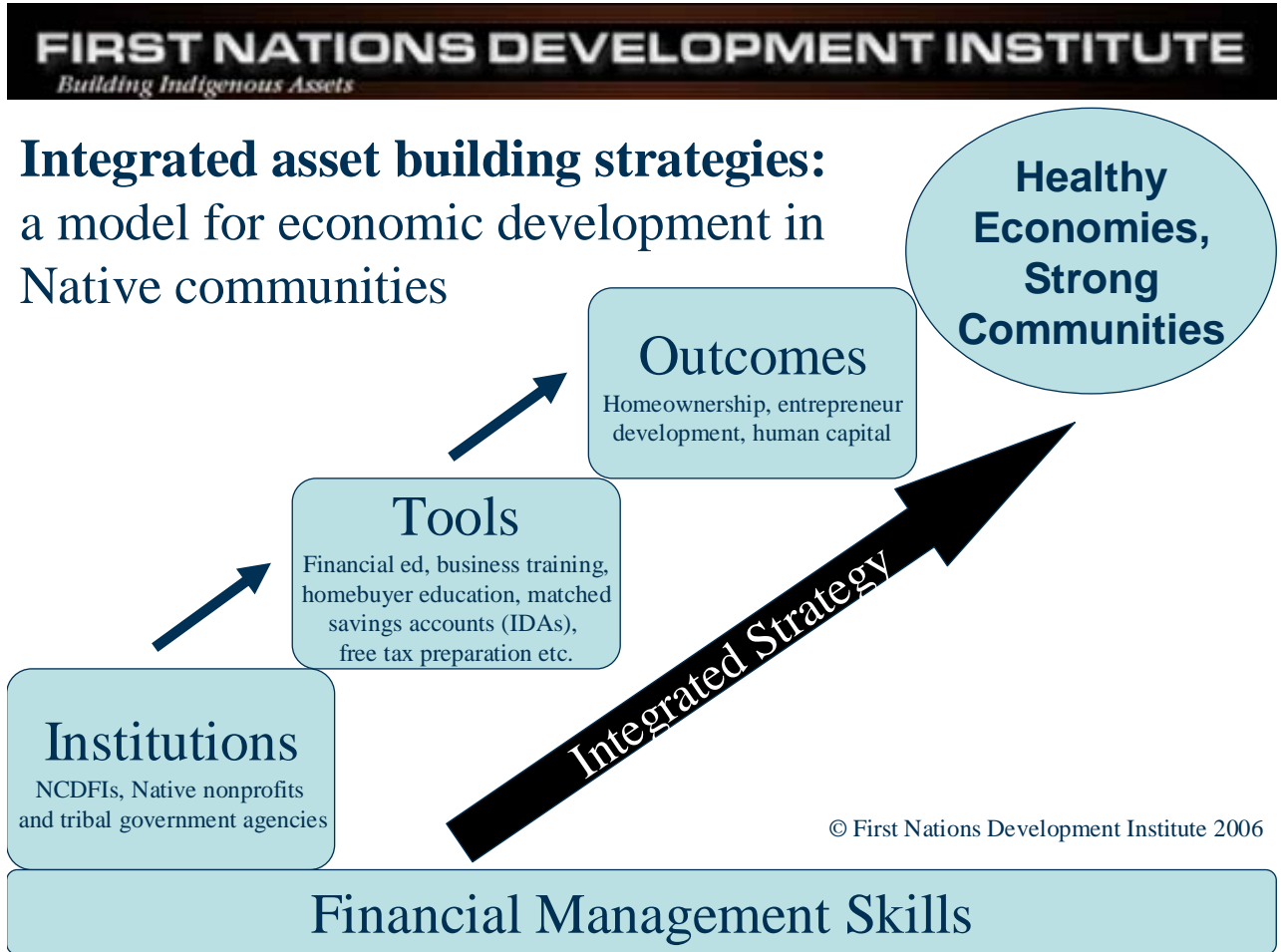
³ Garcia, Joe, *Testimony before the Senate Committee on Indian Affairs – Oversight Hearing on Economic Development*, May 10, 2006

⁴ Practice relevance of the research is dealt with in the previous section

and state policy. A key indicator of the policy relevance of this research is found in the Senate Committee on Indian Affairs' hearing, mentioned above. Three witnesses at the hearing referenced the issues covered by this research: Elsie Meeks, Executive Director of Oweesta and Chair of the Native Financial Education Coalition; Joe Garcia, President of NCAI and Governor of Ohkay Owingey; and Miriam Jorgenson, Research Director for the Harvard Project on American Indian Economic Development. Elsie Meeks' testimony outlined the preliminary findings of this research and explicitly used the integrated asset building model to frame her analysis of the economic development context in Indian Country. Joe Garcia also referenced issues dealt with in this research, including Native CDFIs, entrepreneurship and the importance of financial education.

Specific policy recommendations that are supported by the research include: integration of financial education into tribal services including education, trust fund management and distribution, and many more; support of Native philanthropic entities and CDFIs to develop the private and nonprofit sectors in tribal economies; implementation of tax outreach strategies to access federal resources that are being 'left on the table'; funding matched savings (IDA) programs and advocating for more flexible federal funding; and, supporting the training and funding of Native entrepreneurs.

Attachment A – First Nations’ Integrated Asset Building Model



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The Impact of Asset Building Strategies in Native Communities

Presentation to the Tribal Leader/Scholar Research Forum
 NCAI's Mid-Year Conference 2007
 Anchorage, Alaska

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Indian Country's Unique Challenge

In Indian Country, the problem is different to any other impoverished community in the nation. The problem is not ownership of assets but the question of who controls Native assets.

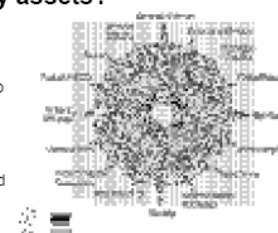
"For most people anywhere in today's world economy, [the assets of Native communities should] equal wealth... [but] defying the economic canon that assets and wealth are two sides of the same economic coin, today's Native Americans... are the single poorest population in the United States."

"Land Rich and Dirt Poor: The Story of Indian Assets"
 Rebecca Adamson, Founder of First Nations Development Institute



What do we mean by assets?

Through a three-pronged strategy of education, advocacy, and capitalization, First Nations Development Institute is working to restore Native control and culturally-compatible stewardship of the assets they own - be they land, human potential, cultural heritage, or natural resources - and to establish new assets for ensuring the long-term vitality of Native communities.



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Unique problem? Unique solution

Integrated asset building strategies provide tribal members with the chance to exercise sovereignty through asset ownership and control. That ownership builds the capacity of individual citizens and leads to healthy, vibrant economies that benefit the entire community.

"When we think of the exercising of sovereignty, we tend to focus exclusively on the role of tribal government. But being a nation, in the fullest sense, is much more encompassing. It is about members who are engaged, productive and responsible citizens; it is about strong and vital government and other institutions; it is about a healthy and vibrant economy; it is about supportive and loving families and kinship networks; — all grounded in the values provided by a strong cultural foundation."

"Assets: Our once and future wealth"
 Cheryl Salovey Black



A Unique Solution: Developed by and for Native communities


Specific challenges:

- Widespread poverty
- Lack of non-profit infrastructure
- Challenges to asset ownership – land title, commercial codes etc.
- Lack of financial institutions

A field-driven response:

- To meet these challenges several Native organizations began to develop integrated asset-building strategies to best serve their community and meet these challenges. These responses led to the following model.





FIRST NATIONS DEVELOPMENT INSTITUTE

BUILDING THE FOUNDATION: *Financial management skills*

Our youth – tomorrow’s leaders:

- Native youth often lack the financial management skills they need to succeed as tribal members and future leaders. Native schools and community organizations are following some promising approaches to encourage the development of financial skills among Native youth

Sudden wealth – our present challenge:

- Successful tribal enterprises, and subsequent per capita payments, have revealed the need to integrate basic financial education with investor education. This provides individual tribal members and tribal leaders with the knowledge and skills required to make sound investment decisions



FIRST NATIONS DEVELOPMENT INSTITUTE


DEVELOPING INFRASTRUCTURE *Strong institutions*

Native Community Development Financial Institutions (CDFIs):

- A growing sector (from only two to more than 40 in five years) that is building critical financial and non-profit infrastructure, often from scratch
- Tribal leaders are increasingly identifying CDFIs as invaluable partners to develop the economic strength of their community

Native philanthropic institutions:

- 53 Native philanthropic entities (33 are tribally affiliated) are making critical investments in Native community programs
- Very few Native grantmaking entities have endowments – sustainability is a critical concern




FIRST NATIONS DEVELOPMENT INSTITUTE

PROVIDING OPPORTUNITIES *Protecting income*

Earned Income Tax Credit (EITC) outreach and tax preparation:

- Research has demonstrated that over \$20 million is left on the table each year when Native families do not claim the EITC
- Our people have their tax returns partially or completely stolen by predatory tax-preparers. We also lose the opportunity to offer financial education at a critical ‘teachable moment’



FIRST NATIONS DEVELOPMENT INSTITUTE

PROVIDING OPPORTUNITIES *Building assets*

Individual Development Accounts (IDA) programs:

- The number of Native matched savings account programs has almost doubled in the past four years and more than 30 are in various stages of development
- Native matched savings programs build financial skills and help citizens to acquire assets
- IDA programs also build the strength of Native institutions and have a ‘ripple effect’ on the family and broader community of IDA participants




FIRST NATIONS DEVELOPMENT INSTITUTE

STRENGTHENING PRIVATE BUSINESSES *Native entrepreneurship*

Supporting tribal member-owned businesses:

- Native entrepreneurs are invaluable partners to assist tribal leaders in “plugging the leaks” in Native economies
- Native businesses face significant challenges related to economic, political/legal, physical and social/cultural infrastructure
- Successful models exist – and can be replicated – to incubate and develop Native businesses in partnership with tribal leaders and tribally-owned enterprises



FIRST NATIONS DEVELOPMENT INSTITUTE

INDIVIDUAL OUTCOMES *Sovereign Native people*

Asset ownership transforms people:

- This approach gives Native people ownership of their community and economy – they are homeowners, entrepreneurs and accomplished graduates
- Strong institutions and appropriate asset-building tools contribute to the ‘future orientation’ of tribal citizens – asset-building gives individuals hope for their own, their family’s and community’s future



FIRST NATIONS DEVELOPMENT INSTITUTE

THE ULTIMATE VISION
Strong communities and healthy economies

These skills, institutions, tools and outcomes are all in service to the greater goal of strengthening Native communities and developing healthy economic systems:

We believe that, when armed with appropriate resources, Native peoples hold the capacity and ingenuity to ensure the sustainable, economic, spiritual, and cultural well being of their communities.

Integrated asset-building strategies are helping Native people achieve this goal.



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