MONTANA BUDGET & POLICY CENTER

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# Montana's Commitment to Economic Development in Indian Country

A strong economy allows for the creation and retention of local jobs, the establishment and growth of businesses, and the ability to keep money in the local community. There, those dollars have multiplying effects that drive economic growth, especially in Indian Country.[1] Since 2005, the Indian Country Economic Development (ICED) program has empowered Montana's tribes to take a hands-on approach to strengthening reservation economies through:

- Infrastructure Growth
- Workforce Development
- Entrepreneurial Training
- Technical Assistance
- Feasibility Studies
- Small Business Grants

## Impact of Montana's Investments

The existing performance data tells a powerful story of the impact of the ICED program over the past several years.

- ICED funding created 212 jobs.
- This funding requires tribes to provide a 1:1 match of funds, which they have far exceeded since the inception of the program.[2] The tribes of the Fort Peck Reservation provided a match rate of $23.57 for every dollar they received from the 2011 ICED program, with an average match rate of $19.68 since 2005.[3]
- On average, tribal governments have provided a $5.60 match for every $1.00 of Montana's investment. In other words, Montana's share of initial costs has been just 15% - a small investment with big impact.[4]
- This program also demonstrates a positive government-to-government relationship and an opportunity for state and tribal governments to work together constructively.

## Unique Approach to Economic Development in Indian Country

Since 2005, Montana's tribes have shown that economic development is taking root. The ICED programs provide an innovative opportunity to overcome the specific challenges that hinder reservation economies. Tribal communities do not have the same access to financial investment, such as access to capital and loans, as their neighbors. Tribal land is not private property; it is federal trust land, and therefore cannot be used as collateral for business loans. Money is leaving the reservations to purchase retail goods and consumer services from nearby towns, continuing the cycle of a weak local economy and also contributing to a lack of available jobs.

The ICED program allows community members to become economically self-sustaining and financially independent, while demonstrating attainable business models for others in the community.

## Indian Country Economic Development Needs a Long-Term Commitment

The ICED program has been proven effective and has the potential to have wide-reaching and longstanding impacts on Montana's economy. Currently, ICED funding must be re-approved every two years, making it difficult for tribes to formulate long-term development strategies. ICED should be funded as an ongoing program in the state's base budget. Ongoing funding is important for the following reasons:

- Tribal eligibility for other state-funded economic development programs is restricted. The ICED program may be the only option for some tribes.
- ICED funding provides the initial investment needed for tribes to conduct the development work needed to have feasible applications for bank loans.
- Because of its one-time-only funding designation, the ICED program has been a prime target for cuts at each legislative session, requiring significant time and resources from tribal members to advocate for continued funding.
- Moving the ICED funding to an ongoing program will demonstrate that the state *values* partnering with Montana's tribes.

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[1] Cornell, S., Jorgensen, M., Wilson Record, I., Timeche, J. (2007). "Citizen Entrepreneurship: An Underutilized Development Resource." In *Rebuilding Native Nations: Strategies for Governance and Development*, ed. Miriam Jorgensen. The University of Arizona Press, pg. 197-222.
[2] Figures taken from the Montana Department of Commerce, 2012 ICED Program Performance 2006-2012 report.
[3] Data from Montana Department of Commerce as of February 2013.
[4] Figures taken from the Montana Department of Commerce, 2012 ICED Program Performance 2006-2012 report.