



Economic Development in Indian Country: A State Investment with Continued Returns

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Since its inception in 2005, the Indian Country Economic Development (ICED) program has made a significant contribution towards improving the economic conditions on reservations in Montana. These investments continue to receive a return by creating and growing tribally-owned enterprises undertaken by tribal governments, as well as the private business sector on reservations. As a result, this helps create and retain local jobs and allows dollars to stay in circulation in rural economies longer.

Currently, ICED program funding must be reapproved by the legislature every two years, making it difficult for funding recipients from Indian Country to formulate long-term economic development strategies and projects. The ICED program should be funded as an ongoing program in Montana's base budget.

State Investment Helps Business in Indian Country

The ICED program makes a robust impact toward improving the economic conditions in reservation communities. ICED provides funding for tribal government priority projects for reservation economic development activities, provides funding to start-ups and tribal member-owned businesses on or near reservations, and provides tribal entrepreneurs with training and technical assistance.¹

Tribal governments regularly access ICED's **Tribal Business Planning Grants** to conduct feasibility studies on possible business ventures they may undertake on behalf of their tribal memberships. These grants are especially helpful in assisting tribal governments in furthering their economic development plans in ways that reflect local priorities, resources, and cultures.²

ICED also promotes private sector growth on reservations through a range of support that allows individual Indian entrepreneurs to access assistance at every step of their business growth, from conception to expansion.

For example, the **Native American Business Advisors (NABA) Program** employs a local NABA advisor on each of the seven reservations and in Great Falls, where the Little Shell Tribe is headquartered, to provide business counseling and technical assistance to Native entrepreneurs and businesses in tribal communities. This includes start-up assistance, marketing training, guidance for utilizing local business resources, commercial loan application assistance, credit counseling services, referrals to other organizations and application assistance to the **Indian Equity Fund (IEF) Small Business Grants**.³

IEF grants range from \$7,000 to \$14,000 and assist individual small business owners with costs associated with start-up and expansion efforts.⁴ In 2016, IEF grants were awarded to 26 Indian-owned small businesses, supporting 55 jobs. Between 2007 and 2015, IEF grant

recipients invested nearly thirty percent of their grant funds directly into reservation economies. IEF grantees spent about 75 percent of their funds on asset development, primarily toward capital equipment and renovations.⁵

Notably, 84 percent of the IEF recipients funded between 2012-2016 remain in operation today. This success rate is opposite of the average U.S. business start-up rate where 90 percent of new businesses fail.⁶ This demonstrates that investments into reservation-based businesses help bring much-needed products and services into severely underserved markets.

IEF grantees and other successful Indian-owned businesses that are ready to expand can access critical gap financing from the **Native American Collateral Support (NACS) Program**. NACS provides collateral support security for lenders making loans to Indian-owned small businesses that lack sufficient collateral or equity but meet all other requirements for securing larger commercial business loans.⁷

The ICED program's impact over the past four years (2012-2016) has been substantial.⁸

- **133** businesses assisted.
- Helped leverage **\$8.7 million** in assets.
- Created, trained, or retained **127** tribal jobs.
- Native American Business Advisors assisted **988** businesses.
- **80** Indian Equity Fund grants awarded to small business entrepreneurs.

Indian Country Economic Development Needs a Long-Term Commitment

Ultimately, the ICED program increases employment opportunities, helps increase the availability of products and services on reservations, and increases the commercial transactions within local communities, all of which keeps local dollars circulating in local economies longer. Whether they are tribally-owned or individually owned, reservation-based businesses significantly contribute to a healthy local and statewide economy and deserve continued support.

Further, the legislature should consider moving ICED program funding from a one-time-only appropriation into the base budget for the following reasons:

- Based budget funding provides the continuity of support needed to conduct sustainable economic development. Economic development works best when nourished over time.
- Two-year funding time spans equate to short-term economic development projects. Moving ICED to base funding will lead to bigger outcomes over time by allowing Indian Country to plan for long-term economic projects.

¹ Montana Economic Developers Association, "Impact: Partnerships that Work," (2017), http://medamembers.org/media/userfiles/subsite_107/files/IMPACT%20Brochure%20TriFold%20FINAL%202017.pdf.

² *Partners in Building a Stronger Montana: 2016 State-Tribal Relations Report*.
https://tribalnations.mt.gov/Portals/34/TribalAffairs_AR_2016bWEB.pdf

³ Montana Office of Tourism and Business Development, "Native American Business Advisors (NABA)," <http://marketmt.com/ICP/ICED/NABA>

⁴ Montana Office of Tourism and Business Development, "Indian Equity Fund (IEF) Small Business Grant," <http://marketmt.com/ICP/IEF>

⁵ *Partners in Building a Stronger Montana: 2016 State-Tribal Relations Report.*
https://tribalnations.mt.gov/Portals/34/TribalAffairs_AR_2016bWEB.pdf

⁶ Montana Department of Commerce, Division Administrator's presentation to the Joint Appropriations Committee on General Government on January 25, 2017.

⁷ Montana Office of Tourism and Business Development, "Native American Collateral Support Program," <http://marketmt.com/nacs>.

⁸ Montana Economic Developers Association, "Impact: Partnerships that Work," (2017), http://medamembers.org/media/userfiles/subsite_107/files/IMPACT%20Brochure%20TriFold%20FINAL%202017.pdf.