

Office of Indian Energy & Economic Development

Generating
Economic
Opportunities
In Indian
Country



The Department of the Interior
Office of Indian Energy and Economic Development
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2008

DEPARTMENT
OF THE
INTERIOR

A Letter from the Director

Thank you for taking the time to read this publication. The photos to the left tell a story about economies from the past to the future. The tranquil scene of the tipi in winter is reminiscent of the *Assistance* time of tribal first contact with non-Indian trappers. The image of the spiny oyster shell pendant with the mosaic turquoise inlay, created by Ricky and Kelly Coriz of Santo Domingo Pueblo, New Mexico, uses a technique applied by Pueblo artists in the Southwest for centuries and symbolizes the trade of materials between indigenous peoples of the Americas. The photo of tribal employees harvesting produce for local sale at their tribe's supermarket in Shawnee, Oklahoma, honors the blending of traditional agriculture and modern reservation commerce, while the image of a federal team taking samples speaks to the potential wealth of untapped mineral resources on Indian lands. Finally, the view of a wind turbine invokes a spirit of optimism in science and engineering for new forms of energy and sustainable economies.






This publication is aimed at outlining the important range of programs to assist Indian nations to fulfill their economic opportunities and attain economic self-sufficiency.

Sincerely,



Robert W. Middleton, Ph.D.
Director, Office of Indian Energy and
Economic Development

Inside Front Cover: Photos counterclockwise from top, not including tipi: Photo by Jeanne Modderman, Pendant represented by The Indian Craft Shop, U.S. Dept. of the Interior, Washington, DC; Photo by Citizen Potawatomi Nation; Staff Photo; Photo by Bob Gough of the Intertribal Council on Utility Policy.

				
<p>Division of Indian Energy Policy Development</p>	<p>Division of Energy and Mineral Development</p>	<p>Division of Economic Development</p>	<p>Division of Workforce Development</p>	<p>Division of Capital Investment</p>
<p>Darryl Francois Chief</p>	<p>Stephen Manydeeds Chief</p>	<p>Jack Stevens Chief</p>	<p>Lynn Forcia Chief</p>	<p>Phillip Viles Chief</p>
<p>Coordinates energy resource development policy on Indian and tribal lands and manages implementation of Title V of P.L. 109-58, which includes evaluation of Tribal Energy Resource Agreements and assistance for programs to develop tribal capacity to conduct energy development and associated environmental evaluation processes and practices.</p>	<p>Provides assistance to tribes for the development of energy and mineral resources on trust land and coordinates energy and mineral resource activities with other Federal, State, and local government agencies, private industry, and tribal governments.</p>	<p>Provides assistance to tribes in coordination with other IEED divisions, other Federal agencies, and the private sector to foster strong, sustainable reservation economies.</p>	<p>Manages the P.L. 102-477 activity which assists tribes in development of education, employment, training, and social services programs.</p>	<p>Manages the Indian Loan Guaranty, Insurance and Interest Subsidy Program which breaks through conventional barriers to financing for tribes and individual Indians.</p>

The Office of Indian Energy and Economic Development

The Office of Indian Energy and Economic Development reports to the Assistant Secretary - Indian Affairs. It is one of the newest program offices in the Department. 2008 marks the first year of expanded operations by five divisions that are coordinated to provide technical and advisory assistance for developing energy and mineral resources; promoting economic infrastructure on reservations; and increasing capital investment, businesses, jobs, and tribal business knowledge.

The Office of the Assistant Secretary-Indian Affairs

The Office is headed by an Assistant Secretary who discharges the duties assigned by the Secretary, providing direction and leadership to the Bureau of Indian Affairs, and the Bureau of Indian Education. The Office exercises the oversight responsibilities for the regulation of Indian gaming, the management and operation of self-governance initiatives and international and multi-agency organizations, work groups, and task forces that impact Indian Affairs.

The Department of the Interior

The Department of the Interior (DOI) is headed by the Secretary of the Interior. DOI is the nation's principal conservation agency. The mission is to protect America's treasures for future generations, provide access to the nation's natural and cultural heritage, offer recreation opportunities, honor the trust responsibilities to American Indians and Alaska Natives and the responsibilities to island communities, conduct scientific research, provide wise stewardship of energy and mineral resources, foster sound use of land and water resources, and conserve and protect fish and wildlife. DOI's work affects the lives of millions of people, from the family vacationing in one of the national parks to the children studying in one of the Indian schools.

Indian Energy & Economic Development Overview



Based on 2000 census data, the real per capita income of Native Americans is less than half of the national average, Indian unemployment is more than twice the national average, reservation residents experience deep poverty at about twice the national average, and the Indian child poverty rate is more than twice the national average. Drug use, suicide, and hopelessness among Indian youth remain intolerably high throughout Indian Country.

Assistance

Training

Finance

Assessment

Planning

Technology

The Office of Indian Energy and Economic Development (IEED) was created by the Secretary of the Interior to address the overarching issue of economic development in Indian Country so that tribes would have a solid economic foundation to achieve self-governance. The mission of IEED is to enhance the quality of life and promote economic opportunity for American Indians and Alaska Natives in balance with meeting the responsibility to protect and improve their trust resources. IEED believes that vigorous economic development and creation of new jobs are the best antidotes to combat the economic and social malaise in Indian Country through consultation and outreach to tribal leaders, Indian Affairs policy-makers and decision-makers, and Indian people.

IEED aggressively pursues goals related to improving American Indian and Alaska Native economic development by promoting economic infrastructure on reservations, increasing tribal business knowledge, jobs and business start-ups, encouraging capital investment in tribal economies and businesses, and providing technical and advisory assistance for the development of energy and mineral resources. IEED aggressively pursues the development of partnership opportunities with tribes, tribal and Indian organizations, other Federal agencies, and State agencies to enhance economic development opportunities in Indian Country. IEED is comprised of five operating divisions: Division of Indian Energy Policy Development, Division of Energy and Mineral Development, Division of Economic Development, Division of Workforce Development, and the Division of Capital Investment. All of the IEED divisions work together to accomplish a wide variety of economic development projects and initiatives throughout Indian Country.



Consultation
Planning
Coordination
Capacity-building
Development



Energy Policy Development

The Division of Indian Energy Policy Development (DIEPD) was formed to develop policy guidance and provide technical and financial assistance to tribes seeking to develop their own energy resources. Under Title V, Section 503 of the Energy Policy Act of 2005 (Public Law 109-58) the division is responsible for developing and implementing regulations for Tribal Energy Resource Agreements (TERAs). The intent of a TERA is to promote tribal oversight and management of energy and mineral resource development on tribal lands, thus furthering the goal of Indian self-determination. A TERA provides a tribe with the option of entering into energy-related business agreements and leases and for granting rights-of-way for pipelines, electric transmission, and distribution lines without the review and approval of the Secretary of the Interior for each proposed project.

The Energy Policy Act of 2005 also requires that the Secretary, before approving a TERA with a tribe, make a determination as to the tribe's capacity to manage the full scope of administrative, regulatory, and energy resource development that the tribe proposes to assume under an approved TERA. Recognizing that a tribe wanting to enter into a



TERA with the Department may need technical assistance in building its management capacity, the Energy Policy Act of 2005 also authorizes the Secretary to provide technical and financial resources to Indian tribes for their use in fostering or obtaining the managerial and technical expertise needed to develop energy resources on Indian lands; to properly account for resulting energy production and revenues; to promulgate and enforce tribal laws (including regulations) for energy resource development; and to develop the expertise and technical infrastructure to protect the environment under applicable laws.

Top: DIEPD staff reviewing applications. Bottom Right: DEMD staff evaluating mineral operations.

Tribal Energy Resource Agreements

DIEPD is responsible for

- Processing, reviewing, and producing a record of decision for applications from tribes for TERAs.
- Conducting outreach activities that explain the regulatory requirements and the respective roles of the Department and tribes with respect to the development of energy resources under 25 CFR Part 224. Outreach activities would include any pre- and post-application consultation with tribes to facilitate the review and decision-making process.
- Developing and updating model TERAs and guidelines for implementation of the TERA regulations including procedures for the creation and maintenance of records for use in monitoring tribal compliance with their associated TERA.
- Developing procedures and processes for all aspects of the TERA regulatory requirements including decision-making for applications, interested party petitions, TERA compliance reviews, TERA re-assumption, and TERA rescissions.
- Reviewing and updating regulations after three years.



Above: Wind turbine on the Rosebud Reservation.

ENERGY POLICY SUCCESS

- Completed national tribal consultations on the regulation of tribal energy resource agreements.
- Commenced an ongoing dialogue with the National Congress of American Indians and the Council of Energy Resource Tribes on the advancement of energy policy initiatives for the 21st Century, including renewable energy projects.



Advisory Committees

There are two advisory committees that have been formed to assist in the development of policies and guidelines for energy and mineral development on Indian lands. The Indian Energy and Minerals Steering Committee (IEMSC) consists of representatives from the DOI bureaus that have responsibility for managing the development of American Indian and Alaska Native energy and mineral resources. Members of the IEMSC oversee and review departmental policy and regulations for energy and mineral development, identify and document best practices, and monitor the status of energy and mineral development projects. The Tribal Energy Policy Advisory Committee (TEPAC) is a forum for tribes and Department officials to share in-the-field experiences in energy and mineral development with the purpose of developing processes and procedures that alleviate obstacles and protect the interests of tribes. TEPAC will also help monitor the implementation of TERA regulations, provide insight into tribal development practices under TERAs, and aid in future review and updating of the regulations.

For these advisory committees DIEPD is responsible for:

- Developing mission statements, goals, and objectives for each committee.
- Developing membership criteria, and committee protocols, and maintaining up-to-date committee membership records.



Tribal Energy Development Capacity

To facilitate development of the managerial and technical capacity needed to manage energy resources on Indian lands, DIEPD manages a technical assistance program for tribes. The program has the following goals:

- Evaluate the type and range of energy development activities that a tribe may want to assume;
- Determine the existing scientific, technical, administrative, or financial management capacity of the tribe to assume responsibility for these activities; and
- Determine what scientific, technical, administrative, or financial management capacities need to be enhanced for a tribe to assume energy development activities. ●

- Scheduling meetings, developing agendas and action plans, and maintaining records of issues discussed and actions taken.
- Updating the membership of each committee on Indian energy policy developments and the status of energy development in Indian Country.
- Providing advisory committee recommendations to the Director of IEED and the Assistant Secretary – Indian Affairs, and maintaining a record of decision-making.

Division of Energy Policy Development

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Above: Solar panels in Montana.



Environment
 Integrity
 Excellence
 Commitment
 Service



Energy & Mineral Development

The Division of Energy and Mineral Development (DEMD) provides technical advice to assist tribes with the exploration and development of 1.81 million acres of active and potential energy and mineral resources. DEMD is responsible for identifying resources, collecting exploration and engineering data, funding assessment studies, performing feasibility and market analyses, and other development initiatives. DEMD is responsible for reviewing exploration and development agreements for energy projects such as oil, gas, coal, uranium, geothermal, industrial mineral and metal deposits, and a variety of renewable energy projects located on Indian lands. DEMD is also responsible for developing, implementing, and reviewing bureau-wide policies and associated documentation related to development and production of energy and mineral resources.

The United States produces approximately 2.1 billion tons annually of natural aggregate in the form of crushed stone, sand, and gravel. These materials are primarily used in the construction industry for residential and commercial buildings, bridges, highways and airports; as bituminous mixes for road construction and parking lots; and as road base, railroad ballast, erosion control, landscaping, and road

surfacing. Aggregate production accounts for about half of the non-fuel mining volume in the United States. Income to tribal governments from the sales of natural aggregates far exceeds income generated from any other mining activity. The demand for aggregates is increasing because of growth and infrastructure replacement. Thus, potential income to tribes from new development of natural aggregate resources near the area of use is very significant.

Renewable energy relies on the natural flow of wind, running water, sunshine, and the earth's internal heat. Tribes today are seeking ways to develop their communities based on sound, long-term sustainable practices that include use of renewable energy and achievement of energy efficiency. No group of people in the United States has received fewer benefits from the conventional energy system than American Indians and Alaska Natives. They pay the highest rates for fuel and electricity, have the highest percentage of non-electrified and non-weatherized housing, and have the least control over energy services.

The technologies available for saving energy and using renewable sources have improved significantly in recent

Above: DEMD Staff exploring aggregate resources in Wisconsin.



years. Much has been learned about how to develop beneficial and cost-effective renewable energy projects. Many American Indians and Alaska Natives see renewable energy and energy efficiency as more friendly to the environment and compatible with their development objectives. DEMD is addressing renewable energy as part of its overall programmatic functions.

DEMD's Outreach program was established in 1988 to provide tribes with an opportunity to present results of mineral assessment and potential oil and gas projects to industry and government agencies. DEMD facilitates this by providing tribes with funding, technical assistance, and repre-

sentation at various industry and government trade shows. The key purpose for the program is to stimulate industry interest in exploration and development of resources on Indian lands. Since the inception of the program, outreach activities have expanded into many different areas including joint conferences with industry organizations, prospect fairs and expos, publications, and Internet commerce.

Indian energy and mineral resources generated \$217 million in royalty revenue paid to tribes and individual Indians in 2000. It is estimated that an additional 15 million acres of undeveloped energy and mineral resources exist on allotted Indian and tribal lands. As tribes and development companies create more sophisticated energy and mineral development agreements under the Indian Mineral Development Act (IMDA), comprehensive energy and mineral information is required to understand, evaluate, and negotiate these agreements.

Division Programs

Energy and Mineral Development Program (EMDP)

EMDP is an annually funded federal program for Indian trust lands. The primary purpose of the program is to promote development of resources by:

- Funding field studies to evaluate the energy, mineral, or renewable resource potential of Indian reservations.
- Providing Indian tribes and individual Indians with geological, geophysical, geochemical, or other data concerning their mineral resources.

ENERGY AND MINERAL SUCCESS

- Administered grants to 13 tribes for the study and facilitation of energy and mineral development, and provided technical assistance to 90 tribes in 2007.
- Advanced eleven oil and gas Indian Mineral Development Act agreements in 2007 covering more than 900,000 acres of Indian lands, with a potential value in the billions of dollars, comparable to 2005-2006 agreements with a potential value of \$4.3 billion.



Top: Minerals team during field work.

- Providing technical assistance on the use of mineral assessment data.
- Providing an outreach effort to assist Indian owners.

Each year DEMD solicits proposals for energy/mineral development projects from tribes. Occasionally, proposals are submitted from companies or consultants on behalf of a tribe. The primary duty of DEMD in administering the EMDP involves evaluation and ranking of development proposals received from tribes. Ranking committee members include personnel from other government agencies or bureau offices.

National Indian Oil and Gas Evaluation and Management System (NIOGEMS)

NIOGEMS is an in-house designed system that uses off-the-shelf software customized by DEMD for the specific needs of a tribe. NIOGEMS was designed under tribal self-determination guidelines as an easy-to-use computer system run by Indian resource managers to locate and display production, lease information, and well data in map format. The system can also integrate other data display items that will show the locations of all tribal resource data and information. NIOGEMS minimizes the need for expensive storage of paper records and reports, and reduces the loss of data due to improper storage, personnel turnover, and neglect. It also provides a dramatic increase in efficiency and productivity for users of the system. This is a critical benefit in light of the staffing limitations at Bureau of Indian Affairs (BIA) Agencies and Regional Offices. The system is currently installed at many reservations and Agency offices throughout the United States.

National Indian Energy and Mineral Resources Database (NIEMR)

DEMD assumes the lead role within the Department of the Interior for managing Indian energy and mineral resource data. To date, over \$250 million in resource data has been collected from resource assessment investigations conducted by the Federal government and private contractors working for tribes.

The NIEMR program was initiated to archive, store, maintain, and distribute energy and mineral resource data for tribes and allottees using computer systems and software to interpret and display NIEMR data. This information then allows the tribal user to quickly ascertain the location, quality, and quantity of resources remaining on their lands.

Top Right: DEMD Staff working with community members.



Distribution of information to private industry and the general public is also part of the NIEMR function, but only in cases where written permission has been obtained from tribes or allottees.

National Indian Seismic Evaluation System (NISES)

The NISES program assists tribes by providing expertise and computer systems to manage geophysical exploration data (primarily seismic data) which is the primary tool for finding new oil and gas reserves. This program provides technical support to collect, analyze, and manage seismic exploration data. The NISES program was set apart from NIEMR because of the specialized nature and extraordinary monetary value of seismic data. The ability of Indian tribes to obtain the rights to seismic data that was collected by private companies exploring on Indian lands sets Indian Affairs apart from the other agencies within the U.S. Department of the Interior.

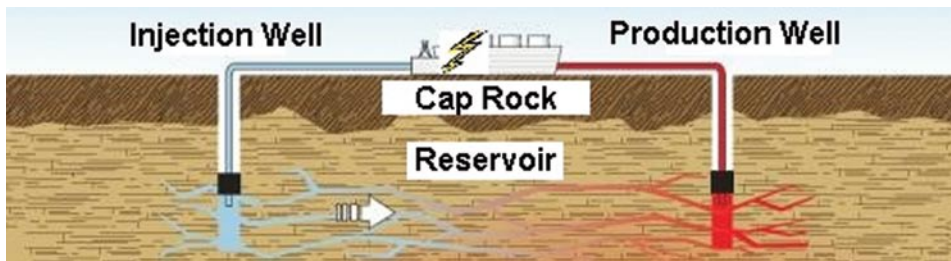
A modern seismic processing computer system is located in the DEMD office in Denver, Colorado. DEMD currently stores approximately 6,000 linear miles of two-dimensional seismic data, and approximately 150 square miles of three-dimensional seismic data, that would cost about \$50 million to replace at present day prices. New seismic surveys, mostly of the three-dimensional variety, are constantly being added to the database. Tribes have the ability to use this data to promote new exploration and development projects with third parties, and have the potential to use the data themselves to explore and develop their own petroleum resources.

Trust Responsibility Functions

The trust responsibility of DEMD is multifaceted, involving and insuring the fulfillment of treaties and agreements between the United States government and tribes. Trust responsibilities include:

- Review of proposals for best interest determination, policy, and technical merit in accordance with the IMDA. This review process is a requirement for the Secretary of the

- Interior before acceptance and approval of all leases and other mineral development contracts.
- Assist Indian mineral owners during negotiations with third parties, particularly when IMDA agreements are involved.
- Provide technical assistance, data, and interpretation for energy or mineral exploration, development, production, and marketing.
- Coordinate with the Division of Indian Energy Policy Development to develop federal policy and program regulations for publication in the Code of Federal Regulations, and publish guidelines and manuals that implement mineral-related regulations.
- Oversight of Bureau of Land Management field offices and their trust responsibilities dealing with oil and gas field activities on Indian lands.
- Legal oversight and dissemination of federal regulations, policies, manuals, directives, and other oversight documents.
- Review of proposed legislation, prepare regulations, perform best interest determinations and in-depth mineral assessments, and coordinate with the Minerals Management Service on Indian money issues.
- Provide professional geoscience guidance nationwide.
- Review appeals of administrative decisions related to energy and mineral development. ●



Division of Energy and Mineral Development

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Above: One way to tap geothermal energy.



Sovereignty
Innovation
Jobs
Self-sufficiency
Progress



Economic Development

The **Division of Economic Development (DED)** brings together the resources of IEED's other divisions to address specific Indian Country economic development problems and opportunities. The division seeks to create a tribal environment for economic progress, arrange training for tribal members to take advantage of that environment, and provide tribes with strategic advice and planning to make the most of business opportunities. DED also establishes partnerships with other government agencies, American Indian and Alaska Native tribes, and private sector entities to achieve its goals.

Identifying Problems and Solutions

To identify persistent obstacles to Indian Country business and job growth as well as approaches that are succeeding, the division conducted the National Native American Economic Policy Summit in Phoenix, Arizona in May 2007 in partnership with the National Congress of American Indians. There, over 500 tribal and federal decision makers made 100 recommendations for regulatory and legislative reform to improve reservation economies. DED looks to these recommendations to establish its Indian Country action priorities.

Developing a Tribal Environment Conducive to Economic Success

Summit participants made it clear that economic development in Indian Country is not possible without the rule of law embodied in strong commercial codes that secure collateral and allow the free flow of credit between persons inside and outside the reservation. Access to affordable credit is a fundamental component of sustainable economic development in all modern private market economies. When the rules governing creditor/borrower relationships are uncertain or nonexistent, lenders may refuse to grant credit or



Top: IEED staff in Washington office. **Bottom Left:** Ribbon cutting ceremony at the grand opening of the IBM computer-equipped Achievement Center, Ysleta del Sur Pueblo, Texas.



increase interest rates and other transaction costs. The division has therefore funded preparation and adoption of tribal uniform commercial code sections dealing with secured transactions and development of a curriculum to train tribal uniform commercial code administrators. With this help, tribes have begun adopting uniform commercial codes based on the model conceived by the National Conference of Commissioners on Uniform State Laws and a working group of tribal officials.

DED is also collaborating with tribal organizations and academia to advance thinking on comprehensive reservation planning. Comprehensive planning is understood to be the legal cornerstone of good governance in America. Planning allows tribes to make a realistic inventory of their energy, transportation, water, housing, telecommunications and other core infrastructure needs and determine the means for satisfying those needs while establishing economic autonomy and creating jobs. National Native American

Above: New businesses in Moenkopi.

Economic Policy Summit participants recognized the significance of such planning in developing sustainable economies when it adopted Recommendation #28, "Make available a source of funds for comprehensive development planning so tribes can service existing utility and infrastructure needs and plan to meet growth needs when successful."

Training for Success

Summit participants also called for more training to equip Native Americans to succeed in the marketplace. They adopted Recommendation #15, "Fund the implementation of more specific training focused on investment and business management skills for tribal leaders and members." DED sponsors the Tuck School of Business at Dartmouth College to train executives of Indian-owned firms in intensive, one-day and three-day workshops. These workshops teach Native American business managers how to develop and improve business management skills; establish and run a business; maintain accounting records; assess performance; create a high-performing business enterprise; and expand existing operations. Participants learn about implementing company strategy, aligning operations to create customer value, operations strategy, analyzing and refining key business processes, prioritizing process improvements, and effective management techniques.

To address the "digital divide" that prevents remote reservations from enjoying access to the Internet and the global high-technology economy, the division has been working

ECONOMIC SUCCESS

- Organized the National Native American Economic Policy Summit in partnership with the National Congress of American Indians May 2007, resulting in 100 recommendations for action.
- Established three reservation "Achievement Centers" in partnership with IBM, SeniorNet and the Native American Chamber of Commerce to increase tribal members' knowledge, skills and abilities.
- Teamed up with the Tuck School of Business to provide business trainings for more than 150 executives of Native American business enterprises in 2007.



since August 2006 with the Native American Chamber of Commerce, SeniorNet (the world's leading technology educator of older adults), and IBM to place IBM-donated computer equipment and software and provide high-technology training at various reservation locations, called Achievement Centers. The computer equipment and software that the division has arranged to be donated to tribes is being used for employment training, job searches, internet commerce, home-based businesses, and many other purposes. The first Achievement Center was dedicated at Blackfeet Nation on September 28, 2006. In Fiscal Year 2007, others were established for the Leech Lake Band of Ojibwe Indians at Cass Lake, Minnesota and the Tigua Tribe at the Ysleta del Sur Pueblo in Socorro, Texas.

DED also sponsors workshops to train Native Americans how to form SBA 8(a) businesses and take advantage of federal procurement opportunities, including those made possible by the Buy-Indian Act. Within the department, DED has encouraged government charge card purchasers to "buy-Indian." It has also set up a data base of qualified Native American vendors to enable department procurement officers to more easily "buy-Indian."

Summit participants urged that Native Americans be taught at the earliest educational stages the importance of risk taking, innovation, and individual initiative in fostering dynamic reservation economies. They adopted Recommendation #14, "Develop, implement, and fund a comprehensive financial literacy program for Native students K-12." So in Fiscal Year 2008, the division planned and funded a one-year Entrepreneurial Education Pilot Project for students at seven reservation high schools. The division partnered with the Bureau of Indian Education and the National Foundation for Teaching Entrepreneurship, which trained teachers at each of the pilot schools.

Strategic Advice and Planning

The division has empowered tribes to assess sometimes complex economic options by funding long-term, strategic economic development planning, as it did during Fiscal Year 2007 at the Ysleta del Sur Pueblo. DED has initiated a Native American Business Development Institute (NABDI) to link tribes with advice from some of the most distinguished business schools in the United States. During Fiscal Year 2007, NABDI arranged feasibility studies for tribes on potential

Top Right: 477 clients working on resumes.



economic development opportunities ranging from a business park, a security business, a medical supply enterprise, and an upland bird hunting operation, to new uses for a dormant tribal wellness/recreation center, and a greenhouse heated by woody biomass.

To guide Native Americans who wish to set up their own businesses, the division has distributed a Tribal Business Structure Handbook throughout Indian Country. It helps tribes determine which business structure will work best to protect tribal assets, preserve tribal sovereignty, minimize tax liability, and maximize the use of incentives available for tribal economic development. ●

Division of Economic Development

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Partnership
Success
Employment
Training
Education

Workforce Development

The **Division of Workforce Development** (DWD) implements the Indian Employment, Training and Related Services Demonstration Act (Public Law 102-477) of 1992, which authorizes Indian tribal governments to integrate a variety of education, employment, training, and social services under a single plan, single budget, and single reporting system. Federal programs that are covered under P.L. 102-477 include any program which provides services to Indian youth or adults that: (1) helps such persons succeed in the workforce, (2) encourages self-sufficiency, (3) familiarizes youth or adults with the workplace environment, (4) facilitates the creation of job opportunities, (5) allows tribes to use a portion of the funds for economic development, or (6) provides services related to any of these goals.

A tribe wishing to participate under P.L. 102-477 initially submits an integrated service plan and budget to DWD, which serves as the lead organization. Following an inter-agency review of the plan and budget, the Secretary of the Interior approves the plan and all affected agencies transfer their funds for the tribe to DWD for award to tribal governments under contracts and compacts. The tribe then implements its services under the approved plan and budget.

All tribal P.L. 102-477 plans are subject to interagency review that includes assessment of compliance with the performance standards included in each plan. DWD performs on-site reviews of all tribes participating in P.L. 102-477, and all participating tribes must provide reports developed under the provisions of the law and approved by the U.S. Office of Management and Budget. Tribes participating in P.L. 102-477, others interested in joining, and all interagency partners meet to discuss the procedures and policies involved with P.L. 102-477 implementation.

DWD distributed approximately \$90 million to tribes in Fiscal Year 2007 for providing employment, training, education, childcare, welfare reform, economic development, and related services to assist the economically disadvantaged, unemployed, or underemployed. DWD is managing numerous contracts including 58 agreements with more than 240 federally-recognized Indian tribes. Approximately 90% of the clients reach their goals every year.

In 2007, in order to address tribal concerns about the lack of information regarding P.L. 102-477, the Assistant Secretary – Indian Affairs published two notices in the Federal Register announcing the availability of one-time

Photo: (Left to Right) Federal Highways Administration Associate Administrator Fredrick Isler, Interior Assistant Secretary-Indian Affairs Carl Artman, John Navarro of the Council for Tribal Employment Rights Organization, Citizen Potawatomi Nation Delegates Carol Levi and Margaret Zientek look on as IEED Director Middleton announces the creation of a Business Opportunity Workforce Development Center.

WORKFORCE SUCCESS



- Transferred approximately \$90 million for “477” activities.
- In 2007 serving more than 40,500 clients through more than 58 agreements with more than 240 federally-recognized tribes.
- 2007 partnership with the Federal Highway Administration to create an American Indian/Alaska Native Business Opportunity Workforce Development Center (BOWD) to provide direct assistance to individually-owned businesses competing for federal highway construction work.

competitive grants of not more than \$25,000 each to fund the development of tribal plans. IEED also funded the P.L. 102-477 Tribal Work Group to develop educational materials on the initiative, and conducted an in-depth training session in Washington, DC for tribes interested in participating in the P.L. 102-477 program.

Welfare Cash Assistance Recipients

One of the major goals of the P.L. 102-477 program is to provide services to welfare cash assistance recipients, some of whom have never worked, have limited work experience, or have minimal education. Some examples of tribal accomplishments related to reform of welfare cash assistance activities for their members include:

- The Chickasaw Nation of Oklahoma “Pathway to Success” initiative has helped 96 welfare cash assistance recipients secure unsubsidized employment during the past year.
- The welfare reform program implemented by the Sisseton Wahpeton Sioux Tribe has reduced the rate of welfare recipients who return to welfare during a 12-month period from over 30% in Fiscal Year 2001 to 6% in Fiscal Year 2006. This reduction indicates that the program is helping recipients to become self-sufficient through gainful employment. The tribe attributes the success largely to the P.L. 102-477 requirement that all welfare cash assistance recipients attend the tribe’s Professional Empowerment Program.
- The Spokane Tribe of Washington requires that all applicants must obtain their high school degree or General Equivalency Diploma (GED) prior to receiving any cash assistance.

Peer-to-Peer Training Opportunities

The National Native American Economic Policy Summit concluded that there is a need to share best practices related

to P.L. 102-477 implementation through tribal partnerships, best practice networks, speakers bureaus, and other means. Examples of tribal peer-to-peer training initiatives include:

- Staff within the Sisseton Wahpeton Sioux Tribe have developed a nationally recognized Professional Employment Program for welfare clients. The tribe is currently training other P.L. 102-477 participant tribes to assist them with development of similar programs.
- The Citizen Potawatomi Nation continues to provide training and one-on-one technical assistance to other tribes regarding the use of the P.L. 102-477 initiative as a tool for creating jobs and enhancing business development.

Economic Development

The National Native American Economic Policy Summit concluded that limited access to business development training and a lack of entrepreneurial skills limit economic development. The Summit also concluded that there is a lack of discretionary funding available for tribal economic development projects, and that economic development and workforce development have not been properly linked. Legislative amendments to P.L. 102-477 allow tribes to use a portion of their funding for economic development. Examples of cases where tribes are successfully making the connection between economic and workforce development include:

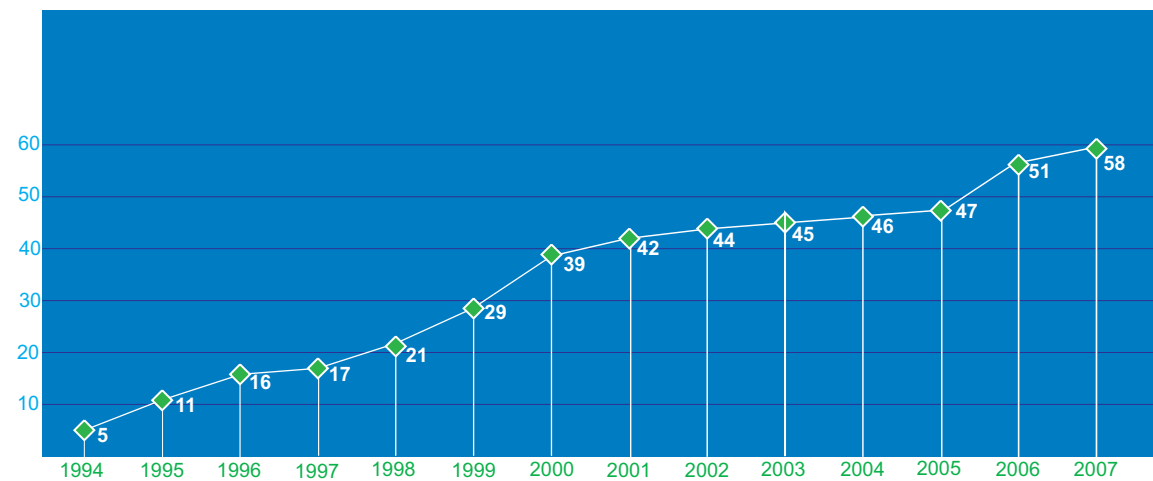
- The Chickasaw Nation of Oklahoma’s P.L. 102-477 program has assisted 316 businesses during the past year with economic development initiatives.
- The Spokane Tribe of Washington awarded ten grants through their Entrepreneurship program that created more than 40 new jobs in new businesses opened by entrepreneurs that are providing services for the community. The P.L. 102-477 program has generated \$8.2 million in

revenue for the tribal and regional economy in its first nine months of implementation.

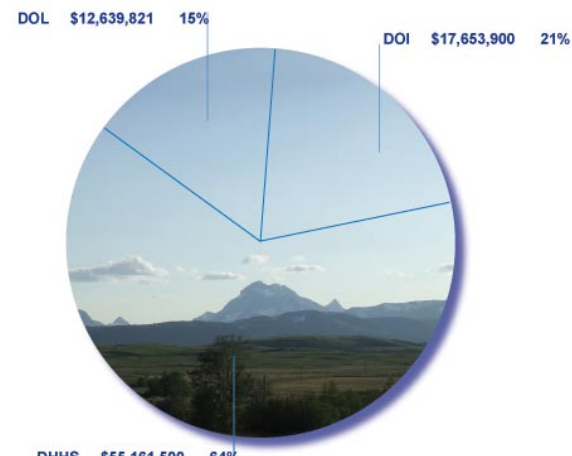
Business Opportunity Workforce Development

During Fiscal Year 2007, DWD partnered with P.L. 102-477 Tribal Work Group representatives, the Citizen Potawatomi Nation, and others to create an American Indian/Alaska Native Business Opportunity Workforce Development Center, targeting underused disadvantaged business enterprises (DBEs) that possess the capacity and capabilities to

compete for federal highway contracts. The objectives of the Center include business growth and expansion, an increase in the number of contracts awarded to American Indian/Alaska Native DBEs, placement of on-the-job employees with DBEs, and increased American Indian/Alaska Native community participation and employment on local highway projects. The overall goal is to develop a core of strengthened and knowledgeable DBEs that are able to successfully bid on the over \$300 billion federal highway construction projects currently scheduled on or near Indian lands. ●



2007 Growth of 477 Tribal Grantees



Total Funding for Fiscal Year 2007 from Federal Agencies Participating in the P.L. 102-477 Initiative

Division of Workforce Development

Lynn Forcia (Chief)

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Frances Dunn / Branch of Manpower Development



Credit
Collateral
Growth
Access
Capacity



Capital Investment

The Division of Capital Investment (DCI) in Washington D.C. manages the Indian Loan Guaranty, Insurance and Interest Subsidy Program. In an effort to assist Indian tribes and individuals to establish or expand Indian-owned businesses, and to move toward self-sufficiency, Congress passed the Indian Financing Act of 1974 (Public Law 93-262). The Act was established to provide reservation businesses with access to investment capital equal to that available to businesses in non-reservation areas.

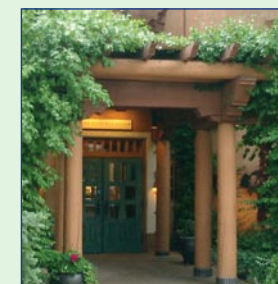
The Secretary of the Interior is authorized to guarantee up to 90% of unpaid principal and interest due on loans through the Indian Loan Guaranty, Insurance and Interest Subsidy Program. This reduces the risk to lenders, enabling them to make loans to less conventional borrowers. The Program also authorizes interest subsidy on qualified, guaranteed, or insured loans to reduce the interest payable by borrowers, thus increasing cash flow for business activities.

Projects that have been guaranteed or insured for individuals and tribal enterprises are varied. They include hotels, golf courses, water parks, office and retail outlets, gasoline stations, automobile repair shops, trucking companies, agriculture, fishing, energy developments, manufacturing

facilities, consulting firms, cultural centers, and building construction.

Twelve BIA regional offices located across the United States, in coordination with DCI operate the Indian Loan Guaranty, Insurance and Interest Subsidy Program. DCI is responsible for development of the Program's policies and

CAPITAL SUCCESS



Hotel Santa Fe located in the historic district of Santa Fe, New Mexico, offers luxurious rooms and suites, as well as a superb restaurant. The hotel was built in 1991 with a guaranteed loan financed by U.S. National

Bank, and is owned by the Picuris Pueblo. It offers authentic traditional cuisine, an aesthetic relaxing environment, and activities such as native storytelling and dance.

Top: Construction of major retail business in Washington State.

procedures while regional staff is responsible for reviewing loan requests and issuing guaranteed or insured loan certificates. Indian financing throughout the United States is diverse and unique. The Program focuses on promoting and generating economic development for Indian communities. The Program credit staff employs the best practices of risk management and loan analysis to achieve successful results. Over \$400 million in Indian Country business loans have been successfully guaranteed or insured by the Program from Fiscal Year 2002 through Fiscal Year 2006.

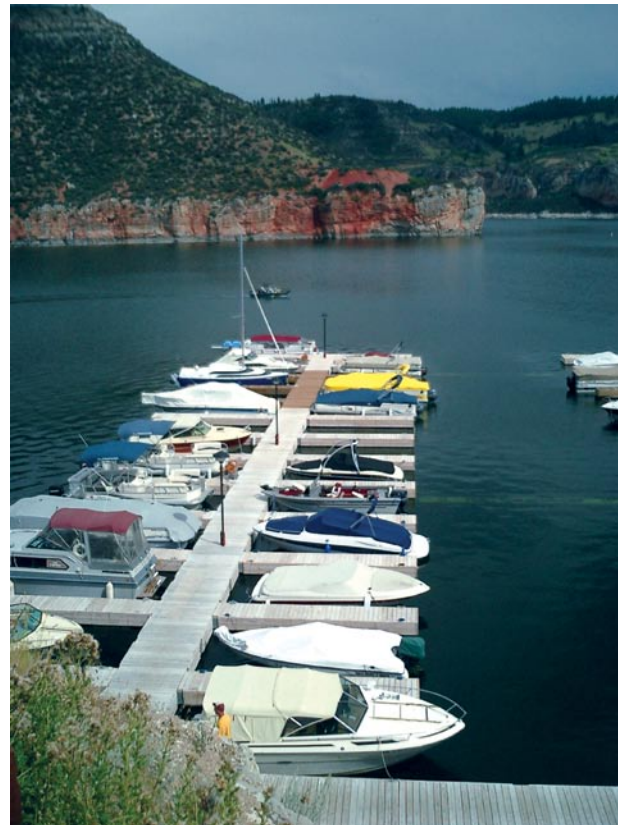
CAPITAL SUCCESS



Big Bats Gas Station has been in operation since 1990 with sales growth skyrocketing to \$6 million. It sustains 150 jobs on the Pine Ridge Reservation in South Dakota. Using the guaranty loan program, the company has diversified to include fuel stations, convenience stores, and a fuel distribution operation. Big Bats Gas Station is owned by members of the Oglala Sioux Tribe and is financed by Wells Fargo.

Akiachek Enterprises, Inc. is a 6,000 square foot general store that is located 18 miles from Bethel, Alaska. The store was opened in 1982, has sales of over \$900,000 per year, and employs 5 people. The store's inventory includes groceries, hardware, dry good items, and a pharmacy. In 2002, the Indian Guaranteed Loan Program and the Native American Bank helped this corporation to refinance their outstanding debt on the general store which allowed the owners to reduce their monthly debt payments.

Dynamic Homes, Inc., a corporation of the Winnebago Tribe of Nebraska, is the largest manufacturer of modular homes in Minnesota. Homes range in size from 900 to 3,200 square feet, and the company offers a wide range of standard building plans that can be customized to customer requirements. In 2002, a loan guaranty enabled the company to restructure and pursue expansion opportunities. Employing 126 people, the company now produces between 240 and 260 homes annually, and also has the capability to build motels and office structures. Dynamic Homes, Inc. was financed by Bremer Bank, NA.

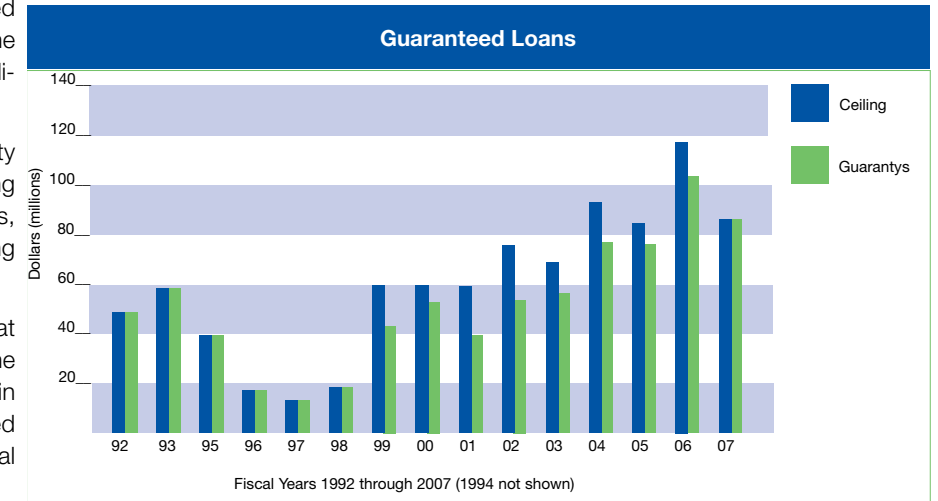


Program Eligibility and Lending Requirements

- Any lending institution (including Community Development Financial Institutions) may obtain a guaranty provided that the institution is regularly engaged in making business loans, and has demonstrated to the Program a capacity for evaluating and servicing loans.
- A borrower must be a federally recognized American Indian tribe or Alaska Native group, an individually enrolled member of such tribe or group, or a business organization with no less than 51% ownership by American Indians or Alaska Natives.
- The borrower cannot be delinquent on any federal debt obligation.
- The borrower's business must be located on or near a federally recognized Indian reservation, or recognized service area, and must contribute to the economy of the reservation or service area.

Top Right: Marina on Crow Reservation, Montana.

- The borrower must be projected to have at least 20% equity in the business being financed immediately after the loan is funded.
- Loans may be used for a variety of purposes including operating capital, equipment purchases, business refinance, building construction, and lines of credit.
- The percentage of a loan that is guaranteed or insured is the minimum necessary to obtain financing, but may not exceed 90% of the unpaid principal balance and interest.



- The maximum loan that can be guaranteed for individuals is \$500,000; however, the Program can guarantee loans of greater amounts for tribes, tribal enterprises, or business entities, subject to program and policy limitations.
- The maturity of a loan is determined by the lending institution, based upon the use of the loan proceeds and the repayment capacity of the borrower; however, the loan term cannot exceed 30 years.
- Interest rates are determined by the lending institution but are subject to reasonable limitations established by policy.
- The lending institution must pay a one-time premium payment of 2% of the guaranteed portion of a loan; however, the lending institution may charge the premium to the borrower as a one-time fee, or add the premium to the loan amount.
- Borrowers work directly with the lending institution to obtain a loan, and the lending institution submits a request for the loan guaranty to the appropriate BIA Regional office.

Application Process

Tribes or individuals may only apply for a loan through any lender that regularly engages in making loans. A lending institution should only apply for a loan guaranty when it would not otherwise approve a borrower's loan application. To apply for a loan guaranty, the approved lending institution must submit a request on Government Form 5-4755 to the Program regional office where the business is to be located, along with the following documentation:

- A written explanation regarding why the lending institution requires a loan guaranty, and the minimum acceptable loan guaranty percentage.
- A copy of the borrower's complete loan application.
- A description of the borrower's 20% equity in the business being financed.
- A copy of the lending institution's independent credit analysis of the borrower's business, repayment ability, and loan collateral (including insurance).
- An original credit report from a nationally recognized bureau dated within 90 days of the application package submittal date.
- A copy of the lending institution's loan commitment letter to the borrower, which states the loan amount, purpose of the loan, interest rate, schedule of payments, security, and the terms and conditions of the loan.

Guarantee Loan Statistics

Fiscal Year	Businesses	Jobs Created
2002	45	1,274
2003	64	1,549
2004	71	1,719
2005	41	2,470
2006	51	2,598
Total	272	9,610

- A copy of the good faith estimate and any loan-related fees and costs the lending institution will charge the borrower.
- A discussion of any portion of the loan proceeds to be used for refinance, construction, renovation, or demolition work (if applicable). It should include a discussion of the insurance and bonding requirements, draw requirements, and work inspection procedures. ●



Division of Capital Investment

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Above: These kinds of signs speak volumes and mean so much.

