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UNITED STATES SENATE  
COMMITTEE ON INDIAN AFFAIRS

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Oversight Hearing on -

“UNEMPLOYMENT ON INDIAN RESERVATIONS AT 50%:  
THE URGENT NEED TO CREATE JOBS IN INDIAN COUNTRY”

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Americans are demanding less spending, lower budget deficits and, of course, jobs. These demands come at a challenging time for all governments.

Consumer and business spending has decreased substantially, leading to a decrease in tax revenue for governments. Adding to state and local government woes is reduced revenue from property taxes, which have declined along with the collapse of real estate values. Last year, a record 2.82 million homeowners could not meet their mortgage obligations or simply walked away from homes that were worth less than the amount owed. These foreclosures ensure home values and, consequently, state and local government revenue from property taxes will remain depressed for some time to come.

With local and state government revenue constrained along with consumer and business spending, the federal government has implemented targeted spending in an effort to navigate the complex financial crisis, real estate asset bubble and what is being termed the Great Recession. This spending took the form of a \$787 billion stimulus package of tax cuts and increased spending, a \$50 billion auto industry bailout, a \$1 trillion backing to the housing sector and nearly another \$1 trillion in monetary stimulus.

Federal spending and actions may have averted a financial crisis, slowed the housing meltdown and, quite probably, prevented a steeper recession; however, the national unemployment rate stands at over 10 percent not counting those who have given up looking for employment. With a financial and housing crisis averted, the federal government must turn its full attention to addressing the economic causes that resulted in 7.2 million Americans losing their jobs in 2009, the largest loss on record in post World War II America. Causes, such as a tightened credit market, retracting business and consumer spending, and constrained non-federal government spending.

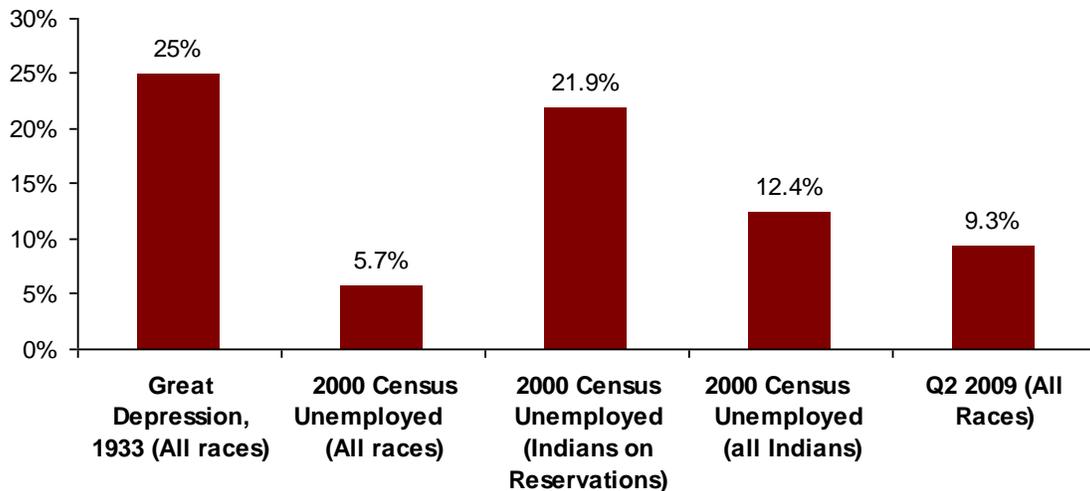
As the Senate addresses the causes of the current double digit unemployment rate, it is imperative that the economic concerns of tribal governments and their citizens are included in the current economic restoration focused on jobs creation. Tribal governments have experienced the effects of declining revenue during the economic downturn and have been wrestling with exceptionally high unemployment on reservations for decades. These challenges are formidable enough for any elected official; however, tribal governments often rely on

revenue from economic development for needed citizen programs and services, and are often asked to meet these challenges with fewer resources and with greater restrictions placed on important economic financing tools and incentives.

#### ECONOMIC CONDITIONS OF THE RESERVATION ECONOMY

For generations, tribal communities and Native people have faced economic conditions that are more pronounced than those of the current economic crisis. Economists and policy-makers worry as the national unemployment rate climbs above ten percent while data shows Indian communities have wrestled with the far-reaching impacts of an unemployment rate well above ten percent for generations, and as the last full census of 2000 indicates, unemployment on reservations was recorded at twenty-two percent. During the Great Depression, the unemployment rate reached twenty-five percent, making the assumption that tribes are mired in a recession not entirely accurate, since reservations are dealing with Depression-like conditions.

**Unemployment Rates in Great Depression vs. 2000 vs. 2009  
American Indians Compared to All Races**



The 2000 Census, the most reliable and complete source of Native American economic data, reported the per capita income for American Indians and Alaska Natives living on reservations at \$7,942, merely one-third of the \$21,587 recorded as the U.S. average for all races. The poverty rate for Indian families on reservations is thirty-six percent, which is two and a half times the national average.

Households in Indian communities reflect the pronounced challenges of persistent poverty. Eleven percent of Native households lack kitchen facilities, seventeen percent lack telephone service, and twelve percent lack complete plumbing. These percentages stand in stark contrast to U.S. households, which count only one percent of the overall population without the same facilities. Only half of reservation homes are connected to public sewer lines, and, because of the persistent lack of housing, Native homes are almost three times more likely to be overcrowded than the national average.

These substandard economic and quality of life indicators have a social toll as well. Health disparities are prevalent, and suicide rates - a symptom of lack of opportunity - are too high, with over 60% more incidents than the national average. Alcoholism on reservations and diseases like tuberculosis are both over 500% higher among Indians.

#### EFFECTS OF SPENDING AND HOUSING DECLINES ON RESERVATION JOBS

The decline in consumer and business spending during this Great Recession has had a direct and substantial impact on tribal government revenue and jobs in Indian Country. Tribal gaming is one of the more significant economic drivers for many Indian tribes and, as a consequence, one of the largest sources of local jobs for tribal and non-tribal citizens alike. Gaming also serves as a needed revenue stream for government services.

While relatively few tribes have prospered through gaming, there is a perception by the American public and some in Congress that gaming has created wealth in tribes all across the country with a few tribes excepted. This perception could not be farther from reality. The gaming industry, for most tribes, serves a role, not as a significant profit center, but as a local jobs creator for the vast majority of tribes that have chosen to pursue gaming.

Since the recession began, tribes have seen their revenue from gaming decrease or slow considerably in most regions of the country. To a greater extent, those tribes that serve as destinations have experienced the greatest impact to revenues. Travel budgets were one of the first expenses to be cut by businesses and consumers stayed closer to home. This trend followed that of Las Vegas,

which is currently experiencing the highest rates of unemployment and the steepest decline in housing values in the nation.

Tribes that relied on local markets have also experienced slowing or declining revenue. Discretionary spending tightened as the recession wore on. Revenue derived from local gaming markets declined as a result.

The decline in business spending, travel budgets and discretionary spending meant tribes were forced to cut expenses, spend less on business services, lay off workers downsize government programs, and cut back on government services to their citizens. These results related to the economic downturn not only impacted local and regional gaming jobs, but businesses and jobs in the hospitality, food service and other businesses tied to tribal gaming.

The declining housing market has had a similar effect on tribes relying on timber sales. The Colville Confederated Tribes in the state of Washington has relied on the sale of timber for jobs and government revenue. As the housing market collapsed, the demand for the reservation’s timber collapsed as well. It is now more costly to produce a board foot of lumber than the market will bear. Approximately 400 jobs were lost as a result.

#### ECONOMIC DEPENDENCE

Tribal economies are reliant on diverse industries for much-needed government revenue; making them much more reliant on economic revenue and more at risk during economic fluctuations than other governments. This reliance and focus on economic development and opportunities has developed out of necessity. Tribal governments have been historically underfunded leaving tribes creatively manage contract support costs and develop other partnerships, private and non-profit, to fill needed gaps in funding.

Economic development offers tribal governments the opportunity to supplement government programs and, in economically successful tribal governments, the opportunity to offer education, cultural, infrastructure, health and other quality of life programs is on par with other successful governments.

Indian Country is at a critical point as the nation considers ways to promote jobs and work toward economic recovery. When tribes have the necessary tools to exercise their inherent right of self-government, the results include strides toward improving the health and social and economic well-being of Indian Country.

The lack of adequate federal funding and tools supporting tribal governments and Indian programs has prevented tribes from taking full advantage of the Indian Self-Determination and Self-Governance Acts. The American Recovery and Reinvestment Act of 2009 (Recovery Act) is providing Congress and the Administration with an existing study on the effects of federal investment into Indian Country. Tribal governments received almost \$3 billion in direct programmatic funding and another \$2.4 billion in financing authority. NCAI has conducted interviews, developed tribal case studies and received direct tribal leader input that reveals some interesting and notable advantages to investing in tribal governments to create jobs and promote economic development.

\* Targeted Direct Funding

Tribal governments received a majority of Recovery Act funding through pre-existing funding mechanisms. This meant the federal government, when including tribal governments as part of the economic recovery, could specifically direct funding to programs that could provide the biggest impact and meet the objectives of the Recovery Act. For example, funds to spur housing renovation and construction could be disbursed quickly and effectively through an existing Native-specific formula-funded program within the department of Housing and Urban Development. The Administration’s focus on energy efficiency meant the same agency could utilize an existing flexible grant program to accomplish the objective and have the money disbursed quickly.

\* Abundance of Projects Ready for Funding

Tribal governments, with a legacy of underfunding, had an extensive backlog of projects that could be undertaken if funding opportunities became available. In fact, as a few case studies revealed, some Recovery Act projects that were funded were planned over a decade ago. While there were plenty of tribal projects ready

for execution, many tribal departments with little resources for planning saw the opportunities for consideration pass.

\* Ready Workforce and Impressive Job Creation

Tribal governments wrestle with the highest unemployment rates in the nation. When opportunities arose for infrastructure development and other initiatives, there was a plentiful and ready workforce. This was apparent in reservations like Colville in Washington where the downturn in the housing market led to a steep decline in the Tribe’s timber-reliant economy. Over 400 workers lost their jobs as a result of the downturn, adding to the already high unemployment rate of 50 percent. Less than half of those lost jobs were restored to the large transportation projects funded under the Recovery Act.

In economically-depressed reservations, jobs were created immediately with Recovery Act funding. Construction of schools, housing and roads employed an impressive number of people for the money spent. For example, the Choctaw of Oklahoma is on target to creating 240 jobs in the New Year from building elder housing. That amounts to an impressive \$35,000 investment per job.

Although the secondary jobs are not accounted for in the Recovery Act reporting, tribes that had an influx of construction and other workers shed even more workers from the unemployed rolls when related business like hotels and restaurants hired to meet the new demand. Navajo Rough Rock Indian School demonstrates this point very well. Hotels filled up and related businesses hired. Approximately 80 percent of the materials and supplies used for construction were sourced locally.

\* Tribes Serve as Economic Drivers for Surrounding Communities

Rural America benefits when tribes are funded. Tribes are often located in rural communities and when federal investments are made to those tribes, the surrounding communities benefit. In the case of the Colville Reservation, a joint venture was formed with a nearby construction company to work on roads. In the case of the Navajo, workers from surrounding towns found employment, and in the case of the Nisqually Indian Tribe, contracts from the Recovery Act

meant training for residents in over a dozen other tribal and nearby communities.

\* Foundations Created for Long-Term Growth

The scarcity of investment and the lack of basic infrastructure have created a poverty trap for reservations, with the absence of one perpetuating the absence of the other. Federal infrastructure investments in roads, telecommunication, energy, housing, education, and health care all create the foundations for economic growth needed for future development. Workforce development in the form of new on-the-job skills training is an additional benefit for tribes dealing with high unemployment rates and limited budgets for training programs.

\* Community Benefits Beyond Jobs

One of the reoccurring points of discussion with tribes was the magnitude of secondary benefits the stimulus provided to their respective communities. The Navajo Rough Rock School superintendent was pleased the school construction project allowed both parents to remain in the community knowing the effect of having both parents at home and involved in the child's life. He fully expects test scores to improve as a result. Perhaps more dramatic were the multiple benefits realized from the Choctaw Elder Housing Program. Workers returned to the community filling churches, attended sports programs for their children and frequented local businesses. In addition, elders, who occupy a central cultural role in the community can remain at home in independent living facilities and interact with friends, family and youth passing on their rich cultural traditions to the next generations.

Chronic underfunding by the U.S. Government and severe lack of private investment has left the economic potential of Indian Country unrealized. The Recovery Act provides a glimpse of what is possible.

ACTION REQUIRED

To level the effects of reduced business and consumer spending, a housing and credit crisis, and Great Depression-level unemployment on tribal governments, Congress should consider 1.) Making direct, cost-effective infrastructure

investments; 2.) Providing appropriate financing tools and tax incentives, and 3.) Dismantling existing barriers for tribes to fully utilize programs and services.

## 1. Direct Federal Investments

With extremely high unemployment, a ready work force, an abundance of projects ready for funding, and a targeted funding stream, tribal governments are uniquely positioned to make the most of federal investments designated for immediate job creation. The two areas suitable for creating immediate jobs and a ready work force are community-based infrastructure investments and Workforce Investment Act programs targeted toward flexible tribal training and hiring initiatives.

Broadly distributed infrastructure funding to tribal communities had the effect of creating the greatest number of jobs for the investment. For example, direct funding in transportation and housing resulted in increased jobs and business opportunities - for tribal members and local communities alike - while meeting needs that have gone underfunded for decades.

- [See attached Jobs Creation for Reservation Economies – Infrastructure and Workforce Investment]

## 2. Finance Tools and Tax Incentives

Tribal governments rely on economic development to supplement valuable programs and services that have been historically underfunded. It stands to reason that tribes should be given all of the tools and incentives available to other governments to raise and attract capital. Tribal leaders are confronted with many of the same challenges that other government leaders face in this country but are not authorized to utilize the same government tools and incentives to grow their local economies. This is especially important given tribal reliance on economic development and the lack an adequate tribal tax base to provide basic citizen services.

- [See attached Jobs Creation for Reservation Economies – Investment Incentives and Access to Capital]

### 3. Fixes to Access Existing Programs

Regulations and legislation designed to meet the needs of state and local governments in a wide variety of programs often leave tribal participation uncertain or left out. While this was not the intention of the legislation or regulations, fixing the lack of clarity or unintended exclusion is an effective means of including those economies in greatest need of funding. NCAI has assembled a list of opportunities for tribal government inclusion.

- [See attached Jobs Creation for Reservation Economies – Legislative Improvements]

Indian Country has shown its resilience during difficult economic times for decades. As the rest of the nation moves toward recovery through jobs creation, it is incumbent upon Congress to make significant investments in Indian Country, authorize access to government financing tools and incentives and provide simple legislative fixes to previous oversights that have left tribal governments out. These investments, authorizations and fixes will help tribal governments and citizens realize their potential.

#### **Attachments:**

1. Jobs Creation for Reservation Economies: Investing to Create Sustainable Jobs and Tribal Economies
2. Fact Sheet on Unemployment in Indian Country
3. A Brief Note on Joblessness in Indian Country
4. Sources of Labor Force Data for the On-Reservation Indian Population



NATIONAL  
CONGRESS  
OF AMERICAN  
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# JOBS FOR RESERVATION ECONOMIES: INVESTING TO CREATE SUSTAINABLE JOBS AND TRIBAL ECONOMIES

Indian Country has shown its resilience during difficult economic times for decades. As the rest of the nation moves toward recovery through jobs creation, it is incumbent upon Congress to make significant investments in Indian Country, authorize access to government financing tools and incentives, and provide long-overdue legislative fixes to previous oversights that have left tribal governments out. These investments, authorizations, and fixes will help tribal governments and citizens realize their potential.

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## **1. INFRASTRUCTURE, NATURAL RESOURCES AND WORKFORCE DEVELOPMENT**

a. Indian School Renovations - A 1997 Government Accountability Office report on BIA schools documented a repair backlog for education facilities totaling \$754 million. By 2004, the construction and repair backlog had grown to \$942 million. \$450 million of new construction for schools most in need was funded through the Recovery Act, leaving a gap of \$500 million in funding for schools most in need of repair.

A jobs bill should consider funding school renovation, repair, and efficiencies. The funding should be distributed to a broad number of recipients through a flexible community-based grant program. A May 2007 “flash report” by the Office of Inspector General at the Department of the Interior found that many Bureau of Indian Education (BIE) schools – where there are outdated electrical systems, inadequate fire detection, and improperly maintained furnaces – require immediate action to protect the health and safety of children and faculty. That report cited “severe deterioration at elementary and secondary schools, including boarding schools.” It highlighted some buildings that have been condemned for more than 10 years but where children and faculty are still attending classes.

The BIE has responsibility for 184 elementary and secondary schools and dormitories located on 64 reservations in 23 states. Of this total, 59 schools are BIE-operated and 125 are tribally-operated under BIE contracts or grants. The Bureau also funds or operates off-reservation boarding schools and peripheral dormitories near reservations for students attending public schools. BIE schools serve approximately 42,000 Indian students.

At least \$200 million in remaining tax credit financing is available for tribes and colleges to leverage any monies disbursed for renovations and upgrades, thereby compounding the federal investment. The unused portion of the \$200 million allocated for use in the current calendar year should be made available until expended through the 2010 calendar year with changes in escrow authority. (See legislative fixes below)

b. Health Care Initiatives and Renovations - The Indian Health Service estimates an unmet health facilities (new hospital) construction need of approximately \$2.5 billion for 2009. Approximately \$227 million in Recovery Act funding went toward new facilities construction. Tribal communities have varying health care needs beyond hospital construction and a comprehensive grant program allowing tribes to address immediate health needs would allow for rapid development and construction across Indian Country and across the US. Health needs that may be addressed include convenient care facilities; facilities

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upgrades and efficiencies; preventive care programs, like community gardens and school nutrition programs; as well as activity-promoting projects, like walking trails. A substantial investment in healthy communities should be considered in the form of grants.

c. Clean and Waste Water - Operation and Maintenance

There is no current source of sustained federal funding for the operation and maintenance (O&M) of drinking water and wastewater infrastructure on tribal lands. The operators of these systems struggle with low or no pay, lack of training, and high turnover. As a result, some systems lack personnel on a consistent basis. This has resulted in disrepair or failure before their serviceable life. This in turn directs funding and energy toward more costly repairs or reconstruction, and away from other badly needed projects for communities also already lacking basic services. Sustainable federal funding for O&M of tribal infrastructure will result in sustainable jobs, the provision of safe drinking water, and more efficient use of federal funds and federally-funded infrastructure.

Statutory authority exists for the Secretary of the Department of Health and Human Services to provide operations and maintenance assistance to tribes through Public Laws 86-121 and 94-437, as amended. However, to date, Congress has not funded direct financial assistance to allow the IHS to support these activities. Another avenue of funding can be accessed through the Department of Housing and Urban Development, which is authorized to transfer funds to IHS for providing sanitation facilities and services. Adequate funding provided under these statutory authorities for the training and employment of operators to operate and maintain tribal water facilities would result in approximately 833 jobs.

d. Energy Efficiencies – The Energy Efficiency and Conservation Block Grants (EECBG) are designed to implement energy efficiency and conservation strategies to reduce fossil fuel emissions created as a result of activities within tribal jurisdictions; reduce total energy use; and improve energy efficiency in the transportation, building, and other appropriate sectors. There are variety of eligible activities, including the development and/or implementation of: an energy efficiency and conservation strategy; programs to conserve energy used in transportation; building codes and inspection services to promote building energy efficiency; energy distribution technologies; technologies to reduce and capture methane and other greenhouse gases generated by landfills or similar sources; and on-site installation of renewable energy technologies on or in government buildings. Additional eligible activities are building energy efficiency audits and retrofits, financial incentive programs for energy efficiency improvements, and material conservation programs.

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Recovery Act funding of \$56 million allocated to tribes was distributed based on a formula, with access to additional funding through states. This was a good start, but the need for the funding is much greater, and significant challenges exist for tribes trying to access funds available through the states, including administrative issues and a separate justification of need with the state. Funding should be directed through the tribal set-aside program and allow for community-based use of resources. An additional investment in efficiency funds would be helpful in addressing the real needs of tribes to reduce energy costs through incentives and other measures. Spread across tribal communities, these resources will create immediate jobs, build energy employment capacity, and reduce energy costs long-term for tribes and tribal citizens.

e. Transportation – One of the more successful programs utilized to create jobs and build the necessary infrastructure for sustained economic development is transportation funding. Directly funding transportation programs in Indian Country helps tribal and surrounding communities all across the country, especially in remote and rural communities where unemployment is highest. Transportation funding in the Recovery Act left out an important component of bridge construction which, when funded, will employ a diverse workforce in substantial projects. NCAI recommends a significant investment in transportation as a proven jobs creator and the inclusion of bridge repair and construction as an allowable use of funds.

f. Public Safety Initiatives- Under the Recovery Act, the Office of Community Oriented Policing Services (COPS) received \$1 billion for its COPS Hiring Recovery Program (CHRP). CHRP is a competitive grant program that provides grants to eligible law enforcement agencies to fund their officers' entry-level salaries and benefits for 3 years for newly-hired, full-time sworn officer positions, or for rehired officers who have been laid off or are scheduled to be laid off at a future date, as a result of local budget cuts. This program has been highly successful and beneficial to tribes; however, there is still a severe shortage of law enforcement officers in tribal communities. As such, any new bill should include \$1 billion for the COPS Tribal Resources Grant Program (TRGP), but these funds should not be limited to use in the CHRP program. Instead, they should also be available to subsidize law enforcement training, including: basic, specialized, grant management, and computer training of tribal law enforcement officers.

The Recovery Act also allocated \$225 million toward building or renovating tribal correctional facilities. Yet, it failed to address the unmet staffing needs of such facilities, which is equally important. There is both an immediate and a long-term need for correctional officers in Indian Country that can be partially remedied with adequate funding. Any new bill should appropriate funding to

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the Edward Byrne Memorial Justice Assistance Grant (JAG) Program. The JAG grants may be used to fulfill an array of law enforcement related functions, such as additional personnel, equipment, supplies, and training for corrections programs. With additional funding, tribes will have the capacity to train and hire much needed correctional officers to staff tribal jails and other correctional facilities.

g. Tribal Energy Development - Department of Energy estimates wind potential in Indian Country can provide 20-50% of current US electricity needs, with solar potential estimated at 4.5 times those needs. Realizing this potential will result in job creation and economic development, especially for tribes in remote areas, and spur the nation's transition to clean energy and energy independence. DOE's Tribal Energy Program (TEP) enables tribes to engage in renewable energy activities, including planning, feasibility studies, demonstration projects, and deployment.

Since 2002, DOE has only been able to fund 33% of tribal applications at 25% of funding requested, resulting in a deficit of about \$45 million. Tribal interest in the program has grown in recent years. In FY 2009, the program received over 100 tribal applications valued at over \$100 million, with \$52 million in funding requested from DOE. Thirty-six applications, valued at over \$41 million, were selected for funding. DOE plans to provide \$13.6 million for these projects, using a combination of FY2009 funds and FY2010 funds, subject to Congressional appropriations. An investment in the Tribal Energy Program will meet much of the tribal demand for renewable energy projects and create a substantial number of jobs.

h. BIA Indian Forestry Management - Indian reservations nationwide contain 18 million acres of forest. 5.7 million acres of that forest is used commercially, for which BIA identifies a backlog of 900,000 acres in need of restoration work. However, funding for forest restoration on Indian trust land is significantly less than for US Forest Service land. A statutorily required independent assessment of the BIA Forestry program concluded that the program's funding was nearly 4 times less per acre than for US Forest Service lands, and should be increased by \$119.6 million to bring it into funding parity.

Equitable funding for the National Indian Forest Resources Management Act) will: create approximately 3,125 jobs to thin and replant half of the 900,000 acre backlog of trust forest in need of restoration; diminish the severity of wildfires; enhance the carbon sequestration capacity of tribal forest lands; improve forests for subsistence uses, such as firewood and gathering; result in forest management plans and integrated resource management plans; and strengthen

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the Indian Forestry Education Program designed to educate and train Native American youth in forest management.

i. BIA's Tribal Management and Development Program - BIA's Tribal Management and Development Program (TMD) Program is the key tribal program for managing reservation fish and wildlife resources across the nation. This tribally-administered program contributes significantly toward meeting the growing national demand for outdoor recreation and tourism and aids in the protection of millions of acres of habitat necessary for the conservation of fish, wildlife, and plant resources. However, from FY 2002 - FY2008, funding for the TMD program has declined 30% from \$9.3 million to \$6.5 million. This funding will create jobs that will be needed in the future, as climate change disproportionately impacts tribes in part because of their high dependence on natural resources. An infusion of funds will create jobs and enable tribes to plan for and address these impacts.

j. BIA's Invasive Species Program - Tribes are witnessing the expansion of invasive species on their lands, threatening native species used for food and medicinal purposes. The Invasive Species program (formerly called Noxious Weed Eradication) provides critical funds to tribes to control noxious and invasive species. It is the only Invasive Species program providing protection to Indian Trust land. This program is an active partner in the Department's Invasive Species Crosscut Initiative.

Invasive species cause \$120 billion in damage each year in the United States, with about \$3 billion on Indian Trust land. Federal Invasive Species spending on non-Indian lands is at least \$1.3 billion each year. On average, Interior spends five times more on non-Indian land than on Indian land for Invasive Species. Unfortunately, funding for this program has declined by 50% from \$2 million in FY 2002 to \$1 million in FY 2008. \$5 million for this program will help bring tribal funding into parity, create jobs in a highly labor intensive field, and help tribes address the impacts of climate change on their natural resources.

k. Fish and Wildlife Service via Tribal Wildlife Grants Program - The Tribal Wildlife Grants (TWG) program within Department of Interior, which is managed by the US Fish and Wildlife Service (USFWS), provides \$6 million in grant funds per year to tribes on a competitive basis to fund technical and financial assistance for the development and implementation of programs that benefit fish and wildlife resources and their habitat, including species that are not hunted or fished. Tribes recognize TWG as a valuable and flexible mechanism for improving fish and wildlife habitats, reflected not only in the end results, but the high demand for the fund. USFWS funds about 35 of the 95 - 125 proposals submitted each year, and the overall tribal funding request ranges

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from \$17 to \$27 million. This is an incremental request that seeks to work gradually through the years towards a level commensurate with actual need.

l. Workforce Investment - The Department of Labor's Workforce Investment Act (WIA) Section 166 Comprehensive Services Program was zeroed out in 2010 budget. The program is currently run through the Office of Workforce Investment and money previously set aside for tribal use is now pooled and discretionary. Tribes need direct funding through Section 166 for: 1) education development, 2) short-term certificate training, and 3) on the job training incentives to potential employers. The current \$55 million in discretionary funds should be moved to the Section 166 program and be supplemented to meet the growing need to transition and train growing tribal workforces. The additional funds should be used to provide hiring incentives and increased training needed to transition depressed sector workers to other areas and provide for green and telecommunications worker training. For example, timber industry workers will not see their industry turn around until at least 2011. Workers used to cutting trees and working in mills need short-term transition training to work on roads and renovation projects.

m. Training and Career Development - A substantial federal investment will be made in telecommunications and energy by both federal and private partners. Indian Country is uniquely positioned to be able to participate in both economic opportunities; however, our able workforce needs to participate in training and career development programs that will position them to take advantage of local opportunities. Tribal-serving colleges and universities willing to offer technical training programs should be funded to train teachers and develop curriculum for the tribal workforce. Training is needed to develop immediate technical skills in order to participate in immediate job and career opportunities.

n. Student Loan Forgiveness Program-Encouraging graduating students in targeted careers to return to tribal communities are a proven method for addressing the lack of quality professionals in a given field. This type of program has been successful in addressing the lack of health professionals willing to work in tribal communities. A jobs creation program for Indian Country should include a loan forgiveness program for students in the targeted fields of education, telecommunications, energy, and business (finance) related fields. These fields are needed in tribal communities to bring in quality teachers, entrepreneurs, communications, and energy development professionals necessary to build local economies and workforce while taking advantage of significant economic trends. Success in this program means giving incentives to students to relocate in tribal communities long enough to benefit both the student and the tribal employer. Short programs, typically lasting two years, takes a large investment for tribal governments, with employees sometimes

moving on after their time is through. Longer-term incentives are a more effective program for both parties.

## 2. INVESTMENT INCENTIVES AND ACCESS TO CAPITAL

### a. Accelerated Depreciation and Indian Employment Tax Credit -

Telecommunications funding will hit parts of Indian Country early next year, just after the Accelerated Depreciation and Indian Employment Tax Credit expire at the end of this year. Accelerated depreciation is proven to be an attractive incentive for promoting capital intensive projects. Energy and telecommunications industries should be given an incentive to invest and build on and near economically-depressed Indian tribes. The accelerated depreciation attracts capital, while the Indian employment tax credits and hiring subsidies (see Workforce Investment) incentivizes the same companies to hire from the local population. Together these incentives would make an immediate and lasting impact; however, both incentives are set to expire and are generally renewed every year or two, making them unreliable and often overlooked by companies. Both should be renewed for a seven year period to encourage immediate and sustainable growth in some of the most distressed areas, with the tax credit expanded to an income level that makes it attractive for use.

b. Guaranteed Tribal Loans and Surety - The Department of Interior, through the Office of Indian Energy and Economic Development, manages a successful Indian loan guarantee program. The individual business program utilizes a 10:1 funding ratio, meaning a \$10 million investment could guarantee \$100 million in business loans. This has worked well for individuals; however, tribes with limited resources willing to develop community-wide businesses and grow their local economies have to turn to the bond market for financing. The market, along with the rating agencies, has not gauged tribal risk effectively, making capital expensive or non-existent. Guaranteed financing is needed for tribal development projects. This applies to loans and surety or performance guarantees, which have a lower 3:1 ratio. The surety guarantees are needed because the surety bond industry excludes tribally-owned construction companies in underwriting. The BIA guaranteed loan program and direct loan program accounts are authorized by the Indian Financing Act of 1974, as amended, 25 U.S.C. 1451

c. Tax Exempt Bond Authority for Economic Development- Developing an economic base to fund government programs in lieu of a tax base requires capital. Congress has already recognized that Indian tribal governments need policies that ensure fair access to the same public financing tools available to other governments when raising capital when it enacted 26 USC 7817.

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Clarification of the “essential government function” definition is needed in order to promote tribal use of tax exempt bond financing, which is consistent with creating an economic revenue base and would create infrastructure projects and jobs on the reservation.

*Note:* The tribal loan guarantee and the tax exempt bonding provision would help struggling tribes access guaranteed capital needed to get started, while the tax exempt bonding authority would help more economically successful tribes access the capital markets at reasonable costs. Both are needed.

d. Transfer of Production Tax Credits- Clarification of the federal tax code so as to allow tribes to transfer energy production tax credits that would stimulate investment in tribal energy resources. Amend subsection (f) of section 45A of the Internal Revenue Code of 1986 to authorize tribal government transfer of credit for value.

e. Unemployment Data Measurement - Data from the Census Bureau identifies American Indians and Alaska Natives as the population facing both the most pronounced socioeconomic disadvantage and the least accurate Census data. Unemployment data is an increasingly important lens in assessing the extent of the economic crisis and our recovery from it. It is therefore particularly concerning that the Bureau of Labor Statistics effectively excludes on-reservation unemployment rates (often at levels well beyond 50 percent) in their monthly employment reports. This absence means that the unemployment rate for states with high Native populations is likely considerably understated. More recently, the passage of HR 3548 extended unemployment benefits in all states with the provision of an additional 6 weeks for states with unemployment rates of 8.5 percent. The importance of accurate data was underscored in three states with high Native populations - Alaska, Minnesota, and North Dakota - that have understated unemployment rates of 8.2 percent because citizens on tribal lands were excluded.

To ensure the effectiveness of job creation efforts specifically, and the job creation bill in general, NCAI proposes funding for a baseline demographic profile of unemployment on tribal lands to be completed by summer 2010, with a follow up profile to benchmark the progress of the recovery in summer 2011. We propose this allocation be made to the U.S. Census Bureau with a requirement that they consult with NCAI to ensure the concerns of tribal leaders are taken into account.

### 3. LEGISLATIVE IMPROVEMENTS

#### a. Tax and Finance

- Indian School Construction Tax Credit Financing - The Recovery Act authorized \$400 million in tax credit financing. \$200 million of the authority is set to expire this calendar year. Despite the progress made in the ARRA in authorizing the school construction bonds, none of the school bond allocation has been utilized by tribal governments to date because the Department of Interior has indicated that the Secretary of Interior requires more explicit authorization than is currently contained in the ARRA in order to create an escrow account to hold funding for tribes to pay bondholders when the bonds mature. These means tribes will lose \$200 million in bonding authority.

NCAI is requesting any unused portion be rolled over to the following year. In addition, report language should be included in the Senate Jobs Bill that would make clear that for purposes of implementing Section 1521 of the ARRA, that the Secretary of Interior is authorized to deposit up to \$200 million (or \$400 million if applicable) into a tribal school modernization escrow account to support issuance of the bonds and to promulgate any regulations necessary with regard to issuance of the bonds.

#### b. Incentives

- Authorization of a long-term extension of the business tax incentives, including the use of accelerated depreciation and Indian employment tax credits in order to promote external economic development

#### c. Workforce Investment and Green Jobs

- Tribal governments and tribal citizens have yet to be equitably involved in the nation's efforts to generate green jobs. For example, tribes are not eligible to apply for the Pathways out of Poverty program in the Workforce Investment Act, despite the fact that 8 of the 10 poorest counties in America are located on Indian reservations. Furthermore, tribal members living on and off reservations need not be expressly targeted for recruitment, training, and employment by entities receiving funding under Title X.

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Investing to Create Sustainable Jobs and Tribal Economies

- Amend section 1717(e)(1)(B) of the Workforce Investment Act to include a tribal set-aside<sup>21</sup> for Health Care Sector and Other High Growth and Emerging Industries, Pathways Out of Poverty, Green Capacity Building, and Energy Training Partnership grants (Department of Labor).
- Restore funding for the Workforce Investment Act section 666 Comprehensive Services Program and authorize a tribal set-aside for education and training (Department of Labor).
- Amend Title X of the Energy Independence and Security Act of 2007 (Green Jobs Title), which amended the Workforce Investment Act, to expressly include tribal governments and authorized intertribal consortia as eligible entities for programs along with State agencies and other organizations. Also, expressly include tribal citizens in the list of target populations of eligible individuals to whom priority for training and other services will be given, and for recruitment, training, and employment by entities receiving funding under Title X (Department of Labor).
- Amend the Juvenile Justice and Delinquency Prevention Act (42 U.S.C. §5661 et seq.) to include a tribal set-aside to require that a portion of appropriated funds are spent on projects centered on tribal youth, including youth training and employment.
- Amend Title I, Part B, section 110(c), and Part C, section 121, of the Rehabilitation Act of 1973 to specifically authorize the American Indian Vocational Rehabilitation Services (AIVRS) Program to provide equal access for American Indians with disabilities to the same kind of program offering services provided under Title I of the Act by state vocational rehabilitation agencies to other individuals with disabilities living in that state (section 121(b)(1)(B)), as well as comparable services (Department of Education). Also, increase the set-aside under section 110(c) from 1% to 1.5%.

d. Energy Development and Energy Efficiency:

- Amend the Energy Independence and Security Act of 2007 to increase the tribal set-aside under the Energy Efficiency and Conservation Block Grant program from 2% to 3% (Department of Energy). Also, authorize eligibility of authorized intertribal consortia for the receipt of funds, and expand the list of eligible activities to allow for the development of tribal institutional capacity to manage and to implement the program.

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- Indian tribes own and operate schools, hospitals and other buildings. Many of them are in substandard conditions as a result of chronic underfunding, and could be improved through participation in the nation's efforts to improve the energy efficiency of buildings. However, tribal governments are currently not eligible for grants and technical assistance for energy improvements and energy sustainability through the Department of Energy (DOE) grant program for "schools and hospitals and buildings owned by units of local government and public care institutions" under Section 399A of the Energy Policy and Conservation Act (42 U.S.C. 6371h-1).
- No current set aside - Amend Title IV of the Energy Conservation and Production Act of 1976 which established the Weatherization Assistance Program (Department of Energy) to authorize a 3% tribal set-aside, and amend existing regulations so that DOE can provide such funds directly to tribes and authorized intertribal consortia. (The existing regulations place the burden upon the tribes to demonstrate that states are failing to serve tribal homes, and give DOE discretion to determine whether the tribal justification is sufficient, before such funds are provided to tribes.) Of this 3%, 80% should be provided directly to tribal governments and authorized intertribal consortia to manage and/or implement the program, with the remaining funds to support key DOE activities. Such DOE activities would include: building Department's institutional capacity to develop a tribal weatherization/energy efficiency program; issuing a report assessing the effectiveness of, and recommending improvements to state Wx programs in meeting tribal needs; developing programs to recruit, train, and employ tribal members; and providing funding to states to subcontract with tribes and/or Native businesses to run the program.
- Amend the Energy Policy Act of 2005 (25 U.S.C. § 3502(a)) to authorize \$50 million, rather than "such sums as are necessary," in current law, for each fiscal year through FY 2016 to build tribal capacity to develop energy resources (Department of the Interior). These funds will enable tribes to develop managerial and technical capacities to oversee the steps in tribal energy development from strategy to planning to implementation, and thus help to realize tribal energy development potential.
- Amend the Energy Policy Act of 2005 (25 U.S.C. § 3502(b)(6)) similarly to authorize \$50 million annually for Tribal Renewable Energy Projects and Energy Infrastructure Planning (Department of Energy). Realizing the renewable energy potential of Indian Country will result in job creation

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and economic development, especially for tribes in remote areas. Tribal demand for this funding (primarily for pre-construction costs of renewable energy projects) was over \$50 million in FY2010, but only \$6 million was available.

e. Water Infrastructure and Natural Resources

- Amend the Clean Water Act and the Safe Drinking Water Act to increase the statutory tribal set-asides to a minimum of 3% under the Clean Water Act and Safe Drinking Water State Revolving Funds (Environmental Protection Agency).
- Authorize direct tribal participation in the Forest Legacy Program and the Forest Stewardship Program by amending the Cooperative Forest Assistance Act of 1978 (16 U.S.C. 2103c and c(1)). Similar amendments were included in the Senate-passed version of the 2007 Farm Bill (sections 8111 and 8112), but not included in the bill that was ultimately enacted.

f. Indian Health

- Amend the Indian Health Care Improvement Act (as included in S. 1790 as approved by this Committee) to authorize the Indian country modular component facilities demonstration program, the mobile health stations demonstration program, and convenient care services program.
- Tribal government health benefit exclusion - Congressional clarification is needed in the form of a statutory exclusion to clarify that health benefits and health care coverage provided by Indian tribes for the general welfare of their members are not subject to income taxation. Consistent with the Federal government's policy of providing health care services to Indians, the proposal would clarify that health care benefits provided to Indians are not subject to income taxation. It would also encourage Indian tribes to provide such benefits to their members on a non-discriminatory basis during this economic downturn when unemployed workers stand to lose their employer-provided health plans.

g. Education

- Include Indian children and the Bureau of Indian Education in the Race to the Top program by amending sections 14006 and 14007 of the American Recovery and Reinvestment Act to reserve funds under the programs established under these two sections (State Incentive Grants and the

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Innovation Fund, respectively) for payments to the Bureau of Indian Education of the Department of the Interior for Indian children (see H.R. 4475, introduced by Congresswoman McCollum).

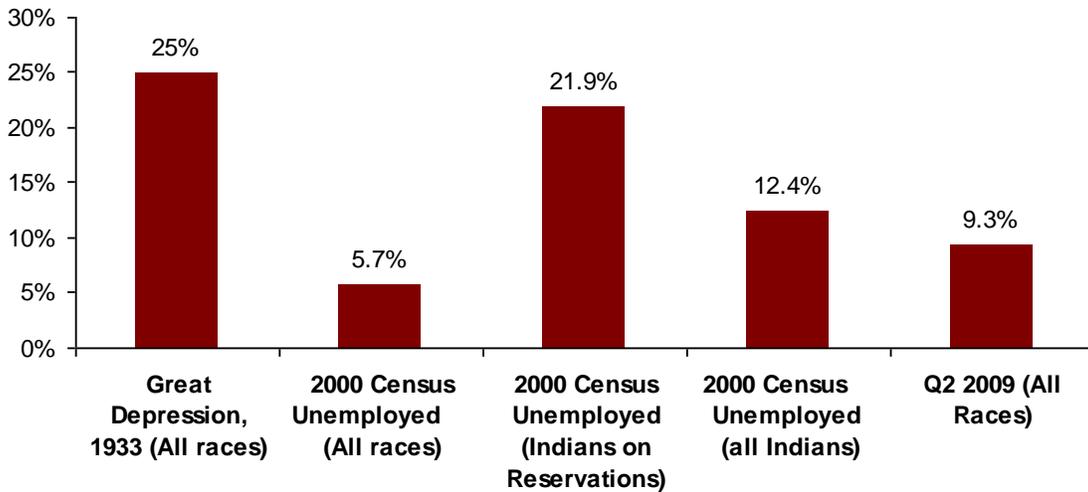
h. Financial Services

- Amend the Riegle Community Development and Regulatory Improvement Act of 1994 to provide a specific percentage of the Community Development Financial Institutions Fund for the Native American program (Department of the Treasury).

**Fact Sheet on Unemployment in Indian Country**  
**January 6, 2010**

The unemployment rate for American Indians on reservations was 21.9 percent in 2000, 12.4 percent for all American Indians on- and off-reservation, compared to the rate of 5.7 percent for all races, according to the 2000 Census. The peak of unemployment during the Great Depression was 25 percent, just 3 points higher than the rate for reservation Indians in 2000. The figure below compares unemployment rates from the Great Depression for all races to the 2000 rates for Indians on reservation, the rate for all Indians and the rate for all races in the second quarter of 2009.

**Unemployment Rates in Great Depression vs. 2000 vs. 2009**  
**American Indians Compared to All Races**



2000 data derived from U.S. Census Bureau, Census 2000 Summary File 3.  
 Q2 2009 data is from Economic Policy Institute estimates available at: [http://www.epi.org/page/-/unemployment\\_by\\_quarter%20%282%29.pdf](http://www.epi.org/page/-/unemployment_by_quarter%20%282%29.pdf)  
 1933 data derived from *Historical Statistics US* (1976) series D-86 at: <http://www.bls.gov/opub/mlr/1984/11/art3full.pdf>

Excerpts below from the paper *A Brief Note on Joblessness in Indian Country* outline the differences between available data sets on American Indian unemployment:

According to the most recent data published by the US Bureau of Indian Affairs, the rate of joblessness on American Indian reservations and in Alaska Native villages was a staggering 49%.<sup>1</sup> Over the last decade, this rate has not been significantly below 50% with the exception of one year.<sup>2</sup> The rate is calculated on the basis of the total available

<sup>1</sup> US Department of the Interior, Bureau of Indian Affairs, Office of Indian Services. (2005). *2005 American Indian Population and Labor Force Report*.  
<sup>2</sup> See the BIA American Indian Population and Labor Force Reports for 1997, 1999, 2001, 2003 and 2005.

work force, including those who do not actively seek work because they know that none is available in their community.

Reservations in some parts of the country show joblessness rates that are much higher. Indian joblessness on reservations in the Northern Plains was calculated by BIA as averaging 77%. Reservations in the Northern Rockies showed an average rate of 67%, while those in most of Arizona, Utah and Nevada averaged a rate of 63%.

These rates are many times higher than is the unemployment rate for the country as a whole. With a recession now officially one year old, the US Bureau of Labor Statistics reported that the national unemployment rate in November was 6.7%.<sup>3</sup> Economists are concerned that it may rise to nearly 10% in the coming months. The rate has been high enough to trigger the federal government to consider or enact economic stimulus programs running to as much as several trillion dollars.

**Yet the national unemployment rate pales in comparison to the severity of joblessness in Indian Country.**

Even the broadest measure of joblessness for the US population as a whole does not come close to the rate for Indian Country. The so-called U-6 alternative measure of labor underutilization, which includes discouraged workers, others only marginally attached to the labor force and those employed only part time for economic reasons, was 12.5% in November.<sup>4</sup> In concept, this rate resembles the way joblessness is calculated in the BIA labor force report series.

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<sup>3</sup> US Department of Labor, Bureau of Labor Statistics. (December 5, 2008). "The Employment Situation: November 2008."

<sup>4</sup> See Table A-12. Alternative measures of labor underutilization in the December 5, 2008 BLS release on the employment situation.

# A Brief Note on Joblessness in Indian Country

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Other factors compound the seriousness of joblessness across Indian Country. These include low educational attainment levels, a product of decades of

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<sup>1</sup> US Department of the Interior, Bureau of Indian Affairs, Office of Indian Services. (2005). *2005 American Indian Population and Labor Force Report*.

<sup>2</sup> See the BIA American Indian Population and Labor Force Reports for 1997, 1999, 2001, 2003 and 2005.

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<sup>4</sup> See Table A-12. Alternative measures of labor underutilization in the December 5, 2008 BLS release on the employment situation.

underinvestment in Indian education, a lack of work experience among Indian youth and adults and endemic poverty.

Detailed data from the 2000 Census illustrates the extent of these problems.

**Indicators of the Ability of American Indian/Alaska Native Workers  
to Compete in the 21st Century Workforce<sup>5</sup>**

<b>Indicator</b>	<b>AI/AN Population on Reservation</b>	<b>AI/AN Population Nationally</b>	<b>Total US Population All Races</b>
Adults 25 and Older with Less than HS Diploma or GED	35.9%	29.1%	19.6%
Unemployment Rate as Officially Measured	21.9%	12.4%	5.8%
Labor Force Participation Rate	51.5%	61.1%	63.9%
Persons 16 and Older with No Work Experience at Any Time in 1999	44.0%	32.5%	30.5%
Poverty Rate	39.4%	25.7%	12.4%

By any measure, the lack of work on Indian reservations across the country and in Alaska Native villages warrants increased federal resources even more than the alarming increase in joblessness within the general US population.

*Compiled December 9, 2008 by Norm DeWeaver, Staff for the Census Information Center provided by the Indian and Native American Employment and Training Coalition, Early 1990's-2005*

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<sup>5</sup> US Department of Commerce, Bureau of the Census. (2002). *2000 Census of Population and Housing, Summary File 3*.

# **Sources of Labor Force Data for the On-Reservation Indian Population**

The lack of economic opportunity is a severe and persistent problem for the Indian population on many reservations throughout the country. Jobs are scarce. Many are relatively low paying. Entrepreneurial opportunities are also lacking.

However, precise data on the extent of this problem is very limited and frequently of dubious quality. The actual numbers of Indian people without employment are seldom accurate. The official definition of unemployment used by most federal agencies ignores the realities of reservation joblessness and job-seeking. Although what data is available can sometimes be improved by adjustments in the methodology, the figures from most sources fail to provide a realistic indication of the severity of the labor market problems facing Indian people in reservation areas.

This memo describes the major sources of labor force data for the on-reservation American Indian and Alaska Native population.<sup>1</sup> It summarizes the methodologies used to calculate the data and provides cautions on the interpretation of the published figures. An appendix provides a brief description of the basic concepts involved in measuring the labor force and the Web addresses where the data can be found.

Specifically, this memo looks at five different sources of labor force data:

- **The Labor Force Report, published by the US Bureau of Indian Affairs (BIA) in the Department of the Interior**
- **The 2000 Census of Population, published by the US Census Bureau in the Department of Commerce**
- **The American Community Survey, also published by the Census Bureau**
- **The Current Population Survey (CPS), published by the US Bureau of Labor Statistics (BLS) in the Labor Department**

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<sup>1</sup> The terms "Indian" and "Native" are used throughout this memo to cover both the American Indian and Alaska Native populations. The abbreviation for these populations used by the Census Bureau is "AI/AN."

- **The Local Area Unemployment Statistics (LAUS) series, published by BLS in cooperation with state Labor Market Information (LMI) offices**

The concluding section of the memo provides guidance on the data that may be the most appropriate, depending on the user's needs and priorities.

### **The Bureau of Indian Affairs Labor Force Report**

Since the late 1970's the US Bureau of Indian Affairs (BIA) has published a document it currently calls the "American Indian Population and Labor Force Report." It is generally referred to simply as the BIA labor force report.

The report provides estimates of the population eligible for BIA services on or near reservation or other BIA service areas. There is some detail on the age distribution of this population and its labor force characteristics. The most commonly cited data element in the report is the percentage of the "available" labor force that is not employed. This percentage is usually referred to as an "unemployment" rate, although it would be more accurate to portray it as a "jobless" rate.

BIA requests data for the report directly from tribal governments. However, it provides no funding and prescribes no methodology for the collection of this data. In the past there has been virtually no technical assistance available on the collection of data, although there are plans to provide training in the future. If tribes do not supply the data, it has been developed by BIA staff, or, in some cases data from the most recent report has been used instead.

These are among the most important characteristics of the BIA labor force report:

- The data consists of estimates only. There is no standard methodology for producing these estimates. The way they are calculated varies from tribe to tribe and from one BIA office to another.
- The data is for BIA service areas; that is, areas "on or near" reservations or other Native communities.

- The BIA concept of unemployment is different than that used by BLS and Census. Persons are considered by BIA as "unemployed" if they are thought to be available for work, but not employed. This approach is a more realistic one in view of the economic circumstances in reservation areas than is the definition of unemployment in the BLS and Census Bureau data which requires that a person be "actively seeking work" to be counted as unemployed.
- The data is usually published biennially, generally in odd-numbered years.
- The data covers only the population eligible for BIA services.

In describing employment conditions on their reservations, tribes and tribal advocates generally prefer to use the BIA labor force report data. It almost always shows Indian reservation unemployment (joblessness) rates that are several times higher than the unemployment rates published by the Census Bureau or by BLS.

For example, the 2005 BIA labor force report shows an unemployment rate for the San Carlos reservation in Arizona of 68%, while the 2000 Census shows an unemployment rate for the Indian population on the same reservation of only 37% (a figure which itself is six times higher than the national unemployment rate for all races reported in the same Census.)<sup>2</sup>

### **The 2000 Census**

Data on the general characteristics of the US population, including race, and the detailed socio-economic characteristics of the population, including labor force status, have been collected every ten years in the national census conducted by the US Census Bureau. The most recent decennial census took place in 2000.

These are among the key characteristics of the Census for 2000 and prior ones in recent decades:

- The decennial census has been the **only source** of unemployment data on Indian reservations that is **based on a uniform, on-the-**

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<sup>2</sup> The Appendix contains the Web addresses for each of the data sources used in this memo.

**ground enumeration in all areas of the US.** The data is tabulated from the Census "long form" questionnaire, which has been distributed to one in every two households in nearly all reservation areas.

- The data is for all areas within the exterior boundaries of a reservation or non-contiguous tribal trust land. Data has also been published for several other types of Native areas, including former reservation areas in Oklahoma and Alaska Native Villages and Regions.
- The counts of the unemployed are based on the standard definitions of labor market activity established by the BLS and the Census Bureau. The definition of unemployment requires that a person be ready and able to work and have "actively" sought work within the last four weeks.
- In the case of the 2000 Census and prior decennial censuses, data is available only every ten years. Moreover, the detailed socio-economic characteristics data, such as that on labor force status, is usually not available until two years after the census is taken.
- The most commonly published labor force data for reservation areas -- the community "profiles" on the Census Bureau's Web site -- shows unemployment rates for the **total population of all races** within the reservation. Many reservations have significant numbers of non-Indians living within reservation boundaries. The unemployment rate for those persons who said that American Indian or Alaska Native was their only race is higher, sometimes much higher than the rate for the population of all races within the same reservation area.

The standard Census and BLS definition of unemployment ignores job seeking patterns in many reservation areas, where persons do not actively search for work when they know it is not available. This difference in labor market behavior among Indian people living in reservation areas is reflected in the fact that the labor force participation rate for the on-reservation Indian population is generally significantly lower than it is for the US population as a whole.

For example, data from the 2000 Census for the San Carlos reservation shows an unemployment rate for the Indian population of 37.1%. At the same time, the labor force participation rate was 47.1% compared with a figure of 63.9% for all races nationally. **If the labor force participation rate were factored into the calculation of the Indian unemployment rate on the San Carlos reservation, it would be 53.7%.<sup>3</sup>**

In the upcoming 2010 Census there will be no "long form" questionnaire. Instead the Census Bureau will publish detailed socio-economic data for the population that is collected through the Bureau's American Community Survey, or ACS for short.

### **The American Community Survey**

The American Community Survey is a relatively new tool developed and used by the Census Bureau to collect and tabulate detailed socio-economic information on the US population.

Although designed to collect the same detailed information that was collected on the "long form" questionnaire used in past decennial censuses, the ACS is different in a number of key respects from the decennial "long form" survey<sup>4</sup>:

- The ACS is a much smaller survey, collecting data from fewer households.
- Unlike the "long form," used once every ten years, the ACS is an ongoing survey. It mails questionnaires to a small sample of households throughout the US every month. The responses from each geographic area are then aggregated and extrapolated to the estimated total population in that particular area.

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<sup>3</sup> This adjusted measure of joblessness is calculated by multiplying the labor force participation rate for the general population, nationally, by the Indian population age 16 and over in a reservation or other area to produce an adjusted number for the total Indian labor force. The number of Indian employed is subtracted from this adjusted total Indian labor force figure. The result is then divided by the adjusted total Indian labor force number to produce an Indian unemployment rate which reflects the effect of the lower labor force participation rate.

<sup>4</sup> For a detailed discussion of the design and methodology of the ACS, see the Census Bureau Technical Paper 67 available at: <http://www.census.gov/acs/www/Downloads/tp67.pdf>.

- Data is published annually for the nation as a whole, for states and for geographic areas with a total population of 65,000 or more. Data for geographic areas with total populations of 20,000 or more is aggregated from the previous three years of responses to the ACS and published annually. Data for all areas, including rural areas and nearly all reservation areas, will be aggregated for the five most recent years and published annually.
- The ACS has been gradually ramping up. At this point, detailed socio-economic data is available for only a handful of federal reservations. Data for all reservations will only become available in 2010, using the data aggregated over the most recent five-year period.
- The most highly touted advantage of the ACS is that new data on the detailed socio-economic characteristics of the population will be available every year, not just every ten years. However, the figures for rural areas will be based on an aggregation of five years of survey responses.
- The ACS has a major disadvantage for small populations, such as the Indian population, particularly in small geographic areas, such as those covered by many reservations. The size of the ACS sample means that the numbers will not have the same level of accuracy as the data produced from the "long form" questionnaire used in prior decennial censuses. To caution users about this sampling error, the ACS data contains margin of error (MOE) figures for each value, along with the estimate. These MOEs represent the range of numbers within which the Bureau says the real figure should lie.

**The small size of the sample and other aspects of the ACS operation raise serious questions about the reliability of the data for the Indian population, particularly in reservation areas.** An analysis of the ACS data released to date by the Census Bureau illustrates some of the potential problems.

For starters, the 2007 ACS estimate shows a significant **drop** in the American Indian/Alaska Native (AI/AN) "alone"<sup>5</sup> population at the national level from the

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<sup>5</sup> In Census terminology, a person is considered as "AI/AN alone" if he or she identifies AI/AN as his or her only race. A person who identifies as AI/AN and also as a member of one or more

count in the 2000 Census. According to ACS, the Indian population declined by 4.5% over the seven years since 2000. This drop, if real, would be in sharp contrast to all the recent decennial censuses, which have each recorded significant increases in the number of Indian people.

In addition, the 2007 ACS estimate for the size of the AI/AN population at the national level is very different than the figure produced through another Census Bureau program, the population estimates program. The population estimate for the AI/AN "alone" population at the national level for 2007 is 10.3% **higher** than the 2000 Census number, instead of 4.5% lower as shown in the ACS data.

An analysis of the AI/AN "alone" figures from the ACS available for the Navajo reservation, several OTSAs and several Alaska Native Regional Corporation areas also shows significant population declines in the Native population from the 2000 Census.

The detailed socio-economic characteristics data includes some unexpected results. For example, the data from the 2000 Census on unemployment on the Navajo reservation shows an Indian unemployment rate of 26.4%. According to the 2006 ACS data, the official unemployment rate for the Indian population on Navajo was 9.6% -- a hard-to-explain difference. The more recent 2007 ACS data shows a rate of 14.1% -- closer to the rate in 2000, but still a significant decrease in unemployment on that reservation from 2000.

These early results from the ACS make reliance on the data problematic. A more complete analysis will have to await the publication of the five-year data series in 2010, which will be the first to cover all reservation areas.

### **The Current Population Survey**

The most commonly used source of labor force data for the general population is the Current Population Survey, or CPS. The survey is conducted by the Census Bureau for the US Bureau of Labor Statistics in the Department of Labor. This is the source used to issue the national US unemployment rate on the first Friday of every month.

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other races is considered as AI/AN "in combination with one or more other races" and is included in the counts for the AI/AN "alone or in combination" population.

The CPS interviews a sample of all households every month. The sample is designed to be representative of the total population at the national level. It asks each respondent to identify his or her race, along with a detailed series of questions on labor market behavior.

The BLS releases monthly data from the CPS which includes unemployment numbers for the African-American, Asian and Hispanic populations. However, CPS does not publish any data for the Indian population. A BLS explanation for this omission is found in a variety of the agency's publications about the CPS, including this one from a recent report on the labor force characteristics of the population by race and ethnicity:

"Persons in the remaining race categories -- American Indian or Alaska Native, Native Hawaiian or Other Pacific Islanders, and persons who selected more than one race category -- are included in the estimates of total employment and unemployment but are not shown separately because the number of survey respondents is too small to develop estimates of sufficient quality."<sup>6</sup>

Public use microdata files are available from the CPS. These files contain the responses from a sample of individual respondents, scrubbed to protect the confidentiality of the respondents. Such files do include records for Indian people, as well as for other respondents. However, the caution issued in the BLS publication quoted above still holds true: the sample of the Indian population is too small to produce statistically reliable information, even at the national level.

### **The Local Area Unemployment Statistics Series**

Like the CPS, the Local Area Unemployment Statistics (LAUS) series is a product of BLS. It uses the same concepts and definitions used in the CPS, including the requirement that a person must be actively seeking work in order to be counted as unemployed.

Unlike the CPS, LAUS is a cooperative effort between BLS, which oversees the series and dictates its methodology, and the state labor market information (LMI) agencies, normally associated with state Job Service units.

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<sup>6</sup> US Department of Labor, Bureau of Labor Statistics. (September 2008). *Labor Force Characteristics by Race and Ethnicity, 2007*. Report 1005.

**Sources of Labor Force Data  
for the On-Reservation Indian Population  
Page 9**

The LAUS data is available from BLS for roughly 7,300 geographic areas in the country, but not for any reservation or other Indian or Alaska Native area.

A few state LMI offices do publish unemployment data from their LAUS programs specifically for Indian reservation areas. The Arizona LMI office, part of the state's Department of Commerce, is one of those that does.

These are among the key characteristics of the LAUS data:

- The LAUS data involves estimates. There is no actual, on-the-ground survey to collect the information. BLS mandates the use of its "Handbook method" in computing LAUS data for sub-state areas. Data from state Unemployment Insurance (UI) systems constitutes one significant input to these calculations.<sup>7</sup> However, Indian people with a marginal attachment to the labor force are not likely to apply for or to receive benefits from state UI systems as they often lack the necessary time in UI covered employment. A special labor market survey conducted in the late 1980's on the Standing Rock Sioux reservation found that LAUS data seriously misrepresents unemployment conditions for the reservation Indian population.
- The LAUS data uses the BLS definition of unemployment, requiring a recent, active search for work in order to be counted as unemployed.
- The LAUS data is available monthly, and 12-month averages are published for each year.
- The Arizona LAUS data is presumably for the total population on the reservation, not just the Indian population.

According to the Arizona LAUS program, the unemployment rate on the San Carlos reservation averaged 20.8% in 2000 and 17.1% in 2007. This compares with the 2000 Census figure for the Indian population on the reservation of 37.1%, or an adjusted rate of 53.7%.

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<sup>7</sup> See the BLS "Overview" of the LAUS program at: <http://www.bls.gov/lau/lauov.htm>.

## The Choice of Which Data to Use

Unless a tribe has recently conducted its own house-to-house enumeration using standard survey techniques, there is no completely accurate, up-to-date source of labor force data for the on-reservation Indian population.

The range of the unemployment/jobless rates for a single reservation can be very wide. The table below illustrates the problem for the San Carlos reservation.

### Jobless Rates Compared: San Carlos Reservation v. US

Measure	AI/AN Population San Carlos Reservation	Total Pop-All Races United States
<b>Recent Data</b>		
Jobless Rate - 2005 BIA Labor Force Report	68%	Not Applicable
American Community Survey - 2007	Not Available	
Current Population Survey - 2007	Not Available	4.6%
AZ LAUS - 2007	17.1%	See CPS 2007 Above
<b>Data for 2000</b>		
Census Unemployment Rate	37.1%	5.8%
Census Unemployment Rate Adjusted		
San Carlos Adjusted for Labor Force Participation Rate	53.7%	
National Rate from CPS per BLS Measure U-6 measuring many forms of joblessness		6.7%
Current Population Survey - 2000	Not Available	4.0%
AZ LAUS - 2000	20.8%	See CPS 2000 Above

Sources: US Bureau of Labor Statistics for CPS and LAUS data, US Census Bureau for 2000 Census of Population, Arizona Department of Commerce, Labor Market Information unit for AZ LAUS data

The BIA labor force data is generally the source preferred by tribes as it provides a more realistic picture of the severity of joblessness among Indian people in reservation areas. However, it consists only of estimates based on unknown methodologies and seldom involves an on-the-ground survey.

The 2000 Census data is based on an on-the-ground survey, is published for reservation areas and for the Indian population. However, the census is taken only once every ten years. Moreover, it is based on a concept of job search behavior that is inappropriate for most reservation areas. Adjusting the data by factoring in the labor force participation rate improves the reasonableness of the figures, though this approach still does not fully represent reservation labor market conditions.

The data from the ACS will be the only detailed, regular source of Census Bureau data for the Indian population in reservation areas from 2010 on. However, the small sample size will result in the suppression of data for the smaller reservations and other special Indian and Alaska Native areas. The figures published to date from the ACS raise questions as to whether many Native people, particularly those hardest-to-count, are being missed.

The CPS produces a wealth of data on the labor force at the national and state level. However, the number of Indian respondents in the monthly survey is too small to produce reliable data for the Indian population at any level.

The LAUS series published by BLS uses a methodology which does not take reservation conditions into account. Few state LMI offices publish LAUS data for reservation areas. Arizona is one of these. Although the figures published by the Arizona LMI unit show that unemployment is substantially more severe in reservation areas than it is in most non-Indian jurisdictions, there are still questions as to how well the data reflects actual reservation conditions.

As a general rule, it is preferable to use a tribe's own estimates, if available, in describing labor market conditions on a specific reservation. Data obtained from federal or state sources should be used with great caution and understood for its strengths and weaknesses. The user should be cautioned that the numbers are likely to misrepresent the severity of the labor market conditions facing the on-reservation Indian population.

## Appendix

# Basic Labor Force Concepts and Web Links

### BLS/Census Labor Force Concepts

The US Bureau of Labor Statistics (BLS) and the US Census Bureau share the same concepts and definitions of the labor force. These concepts nest within the following hierarchy:

**Persons Age 16 and Over**, the population considered to be of working age

**Persons in the Labor Force**, the sum of those in the Armed Forces and those in the Civilian Labor Force

**Persons in the Armed Forces** who reside within the area

**Persons in the Civilian Labor Force**, the sum of those who are Employed and those who are Unemployed

**Persons Employed**, including those with part-time or temporary work and various categories of those with a job but not at work during the survey week

**Persons Unemployed**, covering those who do not have a job, have actively sought work within the four weeks preceding the survey and are available for work

**Unemployment Rate**, the number Unemployed divided by the number in the Civilian Labor Force

**Persons Not in the Labor Force**, all those who are not counted as in the Armed Forces or the Civilian Labor Force, including persons considered to be "discouraged workers" who did not seek work because they believed that none was available to them and others considered to be "marginally attached" to the labor force

**Labor Force Participation Rate**, the number of persons in the labor force divided by the number of persons age 16 and over

For more information on these concepts and definitions, see "How the Government Measures Unemployment," a paper posted on the BLS Web site at: [http://www.bls.gov/cps/cps\\_htgm.htm](http://www.bls.gov/cps/cps_htgm.htm).

## **BIA Labor Force Concepts**

The BIA labor force report takes some concepts from the BLS/Census model, but uses a concept of "unemployment" that is defined in terms of joblessness, rather than one involving an active search for work within the previous four weeks.

In addition, the BIA labor force report counts only those eligible for BIA services residing "on or near" an Indian reservation or other BIA service area, such as former reservations in Oklahoma and Alaska Native villages.

The concepts used by the BIA nest within the following hierarchy:

### **Persons Age 16 and Over**

**Persons considered as Not Available for Work**, those whose personal circumstances make them unable to "assume or sustain gainful employment"

**Persons considered as Available for Work**, all those ages 16 and over minus those considered as Not Available for Work

#### **Persons Employed**

#### **Persons Available for Work but Not Employed**

**Unemployment Rate**, the number Available for Work but Not Employed divided by the number considered as Available for Work

For more information on these concepts and definitions, see "2005 American Indian Population and Labor Force Report" issued by BIA and available at: <http://www.doi.gov/bia/labor.html>.

## **Web Links**

Data from all of the sources described in this memo can be found on the Web. The basic links are:

- **BIA Labor Force Report Data**

<http://www.doi.gov/bia/labor.html>

This Web page provides access to each of the Labor Force Reports published from 1982 through 2005. The files are in Acrobat Reader (.pdf) format.

- **Census 2000 Data**

<http://www.census.gov/main/www/cen2000.html>

This is the main Web page for the Census 2000 data. It provides access to a wide range of information from that census, including access to a number of different files that contain the data.

<http://www.census.gov/Press-Release/www/2004/AIANSF.html>

This link provides access to the American Indian/Alaska Native Special File, prepared to provide access the "sample" or detailed data on the socio-economic characteristics of the population in each of the federal reservation areas and in other special American Indian/Alaska Native areas. Data is also available for the Alaska Native Regional Corporation areas.

The "quick tables" available from this file in the Census Bureau's "American FactFinder" facility provide four different standard profiles of population and housing characteristics. Profile DP-3 provides data on labor force and income characteristics. If the data desired is just for the American Indian/Alaska Native population, the user needs to select this option. Otherwise, data for the total population in the area -- Indian and non-Indian -- will be displayed.

- **American Community Survey Data**

<http://www.census.gov/acs/www/>

This is the main Web page for the Census Bureau's American Community Survey (ACS). This provides access to a wide range of information on the ACS, including the data provided in the latest release. However, annual (one-year) data is available for only one federal reservation, the Navajo reservation. Three-year data is available from the 2007 data release for a very limited number of federal reservations, with labor force data available only for the Navajo and Wind River reservations.

- **Current Population Survey Data from the Bureau of Labor Statistics**

<http://www.bls.gov/cps/>

This is the main page for data from the Current Population Survey (CPS). It provides access to a variety of information, including the most recent monthly release on the employment situation. However, CPS does not publish any data on the American Indian/Alaska Native population.

- **Local Area Unemployment Statistics**

<http://www.bls.gov/lau/>

This is the main page for data from the Local Area Unemployment Statistics (LAUS) program, a cooperative program involving the US Bureau of Labor Statistics (BLS) and the various state Labor Market Information (LMI) offices. This page provides access to data for states, counties within each state and special labor market areas. However, the page does not provide access to any data specifically for reservation areas or for the American Indian/Alaska Native population.

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- **The Arizona Workforce Informer**

<http://www.workforce.az.gov/?PAGEID=67&SUBID=142>

This page provides access to LAUS data from the Arizona Department of Commerce's LMI unit. The "Special Unemployment Report," available as either a Microsoft Excel (.xls) file or an Acrobat Reader (.pdf) file, includes data on each of the reservation areas within Arizona state boundaries. This data is in the last section of the files.