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Testimony

of

Derrick Watchman, Chairman, Board of Directors  
of  
The National Center for American Indian Enterprise  
Development

on

“Access to Capital in Indian Country”

Oversight Hearing

of the

Senate Committee on Indian Affairs

on

June 17, 2015

Testimony of  
Derrick Watchman, Chairman, Board of Directors  
The National Center for American Indian Enterprise Development  
For the Oversight Hearing on  
“Access to Capital in Indian Country”  
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Good afternoon, Chairman Barrasso, Vice Chairman Tester and members of the Committee. I am Derrick Watchman, a Navajo Nation tribal member, and appreciate your invitation to share my views on access to capital based on my experience in banking and business in Indian Country.

For many years as JP Morgan Chase Bank’s Vice President and Senior Relationship Manager of the Native American Banking Group, I provided tribal financial and banking services, including structuring over \$500 million in tribal credit transactions and treasury services. As a 90 percent guarantee, it can greatly lower the bank’s exposure and suit tribal or Indian borrower preference for tribal court jurisdiction for dispute resolution. Earlier I worked at Wells Fargo Bank handling Native American banking and financing, and at Prudential Capital Corporation as a private placement banker. I also have overseen operations of some mid-sized and smaller financial institutions lending in Indian Country as Board Chair of a Navajo Community Development Financial Institution (CDFI), and long-time Board member of the Native American Bancorporation Co., holding company for Native American Bank, N.A. (NAB), with 33 shareholders, mostly tribes and Alaska Native Corporations. The NAB is one of the largest users of what is commonly called the BIA Loan Guarantee Program that provides a federal guarantee for 90 percent of the value of a commercial loan and can be subject to tribal court jurisdiction. I’ve dealt with regulatory challenges to tribal energy and infrastructure development as a former federal energy official and now as CEO of one of my tribe’s most successful enterprises. And I’ve served on Boards of tribal financial and business development organizations, including the Native American Finance Officers Association (NAFOA) and the National Center for American Indian Enterprise Development (NCAIED), and now chair NCAIED’s Board of Directors.

Let me first take a moment to thank this Committee for keeping economic and energy development in Indian Country on the front burner so that decision-makers remain focused on solving the vexing challenges we face. In testimony last June 25, 2014, at your Oversight Hearing on “Economic Development: Encouraging Investment in Indian Country,” NCAIED President and CEO Gary Davis urged the Committee to continue holding hearings, listening sessions and briefings to promote action on key issues. The Committee has been extremely responsive,

especially this week, by conducting this hearing, meeting on the BIA Loan Guarantee Program, and facilitating yesterday's Listening Session on the Buy Indian Act and the CDFI Fund Programs.

These topics and other business related issues are among the many training sessions at NCAIED's Reservation Economic Summit and Trade Show in Washington, D.C. (RES D.C.) going on this week at the Omni Shoreham Hotel. RES D.C., like all of our RES conferences, offers business and procurement assistance to Indian tribes, tribal enterprises, and individual American Indian and Alaska Native business owners (for example, see RES D.C. offerings at [www.res.ncaied.org/res-dc-2015-agenda/](http://www.res.ncaied.org/res-dc-2015-agenda/)). In addition to trainings and business matchmaking, we've initiated the RES Access to Capital Fair for potential borrowers to meet with bankers and other financing entities. Right now, this hearing is being streamed into RES DC for hundreds of the conference's participants to witness this important discussion on Access to Capital in Indian Country.

### **Essential Elements for Facilitating Access to Capital in Indian Country**

When invited to testify, I was asked to discuss the elements that are essential for facilitating access to capital in Indian Country, and to build on testimony previously presented on this general topic. Most witnesses will point to the need for more federal funding, and rightly so based on the federal trust responsibility stemming from the U.S. Constitution, U.S. treaties and statutes. Yet, the federal funding provided has always been inadequate to meet Indian Country needs, and often it has been dispensed through grants and mischaracterized as "hand outs" on which tribes and tribal members can become dependent.

Funding shortfalls certainly exist in federal programs intended to facilitate access to capital through bond, loan and loan guarantee programs. Perhaps federal decision-makers justify cuts as limiting the federal government's financial exposure. Yet the result is frustrated tribal and other native borrowers, and bankers and other financing entities trying to assist them, because program funding (supply) serves too few applicants (demand). A prime example is the perennial underfunding of the BIA Loan Guarantee Program. Yearly requests to increase funding for this important program are ignored! NCAIED, NAFOA, the National Congress of American Indians (NCAI), and other Indian Country interests have repeatedly urged Congress to appropriate \$15 million for the program's credit subsidy, but the House Interior Appropriations bill for FY 2016 includes only \$7.7 million and a cap of \$100.4 million on the aggregate value of loans that can be guaranteed. That's the level provided last year, and it's already been exhausted, with four months still to go before FY 2016 begins. Unless the Senate Interior Appropriations Subcommittee is more responsive and adds more funding, Indian Country will be denied – again -- the best tool available to access capital from the private banking sector!

This kind of outcome has got to change. This loan guarantee program is not a "hand out" to anyone. It's not a grant program. It's a leveraging tool to incentivize private lenders to finance tribal projects, tribal enterprises, and businesses owned by American Indians and Alaska Natives. The tool works, and it could infuse hundreds of million more dollars into Indian Country, as I will explain later in my testimony. So, before continuing, I urge this Committee's members to call your colleagues on Appropriations today to approve funding closer to \$15 million for FY 2016.

Next, I want to address what I think are the essential elements for facilitating access to capital in Indian Country, and what are some of the roles that the federal government, tribal governments, and bankers can play to accomplish this essential goal.

### Federal Facilitation of Tribal Self-Determination

As context for my remarks, I harken back to the National Native American Economic Summit that convened in Phoenix, Arizona in 2007, with assistance from NCAIED and other national tribal organizations and the Department of Interior's Office of Indian Energy and Economic Development (OIEED). A preparatory white paper outlined some considerations for federal and tribal policy makers<sup>1</sup> -- listed below because of their relevance to this hearing's topic:

#### For Federal Policymakers

- Shift maximal decision-making power into indigenous hands;
- Invest in institutional capacity-building, the kind that enhances the capacity of Native nations to govern in effective ways of their own choosing and that backs up economic development activity in their communities;
- Tolerate diversity in governmental forms and development strategies;
- Make available the financial resources that are necessary if Indian nations are to develop financial resources of their own; and
- Support and grow government-to-government relationships that treat development not as paternalism but as partnership.

#### For Tribal Policymakers

- A clear distribution of roles among the various arms of government and adequate separations of powers;
- Effective and non-political dispute resolution mechanisms;
- Secured transactions codes and other legal provisions that guide commercial activity and that are enforced for everyone;
- Effective and transparent financial management;
- Strategic clarity (with strategies that are aligned with community ideals and backed with community support);
- And, depending on the nation's plans and goals, specific supports for economic development activity such as small business services, zoning arrangements, clean and efficient land title and leasing processes, business regulations, and so on.

As the above considerations for tribal policymakers suggest, self-determination not only is key but it affords the freedom to determine the tribes' own futures and "the right to make the

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<sup>1</sup> "The Nature and Components of Economic Development in Indian Country," Stephen Cornell and Miriam Jorgensen, 17-18 (May 2007)(commissioned for the National Congress of American Indians Policy Research Center for the purpose of stimulating discussion at the National Native American Economic Summit).

decisions – from development strategy to government form to systems of laws to the exercise of jurisdiction over lands and people – that will bring those futures to life.”<sup>2</sup>

The 2007 Summit’s National Native American Economic Policy Report<sup>3</sup> made many recommendations on strengthening governance (e.g., law reform, community planning, financial management skill development, financial jurisdiction) as a way to facilitate access to capital.

#### Tribal Governance Development and Tools to Access Capital

Fast forward to this Committee’s June 2014 oversight hearing, and the testimony of Key Bank Executive Vice President William M. Lettig that focused on access to capital and noted important elements that must be addressed in order for a tribe, tribal enterprise and often even an individual Indian borrower to access and obtain desired capital. I rephrased them below:

- A tribe must duly authorize proposed relationship with private lenders or investors;
- A tribe, tribal enterprise, or other Indian borrower and the private capital entity need clear and enforceable business and credit agreements; and
- A tribe and its tribal enterprise(s) must develop dispute resolution processes, including acceptable arrangements on sovereign immunity and choice of law, and doing so in collaboration with private sector capital players will help lead to more mutually acceptable outcomes and consummated deals.

In my experience, the fundamentals for tribal access to capital are: business friendly governance; reasonableness in exercising sovereign immunity and resolving disputes; and understanding of various types of financial assistance and related obligations (e.g., the difference between grants and loans). Very helpful are: tribal uniform commercial codes or similar ordinances; a good tribal court system with commercial dispute resolution mechanisms and adjudicators with some business law experience; and sophisticated financial management by people who understand the capital markets, financing, the need for business plans and feasibility studies, credit soundness of projects (will they make money to pay a debt burden), the risks and rewards of tribal taxes, and credit worthiness and the “sovereign risk” aspect of credit ratings.

As to tools for accessing capital, tribes have a variety of choices. Commercial loans, equity investments and sometimes even bond issuances can be relatively easy to pursue and close, if the tribal project will have a high profit margin or good, steady returns. Other projects are harder or more expensive to finance due to lower margins and longer lead times to profitability (e.g., manufacturing and government contracting). Infrastructure projects, so key to facilitating further

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<sup>2</sup> Id. at 18. The authors pointedly distinguished the terms “self-determination” and “self-governance” from those terms’ usage in the context of self-determination contracting and self-governance compacting.

<sup>3</sup> Native American Economic Policy Report – Developing Tribal Economies to Create Healthy, Sustainable, and Culturally Vibrant Communities, produced by the National Congress of American Indians and the Department of Interior, Office of Indian Energy and Economic Development (2007).

development, are the most challenging, because federal funding is limited and sporadic, and financing is nearly impossible if the infrastructure generates no revenue stream to cover debt repayment. Unlike state and local governments, tribes have limited or no ability to impose or increase taxes to repay lenders or bondholders. Federal loan guarantees help if they can enable lenders to finance larger projects, minimize lenders' exposure to risk, and are enforceable in tribal courts. The BIA Loan Guarantee Program offers those benefits.

Tribes themselves are doing more now than ever before to increase access to capital for their tribal members, for other tribes, and for other private sector borrowers. Many tribes self-finance their business and economic development projects, choosing to reinvest proceeds from gaming or government contracting – rather than incur debt -- to expand existing operations or diversify into new ventures. Many tribes have established financing entities, whether they are conventional banks, credit unions, Native CDFIs, revolving loan funds, or on-line lending or investing facilities.

While the field of tribal on-line lending has become controversial, it is essential to respect tribes' rights as sovereign governments and their economic responsibilities to provide for their tribal members and communities. Pursuant to U.S. treaties and statutes, the federal government has recognized the inherent sovereign right of tribal governments to engage in self-sustaining economic activities as a means to govern effectively and provide for their people, and to create appropriate regulatory authority to govern how tribal enterprises may operate on the reservation. For economic development, preservation of the right of tribal self-determination is paramount, and essential to foster financial empowerment among tribes, tribal enterprises and American Indian entrepreneurs. Currently, the Consumer Financial Protection Bureau (CFPB) has taken actions and floated proposals on short-term lending that concern tribal governments engaged in on-line lending. As tribes stressed to the CFPB earlier this week at a tribal consultation meeting, the CFPB must engage in government-to-government discussions and hear what the tribes have to explain about the rigors of their own tribal laws and regulatory schemes, rather than presenting proposals to which tribes are expected to respond. In the spirit of the CFPB's Tribal Consultation Policy, CFPB must realize and acknowledge the impact of its actions may have had and can have on tribal economies, including tribal bank accounts, and engage in more dialogue and formal consultations with tribes before taking any formal action on proposals that may affect tribal government rights and interests, including self-determination of their activities pursued to achieve economic self-sufficiency.

So many tribal communities are located in remote, impoverished areas and have struggled to establish business enterprises that generate sizable revenues and employment. The internet has offered new horizons for these tribes, as well as most other communities, as this Committee recognized when it held its oversight hearing several years ago about access to the internet in Indian Country. The tribes engaged in short-term, online lending may have no other viable form of sustainable economic development available. Thus, any rules contemplated for short term lending that could affect tribes must be considered only in the context of tribal consultation.

Furthermore, any federal actions that could limit internet use, or cause a chilling effect on economic activity over the internet, must be scrutinized carefully to avoid curtailing or even abrogating tribal rights to self-determination and self-sufficiency.

As a former banker, my interest is in greater penetration of traditional banking institutions providing access to capital in Indian Country. It's exciting to me that there are at least two dozen native-owned banks (whether wholly, majority or partially owned by tribes) operating across the country. Chickasaw Nation's wholly owned Bank2, represented here by CEO Ross Hill, is a very successful one. Unique among the native-owned banks is the Native American Bank, with 33 shareholders, including over two dozen tribes and ANCs, investing together to extend financing to tribal and commercial projects that otherwise would have remained unbankable and undoable.

Increasing numbers of tribes and other native applicants have applied to the Community Development Financial Institutions (CDFI) Fund to establish and expand CDFIs to provide their communities greater access to capital. Last June, the Committee heard testimony from Gerald Sherman, Vice Chairman of the Native CDFI Network, who reported 68 certified Native CDFIs located in 21 states, and about 60 emerging Native CDFIs preparing for certification. Through this Native CDFI network, more borrowers' needs for small and micro loans are being met, and more financial literacy training has helped native clientele improve access to conventional financial services, such as consumer loans, mortgages, tax preparation services, and small business credit.

Tribal and native business organizations also play important roles in expanding access to capital in Indian Country through the policy, business development and training conferences they conduct throughout the year. For example, for over 45 years, NCAIED has been assisting tribes and Native American businesses with how to conduct market studies and business planning, how to interface with banks and negotiate financing, and how to prepare proposals, negotiate contracts, and secure bonding. Most recently, NCAIED has launched a remarkable web-based business development assistance tool through its **Native Edge** web portal, proactively utilizing technology and the internet to provide economic opportunities, trainings, business development services, and much more, to tribes and Native businesses anywhere, anytime. Pertinent to this hearing, NCAIED has future plans to add a new component of the **Native Edge** that will facilitate "Access to Capital" by enabling tribes, tribal enterprises and other Native-owned businesses to search for, identify and communicate with lenders and investors interested in, willing to and experience in doing business in Indian Country.

#### Greater Flexibility of Banks and Bank Regulators

Traditional banks have approached Indian Country borrowers with starts and fits. While eager to finance lucrative large ventures, many major banks have been reticent to engage in smaller tribal and individual native business lending. Of course the Great Recession made matters much worse, as federal regulators tightened lending requirements, conventional lending dried up, and federal efforts to spur community bank lending ended up benefitting the banks more than potential borrowers. Near default on a few tribal financing packages also chilled interest in Indian Country lending. Bank regulators got extra tough on bank balance sheet reviews and

further limited the amounts banks could lend. With few loans being made, and the one-time increase for the BIA Loan Guarantee Program in the Recovery Act went mostly unused.

As the U.S. economy continues to improve, banks should refocus attention on Indian Country's needs for capital and bank regulators should ease up somewhat. Banks should be attending tribal and native business conferences geared toward business and economic development. Lenders should listen to native borrowers' needs and challenges, and learn to be more creative and flexible. Rather than insist on hard-asset collateral for a business loan, perhaps a bank could consider verification of the business' growth potential and cash flow analysis as collateral, as recommended by Native American Natural Foods President Mark Tilsen in Senate testimony last year. Certainly major banks should entertain offers from tribal and other native banks to participate in projects needing more financing than the smaller banks' balance sheets can support. That kind of partnering is beneficial for all involved. Furthermore, conventional banks of all sizes should consider mentoring Native CDFIs, and offer to partner with them in ways that can enhance Native CDFIs' lending activities and assist in their growth.

#### Greater Federal Support as Leverage to Increase Tribal Access to Private Capital

Based on my experience in energy policy and development, major project financing and micro lending, and tribal enterprise financing and management, I offer the following general recommendations for prompt federal action, primarily by Congress, to:

- Restore parity among tribes striving to protect and enhance their original land base, or to reacquire some of the lands they lost, by confirming the Secretary of Interior's authority to acquire land in trust for any federally recognized tribe;
- Streamline or reduce regulatory review and approval of leasing, rights-of-way and other actions that impede development and appetite for private sector investment;
- Extend or make permanent existing Internal Revenue Code provisions for Accelerated Depreciation, Employment Tax Credits and other tax credits that pertain to Indian lands;
- Enact tax reform provisions that promote fairness and economic growth for tribes by treating them as sovereign governments with taxing authority, and fashioning ways for them to: access tools utilized by other governments, such as issuing tax exempt debt, collecting excise taxes, remote sales taxes, and other taxes; and afford tax credits or possibly even tax holidays to private investors providing capital for projects on reservations with high rates of poverty and unemployment; and
- Facilitate access to capital by expanding existing programs that leverage federal funds in various ways to target, or otherwise incentivize use of, the federal allocation to Indian Country projects and other financing needs – such as the BIA Loan Guarantee Program, Low Income Housing Tax Credits and loan guarantee programs that facilitate mortgage lending, and the CDFI Fund's Native American



CDFI Assistance and New Market Tax Credits set aside for Community Development Entities (CDEs) focusing exclusively or primarily on Indian Country.

Within the last bullet on expanding access to capital, I would like to emphasize the following recommendations for programs of the Departments of the Interior, Treasury and Commerce. I will leave it to others to address access to capital issues and very worthwhile programs of the Departments of Agriculture and Housing and Urban Development that promote rural housing and community development in Indian Country.

### **Specific Recommendations to Leverage Federal Support**

#### 1. Department of the Interior

Increase Funding for the BIA Loan Guarantee Program's Credit Subsidy and Staff Support: The Senate must respond immediately to Indian Country requests to increase the credit subsidy for the Indian Loan Guarantee Program to \$15 million for FY 2016 to keep pace with the burgeoning demand for business and economic development capital in Indian Country. Overseen by OIEED, the loan guarantee and loan subsidy programs have incredible potential to leverage a small federal investment to facilitate substantial conventional lending for business and economic development. BIA-certified lenders lend to Tribes and Indian businesses on reservations and submit to tribal court jurisdiction. OIEED also operates a revolving credit facility that assists Indian borrowers with lines of credit for working capital, payrolls for hiring new employees, and assurances sufficient for sureties to provide performance bonds to tribal- and other Native-owned contractors. Below are some examples of projects that became realities because lenders were able to use BIA guarantees:

- Construction of new hotel on a Montana reservation that leads to a glorious national park, creating new tourism, retail and government traffic and 25 additional jobs, financed with a \$5.5 million loan;
- Five guaranteed loans totaling \$15 million helped build the Indian Pueblo Cultural Center, owned by 19 Pueblos in New Mexico, and launch successful, revenue generating operations and create about 200 jobs, many held by Native Americans;
- A \$12 million guaranteed loan enabled the Alaska Native village of Huna Totem Corporation, Inc. to complete renovation of the old Point Sofia Cannery site to develop a successful tourist destination for visiting cruise ship guests, creating about 130 year-round and summer jobs;
- Seldovia Native Association, Inc., used an \$8.3 million guaranteed financing to construct the Dimond Center Hotel, creating about 40 full and part time jobs;
- Tuba City Partners, LLC deployed a \$5.8 million guaranteed loan to build a commercial office building in the community of Tuba City on the Navajo reservation, creating over 50 jobs during construction, and generating revenues from space leased for public and private offices and tourist related shops; and
- \$10 million guaranteed as part of a \$13 million tribal economic development authority's project in Nevada.

These projects are just some of the worthwhile uses of BIA loan guarantees in recent years. As I stressed earlier, tribes and native organizations have long advocated for substantially expanding the funding and the authority for use of BIA guarantees. For example, in January 2009, NCAIED, the Native American Contractors Association (NACA) and National Congress of American Indians (NCAI) promoted “Native American Business Provisions” in the American Economic Recovery and Reinvestment Act that proposed \$148 million for a BIA Guaranteed Loan and Surety Bonding Program to 1) expand commercial lending, 2) implement unused authority for issuing supplemental surety bond guarantees to facilitate award and performance of stimulus infrastructure and other construction-related projects, and 3) use the guarantees to help ensure tribal participation in renewable and other energy development projects. Unfortunately, however, this higher level of funding never materialized. The guarantee program has been woefully underfunded for years and unable to satisfy the increasing demand for its guarantees. The Small Business Administration (SBA) loan and loan guarantee programs are far larger, but they require dispute resolution in federal court, among other challenging requirements less amenable to tribal borrowers.

Recognizing the need to expand the program, in 2006 Congress authorized a major increase in the aggregate limit on guaranteed loans from \$500 million to \$1.5 billion. However, in the last several years, Congress has not appropriated anywhere near enough funds for the program to allow lending to increase towards that authorized level. The current total of aggregate loans is only about \$600 million. So if Congress had approved \$15 million last year, as Indian Country urged, about \$250 million in loans could have been approved. Instead, Congress approved only \$7.7 million for the program and capped the total loan principal at only \$100 million. Already, that entire funding allocation has been used up – with four months remaining in this fiscal year – and a backlog of pending loan applications approaching another \$100 million! Congress must right-size the credit subsidy with at least \$15 million for FY 2016.

In parallel with doubling the loan guarantee program’s credit subsidy, Congress should increase funding for the OIEED to strengthen its lending staff by adding personnel with more banking experience. Not only must the staff review and process the increasing volume of loan guarantee applications more quickly, but OIEED also should have the capability to consider new, innovative ways to leverage even further the value of its loan guarantees, such as proposals to: 1) waive the 20% equity requirement more often; 2) consult with fellow agencies to explore whether and how their respective loan guarantee programs can somehow be used to supplement and satisfy the unmet needs of Indian Country borrowers; 3) enable creation of a secondary market for segments of loans that carry the BIA guarantee; and 4) establish some kind of “Preferred Lender” designation for lenders with strong track records of originating and servicing guaranteed loans. The latter two proposals are discussed further below.

## 2. Department of the Treasury

### a. Community Development Financial Institutions Fund

As the Committee has received testimony on many aspects of this important program already, let me reiterate briefly just two key recommendations:

i. \$16 Million for Native CDFI Assistance: For this account, the House Appropriations Committee has agreed to the requests of Indian Country, recognizing the benefits of the CDFI Fund's Native American CDFI Assistance initiative in expanding access to small and micro loans for individuals and small businesses. The program's assistance also facilitates financial literacy and entrepreneurial development training in Native communities across the country. This program is another great example of how a modest federal investment catalyzes greater capital access in Indian communities.

ii. Increase New Market Tax Credit Allocations For Indian Country: The House Appropriations bill includes \$23.1 million for the CDFI Fund's New Market Tax Credits (NMTC) Program, about \$1.8 million less than the President's budget request for FY 2016. We hope the Senate approves the higher figure, with a directive to set aside some of the allocations' use in Indian Country. Through this program, the CDFI Fund makes NMTC allocations to Community Development Entities (CDEs) to help finance projects in low-income urban neighborhoods and rural communities lacking access to capital needed to support and grow businesses, create jobs and sustain healthy local economies. In the past, NMTC allocations have helped finance projects in Indian Country, but none of the last two rounds of allocations went to the CDEs that primarily or exclusively serve Indian Country. Lack of NMTCs has reduced urgently needed financing for business and community development projects in native communities across the country. Either the CDFI Fund can determine, or Congress can mandate, that a certain percentage of NMTCs be allocated to qualified CDEs whose primary mission is to invest in native communities and who possess the required cultural competency and understanding of relevant legal and financial complexities involved. Since the CDFI Fund is open to making some adjustments, we urge this Committee to press for allocation of a greater percentage of the NMTCs to CDEs that focus on community, housing, economic and business developments in Indian Country. Congress also should act to make NMTC authority permanent and to set aside a percentage of any future NMTC allocations for qualified CDEs whose primary mission is to serve Indian Country, if the CDFI Fund opts not to do so administratively.

b. Other Recommendations

First, another attempt should be made to distribute TED bond allocations to finance projects in Indian Country. The first round of allocations took a kind of pro rata approach; the second round focused more on the readiness of a tribe's project for TED Bond financing. Since a substantial amount of the allocation remains undistributed, there should be a renewed effort to determine a better approach to achieve full deployment of this valuable economic development financing.

Second, there should be broader, more effective use of the Community Reinvestment Act (CRA) to encourage more banks to invest in native communities and in Native CDFIs that serve such communities. Federal bank regulators should work to ensure that the CRA regulations explicitly recognize lending, services, and investments in Indian Country. Greater CRA attention should be paid to, and more value should be placed on, mortgage lending activity on tribal trust lands. This approach could attract to Indian Country numerous lenders who previously have met their Native American goals by lending to tribal members living in urban areas or other non-trust lands.

### 3. Department of Commerce

At this Committee's January 28, 2015 Oversight Hearing on Indian Country Priorities for the 114<sup>th</sup> Congress, NCAIED recounted its efforts along with a dozen other national and regional organizations to urge the elevation and enhancement of the Office of Native American Affairs within the Department of Commerce and within the SBA. NCAIED recommended that the Committee hold an oversight hearing on the efforts of Commerce to address Indian Country's economic and business priorities and implement two laws that Congress passed for that purpose:

- The Indian Tribal Regulatory Reform and Business Development Act (Public Law 106-447), directing the Commerce Secretary to establish a Regulatory Reform and Business Development on Indian Lands Authority to identify and remove obstacles to investment, business development, and wealth creation in Native communities;
- The Native American Business Development, Trade Promotion and Tourism Act (Public Law 106-464), codifying an existing office with a new name, the Office of Native American Business Development. The Act prescribes duties for the Office Director to fulfill, including to: 1) ensure intra- and inter-agency coordination of federal programs assisting business and economic development, and expansion of trade; 2) carry out a Native American export and trade promotion program; 3) conduct a Native American tourism program; and 4) report annually to the Senate Committee on Indian Affairs and House Committee on Natural Resources on the operation of the Office and any recommendations for legislation deemed necessary.

Our goal has long been a stand-alone Office of Native American Affairs, with a staff and its own budget, to carry out the duties prescribed by Congress, and make more accessible to Indian Country all of the various agencies and programs under Commerce's vast reach. Since the Minority Business Development Agency (MBDA) has done more than any other division within Commerce to try to fulfill some of the above-reference statutory duties, we appreciate MBDA National Director Alejandra Castillo's willingness to participate in this hearing today. We also believe it is essential to hear from the Secretary of Commerce how and when she plans to fund and expand the staff of a stand-alone Office of Native American Affairs that reports directly to her, as Congress intended.

As noted in previous testimony, NCAIED has extensive experience working with MBDA, having launched the first Native American Business Enterprise Center (NABEC) funded partially by an MBDA cooperative assistance agreement and operated as many as four NABECs for many years. When MBDA decided a few years ago to support only Minority Business Centers, NCAIED opted to move beyond stationary centers and expand access to capital and business development assistance through our RES conferences and new **Native Edge** business portal. We have maintained a good relationship with MBDA and are open to exploring new ways to work together to serve tribes, tribal enterprises and other Native businesses and entrepreneurs, whether the assistance is to: find jobs or qualified talent to fill jobs; find contract opportunities or sources qualified to fulfill partnering or procurement needs; find lenders willing to finance business expansion or project development; or learn from myriad training videos and online tutorials about how to write a business plan, market products and services, set up business

accounting systems, and so on. NCAIED's new web portal, **Native Edge**, can provide access to these and other types of assistance virtually, at any time of the day or night.

The Department of Commerce operates so many agencies and programs that could benefit our Native communities, and link them with opportunities domestically and globally. It is essential that the Department embrace that challenge by increasing the authority and funding of its Office of Native American Affairs. NCAIED and other native business and tribal organizations will be delighted to work with the Secretary and her staff to develop strategies and plans to fulfill the intent of Congress articulated in the Native American Business Development, Trade Promotion and Tourism Act of 2000.

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In closing, I want to thank you, Mr. Chairman and the Committee, for the opportunity to present these views and reiterate our requests to increase support for the existing programs that invest federal dollars as leverage to multiply exponentially the amount of private capital invested in Indian Country. I realize that some of the legislative recommendations are appropriations issues, and some are beyond this Committee's jurisdiction. So, on behalf of NCAIED, I offer our commitment to work with you and your staff on legislation to amend the Indian Finance Act or develop other approaches to expand access to capital in Indian Country.