

Native American Entrepreneurship in South Dakota's Nine Reservations



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Preface

This research report is the result of an in-depth market analysis of the small business development environment on South Dakota's nine Indian reservations, funded by the Citi Foundation. The report was commissioned by Four Bands Community Fund on behalf of the South Dakota Indian Business Alliance (SDIBA). The mission of SDIBA is to enhance Indian business development by leveraging partnerships and resources of diverse institutions and organizations.

SDIBA grew out of the first Indian business development conference held in February of 2007 in Rapid City, South Dakota. A major theme of the conference was the importance of building enduring partnerships to boost business development and entrepreneurship on South Dakota's Indian reservations. The conference was a collaborative effort of the Bureau of Indian Affairs Office of Economic Development, Oweesta Collaborative (later renamed

the Sage Collaborative), Wakpa Sica Reconciliation Place, and the Federal Reserve Bank of Minneapolis. At the conference, these groups and others made a commitment to form SDIBA. SDIBA's members have grown over time and come from a broad spectrum of the community including Tribal leaders and policy makers; Tribal economic and business development leaders; Tribal judiciary and legal counsel; federal, state and local officials; federal and state government agency staff and lawmakers; commercial and other lenders; Tribal college business department staff and students; and community development groups.

SDIBA has been in existence since April 2007, and in alignment with its mission to increase funding and technical assistance for small business development in the nine Indian reservations across the state has commissioned this report.

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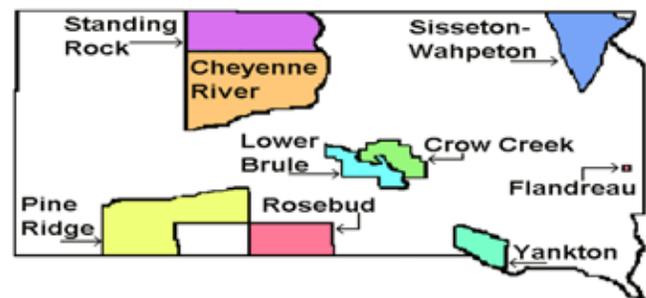
Introduction



SOUTH DAKOTA is home to nine Indian reservations and has one of the highest concentrations of Native Americans at the state level. The latest Census figures report that Native Americans or Alaska Natives comprise just over 10% of the state's population,¹ the majority of whom reside on reservations. Although numerous reservation communities across the country suffer from high rates of poverty and unemployment, four counties in South Dakota in which reservations are located currently rank in the top 10 counties with the highest poverty rates.² These conditions are set against a record-breaking national poverty rate and deepening wealth gaps between white households and minority households. From 2005 to 2009, the median wealth for white households increased from 11 times that of black households and seven times that of Hispanic households to 20 times that of black households and 18 times that of Hispanic households.³ In South Dakota, the Census Bureau estimates that in 2010, the median household income of white, non-Hispanic households was \$48,144, whereas for Native Americans or Alaska Natives it was \$22,170.⁴

The geographically isolated and economically depressed areas in which the state's reservations are located present discouraging conditions, yet great opportunities, for healthy economic and business development. Most reservation communities in South Dakota are taking charge of their economic futures and working to invest in their communities through small business development. Two of the nation's

most successful Native community development financial institutions (Native CDFIs), Lakota Funds and Four Bands Community Fund, are located on the Pine Ridge and Cheyenne River reservations in South Dakota. These established Native CDFIs and emerging Native CDFIs in other reservation communities are working closely with community members and Tribal institutions in their respective reservations to catalyze economic revival by providing access to capital, financial education, training, and technical assistance for Native entrepreneurs.



This report examines common barriers to Native entrepreneurship in reservation communities, the entrepreneurial climate and small business development activity on each of the state's nine reservations, and a range of recommendations to consider by federal government agencies, state government agencies, Tribal governments, and Native CDFIs in their efforts to grow and support Native entrepreneurs in reservation communities.

Furthermore, it provides a deep look into how nine rural reservations have employed differing approaches to business development, and the effects these varying approaches have had on the success of Native entrepreneurs and on the economic conditions for the broader Tribal communities.

It is important to clarify the meanings of key terms that are frequently used in this report or have disputed meanings in other contexts. For purposes of this research report, the term entrepreneurship refers to the development of microenterprises (businesses with five or fewer employees) and small businesses (more than five employees). Entrepreneur refers to the owner or principal owner (51% or more ownership) of a microenterprise or small business. The terms “Indian,” “Native” and “Native American” are used interchangeably throughout the report and refer to persons whose ethnicity is

American Indian or Alaska Native. Technical assistance refers to assistance with processes crucial for business operations such as completing loan applications, developing marketing materials and strategies, and setting up financial management systems. Lastly, commercial banks and financial services refer to financial institutions that have large national or regional markets and offer consumer banking services, home loans and consumer loans.

The latest Census figures report that Native Americans or Alaska Natives compose just over 10% of the state’s population, the majority of which reside on reservations.

Methodology

PRIMARY DATA collected for this report includes in-person and telephone interviews with community members, support providers, entrepreneurs, and lenders on each of the nine reservations. Those who were not available to be interviewed were emailed the interview questions and asked to fill in their answers. A total of eight in-person or written responses were collected from community members who were contacted; 17 from support providers, 28 from entrepreneurs, and seven from lenders. The information and insight provided by the interviews and responses directly informed descriptions of the entrepreneurial climates and services on each reservation, as did the case studies and recommendations.

Publications on Native entrepreneurship and economic development from the U.S. Department of the Treasury CDFI Fund, the Federal Reserve Bank of Minneapolis, First Nations Development Institute, First Nations Oweesta Corporation, the Harvard Project on American Indian Economic Development, CFED,

and others informed much of the secondary research compiled for this report. Population, unemployment, income, poverty, and public assistance data included in each reservation profile was gathered from the 2010 Census, the South Dakota Department of Labor, the South Dakota Department of Tribal Relations, the 2007 Economic Census, Census Bureau 2008 County Business Patterns, Census Bureau 2009 Small Area Income and Poverty Estimates, the 2005-2009 American Community Survey, Census Bureau 2009 Nonemployer Statistics, and the 2005 Bureau of Indian Affairs (BIA) American Indian Population and Labor Force Report. The latter is the most recent labor report available from BIA and therefore may not reflect the most recent unemployment rates of the American Indian population on reservations. Because the data in the BIA report is provided by Tribes however, it is likely to reflect more accurate employment rates than those from state and federal government sources.

Common Barriers to Accessing Capital and Entrepreneurship Support Services

NATIVE ENTREPRENEURS in reservation communities face many of the same challenges that non-Native, rural entrepreneurs face when trying to start or grow a business: isolated geographical locations; lack of access to small business capital; and lack of access to peer networks. Native entrepreneurs however, face an additional slew of major challenges that are more unique or more prevalent in their communities:

- Difficulty in securing collateral because of the trust status of Tribal lands
- Lack of affordable financial products and services
- Lack of entrepreneurship training and support services
- Lack of equity investment in Native-owned enterprises
- Inadequate telecommunications and transportation infrastructure

TRUST STATUS OF TRIBAL LANDS

IN THE continental United States, reservation and Indian lands are held in trust by the federal government; therefore, purchases or leases of reservation land must be approved by the federal government through the Department of the Interior. The approval process for these purchases or leases is often cited as being very inefficient and the reason why business development projects are ultimately not pursued. In addition, the trust status of Tribal lands is a primary reason why banks are highly reluctant to provide home or small business loans to Native Americans residing on reservations. The trust status does not enable banks to repossess the land, home, or business in case a borrower defaults. As a result, Native entrepreneurs often do not have any home equity – a common source of collateral for small business financing – because it is often too difficult for them to own land on the reservation.

Remnants of federal policy of the late 19th century, specifically the General Allotment Act of 1887 (also known as the Dawes Act), present an additional layer of complexity to the status of Tribal lands.

This legislation instituted the process of allotting parcels of land that were held in trust by the federal government to individual Native Americans. The remaining Tribal land became available for purchase by non-Natives, with compensation for land given to the Tribes.⁵ Even though the allotment process ended in 1934, many reservations throughout the country, including those in South Dakota, have residual “checkerboard” land, composed of parcels owned by individual Native Americans, and parcels owned by non-Natives, scattered throughout the reservation. The status of these Tribal lands makes it even more difficult for Tribes to engage in economic and business development projects, thus diluting the strength of Tribal communities as they come to rely on non-Native businesses within the reservation boundaries. For some Tribes in South Dakota, this has resulted in a weakened emphasis on Tribal culture and community.

LACK OF AFFORDABLE FINANCIAL PRODUCTS AND SERVICES

THE RELATIVELY few commercial banks and financial services providers that serve reservation communities do not offer affordable financial services and products tailored for Native entrepreneurs. In addition, these financial institutions may charge numerous fees for their services (such as check-cashing fees) and high interest rates for loans. As a result, Native entrepreneurs are often dependent on available high-cost financial services or products or worse, find themselves with bad credit because they have a high-fee banking account they cannot maintain in good standing, or are unable to pay back a high-cost loan. They may, alternatively, avoid any interaction at all with financial services and products and fail to build any credit. These circumstances which erode or prevent the building of good credit can prevent Native entrepreneurs from obtaining the affordable credit they need through prime rate loans, should such loans become available. There is also a lack of financial education in many reservation communities that combines with the reality that Native entrepreneurs do not routinely gain experience in managing finances. Native entrepreneurs may not even be aware that

the financial services and products that seem to be available are high cost and that there are more affordable options. Deeply held cultural values can also come into play: Native entrepreneurs may not be profit-driven or focused on individual accumulation of income and wealth. These factors indicate that financial education has the potential to be a potent tool for the empowerment of Native entrepreneurs.

Furthermore, financial institutions and investors are often concerned that Tribes have not developed or clearly defined the legal infrastructure for enforcement of contracts and other commercial arrangements, inhibiting business development. Although some Tribes have been active in adopting tribal commercial codes and other laws and regulations pertaining to business transactions, many have not. As a result, financial institutions and other investors perceive higher levels of risk in lending to Native American Tribal communities, and are unwilling to make investments and loans without compensating for that risk with higher interest rates.

Financial institutions and investors are also concerned that Tribal courts may not be fully independent from other branches of the Tribal government, resulting in the potential for political interference in business and legal matters. Some Tribes have incorporated a separation of powers in their governance structures, either constitutionally or as a matter of practice, so their courts function independently from the executive and/or legislative bodies of their Tribes, insulating them from political interference. However, for Tribes that have not yet instituted these measures, financial institutions and other potential investors are often reluctant to lend in their communities.

Lastly, financial institutions and other lenders often lack information about Tribal procedures and business-related laws. Tribal laws and procedures can vary across Tribes, resulting in lack of knowledge by financial institutions about an individual Tribe's laws and regulations. This lack of knowledge can act as yet another deterrent to lending and providing other financial services on Tribal lands.

LACK OF ENTREPRENEURSHIP TRAINING AND SUPPORT SERVICES

ALTHOUGH NATIVE CDFIs, regional and national Native CDFI intermediaries, Small Business Development Centers (SBDCs), and Tribal Business Information Centers (TBICs) may provide technical assistance to Native entrepreneurs, these services can be difficult for them to access given the long distances they might have to travel to reach one of these institutions, and because of irregular or undependable access to phones and computers. Support and technical assistance providers need more funding to strengthen

Trust status of Tribal lands is a primary reason why banks are highly reluctant to provide home or small business loans to Native Americans residing on reservations.

and expand their programs, but they also need to work more collaboratively with each other, Tribal governments, Tribal colleges, and financial institutions to expand the reach and effectiveness of their services.

The support services provided by Native CDFIs are covering the gaps left by other service providers on the reservations. For example, one governmental agency director indicated he is "available if the community members reach out to him and contact him first." He would not contact a community member unless he knew someone within the community. The person needing support would have to initiate contact with him.⁶ This is indicative of the lack of awareness some service providers have of Native entrepreneurs' needs, and diminishes their ability to provide appropriate assistance.

LACK OF EQUITY INVESTMENT

BECAUSE OF the many issues that arise in trying to obtain collateral-based business loans, equity-investments – capital infusions into a business that provide the investor with a stake in the business – are a much needed alternative source of financing for Native entrepreneurs. Equity investors obtain investment

leads through their professional networks and usually invest in companies that are located close to them.⁷ Because of isolated geographical locations and lack of access to peer networks, Native entrepreneurs are often not privy to the leads that come out of these networks. Equity investors also typically want to see the companies in which they invest grow and expand so they can receive a return on their investment; however, most Native businesses are not intended to become growth businesses. As a result, there is a mismatch between the interests of equity investors and the needs of Native entrepreneurs.⁸

INADEQUATE TELECOMMUNICATIONS AND TRANSPORTATION INFRASTRUCTURE

IN 2001, relatively few Native households on Indian lands had telephones (47%) and only 8% of rural Native households had internet access.⁹ This has not changed significantly in the past 10 years. According to the Federal Communications Commission, in 2011, there was a 68% telephone penetration rate on Tribal lands nationwide; for broadband the penetration rate is less than 10%.¹⁰ It is more costly for companies to build telecommunications infrastructure that covers large geographic areas that are sparsely populated.

The current state of roads and bridges on Tribal lands is sub-standard and presents major safety concerns. Most Tribes do not have enough funding to construct safety measures on existing roads, much less build their own roads. The Indian Reservation Roads (IRR)

system is often the sole source of funding for Tribes to expand and make improvements to their transportation infrastructure. Over the past 5 years however, IRR funding for land-based Tribes has been declining because of inaccuracies in the BIA Road Inventory Field Data System.¹¹ Over 73% of BIA roads, which are part of the IRR system, are unpaved. Under the BIA road system Level of Service index, these roads are considered “inadequate”¹²; by the people who travel these roads, they’re considered dangerous. Injuries caused by car accidents are the leading cause of death for Native Americans up to age 44. Fatal car crashes on reservations increased by 50% between 1975 and 2002, whereas fatal crashes declined by 2% nationwide.¹³

South Dakota’s reservations are rural and most of them have relatively large land bases (see land areas in the Reservation Profiles section). South Dakota’s Native entrepreneurs residing in or near reservation communities need to travel by car to access support services. Four Bands Community Fund is located 42 to 55 miles from the Cheyenne River Sioux Reservation communities of Timber Lake, Swiftbird and Promise.¹⁴ Lakota Funds is approximately 76 miles from the western edge of the Pine Ridge Reservation and 49 miles from the town of Pine Ridge. The Tribal communities of Lake Andes and Wagner on the Yankton Reservation are approximately 56 and 75 miles from the Areawide Business Council, where the Yankton Sioux Tribe’s loan fund is administered. Of the 11,225 miles of roads on South Dakota’s reservations, 56.5% are gravel, and 15.7% are earth (dirt).¹⁵ Only 19.7% of these roads are paved with two inches or more of top surface. In addition to having to travel long distances, if there is inclement weather (e.g., floods, snowstorms), driving along earth and gravel roads is extremely difficult, if not impossible.

Because of this poor or non-existent infrastructure, the costs (both financial and time involved) of starting and operating a business on a reservation are significantly increased for both individual Native entrepreneurs and Tribal governments. Additional research or further examination could assess whether utilization of improved infrastructure in reservation communities results in improved business development outcomes for Native entrepreneurs.



Federal and State Government Small Business Programs

BOTH THE federal government and the state of South Dakota offer a range of programs that can provide funding to bring access to capital and technical assistance to rural Native small businesses. Such programs offered by the federal government are housed across several different agencies, demonstrating the government's commitment to providing Native American Tribes with access to numerous funding streams. State-level programs that provide capital access to Tribes are housed within the South Dakota Governor's Office of Economic Development.

CDFI FUND, UNITED STATES DEPARTMENT OF THE TREASURY

THE CDFI Fund has two programs that are specifically designed to increase access to capital and technical assistance for Native entrepreneurs. The first is the Expanding Native Opportunities Program, which includes three components: Native Communities Financing Initiative (NCFI); Native Entrepreneur and Enterprise Development Initiative (NEED); and Native Financial Skills Initiative (NFSI).

These initiatives fund training and technical assistance for the purposes of increasing the number of emerging Native CDFIs and building capacity of existing Native CDFIs, which includes enhancing their ability to offer financial education and asset-building programs like individual development accounts (IDAs).

The second CDFI Fund program is the Native American CDFI Assistance (NACA) Program, which provides financial and technical assistance awards to emerging and existing Native CDFIs. Only Native CDFIs certified by the CDFI Fund can receive financial assistance awards, whereas existing and emerging CDFIs and sponsoring entities are eligible for technical assistance awards. Appropriations for the NACA Program have remained stable over the past decade, and even increased for 2008 and 2009, from just under \$4 million to approximately \$8 million.¹⁶

In September 2011, the CDFI Fund launched a new training and technical support program for executives

of Native CDFIs titled The Leadership Journey: Native CDFI Growth and Excellence. This program is part of the CDFI Fund's Capacity Building Initiative and is the first in a new series of training programs that are part of this initiative. Additional training programs are likely to focus on emerging CDFIs (including Native CDFIs) and direct technical assistance for Native CDFIs.¹⁷

UNITED STATES DEPARTMENT OF AGRICULTURE (USDA) RURAL DEVELOPMENT

USDA RURAL Development (USDA RD) offers a range of grants and loans that are designed to increase access to capital for rural entrepreneurs and small businesses. Four USDA RD programs that address the needs of rural microenterprises and very small businesses are Rural Business Enterprise Grants (RBEs), the Intermediary Relending Program, the Rural Microentrepreneur Assistance Program (RMAP), and Value Added Agriculture Grants.

Appropriations for the NACA Program have remained stable over the past decade and even increased for 2008 and 2009 from just under \$4 million to approximately \$8 million.

RBE grants are awarded to local governments, nonprofit corporations, or Indian Tribes on behalf of small or emerging businesses that have less than \$1 million in net sales and fewer than 50 employees in the first year of the grant period.¹⁸ Although there is no maximum loan amount, requests greater than \$500,000 are not likely to be funded. Matching funds are not required and eligible uses for the grant are revolving loan funds, buildings (construction and improvement), roads, signs, lighting, and training.

The Intermediary Relending Program (IRP) provides loan funds to eligible intermediaries to establish revolving loan funds for rural businesses.¹⁹ Eligible



entities include nonprofit corporations, government agencies, and Indian groups. Although intermediaries can borrow up to \$2 million for the first IRP loan and up to \$1 million for subsequent loans, loan amounts to intermediaries have been capped at \$750,000 in recent years. The maximum loan amount from intermediaries to small businesses is \$250,000, and eligible purposes for the loans can include real estate, equipment, start-up and working capital, and refinancing.

RMAP is a relatively new USDA RD program that was created through the American Recovery and Reinvestment Act of 2009.²⁰ Eligible entities for RMAP funds are limited to Indian Tribes, nonprofit organizations, and public higher education institutions, and are issued in the form of loans and technical assistance grants. The maximum loan amount is \$500,000 and loan recipients must have lending experience and good standing with the Small Business Administration. Funds loaned to microenterprises cannot exceed \$50,000 and can be used for working capital, debt refinance, training, and equipment. Microenterprises applying for RMAP loans cannot have more than 10 full-time employees. RMAP technical assistance grants to eligible entities cannot exceed \$130,000 and are designed to provide rural microentrepreneurs with preparation and training for starting and sustaining their businesses.²¹

Value Added Agriculture Grants are available to independent producers, farmer or rancher cooperatives, agricultural producer groups, and producer-owned business ventures, including nonprofit organizations.²² The maximum award is \$500,000 for working capital and \$100,000 for planning. Matching resources are required. Value-added processing and marketing helps farmers and ranchers receive a higher portion of the retail dollar. Value Added Producer Grants support planning activities,

such as developing a business plan, as well as working capital. Specific funds are available for projects that focus on local and regional supply networks or support beginning farmers and ranchers, socially disadvantaged farmers and ranchers, and small- or medium-sized farms or ranches. Grants may fund projects that:

- Create a business plan to market value-added products;
- Evaluate the feasibility of direct marketing of freshly bottled milk;
- Evaluate the financial benefits of processing and marketing meat versus selling live animals;
- Expand marketing capacity for locally and regionally grown products; and
- Expand processing capacity.

In addition to these programs, USDA has developed a proposed rule on Substantially Underserved Trust Areas (SUTA) that would increase Tribes' access to infrastructure funding and benefit rural Native economic development. The proposed rule would give discretionary authority to the Administrator of the Rural Utilities Service to make loans and guarantee loans with interest rates as low as 2% and with extended terms; waive requirements such as matching funds and credit support requirements from any loan or grant program; and designate highest priority to SUTA projects.²³

UNITED STATES DEPARTMENT OF THE INTERIOR, OFFICE OF INDIAN ENERGY AND ECONOMIC DEVELOPMENT

THE OFFICE of Indian Energy and Economic Development (IEED), within the Department of Interior, under the Assistant Secretary of Indian Affairs, has two divisions that administer funding and technical assistance programs for Native entrepreneurs and small businesses: Division of Capital Investment and Division of Economic Development. The former focuses on increasing access to business start-up and expansion capital whereas the latter focuses on providing business-related training and technical assistance.

The Division of Capital Investment, through the Indian Finance Act of 1974, administers the Indian

Loan Guarantee, Loan Insurance, and Interest Subsidy Program, which guarantees loans for lenders who agree to lend to Native small and large businesses for up to 90% of the loan amount. Both Tribes and individual Native business owners can apply for loans guaranteed by this program and must have a 20% equity injection to put into the business. The maximum loan amount that is guaranteed for Tribally enrolled individuals is \$500,000; larger loan amounts can be guaranteed for Tribal organizations and Tribally owned businesses depending on program and policy limitations. The interest rate for these loans is determined by the lending institution, but must adhere to limitations established in the Interest Subsidy program policy.

The Division of Economic Development (DED) administers the Native Business Development Program, which provides entrepreneurship training to individual Tribal members interested in starting reservation-based businesses. This program also provides management training to Tribal leaders and Native business owners and procurement training that helps Tribes capitalize on federal- and state-level Indian-preference procurement policies and opportunities.²⁴

DED also administers three programs that are focused on assisting Tribal governments with business-related economic development projects.²⁵ The Nation Rebuilding training program provides training to assist Tribes in creating regulations that encourage business growth and attract external investors, and online resources for developing commercial transaction codes. This program also provides funding for Tribes to use consulting services to develop 5-20 year comprehensive strategic plans. The Building Tribal Business Capacity program assists Tribes with Section 17 corporations through training for Tribal leaders and attorneys in chartering and amending Section 17 corporations, and providing online resources that help Tribes understand different business formation structures. This program also provides funding for Tribes to obtain economic feasibility studies. The Preserving Tribal Economic Traditions and Values program provides Tribal leaders and attorneys with intellectual property rights training, and individual Native entrepreneurs and business owners with training on incorporating Tribal values

“Per month we had about 10 entrepreneurs that used to come in [with inquiries about the Indian Finance Act Loan Guaranty Program]; that is now down to 1-2 inquiries a month ... I believe this decrease is because of the change in the structure of the organization. Their organization changed from us providing services in-house and from services provided at the regional level to four super centers. They lost focus from the reservation to larger metro areas is my assumption. The lack of focus on the local entrepreneurs and the move to becoming more focused on the larger corporations caused the loss of focus on the reservation ... The local credit office cannot market [the Loan Guaranty Program] because we do not know or understand what happened to the organization or the program. We are not marketing the program but will answer questions if asked.”

– Cheyenne River Credit Officer

into the daily operations of their businesses.

In addition to these programs, IEED also administers the Native American Business Development Institute, which provides funding to Indian Tribes to hire consultants to conduct feasibility studies on economic development opportunities for reservations.²⁶

In 2008, the Assistant Secretary of Indian Affairs reorganized the Credit Program, Workforce Development, Economic Development, and Minerals Mining Services so that they were no longer administered by the 12 then-Bureau of Indian Affairs (BIA) regional offices, assigning their oversight to IEED. The common perception of the IEED programs is that they remain a function of the BIA. The realignment has had a seemingly negative effect on the impact of the programs administered by the Division of Capital Investment, formerly known as BIA Credit. In 2006

and 2007, the number of loan guarantees made for the Great Plains region was 23 and 16; in 2008, this number dropped to two. These numbers slightly increased for 2009 and 2010 to five and six (see Appendix 3). The lack of marketing of the Loan Guaranty, Insurance, and Interest Subsidy Program after the realignment has left Native communities in South Dakota with the impression that BIA is not providing services for business development in Indian Country.

SMALL BUSINESS ADMINISTRATION

THE SMALL Business Administration (SBA) offers several loan guarantee and grant programs that provide access to capital for small businesses. These programs include the Microloan Program, the 7(a) Loan Program, and PRIME (Program for Investment in Microentrepreneurs) grants.

The SBA Microloan Program provides eligible intermediaries with funds to issue small loans to small businesses and nonprofit child care centers.²⁷ Although the maximum amount that intermediaries can loan to borrowers is \$50,000, the average loan amount is \$13,000. Loans can be used for working capital, inventory purchases, supplies, and equipment. Eligible intermediaries are nonprofit organizations, quasi-

Advantage and Community Advantage loan initiatives and the Rural Lender Advantage program. The Small Loan Advantage Program encourages larger current SBA lenders to offer small loans through streamlined paperwork, quick approval times (minutes for Small Advantage Loans submitted through the e-Tran system and one business day for all other loans), a \$250,000 loan amount maximum and a higher guarantee for loans below \$150,000 (85% compared to 75% for loans over \$150,000).²⁸ The Community Advantage Program is a three-year pilot to increase the number of approved SBA 7(a) lenders in underserved communities. The pilot is focusing on mission-driven financial institutions that previously have not been able to offer SBA loans. As with the Small Advantage Loan Program, the required paperwork is streamlined and the maximum loan amount is \$250,000, with a higher guarantee for loans under \$150,000. The approval time for Community Advantage loans however is 5-10 business days. Both programs were implemented in March 2011.

The Rural Lender Advantage Program offers a simpler and more streamlined process for lenders to issue loans of \$350,000 or less.²⁹ Simplified questionnaires are provided to small and occasional lenders to help

them meet SBA eligibility requirements, and the loan application for borrowers is one double-sided page for loans less than \$50,000. Loan applications can be submitted to the SBA's 7(a) Loan Processing Center via fax and, in the future, online. Like the Small Loan Advantage and Community Advantage Programs, SBA guarantees 85% of loans less than \$150,000 and 75% for loans greater than that amount.

It is important to note that these loan guarantee programs through SBA require lenders to pay a range of servicing and administrative fees. For lenders that work in severely underserved areas, these fees can make participating in these programs too expensive and therefore, inaccessible.

There are four categories of SBA PRIME grants: technical assistance grants for disadvantaged

The CDFI Fund, USDA Rural Development, Bureau of Indian Affairs, and Small Business Administration have the largest number of programs that can be used by Tribes or Native CDFIs to provide loan funds and small business support services.

governmental economic development corporations, or agencies established by Tribal governments that have at least one year of experience in issuing loans (maximum \$35,000) to new or growing small businesses and providing technical assistance to borrowers. Intermediaries are required to provide technical assistance to borrowers.

The SBA 7(a) Loan Program includes the Small Loan

microentrepreneurs; capacity-building grants for microenterprise development organizations (MDOs); research and development grants for determining best practices in the field of microenterprise development and technical assistance for disadvantaged microentrepreneurs; and discretionary grants for other activities relating to microenterprise development and technical assistance.³⁰ Eligible entities for PRIME grants include Indian Tribes that do not have private MDOs working within their jurisdictions, and MDOs with experience delivering microenterprise services to disadvantaged microentrepreneurs or working with local governments or Indian Tribes.

A minimum of 75% of PRIME grants are for technical assistance and a minimum of 15% of PRIME grants are for capacity-building; the remaining grants are for research or discretionary purposes.

The minimum amount for technical assistance and capacity-building grants is \$50,000 for the first year of the grant period; there is no minimum for research and discretionary grants.

Grant periods are usually one year and funding may be available for a project each year up to five years.

For FY 2011, no Native CDFIs were selected for PRIME grants.³¹ In FY 2009 and FY 2010, three Native CDFIs received PRIME grants: American Indian Economic Development Fund (MN), Lakota Funds, and Wind River Development Fund (WY).³²

In addition to these loan and grant programs, SBA coordinates the Small Business Innovation Research Program (SBIR). SBIR is designed to provide innovative small businesses with funds for research and development, specifically to fill research and development needs for the federal government.³³ Every year 11 agencies³⁴ are required to set aside a portion of their research and development funds for small businesses. SBA directs each agency's implementation of SBIR and publishes the SBIR solicitations for each agency in a quarterly Pre-Solicitation Announcement (PSA). The University of South Dakota Beacom School of Business has a SBIR office that assists small businesses in finding appropriate SBIR funding opportunities.³⁵

The SBA also provides funding for Small Business Development Centers (SBDCs). SBDCs are often partnerships between the SBA and colleges or universities and are located in all 50 states, the District of Columbia, Puerto Rico, and United States territories.³⁶ SBDCs provide technical assistance to entrepreneurs and small businesses in the areas of financial management, marketing, production, engineering and technical problems, and feasibility studies. Services are provided to clients free of charge and additional, low-cost training can also be provided.

RMAP technical assistance grants ... are designed to provide rural microentrepreneurs with preparation and training for starting and sustaining their businesses.

ECONOMIC DEVELOPMENT ADMINISTRATION

THE ECONOMIC Development Administration's (EDA) Revolving Loan Fund (RLF) Program, which is part of the EDA's Economic Adjustment Assistance Program, enables eligible entities to establish revolving loan funds. The loan funds offer loans with market or below-market interest rates to small businesses and entrepreneurs that encounter difficulty in accessing mainstream sources of capital. Eligible entities include nonprofit organizations and Indian Tribes. As of March 2009, the RLF Program had provided funding for 578 revolving loan funds that were administered by 450 organizations and had a total capital base of \$882 million.³⁷

The EDA also funds Trade Adjustment Assistance Centers, which provide consulting assistance to small and medium-sized manufacturers that have been negatively affected by competition from imported goods.

EDA is a participant in the Job and Innovation Accelerator Challenge, a multi-agency competition to fund high-growth, regional industry development. United Tribes Technical College (UTTC) in Bismarck,

North Dakota was awarded a grant in September 2011 to implement the Upper Missouri Tribal Environment Risk Mitigation (UM-TERM) Project.³⁸ The project is being funded by EDA (\$567,433), the Employment and Training Administration (\$999,175) and SBA (\$149,867). Through the project UTTC will work with these three agencies, Tribal planners, Native CDFIs, and other Tribal colleges to help Tribes better manage water and land resources; reduce unemployment and spur small business development opportunities for Native Americans in Montana, North Dakota, and South Dakota reservation communities; and mitigate harmful environmental impacts in Tribal areas in these three states.

MINORITY BUSINESS DEVELOPMENT AGENCY

THE MINORITY Business Development Agency (MBDA) provides funding for Native American Business Enterprise Centers (NABECs). Since 1980, the North Dakota/South Dakota NABEC has been located at United Tribes Technical College. It provides Native entrepreneurs and small business owners with technical assistance in the areas of financial management and accounting, procurement, marketing, general business management, and business plan preparation. Services are provided to qualified Native individuals and small business in the ND/SD NABEC service area free of charge.³⁹

OFFICE OF COMMUNITY SERVICES AND ADMINISTRATION FOR NATIVE AMERICANS, UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES

IN 2011, Office of Community Services (OCS) and Administration for Native Americans (ANA) partnered to increase the resources available to the Native Asset Building Initiative. Thus, more dollars could be targeted to increase awareness and provide access to funds for matched savings programs, specifically Individual Development Accounts (IDAs), offered to Native communities. Funds from OCS, through the Assets for Independence (AFI) Program, will be used for matching the savings in the IDAs. An individual's IDA savings can be used to purchase a home, start a business, or pay for post-secondary education. Funds from ANA will be used for costs related to administering the IDA program and for providing other services related to asset-building, such as financial education.⁴⁰

SOUTH DAKOTA GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT

THE SOUTH Dakota Governor's Office of Economic Development (GOED) provides access to capital for entrepreneurs and small businesses through three programs. The first is the REDI (Revolving Economic Development Initiative) Fund Loans, which provide up to 45% of total costs for small business projects involving land purchasing, construction or renovation of buildings, and equipment purchasing and installation.⁴¹ These loans are available for small business start-up and expansion and have a low interest rate of 3%. Applicants must be able to secure interim construction financing, matching funds, and a minimum 10% equity injection before applying for REDI loans.

The second program is MicroLOAN SD, which provides loans to small businesses in need of capital for real estate, retail operations, working capital, and other fixed costs.⁴² Microloan SD is a partnership between GOED, the Board of Economic Development, and the South Dakota Economic Development Corporation. Loan amounts can range from \$1,000 to \$100,000, and the maximum total project cost allowed is \$300,000. The interest rate is 3% for new borrowers, and the loan committee may require an equity injection from borrowers with loans of more than \$20,000. Borrowers must be able to access a primary bank or credit union that agrees with the MicroLOAN SD Agency Agreement and Loan Participation Agreement.

Third is South Dakota WORKS, which is the newest financing program in the GOED.⁴³ The program, launched in collaboration with the U.S. Department of the Treasury, provides South Dakota businesses with working capital funds. South Dakota WORKS funding can only be used for business and commercial loans. Eligible borrowers are businesses seeking new financing, and certified community development financial institutions. The program requires a minimum loan amount of \$20,000 that must be used as new financing.

To summarize, there is a wide range of federal and state government programs that provide sources of capital and technical assistance for Native entrepreneurs and small business owners. The CDFI Fund, USDA Rural Development, the Bureau of

Indian Affairs, and the Small Business Administration have the largest number of programs that Tribes or Native CDFIs can use to provide loan funds and small business support services. The CDFI Fund and the Bureau of Indian Affairs in particular have programs that specifically target Native entrepreneurs and small businesses. In addition, the Economic Development Administration and the South Dakota Governor's Office for Economic Development also offer programs that provide loan funds for small businesses; the EDA's Revolving Loan Fund Program is designed to provide loan funds for businesses that encounter difficulty in accessing mainstream forms of capital; and the SD GOED's loan programs can be used for business start-up and expansion, working capital, and other fixed costs. Lastly, the Office of Community Services and the Administration for Native Americans, both in the Department of Health and Human Services, have teamed up to increase access to individual development accounts in Native communities, and the Minority Business Development Agency funds Native American Business Enterprise Centers across the country that provide free technical assistance services to Native entrepreneurs and small businesses.



South Dakota Reservation Profiles



THE PROFILES that follow provide an overview of the economic and business climate on each South Dakota reservation. They are informed by data from the U.S. Census Bureau and Bureau of Indian Affairs as well as interviews conducted with entrepreneurs, lenders, support providers, and community members from each reservation. It is important to note that Census figures are widely thought to be underestimates, as undercounting of Native American populations and firms is likely. In addition, most of the reservations are scattered across several South Dakota counties; however, figures in the profiles that are derived from county-level data are those of the principal county or counties where the reservation is located.

Four common themes emerged from the interviews: lack of banks and other financial institutions in or serving the reservations; lack of financial management knowledge among the Tribal communities in the reservations; entrepreneurs' reluctance to apply for funding through federal programs; and the need for entrepreneurial development programs for youth. When asked about sources of capital for entrepreneurs, the large majority of interviewees from the nine

reservations did not mention banks. When asked about sources of capital that Native entrepreneurs could access, the majority of interviewees mentioned a Native CDFI (if there was one on the reservation), a Tribal loan fund, or federal programs. Only interviewees in Cheyenne River and Lake Traverse mentioned the presence of multiple banks in or near the reservation. The concept of managing money is still a relatively new one in South Dakota's Tribal communities. Lack of financial and business management skills inhibit their understanding of how much it costs, both in terms of time and money, for entrepreneurs on the reservation to sustain their businesses. Funding through the SBA and BIA were frequently not considered by Native entrepreneurs in South Dakota because they either were not aware of available programs (as was mostly the case with BIA programs) or the programs had requirements or regulations that made them too difficult for Native entrepreneurs to access. Lastly, many interviewees expressed the need for entrepreneurship education to be provided for children and youth so that the younger population will have more knowledge about the employment and economic opportunities that can be created through small business development.

Cheyenne River

LOCATION AND LAND AREA⁴⁴

Major counties: Dewey, Ziebach
Tribal Headquarters: Eagle Butte, SD
Acres within Exterior Boundaries: 2,820,751
Trust Land Acres: 1,451,127

POPULATION⁴⁵

Total reservation population: 8,090
Percent of population identifying as American Indian or Alaska Native: 75%
Total Tribal enrollment (living members): 17,287⁴⁶
Population under age 18: 35.8%

EMPLOYMENT

Bureau of Indian Affairs estimates⁴⁷

Percent unemployed: 88%
Percent employed but below poverty guidelines: 100%

South Dakota Department of Labor unemployment estimates⁴⁸

Dewey County: 10%
Ziebach County: 10.5%
Major Employers: Cheyenne River Sioux Tribe, Indian Health Service, Bureau of Indian Affairs, Bureau of Indian Education

INCOME AND POVERTY⁴⁹

Dewey County

Percent in poverty, all ages: 31.5%
Median household income: \$29,804

Ziebach County

Percent in poverty, all ages: 62%
Median household income: \$25,084

PUBLIC ASSISTANCE⁵⁰

Dewey County

Total households: 1891
Percent of households with SSI: 5.4%
Percent of households with cash public assistance: 17.5%
Percent of households with food stamp/SNAP benefits in the past 12 months: 19.2%

Ziebach County

Total households: 760
Percent of households with Supplemental Security Income: 5.5%
Percent of households with cash public assistance: 19.7%
Percent of households with food stamp/SNAP benefits in the past 12 months: 25.4%

BUSINESS ESTABLISHMENTS

Dewey County

Employer Firms:⁵¹ 94
Total receipts: 20,001
Non-employer firms:⁵² 251
Total receipts (in thousands): 6,733

Ziebach County

Employer Firms:⁵³ 14
Annual payroll (in thousands): 1,897
Non-employer firms:⁵⁴ 69
Total receipts (in thousands): 1,515

The Cheyenne River Reservation is located in the northern central part of South Dakota and is home to the Cheyenne River Sioux Tribe, made up of the Mnicoujou, Oo'henumpa, Itazipco, and Sihasapa bands of the Lakota Nation. The two counties in which the reservation is located, Dewey and Ziebach, have two of the highest county unemployment rates in South Dakota, and extremely high poverty rates. According to the Census Bureau, Ziebach County has the highest county-level poverty rate in the country.⁵⁵ For Dewey County, 21.8% of households are estimated to be unbanked and 25.7% are estimated to be underbanked.⁵⁶ For Ziebach County, it is estimated that 20.1% of households are unbanked and 25.3% are underbanked.

Despite the reservation's grave economic conditions, according to Rhea LeCompte, Cheyenne River Sioux Tribe Credit Officer I, the reservation has a relatively active community of private entrepreneurs that receives a significant amount of support from the Tribal government. The reservation is also home to Four Bands Community Fund (Four Bands), one of the

most successful Native CDFIs in the country. Since its founding in 2000, Four Bands has developed into the “go-to” place for Tribal members who are interested in starting small businesses as well as learning how to manage money. Four Bands has established a successful track record in providing capital and technical assistance to Native entrepreneurs that has enabled it to secure larger and more consistent awards from the CDFI Fund. Four Bands has also led the work to integrate financial and entrepreneurship education into the Tribal schools. More information about Four Bands’ services and collaborative initiatives are in the case study on page 42.

At the time of this report’s publication, Four Bands had disbursed over \$3 million in loans funds since its founding in 2000. Over 90% of the funds Four Bands loans each year are to Native clients. Four Bands offers three types of loans to residents of the Cheyenne River Reservation: microloans (up to \$50,000), small business loans (\$50,000-\$250,000), and credit-builder loans (up to \$3,000).⁵⁷ Microloans comprise 14% of Four Bands total loan portfolio, and 65% of microloans were loaned for business start-up. Before 2010, Four Bands’ total amount loaned for microloans had not exceeded \$70,000; in 2010, this amount was over \$200,000. Small business loans comprise 79% of Four Bands’ total loan portfolio, and 48% of these loans were for business start-up. From 2003 to 2010, Four Bands made 28 small business loans to Native entrepreneurs. Credit-builder loans comprise 8% of the Four Bands’ total loan portfolio. Interest rates for microloans and small business loans range from 6.75-8.75%. The range for credit-builder loans is 7.25-9.25%. Four Bands requires 50% collateral from the borrower for credit-builder loans and microloans. Small business loans require 75% collateral from the borrower. Before a client can receive a small business loan or microloan over \$10,000, they must complete Four Bands’ C.R.E.A.T.E. (Cheyenne River Entrepreneurial Assistance Training and Education) business development course. Borrowers receiving credit-builder loans⁵⁸ must complete the Credit When Credit is Due course. Funding sources for all three of the loan products include government, philanthropic, and private corporate sources of funding.

Eileen Briggs, Executive Director of Tribal Ventures, indicated that the Tribal government is generally

“We could use more resources to reach out to the entrepreneurs to help them find resources. More technical assistance should be provided for the three zones in business (labor, marketing, and business management). Marketing and business management are lacking in the businesses; there is not enough labor to handle all the tasks within the businesses.”

– Eileen Briggs

supportive of private businesses owned by individual Tribal members and has established partnerships with Four Bands and United Tribes Technical College to promote and implement larger-scale economic development. The Tribe has also adopted a Uniform Commercial Code, strengthened the Tribal courts⁵⁹, and formed a partnership with the Northwest Area Foundation to create Tribal Ventures, a Tribal program focused on economic development and poverty reduction on the reservation. Tribal Ventures does not focus specifically on entrepreneurs and business development but it does have a grant program for business equity grants. Tribal Ventures also provides some loosely related training on leadership and community healing.⁶⁰

The Cheyenne River Sioux Tribe also administers one of the only active Tribal credit programs in the Great Plains region. Entrepreneurs that were interviewed view the Tribal credit program as only for agricultural businesses, but it can be accessed by entrepreneurs looking to start businesses in any industry. The Tribal Credit program assists Tribal members with accessing local banks as well as with business planning, understanding financial statements, restructuring debt, and land acquisitions.⁶¹ In addition to these services, the Tribal Credit Office also works with the Bureau of Indian Affairs to help Tribal members access the IEED Loan Guaranty program. As noted above, the Tribal Credit Office used to receive approximately 10 inquiries per month from entrepreneurs regarding BIA programs, but since the BIA and IEED reorganization, the Tribal Credit Office now only receives one or two inquiries per month about these programs.

Crow Creek

LOCATION AND LAND AREA⁶²

Major counties: Buffalo
Tribal Headquarters: Ft. Thompson, SD
Acres within Exterior Boundaries: 295,948
Trust Land Acres: 150,555

POPULATION⁶³

Total reservation population: 2,010
Percent identifying as American Indian or Alaska Native: 90%
Enrolled members living on reservation: 1,230⁶⁴
Percent under age 18: 39.2%

EMPLOYMENT

Bureau of Indian Affairs estimates⁶⁵

Percent unemployed: 58%
Percent employed but below poverty guidelines: 16%

South Dakota Department of Labor unemployment estimate⁶⁶

Buffalo County: 11.9%
Major Industry: Agriculture⁶⁷

INCOME AND POVERTY⁶⁸

Buffalo County

Percent in poverty, all ages: 43.6%
Median household income: \$18,860

PUBLIC ASSISTANCE⁶⁹

Buffalo County

Total households: 526
Percent of households with SSI: 9.7%
Percent of households with cash public assistance: 14.4%
Percent of households with food stamp/SNAP benefits in the past 12 months: 36.3%

BUSINESS ESTABLISHMENTS

Buffalo County

Employer Firms:⁷⁰ 8
Annual payroll: 2,765
Non-employer firms:⁷¹ 32
Total receipts (in thousands): 334

The Crow Creek reservation is located in central South Dakota, primarily in Buffalo County, and is home to the Crow Creek Sioux Tribe. Buffalo County has one of the highest unemployment rates in South Dakota and has the 10th highest county-level poverty rate in the country.⁷² It is estimated that 28.8% of households in Moody County are unbanked and 30.6% are underbanked.

Despite these discouraging economic conditions, there are a growing number of Native entrepreneurs that are establishing private businesses on the reservation. One entrepreneur residing and operating a business in Fort Thompson recognized the importance of entrepreneurship and shared her thoughts: "The role of Native Entrepreneurship in Tribal economic and community development is an essential role. It should be top priority; it should act as a guide for the Tribes so they recognize a business is separate from the Tribal government entity. We [entrepreneurs] have different agendas than the Tribe."⁷³

Hunkpati Investments, Inc. (Hunkpati), a Native CDFI founded in 2009, specifically serves the Crow Creek Reservation and is leading this growth by providing access to capital, entrepreneurship training, technical assistance, and financial education. One Crow Creek Tribal member and entrepreneur spoke about the difference Hunkpati has made in providing access to financial services on the reservation: "Prior to Hunkpati there were very little banking services available in town [Fort Thompson]. It was difficult to find a bank willing to work with Indians. We had to go to Pierre or Chamberlain. Our application was not based on credit; it was based on race."⁷⁴

Hunkpati currently has \$140,000 in loan fund capital and a portfolio of \$19,529.63.⁷⁵ All of Hunkpati's loans have been issued to Native clients. In 2011, Hunkpati expects to close its first fiscal year of lending with a 0% delinquency rate and a total of 10 loans totaling approximately \$28,876. Hunkpati offers two types of microloans; loans ranging from \$0-\$5,000 and loans ranging from \$5,000 to 10% of their total capital available (currently \$14,000). Sixty-eight percent

of Hunkpati's loan portfolio is comprised of loans ranging from \$0-\$5,000 and 85% of those loans were for business start-up. Loans ranging from \$5,000-\$14,000 comprise 19% of Hunkpati's portfolio and 100% of those loans were for business start-up. The remaining portion of Hunkpati's loan portfolio is comprised of funds for credit-builder loans. In addition, Hunkpati and the Harvest Initiative, Hunkpati's sister organization, have given over \$59,095 in equity grants to entrepreneurs, demonstrating that their lending is but a small part of the financing they have provided to Native entrepreneurs. Interest rates for both types of microloans range from 6%-9%. The interest rate for credit-builder loans is 10%. All of Hunkpati's business loans require a form of collateral that can include "vehicles, real estate, equipment, inventory, securities, and other business or personal assets."⁷⁶ If the borrower is a strong loan candidate, the collateral required for microloans does not have to equal 100% of the loan amount. Credit-builder loans are required to be collateralized at no less than 75%. For any loan over \$1,500, the borrower must complete Hunkpati's entrepreneurship class if they have less than three years of business experience. Borrowers must successfully complete the Credit When Credit is Due course. Funding for these loan products come from government and philanthropic sources.

The Harvest Initiative, which was founded in 2008, complements its work by providing capacity-building services to nonprofit relief organizations

and the Tribal Council, and by working to revive agricultural development and access to fresh food on the reservation. Their work with the Tribal Council has revolved around developing the necessary legal infrastructure for economic development planning and projects, including the creation of a wind energy ordinance and Tribal transaction codes.⁷⁷ A testament to the impact that these two organizations have made in developing Native entrepreneurs on the reservation is that all but one of the five Crow Creek entrepreneurs interviewed cited Hunkpati and The Harvest Initiative as the source of the assistance they received to start their businesses. More detailed information about the work of Hunkpati and the Harvest Initiative can be found in the case study on page 44.

According to Crow Creek entrepreneurs interviewed for this report, key challenges for Native entrepreneurs in Crow Creek are marketing and maintaining steady cash flow. The reservation's small population and high rates of poverty and unemployment present obstacles for developing a solid customer base that can afford to regularly buy products and services. Many families on the reservation have very little disposable income and this has a large impact on how much entrepreneurs can charge. It will be crucial for the Harvest Initiative, Hunkpati Investments, Inc., and the entrepreneurs themselves to develop strategies for marketing their goods and services on and off the reservation in order to sustain these new businesses.

Flandreau

LOCATION AND LAND AREA⁷⁸

Major counties: Moody

Tribal Headquarters: Flandreau, SD

Acres within Exterior Boundaries: 2,408

Trust Land Acres: 2,356

POPULATION⁷⁹

Total population of Moody County:⁸⁰ 6,486

Percent identifying as American Indian or Alaska

Native: 14%

Total Tribal enrollment (living members): 744⁸¹

Percent under age 18: 26.1%

EMPLOYMENT

Bureau of Indian Affairs estimates⁸²

Percent unemployed: 38%

Percent employed but below poverty guidelines: 7%

South Dakota Department of Labor
unemployment estimate⁸³

Moody County: 5.5%

Major Employers: Flandreau Indian School,
Flandreau Santee Sioux Tribe, Royal River
Casino⁸⁴

INCOME AND POVERTY⁸⁵

Moody County

Percent in poverty, all ages: 9.7%

Median household income: \$47,045

PUBLIC ASSISTANCE⁸⁶

Moody County

Total households: 2,631

Percent of households with SSI: 2%

Percent of households with cash public assistance:
1.2%

**Percent of households with food stamp/SNAP
benefits in the past 12 months:** 3.8%

BUSINESS ESTABLISHMENTS

Moody County

Employer Firms:⁸⁷ 148

Annual payroll (in thousands): 50,230

Non-employer firms (in thousands):⁸⁸ 359

Total receipts: 10,546

The Flandreau Santee Reservation is located in eastern South Dakota, close to the Minnesota border, and is home to the Flandreau Santee Sioux Tribe. The Tribe's land is mostly located in Moody County and the majority of it is fee land. In terms of population, the Tribe is one of the smaller ones in South Dakota with only 744 enrolled members. As a result, the Tribe's land and population are relatively integrated with the non-Native community.

According to Carol Robertson, Flandreau Santee Sioux Tribal Economic Development Specialist, the Tribe invites all community members from all cultural backgrounds in the area (Hispanic, Filipino, German Hutterite) to their casino for conferences and to sell crafts. The Tribe also splits the costs of road improvement, events, and projects with the City of Flandreau and Moody County.⁸⁹

Ms. Robertson indicated that many of the Tribe's entrepreneurs produce goods and services that showcase the Tribe's art and culture. Tourism plays an important role in promoting the development of the Tribe's entrepreneurs. Tours serve as a venue for sharing the Tribe's history with visitors, showcasing the Tribe's pipestone quarry and featuring the Tribe's

artists and traditional dance performances. The Tribe does have business loans available for members and deducts payments for the loans from a member's per capita payment. These loans can be used for business start-up or expansion and have a maximum amount of \$25,000. The Tribe is considering reducing this amount to ensure all loans get paid back in full. With the exception of these Tribal business loans, no lenders serve Tribal members specifically.

Native entrepreneurs with successful businesses who need larger loans seek capital from local banks. An estimated 5.5% of households in Moody County are unbanked and 18% are underbanked, which aligns with the national percentages of 7.7% and 17.9%. This however, may be a result of the relatively low Native population in Moody County.

Ms. Robertson stated the Tribe refers entrepreneurs in need of technical assistance and support services to United Tribes Technical College (which, as noted above, operates the North/South Dakota Native American Business Enterprise Center and is located in Bismarck, ND), United Sioux Tribes, USDA employees, the South Dakota SBA office in Sioux Falls, or the South Dakota Business Development Center at the University of South Dakota in Vermillion. According to one community member, services provided by the SBA have not been

Tourism plays an important role in promoting the development of the Tribe's entrepreneurs.

helpful and the BIA is only helpful to entrepreneurs that have established businesses. The primary networking venues for the Tribe's entrepreneurs are the casino, the annual pow wows, and the Flandreau Chamber of Commerce. There is a need among the Tribe's entrepreneurs for more help in accessing financing, and locating resources and technical assistance providers for starting more small businesses. Even with this need, there are entrepreneurs developing textile, construction, plumbing, auto body, leather crafts, pipe-making, and horse ranching businesses. The Tribe's small size, positive working relationship with the local government and non-Native communities, and



stable sources of funding for per capita payments have created an environment for Tribal members in which entrepreneurial opportunities are more readily available than in most of the other South Dakota reservations.

Lake Traverse

LOCATION AND LAND AREA⁹⁰

Major counties: Roberts
Tribal Headquarters: Agency Village, SD
Acres within Exterior Boundaries: 107,903
Trust Land Acres: 108,024

POPULATION⁹¹

Total reservation population: 10,753
Percent identifying as American Indian or Alaska Native: 37.8%
Total Tribal enrollment (living members): 12,997⁹²
Percent under age 18: 28.5%

EMPLOYMENT

Bureau of Indian Affairs estimates⁹³

Percent unemployed: 70%
Percent employed but below poverty guidelines: 100%

South Dakota Department of Labor unemployment estimate⁹⁴

Roberts County: 5.4%
Major Employers: Dakota Sioux Casino, Tribal government, Bureau of Indian Affairs⁹⁵

INCOME AND POVERTY⁹⁶

Roberts County

Percent in poverty, all ages: 20.6%
Median household income: \$36,718

PUBLIC ASSISTANCE⁹⁷

Roberts County

Total households: 3,854
Percent of households with SSI: 2.3%
Percent of households with cash public assistance: 2%
Percent of households with food stamp/SNAP benefits in the past 12 months: 10.7%

BUSINESS ESTABLISHMENTS

Roberts County

Employer Firms:⁹⁸ 230
Annual payroll (in thousands): 49,584
Non-employer firms:⁹⁹ 567
Total receipts (in thousands): 15,623

The Lake Traverse Reservation is located in northeastern South Dakota primarily in Roberts County and is home to the Sisseton Wahpeton Oyate. The reservation has a large amount of allotted land and relatively large non-Native population. The Native and non-Native communities are working to increase and improve the relationships that will benefit the businesses that offer services for both communities.¹⁰⁰ The history of the two communities entails racial prejudice and separation. In recent years however, Tribal members have become involved in local levels of government such as city council, county commission, and public school board, in an effort to establish their presence and strengthen their influence, which is important given that the Tribe is the largest revenue-generating organization in northeast South Dakota.¹⁰¹

Entrepreneurial development in Lake Traverse has always been a priority of the Tribal government, however, the priority of establishing non-gaming economic development is viewed by Tribal business owners as unfair competition.¹⁰² One entrepreneur who owns a grocery store reported that the Tribe is building a grocery store and once it is finished it will arrange for elderly Tribal members to use that store instead of sending them to his.¹⁰³ According to the Tribe's Chairman, private, Native-owned businesses and contractors that do operate on the reservation depend on the Tribe for providing them with business and contracts, as opposed to going out into the community and building their own customer bases.¹⁰⁴ Although the

Tribe established the Sisseton Wahpeton Federal Credit Union, a certified Native CDFI, in 1979, the credit union does not provide any business development or start-up loans.¹⁰⁵

Support that the Tribe currently provides to Native entrepreneurs comes primarily from their Tribal Employment Rights Office (TERO) in the form of limited training and technical assistance or funds to participate in business trainings in other areas.¹⁰⁶ TERO supports their local contractors by focusing on Indian preference in employment and contracting.¹⁰⁷ When asked if local businesses are developing and if they are successful, one local Native contractor stated, “Not unless they are operating under the Tribe.” According to him, the major challenge faced by Native entrepreneurs in Lake Traverse is the “need to have operating funds. Work is limited and sporadic here; work is not steady unless you work for the casino or the Tribe.” The Tribe’s TERO Director, DelRay German, explained that TERO works with local contractors by assuring that “all prime contracts happening on Lake Traverse must go through their office; additionally it is formally stated and stipulated within all bid specifications that the prime contractors must solicit local subcontractors.” TERO understands that the local contractors are not able to take up the large jobs that come in to the region, and therefore matches smaller portions of the large jobs with smaller subcontractors. TERO also understands that a barrier for local contractors is the ability to get bonded. The TERO office is currently partnering with a bonding company in Minneapolis, with the hope that the local contractors can become bonded in the not too distant future.

Some related work the TERO is engaging in is promoting entrepreneurship and establishing mentoring programs in the Tiospa Zina Tribal school system, specifically the middle and high schools.¹⁰⁸ Additionally, TERO is working with Sisseton Wahpeton College to establish a business incubator.¹⁰⁹ The College offers an Associate’s degree in business administration, and the Tribe enforces laws that give preference to Native contractors. The only source of financial assistance from the Tribe comes through the

Section 7 program. The Tribe distributes tax revenue to the reservation districts, which in turn lend the funds to entrepreneurs for business start-up. It is unclear how functional this program is because there is little information regarding the loan terms and it is not advertised by the Tribe.¹¹⁰

Several interviewees said entrepreneurs are mostly left to rely on non-Indian commercial banks to access capital, and on other resources outside the reservation for additional assistance. The percentages of unbanked and underbanked households in Roberts County are estimated to be 10.4% and 20.1%. United Tribes Technical College provides some technical assistance and training for Tribal members. One local Native business owner responded to questions regarding support services in the community by stating,

Support the Tribe currently provides to Native entrepreneurs comes primarily from their Tribal Employment Rights Office (TERO).

“NESDCAP [Northeast South Dakota Community Action Program] was not very helpful; the SBDC wasn’t very helpful. I was either not qualified for funding and grants or the funding was too large for my needs, and since my business was already established it wasn’t helpful to hear about startup programs. I presented a business plan to the SBDC and they didn’t provide any feedback. I have been in contact with Tanya Fiddler at Four Bands from Cheyenne River. They offered support and had an understanding of what was available for me. I also know the NEDSCAP IDA program is available but it’s not advertised.”¹¹¹

The Northeast South Dakota Economic Corporation’s (NESDEC) service area includes the counties that contain a section of the Lake Traverse Reservation. As of June 2011, NESDEC’s loan capital is \$13 million with an average of \$2.7 million per year loaned to small businesses over the past 10 years.¹¹² One percent of NESDEC’s loan portfolio is Native-owned businesses. NESDEC does provide microloans and larger loans; loan amounts typically range from \$500-\$150,000

and sometimes they lend up to \$250,000. Loans over \$50,000 require the participation of another lender. NESDEC provides loans for business start-up and has averaged 83 loans per year over the past 10 years. The interest rate for loans is typically 5%. Funding sources for loans include government, commercial banks, and philanthropic sources.

Lower Brule

LOCATION AND LAND AREA¹¹⁴

Major counties: Lyman
Tribal Headquarters: Lower Brule, SD
Acres within Exterior Boundaries: 156,907
Trust Land Acres: 245,181

POPULATION¹¹⁵

Total reservation population: 1,505
Percent that identifies as American Indian or Alaska Native: 88.8%
Total Tribal enrollment (living members): 3,535¹¹⁶
Percent under age 18: 40.2%

EMPLOYMENT

Bureau of Indian Affairs estimates¹¹⁷
Percent unemployed: 52%
Percent employed but below poverty guidelines: 25%

South Dakota Department of Labor
unemployment estimate¹¹⁸

Lyman County: 5.7%
Major Employers: Lower Brule Sioux Tribe, Lower Brule Sioux Tribe Golden Buffalo Casino, Bureau of Indian Affairs, Indian Health Service. The Lower Brule Farm Corp. is the nation's top popcorn producer.¹¹⁹

INCOME AND POVERTY¹²⁰

Lyman County
Percent in poverty, all ages: 23.8%
Median household income: \$34,318

The Tribe's new Chairman understands the need for entrepreneurship and individually-owned businesses on the reservation.¹¹³ This understanding motivated him and his Tribal planner to create a goal of establishing a Native CDFI that provides financial literacy and assistance programs. Under his leadership, the Tribe is in the process of establishing a Native CDFI.

PUBLIC ASSISTANCE¹²¹

Lyman County
Total households: 1418
Percent of households with SSI: 4.7%
Percent of households with cash public assistance: 6%
Percent of households with food stamp/SNAP benefits in the past 12 months: 12.7%

BUSINESS ESTABLISHMENTS

Lyman County
Employer Firms:¹²² 70
Annual payroll (in thousands): 12,783
Non-employer firms:¹²³ 239
Total receipts (in thousands): 5,984

The Lower Brule Reservation is located in central South Dakota along the Missouri River and is home to the Lower Brule Sioux Tribe. The majority of the reservation occupies a relatively small stretch of land in the northern part of Lyman County.

Access to capital and support for entrepreneurs on the Lower Brule Reservation appears to be minimal. The most well-known lenders are the Tribe's revolving loan fund and the local bank (Wells Fargo).¹²⁴ Two entrepreneurs from the reservation were reluctant to seek capital from federal agencies such as the SBA and BIA, either because these programs were not helpful or they were not aware of available programs. According to one of these entrepreneurs, it used to be easier to obtain a loan from Wells Fargo when it was Norwest Bank, but they have now made it more difficult for Tribal members to obtain loans.¹²⁵ Unbanked and underbanked percentages for households in Lyman

County are estimated to be 10.5% and 21.2%. According to a local Native entrepreneur, although the Tribe does have a loan fund, the Tribe is more supportive of Tribally owned enterprises than enterprises owned by individual Tribal members. In addition, the opening of Walmart stores in Pierre and Mitchell seems to have made it even more difficult for entrepreneurs to start and sustain businesses. The Tribal Loan Fund committee members provide assistance with the loan application and will make positive recommendations for the borrower in order for the loan to be approved.¹²⁶ The Tribe will refer entrepreneurs to technical assistance providers and will provide limited complementary support or technical assistance services for these loans and businesses.

The Tribe has a certified CDFI, the Lower Brule Community Development Enterprise, LLC, which in 2010 received an allocation of \$18 million through the New Markets Tax Credit Program.¹²⁷ The NMTC funds will be used to provide loans to real estate and non-real estate businesses and will target businesses located in non-metropolitan

counties in Indian Country, not just the Lower Brule Reservation.¹²⁸ None of the interviewees appeared to know about LBCDE because it was not mentioned in any of the interviews conducted with Lower Brule Tribal members.

The Native entrepreneurs interviewed from Lower Brule stated that there is a perception among the broader Tribal community that those who own businesses are wealthy. The community in general does not seem to be aware of the costs involved in owning and operating a business. There is also a general lack of financial and business knowledge among Tribal community members and there are no providers of financial education or entrepreneurship education and training that specifically serve the reservation.

The opening of Walmart stores in Pierre and Mitchell seems to have made it even more difficult for entrepreneurs to start and sustain businesses.

Pine Ridge

LOCATION AND LAND AREA¹²⁹

Major counties: Bennett, Jackson, Shannon
Tribal Headquarters: Pine Ridge, SD
Acres within Exterior Boundaries: 2,024,698
Trust Land Acres: 1,773,462

POPULATION¹³⁰

Total reservation population: 18,830
Percent identifying as American Indian or Alaska Native: 88%
Total Tribal enrollment: 34,152¹³¹
Percent under age under 18: 38.4%

EMPLOYMENT

Bureau of Indian Affairs estimates¹³²
Percent unemployed: 89%
Percent employed but below poverty guidelines: 34%

South Dakota Department of Labor unemployment estimates¹³³

Bennett County: 5.2%
Jackson County: 5.4%
Shannon County: 13.1%

INCOME AND POVERTY¹³⁴

Bennett County
Percent in poverty, all ages: 37.8%
Median household income: \$32,137

Jackson County
Percent in poverty, all ages: 36.1%
Median household income: \$30,375

Shannon County
Percent in poverty, all ages: 51.6%
Median household income: \$25,048

PUBLIC ASSISTANCE¹³⁵

Bennett County

- Total households:** 1,111
- Percent of households with SSI:** 5.8%
- Percent of households with cash public assistance:** 8.6%
- Percent of households with food stamp/SNAP benefits in the past 12 months:** 27.6%

Jackson County

- Total households:** 931
- Percent of households with SSI:** 4.9%
- Percent of households with cash public assistance:** 6.5%
- Percent of households with food stamp/SNAP benefits in the past 12 months:** 26.5%

Shannon County

- Total households:** 2,778
- Percent of households with SSI:** 10%
- Percent of households with cash public assistance:** 9.5%
- Percent of households with food stamp/SNAP benefits in the past 12 months:** 27.2%

BUSINESS ESTABLISHMENTS

Bennett County

- Employer Firms:**¹³⁶ 68
- Annual payroll (in thousands):** 13,390
- Non-employer firms:**¹³⁷ 221
- Total receipts (in thousands):** 5,540

Jackson County

- Employer Firms:**¹³⁸ 50
- Annual payroll (in thousands):** 5,062
- Non-employer firms:**¹³⁹ 165
- Total receipts (in thousands):** 4,779

Shannon County

- Employer Firms:**¹⁴⁰ 65
- Annual payroll (in thousands):** 51,174
- Non-employer firms:**¹⁴¹ 335
- Total receipts (in thousands):** 4,864

The Pine Ridge reservation, home to the Oglala Sioux Tribe is located in southwestern South Dakota and comprises all of Shannon County, the lower half of Jackson county and parts of Bennett County. Like Cheyenne River and Crow Creek, the reservation has some of the highest unemployment and poverty rates in the country, especially in Shannon County, where the majority of the Tribal members reside. Shannon County's poverty rate is the third highest in the country.¹⁴² For Shannon County, percentages of unbanked and underbanked households are estimated to be 27.6% and 31%. For Jackson County, 17.1% of households are estimated to be unbanked and 24.1% are estimated to be underbanked.

Even in the midst of these stark economic conditions, Pine Ridge is home to the first certified Native CDFI in the nation, Lakota Funds. Over the past 25 years, Lakota Funds has expanded from a small, revolving loan fund to a full-service community development financial institution offering financial education, business training, homebuyer education, free tax preparation, and an individual development account program. Through its work, the organization helped Native entrepreneurs start and sustain hundreds of Native-owned businesses. One local Native entrepreneur stated, "The key success story on Pine Ridge is Lakota Funds. They are constantly providing training and pushing business development."¹⁴³ More details about Lakota Funds' services and programs are in the case study on page 43.

Lakota Funds currently has \$2,535,200 in loan fund capital with \$430,303 loaned per year to Native clients.¹⁴⁴ Over the past 10 years, Lakota Funds has averaged 26 loans to Native clients and \$341,634 loaned per year. Lakota Funds' small business loans range from \$250-\$200,000. These loans comprise 95% of its loan portfolio; 60% are for amounts less than \$10,000 and 35% are for business start-up. Interest rates for these loans range from 8-13%. The funding sources for these loans are public (specifically USDA and the CDFI Fund) and philanthropic. The remaining 5% of its loan portfolio is comprised of credit-builder loans that range from \$100-\$2,500. Clients receiving these loans must first complete financial literacy and Credit When Credit is Due

Pine Ridge is home to the first certified Native CDFI in the nation, Lakota Funds.

classes. Lakota Funds requires collateral of 50-100% of the loan amount for their loans, and considers a range of other factors such as a prospective borrower's character, credit and capacity, and how the community can benefit. For loans over \$5,000, borrowers must take the business planning course, but if a business has been operative for three years or more, this requirement is waived. The interest rate for these loans is 15%. Funds for credit-builder loan funds come from federal government sources.

Lakota Funds has played an integral role in the development of the newly formed Lakota Federal Credit Union, which has a Child Savings Account program (matched savings accounts for children) in addition to a range of common consumer financial products and services.

Pine Ridge, despite widespread poverty and unemployment, has several other community assets such as the Pine Ridge Area Chamber of Commerce (PRACC) and Oglala Lakota College. The Chamber is the premier networking association for entrepreneurs on the reservation. Oglala Lakota Tribal College was instrumental in formation of Lakota Funds by collaborating with First Nations Development Institute to establish the organization in 1986.¹⁴⁵ PRACC is the premier marketing and networking resource for entrepreneurs on the reservation. It provides website and brochure listings to market Pine Ridge businesses to tourists and holds networking events throughout the year.¹⁴⁶ PRACC ran a buy-local campaign to promote growing the local reservation economy and supporting Tribal business owners, which according to sales tax statistics, had a positive effect.¹⁴⁷

The Oglala Sioux Tribe understands the need to access affordable credit and understands that if they are to expand, and as their capital needs increase, they may have to create an environment more suitable to entrepreneurship, lending and investment. The Tribe has been open to receiving feedback about how Tribal

“The key recommendation is to get a financial institution on Pine Ridge. We need a bank on the reservation. We need a bank in the community so the dollars can stay on the reservation and then we can turn over the dollar on the reservation. We have a huge economy that can be accessed – I would estimate \$300-500 million.”

– Bob Ecoffey, Owner, Subway

policies can further support the development of private small businesses through legal infrastructure.¹⁴⁸ The Tribe has implemented a model that was developed by the Committee on Liaison with Native American Tribes of the National Conference of Commissioners on Uniform State Laws (NCCUSL), through a project consisting of Native attorneys and Native representatives as well as a Task Force chaired by the Community Affairs Managing Project Director of the Federal Reserve Bank of Minneapolis, (Helena, MT branch). The model was molded into a secured transactions law specifically designed for the Pine Ridge reservation. The stand-alone document consists of pieces of the Uniform Commercial Code and the Secured Transaction Law and protects the legitimate interests of lenders doing business on the Pine Ridge Reservation. Through additional work with the State of South Dakota, the Tribe developed their own Secured Transaction Law which defines what can be collateralized and recovered in foreclosure, specifically to protect cultural items (e.g., family heirlooms, Tribal regalia) from being repossessed. This document has been shared with the South Dakota Bankers Association and regional bankers, and lender training has been provided on the Tribe's secured transactions ordinance and lien filing arrangement with the state.¹⁴⁹

Rosebud

LOCATION AND LAND AREA¹⁵⁰

Major counties: Mellette, Todd
Tribal Headquarters: Rosebud, SD
Acres within Exterior Boundaries: 889,709
Trust Land Acres: 885,365

POPULATION¹⁵¹

Total reservation and off-reservation trust land population: 10,869
Percent identifying as American Indian or Alaska Native: 88.5%
Total Tribal enrollment (living members): 30,172¹⁵²
Percent under age 18: 40.2%

EMPLOYMENT

Bureau of Indian Affairs estimates¹⁵³

Percent unemployed: 83%
Percent employed but below poverty guidelines: 76%

South Dakota Department of Labor unemployment estimates¹⁵⁴

Mellette County: 4.9%
Todd County: 7.1%
Major Employers: Rosebud Sioux Tribe, Bureau of Indian Affairs, Todd County School District¹⁵⁵

INCOME AND POVERTY¹⁵⁶

Mellette County

Percent in poverty, all ages: 38.2%
Median household income: \$27,455

Todd County

Percent in poverty, all ages: 45.3%
Median household income: \$24,742

PUBLIC ASSISTANCE¹⁵⁷

Mellette County

Total households: 652
Percent of households with SSI: 6.9%
Percent of households with cash public assistance: 7.5%
Percent of households with food stamp/SNAP benefits in the past 12 months: 22.4%

Todd County

Total households: 2,534
Percent of households with SSI: 9.7%
Percent of households with cash public assistance: 19.8%
Percent of households with food stamp/SNAP benefits in the past 12 months: 31.3%

BUSINESS ESTABLISHMENTS

Mellette County

Employer Firms:¹⁵⁸ 28
Annual payroll (in thousands): N/A (0)
Non-employer firms:¹⁵⁹ 124
Total receipts (in thousands): 2,719

Todd County

Employer Firms:¹⁶⁰ 59
Annual payroll (in thousands): 34,508
Non-employer firms:¹⁶¹ 306
Total receipts (in thousands): 3,721

The Rosebud Reservation is located in south central South Dakota and is home to the Rosebud Sioux Tribe. The reservation comprises all of Todd County and Tribal members also reside on non-reservation trust land that is located throughout most of Mellette County. Todd County has the sixth highest poverty rate in the country.¹⁶² Percentages of unbanked and underbanked households in Mellette County are estimated to be 13.1% and 21.2%. Percentages of unbanked and underbanked households in Todd County are estimated to be 24% and 28%. Facing high unemployment and poverty rates, the Tribe has struggled to spur economic development on the reservation mostly through business development. Many of the newer businesses are locally owned, which helps to keep profits in the local area. This business growth is also spurring construction and creating jobs.

The reservation's economic development efforts have been led by Tribally owned businesses such as the Tribe's casino, wind farm, truck stop near the casino, and its bottled water company, Lakota Water. The Rosebud Economic Development Corporation (REDCO) focuses more on developing Tribally owned

businesses and has had some success in using federal government programs to fund Tribal economic development projects.¹⁶³ According to one support provider, however, Tribal businesses are not properly managed and have stagnated because of the influence of Tribal politics.¹⁶⁴

The Tribe's university, Sinte Gleska University (SGU), serves as the only source for entrepreneurship training and technical assistance. SGU works to foster entrepreneurship on the reservation in a variety of ways including helping students prepare business plans, offering a small business development course, providing technical assistance through the Tribal Business Information Center and the Johnson Scholarship Foundation (JSF) Program, opening JSF meetings and workshops and technology workshops to the public, and sponsoring the annual art market in Sioux Falls. The university offers a 65 credit-hour technology entrepreneurship program through which students can receive a certificate.¹⁶⁵ SGU also has an active American Indian

Business Leaders (AIBL) student association that does catering and sells lunch to fund their travel to the national AIBL conference, where they have received awards on several occasions for placing in the nationwide Student Business Plan Competition.

Many of the newer businesses are locally owned, which helps to keep profits in the local area.

Most interviewees from Rosebud confirmed that there are very few avenues for entrepreneurs to access business start-up and growth capital. The reservation has a commercial bank (Wells Fargo), and the Tribe has recently revived its efforts to establish Sicangu Fund, a Native CDFI. The Sicangu Fund is in need of leadership in order to become a fully functional Native CDFI; currently all of the work done to establish the Sicangu Fund is on a volunteer basis.¹⁶⁶

Standing Rock

LOCATION¹⁶⁷

Major counties: Corson
Tribal Headquarters: Ft. Yates, ND
Acres within Exterior Boundaries: 2,346,221
Trust Land Acres: 851,039

POPULATION¹⁶⁸

Total reservation population for South Dakota section (Corson County): 4,064
Percent identifying American Indian or Alaska Native: 66.8%
Total Tribal enrollment (for North and South Dakota): 15,058¹⁶⁹
Percent under age 18: 34.2%

EMPLOYMENT

Bureau of Indian Affairs estimates¹⁷⁰
Percent unemployed: 86%
Percent employed but below poverty guidelines: 43%

South Dakota Department of Labor
unemployment estimate¹⁷¹

Corson County: 6.9%
Major Employers: Standing Rock Sioux Tribe, Sitting Bull College, Prairie Knights Casino, Grand River Casino and school districts¹⁷²

INCOME AND POVERTY¹⁷³

Corson County
Percent in poverty, all ages: 39%
Median household income: \$26,426

PUBLIC ASSISTANCE¹⁷⁴

Corson County
Total households: 1,206
Percent of households with SSI: 5.6%
Percent of households with cash public assistance: 13.9%
Percent of households with food stamp/SNAP benefits in the past 12 months: 21.4%

BUSINESS ESTABLISHMENTS

Corson County

Employer Firms:¹⁷⁵ 34

Annual payroll (in thousands): 3,708

Non-employer firms:¹⁷⁶ 174

Total receipts (in thousands): 4,577

The Standing Rock Reservation is home to the Standing Rock Sioux Tribe and is located both in North and South Dakota, with the large majority of its South Dakota land base covering all of Corson County, South Dakota. The Tribe's headquarters and college, Sitting Bull College, are located on the North Dakota side in Fort Yates. The Tribe has two casinos, one each in North and South Dakota. In recent years the Tribe has taken an active role to advance both Tribally and individually owned businesses, primarily through the Tribe's Business Equity Loan Fund (BELF), Standing Rock Telecommunications, Inc., and Joint Tribal Advisory Committee (JTAC) Funds.

The major way in which the Tribe has invested in its entrepreneurs is through the creation of BELF, which provides both financial and technical assistance to Native entrepreneurs on the reservation.¹⁷⁷ The BELF provides equity financing to Native entrepreneurs that can enable them to access loans from banks or other local lenders. It is estimated that 17.3% of households are unbanked and 24.3% are underbanked.

Ernestine J. Jamerson, BELF Business Management Specialist, explained that BELF's equity funds do not have to be paid back by entrepreneurs if their business is operating for more than five years; if a business is open for less than five years, entrepreneurs are required to pay back a pro-rated amount. Technical assistance provided by BELF includes credit counseling, financial management training, and a business development training course, First Step FastTrac. BELF staff go to local communities to provide the credit and financial management training. The Tribe also established business incubators (six in North Dakota and three in South Dakota) that provide access to mailboxes, copying equipment, phones, computers, a business library, and office space. Entrepreneurs can also access the Tribal Business Information Center at Sitting Bull College to receive business development training and assistance, free tax preparation, and assistance with applying for SBA, BIA, and Farm Service Agency (FSA)

“The government programs are available to Tribal members and BELF (Business Equity Loan Fund) does offer guidance on how to access the government loan programs (SBA, BIA, FSA) ... The government programs are not very active. The ranchers go through FSA [USDA Farm Services Agency] and in five years there is only one active SBA loan, which was for refinancing and not a for a new business.”

– Ernestine J. Jamerson

funds.¹⁷⁸ Sitting Bull College also hosts an annual youth entrepreneurship camp.¹⁷⁹

BELF is the only source of small business capital specifically for the Native population on the reservation and it is working on improving its services in order to provide credit-builder loans and microloans to smaller businesses. BELF is planning to add more hours to their financial management training to include topics on marketing, product and service pricing, and accounting. BELF has formed a partnership with Four Bands that is helping to convert BELF into a CDFI, which demonstrates the Tribe's investment in and commitment to increasing financial access for entrepreneurs and the broader Tribal community.

The Tribe has significantly improved its telecommunications infrastructure through Standing Rock Telecommunications, Inc. The company in June of 2011 became designated as an eligible telecommunications carrier (ETC) by the Federal Communications Commission. The ETC designation allows the company to expand and serve the entire reservation and makes it eligible to receive financial support from the federal Universal Service Fund.¹⁸⁰ The Tribe has established an office for administering JTAC funds, which are the result of the JTAC Lake Oahe settlement awarded to the Tribe by the United States Congress in 1992. These funds are specially designated compensation to the Tribe from the United States government for the sanctioned destruction of highly valuable natural resources. These funds are being used

for community and economic development projects.¹⁸¹

Standing Rock Tribal members interviewed for this report said that more can be done on the part of the Tribe to support Native entrepreneurship through the promotion of tourism on the reservation. Although the Tribe has a tourism office and two casinos, according to those interviewed from the reservation, there do not

seem to be any major initiatives to market the historical areas of the reservation and showcase the Tribe's history and culture in order to attract more visitors. Interviewees also cited the need for the completion of a Uniform Commercial Code,¹⁸² more buildings for office and store space, and better promotion by the Tribe of buying Indian products and services, and hiring Indian employees.¹⁸³

Yankton

LOCATION¹⁸⁴

Major counties: Charles Mix
Tribal Headquarters: Marty, SD
Acres within Exterior Boundaries: 439,111
Trust Land Acres: 36,741

POPULATION¹⁸⁵

Total reservation population: 6,465
Percent identifying as American Indian or Alaska Native: 44.5%
Enrolled members living on the reservation: 3,500¹⁸⁶
Percent under age 18: 32.7%

EMPLOYMENT

Bureau of Indian Affairs estimates¹⁸⁷

Percent unemployed: 12%
Percent employed but below poverty guidelines: 90%

South Dakota Department of Labor unemployment estimate¹⁸⁸

Charles Mix County: 4.2%
Major Employers: Fort Randall Casino, Indian Health Service, Tribal office, Bureau of Indian Affairs, Marty Indian School¹⁸⁹

INCOME AND POVERTY¹⁹⁰

Charles Mix County

Percent in poverty, all ages: 24.3%
Median household income: \$33,135

PUBLIC ASSISTANCE¹⁹¹

Charles Mix County

Total households: 3,344
Percent of households with SSI: 3.8%
Percent of households with cash public assistance: 10%
Percent of households with food stamp/SNAP benefits in the past 12 months: 16%

BUSINESS ESTABLISHMENTS

Charles Mix County

Employer Firms:¹⁹² 273
Annual payroll (in thousands): 55,574
Non-employer firms:¹⁹³ 598
Total receipts: 16,141

The Yankton Reservation is home to the Yankton Sioux Tribe and is located in southeastern South Dakota, mainly in Charles Mix County. Unbanked and underbanked percentages for Charles Mix County are estimated to be 11% and 20.3%. Like Flandreau and Lake Traverse, Yankton is a highly allotted community. This has contributed to a weak sense of cultural identity and community among the Tribal members, which according to a local Native entrepreneur, is reflected in the relative lack of support among the broader Tribal community for the reservation's Native entrepreneurs.

Entrepreneurial activity among the Tribal community in Yankton is mostly supported through the Tribe's revolving loan fund and the Small Business Development Center (SBDC), both of which are located in Planning and Development District III (District III), a voluntary association of county, municipal, and

Tribal governments. District III is located in the city of Yankton in Yankton County, which is approximately 56 to 75 miles east of major Tribal communities (Wagner and Lake Andes) on the reservation. It has worked with the Tribe to apply for funds from federal government agencies for projects addressing infrastructure, community facilities, drug abuse, and suicide prevention.¹⁹⁴

The Areawide Business Council (ABC) in District III administers the Tribe's revolving loan fund. Currently the fund has a total of \$249,999 in loan fund capital.¹⁹⁵ Since its establishment in 2004, ABC has loaned an average of \$35,208 per year and made an average of three small business loans each year. With the exception of 2004, total amounts loaned per year did not surpass \$40,000 and the number of loans made per year was not more than 4. (In 2004, the amount loaned was \$150,090 and the number of small business loans made was 12.) Loans are made for up to \$10,000, with an interest rate of 5%. All of the loans have been for business start-up. Sources for the Tribe's loan funds are two USDA RD grants.

The District III SBDC provides classes in business plan writing, insurance, bank perspectives, bank financing, financial projections, marketing, and elements of starting a business. The SBDC does provide a limited number of small business loans. They used to provide microloans but, because the default rate was so high (75%), converted the funds for those loans into a revolving loan fund that has stricter lending policies. The SBDC changed their lending policies and loan amounts with agreement from the Tribe. Interviewees from the SBDC reported that Native entrepreneurs have not been able to sustain their businesses because

of poor credit or no credit history, lack of access to capital, and lack of financial and business management skills.

Although the United Sioux Tribes Development Corporation works with the Tribe to provide some training and technical assistance to entrepreneurs, interviewees noted that the Tribe and Tribal members largely do not trust Native service providers and prefer to work with the SBDC. In response to a question about what is needed to improve Native entrepreneurs' access to the Tribe's loan funds, the ABC staff member who completed the lender survey wrote, "remove jealousy and work together for the good of the Tribe."¹⁹⁶ An entrepreneur mentioned in an interview that an attempt to form a Native chamber of commerce on the reservation failed because the Tribal community was not interested.¹⁹⁷

Sources for the Tribe's loan funds are two USDA RD grants.

Other than the entrepreneurship education provided by the Mitchell Vocational Technical Institute, there are virtually no other opportunities for Native entrepreneurs on the reservation to access business-related education, training, and financial and technical assistance. The school has been reaching out to Tribal members because the training it provides could potentially increase opportunities for Native students and graduates to start businesses.

Other South Dakota Lenders

BEADLE AND Spink Enterprise Community Inc. (BASEC) is a loan fund that services areas in Beadle and Spink counties. BASEC's service area does not include Tribal lands.¹⁹⁸ The closest reservations are Crow Creek (90 miles), Lower Brule (104 miles), and Yankton (114 miles). BASEC has a total of \$6.36 million in loan fund capital. BASEC lends an average of \$389,038 per year to small businesses and issues an average of seven small business loans per year. To date, BASEC has not made any small business loans to Native entrepreneurs or small business owners. Thirty-nine percent of their loan portfolio is comprised of loans funded by USDA RD's Intermediary Relending Program (IRP) and Rural Business Enterprise Grants (RBEGs). Loans for this portion of BASEC's total portfolio are not strictly business loans; 55% are housing loans and 6% are livestock and rural development loans. Loans are made for up to \$150,000 and interest rates range from 4-6%. IRP and RBEG loans require a 25% injection from the borrower in the form of equipment, property, or other items already owned by the borrower that are needed for the operation of the business. Mortgages are required for business real estate. All borrowers are required to meet with the SBDC in Aberdeen, SD or one of the SBDC satellite sites to develop a business plan and a 3-year cash flow projection. The BASEC staff member who completed the lender survey did say that Native entrepreneurs are eligible for their services and that BASEC is starting to think about how it can initiate marketing efforts in Tribal communities.

The First District Development Company (FDDC) is a nonprofit corporation that specializes in administering SBA 504 loans, which help capitalize new and expanding businesses as a means creating jobs and promoting community economic development.¹⁹⁹ FDDC also provides loans through their Intermediary Relending Program (funded by USDA) and Revolving Loan Fund Program (funded by EDA). These loans

are available to businesses in Moody County, where Flandreau is located, and Roberts, Codington and Grant Counties, which contain sections of Lake Traverse. Interest rates for FDDC's loans range from 4-6%. Specific collateral requirements vary depending on the type of loan, but some type of collateral is required for all loans. There are no training requirements for FDDC's loans. Currently, FDDC has \$1.8 million available to lend through the Revolving Loan Fund Program. Over the past 10 years, it has loaned an average of \$7 million per year and has made an average of 20 small business loans per year; however, these totals include SBA 504 loans. FDDC has not made any small business loans to Native small businesses because the collateral requirements for SBA 504 loans are not particularly well-suited for Native entrepreneurs. However, efforts could be made to offer other types of loans to Native entrepreneurs.



Recommendations for Investing in Native Entrepreneurship



A COMPREHENSIVE strategy for investing in Native entrepreneurship needs to include the following five action priorities:

- 1) Expand the scale of existing sources of capital, training, and technical assistance.
- 2) Foster community support for individual Native entrepreneurs.
- 3) Support financial and human capital needs of emerging and existing Native CDFIs.
- 4) Establish and improve banking relationships between mainstream financial institutions and Tribal members residing in reservation communities.
- 5) Establish and improve outreach efforts and partnerships among state government economic development agencies, Tribes, and private organizations serving Native entrepreneurs – specifically Native CDFIs, Tribal colleges, and Native-specific support organizations

Federal government agencies, state government agencies, Tribal governments, Native CDFIs, and mainstream financial institutions all have critical roles in catalyzing and implementing these action steps. The following sections offer detailed recommendations for each. In brief, federal agencies should carefully evaluate funding and technical assistance programs that are designed to address needs in underserved communities to ensure that these programs are truly accessible and able to be utilized by individual Native

entrepreneurs, not just by Tribes and organizations serving reservation communities. State government agencies responsible for economic and business development should include Tribes and reservation areas in developing regulations, and in the design and implementation of development projects. Tribal governments that currently do not actively support Native private enterprise should explore the economic and social benefits to the Tribe of having an active community of “home-grown” Native entrepreneurs and small business owners. Tribes with growing or established support for Native entrepreneurs and private enterprise should continue to develop legal infrastructure pertaining to business-related transactions, and assist entrepreneurs with marketing their products or services to the broader Tribal community. Native CDFIs should consider implementing strategies that can expand the reach or depth of their services, such as providing services to entrepreneurs in reservations outside of their service area and establishing business incubators. Lastly, banks and mainstream financial institutions should establish working relationships with Tribes to develop ways in which they can expand their service areas to reservation communities.

RECOMMENDATIONS FOR FEDERAL GOVERNMENT AGENCIES

THE INCREASINGLY partisan political environment and resulting Congressional gridlock that has dominated American politics for the better part of the last decade, along with the U.S. government’s

huge deficit, present discouraging prospects for increased funding for Native-specific loan and technical assistance programs. Given that many Tribes are dependent on federal programs for economic development projects, new or improved physical infrastructure, and access to capital for starting businesses, it is important that at a minimum current levels of funding for these programs be maintained, and align with the levels of funding that are needed in Native communities. It is also important that program regulations be periodically examined and modified by agency staff in order to meet the unique and dynamic economic, infrastructure, and small business needs of Tribes. Below are recommendations for agencies to consider, based on our review of the current funding landscape for Native small business development:

- Initiate or continue outreach to Tribes, Native support organizations, and individual Native entrepreneurs through regular site visits and webinars, to provide overviews of eligible federal funding programs.
- Preserve current levels of funding for programs that eligible Tribes and nonprofits are running that serve reservations.
- Incorporate technical assistance into the design of current small business-related funding programs.
- Develop an interagency taskforce and interagency funding initiatives to leverage efforts to meet the needs of Native entrepreneurs, Native entrepreneurship support organizations, and Native CDFIs.
- Develop additional set-asides for Tribal lands, such as Substantially Underserved Trust Areas (SUTA).

We also provide recommendations for specific agencies, based on our research that identified the business development needs on the nine Indian reservations in South Dakota:

Census Bureau

- Improve data collection methods to produce more accurate figures on Native populations and Native firms in rural areas, to account for discrepancies between Census figures and Tribal enrollment figures.

Department of Agriculture, Rural Development

- Set aside or redirect funding from loan programs to grant programs so that smaller Tribes can access federal funding (small Tribes encounter difficulty in paying back loans and lack private matching funds).

Department of the Treasury, CDFI Fund

- Preserve current levels of funding for the Native Initiatives Program.
- Expand New Markets Tax Credit Program eligibility to all Tribal lands and reservations.

Small Business Administration

- Conduct a review of lending programs serving the most distressed communities and identify ways in which these programs can be modified to better reach or serve Native-owned small businesses.
- Include more Native CDFIs in the awarding of PRIME grants (perhaps through a funding set-aside).
- Tailor technical assistance services and materials to make them more easily understood by, and culturally relevant for, Native entrepreneurs seeking help.
- Remove some servicing and administrative fees attached to loan guarantee programs so that these programs are not cost-prohibitive for Native CDFIs.

Department of the Interior, Office of Indian Energy and Economic Development

- Streamline paperwork for loan guarantee programs, for more efficient and smoother processing for both borrowers and lenders.
- Conduct extensive marketing of the Loan Guarantee Program to Native entrepreneurs in rural reservation communities.
- Re-establish the Loan Insurance Program, and market to Native CDFIs.
- Conduct extensive marketing of DED programs to Tribes and Native CDFIs in rural Native communities.
- Consider returning to the older model of administration, and realign Division of Capital Investment programs under the 12 BIA regional offices.

RECOMMENDATIONS FOR SOUTH DAKOTA'S STATE GOVERNMENT AGENCIES

RELATIONSHIPS BETWEEN states and Tribes vary greatly, but are often complicated by several factors including traditional distrust between states and Tribes, lack of clarity about jurisdiction over legal and business matters, and lack of awareness on the part of state government about Tribal laws, business activities, and support needs. This is true about the relationship between South Dakota's state agencies and the Indian reservations.

These state agencies should recognize that reservations are an integral part of the state's economic development capacity and need to be included as priority areas for consideration when crafting statewide economic and business development programs or initiatives. In 2011, SDIBA collected data showing that employment growth for five of the nine reservations is outpacing the statewide employment growth average of 6.83%.²⁰⁰ Employment on Pine Ridge and Cheyenne River has been growing at rates of 31.76% and 20.29%. For Rosebud, Lower Brule, and Lake Traverse, these rates are 19.23%, 8.36% and 7.10%. The employment growth rates for Yankton (6.22%) and Standing Rock (6.21%) are almost level with the statewide average. Flandreau has a lower employment growth rate at 2.36%, and Crow Creek is the only reservation where the growth rate has decreased (-5.83%). Currently, the state of South Dakota does not include reservations in its unemployment and labor force statistics.²⁰¹ The South Dakota Department of Labor, in cooperation with the federal Bureau of Labor Statistics, collects statewide labor force statistics through the Local Area Unemployment Statistics (LAUS) Program; Indian reservations are not included as a coverage area for data collection.²⁰² The incorporation of reservation unemployment and labor force data into the statewide unemployment and labor force data would be a first step the state could take to better include reservations and Tribes in statewide economic development programs.

Similarly, SDIBA calculated the Economic Momentum Index (EMI)²⁰³ for six reservations and for the state as a whole.²⁰⁴ All but one of the six reservations had EMI rates higher than the state's EMI rate of 13.13%. Pine Ridge, Crow Creek, and Cheyenne River had the

highest EMI rates: 33.76%, 33.74%, and 24.15%. Lower Brule, Rosebud, and Yankton had EMI rates of 19.85%, 18.18%, and 9.62%.

Recommendations about how South Dakota's agencies can effectively engage Tribes and reservation communities include:

- Initiate outreach (such as site visits) to reservations to promote business development programs for which Native entrepreneurs are eligible.
- Schedule meetings with Native entrepreneurs to gather first-hand information about their business start-up and operation challenges.
- Include reservation unemployment and labor force statistics in statewide unemployment and labor force statistics, and actively engage with Tribes in statewide economic development initiatives.
- Familiarize appropriate agencies with Tribal laws and regulations pertaining to business development and activity.
- Develop resource guides for banks on how they can work with Tribes to serve reservation communities.
- Develop an interagency taskforce and interagency funding initiatives with representatives from the nine reservations to leverage efforts to meet the needs of Native entrepreneurs, Native entrepreneurship support organizations, and Native CDFIs.
- Continue partnerships and collaborations with SDIBA and attend SDIBA policy roundtables.

RECOMMENDATIONS FOR TRIBAL GOVERNMENTS, NATIVE CDFIS, AND NATIVE ENTREPRENEURSHIP SUPPORT PROVIDERS

TRIBAL GOVERNMENTS and Councils can play a crucial role in fostering community support of individual entrepreneurs, which if absent, can significantly hinder the development of private, Native-owned small businesses and their resulting economic and social benefits. Tribal governments can also play a pivotal role by consistently building and improving physical and legal infrastructure needed to sustain both Tribal and private enterprise development on reservations.

Over the past decade, Native CDFIs across the country have made huge strides in increasing access to capital, financial education, business development training, and technical assistance for Native entrepreneurs in reservation communities. Regardless of their stage of development, Native CDFIs create hope and opportunity in Tribal communities long plagued by poverty, unemployment, and financial exclusion. They provide needed capital investments, support, and technical assistance for business development. Between 2001 and 2011, the number of certified Native CDFIs increased from 9 to 66, and many more are in the pipeline.²⁰⁵ The success of Native CDFIs is also reflected in the fact that appropriations for the CDFI Fund's Native American CDFI Assistance (NACA) Program continue to increase; in FY 2011, just under \$12 million was awarded to Native CDFIs through NACA.²⁰⁶ Similarly, Native entrepreneurship support providers, which include Native CDFIs and other institutions such as Tribal colleges and Native American Business Enterprise Centers, are valuable sources of entrepreneurship support and technical assistance in Native reservation communities.

In South Dakota, through May 2011, Lakota Funds loaned \$5, 487,864 to 413 individuals creating 1,143 jobs on or near Pine Ridge. Mazaska Owecaso Otipi Financial Inc., a Native housing development corporation serving Pine Ridge, placed 21 families in homes through 21 loans totaling \$1,176,285. By the end of 2010, Four Bands had loaned \$2,311,738 to 292 individuals, resulting in 1.5 jobs created per loan. This is a total of \$9,224,182 invested by Native CDFIs in just Pine Ridge and Cheyenne River.²⁰⁷

Reservations in South Dakota (and throughout the nation) are in varying stages of private enterprise development. Some reservations have successful and expanding Native CDFIs that are providing a range of affordable loan products and culturally relevant technical assistance to individual entrepreneurs, whereas others only have a Tribal loan fund and no support services. There are several reservations in which the Tribal government and broader Tribal community are supportive of developing private enterprises but there are very few, if any, sources of capital and technical assistance. In other

communities, support of any kind for individual entrepreneurs simply does not exist. The following set of recommendations are organized to provide a set of entrepreneurial development strategies for Tribal governments, Native CDFIs, and Native entrepreneurship support providers, according to the reservation's stage of private enterprise development.

- Reservations with no or low Tribal government and community support for entrepreneurship, and minimal access to small business capital (no Native CDFI) or entrepreneurship support services:

Tribal governments

- Hold Tribal community meetings or forums to gauge interest of the Tribal community in having the opportunity to own private businesses.
- Initiate outreach or be open to meeting with Native CDFIs serving other reservations to discuss best practices and the economic impact of private Native-owned businesses.
- Consider applying for USDA Rural Development, EDA, and SBA programs that provide loan funds for capitalizing small businesses.
- Consider providing follow-up technical assistance to Tribal members who receive loans from the Tribal loan fund.
- Conduct market research and scans to assess numbers of Native-owned firms.
- Investigate the possibilities for increased lending and investment from depository institutions where Tribes do their banking.
- Become familiar with provisions and requirements of the Community Reinvestment Act.

Native entrepreneurship or small business support providers

- Initiate outreach to the Tribal government to discuss support needs of Native entrepreneurs and small business owners.
- Establish financial and entrepreneurship workshops or courses for Native youth and adults.

- Partner with local colleges and universities (Tribal and non-Tribal) to establish technology centers where Native entrepreneurs can gain access to phones, internet, and a physical address for deliveries.

- Reservations with Tribal government and community support for entrepreneurship, but minimal access to small business capital (no Native CDFI) and entrepreneurship support services:

Tribal governments

- Develop laws and regulations that clarify processes and mitigate risks for land purchases, leases, and loan defaults, to attract financial institutions interested in serving reservation communities.
- Initiate outreach to state agencies to learn about programs that can be utilized by emerging and established Native entrepreneurs in reservation communities.
- Initiate outreach or be open to meeting with Native CDFIs serving other reservations to discuss best practices and the economic impact of private Native-owned businesses.
- Work with Native CDFIs serving other reservations and national-level Native entrepreneurship support organizations to establish a Native CDFI on the reservation.
- Convert an existing Tribal loan fund into a Native CDFI.
- Investigate the possibilities for increased lending and investment from depository institutions where Tribes do their banking.
- Become familiar with provisions and requirements of the Community Reinvestment Act.

Native entrepreneurship and small business support providers

- Initiate outreach to the South Dakota Community Foundation to discuss established funds for which Native CDFIs and other Native organizations would be eligible to apply.
- Initiate outreach to state agencies to

learn about programs that can be utilized by emerging and established Native entrepreneurs in reservation communities.

- Hold an annual financial services and resources fair to expose aspiring and existing Native entrepreneurs to a range of support services and products that will help start and grow their businesses.
- In partnership with Tribal government, state government, Tribal colleges, or other support providers, hold an annual business expo for Native entrepreneurs to increase networking and marketing opportunities for them.
- Provide financial and entrepreneurship workshops or courses for Native youth and adults.
- Partner with local colleges and universities (Tribal and non-Tribal) to develop technology centers where Native entrepreneurs can gain access to phones, internet, and a physical address for deliveries.

- Reservations currently served by a Native CDFI and several support providers:

Tribal governments

- Encourage community support for Native CDFIs at Tribal government meetings and through Tribal government websites by promoting the services and products offered by the CDFI.
- Develop laws and regulations that clarify processes and mitigate risks for land purchases, leases, and loan defaults, to attract financial institutions interested in serving reservation communities.
- Initiate outreach to state agencies to learn about programs that can be utilized by emerging and established Native entrepreneurs in reservation communities.
- Hold annual awards ceremonies to recognize organizations making significant progress in helping to spur entrepreneurial activity and development on the reservation.
- Hold annual awards ceremonies recognizing successful entrepreneurs.

- Investigate the possibilities for increased lending and investment from depository institutions where Tribes do their banking.
- Become familiar with provisions and requirements of the Community Reinvestment Act.
- Promote 'Buy Indian' campaigns and develop policies and practices that strongly support the purchase of Indian products and services.
- Partner with Native CDFIs or public universities to establish small- and/or micro-business incubators, to provide office and retail space to Native entrepreneurs.
- Fund the development of physical and communications infrastructure for large-scale economic development.

Native entrepreneurship and small business support providers

Financial Education

- Establish or expand financial education programs to include children and youth and topics about avoiding predatory lenders and financial products.
- Work with local and Tribal schools to integrate financial education into the K-12 curriculum.
- Encourage high school students interested in entrepreneurship to apply for scholarships through the National Federation of Independent Business Young Entrepreneur Foundation.

Competitions and Expositions

- Hold an annual financial services and resources fair to expose aspiring and existing entrepreneurs to a range of support services and products that will help start and grow their businesses.
- In partnership with Tribal government, state government, Tribal colleges, or other support providers, hold an annual business expo for Native reservation entrepreneurs to increase networking and marketing opportunities for them.
- Create or sponsor annual youth business plan competitions for middle and/or high school students.

Partnership Ideas and Strategies

- Work with Native support organizations, non-Native support organizations, state-level agencies, and other interested parties to establish Native asset-building coalitions, to expand services, pool resources and present a unified voice for organizations committed to improving the economic health of Native reservations.
- Partner with local colleges and universities (Tribal and non-Tribal) to develop technology centers where entrepreneurs can gain access to phones, internet, and a physical address for deliveries.
- Partner with Tribal colleges, Tribal government, or public universities to establish small- and/or micro-business incubators to provide office and retail space to Native entrepreneurs.
- Initiate outreach to Tribal governments and support providers in other reservations about establishing satellite services and/or offices.

Furthering Access to Capital for Business Start-Ups

- Develop best practices resource guides on lending in Native communities to disseminate to emerging Native CDFIs, non-Native CDFIs, and commercial banks.
- Apply to become an SBA 7(a) lender, microloan intermediary, or PRIME grantee to offer loans guaranteed by the federal government.
- Consider applying to the new CDFI Bond Program for Native Communities to gain access to a large and stable Treasury-backed stream of funding.
- Collaborate with state government, Tribal government, and philanthropic institutions to create an equity fund for Native entrepreneurs.
- Initiate outreach to the South Dakota Community Foundation to discuss established funds for which Native CDFIs and other Native organizations would be eligible to apply.

- Initiate outreach to state agencies to learn about programs that can be utilized by emerging and established Native entrepreneurs in reservation communities.
- Partner with intermediaries (such as First Nations Oweesta Corporation and Rural Dynamics, Inc.) and federal agencies (such as the Federal Reserve Banks, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation) to train commercial banks on lending opportunities and methods.

RECOMMENDATIONS FOR COMMERCIAL LENDERS AND OTHER FINANCIAL SERVICES PROVIDERS

THE PRESENCE of banks and financial institutions in rural reservation communities is often sparse at best. In South Dakota, where there are banks that serve the reservations, Native entrepreneurs often cannot afford the interest rates and fees for the products and services that are offered, resulting in their building a poor credit history, if any credit history at all. In addition, Native Americans sometimes face racial discrimination from commercial lenders and financial services providers. In order for relationships between mainstream financial institutions and Native entrepreneurs in reservation communities to develop and expand, it is critical that mainstream financial institutions familiarize themselves with the unique barriers facing Native entrepreneurs, the special capital needs of Native entrepreneurs, and Tribal business

development regulations. Steps taken by mainstream financial institutions to improve their awareness of these circumstances can open opportunities for them to benefit from an expanded service area, and provide Native entrepreneurs with more access to capital outlets. Native entrepreneurs could enter into the financial mainstream. Highly recommended steps are:

- Initiate outreach to Tribal governments to familiarize employees with Tribal laws and regulations pertaining to business development.
- Encourage Tribes to adopt modern and comprehensive commercial codes and other laws that clarify the rules for business transactions, remedies, and enforcement.
- Participate in the BIA Indian Loan Guarantee, Insurance, and Interest Subsidy Program to provide small business loans to Native entrepreneurs.
- Initiate outreach to Native CDFIs to familiarize employees with the unique small business capital needs of Native entrepreneurs.
- Provide funds or grants to Native CDFIs to help fund their financial literacy training and financial education programs (Native entrepreneurs and consumers who complete these courses or training programs ultimately become customers at commercial financial institutions).
- Work with SDIBA and Native CDFIs to pool capital for investments in Native entrepreneurs.

Case Studies

FOUR BANDS COMMUNITY FUND

FOUNDED IN 2000, Four Bands Community Fund (Four Bands) has developed into the leading source of small business capital and technical assistance for Native entrepreneurs on the Cheyenne River Indian Reservation. It offers a range of business loan products, training and technical assistance, and financial literacy classes for emerging and existing entrepreneurs. Four Bands' loan products include microloans for new businesses, larger loans for established businesses, and credit-builder loans for up to \$3,000 that help individuals repair damaged credit.²⁰⁸ Before applying for loans, individuals must take Four Bands' comprehensive business development CREATE course. Ongoing technical assistance services and workshops are provided to assist entrepreneurs in areas such as marketing, financial management, and customer service. Entrepreneurs can also make appointments through Four Bands for free consulting services provided on-site

by representatives from the South Dakota Small Business Development Center. Four Bands also partners with Tribal Ventures, a Tribal program implementing a 10-year poverty reduction initiative on the reservation, to provide financial education to adults and individuals who participate in their individual development account (IDA) program.

In addition, Four Bands partners with local schools to offer financial literacy, money management, and entrepreneurship education to children and youth, and with local businesses to provide high school students with entrepreneurship internships. Through their Youth Entrepreneur Internship Program, participating students earn \$10/hour for a maximum of 100 hours and can use those earnings to participate in Four Bands' IDA program. Through the IDA program, both youth and adults have their savings matched and can use these funds to purchase a home, pay for post-secondary education, or start a business. Since 2005, 94 youth have completed the internship program.

Four Bands was a member of the SAGE Collaborative (also known as the Oweesta Collaborative), a project funded by the W.K. Kellogg Foundation, that implemented an Entrepreneurship Development System of coordinated entrepreneurship service providers, specifically designed to meet the needs of Native entrepreneurs in reservation communities. In addition to providing services to local entrepreneurs, Four Bands has established various partnerships to bring larger-scale economic development to the reservation. Four Bands worked with the South Dakota Department of Tourism to lead Native Discovery,²⁰⁹ a regional and culturally-based tourism initiative that promotes tourism opportunities in the Cheyenne River, Pine Ridge, and Rosebud Reservations. Four Bands has a partnership with local businesses and Tribal Ventures to establish the Cheyenne River Chamber of Commerce.²¹⁰ Lastly, Four Bands has a partnership with Okiciyapi Tipi Habitat for Humanity to support the renovation of 30 homes on the reservation.

In its first 10 years, Four Bands has provided 1,844 adults and 26 youth with training and technical assistance; integrated financial and entrepreneurship education into the curriculum for 1,525 students; provided loans totaling \$2,252,440 to help create or expand 90 Native-owned businesses; and helped 52 adults and 77 build assets through IDAs.

LAKOTA FUNDS

SINCE 1986, Lakota Funds has worked to provide entrepreneurs and residents of the Pine Ridge Indian Reservation with affordable and culturally appropriate financial products, services, and training to help break cycles of poverty and spur economic development. In the beginning, Lakota Funds' approach was modeled after the Grameen Bank's microlending program in Bangladesh and as such, consisted of small \$500 microloans to entrepreneurs on the reservation.²¹¹ Lakota Funds offers a full array of financial products and services that have helped create hundreds of businesses and empowered residents with financial knowledge and skills. Lakota Funds offers loans ranging from \$5,000 or less to a maximum of \$200,000 to meet the varying size and capital needs of entrepreneurs. The three-week course, "Start Right: Build Your Own Business," provides business development training to emerging and existing entrepreneurs, and business success coaches provide entrepreneurs with one-on-one support in areas such as technical assistance, marketing, and operations. Lakota Funds was also a participant in the SAGE collaborative.

In addition to providing access to capital, training, and support for entrepreneurs, Lakota Funds offers a range of programs that help Pine Ridge residents build credit, savings, and assets including financial literacy

training, homebuyer education, credit education, individual development accounts, free tax preparation and, for residents who meet specific income guidelines, rental housing. Lakota Funds' also administers a range of products that serve youth on the reservation. Through the local GEAR UP (Gaining Early Awareness and Readiness for Undergraduate Programs) summer camp, Lakota Funds has provided financial literacy and entrepreneurship training. Lakota Funds also offers IDAs for youth ages 14-17, and assists high school students in preparing business plans for the annual Lakota Nations Invitational Business Plan Competition. In September 2011, Lakota Funds launched a Child Development Account Program to help children in grades 1-8 get an early start in building savings. These accounts have initial seed deposits and each child's savings will be matched.

Over the past 25 years, Lakota Funds has been a pioneer in advancing entrepreneurship and economic development on the Pine Ridge Reservation, and a leader in the Native CDFI field. Since its founding, Lakota Funds has provided over 660 loans totaling \$5.5 million; created over 1,100 permanent jobs; developed Eagle Nest, the first Native-owned, tax credit-financed housing project; and co-founded the Pine Ridge Chamber of Commerce, the first Native chamber of commerce established on a reservation.

THE HARVEST INITIATIVE AND HUNKPATI INVESTMENTS, INC.

THE HARVEST Initiative is a nonprofit organization that works to catalyze sustainable economic and business development on the Crow Creek Reservation through community-driven development projects. The Harvest Initiative is relatively new, having been in existence only since 2008.²¹² Its programs are focused on capacity-building for local organizations and institutions, and on agricultural development. The Harvest Initiative assists local nonprofit relief organizations with governance and operations to prevent interruptions in service delivery, and provides consulting services to the Crow Creek Tribal Council to help develop the necessary legal infrastructure for economic development projects. Specifically, the Harvest Initiative is helping the Tribal Council implement the Tribal secured transactions code and develop a general economic plan for the reservation. The Harvest Initiative's Agricultural Development Project is centered on redevelopment of Crow Creek's Tribal Farm, and the Crow Creek Fresh Food Initiative, a network of school, family, and community farms and gardens throughout the reservation.

The strategic vision of the Harvest Initiative led to the formation of its sister organization, Hunkpati Investments, Inc. Founded in 2009, the mission of Hunkpati Investments, Inc. is to spur economic development on the Crow Creek Reservation in order to promote "self sufficiency, self-determination, and an enhanced quality of life for the reservation community."²¹³ Over the past two years, Hunkpati Investments, Inc. has continued to grow, and currently provides financial literacy and entrepreneurship training courses, credit counseling and credit-builder loans, small business loans and microloans, marketing and technical assistance, and free tax preparation services. It also provides entrepreneurs on the reservation access to much needed equity financing through the Hunkpati Investment Equity Fund.

In February of 2011, the Hunkpati Investments, Inc. Board of Directors approved its Strategic Vision for 2010-2012. In this vision the organization outlined its strategic goals, which include obtaining CDFI certification, developing its credit-builder loan program, investing in youth through youth entrepreneurship and financial literacy programs, and expanding community outreach.

WIND RIVER DEVELOPMENT FUND

WIND RIVER Development Fund (WRDF) is a Native CDFI serving the Wind River Indian Reservation in central Wyoming. Although WRDF has only been in existence since 2003, it has experienced great success in providing access to capital and training for the reservation's entrepreneurs. Like Four Bands and Lakota Funds, WRDF was a participant in the SAGE Collaborative. In its first five years, WRDF became a certified CDFI, held 5 annual business expos for Native business owners, secured funding to purchase a building for a community health center, secured funding to build a 15,800 square foot entrepreneur center, and was recognized nationally by the U.S. Department of Housing and Urban Development, United Native American Housing Association, and the American Institute of Diversity and Commerce.²¹⁴ Its lending and business development accomplishments for that time period include over \$1.7 million loaned, including 33 business loans and 19 microloans; a default rate of only 0.14%; 31 new businesses created; and 225 jobs created or retained.²¹⁵ In addition to providing microloans (\$1,000-\$2,500) and small business loans (\$2,501-\$200,000), WRDF business training and assistance services include entrepreneur trainings and workshops throughout the year on varying topics: the Strengthening and Growing Entrepreneurs (SAGE) course; one-on-one business planning and operations assistance; credit counseling; and a small business resource library.²¹⁶ In addition to these services, WRDF also offers matched savings accounts through their Save Up Now (SUN) Program. Participants can use the funds they save in these accounts for starting or expanding a business or repairing credit.²¹⁷

WRDF has been successful in partnering with Tribal institutions and Wyoming state government agencies for some of its larger-scale projects. To purchase and renovate the building for the community health center, WRDF partnered with Wind River Health Systems, Inc. and the Northern Arapaho Tribe to obtain a \$1.26 million grant from the Wyoming Business Council, the state's economic development agency.²¹⁸ Through a lease agreement with the American Legion Richard Pogue Post #81, and support from the Eastern Shoshone Tribe, the Wyoming Business Council, the U.S. Department of Agriculture, and the U.S. Department of Commerce, WRDF raised \$4.5 million to build an entrepreneur center that provides office space, commercial lease space, conference and training facilities, and business incubation services.²¹⁹ WRDF established a for-profit subsidiary, Painted Pony Inc. in 2004 to generate a sustainable stream of income. In its first venture, Painted Pony Inc. contracted with the Wyoming Department of Education to publish children's books with traditional stories of the Wind River Tribes.²²⁰

WRDF serves as an exemplary model of a Native CDFI successfully engaging in both small- and large-scale entrepreneur and small business development through "a client-centered approach to providing technical assistance,"²²¹ and strong partnerships.

FIRST PEOPLES FUND

First Peoples Fund (FPF) is a national Native nonprofit cultural arts organization based in Rapid City, South Dakota. They are dedicated to the preservation, advancement and well-being of American Indian, Native Hawaiian, and Alaska Native arts and culture, and their work is deeply rooted in Indigenous values and place-based practices.

First Peoples Fund recognized the synergy between the critical role of CDFIs and the unique business and entrepreneurial needs of tribally based artists, and in 2005 began to seek ways to partner with reservation-based Native CDFIs in the northern plains region. FPF joined the Oweesta Collaborative led by First Nations Oweesta Corporation, a long-time leader of the Native CDFI movement, and eight other partners in the region including Four Bands Community Fund, Wind River Development Fund, and Lakota Funds to help address

the needs of these CDFIs' client base of artists who were attempting to access their services but were lacking the basic skill-sets, local markets, and knowledge of distribution networks. FPF realized the Native CDFIs would benefit by increasing their understanding of the regional and national markets and networks that support Native American arts, and also needed support to identify targeted technical assistance providers to meet the specialized needs of artists. It was noted micro-loans made to their artist clients often represented a high default rate in comparison to other small business clients, which further supported this conclusion. The work started by the Oweesta Collaborative has been the inspiration for the goals of FPF and has culminated into a deep commitment by the organization to expand this program to other Native CDFIs and regions across the country.

In 2010, FPF formed the Great Plains Artisan Entrepreneurship Consortium which included Four Bands Community Fund, Ho-Chunk Community Development Corporation, Cherokee Nation Economic Development Trust Authority-Tourism Department, and Lakota Funds. FPF successfully piloted a train-the-trainer model to help Native CDFIs integrate artist specific entrepreneurial development programming into their menu of services. In 2011, FPF began a partnership with community-based organizations and Native CDFIs in Wisconsin to bring the model to the Chippewa and Menominee Tribes, and began to deepen the work with Four Directions Development Corporation and the Maine Indian Basket Makers Alliance (MIBA) to institute this program among the four tribes in Maine. As a result of the pilot project, FPF has created partnerships with various Native CDFIs across the country that are implementing the successful training program.

First Peoples Fund has a solid track record of providing effective training and support to Native artists. Since 1999, FPF has awarded over \$1 million directly to over 200 artists and culture bearers across 20 states. FPF's Community Spirit Award fellowship program has granted \$350,000 to 71 artists representing 49 tribal nations. FPF awarded 103 Artist in Business Leadership grants totaling \$506,500 to artists representing 38 tribal nations. The Culture Capital fellowship program has awarded 50 grants representing 27 different tribal nations and totaling \$234,000. Since 2008, FPF has conducted 7 train-the-trainer sessions with 24 artists and Native CDFI coaches. They conducted 20 Native Artist Professional Development workshops serving over 250 artists in 11 states, including: Native CDFIs on the Wind River Reservation in WY, Cheyenne River Reservation in Eagle Butte, SD, Pine Ridge Reservation in Kyle, SD, Turtle Mountain Reservation in ND, Winnebago Reservation in Santee, NE, Lac Courte Oreilles Reservation in WI, and the Penobscot Reservation in ME.

FPF, in collaboration with Artspace (MN) and supported by the Northwest Area Foundation, has written a market study covering three areas of research: 1) the infrastructure needs of artists, 2) FPF's role in marketing, and 3) art as an economic engine for reservation development. The report will be published via the Northwest Area Foundation in 2013.

Conclusion



SOUTH DAKOTA'S nine reservations exhibit various stages of small business development. While some reservations such as Cheyenne River, Pine Ridge and Crow Creek have active and successful Native CDFIs, others such as Lower Brule and Lake Traverse have minimal services and outlets available for Native entrepreneurs to access capital and support services. Other reservations have some emerging and effective business development products and services, such as Rosebud's Sinte Gleska University's entrepreneurship training and assistance programs, and Standing Rock's Business Equity Loan Fund. The degree to which each of the reservations has opportunities for entrepreneurs to access capital, training, and technical assistance depends on the level of federal, state, Tribal, and community support for Native entrepreneurs, and awareness of available programs and resources.

The positive and expanding work of Native CDFIs, Tribal loan funds, and support providers on South Dakota's reservations are evidence that these challenges can be overcome even in the context of extremely high unemployment and poverty. The recommendations in this report present a range of proven and value-added strategies and models. The recommendations also underscore the need for Native and non-Native institutions to work collaboratively

in new and different ways. Such partnerships have the potential to create opportunities for Native entrepreneurs to thrive and fulfill their wishes to build strong businesses, serve as role models, and produce economic benefits for their Tribes and reservation communities.

In summary, while some organizations, financial institutions, and Tribal governments are providing innovative and successful approaches for Native entrepreneurship development, more can be done. A new investment model is needed to ensure that the appropriate public and private supports that integrate the full range of financial and development services are available to Native entrepreneurs. Such a model would facilitate the growth of businesses, and ultimately, the creation of a sustainable entrepreneurship sector in South Dakota's reservation communities.

Appendix I: Federal, State Programs for Native Small Businesses

Agency	Program Name(s)	Program Type(s)	Program Purpose
CDFI Fund	Expanding Native Opportunities	Training and technical assistance	Capacity building for Native CDFIs
	Native American CDFI Assistance Program	Financial assistance	Access to capital and funding for small business support services
	The Leadership Journey: Native CDFI Growth and Excellence	Training and technical assistance	Capacity building for Native CDFIs
USDA Rural Development	Rural Business Enterprise Grants (RBEG)	Financial assistance	Loan funds for rural small businesses
	Intermediary Lending Program	Financial assistance	Revolving loan funds for rural small businesses
	Rural Microentrepreneur Program (RMAP)	Financial assistance	Loans and technical assistance funding for rural microenterprises
	Value Added Agriculture Grants	Financial assistance	Funding for working capital and business planning
Bureau of Indian Affairs	Indian Loan Guaranty, Insurance, and Interest Subsidy Program	Financial assistance	Loan guarantees for loans to Native small businesses
	Native Business Development Program	Training	Management and procurement training for Native business owners and Tribes
	Nation Rebuilding Training Program	Training	Training for Tribes to develop appropriate legal infrastructure for business growth and external investment
	Building Tribal Business Capacity	Training	Training for Tribes and Tribal attorneys on chartering and amending Section 17 corporations
	Preserving Tribal Economic Traditions and Values	Training	Intellectual property rights training for Tribes and Tribal values integration training for Native business owners
	Native American Business Development Institute	Financial assistance	Funding for Tribes to hire consultants for economic development feasibility studies

Agency	Program Name(s)	Program Type(s)	Program Purpose
Small Business Administration	Microloan Program	Financial assistance	Microloans for small business and child care centers
	7(a) Loan Program	Financial assistance	More efficient small business loans for underserved and rural communities
	PRIME (Program for Investment in Microentrepreneurs)	Financial assistance	Grants to microenterprise development organizations (MDOs) for capacity building, research and development and for providing technical assistance
	Small Business Development Centers (SBDCs)	Technical assistance	Free technical assistance services for entrepreneurs and small businesses
	Small Business Innovation Research	Financial assistance	Research and development funding for small businesses
Economic Development Administration	Revolving Loan Fund	Financial assistance	Revolving loan funds for disadvantaged entrepreneurs and small businesses
	Trade Adjustment Assistance Centers	Technical assistance	Consulting for small- and medium-sized business affected by imports
Minority Business Development Agency	Native American Business Enterprise Centers (NABECs)	Technical assistance	Free technical assistance services for Native entrepreneurs and small businesses
Office of Community Services and the Administration for Native Americans	Native Asset Building Initiative	Financial assistance	Matched savings accounts and asset-building services for Native communities
South Dakota Governor's Office of Economic Development	REDI (Revolving Economic Development and Initiative) Fund	Financial assistance	Low-interest small business start-up and expansion loans
	MicroLOAN SD	Financial assistance	Low-interest microloans for small businesses in need of capital for fixed costs
	South Dakota WORKS	Financial assistance	Business and commercial loans for working capital

Appendix 2: Indian Loan Guaranty, Loan Insurance and Interest Subsidy Program

Guaranteed figures specific to the Great Plains region		
	# of guarantees	\$ amount guaranteed
2006	23	\$746,955
2007	16	\$11,204,173
2008	2	\$69,072
2009	5	\$8,720,101
2010	6	\$33,764,464
	Northwest COSC	Program Total
2008-2010	1,425	2,433
Program ceiling amounts by year		
	\$ amount	
2006	\$107,698,884	
2007	\$86,148,920	
2008	\$83,982,461	
2009	\$85,200,571	
2010	\$89,983,004	
2011	\$80,220,731	

Source: Office of Indian Energy and Economic Development, Department of the Interior.

Appendix 3: Land Areas and Road Mileage

Reservation	Trust Acres	Acres Within Exterior Boundaries	BIA Road Miles	Tribal Road Miles	State Road Miles	County Road Miles	IRR Road Miles
Cheyenne River	1,451,127	2,820,751	307	3.1	95.7	905.7	1311.5
Crow Creek	150,555	295,948	52.5	1.6	117.6	230	401.7
Flandreau	2,356	2,408	7.7	0	51.5	29.2	88.4
Lake Traverse	108,024	107,903	85.8	3.1	222.1	1713	2025.1
Lower Brule	156,907	245,181	108.9	7	72.1	128.6	316.6
Pine Ridge	1,773,462	2,024,698	490.6	116.9	367.4	799.1	1787.9
Rosebud	885,365	889,709	161.4	192.1	353.5	1852.7	2559.7
Standing Rock (North and South Dakota)	851,039	2,346,221	219.5	27.8	323.8	1154.0	1750.3
Yankton	36,741	439,111	27.2	.9	73.7	959.2	1079.5

Appendix 4: Native-Specific Entrepreneur Support Resources

Reservation	Access to Capital	Technical Assistance and Training
Cheyenne River	<p>Four Bands Community Fund</p> <ul style="list-style-type: none"> ■ Microloans ■ Small business loans ■ Credit builder loans ■ IDA (Individual Development Account) Program <p>Tribal Ventures</p> <ul style="list-style-type: none"> ■ Business equity grants 	<p>Four Bands Community Fund</p> <ul style="list-style-type: none"> ■ C.R.E.A.T.E. entrepreneurship training ■ Youth and adult financial education ■ Credit When Credit is Due course ■ Volunteer Income Tax Assistance (VITA) <p>Tribal Credit Office</p> <ul style="list-style-type: none"> ■ Business planning ■ Understanding financial statements ■ Debt restructuring ■ Filing UCCs ■ Land acquisitions ■ Accessing local banks ■ Accessing capital through IEED Loan Guaranty Program ■ Accessing capital through SBA and USDA programs
Crow Creek	<p>Hunkpati Investments, Inc.</p> <ul style="list-style-type: none"> ■ Equity grants ■ Microloans ■ Credit builder loans 	<p>Hunkpati Investments, Inc.</p> <ul style="list-style-type: none"> ■ Entrepreneurship class ■ Credit When Credit is Due course
Flandreau	<p>Tribal loan fund</p> <ul style="list-style-type: none"> ■ Loans for business start-up and expansion 	<p>Referred to off-reservation Native and non-Native resources</p>
Lake Traverse	<p>Section 7 Program</p> <ul style="list-style-type: none"> ■ Tax revenue that can be used to fund loans to Native entrepreneurs 	<p>Sisseton Wahpeton College</p> <ul style="list-style-type: none"> ■ Associate's degree in business administration <p>Tribal Employment Rights Office (TERO)</p> <ul style="list-style-type: none"> ■ Limited technical assistance and training for local Native contractors or funds to seek technical assistance and training off the reservation ■ Indian-preference hiring for local contractors
Lower Brule	<p>Tribal loan fund</p> <ul style="list-style-type: none"> ■ Loans for small business start-up 	<p>Tribal loan fund</p> <ul style="list-style-type: none"> ■ Limited technical assistance for loans or referrals to technical assistance providers

Reservation	Access to Capital	Technical Assistance and Training
Pine Ridge	Lakota Funds <ul style="list-style-type: none"> ■ Microloans ■ Small business loans ■ Credit builder loans ■ IDA Program ■ CDA (Child Development Account) Program 	Lakota Funds <ul style="list-style-type: none"> ■ Business planning course ■ Youth and adult financial literacy training ■ Credit When Credit is Due course ■ VITA Program Pine Ridge Chamber of Commerce <ul style="list-style-type: none"> ■ Networking and marketing assistance Oglala Lakota College <ul style="list-style-type: none"> ■ Bachelor of Science degrees in Management and Accounting Management and Accounting <ul style="list-style-type: none"> ■ Associate's degrees in General Business and Accounting
Rosebud	Working to establish a Native CDFI (Sicangu Fund)	Sinte Gleska University <ul style="list-style-type: none"> ■ Business plan assistance for students ■ Small business development course ■ Technical assistance provided through Tribal Business Information Center (TBIC) and Johnson Scholarship Foundation ■ Technology entrepreneurship certificate
Standing Rock	Business Equity Loan Fund <ul style="list-style-type: none"> ■ Equity injection 	Business Equity Loan Fund <ul style="list-style-type: none"> ■ Business incubators TBIC at Sitting Bull College <ul style="list-style-type: none"> ■ Business development training and assistance ■ Free tax preparation ■ Assistance in applying for funds from SBA, BIA and FSA
Yankton	Tribal revolving loan fund <ul style="list-style-type: none"> ■ Loans for small business start-up and expansion 	Areawide Business Council <ul style="list-style-type: none"> ■ Administrator of Tribal revolving loan fund ■ Assistance (for the Tribe) in applying for federal funds for infrastructure and community facilities

Appendix 5: Profiles of South Dakota Native CDFIs, Tribal Loan Funds and Other Native-Specific Sources of Small Business Capital

Reservation	Loan Fund/ CDFI	Training/ Technical Assistance?	Volunteer Income Tax Assistance?	IDA or Equity Funds?	Loan Types Offered	Collateral required	Eligibility requirements	Credit Score Reporting?	% of Loan Portfolio for Business Start-up
Cheyenne River	Four Bands Community Fund	yes	yes	yes	Microloans Small business loans Credit builder loans	50% for microloans and credit builder loans; 75% for small business loans	Enrolled Tribal member or reservation resident	yes	65% for microloan portfolio; 48% for small business loan portfolio
Crow Creek	Hunkpati Investments Inc.	yes	yes	yes	Microloans Credit builder loans	Varies; at least 75% for credit builder loans	Local Native entrepreneurs	yes	33% for smaller microloan portfolio; 100% for larger microloan portfolio
Flandreau	Tribal loan fund	no	no	no	Microloans		Tribal member	N/A	N/A
Lake Traverse	Sisseton Wahpeton Federal Credit Union	no	no	no	N/A	N/A	N/A	yes	N/A
Lower Brule	Tribal loan fund	yes	no	no	Microloans	N/A	Tribal member	N/A	N/A
Pine Ridge	Lakota Funds	yes	yes	yes	Microloans Small business loans Credit builder loans	50-100%	Enrolled Tribal member; spouse of enrolled Tribal member or enrolled member of another federally recognized Tribe	yes	35% (microloan and small business loan portfolios combined)
Rosebud	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Standing Rock	Business Equity Loan Fund	yes	no	yes	N/A	N/A	Tribal member	N/A	N/A
Yankton	Tribal loan fund	yes	no	no	Microloans	N/A	Tribal member	N/A	100%

Appendix 6: Entrepreneur Survey

ENTREPRENEUR SURVEY TELEPHONIC AND IN-PERSON INTERVIEWS

Target audience: aspiring and existing Native entrepreneurs, support provider clients, loan fund clients.

Name: _____

Phone number: _____

Email address: _____

Website (if applicable): _____

Reservation/Tribal Community: _____

Business Type: _____

Business Start Date: _____

1. Did you receive assistance when starting your business? If so, who helped you?

2. What is your definition of Native Entrepreneurship?

- What is your perception of the role of Native entrepreneurship in tribal economic and community development?
- What are common perceptions or stereotypes of Native entrepreneurs?
- What are the cultural barriers you encounter that inhibit the growth and success of your business?
- What cultural supports are in place (media, celebrations, recognitions, others) that enhance or support the growth and success of your business?

3. What existing programs currently support or have supported you in the areas of:

- Youth education (K-16)
 - Access to capital
 - Training and technical assistance
 - Networking
- What more could be done?

4. What tribal policies or programs are in place that assist/support your business?

- What tribal policies or programs inhibit the success of your business?
- What role does tourism play in promoting the development of Native businesses on the reservation/Tribal community?
- What efforts are currently underway to support Native historical, cultural, arts and crafts endeavors on the reservation/Tribal community?
- What more could be done?

5. What other economic development efforts is the tribe engaged in or promoting on the reservation/Tribal community or in partnership with the state or other stakeholders?

- Describe some effective practices in state/tribal partnerships that enhance the environment for or directly support your business.
- What were the successes, what were some of the difficulties?

6. Describe the types of entrepreneurs that are developing formal businesses on the reservation/Tribal community.

- What types of businesses are they developing?
- Who are the primary customers/clients?
- Are they successful? What challenges do they face?
- Do these entrepreneurs seek out and access entrepreneurship support services? What type of services? Are they satisfied with these services?
- What are ways to enhance the development, sustainability, and long-term growth of Native businesses on the reservation/Tribal community?

7. Describe the types of businesses that are operating in the informal economy on the reservation/Tribal community.

- What type of informal work do they do?
- Who are the primary customers/clients?
- What is the medium of exchange (cash, barter, other)?
- How much income would you estimate is earned per household through informal work?
- What proportion of the economic activity overall on the reservation/Tribal community do you estimate takes place informally?
- What are the advantages/disadvantages of working informally?

Appendix 7: Support Provider Survey

SUPPORT PROVIDER SURVEY TELEPHONIC AND IN-PERSON INTERVIEWS

Target audience: tribal economic development staff, entrepreneurship training and technical assistance providers, businesses coaches/mentors and other community-based organizations providing relevant services.

Name: _____

Name/title of person completing the survey: _____

Phone number: _____

Email address: _____

Website: _____

Reservation/Tribal Community: _____

1. What is your definition of Native Entrepreneurship?

- What is your perception of the role of Native entrepreneurship in tribal economic and community development?
- What are common perceptions or stereotypes of Native entrepreneurs?
- What cultural barriers exist that inhibit the growth and success of Native entrepreneurs?
- What cultural supports are in place (media, celebrations, recognitions, others) that enhance or support the growth and success of Native entrepreneurs?

2. What programs are currently in place to support Native entrepreneurs living on the reservation/Tribal community in the areas of:

- Youth education (K-16)
 - Access to capital
 - Training and technical assistance
 - Networking
- What more could be done?

3. What tribal policies or programs are in place that assist/support Native entrepreneurs?

- What tribal policies or programs inhibit the success of Native entrepreneurs?
- What role does tourism play in promoting Native entrepreneurship development?
- What efforts are currently underway to support Native historical, cultural, arts and crafts endeavors on the reservation/Tribal community?
- What more could be done?

4. What other economic development efforts are the tribe engaged in or promoting at the reservation/Tribal community level or in partnership with the state or other stakeholders?

- Describe some effective practices in state/tribal partnerships that enhance the environment for or directly support Native entrepreneurs.
- What were the successes, what were some of the difficulties?

5. Describe the types of entrepreneurs that are developing formal businesses on the reservation/Tribal community.

- What types of businesses are they developing?
- Who are the primary customers/clients?
- Are they successful? What challenges do they face?
- Do these entrepreneurs seek out and access entrepreneurship support services? What type of services? Are they satisfied with these services?
- What are ways to enhance the development, sustainability, and long-term growth of Native businesses on the reservation/Tribal community?

6. Describe the types of businesses that are operating in the informal economy on the reservation/Tribal community.

- What type of informal work do they do?
 - Who are the primary customers/clients?
 - What is the medium of exchange (cash, barter, other?)
 - How much income would you estimate is earned per household through informal work?
 - What proportion of the economic activity overall on the reservation/Tribal community do you estimate takes place informally?
 - What are the advantages/disadvantages of working informally?
7. Please list and briefly describe the support services your organization provides.

Appendix 8: Community Member Survey

COMMUNITY MEMBER SURVEY TELEPHONIC AND IN-PERSON INTERVIEWS

Target audience: tribal elders, tribal youth, tribal council members and key informants.

Name: _____

Phone number: _____

Email address: _____

Website (if applicable): _____

Reservation/Tribal Community: _____

1. What is your definition of Native Entrepreneurship?

- a. What is your perception of the role of Native entrepreneurship in tribal economic and community development?
- b. What are common perceptions or stereotypes of Native entrepreneurs?
- c. What cultural barriers exist that inhibit the growth and success of Native entrepreneurs?
- d. What cultural supports are in place (media, celebrations, recognitions, others) that enhance or support the growth and success of Native entrepreneurs?

2. What programs are currently in place to support Native entrepreneurs living on the reservation/Tribal community in the areas of:

- a. Youth education (K-16)
 - b. Access to capital
 - c. Training and technical assistance
 - d. Networking
- What more could be done?

3. What tribal policies or programs are in place that assist/support Native entrepreneurs?

- a. What tribal policies or programs inhibit the success of Native entrepreneurs?
- b. What role does tourism play in promoting Native entrepreneurship development?
- c. What efforts are currently underway to support Native historical, cultural, arts and crafts endeavors on the reservation/Tribal community?
- d. What more could be done?

4. What other economic development efforts are the tribe engaged in or promoting at the reservation/Tribal community level or in partnership with the state or other stakeholders?

- a. Describe some effective practices in state/tribal partnerships that enhance the environment for or directly support Native entrepreneurs.
- b. What were the successes, what were some of the difficulties?

5. Describe the types of entrepreneurs that are developing formal businesses on the reservation/Tribal community.

- a. What types of businesses are they developing?
- b. Who are the primary customers/clients?
- c. Are they successful? What challenges do they face?
- d. Do these entrepreneurs seek out and access entrepreneurship support services? What type of services? Are they satisfied with these services?
- e. What are ways to enhance the development, sustainability, and long-term growth of Native businesses on the reservation/Tribal community?

6. Describe the types of businesses that are operating in the informal economy on the reservation/Tribal community.

- a. What type of informal work do they do?
- b. Who are the primary customers/clients?
- c. What is the medium of exchange (cash, barter, other)?
- d. How much income is generally earned per household through informal work?
- e. What proportion of the economic activity overall on the reservation/Tribal community do you estimate takes place informally?
- f. What are the advantages/disadvantages of working informally?

Appendix 9: Lender Survey

LENDER SURVEY TELEPHONIC AND IN-PERSON INTERVIEWS

Target audience: financial institutions, CDFIs, NCDFIs, Revolving Loan Funds, microlenders, tribal loan funds.

Name of lender: _____

Name/title of person completing the survey: _____

Phone number: _____

Email address: _____

Website: _____

Reservation/Tribal Community: _____

NOTE: Questions 1-10 are general questions. Questions 11-14 relate to each loan fund or product.

1. What is your total loan fund/s capital?
2. What is your dollar amount of loaned capital per year?
3. Do you have actual loan guarantee dollars represented in the total number of loaned capital per year? What percentage of loaned capital do these guarantee dollars represent?
4. What is your dollar amount of loaned capital per year to Native American small businesses?
5. What is your dollar amount of loaned capital to small businesses per year, for each of the last 10 years?
6. What is your total number of small business loans per year for each of the last 10 years?
7. What is your total number of Native American small business loans per year for each of the last 10 years?
 - a. How do you define Native American business?
 - b. What types of businesses do you include in your definition of small business?
 - o Self-employment
 - o Microenterprise
8. Specify for each dollar range the approximate percentage of total number of loans in your Native American small business loan portfolio:
 - % _____ Less than \$10,000
 - % _____ \$10,000 - \$24,900
 - % _____ \$25,000 - \$49,900
 - % _____ \$50,000 - \$74,900
 - % _____ \$75,000 - \$99,900
 - % _____ \$100,000 - \$149,999
 - % _____ \$150,000 - \$499,999
 - % _____ \$500,000 - \$1,000,000
 - % _____ over \$1,000,000
9. Do you provide equity grants? If so, please list and describe them.
10. Do you allow sweat equity/work provided by owners as part of the total cost for a loan?
11. LOAN FUND #1
 - a. Name/type of loan product:
 - o Microloan
 - o Macroloan
 - o Other
 - b. Does this loan product have multiple funding sources?
 - c. What type of funding source/s do you have for this fund or product?
 - o Public (specify, i.e., SBA, USDA, BIA, state)
 - o Commercial bank
 - o Other corporate private

- o Foundations or other philanthropic
 - o Other
- d. What percentage of your loan portfolio is represented by this fund?
- e. Are the underwriting criteria specified by your funding source/s? Yes ___ No ___
- f. Are your underwriting criteria different than commercial loan criteria? If so, describe how they differ (i.e., is more flexibility permitted for credit history, credit score, collateral, equity, financial projections, experience?)
- g. Are there other requirements, restrictions or parameters (i.e., geographical location, restrictions on number of full-time employees, or gross annual sales)?
- o Even with this underwriting flexibility, do Native American businesses have barriers to accessing your loan products and services? What are they?
 - o In your opinion, what is needed to reduce these barriers and improve Native American businesses' access to your loan products and services?
- h. What fees do you charge? (Please specify percentage or amount, as applicable.)
- o Application fee
 - o Origination fee
 - o Administrative fee
 - o Closing costs
 - o Prepaid penalties
 - o Other
- i. Dollar range for this loan product?
- j. What is the interest rate range for the loan?
- o What is the loan term?
- k. What percentage of this fund are loaned for these purposes:
- % ___ Equipment acquisition
 - % ___ Inventory acquisition
 - % ___ Working capital
 - % ___ Business purchase
 - % ___ Business start-up
 - % ___ Business gap finance
 - % ___ Commercial real estate
 - % ___ Construction
 - % ___ Refinance
 - % ___ Other
- l. Do you provide housing loans related to business development? How many per year and for what purposes?

12. LOAN FUND #2

- a. Name/type of loan product:
- o Microloan
 - o Macroloan
 - o Other
- b. Does this loan product have multiple funding sources?
- c. What type of funding source/s do you have for this fund or product:
- o Public (specify, i.e., SBA, USDA, BIA, state)
 - o Commercial bank
 - o Other corporate private
 - o Foundations or other philanthropic
 - o Other
- d. What percentage of your loan portfolio is represented by this fund?
- e. Are the underwriting criteria specified by your funding source/s? Yes ___ No ___
- f. Are your underwriting criteria different than commercial loan criteria? If so, describe how they differ (i.e., is more flexibility permitted for credit history, credit score, collateral, equity, financial projections, experience?)
- g. Are there other requirements, restrictions or parameters (i.e., geographical location, restrictions on number of full-time employees, or gross annual sales)?
- o Even with this underwriting flexibility, do Native American businesses have barriers to accessing your loan products and services? What are they?
 - o In your opinion, what is needed to reduce these barriers and improve Native American businesses' access to your loan products and services?
- h. What fees do you charge? (Please specify percentage or amount, as applicable.)
- o Application fee
 - o Origination fee
 - o Administrative fee
 - o Closing costs
 - o Prepaid penalties
 - o Other
- i. Dollar range for this loan product?

- j. What is the interest rate range for the loan?
 - o What is the loan term?
- k. What percentage of this fund are loaned for these purposes:
 - % ___ Equipment acquisition
 - % ___ Inventory acquisition
 - % ___ Working capital
 - % ___ Business purchase
 - % ___ Business start-up
 - % ___ Business gap finance
 - % ___ Commercial real estate
 - % ___ Construction
 - % ___ Refinance
 - % ___ Other
- l. Do you provide housing loans related to business development? How many per year and for what purposes?

13. LOAN FUND #3

- a. Name/type of loan product:
 - o Microloan
 - o Macroloan
 - o Other
- b. Does this loan product have multiple funding sources?
- c. What type of funding source/s do you have for this fund or product:
 - o Public (specify, i.e., SBA, USDA, BIA, state)
 - o Commercial bank
 - o Other corporate private
 - o Foundations or other philanthropic
 - o Other
- d. What percentage of your loan portfolio is represented by this fund?
- e. Are the underwriting criteria specified by your funding source/s? Yes ___ No ___
- f. Are your underwriting criteria different than commercial loan criteria? If so, describe how they differ (i.e., is more flexibility permitted for credit history, credit score, collateral, equity, financial projections, experience?)
- g. Are there other requirements, restrictions or parameters (i.e., geographical location, restrictions on number of full-time employees, or gross annual sales)?
 - o Even with this underwriting flexibility, do Native American businesses have barriers to accessing your loan products and services? What are they?
 - o In your opinion, what is needed to reduce these barriers and improve Native American businesses' access to your loan products and services?
- h. What fees do you charge? (Please specify percentage or amount, as applicable.)
 - o Application fee
 - o Origination fee
 - o Administrative fee
 - o Closing costs
 - o Prepaid penalties
 - o Other
- i. Dollar range for this loan product?
- j. What is the interest rate range for the loan?
 - o What is the loan term?
- k. What percentage of this fund are loaned for these purposes:
 - % ___ Equipment acquisition
 - % ___ Inventory acquisition
 - % ___ Working capital
 - % ___ Business purchase
 - % ___ Business start-up
 - % ___ Business gap finance
 - % ___ Commercial real estate
 - % ___ Construction
 - % ___ Refinance
 - % ___ Other
- l. Do you provide housing loans related to business development? How many per year and for what purposes?

14. LOAN FUND #4

- a. Name/type of loan product:
 - o Microloan
 - o Macroloan
 - o Other

- b. Does this loan product have multiple funding sources?
- c. What type of funding source/s do you have for this fund or product:
 - o Public (specify, i.e., SBA, USDA, BIA, state)
 - o Commercial bank
 - o Other corporate private
 - o Foundations or other philanthropic
 - o Other
- d. What percentage of your loan portfolio is represented by this fund?
- e. Are the underwriting criteria specified by your funding source/s? Yes ___ No ___
- f. Are your underwriting criteria different than commercial loan criteria? If so, describe how they differ (i.e., is more flexibility permitted for credit history, credit score, collateral, equity, financial projections, experience?)
- g. Are there other requirements, restrictions or parameters (i.e., geographical location, restrictions on number of full-time employees, or gross annual sales)?
 - o Even with this underwriting flexibility, do Native American businesses have barriers to accessing your loan products and services? What are they?
 - o In your opinion, what is needed to reduce these barriers and improve Native American businesses' access to your loan products and services?
- h. What fees do you charge? (Please specify percentage or amount, as applicable.)
 - o Application fee
 - o Origination fee
 - o Administrative fee
 - o Closing costs
 - o Prepaid penalties
 - o Other
- i. Dollar range for this loan product?
- j. What is the interest rate range for the loan?
 - o What is the loan term?
- k. What percentage of this fund are loaned for these purposes:
 - % ___ Equipment acquisition
 - % ___ Inventory acquisition
 - % ___ Working capital
 - % ___ Business purchase
 - % ___ Business start-up
 - % ___ Business gap finance
 - % ___ Commercial real estate
 - % ___ Construction
 - % ___ Refinance
 - % ___ Other _____
- l. Do you provide housing loans related to business development? How many per year and for what purposes?

Endnotes

- 1 2010 Census Interactive Population Map.
- 2 “Table 1: 2009 Poverty and Median Income Estimates – Counties.” (2010) U.S. Census Bureau, Small Area Estimates Branch.
- 3 Taylor, Paul et. al. “Twenty to One: Wealth Gaps Rise to Record Highs Between Whites, Blacks and Hispanics.” (2011) Washington, DC: Pew Research Center.
- 4 2010 American Community Survey 1-Year Estimates. U.S. Census Bureau.
- 5 Hillabrant, W., et al. *Overcoming Challenges to Business and Economic Development in Indian Country*. (2004) Princeton, NJ: Mathematica Policy Research, Inc.
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- 7 Complexity Management, Inc. and The Johnson Strategy Group, Inc. *CDFI Fund Native American Lending Study: Equity Investment Roundtable and Research Report*. (2001) Washington, DC: CDFI Fund, U.S. Department of the Treasury.
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- 10 “FCC Takes Action to Help Strengthen and Expand Broadband and Other Communications Services in Native Nations.” (2011) Washington, DC: Federal Communications Commission.
- 11 Testimony of the Chippewa Cree Tribe of the Rocky Boys Indian Reservation. (2010) U.S. Senate Committee on Indian Affairs Field Hearing on Tribal Transportation in Indian Country.
- 12 Statement of Larry Echo Hawk, Assistant Secretary of Indian Affairs, Department of the Interior. (2010) Field Hearing on Tribal Transportation in Indian Country.
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- 14 Distances were obtained using Google maps.
- 15 “Unofficial 2011 Indian Reservation Roads Report.” (2011) Bureau of Indian Affairs, Great Plains Regional Office.
- 16 Community Development Financial Institutions Fund. “Native Initiatives Strategic Plan FY 2009-2014.” (2009) Washington, DC: U.S. Department of the Treasury.
- 17 Community Development Financial Institutions Fund. “CDFI Fund Announces Leadership Capacity Building Series for Native CDFIs.” (2011) Washington, DC: U.S. Department of the Treasury.
- 18 Information about RBEG grants was obtained from a webinar hosted by the National Business Incubator Association (NBIA) titled “USDA Rural Incubators: Funding for You and Your Client” that occurred on June 15, 2011.
- 19 Information about the IRP was obtained from the USDA RD website at <http://www.rurdev.usda.gov/rbs/busp/irp.htm>.
- 20 Unless noted, information about RMAP was obtained from a webinar hosted by the National Business Incubator Association (NBIA) titled “USDA Rural Incubators: Funding for You and Your Client” that occurred on June 15, 2011.
- 21 “Rural Microentrepreneur Assistance Program (RMAP).” http://www.rurdev.usda.gov/BCP_RMAP.html.
- 22 Information about Value Added Agriculture Grants was obtained from Christine Sorensen, USDA Rural Development Coordinator, South Dakota.
- 23 United States Department of Agriculture. “USDA Agriculture Secretary Vilsack Announces Proposed Rules to Improve the Quality of Life and Foster Economic Opportunity for Tribal Communities.” (2011) <http://www.usda.gov/wps/portal/usda/usdahome?contentidonly=true&contentid=2011/10/0448.xml>
- 24 “Native American Business Development.” <http://www.bia.gov/WhoWeAre/AS-IA/IEED/DED/NABD/index.htm>.
- 25 Information about these DED programs was found from the links provided at <http://www.bia.gov/WhoWeAre/AS-IA/IEED/DED/index.htm>.
- 26 “Federal Register / Vol. 76, No. 134 / Wednesday, July 13, 2011 / Notices,” page 41293.
- 27 Information about the SBA Microloan Program was obtained from the SBA website at <http://www.sba.gov/content/microloan-program>.
- 28 Information about the SBA Small Loan Advantage and Community Advantage initiatives was obtained from the SBA website at <http://www.sba.gov/content/advantage-loan-initiatives>.

29 Information about the SBA Rural Lender Advantage Program was obtained from the SBA website at
<http://www.sba.gov/content/rural-business-loans>.

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<http://www.sba.gov/content/steps-becoming-prime>.

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35 "Small Business Innovation Research." <http://www.usd.edu/business/small-business-innovation-research/index.cfm>

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38 Information about the UM-TERM project was obtained from Christine Sorensen, USDA Rural Development Coordinator, South Dakota.

39 North Dakota/South Dakota Native American Business Enterprise Center. <http://www.ndsd-nabec.com/index.asp>.

40 "Native Asset Building Initiative." <http://www.acf.hhs.gov/grants/open/foa/view/HHS-2011-ACF-ANA-NO-0198>.

41 Information about the REDI Fund was obtained through the GOED website at
<http://www.sdeadytowork.com/Financing---Incentives-REDI-Loans.aspx>.

42 Information about the MicroLOAN SD program was obtained from the MicoLOAN SD Policies and Procedures guide available at <http://www.sdeadytowork.com/media/docs/Finance/MicroProcedures.pdf>.

43 Information about South Dakota WORKS was obtained from Christine Sorensen, USDA Rural Development Coordinator, South Dakota, and the GOED website at
<http://www.sdeadytowork.com/Financing-and-Incentives--South-Dakota-WORKS.aspx>.

44 Land areas were obtained from the Great Plains Regional Office of the Bureau of Indian Affairs and are current as of February 2011.

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56 Unbanked is defined as not having a savings or checking account. Underbanked is defined as having an account but continuously relying on alternative financial services, like check-cashing services, payday loans, pawn shops and rent-to-own agreements. As a point of reference, the national percentage of unbanked households is 7.7% and the national percentage of underbanked households is 17.9%. These percentages and the unbanked and underbanked estimates for South Dakota counties were obtained through the Bank On website at
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<http://www.creditbuildersalliance.org/toolkit-innovations/credit-builder-loans.html>

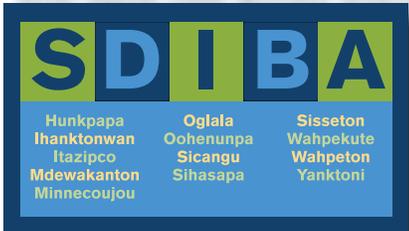
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