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Investing in Tribal Governments

AN ANALYSIS OF IMPACT AND REMAINING NEED UNDER
THE AMERICAN RECOVERY AND REINVESTMENT ACT

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EXECUTIVE SUMMARY

As one of the three types of government recognized in the U.S. Constitution, tribes offer unique innovations that make valuable contributions to the policy debate on economic recovery. Investments in tribal governments support policy innovations that can be—and have been—replicated to deal with some of America’s toughest economic problems. The data presented in this report demonstrate that it is both essential and mutually beneficial for the federal government to partner with tribes to address the economic challenges facing communities throughout the United States.

In many Native communities, economic crisis is not an occasional disaster; it is a daily reality. For this reason, many of the tribally focused Recovery Act investments are not extraordinary one-time investments to stimulate economic growth. They are investments to meet long-neglected needs that, in some cases, have remained unmet for generations.

Native communities face the scourge of high unemployment and poverty rates, health disparities, substandard housing, and infrastructure. However, when investments in self-determination are adequate and timely, tribes act as critical economic engines that transform some of America’s most economically disadvantaged regions.

Despite the challenging social and economic conditions on reservations, tribal investments in infrastructure and use of available federal tools have achieved economic success. These efforts to grow local economies and provide citizens with a better quality of life have resulted in tribally led regional economic recoveries. The investments that are analyzed in the report offer immense promise that tribes can lead and contribute to many more regional recoveries throughout the nation.

Indian Country and the Recovery Act

The Recovery Act investments in tribal governments are the product of a long-term effort to define the tribal innovations and infrastructure needs that offer the most promise for economic growth. Built on years of consultation with tribal leaders, NCAI proposed the Tribal Recovery Plan as the Recovery Act was being written. The plan requested at least \$6.13 billion in federal investment to develop and maintain infrastructure and improve access to capital for tribal governments. With support from allies in Congress, the Recovery Act included \$3 billion in funding targeted specifically at the needs of tribal communities. In addition to this funding, tribes are eligible to compete for some general funding for broadband and other infrastructure focused investments.

NCAI was one of the first organizations in the nation to set up a clearinghouse of information on the Recovery Act. Various strategies were employed to raise awareness in Indian Country of the unprecedented federal investment, urging tribes to apply for programs that met their needs, and offering training to ensure tribes were able to compete successfully for Recovery Act funding.

The Match Between Indian Country's Need and the Federal Investment

The substance of this report focuses on the fact that, while the Recovery Act represents an unprecedented one-time investment in Indian Country, it is really just a drop in the bucket to addressing the economic needs of tribal communities. Many of the “shovel ready” projects in Indian Country have been that way for years (some for decades). Given the socio-economic environment and the backlog of necessary investments, a more detailed analysis is critical to understanding what meaningful economic recovery would look like for Native communities that have already waited far too long.

The report contrasts the need and the federal investment in 10 tribal-specific and two general-program investments, and draws the following conclusions:

Tribal-Specific Appropriations

1. Correctional Facilities on Tribal Lands Program

- The \$225 million appropriation for a program that usually only receives \$10.5 million in annual appropriations is a significant investment in improved public safety for Indian country.
- Given that estimated costs to repair, replace, and build new jails over the next 10 years total \$8.4 billion, sustained investment over the long term is required to bring facilities in line with comparable non-Native facilities.

2. Indian Reservation Roads

- Maintenance funding for roads on Indian lands is less than \$500 per road mile compared to nearly \$5,000 per road mile in other jurisdictions.
- The \$310 million in formula funding and an estimated \$143 million in specific project funding has gone a long way to overcoming these glaring inequities.
- These first steps must be followed by sustained funding to improve roads maintenance and fund bridge rehabilitation and replacement.

3. Native American Housing Block Grant

- The Recovery Act utilized a proven mechanism to quickly and efficiently deliver funds to nearly 600 tribes and tribal housing entities.

- The \$497.3 million awarded to meet tribal housing needs is only the first step to addressing the quality and availability of housing on reservations.
- Given that the housing shortage in Indian country consists of at least 200,000 units and retrofit is urgently needed in 70 percent of federally administered housing units, sustained funding is required to improve the quality and availability of housing on reservations.

4. Indian Health Facilities

- The Recovery Act investment is an unprecedented effort to build new facilities and provide maintenance and improvement funding for 301 facilities.
- Twenty-seven percent of the 22 facilities on the Health Care Facilities Priority List could be under construction in the next two years, yet only \$227 million was provided to meet a documented need of at least \$2.6 billion.

5. Indian Health Information Technology

- The allocation of \$85 million to the Indian Health Service to modernize and extend electronic health information technology is a welcome investment to meet the challenges to expanding the initial success of electronic health records and telemedicine in tribal health facilities.
- The National Coordinator for Health IT will need to pay close attention to the challenges facing health IT development in Indian Country.

6. School Construction

- Three facilities—listed as priorities since 2004—will be constructed using \$135 million in Recovery Act funding and a further \$143 million will be used for improvement and repair of existing facilities.
- With Bureau of Indian Education facilities 20 years older than those serving the general population, significant future investment is required to overcome the remaining gap of more than \$500 million.

7. Water

- The Recovery Act provided a total of \$90 million for 95 tribal wastewater and 64 drinking water priority projects, setting a promising trend of significant investments in water and sewer infrastructure in Indian Country.
- Given tribal water and sewer infrastructure needs total nearly \$2.4 billion, the Congress must consider increasing the ongoing tribal allocation in the State Revolving Funds.

8. Energy Efficiency and Conservation Block Grant Program

- While the \$56 million set-aside for Indian tribes in the Energy Efficiency and Conservation Block Grant program is a good start, tribes have been almost completely excluded from efforts to improve the energy efficiency of homes and government buildings.

- Federal programs must ensure equity between tribal and state governments in relation to energy efficiency, and they must explore options to provide direct allocations for weatherization assistance to improve the energy efficiency of tribal homes.

9. Community Development Financial Institutions Fund

- The \$8 million allocated to Native CDFIs was disbursed efficiently and continued the positive trend of increasing the provision of critical financial services to Native communities.
- In order to overcome the \$44 billion investment gap in Indian Country, the Congress and Administration must continue to increase funds dedicated to Native Initiatives of the CDFI Fund up to at least \$15 million or 10 percent of the overall allocation.

10. Tribal Economic Development Bonds

- The Recovery Act’s appropriation of \$2 billion in tax-exempt bond financing temporarily removed an immense barrier to tribal government efforts to finance government services.
- The popularity of both funding rounds—with 58 successful tribal applicants in round one and 76 in round two —underscores the critical need for this funding authority to be made permanent.

General Investments

1. Smart Grid

- Tribes are eligible recipients of the substantial smart grid projects included in the Recovery Act, but prior exclusions from energy investments likely disadvantage tribes in competing for these funds.
- Recovery Act awards will need to be carefully monitored to assess the actual impact on tribal energy development.

2. Broadband

- Tribal access to the more than \$7 billion in broadband funding provided under the Recovery Act is a promising trend, given less than 10 percent of Native people have access to broadband, compared to two-thirds of the general population.
- Existing infrastructure gaps must be closed to ensure adequate access to this critical tool for economic development.

The Way Forward

This report closes by making three observations about the Recovery Act:

- 1. Structural changes need to be made to provide tribes with access to federal investments.***
Meaningful access to federal programs likely requires the creation and/or expansion of permanent tribal allocations within federal programs.

2. *The Administration needs to engage directly and regularly with tribal leaders.*

Equitable treatment of tribal nations as members of the “family of American governments” must include engagement with tribal governments that parallels engagement with governors, mayors, and other elected officials.

3. *Policymakers need data to guide Native communities to a prosperous economic future.*

Lack of reliable data to guide policymaking at the federal, tribal, and state level poses an almost insurmountable challenge to effective economic recovery in Indian Country. The federal government must invest in robust data collection efforts to understand socioeconomic conditions facing Native communities.

1. A RECOVERY IN INDIAN COUNTRY?

The National Congress of American Indians (NCAI) is the oldest, largest, and most representative organization serving American Indian and Alaska Native tribal governments. We are the membership organization that represents the interests of the 564 federally recognized tribes here in the United States. Since our inception in 1944, tribal governments have come together as a representative congress through NCAI to deliberate and develop consensus policy positions on issues of critical importance to Native communities.

We come to the conversation about economic recovery convinced that—as one of the three types of government recognized in the U.S. Constitution (federal, tribal, and state governments), tribes offer unique innovations that can make significant contributions to the policy debate. Tribal leaders are regularly here in Washington to remind policymakers that self-determination works, but it needs more investment to come to scale and fully realize the potential economic benefits. Those conversations are about the simple reality that investments in tribal governments support policy innovations that can be—and have been—replicated to deal with some of America’s toughest economic problems. The data presented in this report demonstrate that it is both essential and mutually beneficial for the federal government to partner with tribes to address the economic challenges facing communities throughout the United States.

Profile of Our Communities

Economic development in Indian Country lags behind the rest of the nation and impacts nearly every aspect of reservation life. For generations, our communities have faced economic conditions that are even more pronounced than those of the current economic crisis. Eight of the 10 poorest counties in America are home to Indian reservations. While economists worry as the national unemployment rate hovers around 10 percent, data shows that unemployment among Native people was 15 percent in 2003 and has not dropped below 10 percent for generations. The 2000 Census, the most reliable, current, and complete source of Native economic data, recorded unemployment for American Indians on reservations at 22 percent. During the Great Depression of the 1930s, the national unemployment rate peaked at 25 percent. Put simply, in many Native communities, economic crisis is not an occasional disaster; it is a daily reality.

The 2000 Census reported the per capita income for American Indians and Alaska Natives living on reservations at \$7,942, merely one-third the U.S. average for all races (\$21,587). Low average income, coupled with high unemployment, means the poverty rate for Indian families on reservations is 36 percent, which is two and a half times the national average.

Homes in Indian Country reflect the pronounced challenges of persistent poverty. Eleven percent of Native households lack kitchen facilities, 17 percent lack telephone service, and 12 percent lack complete plumbing. These percentages stand in stark contrast to U.S. households: Less than one percent of the overall U.S. population lack any of these facilities. Only half of reservation

homes are connected to public sewer lines, and Native homes are almost three times more likely to be overcrowded than the national average.

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

Tribes and Regional Economies

Despite the challenging social and economic conditions on reservations, there are examples of economic success that have resulted from tribal investments in infrastructure and use of available federal tools to grow local economies and provide citizens with a better quality of life—the goal of every government. These successes can be characterized as regional recoveries—of the kind the government hopes to support at the national level—and are definitively tribally led.

For example, in the 1960s, rural Neshoba County in Mississippi was one of the country's most economically depressed areas. Neshoba County is home to the Mississippi Band of Choctaw Indians, who lived under miserable economic and health conditions. Nearly all houses on the reservation were considered substandard: 90 percent had no indoor plumbing; one-third had no electricity.

In the 1980s, the Tribe worked hard to turn conditions around by building the infrastructure necessary to draw industrial jobs to the reservation. After completing an industrial park, the Tribe convinced a division of General Motors and the American Greetings company to relocate onto the remote reservation. Soon after, the Tribe diversified its economy by creating service sector enterprises. Today, the Tribe is the state of Mississippi's second largest employer, with over 8,000 Native and non-Native employees on its payrolls. After generations of living in the worst economic conditions, the Tribe has become a regional economic leader in the south.

Mississippi Choctaw is not an isolated example. Tribal governments, when given the right tools, can effectively lift their communities out of poverty and fully participate in the American economy. Not only can tribes raise their economic status, but they have proven time and again that investing in tribes is an investment in rural America. Surrounding communities, and sometimes entire regions, are also beneficiaries of tribal success.

2. INDIAN COUNTRY AND THE RECOVERY ACT

Outlining the Need for an Economic Recovery in Indian Country

In 2003, NCAI developed a proposal for a comprehensive economic stimulus program for Indian Country. The proposal included both a call for a concerted federal investment in the physical and

technological infrastructure of reservation communities and innovative proposals to increase access to financial capital in reservation economies for both individual entrepreneurs and tribal enterprises.

In May 2007, NCAI co-hosted the National Native American Economic Policy Summit, in which 100 pressing recommendations to promote economic development in Native communities were identified, with the U.S. Department of Interior. The Summit (and a range of other research and policy activities) have focused NCAI's efforts to promote economic recovery in Indian Country on (1) ensuring that tribal governments are eligible for new and existing programs that provide federal funds to state and local governments; (2) bringing funding for tribal programs to parity with programs serving non-Indian citizens; and (3) promoting additional tax provisions that would allow tribal governments to provide core services to their citizens.

Every January, NCAI releases the Indian Country Budget Request, a companion report to the annual State of Indian Nations address. As the Presidential transition was underway in late-2008/early-2009, our policy team applied the findings of these long-term undertakings to the creation of the Tribal Government Economic Recovery Plan (the Tribal Recovery Plan). The Plan was presented to the Obama Administration as well as congressional leaders and committees to be considered in what became the American Recovery and Reinvestment Act (Recovery Act).

NCAI testimony presenting the Tribal Recovery Plan requested at least \$6.13 billion in federal investment to develop and maintain infrastructure in Indian Country's schools, homes, tribal government buildings, roads and bridges, water and waste water facilities, public safety buildings, health facilities, emergency and broadband networks, natural resource development and energy independence. NCAI's initiative also requested several tax provisions, whereby tribes would be treated in the same way as other governments, improving tribal access to capital and substantially stimulating local and regional economies (and therefore the national economy).

Senator Byron Dorgan (D-ND) and other senators sent a letter on January 9, 2009, to President-elect Obama, citing a \$50 billion unmet need for infrastructure on reservations. The senators proposed a \$3.58 billion plan to promote economic development in Indian Country; provide jobs; and take the first steps to meet the need for health facilities, tribal justice infrastructure, roads projects, water development, and other related developments. On January 15, 2009, members of the House of Representatives urged the Administration to consider a funding level of \$7.6 billion in the American Recovery and Reinvestment Plan for tribal nations. That same day, at a hearing before the Senate Indian Affairs Committee to examine proposals to create jobs and stimulate Indian Country economies, tribes from across the nation presented the specific priorities of their communities for basic housing, water and sewer, roads, and detention and justice facilities. These requests alone would have totaled hundreds of billions of dollars. The project proposals

ranged from \$16 million for one tribe's top priority of a new health facility to \$150 million for 17 "shovel-ready" infrastructure projects of another tribe.

The combined efforts of tribal partners, our allies in Congress, and NCAI helped to secure \$3 billion in funding targeted specifically at the needs of tribal communities. In addition to this funding, tribes are eligible to compete for some general funding allocations related to broadband and other infrastructure-focused investments.

Immediately following the signing of the Recovery Act into law, NCAI took the lead in raising awareness in Indian Country of the unprecedented federal investment, urging tribes to apply for programs that met their needs, and offering training to ensure tribes were able to compete successfully for Recovery Act funding. NCAI convened two national teleconferences with elected tribal leaders and program staff from across the nation, and gave presentations at numerous regional tribal meetings to provide an overview of the funding opportunities for tribes. We circulated a weekly newsletter and convened more than a dozen webinars and teleconferences with the White House and a range of federal agency representatives from the Departments of Agriculture, Health and Human Services, Justice, and Treasury to provide more detailed information about specific funding opportunities.

NCAI was one of the first organizations in the nation (and well ahead of many states) to set up a clearinghouse of information on the Recovery Act. Our Web site, www.ncai.org/stimulus, provides up-to-date information on funding opportunities, agency webinars and outreach efforts, comment and application deadlines, reporting requirements for Recovery Act recipients, funding award announcements, etc. The Web site was also expanded to provide support for the data reporting and collection activities being undertaken by tribes to measure the recovery.

We have continued to utilize our clearinghouse and communication infrastructure to work with the Administration to identify common issues and obstacles that tribes face in competing for, receiving, expending, and reporting on Recovery Act funds and to ensure they are resolved.

The Match Between Indian Country's Need and the Federal Investment

While the Recovery Act represents an unprecedented one-time investment in Indian Country, it is really just a drop in the bucket in addressing the economic needs of tribal communities. Many of the "shovel ready" projects in Indian Country have been that way for years (some for decades). This section provides a more detailed analysis of the extent of the need met by various components of the Recovery Act. Given the socio-economic profile and the backlog of necessary investments, a more detailed analysis of this kind is critical to understand what meaningful economic recovery will look like for Native communities that have already waited far too long.

Below is a summary of the needs in Indian Country, the extent to which the Recovery Act met those needs, and what it means for the future. The analysis addresses the following programs:

- a. Tribal-specific appropriations
 - i. Correctional Facilities on Tribal Lands Program
 - ii. Indian Reservation Roads Program
 - iii. Native American Housing Assistance and Self-Determination Act Block Grant Program
 - iv. Indian Health Service Facilities Construction
 - v. Indian Health Service Health Information Technology
 - vi. School construction
 - vii. Water
 - viii. Energy efficiency block grant
 - ix. Community Development Financial Institution (CDFI) Fund
 - x. Economic development bonds
- b. General investments
 - i. Smart grid
 - ii. Broadband

Following the summary table in each section, there is a more detailed discussion of the Indian Country’s need and the scope of the Recovery Act investment to address the need.

The impact of these programs on particular Native communities is outlined in *Investing in Tribal Governments: Case Studies from the American Recovery and Reinvestment Act*, the companion report to this document. The case studies are available at www.ncai.org/stimulus.

a. Tribal-Specific Appropriations

i. Correctional Facilities on Tribal Lands Program

Need	Investment	Conclusion
<ul style="list-style-type: none"> • Native people face significantly higher rates of violent crime. • To meet current standards, 90 percent of facilities need to be replaced or extensively repaired. • Estimated costs to repair, replace, and build new jails totals \$8.4 billion over the next 10 years. 	<ul style="list-style-type: none"> • The Recovery Act invested \$225 million for a DOJ program that usually only receives \$10.5 million in annual appropriations • Awards to 18 tribes and 1 tribal consortium. 	<ul style="list-style-type: none"> • These resources represent a significant investment in improved public safety for Indian Country. • Higher investment, over the long term, is required to bring facilities in line with comparable facilities for non-Native citizens.

Indian Country's Need

Tribal governments serve as the primary instrument of law enforcement and justice delivery for the more than 50 million acres of land that comprise Indian Country. As a result of historic underfunding and complex jurisdiction issues, American Indians experience disproportionately high rates of violent crime. The rate of aggravated assault among American Indians and Alaska Natives is roughly twice that of the country as a whole (600.2 per 100,000 versus 323.6 per 100,000). Indians are the victims of violent crime at twice the rate of African Americans, two and a half times that of Caucasians, and four and half times that of Asian Americans. These crime rates have been rapidly increasing in Indian Country, while crime rates have been falling in similarly situated low-income communities throughout the United States.

There are currently 82 detention facilities in Indian Country, which are located on 57 reservations. Twenty-seven of those 82 facilities are used to detain juveniles. Sixty-two of the jails are operated by tribal governments, while 20 are operated by the Bureau of Indian Affairs (BIA). Most of the facilities were constructed between 30 and 40 years ago. While BIA is the federal agency that provides staffing for detention facilities, it has been the Department of Justice (DOJ) through which, in recent years, funding has been provided for detention facilities and their construction. Since 1998, funding has been provided under this program to some 50 Native communities. The average level of federal appropriations over the period FY 2002 through FY 2009 is \$10.5 million

In September 2004, the Department of the Interior Inspector General's Office issued a report entitled *Neither Safe Nor Secure: An Assessment of Indian Detention Facilities*, which outlined the deplorable and life-threatening conditions of tribal jails. The report detailed the following stark realities: Seventy-nine percent of facilities fall below minimum staffing levels on a regular basis; poorly maintained facilities provide ample opportunity for escape, which is common; unusually high rates of suicide exist, a trend that generally correlates with reduced staff supervision and the influence of drugs and alcohol; and some jails are dilapidated to the point of condemnation.

A report prepared in 2008 for the BIA by Shubnum Strategic Management Applications, entitled "Master Plan for Justice Services in Indian Country," found that overcrowding has led to the release of almost half of those offenders who should be incarcerated. Thus, the lack of adequate facilities, coupled with limited law enforcement officers and prosecutions, has led to a severe public safety risk on reservations. The report concluded that over 90 percent of the detention facilities in Indian Country need to be replaced or extensively repaired and brought up to current standards, and it recommended the construction of 263 jails throughout Indian Country at a cost of about \$8.4 billion over the next 10 years.

Recovery Act Investment

The Correctional Facilities on Tribal Lands Program, administered by the Office of Justice Programs in the Department of Justice, assists tribes to plan and construct and/or renovate correctional facilities on tribal lands used for the incarceration of offenders subject to tribal jurisdiction. Upon completion of the physical facility, the Bureau of Indian Affairs and/or the tribal government are responsible for supporting, operating, and maintaining the correctional facility.

The Recovery Act provided the Department of Justice with \$225 million for this program. This appropriation is both a significant investment and a vastly higher amount of funding than has been typically appropriated. Awards, announced on September 21, 2009, by Associate Attorney General Perrelli, were made to 18 tribes and 1 regional tribal consortium. Recovery Act funds under the Correctional Facilities on Tribal Lands Program will be used for the construction of detention facilities for adult and juvenile offenders, construction of single tribe and regional multi-purpose justice centers, renovation of existing detention facilities, and construction of alternative sentencing facilities, as well as for training and technical assistance.

ii. Indian Reservation Roads

Need	Investment	Conclusion
<ul style="list-style-type: none">• Maintenance funding for roads on Indian lands is less than \$500 per road mile compared to nearly \$5,000 per road mile in other jurisdictions.• Fatal crashes on roads in Indian Country have increased by over 50 percent in the past 25 years.• Twenty-four percent of bridges on Indian reservation roads are considered deficient.	<ul style="list-style-type: none">• A total of \$310 million in formula funding for Indian Reservation Roads• An estimated \$143 million for specific projects.• Awards of job training grants to three tribal colleges to support students seeking careers in transportation, engineering, or construction.	<ul style="list-style-type: none">• The Recovery Act has gone a long way in overcoming glaring deficiencies in the quality of roads on Indian lands but these first steps must be followed by sustained funding to improve roads maintenance and fund bridge rehabilitation and replacement.• The investment in tribal colleges is an acknowledgement of the value of training community members for jobs that the community needs.

Indian Country's Need

Transportation infrastructure is vital to tribal economies, education systems, and the delivery of health care and social services. Indian Reservation Roads (IRR) comprise over 104,000 miles of public roads and are owned by Indian tribes, the BIA, states, and counties. These roads are the primary transportation system for all residents of and visitors to American Indian and Alaska Native communities. But this system is also the most underdeveloped road network in the nation. More than 75 percent of the roads in this system are unimproved earth and gravel, and approximately 24 percent of 940 IRR bridges are classified as deficient. The inadequate road conditions—unsafe and often inaccessible—make it very difficult for residents of tribal communities to travel to hospitals, schools, stores, and places of employment.

In addition, reservation residents suffer injury and death by driving and walking along reservation roadways at rates far above the national average. Over the past 25 years, 5,962 fatal motor vehicle crashes occurred on Indian reservation roads, with 7,093 lives lost. While the number of fatal crashes in the nation declined 2.2 percent during this time period, the number of fatal motor vehicle crashes per year on Indian reservations increased 52.5 percent. Significant changes and investments in federal transportation safety programs serving Indian Country are crucial.

State governments spend between \$4,000 and \$5,000 per road mile on maintaining state roads and highways. In Indian Country, by contrast, less than \$500 per road mile is spent on maintenance. Indian Country has an unmet immediate need of well over \$258 million in maintenance funding for roads and bridges, and \$310 million in unmet new roads and bridges projects.

The Bureau of Indian Affairs Road Maintenance Program is responsible for 27,034 miles of BIA-owned roads and 926 bridges. In 2003, the BIA acknowledged that at least \$120 million per year was needed to maintain BIA-owned roads and bridges to an adequate standard, and that \$50 million per year was needed for bridge rehabilitation and replacement. Costs to maintain these roads have risen sharply in the past five years, due to high inflation costs for construction.

Recovery Act Investment

The Recovery Act provided \$310 million to Indian tribes in formula funding under the Indian Reservation Roads Program. This program, which is jointly administered by the Federal Highway Administration's Federal Lands Highway Office and the BIA, addresses transportation needs of tribes by providing funds for planning, designing, construction, and maintenance activities. These funds, along with the estimated \$143 million in direct payment to tribes under the Recovery Act for specific projects through the BIA Road and Bridge Maintenance program, total more than \$450 million and will go a long way in the repair and maintenance of public roads and bridges on Indian reservations.

In addition, the Recovery Act also enabled students who attend tribal colleges or universities to receive training in the transportation, engineering or construction fields. In July 2009, three tribal colleges were among the recipients of Recovery Act funds for On-the Job Training Supportive Services grants for underrepresented or disadvantaged people seeking careers in transportation, engineering, or construction.

iii. Native American Housing Block Grant

Need	Investment	Conclusion
<ul style="list-style-type: none"> • The housing shortage in Indian Country consists of at least 200,000 units • Homeownership opportunities are scarce, and financing is very difficult to attain. • More than 1 in 10 reservation homes lack kitchen, telephone, and/or complete plumbing. • Retrofit is urgently needed in 70 percent of federally administered housing units. 	<ul style="list-style-type: none"> • A total of \$255 million was distributed according to the 2008 NAHASDA formula to nearly 600 tribes and tribal housing entities. • Remaining \$242.3 million is being awarded under a competitive application process on a rolling basis. 	<ul style="list-style-type: none"> • The Recovery Act was able to utilize a proven mechanism for delivering funds to meet the housing needs of Native communities. • Sustained funding and ongoing policy interventions are required to improve the quality and availability of housing on reservations.

Indian Country's Need

The United States recently faced one of the most significant housing crises in the nation's history. However, many forget that Indian housing has been in crisis for generations. Forty percent of on-reservation housing is considered substandard (compared to six percent outside of Indian Country), and nearly one-third of homes on reservations are overcrowded. In order to meet current housing demand in reservation communities, some 200, 000 housing units are needed immediately. Eleven percent of Native households lack kitchen facilities, 17 percent lack telephone service, and 12 percent lack complete plumbing, while less than 1 percent of the U.S. general population lacks any of these facilities. Finally, of the 60,000 homes being maintained by federal housing assistance programs serving Native Americans, it is estimated that 70 percent, or 42,000 homes, are in need of retrofitting (including windows, insulation, efficient furnaces/air, elder/handicap conversion, etc.).

Indian communities also face barriers to housing development, such as the lack of significant private investment opportunities, low functioning housing markets, and poverty. Access to mortgage financing opportunities are particularly scarce, considering 65 percent of tribal respondents to the 2001 Native American Lending Study rated mortgages as difficult or very difficult to attain. The same study noted that less than 2 percent of Native households with sufficient income to qualify for mortgages were actually homeowners.

Building on the strong foundations of Indian self-determination, in 1996, Congress passed the Native American Housing Assistance and Self-Determination Act (NAHASDA), which revolutionized how federal housing assistance is made available to Native American communities. NAHASDA consolidated a number of existing housing funds into a single block grant—the Native American Housing Block Grant Program—and increased the role of Indian tribes in the design and implementation of tribal housing and related infrastructure programs. The Native American Housing Block Grant Program is the single largest source of capital for Indian Country housing development, housing-related infrastructure, and home repair and maintenance. Now, 13 years after enactment, NAHASDA has resulted in tens of thousands more housing units being constructed, as well as increased tribal capacity to address related infrastructure and economic development challenges faced by tribal members.

Recovery Act Investment

The Recovery Act appropriated \$497.3 million for Indian tribes and tribally designated housing entities under the Native American Housing Block Grant Program. The program assists tribes in developing, operating, maintaining, and supporting affordable housing for rental or homeownership. Funds may be used for acquisition, new construction, rehabilitation of affordable housing, site improvement, development and rehabilitation of utilities and infrastructure, utility services, conversion, demolition, financing, administration and planning, improvement to achieve greater energy efficiency, mold remediation, investments that leverage private sector funding or financing for renovations, and energy conservation retrofit investments.

Of this nearly \$500 million appropriated under the Recovery Act, some \$255 million was distributed according to the funding formula used in FY 2008 to nearly 600 tribes and tribal housing entities. The remaining \$242.3 million is being awarded under a competitive application process on a rolling basis.

iv. Indian Health Facilities

Need	Investment	Conclusion
<ul style="list-style-type: none"> • The current Health Care Facilities Priority List contains 22 facilities that requires total investment of at least \$2.6 billion • Of those facilities, 27 percent could be under construction within 2 years. • On average, IHS facilities are 33 years old, compared to 9 years for the general population. 	<ul style="list-style-type: none"> • The Recovery Act provided \$227 million for the construction of two health facilities from the priority list (in Nome, AK, and Eagle Butte, SD). • A total of \$100 million was provided for IHS Facilities maintenance and improvement of 301 facilities; \$68 million for IHS sanitation facilities construction; and \$20 million for equipment at IHS facilities. 	<ul style="list-style-type: none"> • The Recovery Act investment is an unprecedented effort to meet the needs of Indian healthcare. • Ongoing investment is critical to fulfilling treaty obligations and federal responsibilities and to constructing the urgently needed facilities on the IHS priority list.

Indian Country’s Need

For many American Indian and Alaska Native people, Indian Health Service (IHS)-supported program—programs administered by the IHS, by tribes, by tribal organizations under Self-Determination contracts or Self-Governance compacts, and by urban Indian health organizations—are the only source of health care. Unfortunately, these vital services are constrained by the limited capacity of existing IHS and tribal health care facilities and of urban Indian programs. Many facilities are severely overcrowded, and IHS does not have sufficient resources to address the ongoing need for expansion as well as for the daily operation and maintenance needs of its 700 facilities and 2,200 staff quarters.

According to IHS testimony before the Senate Indian Affairs Committee in 2008, the average age of IHS facilities is 33 years, compared with nine years for the general population. Between FY 1998 and FY 2008, the IHS completed construction of two hospitals, 11 health centers, staff quarters at two locations, and one youth regional treatment center. However, the current Health Care Facilities Priority List, developed in 1991 to rank facilities with the greatest need of replacement, contains 22 facilities and would require \$2.6 billion to complete. IHS estimates put 27 percent of the \$2.6 billion of facilities on the priority list as able to be under construction in two years. Other figures, however, expand beyond the current Health Care Facilities Priority List to indicate the backlog for health facilities needs is greater than \$3.5 billion.

In addition, funding for facilities construction is a multi-year process. Some of the facilities on the current priority list received federal appropriations for planning and design in prior years; however, given that construction of the inpatient and outpatient facilities on the priority list costs between tens of millions of dollars and hundreds of millions of dollars, the average appropriations of roughly \$50 million for Health Care Facilities Construction for the FY 2004 to FY 2010 timeframe has meant that only a portion of one or two facilities can be funded each budget cycle.

Recovery Act Investment

The Recovery Act provided \$227 million to the Indian Health Service for health facilities construction, which entailed the completion of two facilities from the current IHS Facilities Construction Priority List, for which work has already been initiated. These are the inpatient hospital in Nome, AK, and the outpatient health center in Eagle Butte, SD. An additional \$100 million was provided for IHS Facilities maintenance and improvement to provide structural renovations, additional space, and design updates to accommodate modern health care practices at 301 facilities; \$68 million was provided for IHS sanitation facilities construction; and \$20 million for equipment at IHS facilities.

Of the total \$227 million for health facilities construction, the Indian Health Service has awarded a \$90.5 million contract for construction of the Norton Sound Regional Hospital in Nome, AK, to Inuit-NCI, JV, a joint venture between Inuit Services, Inc., and Neeser Construction Inc., of Anchorage, AK. The Norton Sound facility will replace a 61-year-old hospital that is stretched to serve an estimated 10, 000 users. The project will create a substantial number of new jobs in construction, transportation, and other professions, and will help fight unemployment in Nome, estimated in January 2009 to be 12.7 percent.

The second Recovery Act project under IHS Facilities is the completion of the new IHS Eagle Butte Health Center in Eagle Butte, SD. The Eagle Butte Health Center will serve approximately 9, 300 American Indians residing in the Cheyenne River Service Unit on the Cheyenne River Reservation.

v. Indian Health Information Technology

Need	Investment	Conclusion
<ul style="list-style-type: none"> • Only 10 percent of tribal lands have broadband access. • This—and other weaknesses in telecommunications infrastructure—undermines opportunities to expand the initial success of electronic health records and telemedicine. 	<ul style="list-style-type: none"> • The Recovery Act appropriated \$85 million to the Indian Health Service to be used to modernize and extend electronic health information technology used by IHS, tribal, and urban Indian health programs. • Funds will be used to buy new hardware and upgrade network services, as well as to procure additional software and related services for use at IHS, tribal, and urban Indian health programs. 	<ul style="list-style-type: none"> • There is a demonstrable need for ongoing support to develop health IT infrastructure in tribal (and other rural) communities. • The National Coordinator for Health IT will need to pay close attention to the challenges facing health IT development in Indian Country.

Indian Country’s Need

Health information technology (IT) is becoming increasingly important in Indian Country as well as the rest of the United States. “Health IT” refers broadly to the use of electronic technologies, including electronic health records and communication through the internet or videoconferencing, in health care. The Indian Health Service (IHS) is beginning to use health IT more widely. Communication through phone, internet, and video conferencing, also known as “telehealth,” holds promise for delivery of health care services to remote areas of Indian Country and is already being used in a number of tribal communities.

However, the analysis in this report underscores the impact of underinvestment in infrastructure on tribal lands. Economic development has been stifled by decades of underinvestment in infrastructure ranging from transportation to telecommunications. Tribes have proactively engaged policymakers to ensure that investments in 21st century technologies—like broadband and health information technology—do not follow this pattern and pass Indian Country by.

Health care facilities providing care to Native patients in tribal, IHS, and urban settings vary widely in their available resources and IT infrastructure. On reservation lands and in some rural areas, reliable internet access is an ongoing challenge. Even basic telephone access is limited in

many tribal communities, while access to broadband on reservation lands stands at a mere 10 percent compared to more than 66 percent of the general population.

IHS facilities have used the Resource and Patient Management System (RPMS) since 1984. An electronic health record component was released in January 2005 and is currently being used in 207 IHS facilities. Components of the RPMS system are used in all IHS facilities and in many tribally managed health care facilities.

Recovery Act Investment

The Recovery Act places a high priority on “meaningful use” of health IT systems by all health care providers, particularly electronic health records. Providers who achieve “meaningful use” will receive financial incentives from Medicare and Medicaid starting in 2011, and beginning in 2015, providers who do not achieve “meaningful use” of electronic health records will receive reduced reimbursement rates.

Partially as an acknowledgement of the unique needs of Native communities, the Recovery Act provided the IHS with \$85 million to spend on health IT activities, including telehealth services development and infrastructure requirements. These funds are to be allocated at the discretion of the IHS Director, providing funding for application development and enhancement of the RPMS system and telehealth infrastructure development.

While the system enhancements may indirectly benefit tribally managed health care facilities, the IHS has focused the expenditure of these funds exclusively on IHS-managed facilities. This decision underscores the diverse challenges facing healthcare providers in Indian Country and emphasizes the need for ongoing investment to close the infrastructure gap between Native and non-Native healthcare facilities.

In addition to these specific appropriations for Health IT at IHS, the Recovery Act included IHS, tribal, and urban Indian health programs in a number of other provisions. Provisions authorizing the new Office of the National Coordinator for Health Information Technology (established within the Department of Health and Human Services) will ensure Indian health concerns are included in services for and studies related to health information technology. Competitive grants through the Employment and Training Administration (ETA) in the Department of Labor also refer specifically to health IT, with tribal organizations among the eligible applicants.

vi. School Construction

Need	Investment	Conclusion
<ul style="list-style-type: none"> • Bureau of Indian Education facilities are, on average, 20 years older than those serving the general population. • The maintenance backlog of BIE facilities stands close to \$1 billion (increasing by more than \$50 million each year). 	<ul style="list-style-type: none"> • Three facilities—listed as priorities since 2004—will be constructed using \$135 million in Recovery Act funding. • A total of \$143 million will be used for improvement and repair of existing facilities. 	<ul style="list-style-type: none"> • Half of the facilities listed on the 2004 priority list remain unfunded. • Significant future investment is required to overcome the remaining gap (over \$500 million) that will widen with each year of insufficient investment.

Indian Country’s Need

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

The BIE oversees 4,495 education buildings that are part of this school system. The average age of a BIE education facility is 60 years old, in contrast with the average age of 40 years for public schools that serve the general population.

While education facility construction has improved dramatically over the last few years because of increased appropriations—totaling \$1.7 billion over the FY 2002-to-2008 time period and improving the condition of 50 schools, including funding for 32 replacement schools—the deferred maintenance backlog for BIE education facilities is still estimated to be well over \$500 million. That figure increases annually by \$56.5 million.

A 1997 Government Accountability Office report on Bureau-operated schools documented a repair backlog for education facilities totaling \$754 million. By 2004, the construction and repair backlog had grown to \$942 million. A May 2007 “flash report” by the Office of the Inspector General at the Department of the Interior found that many BIE schools—where there are outdated electrical systems, inadequate fire detection, and improperly maintained furnaces—require immediate action to protect the health and safety of children and faculty. That report cited “severe deterioration at elementary and secondary schools, including boarding schools,”

and including some buildings that have been condemned for more than 10 years, but where children and faculty are still attending classes.

BIE has identified 69 of its 184 schools, or 38 percent, as being in poor condition and in need of replacement or major repair, so that they have been placed on the Bureau's replacement school construction priority list.

Recovery Act Investment

The Recovery Act provided a total of \$500 million for programs administered by the BIA. Ninety percent (\$450 million) of that total is for BIA construction programs and projects of which \$277.7 million of that \$450 million is dedicated to the construction of BIE Education Facilities.

The Recovery Act provided the BIE with nearly \$135 million for school replacement construction facilities projects ranked on the most recent replacement school construction priority list, established in 2004. The 2004 list initially contained 14 schools; now, 7 remain. Of these seven, the Recovery Act funding will finance construction of three replacement facilities on the Navajo Reservation, AZ and NM (Rough Rock Community School, Kaibeto Boarding School, and Pueblo Pintado Dormitory), a bus garage on the Standing Rock Reservation, ND (Ojibwa Indian School), and a school on the Crow Creek Reservation, SD (Crow Creek Tribal School). These new schools hope to be model facilities for energy efficiency, including the use of alternative energy to meet their ongoing energy needs, following the BIA's adoption of the U.S. Green Building Council's Leadership in Energy and Efficiency Design goals. The remaining \$143.1 million in Recovery Act funds for BIE Education Facilities will be used for Improvement and Repair.

vii. Water

Need	Investment	Conclusion
<ul style="list-style-type: none"> • Tribal water and sewer infrastructure needs a total of nearly \$2.4 billion. • Thirteen percent of Native homes lack access to safe drinking water. • In spite of the pronounced needs, tribal allocations in the Clean Water and Drinking Water State Revolving Funds is only 1.5 percent. 	<ul style="list-style-type: none"> • The Clean Water and Drinking Water State Revolving Funds provided a total of \$90 million for 95 tribal wastewater and 64 drinking water priority projects. • The Bureau of Reclamation allocated \$157 million in direct investments to tribal water users, as well as funding for other water projects that will benefit Indian and non-Indian water users. 	<ul style="list-style-type: none"> • The Recovery Act has set a promising trend of significant investments in water and sewer infrastructure in Indian Country. • The Congress must consider increasing the tribal allocation in the State Revolving Funds, given the significant needs evident in Native communities.

Indian Country’s Need

More than 13 percent of American Indian and Alaska Native homes lack access to safe drinking water and sanitation infrastructure, compared to less than 1 percent of homes nationwide. According to the Indian Health Service, over 36,000 tribal homes lack potable water. At the end of FY 2008, more than 220,000 Indian homes did not have sanitation facilities. According to information from the IHS 2008 Sanitation Deficiency Service (SDS) database, tribal water and sewer infrastructure needs total nearly \$2.4 billion. Half of that amount, or \$1.2 billion, is classified as economically feasible projects that would provide piped-in service.

Safe drinking water and adequate waste disposal facilities are essential preconditions for most health promotion and disease prevention efforts, as well as being a major quality of life factor. Families with adequate sanitation facilities require fewer medical services.

Given the number of water and waste infrastructure projects required by Native communities, tribes have a tremendous need for funding under the Clean Water and Drinking Water State Revolving Funds. Tribes currently receive a 1.5 percent allocation of both Funds.

Recovery Act Investment

Water programs serving American Indian and Alaska Native communities received significant funding under the Recovery Act. These investments covered a range of programs, including water supply and quality, sanitation, infrastructure, and irrigation, funded by the U.S.

Environmental Protection Agency (EPA), U.S. Department of Agriculture, IHS, Army Corps of Engineers, and Bureau of Reclamation.

The Recovery Act provided \$4 billion to EPA to provide support to communities with water quality and wastewater infrastructure needs under the Clean Water State Revolving Fund, and \$2 billion for drinking water infrastructure needs under the Drinking Water State Revolving Fund. The 1.5 percent statutory tribal set-aside provided \$60 million and \$30 million under these Funds for Indian Country. These funds were dedicated to 95 tribal wastewater and 64 drinking water priority projects that were prioritized by EPA and IHS.

The IHS Sanitation Facilities Construction program received \$68 million under the Recovery Act. These funds are to be distributed based on need, with a priority on serving existing homes (including water, sewage, and solid waste disposal). The funds will be used to complete 169 sanitation facilities projects that will be constructed in 24 states, serve approximately 16, 000 homes, and provide construction-related jobs.

A total of \$215 million in Recovery Act funding is being provided through the Bureau of Reclamation for direct or indirect benefit to a large number of tribal water users. Of this total, \$157 million is being distributed directly to specific tribes to fund their water system projects. In addition to these direct investments, there are general water investments under the Department of Agriculture's Rural Development Community Facilities program (\$130 million) and the United States Army Corps of Engineers Civil Works program (\$4.6 billion). Under the USDA program, tribes are among the eligible entities to receive loans and grants to finance and develop essential community facilities in rural areas. Recovery Act funding will also support Army Corps projects that develop tribal water infrastructure.

viii. Energy Efficiency and Conservation Block Grant Program

Need	Investment	Conclusion
<ul style="list-style-type: none"> Investment to support energy efficiency initiatives for state and local governments have not been replicated for tribal governments. Tribes have been almost completely excluded from efforts to improve the energy efficiency of homes and government buildings. 	<ul style="list-style-type: none"> A total of \$56 million is set aside for Indian tribes in the Energy Efficiency and Conservation Block Grant program. 	<ul style="list-style-type: none"> Federal programs must ensure equity between tribal and state governments in relation to energy efficiency. Options to provide direct allocations for weatherization assistance must be developed to improve the energy efficiency of tribal homes.

Indian Country's Need

Studies conducted by the Department of Energy (DOE) have found that those living on tribal lands pay a greater portion of their income for electricity, compared to other households, nationwide. Many reservations in the northern latitudes experience bitter winters that force many families to spend up to 70 percent of their total income to heat their homes. Despite the clear benefits of creating long-term cost and energy efficiencies in tribal homes and buildings, federal support that has been provided, often for decades, to state and local governments' energy efficiency efforts has not been replicated for tribal governments.

DOE's Weatherization Assistance Program reduces energy costs for low-income households by providing technical assistance and funding to increase the energy efficiency of their homes. The program has provided funding and programmatic support to states and local governments since 1976, and resulted in an array of networks and services. Despite the disproportionate percentage of low-income households in Indian Country and the disproportionately poor condition of tribal homes, a similar effort has not been undertaken specifically to support weatherization assistance programs administered by tribal governments. Currently, only three of the 564 federally recognized tribes receive a direct allocation, because the allocation amount is too small to justify running this highly technical, and labor- and paper-intensive program. Access to state weatherization assistance, where there are no direct allocations to tribal governments, varies significantly from state to state.

Recovery Act Investment

The Recovery Act appropriated \$3.2 billion for the Energy Efficiency and Conservation Block Grant (EECBG) program, which is administered by the Office of Weatherization and

Intergovernmental Programs (WIP) in the Office of Energy Efficiency and Renewable Energy (EERE) of the DOE. Of this total, \$2.7 billion is being distributed through formula grants. Of the total for formula grants, \$56 million is set aside for Indian tribes. In addition to the \$56 million in tribal set-aside funds, tribes are eligible to receive awards on a competitive basis for \$400 million made available under the Recovery Act.

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

ix. Community Development Financial Institutions Fund

Need	Investment	Conclusion
<ul style="list-style-type: none"> • Eighty-six percent of Native communities lack a single financial institution within their borders. • Tribes and Native citizens lack access to capital, facing an investment gap estimated at \$44 billion. 	<ul style="list-style-type: none"> • The Recovery Act appropriated \$100 million for the CDFI Fund, of which \$8 million was to be expended on the Fund’s Native Initiatives. • The \$8 million was disbursed to 10 Native CDFIs by September 1, 2009. 	<ul style="list-style-type: none"> • Access to capital is still a significant challenge. • The Congress and Administration must ensure that at least 10 percent of CDFI Fund investments are dedicated to Native Initiatives to overcome the investment gap in Indian Country.

Indian Country’s Need

Native American communities face the challenges of creating a better life for their families and children, and turning the tide of extreme poverty that has been the norm for far too long. In 1994, Congress enacted legislation that created the Community Development Financial Institutions (CDFI) Fund in the Department of the Treasury. The CDFI Fund is intended to expand job-creating investments and to provide access to credit in disadvantaged communities.

Through a variety of programs, the CDFI Fund assists locally based organizations with job creation, business development, commercial real estate development, housing development and homeownership, and the provision of basic banking services to and financial literacy training for underserved communities. A 2001 study conducted by the Fund found that Native Americans experience barriers to private financing, including the fact that 86 percent of Native communities lack a single financial institution within their borders and that the investment gap between Native American economies and the United States overall totals \$44 billion. As a result, the CDFI Fund undertook a number of activities through its Native Initiatives program to increase access to credit, capital, and financial services in communities by creating and expanding CDFIs that primarily serve American Indian, Alaska Native, and Native Hawaiian communities. Native Initiatives accomplishes this through the Expanding Native Opportunities training programs, and the Native American CDFI Assistance Program funding for financial and technical assistance. The CDFI Fund's Native Initiatives also makes financial assistance awards to certified Native CDFIs and provides grants to Native organizations to help them build the capacity to become a certified Native CDFI.

Native CDFIs have grown by leaps and bounds over the last five years and have become a true catalyst for many Native communities. In 2000, there were just a handful of CDFI Fund-certified Native CDFIs. With the creation of the Native Initiatives program, the number of certified Native CDFIs has grown to 48, with another 30 to 40 Native CDFIs in the development or certification process. The demand for the training programs in financial education and business skills has consistently exceeded the space available, and Native communities are requesting expansion of training and technical assistance into other areas, such as legal infrastructure development. For this reason, the Native CDFI Network, the Native Financial Education Coalition, and NCAI have recommended that 10 percent of the CDFI Fund investments be dedicated to Native Initiatives.

Recovery Act Investment

The Recovery Act appropriated \$100 million for the CDFI Fund Program for qualified applicants. A total of \$8 million of this total is to be used to benefit American Indian, Alaska Native, and Native Hawaiian communities through the Native American CDFI Assistance (NACA) Program. The \$8 million is for financial assistance, technical assistance, training and outreach programs to benefit Native communities and is provided primarily through qualified community development lender organizations with experience and expertise in community development banking and lending in Indian Country. Funds are to be used to generate capital for small businesses, mortgage loans for homebuyers, and funding for affordable housing projects and other facilities in communities across the country.

On September 1, the CDFI Fund announced that, in two months' time, it had completely disbursed all its funding under the Recovery Act to 59 CDFIs and to 10 Native CDFIs through the CDFI Program and NACA Program. The NACA awards were announced on July 1, 2009.

x. Tribal Economic Development Bonds

Need	Investment	Conclusion
<ul style="list-style-type: none">Tribal government efforts to finance government services have been hamstrung by their exclusion from access to tax-exempt bond financing.	<ul style="list-style-type: none">The Recovery Act authorizes a national bond issue of \$2 billion to tribal governments, to be allocated by the Secretary of the Treasury in consultation with the Secretary of the Interior.The first of two award rounds of \$1 billion was awarded to 58 tribes in September 2009, the second round of \$1 billion was awarded to 76 tribes in February 2010..	<ul style="list-style-type: none">Oversubscription in the first round of funding (reducing amounts per applicant by \$8 million), and even more tribal awards in the second round of funding, underscores the critical need for this funding authority to be made permanent.

Indian Country's Need

NCAI's initiative for Indian Country inclusion in the Recovery Act identified several tax provisions where removing barriers to tribal government access to capital would be advantageous. These provisions constituted including tribal governments in the New Markets Tax Credit, Clean Renewable Energy Bonds, and Qualified Energy Conservation Bonds; and

specific authorization for tribes to issue tax-exempt economic development bonds and tax credit bonds for the construction, rehabilitation, or repair of school facilities (in the same way that state and local governments can).

Low-cost, tax-exempt debt has become a necessity for state and local governments when financing schools, roads, health facilities, and economic activities. Tribes, however, have never had full access to tax-exempt markets. Tribal governments need access to the same low-cost debt to build reservation roads, schools, and health care facilities. Access to the low-cost debt market would also provide economic development revenue for tribes, since tribal governments rely on that revenue in lieu of a tax base. Tribes' ability to finance revenue-generating projects would enable them to fund and deliver much-needed government services to their citizens.

Because of the strict Internal Revenue Service interpretation of the tribal use of tax-exempt financing, the market for tribal bonds has been effectively frozen for the past decade. Under current law, tribes may issue tax-exempt bonds only if most of the proceeds are used for an "essential governmental function." This restriction has excluded tribes from using the bonds for economic development projects that are customarily performed by state and local governments, like the development of convention centers, hotels, sports facilities, etc.

Recovery Act Investment

The Recovery Act authorizes tribal governments to issue tax-exempt tribal economic development bonds, which are defined as any bond issued by a tribe (1) the interest on which would be tax-exempt if issued by a state or local government, and (2) that is designated by the tribe as a tribal economic development bond. The Recovery Act authorizes a national bond limitation of \$2 billion that is to be allocated as the Secretary of the Treasury determines appropriate, in consultation with the Secretary of the Interior, through two award rounds of \$1 billion.

The Departments of Treasury and the Interior developed and issued guidelines for the allocation of the tribal economic development bonding authority last July. On September 15, the Treasury Department announced the awarding of \$1 billion in bonding authority for tribal economic development bonds to 58 tribes. Oversubscription under the first award round led to the total allocation per tribal applicant being reduced from \$30 million to \$22 million. The second round of awards for \$1 billion in bonding authority was announced on February 11, 2010, and allocated to 76 tribes.

b. General Investments

i. Smart Grid

Need	Investment	Conclusion
<ul style="list-style-type: none">Tribal energy potential has not received adequate federal investment, even as state governments have seen significant resources in recent years.	<ul style="list-style-type: none">Tribal areas were included as eligible recipients of \$615 million in Recovery Act funds for smart grid demonstration projects.The \$3.3 billion Smart Grid Investment Grant Program identifies tribes as eligible applicants.	<ul style="list-style-type: none">While Recovery Act inclusion is encouraging, prior exclusions from energy investments likely disadvantage tribes to compete for these funds.Recovery Act awards will need to be carefully monitored to assess the actual impact on tribal energy development.

Indian Country's Need

Renewable energy projects on Indian lands provide clear and significant economic and environmental benefits for tribal nations and the nation as a whole. With considerable future demand for greater domestic production from all developable energy resources, tribal energy has the potential for lifting undeveloped tribal economies out of poverty and creating a foundation for sustainable development far into the future.

The DOE estimates that Indian Country has the wind potential to provide between 20 and 50 percent of current U.S. electricity needs, and solar energy potential to provide 4.5 times those needs. Major transmission and pipeline infrastructure routes cut across Indian lands, tying tribal resources potentially to the planning, development, and construction of generation, transmission, distribution, and interconnection facilities. Hundreds of thousands of jobs could be created through renewable energy projects on tribal lands, and tribal governments could attain new levels of economic independence. Yet, the investments in state renewable energy initiatives have not been replicated to expand renewable energy production on tribal lands.

Recovery Act Investment

The American Recovery and Reinvestment Act amended the Energy Independence and Security Act of 2007, which deals with the federal policy of modernizing the electric utility transmission and delivery system through smart grid, including a smart grid technology research, development and demonstration (RD&D) program and a smart grid regional demonstration initiative. The Secretary of Energy is directed to provide financial support to smart grid demonstration projects specifically in tribal areas, as well as urban, suburban, and rural areas to help develop and

implement smart grid technologies across the country. Smart grid demonstration projects received an appropriation of \$615 million under the Recovery Act.

Indian tribes are also eligible to apply for grants under the \$3.3 billion in Recovery Act funding for the Smart Grid Investment Grant Program to support manufacturing, purchasing, and installation of existing smart grid technologies that can be deployed on a commercial scale. The Smart Grid Investment Grant Program is intended to enable smart grid functions on the electric system as soon as possible, while the Demonstration Program is aimed at identifying and developing new and more cost-effective smart grid equipment, tools, techniques, and system configurations that can significantly improve upon existing technologies.

ii. Broadband

Need	Investment	Conclusion
<ul style="list-style-type: none"> • Less than 10 percent of Native people have access to broadband, compared to 2/3 of the general population. • This gap is explained, in part, by lack of access to other basic infrastructure, including electricity and basic telephone services. 	<ul style="list-style-type: none"> • More than \$7 billion was provided under the Recovery Act for broadband programs. • Tribes were among applications totaling almost \$30 billion under the first funding round. 	<ul style="list-style-type: none"> • Access for tribes to broadband funding is a promising trend. • Existing infrastructure gaps must be closed to ensure adequate access to this critical tool for economic development.

Indian Country’s Need

Less than 10 percent of reservation households have access to broadband, compared with 2/3 of overall American households. In addition, Indian Country has only a 68 percent telephone penetration rate, compared to the almost 97 percent national average. Among the 564 federally recognized tribes, there are only 33 community radio stations. Only eight tribes have been able to create their own tribally owned and operated telecommunications companies. These 8, it should be noted, have been able to dramatically increase service penetration rates in their communities, with an average of over 85 percent service gains.

A more immediate problem is that tribal members are almost 15 times more likely to lack access to electricity than the general population. Furthermore, tribal communities’ severely limited telecommunications and information technology capacity extends to lack of emergency management notification and warning systems, and of computer-aided dispatch and radio communications systems for public safety, emergency medical, and law enforcement personnel.

Recovery Act Investment

The Recovery Act provided a total of more than \$7 billion under the newly authorized Broadband Initiatives Program (BIP) and the Broadband Technology Opportunities Program (BTOP) through the Department of Agriculture's Rural Utilities Service (RUS) and the Commerce Department's National Telecommunications and Information Administration (NTIA), respectively.

Last summer and earlier this year, NTIA and RUS hosted a series of public workshops to provide information about these new broadband funding opportunities and the application process. Several Native American outreach sessions and a cross-section of tribes and tribal businesses from around the country participated. On August 27, NTIA and the RUS announced that the agencies had received almost 2,200 applications under the first solicitation for \$4 billion in Recovery Act funds under these two programs. Tribal governments were among state and local governments, non-profit organizations, industries, libraries, universities, community colleges, hospitals, public safety organizations, and other entities that proposed broadband projects that totaled nearly \$28 billion. The agencies have announced the initial funding awards under both BIP and BTOP. In January 2010, a second call for applications was issued. The second round of applications closes on March 15, 2010.

THE WAY FORWARD

The detailed analysis in the previous section has underscored the following three critical observations:

- 1. Structural changes need to be made to provide tribes with access to federal investments.***
Meaningful access to federal programs is only possible if tribes are treated equitably and have access to the same resources and infrastructure as those with whom they compete for funds. For this reason, the creation and/or expansion of permanent tribal allocations within federal programs is critical to economic revitalization for Native communities. Ongoing evaluation of new federal investments in smart grid and broadband may also recommend tribal-specific initiatives.
- 2. The Administration needs to engage directly and regularly with tribal leaders.***
Equitable treatment of tribal nations as members of the “family of American governments” must include engagement with tribal governments that parallels engagement with governors, mayors, and other elected officials. Many strategies might be implemented to achieve this level of engagement, but at least one could include Vice President Biden regularly convening conference calls with tribal leaders in the same way (or at the same time) as he does with governors and mayors.

3. ***Policymakers need data to guide Native communities to a prosperous economic future***

As was detailed in section one of this report, lack of reliable data to guide policymaking at the federal, tribal, and state level poses an almost insurmountable challenge to effective economic recovery. If you cannot measure progress, you cannot know whether you have attained it. The federal government must invest in robust data collection efforts to understand the current state of unemployment, homeownership, business development, and a range of other socioeconomic data points. This will at least involve further investment in data collection by the Census Bureau and other agencies, but may also recommend a comprehensive Indian Country data report that would regularly assess progress on the whole range of socioeconomic data points.

DEPARTMENT OF JUSTICE
ON TRIBAL LANDS PROGRAM
ROADS PROGRAM ★ NATI
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