



# FIRST NATIONS DEVELOPMENT INSTITUTE

Educating Grassroots Practitioners – Advocating Systemic Change – Capitalizing Indian Communities

*“We believe that, when armed with appropriate resources, Native peoples hold the capacity and ingenuity to ensure the sustainable, economic, spiritual, and cultural well being of their communities.”*

## **Native Financial Education Coalition (NFEC) Policy Priority One Funding and Access for Institutions to Deliver Financial Education Services**

### ***Specific Action Required***

This factsheet supports the recommendations of the NFEC that Congress:

- #1 Increase funding for the CDFI Fund at the US Department of the Treasury and increase the Native set-aside to support the important role of NCDFIs in delivering basic financial services and financial education in Native communities.
- #2 Acknowledge the ‘quasi-501(c)3’ role played by Native nonprofits, housing authorities and tribal agencies by amending federal law and regulations to allow access to federal funds that are currently used by non-Native 501(c)3 organizations.

Further, and more specifically, it recommends that Congress:

- Increase funding for the CDFI Fund to at least \$80 million, as recommended by the CDFI Coalition
- Increase the Native American Initiative funding from the CDFI Fund to \$6 million
- Increase funding for the Native American Housing Block Grant (NAHBG)
- Maintain training and technical assistance funding for the National American Indian Housing Council (NAIHC)
- Maintain Section 4 Capacity Building and Affordable Housing Program funding

### ***Background Information***

This policy priority identifies a fundamental difference between the experience of Native communities and the broader society. Research has shown that tribal governments and agencies, like Indian Housing Authorities (IHAs), often “take responsibility for tasks that, outside of Indian Country, nonprofits might perform.”<sup>1</sup> Tribes typically take on this role because reservation economies lack the nonprofit sector that exists in many non-Native communities, and because existing nonprofits in Native communities are younger and less-established than in the broader community.<sup>2</sup> It is also explained by the important role played by housing authorities in Native communities.

In addition to the lack of non-profit institutions, the lack of financial services in Native communities is another pronounced challenge to the delivery of financial education. Fifteen percent of Native communities are more than 100 miles from the nearest ATM or bank, and 86 percent of Native communities lack a single financial institution within their borders. These troubling realities explain the fact that many Native people “lack experience with and understanding of banking, credit reporting, and loan qualification processes and standards.”<sup>3</sup> The recently released *National Strategy for Financial Literacy* explicitly identifies Native communities as underserved by financial institutions and in need of specific strategies to increase the availability of “financial services

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1 Hicks and Jorgensen, (2005) *Large Foundations’ Grantmaking to Native America*

2 Salway-Black, (2003) *The Emerging Sector: Nonprofits in Indian Country*

3 CDFI Fund, (2001) *Native American Lending Study*

resources.”<sup>4</sup>

Native Community Development Financial Institutions, Indian Housing Authorities, and Native nonprofit organizations are facing these challenges head on. Initial efforts have demonstrated the importance of culturally specific financial education and the very limited supply of funding, when compared to the demand and need for financial education services in Native communities.

With almost 40 NCDFIs in existence, and another 40 in various stages of development, it is difficult to overstate the importance of the Community Development Financial Institution (CDFI) Fund at the Department of the Treasury, in supporting the development and delivery of financial services for Native communities. While the growing number of NCDFIs is impressive, they still constitute less than one-half of one percent of the CDFI field as a whole. The Native set-aside has provided important investments to grow the Native sector of the CDFI field but there is clearly more that needs to be done. When one considers the role of CDFIs in providing financial education, together with their role as credible nonprofit institutions in communities that lack financial services infrastructures, the need to increase funding for the CDFI Fund generally and the Native set-aside specifically, is clear.

The recent growth of the NCDFI field is partially explained by the success of First Nations Oweesta Corporation (Oweesta), the only national Native intermediary committed to developing local, regional, and national NCDFIs. Oweesta’s provision of training and technical assistance to NCDFIs has seen the number of NCDFIs and their capacity to serve their communities increase significantly.

Indian Housing Authorities face similar challenges to NCDFIs as they seek to develop and deliver culturally appropriate financial education services for the benefit of their clients. Overwhelming numbers of housing agencies identify the training and technical assistance provided by the National American Indian Housing Council (NAIHC) as critical to the success of their organization in delivering effective housing services, including financial education.<sup>5</sup> At a time when housing authorities face monumental tasks in providing effective housing service to Native people, it is clearly appropriate to increase funding for the Native American Housing Block Grant and to maintain training and technical assistance funding for NAIHC, a critical institution in the development of institutions that can effectively deliver financial education services.

Similarly, other national intermediaries such as Enterprise Communities, Inc., have played a significant role in developing the capacity of local Native institutions to deliver financial education. Accordingly, it is also appropriate to maintain Section 4 Capacity Building and Affordable Housing Program/ National Community Development Initiative funding in the HUD appropriations bill.

The unique strategies required to deliver financial education services to Native communities highlight the need for federal programs to allow Native nonprofits, housing authorities, and tribal agencies delivering financial education services to access the same funding provided to non-Native 501(c)3 organizations. A failure to acknowledge these unique challenges would continue to inhibit the delivery of financial education services in Native communities.

*This factsheet was prepared at the request of the Native Financial Education Coalition with significant contributions to the content by the National Congress of American Indians (NCAI) and First Nations Oweesta Corporation.*

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4 Financial Literacy and Education Commission, (2006) *Taking Ownership of the Future: The National Strategy for Financial Literacy*

5 Survey of National American Indian Housing Council Members (2005)

