

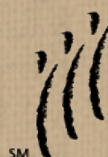


# *Building Assets and Building Lives:*

## Financial Capability Programs in Native Communities



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DEVELOPMENT INSTITUTE  
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Northwest Area  
Foundation

*Reducing Poverty. Building Prosperity.*

## ACKNOWLEDGEMENTS

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# 1 Introduction to Financial Capability and Asset Building in Indian Country

In the past 40 years since the passage of the Indian Self-Determination and Education Assistance Act of 1975, Native nations have adopted a diverse array of economic development strategies that reflect their values, their cultures, and their economic development goals. The different approaches reflect the diversity found in these communities as leaders forge their own unique paths forward toward economic stability and self-sufficiency. Increasingly, leadership across diverse communities has focused on strategies to increase financial education and financial access for community members, with the goal of increasing financial empowerment.

In 2006, former President of the National Congress of American Indians Joe Garcia stated,

*Financial literacy is increasingly recognized as a critical component of alleviating poverty and promoting economic development...limited financial expertise and inadequate financial education resources have significantly hindered the economic health of many Native communities.<sup>1</sup>*

The financial education and asset-building field is now over 15 years old in Native communities, and there are many success stories and lessons learned to share. Across the 75 tribal communities in the Northwest Area Foundation region, community organizations have adopted a range of innovative financial capability programs that help promote financial empowerment and financial inclusion. These programs work with a range of community partners, including tribal colleges, local nonprofits, tribal government programs, and Native community development financial institutions (CDFIs).

This report will provide an overview of a range of programs serving reservation-based Native communities in the Northwest Area Foundation region. The report will start by presenting a conceptual framework for understanding financial capability in Native communities, and a review of the literature on Native financial capability. The report will then discuss promising strategies and methods for increasing financial capability, and provide an environmental scan of successful programs serving Native communities in the eight-state Northwest Area Foundation region. The impact of these programs on financial empowerment and financial inclusion will be discussed. This paper will conclude with recommendations on how to support financial capability programs, and suggestions for how to most effectively promote these strategies in the region.

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“Financial education and financial empowerment provide important pathways to asset-building and personal self-sufficiency, and help build fundamental skills and resources that are prerequisites to buying a home or starting or managing a business.”

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## A. Supporting Financial Capability in Native Communities

Native communities across North America face a range of challenges as they rebuild their economic, cultural, and social systems and work to recover from paternalistic control by the federal government. Financial capability programs are only one part of a complex economic revitalization plan that also must include economic development, job creation, institution building, and cultural healing. The strategies and programs identified in this paper are an important part of the economic development process, but are only one part of a multi-faceted strategy that will help communities overcome intergenerational poverty and historical trauma.

Yet financial capability programs remain important because financial education and financial empowerment provide important pathways to asset building and personal self-sufficiency, and help build fundamental skills and resources that are prerequisites to buying a home or starting or managing a business. This section will provide a definition of financial capability and discuss the ways in which financial capability programs in reservation-based Native communities may differ from those in non-Native communities.

### 1. What is Financial Capability?

There are many different definitions of “financial education” and “financial literacy.” The Jump\$tart Coalition for Financial Literacy<sup>2</sup> defines financial literacy as “the ability to use knowledge and skills to manage one’s financial resources effectively for lifetime financial security.” Recently, the term “financial capability” has been introduced to provide a different perspective. The concept of financial capability addresses both the **ability** to act (financial education that leads to knowledge, skills, confidence, and motivation) and the **opportunity** to act (through access to quality financial products and services that are reliable, easy to use, and affordable). Access to quality financial products is an important component of *financial inclusion*, or the structures that help individuals participate in mainstream, affordable financial services. Low-income households that face a lack of financial knowledge, and institutional barriers to participation in quality financial services, need both *financial literacy* and *financial inclusion*.

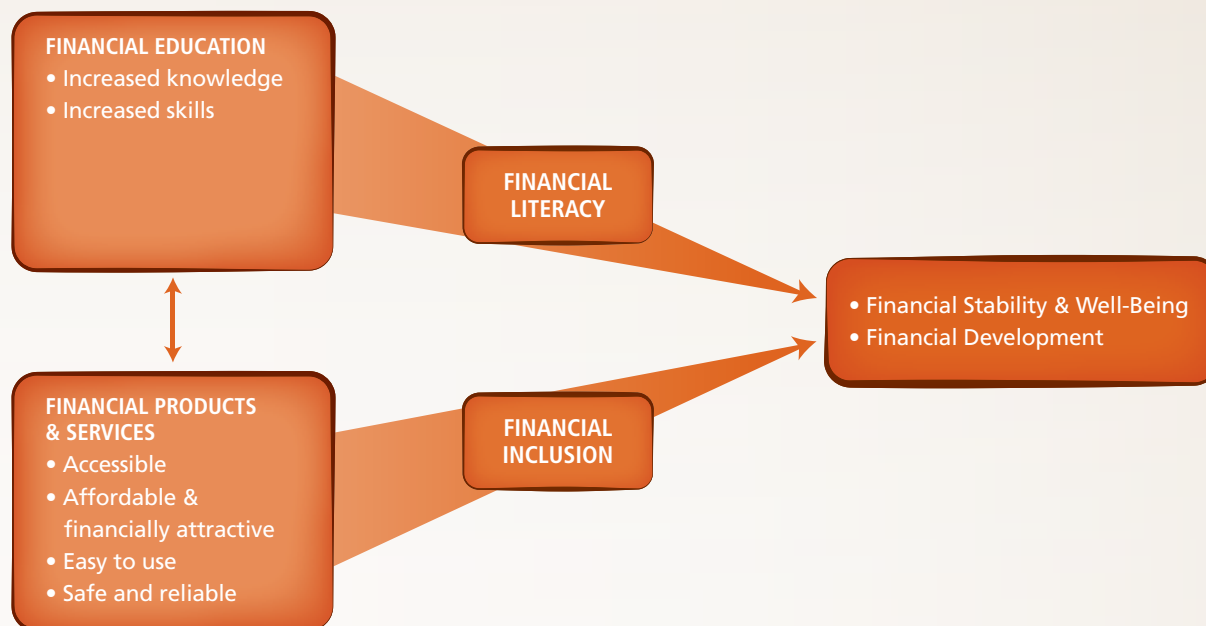
According to the Center for Financial Services Innovation, “As the financial education field evolves, it is important to focus attention on those strategies that not only help consumers increase their knowledge but also help them establish healthy financial behavior.”<sup>3</sup> At a recent public speaking engagement, Michelle Green, former Deputy Assistant Secretary for Financial Education and Financial Access at the U.S. Department of the Treasury, outlined her vision for financial capability in the United States:

*“We need to change knowledge and behavior, and provide access to appropriate financial products. That is why we talk in terms of financial **capability**, not just financial education. We want to focus on people getting the information they need to make informed decisions, and then giving them the opportunity to make those decisions that will help ensure successful financial futures.”*

Jennifer Tescher, founder of the Center for Financial Services Institute, describes it this way, “If financial education is about what you *know*, financial capability is about what you *do*.” The concept of financial capability moves beyond a limited view of classroom-based financial education and emphasizes the importance of appropriate financial products, services, and systems that can help low-income people manage their finances and preserve and grow financial assets. It also allows for a robust discussion of the ways in which financial empowerment tools can be integrated into existing social service programs.

Margaret Sherrard Sherraden, author of the recent publication *Financial Capability: What is It, and How Can It Be Created?*,<sup>4</sup> describes financial capability using this diagram (see Figure 1):

**Figure 1: Financial Capability**



Sherrard Sherraden uses this diagram to describe the way that financial education and financial services work together to promote financial literacy and financial inclusion, which ultimately leads to financial stability. We will use this conceptual diagram in our paper to help describe the promising practices and model programs operating in reservation communities in the Northwest Area Foundation eight-state region, and their relationship to promoting financial literacy and financial inclusion. Many of these programs already have successful outcomes, and their work will ultimately lead to financial stability and well-being for an increasing number of tribal citizens.

Drawing upon financial capability theory and models, the two main areas of focus for this paper are the following:

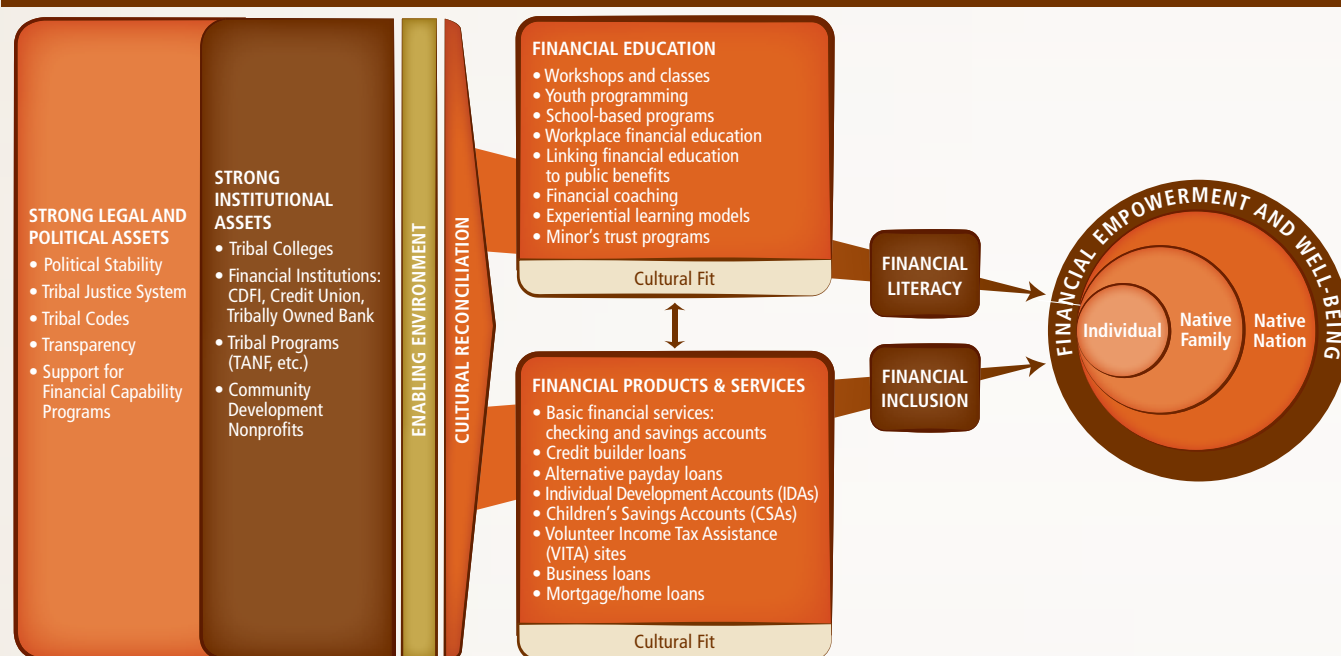
- 1. Financial Education: Programs that help individuals and families gain skills to achieve financial empowerment and well-being.** This includes different forms of financial classes and financial coaching. It also includes several delivery systems, including integrating financial education into the workplace, the school system, and social service programs. Financial education should lead to increased financial literacy, which ultimately leads to financial empowerment and well-being.
- 2. Financial Products & Services: Programs that support access to capital and safe, reliable, and affordable financial products and services.** This includes products and services offered at community development financial institutions (CDFIs),<sup>5</sup> credit unions, tribal loan programs, and community development banks such as credit builder loan programs, alternative payday loans, and small business loans. It includes basic products and services like checking and savings accounts, which are surprisingly lacking on some remote, rural reservations. It also includes tax preparation using VITA sites.<sup>6</sup> In addition it includes such products as Individual Development Accounts and Children's Savings Accounts which help people build assets and develop the savings habit. Programs that provide access to appropriate financial services and products lead to financial inclusion, which ultimately leads to financial empowerment and well-being.



## 2. Financial Capability in Native Communities

In order to describe the types of financial capability programs operating in Native communities in the Northwest Area Foundation region, we have built upon Sherrard Sherraden's diagram, adding additional detail that reflects the unique nature of this work in reservation-based communities (see Figure 2). Specifically, we modified the diagram to reflect the role that strong community institutions<sup>7</sup> play in the delivery and management of successful financial capability efforts. In partnership with the tribal government, there are many community institutions that can facilitate economic empowerment in a community, including financial institutions, tribal colleges, nonprofit organizations, and tribal social service programs such as housing authorities. Native communities have many assets, including their culture, their traditions, and their community institutions. On some reservations, community institutions are underdeveloped, which makes it difficult to implement effective financial empowerment programs. However, on an increasing number of reservations, the tribal council has supported these community institutions and tribal leaders are increasingly partnering with tribal colleges, local nonprofits, and local financial institutions to support the financial empowerment of their citizens.

**Figure 2: Financial Capability in Native Communities**



This diagram also describes the importance of having strong legal and political assets in place in reservation communities in support of economic development.<sup>8</sup> The legal and political assets include the political stability of tribal leadership, the stability and effectiveness of the tribal judiciary, the existence of tribal codes and regulations that protect community institutions, and the effectiveness and transparency of tribal leadership. As tribal governments continue to recover from colonization and historical trauma, many face challenges related to frequent turnover in tribal leadership and a lack of continuity and stability of tribal institutions. However, an increasing number of tribal governments recognize the importance of creating a supportive (or “enabling”) environment for economic development on their reservations by promoting government transparency, supporting an independent and well-resourced judiciary, and supporting vibrant and independent nonprofits who can help bring about economic change. This approach creates an enabling environment for economic development and provides an important foundation for successful financial capability programs.

Tribal councils can also play a key role in supporting financial capability efforts by passing resolutions, forming community-wide committees, or using tribal social service programs to offer financial education. A supportive tribal council is a key political asset in a community, and can help ensure the success of financial capability efforts.

“We have implemented the model in Figure 2 at Bois Forte. It’s new, but it’s already showing signs of success... It definitely starts with tribal leadership and the institutional infrastructure. Without it, most financial education/capability programs do not get off of the ground or do not continue.”

-Manager, Northern Eagle Federal Credit Union

The institutional assets in place in Native communities, including tribal colleges, financial institutions, tribal programs, and local nonprofits, play an important role in identifying the best cultural fit for financial capability programs. Programs operating in a reservation-based community should reflect the community’s unique values and cultural norms. Local institutions are more likely to develop culturally competent programs that reflect and respect local lifeways.

Finally, this diagram moves away from Sherrard Sherraden’s focus on the individual and describes the impact of personal financial empowerment on the family, community, and Native nation. Financial capability work in many Native communities reflects a focus not only on individual empowerment but also on bringing about financial empowerment for the Native nation as a whole.

The pipeline of services provided by financial capability programs can be divided into three main categories. Research suggests that in addition to increasing knowledge through **financial education** and providing **access** to appropriate financial products, there is a need to provide ongoing **support** for individuals as they travel the path toward financial empowerment. The diagram below provides an overview of these activities.



## B. Challenges Facing Financial Capability Programs in Native Communities

Financial capability programs represent an opportunity to increase financial education and financial empowerment for Native people and to help build important pathways to asset building and financial inclusion. However, research suggests that there are many challenges facing Native communities as they build financial capability programs. On average, Native Americans demonstrate lower levels of financial knowledge than other groups, and Native people living on reservations may not have access to as many mainstream financial services as other populations. In some communities, long term intergenerational poverty means young people have little experience with money management. Nearly 60% of Native Americans who live outside of metropolitan areas live in high poverty counties, and nationally the rate of American Indian children under age five in poverty is nearly twice that of non-Native children.<sup>9</sup>

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“Financial capability programs represent an opportunity to increase financial education and financial empowerment for Native people and to help build important pathways to asset-building and financial inclusion.”

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While low levels of financial knowledge are not unique to Native communities (low financial literacy is a national problem) many reservation-based communities may face unique barriers to accessing financial products and services due to remote, rural locations, historical discrimination, or perceived market risk by traditional lenders. Understanding the research on these topics can help guide the design and implementation of many programs so they are a successful “fit” in reservation-based communities. This section provides an overview of the research on financial education and financial products in Native communities.

### 1. Low Levels of Financial Literacy Present a Challenge

Low financial literacy is a national challenge. According to the 2012 National Financial Capability Study conducted by the FINRA Investor Education Foundation, only 14% of respondents to their nationally representative survey were able to answer five financial knowledge questions correctly, and only 39% were able to answer four questions correctly. According to a 2008 survey of high school and college students by the Jump\$tart Coalition for financial literacy, the average score for high school students was a failing 48.3% correct answers, and the average score for college students on the same exam was only 62.2% correct. In addition, according to the 2012 National Financial Capability Study, nearly a third of all Americans (30%) have used alternative financial services in the past five years: taken out a payday loan, gotten a loan on their tax return, used an auto title loan, or used a pawn shop. Research suggests that nationally about 7.7% of American households are unbanked,<sup>10</sup> and being unbanked is more prevalent in certain demographic groups, such as young adults (12%).<sup>11</sup> Unfortunately, low financial literacy is a national problem, and communities all over are working to identify ways to increase the financial capability of their members.





Low financial literacy also continues to be a challenge in Native communities. A recent study by the Office of Retirement and Disability Policy at the Social Security Administration found that Native American respondents were significantly less likely than any other ethnic group to correctly answer questions on an 18-item financial knowledge assessment.<sup>12</sup> Research by the FINRA Investor Education Foundation in 2014 found that Native American respondents to their financial knowledge assessment scored lower on average than white respondents.<sup>13</sup> Native American respondents were also less likely to rate themselves as financially knowledgeable. The national *Financial Literacy of Native American Youth Report* (2007), funded by the Jump\$tart Coalition, First Nations Oweesta Corporation and Merrill Lynch showed that nearly 87% of Native American high school seniors in their study received a “failing” score in financial literacy, compared to 62% of all students.<sup>14</sup> Recent research on Native American high school students suggests that many do not have financial role models in their families. High poverty levels across multiple generations means that many youth lack financial management experience and have few opportunities to develop personal finance skills.<sup>15</sup>



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“Recent research on Native American high school students suggests that many do not have financial role models in their families. High poverty levels across multiple generations means that many youth lack financial management experience and have few opportunities to develop personal finance skills.”

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In 2006, the National Credit Union Foundation (NCUF) held a summit to identify best practices to serve Native Americans. In the summit’s report, the NCUF stated that the majority of the credit unions surveyed identified low financial education as a challenge for the Native American population they work with.<sup>16</sup> Supporting this finding is a nationally representative, anonymous survey of 101 participants at the National Indian Gaming Association (NIGA) Trade Show and Convention in 2008 in San Diego about their perception of the need for financial education in their communities and their perception of what resources were available. A plurality (38.6%) of respondents were elected tribal officials, and 96% of all valid respondents “agreed” or “strongly agreed” that “There is a need for financial education in my community so that people can better manage their resources.” The majority (65%) “agreed” or “strongly agreed” with the statement, “Parents are concerned about how their children are spending their money in my community.” The majority, or 75%, also “agreed” or “strongly agreed” with the statement, “I know of community members who are interested in financial education but cannot find financial education services.”<sup>17</sup> There is still much work to be done to provide effective financial capability programs that serve Native communities and provide opportunities for individuals to increase their financial knowledge and experience.

## 2. A Persistent Lack of Access to High Quality, Safe Financial Products

Research suggests that Native American people continue to use alternative financial services at a disproportionately high rate and suffer from a lack of access to quality, safe, and affordable credit products. In many poor communities of color across North America, high-cost credit products that do not require underwriting or a credit rating, such as payday loans or tax time loans, are offered and accessed at higher rates than in wealthy communities.<sup>18</sup> These products, often called alternative financial services or subprime credit, have been labeled by consumer advocates as predatory lending because they often charge relatively high interest rates and fees. Alternative financial services include pawnshop loans, auto title loans, payday loans, tax time loans, check cashing at non-banks, money orders, and non-bank wire transfers.

Survey data collected by Human Rights Watch in 2013 suggests that a large percentage of Native people access credit through alternative financial services products such as payday, auto, or online loans. A convenience sample of 387 Native participants in financial education classes found that over half had taken out one of these types of loans, and nearly 40% stated they had taken out a payday loan. Of those who had received a payday loan, over 50% reported taking out more than one loan per year.<sup>19</sup> According to research by the FINRA Investor Education Foundation, Native Americans are more likely to have used non-bank borrowing compared to white respondents (44% vs. 25%).<sup>20</sup> Research by the Center for Responsible Lending and First Nations Development Institute in 2010 suggests that Native tax filers were far more likely to take out a loan against their tax return in the form of a refund anticipation loan than non-Native tax filers.<sup>21</sup> Survey data collected by First Nations Development Institute in 2007 indicated predatory lending was a significant concern across Indian Country with 71% of respondents indicating that predatory lending was either a “big problem” or “somewhat of a problem” in their communities.<sup>22</sup> The National Community Reinvestment Coalition found that in 2001, nationally, Native people were nearly twice as likely to receive “sub-prime” mortgage loans as whites, a finding corroborated by research conducted by First Nations Development Institute in 2008.<sup>23</sup> In addition, the Federal Trade Commission’s Consumer Fraud Survey has found that American Indians and Alaska Natives are significantly more likely to experience fraud than the average consumer.<sup>24</sup>

Borrowers may turn to alternative credit products for a variety of reasons, including poverty, a lack of access to mainstream financial services, or poor credit scores. A 2014 report found that residents on Indian reservations are more likely to have poor credit scores than those living off a reservation.<sup>25</sup> This research also found that reservation residents were more likely to have a thin credit score, suggesting that these individuals lacked the opportunity to build a credit rating. Research by Human Rights Watch found high levels of financial distress among their survey respondents, including a high incidence of having utilities such as gas or electricity turned off, or running late on rent or mortgage payments.<sup>26</sup> The FINRA Investor Education Foundation found that Native Americans were less likely than all other ethnic groups to say that they were satisfied with their financial situation.<sup>27</sup> The higher levels of poverty on most Indian reservations are well documented, and contribute to the lack of opportunity for individuals to build a credit score or access credit products that require underwriting or a credit rating.

Research suggests that residents on Indian reservations are less likely to have access to mainstream financial services. The Native American Lending Study<sup>28</sup> found that only 14% of Indian Lands located in the continental United States had a financial institution in the community in 2001, and fewer than half had such an institution anywhere nearby. The study suggested that 15% of Native American people had to travel more than 100 miles to reach a bank or automatic teller machine (ATM). While a great deal has changed since the study was conducted, it is clear that remote, rural reservation lands with low population density are perceived



as less profitable by financial institutions and they are less likely to provide products and services in these communities. In addition, many lenders perceive reservation residents to be credit risks due to assumed lower credit scores and a perceived lack of ability to process judgments through tribal courts.

Nationally, American Indians and Alaska Natives (AI/ANs) have a very high “unbanked” and “underbanked” rate. In 2013, the Federal Deposit Insurance Corporation (FDIC) found that 25.5% of AI/ANs were underbanked, compared to 20% of the general population. Over 16.9% were unbanked, compared to 7.7% of the general population.<sup>29</sup> Without access to bank accounts and basic financial services, many residents may feel excluded from the mainstream financial sector and instead turn to alternative financial services. While more research is needed, it appears that Native communities suffer from a chronic lack of access to mainstream financial services due to perceived lack of market value or perceived higher market risk, geographic isolation, and historical discrimination by mainstream financial institutions.



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“Financial education plays an important role in building the market for financial products.”

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### 3. Building a Market for Financial Products

Research on financial capability in Native communities suggest there is a great need for programs that can provide effective products and help develop important skills that lead to financial empowerment and financial inclusion. Yet there is also some cause for caution in this research. With high levels of poverty and low levels of financial skills, many of the financial products that work well in higher income communities may take more time to deploy in some high poverty Native communities. In many cases, financial education plays an important role in building the market for these financial products. As one Native CDFI manager stated,

*“You create the capacity in a customer over time which takes a lot longer for you to grow the capacity of the loan fund for any potential earned income opportunity...[another Native CDFI] is finding the same thing. They increased their staff to 16 people last year, and their loan volume did not increase. It is a capacity issue out in the community. You have to have a really strong strategy for growing that capacity.”<sup>30</sup>*

Our research suggests that in many Native communities, organizations are facing challenges deploying Individual Development Accounts, Children’s Savings Accounts, and business loans. In order for these products to be successful, a strong foundation of financial literacy will need to be laid for clients. The most successful financial products are often tied to financial education programs. Programs with successful participation rates usually have been in existence for a long time, and have built up name recognition and trust in the community. In addition, when the programs are imbedded in other systems such as summer youth employment programs or offered as employee benefits, programs demonstrate higher participation rates. In order to bring about financial inclusion, it is important to recognize the dynamic between financial knowledge and use of financial products and to recognize the important role financial education plays in helping prepare individuals to access financial products.



# 2 Promising Practices and Systems Supporting Native American Financial Capability

Research suggests that effective financial education is timely, relevant, integrated into existing service provision, and offered multiple times over a long time period. The field of behavioral economics suggests that financial capability programs need to take into account an understanding of incentive structures, barriers, and systems. Research on culturally relevant curriculum suggests that successful programs draw from local cultural traditions and are flexible and adaptable to local cultural environments. This section will provide an overview of the promising practices and strategies that contribute to successful financial capability programs. This section will also examine existing institutions in reservation-based communities and explore the community systems they offer for providing effective financial capability programs.

## A. Promising Strategies and Models for Effective Financial Capability Programs

### 1. Integrating Financial Education into Existing Programs

Jennifer Tescher, the founder and CEO of the Center for Financial Services Innovation and a nationally known expert on financial access, recently advised financial educators,

*“Until now, the primary tool for helping people make good decisions, manage their financial affairs, and plan for the future was financial education, which was usually classroom-based and relied on consumers to put what they learned into action. However, everything we now know about human behavior, especially from behavioral economics, suggests that’s not the most effective way to encourage people to take action. **In light of this, I would strongly encourage organizations to find ways to embed financial information and advice into the fabric of what they’re already doing and into the financial services that they or their partners are offering directly to people.**”<sup>31</sup>*

Recent research on financial capability programs in Native communities suggests that financial education has been successfully integrated into a range of services and programs already serving tribal citizens. The 2014 report *Financial Education and Asset-Building Programs Serving Native Communities* suggests,

*The diversity of different types of organizations that offer financial education... speaks to the ability of these programs to successfully integrate financial empowerment into a wide breadth of different services...there is also positive progress toward integrating financial education and asset-building programs with other education programs. [Integrated programs] tend to have higher impact measures, such as higher credit score improvement and Individual Development Account (IDA) savings rates.<sup>32</sup>*

At Northwest Indian College, the Cooperative Extension Service offers a student orientation workshop at the beginning of each quarter that helps students understand the financial challenges associated with college and learn how to budget their resources. By integrating financial education into student orientation, they “touch” a large number of students with this financial education and raise their awareness of financial services and resources offered on campus.

The model programs being highlighted in this report almost always represent a successful integration of financial education into existing programs, whether they be schools, tribal housing authority programs, TANF programs,<sup>33</sup> tribal college courses, or credit repair programs. In fact, our environmental scan of the region suggests that many of the successful financial education programs are developed as part of an integrated asset-building or financial empowerment strategy, often in coordination with one or more organizations in the community. On a recent webinar, a financial educator stated, “The more linked the programs are, the more effective they are.” While this report will present discrete examples of unique models or approaches, it is important to remember that each of these programs often operates in coordination and collaboration with other programs in the community, and successfully integrates financial education into existing systems.

### Using Existing Systems to Promote Financial Education: The Office of the Special Trustee for American Indians

First Nations Development Institute and the Office of the Special Trustee for American Indians are working together to embed financial information into the services already being offered to clients of the Office of the Special Trustee’s programs. In 2010, First Nations Development Institute received a grant from the FINRA Investor Education Foundation to work closely with the Office of the Special Trustee for American Indians to help their field staff to provide financial education classes to their beneficiaries. The Office of the Special Trustee for American Indians, a program within the Department of the Interior, was established by the American Indian Trust Fund Management Reform Act of 1994 to improve the accountability and management of Indian funds held in trust by the federal government. As a trustee for both tribal and individual trust accounts (Individual Indian Money (IIM) Accounts), the Office of the Special Trustee has a primary fiduciary responsibility to manage these accounts in the best interests of their beneficiaries. Because the Office of the Special Trustee often handles the disbursement of payouts from IIM accounts and lawsuit settlements, including the recent Cobell lawsuit settlement, they are interested in providing financial education to their clients.

There are over 52 Fiduciary Trust Officers assigned to and co-located primarily with Bureau of Indian Affairs agencies across the country. There are also 3 urban locations where a high number of individual Indian beneficiaries reside (Rapid City, Tulsa and Seattle) and where Trust Officers work with Indian beneficiaries from various Indian reservations and communities across the United States. Given the Office of the Special Trustee’s location in the majority of rural Indian communities across the nation, and their location in several urban locations with high American Indian populations, they are in an excellent position to provide financial education. The Office of the Special Trustee oversees the management and control of many different assets including 2,700 tribal trust accounts (for 250+ tribes) and over 384,000 Individual Indian Money accounts.

Since 2010, First Nations Development Institute has provided over 10 train-the-trainer workshops for Office of the Special Trustee staff on the culturally sensitive financial education curriculum *Building Native Communities: Financial Skills for Families* and conducted over 50 community workshops in partnership with Office of the Special Trustee Fiduciary Trust Officers. Workshops are currently being conducted as part of the Indian Land Buy-Back Program. Armed with financial knowledge and tools, Fiduciary Trust Officers have conducted over 1,405 workshops between 2010 and 2014 and reached 4,719 adults and 4,105 youth during that time period. By embedding financial education into already existing services, the Office of the Special Trustee for American Indians has touched nearly 10,000 individuals with financial information.

## 2. Using Behavioral Economics



The field of behavioral economics, or the study of psychology as it relates to economic decision making, has greatly informed the financial education field recently and has helped people design more successful financial capability programs. Psychological research as it applies to economic behavior has taught us several important things, for example, that most people—regardless of culture, education, or age—act in very predictable ways about money. Most people don’t like managing their money, and they don’t like making too many decisions. They get confused if you give them too many choices and prefer systems that help them automatically make good choices. Removing barriers to good financial decisions and incentivizing behavioral change is more effective than penalizing people for bad choices. In addition, integrating financial capability tools into existing systems (such as social services, credit counseling, etc.) has more success than standalone programs. We will take these principles of behavioral economics into account as we discuss Native financial capability programs serving the Northwest Area Foundation region. These principles are especially important when looking at how to design programs that have high participation and engagement rates. Many programs struggle with low participation rates in their financial education classes.<sup>34</sup> This report will make a point to examine incentive structures, the integration of financial education into existing programs, and strategies for increasing participation and engagement.

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“Many traditional cultures place a strong emphasis on personal self-sufficiency and protecting and caring for one’s family and community members... In many ways financial capability is a traditional cultural value in Native communities, and local traditions should serve as a guide for the design and implementation of financial capability programs.”

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## 3. Cultural Competency

The 75 Native nations in the Northwest Area Foundation region represent a tremendous diversity of historical experiences, traditional cultures, and modern organizational structures. Each tribe has its own unique stories and traditions related to its history. Research suggests that financial capability programs can be adapted to local needs and reflective of local cultural values.<sup>35</sup> For financial capability programs to be successful, programs should take into account the unique cultural traditions in diverse Native communities and also reflect current cultural lifeways. For example, an effective financial education curriculum should use culturally relevant examples that are designed to introduce critical concepts and to encourage application to culturally congruent student experiences. Cultural relevancy in a curriculum can serve as a cognitive gateway to learning, while also helping to cement new knowledge into a culturally-orientated mental map. For example, when the concept of savings is introduced, the discussion could begin with questions concerning the local historical patterns of storing and saving of foods and resources that would sustain tribal life during the winter season. Curricula should also be easily adaptable to the local context, which helps to ensure that the content is understood and accepted by the community. Learning must be relevant to people’s lives and the specific situations that they inhabit.



In many Native communities, there is a unique local history of tribal self-determination and resilience and renewal. Many traditional cultures place a strong emphasis on personal self-sufficiency and protecting and caring for one's family and community members. While some of these traditions were disrupted and many communities have experienced historical trauma, traditional stories continue to play an important cultural role. In many ways financial capability is a traditional cultural value in Native communities, and local traditions should serve as a guide for the design and implementation of financial capability programs serving these communities.

## **B. Community Systems: Institutions That Support Financial Capability**

Strong community institutions play an important role in supporting effective financial capability programs in Native communities. These institutions can offer a range of financial empowerment programs and often facilitate the delivery of effective financial products and services by integrating them into existing programs and systems.

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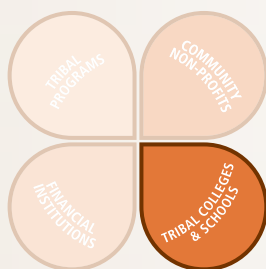
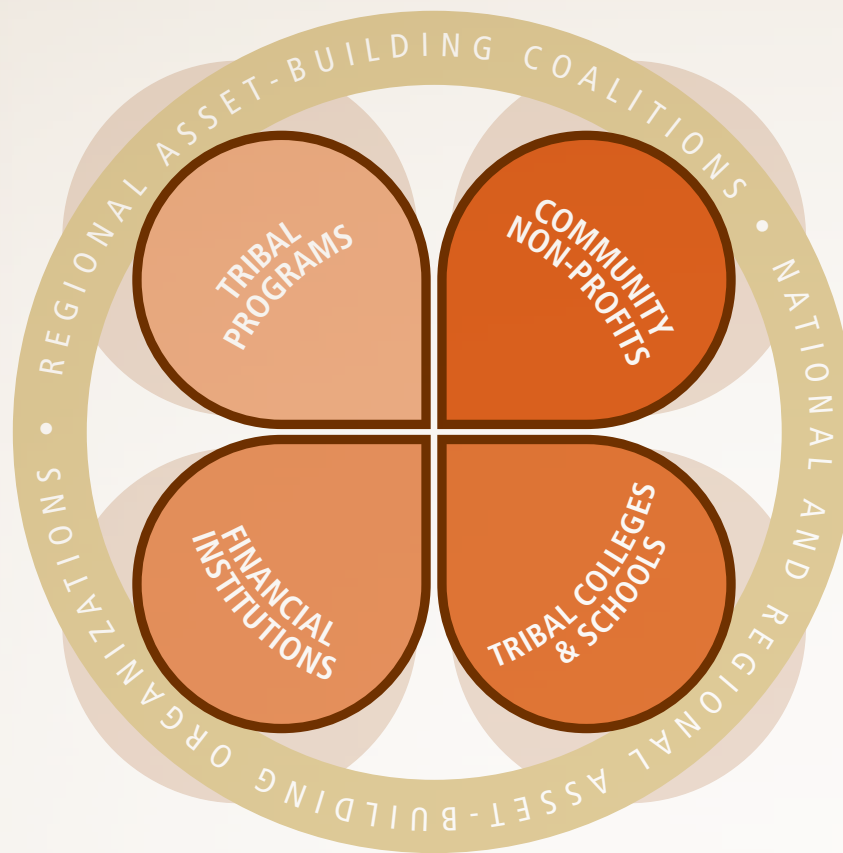
“Community institutions play an important role in supporting effective financial capability programs in Native communities. These institutions ... facilitate the delivery of effective financial products and services by integrating them into existing programs and systems... the community institutions also play a role in identifying the best cultural fit for these programs.”

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This section will provide an overview of four key community institutions: tribal colleges; financial institutions (including CDFIs, credit unions, and community banks); tribal programs (including social service programs and summer employment programs); and community development nonprofits (see Figure 3). Our research suggests that these organizations are the most likely to support financial capability programs that lead to individual and family empowerment in reservation-based communities. These programs support the financial empowerment of individuals, Native families, and ultimately Native nations by strengthening the financial knowledge and skills of its members.

The community institutions also play a role in identifying the best cultural fit for these programs and the best strategies for raising awareness of financial capability efforts in a way that is effective, culturally sensitive, and successful in recruiting local participants. These local institutions are supported in their work with information, resources, and peer-learning opportunities provided by regional asset-building coalitions and national and regional asset-building organizations. Through mentoring, offering conferences, and providing peer learning opportunities, these organizations help the community institutions more effectively carry out their work.

**Figure 3: Institutional Assets That Support Financial Capability in Native Communities**



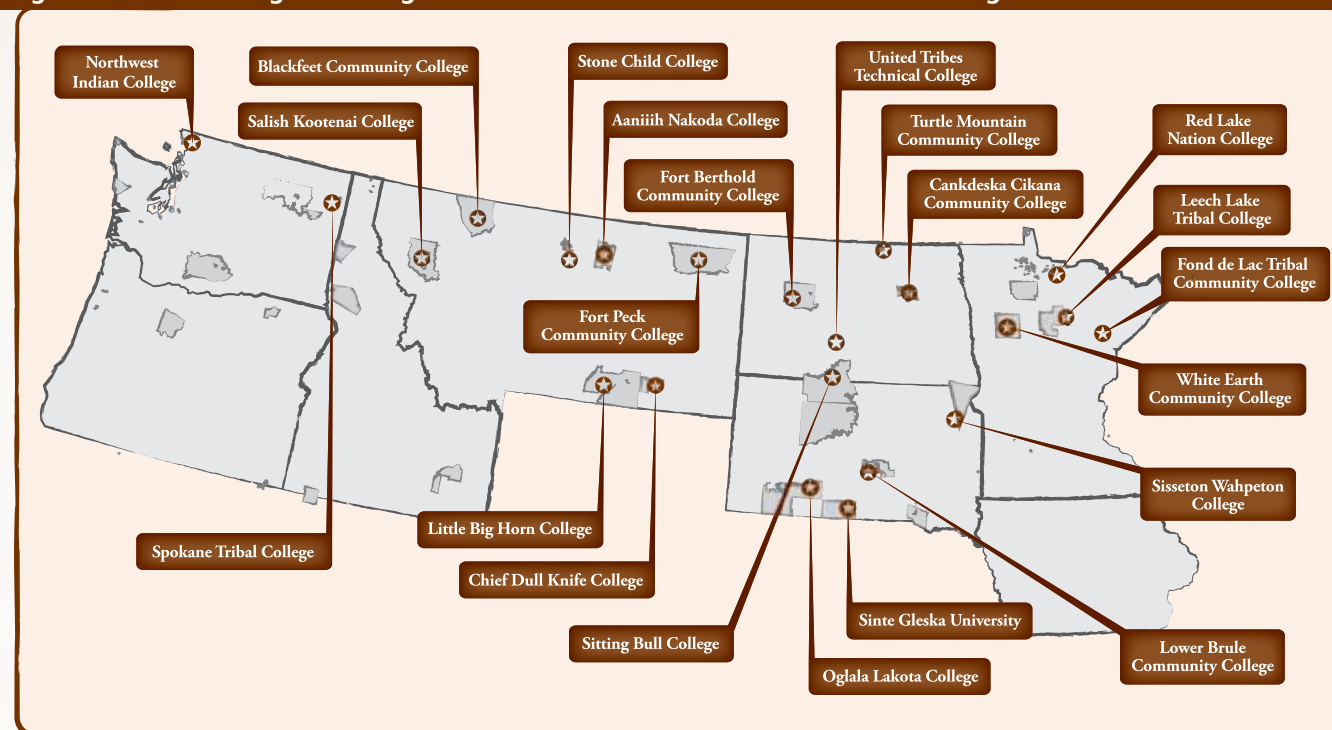
### 1. Tribal Colleges

According to the American Indian Higher Education Consortium, there are now 37 tribal colleges in North America, and 20 (see Figure 4) in the Northwest Area Foundation region (not including affiliate campuses).<sup>36</sup> Tribal colleges and universities were designed to provide higher education opportunities to Native Americans through programs that are locally and culturally based, holistic, and supportive. Across North America, Tribal Colleges and Universities (TCUs) are nonprofit corporations chartered by their respective tribal governments, operate more than 75 campuses in 15 states, and serve students from more than 230 federally recognized Indian tribes. TCUs provide access to higher education to over 80% of Indian Country, serving about 88,000 students in academic and community-based programs annually, and enrolling approximately 19,500.

Tribal colleges<sup>37</sup> have emerged as key partners in supporting financial capability programs. While they cannot provide the financial products (such as loans) that financial institutions can, they have multiple opportunities to deliver financial education to their students, many of whom are non-traditional, older, and/or parents. At Northwest Indian College (located on the Lummi Indian Reservation) and Chief Dull Knife College (located on the Northern Cheyenne Indian Reservation) the Cooperative Extension Service plays a large role in the provision of financial education workshops and classes. At Northwest Indian College, the Cooperative Extension Service offers a wide range of financial education workshops throughout the year both on and off campus. Much of the training is highly innovative, including cooking classes which help participants learn to plan, shop for, and prepare affordable family meals. At Chief Dull Knife College, the director of the Cooperative Extension

program has operated a successful Volunteer Income Tax Assistance (VITA)<sup>38</sup> program for the last 5 years and historically operated a youth Individual Development Account (IDA)<sup>39</sup> program that coupled financial education with an asset-building savings account. They have also partnered with a local nonprofit, People's Partnership for Community Development, to offer a range of innovative financial education workshops and classes and a summer program serving tribal youth.

**Figure 4: Tribal Colleges Serving Tribes in the Northwest Area Foundation Region**



Many tribal colleges offer extra-curricular activities focused on financial management, including local American Indian Business Leaders (AIBL) chapters. At some colleges, staff from the local community development financial institution (CDFI) teach financial education and business education classes for the college to provide an effective connection between the tribal college and the CDFI. At other colleges, instructors in the business programs offer financial education courses as part of their regular curriculum, and at some colleges (such as Fort Peck Community College) students who are struggling in school or experiencing challenges associated with their financial aid are required to take a financial education class while on academic probation. Classes offered at tribal colleges have a built-in incentive structure: students want to receive college credit, work towards a degree, and remain in school. Financial education classes offered by tribal colleges do not face as many challenges with low participation as they do at other institutions (such as CDFIs or credit unions, where participation in classes is often voluntary).

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“Classes offered at tribal colleges have a built-in incentive structure: students want to receive college credit, work towards a degree, and remain in school. Financial education classes offered by tribal colleges do not face as many challenges with low participation.”

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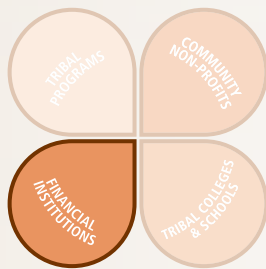


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“Tribal colleges and universities were designed to provide higher education opportunities to Native Americans through programs that are locally and culturally based, holistic, and supportive. TCUs provide access to higher education to over 80% of Indian Country, serving about 88,000 students in academic and community-based programs annually, and enrolling approximately 19,500.”

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Tribal colleges have emerged as stable, politically independent organizations on reservations that can provide continuity in program management. Across the Northwest Area Foundation Region, tribal colleges have been key partners in implementing innovative financial capability programs.



## 2. Financial Institutions

Financial institutions have emerged as key partners in the provision of financial capability programs in Native communities. These financial institutions include community development financial institution (CDFI) loan funds, credit unions (which may become certified as a CDFI), and community banks. Financial institutions play an important role in providing financial capability programs because they are in the best position to offer accessible, appropriate, and affordable financial products and services which help individuals act on their newly gained financial knowledge. Without such products and services in the local community, it can be

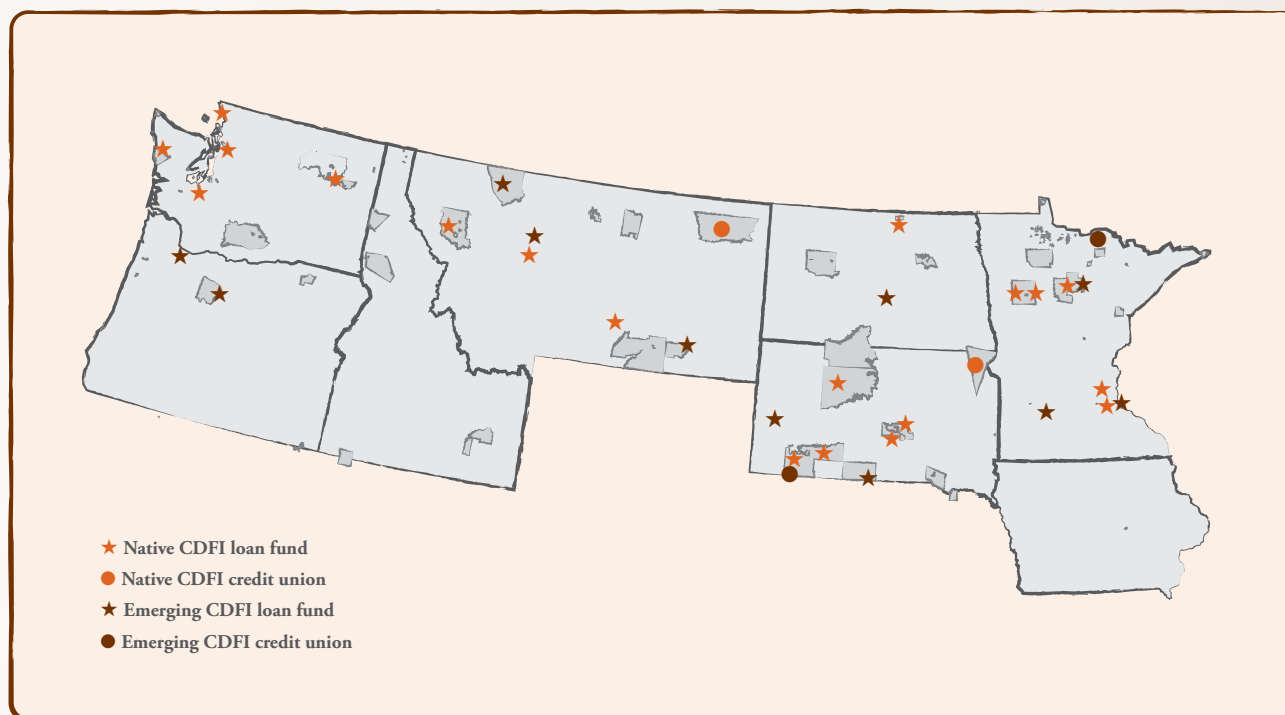
difficult for individuals to move toward financial empowerment and well-being. Without such services, individuals are also more likely to use financial products and services that strip money and assets from their families such as payday loans, refund anticipation loans, and title loans. This section will provide an overview of financial institutions and their role in promoting financial capability.

### a. Community Development Financial Institutions

Community development financial institutions (CDFIs) are specialized financial institutions that serve as private-sector intermediaries with community development as their primary mission. CDFIs work in markets often underserved by traditional financial institutions and also develop new markets in underdeveloped areas. CDFIs offer a range of financial products and services, and most offer some form of personal, small business, or credit repair loan. CDFIs include regulated institutions such as community development banks and credit unions, and non-regulated institutions such as loan funds. The Community Development Financial Institutions Fund (CDFI Fund) of the U.S. Department of the Treasury has provided funding, technical assistance, and peer learning opportunities for the CDFI field, and offers a certification program for CDFIs that meet certain criteria. In order to be certified by the CDFI Fund, the organization must demonstrate significant “developmental services” such as financial education, financial coaching, or small business development services provided to the local community.

In 2002, the CDFI Fund began providing specialized programs for Native CDFIs,<sup>40</sup> and the field has grown from two certified Native CDFIs in 2000 to 67<sup>41</sup> today. There are 21 certified Native CDFIs in the Northwest Area Foundation region (see Figure 5), 16 of which are located on reservations. In addition, there are 12 Native CDFIs that are lending or have received funding from the CDFI Fund since 2011 but have not yet become certified, often referred to as “emerging” CDFIs. Of these, seven are located on reservations. These emerging CDFIs are at different levels of development, and include two credit unions that recently opened their doors and are offering financial products and services.

**Figure 5: Location of Native CDFI Loan Funds and Credit Unions in the Northwest Area Foundation Region**



Native CDFIs have emerged as key partners in the promotion of financial capability programs in Native communities. Native CDFIs are usually nonprofit 501(c)(3) organizations incorporated separately from the tribal government, and as such they offer an independence from the political dynamics of the tribal council.<sup>42</sup> In many communities, this has allowed for more continuity and stability of programs offered. Native community leaders have increasingly been using the CDFI model to develop financial services for their populations, which are often based on reservations or in remote rural areas. As has been documented in the Native American Lending Study (CDFI Fund 2001), Native communities suffer from a chronic lack of access to capital due to geographic isolation as well as historical discrimination by mainstream financial institutions.

The establishment of CDFIs within Native communities can help to develop Native-managed, Native-developed financial institutions and build the community's capacity to manage and direct its financial assets in a way that supports local asset-based development. Locally controlled economic development models and tools are increasingly important as the failures of externally imposed economic development strategies have become apparent over the last two decades.<sup>43</sup> There are many successful CDFI loan funds serving the Northwest Area Foundation region. Four Bands Community Fund, located on the



Cheyenne River Indian Reservation, offers a broad range of financial products and services including small business loans and credit repair loans. However, the wrap-around support services they provide for budding entrepreneurs sets them apart from other loan funds and contributes to their success rate with small business start-ups. They also offer an IDA program and a VITA program, and provide extensive business and financial coaching. They offer a range of financial education workshops, and have been successful in working with both the tribal government and the local school system to provide financial education to employees and students. The Northwest Native Development Fund is located on the Colville Indian Reservation but serves both the Colville Tribes and the Spokane Tribe. They offer several loan products, including an employee loan program that is designed to help people avoid the use of payday loans. In addition they offer small business loans and also financial coaching and financial education services. The CDFI sponsors an IDA program and operates a VITA program each year. There are many other CDFI programs in the region (see Appendix A) and other CDFI programs will be highlighted throughout this report.

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“Native CDFIs have emerged as key partners in the promotion of financial capability programs in Native communities.”

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### ***b. Credit Unions***

Credit Unions are member-owned financial cooperatives operated for the purpose of providing affordable financial services for their members rather than maximizing corporate profit. Credit unions focus on providing a safe place to save and borrow at reasonable rates, and most offer affordable checking and savings accounts. Many credit unions also provide services intended to support community development such as financial education, financial counseling, or credit builder loan programs. Credit unions can be certified as community development financial institutions by the CDFI Fund because they often meet the criteria of providing developmental services to their members. There are several credit unions located on Indian reservations throughout the Northwest Area Foundation region, and several of them have been founded by tribal governments. For example, the Bois Forte Reservation Tribal Council began exploring the idea of opening a credit union in 2007. The tribal council had identified several services and benefits that a credit union could provide to the Bois Forte community, including making loans, providing deposit services, and offering financial education. The Northern Eagle Federal Credit Union received its charter from the National Credit Union Association in 2013, and opened its doors for business in January 2014. They received a U.S. Administration for Native Americans (ANA) grant in 2013 to help support their financial education efforts and since January 2014 have reached out to local high schools and their summer employment program to provide financial education to local youth. Lakota Funds also received a charter for Lakota Federal Credit Union in 2013 and opened its doors for business the same year. Both these organizations will soon be certified by the CDFI Fund as Native CDFIs, which will allow them to apply for additional funds for their work. A third example is the South Metro Credit Union, located in Prior Lake, MN. South Metro Credit Union was established in 1993 to provide financial services to the Shakopee Mdewakanton Sioux Community. The Shakopee Mdewakanton Sioux Community provided the initial support for the institution.



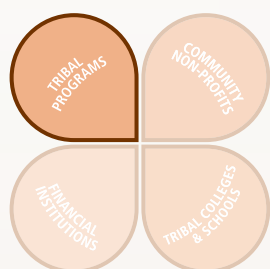
Like other types of CDFIs, credit unions are politically independent nonprofit corporations (they usually incorporate separate from the tribe) which helps provide political stability and program continuity. Credit unions are also highly regulated and have high standards for financial reporting and transparency. In contrast to loan funds or other forms of CDFIs, credit unions can also offer depository accounts that can help people engage with the formal financial sector and identify a savings product for asset building. While not all credit unions on or near reservations have extensive or innovative financial education or asset-building programs, the credit union model remains popular with tribal and community leaders for the provision of financial capability programs.



### c. Community Banks

Most Indian reservations in the Northwest Area Foundation region have a bank located in or near their territory. Although many community banks provide a range of financial services and products, in general they are less likely to offer financial empowerment programs such as financial education or credit builder loan programs. However, they do often provide access to credit for business and consumer loans. They also provide safe, accessible, and affordable savings and checking accounts to facilitate bill paying and savings accumulation. As such, community banks continue to play an important role in promoting financial empowerment in reservation-based communities in the Northwest Area Foundation region.

Several tribes in the region own banks, including the Mille Lacs Band of Ojibwe and Meskwaki Nation. In many cases, the tribes have purchased the bank in order to provide financial services to their members. In 2009, the Sac and Fox Tribe of the Mississippi in Iowa (Meskwaki Nation) purchased Pinnacle Bank, which was located in their community. One of their goals in purchasing the bank was to promote financial empowerment among their members. Tribal department leaders have since partnered with the bank to manage the minor's trust accounts of tribal citizens and to provide financial products and services to the tribal government and tribal members. Pinnacle Bank has been very involved in financial education in the community, with staff members who coordinate local workshops for youth and employees, and staff who serve on the tribe's financial literacy committee. The bank also offers personal and vehicle loans that are secured by a tribal member's per capita payments, and thus can offer lower interest rates and help protect against loan defaults. As a result, the credit scores of tribal members are improving. The tribe also views the bank as a part of their strategy to diversify their business activities, and the bank is actively marketing its minor's trust administration services to other tribes.



### 3. Tribal Government Programs

Since the passage of the Indian Self-Determination and Education Assistance Act of 1975, more and more tribal governments have begun managing their own educational and social service programs. Many tribes manage their own Temporary Assistance to Needy Families<sup>44</sup> programs to provide social service benefits to their citizens. Most tribes manage their own housing authorities and operate programs to assist their members in moving into permanent housing. A growing number of tribes provide summer employment programs for tribal youth to help them gain work experience and learn about careers available in tribal government.

Increasingly, tribes recognize the importance of embedding financial capability into their tribally-managed programs to promote the financial empowerment of their tribal members.

### **a. Tribal Social Service Programs**

Tribally-managed social service programs, such as Temporary Assistance to Needy Families (TANF) or housing programs, are key partners in the provision of financial capability programs. Many of these programs have a mission to help low-income and/or disadvantaged individuals, and they have recognized a need to increase financial literacy and improve access to affordable and appropriate financial services. Tribal departments are often well positioned to offer such programs and they can provide an incentive structure to encourage participation in financial education classes. In addition, many of these programs can use federal grant resources, such as their NAHASDA<sup>45</sup> funds, to help support financial capability efforts.

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“Increasingly, tribes recognize the importance of imbedding financial capability into their tribally-managed programs to promote the financial empowerment of their tribal members.”

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There are many examples of financial capability programs housed in tribal social service organizations. At the Nez Perce Tribal TANF program, financial education is provided as part of an Employability Development Plan. The Colville Tribes partner with the Northwest Native Development Fund to provide an IDA program for TANF recipients. The Shoshone Bannock Tribes are working with Partners for Prosperity, a nonprofit located in Blackfoot, Idaho, to provide financial education to youth in the Tribes’ summer employment program. At the Umatilla Indian Reservation, the Housing Authority requires individuals who are waitlisted for a house to complete a financial education program. They make an effort to link their homebuyer education classes with financial education, and focus on getting clients “credit ready” by developing a savings plan and paying down debts. Historically, they have offered an IDA program to help individuals build assets and save for a down payment on a home.

While financial education won’t come anywhere near to solving all the problems faced by many of the participants in tribal social service programs, social service programs provide an effective system for offering financial empowerment resources and services. In a recent survey of Native financial education programs, the majority of those operating a financial education program were tribal departments, indicating that a large number of tribal programs see value in offering this type of service.<sup>46</sup>

### **b. Summer Employment Programs**

In addition to social service programs, tribes frequently offer summer youth employment programs to help tribal youth learn workplace skills and gain information about going to college. These summer youth programs increasingly promote financial capability in a variety of forms, including assistance in applying for college financial aid. These summer youth employment programs are excellent forums for offering financial education because there is a clear incentive structure to participate in the workshops and because the education is integrated into an existing program. For example, the Sisseton Wahpeton Oyate Planning and Economic Development Office worked with the local summer employment program to provide a full week of financial education training to youth and then helped them open a savings account to deposit their paychecks. The Squaxin Island Tribe also sponsors a summer employment program each year



and often provides financial education workshops to the participants. There are many other tribes that integrate financial education into their summer employment programs, and some of these efforts will be described in this report.

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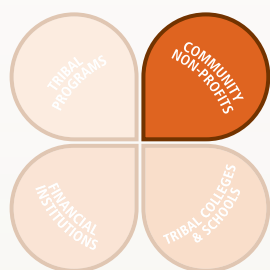
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### **c. Tribally-Sponsored Financial Education Committees**

Some tribes have worked across departments to develop committees to address the financial capability needs of their community members. For example, the Meskwaki Financial Literacy Committee is made up of community members including representatives from the tribally-owned Pinnacle Bank, Meskwaki High School, the Meskwaki Economic Development Department, Meskwaki Family Services, and Meskwaki Higher Education. The Committee has offered financial literacy classes to anyone in the community in the form of an annual, three-week course (one night per week, three hours per course). The Committee provides participants with a curriculum book, food, and other small giveaway items (e.g. calculators, toys for small children). The Committee also incentivizes participants who attend all three sessions with gas cards, gift cards, and other items. Similar tribally-sponsored committees are in place on other reservations, including the Bois Forte Indian Reservation. These committees will be described in more detail in other sections of the paper.

### **Tribal Resolutions in Support of Financial Education**

The Crow Creek Sioux Tribe, the Shoshone Bannock Tribes of the Fort Hall Indian Reservation, the Cheyenne River Sioux Tribe, and the Lummi Nation have all passed resolutions in support of providing financial education to their citizens. At Fort Hall, the tribes passed a resolution supporting their work with a local nonprofit, Partners for Prosperity, in an effort to provide financial education to tribal citizens across a range of tribal programs. The Crow Creek Sioux Tribe passed a resolution requiring financial education to be offered to tribal employees.



### **4. Community Development Nonprofits**

Another category of organizations offering effective financial empowerment programs is community development nonprofits. Many of these organizations are located on reservations, but some are located off the reservation in a nearby town. Because they are independent nonprofit corporations, these organizations tend to be stable, politically independent institutions that can provide continuity in program management. In Minnesota, the Northwest Indian Opportunity Industrialization Center located in Bemidji provides a

range of services to the residents of the Red Lake Indian Reservation, the Leech Lake Indian Reservation, and the White Earth Indian Reservation, including financial education. In Montana, the People's Partnership for Community Development works with the Cooperative Extension Service at Chief Dull Knife College to support an IDA program and provide financial education programming. In Idaho, Partners for Prosperity works with the Shoshone-Bannock Tribes of the Fort Hall Indian Reservation to provide financial education to tribal members.



Increasingly, tribes are starting their own nonprofits and using a nonprofit organization<sup>47</sup> to draw down federal grants that may limit funding to non-governmental entities.<sup>48</sup> The Ho-Chunk Community Development Corporation was created by the Ho-Chunk (Winnebago) Tribe of Nebraska to access several federal grant programs. The Southern Ute Tribe in Colorado also created a community development corporation, Southern Ute Community Action Programs, to manage the tribe's health and social service funding.

## 5. The Importance of Community Institutions

Strong community institutions can help design and implement financial capability programs that are innovative, culturally competent, and effective. Tribal colleges, financial institutions, tribal programs, and local nonprofits all work together to provide a range of financial empowerment programs and often facilitate the delivery of effective financial products and services. Our research suggests that these institutions are most likely to support financial capability programs in the local community that lead to individual and family empowerment.



# 3 Financial Capability Programs Serving Native Communities in The Northwest Area Foundation Region – An Environmental Scan

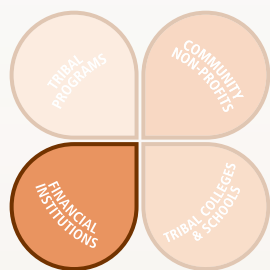
Across the Northwest Area Foundation eight-state region, tribal governments, Native nonprofits, tribal colleges, and financial institutions have created financial capability programs that are rooted in local cultures and designed to increase financial education and financial inclusion. This section of the paper will provide an overview of successful **financial education programs** in the region serving mostly reservation-based communities, and an overview of successful **financial products and services** also serving these communities. This section will conclude with an overview of **coalitions** serving Native communities across the region.

## A. Financial Education Programs

Using a range of strategies and systems, tribal governments, community nonprofits, tribal colleges, and financial institutions are offering successful financial education programs across the Northwest Area Foundation region. This section will provide an overview of several of the financial education programs that are serving reservation residents. Many organizations provide financial education classes and workshops, but unless these classes and workshops are tied to a program or incentive, community participation in such classes is low and research suggests that the impact on changing financial behavior is minimal. Increasingly, financial education is being provided in a range of innovative new formats, either aimed at youth, offered in a school or work setting, or integrated into social service delivery. Financial coaching is increasingly being used to help people learn new financial behaviors and accomplish their savings goals. A number of tribes are experimenting with experiential learning models, and working to provide financial education to their minor's trust recipients. This section of the paper will provide an overview of these innovative models serving Native communities in the region.

### 1. Financial Education Classes and Workshops

A common strategy for providing access to financial information is to offer classes or workshops that cover a range of financial education topics. Tribal colleges, Native CDFIs, and community nonprofits have all used a range of curricula to provide financial education resources to their members (see box inset, next page). This section provides a brief overview of financial education curricula being used in Native communities across the region.



#### ***Credit Where Credit is Due: Four Bands Community Fund***

Four Bands Community Fund provides a range of financial education classes for their clients, helping them gain financial knowledge as part of Individual Development Account, entrepreneurship, or credit repair programs. Four Bands Community Fund uses *Credit When Credit is Due*, developed by the American Center for Credit Education, to deliver a series of classes designed to help participants discover how to apply the traditional Lakota value of wise resource management in today's modern economy. Classes cover basic financial concepts such as budgeting, saving, and using credit to help build personal assets. Classes are available

online which makes it easier for clients to complete their coursework.

## Financial Education Curricula

Tribal colleges, nonprofits, CDFIs, and tribal programs use a range of financial education curricula to help impart financial management skills to their clients. A sample of these curricula is provided here:

**Building Native Communities: Financial Skills for Families** – This curriculum, designed by a team of Native financial educators, is in its 4th edition. It was created by First Nations Development Institute and First Nations Oweesta Corporation in partnership with the Fannie Mae Foundation and includes culturally sensitive lessons on budgeting, saving, managing credit wisely, and understanding financial systems. Over 2,000 people take classes with this curriculum each year and a total of 20,000 people have been educated using the curriculum since 2005. In the Northwest Area Foundation region, there are over 100 trainers who have taken a training workshop and become certified to use the *Building Native Communities: Financial Skills for Families* curriculum.

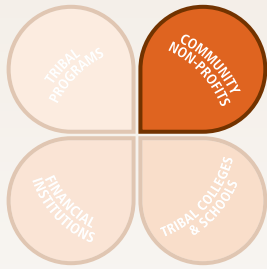
**Credit Where Credit is Due** – *Credit When Credit Is Due* was developed by the American Center for Credit Education (ACCE) to help individuals gain a better knowledge of money. Four Bands Community Fund utilizes *Credit When Credit is Due* to deliver a series of classes designed to help participants discover how to apply the traditional Lakota value of wise resource management in today's modern economy. Classes cover basic financial concepts such as budgeting, saving, and using credit to help build personal assets.

**InvestNative Online** – The *InvestNative Online* curriculum is an online financial education resource that has been designed for Native youth. It includes 8 lessons on topics related to banking, savings, and investing. Students log on and proceed at their own pace. Learning is augmented with videos, interactive worksheets, and music. The *InvestNative Online* curriculum was created by First Nations Development Institute with funding from the FINRA Investor Education Foundation.

**Making Waves** – The *Making Waves* curriculum supplement was created by Four Bands Community Fund and is now in its 2nd edition. The curriculum supplement includes several lesson plans for teaching concepts related to financial literacy and entrepreneurship with the goal of helping future generations build and support private businesses, become better stewards of money, and expand assets rather than debts. Designed to be used with elementary, middle, and high school youth, lesson plans are divided into different age groups, and are easily adapted to the classroom.

**Muckleshoot Money Skills for Life** – The Muckleshoot Indian Tribe and the Muckleshoot Housing Authority have partnered with an entrepreneur to offer the *Muckleshoot Money Skills for Life* class. The class is offered to all tribal members and is provided several times a year. The model includes in-class instruction and a mentoring system that trains tribal members to provide guidance and support to their mentee.





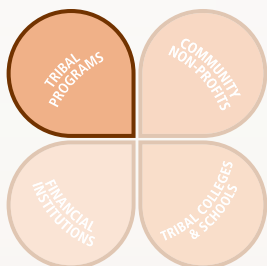
### ***Building Native Communities: Northwest Indian Opportunity Industrialization Center***

The Northwest Indian Opportunity Industrialization Center (Northwest Indian OIC) is a community development nonprofit located in Bemidji, Minnesota and has a mission to support and empower American Indian citizens and their families to achieve self-determined success. The Center provides workforce training and GED classes for community members and also works closely with leadership at Red Lake Indian Reservation, the Leech Lake Indian Reservation, and the White Earth Indian Reservation. They use the *Building Native*

*Communities: Financial Skills for Families* curriculum to offer financial education classes. After attending a workshop offered by First Nations Oweesta Corporation and getting certified to teach the curriculum, they began offering quarterly classes to their job-seeking clients and to clients of partner organizations on nearby reservations.

## **2. Youth Focused Financial Capability Efforts**

Across the Northwest Area Foundation region, an increasing number of tribes and community organizations are creating financial education programs that are designed to assist Native youth in developing their financial capability. This trend is influenced by several things: the research on financial capability that suggests that the best financial education starts at a young age and is repeated over time; the growth in the size of minor's trust accounts and therefore the growth in the payout amounts; and an increasing interest in helping empower Native youth to manage their financial future. Tribal and community leaders recognize that the youth in reservation-based communities represent the community's future and are working to help them build their skills and their vision for the future. Many of these youth-oriented financial education programs work to integrate traditional cultural values into their programs and help promote a sense of community involvement and commitment to supporting one's family, community, and nation.



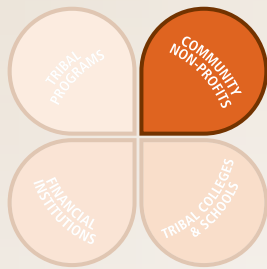
### ***Summer Employment Programs***

Most tribes offer summer employment programs for tribal youth as a way to provide work experience and help get students ready for college. Many tribes have begun integrating financial education and asset-building programs into their summer youth employment initiatives. The Chehalis Tribe, the Squaxin Island Tribe, Bois Forte Band, Meskwaki Nation, Sisseton Wahpeton Oyate, and the Confederated Tribes of the Umatilla Indian Reservation have all offered financial education workshops for the youth participating in their summer employment programs in the past two years. The Confederated Tribes of the Umatilla Indian

Reservation's Tribal Business Service Center provides a Youth IDA and financial education for the youth employees that the Tribes hire for 6-8 weeks during the summer. In 2014 they had 19 youth open a savings account. In addition, the Meskwaki Economic Development Department offers a youth IDA program for participants in the Meskwaki Summer Youth Employment Program. The goals of the program are to enhance youth employee savings habits, promote financial literacy, introduce youth to banking practices, and to help them save to make an asset purchase.

### **The Northern Eagle Federal Credit Union,**

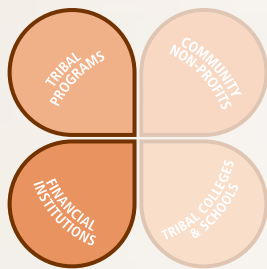
serving the Bois Forte Indian Reservation, works with their Summer Youth Employment program and provides several financial education classes and workshops. In 2014, youth in the program used the MyBigMoney.org website to play the **18MoneyChallenge** game. The **18MoneyChallenge** game allows players to practice spending a hypothetical \$100,000 in minor's trust money while making a series of decisions about whether to lend money to friends, fix their parent's car, or purchase a home. Youth in the Bois Forte Band receive a small minor's trust payment and staff at the Northern Eagle Federal Credit Union are interested in helping them learn to manage this money. Northern Eagle Federal Credit Union also uses the *Building Native Communities* curriculum to provide financial education to adults.



***Junior Achievement's Tribal Leadership Experience/Summer Tribal Experience: Puyallup, Muckleshoot, and Tulalip Tribes***

Junior Achievement of Washington State works with several tribes in the Seattle area to provide financial education and leadership training to youth. Youth participating in the Summer Tribal Experience program learn to work as a team and identify solutions to challenges facing their communities such as high drop-out rates and low job skills. They also receive instruction on financial education topics such as investing, saving, and learning to budget minor's trust payments. The summer program ends with a visit to the Seattle

Junior Achievement Finance Park where youth participate in a financial simulation that helps them learn to manage their money and budget in a hands-on environment. The financial simulation lets students "walk in an adult's shoes" for a day, making decisions about what type of car to buy, how to budget for medical expenses, and how much money to spend on entertainment. Some tribes, including Puyallup, pay their youth to attend the summer program to ensure high participation rates. Puyallup students are given \$100 to start a savings account, with the possibility of an extra \$50 if they keep the balance at \$100 or higher for six months.



***Youth Financial Education and Minor's Trust Management: Northern Eagle Federal Credit Union***

On the Bois Forte Indian Reservation, the Northern Eagle Federal Credit Union represents a strategy for providing financial capability programs for tribal youth. The Northern Eagle Federal Credit Union received accreditation from the NCUA in 2013 and opened its doors for business in 2014. With funding from the Administration for Native Americans, the credit union hired a financial education coordinator in early 2014 and has begun providing financial education classes and resources. They offer a financial education workshop for youth, and

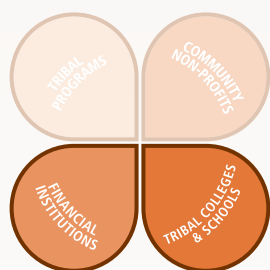
plan to offer a *Spending Frenzy*<sup>49</sup> interactive workshop to help youth plan to manage their minor's trust payout. The Bois Forte Band of Chippewa initiated their minor's trust program in 1995 and once a year, the tribe deposits funds into individual minor accounts at the tribe's financial institution. Northern Eagle Federal Credit Union will begin maintaining new tribal trust accounts in 2014 so they are better positioned to offer financial counseling for youth and also can provide access to savings or investment vehicles if a minor would prefer to save the money rather than spend it. The Northern Eagle Federal Credit Union represents a financial capability strategy that is designed to build a system that increases financial knowledge and also provides access to financial services and products that lead to financial empowerment.

In addition to providing services, the credit union is providing leadership for financial empowerment in the community. The credit union is working with community groups to ask the tribal council for a resolution that would require completion of a financial education class before disbursement of the minor's trust lump-sum payouts could occur. The financial education requirement could include the following options: completion of an online financial education module; a written and approved financial action plan; or meeting with a money management mentor for a certain number of hours. Once the potential recipient fulfills the training, the tribe would disburse 100% of the "18 Money." This proposal is currently under discussion in the community.



### 3. School-Based Financial Education

The student loan crisis and the Great Recession of 2008 have led to an increased interest in school-based financial education as educators seek ways to increase the financial capability of young adults. The President's Advisory Council on Financial Capability for Young Americans has identified school-based financial education as one of its main focus areas. Research suggests that youth who have had a financial education class in high school or middle school exhibit better money management skills as adults, and recent research by CFED and the University of Wisconsin suggests that even relatively short classroom financial lessons significantly improved student financial knowledge. This research also documented the value of a "hands-on" financial education approach, as students who were offered access to a savings account in school were more likely to exhibit savings behavior than those who were not. Schools provide an effective setting for offering financial education because teachers are often more skilled in delivering the lesson plans than others, and there is a built-in incentive structure as students seek good grades.



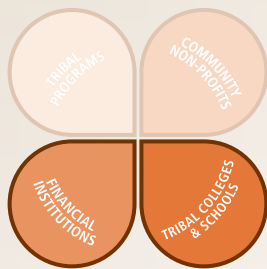
#### ***Making Waves: Four Bands Community Fund and Hunkpati Investments, Inc.***

Four Bands Community Fund, a Native CDFI located on the Cheyenne River Indian Reservation, offers a range of innovative financial capability programs for their community. The mission of Four Bands is to create economic opportunity by helping people build sustainable small businesses and increase their financial capability to create assets and wealth. Four Bands' long-term vision is that there will be more job opportunities at livable wages, equitable access to affordably priced capital, new business opportunities captured by entrepreneurs, and retention of consumer expenditures on the reservation. Four Bands works

with three anchor institutions in the community – the tribe, the schools, and Indian Health Service – and has successfully lobbied the tribe and schools for formal support for financial education through resolutions. A Joint School Board Resolution supports K-12 integration of entrepreneurship and financial education into classroom instruction. Four Bands Community Fund works with local teachers to offer the *Making Waves* curriculum supplement which has several modules on budgeting, savings, and asset building. The *Making Waves* curriculum supplement was created by Four Bands Community Fund and is now in its 2nd edition. Staff from Four Bands Community Fund have been working with local teachers to successfully offer the *Making Waves* lesson plans in schools and to provide opportunities to explore youth entrepreneurship. Their efforts have paid off, and as of December 2013, over 2,000 youth have been exposed to financial education and entrepreneurship in the local school system.

On the Crow Creek Indian Reservation, staff at Hunkpati Investments, Inc. also worked with the tribal council to gain support for school-based financial education. In addition, they helped pilot the *Making Waves* curriculum supplement in the local school system and continue to work to provide this resource to local teachers and Boys and Girls Club staff.





### ***The Mini-Bank Program: Native American Community Development Corporation***

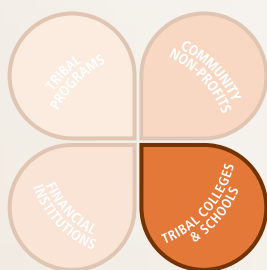
In 1996 Eloise Cobell, then the executive director of the Native American Community Development Corporation (NACDC), was inspired to start a savings program in the local school system in Browning, Montana. She had heard about a program called “Mini-banks” and felt that the NACDC was well positioned to offer the

program given its strong relationship with Native American Bank, a Native-owned bank and depository institution. Mini-banks are school-based, student oriented savings programs that allow students to open savings accounts at their schools and learn about the formal banking sector. Nearly 20 years later, NACDC coordinates over 18 Native American Bank-affiliated Mini-bank programs. Since 1996 the initiative has expanded to serve six reservations across Montana, Idaho, Colorado and Minnesota. To date, the initiative has 670 accounts totaling over \$40,000 in savings.

The Mini-bank program has several benefits for students, including helping them learn good savings habits, giving them the confidence to work with financial institutions, and learning to discern the quality of financial services. The NACDC has seen great value in working with the Mini-bank program to empower Native middle school and high school students to learn more about savings accounts and practice making deposits and budgeting their money. In many schools, officials work with a trained Mini-bank Coordinator to operate a classroom-based, student-staffed and student-directed savings program. The Mini-bank Coordinator acts as a liaison between the students and Native American Bank by accepting and recording deposit transactions and ensuring proper transfer of the funds to the bank. Students are encouraged to serve on the Mini-bank student board. There are usually two students selected to serve as board members from each grade, and they are given responsibility for the operations of the Mini-bank in their school. NACDC has seen great success in their project, and a growing number of schools are reaching out to them for assistance in implementing their own Mini-bank program. The Mini-bank program represents a promising model for teaching financial literacy to youth and also providing them access to appropriate financial products and services.

### **Mini-Bank Program**

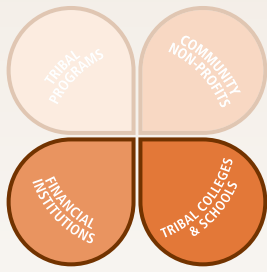
The Mini-Bank Program is one of the longest running financial literacy programs for youth and was started in 1996 in Browning, Montana at the Browning Middle School. Sponsored by the Native American Community Development Corporation, the program helps youth open savings accounts and receive financial education through the Mini Bank savings curriculum. The Mini Bank program now serves six reservations in 3 states, and has more than 670 youth accounts with more than \$40,000 in total in savings accounts. The work of the Native American Community Development Corporation represents some of the early Children’s Savings Account models being used in Native communities and has grown considerably over the past decade due to the demand for an effective youth-focused financial empowerment program.



### ***Coordinating with the Local School System: Northwest Indian College Cooperative Extension Program***

The Cooperative Extension program at the Northwest Indian College has signed an agreement with the Lummi Nation School System to offer weekly classes to 7th-12th graders on a range of financial education topics including college readiness. They survey the students to identify key topics of interest for classes and to gain an understanding of middle and high school students’ perception of college. They use this information to help prepare the students for the demands of college and provide one-on-one counseling for students to help them budget for

college and access financial aid. In addition they also offer one-on-one counseling as requested to help students learn about accessing and repairing credit.



### **Youth Financial Education: Meskwaki Nation**

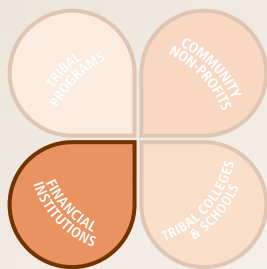
The Meskwaki Nation has developed a Financial Literacy Committee that coordinates a range of financial education efforts in the community, most of them focused on youth. The Meskwaki Financial Literacy Committee is made up of community members including representatives from the tribally owned Pinnacle Bank, Meskwaki High School, the Meskwaki Economic Development Department, Meskwaki Family Services, and Meskwaki Higher Education.

The Meskwaki Financial Literacy Committee has helped promote financial education at Meskwaki High School in Tema, Iowa, where the majority of the students are members of Meskwaki Nation. Personal finance is offered as part of a business class. The class focuses on teaching the difference between needs and wants and helps students create a collage of their goals for the future – what they want to accomplish after high school, after college, and for retirement. The class uses the *Building Native Communities: Financial Skills for Families* curriculum<sup>50</sup> (including the modules on *Building a Healthy Economy*, *Developing a Spending Plan*, *Working with Checking and Savings Accounts*, *Accessing Credit, Part I*, and *Accessing Credit, Part II*). The instructor uses the Resource Guide for *Financial Skills for Families* and leads her students through several activities including the “Circle of Life-Meskwaki style,” Local Economy Circles (a discussion of how money circulates through local economy), and a “My Money History” worksheet. She also uses several other exercises where students learn how long it would take them to become a millionaire if they invested their minor’s trust payment, and the online *InvestNative* curriculum which provides 8 modules focused on saving, investing, and avoiding fraud. The Financial Literacy Committee has also organized a *Spending Frenzy*<sup>51</sup> event each year for middle and high school students to help them prepare for their minor’s trust payout. In addition to the financial literacy course, the Committee also organizes and conducts a three-hour, one-night *Trust Fund Recipient Seminar* targeting high school juniors and seniors. At this seminar, representatives from Pinnacle Bank present information on interest rates, the benefit of leaving money in the accounts, and the challenge of paying taxes on the payouts. The seminar also includes a panel of former trust fund recipients who share their personal experiences with the payouts, their regrets, and their advice.

## **4. Workplace Financial Education**

Delivering financial education in the workplace represents a promising but underutilized system for increasing financial knowledge. A growing number of employers are offering financial education and retirement seminars as employee-managed retirement accounts become more common. By the mid-1990s, nearly 90% of large employers offered some form of financial education.<sup>52</sup> According to research by William G. Gale and Ruth Levine (2010) there is some evidence that workplace financial education has helped raise retirement plan participation and contributions, and that it has raised households’ overall level of saving as well.<sup>53</sup> There are only a few examples of employer-based financial education serving Native communities in the Northwest Area Foundation region, most notably financial education provided on Cheyenne River Indian Reservation by Four Bands Community Fund, and on the Crow Creek Indian Reservation by Hunkpati Investments, Inc. Tribal employers, such as the Four Bears Casino in Fort Berthold, occasionally offer financial education to their employees. A few examples of workplace financial education are provided here.

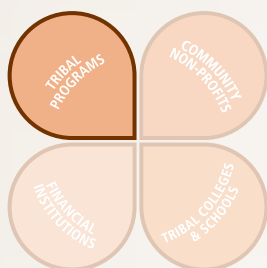




### ***Educating Tribal Employees: Four Bands Community Fund***

As stated earlier, Four Bands Community Fund, a Native CDFI located on the Cheyenne River Indian Reservation, offers a range of innovative financial capability programs to their community. In 2011, Four Bands Community Fund worked with the tribal council to support workplace-based financial education classes for tribal employees. Tribal employees were mandated to receive a three-hour personal finance workshop, and Four Bands implemented a personal finance training program for employees shortly thereafter. In designing the workplace financial education curriculum, Four Bands had to carefully select supportive

community partners, build a relationship with the tribal administrative offices, and also work with the local bank. Four Bands selected a curriculum that considered the time available to employees to complete the training. Four Bands chose *Money-In-Motion*, a spin-off product of their normal *Credit When Credit Is Due* curriculum, because they only had three hours to conduct the training. Since 2011, Four Bands has trained over 293 employees. Evaluation of the program indicates that mastery of the financial education content by the participating employees jumped from 55% pre-training to 80% post-training. Four Bands Community Fund continues to serve as a financial education leader in the community and continues to work effectively with tribal employees to offer them financial education.



### ***Workplace Financial Education: 4 Bears Casino***

The Fort Berthold Indian Reservation has seen a significant influx of oil and gas royalties for tribal land owners over the past 10 years. Since the discovery of the Bakken Formation, an area rich with oil and gas resources, many individuals have come into a great deal of money over a short period of time. First Nations Development Institute worked with the Fort Berthold Tribal Chairman and the Office of the Special Trustee in 2008 to provide a series of financial education workshops on the Fort Berthold Indian Reservation. The local Fiduciary Trust Officer coordinated with 4 Bears Casino to allow for workers to take paid time off to attend the

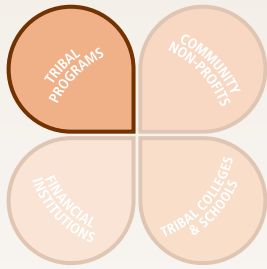
financial education seminar. This workplace-based financial education allowed over 120 people to gain access to timely financial information related to managing large lease payments from oil and gas exploration.

## **5. Integrating Financial Education into Social Service Programs**

As stated above, research in the field of financial education suggests that financial education is most effective when integrated into existing programs, especially social service programs. Research about Native financial education programs suggests that many tribal social service organizations are already integrating financial empowerment programs into their services. This section will highlight some examples of integrating financial education and financial products into tribal social service programs.







### **Linking Financial Education to Tribal TANF and Housing Authority Programs**

Several tribes provide financial capability training and resources through their tribally-managed social service programs. Tribal social service programs, whether they be the housing programs or Temporary Assistance for Needy Families (TANF) programs, provide an appropriate set of structures and incentives for clients to participate in financial education and

possibly even take advantage of an IDA program or VITA services. An increasing number of tribes are integrating these services into their case management systems. For example, the Crow Creek Housing Authority has created an IDA program to bring about “a multi-faceted approach to fight generational poverty and increase self-determination for the Crow Creek tribal nation through the building of assets in the Crow Creek community.”<sup>54</sup> They are working with the local CDFI, Hunkpati Investments, Inc., and they plan to “assist individuals in the development or growth of housing, businesses, and education...the building of assets will be achieved through the utilization of IDAs, credit improvement, and financial education for all generations residing within the Crow Creek Community.”<sup>55</sup>

The Siletz Tribal Housing Authority offers an IDA program to help its clients save for a down payment on a home. The *Siletz Saves!* IDA Program helps people save up to \$3,000 over three years with a 3:1 match. Participants have to attend financial education workshops and save a minimum amount each month. Several other tribes, including the Nez Perce Tribe, the Confederated Tribes of the Colville Reservation, and the Coeur d’Alene Tribe offer IDA programs through their Tribally Designated Housing Authorities.

The Confederated Tribes of the Colville Reservation has partnered with the Northwest Native Development Fund, a Native CDFI, to offer IDA savings programs to participants in tribal TANF. The program is geared toward helping TANF recipients learn to manage their own businesses, and the IDA funds can only be withdrawn for small business purposes (product purchases or loan down payment). Participants are required to complete the 10 week Indianpreneurship small business planning course and must complete a family budgeting workshop and at least a one-day basic bookkeeping workshop.

## **6. Financial Coaching**

The financial coaching model recognizes the value of providing ongoing support to help individuals accomplish their financial goals. Drawing from the field of positive psychology, financial coaching provides clients with an advisor who helps the client set goals, define the short- and intermediate-term steps to achieve the goals, and then checks in regularly with the client and provides feedback and support for accomplishing those goals.<sup>56</sup> The goal of financial coaching is to assist clients in acquiring the fundamental skills to achieve long-term financial security by learning to use strategies such as emergency savings, access to credit, and debt reduction. With these strategies in place, clients are positioned to be in control of their economic situation and less likely to require financial support later. Several programs in the Northwest Area Foundation region offer financial coaching as part of their financial capability programs.

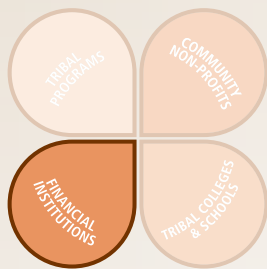
### **Muckleshoot Money Skills for Life**

The Muckleshoot Indian Tribe and the Muckleshoot Housing Authority have partnered with an entrepreneur to offer the “Muckleshoot Money Skills for Life” class. The class is offered to all tribal members and is provided several times a year. The class covers several topics including:

- How to budget monthly spending;
- How to improve your credit score;
- The wise approach to the “big ticket items” – cars and housing;
- Why it’s important to begin planning for your future early;
- Investments and 401(k) programs.

The model includes in-class instruction and a mentoring system that trains tribal members to provide guidance and support to their mentee.





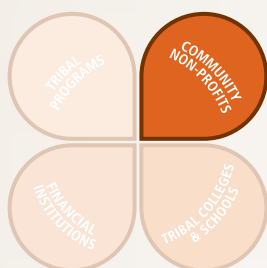
### ***Integrating Financial Coaching Into IDA Programs***

Across the Northwest Area Foundation region, many Native CDFIs are integrating financial and business coaching into their toolbox of services provided to clients. Financial coaching has been especially effective for helping clients meet their budgeting and savings goals for IDA programs. At the Confederated Tribes of the Chehalis Reservation, the Chehalis Tribal Loan Fund offers an IDA program that

provides financial coaching in addition to basic financial education. The Taala Fund also offers an IDA for clients and provides coaching to help clients meet their savings goals. Financial coaching services are also provided by Four Bands Community Fund and Lakota Funds, Inc. to increase the success of their savers in the individual, family, and youth IDA programs they offer. Business coaching, similar to financial coaching, is also offered by Lakota Funds and Four Bands Community Funds and has increased the success of their entrepreneurship clients. Many other Native CDFIs offer some form of financial coaching, including the Northwest Native Development Fund.

### **IDA and TANF**

The IDA program offered to TANF recipients at Colville is unique. This partnership between Northwest Native Development Fund and the Confederated Tribes of the Colville Reservation is one of very few Native-run IDA programs that is integrated into TANF programming.



### ***Supporting the Next Generation of Financial Coaches: Rural Dynamics, Inc.***

Rural Dynamics, Inc. (RDI) is a nonprofit community organization located in Great Falls, MT. They have been providing financial counseling and education to Montana consumers since 1968. RDI has recently broadened its approach to provide a training program to help other organizations train their staff to offer financial coaching services. They offer a quarterly training program that provides a combination of online and independent study. The program has been used by a range of Native organizations to gain training and certification for their staff and increase their capacity to offer financial coaching services.

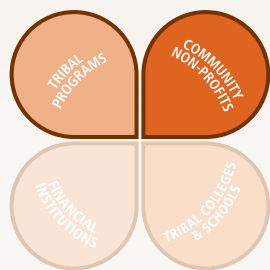
RDI has partnered with the Association for Financial Counseling and Planning Education (AFCPE) since 2007 to provide intensive training for professionals in financial management. RDI's Financial Training programs certify their participants to offer credit counseling, financial counseling or coaching to low-to-moderate income individuals. Since 2007, 76 people have completed the course and 56 have been from Native organizations. This includes 13 enrollees from Native Community Development Corporations, 7 enrollees from Native Housing Authority offices, 1 enrollee from a tribal TANF office, 6 enrollees from Native CDFIs, 2 enrollees from Native Child Support Enforcement agencies, 2 enrollees from local tribal colleges, and 1 enrollee from a Community Action Partnership Agency serving a reservation community. Of those who have completed the program, 25 are enrolled tribal members from tribes across the nation.

## **7. Experiential Learning Models**

An increasing number of nonprofits and tribal programs are turning to experiential learning models to help people gain financial knowledge and practice changing financial behavior. Financial simulations such as the Credit Union National Association's popular model, *Mad City Money*, or other experiential learning exercises, can help students "learn by doing." Research suggests that this combination of instruction and experiential learning has the best chance of having a lasting effect on students' financial behavior over their lifetime.<sup>57</sup> There is also research that suggests that making learning fun, and incentivizing certain financial behaviors in a real world



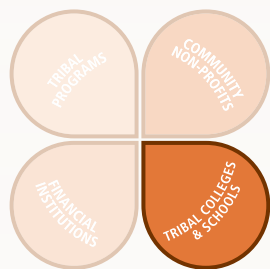
setting, can be an effective way to offer financial education.<sup>58</sup> The Mini-bank program, profiled earlier, is an example of an experiential learning program that combines financial education with bank accounts and allows students to become comfortable with the formal financial sector and learn the savings habit. Across the Northwest Area Foundation region, other tribal programs and Native nonprofits are experimenting with experiential learning models.



### ***Spending Frenzy: Confederated Tribes of the Colville Reservation***

In 2013, Fiduciary Trust Officers<sup>59</sup> at the Office of the Special Trustee for American Indians (OST) worked with leaders at the Confederated Tribes of the Colville Reservation and First Nations Development Institute to provide an innovative financial education workshop that gave Colville and Coeur d’Alene youth a chance to practice managing their minor’s trust money and learn about a range of savings and investing options. The workshop was designed to be a financial simulation that helped kids think about spending and saving decisions in real time. The workshop, titled the *Spending Frenzy*, provided youth with play money in the amount of their trust fund

payment (in the case of Colville youth) to give them experience managing and budgeting it.<sup>60</sup> Students were asked to make a series of spending and saving decisions over a 2-hour period. Students learned to use a bank to cash their check, and then were asked to make decisions about buying a car, buying a home, and balancing their wants and needs while budgeting their money. Unexpected emergencies and opportunities were presented to the youth in the form of “Cards of Fate,” which helped them learn to plan for life events. Over 40 youth in a Healing Lodge Treatment Center participated. Evaluation data suggests that the students enjoyed the interactive nature of the workshop and found the financial education relevant to their lives.



### ***Crazy Cash City: Chief Dull Knife College***

The Cooperative Extension Service at Chief Dull Knife College has a mission to provide financial education to college students and other community members. In May 2014, Chief Dull Knife staff conducted a *Crazy Cash City* reality fair workshop to provide local youth with the opportunity to practice managing their financial resources.

The workshop is based on the Credit Union National Association’s Mad City Money model, a 2½-hour hands-on financial simulation

that gives youth a taste of the real world—letting them take on the identity of someone with an occupation, salary, and real-world expenses such as rent and car insurance payments. Similar to the Mad City Money simulation, in the *Crazy Cash City* workshop students are given a fictitious family profile complete with income and occupation information for them and their spouse. Their profile cards also indicate whether they have kids (and if so, their age(s)), and information about any outstanding debt they are carrying (such as medical debt, student loans, or credit card debt). While remaining cognizant of their particular family profile, students are asked to make purchases at designated booths that represent various “real-world” expenses such as food, child care, and rent or mortgage payments. The *Crazy Cash City* model differs from the Mad City Money model in a few key ways. The family profile cards have been modified to be consistent with modern Native experiences, providing such occupations as tribal councilman or tribal police officer, and in some cases indicating that one or both spouses are employed as artisans. The fictitious baby photographs on the cards show pictures of Native children, and the income and benefits listed on the family profile card reflect unique Native experiences such as tribal benefits and dividend (per capita) payments. Over 40 students participated in the *Crazy Cash City* workshop and the majority of participants indicated on an evaluation form that they felt that the workshop helped them learn how to make a monthly budget and that the program would help them in managing their money in the future.

### **Fort Hall Youth Financial Warriors Literacy Program**

On the Fort Hall Indian Reservation, the nonprofit Partners for Prosperity provides financial education to local youth. As part of a multi-week program, the youth participate in the experiential “Rez Nups” simulation. In the Shoshone language, “Nups” means money. Students take the role of an adult in the Rez Nups workshop, and are given jobs, income, a family, and debt.

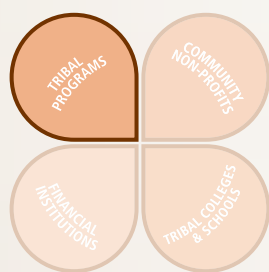




## 8. Financial Education Provided Through Minor's Trust Programs

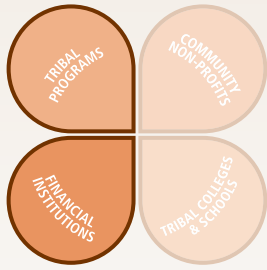
Increasingly, tribes recognize the value of providing financial education for their youth receiving minor's trust payments. Nationwide a small but significant minority of tribes distribute funds to their members on a per capita basis, in regular installments. Revenue for tribal per capita payments can come from a variety of sources, including natural resource extraction, lawsuit settlements, and tribal enterprises such as gaming. Most tribes hold their per capita payments in a trust fund for their minor members, and until recently paid out the full amount of that trust account upon the date of a child turning 18 years of age.

Of the nearly 240 tribes that run more than 420 gaming establishments across 28 states, roughly half distribute a regular per-capita payment to their members. Nationally, there were 126 approved Revenue Allocation Plans in place as of 2014.<sup>61</sup> In the Northwest Area Foundation 8-state region, there are at least 30 tribes that provide regular per capita payments of over \$1,000 per year to their members and approximately 25 of them manage minor's trust programs. Due to several recent lawsuit settlements, including the Keepseagle and Cobell settlements, we calculated that as many as 41 tribes in the region have managed some sort of per capita payment in the past 5 years, and many of these 41 tribes set the per capita payments aside in special accounts for their minor members. Across North America, tribes are recognizing the unintended consequences of these minor's trust payouts, including a disincentive for work or higher education. A recent survey of minor's trust recipients of a southern tribe suggested that the majority of these youth have fully spent their minor's trust payment within a year of receiving it. An increasing number of tribes have begun changing their minor's trust policies to require financial education for their youth.<sup>62</sup> In addition, many tribes recognize that these minor's trust accounts in many ways could operate as an asset-building tool, providing youth with a nest egg of savings with which to start their lives and begin to purchase a home or start a business. Across the Northwest Area Foundation region, tribes are proactively changing the structure and requirements of their minor's trust programs to incentivize higher education, encourage wise financial management and financial capability, and promote asset building.



### ***Changing Minor's Trust Payout Structures: Meskwaki Nation***

The Meskwaki Nation established their minor's trust program at a time when the per capita payments were small, and therefore the minor's trust payout was also small. In the past 10 years, the gaming operation managed by Meskwaki has grown in size and success and as early as 2013, the payout amounts for minors had grown quite large. Community members were concerned because the large amount of money was creating problems with some tribal youth who were getting into legal trouble and suffering from drug abuse. Tribal leadership, which has also supported extensive financial education efforts through the Meskwaki Financial Literacy Committee, started the process of passing a tribal resolution to stagger the payout amount for tribal youth to try to diminish the "windfall effect" of the payment and the behaviors that accompany such a payment. A recent ruling by the IRS allows tribal trust funds to stagger payouts for minors, and has allowed tribes to change the structure of their minor's trust programs.



### **Youth Financial Education: Bois Forte Band of Chippewa Indians**

The Bois Forte Band of Chippewa Indians has a small minor's trust program to benefit its minor members. Even though the payout amount is relatively small compared to other tribes, tribal leadership recognizes the importance of this minor's trust account for helping tribal youth start their lives and build assets. Frustrated that many tribal youth were using their payouts to buy a car or some other non-appreciating asset, the tribe worked to develop a long term plan to provide financial education for tribal youth. As discussed earlier, their plan included starting a tribal credit union (the Northern Eagle Federal Credit Union) that would

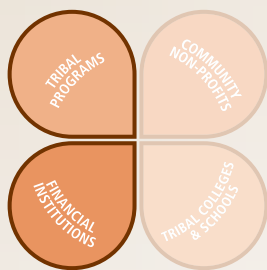
provide financial education programs and also would manage the minor's trust accounts. Another advantage of the credit union is that it would provide savings vehicles for tribal youth who are interested in saving some of their minor's trust payouts and also would provide basic financial services such as checking accounts. The credit union just opened its doors in early 2014 and is starting to implement its financial education outreach to community youth. The credit union's services include financial education classes for youth in the summer employment program, outreach to the local high schools, and other workshops. A *Spending Frenzy* interactive financial education workshop is offered each year for local youth.

## **B. Financial Products And Services**

In addition to financial education programs, tribal governments, community nonprofits, tribal colleges, and financial institutions are offering a range of innovative financial products and services across the region. Financial products and services allow people to act upon newly gained financial knowledge, and should be easy to use, affordable, and safe. So often in lower-income communities the only financial products and services available – such as check cashing stores and payday loan companies – are not affordable or safe, although they are often accessible and easy to use. Increasingly, tribes and Native nonprofits recognize the need to create innovative financial products and services that help facilitate wise money management in their communities. Some of these financial products and services reflect trends in the field and build upon mainstream models related to credit builder loans, Volunteer Income Tax Assistance (VITA) sites, or Individual Development Accounts (IDAs). Many of the programs serving Native communities reflect innovations related to cultural competency or tribal traditional values. Because the programs are managed by local community institutions, they are more likely to present information and products in a culturally relevant way that reflects community values. This section of the paper will highlight some of the most successful programs in the Northwest Area Foundation region.

### **1. Basic Financial Services**

On remote, rural Indian reservations, there are few financial services available to community members. The Native American Lending Study of 2001 found that only 14% of Indian Lands located in the continental United States have a financial institution in the community, and fewer than half have such an institution anywhere nearby. While a great deal has changed since the study was conducted, it is clear that remote, rural reservation lands are perceived as less profitable by financial institutions and products and services are less likely to be provided in these communities. Without access to bank accounts, many residents feel excluded from the mainstream financial sector and instead turn to alternative financial services. Increasingly, tribes and Native nonprofits are working to develop or manage their own financial institutions so they can provide these basic financial services such as checking and savings accounts to their members. Local financial institutions also provide services such as direct deposit, check cashing, and money orders. In addition, they often offer some form of credit products such as personal or small business loans. Some tribes simply work with existing financial institutions to provide these products and services to their members. Other tribes establish or buy their own financial institutions, or partner with a community nonprofit to create a CDFI or credit union.

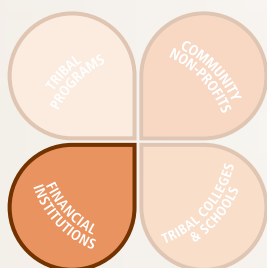


### ***Providing Basic Financial Services: Bois Forte Band of Chippewa Indians, Lakota Funds, and Meskwaki Nation***

There are three tribes in the region that have recently worked to open financial institutions to provide basic financial services. The Bois Forte Reservation Tribal Council saw a need for financial services in their community and, after a long process, opened the Northern Eagle Federal Credit Union in early 2014. Similarly, the Lakota Federal Credit Union, a project of Lakota Funds, opened its doors in 2013 with the goal of providing high quality, affordable financial products and services to the citizens of the Pine Ridge Indian Reservation. In 2009, the Meskwaki Nation purchase Pinnacle Bank in order to provide basic products and services to their members in addition to a platform for providing financial education.

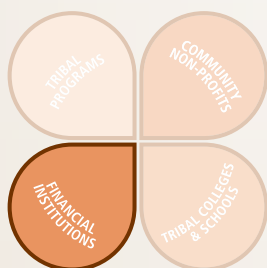
## **2. Credit Builder Loans**

Individuals who have had little access to mainstream financial services often have poor credit scores or no credit scores at all. Nonprofits and social service organizations are beginning to recognize the importance of credit scores as credit reports are now being used to assess an individual's eligibility for insurance, utilities, housing, and cell phones. According to the Credit Builder's Alliance, there is a "serious gap in the modern credit reporting system that locks millions of individuals with poor or no credit out of the mainstream financial system without opportunities to build credit." Credit Builders Alliance believes that "good credit is essential to achieving and maintaining financial stability, and that mission-driven nonprofits are uniquely positioned to help these struggling households build credit as an asset." Credit builder loans, or loans designed to help borrowers build a positive credit history or improve their credit score, are increasingly being offered by reservation-based financial institutions in an effort to help clients build or improve their credit score. This section provides an overview of a few of the products offered by financial institutions (mostly CDFIs) across the Northwest Area Foundation region.



### ***Credit Builder Loan Program: Leech Lake Financial Services***

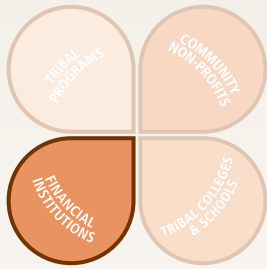
Leech Lake Financial Services (LLFS) is an emerging CDFI that serves the Leech Lake Indian Reservation. Leech Lake Financial Services offers credit building classes and currently offers a credit builder loan program that averages around \$1,000 per borrower. The loan program is available to tribal employees, and payments on the loan are automatically processed through payroll deduction. The loan product is very popular, and tribal employees can use vacation days as collateral for their loans. Leech Lake Financial Services plans to report to the major credit bureaus allowing clients to build or improve their credit scores.



### ***Credit Builder Loan: Hunkpati Investments, Inc.***

Hunkpati Investments, a Native CDFI serving the Crow Creek Indian Reservation and surrounding community, offers a credit builder loan product. The program is designed for clients with past credit problems or no credit history. Hunkpati Investments offers up to \$2,500 to pay off debts, and allows people to consolidate their debt payments into one low-interest loan. Hunkpati Investments reports to credit bureaus upon successful repayment of the loan, and over time the clients are able to increase their credit scores. Credit Builder loan clients are required to take financial education classes (using the *Credit Where Credit is Due* curriculum) and they also receive one-on-one financial coaching provided by staff members.

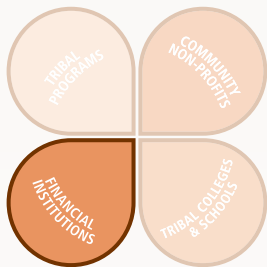




#### ***Credit Builder Loan: Lakota Funds***

Lakota Funds offers a Credit Builder Loan that has a maximum loan amount of \$2,500 and can be used to pay off garnishments or other collection items. Designed to repair damaged credit, the loan is available to enrolled members of the Oglala Sioux Tribe or their spouse or partner. The loan product is also available to enrolled members of other federally recognized tribes living on the Pine Ridge Indian Reservation. In order to take out a

credit builder loan, the applicant must have completed a personal financial education course or the *Credit Where Credit is Due* curriculum, and have a bank account that allows for automatic withdrawals for the loan payments. They must also complete a personal budget and demonstrate verifiable income for at least six months. Lakota Funds reports to the credit bureaus to help borrowers repair their credit, and the automatic deductions from the bank accounts help lower the default rates on the loans. This program combines a safe and reliable product with financial education services to help borrowers improve their financial situation.



#### ***Credit Builder Loan Program: Four Bands Community Fund***

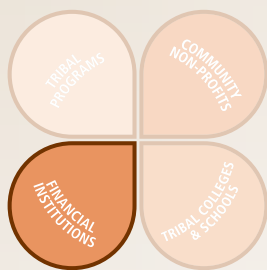
Four Bands Community Fund offers a credit builder loan that can be used to pay down existing debt and consolidate payments into one, lower interest rate loan. In contrast to the Lakota Funds product, borrowers can also use the money to make a new purchase if they are looking to develop a credit history or increase their credit score. Repayment on the loan is reported to credit bureaus to help clients build a positive credit history. Loans are paid directly to the creditor or vendor, and applicants must successfully complete financial education classes, including the *Credit Where Credit is Due* curriculum. Clients are also required to develop a

personal budget. Four Bands offers credit builder loans for up to \$3,000 and usually the repayment period is 2-3 years.

### **3. Alternative Payday Loans**

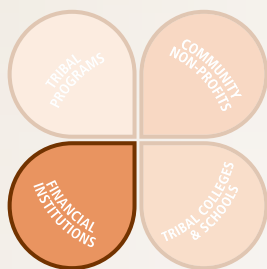
Similar to credit builder loans, alternative payday loans are often small lines of credit that help people meet their financial obligation over a short period of time. Many financial institutions in Native communities, including Native CDFIs, recognize that people often have a need for short term credit and many are used to taking out payday loans to make ends meet. While many credit builder loans are used to pay off high-cost debt, organizations are recognizing the need to develop a separate loan product that meets the demand for short term credit. Several organizations have begun offering "Alternative Payday Loans" that provide credit at a much lower interest rate than payday loans and with much lower fees. In many cases, the CDFIs or financial institutions work with the tribal government to offer loan products to tribal employees and arrange an automatic payroll deduction to ensure timely loan repayments. This section provides an overview of a few of the consumer loan programs that are designed to replace the lines of credit taken out at high-cost payday loan stores.





#### ***“Anti-Payday Loan”: Northwest Native Development Fund***

The Northwest Native Development Fund offers a loan product that they call an “Anti-Payday Loan.” The loan product allows individuals to “get out of the destructive Payday Loan cycle.” Northwest Native Development Fund pays off any accumulated debt and then provides a lower-interest loan for the client. Northwest Native Development Fund also works with tribal human resource departments across their region to offer an Employee Loan Program. This program provides small loans to tribal employees which are then paid back over time using automatic payroll deduction from the tribal employee’s paycheck. The automatic payments on the loan help lower the default rate. Northwest Native Development Fund states that they started this loan program because, “We have seen the need to help Tribal members to remove themselves from the difficult cycle of high interest pay day loans.”



#### ***Alternative Line of Credit: Chehalis Tribal Loan Fund***

The Chehalis Tribal Loan fund offers a variety of credit products, including a credit builder loan that is designed to “replace asset-stripping debt (i.e. payday loans) with asset-building credit.” They designed the loan product after seeing high usage of payday loans and other alternative financial services in their area. Chehalis Tribal Loan Fund reports to credit bureaus as clients successfully pay their loan back, and they work with the client to utilize lines of credit through the CDFI rather than a payday lender which often charges higher fees and higher interest rates and requires repayment in a short time period.

### **4. Individual Development Accounts**

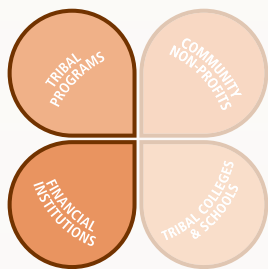
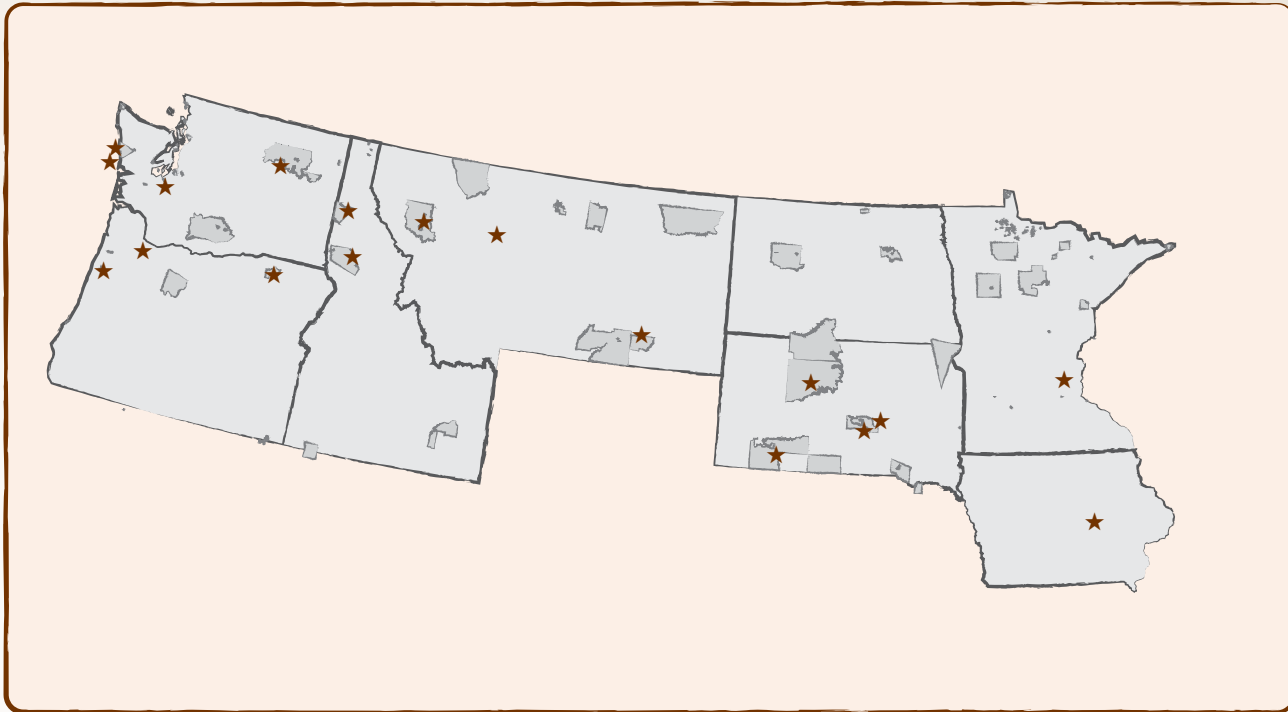
Individual Development Accounts (IDAs) are matched savings accounts that help people save towards the purchase of an appreciating asset, often a home or a small business. IDAs usually provide extensive financial education and financial coaching, and deposits into the savings accounts by the clients are matched with outside funds in order to incentivize savings. Research suggests that IDA programs have been successful in helping people learn the savings habit and also learning budgeting and money management skills in an applied setting.

The U.S. Department of Health and Human Services’ Assets for Independence (AFI) initiative is a federal program that provides funds for operating IDA programs, and an increasing number of Native American-serving programs use this resource. The AFI program only provides funding for three asset-building goals (buying a home, starting a small business, or attending college) and therefore the majority of programs nationwide reflect these goals. However, as an increasing number of tribes use non-federal funds for IDA programs, a growing number of Native IDA programs allow for additional savings goals such as materials for traditional activities like ceremonies and pow wows.

Locally designed IDA programs also allow more flexible savings goals for short term needs such as school supplies and sports equipment. Several tribal programs and Native nonprofits across the Northwest Area Foundation region offer some variation of an Individual Development Account program. In addition to the organizations highlighted below, several other programs in the region offer IDA programs (see Figure 6 and Appendix C).



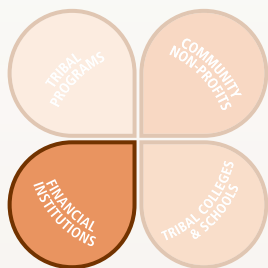
**Figure 6: IDA Programs in the Northwest Area Foundation Region**



**IDA Program: Confederated Tribes of the Chehalis Reservation/Chehalis Tribal Loan Fund**

The Confederated Tribes of the Chehalis Reservation, through the Chehalis Tribal Loan Fund, offers an Individual Development Account program that helps people save for homeownership, postsecondary education, or business capitalization goals. Deposits are matched at a rate of 2:1 and participants are provided with fee-free savings accounts. IDA

clients are provided financial education classes and financial coaching. The program is funded by the Department of Health and Human Services' Assets for Independence program.



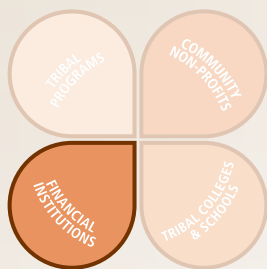
**Whalši ialaš Savings Program: Taala Fund**

The Taala Fund received a grant from the Assets for Independence program in 2012 to start an IDA program titled the *Whalši ialaš (Save for Tomorrow) Savings Program*. This program helps people save for two goals: post-secondary education and starting a micro-business. Participants must save for 12 months and upon completion of their savings goal, their savings amount will be matched

at a rate of 6:1. Participants receive financial education and financial coaching.

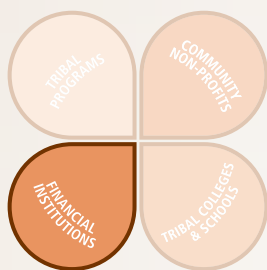
**Cultural Fit: IDA Programs**

Many Native nonprofits and tribal governments have designed their IDA programs in a way that is reflective of local cultural values and respectful of local cultural lifeways. For example, Meskwaki Nation uses tribal money for their IDA match and therefore can support such allowable purchases as dance regalia or materials for cultural ceremonies. The Lakota Funds has named their IDA program the *Lakota Tiwahe Family Asset-building Project*, reflecting local cultural values of saving to support the entire family, not just the individual. The Taala Fund's *Whalši ialaš (Save for Tomorrow) Savings Program* was designed to reflect local traditional savings patterns.



### ***Lakota Tiwahe Family Asset-Building Project: Lakota Funds***

The Lakota Funds offers both an adult-focused and a youth-focused Individual Development Account program. Their adult-focused programs, call the *Lakota Tiwahe Family Asset-Building Project*, allows low-income participants to open a matched savings account and save for a homeownership, business development, or post-secondary education goal. Funded by the Assets for Independence program, participants are required to save for at least 6 months but can stay in the program for up to 24 months. Participants must make a minimum monthly deposit of \$25. Participants receive financial education and credit counseling. Lakota Funds also offers an Individual Development Account program for youth participants. They state that the goal of their youth IDA program is “to teach our Lakota youth the value and benefits of saving money.” The Youth IDA Program participants receive financial education and asset-specific training, participate in group meetings, and create a savings plan. Aimed at youth ages 14-17, participants have to save \$25 a month for at least 6 months.



### ***Okodakiciyapi Savings Program and Teen Matched Savings Program: Hunkpati Investments***

Hunkpati Investments, a Native CDFI located on the Crow Creek Indian Reservation, has a mission to support the financial stability of individuals, families, and businesses on the Crow Creek Reservation through education, access to capital, and entrepreneurial development. Hunkpati offers three IDA programs. The *Okodakiciyapi Savings Program* is a matched savings program funded by a Assets for Independence grant that provides education and resources for people to save for three main goals: to pursue higher education, start or expand a business, or purchase a home. Participants make monthly deposits in a savings account for at least six months and up to two years. Every dollar a participant deposits into their account is matched by \$12.00 or \$8.00 depending on their savings goal, and by the end of the saving period a participant can use up to \$6,500 to achieve their goal.

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“What I find interesting is how mindsets have changed. A number of the parents of these kids (in our Summer Employment Youth IDA Program) have completed our program of financial and homebuyer education, and encouraged their kids to sign up for the Summer Employment IDA. To have 19 kids signed up this year is great. ...[we] offered a youth IDA in 2003 to the summer youth employees and didn’t have anyone complete the requirements for the match.”

*-Employee at the Confederated Tribes of the Umatilla Indian Reservation (CTUIR) Housing Authority. The Umatilla Tribal Business Service Center partnered with the CTUIR Housing Authority to provide a Youth IDA for the 2014 summer youth employees.*

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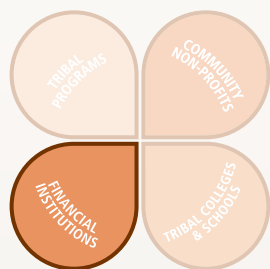
Hunkpati also offers a youth IDA program. High school students who participate in *Hunkpati's Teen Matched Savings Program* have the option of saving for education or a small business. Teen participants receive financial education tailored to their savings goal and make regular deposits into a special savings account opened for the matched savings program. Depending on the savings goal, participants can receive up to \$8.00 for every \$1.00 they deposit.

Hunkpati also offers the *Summer Savings Program*. The *Summer Savings Program* combines financial education lessons with hands-on activities such as growing food in a community garden and selling it at a farmer's market. The goal of the program is to demonstrate the value of hard work and encourage entrepreneurship for youth participants ages 6-13. By participating in designated program activities, participating children earn stipends, which are deposited into a savings account and matched at a rate of 2:1. Depending on age level, children are able to put up to \$300 towards their savings goal upon program completion.



## 5. Children's Savings Accounts

Children's Savings Accounts are a financial empowerment tool that has recently gained attention in the asset-building field. Children's Savings Accounts, or CSAs, are a typically long-term savings accounts established in the name of a child and allowed to grow over time to provide a nest egg of savings for a financial goal such as attending college. Originally conceptualized as an account established at birth for young children, the CSA field now includes savings accounts established for elementary school children and even teenagers, and many have shorter-term savings goals. Similar to IDAs, accounts are often started with an initial deposit and parents and others are encouraged to make additional deposits over time to build the savings amount. Usually, the amount can be withdrawn when a youth turns 18 and is sometimes, although not always, restricted to an asset-building purchase or for educational expenses. Usually financial education is provided to both the youth and the parents, with a goal of both increasing financial knowledge and building expectations and aspirations for financial empowerment and higher education. Support for CSAs has been growing as research has confirmed that the savings rate of a household is closely related to economic mobility and security over time.<sup>63</sup> In addition, there is research to suggest that having access to savings, especially savings accounts held in a children's name, is related to better academic performance for children, higher rates of college completion, and higher rates of college attendance.<sup>64</sup> There are few formal CSAs serving Indian Country,<sup>65</sup> but an increasing number of tribes and Native nonprofits are seeing the value of using a savings account in a child's name to build financial knowledge and change attitudes and aspirations related to savings and college attendance. A review of the three programs serving the Northwest Area Foundation region (see also Figure 7) is provided below.

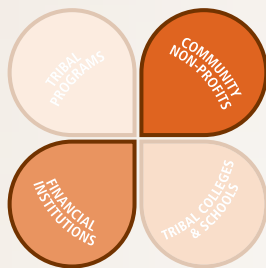


### **Child Development Account: Lakota Funds**

Lakota Funds is a pioneer in the field of Native Children's Savings Account programs, and started offering Child Development Accounts in 2011. The goal of their program was to involve the whole family in savings activities with the hope of having a two-fold impact – on both the child and the family. The program worked to facilitate the opening of 25 accounts over the past 3 years. The program includes a base deposit amount and also wrap around financial education classes that help the parent and the child learn about asset building and the savings habit. As of 2013, the participants in these 25 accounts had saved a cumulative total of \$3,330



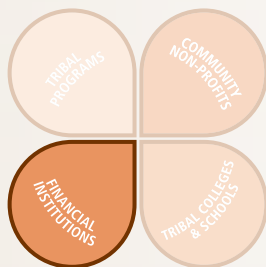
and Lakota Fund had matched those deposits with \$9,900, providing a total investment of \$13,230 for the education of the 25 children participating in the program. Lakota Funds found that it was a much harder, time-consuming process to find 25 families to open these accounts than they expected, even with 40,000 tribal members in the area. Some of the barriers slowing success of the project included the extensive outreach required at the local schools. There were three different types of schools: county schools, BIA schools, and private schools, and each school had their own governance structure that Lakota Funds had to consider and that affected how they chose to implement the curriculum. Currently, one-half of the participating parents are former Lakota Funds IDA or credit builder clients. Lakota Funds' long-term goal is to be in a position to open up a CSA for every kindergartner on the reservation (500-600 kindergartners). Lakota Funds is currently developing a best practices guide based on the three-year history of the project and they will then update their financial education curriculum and product accordingly.



### ***The Mini-Bank Program: Native American Community Development Corporation***

As described earlier, the Native American Community Development Corporation (NACDC) promotes a Mini-bank program which is a school-based, student oriented savings program that allows students to open savings accounts at their schools and learn about the formal banking sector. NACDC currently coordinates over 18 Native American Bank-affiliated Mini-bank programs that serve six reservations across Montana, Idaho, Colorado and Minnesota. To date, the initiative has 670 accounts totaling over \$40,000 in savings. While the Mini-bank program doesn't follow the traditional format of savings accounts at birth and wrap-around

financial services, these programs are designed to help young people learn financial management skills in an experiential setting and build a nest egg of savings for future asset-building goals.

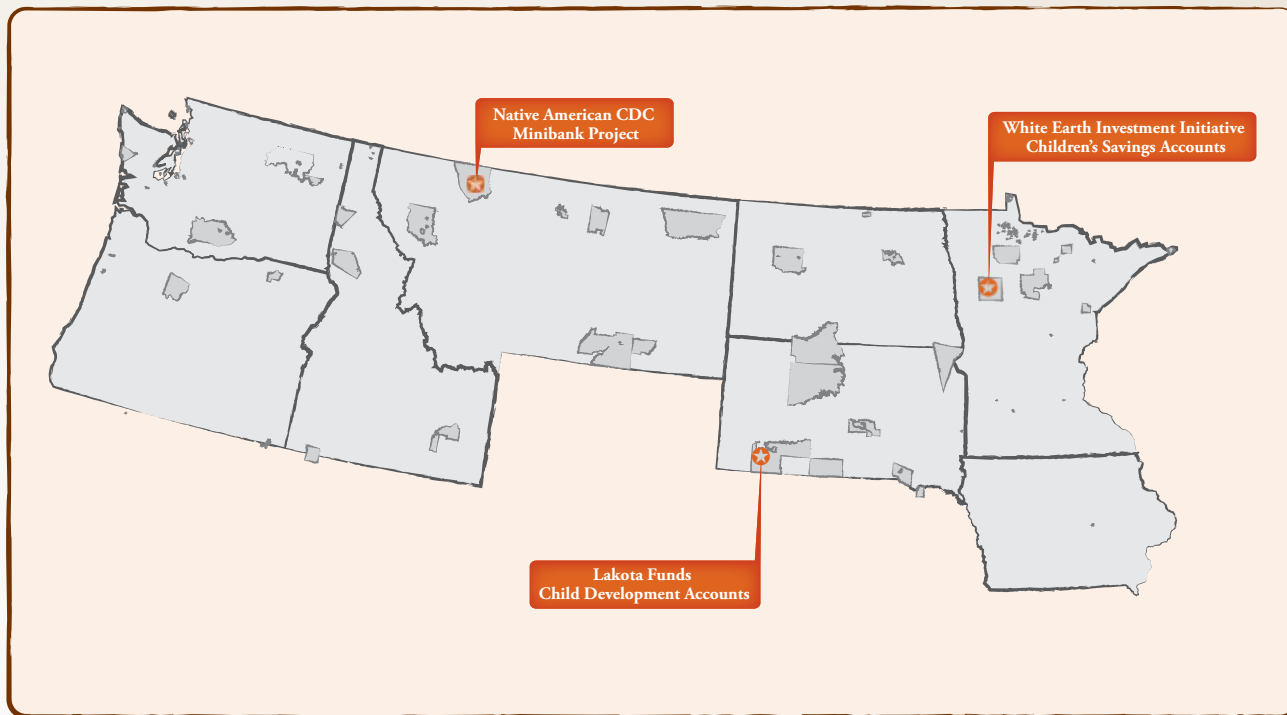


### ***Accounts at Birth: White Earth Investment Initiative***

In partnership with the Midwest Minnesota Community Development Corporation, the White Earth Investment Initiative, a Native CDFI located on the White Earth Indian Reservation, started a Children's Savings Account (CSA) program in 2010. Built upon the principles of the original CSA model, White Earth Investment Initiative identified a few communities on the reservation where children born within a certain time frame would be given small accounts at birth. They targeted the poorest communities on the reservation. The goal was to provide families with a savings nest egg for their children and to raise awareness of savings

opportunities. A few accounts were opened for middle school students as well. White Earth Investment Initiative did not put any restrictions on the use of the CSA money, and in one case held a community meeting to help the community members identify what the best use of the funds were. So far, two original account holders have graduated from high school and have chosen to use their funds for education-related expenses. This program is in its early stages, and there is not a great deal of evaluation or program data available. It will be useful to find out what the White Earth Investment Initiative learns from their CSA experiment on their reservation.

**Figure 7: CSAs Serving Native Communities**



## 6. Volunteer Income Tax Assistance Programs

The Volunteer Income Tax Assistance (VITA) program is an IRS initiative that helps qualifying nonprofit organizations provide free tax return preparation and filing assistance to low-to-moderate income families and individuals. VITA tax preparers serve in a volunteer capacity and are trained to help prepare tax returns electronically for clients. Volunteers also help inform taxpayers about special tax credits for which they might qualify, including the Earned Income Tax Credit (EITC). The EITC has been called the nation's largest federal anti-poverty program because this tax credit helps encourage work, reduce poverty, and boosts economic activity. According to the Center for Budget and Policy Priorities, in 2012 the EITC lifted about 6.5 million people out of poverty nationally, including about 3.3 million children, by providing them with additional income at tax time through the tax credit. While the Earned Income Tax Credit may not lift all low income people out of poverty, it can provide an important infusion of additional income.

Unfortunately, millions of EITC dollars go unclaimed each year, especially in Native communities. In 2007, First Nations estimated that in some Native communities as many as 70% of qualified tax filers failed to claim valuable EITC refunds. Most low-to-moderate income individuals have few options available to them as they try to fulfill their legal obligation to file their federal tax returns each year. Many turn to high-cost tax preparation services that may encourage filers to take out expensive loans against tax refunds. Tax filers that qualify for the EITC use these high cost tax preparation services and loans at a higher rate than those who do not qualify, which means that they are more likely to lose a portion of their refund to unscrupulous or overpriced tax preparers.



### Screening VITA Clients for Access to Public Benefits – Chief Dull Knife College

The Northern Cheyenne Tribe is located on southeastern Montana's Northern Cheyenne Indian Reservation. The reservation is centered by the town of Lame Deer, the tribal and government agency headquarters. Poverty levels are high, with more than 40% of the Lame Deer population meeting the poverty threshold. Lame Deer is also the home of Chief Dull Knife College. For years, the college's Cooperative Extension program has sponsored a Volunteer Income Tax Assistance (VITA) site to help community members prepare their taxes and access the Earned Income Tax Credit (EITC). In response to the poverty rate and the high use of refund-anticipation loans, Chief Dull Knife College applied for a grant to enhance the services of their VITA program. The Cooperative Extension program was already providing much-needed tax services through its VITA clinics, but the new program would use VITA as an opportunity to screen community members for public benefits, and also steer them toward asset building and financial empowerment programs.

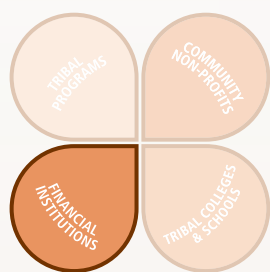
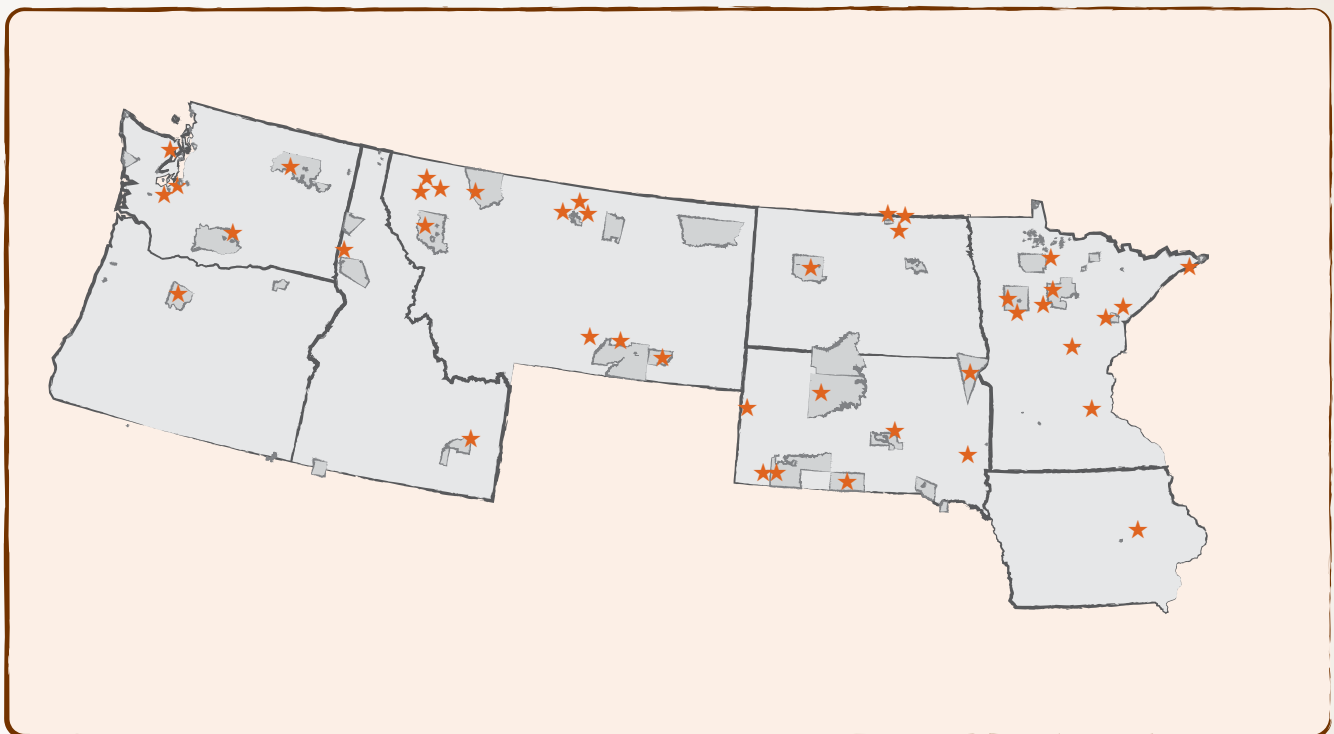
The Chief Dull Knife extension staff worked to form local partnerships to ensure the success of their new program. A local nonprofit, Peoples' Partnership for Community Development, and a statewide development organization, Rural Dynamics, Inc., provided useful resources and manpower to get the project going. Dubbed "VITA Plus," the Chief Dull Knife extension program planned and implemented internal systems to facilitate benefits screening and referrals to asset-building programs. Extension staff developed an intake form that collected information about each client's family structure and annual income. This form was used for tax preparation work but also allowed a newly hired Assets Liaison to enter the client's information into an online benefit screening program called Bridges to Benefits. The Montana Bridges to Benefits website is the product of a partnership between Rural Dynamics, Inc. and the Children's Defense Fund, and is part of a multi-state project focused on improving the well-being of families and individuals by linking them to public support programs and tax credits. The online screening tool takes into account variables related to income and family structure and then provides information about whether an individual is eligible for a range of programs, including Medicaid, Healthy Montana Kids, Best Beginnings Child Care Scholarships, energy assistance programs, the School Lunch Program, or the Supplemental Nutrition Assistance Program.

The program was successful on many levels. As a VITA program, more than 500 returns were filed, and a total of \$1,107,293 was brought into the community in tax refunds (including EITC and the Child Tax Credit). One hundred thirty-five clients completed intake forms, and the information was entered into the Bridges to Benefits website and benefits/program eligibility was shared with clients. Of the 135 screenings, all were eligible for at least one program. The Assets Liaison assisted 18 individuals with benefits applications and an additional 13 took applications home to prepare. The VITA sites also linked clients to financial empowerment programs. Of the 135 clients who filled out the form, 96 were referred to the People's Partnership for Community Development to learn more about financial empowerment programs. Of the 96 clients, 67 were interested and signed up for services. Of the 67, all have attended a financial education class, and 12 have started an Individual Development Account (IDA) program. Ten are active in a credit-builder loan program, and 15 signed up for and completed a 13-week entrepreneurship class. One participant submitted his completed business plan to the Montana Indian Equity Fund program and received a grant to start a small business.

Using VITA programs to screen clients for access to benefits, or to make referrals to financial empowerment programs, represents a promising practice for VITA sites serving Native communities in the Northwest Area Foundation region. With the right partnerships and resources, VITA programs can extend their impact beyond tax preparation and contribute to helping families gain access to useful benefits and training.

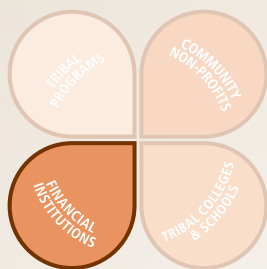
In the Northwest Area Foundation region, there were 48 VITA sites serving Native communities in 2013 (see Figure 8), and 25 of these sites are run by Native nonprofits (including CDFIs) or tribal government programs. Together, these sites prepared 13,599 tax returns and brought \$22,391,048 in refunds back into the community, including \$8,863,483 in EITC and \$4,741,556 in the Child Tax Credit. As can be seen by these numbers, VITA programs play an important role in providing financial services to low-to-moderate income families and can significantly impact the household budgets of tax filers. This section provides an overview of the most successful and innovative VITA programs serving the Northwest Area Foundation region. For a complete list of VITA programs serving the region in 2013, see Appendix B.

**Figure 8: VITA Programs Serving Native Communities in the Northwest Area Foundation Region**



#### ***Community VITA Program – Northwest Native Development Fund***

The Northwest Native Development Fund has a mission “to foster economic and financial independence for Native people by assisting in the development of personal assets through financial and entrepreneurial education as well as providing access to capital through creative lending products.” They view VITA as an important part of their financial empowerment strategy, and have been operating a VITA site for several years now. In 2013 they successfully prepared 162 tax returns including 51 EITC returns. The VITA operation brought \$325,607 in refunds into the community in 2013, including \$100,141 in EITC. The community response to the VITA program has been very positive, and they plan to continue to offer VITA services in the future.



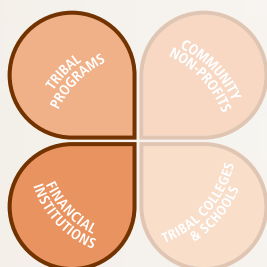
### ***Building Support for VITA Services: Great Plains Native Asset-Building Coalition***

The Great Plains Native Asset-Building Coalition is a group of organizations that serve Native Americans in the Great Plains region and works to expand economic opportunity and the creation of wealth and asset development. Their goal is to provide a peer network to assist practitioners in the region to expand their asset-building and financial empowerment services. Recognizing the value of a VITA site, they have provided resources and information for both practitioners and individuals about the VITA program. On their website, they provide access to a range of tools to help practitioners start VITA sites, and they also provide information

for individuals who are looking for a VITA program in their community. Each year, the Great Plains Native Asset-Building Coalition sponsors a certification training for Native VITA sites that is open to all members of the coalition.

## **7. Business Development Loans/Entrepreneurship Support**

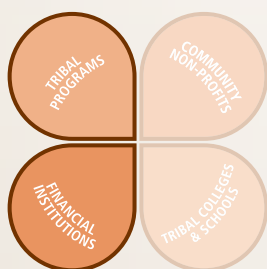
While it is beyond the scope of this paper to provide an overview of all the entrepreneurship development efforts being sponsored by tribes and Native nonprofits, it is useful to provide an overview of credit products that are designed to promote small business development. Many reservation residents struggle with lack of access to capital to start a small business, in no small part because they often cannot use the land they own for collateral because it is held in trust by the federal government. According to the Native American Lending Study, conducted in 2001, business loans were rated as “impossible” to obtain by 24% of Native American and Native Hawaiian respondents and as “difficult” to obtain by 37%. Increasingly, Native CDFIs and tribal loan funds are working to create access to credit for local entrepreneurs, and many Native CDFIs offer micro- and small business loans coupled with financial and business coaching and education. An increasing number of Native CDFIs are offering larger business loans to qualified applicants. This section will provide an overview of just a few of the business credit products offered in the Northwest Area Foundation region.



### ***Business Equity Loan Fund: Standing Rock Sioux Tribe***

The Standing Rock Sioux Tribe has a business equity loan fund that provides a grant to eligible small business owners to help them access larger lines of credit for small business start-up. Recognizing that many reservation-based entrepreneurs do not have a great deal of equity to offer to potential lenders, the business equity loan fund works with lending institutions to provide equity and assist entrepreneurs in gaining access to credit. On the Standing Rock Indian Reservation, there are several other resources to help promote the development of entrepreneurs and businesses that all work in partnership with the Business Equity Loan Fund.

Sitting Bull College has a Tribal Business Information Center and offers a range of courses in small business development. The tribal Entrepreneurship Center provides advice and training for entrepreneurs, business plan development, and mentorship. In addition, the Entrepreneurship Center offers loans and helps people apply for the Business Equity Loan Fund.



### ***Promoting Small Business Development: Lummi CDFI and Lummi Tribal Ventures***

On the Lummi Indian Reservation tribal members have access to a range of resources to help them start or grow their business. Selected for a multi-year grant from the Northwest Area Foundation, the Lummi Tribe developed a community center (Lummi Gateway Center) that also serves as a business incubator. The Lummi Gateway Center currently houses a restaurant, a seafood market, a carving shed, and a gift shop. In addition, the building has space to house several office-based businesses and recently became home to Lummi CDFI, a CDFI serving

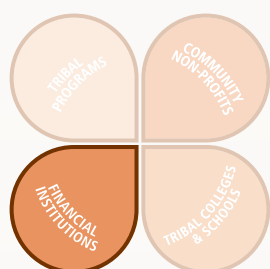


the Lummi Nation. Working with Northwest Indian College and Lummi CDFI, entrepreneurs can access courses, business loans, and small business coaching. The Lummi CDFI is a certified Native CDFI that offers a range of loan products to help local businesses access the credit they need. Many of the small businesses on the reservation are fishing operations that experience seasonal employment patterns. The small business coach and the Lummi CDFI are trained to work with seasonal businesses and have helped many businesses gain equipment and resources to participate in seasonal fishing runs.



## 8. Mortgage Loans/Homeownership

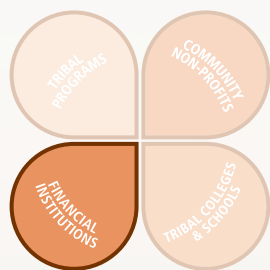
On many reservations across North America, there is a severe housing shortage and existing homes are often substandard. According to research by the U.S. Department of Housing and Urban Development (HUD), the housing challenges faced by American Indians are considerably more severe than those of non-Indians. Houses on Indian reservations are more likely to be overcrowded, lack plumbing or kitchen facilities, or be considered unsafe. In addition, a large proportion of the housing stock on Indian reservations tends to be HUD homes or housing projects sponsored by the tribe. Increasingly, tribes and Native nonprofits are working to help tribal members purchase their own homes with responsible, accessible mortgage products. This section will provide an overview of a few of the programs that offer safe, affordable, and accessible home loans to reservation residents.



### ***Supporting Homeownership: Minnesota Chippewa Tribe Finance Corporation***

The Minnesota Chippewa Tribe Finance Corporation (MCTFC) is located on the Leech Lake Indian Reservation but serves all Bands of the Minnesota Chippewa Tribe. MCTFC's mission is "to finance and promote affordable, safe and decent housing and economic development opportunities for low- and moderate-income band members and sustain healthy communities within its service area." The MCTFC is a certified Native CDFI and receives its funding from a variety of sources including the CDFI Fund and various HUD programs. The MCTFC provides a variety of loan products, including mortgages and home improvement loans, to help low- and

moderate-income tribal residents purchase or repair a home. The MCTFC has been administering and providing mortgage loan services since 1977, and has assisted over 1,800 families to improve the quality of their living environment through the construction or purchase of housing. The MCTFC has administered and issued home improvement loans to over 190 families to maintain the value and livability of their homes.



### ***Safe, Affordable Mortgages: Mazaska Owecaso Otipi Financial***

Mazaska Owecaso Otipi Financial is a Native CDFI serving residents of the Pine Ridge Indian Reservation and surrounding communities. Mazaska Owecaso Otipi Financial's mission is "to create safe and affordable housing opportunities on the Pine Ridge Indian Reservation by providing loans, training and financial insight to empower our Native people to build assets and create wealth." Mazaska Owecaso Otipi Financial provides a range of loan products including mortgages and home repair loans. They also provide credit coaching, financial education, and homebuyer education to help ensure new homebuyers are successful in

paying their loans and keeping their homes. Since it started making loans in 2004, Mazaska Owecaso Otipi Financial has disbursed loans totaling over \$1.2 million.

## C. Native Coalitions In Support Of Financial Capability And Asset Building

In addition to the community institutions that promote financial capability, there are many regional coalitions in the Northwest Area Foundation service area. Coalitions can provide an important service by increasing collaboration, communication, peer learning, and trust between emerging and active financial capability programs. These coalitions can serve as successful venues for developing, promoting, and implementing asset-building policies, programs, and initiatives in communities. Native coalitions play an important role because their Native staff and practitioners have the expertise to design culturally-relevant programs and also the relationships in Indian Country to effectively serve their constituents. As a result, these coalitions are often more effective than national organizations in providing technical assistance and can help design innovative asset-building programs that reflect local cultural lifeways. There are an increasing number of Native coalitions in the Northwest Area Foundation region, including homeownership coalitions and Indian business alliances. These coalitions display uneven levels of activity, and activity level is often based on funding and current leadership. This section provides a brief overview of coalitions in the region.

### 1. Northwest Native Asset-Building Coalition

The Northwest Native Asset-Building Coalition is a coalition of asset builders that focuses on community empowerment through personal development and asset acquisition. The coalition was formed in 2006 to address the lack of asset-building services available in Native communities throughout the region. Their goal is to help all 42 northwest tribal communities in their region to offer financial education courses, asset acquisition programs, credit counseling and money management courses that would result in families being financially secure, and thereby strengthening tribal economies. The coalition is led by staff from the region's U.S. Housing and Urban Development (HUD) Office of Native American Programs (ONAP).

### 2. Great Plains Native Asset-Building Coalition

The Great Plains Native Asset-Building Coalition works to expand economic opportunity and the creation of wealth and asset development. Their focus is currently in the state of South Dakota and they have many Native CDFIs represented in their membership. Their mission is to build the capacity of each member organization to bring sustainable change within their respective Native communities and reservations, and to leverage collective experience and resources to positively affect economic development and asset building in the Native communities of the Great Plains region. The coalition and its members promote strategies related to financial education, IDAs, VITA and EITC, access to credit, and housing.

#### **Great Plains Native Asset-Building Coalition**

The **Great Plains Native Asset-Building Coalition (GPNABC)** helps asset-building programs in their region share training resources and network with other programs. For example, the GPNABC sponsors a certification training for Native VITA sites each year that is open to all members of the coalition.

#### **Northwest Native Asset-Building Coalition**

The **Northwest Native Asset-Building Coalition** provides a useful quarterly newsletter where members can learn about the range of programs in the region. They also rotate their quarterly meetings to allow people to travel to different asset builders' sites to promote information sharing and peer learning. In addition they hold periodic national meetings to support information sharing about asset-building and financial capability.

### 3. South Dakota Tribal Homeownership Coalition

The South Dakota Tribal Homeownership Coalition began the strategic planning process in mid-2013 and has since launched itself as a coalition to promote increased homeownership opportunities for South Dakota's Native people. The South Dakota Tribal Homeownership Coalition is a group of key agencies and nonprofit organizations that have come together to support an environment favorable to homeownership on South Dakota's reservations. South Dakota USDA Rural Development, the South Dakota Governor's Office of Economic Development, the South Dakota Housing Development Authority (SDHDA), and the Great Plains Native Asset-Building Coalition convened a meeting of stakeholders in mid-July 2013 to gain input on the creation of a statewide coalition to support and promote homeownership. Six of the nine Indian reservations in South Dakota, including representatives of six Indian housing authorities, participated in the meeting. Currently the coalition includes broad membership from several tribes and state government offices and is conducting meetings and conferences on a regular basis.



### 4. Montana Homeownership Network

The Montana Homeownership Network is a nonprofit partnership between 27 Montana nonprofits, including Neighborworks America, the Montana Credit Union Network, and Consumer Credit Counseling Services. The network emphasizes homeownership with the goal of providing Montanans appreciating assets and the ability to begin building wealth. They are a certified Native CDFI and received an Assets for Independence grant in 2008 with the objective of creating a statewide IDA program that will provide homeownership opportunities for Montana families.

### 5. Coalition of Indian Housing Authorities in North Dakota

The Coalition of Indian Housing Authorities in North Dakota is a nonprofit organization dedicated to supporting Indian housing programs. They do not have a website or provide any public information, so it is difficult to gather data on them. However, they successfully received a CDFI Fund Technical Assistance grant in 2013 and appear to be providing training and services with their partners.

### 6. Northwest Indian Housing Association

The mission of the Northwest Indian Housing Association is to promote safe, sanitary, decent and affordable housing for Tribal members in the Pacific Northwest. They provide training and education opportunities by linking members to information and financial resources, and have over 30 tribal housing authorities as members. They issue a newsletter every quarter and provide information about training and capacity building programs for their members. They work to provide Pathways Home training and other certification training for their members.

### 7. Minnesota Asset Building Coalition – Native Asset Building Group

The Minnesota Asset-Building Coalition is an initiative of Mid-Minnesota Legal Aid. They have a small group of members who are very active in working in Native communities and are dedicated to peer learning and information sharing and meet informally as the Native Asset Building Group.

#### **Northwest Indian Housing Association**

The Northwest Indian Housing Association has a very active membership with the majority of the housing authorities in the region participating in their coalition. They often rotate the meetings to different reservations to help promote information sharing and peer learning.



## Indian Business Alliances

*There are business alliances in several of the 8 states in the Northwest Area Foundation region, and these alliances work to create an enabling environment for financial empowerment on Indian reservations.*

The **Minnesota Indian Business Alliance** has a mission to promote an economic environment that supports sustainable American Indian businesses. They believe that “flourishing American Indian business is essential to the overall vitality of our tribal communities and the Minnesota economic landscape,” and they are working to grow the business sector in tribal communities and increase opportunities for Minnesota’s American Indian businesses.

The **Montana Indian Business Alliance** promotes private Indian business development by maximizing and developing resources that encourage and support Montana Indian entrepreneurs. The Alliance is an outcome of a historic 2006 Montana Indian Business Conference. Its partners are comprised of organizations and entities that are interested in Indian business development. They include tribal organizations, tribal governments, state government, non-profits, tribal colleges, Indian owned businesses, lending institutions, and others.

The **Indian Business Alliance of North Dakota** is a joint venture of the North Dakota Indian Affairs Commission and the North Dakota Department of Commerce. Their mission is to grow and strengthen Native American entrepreneurship both on and off the state’s reservations.

The **South Dakota Indian Business Alliance** is a group of community partners committed to growing Indian business in South Dakota. Their mission is “to enhance Indian Business development by leveraging partnerships and resources of diverse institutions and organizations.”



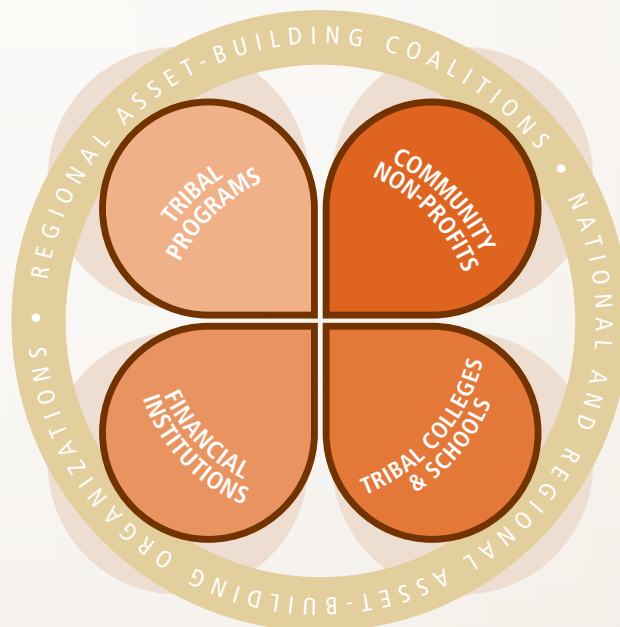
# 4 Ways to Support Financial Capability and Asset Building in Native Communities

It is clear that there are many successful and innovative financial capability programs serving Native communities the Northwest Area Foundation region. These programs are supported by the leadership, resources, and knowledge found in community institutions such as tribal colleges, Native nonprofits, financial institutions, and tribal governments. While there are many successful programs, there are not nearly enough to meet the demand. Many reservations remain underserved by financial empowerment programs and continue to struggle with low financial literacy levels and high use of alternative financial services.

Drawing upon the research for our paper, and the input of our advisory committee, we have identified several recommendations for supporting the development, retention, and expansion of financial capability programs that serve Native communities. Successfully promoting financial capability programs in Native communities will require a range of strategies to support information sharing, effective program design, and program sustainability.

## 1. Invest in Existing Community Institutions

Existing community institutions such as tribal colleges, nonprofits, CDFIs, and tribal programs represent effective systems for implementing financial capability programs. These community institutions already have systems in place to reach a large number of individuals with their programs in a way that is integrated into existing services. In addition, these local institutions are often the most effective identifying the best cultural fit for financial capability programs. Investments in financial capability programs should target this broad range of community institutions and work to build on the relationships, community knowledge, and existing programs these community institutions already have in place.



## 2. Encourage Idea Dissemination and Promote Peer Learning

While there are a range of successful programs serving Native communities across the Northwest Area Foundation region, many communities remain underserved. There is a need to support safe spaces for peer learning by providing meeting venues around key issue areas or topics. Practitioners in Native communities often benefit from a peer-learning environment where the unique challenges and opportunities found in many reservation-based Native communities can be discussed. These convenings ultimately help build the capacity of practitioners and build expertise in Indian Country at large. Some specific suggestions are the following:

- Support peer-learning convenings and conferences, organized by Native asset-building organizations or tribes, where community practitioners can learn what other tribes are doing and gather information to start or expand financial capability programs.
- Provide travel support to peer networking conferences such as those sponsored by the region's asset-building coalitions.
- Provide funding for technical assistance organizations that can help community institutions successfully adopt new programs.
- Document case studies and lessons learned from existing grant programs and share these with the larger community to foster learning and information dissemination.

## 3. Promote Systems-Based Financial Capability Programs

Research suggests that the most effective financial capability programs are those that are integrated into existing systems. School and workplace-based financial education offers clear incentive structures and effective delivery systems. Financial education provided as part of social service programs can help individuals achieve financial empowerment. Native CDFIs can integrate financial education into their loan programs and small business development classes. Existing intervention programs, such as VITA programs, offer an opportunity to promote asset-building and financial education. Investing in programs that develop or build upon these existing systems appears to be a powerful strategy for promoting effective financial capability programs in the region.

## 4. Recognize the Power of Incentive Structures

Many standalone IDA programs and financial education programs struggle with low participation rates. In contrast, several of the programs described in this paper have clear incentive structures that result in high participation rates and strong program engagement. An increasing number of tribes are paying youth to participate in summer college experience programs that offer financial education, and tribal colleges are including financial education in their mandatory orientation classes. Native CDFIs are requiring financial education as part of their small business education programs, and tribal governments are mandating financial education for their employees. An effective financial capability program will be designed in a way that uses incentive structures to encourage participation and engagement.





## 5. Look for Leadership in Local Communities

Several of the communities profiled in this paper have community-wide financial empowerment committees that have helped design, build, and support local financial capability efforts. Some of these emerge from tribal leadership, such as with the Bois Forte Band of Chippewa Indians, where a community financial education committee led to the development of a local credit union and financial education efforts for community members. In other cases, the local CDFIs have led efforts to promote financial capability efforts beyond their organization. Staff at tribal colleges also play a key role in designing and implementing financial empowerment programs. This local leadership can contribute to a strategy that reflects a community's values, culture, and economic realities.



## 6. Invest in What's Working and Leverage Current Successes

It is clear that there are a range of successful programs serving reservation-based residents across the Northwest Area Foundation region. Whether it is the \$22,291,048 returned to communities through VITA programs, or the over 293 tribal employees educated by Four Bands Community Fund, it is obvious there are several models that are very effective in increasing the financial knowledge and financial inclusion of low-to-moderate income tribal citizens. Yet many of these programs struggle with a lack of resources and not enough staff to complete their work. An opportunity exists to support these successful programs and at the same time encourage program expansion by designing funding initiatives that build upon current success. For example, a funding program that supports VITA programs to conduct benefits screening for their clients would serve the dual goal of supporting a successful program model and building upon that success.

## 7. Elevate the Voices of Native Practitioners

There is a tremendous amount of innovation and creativity at work in Native communities across the northwest region. However, due to their location in remote, rural areas, and a lack of resources to travel to national conferences, many practitioners in these communities do not often have opportunities to share their Native voices at the national level. Resources to support travel to national conferences and other learning venues would help support practitioners in Native communities as they work to design effective financial capability efforts and share their innovations.

## 8. Recognize the Importance of Culture

For financial capability programs to be successful, programs should take into account the unique cultural traditions in diverse Native communities and also reflect current cultural lifeways. In many Native communities, there is a unique local history of tribal self-determination and a strong emphasis on personal self-sufficiency and protecting and caring for one's family and community members. Effective financial capability programs should reflect local cultures and stories and use these traditions to guide program design and marketing.

## 9. Adopt realistic timeframes for program implementation.

Relationship building in Native communities takes time. Many practitioners that we worked with and who serve on our advisory committee emphasized that it takes a long time to implement a program in a reservation-based community and to change attitudes, ideas, and expectations. In addition, any new program requires a long process of relationship building and developing trust. A four- or five-year grant, rather than one- or two-year grant, will have a higher likelihood of achieving its goals.

# 5 Conclusion

Leadership in Native communities is increasingly interested in financial capability programs that help individuals achieve financial literacy and financial inclusion. Financial empowerment programs provide a foundation for asset-building activities such as starting a small business or buying a home. Across the Northwest Area Foundation region, there are many Native success stories and lessons learned. This paper presented a conceptual framework for understanding financial capability in Native communities, and then provided an environmental scan of successful financial capability programs serving reservation-based communities in the region. The programs highlighted in this paper reflect the creativity and ingenuity of community practitioners who are working to meet the needs of their local community members in a way that is culturally sensitive, reflective of local realities, and effective.

While a great deal has been accomplished in the region, there is still room for growth. This paper also provides suggestions for how to support promising financial capability programs in the region, and how to most effectively promote adoption of these programs by other communities. There is still a great deal of work to be done to ensure that all Native communities have access to financial education that increases financial knowledge. In addition, there is still a great need for financial products that are safe, reliable, and easy to use. As more and more communities implement financial capability programs, we will make progress toward the goal of reducing poverty and achieving sustainable prosperity in the Northwest Area Foundation region.

# Endnotes

- 1 From congressional testimony, May 10, 2006.
- 2 See <http://www.jumpstart.org/home.html>.
- 3 Sledge, J., Tescher, J., & Gordon, S. (2010). *From financial education to financial capability: Opportunities for innovation*. Chicago, IL: Center for Financial Services Innovation.
- 4 Sherrard Sherraden, M. (2010). *Financial capability: What is it, and how can it be created?* (Working Paper No. 10-17). Saint Louis, MO: Center for Social Development at Washington University. See page 15.
- 5 Community Development Financial Institutions (CDFIs) are specialized financial institutions that serve as private-sector intermediaries with community development as their primary mission. CDFIs work in markets often underserved by traditional financial institutions and also develop new markets in underdeveloped areas. CDFIs offer a range of financial products and services, and most offer some form of personal, small business, or credit repair loan. CDFIs include regulated institutions such as community development banks and credit unions, and non-regulated institutions such as loan funds. The Community Development Financial Institutions Fund (CDFI Fund) of the U.S. Department of the Treasury has provided funding, technical assistance, and peer learning opportunities for the CDFI field, and offers a certification program for CDFIs that meet certain criteria. In order to be certified by the CDFI Fund, the organization must demonstrate significant “developmental services” or financial education, financial coaching, or small business development services that it provides to the local community.
- 6 Volunteer Income Tax Assistance sites.
- 7 First Nations Development Institute’s asset framework recognizes that strong community institutions are key to community well-being. In partnership with the tribal government, there are many institutional assets that can facilitate economic empowerment in a community, including financial institutions, tribal colleges, and tribal social service programs such as TANF and housing authorities. Asset-building coalitions can also provide resources and support for financial empowerment and asset-building efforts.
- 8 See Dewees, S., & Sarkozy-Banoczy, S. (2007). Transforming economies: Entrepreneurship in Native communities. Chapter 7 in *Integrated asset-building strategies for reservation-based communities: A 27-year retrospective of First Nations Development Institute*. Longmont, CO: First Nations Development Institute; and Dewees, S. & Sarkozy-Banoczy, S. (2008) *Investing in Native community change: Understanding the role of community development financial institutions*. Washington DC: The CDFI Fund.
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- 11 FINRA Investor Education Foundation. (2013). *Financial capability in the United States: Report of research findings from the 2012 National Financial Capability Study*. Washington, DC: FINRA Investor Education Foundation.
- 12 Murphy, J., Gourd, A., & Begay, F. (2014). *Financial literacy among American Indians and Alaska Natives*. Washington DC: Office of Retirement and Disability Policy at the Social Security Administration.
- 13 FINRA Investor Education Foundation, unpublished data analysis from the 2012 National Financial Capability Study.
- 14 Jorgenson, M., & Mandel, L. (2007). *Financial literacy of Native American youth*. Longmont, CO: First Nations Oweesta Corporation.
- 15 Anderson, W., Brantmeier, N., Jorgensen, M., & Lounsberg, A. (2010). *Financial education in South Dakota’s high Native-enrollment schools: Barriers and possibilities*. Longmont, CO: First Nations Oweesta Corporation.
- 16 Juare, R. (2006). *Proceedings – Oklahoma City convening summit on serving Native American populations, July 10-11, 2006*. Washington DC: National Credit Union Foundation.
- 17 Survey research conducted by First Nations Development Institute at the 2008 National Indian Gaming Association Trade Show and Convention.
- 18 FINRA Investor Education Foundation. (2013). *Financial capability in the United States: Report of research findings from the 2012 National Financial Capability Study*. Washington, DC: FINRA Investor Education Foundation; Feltner, T. (2007). *Debt detour: The automobile title lending industry in Illinois*. Chicago, IL: Woodstock Institute and the Public Action Foundation; Theodos, B., Brash, R., Compton, A., Masken, K., Pindus, N., & Steuerle E. (2010). *Who needs credit at tax time and why: A look at refund anticipation loans and refund anticipation checks*. Washington, DC: The Urban Institute.
- 19 Unpublished survey research by Human Rights Watch.
- 20 FINRA Investor Education Foundation, unpublished data analysis from the 2012 National Financial Capability Study.
- 21 First Nations Development Institute and Center for Responsible Lending. (2009). *Borrowed time: Use of refund anticipation loans among EITC filers in Native American communities*. Longmont CO and Washington DC: First Nations Development Institute and Center for Responsible Lending.



- 22 Results of a nationally representative, anonymous survey of over 160 participants at the annual National American Indian Housing Council (NAIHC) meeting in May 2007 conducted by First Nations Development Institute in partnership with NAIHC.
- 23 Jorgenson, M. (2008). *Borrowing trouble: Predatory lending in Native American communities*. Longmont, CO: First Nations Development Institute.
- 24 Federal Trade Commission (2013). *Consumer fraud in the United States, 2011: The third FTC survey*. Washington, DC: Federal Trade Commission.
- 25 Dimitrova-Grajzl, V. P. , Grajzl, P., Guse, P., & Todd, R. (March 26, 2014). *Consumer credit on American Indian reservations*. Available at Social Sciences Research Network: <http://ssrn.com/abstract=2408747> or <http://dx.doi.org/10.2139/ssrn.2408747>
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- 36 The map does not include the regional and online campuses of the Northwest Indian College which serves the Nez Perce, Tulalip, Muckleshoot, Port Gamble S'Klallam, Swinomish, and Nisqually Tribes.
- 37 Local community colleges also play a key role in many reservation-based Native communities.
- 38 Volunteer Income Tax Assistance (VITA) programs provide free tax preparation for low-to-moderate income tax filers and help them access a range of tax credits.
- 39 An Individual Development Account (IDA) is a matched savings account that allows individuals to increase their financial knowledge, develop the savings habit, and build assets.
- 40 A Native CDFI is a CDFI that has been certified by the CDFI Fund and meets the following criteria: 1) Majority of board or leadership are Native; and 2) majority of services are provided to Native clients.
- 41 As of October 2013, there were over 74 certified Native CDFIs. However, due to a re-certification process initiated by the CDFI Fund, a few active Native CDFIs have not completed their recertification process and are not included in the current number of 67.
- 42 The only exception to this is Sovereign Leasing and Finance which is a tribal program serving the Salish and Kootenai Tribes on the Flathead Indian Reservation.
- 43 Harvard Project on American Indian Economic Development. (2008). *The state of the Native Nations: Conditions under U.S. policies of self-determination*. Oxford: Oxford University Press.
- 44 Temporary Assistance for Needy Families (TANF) is a federal program that provides cash assistance and supportive services to assist families with children under age 18, helping them achieve economic self-sufficiency.
- 45 The Native American Housing Assistance and Self Determination Act provides funding to several housing authorities to support a range of programs. Some NAHASDA funds can be used as a match for IDA programs.
- 46 Langholz, K. (2014). *Financial education and asset-building programs serving Native communities*. Longmont, CO: First Nations Oweesta Corporation.
- 47 Tribes can charter a nonprofit corporation under tribal law and then apply for nonprofit status from the IRS. Often, these nonprofits have board members who are members of tribal leadership (like tribal council) to ensure that the mission and activities of the nonprofit are in alignment with the goals of the tribal government.
- 48 Several federal grant programs are limited to "non-governmental entities" including the Assets for Independence funding and the USDA Community Foods Program.
- 49 The Spending Frenzy interactive workshop allows participants to practice budgeting and spending their minor's trust fund money in a safe, controlled environment. They receive their minor's trust payout in play money and then make a series of decisions regarding spending, saving, investing, and paying taxes.

- <sup>50</sup> The *Building Native Communities: Financial Skills for Families* curriculum is a culturally-relevant curriculum designed by First Nations Development Institute and First Nations Oweesta Corporation.
- <sup>51</sup> As stated earlier, the Spending Frenzy interactive workshop allows participants to practice budgeting and spending their minor's trust fund money in a safe, controlled environment – they receive their minor's trust payout in play money and then make a series of decisions regarding spending, saving, investing, and paying taxes.
- <sup>52</sup> Bernheim, D., & Garrett, D. (2003). The effects of financial education in the workplace: Evidence from a survey of households. *Journal of Public Economics* 87 (7–8): 1487–1519.
- <sup>53</sup> Gale, W., & Levine, R. (2010). *Financial literacy: What works? How could it be more effective?* Washington, DC: Brooking Institution. See also Gale, W. & Levine, R. (2012). Raising household saving: Does financial education work? *Social Security Bulletin* 72(2).
- <sup>54</sup> As stated in their AFI description on the AFI webpage.
- <sup>55</sup> Ibid.
- <sup>56</sup> Collins, M. (2014). *Financial coaching: An asset building strategy*. Washington, DC: Asset Funders Network.
- <sup>57</sup> Kolb, A. Y., & Kolb, D.A. (2009). Experiential learning theory: A dynamic, holistic approach to management learning, education and development. In Armstrong, S.J., & Fukami, C. (Eds.), *The SAGE handbook of management learning, education and development*. Thousand Oaks, CA: SAGE Publications Inc.; Palmer, L., Goetz, J., & Chatterjee, S. (2009). Service-learning for financial planning students: Making a difference now and for years to come. *Financial Services Review*, 18(2), 157-175.
- <sup>58</sup> Tufano, P., & Schneider, D. (2008). *Using financial innovation to support savers: From coercion to excitement*. Cambridge, MA: Harvard Business School.
- <sup>59</sup> Fiduciary Trust Officers are the liaisons between the Department of Interior's Office of the Special Trustee (OST) and tribal leaders. The OST manages all the tribal trust accounts for tribes, and also manages the Individual Indian Money accounts. Recently, the OST has increased their financial education outreach activities in an effort to empower community members (and tribal leaders) to have more information to effectively manage their financial resources.
- <sup>60</sup> See also First Nations Development Institute. (2012). *Learning by doing: Financial education for Native American youth receiving large lump-sum payouts*. Longmont, CO: First Nations Development Institute.
- <sup>61</sup> Verbal communication, Nedra Darling, spokeswoman, Office of the Assistant Secretary for Indian Affairs, Department of the Interior.
- <sup>62</sup> See First Nations Development Institute. (2011). *Big money*. Longmont, CO: First Nations Development Institute. See also First Nations Development Institute. (2011). *Developing innovations in tribal per capita distribution payment programs: Promoting education, savings, and investments for the future*. Longmont, CO: First Nations Development Institute.
- <sup>63</sup> Urhn, S., Plunkett, T., Currier, E., Elliot, D., Sattlemeyer, S., & Wilson, D. (2013). *Moving on up: Why do some Americans leave the bottom of the economic ladder, but not others?* Washington, DC: The Pew Charitable Trusts.
- <sup>64</sup> Assets and Education Initiative. (2013). *Building expectations, delivering results: Asset-based financial aid and the future of higher education*. Lawrence, KS: Assets and Education Initiative.
- <sup>65</sup> A significant percentage of tribes provide minor's trust accounts for their youth members. Tribes that pay out a per capita dividend, or who have received a settlement from a lawsuit, may hold payments in trust for their minor members and dispense payment upon a child turning 18. While these types of accounts do build assets for Native youth, they have not been presented with the type of wrap-around financial education programs typically provided to families served by CSAs, and therefore the impact on aspirations and savings patterns appears to be different than CSAs. Increasingly, tribes are recognizing the asset-building potential for minor's trust accounts however, and are beginning to provide extensive wrap-around financial education services to youth and families.

## A

# Appendix A: Certified and Emerging CDFIs in Northwest Area Foundation Region

No.	CDFI Name	City	State	Service Area	Certified?	Year Certified?
1	Affiliated Tribes of Northwest Indians	Edmonds, WA	WA	Intertribal	Yes	2004
2	American Indian Economic Development Fund (AIEDF)	St Paul	MN	Urban – Minneapolis/St. Paul, MN	Yes	2003
3	Chehalis Tribal Loan Fund	Oakville	WA	Chehalis Indian Reservation	Yes	2012
4	Community Development Bank, FSB	Ogema	MN	White Earth Indian Reservation	Yes	2002
5	Four Bands Community Fund	Eagle Butte	SD	Cheyenne River Indian Reservation & statewide	Yes	2002
6	Hunkpati Investments	Fort Thompson	SD	Crow Creek Indian Reservation & statewide	Yes	2012
7	Indian Land Capital Company	Little Canada/Roscoe	MN/MT	National	Yes	2011
8	Lower Brule Community Development Enterprise, LLC	Lower Brule	SD	Lower Brule Indian Reservation	Yes	2009
9	Lummi CDFI	Bellingham/Lummi Reservation	WA	Lummi Indian Reservation	Yes	2008
10	Mazaska Owecaso Otipi Financial Inc.	Pine Ridge	SD	Pine Ridge Indian Reservation	Yes	2004
11	Minnesota Chippewa Tribe Finance Corporation	Cass Lake	MN	Intertribal - Based on Leech Lake – service area statewide	Yes	2003
12	Montana Homeownership Network	Great Falls	MT	Urban - Great Falls, MT	Yes	2008
13	Native American Development Corporation	Billings	MT	Urban - Billing, MT	Yes	2004
14	Northwest Native Development Fund	Coulee Dam	WA	Colville and Spokane Reservations and regional services	Yes	2011
15	Sisseton Wahpeton Federal Credit Union	Agency Village/Sisseton	SD	Sisseton Wahpeton Indian Reservation	Yes	2002
16	Sovereign Leasing & Financing Inc.	Pablo	MT	Flathead Indian Reservation	Yes	2003
17	Taala Fund	Taholah	WA	Quinalt Indian Reservation	Yes	2012
18	The Lakota Funds, Inc.	Kyle	SD	Pine Ridge Indian Reservation & statewide	Yes	2003
19	Turtle Mountain CDFI	Belcourt	ND	Turtle Mountain Indian Reservation	Yes	2011
20	White Earth Investment Initiative	Ogema	MN	White Earth Indian Reservation	Yes	2007
21	Wolf Point FCU	Wolf Point	MT	Fort Peck Indian Reservation	Yes	2001
No.	Emerging CDFIs	City	State	Service Area	Certified?	Year received grant from CDFI fund
22	Black Hills Community Loan Fund	Rapid City	SD	Urban - Rapid City	No	2012
23	Coalition of Indian Housing Authorities	Bismark	ND	Intertribal	No	2013
24	Dakota Futures	Morton	MN	Lower Sioux Indian Reservation	No	2011
25	Leech Lake Financial Services	Cass Lake	MN	Leech Lake Indian Reservation	No	2011
26	NACDC Financial Services	Browning	MT	Blackfeet Indian Reservation	No - but an affiliate of Native American Bank	2013
27	Native American Youth and Family Center	Portland	OR	Urban - Portland	No	2012
28	Northern Eagle Federal Credit Union	Nett Lake	MN	Bois Forte Indian Reservation	No	2012
29	Warm Springs Community Action Team	Warm Springs	OR	Warm Springs Indian Reservation	No	2012
30	Nez Perce Tribe	Lapwai	ID	Nez Perce Indian Reservation	No	2012
31	People's Partnership for Community Development	Lame Deer	MT	Northern Cheyenne Indian Reservation	No	NA
32	Bii Gii Wiin Loan Fund	Minneapolis	MN	Urban	No	NA
33	Rosebud Economic Development Corporation (RedCo)	Mission	SD	Rosebud Indian Reservation	No	2014



# B Appendix B: List of VITA Program Serving Native Communities in The Northwest Area Foundation Region in 2013

Organization/Tribe	City	State	Total Returns	Total # of EITC Rtns	Total EITC \$	Total Refunds
Mid-Iowa Community Action MICA	Marshalltown	IA	123	61	103,324	216,221
Shoban Library (hrdc Building) (AARP)	Fort Hall	ID	375	122	190,065	529,173
University of Idaho- Moscow (Lapwai Indian Reservation)	Moscow	ID	112	29	20,196	89,500
Accountability Minnesota	St Paul	MN	2,222	1,119	1,617,179	3,410,739
AMERICAN INDIAN CENTER (AARP)	Minneapolis	MN	80	34	30,213	79,823
Fond du Lac Ind Reservation - UMD VITA	Cloquet	MN	65	17	29,468	86,003
Fond Du Lac Tribal College	Cloquet	MN	87	28	44,565	129,865
Grand Casino Mille Lacs - VITA	Onamia	MN	571	61	113,439	713,903
Grand Marais Community Center (AARP)	Grand Marais	MN	425	87	126,063	535,486
Leech Lake Tribal College (AARP)	Cass Lake	MN	81	23	21,985	110,192
Mahnomen Mahube Community Council (AARP)	Mahnomen	MN	76	18	35,449	89,596
NW Indian Opportunities Industrial Ctr VITA	Bemidji	MN	38	19	31,459	55,194
RED LAKE HOUSING AUTHORITY (AARP)	Red Lake	MN	455	256	642,545	1,407,094
White Earth Investment Initiative	Mahnomen	MN	350	135	292,527	713,739
Browning Community Development	Browning	MT	367	178	353,068	689,026
CAP @ FVCC (Flathead Valley Community College)	Kalispell	MT	205	57	81,490	234,394
CAP @ Gateway Community Center	Kalispell	MT	169	58	96,050	205,917
CHIEF DULL KNIFE COLLEGE	Lame Deer	MT	295	156	333,045	735,266
District 7 Human Resources Development Council	Billings	MT	1,279	488	776,027	1,819,506
Kalispell Gateway Community Center (AARP)	Kalispell	MT	772	161	173,758	607,091
MCUCD @ Bear Paw CU	Havre	MT	101	22	16,686	85,297
OL @ Stone Child College	Box Elder	MT	35	13	13,790	45,158
OL@Havre District IV HRDC	Havre	MT	125	50	90,010	198,933
Salish Kootenai College	Pablo	MT	119	46	82,641	164,603
St. Labre Family & Youth Services	Ashland	MT	161	74	120,107	318,565
Legal Services Of ND-Belcourt	Belcourt	ND	326	149	287,788	675,539
Legal Services Of ND-New Town	New Town	ND	335	147	311,391	804,619
Pathways to Prosperity (Turtle Mountain Band of Chippewa)	Belcourt	ND	559	269	528,835	1,149,285
Turtle Mountain Housing Authority Dunseith	Dunseith	ND	57	21	42,100	111,163
Warm Springs Community Action (AARP)	Warm Springs	OR	358	89	109,393	421,888
Black Hills State University	Spearfish	SD	172	31	32,862	154,469
Four Bands Community Fund	Eagle Butte	SD	363	160	266,381	707,024
Hunkpati Investments	Ft Thompson	SD	202	127	285,098	573,888
Lakota Fund VITA	Kyle	SD	354	210	377,405	880,862
Pine Ridge Chamber Of Commerce	Kyle	SD	89	56	99,275	233,709
SGU VITA (Sinte Gleska University)	Mission	SD	31	19	37,044	85,152
Sioux Falls VITA	Sioux Falls	SD	487	187	254,273	776,200
Sisseton NESDCAP dba GROW SD	Sisseton	SD	549	196	306,208	917,967
Chehalis Tribal Loan Fund-VITA	Oakville	WA	46	6	4,324	64,498
Colville Tribal VITA at Nespelem	Nespelem	WA	162	51	100,141	325,607
Port Gamble S'Kallam Tribe	Kingston	WA	244	84	170,203	454,449
Squaxin Island Tribal VITA	Shelton	WA	73	16	20,623	92,481
YAKIMA NATION AGENCY LOBBY (AARP)	Toppenish	WA	504	105	194,990	691,964
<b>TOTAL</b>			<b>13,599</b>	<b>5,235</b>	<b>\$8,863,483</b>	<b>\$22,391,048</b>



# Appendix C: IDA Programs in Northwest Area Foundation Region

No.	Organization	Tribe/community served	City	State	Youth IDA?	Adult IDA?	AFI Funded?
1	Coeur d'Alene Tribe Housing Authority	Coeur d'Alene Tribe	Plummer	ID	No	Yes	No
2	Nez Perce Housing Authority	Nez Perce Tribe	Lapwai	ID	No	Yes	No
3	Meskwaki Nation Financial Literacy Committee	Meskwaki Nation	Tema	IA	Yes	No	No
4	American Indian Community Development Organization	Urban Indian Organization	Minneapolis	MN	No	Yes	Yes
5	Montana Homeownership Network	Urban Indian Organization	Great Falls	MT	No	Yes	Yes
6	People's Partnership for Community Development	Northern Cheyenne Indian Reservation	Lame Deer	MT	Yes	Yes	Yes
7	Salish & Kootenai Housing Authority	Salish and Kootenai Tribes	Pablo	MT	No	Yes	No
8	Native Youth and Family Center	Urban - Portland Area	Portland	OR	Yes	Yes	?
9	Warm Springs Housing Authority	Confederated Tribes of the Warm Springs Reservation	Warm Springs	OR	No	Yes	No
10	Confederated Tribes of Siletz Indians/Siletz Tribal Housing Department (STHD)	Confederate Tribes of Siletz Indians	Siletz	OR	No	Yes	No
11	Confederated Tribes of the Umatilla Indian Reservation Business Service Center	Confederated Tribes of the Umatilla Indian Reservation	Pendleton	OR	Yes	No	No
12	Four Bands Community Fund	Cheyenne River Indian Reservation	Eagle Butte	SD	Yes	Yes	Yes
13	Crow Creek Housing Authority/Crow Creek Housing Authority	Crow Indian Indian Reservation	Fort Thompson	SD	No	Yes	Yes
14	Hunkpati Investments	Crow Creek Indian Reservation	Fort Thompson	SD	Yes	Yes	Yes
15	Lakota Funds, Inc.	Pine Ridge Indian Reservation	Kyle	SD	Yes	Yes	Yes
16	Oglala Sioux Tribe Partnership for Housing, Inc	Pine Ridge Indian Reservation	Pine Ridge	SD	No	Yes	Yes
17	Confederated Tribes of the Chehalis Reservation/Chehalis Tribal Loan Fund	Confederated Tribes of the Chehalis Reservation	Oakville	WA	No	Yes	Yes
18	Taala Fund	Quinault Indian Nation	Tahloah	WA	No	Yes	Yes
19	Quinault Housing Authority	Quinault Indian Nation	Tahloah	WA	No	Yes	No
20	Colville Tribal TANF/Northwest Native Development Fund	Confederated Tribes of the Colville Indian Reservation	Nespelem	WA	No	Yes	No

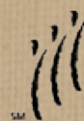








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