

Comments on the Indian Business Incubator Program

May 4, 2021

On behalf of our organization, we applaud the Congressional enactment of S. 294, the Native American Business Incubators Program on October 20th, 2020. We are grateful for the Congressional leadership of Senator Tom Udall (D-NM) and Senator Jon Tester (D-MT) of the Senate Committee on Indian Affairs along with former Rep. Deb Haaland (D-NM), Rep. Tom Cole (R-OK), and Norma Torres (D-CA).

We feel that the private business sector on Indian reservations is the key to sustained economic parity. The Umatilla Tribes have directed considerable resources toward that end with a strong Business Development Program, support for the Nixyaawii Chamber of Commerce, direct grant funding for Indian-owned small business in the midst of the pandemic, and the recent creation of the Nixyaawii Community Financial Institution, a developing Community Development Financial Institution.

Our comments to the Indian Business Incubator Program (IBIP) and some recommendations are:

1. In Section 1187.3 on eligibility to receive a grant, it is clear that only those applicants that have existing “workspace, equipment, and connectivity” can apply. There is no indication the funding can be used to create such space for small businesses. We would hope this IBIP effort will be successful with future Congressional expansion to include the construction and/or remodeling for a business incubator.
2. The IBIP legislation authorizes \$5 million per year. Given the large number of Indian Tribes and small business service organizations, the concern has to be expressed about funding level. We would hope and recommend that as the program is evaluated, there will be consideration of funding increases to what we see as demand.
3. Section 1187.3 details what entities are eligible to receive a grant under IBIP, those being an Indian Tribe, a Tribal college, an institution of higher education, or a “Tribal or private non-profit organization providing business and financial technical assistance.” The last description seems to fit for most Native Community Development Financial Institutions (CDFI’s) and we would suggest those organizations are ideally suited to that purpose.
4. In Section 1187.45 (iii), the statement about participating, and graduated, business performance being a required reporting item could be a deterrent for small business start-ups. With no clarity on how performance is measured, it may well go in a financial direction. In our experience, financial disclosure can be a real challenge for our business clients who are very wary of sharing their information. Consequently, we would recommend other measurement metrics such as number of employees, new customers, etc.
5. Lastly, we would highly recommend that only Native-led organizations and entities be awarded these incubator resources. Indian-owned small businesses tend to engage best with localized and known services.

In closing, we applaud the Congressional leadership in advancing and approving this key legislation. We have observed earlier “War on Poverty” programs in late 60’s and early 70’s that funded the development of business incubators across Indian Country. Likewise, many municipalities utilized the model to sporadic outcomes and many failed. We would suggest that a necessary component is professional small business services that have been developed on many reservations, such a small business offices, loan funds, Native chambers of commerce, and Native CDFI’s.

In the Pacific Northwest, several Tribes have developed and operated successful small business incubators with commercial kitchens, retail space, and administrative support systems. Several others are in active planning for such facilities. We are working with them to learn approaches and lessons-learned for our own project planning.

We look forward to the launch of this program and ultimately the continued growth of Indian-owned small businesses. Thank you for this opportunity to comment.