



Native American Entrepreneurship in South Dakota's Nine Reservations

REPORT HIGHLIGHTS

The latest Census figures report that Native Americans or Alaska Natives compose just over 10% of South Dakota's population,¹ the majority of which reside on reservations. Although numerous reservation communities across the country suffer from high rates of poverty and unemployment, four counties in South Dakota in which reservations are located currently rank in the top 10 counties with the highest poverty rates.² The geographically isolated and economically depressed areas in which South Dakota's reservations are located present discouraging conditions yet great opportunities for healthy economic and business development. Most of South Dakota's reservation communities are taking charge of their economic futures and working to invest in their communities through small business development.

The degree to which each of the reservations has opportunities for entrepreneurs to access capital, training and technical assistance depends on the level of federal, state, Tribal and community support for Native entrepreneurs and awareness of available programs and resources. Below is a snapshot of the resources available on each reservation:

- The **Cheyenne River Reservation** is home to the Cheyenne River Sioux Tribe and has one of the nation's leading Native community development financial institutions (CDFIs) Four Band Community Fund, which offers affordable small business loans, youth and adult financial education, entrepreneurship education, Individual Development Accounts and free income tax assistance.
- The **Crow Creek Reservation** is home to the Crow Creek Sioux Tribe and Hunkpati Investments, Inc., a relatively new Native CDFI that offers affordable loans, equity grants, and entrepreneurship education.
- The **Flandreau Santee Reservation** is home to the Flandreau Santee Sioux Tribe, which administers a Tribal loan fund that offers small loans that can be used for small business start-up and expansion.
- The **Lake Traverse Reservation** is home to the Sisseton Wahpeton Oyate. The Tribe's Tribal Employment Rights Office (TERO) focuses on Indian preference hiring and contracting on the reservation. The Tribe is also working to establish a Native CDFI.
- The **Lower Brule Reservation** is home to the Lower Brule Sioux Tribe, which administers a Tribal revolving loan fund that offers small loans that can be used for small business start-up.
- The **Pine Ridge Reservation** is home to the Oglala Sioux Tribe and Lakota Funds, the first certified Native CDFI in the country. Lakota Funds provides a wide range of affordable loans and small business support services including affordable small business loans, youth and adult financial literacy training, business planning classes, Individual Development Accounts and free income tax assistance.
- The **Rosebud Reservation** is home to the Rosebud Sioux Tribe. The Tribe is in the process of establishing a Native CDFI and the Tribal college, Sinte Gleska University, provides business plan assistance, a small business development course, technical assistance and a technology entrepreneurship certificate.
- The **Standing Rock Reservation** is home to the Standing Rock Sioux Tribe. The Tribe's Business Equity Loan Fund (BELF) provides equity injections that Native entrepreneurs can use to access small business loans. The

BELF also provides other services such as credit counseling, financial management training and business development training.

- The **Yankton Reservation** is home to the Yankton Sioux Tribe, which administers a Tribal revolving loan fund that provides small loans for small business start-up.

While some organizations, financial institutions and Tribal governments are notably providing innovative and successful approaches for Native entrepreneurship development, more can be done. The report includes a wide range of recommendations for federal government agencies, South Dakota state government agencies, Native CDFIs, Tribal governments, Native support organizations and commercial lending institutions to invest in Native entrepreneurship. Below is a partial listing:

RECOMMENDATIONS FOR FEDERAL GOVERNMENT AGENCIES

- Initiate or continue outreach to Tribes, Native support organizations and individual Native entrepreneurs to provide overviews of eligible federal funding programs through regular site visits and webinars
- Preserve current levels of funding for funding programs for which Tribes and nonprofits serving reservations are eligible
- Incorporate technical assistance into the design of current small business-related funding programs

RECOMMENDATIONS FOR SOUTH DAKOTA STATE GOVERNMENT AGENCIES

- Initiate outreach (such as site visits) to reservations to promote business development programs for which Native entrepreneurs are eligible
- Schedule meetings with Native entrepreneurs to gather first-hand information about their business start-up and operation challenges
- Include reservation unemployment and labor force statistics in the statewide unemployment and labor force statistics and actively engage Tribes in statewide economic development initiatives

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

- Conduct market research and scans to assess numbers of Native-owned firms
- Partner with Tribal colleges or public universities to establish small- and/or micro-business incubators to provide broadband access and office or retail space to Native entrepreneurs
- Hold an annual financial services and resources fair to expose aspiring and existing Native entrepreneurs to a range of support services and products that will help start and grow their businesses

RECOMMENDATIONS FOR COMMERCIAL LENDERS AND OTHER FINANCIAL SERVICES PROVIDERS

- Initiate outreach to Tribal governments to familiarize employees with Tribal laws and regulations pertaining to business development
- Initiate outreach to Native CDFIs to familiarize employees with the unique small business capital needs of Native entrepreneurs
- Provide funds or grants to Native CDFIs to help fund their financial literacy training and financial education programs

1 2010 Census Interactive Population Map.

2 "Table 1: 2009 Poverty and Median Income Estimates – Counties." (2010) U.S. Census Bureau, Small Area Estimates Branch.