



ECONOMIC DEVELOPMENT

COMMUNITY WELL-BEING

Exploring the Intersection of Economic Development and Community Well-Being in Indian Country

PATRICE H. KUNESH

A few months ago, during a serious conversation about potential opportunities for growing tribal economies with financial and business stakeholders representing diverse segments of Indian Country, the question arose: How can Indian Country leverage its significant economic gains realized in the past few decades into lasting community well-being for the future?

Our discussion, organized by the Native American Financial Officers Association (NAFOA), began on a celebratory note. Indian Country has experienced positive growth rates unseen for generations. Taken as a whole, recent economic growth in Indian Country has outpaced that of the rest of the United States. With an enormous boost from the gaming industry, significant gains were made in almost every sector, including real per capita income, median household income, employment, infrastructure, and education.¹ As a result, income growth-based demand has created more demand for business development throughout Indian Country.² Having thus assumed the mantle of self-determination, tribal governments and reservation businesses are building diverse economies, producing a vast array of goods and services, and employing and training a large cadre of pro-

fessional American Indians and Alaska Natives with valuable skills.³

With lingering concerns about the effects of the Great Recession and the leveling off of gaming revenue, the discussion turned to the challenges of sustaining economic growth and converting it into overall prosperity and well-being. Everyone could appreciate that, while numerous tribes have created dynamic economies over the past 30 years, far too many tribal economies still struggle to meet the basic needs of their communities. Indeed, large gaps remain between Indian Country and the rest of the country in practically every economic and social indicator.⁴

At the crux of this conversation is the distinction between economic development and community well-being. The former tends to focus on wealth creation, while the latter emphasizes the enduring

qualities of a prosperous life. A community can be ledger book rich yet suffer from a poverty of spirit if its economic activity fails to fit the needs of its citizens or benefits only a few.

Successful community development is, nevertheless, an entrepreneurial exercise. It requires the ability to spot opportunities (turning stranded assets into destination venues and international commodities); to manage complexities (maneuvering between federal programs and optimizing private resources); to experiment, fail, and recalibrate (balancing government involvement with efficiency and independence); and to build networks to create solutions (ensuring best practices through information sharing and collaboration). Above all else, sustainability of Indian Country successes entails a deep understanding of the complicated interaction of people and place.

Demographic Trends in Indian Country

Effective and enduring economic development in Indian Country requires not only an appreciation for the complexity of people and place but also for the changing contours of the demographics within that space. Today, the American Indian and Alaska Native (AIAN)

to shift away from reservation areas toward metropolitan areas.¹⁰

Almost 60 percent of the AIAN-alone population lives in AIAN counties (about 1.74 million).¹¹ This population, however, is shifting geographically to surrounding and non-AIAN counties. Indeed, these counties “are experiencing a growth rate three times that of tribal areas, driven mostly by growth in the Hispanic AIAN population.”¹² Of the AIAN-multiracial population, 67 percent live outside of Indian Country (about 1.54 million), with only about 8 percent living in tribal areas.¹³ Nonetheless, ties to AIAN counties, or land just outside of tribal areas, remain strong for many multiracial AIAN individuals.

The age structure of Indian Country also is an important factor in economic development and for assessing community well-being. It illuminates the need for housing, education, and medical assistance; indicates a potential workforce; and informs of the community’s social organization and relationships, and about maintaining its cultural values and character. Overall, Indian Country tends to be a younger population. About a third of the AIAN-alone population is under age 18, compared with only 24 percent of the total population, and the median age is 26, compared with 37 for the entire nation.¹⁴

In the 2010 Census, 2.9 million people identified racially as AIAN-alone, representing a growth rate of 18 percent, almost twice the 9.7 percent growth rate of the nation as a whole. Within the AIAN-alone category, the non-Hispanic share of the population rose by 8.6 percent, while the Hispanic AIAN-alone population grew by 68 percent.

populations are growing rapidly, are increasingly diverse, and are more mobile. The most comprehensive (albeit incomplete) information about American Indian communities is derived from the decennial U.S. Census and the American Community Surveys. The 2000 Census delineates the AIAN population by two main categories: AIAN alone and AIAN multiracial. Within either category, individuals could further identify as Hispanic AIAN.⁵ It is within the striations of these delineations that we find some of the most significant changes in Indian Country demographics.

In the 2010 Census, 2.9 million people identified racially as AIAN-alone, representing a growth rate of 18 percent, almost twice the 9.7 percent growth rate of the nation as a whole.⁶ Within the AIAN-alone category, the non-Hispanic share of the population rose by 8.6 percent, while the Hispanic AIAN-alone population grew by 68 percent.⁷ An additional 2.3 million people identified as AIAN-multiracial, which represents a significant growth rate of 39 percent since 2000.⁸ The Census Bureau forecasts continued growth rates for the AIAN population, projecting, for example, a rise in the AIAN-alone population to about 4.2 million people by 2030, or 1.2 percent of the total population.⁹

This diverse and growing population also shows a tendency

In 2010, AIAN-alone family households tended to be relatively large (five or more persons), and 12 percent of these households consisted of female-headed families with children, compared with 7 percent of non-AIAN households.¹⁵ To show a complete composite of Indian Country and to assess a community’s real capacity to grow and develop, additional demographic data must be layered into this basic information, such as the elderly population, household size and income levels, proximity to services, and an array of institutional infrastructure.

Several salient points follow from these statistics. First, Indian Country is experiencing significant shifts in ethnic and geographical population trends. Second, while national numbers give a wide-angle view of Indian Country, economic conditions and social factors differ widely from region to region and tribe to tribe, making self-determination a fairly distinctive calculation. Third, the federal government must heed these trends and demographic variations in its own calibration of budgets and resources to serve the diverse AIAN population. Finally, when a community is identifiable with a particular place, economic development is a complementary concept with community well-being. Both are intimately connected with capacity, governance, safety, and identity in that locality.

In this work, the predominant focus and value of community development thus is to improve people's lives.

Resources and Strategies To Support Indian Country's Development Needs

Among the many organizations and institutions such as NAFOA involved in supporting Indian Country development is the Federal Reserve Bank of Minneapolis, which has long promoted sustainable development, financial education, and significant research on tribal economies. The Minneapolis Fed intends to broaden the scope and scale of this work through its new Center for Indian Country Development. With an admittedly broad mission of helping tribes attain *their* economic development goals, the center will operate on a national platform and will delve into four critical focus areas of tribal economic development and community well-being: (1) land, to support the best economic use and effective governance of land; (2) business and entrepreneurship, to develop and provide resources for tribal and small businesses; (3) education, particularly early childhood development, to highlight effective educational programs; and (4) homeownership, to support a better understanding of homeownership opportunities and challenges. These efforts fit well with the Fed's Community Reinvestment Act responsibilities and its related community development mission of fostering economic growth by promoting fair, impartial, and efficient access to credit and capital in low- and moderate-income areas.¹⁶ These four focus areas, foundational pillars to dynamic economic growth, also support developing communities rich in resources for their children and creating inheritance for the future.

In Indian Country, the challenges to self-governance are multidimensional and deeply rooted in history. The additional complexity of shifting ethnic and geographic demographic trends requires a critical understanding of the growth patterns of American Indian communities and the economic challenges of providing services to expanding tribal areas. It also requires taking a multi-tiered approach to community development that includes equal parts of entrepreneurial and innovative thinking; access to capital and financial services for individuals; comprehensive political and legal infrastructures; and champions who will persevere, notwithstanding a complicated land tenure system and a thicket of formalistic policy rules.

At a time when the needs of Indian Country are so great and the resources available to meet those needs are so scarce, it behooves all of us to think broadly about our roles and responsibilities. By partnering with other community stakeholders, organizations, and foundations that are working at the ground level, we can help address existing needs and lay the groundwork for stronger economies and burgeoning well-being.

Everyone who works in Indian Country knows that this is a formidable task. Nonetheless, the remarkable economic gains made in the past three decades and the keen commitment to Indian Country development is tremendously encouraging. Discerning the needs of both people and place will, I believe, make for stronger, resilient, and prosperous communities in the future.¹⁷ ☉

Endnotes

¹See Randall K.Q. Akee and Jonathon B. Taylor, "Social and Economic Change on American Indian Reservations, A Databook of the U.S. Censuses and the American Community Survey 1990-2010," May 15, 2014.

²One astonishing figure is that reservation economies grew at almost three times the national rate during the decade of the 1990s. *Id.* at 12.

³Of course, tribal economies still face many challenges. In 2012, the Federal Reserve Board of Governors, in partnership with the Inter-agency Working Group for Indian Affairs' Committee on Economic Development, a group of federal agency representatives who work with tribal governments, held a series of workshops to take stock of the state of the economic development in Indian Country. While reporting very positive gains and promising efforts attained through multilateral collaboration, these convenings highlighted significant barriers that continue to impede overall economic development, including access to capital, capacity constraints of small businesses and tribal governments, regulatory burdens and restricted use of trust lands, and underdeveloped physical infrastructure. See "Growing Economies in Indian Country: Taking Stock of Progress and Partnerships, A Summary of Challenges, Recommendations, and Promising Efforts," Board of Governors of the Federal Reserve System, April 2012, *available at* www.federalreserve.gov/newsevents/conferences/GEIC-white-paper-20120501.pdf. See also Valentina Dimitrova-Grajzl, Peter Grajzl, A. Joseph Guse, Richard M. Todd, and Michael Williams, "Neighborhood Racial Characteristics, Credit History, and Bankcard Credit in Indian Country" (Oct. 28, 2015), *available at* ssrn.com/abstract=2682858 or dx.doi.org/10.2139/ssrn.2682858.

⁴According to Akee and Taylor, "[I]t is clear that even in 2010, Indians on reservations lived under uniformly worse conditions than did Americans in general." See Akee and Taylor, "Social and Economic Change on American Indian Reservations," *supra* n. 1 at 16. Another recent report highlights a very curious example of social disparities in Indian Country. From a close analysis of county mortality statistics from the Centers for Disease Control and Prevention, economic researches from the Federal Reserve Bank of Minneapolis found a pattern of persistently high mortality rates prevalent in a band of counties in the Northern Plains and Midwest that have a high share of residents who both are American Indian or Alaska Native and live on Indian reservations. In several of these counties, overall mortality rates have been far above the national average for decades. The data show that since the late 1960s, the age-adjusted mortality rate for women (of all races) in American Indian-dominated Menominee County, Wisconsin, has ranged between the highest and fourth-highest among all counties in the 48 states. See Sam Schulhofer-Wohl and Richard M. Todd, *High Death Rates on the High Plains, A Call for Better Data on American Indian Communities*, CENTER FOR INDIAN COUNTRY DEVELOPMENT BLOG (Nov. 5, 2015), *available at* www.minneapolisfed.org/indiancountry/resources/cicd-blog/high-death-rates-on-the-high-plains.

⁵Kathryn L.S. Pettit, et al, "Continuity and Change: Demographic, Socioeconomic, and Housing Condition of American Indian and Alaska Natives," U.S. Department of Housing and Urban Development,

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Patrice H. Kunesh is an assistant vice-president and co-director of the Center for Indian Country Development at the Minneapolis Federal Reserve Bank. The views and opinions shared in this paper are her own, and do not represent the policy or opinion of the bank. © 2016 Patrice H. Kunesh. All rights reserved.

crime; intersection of race, sex, and class; the black-white binary; intergroup relations; legal institutions, critical pedagogy, and minorities in the law; gay and lesbian issues; cultural nationalism and separatism; criticism and self-awareness; and critical white studies, among others. The material is sometimes dense, confrontational, rhetorical, and demanding, best read in bits, an essay here and there, allowing time to ruminate on each. But it is must-read material.

The book raises more questions than answers, and that's fine. It forces us to face uncomfortable issues and think hard about our legal system and our place in it, whether one is a student contemplating or attending law school, a new practitioner, or an old hand

who has devoted his or her career to the law.

In a 2005 commencement address at Kenyon College, the late David Foster Wallace related this parable:

There are these two young fish swimming along and they happen to meet an older fish swimming the other way, who nods at them and says "Morning, boys. How's the water?" And the two young fish swim on for a bit, and then eventually one of them looks over at the other and goes "What the hell is water?"

Critical Race Theory's objective is to develop self-awareness and a sense of the

pervasive quality of these issues. It succeeds in doing that. ☺

R. Mark Frey is an attorney based in St. Paul, Minnesota., who writes extensively on immigration law and policy. He is an active member of the Federal Bar Association's Immigration Law Section and the American Immigration Lawyers Association (AILA), presently serving on AILA's Asylum and Refugee Committee. Frey has practiced immigration law for more than 25 years, with an emphasis on political asylum and other forms of humanitarian relief, family- and marriage-based immigration, removal defense, appeals, H-1B and religious worker visas, and naturalization.

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Office of Policy Development and Research, Jan. 2014, *available at* www.huduser.gov/portal/publications/housing_conditions.pdf. (hereinafter the Pettit-HUD study). The Census surveys allowed individuals to delineate their race and their ethnicity independently. Racial options included single race (e.g., AIAN alone) or multiple races (AIAN multiracial). *Id.* at 7-8. In addition, individuals could also select "Hispanic" as their ethnic identity. *Id.* at 12.

⁶*Id.* at 6-18.

⁷*Id.* at ix.

⁸*Id.* at 17. Comparatively, the AIAN multiracial population of 2.3 million represents 77% of the AIAN alone population.

⁹*Id.* at 8.

¹⁰The Pettit-HUD study used the U.S. Census Bureau typology that delineates two broad geographical categories: AIAN counties and non-AIAN counties. An AIAN county means that part of the county is AIAN area. According to HUD's Office of Native American Programs, 523 of the 3,138 counties are AIAN counties. This category is further delineated into tribal areas and AIAN surrounding counties. Tribal areas include reservations and areas of concentrated AIAN population. The 2010 Census identifies 617 AIAN tribal

areas (comprised of federally recognized reservations, state-recognized reservations, joint-use areas, tribally designated statistical areas, and Alaska Native Village statistical areas). Quite important, the Census Bureau added 31 new AIAN tribal areas in the last 10 years. Non-AIAN counties include metropolitan and nonmetropolitan areas. *Id.* at 9-10.

¹¹"Indian Country" in the Pettit-HUD report is defined as all AIAN tribal areas and the counties that surround them. "In 2010, Indian Country accounted for two-thirds of the population of non-Hispanic AIANs and more than three-quarters of the growth in non-Hispanic AIANs over the 2000s." *Id.* at x.

¹²*Id.* at 12.

¹³*Id.* at 17-18.

¹⁴*Id.* at 21. It is important to note that even within these significant trends, there are more nuanced demographic shifts. For example, while still a younger population, the AIAN population actually is aging, as evident by the decrease in the AIAN population under 18 by 4 percentage points from 2000 to 2010. *Id.* at 22.

¹⁵*Id.* at 24.

¹⁶The Community Reinvestment Act (CRA), enacted by Congress in 1977 (12 U.S.C. § 2901) and implemented by regulations, 12

CFR parts 25, 228, 345, and 195, is intended to encourage depository institutions to help meet the credit needs of the communities in which they operate. For the Minneapolis Fed, this has meant meeting the needs of the 45 tribal reservations within its district, from Montana to the Upper Peninsula of Michigan.

¹⁷I am encouraged in this Indian Country work by the recent attention to the work of Angus Deaton, the 2015 Nobel Memorial Prize winner in Economic Science, who has devoted his career to improving the data that shape public policy, including measures of wealth and poverty, savings and consumption, health and happiness. Taking advantage of a wealth of newly accessible information, Deaton assembled the fine details of individual lives to better understand overall economic trends. He also has championed the collection and use of new kinds of data, particularly about developing countries that often lack basic demographic statistics. The Nobel Prize also reflects Deaton's contribution of using such household data to trace the effect of economic policy on the well-being of community members. See www.nobelprize.org/nobel_prizes/economic-sciences/laureates/2015.