

## U.S. Department of the Treasury

### State Small Business Credit Initiative Technical Assistance Grant Program

#### Summary of May 5, 2022 Tribal Consultation

##### Overview

The American Rescue Plan Act of 2021 (ARPA) reauthorizes and amends the Small Business Jobs Act of 2010 (SBJA), which established the State Small Business Credit Initiative (SSBCI). ARPA provides a \$500 million SSBCI capital allocation for Tribal governments<sup>1</sup> to help address the economic fallout of the pandemic and lay the foundation for a strong and equitable recovery by providing direct support to Tribal governments for programs that increase access to credit for small businesses (capital program).

ARPA also provided funding for technical assistance (TA) (12 U.S.C. § 5708(e)). Treasury has allocated \$200 million for the SSBCI TA Grant Program, under which eligible jurisdictions provide legal, accounting, and financial advisory services to qualifying small businesses applying for SSBCI capital programs or other jurisdiction small business programs. Treasury has reserved \$14.73 million of TA Grant Program funding for distribution to Tribal governments.

In accordance with Treasury's Tribal consultation policy, Treasury solicited letters and held a consultation on May 5, 2022, to gather perspectives from Tribal leaders on allocation methodologies for the TA Grant Program funds. Around 70 Tribal representatives joined the consultation. Three Tribes and Tribal organizations submitted written comments.

Tribal nations in the United States operate as sovereign nations with vastly different structures, economies, and populations. The feedback delivered by Tribal leaders both during the consultation and in writing reflect this diversity. Treasury appreciates the many perspectives brought to the consultation.

##### Feedback from Tribal Leaders

###### *Allocation methodology*

Commenters expressed that the total funding for Tribal governments under the TA Grant Program is relatively small and not in proportion to the need in Indian Country. Some expected Tribal TA programs to be oversubscribed due to demand. Others requested that Tribal programs should be eligible for more funds proportionally than the states given that states have more TA infrastructure and experience with the first iteration of SSBCI.

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<sup>1</sup> The term "Tribal government" means the recognized governing body of any Indian or Alaska Native tribe, band, nation, pueblo, village, community, component band, or component reservation, individually identified (including parenthetically) in the list published as of March 11, 2021 pursuant to section 104 of the Federally Recognized Indian Tribe List Act of 1994 (25 U.S.C. § 5131). See 12 U.S.C. § 5701(19).

Commenters asked whether Treasury could hold back TA funding to enter contracts with TA providers directly.

Commenters generally expressed support for an equitable division of funding among Tribal governments. Some commenters requested an equitable division but did not specify features of the final methodology. Some commenters asked that the TA funding be allocated in the same or a similar manner in which the SSBCI capital program funding was allocated, based on current enrollment divided by the combined enrollment numbers for all eligible Tribal governments. Others asked for an equal split of the TA funding to Tribes.

Some commenters asked that Tribes participating in joint SSBCI applications be allocated TA Grant Program funding in the same manner as Tribes that submitted individual applications, rather than have separate allocation methodologies for Tribes opting for individual versus joint capital programs.

### *Use of Funds*

Commenters emphasized the importance of bolstering small business credit markets in Indian Country, a significant need for TA, and the impact of the pandemic. Commenters said that programs like the SSBCI capital program and TA Grant Program are valuable given the discrimination Native Americans and Tribes face from lenders.

Commenters asked that Treasury give more examples of eligible services. Commenters asked that coaching, wraparound, incubator, counseling related to employment agreements, business licenses and permits, and intellectual property filings; other accounting services, including, but not limited to, tax filings, payroll, and human resources; and other financial advisory services, including, but not limited to, risk management and insurance services for small businesses be considered allowable uses for the TA Grant Program. Commenters asked for flexibility in pursuing TA services beyond those that are expressly enumerated to better allow Tribes to use the funds for their unique needs. Commenters asked for clarification about the role of the MBDA in Tribal SSBCI technical assistance.

Commenters asked for clarification on the scope of qualifying other federal or other jurisdiction small business programs under the TA Grant Program.

Commenters asked for TA reporting requirements to be minimized given the size of the allocations and limited staff capacity at many Tribes.

Commenters said that education for lenders was also needed.

Commenters emphasized the need for TA in Indigenous languages. Commenters also emphasized the challenge of delivering TA in the most remote regions, like Alaska.

Tribes asked questions for clarity on how to use the funds, including:

- Is the TA Grant Program a reimbursement type program, whereby the qualifying business will have to incur the costs and then request reimbursement?
- Does an external vendor have to be hired to provide the service(s) or can the Tribal government provide the service?
- If the Tribal government does provide the service(s), what rules or regulations apply around pricing and reimbursements?

### *Technical Assistance Grant Program Application*

Participants requested that the TA Grant Program application be streamlined for Tribal applicants given the small set aside for Tribal governments, stating that there is no statutory requirement for the current application requirements and that the current level of detail required by the application is burdensome in proportion to the potential grant sizes. Commenters asked that that Treasury not unnecessarily require Tribes to justify their TA need through a “data-driven assessment of the needs of eligible beneficiaries.” One commenter expected that the cost of a data-driven assessment of TA needs for a Tribal economy would exceed the TA Grant Program awards for most Tribes and that Treasury should automatically assume that Tribes have urgent demand for TA dollars.

Commenters asked that additional TA funds be disbursed directly to Tribes without additional application processes. Commenters asked that, if a Tribal application is rejected, Treasury work with that Tribe to bring the application into compliance with the program requirements.

Tribes commented on joint applications, asking that joint applications be able to apply without additional complications. Commenters expressed that requirements for Tribal resolutions and delegation documentation on the TA Grant program in addition to the resolutions and delegation documentation for the capital program is onerous and requested a less burdensome standard. Tribes also requested simplified portal access.

### *Administrative Challenges*

Commenters pointed out that the statutory caps on administrative costs in the capital program particularly impacted Tribal recipients as Tribal allocations are lower than those for states and made it challenging to operate the SSBCI program, either using Tribal staff or a third party, like a community development financial institution. It was noted that this is a greater challenge for Tribes without internal finance experts. One Tribe said that it was struggling to design an SSBCI program that was financially self-sustaining.

Commenters also stated that implementing the TA Grant Program could be difficult given the lack of Indian Country TA providers and infrastructure.

Joint applications were discussed as a solution both to the lack of providers and the administrative cost challenges. Other commenters said that joint applications generally were not sufficiently flexible or individualizable to be useful.

Many Tribes also noted challenges in standing up a capital program under SSBCI and stated that most Tribes were considering loan guarantee, loan participation, and collateral support programs.