



TRIBAL PHILANTHROPY IN ARIZONA

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ARIZONA GRANTMAKERS FORUM

Tribal Philanthropy in Arizona (Updated September 2008)

National Context

Socio-Economic Challenges Facing Native Americans

According to the 2000 Census, there were 4.1 million American Indians, including Alaska Natives living in the United States. Native Americans remain the poorest minority group in the nation. The poverty rate among Indian people is 25.9%, compared to the national rate of 11.3%. Associated with this poverty are poor health conditions, lack of affordable and decent housing, substandard education, a critical lack of jobs, and a host of other barriers that keep most Native American communities isolated and economically distressed. The Indian unemployment rate was 46% in mid-2004. While a handful of tribes have achieved a measure of success, the vast majority are in serious need of jobs, economic growth strategies, and policy solutions that can counteract the results of decades of oppression.

Federal funding for Indians doesn't begin to meet the needs. The United States Commission on Civil Rights' 2004 report, reviewed six federal agencies with the largest expenditures for American Indian programs, and found: ¹

- The federal government spends less per capita on Indian health care than on any other group for which it has this responsibility, including Medicaid recipients, prisoners, veterans and military personnel. Annually, the Indian Health Service (IHS) spends 60 percent less on its beneficiaries than the national per person average.
- After accounting for inflation, the Housing and Urban Development's Tribal Housing Loan Guarantee Program lost nearly 70 percent of its purchasing power over the last four years, and the Native American Housing Block Grant has lost funding for three consecutive years.
- The Department of Education's Office of Indian Education (OIE) remains a relatively small portion of the total discretionary budget (ranging from 0.2 to 0.3 percent) from 1998 to 2003. OIE funding has undergone several reductions over the last decades.

Economic Impact of Indian Gaming

Tribal gaming is a fairly new vehicle of economic development in Indian Country. However, the 2007 report by the National Indian Gaming Association shows some positive results. In 2006, Indian Gaming:

- Generated \$25.7 billion in gross revenues for tribal governments -a 14% increase over 2005 gross revenues

- Generated more than \$2.6 billion in Tribal government hospitality, restaurant and entertainment enterprises related to gaming
- Generated 670 000 jobs nationwide.

While 225 of the 562 federally recognized tribes are engaged in gaming, only a small percentage have gaming operations that are profitable enough to extend beyond their own tribal infrastructure development.²

Philanthropic Funding for Tribes

The Harvard Project on American Indian Economic Development has reported that, while American Indians make up 1.5% of the U.S population they receive no more than 0.5 percent of total foundation sector resources.³ In the prior 14 years, 10 foundations contributed 61 percent of the philanthropic resources for tribes and 60 percent of that giving focused on standard grantmaking areas, including education, arts/culture/humanities, community improvement and development and health. However, several critical areas identified by tribal communities themselves historically went unfunded or underfunded, including youth programs, tribal government infrastructure development, food and nutrition and Native spirituality. Updated research indicates that more informed investments in the self-determined efforts of Native culture are beginning to take place.

Although the socio-economic profile of most Native Americans would argue for a significant increase in philanthropic investment, instead Indian grantseekers often find that mainstream philanthropy sources question their need for philanthropic support, assuming that tribal gaming revenues are now sufficient to address existing tribal needs.

The truth is that tribal gaming establishments are relatively new, not all tribes are involved in gaming, and most are not yet generating sufficient revenues to begin to address the serious socio-economic needs of their communities. At the same time, Tribal governments and Native populations are experiencing a period of revitalization. “They are rethinking and restructuring their governmental institutions and economies with dramatic results for social and economic development...Foundations willing to rise to the challenge can play a pivotal role in this process by gathering lessons learned from tribal communities, extrapolating from them, and disseminating these valuable models to other grantees.”⁴

Philanthropic Activities by Tribes

In Indian culture, a person’s wealth is measured not by how much they have, but by how much they give away. Native communities have always practiced various forms of giving, from rituals and religious ceremonies to auctions and art fairs. For some tribes, however, recent economic successes, often the result of gaming activities, have spurred increases in philanthropic endeavors. In 2004, tribal governments contributed more than \$100 million to philanthropy.⁵ Forms of giving have evolved from informal to more

institutional activities through tribal foundations or tribal governmental activities and more recently, individual philanthropy. Within each community, institutionalized giving is guided by the customs and traditions of the particular indigenous culture.

Examples of how Native communities are using the techniques of institutional philanthropy include:

- Formation of partnerships with other Native and non-Native entities as means of achieving self-sufficiency and self-determination as well as leveraging human and financial resources; and
- Establishment of tribal foundations, incorporated under tribal law, as a way for Native people to protect their sovereignty and independence and contribute to tribal services and infrastructure needs.⁶

Tribes are beginning to recognize there are many good reasons for establishing philanthropic vehicles. For example, a tribal foundation can help responsibly manage tribal wealth, and at the same time play an important role in supporting the “civic society” of the local community. It can also be a valuable tool for public relations with the non-Native communities.

The infrastructure to support the development of Native American philanthropy nationally is limited. For example, Native Americans in Philanthropy (NAP) is the only organization in the United States with the expressed purpose of advocating for increased Native investment and leadership within the philanthropic sector. Founded in 1990 as a national nonprofit membership organization, it receives support from a few national funders but has struggled to generate sufficient revenues to sustain and/or expand its activities.

The First Nations Development Institute is another much larger national organization with a mission of restoring “Native control and culturally-compatible stewardship of the assets they own - be they land, human potential, cultural heritage, or natural resources - and to establish new assets for ensuring the long-term vitality of Native communities.” First Nations has developed a program called Strengthening Native American Philanthropy (SNAP) which provides a combination of education, outreach, and the regional Wisdom of the Giveaway conference series to disseminate information about developing philanthropic models and sovereign approaches to charitable giving.

According to one Native American philanthropic leader, “the need to engage American Indians as partners, donors, trustees and grantees in the philanthropic sector is well documented and long overdue. Such engagement is critical to the framing of issues facing American Indians; in the very definition and identification of issues, challenges and solutions; in identifying and nurturing relevant partnerships; and in expanding the one-dimensional view of American Indians. While American Indian advisory boards and committees are an important step in community engagement, more transformative philanthropic practices need to be implemented. American Indian leadership and

participation in philanthropy and the development of informed foundation practice and priorities will more accurately reflect the needs and assets of tribal communities.⁷

Arizona Native Americans

Arizona is home to 21 federally recognized tribes. Reservations and tribal communities comprise over a quarter of Arizona's lands. According to 2004 census data, approximately 5% of Arizona's 5.94 million citizens (296,965) are classified as American Indian and/or Alaska Native persons. Arizona ranks third among the 50 states in terms of total Native American population, behind California and Oklahoma. (Arizona Commission of Indian Affairs)

Over 60% of Arizona Indians belong to seven tribes: Navajo (105,000), White Mountain Apache (13,000), Gila River (11,500), Tohono O'odham (11,000) San Carlos Apache (9,500) Hopi (7,000) Salt River Pima-Maricopa (6,500). Approximately 63% of Arizona's Indians live on reservations.

According to 2000 census data, 42% of the Native Americans in Arizona lived below the poverty level compared to a rate of 13.9% for all Arizonans. Average per capita income of Native Americans in Arizona is the lowest of all racial groups, and averaged \$7,642 compared with an average of \$20,275 for the population as a whole.

Arizona Indian Gaming

Proposition 202, which Arizona voters narrowly approved in 2002, allows the casinos to operate without renegotiating state compacts for the next 23 years in return for sharing a portion of their gaming profits with the State of Arizona and local governments. A total of 15 tribes operate gambling facilities and several others have leased their gaming device allocation rights to those tribes. Thus, gaming, in the last few years, has provided a significant economic boost for tribal members around the state.

In a gaming industry report issued in June, 2006, Arizona was ranked No. 3 in the country for tribal-casino revenue, bringing in \$1.6 billion in 2005. Arizona ranked behind California's \$7.2 billion and Connecticut's \$2.3 billion total.⁸ Arizona's total is expected to be around \$1.86 billion in 2006.

Related economic development generated as a direct result of gaming activities has further enhanced income levels of Indians in Arizona. However, because per capita income levels have historically been so low, there is much ground to make up.

Proposition 202 requires tribes to share a portion of their net profits with the State and local governments. A tribe's contribution is determined on a sliding scale based on the amount of the tribe's Class III Net Win earnings. Thus, as a tribe reaches a higher earnings threshold from its Class III Net Win, its contribution increases. For instance, a

tribe pays 1% in contributions for the first \$25 million it earns. The sliding payment scale increases to 3%, 6%, and tops off at 8% when net winnings exceed \$100 million. Tribal contributions are smallest in the first quarter and increase as their fiscal year progresses with the largest contribution made in the fourth quarter.

Eighty-eight percent of the contributions is paid to the Arizona Benefits Fund which is administered by the Department of Gaming. These funds are allocated for schools, tourism promotion, trauma services, problem-gambling treatment, wildlife conservation and casino regulation. The remaining 12 percent can be retained by the tribes to distribute directly to local governments. The revenue distributed by individual tribes to local governments is not reported in the Arizona Department of Gaming's Annual Report and can only be obtained by contacting each tribe directly.

Scarce Philanthropic Resources for Arizona Tribes

A recent research report reveals that Arizona, between 1989-2002, received \$42.9 million in grants, which placed it 6th in total grant dollars given to Native American causes and concerns, while the state ranked 3rd in terms of total Native American population.⁹ A quick tally of grants made in Arizona by both local and national funders since 2003 totals around \$359 million. Of that amount, approximately \$5.2 million (1.44%) went to Native American groups or tribal entities, and most of that came from funders outside of Arizona. Recognizing that 42% of Arizona's Native American residents live below the poverty line, it seems clear that a greater infusion of both public and philanthropic dollars is needed.

One roadblock some tribes face in obtaining philanthropic resources may relate to lack of understanding about how the nonprofit sector works. Additional education and training is now being offered to assist tribes in establishing the appropriate legal structures to qualify for tax deductible contributions from foundations and individuals. Donors also need to be educated about the need for increased tribal philanthropic dollars as well as the nuances of donating to tribal entities.

Native American Philanthropy in Arizona

In Arizona, at least three Native philanthropic entities have been established – The Hopi Foundation, Hopi Education Endowment Fund and the Tuba City Community Foundation. Efforts are underway at the Inter Tribal Council of Arizona to establish a statewide Native Foundation. Thus, while total philanthropic assets are still relatively small, they are increasing.

Some have suggested that all or at least some of the gaming revenues contributed by the tribes to the State and local governments should also qualify as philanthropic contributions, particularly since they support basic community services like education and healthcare. Since the gaming compacts were renegotiated in 2003, total tribal gaming contributions to the State Benefits Fund have exceeded \$399 million

An analysis of how these funds were allocated in 2007 is included below: ¹⁰

2007 Distribution of Gaming Revenues (approximately \$103,599,873)

12% Distributed to local governments	\$11,375,744
88% to State (Arizona Benefits Fund)	\$92,224,129
8 M or 9% (which ever is higher) Gaming Department's Adm. costs	\$8,000,000
2% to be used for the prevention and treatment of gambling problems	\$1,844,483

Instructional Improvement Fund	\$ 46,132,602
Trauma and Emergency Services Fund	\$ 23,066,301
Tourism Fund	\$ 6590372
Arizona Wildlife Conservation Fund	\$ 6,590,372

As was mentioned earlier, while 88% of tribal contributions go directly to the State, Tribes can opt to allocate the remaining 12% of their gaming profit allocation directly to local governments and their nonprofit partners. Since 2003, gaming tribes have contributed over \$32 million directly to local governments. In 2007 alone, tribes contributed over \$11.3 million to local governments.

Several of the tribes with the largest gaming facilities have established formal grantmaking programs, complete with an online Grant Application process. Typical funding areas include Public Safety, Transportation Facilities, Health Care, Economic Development and Education. While most of the tribes do not provide explicit documentation of their grantmaking, The Gila River Indian Community lists all of its grants online. A review of their grantmaking reveals they have issued nearly \$7.4 million in the past three years to local governments and their nonprofit partners throughout the state. Grants ranged in size from \$4,000 single-year grants to \$1 million multi-year grants.¹¹

Clearly, philanthropic activities among Arizona's Native American tribes are increasing, thanks in large part to the improved economic circumstances generated by Indian gaming. And, the prognosis for the future is bright. The second annual Native Philanthropy Institute presented by Native Americans in Philanthropy was held in Scottsdale in April 2007. The conference, which brought together 200 participants from across the country, was designed to promote leadership development and build the network of Native leaders and allies in philanthropy.

End Notes

¹ *A Quiet Crisis: Federal Funding and Unmet Needs in Indian Country*", The United States Commission on Civil Rights', July 2003, "

² Gabrielle Strong, *Philanthropy in Indian Country-Are We informed*, Winter Count 2006 Minnesota Council on Foundations

³ . Large Foundation Grantmaking to Native America, Sept., 2005 pg. 2, Harvard Project on American Indian Economic Development, http://www.ksg.harvard.edu/hpaied/pubs/pub_161.htm

⁴ Ibid, pg. 14,

⁵ . National Indian Gaming Association 2007 Annual Report

⁶ . Native American Philanthropy, pg. 31

⁷ . Gabrielle Strong

⁸ . 2006-07 Indian Gaming Industry Report by economist Alan Meister of Analysis Group Inc

⁹ . *Large Foundation Grantmaking to Native America*

¹⁰ . Arizona Department of Gaming Website, www.azgaming.gov.

¹¹ . Gila River Indian Community Website, www.gricstatesharedrevenue.com/awards