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Hopi Education Endowment Fund The Hopi Tribe

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For many years, the Hopi Tribe has seen education as a critical tool in its effort to ensure the survival of its people while at the same time preserving its own way of life. Over the years, the Tribe has made major strides in education, and now there are an increasing number of citizens attending college. Yet, many Hopi students struggle with the costs of higher education. At the urging of citizens from the various tribal villages, the Hopi Tribal Council established the Hopi Education Endowment Fund to provide financial assistance for education to Hopi students of all ages. Organized as a tribally chartered non-profit corporation, the Fund is an innovative form of community investment that also supports the Tribe's self-governance. By investing in the human capital of Hopi's greatest resource its citizens the Fund promotes the Hopi concept of "Sumi'nangwa", coming together to do things for the benefit of all.

The Hopi Tribe is located on and around mesas that overlook the Painted Desert in the Southwest region of the United States. Some individual citizens generate income through the sale of arts and crafts, while natural resources and ranching have been the main sources of the Tribe's revenue. Changing economic trends affect the price of both coal and beef from year to year. As coal mines closed down or limited extraction, unemployment and poverty rates increased. With a current unemployment rate around 45% and an average household income of approximately \$26,543, the Tribe sought to ensure a more prosperous future, one less dependent on finite natural resources and more invested in the human capital of its citizens.

Believing that education is the key to achieving this goal, the Hopi Tribe invested in its school system and the education of its youth. It operates several of the K-12 schools on the reservation and has developed programs to enhance teacher training and increase student achievement. To quote a former Tribal Chairman, "The future of the Tribe depends on the future of our children. We must do all we can to help our children succeed." Now, students at Hopi Junior and Senior High School are succeeding, graduating at higher rates and increasing the number of students that go on to college.

While Hopi students are achieving academically in secondary and post secondary schools, many struggle with the costs of higher education. Rising tuition and other related costs outpace family incomes. Although a majority of Hopi students are eligible for federal student aid, recent cutbacks reduced the amount of funding available. The Tribe recognizes that talented and motivated Hopi students need a stable and perpetual source of funding to support tuition, books, and other costs associated with higher education. Many Native nations believe in the importance of education to the future of their tribal citizens, and finding ways to sustain generations of students through their educational journey is a top priority. However, the level of financial resources may vary greatly

from year to year and nation to nation. The Hopi Tribe sought a solution that would provide steady funds dedicated for educational purposes that can be dispensed in a timely manner.

Grounded in values instilled through traditional teachings of Sumi'nangwa, (coming together to do things for the benefit of all) the Hopi Tribal Council established the Hopi Education Endowment Fund (HEEF) through a tribal ordinance in November 2000. The initial gift from the tribal government was \$10 million. The Fund provides financial assistance to Hopi students of all ages. It also supports educational research and programs, and sponsors charitable and educational activities.

Charged with the mission of cultivating and nurturing the future of our Hopi people through education by growing and safeguarding a perpetual source of funding, the Fund is viewed as a savings account for the education of the Hopi people that lasts in perpetuity. By establishing a tribally chartered non-profit, grounded with sound management procedures, HEEF allows for continual growth, while protecting assets to meet current and future educational funding needs of Hopi citizens independent of changing financial or economic circumstance experienced by the Tribe.

By taking advantage of the opportunity to create a non-profit under Section 7871 of the Internal Revenue Code, the Hopi Tribe placed HEEF under the jurisdiction of the tribal government. In 1982, the U.S. Congress passed the Indian Tribal Governmental Tax Status Act, recognizing tribal governments as holding the same authority as state governments for most federal tax purposes. For example, tribal governments can receive tax-deductible donations. Section 7871 provides the same non-profit status as Section 501(c) (3), except that the entities are subject to tribal law rather than state laws. The independent status of HEEF under Section 7871 enables the Fund to direct money to educational areas outlined in the tribal ordinance. An unexpected benefit is that since HEEF funds research and educational programs, they also become the owners of the intellectual property created as a result of its funding. Hopi knowledge is retained in Hopi hands.

Governance of the Fund is multi-layered and geared towards a balance of power. Oversight and management of the Fund's assets begins with a thirty-member Governing Board. By design, Board members serve staggered terms in the interest of preserving organizational memory. A seven-member Executive Committee elected from the Governing Board acts as the Fund's fiduciary agents, managing general affairs and assisting with general operations. The tribal ordinance specifies that the President of the Executive Committee must be an enrolled citizen of the Hopi Tribe, while additional assistance can be provided by outside consultants. To handle the day-to-day operations, the Fund has a full-time staff comprised of an Executive Director, Office Manager, and a Marketing/Special Events Manager.

A number of directives were established through tribal ordinance to provide long term sustainability. For example, the Fund is required to be segregated from the Tribe's other accounts. The tribal government can view account activity; however HEEF dollars can only be managed under the terms outlined in the tribal ordinance. The tribal ordinance also provides protection from future political changes. While a resolution can be passed and rescinded by the Tribal Council, a tribal ordinance must be presented to the Hopi public prior to its creation, revision, or dissolution. This helps ensure that any changes will be approved by Hopi citizens, rather than just a few representatives on the Council. In addition, management of the HEEF investment fund is provided by the independent HEEF Investment Committee and brokered by a professional agency. Guided by a formal investment policy, the Investment Committee monitors the Fund's portfolio and makes recommendations accordingly.

The success and impact of HEEF is demonstrated in a number of ways. The Fund has grown from the initial \$10 million to almost \$15 million. While the majority of funding has come from tribal

lease agreements, HEEF has also developed a Hopi specific outreach model to encourage community philanthropy. This philanthropy is based on traditions of collective community responsibility and sharing that are deeply embedded in Hopi culture. This model reflects the cycles of traditional agriculture: planting symbolizes investing and new gift giving; cultivating represents diversification and management; and harvesting describes collecting investment income, spending on scholarships and programs, and reinvesting interest for the next cycle. Currently, 30% of the contributions to HEEF come from Hopi donors through monetary and in-kind donations. A third of those donors have personally benefited from the Tribe's educational funding.

The money provided by HEEF to the Hopi Tribe Grants and Scholarship Fund (HTGSP) has awarded over 2,111 educational grants, totaling \$3.3 million. Fifty-eight percent of the students are between the ages of 18 - 24, and 41% are parents over the age of 25. The steady funding stream to HTGSP has also streamlined the process for awarding student scholarships and grants. Students no longer have to wait for tribal council sessions and money is awarded and received on a timely basis. Beyond direct educational grants, HEEF also supports the Hopi Lavayi Summer Institute aimed at helping teachers in Hopi schools to become more effective in teaching the Hopi language. In addition, strategic planning for the Fund addresses future efforts to support entities doing education work in curriculum development, student retention in higher education, and Hopi directed research.

HEEF embodies many of the principles of good governance; it exists outside of shifting political environments, functions independently from the tribal government while maintaining accountability, and operates under culturally appropriate policies and procedures. Additionally, it uses best practice models for businesses and nonprofits with multiple levels of responsibility and coordination among its governing entities, conducts independent annual audits, performs responsive short- and long-term strategic planning, and reviews ongoing income generating activities.

Importantly, HEEF maximizes self-governance because it is organized under Section 7871 of the Internal Revenue Code; oversight of tribal funds remains under tribal jurisdiction HEEF demonstrates not only the importance of placing education at the center of a community's priorities, but also how to make the most for your money. By following its lead, other nation can empower their citizens to value philanthropy, utilize special status for profit, and delegate authority to experts without losing oversight privileges. This is more than fund management, it is capacity building at the highest level.

Lessons:

- Creating a self-perpetuating fund to support higher education is one way a Native nation can secure its ability to promote education well into the future.
- Organizing as an Internal Revenue Code Section 7871 corporation reinforces a tribe's right of self-governance; Section 7871 provides the same non-profit status as 501(c)(3), but makes the corporation subject to tribal (rather than state) law.
- Clear lines of accountability and transparent award processes help shield tribal non-profits from politics.