



***The Inter Tribal Economic Alliance***

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**U.S. House of Representatives Committee on Natural Resources  
Oversight Hearing on “Diversifying Native Economies”  
September 19, 2007**

**Testimony of Tex G. Hall, Chairman and C.E.O.  
The Inter-Tribal Economic Alliance**

*“America is Stronger When Native People Participate in Our Local, National and Global Economies”*

Dosha! Good morning Chairman Rahall, Ranking Member Young and distinguished members of the U.S. House Committee on Natural Resources. Thank you for your invitation to appear before the Committee on Natural Resources, particularly on the topic of *Diversifying Native Economies*. This is a powerful subject and one that we in Indian Country, our leaders and our communities are talking about all across our great country. We are grateful to the Committee for its remarkable record of activity which shows just how seriously the Chairman cares about the needs of Indian Country.

My name is Tex Hall and I am Hidatsa and Mandan. I served two terms as the President of the National Congress of American Indians and eight years as Chairman of the Mandan, Hidatsa, and Arikara Nation in North Dakota.

I am here today as Chairman of the Inter-Tribal Economic Alliance (ITEA), a national engine of economic development whose mission is to create communities of hope on American Indian reservations, Alaska Native villages and Native Hawaiian homelands. The ITEA was formed in 2001 by Native leaders hailing from many states across the nation and we are a tribally-driven business. We work day-in and day-out to fight poverty by creating new business opportunities and new jobs in diverse industries such as information technology, private equity, energy development, natural beef and buffalo, and call center operations.

Poverty remains widespread across Indian Country. According to the 2000 census, the poverty rate on reservations is 31.2 percent while nationally 24.3 percent of American Indians and Alaska Natives live in poverty, a rate more than twice that of Whites and Asians. Native American households report a median income of only \$33,132.

While Native Americans are making progress in pockets around the country, the big picture remains that we lag well behind the rest of the nation. We can and must do better. The condition and state of Indian country, however, has many fathers. Over the last 200 years, our federal and state governments, whether legislative bodies like Congress or various government agencies, have all played a role in landing us in the condition we find ourselves in today. Nevertheless, those same actors can make amends and help us in forging a bright future ahead of us. All we ask is that the United States acknowledge its treaty-backed trust responsibility to the first peoples of this nation and support, strengthen and protect programs that have successfully advanced our economic well-being.



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Chairman Rahall, Committee members, your call for a hearing on the topic of *Diversifying Native Economies* is a good beginning to work together. We welcome the dialogue and being asked to the table to create a new future for our people, for Indian Country.

### **Native Communal Commerce**

We believe that native communal commerce works. It is what Native governments believe in and it has worked for them for thousands of years. Native communal commerce is very different, in fact it is the opposite, of what the United States government has been trying to force on Native peoples through federal policies for the past two hundred years. The ITEA itself is a model of communal commerce.

In native economies, the benefits and profits of work and industry flow back to the community. They do not flow back to individual business owners. For instance, the ITEA is structured so the profits of all of our ventures flow back to tribes. The profits from our businesses, for instance, go back to a tribe and are used to invest in health care, housing, and schools. This is a profoundly different model than say, IBM or even Univision, where corporate profits are distributed to individual owners or investors.

Indian Country believes that the Native communal model works well and better than any of the failed models of commerce – the General Allotment Act program or the Indian Reorganization Act – forced upon us by the BIA or the Interior Department and the Congress. And with the Committee’s support of the ITEA’s efforts and federal programs that actually do work, together we can start jump-start a period of unprecedented economic growth.

That growth is the point of having *Diversified Native Economies*. We ought to have federal policies and programs that do not measure our tribal enterprises against individually-owned businesses or stockholder-owned corporations. Doing so entirely misses the tremendous gifts our communities have to offer the marketplace – an untapped and unified resource of labor in some of the most remote and rural communities in the country. Our Tribal governments and business enterprises are located in 35 of 50 states, with 56 million acres of trust lands and a million plus man and woman work force, a large portion of which is either underemployed or unemployed.

While Native peoples and our federal government share a tragic history together, we have the power to change the course of that relationship. But it will require the federal government to support policies that have worked and embrace economic strategies that guarantee the growth of our native communal businesses into the larger marketplace.

### **Small Business Administration**

The Small Business Administration now runs a solid program to diversify our Native economies. The SBA 8(a) program, specifically the provision for Native 8(a) firms that consist of Tribal and community owned firms is in its infancy, yet from a policy approach and understanding of the communal nature of our enterprises, this program got it exactly right. The Native 8(a) program



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embraces our communal approach to commerce, encouraging our Tribal and Native corporations that are owned by entire communities to enter the federal government contracting industry.

The ITEA strongly believes that the Native 8(a) program works. The program recognizes that Native 8(a) firms are not investor-owned like other conventional businesses. Instead, it recognizes that Native firms are community-owned, and that they use revenues to address the social, economic and cultural well-being of communities – truly a double bottom line. And the 8(a) program does not require a single appropriation of federal funds, but rather the inclusion of the unique enterprises of Native communities in providing quality product to our federal government, while serving the social good.

The ITEA is been troubled by the statements of some that would frame the tiny 0.2% awarding of all federal contracts to Native 8(a) firms, and in particular, Alaska Native Corporations, as a threat rather than a success that should be nurtured. Some members in this Congress have even gone so far as to criticize Alaska Native enterprises for doing government work outside of the state of Alaska. The Committee should make it unacceptable to carry the failed policies of the early part of the last century into the present and into our future. Our tribal enterprises must be encouraged to grow beyond our reservation and village boundaries and be allowed to participate nationally, and indeed, globally.

### **IITC – A Tribal 8(a)**

At ITEA, one of our first initiatives to diversify our Native economy based on the communal commerce approach is the Intertribal Information Technology Company (IITC). It is the first Tribal 8(a) government contractor owned by the three indigenous groups of our great country, consisting of nine federally recognized Indian Tribes; two federally recognized Alaska Native Corporations and one Native Hawaiian nonprofit. There are no individual investors, ensuring that the profits of this Tribal 8(a) are returned to the social, economic and cultural mission of our respective communities.

IITC owner firms are located in eight states: Montana, Wyoming, Hawaii, North Dakota, Alaska, Oklahoma, New Mexico and South Dakota. Under the SBA Native 8(a) program, we have forged ahead to make a national impact and also serve our nation's men and women that are serving our country in the military. IITC is providing the Department of Defense with digitized versions of maintenance manuals for aircraft, ships, vehicles and a variety of equipment used every day on the ground by our troops. We have digitized hundreds of thousands of pages, including maintenance manuals for the Apache Helicopter, Armored Utility Trucks, Landing Crafts and Fire Fighting Vehicles. We are proud to be working on a project that we know helps to keep our troops safe.

Tapping into our national labor pool, IITC created over 300 jobs directly inside rural Native American communities, from as far north above the arctic circle in Barrow, Alaska to as far west as Anahola, Hawaii, as far east as Parshall, North Dakota on the Fort Berthold Indian Reservation and as far south as the Zuni Indian Reservation in New Mexico. IITC, like every Tribal or ANC 8(a), has become a part of our national economy and is creating jobs in eight states in the country. It is one small example of the good the Native 8(a) program has done and is an example of what can be accomplished when a federal program embraces our communal approach to business.



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## **Non-Gaming Business that In-Sources to Rural America**

There is no question that Indian Gaming has had an unprecedented economic impact in Indian Country. Yet, as we all know, the vast majority of tribes do not benefit from gaming. So, while we know that gaming tribes have generously shared their wealth with the non-Native communities around them, and with many other tribes, the fact is that gaming cannot, and will not, be the end-all to the socio-economic problems of Indian Country.

In other words, we must diversify and strengthen the foundation of commerce across Indian Country, by embracing our best business tools of Tribal and community enterprises. We can then produce opportunities to in-source jobs and impact local and rural economies inside our country versus overseas. But, we have learned that if we want it done, we are going to have to do it ourselves. And that is what the ITEA brings to the table – initiative.

The ITEA has taken a new step to build even further on the IITC technology company ability to tap into a national labor pool for data conversion. The ITEA is now finalizing a business plan to add call centers in partnership with various Tribes and Tribal firms. Call centers have the potential of employing thousands, and establishing our rural communities as hubs for national and international commerce. And what we are doing is truly patriotic. Instead of outsourcing jobs to third world countries, we are keeping those jobs, benefits, and spending money in the United States. We believe in-sourcing to American Indians works not just for Indian Country, but for America.

Another ITEA project is the first-ever national tribally-run private equity fund. As you know, the world of private equity brings significant investment opportunities for tribes. The ITEA is taking advantage of this opportunity by partnering with major Wall Street firms and advisors to open a private equity fund that will invest large sums of money in Native start up businesses, energy projects, real estate as well as traditional securities and bonds. With the support of major gaming tribes, we are positioning ourselves to make sure that wealth from gaming reaches all of Indian Country.

Another sector worthy of our attention for diversification and expansion is in energy resources, and making good use of our Tribal lands and locations around the country. Whether oil and gas, or solar and wind development, Indian Country must be part of the conversation and policy making decisions to encourage investments and partnerships that include our Tribal and Native corporations in the development of cleaner and alternative energy sources.

The ITEA is also partnering with the National Indian Gaming Association to create a Native Business Process Outsourcing company that matches Native suppliers and services with Indian gaming enterprises so that the good and services of Indian gaming are supplied by Indian businesses.

The ITEA is also working with Native cattle and buffalo ranchers to identify and overcome the barriers to bringing the hundreds of thousands of grass fed cattle to market. There are 1.5 million head of cattle



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raised naturally on 40 million acres of tribal lands across the country. We are bringing the unique all-natural, all-American, reservation-bred product of Native ranchers to the national marketplace.

## Summary

In closing, first urge the Committee to enact and support policies that strengthen our communal tribal and Alaska Native corporate status and that eliminate barriers and obstacles. For instance, we ask the Committee to strengthen, and fight against legislation that would restrict, the Native 8(a) program which has allowed Native 8(a) firms to succeed in government contracting. Native 8(a) contractors deliver a valuable product for the Nation, and use their revenues on the social, economic and educational needs of entire Native communities. Native 8(a) businesses are community enterprises and cannot be judged by the same standards as individually-owned businesses.

Second, we ask the Committee to focus its economic development efforts on those industry sectors that yield the greatest diversification and impact in our communities. We suggest the following: energy and access to the electrical grid, information technology and manufacturing, call centers, tourism, fine arts, ranching and farming, and, most importantly, the support of government contracting.

Third, we ask the Committee to invest in the economic infrastructure of Indian Country and Alaska by investing in workforce development and job training that matches the jobs we are seeking to create, and by investing in telecommunication and internet connectivity. The Committee should also ensure that Natives have the access to capital in order to build that infrastructure and thus we ask the Committee to double the ceilings of the guaranteed loan programs of the BIA and USDA.

There is no question that America is stronger when its citizens actively participate in our local, national and global economies. At ITEA, we believe that Native Americans for too long have been prevented from fully participating by a lack of understanding of the strengths, talent, and value in our communities. Chairman Rahall, *Diversifying Native Economies* is the right discussion and mirrors the conversations and work taking place all over Indian Country.

We can forge a new future by continuing this dialogue and working together. Our past tells a story of what has been good for America has not always been good for Indian Country. This need not be the case – what is good for Indian Country, is good for America. In closing, the ITEA would like to offer to partner with the Committee and assist the Committee in developing a report on Native American economic development that includes goals and timelines.

Thank You.