

**SENATE COMMITTEE ON INDIAN AFFAIRS
HEARING ON ECONOMIC DEVELOPMENT
MAY 10, 2006
TESTIMONY OF TEX G. HALL, CHAIRMAN
INTERTRIBAL ECONOMIC ALLIANCE**

Dosha. Chairman McCain, Vice Chairman Dorgan and members of the Committee. Thank you for inviting me to testify at this hearing – a hearing that I believe could be remembered as one that initiated a new economic beginning for Indian country. My name is Tex Hall, chairman of the Mandan Hidatsa and Arikara Nation. I am here today in my capacity as chairman of the Intertribal Economic Alliance (ITEA), an intertribal organization established in 2001 by a group of Tribal, Alaska Native and Native Hawaiian leaders. ITEA's sole mission is to create businesses and jobs in those tribal, Alaska Native and Native Hawaiian communities that, after all these years, continue to suffer from unacceptably high unemployment rates.

Over the years, there have been numerous taskforces, commissions, reports and hearings on Indian economic development, but Indian unemployment on too many reservations remains over 60%, and the effects of that unemployment are with us every day – suicides, alcohol and drug abuse, family problems, and a pervading sense of hopelessness, particularly among our youth. We cannot permit this situation to be passed on to yet another generation. We have to solve it now. But we have learned over the past 150 years that this problem will not be solved through commissions, piece-meal steps or a business-as-usual approach. The work that people such as Lance Morgan and Elsie Meeks have done in their communities is nothing short of miraculous, but the problem will not be solved until there is a national attack on Indian unemployment. The message I bring to the Committee today is that it is time to stop studying economic development and time to start taking comprehensive, focused ACTION to eliminate this problem. To do this, ITEA has developed a strategic plan for creating 200,000 Reservation jobs. I am here today to ask the Committee on Indian Affairs to become our partner in making this plan a reality.

Over the past four years ITEA has developed and successfully used new approaches to create sustainable businesses and jobs in Indian country. I am pleased to see Quanah Stamps and Jim Cason at today's hearing because they have helped us get our initiatives off the ground. The success of these initiatives tells us that we can

create sustainable businesses and jobs, even in the most remote Native American communities.

Under ITEA's first initiative, we created reservation jobs in the information technology sector, since IT is work that can be carried out in remote locations and since so many of our young people are skilled in IT. At the request of ITEA and ten tribes that were the founding members of ITEA, Senators Inouye and Stevens put \$34 million in the FY 03 Defense appropriations act for a contract to tribal IT firms for the digitizing of DOD tech manuals. ITEA and the ten tribes then created the first multitribal company to serve as the prime contractor for the \$34 million DOD sole source 8(a) contract. That multitribal company, the Intertribal Information Technology Company, (IITC) subcontracts the actual digitizing work to tribally-owned IT companies owned by those ten tribes, so the jobs are being created right on the reservations. (See IITC organizational chart at Attachment A.) These companies are located in some of the most remote locations in the country—from the middle of the Bering Sea, to Zuni, New Mexico. In fact, Senator McCain, when you and several other Senators visited Barrow, Alaska this past summer, I believe you had an opportunity to tour one of the IT companies involved in this initiative, operated by UIC, the village corporation for Barrow.

Since FY 03, the DOD contract to IITC has grown to \$80 million and the number of tribal IT firms has grown to 12. These companies have created a total of 300 sustainable IT jobs in their 12 communities. Most of these employees are young people who are now able to live at home, maintain our culture, and hold meaningful and upwardly mobile jobs in an exciting industry. These employees talk about how, for the first time in their lives, they have hope for the future.

DOD officials reported that the quality of work being produced by the tribal firms is as high as anything they have seen and that electronic manuals are already at work in Iraq, saving time and money in the repair and maintenance of military equipment. I emphasize this to show that the IT initiative, while creating 300 jobs in remote communities, is not a make-work program; it is work that is contributing to the security of the United States and helping our warfighters.

What we learned from this initiative is that a multitribal company serves as a valuable superstructure that is able to provide critical support to businesses located in remote communities. IITC provides overall contract management, provides technical support to the 12 tribal IT firms, and recruited and supervises the two mentor firms that have helped to train the 300 employees. As the prime contractor, IITC has the clout to ensure those 12 tribal companies perform on their subcontracts, but as a company owned by tribes, it also has the mission of doing everything it can to help

those firms perform successfully. Also, with assistance from the tribal leaders who serve on the board of ITEA, IITC is able to help shield those tribally-owned companies from local political interference that sometimes undermines reservation-based businesses. As a result, under this multitribal structure, not a single one of those 12 firms has failed.

Seeing the benefits the multitribal approach has produced, our good friend Senator Inouye challenged ITEA to develop a comprehensive strategic plan to create 200,000 jobs on reservations, using the multitribal approach as the backbone of the plan. We spent the last year doing that. The Plan adopts an entrepreneurial strategy that focuses on creating sustainable business involving work that can be performed on reservations. To create a critical mass of business activities on reservations, the Plan calls for the creation of ten additional multitribal companies, in such business sectors as construction, manufacturing, natural beef, and health care services. ITEA has already created several of these multitribal firms and is in the process of standing them up.

The Plan also relies on the use of the special 8(a) rights that Congress has provided to tribes and ANCs to obtain large sole source Federal contracts. While these rights have been an area of controversy recently, the success of our multitribal IT company demonstrates what a powerful tool those 8(a) rights can be for creating jobs on impoverished reservations. ITEA believes that the Federal government has an obligation to help jumpstart reservation businesses, and the most effective way to do that without the need for huge new appropriations is for Federal agencies to use the 8(a) program to award contracts to tribal firms that involve work that can be performed on or near reservations, as was done with the contract to digitize tech manuals.

In addition to job creation through the use of the multitribal approach, the Plan has three other components: (1) A MultiTribal Enterprise Fund, to be capitalized through investments by successful gaming tribes, to provide equity capital and loans for reservation economic development, (2) education and training, and (3) an employee support network.

A Plan like this is always a work in progress. For example, just last month, ITEA launched the Multitribal Logistics Company, which will provide improved air ambulance services to reservations, something that was not even on our radar screen when we drafted the Plan last year. Nor is this a solo act by ITEA. We are eager to get input from all of those in Indian country, Congress, the Federal agencies, the private sector and academia who have been involved in economic development. However, we need to get started now, even while this other input is being obtained

and that is the key – WE MUST GET STARTED NOW. We cannot afford to wait while some commission or taskforce spends three years preparing a report.

My understanding is that this is the first comprehensive plan for attacking unemployment on reservations that was developed by Indian country and is being led by Indian country. However, to get started effectively, we need the assistance of this Committee to help us bring on board the Executive Branch, the private sector and other key players identified in the Plan, and help us to identify ways to bring together the resources needed for the Plan to succeed. I am therefore using this hearing to request that the Committee become our partner on this Plan –that we move forward together on what promises to be one of the most promising and constructive initiatives ever.

While the Plan requires that the Federal government provide additional resources, the Plan was designed so it would not be a budget-buster, relying wherever possible on existing resources, such as targeting Federal procurement contracts that can create jobs on reservations.

I would like to quickly summarize the four components of the Plan. They are:

1. Job Creation – As indicated, the backbone of the job creation component is the creation of multitribal firms that will help to develop reservation-based firms in that business sector, replicating the successful Intertribal Information Technology Company approach. We recognize that the multitribal business approach is not the only way to create businesses on reservations and that there is a need to tap all of those other ways. But the multitribal approach is a proven one and will enable us to get started quickly on the 200,000 Jobs Initiative and build momentum through some early successes.

To provide an example of what is proposed in the portion of the Plan addressing job creation, the plan calls for the establishment of a Multitribal Forest Restoration Company as one of the ten new multitribal companies. Indian fire fighters are the backbone of the U.S. Forest Service's fire fighting operation and they are renowned for their hard work and courage. The sad fact is that when the fire season is over, most of the Indian fire fighters go back to their reservations and are unemployed for the rest of the year. Yet, at the same time, BLM and the Forest Service are spending half a billion dollars a year on forest thinning under President Bush's Healthy Forest Initiative. Forest thinning involves many of the same skills used in fire fighting, so we have a trained workforce available to work on the Healthy Forest Initiative.

Through the Multitribal Forest Restoration Company, which ITEA is presently in the process of standing up, the goal is to establish reservation forest restoration business that will create several thousand year-round jobs for those Indian fire fighters who will fight fire in the summer and thin forests the rest of the year. Once again, we are not talking make-work; we are talking about jobs that contribute to the safety of our towns and cities and that carry out one of the President's priority initiatives. However, to succeed we will need help from Congress, BLM and Forest Service. The Plan sets out the assistance we will need from each.

2. Equity Capital and Loan Funds – The second component provides capital for reservation economic development. One of ITEA's most exciting initiatives is our creation of the MultiTribal Enterprise Fund. ITEA will be encouraging the successful gaming tribes to invest up to 1% of their revenues in this Fund, which provides them with a national, multitribally-owned financial institution and a structured program for helping the tribes that have not benefited from gaming. I am pleased to report that NIGA has agreed to help ITEA launch this plan and solicit support from its members. With assistance from the BIA, ITEA has created the legal framework for such a fund. In the coming months, we will be visiting the successful gaming tribes to encourage them to agree to invest 1% of their revenues in the Fund each year for ten years. We believe there are good business opportunities on and near reservations that can both create jobs and provide the investing tribes with a good return on their investment. The Fund will be managed by Native Americans who are knowledgeable in reservation business development and financing and will be mentored by Wachovia Bank, the third largest bank in the country.

3. Training and Education – The third component is Training and Education, something that is very important to me as a former teacher. We need to coordinate the many different job training and education programs to ensure they are focused on preparing our people for the jobs that will be opening up when the new businesses are started on the reservations. We then need to assist those incumbent employees to develop additional skills so they can move up the career ladder in their industry. For example, we are now exploring training programs to assist the IT employees doing the digitizing work to move up the ladder to be computer programmers and network integrators.

4. An Employee Support Network – The final component is an Employee Support Network. With funding from ANA, ITEA will be working

with tribes to develop employee support networks to help the employees of these businesses to be successful. It is not easy being an employee in remote reservation settings. If your car breaks down, you cannot take the Metro to work; if your babysitter fails to show up, you cannot drop your child at a day care center down the block. The Employee Support Network will work with tribes to put in place programs that will address these kinds of problems and thereby promote a stable workforce at the new businesses.

That briefly summarizes the four components of our Plan. ITEA believes the Plan can succeed, but it will require a cooperative effort by many participants – Congress, the Executive Branch, the private sector, the many Indian organizations devoted to economic develop and academia. As the first step in making this happen, I respectfully request that the Committee agree to become our partner in helping make the Plan a reality, using the tremendous respect its members have in so many circles to help us reach out to the Executive Branch, to the private sector and to the other members of Congress in order to encourage them to join with us in implementing this Plan. We have provided copies of the Plan to your staff. If the Committee agrees to work with ITEA, we think the first step would be to sit down with your staff and develop recommendations on how best to move forward.

Mr. Chairman and members of the Committee, there is an old saying: “If not now, then when, if not us, then whom”. The economic distress on so many of our reservations has been with us for far too long. The elimination of Indian unemployment needs to begin now and it needs to begin with us. I look forward to working with you on this endeavor.

INTERTRIBAL INFORMATION TECHNOLOGY COMPANY, LLC (IITC)

