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President Joe Garcia National Congress of American Indians

Testimony Before the Committee on Resources United States House of Representatives

Hearing on HR 3350, “Tribal Development Corporation Feasibility Study Act of 2005” March 29, 2006



Good afternoon Chairman Pombo, Congressman Rahall, and members of the Committee. My name is Joe Garcia, and I am Governor of Ohkay Owingeh, formerly known as San Juan Pueblo, in the State of New Mexico, and President of the National Congress of American Indians (NCAI).

As you know, NCAI is the oldest and largest organization representing American Indian and Alaska Native tribal governments in the United States. I sit before you today representing over 275 tribal governments and hundreds of thousands of Indian people. NCAI was founded in 1944 in response to termination and assimilation policies that the United States forced upon the tribal governments in contradiction of their treaty rights and status as sovereign governments. Today NCAI remains dedicated to promoting tribal self-determination and self-sufficiency.

On behalf of NCAI, thank you for giving me the opportunity to testify before you today on HR 3350, which would establish a Tribal Development Corporation Feasibility Study. I would also like to take this opportunity to thank you for your ongoing commitment to diversified and sustainable economic development in Indian country. I am happy to be here today to continue what has been an ongoing discussion about how best the federal government and the private sector can be brought together to assist in economic development in Indian country.

The creation of an entity that would increase access to capital for tribal governments is an idea that has seen various iterations over the past several years. NCAI has always supported this policy goal, and we strongly support the feasibility study that would be authorized by HR 3350. Such a study would provide answers to some of the questions that have arisen in connection with past proposals and give us the information we need to make the paradigm-shift that would result from the establishment of a tribal development corporation a reality.

Indian Country is a world of economic extremes. There are a few high-profile examples of tribes around the country who have prospered economically. However, there are hundreds more who remain nearly invisible, who are struggling to preserve their reservations, their culture, and their sovereignty. Despite the improved economic conditions that some tribes have experienced in the past few decades, most tribes and tribal members persistently suffer from some of the worst living standards in the United States. The social and economic conditions in many Indian communities are comparable to those in developing nations around the world. In these communities, there is a lack of basic water and sewer capability; an absence of communication technology; poor transportation infrastructure; poor nutrition; a lack of access to health care facilities; and few employment opportunities.



Some reservations face upwards of 80% unemployment and poverty rates at many times that of the national average. There is virtually no tax base on many reservations, equity for investment is practically non-existent, and capital for development is nearly impossible to obtain. While gaming has transformed the economies of a small handful of tribes, the vast majority of tribes remain in desperate need of meaningful, diversified economic development opportunities, such as the Tribal Development Corporation that is contemplated by HR 3350.

As many studies have shown, the lack of access to capital is one of the major barriers to successful economic development on tribal lands. Whether it is the inability to leverage lands or homes, a lack of traditional financial institutions, an unwillingness on the part of lenders to do business in Indian country, or poor financial skills among tribal members, Indian entrepreneurs and tribal enterprises have a hard time accessing money or technical assistance that will enable them to pursue business development.

Conventional thought has often dismissed the feasibility of Indian economic development. Too often we hear that there is little incentive for investment, either public or private, on Indian lands; that many tribal institutions are too unstable or too weak to sustain development; that the location of many Indian lands are too remote for many types of business; or that the lack of infrastructure prohibits the establishment of businesses on tribal lands. This line of thinking leads to the conclusion that the only option for Indian nations is continued dependence on the federal government.

Although these obstacles to tribal economic development are real, fatalistic beliefs about the potential for economic self-sufficiency in Indian Country hinder successful outcomes. Instead, we must change the way we think about Indian Country and the opportunities for development within it. Recognizing this reality, a number of innovative, forward-thinking policy proposals have emerged that would enable tribes to recognize economic opportunities and develop solutions to overcome barriers to economic development.

The establishment of a tribal development corporation, as was first suggested by Senator Campbell in S. 519 during the 108th Congress, is one example of such a promising proposal. In developing S. 519, Senator Campbell looked to international development models that have proven successful in helping improve the economic and social conditions of developing countries that confront a number of the same challenges that face Indian nations. These institutions take a systemic approach to development and have a broad range of responsibilities from addressing particular needs and unique abilities of different parts of the world to analyzing policy. The World Bank, for example, plays a crucial role in reducing poverty and increasing economic self-sufficiency across the globe, and we think there is great promise in seeing that work replicated in Indian Country. NCAI fully supports the concept of a tribally-capitalized organization that would serve much the same purpose that the various



multi-lateral development banks do in helping spur economic development and improve well-being in regions around the world.

A tribal development corporation would empower Indian nations to develop a tribally-driven strategy for true economic self-sufficiency. It would increase the amount of capital available to tribes for economic development, provide much-needed technical assistance to tribes, and strategize comprehensively about the long-term development needs of tribal communities. The diagnostic studies contemplated by HR 3350, are particularly intriguing. Tribes could benefit greatly from expert analysis on a tribe-by-tribe basis of the obstacles and opportunities for economic development in a given community. We know in Indian country, that community development is a prerequisite for economic development, and a tribal development corporation would have the flexibility to address development holistically. In addition, a tribal development corporation could do a great deal to ameliorate the confusion and misconceptions surrounding political differences that arise from tribal sovereignty. Specifically, like the Overseas Political Insurance Corporation, a tribal development corporation may be able to provide a sort of insurance for ‘international’ risk. NCAI has identified this as one of the keys to comprehensive development in Indian Country, and we feel that a tribal development corporation has the potential to fill this role farther down the road.

I would like to acknowledge that there is a lot of good work already being done out in Indian country. Existing resources, like banks, lending institutions, and technical assistance agencies, are doing wonderful work in many of our communities. However, these agencies are often in need of assistance themselves. Many of our banks are not equipped to handle the large scale development projects that tribes wish to undertake, lending institutions are able to provide small loans to a few people, but can not invigorate reservation economies as a whole, and training and technical assistance programs do not always have the resources to provide all of the assistance our communities need. What has resulted is a series of good starts for many tribal communities, but there hasn't been the large-scale development of Indian economies that would serve to integrate Indian country into the economic fabric of the United States and the international community. In addition to the topics for study outlined in the legislation, I would encourage you to consider directing the study group to consider how a Tribal Development Corporation would complement and support the existing entities working on similar initiatives in Indian country.

I would like to comment on one additional specific aspect of HR 3350. The legislation authorizes appropriations of \$500,000 to conduct the study, but requires a dollar for dollar non-federal match. It is unclear from the legislation who is expected to provide the non-federal match, however, it has been indicated to me that the money will come from tribes. I am concerned that requiring a tribal match to pay for a study that will likely be the basis for future legislation intended to fulfill the federal government's trust responsibility sets a dangerous precedent. In addition, to the extent that the study group will be analyzing various models for tribal control, it may raise the appearance of a conflict of interest to have the



study funded by particular tribes. I would strongly encourage the Chairman to amend HR 3350 to authorize appropriations for the full cost of the study.

In closing, as NCAI has testified before, a development organization composed of the tribes across Indian country is an innovative and promising idea that is consistent with the principle of tribal self-determination and respect for tribal sovereignty. Clearly, there are a number of structural questions and challenging issues of ownership and control that arise when considering an initiative of this magnitude. We applaud the Chairman for moving thoughtfully and deliberately toward taking the tribal development corporation from a concept to a reality.

We thank you for introducing legislation that will help tribal economies develop into systems that will enhance the lives of our citizens and will serve to strengthen our tribal governments. The tribes have shown that they are willing to invest in intertribal development organizations, and we believe that a feasibility study of a tribal development corporation is both necessary and appropriate. We look forward to working with you and the Committee to ensure the swift passage of HR 3350.