S. HRG. 106–63

NATIVE AMERICAN BUSINESS DEVELOPMENT, TRADE PROMOTION, AND TOURISM ACT OF 1999

HEARING

BEFORE THE

COMMITTEE ON INDIAN AFFAIRS UNITED STATES SENATE

ONE HUNDRED SIXTH CONGRESS

FIRST SESSION

ON

S. 401

TO PROVIDE FOR BUSINESS DEVELOPMENT AND TRADE PROMOTION FOR NATIVE AMERICANS

APRIL 21, 1999
WASHINGTON, DC

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NATIVE AMERICAN BUSINESS DEVELOPMENT, TRADE PROMOTION, AND TOURISM ACT OF 1999

WEDNESDAY, APRIL 21, 1999

U.S. SENATE,
COMMITTEE ON INDIAN AFFAIRS,
Washington, DC.

The committee met, pursuant to notice, at 9:30 a.m. in room 485, Senate Russell Building, Hon. Ben Nighthorse Campbell (chairman of the committee) presiding.

Present: Senators Campbell and Wellstone.

STATEMENT OF HON. BEN NIGHTHORSE CAMPBELL, U.S. SENATOR FROM COLORADO, CHAIRMAN, COMMITTEE ON INDIAN AFFAIRS

The CHAIRMAN. Good morning. The Committee on Indian Affairs will come to order.

Today we will hear testimony on the Native American Business Development, Trade Promotion, and Tourism Act, S. 401, a bill I introduced, along with Senator Inouye, earlier this year.

Last week this committee reviewed the ongoing implementation of the welfare reform law in Indian country. As we know, despite unprecedented economic growth in America, most Indian reservations still resemble third-world nations, plagued by unemployment, poverty, social problems, and in many cases, hopelessness.

As we work to encourage Indian tribes to administer the new welfare reform block grants, we also must remember that in the end the success of the welfare reform program depends on the availability of jobs. Some people believe gaming is the answer to making all tribes rich; and while it is true that for a handful of tribes located near population centers, gambling has been successful, most tribes have revenues that are very level, and sometimes their casinos resemble church bingo rather than a casino. We must seek other ways to create jobs on reservations.

This bill, and other initiatives, is an effort in that direction. We are continuing to address the building blocks of development throughout this session, physical infrastructure, skills development, separation of powers, good governance, regulatory reform, and access to capital. This legislation aims to get the ball moving by requiring the Commerce Department to make a menu of business development services available to tribes and businesses on Indian lands.

In particular I am interested—and I am sure that Senator Inouye, when he gets here, will also be interested—in looking at international trade and tourism as opportunities for Indian tribes, as well as other avenues.

[Text of S. 401 follows:]

II

106TH CONGRESS
1ST SESSION

S. 401

To provide for business development and trade promotion for Native Americans, and for other purposes.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 10, 1999

Mr. CAMPBELL (for himself and Mr. INOUYE) introduced the following bill; which was read twice and referred to the Committee on Indian Affairs

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A BILL

To provide for business development and trade promotion for Native Americans, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the "Native American Busi-
5 ness Development, Trade Promotion, and Tourism Act of
6 1999".

7 **SEC. 2. FINDINGS; PURPOSES.**

8 (a) FINDINGS.—Congress finds that—
9 (1) clause 3 of section 8 of article I of the
10 United States Constitution recognizes the special re-

1 lationship between the United States and Indian
2 tribes;
3 (2) beginning in 1970, with the inauguration by
4 the Nixon Administration, of the Indian self-deter-
5 mination era of the Federal Government, each Presi-
6 dent has confirmed the special government-to-gov-
7 ernment relationship between Indian tribes and the
8 United States;
9 (3) in 1994, President Clinton issued an Execu-
10 tive memorandum to the heads of departments and
11 agencies that obligated all Federal departments and
12 agencies, particularly those that have an impact on
13 economic development, to evaluate the potential im-
14 pacts of their actions on Indian tribes;
15 (4) consistent with the principles of inherent
16 tribal sovereignty and the special relationship be-
17 tween Indian tribes and the United States, Indian
18 tribes retain the right to enter into contracts and
19 agreements to trade freely, and seek enforcement of
20 treaty and trade rights;
21 (5) Congress has carried out the responsibility
22 of the United States for the protection and preserva-
23 tion of Indian tribes and the resources of Indian
24 tribes through the endorsement of treaties, and the

1 enactment of other laws, including laws that provide
2 for the exercise of administrative authorities;
3 (6) the United States has an obligation to
4 guard and preserve the sovereignty of Indian tribes
5 in order to foster strong tribal governments, Indian
6 self-determination, and economic self-sufficiency
7 among Indian tribes;
8 (7) the capacity of Indian tribes to build strong
9 tribal governments and vigorous economies is hin-
10 dered by the inability of Indian tribes to engage
11 communities that surround Indian lands and outside
12 investors in economic activities on Indian lands;
13 (8) despite the availability of abundant natural
14 resources on Indian lands and a rich cultural legacy
15 that accords great value to self-determination, self-
16 reliance, and independence, American Indians and
17 Alaska Natives suffer higher rates of unemployment,
18 poverty, poor health, substandard housing, and asso-
19 ciated social ills than those of any other group in the
20 United States;
21 (9) the United States has an obligation to as-
22 sist Indian tribes with the creation of appropriate
23 economic and political conditions with respect to In-
24 dian lands to—

1 (A) encourage investment from outside
2 sources that do not originate with the tribes;
3 and
4 (B) facilitate economic ventures with out-
5 side entities that are not tribal entities;
6 (10) the economic success and material well-
7 being of American Indian and Alaska Native com-
8 munities depends on the combined efforts of the
9 Federal Government, tribal governments, the private
10 sector, and individuals;
11 (11) the lack of employment and entrepreneur-
12 ial opportunities in the communities referred to in
13 paragraph (8) has resulted in a multigenerational
14 dependence on Federal assistance that is—
15 (A) insufficient to address the magnitude
16 of needs; and
17 (B) unreliable in availability; and
18 (12) the twin goals of economic self-sufficiency
19 and political self-determination for American Indians
20 and Alaska Natives can best be served by making
21 available to address the challenges faced by those
22 groups—
23 (A) the resources of the private market;
24 (B) adequate capital; and
25 (C) technical expertise.

1 (b) PURPOSES.—The purposes of this Act are as fol-
2 lows:
3 (1) To revitalize economically and physically
4 distressed Indian reservation economies by—
5 (A) encouraging the formation of new busi-
6 nesses by eligible entities, the expansion of ex-
7 isting businesses; and
8 (B) facilitating the movement of goods to
9 and from Indian reservations and the provision
10 of services by Indians.
11 (2) To promote private investment in the econo-
12 mies of Indian tribes and to encourage the sustain-
13 able development of resources of Indian tribes and
14 tribal- and Indian-owned businesses.
15 (3) To promote the long-range sustained growth
16 of the economies of Indian tribes.
17 (4) To raise incomes of Indians in order to re-
18 duce poverty levels and provide the means for
19 achieving a higher standard of living on Indian res-
20 ervations.
21 (5) To encourage intertribal, regional, and
22 international trade and business development in
23 order to assist in increasing productivity and the
24 standard of living of members of Indian tribes and

1 improving the economic self-sufficiency of the gov-
2 erning bodies of Indian tribes.
3 (6) To promote economic self-sufficiency and
4 political self-determination for Indian tribes and
5 members of Indian tribes.

6 **SEC. 3. DEFINITIONS.**

7 In this Act:
8 (1) BOARD.—The term "Board" has the mean-
9 ing given that term in the first section of the Act
10 entitled "To provide for the establishment, oper-
11 ation, and maintenance of foreign-trade zones in
12 ports of entry in the United States, to expedite and
13 encourage foreign commerce, and for other pur-
14 poses", approved June 18, 1934 (19 U.S.C. 81a).
15 (2) DIRECTOR.—The term "Director" means
16 Director of Native American Business Development
17 appointed under section 4(a).
18 (3) ELIGIBLE ENTITY.—The term "eligible en-
19 tity" means an Indian tribe, tribal organization, In-
20 dian arts and crafts organization, tribal enterprise,
21 tribal marketing cooperative, or Indian-owned busi-
22 ness.
23 (4) FEDERAL AGENCY.—The term "Federal
24 agency" means an agency, as that term is defined
25 in section 551(1) of title 5, United States Code.

(5) FOUNDATION.—The term "Foundation" means the Rural Development Foundation.

(6) INDIAN.—The term "Indian" has the meaning given that term in section 4(d) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b(d)).

(7) INDIAN ARTS AND CRAFTS ORGANIZATION.—The term "Indian arts and crafts organization" has the meaning given that term under section 2 of the Act of August 27, 1935 (49 Stat. 891, chapter 748; 25 U.S.C. 305a).

(8) INDIAN GOODS AND SERVICES.—The term "Indian goods and services" means—

(A) Indian goods, within the meaning of section 2 of the Act of August 27, 1935 (commonly known as the "Indian Arts and Crafts Act") (49 Stat. 891, chapter 748; 25 U.S.C. 305a);

(B) goods produced or originating within an eligible entity; and

(C) services provided by eligible entities.

(9) INDIAN LANDS.—The term "Indian lands" has the meaning given that term in section 4(4) of the Indian Gaming Regulatory Act (25 U.S.C. 2703(4)).

1 (10) INDIAN-OWNED BUSINESS.—The term "In-
2 dian-owned business" means an entity organized for
3 the conduct of trade or commerce with respect to
4 which at least 50 percent of the property interests
5 of the entity are owned by Indians or Indian tribes
6 (or a combination thereof).
7 (11) INDIAN TRIBE.—The term "Indian tribe"
8 has the meaning given that term in section 4(e) of
9 the Indian Self-Determination and Education Assist-
10 ance Act (25 U.S.C. 450b(e)).
11 (12) OFFICE.—The term "Office" means the
12 Office of Native American Business Development es-
13 tablished under section 4(a).
14 (13) SECRETARY.—The term "Secretary"
15 means the Secretary of Commerce.
16 (14) TRIBAL ENTERPRISE.—The term "tribal
17 enterprise" means a commercial activity or business
18 managed or controlled by an Indian tribe.
19 (15) TRIBAL MARKETING COOPERATIVE.—The
20 term "tribal marketing cooperative" shall have the
21 meaning given that term by the Secretary, in con-
22 sultation with the Secretary of the Interior.
23 (16) TRIBAL ORGANIZATION.—The term "tribal
24 organization" has the meaning given that term in

1 section 4(l) of the Indian Self-Determination and
2 Education Assistance Act (25 U.S.C. 450b(l)).

3 **SEC. 4. OFFICE OF NATIVE AMERICAN BUSINESS DEVELOP-**
4 **MENT.**

5 (a) IN GENERAL.—
6 (1) ESTABLISHMENT.—There is established
7 within the Department of Commerce an office
8 known as the Office of Native American Business
9 Development.
10 (2) DIRECTOR.—The Office shall be headed by
11 a Director, appointed by the Secretary, whose title
12 shall be the Director of Native American Business
13 Development. The Director shall be compensated at
14 a rate not to exceed level V of the Executive Sched-
15 ule under section 5316 of title 5, United States
16 Code.

17 (b) DUTIES OF THE SECRETARY.—
18 (1) IN GENERAL.—The Secretary, acting
19 through the Director, shall ensure the coordination
20 of Federal programs that provide assistance, includ-
21 ing financial and technical assistance, to eligible en-
22 tities for increased business, the expansion of trade
23 by eligible entities, and economic development on In-
24 dian lands.

1 (2) ACTIVITIES.—In carrying out the duties de-
2 scribed in paragraph (1), the Secretary, acting
3 through the Director, shall ensure the coordination
4 of, or, as appropriate, carry out—
5 (A) Federal programs designed to provide
6 legal, accounting, or financial assistance to eli-
7 gible entities;
8 (B) market surveys;
9 (C) the development of promotional mate-
10 rials;
11 (D) the financing of business development
12 seminars;
13 (E) the facilitation of marketing;
14 (F) the participation of appropriate Fed-
15 eral agencies or eligible entities in trade fairs;
16 (G) any activity that is not described in
17 subparagraphs (A) through (F) that is related
18 to the development of appropriate markets; and
19 (H) any other activity that the Secretary,
20 in consultation with the Director, determines to
21 be appropriate to carry out this section.
22 (3) ASSISTANCE.—In conjunction with the ac-
23 tivities described in paragraph (2), the Secretary,
24 acting through the Director, shall provide—

1 (A) financial assistance, technical assist-
2 ance, and administrative services to eligible en-
3 tities to assist those entities with—
4 (i) identifying and taking advantage
5 of business development opportunities; and
6 (ii) compliance with appropriate laws
7 and regulatory practices; and
8 (B) such other assistance as the Secretary,
9 in consultation with the Director, determines to
10 be necessary for the development of business
11 opportunities for eligible entities to enhance the
12 economies of Indian tribes.
13 (4) PRIORITIES.—In carrying out the duties
14 and activities described in paragraphs (2) and (3),
15 the Secretary, acting through the Director, shall give
16 priority to activities that—
17 (A) provide the greatest degree of eco-
18 nomic benefits to Indians; and
19 (B) foster long-term stable economies of
20 Indian tribes.
21 (5) PROHIBITION.—The Secretary may not pro-
22 vide under this section assistance for any activity re-
23 lated to the operation of a gaming activity on Indian
24 lands pursuant to the Indian Gaming Regulatory
25 Act (25 U.S.C. 2710 et seq.).

1 **SEC. 5. NATIVE AMERICAN TRADE AND EXPORT PRO-**
2 **MOTION.**

3 (a) IN GENERAL.—The Secretary, acting through the
4 Director, shall carry out a Native American export and
5 trade promotion program (referred to in this section as
6 the "program").

7 (b) COORDINATION OF FEDERAL PROGRAMS AND
8 SERVICES.—In carrying out the program, the Secretary,
9 acting through the Director, and in cooperation with the
10 heads of appropriate Federal agencies, shall ensure the co-
11 ordination of Federal programs and services designed to—

12 (1) develop the economies of Indian tribes; and

13 (2) stimulate the demand for Indian goods and
14 services that are available to eligible entities.

15 (c) ACTIVITIES.—In carrying out the duties described
16 in subsection (b), the Secretary, acting through the Direc-
17 tor, shall ensure the coordination of, or, as appropriate,
18 carry out—

19 (1) Federal programs designed to provide tech-
20 nical or financial assistance to eligible entities;

21 (2) the development of promotional materials;

22 (3) the financing of appropriate trade missions;

23 (4) the marketing of Indian goods and services;

24 (5) the participation of appropriate Federal
25 agencies or eligible entities in international trade
26 fairs; and

1 (6) any other activity related to the develop-
2 ment of markets for Indian goods and services.
3 (d) TECHNICAL ASSISTANCE.—In conjunction with
4 the activities described in subsection (c), the Secretary,
5 acting through the Director, shall provide technical assist-
6 ance and administrative services to eligible entities to as-
7 sist those entities with—
8 (1) the identification of appropriate markets for
9 Indian goods and services;
10 (2) entering the markets referred to in para-
11 graph (1);
12 (3) compliance with foreign or domestic laws
13 and practices with respect to financial institutions
14 with respect to the export and import of Indian
15 goods and services; and
16 (4) entering into financial arrangements to pro-
17 vide for the export and import of Indian goods and
18 services.
19 (e) PRIORITIES.—In carrying out the duties and ac-
20 tivities described in subsections (b) and (c), the Secretary,
21 acting through the Director, shall give priority to activities
22 that—
23 (1) provide the greatest degree of economic ben-
24 efits to Indians; and

(2) foster long-term stable international markets for Indian goods and services.

SEC. 6. INTERTRIBAL TOURISM DEMONSTRATION PROJECTS.

(a) IN GENERAL.—

(1) DEMONSTRATION PROJECTS.—The Secretary, acting through the Director, shall conduct a Native American tourism program to facilitate the development and conduct of tourism demonstration projects by Indian tribes, on a tribal, intertribal, or regional basis.

(2) PROJECTS.—

(A) IN GENERAL.—Under the program established under this section, in order to assist in the development and promotion of tourism on and in the vicinity of Indian lands, the Secretary, acting through the Director, shall, in coordination with the Foundation, assist eligible entities in the planning, development, and implementation of tourism development demonstration projects that meet the criteria described in subparagraph (B).

(B) PROJECTS DESCRIBED.—In selecting tourism development demonstration projects under this section, the Secretary, acting

1 through the Director, shall select projects that
2 have the potential to increase travel and tour-
3 ism revenues by attracting visitors to Indian
4 lands and in the vicinity of Indian lands, in-
5 cluding projects that provide for—
6 (i) the development and distribution
7 of educational and promotional materials
8 pertaining to attractions located on and
9 near Indian lands;
10 (ii) the development of educational re-
11 sources to assist in private and public tour-
12 ism development on and in the vicinity of
13 Indian lands; and
14 (iii) the coordination of tourism-relat-
15 ed joint ventures and cooperative efforts
16 between eligible entities and appropriate
17 State and local governments that have ju-
18 risdiction over areas in the vicinity of In-
19 dian lands.
20 (3) GRANTS.—To carry out the program under
21 this section, the Secretary, acting through the Direc-
22 tor, may award grants or enter into other appro-
23 priate arrangements with Indian tribes, tribal orga-
24 nizations, intertribal consortia, or other tribal enti-

1 ties that the Secretary, in consultation with the Di-
2 rector, determines to be appropriate.
3 (4) LOCATIONS.—In providing for tourism de-
4 velopment demonstration projects under the pro-
5 gram under this section, the Secretary, acting
6 through the Director, shall provide for a demonstra-
7 tion project to be conducted—
8 (A) for Indians of the Four Corners area
9 located in the area adjacent to the border be-
10 tween Arizona, Utah, Colorado, and New Mex-
11 ico;
12 (B) for Indians of the northwestern area
13 that is commonly known as the Great North-
14 west (as determined by the Secretary);
15 (C) for the Oklahoma Indians in Okla-
16 homa; and
17 (D) for the Indians of the Great Plains
18 area (as determined by the Secretary).
19 (b) STUDIES.—The Secretary, acting through the Di-
20 rector, shall provide financial assistance, technical assist-
21 ance, and administrative services to participants that the
22 Secretary, acting through the Director, selects to carry out
23 a tourism development project under this section, with
24 respect to—

1 (1) feasibility studies conducted as part of that
2 project;
3 (2) market analyses;
4 (3) participation in tourism and trade missions;
5 and
6 (4) any other activity that the Secretary, in
7 consultation with the Director, determines to be ap-
8 propriate to carry out this section.
9 (c) INFRASTRUCTURE DEVELOPMENT.—The dem-
10 onstration projects conducted under this section shall in-
11 clude provisions to facilitate the development and financ-
12 ing of infrastructure, including the development of Indian
13 reservation roads in a manner consistent with title 23,
14 United States Code.
15 **SEC. 7. REPORT TO CONGRESS.**
16 (a) IN GENERAL.—Not later than 1 year after the
17 date of enactment of this Act, and annually thereafter,
18 the Secretary, in consultation with the Director, shall pre-
19 pare and submit to the Committee on Indian Affairs of
20 the Senate and the Committee on Resources of the House
21 of Representatives a report on the operation of the Office.
22 (b) CONTENTS OF REPORT.—Each report prepared
23 under subsection (a) shall include—
24 (1) for the period covered by the report, a sum-
25 mary of the activities conducted by the Secretary,

1 acting through the Director, in carrying out sections
2 4 through 6; and
3 (2) any recommendations for legislation that
4 the Secretary, in consultation with the Director, de-
5 termines to be necessary to carry out sections 4
6 through 6.

7 **SEC. 8. FOREIGN-TRADE ZONE PREFERENCES.**

8 (a) PREFERENCE IN ESTABLISHMENT OF FOREIGN-
9 TRADE ZONES IN INDIAN ENTERPRISE ZONES.—In proc-
10 essing applications for the establishment of foreign-trade
11 zones pursuant to the Act entitled "To provide for the es-
12 tablishment, operation, and maintenance of foreign-trade
13 zones in ports of entry of the United States, to expedite
14 and encourage foreign commerce, and for other purposes",
15 approved June 18, 1934 (19 U.S.C. 81a et seq.), the
16 Board shall consider, on a priority basis, and expedite, to
17 the maximum extent practicable, the processing of any ap-
18 plication involving the establishment of a foreign-trade
19 zone on Indian lands, including any Indian lands des-
20 ignated as an empowerment zone or enterprise community
21 pursuant to section 1391 of the Internal Revenue Code
22 of 1986.

23 (b) APPLICATION PROCEDURE.—In processing appli-
24 cations for the establishment of ports of entry pursuant
25 to the Act entitled "An Act making appropriations for

1 sundry civil expenses of the Government for the fiscal year
2 ending June thirtieth, nineteen hundred and fifteen, and
3 for other purposes", approved August 1, 1914 (19 U.S.C.
4 2), the Secretary of the Treasury shall, with respect to
5 any application involving the establishment of a port of
6 entry that is necessary to permit the establishment of a
7 foreign-trade zone on Indian lands—
8 (1) consider on a priority basis; and
9 (2) expedite, to the maximum extent prac-
10 ticable, the processing of that application.
11 (e) APPLICATION EVALUATION.—In evaluating appli-
12 cations for the establishment of foreign-trade zones and
13 ports of entry in connection with Indian lands, to the max-
14 imum extent practicable and consistent with applicable
15 law, the Board and Secretary of the Treasury shall ap-
16 prove the applications.

○

The CHAIRMAN. With that, we will start with our first panel, which will be Phil Singerman—thank you for appearing—the Director General, Foreign and Commercial Service International, from the Department of Commerce.

I might tell all the witnesses that you may abbreviate your statements. If they get too long—we use this light, by the way, Phil.

Before you start, I would like to ask Senator Wellstone if he has a statement.

STATEMENT OF HON. PAUL WELLSTONE, U.S. SENATOR FROM MINNESOTA

Senator WELLSTONE. Thank you, Mr. Chairman. I will not take up too much time, but since we have a markup in the Senate Foreign Relations Committee at 10 o'clock, I won't be able to stay for the whole hearing.

I just want to associate myself with your remarks. I am an original cosponsor of the legislation. I think economic development in Indian country is probably the most important issue that this committee is going to deal with, for the simple reason that I think that poverty is Indian country's most intractable problem, and I think this is a response to that, so count me as a strong supporter.

Mr. Chairman, I want to make a very brief connection between the subject matter of today's hearing and the focus that the committee had—I could not come, and I deeply regret that I was not here—on welfare reform in Indian country. It is simply a huge problem to talk about moving from welfare to workfare to work when there is simply no economic activity and no jobs. I visited any number of different communities in the country where that is the problem, and therefore people find that this just doesn't work. We now have, I think, an insulting threshold, which is to say that if you have poverty or unemployment over 50 percent, then you would be exempt from the TANF requirements. But what if it's 40 percent or 45 percent?

So I think the whole question of whether or not people in Indian country can chart their own economic future—be in charge of their own economic future, whether or not there are going to be jobs available—is critically important. And right now—I have been saying this for years, but I want to say it again—I think we're going to have to really look at TANF and look at the welfare bill, and there are going to have to be some revisions made until we are able to take the kind of steps forward that this legislation calls for.

Let me also just mention to you, since we had a field hearing on this topic in Minnesota about 1 year ago, that I do believe that there is leadership in Indian country in Minnesota that are being very wise in taking the gaming revenue and understanding that it's not there forever, and making some investments. The Mille Lacs Band of Ojibwa, Marge Anderson being the Chairwoman, and the Red Lake Band have really been focused on business development projects. Mille Lacs bought a small bank a few years ago; I think this is one of seven Native American-owned banks in the country, and they have set up an entrepreneur fund that I think would be near and dear to your heart. They are doing a lot of local kind of home-grown economic development, which I think is critically important.

Michael Price was here last week; he is Chairman of the Science and Mathematics Department at Leech Lake Tribal College. He wants to start a forestry program at the Tribal College so that the members of Leech Lake might someday be able to take over some of the administration of Chippewa National Forest. Again, this is the kind of exciting ideas that are in the air.

So I just want to say to you that I think this piece of legislation is priority legislation. I think this is the most important question for the committee to focus on. I thank you for your leadership, and I am pleased to be an original cosponsor.

The CHAIRMAN. Thank you for that support, Senator Wellstone.

Okay, Mr. Singerman, your complete written testimony will be included in the record, if you would like to abbreviate.

STATEMENT OF PHIL SINGERMAN, ASSISTANT SECRETARY, FOR ECONOMIC DEVELOPMENT, DEPARTMENT OF COMMERCE, WASHINGTON, DC, ACCOMPANIED BY MARCIA WARREN, DEPUTY DIRECTOR FOR GLOBAL DIVERSITY AND TRAINING, U.S. FOREIGN AND COMMERCIAL SERVICE

Mr. SINGERMAN. Thank you, Mr. Chairman, and thank you, Senator Wellstone. My name is Phillip Singerman. I serve as Assistant Secretary of Commerce for Economic Development. Secretary Daley thanks you for this opportunity to appear before your committee to discuss economic development initiatives by the Department of Commerce to assist Native American and Alaska Native communities.

The Secretary asked me to convey his personal commitment to activities on behalf of Native Americans, and I am pleased to represent the Department this morning. I am joined by my colleague, Marcia Warren, Deputy Director for Global Diversity and Training, U.S. Foreign and Commercial Service, and a member of the Santa Clara Pueblo.

Mr. Chairman and Senator Wellstone, before I begin the summary of my testimony I want to take a moment to express my personal appreciation to both of you for your support of EDA's reauthorization legislation which passed the Congress last year. You were early and public advocates and cosponsors of this legislation, and we are deeply grateful for that leadership on your behalf. Thank you for allowing me to say this.

The Economic Development Administration, EDA, was established under the Public Works Act of 1965 to generate jobs and stimulate industrial and commercial growth in economically-distressed areas of the country. EDA assistance is available to rural and urban communities experiencing high unemployment, low income, or other severe economic distress. We work in partnership with other Federal agencies, State and local governments, regional economic development districts, public and private nonprofit organizations, and Indian tribes to develop and implement their revitalization strategies.

EDA has a 30-year history of providing Federal assistance to Native American and Alaska Native communities, and indeed, over that period we have provided in excess of $730 million for thousands of projects. Since fiscal year 1993 alone, EDA has funded 450 Native American and Alaska Native projects, totalling over $53

million. Of this amount, $35 million was for public works and technical assistance grants, and the rest was for planning grants, to over 60 tribes and tribal organizations. This planning program supports the formulation of economic development in Indian country and the retention of full-time, permanent jobs for unemployed and underemployed Native Americans and Alaska Natives.

On August 6, 1998, President Clinton directed the Department of Commerce, the Department of the Interior, and the Small Business Administration to develop, in consultation with other parties, including governments, a strategic plan for coordinating existing Federal economic development initiatives. In December these agencies presented a report to the President. The report noted that one of the most important factors for successful economic development in Indian country is the ability to access information and assistance.

As part of this initiative, the Department is charged with assessing the technology infrastructure needs of American Indian and Alaska Native communities. This study, funded by EDA, is being performed by researchers at New Mexico State University, with a target completion date of June 15. Two weeks ago two researchers on this project, accompanied by EDA staff, briefed a number of your committee staff, and we will provide the committee with copies of the completed study.

EDA is also examining the unique criteria surrounding successful reservation economic development through another study entitled "Effective Economic Development Practices in Native American Economic Development." The National Congress of American Indians is conducting this research under an EDA grant.

Yet another EDA-funded initiative in 1996 produced the only comprehensive directory of American Indian reservations and trust areas. This document is available on EDA's web site.

In my written testimony there is a document which outlines a number of other departmental initiatives, including the Department's Global Diversity Initiative, focused on increasing the number of minority-owned firms exporting their products and services abroad.

Mr. Chairman, I would like to point out in particular the effort that the Department is conducting to assist Native American and Alaska Native communities in the decennial census. In the 1990 census, the single largest undercount involved American Indians living on reservations, 12.2 percent.

To ensure that Native American and Alaska Natives are not missed, the Census Bureau has established a partnership with tribal governments and will conduct an extensive media campaign to encourage participation.

With this goal in mind, the overall goal of the Menominee Indian Reservation in Keshena, Wisconsin served as one of the sites for the year 2000 decennial census dress rehearsal. Robert Mallett, Deputy Secretary of Commerce, has addressed the National Congress of American Indians several times in the last 2 years. Several Commerce officials have visited the Navajo and Hopi Reservations, and in Alaska, to meet with tribal leaders to learn how to improve the Commerce Department's response to these issues.

An accurate count will ensure that American Indians and Alaska Natives will receive political representation and the benefits of Government programs to which they are entitled.

In conclusion let me state that under the leadership of Secretary Daley and Secretary Brown, the Department has consistently brought forward strong programs and initiatives to aid in the financial growth and development of Native American communities.

After careful review of the proposed legislation, the Department has concluded that the agency bureaus described in my written statement and summarized in my verbal comments are currently fulfilling the goals and objectives of this legislation. We look forward to working with you in identifying areas of need in Indian country that can be addressed within the authorities and jurisdictions of the bureaus of the Commerce Department.

Thank you very much for this opportunity to testify. Marcia and I would be pleased to respond to any questions.

[Prepared statement of Mr. Singerman appears in appendix.]

The CHAIRMAN. Thank you.

Frankly, I didn't have time to read your statement because we didn't get it until 8 o'clock last night. I would like to remind you that we ask people to turn those in about 72 hours before so that we can study them a little bit. We had a terrible tragedy in Colorado, as you probably know, that had us preoccupied yesterday evening, but I wanted to mention that.

Your testimony, very frankly, sounds like everything is just fine out there, but I can tell you this. You go to Pine Ridge, SD, and you will see 80 percent unemployment. Even where I live, which is the Southern Ute Reservation in Colorado, which is a rather successful reservation, their unemployment is about 50 percent.

I guess the simple question that I would have is this. If things are so doggone good, as you describe them, why are they so bad out there where we're living in terms of trying to find jobs? I don't want to pick a fight with you, but I have to say that the reason for this bill in the first place was to try to prod the Commerce Department into moving along, along the lines of trying to get job development in Indian country.

Let me just ask you a couple of quick questions.

First of all, you mentioned a number of studies. I have to tell you, Indians have been studied to death, Mr. Singerman. We have been studied by anthropologists and Federal bureaucrats and college students and authors and well-wishers and everybody else, and things are still terrible from the standpoint of getting jobs for Indian people.

Could you tell me what specific goals the Commerce Department has for the next couple of years to try to develop jobs in Indian country?

Mr. SINGERMAN. Well, I can see——

The CHAIRMAN. Quite frankly, I heard you talk about the census and several other things, but I don't see the connection.

Mr. SINGERMAN. I could speak most directly about the programs of the Economic Development Administration.

Senator I do not at all disagree with you in terms of your description of the conditions on reservations and in Native American communities in general. The Economic Development Administra-

tion has been addressing those needs as a focus of its programs. The studies that I described will help us focus those resources on economic opportunities that we think have great potential in order to provide opportunities for economic development and job creation. In particular, the study of technology infrastructure needs, we think, will set the stage for improving opportunities for communities to participate in the global economy through electronic commerce.

The CHAIRMAN. Well, I'm not sure that answered my question. I was looking for some hard core plans rather than just finishing studies.

What is the Department's role in the welfare reform implementation in Indian country?

Mr. SINGERMAN. Directly, I don't think the Department has a role, although the Administration has made a commitment to hire welfare recipients, and the Department of Commerce is the largest single participant in that program.

The CHAIRMAN. Do you have any numbers or statistics about Indians who have been hired through that program on reservations?

Mr. SINGERMAN. I don't know that, but we will provide that information to you.

The CHAIRMAN. Would you provide it for the committee?

Mr. SINGERMAN. Yes, Mr. Chairman.

The CHAIRMAN. The fact is that on reservations, on too many of them, the only jobs available are some jobs that deal with Federal agencies that are on the reservation, BIA or the Indian Health Service, something of that nature.

Last August the President announced an interagency initiative on telecommunications, and you mentioned a study that focused on telecommunications. What is the status of that initiative that the President announced?

Mr. SINGERMAN. The task force was asked to prepare a report; and as I mentioned in my remarks, that report was presented to the President in December. My understanding is that the Bureau of Indian Affairs has identified a Business Development Access Center as a priority for implementing the recommendations, to provide access to information, and assistance.

The CHAIRMAN. You know, the central thrust of this bill is really to try to provide a consolidated approach, but as I understand your testimony, you don't think the bill is necessary because—correct me if I'm wrong—you are already addressing the problems as you see them?

Mr. SINGERMAN. Through the task force and its activities and through the studies that we're engaged in, and through the ongoing programs that the Commerce Department has, it is the Department's position that we are carrying out our responsibilities.

Are we solving the problem? Do we have all the resources that we need? Probably not, but the authorities and the responsibilities that the Department brings to bear on this problem are, we think, properly focused.

The CHAIRMAN. Okay. I thank you.

Senator Wellstone, did you have some questions?

Senator WELLSTONE. I think I just want to make one or two points that you might want to respond to.

I do appreciate—I wouldn't for 1 moment, as you come here to testify, sort of want to put on your shoulders the responsibility or the accountability for an inglorious history that we've had with Native American people in our country, but I find myself agreeing with the Chairman that it does seem to me—I am disappointed that the Department does not come out foursquare in favor of this legislation. What we are doing with this legislation is saying that we want to coordinate all these different programs, plus we want to sort of take this whole question of economic development, which is sort of—you know, how people in Indian country can control their own economic fate, and we want to put it in sharp focus.

And also, Mr. Chairman, as I understand it, we want to make sure that you don't have a disconnect between, maybe, some fragmented programs which don't necessarily fit with the kind of culture and history of people and how people can best make their own decisions and do their best work for themselves.

So I think this is win-win, and I am really disappointed that the Department is not coming out strongly in favor of it. I think this isn't the be-all or end-all, but I am a little surprised that we're not getting a stronger endorsement, I would like to say that to you. You may want to respond.

Mr. SINGERMAN. I don't think I have anything to add to my statement.

The CHAIRMAN. Well, before you leave let me make one parting comment, and that is if things are going so well, I have to tell you, we need to look at a lot of things, like the high school dropouts, the suicide rate, the alcohol abuse, the unemployment—things are not going well. We've had 150 years of Government supervision and Government help for the Indians and in many cases it's not any better than it was 150 years ago. I just have to tell you, a lot of that time has been spent in sort of a paternalistic attitude, doing studies of Indians instead of doing something to help Indians help themselves.

But I would hope that we would find some common ground and that the Administration will come on board and support this with whatever amendments you think are feasible. We would like to work with you and try to move something that's going to create some jobs out there.

Mr. SINGERMAN. We'd be pleased to do that.

The CHAIRMAN. Okay. Thank you for appearing. We appreciate it.

The next panel will be Tex Hall, Chairman, Three Affiliated Tribes, from Fort Berthold; Gloria O'Neill, Executive Director, Cook Inlet Tribal Council, Anchorage, AK; John Sunchild, Chief Executive Officer of the National Tribal Development Association; and Michael Rouleau, Vice President-Marketing, Interprise, U S West.

As I mentioned to our first panel, all of your written testimony will be included in the record, and if you will abbreviate your comments, this little light up here will help remind you.

We will start in the order that I mentioned, with Chairman Hall starting.

STATEMENT OF TEX HALL, CHAIRMAN, THREE AFFILIATED TRIBES OF THE FORT BERTHOLD RESERVATION, NEW TOWN, ND

Mr. HALL. Good morning, Senator, members of the committee. I know they are not all here, but I also understand, and my deepest sympathy for the tragic situation in your State of Colorado. I was an old school superintendent before I got into politics, so that's the kind of line of work that I come from.

I also appreciate the pictures on the wall. I come from Four Bears, up on the wall; and then over here, up on top, that scout dance, that comes from the Mandan, Hidatsa, and Arikara Tribes that I'm the Chairman of.

Senator I appreciate the comments, before I get into my oral testimony, about welfare reform. I think this act is one of the singlemost important things that is being proposed and that is going to be done. I, too, concur with Senator Wellstone's comments about welfare reform. For example, in western-central North Dakota, I am the Chairman of the Three Affiliated Tribes, and also the Chairman of the Aberdeen Area Tribes, and I appreciate your mentioning Pine Ridge, because the Aberdeen Area consists of 17 tribes, which include North Dakota, South Dakota, and Nebraska, and we have an average unemployment of 71 percent in the Aberdeen area. In my tribe it is 61 percent.

But your example, Senator Campbell, is that nearby, just off the reservation, unemployment is about 1.8 percent, which is good; that's great, but I suffer from 61 percent unemployment. So I agree also that there need to be some type of amendments that are going to have to happen with welfare reform. We want a hand up, we don't want a handout, and our people are—there is a new movement in Indian country, Senator, where there is this tremendous pressure on tribal business councils to create jobs and economic development in the face of welfare reform. So I just wanted to kind of open with that.

I will start with my oral testimony.

I think it is very fitting that S. 401 and the upcoming bicentennial of Lewis and Clark both come at this time in our history. Since that fateful meeting back in October 1804, when my people met Meriwether Lewis and William Clark and invited them to spend the winter in our villages, and helped them survive the winter, we have been reduced from having once been a totally self-sufficient tribe and independent nation and a strong trade center, to third world status in terms of unemployment, housing, and totally inadequate health care.

Today, as we approach the bicentennial of the voyage of discover of Lewis and Clark's journey amongst my people and throughout the western United States, I see the opportunity to recapture that self-sufficiency we enjoyed when they first encountered our villages in 1804. Two hundred years ago, when President Jefferson was looking for someone to chart the western portion of this country, the United States, my people, the Mandan, the Hidatsas, and the Arikara, were already the center of a huge trade network that extended coast to coast and well beyond the present borders of Canada and Mexico. My ancestors lived in sedentary earth lodge villages along the Heart and Knife Rivers where they flow into the

Missouri River, and we grew crops in the rich bottomlands and used these crops as trade goods, and we were totally economically self-sufficient people. Our Knife River flint was part of the trade goods and have been found in these far-off regions, testifying to our trade corridors.

Today, however, we have high unemployment. Our housing and health care are among the worst in the Nation, and disease is rampant among our people. Diabetes, alcoholism, and infant mortality are among the highest not only in the Aberdeen Area, but amongst the Nation as a whole, and our lifespan equals that of third world countries.

I see S. 401 as an opportunity for the tribes and all of Indian country to build strong and vigorous economies. I envision my tribe, the Three Affiliated Tribes, as once again being the hub of a trade center in the northern plains of the United States, just as we were 200 years ago, and along with other tribes, establishing a foreign trade zone, designate empowerment zones, and enterprise communities, and utilize and capitalize on the information superhighway.

The potential for trade promotion and business development utilizing tourism dollars on Indian reservations is great. I am particularly interested in section 6 of S. 401 which would set up an intertribal tourism development project in the Great Plains region and other areas.

I went to get to a few more specifics, Senator.

I think that S. 401 is timely. Again, I mentioned section 6; I believe we can effectively use the assistance of the demonstration project contemplated by section 6 of the act to bolster the coordinated efforts of a variety of entities: other tribes who interacted with the Lewis and Clark Expedition; Federal, State and local agencies; and private, nonprofit foundations who operate ventures like the Lewis and Clark Interpretive Center near Washburn, North Dakota. Just as important, the possibility of further financial grant assistance will allow us to be more recognized as an important participant in the observation of the bicentennial—after all, without the assistance of Sakakawea, who resided amongst our people, the whole Lewis and Clark Expedition might have been a disaster.

That is why this is so important. It helps diversify our economies.

This bill does some other things that are long overdue for Indian country. It establishes an Office of Native American Business Development whose main purpose is to coordinate the welter of Federal programs that provide assistance to Indian tribes and to individual Native people for economic development, tourism, and trade. One might legitimately ask whether this office would duplicate services already available, and I can assure the committee and the Congress that such services are sorely needed if more Indian nations are going to recognize the dream of self-sufficiency without relying solely on Indian gaming.

This is particularly true for the tribes in the Great Plains and the Aberdeen Area of the Bureau of Indian Affairs. In our area alone reside some of the most impoverished tribes in the Nation, whose governments conduct small gaming operations, but whose

people, who number over 150,000 on or near the reservations, have needs that are grossly underserved by the Bureau of Indian Affairs and other Federal programs and whose needs cannot begin to be met by the paltry return of a few slot machines. This tragedy of poverty near third world levels is compounded by the fact that our proud nations, which were once very self-sufficient, are signatories to solemn treaties that reserved to us our homelands in perpetuity, and yet were broken by the U.S. Government within a few short years after their signing.

Now we have the opportunity to see again the rise of the buffalo, as many tribes, including the Three Affiliated Tribes, are beginning to be able to raise buffalo on their homelands.

An Office of Native American Business Development can be a vital force as our economies begin to expand and take advantage of the resources that we are left with, our people and our land. Those tribes that are relatively close to the Canadian and Mexican borders, such as the Three Affiliated Tribes, can certainly use the provision in section 8 of S. 401 that calls for providing a preference to tribes to become an international free trade zone to help their economies grow.

To illustrate further some of the reasons why the Office of Native American Business Development is so necessary, let me give you an example of a business development project in our area that has benefited far more than just the tribe that owns it.

The CHAIRMAN. You will need to abbreviate as well as you can.

Mr. HALL. Okay. How much time do I have, Senator?

The CHAIRMAN. Well, actually, you know, when you come to Washington, if you step out on those streets and you step out in front of a red light, you're going to get run over, because red means "go." But in this committee, red means stop. [Laughter.]

Mr. HALL. I don't want to get run over, then, Senator.

The CHAIRMAN. Or at least slow down.

Mr. HALL. Okay.

I probably should conclude my comments, then—I was going to give an example of Uniband, a successful information technology company on the Turtle Mountain Reservation, who had an 8(a) status within the Small Business Administration. It was very successful, and it also set up a joint project of Uniband with our tribe, the Fort Berthold Tribe. So that's a prime example. We have a minority business development project in Bismarck, and we're seriously underfunded, Senator. S. 401 would truly promote and assist the development of reservation economies in our area.

I think of several projects that could be helped by S. 401, and I am sure other tribal leaders present here today have other examples. We have a modular homebuilding project which will employ 50 people, which we recently approved, and our Mandaree Enterprise Project, which has now qualified for 8(a) status from the SBA, which has contracts that will help Uniband information technology company continue to grow. And we have a Northrup Grumman plant that does defense contracts at New Town, ND, but we have cyclical unemployment. We have highs and lows, so we have a lot of people that are not employed at times, and otherwise are employed very well.

As we move into the area of welfare reform, Congress needs to understand, like the rest of America, that leaving welfare behind for good, we need to have every bit of help that we can get to develop economically.

So, Senator, I will conclude with those comments, and I will provide my written testimony to truly support this very important initiative in Indian country, and I reserve questions for later.

[Prepared statement of Mr. Hall appears in appendix.]

The CHAIRMAN. I'm sorry Mr. Singerman didn't stay to hear your testimony. I think he would have found it interesting.

Mr. HALL. I hoped he would have.

The CHAIRMAN. Gloria, if you would like to proceed? First, let the committee wish you happy birthday. Senator Murkowski tells me that you are an up-and-coming young person in Alaska Native politics, and that we will be looking more and more toward your guidance on this committee, so we are very happy to see you here.

STATEMENT OF GLORIA O'NEILL, EXECUTIVE DIRECTOR, COOK INLET TRIBAL COUNCIL, ANCHORAGE, AK

Ms. O'NEILL. Thank you. I would like to start out by saying good morning to you this morning.

My name is Gloria O'Neill, and I am the Executive Director of Cook Inlet Tribal Council, Inc. Cook Inlet Tribal Council is a nonprofit corporation established by Cook Inlet Region. CIRI is based in Anchorage, AK, and is an Alaska Native corporation that is owned by 6,900 Alaska Native shareholders.

Today I am here to testify in favor of S. 401. The Alaska Native Claims Settlement Act established profitmaking regional and village corporations which have had to survive in the competitive world of business since their inception. CIRI is one of the most successful corporations under ANCSA. CIRI and other Native corporations have prospered because they were left to succeed on their own, without the interference of the Bureau of Indian Affairs.

Not all the regional corporations were instant success stories, but even the ones that originally failed are now profitable.

ANCSA corporations are a critical part of the economic vitality of the State of Alaska. CIRI has developed a varied and extensive portfolio of business holdings and has achieved a substantial measure of success in its economic development activities. CIRI investment in businesses such as television, radio broadcasting, wireless telephone service, heavy equipment distribution, tourism, real estate, and construction services are the type of successes that are seldom heard from Native Americans.

During the late 1980's and the 1990's, CIRI was the largest minority-owned broadcaster in the United States. Those investments were facilitated by the use of tax certificates that allowed sellers to delay Federal taxes on their sale proceeds.

The repeal of the tax certificate program has left a large void for Native Americans, and it is essential that the FCC be encouraged to develop a suitable alternative to tax certificates.

CIRI has also been very involved in the emerging technologies in wireless telephones. We have successfully bid at two FCC auctions for wireless spectrum. We believe that the FCC and the Small Business Administration should be applauded for their continuing

commitment to Native Americans and the small businesses in telecommunications technology.

CIRI has recently moved into tourism. To the extent that one focus of S. 401 is on the development of tourism, we strongly urge the inclusion of Alaska as a fifth area where a demonstration project will be carried out. CIRI began development of its Tourism Division in 1997, and now offers day cruises in Resurrection Bay, the Kenai Fjords National Park, and in Prince William Sound. Last year, CIRI also began construction on a 98-room lodge, scheduled to open next month, on 35 acres it owns overlooking Mt. McKinley in Talkeetna, Alaska.

The passage of S. 401 will help make the CIRI story more of a possibility for Native Americans. I would like to state that not only do we support S. 401, we enthusiastically endorse it. The program as outlined in S. 401 is one of fairness and will allow Native American business to be treated equally under economic programs promoted by the Department of Commerce.

One of the main missions of the Department of Commerce is to further economic and investment opportunities for American business. Native American business should have a place at the Department's table with all other American corporations.

No singular group owns more land or controls more natural resources than Native Americans. The majority of oil, gas, coal, and hard rock minerals are located on Native lands, yet no group within the Department of Commerce is less represented.

As we go forward into the millennium I urge the members of this committee to work to assure that Native American businesses receive the same support, financial assistance, and opportunities given to other businesses. S. 401 is a step in accomplishing this goal.

Thank you for allowing me to appear before you today. I appreciate the opportunity to be here to voice our support of S. 401. We respectfully submit proposed technical changes to the bill, which I have attached to my full written statement, to make it responsive to the needs of Alaska Natives and to fund it sufficiently so that it will be an effective tool for economic self-sufficiency for American Indians and Alaska Natives.

Thank you.

[Prepared statement of Ms. O'Neill appears in appendix.]

The CHAIRMAN. Thank you, Gloria.

We would like to proceed. John, your full testimony will also be included in the record.

STATEMENT OF JOHN R. SUNCHILD, SR., CHIEF EXECUTIVE OFFICER, NATIONAL TRIBAL DEVELOPMENT ASSOCIATION, BOX ELDER, MT

Mr. SUNCHILD. Thank you. For the people who don't know me, my name is John Sunchild. I am the Executive Officer of the National Tribal Development Association. Our mission is action-oriented. My original mission was to provide profiles of tribal economics throughout the country, but since then, upon invitation to testify before this committee, I specifically requested that I concentrate on foreign trade because I have some experience with that.

But I am here basically, and honored to be here, to support S. 401. And gee, I wish that man from Department of Commerce would have said that. But all of these are important. Native American business development is important. Trade promotion is important. Tourism is important. And all domestic products from Indian country are important, and cultural exchanges, and arts and crafts—I can go on and on and on.

But I would like to acknowledge here specifically yourself and Senator Inouye in championing many Indian issues. But this legislation here is sorely needed by the tribal governments of these United States.

Some dangerous legislation has come up that has mandated to the States much of the trust responsibilities of the Federal Government, to the States, and this is giving the tribes a hard time. For example, welfare reform—the tribes are caught between a rock and a hard place if they do one or the other. And if they let the State take care of the welfare for them, within 2 to 5 years, what happens to them? Do they go around the corner and starve, or what happens to them?

If tribes take it under TANF, the reservations, no matter how small or how big, don't have enough employment to employ all of their people. Especially, I don't think Congress—pardon the expression, but I don't think they took into consideration the population increase through the years.

Welfare, helping to put people put food on the table, is a "forever" responsibility of someone to take care of those people who cannot take care of themselves.

I personally like this legislation, but what puzzles me is how to convince the Department of Commerce to begin to coordinate all of these many activities, many aspects, to develop Indian business on the reservations, much less promote foreign trade. There are many intricacies involved in foreign trade. This bothers me, and it bothers me in the sense that, does Department of Commerce really have that kind of money to take care of the many, many needs to create a business on reservations? That's what bothers me.

But I fully support it because now, for once, under one Department, hopefully all the coordination will take effect under this one Department.

I have been involved in foreign trade with a number of tribes, and I have been doing this with MAP out of FAS, USDA. Along with that, I have provided money for regional symposiums — what I call "export readiness symposiums," and there we talk about many things, products, availability of products, quality and quantity; but more importantly, everything that goes with it, taxing, labeling, trademarks. We talk about all those things, and also the intricacies of customs and packaging, shipping, transportation, and everything else.

In St. Paul last year I testified about the lack of infrastructure in our many tribes, and that exists—in fact, has continued to exist—in terms of modern technology. Many of the member tribes that I serve—I serve 36 tribes throughout the Nation—about half of those people don't even have software, and that's what bothers me. I noticed in this legislation, where is the money coming from to buy the real basics so that some tribes that do not have this type

of communications systems can begin to come to par with the rest of the world?

It was mentioned here, how come Indian tribes are behind? Well, that goes way back, with paternalism and everything else included, but it has been benign neglect from day one. Under the superintendents and the BIA administrators, and even now, that's going on. And there is a battle now between self- governance tribes and non-self-governance tribes. If self- governance tribes were allowed to contract under self- governance provisions with Department of Commerce, maybe the story would change. They would have free communication and easier understanding amongst each other by way of MOA's and memorandums of understanding.

But I fully support this legislation. One thing that was mentioned here is the duration of projects. Most funding agencies fund a project on one cycle, 1 year, as many as 3 years. Most projects require more than that; in 3 years you're just beginning to staff a certain project. You're just beginning to understand what it's all about. So we need multi-year funding cycles for better planning to make these programs work.

I hope the Department of Commerce will have a change of heart and be more enthusiastic about this bill because, for once, when I showed this to the tribal leaders in the west, that was the first comment, "How far is the Department of Commerce going to go with this?"

[Prepared statement of Mr. Sunchild appears in appendix.]

The CHAIRMAN. Well, we're trying to prod them.

Okay, Mr. Rouleau, I am interested in hearing your testimony. I see my friend, Dee St. Cyr, back there, so if you make a mistake in your testimony, I'm sure she'll correct that.

STATEMENT OF MICHAEL A. ROULEAU, VICE PRESIDENT, MARKETING, INTERPRISE NETWORKING, U S WEST COMMUNICATIONS, DENVER, CO

Mr. ROULEAU. I am sure she will. Thank you.

Good morning, Mr. Chairman and members of the committee. Thank you very much for the opportunity to address you this morning. My name is Mike Rouleau; I have responsibilities in U S WEST for developing new products and services and delivering new technologies to our customers.

I have submitted written comments, but I would like to touch briefly today on a couple of key issues for us, and I will be emphasizing what seems to be a common theme this morning, which is technology infrastructure deployment and how do we continue to expand that.

I would like to start with a couple of facts and data.

U S WEST covers, in our 14 States, less than 10 percent of the central offices that serve the Native American communities throughout our territory, our region. What is distressing, though, is that only 45 to 50 percent of the Native Americans in those communities have access to basic telephone service, the basic line. And while the basic line problem, the delivery of a phone to these customers, is challenging, and it is distressing that it's only 50 percent or less, what is even more distressing to us is the fact that today's Internet-based economy requires that we deliver this basic commu-

nications infrastructure and more, that we have the need for high-speed access to those customers who want to participate in today's Internet economy.

Even though it is incredibly expensive to serve these areas, where a local loop can cost anywhere between $10,000 and $60,000 to deploy, and where it can cost well over $1 million to deploy or deliver a high-speed line to a Native American community, U S WEST has been proactive in doing things with Native American communities. For example, beginning with Net Day last year in May, we have deployed high-speed Internet access through a frame relay service to 19 schools on reservations in New Mexico, and our U S WEST Foundation has developed a program called "WOW," Widening Our World, that really takes to the community examples and demonstrations of high-speed services and Internet access, and delivers a teaching mechanism to the teachers of those communities so that we can train them and help them get up to speed on what to do with the Internet.

But there are more things that the Congress and the FCC can do to help change the way we are deploying our networks today.

InterLATA relief is a significant issue for U S WEST and other incumbent telephone companies. It is key to economic development in the area today where Internet services are delivered. Today, the Internet has no LATA boundaries or imaginary lines that divide geographic areas. Today, Internet access requires that it not just be dial-up service anymore, that it be very high speed, and it is distressing to us that less than half of our territories have access to a high-speed Internet backbone, a business that U S WEST is prevented from being in delivering to our communities.

What is even more problematic is that competitive local exchange carriers are targeting businesses and high-end residential customers in dense economic centers throughout our territory, and they are well capitalized. For example, two recent startup companies, Rhythms and Coved Communications, have access to more capital than I do to deliver my high-speed Internet access business, and combined, their market capitalization is roughly one-half of U S WEST's market capitalization; yet these folks focus in on the specific geographic areas, the highly dense economic centers throughout our territory, and don't focus on where they can deploy relatively ubiquitously. They have chosen to serve only these business customers, and the telecommunications rules that are in effect today have made this happen.

The LATA boundaries today don't make sense. LATA boundaries are imaginary lines, again, dividing a State. In places like Montana, there are two LATAs; in places like Minnesota, there are five LATAs. And because U S WEST cannot carry infrastructure across those imaginary lines, it creates a very inefficient infrastructure for us. We have to deploy more capital and more services, basically duplicating our investments across the region.

I use the analogy that if a farmer had two plots of land, he wouldn't necessarily buy two tractors, but that's exactly what the FCC has forced us to do. They have asked us to continue to duplicate our investment, creating an inefficient infrastructure which prevents us from deploying further and deeper into our networks to support Native American communities.

We have made a commitment that should we get InterLATA relief, we could build out a more advanced Internet infrastructure, a high-speed service, to our more rural areas and to the Native American communities. The FCC can act today, but has chosen not to.

The last area I would like to touch on is the Universal Service Fund and the impact it has.

The FCC continues to delay the implementation of an effective Universal Service Fund for nearly two years now. Competition is here; as I mentioned before, there are new start-up ventures, Rhythms and Coved, who have—combined—less than 15,000 subscribers. There are more than 200 competitive local exchange carriers in our area. The evidence of competition is here, but these folks are not trying to deliver services. They have chosen not to deliver services to the Native American communities. They have focused in on where they can emphasize in the dense economic centers of our region.

One recommendation we have to address this imbalance is to focus the study areas on a more localized basis. Take a look at the specific regions and areas that are served in the Native American communities and in rural America. This allows for a much more accurate view of what it costs, what the true cost is, to deliver services into these areas.

I want to thank you for the opportunity to address this committee. I appreciate the opportunity. Thanks.

[Prepared statement of Mr. Rouleau appears in appendix.]

The CHAIRMAN. Thank you. I am reminded that we are planning a joint hearing with Commerce Committee dealing with this subject.

I want to also say—and I have also told this to Sol Trujillo and, before him, Dick McCormick—U S WEST has had a wonderful relationship and a very progressive relationship with Indian tribes. I just wanted that to be a part of the record, that I think U S WEST is one American corporation that has really stepped up to the plate, you might say, in trying to provide not only access out on the reservations, but jobs for Indian people that have left the reservations and come to the cities. I wanted to commend you for that, and I know that both Dick and Sol recognize that progressive work that they've done.

Mr. ROULEAU. Thank you.

The CHAIRMAN. Let me mention two or three things.

It has been my experience—and I'm listening to John and the comments of all of you—that things are changing out there. Historically, if we were going to try to provide jobs on the reservations, they followed along the line of natural resources, with the timber, the coal, the oil, if the reservation land had some, and perhaps some with agriculture if there were opportunities to raise cattle—you mentioned buffalo, too. I think that's all great.

One of the problems that they have, of course, with a lot of the isolated reservations is shipping, because it's a long way from anywhere. That's one of the things that I think has held back manufacturing on reservations is the difficulty of getting it to the market, because a lot of the things that you can make or do on the reservation have to go somewhere. I am enrolled with the Northern

Cheyenne; they have literally unlimited coal, a huge seam of coal, but because the price is down and shipping is expensive, they haven't been able to develop it, so they sit on this "black gold mine" literally and have not been able to really use it.

But there are also changes in the air. All of you mentioned them. The new areas, certainly, that have real opportunities include technology, as John mentioned; tourism, as I think John Sunchild mentioned; and certainly gaming and home industry. "Home industry" means those things you can do at home and sell, which often is related to some kinds of arts and crafts, which is not small business anymore. The estimate is that it is over $1 billion a year of Indian arts and crafts sold, $1 billion a year. But in addition to that, the estimates also are that about 50 percent of it is fraudulent, not made by Indians. It is coming in from foreign countries or it is being made who knows where, in the back alleys of New York or somewhere, but it is not made on reservations and it is not made by Indians.

The original act was passed in 1930, I think, if I'm not mistaken, and from that time up until 1990, there was never one single prosecution brought about fraudulent arts and crafts. We revised that bill in 1990, as some of you might know, and now there are some pretty strict guidelines and teeth in it if a tribe is being ripped off by someone or some group saying, "I am a member of the Three Affiliated Tribes and I am doing this kind of crafts, therefore that validates me because I am a tribal member." I mean, a tribe can actually sue them now for damages, and they are pretty heavy damages. I think it starts with a $10,000 fine, something of that nature.

So far, though, since 1990, I don't believe there have been any prosecutions dealing with that, either. The way it works is that the tribe complains to the Indian Arts and Crafts Board, which is part of the Department of the Interior, and they in turn turn it over to be investigated and prosecuted by the Justice Department, so there is something in place now for tribes to protect home industries dealing with arts and crafts.

Along this new line, certainly some tribes, as I have mentioned, have had some pretty big success with gaming, but it is my understanding there are about 100 different casinos now on the drawing boards across the Nation. I really worry that it won't be too long before we reach a saturation point where there is a casino in everybody's home town, literally, run by a tribe, and you divide the spendable income—the discretionary income—that many ways, and none of the casinos are going to be making very much money. In fact, a few of them have already gone out of business, as you know; some of them have already gone into receivership. They just couldn't make it. And certainly, technology is going to give some huge opportunities.

There is one thing that I have really noticed a change in, and that is tourism. I really wanted to focus on that just for 1 minute.

I remember 25 years ago I recommended to a couple of tribes, our own included, that they try to develop tourism, and boy, did I run into a brick wall. The feeling at that time with the tribal council was that they didn't want people to come in and stare at them, like going to the zoo or something. They didn't want them around.

I think that has changed a lot. I know that some years ago an association started, called the American Indian Tourism Association, headquartered in Phoenix, AZ. Have any of you had any working relationship with them on trying to develop tourism? Have you, Tex?

Mr. HALL. I am familiar with them, but we haven't. I know our State is doing one of those international things. When we were in Berlin, they said at the North Dakota Tourism Office, "Where are the Indians? We want to talk to the Indians." I said, "We've been here."

The CHAIRMAN. In fact, if you go to Germany and England, there are huge clubs in both of those countries that follow Indian activities. They learn the dancing and they do all these things. I had some friends who went over on a State Department tour and they came back with the funniest story. They came back and they told me that when they got off the plane, they were all dressed in business suits, the Indians from the United States were, and they were met by a bunch of German Anglos dressed in buckskins. [Laughter.]

They thought there was something wrong with that picture. But that tells you how they do follow it.

But I think that attitude has changed out there. Gloria, I was going ask you, I know that in Alaska they do a lot of promoting, because I see it in magazines all the time, about "Come to Alaska," the tourism thing. One of the things I've noticed with our own State is that a lot of the brochures we put out—and I'm sure you might see this in other States—they use the Indian image as a come-on to get people in, but the Indians don't get to share much of the spendable dollar when it comes into that State. So sometimes it's sort of a cultural ripoff. They want to show the great American west, cowboys and Indians, and everybody wants to see that, but you don't see the money filtering into the hands of the Indian people.

Make a few comments about that observation.

Ms. O'NEILL. Just to speak to that, in a few weeks we will be opening the doors to a dream in Anchorage, and that is the Alaska Native Heritage Center, which is nearly complete, and it will be a major cultural and educational institute in Anchorage. CIRI has provided this project with significant financial management support through its development process. This project should, when it is completed, attract visitors to learn about Alaska Native cultures and demonstrate those cultures. It will also provide educational opportunities for Alaska Natives and non-natives alike, especially with young school children.

I was at the Center a few weeks ago. It is beautiful, and I can't wait to take my own daughter, who is an Alaska Native, to the Center to show her so that she could be proud of who she is.

That will bring additional resources into Anchorage, and also, hopefully, bring the entire Native community of the State of Alaska together.

The CHAIRMAN. I was in Alaska a few weeks ago with Senator Stevens on an unrelated trip. We were in Anchorage, and although I didn't have time to go by that facility, I did get a summary of it,

and it sounds like just a wonderful project. I look forward to seeing it when it is open.

John, maybe you can give me a better idea from your experience in marketing and selling Native American goods, what is the biggest impediment or roadblock in trying to market Native American-produced things overseas?

Mr. SUNCHILD. In my written testimony I go into this to a great extent. To respond quickly, we have identified some barriers, and most of those are technical. For example, tribes need assistance in compliance with foreign export laws, and also in dealing with their contacts, the importers on the other side of the ocean, and how to prepare financial agreements, contracts, those types of things.

Also, what was alluded to or talked about here, I am in collaboration with the Indian Agriculture Council with my overseas ventures. With the IAC, they have a national trademark, simply, "Made by Native Americans." We are hoping to sophisticate that and share that with individual tribes, along with their logos and their own tribal trademarks, to come under what we hope to be the national trademark.

We bombed out in Brussels because the people there didn't want to talk to us about national trademarks, because in our booth—two or three booths down the way, they were selling huckleberries, and it had a Native American image on it. They were foreign countries.

We are getting a lot of expertise from the FAS, Foreign Agriculture Service, out of USDA. In fact, they are the ones that fund us for this type of activity. For a long while I have been going around to the tribes and telling them, "When you're ready for a foreign market, come to us." But I would not tell them how to get ready. So we got some money from USDA, again, to provide what we call "export readiness symposiums."

Overseas—I tell the tribal people, the leaders, that when they send people to accompany their products, I say, "Not only send me your best salesman, send me also your historian," because overseas people are interested, amazed, and want to know about the mystics of the American Indian. They think, you know, that we still live in tepees and all that.

The CHAIRMAN. Yes.

Mr. SUNCHILD. They want to come to reservations and just do what they call "roughing it," just to go about the reservation——

The CHAIRMAN. They are kind of surprised to see Indians wearing jeans and driving milk trucks.

Mr. SUNCHILD. Sure. They want to camp on the reservations, do hiking, horseback riding, and to come during hunting season.

The CHAIRMAN. Let me mention that when you market, if you are going to market the name "Indian" internationally, if you do it dealing with, say, arts and crafts, I think that's an important component. But it might be more difficult marketing a widget as an Indian-made manufactured item because one looks like another, and there might not be that advantage like there is with arts and crafts.

You mentioned agriculture. In one respect, the same thing may apply. If you market it as an "Indian-raised cow," they're going to have to see some difference between an Indian-raised cow and somebody else's-raised cow. But one thing for sure, most European

countries have limits on American beef imports because of the use of implants and hormones.

I would think that there might be an avenue there for marketing naturally-raised—that is, Indian-raised—beef that does not have hormones, because most Indians don't.

Mr. SUNCHILD. There is.

The CHAIRMAN. There might be an opportunity somehow through the Agriculture Department to promote that.

Mr. SUNCHILD. There is such a movement now by various consortia of tribes, specifically the Seminoles of Florida, and Gila River, and the Arizona Cattlemen, and also the Montana Cattlemen, about chemical-free beef. Also, the foreign countries are interested in organic food, chemical-free food.

The CHAIRMAN. You also have the problem of some pretty strict trade barriers with those countries.

Mr. SUNCHILD. Right. This is where I said that a lot of these barriers are technical in terms of how Congress deals with foreign trade and those regulations.

The CHAIRMAN. Well, obviously, this bill S. 401 tries to address a lot of those obstacles by making a smoother method of trying to get manufactured goods out—in fact, all goods out—so I would hope that it at least helps, if we can get the thing passed.

Mr. SUNCHILD. Some time ago when I acknowledged that I would participate in this hearing, I said that this is the right stuff for Indian economics in Indian country, but there are many, many aspects to development on reservations; but, I said, one subject, one thing at a time, one day at a time, and I hope that this is the beginning.

Our suggestion here is to be involved with the Department of Commerce, but the key is—like myself, under NTDA, I am in partnership with ANA, BIA, USDA, and those are just three among many other Federal agencies that are funded to provide this type of venture, but they're not moving. Once you get contact with them, they have so many hoops that you have to jump through, and it is 2 or 3 years before they even consider you.

The CHAIRMAN. Well, I thank you all for appearing. I have no further questions. We may have some that we may submit to you in writing.

This hearing record will stay open for 14 days. If you have any additional comments you would like to include, please submit them and we will include them in the record.

Thank you for appearing. The committee is adjourned.

[Whereupon, at 10:38 a.m., the committee was adjourned, to reconvene at the call of the Chair.]

APPENDIX

ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

PREPARED STATEMENT OF HON. KENT CONRAD, U.S. SENATOR FROM NORTH DAKOTA

Mr. Chairman, thank you for holding this hearing to discuss ways we can further promote business development in Indian country. I would especially like to welcome my fellow North Dakotan, Chairman Tex Hall of the Three Affiliated Tribes.

S. 401 would create an Office of Native American Business Development within the Department of Commerce. This office would help coordinate Federal financial, technical, and administrative assistance to businesses, as well as promote market expansion through increased export and trade promotion. Such an office would also be of enormous value to this committee as we work to develop legislation to create an atmosphere in which businesses can be established and allowed to flourish.

It is my understanding that the sponsors of this legislation—the distinguished chairman and vice chairman of this committee—modeled it on the highly successful 477 program, which allows tribal governments to combine formula funds under Federal programs involving employment, training, and related services into a single tribal program to achieve administrative efficiency and service delivery. I was pleased to be an original cosponsor of that legislation several years ago.

The Native American Business Development Office will also provide support for businesses that want to expand their operations into foreign markets. Native American marketers should tap into foreign commerce to the fullest extent possible. In my State, the Three Affiliated Tribes at Fort Berthold have been successful in a promotion program with Germany and are establishing important tourism and business relationships overseas. I encourage Federal agencies, including the Department of Commerce, to assist and facilitate such relationships.

Finally, Mr. Chairman, I would like to say a few words about tourism. As we approach the bicentennial anniversary of the Lewis and Clark expedition, interest in their route along the Missouri River has boomed. Members of the Mandan and Arikara communities in the Missouri River Valley, in what is now North Dakota, were immensely helpful to the Lewis and Clark expedition; in fact, it is doubtful that their efforts would have succeeded without the help of the Mandan people with whom they wintered in North Dakota. In his book *Undaunted Courage,* Stephen Ambrose writes about the importance of the Mandan people to the expedition: "It was the Mandan corn that got the expedition through the winter. Had the Mandan not been there, or had they no corn to spare, or had they been hostile, the Lewis and Clark expedition might not have survived its first winter."

A tourism demonstration project in the Great Plains would help publicize this and other facets of the rich Native American heritage in North Dakota and throughout the Great Plains as we move toward the bicentennial of the Corps of Discovery.

Mr. Chairman, I look forward to the discussion about this bill, and I would like to welcome the witnesses to today's hearing.

PREPARED STATEMENT OF REBECCA ADAMSON, FIRST NATIONS DEVELOPMENT INSTITUTE

Chairman Campbell, Vice Chairman Inouye, and members of the Senate Committee on Indian Affairs, First Nations Development Institute appreciates the opportunity to submit the following statement regarding S. 401 Native American Business Development, Trade Promotion and Tourism Act of 1999 into the written record. First Nations Development Institute is a 20-year-old tribal nonprofit organization that assists tribes and tribal organizations to build sound reservation economies. Our approach is asset-based—to provide financial and technical support for tribal enterprises that are culturally appropriate and sustainable.

We support the creation of an Office of Native American Business Development within the Department of Commerce. The establishment of such an office would demonstrate the willingness of the Department to work with tribal governments in the area of business and economic development. In particular, we strongly support its role as a facilitator and coordinator of existing programs. As is evident from the testimony of Mr. Singerman, Government agencies are attempting to create tribal economic initiatives in many ways. While this activity is encouraging, all too often it results in more burdensome regulation and administrative requirements. This is neither efficient nor effective. Rather than creating new tribal economic programs, we support the emphasis on consolidation and coordination of departmental efforts in S. 401. In addition, we believe that the establishment of the Office of Native American Business Development would be a first, step in developing interagency coordination around business and economic development. As others have stated, there are several tribal economic development initiatives in the Department of Agriculture, the Department of the Interior, and the Small Business Administration. Establishing an office in Commerce would provide the necessary point of contact to facilitate this process.

First Nations also supports the emphasis on technical and financial assistance within S. 401. Through our work, we have found that there is no lack of innovative, or creative ideas within tribal communities. What is missing more often is the financial and technical expertise needed for implementation. We have recognized that building internal capacity is often the most valuable assistance that can be provided. Directing Federal resources to support rather than "create" tribal projects is a more viable strategy.

Finally, First Nations would like to endorse the Senate Committee on Indian Affairs's strategic approach to tribal economic development. We feel that the approach being considered under this bill, and several others that have been introduced, could result in a more effective use of resources, provide greater support for tribal self-determination, and create sustainable tribal businesses.

PREPARED STATEMENT OF W. RON ALLEN, PRESIDENT, NATIONAL CONGRESS OF AMERICAN INDIANS

Good morning Chairman Campbell, Vice Chairman Inouye, and distinguished members of the Senate Committee on Indian Affairs. I am W. Ron Allen, President of the National Congress of American Indians (NCAI), the oldest and largest Indian advocacy organization in the United States, and Chairman of the Jamestown S'Klallam Tribe. On behalf of the NCAI, I would like to thank you for this opportunity to submit, for the April 21, 1999 hearing record, this statement in support of S. 401, the Native American Business Development, Trade Promotion, and Tourism Act of 1999. NCAI remains dedicated to advocating aggressively on behalf of the interests of our 250 member tribes on a myriad of issues including the advancement of economic development on Indian reservations. We also remain dedicated to the exercise of tribal sovereignty and the continued viability of tribal governments.

As this committee is well aware, American Indians and Alaska Natives suffer higher rates of unemployment, poverty, poor health, substandard housing, and associated social ills than any other group within the United States. Couple these problems with Federal under funding of Indian programs and very limited means for viable economic development and you will discover some of the most impoverished areas within the United States.

Sustainable economic development on Indian reservations has proven to be the most viable remedy to alleviate these ills. Under the United States fiduciary duty to tribes lies the responsibility to assist tribes with the development of sustainable economic development. NCAI believes that S. 401 takes the necessary steps toward assisting tribes in obtaining economic self-sufficiency and is pleased to support this important legislation.

One of the many obstacles for Indian tribes is to discern and access the various programs that are available to assist those interested in business development. S. 401 will help tribes to overcome these obstacles by establishing the Office of Native American Business Development [ONABD] within the Department of Commerce [DOC]. This office will essentially become a one-stop-shop for business development for Indian tribes by providing better coordination of existing business development programs throughout the DOC.

In NCAI's fiscal year 2000 budget testimony, we urged Congress to increase the budget of the DOC and the Small Business Administration [SBA] to fund additional Tribal Business Information Centers [TBIC] and Native American Business Development Centers [NABDC].

However, if history repeats itself, an increase in funding is unlikely. Therefore, NCAI would recommend that the proposed ONABD be expanded to include programs from other Federal departments and agencies, such as SBA. By expanding the ONABD, tribes will be able to access the services of the DOC's Business Development Centers [BDC], the NABDC, as well as the SBA's TBIC and Business Information Centers [BIC]. This access would essentially increase the sources of technical assistance to Indian businesses without the need for increasing either budget. It is this type of coordination that will maximize the resources available to tribes for the development, expansion and promotion of Indian businesses.

Mr. Chairman, another obstacle in developing businesses on reservations is the lack of financial assistance. There are numerous accounts of the difficulties Indian entrepreneurs and tribes face in obtaining private financing for business on reservations. Similarly, there are instances where Indian entrepreneurs and tribes have difficulty in meeting the financial contribution requirement for accessing Federal monies. For example, although both the SBA and the Bureau of Indian Affairs [BIA] guaranteed loan programs will secure loans are up to 90 percent, there are many Indian entrepreneurs and tribes that still have difficulties raising the unsecured portion of the loan. S. 401 would be more beneficial if it provided new sources of startup funds for Indian businesses. Unfortunately, this bill only consolidates the existing programs in the DOC that historically have not worked for Indian businesses. NCAI would request that additional funds be authorized so that small grants are available to be used as leverage against other Federal loan programs.

Authentic Indian art, as well as other products and services, have attained significant popularity throughout the United States and the world. However, discovering new domestic and international markets takes expertise and money. Many tribes do not have the resources or the expertise it takes to identify markets, produce marketing materials, transport the products or enter into financial arrangements for export. S. 401 proposes to create the Native American Trade and Export Promotion Program [NATEP] which will coordinate Federal programs and services to develop promotional materials, finance trade missions, and assist in the marketing of products and services.

NCAI supports S. 401 as it will allow the international trade programs of the Departments of Commerce and Agriculture to coordinated these programs and assist Indian businesses entering international markets. Under the NATEP, an Indian business can become export ready by receiving technical assistance through the TBIC and NABDC as well as receiving funding to attend international trade shows. Furthermore, once contracts have been entered into the Indian business can receive export working capital and international trade loans from the SBA to assist in shipping their products. Without this type of coordination from the NATEP, obtaining this diverse assistance would be extremely complex, if not impossible, by someone who does not know or understand the system. S. 401 brings these various types of assistance under one roof for easier access.

As you are well aware, the majority of Indian reservations are located in rural areas of the United States. Due to this remoteness, tourism on Indian reservations has not been developed to its full potential which would provide a significant source of revenue for Indian tribes. However, the greatest obstacle is to make the general public aware of what Indian Country has to offer. NCAI is pleased to see the development of the Intertribal Tourism Demonstration Project [ITDP]. We believe that this type of technical and financial assistance would further the development of tourism in Indian Country. Our only concern is that S. 401 fails to mention any tribes on the East coast or Alaska who would be able to benefit from this project, both of which have significant potential for tourism development. Therefore, NCAI would urge that these areas, as well as all of Indian Country, be included in the demonstration project.

The Foreign-Trade Zone Preference is a very positive step in our quest for economic self- sufficiency. Attracting outside business to Indian reservations has been and continues to be a struggle. However, receiving a priority review for foreign trade

zone status and ports of entry could be very advantageous to tribes and Indian country as a whole in attracting outside businesses to work with Indian tribes.

Sustainable economic development in Indian County is a top priority for NCAI. Therefore, we support S. 410 and commend Chairman Campbell and Vice Chairman Inouye for creating opportunities for Indian tribes to achieve economic self-sufficiency through this important legislation. Once tribes start acquiring economic self-sufficiency, we can begin to eradicate our social problems and revitalize our distressed Indian reservations.

Mr. Chairman, NCAI stands ready to work with you and Vice Chairman Inouye on this bill and any other bill that is introduced to help Indian tribes develop economic self-sufficiency. Thank you once again, for the opportunity to provide this statement.

Statement of Phillip A. Singerman, Ph.D.
Assistant Secretary for Economic Development
U.S. Department of Commerce

Testimony Before the U.S. Senate Committee on Indian Affairs

April 21, 1999

Mr. Chairman, Senator Inouye, and Members of the Committee, I am Phillip Singerman, Assistant Secretary for Economic Development at the Department of Commerce. Secretary Daley thanks you for this opportunity to appear before the Committee on Indian Affairs to discuss economic development initiatives by the Department of Commerce to assist Native American and Alaska Native communities. The Secretary asked me to convey the Commerce Department's commitment to activities on behalf of Native Americans, and I am pleased to represent the Department this morning.

The Economic Development Administration (EDA) was established under the Public Works and Economic Development Act of 1965 to generate jobs, and stimulate industrial and commercial growth in economically distressed areas of the country. EDA assistance is available to rural and urban communities experiencing high unemployment, low income, or other severe economic distress. We work in partnership with other federal agencies, state and local governments, regional economic development districts, public and private non-profit organizations, and Indian tribes to develop and implement their revitalization strategies.

In adhering to this mission, EDA has a thirty-year history of providing federal assistance to Native American and Alaska Native communities, finding these to be among the highest in distress in the country. We have cultivated a strong working relationship with Native American tribes over the years, working with communities to identify priorities and implement strategies

for self-empowerment, job growth, and commercial investment. In fact, since Fiscal Year 1993, EDA has funded 453 Native American and Alaska Native projects totaling over $53.1 million. Of this amount, over $35.6 million were for public works and technical assistance grants. The remaining dollars were for EDA planning grants. We believe that our record is a good one, and we remain committed to aggressively targeting program dollars to these areas of highest distress.

EDA also provides funding to over sixty tribes or tribal organizations through our planning program. The planning program, among other things, supports the formulation of economic development in Indian country and the retention of full-time permanent jobs for unemployed and underemployed Native Americans and Alaska Natives.

On August 6, 1998, President Clinton directed the Department of Commerce, the Department of the Interior, and the Small Business Administration to develop, in consultation with other interested parties, including governments, a strategic plan for coordinating existing Federal economic development initiatives for Native American and Alaska Native communities. On December 17, 1998, these agencies presented a report to the President. This report noted that one of the most important factors for successful economic development in Indian country is the ability to access information and assistance. More detailed information is available in the attached document, which we submit for the record.

As a critical component of that initiative, the Department of Commerce was charged with assessing the technology infrastructure needs of American Indian and Alaska Native communities. This study, funded by EDA, is being performed by researchers at New Mexico State University, with a target completion date of June 15, 1999. In order to provide an interim report on the study, two New Mexico State University researchers, accompanied by EDA staff,

briefed a number of your committee staff on April 2, fielding questions and disseminating information. We will ensure that the Committee is provided with copies of the completed study. Our hope is that the findings of this comprehensive report will generate positive action at the federal level.

EDA is also examining the unique criteria surrounding successful reservation economic development through a study entitled, "Effective Economic Development Practices in Native American Economic Development." Through the study, successful projects will be utilized as case studies to develop models and facilitate improved economic development practices. The National Congress of American Indians (NCAI) is conducting the research under an EDA grant approved in September 1998.

Another EDA-funded initiative of 1996 produced a comprehensive directory of American Indian Reservations and Trust Areas, a vital tool for economic developers and commercial investors in Native American communities. This document is available on the EDA Web site.

I would also call your attention to the attached document outlining other Department of Commerce Native American and Alaska Native programs, particularly the Global Diversity Initiative (GDI) of the United States and Foreign Commercial Service (USFCS), focused on increasing the number of minority-owned firms exporting their products and services abroad. I am accompanied today by Marcia Warren, with the USFCS, who is a member of the Santa Anna Pueblo Tribe.

To briefly highlight other Commerce initiatives:

- The Minority Business Development Agency (MBDA) has established the Office of Native American Programs (NAP), which consists of eight Native American Business Development Centers (NABDCs) and a Native American Business Consultant (NABC)

to provide management and technical assistance to the Native American business community.

- In 1995, Commerce and the American Indian Science and Engineering Society (AISES) signed a Memorandum of Understanding which provides the cooperative framework for the Commerce/AISES "Project Partnership Program." Administered by the National Oceanic and Atmospheric Administration (NOAA), the AISES Program helps to increase the educational opportunities offered by Commerce for AISES students.

- The Telecommunications and Information Infrastructure Assistance Program (TIIAP) provides matching grants on a competitive basis to non-profit institutions, and state, local and tribal governments so they can acquire and use advanced, modern communications and information technology to improve their communities. TIIAP, administered by the National Telecommunications and Information Administration (NTIA), has funded 18 model tribal projects since 1994.

- NTIA's Public Telecommunications Facilities Program (PTFP) provides matching grants to non-profit entities for the planning, construction, and replacement of outdated public radio and television equipment, serving more than forty tribal communities throughout the United States.

- The Patent and Trademark Office (PTO), in consultation with tribal organizations, is exploring the possibility of conducting workshops to aid Native Americans in protecting intellectual property through a patent or trademark.

- The Tourism Industries office in the International Trade Administration (ITA) is co-sponsoring with private industry the American Pathways 2000 program, a component of First Lady Hillary Rodham Clinton's Millennium Program. American Pathways 2000 encourages the development of tour itineraries in the United States that will highlight diverse cultures and heritages of this country, including Native American cultures.

Under the leadership of Secretary Daley and Secretary Brown, the Department of Commerce has consistently brought forward strong programs and initiatives to aid in the financial growth and development of Native American communities. Such programs will continue to be a priority in the future, and the Commerce Department remains committed to these efforts. After a careful review of S. 401, the Native American Business Development, Trade Promotion and Tourism Act of 1999, the Commerce Department has concluded that the agency

bureaus cited above are currently fulfilling the goals and objectives of the legislation. We look forward to working with you in identifying areas of need in Indian Country that can be addressed within the authorities and jurisdictions of the bureaus of the Commerce Department.

Thank you again for this opportunity. Marcia Warren and I would be pleased to respond to any questions.

Department of Commerce
Native American and Alaska Native Programs and Initiatives
Prepared for
Dr. Phillip A. Singerman
Assistant Secretary for Economic Development
Economic Development Administration

Senate Indian Affairs Committee
Hearing
838 Senate Hart Building
April 21, 1999
9:30 a.m.

EXECUTIVE MEMORANDUM

On April 29, 1994, President Clinton issued an Executive Memorandum to all Executive Departments and Agencies directing them to engage in continuing government-to-government relations with federally recognized tribal governments. The April 29, 1994, Executive Memorandum is based on the unique historical and legal relationship with Native American tribal governments as set forth in the Constitution of the United States, treaties, statutes, executive actions, and court decisions. The Executive Memorandum clarifies the trust responsibility of the Federal government of the United States to ensure that the Federal Government operates within a government-to-government relationship with federally recognized Native American tribes. When executive actions will affect government or treaty rights of Indian tribes or tribal trust property, the Executive Memorandum requires the responsible Department or Agency to consult with tribal governments concerning the impact of the federal action to the greatest extent practicable and permitted by law, in order to ensure government-to-government relations with Indian Country.

On August 6, 1998, President Clinton directed the Department of Commerce, the Department of the Interior, and the Small Business Administration to develop, in consultation with other interested parties, including governments, a strategic plan for coordinating existing Federal economic development initiatives for Native American and Alaska Native communities. On December 17, 1998, these agencies presented a report to the President, which we submit for the record. This report noted that one of the most important factors for successful economic development in Indian country is the ability to access information and assistance.

Another component of the plan was to create a Native American Economic Development Access Center, to be located at the Bureau of Indian Affairs at the Department of Interior, to provide Native American callers access to information about federal programs for economic development. This Access Center was designed, in part, to address the concerns contained in the Native American Business Development, Trade Promotion and Tourism Act. The agencies are currently in the planning stages of the implementation of this Access Center.

U. S. DEPARTMENT OF COMMERCE POLICY ON AMERICAN INDIANS AND ALASKA NATIVES

On March 30, 1995, Secretary Ronald H. Brown signed the first Departmental policy concerning American Indians and Alaska Natives. The policy:

- Recognizes Indian tribes' inherent sovereignty and right to self-government;
- Acknowledges the federal trust responsibility;
- Commits to a government-to-government relationship;
- Directs components to consult with and remove impediments to working with Indian tribes; and,
- Promotes economic development and self-sufficiency for Indian tribes.

On June 5, 1997, Secretary Daley and Secretary of the Interior Bruce Babbitt signed the Secretarial Order entitled, "American Indian Tribal Rights, Federal-Tribal Trust Responsibilities, and the Endangered Species Act". The Secretarial Order clarifies the responsibilities of the Commerce and Interior Departments when the implementation of the Endangered Species Act affects Indian lands, tribal trust resources, or the exercise of tribal rights.

DEPARTMENT OF COMMERCE ACTIVITIES IN INDIAN COUNTRY

Economic Development Administration (EDA)

EDA which was established in 1965 provides a series of building block tools for promoting economic development in distressed areas. EDA has an established history of focused assistance to Indian Country. Assistance intended to promote self-sufficiency through the local identification and implementation of strategic priorities that create jobs and promote investment by the private sector. EDA assistance and efforts on behalf of Indian Country include planning assistance, research studies, and implementation grants.

Planning Program

The EDA planning program, among other things, supports the formulation of economic development programs for Native Americans. The planning program helps create and retain full-time permanent jobs and income, particularly for unemployed and underemployed Native Americans. Over sixty tribes or tribal organizations are currently funded by EDA.

Research (Research and National Technical Assistance)

Pursuant to President Clinton's August 6, 1998 Directive, EDA is conducting a project designed to identify specific technology infrastructure needs in Indian Country, gaps in that infrastructure (including planning gaps), and how those gaps impede new technology development and adoption. EDA has commissioned an assessment of "Technology Infrastructure Needs of Native American and Alaska Native Communities" through a grant awarded in Fiscal Year 1999 to New Mexico State University. The final report is scheduled to be completed in early Summer.

EDA is examining the unique set of circumstances of successful reservation economic development through a study entitled, "Effective Economic Development Practices in Native American Economic Development". From a wide variety of successful economic development practices, the study will determine the principal success factors of projects, document the results in case studies, and disseminate results through publications and conferences, as appropriate. The National Congress of American Indians (NCAI) is conducting the research under an EDA grant approved in September 1998. In October of 1998, EDA co-hosted a session on economic development issues during the winter meeting of the NCAI. The final report will be completed by NCAI in the Fall of 1999.

In 1996, EDA funded a Native American research company to publish a comprehensive directory of American Indian Reservations and Trust Areas for the first time in 24 years. This 700 page document is an important tool for economic developers and potential investors in Indian Country. The document is currently available on the EDA Web site.

Implementation Grants

Since 1993, EDA has awarded 65 implementation grants that total $35.6 million to Native American and Alaskan Native Tribes or organizations for the implementation of locally identified economic development priorities. Examples include manufacturing plants, water and sewer infrastructure, access roads, construction of technical, trades, training or cultural facilities, and feasibility studies.

International Trade Administration (ITA)

ITA has long-recognized the importance of reaching-out to the traditionally under-served Native American community. The United States and Foreign and Commercial Service (USFCS) is actively engaged with programs and activities to assist Native Americans export their products. This year, USFCS introduced an initiative that forges new pathways between minority-owned businesses and opportunities in the global marketplace. The **Global Diversity Initiative (GDI)** capitalizes on America's diversity through trade by creating comprehensive programs that will:

- Increase the number of minority-owned firms exporting their services and products abroad.

- Expand the capability of minority firms entering international trade.
- Enhance the nation's economy through increased trade by minority firms.

The GDI serves Native American businesses primarily through the nationwide Native American Team comprised of trade specialists from the Western Regional Office. Listed below is a review of some of the USFCS activities in Indian Country since 1994:

- RES'99: Reservation Economic Summit and American Indian Business Trade Fair, Phoenix, AZ, March 10, 1999
- CHIBI99, Milan Italy, January 22-25, 1999
- HUBZones Symposium, Albuquerque, NM, December 2-4, 1998
- Annual NCAI Conference Myrtle Beach, South Carolina, SC, October 18-23, 1998
- 5th Annual Southwest Indian Tourism Conference, Pinetop, AZ, October 13-15, 1998
- CHIBI'98, June 1998
- Tribal and Indian-Owned Enterprises: Global Business Opportunities, April 24, 1997, Albuquerque, NM
- National Indian Business Association (NIBA) Annual Meeting, June 1994
- All Indian Pueblo Council, Inc., Albuquerque, NM
- Southwest Design and Craft Show, Dallas, TX, 1994
- RES '98: Reservation Economic Summit and American Indian Business Trade Show, Denver, CO, April 7-9, 1998
- "Building Partnerships with Native Americans Trade Fair and Conference," Albuquerque, NM

The Tourism Industries Office in the ITA is co-sponsoring with private industry the American Pathways 2000 program, a component of First Lady Hillary Rodham Clinton's Millennium Program. American Pathways 2000 encourages the development of tour itineraries in the United States that will highlight diverse cultures and heritages of this country, including Native American cultures. U. S. tour operators, working with local partners, have submitted tour itineraries that include opportunities to visit and purchase from Native American Tribes. Itineraries that are designated as American Pathways 2000 may display the American Pathways 2000 logo for marketing purposes. Information on the designated itineraries will be included on a Web page operated by private sector partners and made available world-wide.

Minority Business Development Agency (MBDA)

In order to address the unique business needs of Native Americans, MBDA established the Office of Native American Programs (NAP). NAP consists of Native American Business Development Centers (NABDC) and a Native American Business Consultant (NABC). NABDCs and the NABC provide management and technical assistance to the Native American business

community. MBDA recently established the Access to Capital Task Force and the Minority Business Coordinating Council. Representatives from Native American organizations and entrepreneurs are represented on the Task Force and the Council.

National Oceanic and Atmospheric Administration (NOAA)

In April 1995, Commerce and the American Indian Science and Engineering Society (AISES) signed a Memorandum of Understanding which provides the cooperative framework for the Commerce/AISES "Project Partnership Program" (AISES Program). The AISES Program helps to increase employment opportunities at Commerce for AISES students and professionals. Furthermore, the AISES Program helps to increase educational opportunities offered by Commerce for AISES students and other American Indians and Alaska Natives.

National Telecommunications and Information Administration (NTIA)

Through its policy work and grants programs, NTIA is helping to extend the benefits of the Information Superhighway to American Indian and Alaska Native communities. For example, the Telecommunications and Information Infrastructure Assistance Program (TIIAP) provides matching grants to non-profit entities, tribal, state and local government. Since 1994, TIIAP has funded 18 tribal projects that are serving as models within Indian Country.

In addition, NTIA's Public Telecommunications Facilities Program (PTFP) is bringing the public broadcasting system to Indian Country by providing matching grants to non-profit entities for the planning, construction, and replacement of outdated public radio and television equipment. PTFP-funded projects currently serve over forty tribal communities throughout the United States.

Patent and Trademark Office (PTO)

PTO, in consultation with tribal organizations, is exploring the possibility of conducting workshops customized for Native Americans on how to protect intellectual property through obtaining a patent or trademark. These workshops could be held in conjunction with the annual AISES conference and other national forums. PTO is also involved in several programs geared toward improving the educational opportunities for Native Americans. From 1994-1996, through its Lakatoa Program, PTO sponsored internships for students attending college on the Pine Ridge Reservation in South Dakota. In 1997, PTO sponsored college students through the AISES Program. In addition, PTO employees sponsor a mentor program for the children of the Piscataway Conoy Confederacy in Maryland.

TESTIMONY OF GLORIA O'NEILL, EXECUTIVE DIRECTOR
COOK INLET TRIBAL COUNCIL, INC.

BEFORE THE SENATE COMMITTEE ON INDIAN AFFAIRS

S. 401

THE NATIVE AMERICAN BUSINESS DEVELOPMENT, TRADE PROMOTION, AND TOURISM ACT OF 1999

Mr. Chairman and Members of the Committee:

My name is Gloria O'Neill. I am the Executive Director of Cook Inlet Tribal Council, Inc. (CITC) a non-profit corporation established by Cook Inlet Region, Inc. (CIRI),

CIRI is an Alaska Native Corporation that is owned by 6,900 Alaska Native shareholders. CIRI is one of the 12 Alaska based regional corporations established by Congress under the Alaska Native Claims Settlement Act of 1971 (ANCSA), which established for-profit corporations owned by Alaska Natives, was a purposeful alternative to the reservation system of the lower 48 states. Ownership of these corporations has given Alaska Natives real economic self-determination.

CIRI is one of the most successful corporations under ANCSA. CIRI, and other Native corporations have prospered because they were left to succeed on their own -- without the interference of the BIA. Not all the regional corporations were instant success stories, but even the ones that originally failed are now profitable.

ANSCA corporations are totally owned by Native shareholders and play a vital role within the Native community, but they also are a critical part of the economic vitality of the state of Alaska. The Regional Corporations are among the largest employers within the state and are a major economic force within the business community. CIRI's principal lines of business includes real estate, construction services and equipment distribution, communications, tourism, natural resources and other investments.

CIRI also acts as the "tribe" for federal Indian program purposes for the southcentral region which includes Anchorage under the Indian Self-Determination Act. To provide services to its many members, or shareholders, CIRI has established a series of non-profit tribal organizations, including Cook Inlet Tribal Council, Southcentral Foundation, and Cook Inlet Housing Authority.

As the Director of Cook Inlet Tribal Council, my program not only serves CIRI's 6,900 shareholders, but our service area serves more than 24,000 Alaska Natives and Native Americans who reside in Anchorage. On CIRI's behalf, CITC provides programs offered by the BIA, the Department of Education, Department of Health and Human Services and the Department of Labor for Alaska Natives and American Indians residing in our service area. CITC provides an integrated approach in service delivery under P.L. 102-477. It has distinguished itself on a national level with development of a streamlined, integrated service delivery system that Lower 48 tribes have begun to emulate. Our

services include Welfare to Work/Bridge to Success, a model work search program providing job readiness training, skills identification, and goal-setting for our clients. In addition CITC's multitude of services include, education, residential alcohol treatment, and child welfare services.

Today, I am here to testify in favor of S. 401, the Native American Business Development, Trade Promotion and Tourism Act of 1999." This Bill would assist Native American groups throughout the United States to become successful and self-sufficient though a variety of means, all of which involve business development on their lands. In Alaska, we are very familiar with the need for successful business ventures because the Alaska Native Claims Settlement Act established Alaska Native profit-making Regional and Village Corporations which have had to survive in the competitive world of business since their inception.

My corporation, CIRI has developed a varied and extensive portfolio of business holdings and has achieved a substantial measure of success in its economic development activities. CIRI's investments in businesses such as television and radio, broadcasting, wireless telephone service, heavy equipment distribution, tourism, real estate, and construction services are the type of successes that seldom are heard from Native Americans. The passage of S. 401 would help make the CIRI story more of a possibility for other Native Americans.

CIRI has gained presence in several significant telecommunications businesses. During the late 1980's and 1990's, CIRI was the largest minority owned broadcaster in the United States. We made significant investments in both radio and TV properties. Those investments were facilitated by the use of tax certificates that allowed sellers to delay federal taxes on their sale proceeds. Our status as an Alaska Native owned enterprise formed the basis for our eligibility for the tax certificate program. The repeal of the tax certificate program has left a large void for Native Americans who are interested in radio and TV investments, and it is essential that the FCC be encouraged to develop a suitable alternative to the tax certificate.

CIRI has also been very involved in emerging technologies in wireless telephones. We have successfully bid in two FCC auctions for wireless spectrum. The most recent auction was concluded last week where we were the largest purchaser at the auction. We see wireless telephones as a significant new business for CIRI, and we have a large development project ahead of us as we build out our new systems. We believe that the FCC and the Small Business Administration should be applauded for their continuing commitment to Native Americans and small business in emerging telecommunications technology.

CIRI has recently moved into the area of tourism and is operating several tourism-based ventures. **To the extent that one focus of S. 401 is on the development of tourism, we strongly urge the inclusion of Alaska as a fifth area where a demonstration project will be carried out.** Alaska's tourism industry has grown substantially in the last decade, and continues to grow. Although much of Alaska's tourism industry revolves around the major cruise liners, the number of independent and younger travelers to Alaska continues to grow substantially. These independent travelers tend to prefer more active or "soft-adventure" activities over the traditional cruise experience. CIRI began development of its tourism division in 1997 now offers day cruises in Resurrection Bay and the Kenai Fjords National Park, and in Prince William Sound. Last year CIRI also began construction of a 98-room lodge, scheduled to open next month, on 35 acres it owns overlooking Mt. McKinley in Talkeetna, Alaska.

A CIRI non-profit affiliate Southcentral Foundation, through a compact with the Indian Health Service (IHS) provides all the ambulatory health care services on CIRI's behalf for its shareholders and others who are eligible for IHS services and who reside in our service area. Among the many programs it operates, Southcentral Foundation also operates a Headstart program, and an innovative residential substance abuse and mental health treatment center.

Cook Inlet Housing Authority provides housing services under Native American Housing and Self-Determination Act (NAHASDA). This includes providing a range of housing opportunities for low-income Alaska Natives residing within our service Area. It also provides an elderly housing program, dwelling modernization programs, emergency housing assistance for families, and related programs.

The CIRI family of non-profits, mentioned above, has joined together, sometimes with the aid of CIRI, to leverage their resources and to created added income for their programs and beneficiaries. For example, after CIRI provided the funding to build the Anchorage Native Primary Care Center (ANPCC) for Southcentral Foundation across the street from the new Alaska Native Medical Center, Southcentral Foundation and CITC joined together to establish the "Coho Cup," a coffee shop within the facility. This is being operated in collaboration with a local coffee company and Southcentral Foundation. Through it and CITC's job training and employment program, Welfare-to-Work participants are trained in operating a small business and dealing with customers. They are also learning financial management and all aspects of the business world. As a result, within 6 months they are prepared to find new jobs and become economically self-sufficient. In addition, the Coho Cup provides a beverage service for staff and visitors at the ANPCC, which service is vital to the thousands of people utilizing the facility each month. This project has utilized the resources of the private marketplace and the technical expertise of local businesses to become established and successful. In doing so, it has allowed the Alaska Natives participants to become self-supporting and independent of the welfare system.

In another successful example of partnering, CITC is assisting CIRI's other non-profit tribal organizations by providing accounting and computer services to each non-profit. This, too, could be used as an example for programs elsewhere under S. 401. This eliminates the duplication of administrative costs and allows for cost savings so that funds can be used to enhance services to our beneficiaries rather than to expand overhead costs for each program. Services such as those we provide region-wide, could be provided by other programs or tribes under Section 4 (b)(2) of the Bill.

Another project closely related to tourism and educational resources contemplated under S. 401 is the Alaska Native Heritage Center which is nearly completed and will be a major cultural and educational institution in Anchorage. CIRI has provided this project with significant financial and management support through its development phase. This project should, when completed, attract visitors to learn about the Alaska Native cultures and provide educational opportunities for Alaska Natives and non-Natives alike. Financial assistance through S. 401 for marketing, development of additional cultural materials and activities, and similar projects would be extremely valuable to the Alaska Native Heritage Center in its early operational phases.

The passage of S. 401 will provide more opportunities in Alaska for tribes, Regional Corporations, and Villages in the continually expanding tourism industry, as well as in many other areas of business.

CONCLUSION

As Director of CITC I would like to state, not only do we support S. 401, we enthusiastically endorse it -- the program as outlined in S. 401 is one of fairness and will allow Native American Business to be equally treated under economic programs promoted by the Department of Commerce.

One of the main missions of the Department of Commerce is to further economic and investment opportunities for American business. Native American Business should have a place at the Department's table with all the other American corporations.

No singular group owns more land or controls more natural resources than Native Americans. The majority of oil, gas, coal, and hard rock minerals are located on Native lands. Yet no group within the Department of Commerce is less represented. The Department has missed an important opportunity and American business is missing a major opportunity by not recognizing the potential of embracing Native Americans.

As we go forward into the millennium I urge the members of this committee to work to assure that Native American businesses receive the same support, financial assistance, and opportunities given to other American businesses . S. 401 is the first step in accomplishing this goal.

I appreciate the opportunity to be here today to voice our support of S. 401. We respectfully submit proposed technical changes to the bill, which I have attached to my statement, to make it responsive to the needs of Alaska Natives and to fund it sufficiently so that it will be an effective tool for economic self-sufficiency for American Indians and Alaska Natives.

Thank you for allowing me to appear before you today and for your thoughtful consideration of the changes to S. 401 which we have proposed.

RECOMMENDATIONS REGARDING CHANGES to S. 401:

We respectfully recommend that the following changes be made to the legislation prior to its enactment in order to make it more responsive to needs in Alaska and throughout Indian Country:

1. Add an authorization for Appropriations:

If there is not a particular amount estimated to cover the costs for each section, add the phrase:

There is authorized to be appropriated such funds as may be necessary to carry out the purposes of this Act.

2. In order to allow the full participation of Alaska Natives in the benefits of this bill, two of the definitions should be revised. They are the following:

(1) The definition of "Eligible Entity" at Section 3 (3) should be revised to read:

The term "eligible entity" means an Indian tribe or tribal organization as those terms are defined in the Indian Self-Determination and Education Assistance Act, as amended, 25 U.S. 450b, or an Indian Arts and craft organization, tribal enterprise, tribal marketing cooperative, or Indian-owned business.

(2) The definition of Indian lands at Section 3 (9) should be revised to read:

The term "Indian lands" has the meaning given that term in section 4(4) of the Indian Gaming Regulatory Act (25 U.S.C. 2703(4)) and shall also include any lands held by an Alaska Native Village or Regional Corporation or Village Corporation.

3. Although we strongly believe that the most appropriate place for establishment of the Office of Native American Business Development is in the Department of Commerce, there are already quite a number of programs within the DOI and within the Small Business Administration which could be used to finance some of the activities herein. We would recommend that provisions be added to facilitate a very close working relationship between these departments since each has valuable information and resources for use in implementation of this bill.

4. As part of Section 6 of the S. 401, add Alaska as a fifth location in which a demonstration project should be located.

(E) for the Alaska Natives/American Indians in Alaska;

5. Provide sufficient funding for manpower development and infrastructure development so that the programs envisioned by this bill can be successful.

May 5, 1999

Honorable Ben Nighthorse Campbell
Chairman
Committee on Indian Affairs
United States Senate
Washington, D.C. 20516-6450

Dear Chairman Campbell:

I am writing in response to your letter of April 22, 1999.

Let me begin by expressing my gratitude for being invited to appear before the committee to testify regarding S.401, the Native American Business Development, Trade Promotion, and Tourism Act of 1999. I sincerely appreciate the Committee's consideration of the comments of CIRI and Cook Inlet Tribal Council.

In response to the questions posed in your letter:

1. CIRI's oilfield service company has had very minor involvement in performing services in the Russian Far East, although that was short-lived and has been discontinued. CIRI has not participated in the Alaska seafood industry. Meaningful participation in international trade by Alaska Native corporations, including CIRI, has been very difficult to achieve, for many of the reasons S.401 is designed to address.

One priority area for international trade development in Alaska is the distribution of goods by sea and air, because Anchorage is well positioned as a trans-shipment point. Such development has been hampered, however, by inadequate deep water port facilities linked to the Anchorage International Airport. Some Alaska Native Claims Settlement Act lands conveyed to CIRI are well-positioned for such development, but substantial federal, state, and local governmental support would be necessary for such development to be achievable. CIRI stands ready to support such efforts with its lands.

2. Yes, tourism holds strong promise for Alaska Native economic development. Native lands can play an important role in tourism activities, and Native people are particularly well-suited to participate in tourism employment opportunities. Tourism is a growing business in our state, and many Native regional and village corporations, including ours, are participating actively in it.

2525 "C" STREET, SUITE 500 P.O. BOX 93330 ANCHORAGE, ALASKA 99509-3330
(907) 274-8638 FAX (907) 279-8836 Web Site: www.ciri.com

Honorable Ben Nighthorse Campbell
May 5, 1999
Page 2

Greater collaboration between federal agencies and Native corporations, as well as other federal efforts to promote Native involvement in tourism endeavors, would definitely benefit both the Alaska Native community and the state as a whole.

3. Yes, we would find it particularly helpful to have access to a Native American Business Development office within the Department of Commerce. We believe that the expertise and resources of the Department of Commerce would be important to the success of such an office, and could provide an important element in the development of Native economic interests.

Again, thank you for your consideration of our views.

Sincerely,

Gloria O'Neill

Gloria O'Neill
Executive Director
Cook Inlet Tribal Council, Inc.

GO:kb-4317

PREPARED STATEMENT

on

S. 401, NATIVE AMERICAN BUSINESS DEVELOPMENT, TRADE PROMOTION, AND TOURISM ACT OF 1999

Presented to:

THE HONORABLE BEN NIGHTHORSE CAMPBELL, CHAIRMAN
UNITED STATES SENATE COMMITTEE ON INDIAN AFFAIRS
Washington, DC 20510-6450

by:

JOHN R. SUNCHILD, SR., EXECUTIVE DIRECTOR
NATIONAL TRIBAL DEVELOPMENT ASSOCIATION
R.R. 1 BOX 694
BOX ELDER, MONTANA 59521

April 21, 1999

I. Introduction

Honorable Chairman Nighthorse Campbell and Honorable members of the Senate Committee on Indian Affairs, I am John Sunchild, Sr., Chief Executive Officer (CEO) of the National Tribal Development Association ("NTDA"), a non-profit national tribal organization developed by myself and other tribal leaders to assist tribes in developing viable reservation economies. The NTDA's mission is to "promote the governance and economic viability of Indian reservations and Alaskan Native villages/corporations by forging cooperative relationships with other Indian/Alaskan Native organizations in establishing a new framework for intertribal development expertise and in advancing significant policy initiatives."

On behalf of the Board of Directors and member tribes of the NTDA, I am honored to testify in support of Senate Bill 401, titled the "Native American Business Development, Trade Promotion, and Tourism Act of 1999." The NTDA would like to acknowledge the support and commitment of the Honorable Senator's, Ben Nighthorse Campbell and Daniel Inouye and the Committee on Indian Affairs. This bill represents an excellent opportunity for Indian tribal enterprises and individual Indian businesses to access much-needed capital to develop and expand tribal business opportunities while promoting employment in Indian Country. I commend the Honorable Senators of the Committee on Indian Affairs for continuing to champion tribal issues, such as economic development in Indian Country.

The need for this legislation is critical in Indian Country today as tribes are increasingly experiencing pressure to move Indian families out of the federal human services programs and into the private employment sector. Tribal leaders face the dilemma of generating jobs in isolated

areas as well as overcoming the perception of unfavorable business conditions on Indian reservations. In some cases such impressions stem from inadequate access to federal agencies and financial institutions to provide support for viable economic development activities in Indian Country. In other cases, the perception is born from the unfamiliarity with tribal businesses and business development philosophies.

Legislation such as S. 401 will help to alleviate the historical impediments tribes and tribal businesses have experienced throughout the years. This legislation develops an Office of Native American Business Development which will coordinate various federal programs available to assist Indian tribes in pursuing business development opportunities. The creation of this office is long overdue and we commend this effort because it will enable Indian tribes and tribal businesses to access federal and private sector assistance in Indian Country.

II. The National Tribal Development Association

Currently, the NTDA's focus is to assist tribal businesses in accessing national and international markets for tribal products, services and goods. As such, we are assisting tribes in developing both national and international trade strategies through the coordination of trade-shows both at home and overseas. As an action-oriented program developed to address economic needs of our membership, the NTDA bridges the gap between tribal producers and manufacturers and the markets for tribal products. As we continue to pioneer the international marketplace, we foresee considerable economic growth for tribal products in the international market.

The NTDA would like to acknowledge the commitment and dedication of the

Administration for Native Americans (ANA) in providing funds to assist Indian tribes and organizations to pursue economic development initiatives in Indian Country. Since the Bureau of Indian Affairs (BIA) has experienced severe budget cuts over the last several years, the ANA has been the primary source of funding for tribes and tribal organizations to promote economic development initiatives in Indian Country. However, Indian tribes and organizations need to have multi-year funding sources available to them in order to properly plan, develop and implement economic development projects and the underlying infrastructure needed to sustain a healthy reservation economy. Multi-year funding allows tribal organizations to break ground in our efforts in impacting the national and international markets, however in reality, without continuous financial support of our efforts, success is limited. The NTDA has been fortunate enough to receive multi-year funding from the ANA in addition to funding from the USDA to assist Indian tribes in becoming economically self-sufficient.

The following is a brief overview of NTDA's efforts in assisting tribes to achieve economic success and independence:

- **Administration for Native Americans (ANA) Grant Award** - The ANA funded the NTDA through a competitive grant award for three years. The funding year began in June of 1998 with the long-range goals of promoting economic development and governance through the expansion of NTDA member tribes and services and to promote Indian economies and governance through national and international trade shows. The ANA has been a primary source of funding for the NTDA as well as for Indian tribes and tribal organizations interested in promoting economic development initiatives in Indian Country.

The NTDA is very appreciative of receiving ANA funding since its' inception in 1995 to assist Indian tribes across American become economically self-sufficient.

- **USDA/MAP Proposal** - In April of 1998, the Intertribal Agricultural Council and NTDA developed and submitted a cooperative proposal to USDA's Foreign Ag Service. This proposal will assist tribe's in developing their products for the foreign markets by holding regional training seminars. In addition, NTDA will assist in the coordination of three foreign trade missions and three trade shows to showcase tribal products. NTDA and its member tribes, like many other American food producers, see the dramatic growth in international trade and the potential for tribal products to enter impact these foreign markets.

- **USDA/Rural Development** - USDA Rural Development awarded NTDA a grant to co-sponsor a regional trade show to be held in Billings, Montana in the fall of 1998. The Billings trade show was a huge success with various tribes being represented through participants and vendors.

- **BIA Technical Assistance Grant** - The BIA awarded NTDA a grant to broaden our networking system. The creation of the Native American Communities Development will yield a "directory" of skills that tribes deem to be crucial to their economic development. The major directory categories of expertise will involve planning, legal services, public administration support, financial services, architectural and engineering services, business

management and administration and marketing.

- **Trade Show - Food Marketing Institute "98"** - NTDA sent representatives and one student from the Quinalt Nation to Chicago, Illinois to participate in the FMI Trade Show. Two NTDA member tribes, Quinalt and Navajo Nation participated by having booths in the trade show exhibiting their seafood and agricultural products The USDA provided the funding for the NTDA and member tribes to attend.

- **Trade Show - Food Ex "99"** - NTDA sent two representatives and five member tribes from Quinalt Nation, Navajo Nation, Yakima Nation , Gila River Tribe and Seminole Tribe to Tokyo, Japan to attend and participate in the 1999 Food Ex Trade Show. With funding assistance from USDA's Foreign Agricultural Service, NTDA featured the Quinalt Nation from Washington showcasing seafood products; the Navajo Agriculture Products Industry, from New Mexico showcasing their beef, pinto and navy beans, and a variety of other dry packaged food products. The experience gained gave our participants the opportunity to visualize how to showcase and market tribal agricultural products in the international marketplace As a result of NTDA's active efforts, member tribes are currently marketing tribal products in both the European and Asian markets.

- **Trade Show - American Foods Pavilion of the 1998 Salon International de l'Alimentation (SIAL '98)**- NTDA sent two representatives and four member tribes from Quinalt Nation, Gila River Tribe, Red Lake Nation, Crow tribal business person to Paris,

France to attend and participate in the SIAL'98. Our attendees were able to meet foreign contacts and gain insight into the market research, international trade market, and overseas trade missions in this part of the world. In addition, the member tribes were able to develop marketing opportunities and eventual sales in this market.

- **Tribal Economic Summit** - In June of 1997, the NTDA co-sponsored with the Montana/Wyoming Tribal Leaders Council a economic summit with tribal leaders in Billings, Montana. Tribal leaders and economic advisors from throughout Indian Country attended the summit. A wide variety of speakers and topic were offered utilizing the most current studies and strategies in Indian economics.

- **Made by American Indians Trademark** - Negotiations with the IAC to assume control of the patented "Made by American Indians" Trademark, are currently underway. The trademark is for all American Indian people to use on their products as certification of authenticity of the Native or Indian-made products in the marketplace. As more tribes enter into the international marketplace their symbol will ensure the authenticity of their products and protect Indian products from illegal or fake replicas.

In addition to promoting business opportunities in the national and international markets, the NTDA promotes other tribal efforts such as, Tribal Capacity Building/Education Reform Project (EPA), Demonstration Project/Airborne Road Dust Reduction Technique (EPA), Assistance on Empowerment Zones and Enterprise Communities (EZ) research ,and Research on the Promotion of Tax-Exempt Private Activity Bonds.

PAGE 7 TESTIMONY OF JOHN SUNCHILD, SR., EXECUTIVE DIRECTOR, NATIONAL TRIBAL DEVELOPMENT ASSOCIATION

III. Tribal Business Development

Economic conditions in Indian Country are among the worst found anywhere in the world. Many Indian nations are facing the same economic hardship as Third World countries experience. For nearly two centuries, Indian economies have been suppressed by federal paternalism, with no opportunity for a free-market system to operate. With unemployment averaging forty-nine percent in Indian Country and reservations being far removed from urban areas, many investors are unwilling to invest in Indian Country. In the past, Indian tribes have been denied access to federal economic programs, this bill is an excellent start at leveling the playing field by allowing Indian tribes to maximize available resources and access to existing business development programs in the Commerce Department.

In order to attract capital and value-added actitivies to Indian Country in such fields as manufacturing, energy, agriculture, livestock, fisheries, high technology, electronic commerce, arts and crafts and a host of service industries, tribes must have the basic physical infrastructure to accommodate these activities. This includes such infrastructure needs as water, waste water disposal, electrical power, gas, highways, and railroads to facilitate economic development in Indian Country. Indian tribes with the assistance of the federal government must work together to build reservation infrastructures to sustain viable and healthy reservation economies. Tribes rely on Congress to appropriate sufficient funding for assistance in developing the physical infrastructure to sustain the development of labor intensive enterprises in Indian Country.

S. 401 represents the type of assistance Indian Country needs to promote the long-range sustained growth and development of our reservation economies. The various components of this

bill focuses on the revitalization of our reservation economy by encouraging the formation of new tribal businesses and promoting private investment to sustain the development of tribal resources. Accessing funds to develop reservation infrastructures will promote business development while increasing employment on the reservation. This in turn will reduce poverty levels and provide the means for Indian tribes and people to achieve a higher standard of living on our reservations. S. 401 is the type of effort Indian Country needs, Congress has the opportunity to dramatically increase reservation employment and stimulate reservation economies by promoting the interaction of commercial, public and private entities.

IV. Trade Promotion

The NTDA supports S. 401's purpose to "encourage intertribal, regional, and international trade and business development in order to assist in increasing productivity and the standard of living of members of Indian tribes and improving the economic self-sufficiency of the governing bodies of Indian tribes." As previously mentioned, the NTDA's efforts have been on the development of international trade strategies for marketing tribal products, services and goods overseas. We have been coordinating foreign and domestic trade-shows featuring tribal products. The NTDA's success is that we have actually facilitated tribal trade promotion endeavors through our ability to impact and become visible in the international markets.

In April of 1998, the NTDA and the Intertribal Agriculture Council ("IAC") submitted a cooperative proposal and received a USDA Foreign Ag Service Grant. Our mission is to assist tribe's in developing their products for the foreign markets by holding regional training seminars

which enable tribal businesses to gain insight into accessing both the national and international markets. Through the NTDA/IAC's active efforts, member tribes have gained first hand experience with the international markets. With additional federal assistance such as S. 401, the NTDA/IAC will be able to ensure that barriers to international markets be overcome such as packaging, labeling, trademarks and other transportation and shipping issues.

The NTDA/IAC Export Assistance Program features various seminars appropriately titled as "Indian Agriculture Export Readiness Seminars." We utilize the assistance of various experts in the foreign trade market to share their expertise with Indian tribes and individual Indian businesses. The seminars focus on export business development, such as, developing business and marketing plans, packaging and labeling information, transportation and shipping issues and foreign export laws and regulations. Our third seminar will be held next week in Chicago on May 3, 4 and 5, 1999 at the Congress Plaza Hotel. I have attached a draft agenda to my testimony and wish to invite the Committee members to attend

S. 401 will enable tribal businesses to assess the various federal programs and services available to Indian tribes and Indian businesses. Many tribal businesses are not currently assessing the federal programs and services available. Section 5 of S. 401 will create a Native American Export and Trade Promotion Program which will alleviate these types of problems we have experienced in the past. In makes good sense to coordinate the various federal programs and services to ensure assess by Indian tribes and individual Indian businesses.

Our experience with marketing tribal products overseas has revealed various barriers which tribes must overcome to strengthen tribal presence in these markets. S. 401's coordination

of available federal programs and services will benefit tribal businesses in the development of promotional materials, financing of foreign trade missions, marketing tribal goods and services, and increase participation of federal agencies and eligible entities in international trade fairs. In addition, tribal businesses will be able to receive technical assistance and administrative services in identifying appropriate markets for tribal goods and services, compliance with foreign and domestic laws concerning the export and import of tribal goods and services, and entering into financial arrangements to provide for the export and import of tribal goods and services. Under S. 401, tribal business development opportunities in foreign markets will increase with greater access to federal programs, services and technical assistance to foster the long-term international markets for Indian goods and services.

Since its' inception, the NTDA has worked to assist Indian tribes in developing business opportunities and viable reservation economies. While the NTDA has only been in existence since 1995, it has taken significant steps to bridge the marketing gap between Indian business enterprises and their private sector counterparts. The NTDA has identified the following barriers to domestic and foreign trade of Indian products:

- The general lack of marketing and promotional activities by Indian business enterprises. This translates into Indian products being exposed to a very limited number of customer bases and access to markets only within their immediate area. Because of this isolation from broad U.S. and foreign markets, Indian businesses face disadvantages in terms of growth and expansion opportunities.

- Lack of available funding to assist tribal businesses in achieving economic self-sufficiency by eliminating the broker agencies or the "middle-man" who actually markets the products. A good example is the Passamaquoddy Tribe which is the third largest blueberry grower in Maine. Like most tribal businesses, the Passamaquoddy's utilize a brokering agency to market their blueberries. This brokering middle-man takes a big portion of the potential profit from the sales of tribal products. Tribal businesses need to have the ability to access federal support and assistance to enable tribal producers to market their own products under their own labels.
- Lack of essential information for buyers and investors to gain access to Indian business enterprises, including potential private sector opportunities, both domestic and foreign.
- Lack of a database available for Indian business products, such as available production information, distribution and marketing data, and general information on availability of goods and services.
- Lack of experience by tribal governments and Indian business enterprises in professional marketing strategies and schemes.
- Lack of tourism funds for Indian tribes and tribal businesses to utilize for marketing tribal products.
- Limitations on federal assistance with marketing non-agricultural goods in national and international markets. Based on NTDA's experience with the international market, we feel that tribal businesses have viable opportunities to greatly impact this marketplace. In addition, tribal businesses need to have access to federal assistance with the development

of tribal products for actual marketing, such as, packaging, labeling and customs. To counter these impediments, the NTDA uses its' resources to develop solutions to held alleviate the negative impacts of such barriers by:

- developing an NTDA home page (www.ntda.rockyboy.org) which categorically establishes a profile of each of our member tribes and individual business ventures.
- developing a how to guide, targeted at potential private sector investors and buyers, allowing them to access tribal governments and tribal business enterprises.
- attending foreign trade missions sponsored by the American Indian Trade and Development Council ("AITDC") in Tokyo, Japan, to secure and identify foreign business contacts in the foreign trade market for Indian products.
- attending the 1998 Food Ex Trade Show in Tokyo, Japan, to secure contacts and gain experience in the international trade shows for Indian products.
- participating in domestic trade shows such as the U.S. Food Export Showcase in Chicago, Illinois, which allows domestic trade opportunities for Indian products in the U.S

V. RELATED ISSUES

As most Americans will agree, the USDA's Foreign Agriculture Service (FAS) programs are certainly important to the overall health of a strong United States agriculture economy. They are even more useful to American Indian agribusiness economies when we are directly involved and recipients of their resources. However, based on the fact that American Indians were essentially shut out of USDA services up until 1987, our participation levels in the full cadre of

USDA sponsored programs and assistance has been dismal. The core reason for this phenomena, has been the lack of adequate educational and outreach efforts targeted specifically to American Indians by USDA. This statement is supported by the USDA Civil Rights Action Team (CRAT) report and a similar report submitted by the USDA sponsored Commission on Small Farms. Both reports strongly advocated **outreach** to under-served farmers and ranchers (American Indians included), as a measure to insure our active participation in, and reduce discrimination by USDA programs.

While most USDA Departments have taken steps to comply with the recommendations of the CRAT and Commission on Small Farms reports, these steps have been snail pace at best. However, there is one success story within USDA that has its roots based in the above mentioned reports, which needs serious attention. The USDA Farm Service Agency **(FSA) Outreach Programs Staff** based in Washington, D.C. and charged with the enormous task of introducing FSA programs and services was formed to address the inequities of FSA program service delivery to minorities. The major difference between this effort and other USDA Departmental endeavors is the fact that FSA Outreach Program managers have actually gone out to Indian Country and asked key leaders what, if anything, was needed in the form of FSA outreach assistance. The response was tremendous, as the FSA Outreach Programs Office received various requests from American Indian Colleges, community based organizations, individuals and other local interests to fund outreach projects targeted at the under-served.

Since its inception in 1996 as a viable USDA program, the FSA Outreach Office has fostered productive working relationships and provided valuable resources to groups such as the

National Tribal Development Association **(NTDA)**, the Intertribal Agriculture Council **(IAC)** and Stone Child College, which is a 1994 Land Grant Institution. This alliance with credible American Indian organizations has generated an enormous amount of interest by other American Indian and minority groups to participate in FSA Outreach Office funded projects. The primary reason is the fact that the FSA Outreach Office has fostered the concept of allowing these American Indian organizations the opportunity to conceive, design and administer their own project. This philosophy has proven quite successful as attested through the tremendous increase in funding requests received from other American Indian and minority oriented organizations.

During its short existence as an **FSA** program, this office has excelled in providing resources to minority groups (American Indian in particular) that have traditionally been left out of USDA services. As a result, the current projects funded by this office have proven highly effective at meeting the needs of the group it was intended to serve and neighboring States have requested funds to copy-cat these projects. However, based on a lack of adequate support from certain USDA Administrators, the funds necessary to carry this highly successful philosophy into the next millennium may never be realized. **Therefore, the following recommendations are in order:**

- Fully fund the FSA Outreach Programs Office at the FY 2000 requested level of **$5,000,000** and continue to fund this office at the requested level in coming years.
- Provide for a no-year account to allow the office to provide multi-year funded projects.
- Provide for a separate Program Outreach Account within the Farm Service

PAGE 15 TESTIMONY OF JOHN SUNCHILD, SR., EXECUTIVE DIRECTOR, NATIONAL TRIBAL DEVELOPMENT ASSOCIATION

Agency.

- Provide Grant and Cooperative Agreement Authority to FSA to insure the integrity of all projects funded through this process.

VI. Conclusion and Recommendations

The passage of S. 401 will ensure that Indian tribes and tribal businesses have access to federal programs, services and technical assistance to provide assistance, both financial and technical, for increased business development, expansion of trade opportunities and economic development in Indian Country. In addition to supporting the passage of S. 401, the NTDA recommends the following:

- The legislation needs to provide funding for pilot projects in the area of trade promotion and export development for Indian tribes and tribal businesses. Other than the USDA, federal support in non-existent for tribal businesses to gain access into the international market.
- The Director of the Office of Native American Business Development be an American Indian person with broad and comprehensive experience with Indian businesses and domestic and foreign trade experience as well.
- The Commerce Department to adequately fund the Office of Native American Business Development to carry out the purposes of S. 401 and to ensure the formation and expansion of Indian business opportunities both in the U.S and abroad.

- The Commerce Department to coordinate and sponsor a National Indian Trade Show featuring domestic and foreign business opportunities for tribal products, services and goods.
- Mandate federal agencies to broaden their focus and build flexibility into federal programs and services to accommodate the needs of Indian tribal enterprises and business opportunities both in the U.S. and in foreign countries.
- Development National Indian Marketing Policy and Strategy for tribal products in foreign trade markets.
- Assist Indian tribes and businesses to develop their products to meet the demands of the international market, such as overcoming labeling and packaging barriers.

- Provide financial assistance (start-up monies) for tribal businesses to enhance their product development and to allow tribal businesses to understand and compete in the foreign markets based on foreign demands and market trends.
- Develop a National Indian Intertribal Commerce Policy and Tax Incentive package which will stimulate intertribal commerce domestically. This will greatly enhance local reservation economies which suffer due to the absence of private sector opportunities and create the kind of job opportunities and business-creating activities that tribes desperately need.

Again, I wish to thank the Honorable Ben Nighthorse Campbell and Honorable Members of the Senate Committee on Indian Affairs for allowing me the honor and opportunity of testifying

in support of S. 401, the Native American Business Development, Trade Promotion and Tourism Act of 1999. Indian tribes and businesses partnering with federal agencies to promote economic development in Indian Country makes sense. The NTDA is a good example of what a successful partnership can bring to Indian Country. The NTDA will continue to assist tribes in attaining economic self-sufficiency through the development of Indian businesses and economies while strengthening our sovereign status. If the NTDA or myself can be of any assistance, it would be a pleasure to work with you and the Committee in the development and implementation of these types of economic development initiatives for Indian Country. Thank you.

PAGE 18 TESTIMONY OF JOHN SUNCHILD, SR., EXECUTIVE DIRECTOR, NATIONAL TRIBAL DEVELOPMENT ASSOCIATION

May 7, 1999

Honorable Ben Nighthorse Campbell, Chairman
United States Senate
Committee on Indian Affairs
Washington D.C. 20510-6450

Dear Senator Campbell:

I would like to thank you once again for the opportunity to testify before the Committee on Indian Affairs on *S.401, the Native American Business Development, Trade Promotion and Tourism Act of 1999* on April 21, 1999.

As requested, I am submitting the following response to the questions contained in your letter dated April 22, 1999.

1. Has NTDA received assistance from the Commerce Department in its efforts to get into the international market for Native-made goods?

NTDA has received no technical or financial assistance from Commerce in our efforts to promote Native-made goods in the international marketplace.

2. Would your member tribes benefit if this legislation were enacted into law?

Yes, many of our member tribes would benefit for the passage of S.401.

3. Based on your experience in the international market, have you seen the demand for authenticate Native American goods/services the goes beyond Native American agricultural goods? (i.e. arts and crafts, beef/pork products, etc.)

Based on our experience in marketing Native agricultural products in Europe and Japan, we see a demand for all type of Native made products in these markets. There is a major interest in Native American Culture throughout the world and if our products are marketed, package, and promoted with this in mind it could translate into a tremendous increase in sales.

While NTDA would like to assist tribes in developing these markets, our present funding is limited to agricultural products.

4. How would the development of foreign trade zones on Indian lands benefit your organization's marketing, distributing, and selling of Native American agricultural goods?

NTDA can see a big advantage for marketing and distributing tribal products if foreign trade zones were established. This would be something that could assist even those tribes without products by helping them to become manufacturing and distribution centers.

5. From your experience with marketing and selling Native American goods in foreign markets, what are the greatest impediments to expanding the Native American international market?

Indian Country produces a wide variety of products, but very few are ready to export. Tribal products are mainly sold directly to local brokers who reap the benefits for our products. Tribes need assistance in getting their products ready to export. That means that there is a need for capital to package their products under their own labels. In addition, they need assistance in the product development, marketing strategies, and promotions.

Another concern would be the promotion, use and registration of the Made by American Indian Trademark in the foreign markets. By using this trademark, we could ensure the consumers they are buying authentic Native American produced goods.

I sincerely hope that S.401 is enacted into law and would once again like to thank you and the Committee on Indian Affairs for your efforts to address the needs of Indian Country. If the National Tribal Development Association can be of further assistance, please don't hesitate to call on us.

Sincerely,

John Sunchild, CEO
National Tribal Development Association

TESTIMONY OF MICHAEL A. ROULEAU

Vice President, Marketing for !nterprise Networking

U S WEST Communications

BEFORE THE

U. S. SENATE COMMITTEE ON INDIAN AFFAIRS

ON

NATIVE AMERICAN BUSINESS DEVELOPMENT

APRIL 21, 1999

Mr. Chairman, Senator Inouye, and Members of the Committee, thank you for the opportunity to testify before this committee. U S WEST strongly supports initiatives designed to encourage business development, particularly among disadvantaged groups of people or in geographical areas that are not traditionally targeted for capital investment by large entities. As is demonstrated on a daily basis, access to telecommunications services, including high-speed data services, is critical to the success of any start-up or on-going business.

My remarks will address three key areas:

- Efforts undertaken by U S WEST and the U S WEST Foundation to support the understanding and deployment of high-speed data services to Native Americans, on and off Indian reservations;
- How regulatory relief would enable the Company to deploy its high-speed data services on a far broader basis through-out its region; and
- What changes should be made to the current provisions relating to the Universal Service Fund (USF) to better support broad deployment of basic and advanced telecommunications to Native American reservations.

BACKGROUND

One of the most significant challenges to developing businesses on Native American reservations is the shortage of telecommunications services currently available. The percentage of non-Native American homes with phones is 94 percent, while only 45 to 50 percent of Native American homes have basic telephone service, much less more advanced, high-speed services. At a recent FCC public hearing in Albuquerque, testimony was presented which provided many anecdotal examples of individuals on Indian Reservations suffering some harm by not having access to a telephone or being asked to put up a significant sum of money before service would be built out.

While this lack of access to basic "life line" service is distressing, there are also some stark realities that have driven this predicament. First of all, reservations tend to be served not just by large telephone companies, like U S WEST, but in many instances, smaller, rural telephone companies or Indian-owned cooperatives.

In most instances, reservations are not close to a serving central office and many homes and buildings on the reservation are broadly dispersed and even further from the serving wire center. For example, in some instances, it can cost anywhere from $10,000 to $60,000 to run a single local loop from the central office to provide dialtone to a customer on a Reservation.

In addition, negotiation of right of way agreements for construction of telecommunications facilities over Tribal lands historically has been difficult and often contentious. This, in turn, has contributed to the low development of telephone services on reservations.

Multiple federal and state agencies, bureaucracy and a lack of cultural understanding have contributed to this climate in the past. In many cases, tribes have resisted requests to construct facilities on their land and have quoted exorbitant fees for right of way agreements.

Positive strides forward, however, have been made in the right of way area. For example, landmark agreements have been reached for the construction of fiber optic backbones across the Laguna and Acoma Pueblos lands. Such agreements represent a true win-win situation. The carriers can expand their service base and the communities can gain vital access to telecommunications services for social and economic development.

CURRENT UNDERTAKINGS OF U S WEST AND U S WEST FOUNDATION

Education is the essential underpinning to an individual's development and potential growth as a businessperson. But, the quality of education and, more particularly, the educational enhancements available through the Internet have historically been denied to schools on reservations.

To close this gap, U S WEST has worked closely with the Bureau of Indian Affairs to deliver high speed Internet access to 19 schools on reservations in New Mexico. In addition, U S WEST provided "gateway" service to the Department of Interior's Internet service so that at least 12 schools on Native American reservations in South Dakota and Arizona could also gain high-speed Internet access.

The U S WEST Foundation supports education and small business development. The future is brightest for those who understand how to use the Internet and who know how to interact with the rest of the world through computer and telecommunications technologies. U S WEST Foundation has developed the WOW (Widening our World) program that insures that this knowledge is extended to as many schools and communities as possible. WOW includes several innovative programs such as the:

- **U S WEST Teacher Network** which trains groups of teachers to use on-line computer service and provide "local-call" access (vs. any toll charges) to computer networks.
- **U S WEST Connecting Teachers** program provides seed money for teams of teachers to develop computer-communication projects.

- **The WOW Van** (the Foundation's most innovative program) is a mobile laboratory dedicated to the task of Widening our World for people through the West in territories served by U S WEST. The WOW Van has 24 laptop computers and throughout its journeys teaches residents how to access online services.

In addition to nurturing education, the Foundation also has several initiatives targeted at business development. The Western Entrepreneurial Network sponsors a variety of programs. For example, NxLevel is a three-year program to help some 6,000 small –business owners and aspiring entrepreneurs develop viable business and marketing plans. There are also programs supporting tourism development and providing on-line resources to small businesses and business-development organizations.

The Foundation also made a $500,000 commitment to help U S WEST-area businesses learn about and participate in the federal Small Business Innovation Research program. This program targets funds to small businesses and participating businesses have generated an above-average number of new products, revenues and jobs.

The Foundation has targeted the needs of the Native American community thourhg its partnership with the Johns Hopkins Center for Native American and Alaskan Native Health, the NFL Players Association and the Nick Lowery Charitable Foundation to deliver the Native Vision Initiative to youth on ten Native American reservations by the end of calendar year 2000. This initiative will make resources available to participating youth, such as mentoring and community service projects.

U S WEST's role in this endeavor has been not only to contribute funds, but also training through its WOW program, development of a web-site, and provision of space on a server.

INTERLATA RELIEF

A key public policy question facing Congress is whether the intent of the 1996 Telecommunications Act to encourage widespread deployment of advanced telecommunications services to all Americans is being fulfilled. In other words, are high-speed broadband networks that are essential to the growth of distance-learning, e-commerce, telemedicine, reaching all Americans?

The unfortunate answer is that they are not. And this sad fact is most painfully evident on Native American reservations and in most other non-urban areas. Regulation and unequal treatment of industry players is widening the Digital Divide. Competitors of U S WEST are by-passing millions of small and medium sized businesses, rural areas, inner cities and government and educational institutions.

Large businesses located in densely populated urban areas or business parks have reaped the benefits of competition in terms of prices and state of the art technology. Those benefits, however, have stopped right there and have not found their way to smaller businesses, schools and residences.

Why has this happened? Under the terms of the agreement between the Justice Department and AT&T, regional telephone companies like U S WEST which were spawned with the breakup of AT&T in 1984 cannot carry traffic, voice or data, across 197 arbitrary boundaries called LATAs (local access transport area). These LATAs have no

relation whatsoever to markets, population configurations, political jurisdictions or technology. These regulations, created long before anyone had conceived of the Internet, much less understood its promise and impact, are now applied to all data traffic on the Internet even though data is, by its very nature, global and has no geographic boundaries.

The competitors enter new markets and target densely populated urban areas and business centers – the high-end, big spending customers. As the head of MCI/WorldCom, Bernie Ebbers, stated, "we're going to concentrate on business customers and you won't see us in places like Butte, Montana."

Studies by economist and CEO of InContext, Inc., Bill Lilley, have clearly demonstrated that investment in broadband infrastructure has been strictly limited to high-density, urban business areas and technological parks.

In sharp contrast, the National Rural Development Council reported that low-income, minorities, young and less-educated individuals in rural or inner cities are more likely to be technologically disadvantaged: "45% of all have access to the Internet – 92% in urban areas and 31% have access in rural areas."

Examine what that means in the 14-state region U S WEST serves. While the FCC in its recent pronouncement on deployment of advanced telecommunications services noted that it "did not find that lack of backbone is a pervasive factor in rural areas," it conveniently failed to mention that 13 of the 27 (48%) of the LATAs in U S WEST's territory are untouched by national high-speed backbone networks.

So what does that mean for customers in U S WEST's region? Simply stated, it means that getting to the Internet will be more costly and slower than for people with easy access to the Internet superhighway. Internet users in Montana will get there via a "rural route" -- slow speeds, prone to congestion and sometimes closed down altogether – and not at 75 miles per hour via I-80.

It also means higher prices. For example, the costs of providing high-speed Internet access to four schools on Native American reservations in southern Arizona was $1,000 per month higher than in New Mexico simply because the Bureau of Indian Affairs had to get a separate carrier to haul the data traffic across the LATA boundaries in Arizona.

U S WEST, however, can and will deploy high-speed advanced services to rural areas – start breaking down the Digital Divide, but only if it is allowed to carry data across LATA boundaries. That freedom will enable US WEST to design its high-speed network in the most efficient manner.

For example, because of the LATAs, U S WEST must deploy an ATM switch in each of its LATAs. If those artificial boundaries come down for data, it would only deploy the switches in 50 percent of the LATAs; it would deploy a "remote" in the other LATAs. This would result in 42 percent savings in switch capital investment alone.

With these savings, US WEST would be able deploy its high-speed services to an additional 2 million customers this year alone. This would alleviate the network congestion rural ISPs and subscribers face. It would also decrease the costs of their connection to the Internet by reducing the need for backhauling and improve their over-all Internet experience.

This increased availability of high-speed data services is essential to new business development by small entrepreneurs. These services can reduce the costs of business transactions as well as increase productivity. Congress must act to deregulate data and to eliminate the disincentives for telecommunications providers to deploy high-speed services more broadly.

THE UNIVERSAL SERVICE FUND

The Universal Service Fund is designed to "subsidize" high-cost telephone service in rural areas. But the money U S WEST receives from that fund falls far short of the actual high costs associated with provisioning telephone service in remote, high-cost rural areas where many Native American reservations are located.

This understatement and inaccurate portrayal of the actual costs associated with local loop costs in rural New Mexico are because the total costs for New Mexico are averaged – the high-costs associated with customers on reservations are averaged with customers in low cost areas like Santa Fe and Albuquerque.

One way to fix this problem and to insure that Native Americans receive basic telephone service is to target subsidies directly to them. As Karen Radney Buller, President of the National Indian Telecommunications Institute stated in her testimony before the FCC in Albuquerque earlier this year, the Tribal lands should be their own study area to better target support where it is needed. In addition, since Tribal lands are federal lands held in trust, 100 percent of the funding should be federal and not split between federal and state jurisdictions.

By targeting support to the reservations, we avoid the perpetuation of unsustainable implicit support from urban areas and assure predictable support sufficient to meet the needs of the reservations. Further, virtually all rural communities and most Native American reservations have concentrations of customers located close to the central office which are relatively inexpensive to serve and who will not require explicit funding to assure affordable service.

By defining a "no support" zone around the central office and redistributing the support to the remaining customers outside this zone, two distinct benefits will occur:

- providers will not be artificially attracted only to the lower cost areas of the Reservation to realize a support windfall; and
- the support provided to the outlying customers will be closer to the true cost of serving these customers, increasing the likelihood that providers would build facilities to service them.

Unfortunately, the current recommendation of the Joint Board, which administers the USF, will make this situation worse. Chart 1 below demonstrates the problems faced by high-cost western states with large concentrations of Native American communities in contrast with lower cost states. In particular, it shows how many customers in each of these states support each customer within that state that costs over $100/month to serve.

Chart 1

Relative Number of Low-Cost Customers

State	Customers
SD	20
MT	24
WY	28
NM	53
WA	105
FL	755
NY	1,624
MD	3,701
NJ	30,825

Source: BCPM3 with FCC Common Inputs. Non-Rural LECs Only.

In South Dakota, for each customer costing over $100 /month to serve, there are 20 customers over whom the cost of this support can be spread. In sharp contrast, however, in New Jersey, there are 30,000 customers available to share in allocation of costs. In New Mexico there are only 53 customers to support each $100 customer.

Using the current formulas, payments to U S WEST under the USF will run considerably under the costs of providing service to high-cost customers – a short-fall of $30.2 M in Wyoming, $22.4M in South Dakota, $28M in Montana and $34.8M in New Mexico. To cover this deficit, a surcharge to customers in Wyoming would be $12.35 per month, while in New Jersey a surcharge would only be 9 cents per month.

The Joint Board's current recommendation greatly aggravates this situation with a net result that using the low-end formula, none of New Mexico's high-cost customer, including those on Native American Reservations would receive any explicit- high-cost funding.

What this means is that under the Joint Board's plan, in the absence of sufficient funding, U S WEST will need to continue to rely on implicit sources of support for its high-cost customers and reservations. This is a prescription for two-tier information society and totally counter to small business development.

To achieve the goals of the 1996 Act and to assure the availability of affordable services to customers on reservations, U S WEST has urged the FCC to adopt policies that accomplish the following:

- Develop tools and proxy models that accurately estimate the costs that will actually be incurred to build infrastructure on reservations and other high-cost areas using today's technology.
- Target support to the customers that need it.

- Develop a federal funding mechanism that fairly shares the burdens of the requirements of the 1996 Act fairly and equally across all states.
- Use a portion of USF funds to pay for the initial capital investment associated with deployment of telecommunications services to remote, rural areas.

CONCLUSION

The goals of the 1996 Act will be met when all Americans, including Native Americans, both on and off reservations, are able to enjoy the benefits of the Information Age. Those benefits in turn are essential to small business development and individual growth.

U S WEST has the capability, the capital the desire and the technology to serve rural and urban customers, but regulators are preventing us from doing so. We urge Congress to act to deregulate data services to achieve the goals of the Telecom Act. That will insure that high-speed services will be widely deployed to more Americans in a timely fashion, while facilitating the growth of business development in the Native American community.

U S WEST INTERPRISE Networking
1999 Broadway, Room 800
Denver, CO 80202

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USWEST
INTERPRISE NETWORKING

Senator Ben Nighthorse Campbell
United States Senate
Committee on Indian Affairs
Washington, DC 20510-6450

Thursday, May 06, 1999

Dear Senator Campbell,

Thank you for the recent opportunity to address your committee. As follow-up to your questions, I have tried to respond as completely as possible. I will detail the response to your questions below:

1) In order to even the playing field, it's imperative to deliver the basic tools and capabilities available to all players. Currently, this is not happening. U S WEST has been actively driving to deliver the foundational elements needed to compete and grow in this new-world economy. The success U S WEST has developed with the Native Americans we work with, can be exemplified in the projects we've done with the Wind River Camp and with Net Day 1998. With Net Day 1998, U S WEST delivered high speed Internet service to 17 schools in rural New Mexico. What was special about this event wasn't that U S WEST simply delivered this high speed access to the Internet, but rather that we closely worked with the local community to integrate services, demonstrate capabilities, and to train these participants in the fundamentals of working with the Internet. The result was clear – lifelong learning opportunities for children, parents and teachers.

2) In order to deliver the core infrastructure necessary for Internet and next generation communications services, it requires more than the piece-parts; it requires a commitment to the deployment, the training and the integration of these new network services and capabilities in all aspects of the user's day-to-day activities. Clearly, though, there is a tremendous amount of capital – both human and financial – that needs to be invested to bring this vision to the Native American communities. Within the building, desktop computers (PCs), network servers, and networking equipment in the wiring closets can generally take advantage of the existing wiring within a building. New technological advances will continue to squeeze greater amounts of capacity from the existing physical plant. Of much more importance in delivering next generation networking services will be the routers and wide area networking (DS-1s, Frame Relay, ATM, xDSL) services from the local telcos. Further, getting high-speed access to the Internet (at DS-1 – 1.544 megabits/second – and above) will make this fully integrated network usable and available to all.

3) In the areas U S WEST serves, infrastructure enhancements will generally enable an expansion and development of new business opportunities. This Internet based economy allows for, and in fact, provides for rapid scale and integration of new services and features. These services do not need to be co-located any longer with the users. Rather, information and applications used to grow new businesses exist throughout the Internet and can be leveraged by all users. The benefit to the user is that the local community doesn't have to be all things to all people. But this all must start with the enhancements of the local and wide area network infrastructure. Which is to say, that the connections to the Internet, the connections to other schools and buildings, the connections to other communities around the globe must be upgraded to support robust real time communications – DS-1 or above.

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36 USC 380
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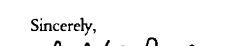
4) Native American Reservations tend to be served not just by large telephone companies like U S WEST, but in many instances, smaller, rural telephone companies or Indian-owned cooperatives. Further, they often are not close to serving wire centers and sites on the reservations are broadly dispersed. Accordingly, it can be extremely costly (e.g., between $10,000 and $60,000) to even place a local loop and provide dialtone to a customer on a reservation. Secondly, negotiations for right-of-way agreements to place facilities on reservations has historically been very difficult. In some cases, tribes have resisted requests for right-of-way agreements and have quoted exorbitant fees. It should be noted, however, that there have also been some very positive strides forward with respect to mutually advantageous right-of-way agreements struck with some reservations. Lastly, the current construct of the Universal Service Fund results in U S WEST receiving far less than the actual high costs associated with provisioning telephone service in remote, high cost rural areas where many Native American Reservations are located.

5) Rural markets in general are seeing success in the deployment and availability of new technologies, products and services. U S WEST has been very active in delivering higher speed, broadband services and Internet access in places like Helena, MT and Cheyenne, WY. However, it is clear that competition brings many of these new technologies to the market. Unfortunately, the competitive providers delivering these services are focusing purely in specific neighborhoods and in specific buildings in densely-populated urban centers, and not in rural locations. This is increasingly problematic to our rural customers who must look to alternative solutions to these new technologies and services. We refer to these phenomena as the "Digital Divide". It is a real and growing problem in America today. U S WEST has been advocating that with InterLATA relief (the elimination of arbitrary and imaginary boundaries that prevent U S WEST from delivering communications networks), we would be in a much better position to build more efficient networks and thereby expand our deployment of broadband high speed Internet access deeper into rural America.

Hopefully, this addresses your questions completely and thoroughly. If there are any other questions, concerns or other areas you'd like me to expand on, please let me know.

Thank you.

Sincerely,



Michael Rouleau
Vice President - Marketing
U S WEST

Western Wireless Corporation

Testimony on
S.401
To Provide for Business Development and Trade Promotion for Native Americans
May 6, 1999

Western Wireless Corporation ("Western Wireless") submits testimony on S.401, a bill to provide for business development and trade promotion for Native Americans. Western Wireless is a facilities-based telecommunications provider in 17 western states serving the communications needs of consumers in many rural, high-cost areas, including 51 American Indian Reservations. Western Wireless fully understands, appreciates and supports the objectives of this legislation to guard and preserve tribal sovereignty by fostering strong tribal self-governance capabilities and building healthy, self-sustainable tribal economies. Western Wireless knows that efficient, reliable and affordable telecommunications is essential to achieving these goals. The challenges to the delivery of telecommunications service to Indian Reservations are rooted in the cost of providing service and the lack of a cost recovery mechanism which allows competitive carriers to provide affordable telecommunications service.

Western Wireless, through its subsidiaries, holds cellular and Local Multipoint Distribution Service ("LMDS") radio licenses covering over 7.5 million people. Western Wireless provides service throughout many of its licensed areas. In Montana, for example, Western Wireless provides cellular telephone service throughout 98% of the geography of the state, which includes the Flathead, Blackfeet, Rocky Boy's, Fort Belknap, Fort Peck, Crow, and the Northern Cheyenne Indian Reservations. In New Mexico, Western Wireless provides cellular telephone service in the rural southeastern portion of the state, which includes the Mescalero Apache Indian Reservation. Within the 17 states and the fifty-one (51) Indian

Reservations where Western Wireless provides telecommunications service there are great mutually beneficial business opportunities for tribal governments. These Indian Reservations are identified in Attachment A.

As Western Wireless has such strong coverage to so many Indian Reservations within its service area, we wish to work with the Congress on legislation such as this which is designed to overcome obstacles to the delivery of affordable telecommunications service to the residents, businesses and other entities on Indian Reservations. These obstacles fall into two categories: (1) cost of providing service and (2) constructing and operating telecommunications services.

Cost of Providing Service

Many Indian Reservations are located in what are considered high-cost areas. The term, "high-cost" areas, refers to areas in which the cost of service exceeds a rate that is considered to be affordable for the consumer. If the affordable rate for telephone service is considered to be $31.00 per month, for instance, then any area in which the cost of providing service exceeds $31.00 per month would be considered a high-cost area. The obstacle to the delivery of affordable telecommunications service in many Indian Reservations is that the cost of telephone service exceeds $31.00 per month, and there is no mechanism in place to allow a competitive carrier to recoup its total costs of providing service to these high-cost areas. One potential solution to this problem is to use the federal universal service fund to support the cost of providing service to high-cost areas on Indian Reservations until a state or tribal government establishes a competitively-neutral universal service fund, at which time the cost of service would be shared by federal, state or tribal universal service funds.[1]

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[1] A variation of this same approach also should be adopted to fund competitive carriers that serve high-cost consumers residing in areas served by rural telephone companies.

Currently, Western Wireless' rates for mobile telecommunications service are based upon its costs and are reflected in its established rate plans. To provide a rate plan more akin to traditional local exchange service (*e.g.*, $15.00 per month for unlimited local usage), a carrier would require access to universal service funding.

The public/tribal benefits of establishing a competitive universal service funding mechanism for high-cost areas on American Indian reservations for reservation citizens would be significant. A competitive universal service system would not only provide for the delivery of telecommunications services by one service provider, but also would foster a competitive environment. Another public/tribal interest benefit of establishing a competitive universal service system would be the introduction of service offerings valuable to the consumer, such as large local calling areas. In one community where Western Wireless introduced a competitive local telephone service offering, a large local calling area was established that allowed consumers to make a local call to a central business district more than 50 miles away.

Placement and Operation of Antenna Towers

One of the more significant issues faced by Western Wireless in operating a wireless telecommunications system is the placement and operation of antenna towers. While some communities have established an expedited process for the approval of antenna towers, other communities have not embraced the placement and operation of antenna towers. Western

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Because a competitively-neutral funding mechanism has not been established for areas served by rural telephone companies, competitive carriers are effectively foreclosed from entering this market and providing the consumer with a choice for their telecommunications needs. Consequently, in the absence of state funding, federal funding based upon the cost of service should also be made available to competitive carriers that serve consumers located in areas served by rural telephone companies.

Wireless' experience with locating antenna towers on Indian Reservations is much like its overall experiences. Some of the specific obstacles to the placement and operation of antenna towers on Indian Reservations include:

1. no single point of contact or decision maker for negotiating the placement and operation of antenna towers;

2. no formal process for gaining approval for the placement and operation of antenna towers;

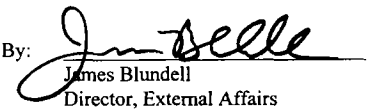
3. unclear role of individuals and/or institutions, such as the Bureau of Indian Affairs, in business dealings; and,

4. understanding of the laws, regulations, and policies governing the placement and operation of antenna towers.

Knowing that reliable, affordable telephone service is essential to achieve the goals of S. 401, and knowing that the Department of Commerce programs proposed in S. 401 are designed to economically stimulate the development of businesses including, telephone service on Indian reservations, we urge favorable consideration of S. 401.

Respectfully submitted,

Western Wireless Corporation

By: 

James Blundell
Director, External Affairs
Western Wireless Corporation
3650 131st Ave., SE
Bellevue, Washington 98006
425-586-8736
425-586-8090 (fax)
e-mail: jim.blundell@wwireless.com

ATTACHMENT A

INDIAN RESERVATIONS IN WESTERN WIRELESS SERVICE AREAS

Arizona
- Kaibab-Paiute

Colorado
- Southern Ute

Idaho
- Nez Perce

Minnesota
- Red Lake Band
- Upper Sioux
- Lower Sioux
- White Earth

Montana
- Flathead
- Rocky Boy's
- Fort Peck
- North Cheyenne
- Blackfeet
- Fort Belknap
- Crow

Nebraska
- Santee Sioux
- Winnebago Nebraska
- Omaha

Nevada
- Walker River
- Goshute Paiute of Utah and Nevada
- Elko
- Battle Mountain
- Winnemucca
- Lovelock
- Pyramid Lake
- Reno-Sparks Indian Colony
- Las Vegas Paiute

Yomba
Washo
Fallon
Duckwater
Odgers Ranch
Summit Lake
Fort McDermitt

New Mexico
Mescalero Apache
Jicarilla Apache
Taos

North Dakota
Fort Berthold
Devil's Lake Sioux
Lake Traverse
Turtle Mountain
Fort-Totten

South Dakota
Cheyenne River Sioux
Crow Creek Sioux
Lower Brule
Pine Ridge
Rosebud
Standing Rock
Yankton
Sisseton Wahpeton

Utah
Navajo Nation (also in Arizona, New Mexico, and Colorado)
Paiute

Statement for the PL 102-477 Tribal Work Group

prepared for the hearing on business development conducted by the Committee on Indian Affairs United States Senate April 21, 1999

We commend the Committee for holding this hearing and actively considering legislation to deal with economic development in Indian Country. As all the members of the Committee are well aware, growing economies are essential to healthy and productive tribal communities.

Strong, well funded employment and training services are a major tool in the economic development process. They rank alongside effective business financing tools and infrastructure development as the most vital ingredients of successful development efforts.

Unless the jobs created by the economic development process go to Indian workers, the whole purpose of the process is defeated. That is a lesson proven again and again by what tribes have done, particularly under the Tribal Employment Rights (TERO) program.

The tribes in the Public Law 102-477 demonstration are particularly proud of their record in using job training and human resource development strategies to advance the cause of Indian economic development. Several examples show what is possible:

- When presented with a new business opportunity bringing jobs to one of the more remote communities on the Fort Berthold reservation, the Three Affiliated Tribes used its 477 program to recruit and train a workforce to the employer's specifications. Having many of its human resource development programs under a single plan and the ability to draw resources from one

budget provided the flexibility that the tribe needed to respond quickly and positively to this opportunity.

The lasting value of that investment in human capital was demonstrated recently. Although the original business venture closed, another replaced it and provided employment for the same workers because they were available, trained and ready to work.

- During the Committee's hearing a week ago on welfare reform, you heard testimony from the Sisseton-Wahpeton Sioux Tribe on the way 477 has been used to support job creation on that tribe's reservation. The tribe has repeatedly used its 477 program, which emphasizes services to welfare recipients, to create and strengthen tribal businesses. The results have not only been new jobs, but jobs for those tribal members that need jobs the most.

- In a very different economic setting, the Central Council of Tlingit and Haida Indian Tribes of Alaska has used its combined 477 resources to support the development of a brand new Vocational Training and Resource Center. Centrally located in Juneau, Alaska, the Center is designed to reach tribal members throughout Southeast Alaska, in the smaller villages as well as the more urbanized communities.

  A major component of the new Center is a business incubator and entrepreneurial training program, assisted by federal resources, which, under 477, can be used in more flexible ways than would otherwise be permitted.

Public Law 102-477 itself has encouraged tribes to take a more creative approach to using federal employment and training funds in support of economic development. Section 9 of the law authorizes tribes to include support for job creation projects in their integrated service plans.

As several of the cases above illustrate, the ability to bring together funds from different programs, across agency lines, under a single plan and a single budget, with a single reporting system, makes job training support for economic development projects much more effective. That is what "477" has brought to the table.

The 477 story also illustrates the varying heights of the barriers which federal laws and agency policies place in the way of tribal economic development.

We would particularly like to commend the Division of Tribal Services in the Administration for Children and Families in HHS for promoting the use of a human resource development program in job creation efforts. In drafting proposed rules for the Native Employment Works (NEW) program, HHS seeks to permit a strong bond between helping welfare recipients find jobs and helping tribes create jobs for welfare recipients to find.

The proposed rules for the NEW program, one of the building blocks of 477, would allow NEW funds to be spend for "economic development projects that lead to jobs, improved employment opportunities or self-sufficiency of program participants."

Not all federal employment programs are this forward-thinking. The recently passed Workforce Investment Act, like the Job Training Partnership Act before it, prohibits the use of funds for economic development activities. The Indian section of WIA, however, does authorize the Secretary of Labor to waive statutory provisions which interfere with the success of grantee efforts to help Indian workers get jobs. We hope that the Committee will encourage the Secretary of Labor to make use of this waiver authority to build much closer ties between job creation and job training with WIA money.

We think that S. 401 is a good vehicle to send a message to all federal agencies that administer Indian job training programs. Job training must be directly tied to job creation in Indian Country. Job training makes no sense without job creation. And job creation makes no sense unless it produces good jobs for Indian people.

We look forward to the additional tools which S. 401 would provide. Greater program coordination within the federal government, including productive connections between BIA programs and those in Commerce, Labor, HHS, Education, SBA and other agencies is important. Sectoral specific programs, like those in tourism and export promotion, can help.

A strong emphasis on building human capacity at the entrepreneurial, and managerial levels, as well as among front line workers, will produce more prosperous Native communities. In acting on S. 401, we urge the Committee to send this message to the entire federal establishment.

PL 102-477 Tribal Work Group
c/o Indian & Native American Employment & Training Coalition
1000 Wisconsin Ave., NW, Washington, DC 20007

April 19, 1999

The Hon. Ben Nighthorse Campbell
Chairman
Committee on Indian Affairs
United States Senate
Washington, DC 20510

The Hon. Daniel Inouye
Ranking Member
Committee on Indian Affairs
United States Senate
Washington, DC 20510

Dear Mr. Chairman and Senator Inouye:

The Public Law 102-477 Tribal Work Group commends the Committee on Indian Affairs for holding a hearing on new tools to stimulate the creation of jobs in Native communities. We particularly appreciate the Committee's support for employment and training efforts to aid in that economic development task.

The PL 102-477 Tribal Work Group would like to submit the enclosed statement for the Committee's consideration in connection with your April 21st hearing on economic development. The statement focuses on how the integration of tribal services under 477 can play a key role in the success of tribal job creation efforts.

Thank you for drawing the attention of the Congress to this issue.

Sincerely,

Leo Cummings
477 Director
Three Affiliated Tribes
Co-Chair, 477 Tribal Work Group

Sharon Olsen
Employment & Training Manager
Tlingit Haida Central Council
Co-Chair, 477 Tribal Work Group

Testimony of Tex G. Hall
Chairman, Three Affiliated Tribes
Chairman, Aberdeen Area Tribal Chairman's Association

Before the Senate Committee On Indian Affairs
on
S. 401, Native American Business Development,
Trade Promotion and Tourism Act of 1999

April 21, 1999

Thank you, Senator Campbell and Senator Inouye for the opportunity to testify today in support of S. 401, the Native American Business Development, Trade Promotion and Tourism Act of 1999.

For the past two years, first as a member of the Tribal Business Council of the Three Affiliated Tribes of the Fort Berthold Reservation along the Missouri River in northwest North Dakota, and now, more recently, as Chairman of the Three Affiliated Tribes, I have been actively pursuing a multi-faceted economic development effort for my Tribe. As we approach the bi-centennial of the Lewis and Clark Expedition in 1804-1806, in which the United States made its first official visit to our homelands on the Missouri River, we have been working hard to develop the potential of that event, by creating the opportunity for visitors to the Lewis and Clark trail a chance to learn more about us in culturally appropriate ways. It is also significant that the U.S. Treasury Department is considering using a likeness of Sakakawea, who we count among our ancestors, on a new coin partly in commemoration of that event.

In connection with our efforts, in the past two years, we have had the direct descendant of Maximillian, who visited the Mandan and Hidatsa people in the 1830's, visit our homelands in North Dakota, and in turn, sponsored by our North Dakota Tourism Department, we have visited him at the International Tourism Trade Show in Germany. We would want him, and others like him, to learn more about us as part of visits along the Lewis and Clark trail, before, during and after the bi-centennial of their famous expedition.

All of our effort comes against a backdrop of economic hardship that was largely not or our own making. For us on the Fort Berthold Reservation, and for other tribes along the Missouri River, the hardship was in large part caused by flooding of our ancestral

homelands less than fifty years ago as the large dams of the Pick Sloan project were built along the Missouri River.

That is why this hearing on S. 401 is so timely. For the Three Affiliated Tribes, one of the most exciting aspects of S. 401 is Section 6, which sets up Intertribal Tourism Demonstration Projects, one of which is to be located on the Great Plains. As we continue to develop our projects for the Lewis and Clark Expedition Bicentennial observance, we believe we can very effectively use the assistance of the demonstration project contemplated by Section 6 of the Act to bolster the coordination of our efforts with a variety of entities: other tribes who interacted with the Lewis and Clark Expedition, federal, state and local agencies, and private, non-profit foundations who operate ventures like the Lewis and Clark Interpretive Center near Washburn, North Dakota. Just as important, the possibility of further financial grant assistance will allow us to be more recognized as an important participant in the observation of the Bi-centennial - after all, without the assistance of Sakakawea, who was with our Tribes, the whole Lewis and Clark Expedition might have been a disaster.

It is precisely this spirit of cooperation and coordination, so crucial to the Lewis and Clark Expedition, which I believe is a critical element of economic development throughout Indian country today, as we look for ways to diversify our economies.

That is why S. 401 is so important. The bill does some things that are long overdue for Indian country: It establishes an Office of Native American Business Development whose main purpose is to coordinate the welter of Federal programs that provide assistance to Indian tribes and to individual Native people for economic development, tourism, and trade. One might legitimately ask whether this Office would duplicate services already available, and I can assure the Committee and the Congress that such services are sorely needed if more Indian Nations are ever to recognize the dream of true self-sufficiency without relying solely on Indian gaming.

This is particularly true for the Indian tribes in the Great Plains and the Aberdeen Area of the Bureau of Indian Affairs. In our Area alone reside some of the most impoverished tribes in the Nation, whose governments conduct small gaming operations, but whose people, who number over 150,000 on or near the reservations, have needs that are grossly underserved by the Bureau of Indian Affairs and other Federal programs, and whose needs cannot begin to be met by the paltry returns of a few slot machines. This tragedy of poverty near third-world levels is compounded by the fact that our proud nations, which were all once very self-sufficient, are signatories to solemn Treaties that reserved to us our

homelands in perpetuity, and yet were broken by the U.S. Government within a few short years of their signing.

Now we have the opportunity to see again the rise of the buffalo, as many Tribes, including the Three Affiliated Tribes, are beginning to be able to raise buffalo on their homelands. An Office of Native American Business Development can be a vital force as our economies begin to expand and take advantage of the resources we are left with: our people and our land. Those Tribes that are relatively close to the Canadian and Mexican borders, such as the Three Affiliated Tribes, can certainly use can use the provision in Section 8 of S. 401 to help their economies grow, which calls for providing a preference to Tribes that wish to become an international Free Trade Zone.

To illustrate further some of the reasons why the Office of Native American Business Development is so necessary, let me give you an example of a business development project in our Area that has benefited far more than just the Tribe that owns it. When Uniband, Inc., a data entry firm now owned and operated by the Turtle Mountain Band of Chippewa, and employing over 600 people in several states, and which launched a satellite operation on the Fort Berthold Reservation of the Three Affiliated Tribes, sought in 1994 to expand its facilities, it needed a BIA guaranteed loan. At the time, it was a Small Business Administration 8(a) certified company which had just been awarded approximately $60 million in new data entry contracts from Federal agencies. Uniband put together a consortium of banks, including the Bank of North Dakota, to finance the expansion effort.

However, the one barrier to getting the financial assistance it needed was not the private sector, but the BIA's credit office in Washington, D.C. that had only recently taken away the approval authority for BIA guaranteed loans from the BIA Area Offices. While approval was eventually obtained, after the intervention of our U.S. Senators and others, the way the Tribe and its leaders had been treated, along with the financial community that had pledged its assistance, suggested to Aberdeen Area tribes that the BIA simply would not provide the kind of help our Nations needed to pursue substantial economic development efforts.

I truly believe that S. 401 can help change the dismal track record of the BIA towards economic development in Indian country, and it is long overdue. By coordinating available programs, and with the selection of someone working full time for the Indian Nations and their members, as required by S. 401, at least some of our economic development projects will have a chance to succeed. The creation of a Business Development office within the BIA will also provide some relief to the Aberdeen Area, which has in recent years seen its economic development staff cut to but one full-time

person, who cannot begin to meet the needs for true economic development among our Aberdeen Area tribes and their members.

Other local programs sponsored by the Federal government, such as the Minority Business Enterprise Center located in Bismarck, North Dakota, at United Tribes Technical College, have also felt budget constraints, and have also found it difficult to work with the BIA in developing viable business opportunities for individual Tribal members. We need a Business Development office, such as that contemplated by S. 401, to truly promote and assist the development of reservation economies in the United States.

For the Three Affiliated Tribes, I can think of several individual projects that could be helped by S. 401, and I am sure other tribal leaders present here today have other examples: -- a modular home building project which will employ 30-50 people which we recently approved; our Mandaree Enterprises, Inc., which is now qualifying for the same kind of 8(a) data entry contracts that helped Uniband grow; and our efforts to keep more people employed at a local plant of Northrup Grumman that continues to have a cyclical employment history.

As all of the members of this Committee understand, we are now in the era of welfare reform. But for welfare reform to work for Indian people, who, despite the relative success of a few small tribes, are still the poorest people, with the highest percentage of our members on welfare, the shortest lifespan, and worst housing and health care in the United States of any ethnic group, we must have jobs. For Congress to demand that we, like the rest of Americans, leave welfare behind for good, we need to have every bit of help we can get to develop economically.

That is why S. 401, and other legislative proposals that Senator Campbell and others are discussing and that have been introduced, are so important. We need S. 401 to allow us to fully take advantage of the Federal, state and local programs that can help our Nations and our members leave welfare behind permanently, to help us break the terrible cycle of poverty that is a legacy of the treatment we received at the hands of the United States government.

I look forward to working with Senators Campbell and Inouye towards the passage of S. 401 and its full implementation. Again, I thank the Committee for the opportunity to provide this testimony to you.

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