

## **Growing Economies in Indian Country: A National Summit**

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**Jacqueline Pata, Executive Director, National Congress of American Indians**

**Introduced by David Scherler, Portfolio Manager, CDFI Fund, U.S. Department of the Treasury**

David Scherler: Good afternoon everybody. I'm happy our participants, all our discussants and our distinguished guests could join us today. I hope that everyone has enjoyed the discussions as much as this wonderful lunch.

My name is David Scherler, and I'm here representing the Community Development Financial Institutions Fund, or the CDFI Fund, as part of the US Department of the Treasury. For those unfamiliar, the mission of the CDFI Fund is to increase economic opportunity and to promote community development investments for underserved populations and in distressed communities throughout the United States.

As part of this mission, CDFI funds seek to increase the same economic opportunities and investments in Native communities. The CDFI Funds Native Initiatives program provides both financial and technical assistance to CDFI's that primarily serve Native communities. In addition to these activities, we have undertaken many special projects that I'm happy to say I've worked on. One of these projects is the Leadership Journey, a tailored program that assists high performing Native CDFIs on building organizational capacity in the context of the distinct challenges and opportunities present in Native communities.

Of the different projects that I've worked on recently, the most rewarding has been the Growing Economies in Indian Country workshop series, which brings us together today. I've been involved with managing the series since 2010, have enjoyed every opportunity to visit and listen to community members on the economic development issues facing Indian Country. And, collaborating with our interagency partners on developing innovative ways to serve Indian country has certainly been a welcomed assignment.

Still, as we gather and share today, building upon what we've learned through this series, it's imperative that our focus on these issues be described and directed by someone that has made it the focus of their own career. Our keynote speaker has been working in Indian Country for over 25 years, introducing policy, implementing programs and changing lives throughout Native communities. Since 2001, Ms. Pata has served as the Executive Director of the National Congress of American Indians, the oldest and largest tribal representative organization. In this important role, she informs the federal government, as well as the public, on issues like tribal taxation strategies, land resource restoration, affordable housing opportunities, and many other issues facing tribal governments.

Ms. Pata began her career working on housing issues as a research assistant in her home state of Alaska, for the Tlingit-Haida Regional Housing Authority. Her passion and strong leadership would take her from research assistant to Executive Director of the organization, a result, undoubtedly, of Ms. Pata's commitment to her community. During the years of the Clinton administration, her commitment to the Native community would shift to a national level, and she served as Chairwoman of the National American Indian Housing Council, alongside my current manager of the CDFI fund, Ruth Jarae, who was then the Executive Director. Ruth has shared with me many of Ms. Pata's accomplishments, all of which are nothing short of remarkable.

But one of Ms. Pata's most heralded accomplishments was a contribution to the Native American Housing Assistance and Self-Determination Act, known by its acronym NAHASDA. NAHASDA was incredibly important, had numerous impacts. It changed the way the federal government provided housing assistance to Native Americans, but updating legislation that was nearly 50 years old. After catching the eye of the administration, Ms. Pata was appointed the Deputy Assistant Secretary for the Office of Native American Programs, the Department of Housing and Urban Development. In this role, she not only administered the NAHASDA program that she helped create, but she was also an early advocate of the then newly created CDFI Fund.

As a member of the CDFI Fund's Advisory Board, she urged the fund to undergo a study on the state of lending in Indian Country. This study, as you know, would become the 2001 Native American Lending study, a pivotal publication which led to the establishment of the Native Initiatives program, the very program that brings me today, allows me work on the same issues that Ms. Pata has dedicated her career, too. And so, it's with great pleasure that I introduce Ms. Jacqueline Pata.

[Clapping]

>> Jacqueline Pata: [Inaudible, foreign language]. My [inaudible] name is [inaudible] from the Raven/Sockeye Clan from the Raven House in Haynes Alaska, and I want to tell you guys all a secret: the best thing that you can ever do, if you're going to be a speaker, is make sure that your old girlfriend writes your introduction. [Laughing] Thanks a lot David, for those kind remarks.

So you're all here talking about something that I think we're all passionate about, which of course, is economic development and where we go, and particularly, where what it means for the tribal communities, and as we all look at this long road of recovery, what is it that creates opportunities for us to be able to explore, and how can we, as Native communities, actually contribute, not only to our communities, but to contribute to our nation and to the world.

And, Native business communities have an important role to be able to play. For example, for thousands and thousands of years, as we say, or as many moons, or whatever it is that we, acronym that we use, our people have been successful stewards about their economies and their communities and their societies, and they've been doing a lot with less, for generations.

So, tribal leaders today are very much like the like the CEOs of this country, and they're required to make a lot of decisions, political, economic decisions and understand business risk. But, in addition to that, tribal leaders have other responsibilities. They not only have to know when to borrow money, they need to know when to diversify, they need to be able to know how to be competitive in the business marketplace, they need to be able to understand how do they manage their employees and leverage innovation and look at what opportunities. The tribal

leaders have so much at stake. As these business leaders, they have this unique political business, cultural risk and that they have to carefully measure.

So, for example, and I'm going to use we, because I'm actually elected to my own tribal council in addition to being at NCAI, as we, as tribal leaders across the country, when we think about a new business venture, or strategy or market that we want to be able to be in, we have to really carefully exercise and use judgment, not only about those business components to it, but about the values that it places within our community. We have to look at that development to see does it: would it really have real opportunity for us? Is it really going to be productive and meaningful for our community, and how will it fit within our limited natural resource or our geographic environment?

We have to recognize that heritage that we're responsible and answerable to, do we invest dividends for, in this business, as a possibility of having to take from what we contribute to our youth for example, or for some of those those those critical human needs that we have in our communities, those systems of infrastructure that we have to support, and and how do we balance all those competing needs and still be able to have a vision for the future that will transcend us to that next environment of economic stability and, as Dante likes to stay, "financial sovereignty". So those are really important and very, very long term and heavy decisions and responsibilities that we, as tribal leaders, have to be poised to be able to make, and and to be able to advance our people, our enterprises and our communities.

I know all of you had several panels and you've had sessions around the country who are talking about those important pieces, as a tribe looks at economic development and the drivers that are that are important. And, one of the questions we all ask ourselves is, "Well what does work then?" You know, what does work? And we know from reports after reports and from our own success and our own failures that one thing that doesn't work, as being able to follow the federal funding stream, as being that driver for the choices of our economic development. That doesn't work, but we do have an important relationship with our federal partners, but it's important that we be able to be responsible for what those values are and what that direction is from tribal communities.

And so, it's a really important place for us, that we have this paradigm shift, so that as tribal communities, we're building the capacity, but we're also making the decisions about those values that are important to us. I want to be able to quickly talk about values, because I see, in making that paradigm shift, how essential is for us. In building, a tribe will have its own kind of values, it means it give us the guidance about who we want to be. As a young person growing up and tried to instill into our children, what kind of person do you want to be, not do you want to be a doctor or a nurse or an, you know, a business person, but what kind of person do you want to be? A tribe also needs to make that kind of decision. What kind of values do I want to carry into the future?

Fawn Sharp, one of the Chairwomen's from the Quinault Nation, she said this a couple years ago, and I just love this, one she says over and over again, "We, as tribal leaders, need to make conscientious decisions about the values that we're going to take with us into the future, and it effects all of our decisions, our political decisions and our economic decisions." And, we and, I want to share with you a couple examples of what that looks like.

So for my own tribe, I also sit on the Sealaska Board, we have very conscientious decisions about this. We're actually a natural resource tribe; we cut our timber, and cutting our timber is our major economic driver, but cutting our timber, in this continuing environment, doesn't, wasn't always the best place for us to be. To be first of all, we're running out of timber, and although we've very consciously made decisions about our reinvestment in [inaudible] cultures, so that we can the second year growth and how we manage our forest, in fact, we're the only tribe who actually has certified their forest and created a certification program for tribal forests, because we care so much about our future generations.

Those are values that we placed. It cost us more money, wow, we only get three minutes, okay, its costs us more money to be able to invest in the way we do our business, but in the long run, what we get out of our business is much better. We'll have another forest to grow, but not only that, we can feel proud and share with our people and share with the nation, with the business choices that we've made around those values.

Another area in values that I wanted to share with you is we also decided that we wanted to invest in our own communities. For example, we have 17 villages in southeast Alaska and the villages are economically challenged, a critically challenged, leaving the communities by onslaughts because they don't have jobs, and we know that if we don't turn around our communities, it was going to be a major, you know, exodus from those villages. So as a business decision, and business decisions like tribes have to make, we made a decision that, even though we expect 15 percent or greater growth in any of our other investments, when we invest in a business in our own community, that's going to help our people develop those micro industries or those other areas of supporting and sustaining themselves, it isn't the return on the investment that makes our decision. If we can break even, that's great, but we're going to invest in our future, in our people, and so sometimes we make a business decision that those, as investors, may not say maybe is economically sustainable but we've made, it decided how much money we can set aside, and what can we do, and tribes have to make those decisions on a regular basis. What can we do that will grow our own?

In fact, growing our own means the next point that I want to get to, which is developing, one of the big one of the challenges for economic development in Indian country is having a skilled workforce, in fact, we say that all the time. We want to get into this business, but we need to have a skilled workforce. Growing our own means identifying early, where do we want to invest in those workforce programs? Where do we want to partner with the tribal college? Where do we want to be able to say, these are the businesses for the next 10 years, so you, as a tribe, or as a tribal business can identify for the next 10 years, what am I going to do, where am I going to be, what kind of workforce do I need, and how do I need to grow, your own, and then take that to those, to the tribal offices, those that invest in scholarship programs and say, I need students that are going to be going to go to school and learn in these areas. We've seen several tribes that actually that. They turn around and they we have tribes that actually invest in internship programs. A student going to school says, says what area of interest that they have and the school then, the tribe then says, I'm I'm partnering with you and your scholarship. I will give you money to go to school, but in the summer, you're now working in that department, so

you learn the business and you get real work experience in that business, in that area. And that's another area that is really, really important for us.

Being committed to those values, so committed that you're willing to make sure that that's even part of the compensation package, which means that, if this is important for you to be able to make that you have Native hire, or that you're creating managers in your business, it needs to be part of when those goals for your compensation packages, and move that forward. It's also important for us to talk about the two other areas that I wanted to touch really briefly on, which is areas that I think that tribal businesses have an opportunity to flourish. One is local. When we talk about business, it's either local or global, right now. This is what business growth is: local or global. For tribes, local is really an opportunity for us. There is so much happening in buy locally, in fact, all of the younger generation has actually gone to this little thing about, you know, my son for example, he doesn't go to a business if it isn't locally owned, local, local you know, produce, or whether it's even climbing or outdoor gear; he tries to buy local first before he goes nationally. Those are important. It's important for tribes.

Right now we're seeing a lot in hydro farms, in agriculture. We have a land base that's underdeveloped and we haven't taken advantage of those agriculture opportunities. I know Lance is in room, he's hot on this topic, and and others, as tribes are learning, like, what is that opportunity that we can actually take going local. But local does one other thing for us. As a tribe, when we looked at that, and by the way we do our operations, we're teaching our tribal members to be able to be future entrepreneurs.

So if we do run our tribe, like a business and they learn how a business operates, it's an easier launching pad for our tribal members, then, to use those business practices and business acumen that they that they saw and experienced with the tribe, in launching their own business, particularly, you have that local support.

The next part, of course, is international. If you're really serious about business, you've got to be thinking about global, because, and for tribes we have a great opportunity because we are traders, we're historic traders, and global is important, is an important opportunity for us. You look at the tribes in Northwest, we have Ron Allen here, who actually broke the market into

China where others couldn't go to China with geoducks. I mean their passion for geoducks was a success for the Northwest tribes to be able to launch into those markets in China.

So we have opportunities to be able to explore into those international areas and to be able to go global. We need to invest in our own communities which means to invest in our infrastructure, understand what technology can do for us, because once we tap into technology, we're able to expand and to grow well beyond well beyond where our national requirements can be.

So I just wanted to share with you a little bit of our vision. I want to end with one thing one note, which is something that NCAI is working on collectively with our tribal leaders across the country, and that is another opportunity with the federal our federal partners. We know everybody's talking about government flexibility because we have no money, and the budget is tight. But government flexibility is a huge opportunity for tribal nations, it's a huge opportunity. We have said for so long, to the federal government; let us make our own decisions. Give us the flexibility to be able to do what we need to do, and we see our federal partners now listening and taking and making those changes to the leasing provisions, for example, and lending and lending and managing our land.

So with your suggestions, when you identify those barriers to doing what you can do, if you would share them with us, we're working with the federal agencies, and with the Interagency Working Group and with the White House to be able to help identify what are the solutions to those those needed flexibilities that can actually help us in this environment, where there's not a lot of additional resources, but certainly we can access more resources by local flexibility.

So thank you very much for allowing me to have a few minutes, and the reason I was rushing so fast was because I wanted to be able to answer any questions that you may have so I have gave you more time for questions than for my speech. Thank you. Any questions?

[Clapping]

Somebody better have a question, as I'm going to go back, I'm going to go back to my address and my speech, no, I'm just kidding.

[Silence]

Yes.

>> Question for Speaker: [Inaudible] discussions about that yet.

>> Jacqueline: Okay. So yes, a couple of things that are happening with the new leasing regs that are out there, and I think there might be others that are probably better equipped than I to talk about that. But, the leasing regs, first of all, we're trying to be able to get so that the, we're trying to be able to make local decisions so it's not just being done being done at the national office, that there are timeframes for being able to do that, of course we've always talked about timeframes, the enforcement around those timeframes.

The other thing that we want to be able to do is, we're looking at the appraisal process, because that's such a barrier, and so what the appraisal process is looking at whether or not a tribe can contract out that service, to be able to find comparables, not being able to have to wait for the federal government to be able to deal with that.

Another issue along that same line is valuation. So when we're dealing with valuation of property, of land, for a business for example, and one example just recently in a White House meeting we had two weeks ago, or was three weeks ago, I'm not sure now, but a couple weeks ago around agriculture. The issue of valuation with, particularly, for agriculture businesses, you know, who most of the, from, something from grazing versus something now where you might be looking at some other kind of organic farming, the opportunity there, and the fact that the Department of Interior doesn't have the experts that actually can actually do the evaluation.

Another component of that is particularly with energy development, and this is not in the leasing, but this is in, this is in some of our recommendations around energy development in our

energy bill request that we have, but we're also looking things having to deal with permitting of tribal lands around drilling, testing and so that we can reduce the permitting fees for doing those so they're comparable to the outside of a tribal land, and probably all of you have heard those horror stories, and of course, hearing after hearing about the 47 step process to be able to develop in Indian energy, but one of the biggest issues is that the cost of drilling a drilling on, a test hole on tribal land versus maybe, you know, a mile off of tribal lands, and the challenges of that and the expense of that. So some of those things are being included in the leasing regulations, the Hearth Act is also a bill we're passing through that also deals with the streamlined leasing provisions. I think those are the three things that are happening; we've got the leasing regs that are out, we've got the Hearth Act, and we have the energy development bill, economic development bill that we're pushing that will deal with a number of those pieces within that area. Yes.

[Silence]

>> Comment for Speaker: And I'm a member of the Quinault Nation, and I'll make certain Fawn knows that you carried her words forward, she'd like that. That's all.

>> Jacqueline: Oh, good. Well, I love Fawn, in fact, Fawn is actually the Chairperson who's who's leading the Trust Reform efforts or the Trust Commission, so she's chairing that working group on the Trust Commission where we're giving recommendations, and this is a really important time for the administration because we'll be looking at, you know, post-Cobell, how do we deal with our relationship with the federal government, what does that look like, and then what are those management components of our relationship. Any other questions? [Silence] Yes?

>> Question for Speaker: [Inaudible] policy in your policies, a lot of times the experts that are used are attorneys and accountants, or those kinds of skills. In the work that you're doing on leasing, are you incorporating or have you identified engineers that are part of that dialogue?

>> Jacqueline: You know, I think the tribes have brought together their own working groups that they've had, particularly in the leasing. They've had series of consultations across the country and they've, as they brought it real locally and had those conversations. These recommendations have been out there for a long time. We've had technical working groups, the last version of trust reform efforts, we had technical working groups that included a variety of people around those provisions, but clearly we've heard from the financing industries that you guys are from, the challenges of the long leasing period, and we're just trying to be able to balance out the decision making that we believe tribes should be able to make at home about their leases and the choices of how they lease, who they lease, versus that trust responsibility obligation component, and so those are really the tensions, but there's been a, you know, an ongoing very, very skilled working group that's been part of these provisions.

And, we do have a working group, John Dossett on our staff is actually the lead on that, and at every single one of our conferences we have a conversation around this issue, and try to keep tribal leaders well informed of what's happening. [Silence] Other questions?

[Silence]

>> Question for Speaker: I would like to state that National Congress of American Indians should put legal infrastructure at the forefront so that all Indian tribes across the nation can start to open the doors for economic development. In addition to that, I believe that there should be a streamlined leasing component, whether it's for commercial leasing, agriculture leasing, or business leasing. In addition to that, on appraisals, Native American Indian tribes need to have what we call an appraisal on their mineral rights. Right now, we do not have that, we don't have the capacity, or the technology, or the ability. How do we move forward in that direction?

>> Jacqueline: You're right, and the legal infrastructure piece, I think, is really, really important for us to talk about. We've encouraged for many years that tribes develop things like universal codes and other kinds of things so that you can actually have, you know, the private sector of your tribal component and people will know what that is. You can develop it and support it, as well as the tribal operations, and I think those are important.

We do have, Leslie Wheelock is here from our Economic Development component, we do have some some model copies of those kinds of legal infrastructure pieces that are available and available for tribes to take a look at. We look at some great examples of more innovative of ways of dealing with some of those codes as well as policies, and notice Clara here's from Navajo Nation and they have one of the most innovative energy policies that I've seen. In fact, when their tribal leader was talking about the energy policy, that they adopted at the tribe, even this nation doesn't have an energy policy, but the Navajo Nation does, and it gives them a guidance about what they want to do and how they want to do that, and and to address that.

I would say, I would agree with you, totally about local decision making about the leasing, but I want to go one step further on that that risk management or that decision making about evaluation. I mentioned it a little bit earlier, and I see this as a huge gap, in Indian Country, a huge gap for us to be able to make the kinds of risk assessments that are necessary with the business investment, including valuation of, not just mineral rights, but also energy development.

You know, so in energy, for example, you know, a lot of times we're thinking we talk about the huge energy opportunity as one of the economic drivers for Indian Country. Its greater than gaming, and I totally believe the opportunity is greater than gaming, but the issue is that with so many of these alternative energy opportunities, wind energy opportunities, we lose that margin of success if we don't go about around it right. So we need to be able to make sure that we develop a business structure that works well with the investors that we need, but it still doesn't get us into a situation where we have dual taxation, for example, I see some of my tax working group here, where we deal with tax working group so that we no longer, then, get any, really any profits from the investment, because it's all gone to either the state or wherever else that we need to be able to deal with the tax issues.

The second thing is you have to really know upfront, when you're evaluating that, is this really a worthy investment. And I've sat on, like I said, I sit on my tribe's board and I've actually turned down an alternative energy proposal because without the federal subsidy, this project

would not go. It would not have a long-term sustainability, and we need to be able to have that kind of in-depth valuation, and that's one of the gaps that I see that's missing in Indian Country in our areas of expertise.

So, my stop sign is up, but I want to thank you, once again, for being able to just share a few moments. I'd love to go on and on with this topic, it's great, it's very exciting to me, and there's every single area, there's an economic component to it. No matter how we look at it; whether its healthcare, we have, you know, once again Chairman Allen here from, who's looking at healthcare as a business opportunity, he's providing a service to his tribal members, but it's a business opportunity. Whether it's how we develop our transportation system, it's a business opportunity about how we do it and what do we do. It's our natural resources, whether it's our timber or whether it's just our forest management or whether it's our fishery's management, there's some piece to it that actually helps sustain our community, even if it sustains only our own people, and that's okay too. Thank you.

[Clapping]