

Statement of Mark Tilsen, President
Co-founder Native American Natural Foods
To the
Senate Agriculture Subcommittee on Jobs, Rural Economic Growth and
Energy Innovation

Hearing: The Importance of Regional Strategies in Rural Economic
Development

May1, 2014 at 10:00am
328A Russell Senate Office Building

I would like to Thank Senator Thune for inviting me here today And Chairwoman Heidi Heitkamp as well as respected Members of the Committee.

Senator Heitkamp, I am a descendent of North Dakota. My late father Ken Tilsen was born there and proud of it. I dedicate today's testimony to him.

I am Mark Tilsen, I am here today as President and Co-founder of Native American Natural Foods. I have worked on and around the Pine Ridge Indian Reservation since the 70's working with a variety of Lakota led organizations, institutions and businesses.

Most notably The Black Hills Alliance, KILI Radio, Oglala Lakota College, Lakota Funds, The Pine Ridge Area Chamber of Commerce, Lakota Express and Native American Natural Foods, all focused on improving the lives of Indian people.

This 30 plus years of work, has given me firsthand knowledge of the impact of our Federal government's economic development programs in Indian country that I will try and share with you today.

I am the father of 3 children who are members of the Oglala Sioux Tribe and 6 grandchildren. It is their future that motivates me and who's interests I represent.

For this reason; I must start by saying I am a social entrepreneur who believes that at this critical time in history, we must and can build a sustainable just economy that preserves our Water, Air, and Lands.

I know that each and every business decision we make has to focus on what is best for the greater good, for your grandchildren and mine.

As Social Entrepreneurs, we look at business as a tool to address social needs. We operate on more than just the financial bottom line. We listen to the market for opportunity to create change.

This is why my business partner Karlene Hunter and I launched Native American Natural Foods. We created a National brand, in the middle of a food desert from one of the most geographically, economically isolated places in America. We did this with purpose and intention.

After studying, Distance Neutral business Opportunities and The Value Chain of the food industry, we learned that the most secure, stable and profitable companies were the brands themselves. The internet made it possible to launch a brand from anywhere even Kyle, South Dakota.

We understood The Social problems, The Poverty and The Barriers to success, all too well. We live with them every day.

So we choose to focus on the positive assets in our community. We wanted to see if we could build a brand that one day could become strong enough to break the isolation of the reservation and to have a positive impact on the Health of the People, The Land, and the Buffalo.

We learned the history and science of traditional healthy Lakota food systems and foods like “Wasna”. We recognized the creative power and spirit of the Lakota people.

We saw the growth of the buffalo industry throughout the region, but saw few Native American producers.

We recognized the fact that despite having the lowest average life span in the US, the population on South Dakota Indian Reservations are growing when most rural counties in the state are on a rapid decline.

This led us to a key question, which I would like to pose to you today.

Why is growth everywhere in the world viewed at as an opportunity, but in the Indian community it is viewed as a problem?

Lack of Courage? Investment? Infrastructure? Entrenched interests; who profit from historic poverty? Lack of opportunity for this growing population?

This led us to the idea could we take the Lakota peoples ancestral knowledge of the perfect portable energy food and create a new brand that shared the positive history of healthy foods, stewardship of the Land, Air, Water, and Respect for the Buffalo as the givers of life and health and build it into a high value Natural Food Brand.

After gaining input and encouragement from more than 600 people from across the reservation, we created The Tanka Branding shield * to include the community's aspirations, values, with our brand promise and goals.

Then we took the entrepreneurial step of putting everything at risk.

The Tanka bar was born!

Today I am proud to share with you that The Tanka line of buffalo and cranberry based high protein, low carb snacks are sold in more than 375 Indian Reservations and are carried in over 6,000 retailers in every state in the Nation. Including REI, WHOLE FOODS, Costco.com, Natural Grocers, National parks and many more.

We have created a learning company that is focused on: Quality Natural Products, Best in Class Customer Service, Empowering our employees to become managers and owners.

We are the innovative leader in the new emerging category of meat bar snacks. We created this category almost 7 years ago when we introduced our 100% natural buffalo and cranberry Tanka Bar.

TANKA products are:

- The first protein bar with real meat.
- The first meat snack with real fruit.
- The only 100% Buffalo and fruit bar in the industry.
- The industry leader in natural Buffalo snacks, The only certified authentic Native American snack in the category.
- One of the recognized leaders in the emerging healthy Food for Men and Food as Fuel trends.
- All Tanka products are certified gluten free and sustainable produced.
- We are the Official snack of the Oglala Sioux Tribe

In 2014, we are experiencing more than 125% growth.

We are an Award Winning Brand:

2013 Vision Leadership Award, National Association for the Specialty Food Trade (NASFT);
Backpacker Magazine's 2010 Editor's Choice Award;
2011 Social Venture Network Innovation Award;
2010 Cliff Adler 'Heart in Business' Award;
2009 Award Pine Ridge Area Chamber of Commerce Aspiring Entrepreneur Award.

Based on a Traditional Lakota Recipe of dried meat and fruit called "Wasna", The Tanka Bars, Bites and Sticks are 100% natural buffalo meat with tart-sweet cranberries. Simple recipe based on real food.

WHAT'S IN IT?

*Ingredients vary according to flavor

Buffalo	Jalapeño	Cranberry	Habefiero	Onion	Chili	Garlic	Apple	Orange Peel	TANKA BAR
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- Made from prairie-raised buffalo on 100% vegetarian diet with no antibiotics or growth hormones.
- Certified Gluten Free
- We add no nitrites or nitrates. Contains no MSG/soy/wheat/dairy/nuts
- 70 calories, 7 grams protein Bars and Bites, 5 grams protein Sticks

A mission-driven company where the community shares ownership.

We have created 9 full time jobs on the reservation in sales, marketing, fulfillment, bookkeeping, supply chain management and customer service.

None of our employees have ever worked in the Natural Food Industry and most had never had a private sector job. But given the opportunity, tied with the training and tools to succeed our employees are now on track to become managers and owners of the company.

Becoming a model of wealth creation on the reservation and assuring that Native American Natural Foods stays on the reservation as a community asset for future generations.

We have built this company on Social media. We have never purchased an ad. Over 125,000 people interact with our brand through the Internet monthly. We support our retailers through social media and thousands of product tastings across the country. All from Kyle, South Dakota in the middle of The Pine Ridge Indian Reservations.

We have created a proven profitable business model. But we have only begun to have our desired impact on the health of the people, land and economy.

We did not do this alone. Tanka is a brand deeply rooted in the community from our very first Buffalo a gift from The Oglala Sioux Tribe's Parks and Recreation Department, to our first investor, The Lakota Funds CDFI still the only commercial lender on the reservation.

The challenges we have had to overcome were and still are formidable. We could not have gotten this far, if it had not been for the support from our investors:

The Lakota Fund CDFI
Oglala Oyate Woitanean Empowerment Zone (USDA FUNDED)
The Clearinghouse CDFI
The BIA Guaranteed Loan Program.
The American Indian land tenure foundation
The swift foundation

We have received critical support from:

The South Dakota added Value agriculture development center (USDA FUNDED)
The Northwest Area Foundation
The Midewakaton Sioux Tribe.
Natural Specialty sales (New brands Team)
UNFI
Patton and Boggs LLC
Lakota Express.
The Inter tribal Agriculture council, American Indian food program (USDA Funded)

We are just getting started, Tanka is Returning

In order to keep building the Tanka brand and increase our impact on the reservation and the region we need to do the following:

- Refinance for growth
- Expand our products offerings.
- Increase our investments in marketing
- Invest in Management level training
- Grow the number of Native American Buffalo producers.

The Intertribal Bison Cooperative has done a great job of restoring buffalo to over 54 Tribal Nations and they play a critical role in the growth of Buffalo on the tribal level.

The challenge we have, is that there is not enough Native American Commercial Buffalo Producers. We have only been able to buy about 20% of our meat from Native American buffalo producers. Many of the local producers do not have the required birth to plate animal identification program that provides the necessary transparency to be able to sell their products into the added value natural food channel which is the fastest growing part of the food retail food market.

This means that there is over \$600,000 annually of economic impact from just Native American Natural Foods that could and should be going into the reservation economies.

We need to recruit more young Native people into raising buffalo. We have created the market opportunity, now we need to provide capital and technical assistance to make this happen.

In order to address these needs we have joined forces with The American Indian Land Tenure Foundation and created the Tanka Fund to help raise funds to return buffalo to the Lands, Lives and Economy of Indian people.

The Tanka Fund is our non-profit campaign to return the Buffalo to 1 million acres of Native lands

Returning the buffalo to Native communities offers a traditional, all-natural food source as well as a healthy alternative to snack foods. Buffalo meat is praised for its nutritional value. Reintroducing buffalo into the diets, economy and lands of Native American people is an important step toward achieving cultural and physical healing and wellness in our communities. Buffalo are a part of the natural ecosystems of the Great Plains, and returning buffalo is necessary in order to restore American grasslands. Buffalo restoration is prairie restoration.

Cris Stainbrook, President of The American Indian Land Tenure Foundations told *Newsweek* he estimates that the campaign will need to raise about \$100 million to buy all the land and Buffalo needed.

This will transform our regional economy, improve the health of the land and the people while helping to mitigate the growing impact of climate change.

Our short-term goal is to raise ten million dollars to launch the fund. In order to do this we have created the first annual Tanka Returns Month - November 2014, to educate the public about Native Americans, Buffalo and to raise funds for the Tanka Fund.

Native American Natural Foods will donate 10% of our gross sales of Tanka Products during the month of November.

We have also created three new TANKA products to help raise awareness and funds.

We are now recruiting distributors, retailers and celebrities to get involved with this campaign. While we are going to reach out to the private sector as much as possible for Funds we need to find a way for USDA to play a much bigger role in the development of buffalo production on reservations. We would like to see a ten million dollars set aside that would require us to match it dollar for dollar to help launch this campaign.

The Challenges Ahead:

The challenges of the lack of basic infrastructure, shortfalls of capital, lack of training resources, inadequate undependable internet, access to lands and markets for Native American Natural Foods are many. But we are just a microcosm, of the bigger challenges facing Native American communities across the Dakotas.

Native American Natural Foods is part of a much larger movement of people working to transform Native Community from dependency to opportunity, from disease plagued to a healthy society, from being exploited to a just economic system.

Each Native community has one or more groups that are staffed by hardworking, dedicated people trying to help pull their community towards a healthier way of life. But they are often under staffed, over worked and underfunded.

But we seem to live in a state that is comfortable with a form of Economic apartheid, a system that I and many others find unacceptable

Yes, there are 2 economic systems in South Dakota. The National media looks at South Dakota as “the top state for business” showing growth in our urban centers. But seldom mentioned is the fact that seven of the 11 most impoverished communities in the United States are all in South Dakota and are all Indian Reservations!

When it is addressed, we focus on investments to managing the symptoms of poverty. So we build more jails, prisons and treatment facilities. This is the result of looking at the growth of Native Community as a problem and not an opportunity.

I urge you to recognize the fast growing rural population of native people as an opportunity and invest in the creative energy and dreams of these young people. We need to build the necessary infrastructure that is commensurate with the size of the challenge and the scope of the problems. So we can create solutions to historic poverty instead of just reacting to the problems of it.

In 2010 Thunder Valley Community Development Corporation in partnership with the Oglala Sioux Tribe and a 23 member consortium embarked on a historic endeavor to create a Regional Plan for Sustainable Development for the Pine Ridge Indian Reservation. Native American Natural Foods is proud to be one of the participants in this work.

This process was funded by category 1 Regional Planning Grant from the HUD Office of Sustainable Housing & Communities. Through this placed based initiative the region looked at the challenges that exist and where there is opportunity to improve as well.

Through the regional planning process that Pine Ridge has undertaken there is now a road map for the future. According to the 2010 Census there are approximately 5,200 employed people on Pine Ridge yet only 49% of that workforce actually lives on the

Reservation. There's a need for workforce housing, in fact creating workforce housing will build upon the already existing jobs in the region, create more economic opportunities and begin turning the dollar over in our communities.

The reservation communities have to be part of the solution. There are three major areas of investment that are "ESSENTIAL" in order for this strategy to work.

Infrastructure Investment:

On the Pine Ridge Indian Reservation almost every single community within Pine Ridge current physical infrastructure is at capacity. There needs to be strategic investment into Water, Sewer, Electrical and road infrastructure. This investment is needed in order to build businesses, housing developments and for attracting new investments into our communities. The USDA RUS Environmental Programs provides investment into our communities for water and sewer, but this needs to be substantially increased and this investment tool needs to provide more and more grant dollars and less loan because reservation communities are often operating in a climate where very little lands are tax so infrastructure repayment is challenging. Infrastructure investments need to be at least as big as the challenges we are facing. Further more the USDA Water and Sewer investment programs need to be responsive to mitigate climate change by improving their investments to include sustainable reuse water systems. According the National Drought Mitigation Center the climate change projections for the Region of Pine Ridge include an increase of rainfall each year but that rainfall coming in denser periods of time the result being desertification of land. This is a reality and the current weather trends are beginning to prove these predictions correct. In order to respond to the changing climate the USDA needs to consider increasing their funding limits in the USDA Water and Sewer Infrastructure program to include the implementation of Sustainable Water and Reuse Water systems. There are many existing proven technologies used widely around the United States and the world that are safely using reuse water system. Although more expensive upfront these Sustainable Reuse Water Systems pay off in the long run.

Workforce Development & Training:

It is essential that a functioning economy to have a trained work force ready to engage with for-profit businesses to grow the private sector. Our reservation needs training in the areas of For-Profit: Business financial literacy, Management based on values and mission driven Social Entrepreneurship, Financial/Business Management, and Marketing.

Implementing evidence based workforce development and training programs are essential to improve the existing workforce and prepare them for success. One of these programs that has proven to work in low income communities is the U.S. Department of Labor's Youth Build program. Youth Build is a nonresidential, community-based alternative education program that provides classroom instruction and occupational skills training to at-risk individuals ages 16-24. Participants have been in the juvenile justice system, are aging out of foster care, are high school dropouts, and are otherwise at-risk of failing to reach key educational milestones and opportunities that lead to career fulfillment. Participants learn valuable skills as they build affordable

housing for low-income or homeless individuals and families in their communities. Non-construction skills training will also include leadership development and community service elements to ensure that youth maintain a connection to their communities through service and volunteerism. Programs like Youth Build need to be instituted in order to build the capacity of the younger generation and prepare them to enter the work force.

Non-profit's, Government Agencies and companies need to partner with one another to create public/ private partnerships to address specific workforce development needs. The government agencies can give grants to the non-profits to create specific needs created by the private sector to meet their needs for growth and jobs. Together this type of collaboration can create a pipeline of workers prepared to enter the workforce at levels that are sufficient for companies to higher.

Housing Development

Paul Iron Cloud, Housing Director at the Oglala Sioux Lakota Housing Authority (OSLHA), looked across the Capitol Reflecting Pool at the dome of the Capitol Building and said, "Since Congress is not coming to see the need that is out there, we brought the house to them." Behind him sat a trailer holding a gray wooden structure with dilapidated windows and peeling siding that had been transported over 1,500 miles from the Pine Ridge Reservation as part of *The Trail of Hope for Indian Housing*.

The housing need is between 3,500-4,000 units of housing needed on the reservation and this represents an investment of between \$750 million – 1 billion dollars. The NAHASDA allocations need to be increased and their needs to be other opportunities and loans invested into multiple types of housing developers, agencies, businesses and organizations to address the need and appropriately address the challenge

Through Rural Development Staff Leadership and housing practitioners throughout the region a new state wide initiative has been formed to focus on Native American home ownership. The South Dakota Native Home Ownership Coalition (SDNHOP) was formed in 2013 to increase the capacity of non-profits, housing developers, state, federal agencies and CDFI's to increase home ownership to Native Americans. This state wide initiative is beginning to create promising collaborations that will need substantial investment from the USDA in their housing and infrastructure programs so increased funding amounts into these programs are essential to implement coalition goals.

Following through on place based initiative investments

As an interested observer of federal programs, I have seen many planning and research projects that create important tools for local and tribal planners like the Regional Sustainability plan that the Oglala Sioux tribe passed last year. But there is no follow through funding to execute the plan on behalf of the federal government.

I would like to add that the South Dakota Indian Business Alliance 2012 report on Native American entrepreneurship is a valuable source of data and their recommendations are still valid today. So I am including them here:

1. Expand the scale of existing sources of capital, training, and technical assistance.
2. Foster community support for individual Native entrepreneurs.
3. Support financial and human capital needs of emerging and existing Native CDFIs.
4. Establish and improve banking relationships between mainstream financial institutions and Tribal members residing in reservation communities.
5. Establish and improve outreach efforts and partnerships among state government economic development agencies, Tribes, and private organizations serving Native entrepreneurs—specifically Native CDFIs, Tribal colleges, and Native-specific support organizations.

For a full version of these recommendations please refer to the report online at: sdibaonline.org/docs/NativeAmericanEShipinSouthDakotas9Reservations.pdf

Senator Heitkamp I wanted to point to you that Like North Dakota. The Oglala Sioux Tribe, passed an Ordinance authorizing the commercial and regulated production of hemp on the Pine Ridge Indian Reservation. Federal recognition of this Ordinance would permit many unemployed Lakota men and women to become farmers of a plant producing non-drug raw materials for a product increasingly demanded by the manufacturing industry. It would also therefore produce potential manufacturing opportunities on Reservations. Recent DEA testing of cultivated crops grown from the seeds of this ferel hemp on the Pine Ridge Reservation revealed it to contain virtually no THC (the canabanoid containing a psychoactive) and where present, too little to be used as a drug. The three Families attempting to commercially cultivate that hemp crop for its raw materials of oils and fibers, had a combined annually income (3 households of grandparents, parents and children) of approximately \$40,000 a year. The year the crop was seized by federal authorities, the Families had existing contracts from manufacturers of hemp products amounting to approximately \$450,000. Since the hemp had no THC, no criminal charges were ever brought.

We have received critical support from several programs that were funded by USDA and we thank you for this but each of these programs are still under resourced and struggling to keep up with the growing demand for their services.

The Inter tribal Agriculture council, American Indian food program. has been a big help to use to gain market access. Thy had to cancel their participation in Expo West, one of the world's largest natural food shows, because of the government shut down. This had a negative impact on our business and prevented many other Native food businesses from participating. This important project needs to be fully funded and expanded to be

able to provide much needed domestic marketing dollars as well as their current international marketing.

The South Dakota Value added Agriculture Development Center is a critical resource to small food companies like ours. While they have been a great help to us they are under staffed and severally underfunded.

Lakota Funds, is a model Native Community Development Financial Institution (CDFI), has helped finance more than 660 businesses owned by tribal members, including Native American Natural Foods in turn creating more than 1100 jobs. They have built a much needed and very successful credit union on the reservation but here again they are under staffed and underfunded.

The USDA Office of Tribal Relations has done a great job of expanding programs and work. To Tribal and Native owned Business across the country. Not to sound like a parrot. But I have been told that they have a budget short fall of close to three million dollars, in the coming year.

The Time to Act is Now

Climate change is no longer a debate. The only decision left is will you, our elected leaders, have the courage to lead us in to a new and sustainable economy? We realize that the economic force to maintain the status quo may seem to feel stronger than gravity itself at times. But change can happen. The majority of the people support it. Native communities across South Dakota are unified in their opposition to Uranium Mining in the Black Hills and the XL Energy Pipeline. Native communities in the past and today have tried to teach us to protect our Water, Land and Air and live in a sustainable way on this earth.

But as a society we have not listened and often even punished them for speaking the truth. Now it is time to listen and take place based planning and economic development to the next level, so we can build sustainable communities.

I am not a policy expert but as a businessperson it is clear to me that we need a common sense approach to this problem. We have to change the economic equation to reward efficiency and punish waste.

When we start applying the real cost to every part of the economy and rewarding efficiency the result will be tremendous economic growth. This growth will be lead by small business and empower rural communities across this county. Most importantly it will be sustainable and help the United States meet the necessary carbon reduction goals required to mitigate the effects of clement change.

I know that there are strong political and economic interests that make such a common sense approach seem naive.

But you have the support of the majority of people who want change, and need a common sense approach to these problems.

Conclusions

Reservation communities are bursting at the seams with organization and creative ideas. Struggling to overcome the many obstacles. It is an exciting time to see this new generation of tribal leaders set new paths for their people.

But we have to stop blocking and frustrating their creative energy and greatly increase their access to resources so they can build healthy, sustainable communities. I do believe in accountability but we have to balance that with overall effectiveness. I believe that you need to give more power to the local administrators of federal programs to take more chance and reward risk takers. With no risk there is no Gain!

One small idea, that can turn change in to Dollars.

It is so clear to me that we cannot just do this with debt. We have to create ways for Entrepreneurs to convert debt to equity. I can assure you that each dollar injected into small businesses as equity from the Federal Government has a much larger economic multiplier effect than debt as a result will have a greater positive impact on the local economy and the national debt.

The original investment of \$61,000 from The Lakota funds into Native American Natural Foods has helped to build a food company that is on track to gross over 3 million dollars this year with an annual payroll of over \$300,000 and we have put back over \$500,000 into other Native suppliers.

Many USDA and other Government programs seem to have guidelines that prevent the program from providing equity or direct aid to a business. While there is money for workshops some technical assistance or debt guarantees, seldom is there money for what the entrepreneur needs most, Equity. We cannot create economic growth if our only focus is on short-term low paying jobs. We need to create a path to economic independence for these hard working families.

So we have to find a path for ownership. We are trying this at Native American Natural Foods.

I am confident we can do it. We just need to use common sense
Thank you for your time.

** Tanka Brand shield