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## Economic Development: A Real-Life Assessment

Keller George

*United South & Eastern Tribes*

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## ECONOMIC DEVELOPMENT: A REAL-LIFE ASSESSMENT

HONORABLE KELLER GEORGE \*

Thank you for your invitation to speak today. The story of economic development within the Oneida Nation is long and complex. Before Europeans came to this land, we had trade routes with other indigenous peoples. We prospered, and we took care of our own people. When the “newcomers” finally came to our lands, we welcomed them and began a relationship that included commerce- trading our goods for their wares and vice a versa.

The friendship between our people and the colonists blossomed over the years. When the colonists sought our help to free themselves from British rule, we answered their call in their affirmative. Much blood was shed in those Revolutionary War years with Oneidas fighting side by side with the colonists at Oriskany, at Saratoga, at Fort Stanwix. At the conclusion of the war, we were told our friendship would be rewarded, that our lands would be safe. This was but the beginning of successive promises that were to be broken.

Fast forward two hundred years, and you see the Oneida people bereft of their land, many living in poverty. Through a series of broken treaties and outright lies, our land was taken from us; all that remained were 32 acres of our original six million acre homeland.

A tragedy on that same thirty-two acres acted as a catalyst to our economic revival. A fire in a trailer on the thirty-two acres territory in the 1970s took the lives of two people. The local fire department refused to come to the territory. Sickened by this betrayal

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\* President, United South & Eastern Tribes; Chairman, Oneida Nation Gaming Commission; Wolf Clan Representative, Oneida Indian Nation.

of our basic human rights, we vowed never again to be so vulnerable. We were determined to take a new path, one that would lead us eventually to the highly prosperous Turning Stone Resort and Casino.

But it was a long road from our decision to no longer be a victim to our present success. After the fire, we opened a bingo hall in a doublewide trailer on the territory. Its enormous appeal to customers was unexpected, and in 1985, we opened a larger venue. With an ever-growing customer base, we opened yet a larger facility in 1990. Today, our bingo thrives in the confines of our resort and continues to gather followers.

The Oneida's major leap toward financial security began in earnest in 1993, with the opening of Turning Stone Casino, the beginning of our eventual resort. Two years later, our bingo operation was moved to Turning Stone.

Over the succeeding years, this enterprise of the Nation's has expanded to include a conference center, four hotels, including a ninety eight suite luxury hotel, an RV Park, a five-thousand seat events arena, a eight hundred seat showroom, a 2,400-car parking garage, and 14 restaurants. Add to these amenities, three champion-style golf courses -- designed by Robert Trent Jones Jr., Tom Fazio, and Rick Smith -- and two clubhouses, two nine-hole courses, and a recently opened four-seasons golf dome.

Turning Stone Resort and Casino has grown and prospered over the past 13 years, as have other business operated by the Nation. We have burgeoned from a single Smoke Shop to 12 convenience stores. We have also purchased two marinas. We are the owners and publishers of "Indian Country Today," the country's leading Indian newspaper, which recently branched out and published its first book. We own Standing Stone Gaming, creators of innovative gaming technology. We also have a growing production company that has proved its ilk creating commercials and animations. Our newest undertaking is Standing Stone Records. As you can see, our business interests are multiple or varied.

Revenues from our endeavors have been put to good use for our Members through scholarship programs, homeownership

programs, Elders' housings, medical insurance, and numerous programs designed specifically for our elders and our youth -- from daily luncheons to after-school programs. Our language is being revitalized and soon will be taught on a broader scale in our community.

But these are just the tip of the iceberg. The numbers will attest to the greater impact our enterprises have yielded to the surrounding communities. For example, in 2005, Nation jobs exceeded 4,800, marking the Nation as the region's third largest employer. Our employees earned more than \$114 million in wages during the fiscal year, including more than \$4 million in annual performance bonuses.

But we didn't start out this big. In 1991, our payroll was \$935,000. In 1992, we employed 201 people with a payroll of just over \$2 million. In 1993, we jumped to 1,880 employees for a total payroll of \$7.7 million. In 1994, our payroll exceeded \$34 million and by 1997, it was nearly \$48 million. By 2001, we had 3,100 employees with a payroll of more than \$74 million, and 2003 saw that payroll escalate to \$85 million for 3,900 employees.

The number in the "gross earnings" column of employees' pay stubs represents only a portion of the Nation's investment in its workforce. A long list of benefits attends nearly every one of those 4,800 jobs, comprising "the hidden paycheck." That hidden paycheck can amount to up to 43% of an employee's actual wages, with the average full-time worker receiving benefits worth 33 to 36% of his or her annual pay. Overall, the Nation's dollar investment in various benefits represents about 15 percent of what it pays out in wages each year. In fiscal 2005, the Nation paid an additional \$16.2 million in benefits -- health insurance, including vision and dental coverage; life and disability insurance; and contributions to the Nation's 401(k) program -- to its employees.

2005 marked another new benefit for employees, as the Nation instituted the Equity Participation Program, designed to give employees a further stake in the Nation's growth and success. Unlike stock option programs common at large corporations, which require the employee to purchase shares in the company, the Nation's

program provides benefits at no cost to its workers. Each worker receives a number of equity “units” each year, and each unit is assigned a base value. As the Nation prospered and the value of its enterprises grows, the value of each equality unit grows as well. This program allows employees to share in the financial rewards of the Nation’s growth without requiring them to take on any of the risk usually associated with stock option plans.

And aside from our own 4,800 employees an additional 1,642 jobs were created indirectly through the Nation’s enterprises due to the multiplier effect, according to Colgate University’s Upstate Institute’s independent study, “Oneida Nation Economic Impact Report,” published in 2005.

The report stated:

Significant capital expenditures of \$140 million in 2004 supported another 1928 jobs in construction and related industries. This brings the total number of jobs generated in Central New York to 7,155.

Job generation as a result of Oneida enterprises has far outpaced overall job growth in the surrounding counties, as well as New York State as a whole. In a time when many potential employers are unwilling to invest capital into upstate New York, the Oneidas have invested \$350 million in construction spending alone over the past three fiscal years, an indication of their commitment to the area surrounding native Oneida lands.

The Nation’s economic impact is not confined to the region it inhabits, however, or even to the boundaries of New York State. Through its spending with outside vendors for goods and services, the Nation’s success is felt across the U.S. and Canada.

In fiscal 2005, the Nation spent more than \$285 million with other businesses. While nearly half of that went to businesses in New York State, companies as far away as Tennessee, Oklahoma, California, Oregon, and even British Columbia have benefited financially from the Nation’s growth.

That \$285 million is in addition to the \$66 million the Nation

spent last year on construction and capital improvements, including the building of a new SavOn store and construction of a greatly expanded employee cafeteria at Turning Stone.

There are numerous examples of how the Nation's enterprises benefit outside businesses. For example, in fiscal 2004, the Nation spent more than \$342 million with its suppliers and vendors. Annual routine operational spending from the years 2000-2004, when the expansion of Turning Stone was underway, was about \$200 million. Spending with vendors has been at least \$100 million annually for the past five years. About 2,000 vendors are annually involved with the Nation's purchasing as "active accounts."

Plus, our growth and expansion has fueled other businesses in the community. We have invested more than \$2 billion in Central New York in the past 15 years in the form of business development and Indian community rebuilding, Member housing, land reacquisition, land reacquisition, payroll, vendor expenditures, capital giving, and other expenses from its government and business activity. That's \$2 billion! In anyone's estimation, that is a lot of money. And the resort's expansion cost \$343 million, marking it as the largest private construction project in Upstate New York over the last few years.

We are proud of all our accomplishments, and grateful. To share with the greater community the Nation regularly gives back through grants and philanthropy. For example:

The Nation has voluntarily given more than \$8 million in grants to four school district and four local governments since 1996.

The Nation started an ongoing scholarship program in 2003 which pays \$100,000 each year as 20 one-time grants of \$5,000 to seniors in four high schools. By June of 2005, \$300,000 in scholarships will have been awarded to 60 area high school seniors.

The Town of Verona, where the Nation has the most land holdings, has received over half a million dollars (\$508,000) to date.

The Town of Verona cut its 2004 tax rate 58% by direct application of the grants. It purchased three new pieces of heavy equipment (two dump trucks and a snow plow) that would not have

been possible without the grants (without raising taxes).

The Nation initiated grants to the Village of Canastota with a \$100,000 one-time gift and annual payments of about \$13,000. A total of \$138,312 has been awarded since 2000, funds used for beautification, capital projects, and maintaining a stable tax rate.

In 2004, the Nation presented a one-time \$100,000 gift to the City of Oneida in recognition of the government-to-government relationship between the two entities.

Oneida has since stabilized tax rates (zero tax increase for 2005), purchased hand pumps equipment for the fire department, and made roof repairs to the fire department training building that otherwise would have come out of the City's revenue fund.

The Nation has contracted for 10 years with the Verona Volunteer Fire Department for fire protection services at its main business campus at Turning Stone. Since 1993, the Verona Fire Department has received almost \$600,000 for those services, while never having to answer more than one or two real fire alarms a year.

In 2005, the Nation contracted with the fire service for the sum of \$100,000 for the year.

The Nation has given many millions of dollars to local and national non-profit groups since it began to have the resources to do so from in its earliest businesses.

The Nation Foundation's annual giving program fulfills many special large gifts, as well as numerous small community gifts, to a wide variety of organizations each year.

In January 2005, the Nation donated a \$1 million cash gift for tsunami disaster relief.

The Nation has given \$10 million to the Smithsonian Institution Museum of the American Indian to help build the museum and house an exhibit of the Nation's history.

The Nation has contributed \$3 million to endow a chair at Harvard University's Law School in American Indian Law.

Numerous community groups benefit every year from

contributions from \$100 to \$10,000 in the Nation's annual philanthropic program, which has a special focus on youth, health, education and elder's initiatives.

As you can see, the Oneidas' success has rippled, widely encircling our Members and communities beyond. And we plan on continuing to grow our businesses, reinvesting in our Members' future and the communities.

Many Indian nations have made great strides turning away from the cycle of poverty that has engulfed our people for centuries. I have related but one such story -- the story of my own Oneida Nation. It is our hope that our road to economic success will pave the way for a smoother course for the seventh generation to come.

Thank you.



