Statement of USDA Rural Development Deputy Under Secretary Lillian Salerno Before the United States Senate Committee on Indian Affairs
June 22, 2016

Chairman Barrasso, Vice Chairman Tester and Members of the Committee, I appreciate this opportunity to discuss how Native communities access the Department of Agriculture's USDA Rural Development (RD) Programs.

Rural Development's fundamental mission is to increase economic opportunity and improve the quality of life for all rural citizens. RD manages a loan portfolio of more than $212 billion organized into three agencies: the Rural Utility Service (RUS), Rural Businesses and Cooperative Service (RBS), and Rural Housing Service (RHS). RD investments support rural residents looking for affordable, safe housing; municipalities seeking water infrastructure and community facilities; and small rural businesses, coops, and agricultural producers looking to expand into new markets. Together, RD agencies work to help communities build stronger economies, create jobs, and improve the quality of life in rural areas.

Nowhere is this RD assistance more vital than in America's Native communities. RD is fully committed to building on past investments and improving our ongoing support of Indian Country and Alaska natives. Secretary Vilsack and Rural Development Under Secretary Mensah place a high priority on improving program delivery to Native communities, and our programs are designed for communities with the greatest need.

This Committee is well aware that the overlap between areas that are persistently poor, areas that are extremely remote and areas that are also home to American Indians and Alaska Natives, is all too common. I have seen firsthand, the ongoing economic distress, housing challenges and lack of infrastructure throughout Indian Country. Many RD programs are expressly designed to help alleviate the challenges faced in the most remote corners and persistently poor communities across the United States.

RD agencies have a long history of investing in tribal economies. Since 2009, total RD investments benefitting American Indians and Alaska Natives have exceeded $3.1 billion. Thanks to your work, Congress has provided RD special tools to help drive investments to Tribal members and throughout Tribal areas. This includes funds that are legislatively mandated in RD's programs each year to assist Tribes, Tribal members and Tribal Colleges. It also includes the RUS Substantially Underserved Trust Areas (or SUTA) provisions. The SUTA provisions provide additional flexibilities in many of our utilities programs to help drive

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investments in trust areas that are substantially underserved.

Historically, RD has had funds legislatively mandated for Tribal projects in the following programs:

- The Community Facilities program through the Tribal College and University Grant Initiative
- The Rural Business Development Grant program
- The Intermediary Relending program
- The Water and Environmental Grant program, and,
- The Rural Alaska Village Grant program

Since 2009, RUS has funded 591 Water and Environmental Grant program (WEP) projects totaling a $544 million in loan and grant assistance to Native Americans. One example is the South Delaware County Regional Water Authority which received $9.65 million. This project funds a new regional water authority providing 1140 Native American homes in Adair, Cherokee, and Delaware counties with wholesale water.

In Fiscal Year 2015, WEP provided more than $1.3 million in technical assistance to provide targeted technical assistance to Native American Tribes including the Inter Tribal Council of Arizona, the Tanana Chiefs Conference in Alaska, the United South and Eastern Tribes, the Painted Desert Demonstration Projects, Inc., and the Rural Community Access Partnership and the Native American War Association. Additionally, WEP, in collaboration with the Environmental Protection Agency (EPA), conducts several workshops a year to educate rural and tribal system operators on asset management planning, water and energy efficiency practices and other sustainability management practices.

Since 2009, RBS has invested $159 million through their programs to help create more economic opportunity for Tribes and Tribal members. Specifically, over $12 million has been invested in revolving loan fund capital to Native Community Development Financial Institutions (CDFIs), Tribes and other entities. These organizations provide low interest loans to help support Native owned businesses and native entrepreneurs. Over this same time, RD has provided additional funding for intermediaries to provide technical assistance, training and other services to their customers working to create new jobs.

Rural Development funding to American Indians and Alaska Natives is not dependent or limited by these special tools that Congress has authorized. For instance, in FY 2015, a total

of $49.9 million was legislatively mandated to benefit tribal projects. During this same period, RD invested over $487 million for projects that directly impacted American Indians and Alaska Natives providing nearly 90% of RD's investments through our regular programs.

For example, this Committee heard from RUS Administrator McBride in April on investments made in telecommunications projects serving Tribal Lands, Tribal Organizations, American Indians, and Alaska Natives totaling over $157 million since 2009. Telecommunications infrastructure loan programs ensure rural areas have access to reliable and affordable telecommunications systems. Since 1995, RUS has provided loans and grants to eight of the nation's ten tribally-owned regulated telecommunication carriers. RUS has also focused on connecting native and rural communities to broadband. The Community Connect grant program awards grants to communities with no access to broadband service and provided nearly $14 million to assist tribal communities since 2009.

Native communities also benefit from RD's field based delivery structure where nearly 5,000 staff who live and work in every state are the ones making and servicing loans and grants. Additionally, RD state offices also maintain Native American Tribal Coordinators to assist tribes by providing technical assistance and programmatic knowledge throughout the application process for these programs. These collaborations come up with financing packages to help bring new projects to life.

Rural Development is not making investments in a vacuum. In addition to the USDA and Native communities partnerships, our staff and programs play a critical role in helping Tribes leverage core funding from other Federal agencies and funding sources. Each investment is the culmination of the combined efforts of Tribes themselves, RD staff and other Federal and non-profit partners. Each and every dollar that a Tribe or Tribal member accesses from a USDA program, takes pressure off those thinly stretched funding streams and allows Tribes to accomplish additional work and achieve additional successes.

Rural Development is engaged in a number of interagency collaborative efforts including the Indian Country Infrastructure Interagency Task Force alongside the Department of Housing and Urban Development (HUD), Indian Health Services (IHS), the Environmental Protection Agency (EPA) and the Department of the Interior; a working group on Native American Homelessness spearheaded by United States Interagency Council on Homelessness; a working group headed up by HUD focused on streamlining the environmental review process for Indian housing projects and a more focused approach on training alongside of the Federal

Communication Commission (FCC) on Tribal broadband and telecommunication opportunities.

As RUS Administrator McBride testified to this Committee in April 2016, USDA and FCC are working closely to coordinate outreach efforts. At the end of May, the FCC hosted a Tribal Broadband, Telecom, and Broadcast Training and Consultation Workshop in Great Falls, Montana. RD staff participated throughout the workshop and provided information about RUS and its programs spanning four distinct sessions. Topics covered included the Community Connect Grant Program, the Distance Learning and Telemedicine Grant Program and the SUTA provisions and its related loan programs. RUS staff will participate in additional workshops hosted by the FCC throughout the remainder of the fiscal year in Seattle, the upper Midwest, the Southwest and Oklahoma.

In the area of rural housing, RD field staff from around the country just last week received training to improve the delivery of RD's homeownership programs on Tribal trust land. RD has delivered homeownership loans on Tribal trust lands for some time now, but it remains an ongoing and significant challenge. Since FY 2000, about only 10% of RD direct homeownership loans to Native Americans have been on Tribal trust land.

The training focused on building partnerships with Tribes, with Tribally Designated Housing Entities and with other federal partners invested in the process, to increase homeownership opportunities throughout Indian Country and Alaska. In addition to the RD trainers and participants, sessions during the training were provided by Bureau of Indian Affairs (BIA) staff regarding the Housing Improvement Program (HIP), the land leasing process and the HEARTH Act. HUD staff provided information regarding its 184 Loan Guarantee program, the Indian Housing Block Grant program and the Indian Community Development Block Grant program. Veterans Affairs staff also attended and provided information regarding its homeownership programs for Native American Veterans. And staff from the Consumer Financial Protection Bureau (CFPB) also attended and contributed to the discussions.

These two days of training, coordination and education served as an important first step in how RD can focus on this challenge. We remain committed to working on strategies to provide additional homeownership opportunities on Tribal trust land. We will continue to collaborate with Tribes, the Tribal housing industry, BIA, HUD and the VA whenever appropriate and possible.

Another significant way, RD has been working to improve the impact of its investments in Native Communities is through collaborative, place based efforts like the StrikeForce and

Promise Zone initiatives. The Promise Zone designation partners the Federal government with local leaders who are addressing multiple community revitalization challenges in a collaborative way and have demonstrated a commitment to results. In the first two rounds of the Promise Zone initiative two tribal Promise Zones were designated: the Choctaw Nation of Oklahoma and the Pine Ridge Indian Reservation of the Oglala Sioux Tribe in South Dakota. Earlier this month two additional tribal Promise Zones were designated: the Spokane Tribe of Indians in Washington and the Turtle Mountain Band of Chippewa Indians in North Dakota.

These Tribal Promise Zones were selected through a transparent application process that demonstrated the strength and effectiveness of their local partners' commitment. Each Promise Zone Designee receives:

- The opportunity to engage five AmeriCorps VISTA members in the Promise Zone's work
- A federal liaison assigned to help designees navigate federal programs, and,
- Preferences for certain competitive federal grant programs and technical assistance from participating federal agencies

The first two tribal Promise Zones have achieved some significant accomplishments to date. For instance the Choctaw Nation of Oklahoma leveraged its designation to secure a $21 million New Markets Tax Credits investment to build an environmentally sustainable steel manufacturing facility in the Promise Zone. The mill will support approximately 300 new jobs in the region. At the same time, the lead applicant of the Promise Zone at Pine Ridge, Thunder Valley Community Development Corporation, is well on its way to building a sustainable, regenerative housing community on the Reservation. With the announcement of two additional Tribal Promise Zones we are looking forward to doubling down on these efforts to strategically invest and collaboratively build brighter futures for American Indians and Alaska Natives.

Thank you for your interest in USDA Rural Development and thank you for your support of our agency and its mission. Together, we can coordinate and leverage our resources to invest in the future of this country’s Native communities. I appreciate the opportunity to testify before you today. I am happy to answer any questions that you might have.

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