

**ACCESSING USDA RURAL DEVELOPMENT  
PROGRAMS IN NATIVE COMMUNITIES**

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**HEARING**

BEFORE THE

**COMMITTEE ON INDIAN AFFAIRS  
UNITED STATES SENATE**

ONE HUNDRED FOURTEENTH CONGRESS

SECOND SESSION

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JUNE 22, 2016  
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## **ACCESSING USDA RURAL DEVELOPMENT PROGRAMS IN NATIVE COMMUNITIES**

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**WEDNESDAY, JUNE 22, 2016**

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

The Committee met, pursuant to notice, at 2:45 p.m. in room 628, Dirksen Senate Office Building, Hon. John Barrasso, Chairman of the Committee, presiding.

### **OPENING STATEMENT OF HON. JOHN BARRASSO, U.S. SENATOR FROM WYOMING**

The CHAIRMAN. Good afternoon. I call this hearing to order.

Today, the Committee will hold an oversight hearing on Accessing USDA Rural Development Programs in Native Communities. More than 88 programs administered by 16 different Federal agencies target rural economic development in the United States. The USDA administers the greatest number of rural development programs and has the highest average of program funds going directly to rural counties.

According to the USDA's own Agriculture Census in 2012 just over 72,000 farms and ranches are owned and operated by Native Americans. The same USDA census found that among minority communities Native Americans operate the second highest number of farms and ranches, with the highest concentration being in the southwest United States, and the States of Oklahoma and North Carolina.

In my own home State of Wyoming, tribal members work alongside their neighbors, growing and producing many of the agricultural products that feed American families every day. Again, according to the USDA Agriculture Census, American Indian and Alaska Native-owned farms account for approximately \$3.3 billion of market value for the products they sell, yet many tribes are located in the some of the poorest rural communities in the United States.

Approximately 30 percent of American Indians and Alaska Natives live in rural communities and nearly 40 percent of rural tribal jobs are dependent on agriculture. Despite these numbers, the Committee continues to hear that tribes lack access to USDA rural development programs, and many times as they say "the proof is in the numbers."

As an example, in her most recent written testimony before the Senate Committee on Agriculture, Nutrition, and Forestry Sub-

committee on Rural Development and Energy, Lisa Mensah, Undersecretary for Rural Development at the USDA, stated that, “Since 2009, USDA Rural Development has helped more than 1.1 million rural families buy, refinance and maintain homes with \$137.5 billion in Rural Housing Service investments.”

However, only \$1.3 billion from that period went to providing rural housing in tribal areas. That is just less than 1 percent of the Rural Housing Service investments going towards Native communities.

The comment we hear from tribes regarding Rural Development is that when a tribe identifies the right program to address their need, the process is a bureaucratic nightmare. Despite its \$212 billion dollar loan portfolio, USDA has only invested, \$3.1 billion dollars with tribes.

With so many tribes located in rural areas, it is important for this Committee to understand how USDA Rural Development is working to conduct outreach with tribes, not only in the agricultural area, but also in rural business development, housing, and utility services.

I am particularly interested in hearing from USDA on how they can better market and provide outreach their programs and opportunities to tribal communities. Why aren’t tribes accessing these resources? What are the barriers and how can Congress and others assist?

Before we hear from the witnesses, I would like to turn to Senator Tester for his opening comments.

**STATEMENT OF HON. JON TESTER,  
U.S. SENATOR FROM MONTANA**

Senator TESTER. Thank you, Mr. Chairman, for holding this hearing today to discuss the wide range of programs the USDA manages and how to ensure the tribal communities can better access these programs.

I also want to thank the panels for being here today. I look forward to your testimony.

The testimony received by the witnesses seems to paint a different picture than the one the USDA has submitted. The USDA talks about a large amount of work it is accomplishing in the Country over recent years which may, in fact, be true. I want to commend them for the work they have done and continue to do for tribal communities.

On the other hand, we have testimony from the witnesses that paints a different story. Oftentimes, we hear from tribes they are not sure what programs are available through the USDA or that they had a bad experience in the past, so they just say the heck with it and no longer bother to access those programs. Both may, in fact, be correct.

Hopefully, today we can learn if there is really a disconnect and discuss solutions for moving forward. It is obvious that tribal communities have figured it out. The ones that have figured it out greatly benefit from a variety of USDA programs whether it is rural housing, broadband connectivity or other infrastructure needs.

However, I do think we can do more to make sure that all tribes are able to access these programs. Many tribal communities are rural, have high levels of poverty which are exactly the kinds of communities USDA programs can have the biggest impact on and are designed to help.

Today, I hope to hear some ideas on how we can improve communication between the agency and tribes. I know many of the USDA programs are not specifically geared to Indian Country, so maybe increased training for agency staff on working with the tribes would be helpful and vice versa.

I do not know the right answer, but I do believe this hearing is an important step to re-engage on issues of critical importance to Indian Country.

I want to thank the witnesses for coming to testify. Our two tribal witnesses have come a long way to be here. I specifically want to thank Lafe Haugen for continuing to serve the Northern Cheyenne and Indian Country in general.

Lafe, you have been working on housing issues for so long that we are going to change your last name to Lafe Housing. He is a great asset to Indian Country, not only in Montana, but across the Country. I really appreciate the work and the openness he has had with my office.

I appreciate your willingness to share your ideas. I look forward to finding solutions to making these USDA programs better.

On a side note, I have to hop out of here to go to yet another hearing but I will be reading the transcript of this hearing and will be looking for solutions.

Thank you, very, very much.

The CHAIRMAN. Thank you, Senator Tester.

Senator Murkowski, I know you would like to introduce one of our witnesses.

**STATEMENT OF HON. LISA MURKOWSKI,  
U.S. SENATOR FROM ALASKA**

Senator MURKOWSKI. Thank you, Mr. Chairman.

I want to thank you for having this hearing. I guess the last time we actually had a review on this subject was back in 2009. There has been a lot that has changed in the State of Alaska in that period of time with regard to USDA and Rural Development, specifically in western Alaska.

We have had three rural offices close in the communities of Nome, Dillingham and Bethel. These are all very remote; you cannot access them by road. They are unique in the sense of the very, very high cost in terms of services, utilities, fuel and goods.

As we look at the challenges in accessing telecom or housing stock, unemployment, creating economic opportunities and jobs is why we look to USDA for some assistance. Tim Schuerch is in a unique position to speak to that today as the President and CEO of Maniilaq Association based out of Kotzebue.

I think Tim will not only be able to speak to some of the challenges in the region as it relates to climate, infrastructure, energy, and economic development. These are all areas under the scope of USDA Rural Development programming and the funding that is vital to our State.

There have been some cooperative agreements with some potential here. I think we will have an opportunity to hear about that.

Tim, you have come a long way to be here with the Committee this afternoon. Know that I greatly appreciate not only your willingness to travel and speak before the Committee and put these issues on the record, but your leadership within Maniilaq and within the State. Welcome to the Committee.

The CHAIRMAN. Thank you very much, Senator Murkowski.

Would other Senators like to make an opening statement? Senator Moran.

**STATEMENT OF HON. JERRY MORAN,  
U.S. SENATOR FROM KANSAS**

Senator MORAN. Thank you, Mr. Chairman.

I would just point out that I am here serving in my capacity as a member of this Committee but there are four or five of us on this Committee who are members of the Agriculture Appropriations Subcommittee.

They are Senator Hoeven, Senator Daines, Senator Tester and we are very interested in hearing what USDA and our witnesses have to say so that we can work in that regard to make sure that we have a desirable outcome.

I thank you, Mr. Chairman, for hosting this hearing.

The CHAIRMAN. Thank you very much, Senator Moran.

In a few seconds, I will invite the witnesses to begin. I would like to remind each of you that your full written testimony will be made a part of the official hearing record. Please keep your statements to five minutes so that we have plenty of time for questions. I look forward to the testimony.

Two of the guests have been introduced but the third who has not yet been introduced is Ms. Lillian Salerno, Deputy Under Secretary for the Rural Development Mission Area, U.S. Department of Agriculture, Washington, DC.

Ms. Salerno.

**STATEMENT OF LILLIAN SALERNO, DEPUTY UNDER  
SECRETARY, RURAL DEVELOPMENT MISSION AREA, U.S.  
DEPARTMENT OF AGRICULTURE**

Ms. SALERNO. Chairman Barrasso, Ranking Member Tester, Senator Moran, and members of the Committee, thank you for the opportunity to be here this afternoon to discuss the Department of Agriculture's Rural Development Mission Area and how Native communities access our programs.

Rural Development, RD, as we are known in our community, manages a loan portfolio of more than \$212 billion organized into three agencies: the Rural Utilities Service, Rural Businesses and Cooperative Service, and Rural Housing and Communities Facilities Program.

Our fundamental mission is to increase economic opportunity and improve the quality of life for all rural citizens. We are committed to working tirelessly to fully utilize the enormous potential and opportunity our funds provide and nowhere is RD's assistance more vital than in America's Native communities.

In order to achieve the maximum impact of our Federal resources, we believe place-based approaches are the best tool. Why? First, it is important to acknowledge, and we do, that tribal leaders know what is best for their communities.

They know the conditions they want to change, the strategies it will take to get them there and the approach that will be responsive to the needs of their people. This requires respect for tribal sovereignty and self determination, including empowering Native families to make informed decisions.

Individual, child and family support is fundamental to economic development. The nutritional, health care, child care and essential support needed to be available and accessible for work force development to occur and before investment will invest. This has resulted in the need and privilege to engage tribes with Federal agencies to think concurrently and holistically about implementation and capacity building.

Second, tribal leaders and their citizens support what they help create. When tribal leaders are engaged and take ownership of their development goals, our joint efforts are much more successful. Federal agencies working with tribes have acknowledged this from the beginning. We know this is a partnership with tribes and not Federal programs for tribes.

Finally, people respond better when they know where they are headed and there is a road map. We have learned throughout this process of the interconnectedness of place in Indian Country, combined with geographic isolation, lack of access to capital and other systemic issues make linear planning and implementation difficult and often impractical. Constant evaluation, feedback loops, adjusting and moving forward takes time but the results in terms of mutual trust, confidence in one another and the process and a commitment to stay in it for the long haul is producing results.

This Administration and Secretary Vilsack place a high priority on improving program delivery to Native communities. In addition to our tribal promise zone designees, tribal areas throughout the Country are benefitting from RD programs, housing, utilities and business creation.

Since 2009, total RD investments benefitting American Indians and Alaska Natives have exceeded \$3.1 billion. Congress has provided RD with special tools to help drive investments to tribal members and throughout tribal areas. There are legislative mandates for tribal projects and programs that spur job growth, build water and wastewater projects and assist tribes, universities and community facilities receive funding.

In the Water and Environmental Grant Program, this legislative mandate has funded nearly 600 projects totaling \$544 million in loan and grant assistance since 2009. These efforts ensure Native communities have access to safe and clean drinking water.

In this same time frame, RD has invested \$159 million through business creation programs to create economic opportunities. This includes over \$12 million invested in revolving loan funds to Native community development financial institutions. The legislative mandates allow RD to direct funds to the Native communities but financing projects that benefit American Indians and Alaska Natives

are not dependent on or limited by the special tools Congress has provided.

For example, in the year 2015, there was a total of \$49.9 million legislatively mandated to benefit tribal projects. In this same fiscal year, RD invested over \$487 million for projects that directly impacted these communities, providing nearly 90 percent of RD's investments through our regular programs.

Native communities also benefit from RD's field-based delivery structure. We have nearly 4,000 staff directly engaged with local lenders and community partners to solve problems and explore options for economic development. Additionally, RD State offices maintain Native American tribal coordinators to assist tribes.

Thank you for your continued interest and support of RD programs and how tribal communities can access our programs. Together, we continue to make key investments in the future of tribal Nations.

I appreciate the opportunity to testify before the Committee. I am happy to answer any of your questions.

[The prepared statement of Ms. Salerno follows:]

PREPARED STATEMENT OF LILLIAN SALERNO, DEPUTY UNDER SECRETARY, RURAL DEVELOPMENT MISSION AREA, U.S. DEPARTMENT OF AGRICULTURE

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 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 Utilities 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, electric and telecommunications 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 American Indians 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 is all too common among areas that are persistently poor, areas that are extremely remote and areas that are home to American Indians and Alaska Natives. 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 increase 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, and,
- The Water and Environmental Grant program, which includes funding for the Rural Alaska Village Grant program

Since 2009, RUS has funded 591 Water and Environmental Grant program (WEP) projects totaling \$544 million in loan and grant assistance to Native Americans. One example is the South Delaware County Regional Water Authority in Oklahoma, which received \$9.65 million. This project funds a new regional water authority providing 1,140 Native American homes throughout the Cherokee Nation in Adair, Cherokee, and Delaware counties with wholesale water.

In Fiscal Year 2015, WEP also 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., the Rural Community Access Partnership (RCAP) and the Native American Water 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 its 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 on, nor limited by, the 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—which equates to nearly 90 percent of RD's investments benefitting native communities provided through our regular programs.

Just last year, RD announced a Community Facilities loan for \$164 million to the Yukon-Kuskowin Health Corporation, the only full-service health care facility in an area almost the size of Oregon. This loan is four times larger than previous direct loans awarded through the program and was used to provide permanent financing for a new 129,600-square-foot primary care clinic, a 110,000-square-foot hospital remodel, and additional housing for clinic staff in Bethel, Alaska.

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 since 2009 this program has provided nearly \$14 million to assist tribal communities.

Native communities also benefit from RD's field based delivery structure—where nearly 5,000 staff, who live and work in every state, make and service loans and grants throughout Indian Country and Alaska. Additionally, RD state offices designate Native American Coordinators to assist tribes by providing technical assistance and programmatic knowledge and acting as a single point of contact for Tribes in their respective jurisdictions. These local partnerships help bring new projects to life.

Rural Development is not making investments in a vacuum. 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 the 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 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 and the Southwest including Oklahoma.

In the area of rural housing, just last week RD field staff from around the country 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 10 percent of RD direct homeownership loans to Native Americans have been on Tribal trust land, which we believe we can improve.

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 Helping Expedite and Advance Responsible Tribal Home Ownership (HEARTH) Act of 2012. 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 finally, staff from the Consumer Financial Protection Bureau (CFPB) 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' commitments. 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 Credit 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 invest strategically 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.

The CHAIRMAN. Thank you very much for your testimony, Ms. Salerno. We appreciate having you here today.

Mr. Haugen.

**STATEMENT OF LAFE HAUGEN, EXECUTIVE DIRECTOR,  
NORTHERN CHEYENNE TRIBAL HOUSING AUTHORITY**

Mr. HAUGEN. Good afternoon, Chairman Barrasso, Vice Chairman Tester, and members of the Senate Committee on Indian Affairs.

My name is Lafe Haugen. I am an enrolled member of the Northern Cheyenne Tribe located in the great State of Montana. I am also the Executive Director for the Northern Cheyenne Housing Authority. I am currently serving my 24th year in this program. I am both honored and humbled to sit here before you today to give testimony on USDA Rural Development in Indian housing.

First, I would like to start by talking about the Native American Housing Assistance Self Determination Act, NAHASDA. I realize this is a hearing on USDA, but without funding from NAHASDA, tribes will not have the necessary resources to be able to leverage with entities such as the USDA.

NAHASDA was to be reauthorized by the end of 2015 but it did not receive the necessary votes. Without congressional authority, it is vulnerable to cuts in funding or possible elimination. I respectfully urge Congress to reauthorize this valuable source of funding in the coming months so that we can ensure continued housing for all Native Americans.

Since NAHASDA was passed in 1996, USDA has promised to deliver program funds to Indian tribes and organizations, yet this has not materialized. Every program they promote, including the ten housing programs in the State of Montana, has an application in Indian Country, yet tribes only receive a fraction of the funding they are eligible for.

This problem primarily is related to the restricted lands, including land in trust. From 1993 until 2004, USDA made a tremendous effort to set goals to improve its presence in Indian Country. In fact, they developed the Native Lending Guide accordingly.

By and large this effort failed, especially on tribal lands. Yet, Rural Housing Services continues to try and address this weakness with still no viable solutions or answers, in my opinion.

Over the last year, USDA Housing Administrator, Tony Hernandez, along with his tribal Coordinators, Ted Beulow and Lynn Trujillo, have been working with tribal coalitions and housing associations in Montana and South Dakota to help develop solutions to the significant barriers to trust land applications of USDA housing resources. I personally applaud their efforts for taking this significant step.

Back at home, Bruce Jones and John Walsh, State Directors from South Dakota and Montana, are attempting to produce Memorandums of Understanding with their respective tribes that would demonstrate how these valuable programs might be delivered with more authority and oversight at the tribal level regarding loan origination and if necessary, loan mitigation. I would ask the Committee to encourage the USDA to offer maximum flexibility to these States to complete the MOU's.

Unfortunately, numbers speak for themselves. Between 2000 and 2015, USDA provided 3,420 Section 502 loans to Native Americans across the Country. That is about 228 loans per year.

The USDA-sponsored 515 multi-family rental projects have become even scarcer. In fact, not one single 515 project was financed on trust lands over the last four years, with only one being approved in the last six years. This is unacceptable if we plan on making inroads with the homeless. Recent NAIHC data shows an unmet need in Indian Country of over 200,000 houses and that number is growing.

Of the ten housing programs being offered by State USDA offices, Montana tribes only qualify for the 504 grant which is focused on minimal home repair for the elderly. The rest of the housing programs require extensive documentation ranging from the cumbersome environmental process to the issue of foreclosure. The State office has issues with taking these items to tribal courts.

With HUD, we have already worked out all of these issues. We feel the State office could follow suit with their housing programs. A solution would be to bring back the position of the State USDA Native American Coordinator.

My tribe is fortunate enough to have both capacity and perseverance when it comes to dealing with the USDA. We have trudged through the cumbersome application process and have successfully utilized several grants including the Rural Utility Service Loan, a grant used to build the much-needed water system in the community of Muddy Cluster; the Rural Energy for America Program Grant to Chief Dull Knife College and the Lane Deer Boys and Girls Club in assisting them with funds for energy efficiency purposes; a solid waste grant which provided for the purchase of new equipment for the solid waste transfer station; and the Real Business Enterprise Grant which my program received which is being used to build a 5,000 square foot business center in downtown Lane Deer. The Northern Cheyenne Tribe is very grateful for all of this assistance.

The tribes in Montana make up about 15 percent of the population served by USDA. I believe a State set-aside of funds that reflect this number would be a solution. Tribes would still have to submit applications and meet all the requirements but this would give them yet another opportunity to solve their housing problems.

I believe the pressure of requesting more funding from HUD could be lessened with another Federal entity coming to the aid of the tribes.

Both Federal programs target the low income populace of rural America. Indian tribes, for the most part, reside in rural America and the poverty in Indian Country is well documented. It is our hope and intent that this hearing will lead to proposed changes

that could be included in the coming year's Farm Bill that would call for regulatory changes and make any USDA programs more accessible and usable for all tribes.

Thank you for allowing me to speak, Mr. Chairman.  
[The prepared statement of Mr. Haugen follows:]

PREPARED STATEMENT OF LAFE HAUGEN, EXECUTIVE DIRECTOR, NORTHERN  
CHEYENNE TRIBAL HOUSING AUTHORITY

#### **NAHASDA Reauthorization**

The NORTHERN CHEYENNE TRIBE, and other Tribes across the country, had high hopes when the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA) (P.L. 104-330) was enacted. With its emphasis on self-determination, this new Act gave the Northern Cheyenne Tribe, through its Tribally-Designated Housing Entity (TDHE), the authority to put its housing funds to work in ways that best served our tribal community.

I know that this Hearing was set to discuss Tribal access to USDA Housing resources, but the point that I want to make is that without the reauthorization of NAHASDA, Tribes will not have the resources to pursue other resources including USDA. One of the primary purposes of NAHASDA was to provide funds for Tribes to leverage with other Federal and Public resources to address their unmet housing needs.

Congress was required to reauthorize NAHASDA by 12/31/2015 after passing a continuing resolution in 2013. This program is currently without Congressional authority and is vulnerable to cuts or elimination until a bill is passed. It seems that many Congressman and Hill committee staff are unaware that NAHASDA is the only HUD funding available to Native American Tribes since they gave up access to the HUD 1937 ACT Public Housing Program in exchange for an annual block grant. While funding has not increased in over 20-years, reduction or elimination would devastate Tribal housing programs for hundreds of Native Americans across the nation. Today, \$650 million of annual funding is at risk!

#### **USDA Separate Title**

Since NAHASDA was passed in 1996, USDA has promised to deliver program funds to Indian Tribes and organizations, yet it has not materialized. Every program they promote has an application in Indian Country, yet rural Tribes only receive a fraction of the funding that they are eligible for. This problem is primarily related to restricted lands including Tribal Trust. From 1993 until 2004, USDA made a tremendous effort to set goals to improve its presence in Indian Country. In fact, they developed a "Native Lending Guide" accordingly. By and large, the effort failed, especially on Tribal lands. Yet, Rural Housing Services continues to try and address this weakness with no answers.

Recently, the USDA Housing Administrator Tony Hernandez along with his Tribal Coordinators; Ted Beulow and Lynn Trujillo have been feverishly working with Tribal Coalitions and Associations in Montana and South Dakota to help develop solutions to the significant barriers to Trust land applications of USDA housing resources. Two weeks ago, USDA hosted a meeting right here in Washington DC with their staff and other Federal Agencies to further explore solutions. I personally applaud their efforts for taking this significant step.

A problem that exists in Indian Country is building Capacity at the Tribal level. Unfortunately, many rural Tribes still lack Capacity and lending infrastructure. The Housing Associations, Coalitions and Housing Professionals in our region continually work on informing and educating Tribes and their members on the value of individual home loans. Many Native Americans are not familiar with the concept of home mortgaging as there were not exposed to this in the pre-HUD era when only Tribal homes were available.

There exists a need for additional funding for Education and Technical Assistance to be able to provide Tribes with Financial Literacy and Homebuyer Training to be able to move forward with the rest of America. With this information, Tribes will be better able to develop the concept of Homeownership and building Wealth in their homes. We feel that the Northern Plains region is the perfect area to continue to develop this concept as they have the most Trust land and the greatest need.

In the past, both Neighborworks and the Rural Community Assistance Corporation (RCAC) have provided funding in this area. I believe that their funding originates with USDA. There are some cases where these entities went to Tribes to provide Technical Assistance and Homebuyer Training, but unfortunately, they ended

up being educated. We believe that the organizations in our region like the Montana/Wyoming Housing Coalition and South Dakota Homeownership Coalition should receive this funding as they are specifically geared towards working with and educating Tribes in these areas.

Currently, Bruce Jones and John Walsh, State Directors from South Dakota and Montana are attempting to produce Memorandums of Understanding with their respective Tribes that would demonstrate how valuable these programs might be delivered with more authority and oversight at the Tribal level regarding loan origination and if necessary, loan mitigation. I would ask the committee to encourage the USDA to offer maximum flexibility to these States to complete the MOU's with the hope that a successful process of a loan production can begin on restricted lands.

Please consider these statistics: between 2000 and 2015, USDA provided 3420 Section 502 loans to Native Americans across the Country. That is about 228 loans per year. 10 percent or about 20 loans a year, are financed with the 502 program on restricted land. Recent National American Indian Housing Council (NAIHC) shows an unmet need in Indian Country of over 200,000 houses and growing. USDA sponsored 515 Multi-family Rental projects have become even more scarce. In fact, not one single 515 project was financed on Trust lands over the last 4-years with only one (1) being approved in the last 6-years! This isn't acceptable.

#### **Northern Cheyenne**

The Northern Cheyenne Tribal Housing Authority, TDHE for the Northern Cheyenne Tribe, has been working hard for many years to utilize a variety of funding sources to fund its housing activities, including non-NAHASDA grants, low-income housing tax credits, and HUD loan guarantees. However, we have our sights set on utilizing funding from USDA. In the last few years, we have stepped up our efforts to make progress in making USDA funding more tribal-friendly with several meetings in Bozeman and throughout the State. Unfortunately, significant barriers still exist at the state level where the funding is distributed. In spite of initially responding to Commission initiatives and establishing Native American outreach, few USDA offices have met Native American goals established in the late 1990's. In fact, the State office in Montana has phased out their Native American Coordinator position in spite of little success in matching USDA Rural Development's resources with huge unmet need on Montana's Indian Reservations.

However, the Northern Cheyenne Tribe has trudged through this cumbersome application process and has successfully utilized USDA Rural Utilities Service (RUS) loans and grants to build and improve a water system from the town of Lame Deer to the town of Muddy Cluster. In addition, USDA has been a good resource to Chief Dull Knife College and the Lame Deer Boys and Girls Club in assisting them with funds for a variety of purposes. Recently, USDA provided funding for the purchase of new Equipment for the Solid Waste Transfer Station which is now in full operation. The Northern Cheyenne Tribe is very grateful for all of this assistance.

The Northern Cheyenne Tribal Housing Authority, in cooperation with the Northern Cheyenne Tribe, submitted an application for the Rural Business Enterprise Grant (RBEG) and we were successful. This all important funding is being used to construct a 10-business, 5000-Square foot Business Center in downtown Lame Deer which will entice and stimulate Economic Development at the local level. This is a much needed building that will attract tourists and customers from all over the country and world as they travel highway 212 on their way to the Black Hills.

However, we desperately need resources that USDA provides in other areas including Water/Sewer improvement, Community facilities as well as the potential benefits of the several USDA Rural Housing Services. Whenever Tribal Leaders or their housing professionals attend events where information is being presented by USDA Rural Development, they inevitably hear how USDA Rural Development Programs can build entire rural communities and cities.

We hear firsthand about programs that can build housing, roads, water and sewer infrastructure, community buildings, provide police and fire vehicles, economic development programs etc., and when we ask for information on how much of these USDA Rural Development programs funding has been spent or targeted for the seven reservations in Montana, there tends to be silence.

#### **Proposal**

Tribes believe that effective development in tribal communities depends on cooperative arrangements among the Federal agencies that allow for the ability to combine resources. In fact, it would appear that without such combination of funding sources and inter-agency collaboration, Tribes will be unable to offer a full menu of housing products to build on the substantial progress made since the enactment of NAHASDA.

A conservative estimate is that about 7½ percent of Montana's population are members of the seven Indian reservations. Considering the fact that only 50 percent of Montana's residents are qualify as rural, and therefore eligible to participate in USDA programs, the number of Indians that are eligible jumps to 15 percent. All reservations in Montana qualify for USDA programs. We suggest that 15 percent of the total allocation of USDA funding for Montana be set aside and reserved for the Reservations.

USDA Rural Development has many programs and resources that are targeted for the low income populace of rural America. Indian tribes, for the most part, reside in rural America and the poverty in Indian Country is well documented. It is our hope and intent that this Hearing would lead to proposed changes that could be included in the coming year's Farm Bill that would call for regulatory changes that would make USDA programs more accessible and usable for tribes.

We are pleased to see an oversight hearing so that Tribes can request funding and support in a more direct manner that recognizes Self-determination.

The attachment *USDS Agencies Serving Montana* has been retained in the Committee files and can be found at <http://www.fsa.usda.gov/Internet/FSA-File/mt-usda-directory.pdf>

The CHAIRMAN. Thank you so very much for your testimony. Now, we will hear from Mr. Schuerch.

**STATEMENT OF TIMOTHY SCHUERCH, PRESIDENT/CEO,  
MANILAQ ASSOCIATION**

Mr. SCHUERCH. Thank you, Mr. Chairman and members of the Committee. I appreciate the opportunity to come here to share some of our experiences.

We share Mr. Haugen's desire and concern that some of the programs the USDA has to improve outreach to the tribes need to be better supported. We find that is also the case in our part of Indian Country.

As Senator Murkowski alluded, sometimes the outreach is not adequate. If I went to one of our tribal councils right now and asked, Members of the Noorvik Tribal Council, do you know what programs the USDA runs that might benefit your community and your tribe, I really do not think they would know what those are. I think that would also be the case with every one of the 12 federally-recognized tribes we serve.

Recently, there has been a little progress. The USDA did begin reaching out to us about a year ago to ask about the possibility of entering into MOAs directly with our tribes. We think that is generally a positive thing.

It turned out that the amount of USDA funding for the outreach through that MOA for our region to serve the 12 tribes and 8,000 tribal members was \$37,000. For the effort it took to negotiate that MOA, I do not know if that amount was particularly cost effective in terms of actually improving outreach and access for our tribes.

Our experience is these MOAs are probably a good thing. It shows mutuality, respect and sincerity to reach out but the amount, probably at least for our part of Indian Country, should at least be enough for one full-time position which we would happily base at our tribal administrative offices.

I would extend an invitation right here to the USDA. You can have an office in our tribal administration building if you funded one position just for outreach to our tribes and tribal members.

There are some very positive things, some significantly positive things, which the USDA does for our tribes.

Maniilaq Association is a tribal organization overseen by these 12 tribes in northwest Alaska. We suffer from high rates of unemployment, poverty, significant health disparities and Third World water and sanitation conditions.

Over 10 percent of the homes in our region do not have access to adequate water and sewer. In these homes, water must be hauled from a community source. Tribal members use honeybuckets, which are five gallon plastic buckets lined with trash bags, to collect urine and feces which are then disposed of, in the most ideal circumstances, in a sewage lagoon.

Lack of adequate water and sewer service in our region causes severe skin infections and respiratory diseases. Because of lack of adequate water and sewer, our region suffers some of the highest rates of invasive pneumococcal disease, IPD, in the Nation. These respiratory diseases particularly impact our young children, many of whom must be medevaced each year to Anchorage to receive intensive hospital treatment basically to save their lives.

Access to safe and affordable water and sewer is the very foundation of creating healthy homes and healthy communities in rural Alaska and a key to narrowing our significant health disparity gaps. The USDA Rural Alaska Village Grant Program, the RAVG, part of RD, provides funding for the planning, development and construction of water and wastewater systems. These particularly impact our region.

For fiscal year 2016, the USDA RAVG Program helped to fund planning studies for a new sewage lagoon in Noorvik, washateria upgrades in Kivalina and a lift station rehabilitation project in Kotzebue. Actual construction funding was provided for the completion of a new water treatment plant in Buckland and repair of water service lines and Arctic box connection for homes in Kobuk.

They also provide technical assistance to help train our operators. This operator training program is critical. When it is 40 below or colder and you have serious water and sewer problems, it is critical to have well-trained operators in each of the communities to take care of that system and make sure it works no matter what the weather.

Energy costs are a significant issue for us as well. Twenty percent of our residents live in poverty, yet they spend up to \$250 per month for water and sewer bills. The USDA is helping us through a series of programs to help find ways to conserve energy, make our systems more efficient, save money and ultimately lower the water and sewer bills for many of our lower income tribal members.

Overall, we are concerned that the total funding for the RAVG was \$23 million in 2015 but was reduced to \$16.5 million in 2016. In our region alone, we have over \$100 million of critical water and sewer project needs. Statewide, the number is about \$1 billion.

We cannot pay for this overnight. We need to chip away at it one step at a time. Our thought is that the RAVG funding, which is part of USDA's RD Program, is critical. It makes a huge difference in the health and safety of our tribal members, particularly with our children.

We commend USDA for its efficient and effective use of these funds. We commend them as well for working closely with our

tribes and tribal organizations. This program really is making a difference in Indian Country and Alaska.

If the USDA were to look at the RAVG Program as a possible model for a pilot program nationally, they might be well advised to do that. We would certainly be happy to help and assist in any way we can to help out with that.

That concludes my remarks, Mr. Chairman.

[The prepared statement of Mr. Schuerch, follows:]

PREPARED STATEMENT OF TIMOTHY SCHUERCH, PRESIDENT/CEO, MANILAQ ASSOCIATION

### **Introduction**

ManilAQ Association is an Alaska Native tribal organization representing twelve tribes in Northwest Alaska. We provide health, social and tribal government services through self-governance agreements with the Indian Health Service (IHS) and the Bureau of Indian Affairs (BIA). We are pleased to offer testimony on accessing United States Department of Agriculture (USDA) Rural Development (RD) programs. The RD programs offered are received within our communities through the lens of need and circumstances of our region. With that in mind, we provide introductory remarks on some of the critical interest areas of our region: climate change, clean energy, strategic infrastructure, education and workforce development and tribal consultation.

### **Northwest Alaska Critical Interest Areas**

#### *Climate Change*

The indigenous Inupiat roots of the people of Northwest Alaska stretch back thousands of years. Our communities have thrived in this remote corner of the globe for generations, and it is the traditional ways of knowing and skills that have carried our people. While other parts of the nation are just beginning to feel the impacts of climate change, Northwest Alaska has been at the forefront of this battle for decades, demonstrating preparedness, adaptation, and resiliency. Rapidly warming weather patterns modify the behavior of the animals and fish, and impacts vegetation we rely on to feed our families. Adapting to this new Arctic reality means changing how we hunt and gather while bringing together traditional knowledge with modern Arctic science to find a logical path forward. We work together, as we have done for millennia, in cooperation with one another.

The State of Alaska is home to 54 percent of America's 12,383 miles of coastline with Northwest Alaska comprising approximately 1,200 of those miles. Four Northwest Alaska communities are located directly on the coast, and seven are within the five major river systems. In addition to coastal erosion, we see the effects of river erosion as ice melts quickly, the rivers rise and erosion cuts away roads, airports, shorelines and changes animal migration routes. After the initial surge, the rivers recede and residents report the rivers are actually lower than in previous years. It has been many years since our communities including Noatak, Shungnak, Ambler and Kobuk, have had goods delivered by barge, which greatly reduces the cost. In the community of Noatak, the river has eroded major roads, making transportation dangerous to its residents.

Our region is home to the village of Kivalina, one of the world's most visibly impacted communities. Situated on a low-lying barrier island, Kivalina historically was protected from the Chukchi Sea by a layer of thick ice. However, rising global temperatures melted the protective Kivalina ice sheet. Now, fall and winter storms barrel into the community, bringing floods and severe erosion in their wake. Water resources, subsistence foods, critical infrastructure, economic development, education of children, and the overall quality of life is at risk because of a warming environment. Coastal erosion in Kivalina impacts every resident, every day. The U.S. Army Corps of Engineers predicts the current village site will be completely uninhabitable within 10 years due to melting ice, coastal erosion and rising sea levels. Building of this road is imperative now for the safety of village residents. It is not within the purview of any federal agency to currently assist and we urge you to designate and give appropriate authority to a federal agency to address community evacuation needs.

Increased partnership, collaboration and funding is increasing in importance as climate change continues to threaten the lives of Americans residing in the Arctic.

### *Clean Energy*

Renewable energy and innovation has been a key component of the energy picture in Northwest Alaska. A case in point is the Kotzebue Electrical Association (KEA) Wind Farm, the northernmost wind farm in the United States. Since 1997, it has supplemented diesel power in Kotzebue and currently provides 20 percent of the town's electricity needs. Boasting the first utility grade wind farm in the state of Alaska, Kotzebue Electric Association installed three 66-kW turbines in 1997. By 2011, the Kotzebue wind farm had grown to 17 wind turbines and represented the first megawatt of wind power in Alaska. Kotzebue now has a total installed capacity of 2.96 MW of wind, which displaces about 250,000 gallons of diesel every year. Today, the company is looking toward harnessing secondary loads for excess energy by supplying thermal energy to the local hospital and will be installing a utility scale lithium ion battery. Being above the Arctic Circle means there are more daylight hours in the year than in the rest of the U.S. The Northwest Arctic Borough sponsored solar installations in all of the regions communities to lower the cost of water and sewer with funds from the U.S. Department of Interior Coastal Impact Assistance Program (CIAP) grants. Solutions like this are helping but costs continue to remain high.

Traditional non-renewable fuels are still needed for generation of electricity and for home heating in rural Alaska. Many Department of Energy programs focus solely on renewable energy. Our region is focused on a coordinated approach that includes hybrid systems designed to reduce diesel consumption and increase use of renewable energy as we recognize this is what will make Arctic projects successful.

### *Strategic Infrastructure*

As the world directs its focus northward, the U.S. lacks infrastructure in the Arctic. From a strategic perspective, Kotzebue is an ideal location to invest in infrastructure like ports, roads, energy upgrades and broadband because of its geographic position. Investing in our region will not only benefit the residents of Northwest Alaska today, it will provide the backbone of Arctic Infrastructure essential to national security and economic interests for generations to come.

For more than 30 years, the City of Kotzebue, with support from partner organizations, has been working toward the building of a deep water port south of Kotzebue at Cape Blossom and an 11 mile road connecting our city and port. Currently, the region receives essential items such as fuel, vehicles, building supplies, and dry goods by barge and lightering service in Kotzebue. All village-bound products are transported from Kotzebue by small boat or airplane. The shallow-water lightering adds greatly to the cost of goods in Kotzebue and all of its outlying villages. The Cape Blossom Port will provide economic relief to all of the communities in Northwest Alaska by reducing the need for lightering. Moreover, the Cape Blossom Port is uniquely positioned in a safe harbor area that will allow the U.S. Coast Guard and other emergency response resources to respond to ship groundings, vessel emergencies and oil spills in the Arctic. A port at Cape Blossom will provide the United States a strategic location in the Arctic for future opportunities.

### *Education and Workforce Development*

Currently the unemployment rate for Alaska is 6.9 percent. Northwest Arctic's is 250 percent of the State of Alaska rate. In some villages up to 70 percent of the adults do not work. The workforce needs education and specific job training for the jobs that exist as well as for future jobs and careers designed to meet future challenges within the State and region. Our educational system is poised to prepare our students to meet these challenges. The Northwest Arctic Borough School District is the only public school district in the State with its own post-secondary training center school, the Alaska Technical Center. A new magnet school has been developed as partner to the Alaska Technical Center that is a school for high school and post-secondary students, the Star of the Northwest. The innovative educational and job training programs we have established in Northwest Arctic require funding for increasing infrastructure and operational costs. Gap funding by the Federal government can make a significant impact for the good of the Inupiat people of Northwest Arctic.

### *Tribal Consultation*

We appreciate the recognition of tribal governments' unique legal relationship with the United States, as expressed in the Presidential Memorandum on Tribal Consultation and Executive Order 13175. We understand that the USDA has a tribal consultation policy in place, and we encourage and remind the USDA to implement it consistently.

First, I would like to thank the Alaska Office and the Office of Tribal Programs for their periodic electronic newsletters and notices. We appreciate that the staff make an effort to compile and distribute information about USDA funding, training and other opportunities.

#### **Accessing USDA RD Programs in Northwest Alaska**

Below are some of the specific ways in which the opportunities provided by USDA RD have been meaningful to Maniilaq Association.

##### *Alaska Code Blue Project*

The Alaska Code Blue Project was started in 1999 in an effort to identify, prioritize and seek funding for essential equipment for rural emergency medical services in Alaska. Funding for the Project is provided by the State of Alaska, Denali Commission, tribal health corporations, communities, local emergency medical services, and USDA RD. The contribution of USDA to this program has been key to its success. In the past, it has helped us purchase much-needed medical equipment and has been crucial to the operation of our telemedicine program, which enables us to provide health care in some of the most remote villages in the world. This year, we are applying for funds to contribute toward the purchase of a patient transportation vehicle for the Kivalina Clinic.

##### *Utuqqunaat Inaat Loan Guarantee*

In 2012, USDA RD guaranteed a loan which comprised a portion of the total funding used to build Utuqqunaat Inaat, our 18-bed long term care center we opened in 2011. Utuqqunaat Inaat, meaning a “place for Elders” in the Inupiaq language, is one of our most treasured facilities, because it enables Elders to remain in their home region throughout the last of their days rather than having to be sent to Anchorage or further to receive the care they require.

Also of tremendous importance to our operation of Utuqqunaat Inaat was the Agricultural Act of 2014 (also known as the “Farm Bill”) Section 4033, which allows the donation to and serving of traditional food through food service programs at public facilities and non-profit facilities operated by Indian tribes and tribal organizations. Traditional foods were defined to include wild game meat, fish, seafood, marine animals and plants and berries. On September 2, 2015, Maniilaq served the first meal authorized by this Act at Utuqqunaat Inaat—musk ox soup. It was a day of celebration in Kotzebue, and USDA staff were there to celebrate and eat with us.

##### *Cooperative Agreement*

Last fall, Maniilaq and USDA signed a Cooperative Agreement for the period of September 30, 2015 through December 31, 2016. The purpose of the Agreement is:

“to improve access to Rural Development programs to remote and isolated regions of Alaska. The Agreement will support Rural Development’s StrikeForce and community economic development efforts and enhance Native American business development by leveraging partnerships and resources of diverse institutions and organizations.”

The total amount of federal funds obligated under the Agreement is \$37,000. As a tribal nonprofit corporation providing health, social and tribal government services, we are pleased that the USDA sought to partner with us; however, the purpose of the Agreement aligned better with the work of the Northwest Arctic Borough economic development department. Therefore, we subcontracted with the Borough to implement the Agreement. The Borough has held community meetings in 10 villages, met with the city and tribal governments, and distributed materials containing information about USDA programs in each of those villages. The Borough has made updating on USDA programs a part of its regular monthly Assembly meetings, after which Assembly members are able share the information with their constituent communities. We are grateful for the opportunity to disseminate information about the USDA’s programs in our region. The challenge we face is that the federal obligation under the Agreement is capped at \$37,000. This is not enough to fund a full-time position; therefore, the function is required to be tacked onto an existing position. With limited resources, we rely heavily on the person filling that position to have the capacity to add the USDA work to their already full plate.

##### *Water and Sanitation Projects*

We thank the Rural Alaska Village Grant Program (RAVG) for helping us to address the urgent need for adequate water and sewer systems in Northwest Alaska. Every one of the 12 villages in our region has significant water and sanitation deficiencies. Although progress has been made, some of our villages, such as Kivalina, are still without running water and sanitation systems. Water must be hauled from

a community source, and residents use 5-gallon buckets (commonly referred to as “honeybuckets”) to dispose of human waste.

A key to the USDA’s successful outreach to meet the critical water and sanitation needs of our villages is the partnerships it has developed with and other Federal and State agencies. In our experience, the USDA’s StrikeForce Initiative for Rural Growth and Opportunity has been effective in addressing some of our region’s most critical water and sanitation needs, and we encourage the USDA to continue that program.

### **Conclusion**

Challenges to the health and economic well-being of Northwest Alaska remain. However, we are optimistic that with commitment, collaboration and hard work we will implement positive change and enable our region to thrive. Thank you for your consideration of our views.

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## SUPPLEMENTAL TESTIMONY

### **Rural Alaska Water and Sanitation Needs in Northwest Alaska**

Maniilaq Association is a tribal organization that is overseen by and serves twelve federally recognized Tribes of Northwest Alaska. We suffer from high rates of unemployment, poverty, great health disparities, and Third World water and sanitation conditions.

Over 10 percent of occupied homes in Northwest Alaska do not have access to adequate water and sewer systems. In these homes, water must be hauled from a community source, and tribal members use “honey buckets” (5-gallon plastic buckets lined with a trash bag) to collect urine and feces, which are then disposed of in a sewage lagoon.

Lack of adequate water and sewer service in Northwest Alaska causes severe skin infections and respiratory illnesses. Because of lack of adequate water and sewer service, our region suffers some of the highest rates of invasive pneumococcal disease (IPD) in the nation. These respiratory diseases particularly impact our young children, many of whom must be medevac’d to Anchorage each year to receive the intensive hospital treatment that is necessary to treat their condition.

Access to safe and affordable water and sewer is at the very foundation of creating health homes and healthy communities in rural Alaska. The USDA Rural Alaska Village Grant (RAVG) program provides funding for the planning, development, and construction of water and wastewater systems to improve health and sanitation in rural Alaska villages.

### **Water and Sanitation Projects**

In FY16 the USDA Rural Alaska Village Grant (RAVG) program helped fund the following work for our tribes:

1. Planning studies for a new sewage lagoon in Noorvik, washeteria upgrades in Kivalina, and a lift station rehabilitation project in Kotzebue.
2. Construction funding for the completion of a new water treatment plant in Buckland and repair of water service lines and arctic box connections for homes in Kobuk.

### **Technical Assistance and Training**

RAVG grants are also used to provide technical assistance and training. Our tribal organization is currently working with USDA in Alaska to secure \$102,000 in FY16 technical assistance and training funds to educate and empower rural water/wastewater operators and utility administration.

RAVG provides funding for the State of Alaska’s Remote Maintenance Worker (RMW) Program, Remote Maintenance Workers are often the only frontline responders to help our communities solve technical water and sewer system issues. With winter temperatures below—40 degrees Fahrenheit, a quick and effective response is absolutely essential to maintaining services.

### **Lowering Ongoing Energy Costs**

RAVG also assists with lowering ongoing energy costs. The cost of providing water and sewer in rural Alaska is expensive due to the extreme weather, geographic isolation, engineering complexities, and high cost of energy. Some communities must charge up to \$250 per month for water and sewer despite the fact that over 20 percent of their residents live below the poverty level. To help lower these costs, the USDA RAVG program has provided up to \$40,000 in grant funding to implement

the energy efficiency recommendations identified by the Alaska Native Tribal Health Consortium's energy audits of water and sewer infrastructure.

Energy efficiency projects impacting our tribes include supporting Kobuk and Ambler with efficient lift station pumps; supporting Deering with sewer vacuum pump installation costs and training; and supporting Noatak with improving the energy efficiency of their boilers.

#### **Trends and Future Funding**

Statewide, in FY15 the RAVG program contributed \$23 million dollars towards Alaska sanitation project funding. However, in FY16 they contributed \$16.5 million dollars, a \$6.5 million decrease. In Northwest Alaska alone, we currently have unfunded critical sanitation project needs totaling of over \$100 million dollars. Statewide, the unfunded critical sanitation project need is about \$1 billion. We respectfully ask that the USDA continue to support the highly successful RAVG program at FY15 funding levels to continue to make meaningful progress in meeting these needs.

We also respectfully ask that the USDA consult with all impacted tribe if it cuts funds or reduces services of this critical program in the future.

#### **Conclusion and Recommendations**

It is our experience that the USDA's Rural Alaska Village Grant program is a highly effective, efficient means for leveraging local, state and federal funds to address the critical water and sanitation needs in our corner of Indian Country. Many of our tribal members now can now provide their children with clean and safe water and sanitation because of projects supported by the USDA's Rural Alaska Village Grant program. We commend USDA for its work and recommend it consider using the RAVG as a model for a national pilot program for Indian Country.

The CHAIRMAN. Thank you very much, Mr. Schuerch.

We appreciate the testimony of each of you today. I would like to start the questioning with Senator Murkowski.

Senator MURKOWSKI. Thank you, Mr. Chairman.

First, to you, Ms Salerno, you mentioned the cooperative agreements. I do encourage the department to make some real investment here and to ensure that there is proper outreach.

Your comments, Mr. Schuerch, about the amount of funding that is available for the outreach, the reason you do outreach is because it is tough to get to these places. Tough means expensive, but making sure there is awareness is critically important.

There has been discussion about housing, the need for housing and housing infrastructure. Right now, representatives from HUD are in Alaska having some meetings with housing agencies and tribes from around the State.

I would like a commitment from you that you will work on inter-agency communications with agencies like HUD, with the tribes in the State or with Native CDFIs, to examine how we can better invest in infrastructure and housing in rural Alaska. I would ask for your continued commitment to work in that regard.

Ms. SALERNO. You have that commitment. We recognize we have challenges. Some of our programs are not perfectly tailored to the needs of Native communities for the host of reasons that were described.

We are trying to do better to make sure our staff is trained and that we work with other parts of the Federal family. Part of that was evidenced earlier this month. We held tribal housing training which included BIA, HUD and the Consumer Financial Bureau. We are trying to come up with some creative solutions, so you have our commitment to keep working on that.

Senator MURKOWSKI. I think you have a great offer there from Maniilaq saying we have housing for you. If you are looking for on the ground education, it can certainly be provided there.

Tim, I really appreciate what you have said in terms of the need for continued cooperation, collaboration and outreach making sure that what is available understood. I agree with you. People are coming to my office and do not know what is available, so are looking to us to marry them with the opportunities. We say USDA is out there, but you ought not to have to come all the way to Washington, D.C. to find that it is available.

You mentioned the RAVG funding and the grants that are available for water and sewer and the difference that it makes. I know, because I hear it when I am back home, that these are making a difference.

I appreciate what you have outlined to the Committee in terms of some of the issues we are dealing with. We are talking about basic needs, water and sewer. We are not talking about big systems or upgrade systems. We are talking about installing them for the very first time, to be able to have a water system. To be able to have a toilet that you can flush for the first time is news-breaking. It is worthy of ribbon cuttings, and I have been there as we have flushed a toilet multiple times in Buckland.

You mentioned washaterias. I actually had somebody ask me why are you all spending money for basically a washateria? Does nobody have a washing machine? We do not have water and sewer, so not only do we not have washing machines in a person's home, we do not have water so you can wash hands. We do not have a shower so you can bathe your children.

A washateria is a place where you go to wash your clothes but it is also the place that you go for a shower. We are talking about some pretty basic things. These grants that are made available are significant.

When we talk about basic infrastructure, we are not asking for fancy stuff, but it is a high cost. It is critical to the health of people out in these regions.

Tim, I have run out of time but was going to ask you, in terms of partnering more and better with USDA, short of having them housed in your facility, what can we be doing better here to help facilitate that?

Mr. SCHUERCH. That is a hard question.

Senator MURKOWSKI. You can think about it. We can work to develop that because I think going forward, that is exactly what we need to be doing, that partnering.

Mr. SCHUERCH. Adequate funding of the Rural Alaska Village Grant Program. It is not enough money to meet all of the need but it is a real important part of the solution. It is my experience and the experience of our tribes, that money is being well used to make a difference in the lives of many tribal members, particularly the kids.

Senator MURKOWSKI. We will keep working on that with you.

Thank you.

Mr. Schuerch, we would welcome you to Kotzebue anytime.

Ms. SALERNO. Thank you, Senator.

Senator MURKOWSKI. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Murkowski.  
Senator Heitkamp.

**STATEMENT OF HON. HEIDI HEITKAMP,  
U.S. SENATOR FROM NORTH DAKOTA**

Senator HEITKAMP. Thank you so much, Mr. Chairman, for holding this hearing.

I think we all agree that permanent solutions can be found in economic opportunity in Indian Country and Native Alaskan Country, but economic opportunities are really not possible without infrastructure. There is no two ways about it.

One of the most difficult pieces of infrastructure is housing. I have been shocked that we have been unable to complete NAHASDA. It is a cornerstone piece but I also know that NAHASDA in and of itself is not adequate to meet the housing needs.

Recently on a trip to Turtle Mountain, Secretary Castro was in the first HUD housing project in Indian Country. He was devastated to see the disrepair and the conditions it was in and nothing to write home about. They had just come from Pine Ridge and believed the housing conditions in Turtle Mountain were actually worse than Pine Ridge, if you can imagine.

I know you have since designated Turtle Mountain a Promise Zone. We look forward to implementation of that, but if we keep doing what we have always done, and even do it slower and less efficiently, we are going to fall further and further behind in terms of affordable housing.

I want to tell you that Secretary Castro, I hope, will be in North Dakota having a HUD regional housing summit. We have been talking to our partners in Rural Development. We are hoping we will get some good ideas that can do public-private partnerships because there is not enough money here to do the things we need to do.

With that said, I think, Ms. Salerno, Senator Tester and I were both quite honestly kind of shocked by the numbers. I think the Chairman said \$212 billion in loan guarantees with only \$3.1 billion actually in Indian Country.

I recognize that some of those loans would cover Indian Country if they were given to the rural coop that is responsible for Indian Country or to an electric coop, but I do have to tell you that is inadequate, given that in our States, it is the highest poverty area in terms of rural poverty.

If they did not apply, then we should know there is a problem outreach. We should know that somehow the repayment terms could be readjusted or the fear of taking on debt is one of the issues we are challenged with all the time in terms of Indian Country.

I want to ask, beyond what Senator Murkowski talked about, this is to you Mr. Haugen probably, why is it that we only have such a small percentage of the commitment for Rural Development that has been deployed to Indian Country directly? Why do you think that is?

Mr. HAUGEN. Personally, I think what we have been talking about for the last couple of minutes is the biggest reason. We do not have that outreach, that one-on-one. In addition, one of the

grants we received two years ago, the Housing Preservation Grant, when we went to implement it with the local USDA representatives out of Billings, they were unsure how to implement it even though they had talked about having this grant for years. They were unsure how to implement it so it set us back a couple of months. I think the fact that USDA has lost some of their key staff is probably one of the reasons there has not been much outreach.

Senator HEITKAMP. Ms. Salerno, can you offer some suggestions on how we could do a better job addressing needs in Indian Country with USDA funding?

Ms. SALERNO. A couple of things, Senator Heitkamp. I just want to make sure we are talking apples to apples. The loan portfolio is \$212 billion over our history. Rural Development is pretty much a development bank that also provides grants.

It is not a \$3.12 billion over \$212 billion; it is what we get from our appropriated dollars. When we did \$500 million in Indian Country last year, that is out of approximately \$29.5 billion.

It still may not be enough; it probably is not enough, but it is over that year period so the percentages are 5 percent. It is \$500 million over \$29.5 billion what we put out.

The \$3.1 billion that we have done in the Obama Administration is about double what we did over the previous eight years. We are making traction.

What you are worried about is, are we doing enough outreach? Why are we not getting a bigger percentage?

Senator HEITKAMP. I worry that if we are going to create economic opportunity in Indian Country, we need infrastructure. That is what I am worried about. If we do not have infrastructure and commitment to build infrastructure, we will continue to experience incredible rates of tribal poverty.

I know the commitment that has been made by this Administration but know our frustration. I am out of time but I want to continue and hopefully we will be able to get some good ideas from the housing summit.

I think curb and gutter, those kinds of things, the embedded costs, if we did not have to worry about the road, the sewer, the water, and all of the additional costs and just focus on actually building the home, we would be so much farther ahead in home ownership.

These are difficult problems. We know what a great partner, in many cases, USDA has been. We are hoping that we can enlist even further partnership.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Heitkamp.

Senator Moran.

Senator MORAN. Mr. Chairman, thank you very much.

Ms. Salerno, we have had conversations with our four tribes in Kansas about this topic and have reached out as well to our Topeka Rural Development office. I was generally pleased to learn that our tribes believe that the Rural Development State officials are doing a good job and have highlighted for me a number of projects in which they have been involved, all of which seem very useful and appropriate.

In fact, one of our tribes indicated their experience with Rural Development in Topeka was wonderful. Perhaps as part of this conversation about outreach, it may be a State focus issue as well as what happens here in the Nation's capital, how much outreach is occurring by the State Director.

Noting that relationship that was described to me, I would ask this question. How does USDA go about coordinating between Rural Development offices and in the bigger picture of promoting this nationwide? Is there flexibility at home in Kansas and other States or is this Washington, D.C.-driven?

Ms Salerno. That is such a good question.

You know our State director in Kansas, Patty Clark, who has done an amazing job. We give a lot of authority to the States. All the programs are not decided in Washington, D.C. The State directors do have a lot of influence in how the outreach and dollars go out.

Probably part of what we see in some of these big geographic Plains States where the geographies are so big, when you look at FTEs, it is about population. Some of the big Plains States, and certainly a place like Alaska, huge territories where we do not have enough personnel, I think that might be some of our challenge. We need to figure out ways to address those.

Senator MORAN. That point was somewhat evident to me because our four tribes are generally located around the State capital, Topeka, where RD is headquartered. The outreach would be much simpler, and Alaska is a good example, but even in our own State, if the tribes were elsewhere, I would not be surprised that there is less outreach.

Senator Heitkamp and I worked to pass legislation generally referred to as the General Welfare Exclusion Act, not that you should know anything about that in your job at USDA. It involves the relationship between tribes and the Internal Revenue Service. The constant concern, and there was plenty of evidence before and after passage of the legislation, is that the IRS agents were not at all properly trained in interacting with tribes, in understanding tribes and understanding the culture and the governance.

I just would give you the opportunity to elaborate, if you could, to explain that there is an effort at USDA Rural Development to do something different than what my experience has been with IRS agents.

Ms. SALERNO. We have an Office of Tribal Relations that is our face to tribes and it counsels us and makes sure that our programs are sensitive to the cultures maybe loan specialists serving a tribe may not know.

We also have a working group for everything tribes within USDA. We have an office that coordinates throughout the Federal family. I am sure we can do better.

Senator MORAN. Let me ask this question. You indicated that effort is made to educate. Would the folks I know in my Rural Development office in Topeka have had specific training through USDA with regard to issues in dealing with tribes, not just the programmatic issues but the more perhaps subtle issues of culture, relationships and governance or do we wing that? Maybe Kansans just figure this out on their own, how to relate to each other.

Ms. SALERNO. It is all collateral duties. We have someone named as the Native American Coordinator in every State. That person may also be wearing the hat of the strike force coordinator, civil rights or administrative officers. It may be where that person cannot spend more than 20 percent of their time as Native American Coordinator.

The more our personnel are trained by having interaction with tribes, one of the things we know and have learned is it is about relationships. I think the point of my colleagues here, that we have lost staff, so we probably have lost long term relationships with tribes.

I think this does give us another opportunity to make sure with the new folks Congress has given us the opportunity to hire, making sure we get them up to speed on outreach. I just could not speak to whether those particular people were trained.

Senator MORAN. Thank you for your testimony. Thank you to both of the gentleman for their testimony also. I knew you would find an opportunity to suggest more staffing and therefore, more appropriations were valuable.

The CHAIRMAN. Thank you, Senator Moran.  
Senator Franken.

**STATEMENT OF HON. AL FRANKEN,  
U.S. SENATOR FROM MINNESOTA**

Senator FRANKEN. Thank you, Mr. Chairman, for holding this important hearing.

I am going to touch on Mr. Haugen's testimony and Senator Heitkamp's discussion about housing.

As of 2015, children represented just under 40 percent of the homeless population living on reservations in Minnesota. Additionally, almost half our homeless population on reservations has been waiting over a year for housing support.

In the meantime, 74 percent of them are living in overcrowded spaces. Very often, as you know, this can be with another family in small living spaces. This can cause concerns about safety, communicable diseases, also increased trauma, exposure to domestic violence, drug use, alcohol abuse, and sexual abuse. These can have a dramatic impact on children.

A 2012 report by Wilder Research said that overcrowded housing can, speaking about children, "threaten their educational success, health and mental health and personal development." This problem is not confined, of course, to Minnesota or to one tribe. A disproportionate number of homes on tribal lands are inadequate, overcrowded or unaffordable.

Mr. Haugen, you touched on this a lot in your testimony and talked about NAHASDA needing USDA support. In your experience, how have USDA's housing programs been successful and what else can USDA be doing in regard to housing issues in Indian Country?

Mr. HAUGEN. I guess, in my own opinion, what is lacking at home is the fact that we do not meet the requirements of some of these housing programs as tribes with regard to a tax base, bonds, stuff like that. We do not have that on the reservation, so auto-

matically we are kicked out from even applying for this program or that program.

There are so many programs they offer. So we have asked over and over, as Ms. Salerno alluded, the State director has told me personally that he has the authority to waive certain restrictions with these programs. Why that has not happened in the past, we do not know but we are hoping. Ironically, I met with our State Director, John Walsh, on Monday.

Senator FRANKEN. The State Director of USDA?

Mr. HAUGEN. Yes. I am willing to do anything we need to do to make a better relationship with all the tribes, so fingers are crossed. I am sure Mr. Walsh will keep his word. I think something as simple as just having the authority to waive some of these things so we can make this happen is what is needed.

Senator FRANKEN. Do the State directors have that authority, Ms. Salerno?

Ms. SALERNO. I am not certain. I really appreciate the sentiment around the homeless piece. It is heartbreaking. USDA is a member of the U.S. Interagency Council on Homelessness. I read those reports and the numbers are just unbelievable. I do not know about that authority specifically.

Senator FRANKEN. Can you get back to us on that?

Ms. SALERNO. Absolutely, I will do that. I just wanted to let you know that we are looking for creative solutions.

Senator FRANKEN. That sounds like a pretty good creative solution.

Ms. SALERNO. I just would not speak without knowing that is something we are prevented from doing by our statutes and our regulations.

One thing we are doing is we are partnering with the Federal Reserve Bank of Minneapolis, the Federal Reserve Bank of San Francisco and Neighbor Works to have a convening, in Arizona, to bring in a bunch of smart people around the table to figure out if there are partnerships we need to lean on to try to help craft some solutions. We have been working on this. We will get back to you with what we come up with.

Senator FRANKEN. Please do because if that is the case, then that seems to be one avenue for some creative solutions.

I am out of time, Mr. Chairman. May I say a little more?

The CHAIRMAN. Please do.

Senator FRANKEN. When there are housing shortages, that makes it harder for a tribe to recruit people for law enforcement, teachers, principals, and health care folks because someone will be coming in and the spouse will go, what is the housing going to be like?

If you are a doctor and the housing is not good, maybe you will not go. If you are a teacher and the housing is not good, the Indian Health Service is not so good because they cannot attract doctors, you may not want to go as a teacher.

This is part of the cyclical problem. Part of that is economic development. That is why I got into Energy and Water Appropriations. I want to thank the Chairman for helping on that to get just a \$9 million loan program that can be leveraged to do like \$85 million worth of projects.

We need more economic development. We also need more money for housing and infrastructure.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Franken.  
Senator Hoeven.

**STATEMENT OF HON. JOHN HOEVEN,  
U.S. SENATOR FROM NORTH DAKOTA**

Senator HOEVEN. Thank you, Mr. Chairman.

Ms. Salerno, I want to direct my questions to you. I thank all the witnesses for being here.

Recently, the Turtle Mountain Band of Chippewa Indians in my State was designated as the pride of the Great Plains Promise Zone. They are also collaborating with Spirit Lake Nation which is in the Devils Lake area. We are excited about that.

I guess I would like to discuss with you the Promise Zone, a little bit in terms of how it works and how you think it can be effective, what we can do, maybe some examples of things that have been done in other places that have worked well and maybe how we want to market and get the word out, those kinds of things.

Ms. SALERNO. I am very excited about the designation in your State. We have had some experience. The Promise Zone is just that, a promise without money but it is a ten year commitment. In the past the Federal family did not always work well together; we are going to put navigators, like a desk officer, a point of contact, in a distressed area.

We are going to make it so that when a tribe or a community, the designees, need something, that they get to know about every grant we can locate that they could possibly have an opportunity to apply for, loan or partnership opportunity and make sure that we do sort of intensive care for that area.

USDA leads the Promise Zone efforts for rural and tribal areas. Our experience has been with the two prior designees which are Choctaw Nation in Oklahoma and Pine Ridge Reservation in South Dakota.

Just so you have some numbers, since the designations occurred for Pine Ridge, there has been \$20 million of investment into Pine Ridge. That is just out of the USDA family. For Choctaw Nation, there is approximately \$100 million that has gone there.

Real numbers come, but a lot of that is because there are folks there who can help access the Federal Government by writing planning documents, charting that path and taking assessment of, in this case, the Turtle Mountain part of the application which was an excellent application. It is about making sure they take advantage of some of the great food economy and other things.

We have designated a local point of contact and a desk officer here in Washington. And there is an excellent Rural Development State Director Ryan Taylor who will play a major part as well as the NRCS State conservation person. Those meetings are happening already.

There is lots of activity with all the Federal family trying to make sure any resources are made available. We are so excited about these two new designations and we will now have four examples where the Federal family really worked well together.

It is not that we do not work well together. It is just real intentional for these Promise Zones to have something that we can use these best practices for all tribes.

Senator HOEVEN. Is it the navigators that actually go to the reservation and work to access some of those Federal programs when you talk about the \$20 million for Pine Ridge or the \$100 million for Choctaw Nation?

Ms. SALERNO. Any of the applications for grants or loans, because it is a Promise Zone designation get priority points from the Federal family. That is why they are elevated. That is why their chances of getting Federal funds go up.

Senator HOEVEN. Are there tax credits that go with it or tax benefits for companies that will locate there and hire people?

Ms. SALERNO. Not at this time.

Senator HOEVEN. It is primarily accessing Federal programs for help?

Ms. SALERNO. We have that because the Federal Government has gone there first, other folks come in. For example, for Choctaw Nation, more lenders are coming in which is part of the public-private partnership.

Senator HOEVEN. Can you give me an example of any of the things they have done that have been particularly successful or things we maybe should look at?

Ms. SALERNO. For example, in Choctaw Nation, they were able to get RD money for a community facility. For the Choctaw Nation, which is in Oklahoma, they were able to put together a community center which was a Head Start, food distribution and wellness center altogether. These facilities were funded by both USDA and HHS. Because it had the Promise Zone designation, this created about \$93 million of Federal investments. Also there was some kind of banking relationship but I will have to get you more information on that. That was a \$93 million investment.

Senator HOEVEN. It is up to the tribe and their navigator to come up with these ideas in terms of what they want to do and what programs to access?

Ms. SALERNO. When the tribes submitted their applications, they worked really hard, the applicant, to put together how they would use this designation by building out economic opportunities and economic development.

Senator HOEVEN. Thank you very much.

The CHAIRMAN. Thank you, Senator Hoeven.

Ms. Salerno, in 2010, the USDA settled a class action lawsuit filed by a group of Native American farmers and ranchers alleging some discriminatory practices by the Farm Service Agency within USDA in its issuance of various farm loans to the Keepseagle litigation.

I understand these loans involved in the class action involved the Farm Service Agency and not Rural Development. The type of discriminatory practice can cause some distrust of the agency as a whole.

When compared to the Farm Service Agency, Rural Development administers a similar set of financing instruments through their loan, loan guarantee and grants portfolio. Has the Rural Development branch taken steps to market the programs and conduct out-

reach in such a way as to eliminate any types of discriminatory practices that tribal farmers and ranchers faced in the past?

Ms. SALERNO. The Keepseagle litigation was the tribal litigation. The Farm Service Agency was the agency involved. We are one USDA. Rural Development and all the sister agencies are all committed to serving Native Americans.

In our Rural Development mission, we are very cognizant and work closely with our Office of Tribal Relations, our Native American coordinators, our State directors and those States that have tribes are committed to serving Native Americans.

We host webinars, we go to conferences, take the lead from the Office of Tribal Relations, a robust and active organization, where they train us on how to deal with tribes. We are doing that at this time.

The CHAIRMAN. Your testimony outlined all the different ways the USDA is getting funding into tribal communities. In the tribal communities that have successfully navigated the bureaucratic nightmare, assistance programs kind of tell the story.

From your own Under Secretary testimony, less than 1 percent of the rural tribal housing funds allocated by the USDA are actually reaching the tribes. Do you have any metrics you use in terms of trying to identify even if those efforts are working to get the outreach when you take a look at these kinds of numbers?

Ms. SALERNO. That is a very good question. One thing is the outreach. Another thing is about the uptick in the programs. We certainly keep track of how many tribes we speak with. We encourage our outreach staff as well as our Office of Tribal Relations which is our lead on that, but there is a lot of outreach.

I do not think the outreach is representative. The outreach is amazing. I think the uptick on housing is not amazing. That is what we are speaking about today. We need to do better. I think that has to do with the back end which has to do with trust lands and other issues that we need to resolve.

The CHAIRMAN. Mr. Schuerch, you and Senator Murkowski mentioned 2012, when the USDA closed a number of rural offices in Alaska that did provide some of this outreach. You discussed in your written testimony the need for the USDA to continue implementing the tribal consultation policy in a consistent manner.

What type of consultation did USDA provide before they closed down the rural offices? Could you kind of run through what they were doing, helping and providing in terms of the outreach?

Mr. SCHUERCH. Outreach was better. Now they work primarily out of their Palmer office which is sort of a centralized location in Alaska in terms of reaching out to us. It is pretty good. They come up maybe two or three times a year. We know who they are. They have community meetings in Kotzebue at least. In general, we know who they are; they come and talk to us.

The real challenge right now is at the local level. Our local tribes, tribal members, and our tribally-owned businesses do not necessarily know what all the USDA programs are right now. That, in my view, is where the real need is right now.

We need at least one energetic, knowledgeable person from the USDA or somehow partially funded by the USDA, to go to work every day and help our tribes, our tribal members, our tribally-

owned businesses, and local businesses learn about their programs and what they can do to participate in the programs to benefit their business, their tribes and the economy as a whole.

Despite the successes of the RAVG and some other programs, that is the missing piece right now, the local, on-the-ground presence. That is what we need.

The CHAIRMAN. Thank you. I want to thank all of you for being here today and answering the questions.

As you know, members may also submit written follow-up questions. The hearing record will stay open for another two weeks.

I want to thank all of you for your time and your testimony. The hearing is adjourned.

[Whereupon, at 3:48 p.m., the Committee was adjourned.]



## A P P E N D I X

### PREPARED STATEMENT OF TANYA FIDDLER, EXECUTIVE DIRECTOR, NATIVE CDFI NETWORK

First, I want to commend the Committee for convening a hearing to discuss how Native communities can access and take full advantage of the housing and community development programs administered by the United States Department of Agriculture (USDA) and I appreciate the opportunity to weigh in on behalf of NCN and our members.

#### **Background**

Let me start by providing some background. Community Development Financial Institutions (CDFIs) are private, mission driven financial institutions dedicated to providing financial products and services to underserved communities. The origin of Native CDFIs can be traced back to 1994 when Congress mandated, through the CDFI Fund's authorizing statute, a study on the lending and investment practices in Native Communities. The Native American Lending Study (NALS), released in 2001, revealed that Native American, Native Alaskan, and Native Hawaiian communities face unique challenges to economic growth. These obstacles include heightened barriers to accessing capital and basic financial services, as well as increased difficulty interacting with both private and public sector programs. With this in mind, the CDFI Fund created the Native Initiatives to further support the creation and expansion of Native CDFIs—CDFIs committed to empowering Native Communities and increasing access to credit, capital, and financial services.

Since the launch of the Native Initiative the number of certified Native CDFIs has grown from seven to over seventy with additional organizations currently working through the certification process. These Native CDFIs are Native owned businesses, providing financial services and counselling, and expanding affordable housing opportunities that benefit Tribal communities. In FY 2015 alone, Native CDFIs originated \$68 million in loans or investments that resulted in thousands of first time homeowners, jobs and businesses across the nation, and a culturally appropriate development model for increased success and sustainability.

The Native CDFI Network was created in 2009 to be a unified voice and advocate for Native CDFIs and to promote strategies that empower Native Communities, expand access to capital, and build assets. As a co-founder of the Network, it was top priority to learn about the state and federal programs that supported community and economic development. We learned that Native set-aside money was getting turned back to the National pool due to low demand and in spite of our Tribes' always being in pursuit of economic development dollars for their struggling communities.

We pursued meetings with our state USDA Rural Development staff in South Dakota and Agency staff in DC to open up communication about how Native CDFIs were able to serve reservation communities and begin the development of a private sector economy. My first experience with USDA Rural Development programs was in 1997 as a Section 502 Packager working for a Native Housing Developer on my home reservation of Cheyenne River in North Central South Dakota. Working with that non-profit housing developer, I began to learn how to overcome barriers and challenges in accessing RD funding. With little or no private investment in our reservation community, it was critical to innovate and think outside of the box. To that end, we were able to couple Low Income Housing Tax Credits with Section 515 for a number of single family housing projects and rental housing projects. When I transitioned to run Four Bands Community Fund, a Native CDFI located on Cheyenne River as well, we had great success accessing what was then the Rural Business Enterprise Grant (RBEG) and Rural Business Opportunity Grant (RBOG) which provided capacity building for the new Native entrepreneurs we were assisting. The Cheyenne River Chamber of Commerce received support as well since it did workforce and sector development to support job creation. Four Bands eventually matured to apply for the Rural Microenterprise Assistance Program loan funds

and the Intermediary Relending Program for capitalization. They have deployed millions of dollars in loans for the housing and business development that is needed to grow an economy.

While we celebrate the successes of our Native CDFIs and the great strides made over the last 15 years it is important to note that the barriers to capital that were identified in 2001 still exist in 2016. Native CDFIs have developed creative strategies for overcoming these barriers but it is important to recognize that Native Communities still face significant and unique challenges accessing capital. Last month, the CDFI Fund released a new report, *Access to Capital and Credit in Native Communities*, as a follow up to the 2001 NALS study. While the NALS focused on barriers, the new study focuses on change and opportunity and suggests successful strategies that Native Communities have used to overcome barriers and access capital and credit.

The report recognizes the important role that Native CDFIs can play in building and sustaining Native Communities and ensure that community development efforts are in-line with and reflect the principles and value of the Native Community. The report recognizes that Native CDFIs can provide access to capital and credit for Native individuals who, prior to the development of a local CDFI, were unable to finance a home or a business or save for their education.

One of the many lessons that I took away from my nearly twenty-years utilizing USDA funding, and is further underscored in the updated *Access to Capital and Credit Report*, was the transformational power of Native CDFI partnerships and our commitment to overcoming barriers that limit homeownership opportunities in Native communities, or suppress job creation and discourage entrepreneurship, or discourage saving and asset building. USDA Rural Development is an important partner for Indian country and I would like to suggest several ways that Native CDFIs and USDA can work together to increase investment in Native Communities.

1. Promote the success of Native CDFI and USDA State partnerships that have expanded access to credit, skill-building and business development in order to create livable wage jobs in Native Communities and affordable homeownership opportunities.
  - a. An example of a successful partnership is that between Mazaska Owecaso Otipi Financial, a Native Housing CDFI on the Pine Ridge Reservation that offers flexible loan products to support home ownership and rehabilitation for low- to moderate-income families. Opportunities for Native homeownership were few and far between before the Native CDFI began serving the community. Mazaska worked with South Dakota's USDA Office to enter into a first of its kind, participation agreement to help expand the limited dollars available within both agencies and allow for the flexible underwriting that is required since most Native families are asset poor. They continued their partnership in a collaboration called the SD Native Homeownership Coalition and structured a capitalization pilot that would deploy Section 502 dollars to the Native CDFI in order to increase the dismally low numbers of this important low income resource.
2. Work with National Partners like the Native CDFI Network to outreach and, promote the availability of funds and best practices for community and economic development in order to expand access to capital and uptake to critical programs, no longer losing Native set-aside dollars that are so challenging to get in the first place.
  - a. In May 2016, the Native CDFI Network and the USDA Office in Washington partnered to provide a webinar regarding community facilities funding opportunities. Director Mensah and her staff were on the call to share the Agencies objectives in meeting the needs of rural Native communities. The Staff were exceptionally helpful in providing immediate technical assistance and guidance on the program. In a time when budgets are tight for all public and private entities, distance learning, webinars and other networking opportunities can deeply impact Native CDFIs operations and financing.
3. Continue to reach out to Native CDFIs to provide education to policy makers and key stakeholders on specific barriers to economic development and asset building in Native communities in order to identify alternative strategies, programmatic or legislative, that will ensure an opportunity for safe and prosperous communities throughout our underserved communities. Native CDFIs will demonstrate the impact and sustainability of housing and community development when people have access to capital, training and technical assistance to accomplish their asset building goals.

I deeply appreciate the opportunity to provide input into the hearing record on behalf of the Native CDFI field, partners and Native communities.

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RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. JOHN MCCAIN TO  
LILLIAN SALERNO

*Question.* What is the status of the Navajo's application for the Promise Zone designation? Are you familiar with the Bennett Freeze Area and would you agree that a Promise Zone designation could improve the housing and economic situation in the former Bennett Freeze area?

*Answer.* Although the Navajo Nation did not receive a Promise Zone designation, they were a finalist in the last round and it is USDA Rural Development's intent to find additional ways to assist the Navajo Nation. Rural Development staff have hosted ongoing discussions with the Navajo Nation and Navajo Technical University (the lead Promise Zone applicant on behalf of the Navajo Nation) to further prioritize and implement plans articulated in the PZ application. Discussions are well underway with the Navajo Nation, Navajo Tech and the Casey Family Foundation to host a Navajo Nation Promise Zone convening at Navajo Tech in late September. Additionally, work is under way between Rural Development, the Corporation for National and Community Service, the Navajo Nation and Navajo Tech to recruit and deploy an AmeriCorps/VISTA volunteer to serve as dedicated staff to assist the Navajo Nation navigate and compete for federal programs.

Rural Development staff in Arizona and New Mexico are certainly aware of the infrastructure, housing and economic development challenges within the former Bennett Freeze area. RD Arizona has made a concerted effort to increase 504 home repair assistance (loans and grants) to homeowners in the Bennett Freeze area. Rural Development staff will continue to be responsive to the needs within the Bennett Freeze area as they are presented by the Navajo Nation and Navajo Tech—both within the Promise Zone framework and in ongoing project development.

**List of USDA Rural Development Arizona Investments to Institutions  
benefiting the Navajo Nation 2014 - 2016**

| <b>2014</b>                                 | <i>County</i>       | <i>Use</i>                | <i>Type</i>   | <i>Loan</i> | <i>Grant</i>      |
|---|---------------------|---------------------------|---|-------------|-------------------|
| Steamboat Chapter                           | Apache              | Tech Assist               | Rural Business Development Grant                        |             | 80,000.00         |
| North Leupp Family Farms, Inc.              | Coconino            | Planning                  | Value Added Producer Grant                              |             | 26,268.00         |
| Dine' College                               | Tsaile/Apache       | Renovations for cafeteria | Community Facilities Grant                              |             | 145,302           |
| Flagstaff Medical Center                    | Flagstaff/Coconino  | Telemedicine for Navajo   | Distance Learning and Telemedicine Grant                |             | 129,412           |
| <b>2014 Total</b>                           |                     |                           |   |             | <b>380,982.00</b> |
| <b>2015</b>                                 | <i>County</i>       | <i>Use</i>                | <i>Type</i>   | <i>Loan</i> | <i>Grant</i>      |
| Northern Arizona University                 | Flagstaff/Coconino  | Develop/Deliver Training  | Solid Waste Management Grant                            |             | 154,000           |
| Painted Desert Demonstration Projects, Inc. | Flagstaff/Coconino  | Tech Assist               | Water and Waste Training and Technical Assistance Grant |             | 100,000           |
| North Leupp Family Farms, Inc.              | Coconino            | Tech Assist               | Socially Disadvantaged Groups Grant                     |             | 174,946           |
| <b>2015 Total</b>                           |                     |                           |   |             | <b>\$428,946</b>  |
| <b>2016</b>                                 | <i>County</i>       | <i>Use</i>                | <i>Type</i>   | <i>Loan</i> | <i>Grant</i>      |
| Navajo Tribal Utility Authority             | Ft. Defiance/Apache | New Facilities            | Community Facilities Loan                               | 2,000,000   |                   |
| Navajo Tribal Utility Authority             | Ft. Defiance/Apache | New Facilities            | RUS Electric Loan and Grant                             | 2,624,000   | 1,096,000         |
| Northern Arizona University                 | Flagstaff/Coconino  | Tech Assist               | Solid Waste Management Grant                            |             | 140,000           |

|   |                    |   |   |                  |                  |
|---|--------------------|---|---|------------------|------------------|
| Painted Desert Demonstration Projects             | Flagstaff/Coconino | Tech Assist                                 | Water and Waste Training and Technical Assistance Grant |                  | 115,000          |
| Chinle Chapter Government                         | Apache             | TA/Planning/Equipment                       | Rural Business Development Grant                        |                  | 80,000           |
| Cornfields Chapter                                | Apache             | TA and Planning for RV Park                 | Rural Business Development Grant                        |                  | 65,000           |
| Little Colorado Community Development Corporation | Navajo             | TA and Planning                             | Rural Business Development Grant                        |                  | 160,269          |
| Tolani Lake Enterprises, Inc.                     | Navajo             | Planning-Navajo Certified Animal Processing | Rural Business Development Grant                        |                  | 99,999           |
| <b>2016 Total</b>                                 |                    |   |   | <b>4,624,000</b> | <b>1,756,268</b> |

|  |           |   |                                   |  |         |
|--|-----------|---|-----------------------------------|--|---------|
| Developing Innovations in Navajo Education, Inc. | Flagstaff | Provide commercial farming and value-added food production support for communities in the southwest region of the Navajo Nation with an aim of creating a sustainable food system, economic opportunities, and high quality food for local consumption. | 2011 Community Food Project       |  | 116,863 |
| The Star School                                  | Flagstaff | The "Food for Navajo Schools Project" will create a comprehensive farm to school implementation plan to provide a culturally relevant model for the 224 schools in the Navajo Nation  | 2014 Farm to School Grant Program |  | 44,338  |

|                                |                 |   |   |  |        |
|--------------------------------|-----------------|---|---|--|--------|
| Ernesto Zamudio                | Multiple        | Young to adult Navajo farmers will develop demonstration plots to show how sound management and innovative technologies designed for farms with limited water resources can be used to bring Navajo farms back to be fully productive and sustainable.              | 2011 Sustainable Agriculture Research and Education |  | 30,000 |
| Dine Be Lina, Inc.             | Window Rock, AZ | Deliver crop insurance education and training to Diné sheep and wool producers working with Navajo-Churro wool to assist them in managing marketing, legal, and financial risks of doing business in the Navajo Nation and allotted lands.                          | 2011 Risk Management Education Partnerships Program |  | 99,410 |
| Capacity Builders, Inc.        | Farmington, NM  | Enhance Navajo Nation residents' access to locally sourced produce and increase local farmer sales and training opportunities by establishing the Tse Daa K'aaan Community Farmers Market and providing ongoing trainings for local farmers and the market manager. | 2015 Farmers Market Promotion Program               |  | 98,952 |
| North Leupp Family Farms, Inc. | Leupp, AZ       | West Navajo Nation Community Food Promotion Program -- Recipients will conduct a feasibility study to potentially establish a local food enterprise for locally-grown vegetables  | 2015 Local Food Promotion Program Planning Grant    |  | 24,986 |

|                     |            |   |   |  |                      |
|---------------------|------------|---|---|--|----------------------|
|                     |            | produced by small Native American farmers.  |   |  |                      |
| Rio Puerco Alliance | New Mexico | Increase economic opportunities for Zia, Laguna, and Tri-chapter area of Eastern Navajo tribes through developing sustainable nurseries that will provide local culturally appropriate jobs by growing native plants that can be sold locally to larger nurseries | 2014 Specialty Crop Block Grant Program |  | (can check with AMS) |

