

**BUILDING OUT INDIAN COUNTRY: TOOLS FOR
COMMUNITY DEVELOPMENT**

HEARING

BEFORE THE

COMMITTEE ON INDIAN AFFAIRS

UNITED STATES SENATE

ONE HUNDRED SIXTEENTH CONGRESS

FIRST SESSION

APRIL 10, 2019

Printed for the use of the Committee on Indian Affairs



U.S. GOVERNMENT PUBLISHING OFFICE

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BUILDING OUT INDIAN COUNTRY: TOOLS FOR COMMUNITY DEVELOPMENT

WEDNESDAY, APRIL 10, 2019

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

The Committee met, pursuant to notice, at 2:30 p.m. in room 628, Dirksen Senate Office Building, Hon. John Hoeven, Chairman of the Committee, presiding.

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

The CHAIRMAN. Good afternoon.

I call this oversight hearing on Building Out Indian Country: Tools for Community Development to order.

Today, we will hear from Federal agencies and tribal leaders on how Federal financing tools, such as loans, grants and technical assistance, are being deployed in tribal communities.

Since 2006, this Committee has held eight hearings on economic and community development in Indian Country. Testimony in prior Committee hearings, information from tribal leaders and literature all reveal significant challenges facing Indian tribes and individual business owners.

A survey of business owners conducted by the Census Bureau found that nearly two-thirds of Native American businesses were started with the use of either personal and family savings or credit cards. This demonstrates the lack of access to traditional investment sources such as bank loans.

In addition to the lack of access for start-up capital, some of the most notable challenges are lack of interest from lenders and secondary markets, greater need for credit subsidies, and a lack of business education in tribal communities. Traditional models of financing do not always work in rural communities. This is especially true on tribal lands where land title issues, as well as the difficulty in collateralizing tribal assets, make investors wary of working with tribes.

Local community banks and community development financial institutions can fulfill those investment needs. For instance, in my home State of North Dakota, there are five community development financial institutions that since 1996 have been awarded nearly \$6.1 million from the CDFI Fund at the Treasury Department.

Also, building credit and developing human capital affects the ability of tribal businesses to begin and maintain operations. According to the Bureau of Labor statistics, the current unemployment rate for Native Americans is 7.8 percent.

Since the Bureau began keeping this data in 2000, the all-time lowest percentage of unemployment for Native Americans was 7.5 percent. That means at this point, we are near some of the lowest unemployment statistics for Native Americans. However, this rate is still more than double the national rate of 3.8 percent.

As the present Administration continues to promote policies such as regulatory reform, it is important that these positive impacts are felt in Indian Country. That is why on January 24, 2019, I reintroduced the Indian Community Economic Enhancement Act of 2019. The ICEE Act, Senate Bill 212, aims to address the disparity in economic opportunities that tribal businesses and Native entrepreneurs face by amending existing law to increase access to capital, attract businesses to Indian communities, and lessen the cost of economic development by reducing Federal bureaucracy.

The ICEE Act amends the Native American Business Development Trade Promotion and Tourism Act of 2000 to require coordination between the Secretaries of Commerce, Interior and Treasury to develop initiatives and encourage investment in Indian communities. It also elevates the Director of Indian Programs in the Department of Commerce and permanently waives the requirement for Native CDFIs to provide a matching cost share for assistance received by the Treasury CDFI.

The Committee favorably reported the bill on January 29, 2019. I look forward to seeing the legislation enacted into law.

Community and economic development are essential to the long term health and stability of our Native communities. It is why this Committee has frequently held hearings on the subject and why we return to it today.

With that, I will now turn to Vice Chairman Udall for his opening statement.

**STATEMENT OF HON. TOM UDALL,
U.S. SENATOR FROM NEW MEXICO**

Senator UDALL. Thank you, Chairman Hoeven. Thank you for calling today's hearing.

Before I begin, Senator Tina Smith has told me that she has constituents here. I understand they are Close Up students with their teacher from Red Lake Indian Reservation near Red Lake, Minnesota. Welcome to all of you. I know you will find this an interesting hearing.

Enhancing economic development opportunities in Indian Country is critically important, whether it is access to financial capital or infrastructure such as housing, water and sewer systems, roads and bridges. It is no secret that Native communities face ongoing and often unique challenges when it comes to growing business development opportunities. The agencies represented here today, DOI and USDA, Commerce and Treasury, all have programs aimed at easing these challenges for tribes and Native business owners.

However, having these programs on the books is not enough. Federal agencies must ensure that tribes are actually getting the

resources they need and the technical assistance they deserve to use the programs effectively. In short, Federal agencies must take an all-hands-on-deck approach to supporting economic development in Indian Country so that economic development efforts are coordinated and complimentary.

A key factor to attracting and sustaining businesses in Indian Country is marketing its healthy workforce as a way to support the next generation of Native American innovators. My bill, the Native American Business Incubators Program Act, promotes investor confidence while also filling a critical gap for Native entrepreneurs, who not only need access to work space and opportunities to build professional networks, but also access to community expertise, particularly as it applies to doing business on trust lands.

This bill would complement existing Federal programs to better support entrepreneurship in Indian Country. I am hopeful it will become law this Congress.

Instead of supporting programs that target tribal economic growth, the President's budget for fiscal year 2020 proposed drastic cuts or outright elimination of many of the successful initiatives we will be discussing today, like the Indian Loan Guarantee Program.

The Loan Guarantee Program has long been essential to the success of Native borrowers, including Picuris Pueblo which used the program to build the Hotel Santa Fe and the Indian Pueblo Cultural Center which Lieutenant Governor Thompson will describe used the program to build a convenience store, a coffee shop and a world class museum that educates visitors about the history and culture of New Mexico's Pueblos.

Since its inception, the program has distributed \$1.6 billion across Indian Country. In New Mexico's specifically, it has helped spur tribal business enterprises worth tens of millions of dollars. Despite these and many other success stories, the President has proposed eliminating this loan guarantee program.

I am looking forward to hearing from today's witnesses, especially Mark Thompson, the Lieutenant Governor of Acoma Pueblo and board member of the Indian Pueblo Cultural Center in Albuquerque on this topic and more. Thank you, Lieutenant Governor, for joining us today.

I would also like to welcome Assistant Secretary Tara Sweeney to her first hearing since being confirmed. As Indian Country's lead advocate in the Administration, I hope we will be seeing more of you in the coming months. Welcome, Tara.

I hope you and the other folks here from the Administration will offer some insights into how we can improve Federal community development efforts in Indian Country.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Vice Chairman.

I would ask, Senator Smith, do you have any opening statement, you would like to make?

**STATEMENT OF HON. TINA SMITH,
U.S. SENATOR FROM MINNESOTA**

Senator SMITH. Thank you, Mr. Chairman.

I would just like to add my welcome to the students from Red Lake. It is wonderful to have you all here. Thank you for coming

to my coffee this morning. I think it is the second time in one day we have had a chance to see each other. Thanks so much for being here.

The CHAIRMAN. With that, we will turn to our witnesses.

Our witnesses today are the Honorable Tara Mac Lean Sweeney, Assistant Secretary, Indian Affairs, U.S. Department of the Interior, Washington, D.C.; Ms. Jodie Harris, Director, Community Development Financial Institutions Fund, U.S. Department of the Treasury; Mr. Henry Childs, II, National Director, Minority Business Development Agency, U.S. Department of Commerce, Washington, D.C.; Jacqueline Ponti-Lazaruk, Chief Innovation Officer, Rural Development, U.S. Department of Agriculture, Washington, D.C.; and the Honorable Mark Thompson, Lieutenant Governor, Acoma Pueblo and Board Member, Indian Pueblo Cultural Center, Albuquerque, New Mexico. Welcome.

For our first three witnesses, Interior, Commerce and Treasury, our Rule 4(b) states witnesses must state on the record why your testimony is late. It is supposed to be in 48 hour prior. My staff has asked that I ask you to state on the record why your testimony was late as part of your introductory remarks.

With that, we will begin with Ms. Sweeney.

STATEMENT OF HON. TARA MAC LEAN SWEENEY, ASSISTANT SECRETARY, INDIAN AFFAIRS, U.S. DEPARTMENT OF THE INTERIOR

Ms. SWEENEY. Chairman Hoeven, Vice Chairman Udall, and members of the Committee, my name is Tara Mac Lean Sweeney and I am the Assistant Secretary of Indian Affairs at the U.S. Department of the Interior.

Thank you for the opportunity to testify. My testimony today will provide a high level overview of my written comments.

My service began in July 2018 and since that time, I have focused on three critical components to move the economic needle in and for Indian Country first, by analyzing the current state of operations within Indian Affairs and executing administrative adjustments and solutions to improve service delivery to Indian Country.

It is the responsibility of Indian Affairs to deliver efficient and effective services to Indian Country as we continue to work to meet our trust responsibilities and treaty obligations. Second is walking into the wind to face the social challenges in our communities and specifically, building a strategy to address our Native American focused cold cases of violent crimes and missing and murdered American Indian and Alaska Native women and children.

I proudly stand with our law enforcement and social services employees working to provide them with the tools necessary to battle at all levels on behalf of our people. Healthy communities attract outside investment and local reinvestment which is one reason why school and public safety guide decisions made by my hallway.

The third component is to take a proactive approach to building an economic road map for development and growth in Indian Country. This must be done in partnership with our tribal leadership, tribal enterprises, Alaska Native corporations, Native-owned financial institutions, the financial sector, our Federal partners, and Congress.

Indian Affairs is poised to develop a robust pathway for stakeholders interested in investing in our Native communities. There are strong examples of the steps that Indian Affairs has taken and is about to embark on. I would like to share them with the Committee today.

We provide direct and indirect support for economic growth in Indian Country. Our focus includes the development of energy and mineral resources, increasing access to capital, assisting business development, and encouraging development of transactional capacity in tribal communities.

Indian Country directly benefits from the Administration's Energy Security Initiative. Energy royalties paid last year to Indian tribes and allottees totaled over \$1 billion. Energy production in Indian Country as a source of revenue is now second only to gaming.

Indian Affairs provides technical assistance on 37 gas and oil projects, 83 renewable energy projects and 61 mineral projects. Mr. Chairman, your bill, S. 245, streamlines the approval of tribal energy resource agreements thereby encouraging tribal self determination in the development of energy on Indian trust lands without unnecessary Federal oversight.

Indian Country has expressed an interest in opportunity zones. An opportunity zone is an economically distressed community where new investments, under certain conditions, may be eligible for preferential tax treatment.

Tribes deserve equal footing and access to opportunity zones. I am committed to working with the Committee, the Treasury, and tribal leaders to ensure appropriate measures are taken to ensure that tribes have the opportunity to develop their local economies and investors have the opportunity to choose Indian Country for their portfolios.

Our Native American Business Development Institute grants are a vehicle for tribes and tribal businesses to take advantage of opportunity zones. For the fiscal year 2019 grant cycle, we have created an opportunity zone preference for tribal applicants.

Finally, most tribes lack commercial codes to secure collateral and assure access to credit. Without these codes and an accurate, accessible system for filing claims, creditors may increase borrowing costs to offset the risks or refuse to lend altogether. We are helping tribes develop the legal infrastructure that is critical to economic progress.

I want to conclude by recognizing that small businesses are the life blood of community development. They are necessary to achieve the multiplier effect in Indian Country where a dollar turns over six or seven times among community members before it leaves the local economy.

I want to drive our efforts to foster healthy economic environments in Indian Country to support small business. I am committed to empowering our tribal governments, communities and Native enterprises to develop sustainable economies. I look forward to working with this Committee, members of Congress and the Administration to accomplish these goals.

Thank you.

[The prepared statement of Ms. Sweeney follows:]

PREPARED STATEMENT OF HON. TARA MAC LEAN SWEENEY, ASSISTANT SECRETARY,
INDIAN AFFAIRS, U.S. DEPARTMENT OF THE INTERIOR

Chairman Hoeven, Vice-Chairman Udall, and Members of the Committee, my name is Tara Mac Lean Sweeney and I am the Assistant Secretary of Indian Affairs at the U.S. Department of the Interior (Department).

Thank you for this opportunity to testify on “*Building out Indian Country: Tools for Community Development.*”

Economic growth is an impactful antidote to the social and financial challenges facing Native communities, and I am proud that it is a priority for the Trump Administration. A strong economy presents opportunities for employment, commerce and the tools necessary to empower communities to create healthier and safer living conditions for its members.

We believe the best vehicle for sustainable community development is economic growth and the influx of employment opportunities it brings. My experience in the private sector, working to develop Native economies, and create job opportunities for Indian Country has provided me with invaluable experience. As Assistant Secretary I have made it a priority to implement a robust economic development agenda.

For our part, Indian Affairs provides direct and indirect support for economic growth in Indian Country. Our economic development focal points are: (1) the development of energy and mineral resources; (2) increasing access to capital; (3) assisting business development; and (4) encouraging development of transactional capacity in tribal communities.

I am proud to appear before the Committee today as your partner and as an advocate for community development and economic growth in Indian Country.

Energy and Mineral Resource Development In Indian Country

Thanks to President Trump’s initiative to achieve U.S. energy dominance, the U.S. is now a leading exporter of crude oil and liquefied natural gas (LNG). It was reported last month that the U.S. now exports more crude oil and petroleum products than it imports and some analysts project that we will soon pass Saudi Arabia as an exporter of crude oil and other petroleum-based liquid fuels.¹ U.S. exports of LNG quadrupled in 2017 and continue to increase with the construction of new LNG export facilities.²

Indian Country directly benefits from the Administration’s energy dominance initiative. Energy royalties paid last year to Indian tribes and allottees’ totaled over \$1 billion.³ Energy production in Indian Country, as a source of revenue is now only second to gaming.

Energy Royalties to Indian Country

2018: \$1,022,539,457 (As of October 1st 2018)

2017: \$561,409,816

2016: \$476,207,228

2015: \$736, 839, 260

Our Department’s Division of Energy and Mineral Development (DEMD), which is part of our Office of Indian Energy and Economic Development (IEED), currently provides technical assistance on 37 gas and oil projects, 83 renewable energy projects, and 61 mineral projects.

These projects have the potential to generate even more energy and mineral derived benefits for Tribes. OIEED using its internal engineers, geologists and geophysicists have completed internal scientific and engineer studies to determine the following resource potential. Among them are:

- A geologic study of the Pilot Butte and Steamboat Butte oil fields at the Wind River Reservation in Wyoming whose value DEMD estimates could exceed \$50 million;
- A DEMD funded, 16-mile, 3-D seismic survey at the Rocky Boys Reservation in Montana that could be a source of tribal revenues if the land proves productive;
- An analysis of the Gallup and Fractured Mancos plays at the Jicarilla Apache Reservation in New Mexico that could lead to substantial revenues to the Tribe when all of its oil-bearing lands are developed;

¹ <https://oilprice.com/Energy/Crude-Oil/US-Will-Soon-Export-More-Oil-Liquids-Than-Saudi-Arabia.html>

² <https://www.eia.gov/todayinenergy/detail.php?id=35512>

³ <https://revenue.data.doi.gov/explore/#federal-disbursements>

- An examination of helium sources at the Navajo Nation in Arizona whose development DEMD estimates could bring significant royalties to the Navajo Nation and other Tribes in the area;
- Assistance with enhanced oil recovery methods at the Osage Reservation in Oklahoma aimed at development of potential reserves;
- Assistance to the Metlakatla Indian Community on Annette Island Reserve, Alaska with engineering design and construction of its Chester Lake Penstock Extension Project to improve hydropower and water security during drought years;
- Work at the Fond du Lac Band of Chippewa Indians in Minnesota to use woody biomass to displace propane use at the Tribe's community center, which is saving \$21,000 per year. Engineering and planning assistance for the Tribe's development of a 1MW solar array is saving another \$80,000 per year;
- Technical assistance to the Confederated Salish and Kootenai Tribes of the Flathead Reservation in Montana which enabled them to acquire the 188 MW Kerr Dam Hydroelectric Project. Operated under the tribal owned company, Energy Keepers, Inc., this project is generating more than \$9 million a year for the Tribes;
- Commissioning of a 1 MW solar array at the Picuris Pueblo in New Mexico, which is offsetting 100 percent of the energy costs for 50 homes and 12 tribal buildings;
- Completion of feasibility and planning studies to develop a 1.5 MW wind turbine at the Spirit Lake Reservation of North Dakota that DEMD forecasts will save over \$600,000 in annual energy costs;
- Identification of a natural gas service expansion at the Mississippi Choctaw Reservation that, by displacing propane use, will achieve \$1 million in savings per year;
- Completion of engineering and planning studies at the Blue Lake Rancheria in California for a solar-battery micro-grid system that will save the Tribe \$200,000 annually;
- Completion of engineering and planning studies for a 6 MW solar development at the Twenty-Nine Palms Reservation in California, which DEMD believes will generate \$1 million in annual revenue;
- Identification of sand and clay material at the Jemez Pueblo in New Mexico that the Tribe will use to construct 85 durable, energy-efficient, custom-designed homes; and
- Identification of a 50-year supply of cement-grade limestone at the Moapa Reservation of Nevada.

As we've observed the surge in energy development, we have concurrently determined to take a close look at the Department's right-of-way regulations as they pertain to energy and mineral resource development in Indian Country. We've put a call out to tribal leaders, as well as our internal institutional knowledge resources, to share how these regulations may be improved.

Our goal is to reduce the regulatory burden for right-of-way approval processes and better enable tribes to sustainably develop their natural resources. Sustainable development is our intent and Indian Affairs as a whole is working to improve service delivery and efficiency to tribal enterprises interested in developing their minerals, oil, gas, and other natural resources.

S. 245 The Indian Tribal Energy Development and Self-Determination Act Amendments of 2017

Tribal Energy Resource Agreements (TERA)

Mr. Chairman, we are pleased to note the enactment of your bill, S. 245, the Indian Tribal Energy Development and Self-Determination Act Amendments of 2017. This bill streamlines our Department's approval of Tribal Energy Resource Agreements (TERAs), thereby encouraging tribal self-determination in the development of energy on Indian trust lands. TERAs authorize tribal energy contracts, leases, and rights-of-way without unnecessary federal oversight.

On the same topic, a Department working group, under the direction of the Acting Secretary, has been examining the issue of inherent federal functions, which this Committee and tribes have said is an obstacle to seeking TERAs. We hope that modifications proposed by the working group, combined with revisions to the TERA regulations implementing provisions of your bill, will encourage tribes to apply to our Department for TERAs.

Tribal Biomass Demonstration Project

Your bill also authorizes biomass demonstration projects for tribes and Alaska Native corporations. Our BIA foresters are working diligently to implement the tribal biomass demonstration projects authorized by the bill. Discussions are ongoing with key federal partners as well as with tribal groups, such as the Intertribal Timber Council, to cultivate awareness of the bill's provisions and encourage thinking about the possibilities it presents for Indian Country, and to identify projects that have been proposed by tribes that may be suitable for meeting the bill's objectives.

Given the expedited statutory timeline, we will be hosting a Tribal Consultation by telephone (ensuring maximum tribal participation) on Friday, April 12, at 1:00 p.m. Eastern Time.

Our goal is to support projects that are portable and scalable, so that the successes and lessons learned in one project can be expanded for the benefit of other tribes throughout the country. Thus smaller-sized projects may serve as test cases to be applied at a larger scale with processes and methods that are proven and practical. We see the heart of these demonstration projects as utilizing biomass development to foster land management activities that expand the active forest management, as practiced in Indian Country, to other federal lands, with outcomes including the reduction of wildfire risks, improvement of forest health, and the creation of much needed energy from an abundant source of renewable forest biomass.

Increasing Access To Capital In Indian Country

As the Assistant Secretary, I am looking forward to creating greater access to capital in Indian Country. This means building partnerships, stepping outside of our traditional comfort zones, and expanding our networks. I am excited to convene government agencies, tribes, Alaska Native Corporations, and other investment officials to form strategic partnerships and develop a roadmap to positive investment environments in Indian Country.

Opportunity Zones

There is a groundswell of interest in Indian Country around Opportunity Zones. Indian Affairs is grateful for the provisions included in the Tax Cuts and Jobs Act of 2017. Congress added Opportunity Zones to the tax code when it passed the Tax Cuts and Jobs Act on December 22, 2017, 26 U.S.C., 1400Z-1 and 1400Z-2. An Opportunity Zone is an economically-distressed community where new investments, under certain conditions, may be eligible for preferential tax treatment. We believe that there are millions of dollars in investment funds waiting on the sidelines that this new incentive can attract to projects and locations within Indian Country. However, we are working to ensure that tribal voices are heard as the regulations supporting the Opportunity Zone program are built out. As these rules are developed, we want to ensure they are considerate of the unique situations and circumstances surrounding trust land and resources in Indian Country.

Tribes deserve equal footing and access to Opportunity Zones and I am committed to working with the Committee, Treasury, and tribal leaders to ensure that appropriate measures are taken to ensure tribes have the opportunity to develop their local economies and investors have the opportunity to choose Indian Country for their portfolios.

Native American Business Development Institute Grants

Indian Affairs is also pushing out on-the-ground support for tribes and tribal businesses to take advantage of Opportunity Zones through the IEED—Division of Economic Development Native American Business Development Institute (NABDI) Grants. The IEED has funded tribes to conduct feasibility studies on business endeavors since 2007.

These studies have made possible the Wells Band of the Te-Moak Tribe of Western Shoshone of Nevada's business incubator; the first tribal grocery store to be sourced with locally grown vegetables at the Ft. Belknap Reservation in Montana; and the burgeoning tourist industry of Alaska's Chilkat Indian Village, among other examples.

For the FY 2019 feasibility study grant cycle, we have created a preference for tribal applicants focused on businesses or projects to be located in Opportunity Zones. This powerful new tax law will be a force multiplier for our economic development feasibility grants.

We are convinced that a new tribal business or development project has the best chance of success when it is based on a feasibility study conducted by an impartial, expert third-party. Such studies identify technically implausible project proposals and logistical, financial and market challenges. Access to capital is an important component of economic development. Another is a credible feasibility study.

Business Development In Indian Country

Small business is the lifeblood of community development. Small businesses are necessary to achieve the multiplier effect we strive for in Indian Country—where a dollar turns over 5, 6, or 7 times among community members before it leaves the local economy. Big deals with large corporations are great, but small business development often plays the most pivotal role in changing the lives of local citizens.

We want healthy economic environments in Indian Country that support small business—which means a number of the items we have already discussed: access to capital, feasibility determinations, but it also requires a legal and regulatory regime that supports and protects secured transactions in Indian Country.

Building Transactional Capacity In Tribal Communities

Uniform Commercial Code and Model Codes

Finally, we are helping Tribes develop legal infrastructure that is indispensable to economic progress. According to John Koppisch, writing in *Forbes Magazine*.

“Companies and investors are often reluctant to do business on reservations—everything from signing up fast food franchisees to lending to casino projects—because. . . commercial codes aren’t well developed. . .”⁴

Most Tribes lack commercial codes to secure collateral and assure access to credit. Without such codes, Native business persons are unable to finance the purchase of business-related equipment from sellers located outside tribal jurisdictions. Tribal members are often unable to obtain credit for the purchase of equipment and business goods off the reservation because a dealer cannot enforce his or her lien (or security interest) in the purchased item once it has been transported to the reservation. Without these codes and an accurate, accessible system for filing claims, creditors may increase borrowing costs to offset risks or refuse to lend altogether.

To address this challenge, the National Conference of Commissioners on Uniform State Laws (NCCUSL) and a working group of tribal officials drafted the Model Tribal Secured Transaction Act (MTSTA) as a template for legislation by tribes to facilitate transactions with outside lenders and businesses.⁵

The MTSTA provides a set of rules that specify how security interests may be created, perfected, and enforced, and who has first rights when two or more competing creditors have legally enforceable interests in the same collateral. Under this system, a creditor files a financing statement at a public filing office that constitutes notice to other interested parties about security interests in the personal property of the debtor. This financing statement perfects (or makes good against third parties) a creditor’s security interest in most kinds of personal property.

Once filed, a financing statement notifies the public that the secured party may have a lien on specified personal property of a particular debtor. Most states use the Secretary of State’s office to administer these filings. Interested parties may search filing records there or online to determine whether certain personal property of a debtor may be subject to a prior lien or liens.

Tribal adoption of the MTSTA has long been a priority for IEED and it has funded tribes to explore adoption of commercial law codes modeled on the MTSTA. It has also prepared and placed on its website a detailed primer, “Why Tribes Should Adopt a Secured Transactions Code.”⁶

Conclusion

Indian Affairs is committed to moving the needle in Indian Country on many fronts, and economic development and growth is a top priority for me and my team. While we continue to make strides with our programs, more can be done to promote sustainable economies in Indian Country. I am also committed to working with this committee, members of Congress and across the Administration to develop an economic roadmap for Indian Country development and growth.

Thank you for the opportunity to provide testimony, and I’m happy to answer the Committee’s questions.

The CHAIRMAN. Thank you, Secretary Sweeney.

⁴ John Koppisch, “Why Are Indian Reservations So Poor? A Look at the Bottom 1 percent,” *Forbes Magazine*, December 13, 2011.

⁵ NCCUSL joined with the American Law Institute to create the Uniform Commercial Code in 1940, providing a comprehensive solution to conflicting state commercial codes.

⁶ <https://www.bia.gov/sites/bia.gov/files/assets/as-ia/ieed/pdf/Why%20Tribes%20Should%20Adopt%20a%20Secured%20Transactions%20Code%2011.30.18.pdf>

I do have to ask why you did not get your testimony in within the 48 hours?

Ms. SWEENEY. My apologies to the Committee. I was late in drafting the entire document so it was going through the review process.

The CHAIRMAN. We would ask that you observe the 48 hour rule. Thank you.

I have the same question, Ms. Harris, and then proceed with your testimony.

STATEMENT OF JODIE HARRIS, DIRECTOR, COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND, U.S. DEPARTMENT OF THE TREASURY

Ms. HARRIS. Chairman Hoeven, Vice Chairman Udall and members of the Committee, thank you very much for the opportunity to testify before you this afternoon.

My name is Jodie Harris. I am the Director, Community Development Financial Institutions Fund. I am honored to be here to speak with you about the CDFI Fund's work providing community development finance resources to support development activities in Indian Country.

For those of you that may not be familiar with us, the CDFI Fund was created in 1994 to provide access to credit and capital in distressed and underserved areas unable to tap into lending or investments from traditional financial service providers. The CDFI Fund was established to build and invest in a network of community-based members known as Community Development Financial Institutions, CDFIs, to support a wide array of community finance needs.

What makes the CDFI Fund unique is it does not invest in specific projects or provide pas through or formula funds to State and local governments, as is the model for most other Federal community and economic development programs.

Instead, we invest in organizations at the enterprise level. We do this by evaluating the strength of business plans and management teams and then we inject flexible capital in CDFIs that empowers them to take risks, innovate and build the financial strength of their communities.

Activities financed and supported by CDFIs include micro and small business enterprises, consumer savings and lending programs, community services and facilities, commercial real estate, and affordable housing development. Specific to Indian Country, the CDFI Fund designates CDFIs that perform more than 50 percent of their activities in majority Native American, Alaska Native or Native Hawaiian communities as Native CDFIs. Currently, there are 68 certified Native CDFIs nationwide.

The origin of the CDFI Fund's focus on Native communities traces back to 1994 when Congress mandated the completion of a study on lending and investment practices in Native communities. Released in 2001, the study examined the barriers faced by Native communities in accessing capital and basic financial services, as well as the increased challenges in tapping into private and public sector programs.

From the study, the Native CDFI Assistance, NACA Program, was born to support the creation and expansion of Native CDFIs. The NACA Program has made some significant inroads and generated considerable results. From fiscal year 2010 to 2018, the NACA Program award recipients originated nearly \$620 million in loans and investments. In addition, nearly 174,000 individuals have benefitted from financial literacy and training programs.

Despite the progress made through the NACA Program, capital and credit needs in Native communities are high. Access to banking services and products remain a consistent challenge.

In May 2016, a follow-up report to the 2001 report was completed. It showed the scope and scale of existing hurdles. Some of the report findings included while the supply of capital has increased, it has not kept pace with the demand and need for capital; per capital income levels in Native communities is less than half of what it is in non-Native communities; and credit scores tend to be lower in Native communities, which leads to lower home ownership rates.

In order to overcome these barriers and increase access to credit, capital and financial services in Native communities and to further support Native CDFIs' abilities to generate impact in the communities they serve, the CDFI Fund has re-launched the Building Native CDFIs Sustainability and Impact Training and Technical Assistance Series offered through our Capacity Building Initiative. The training is intended to provide Native CDFIs tools to enhance their management and operational capacity as well as show casing Native CDFI best practices such as underwriting processes, board management, strategic planning and portfolio management.

Through the Capacity Building Initiative, we hope to increase the capacity of Native CDFIs to access CDFI Fund programs beyond NACA, as well as develop capital resources outside of the CDFI Fund. While the CDFI Fund's Native initiatives have helped most the needle, we recognize that more work remains. The CDFI Fund hopes that its renewed focus on capacity building can help move the needle even further.

Again, thank you for the opportunity to appear before you this afternoon. I look forward to answering any questions.

In response to your question about the testimony, we were verifying the data late into Monday and we sent it over on Monday evening. My apologies for missing the 48-hour window.

[The prepared statement of Ms. Harris follows:]

PREPARED STATEMENT OF JODIE HARRIS, DIRECTOR, COMMUNITY DEVELOPMENT
FINANCIAL INSTITUTIONS FUND, U.S. DEPARTMENT OF THE TREASURY

Introduction

Chairman Hoeven, Vice Chairman Udall, and Members of the Committee: thank you for the opportunity to testify during today's hearing entitled "Building out Indian Country: Tools for Community Development." My name is Jodie Harris. I am Director of the U.S. Treasury Department's Community Development Financial Institutions Fund (CDFI Fund).

The CDFI Fund's vision is an America in which all people and communities have access to the investment capital and financial services they need to prosper. In order to help achieve that vision, the CDFI Fund's mission is to expand economic opportunity for underserved people and communities by supporting the growth and capacity of a national network of community development lenders, investors, and financial service providers.

About the CDFI Fund

Established by the Riegle Community Development and Regulatory Improvement Act of 1994 (Riegle Act; P.L. 103–325), the CDFI Fund has worked for more than two decades to generate economic opportunity in places where opportunity is needed most.

The CDFI Fund works to spur economic growth, job creation, and opportunity in the nation’s distressed and underserved communities by offering targeted resources and innovative programs to leverage federal dollars with private sector capital. The CDFI Fund supports mission-driven financial institutions that take a market-based approach to supporting economically underserved communities. These financial institutions are encouraged to apply for certification as Community Development Financial Institutions (CDFIs).

Since its inception, the CDFI Fund has awarded more than \$3.3 billion to community development organizations and financial institutions; guaranteed \$1.5 billion in bonds through the Bond Guarantee Program; and allocated \$54 billion in New Markets Tax Credits. These awards have leveraged billions of dollars in private sector investment and increased the impact of CDFIs, CDEs, and other community-based development organizations by expanding their capacity to deliver the credit, capital, and financial services needed to generate economic opportunity in underserved communities. While the President’s Budget for FY 2020 does not propose additional funding for CDFI award programs, we are working hard to ensure that available funds are deployed as quickly and effectively as possible.

About CDFIs

CDFIs are community-based financial institutions that have a common goal of filling financing gaps in underserved and low-income areas. As community-based institutions, they possess a keen sensitivity to the needs of local residents and businesses, and their creation reflects a bottom-up, rather than a top-down, approach to community investment and revitalization.

Currently, there are nearly 1,100 CDFIs serving urban and rural communities throughout the United States. CDFIs are located in all 50 states, the District of Columbia, Guam, and Puerto Rico. They bridge diverse public and private sector interests to serve people and places that traditional financial institutions usually do not. CDFIs typically provide:

- Loans for businesses and projects that otherwise would not qualify for financing;
- Safe and affordable banking services that otherwise would not be available in the community;
- Loan rates and terms that are more flexible than those offered by traditional lenders; and
- Development services—such as business planning, credit counseling, and home-buyer education—to help their borrowers use credit effectively and build financial strength.

The CDFI Fund’s Native Initiatives

Native Communities, including Native American, Alaskan Native, and Native Hawaiian communities, often face formidable barriers to accessing capital and basic financial services. The CDFI Fund’s Native Initiatives generates economic opportunity for Native Communities by supporting the creation and expansion of Native CDFIs, which in turn help create jobs, establish or improve affordable housing, and provide supportive financial services and counseling within their communities.

The origins of the CDFI Fund’s focus on Native Communities trace back to 1994 when Congress mandated the completion of a study (as part of its passage of the Riegle Act) on lending and investment practices in Native Communities. Released in 2001, the “Native American Lending Study”¹ examined the barriers faced by Native communities in accessing capital and basic financial services, as well as the increased challenges in tapping into private and public sector programs.

The study affirmed the importance of developing Native CDFIs—CDFIs that specialize in serving Native Communities—to play a key role in the broader effort to lead Native Communities into the nation’s economic mainstream. After this study, the Native CDFI Assistance Program (NACA Program) was launched to support the creation and expansion of Native CDFIs.

An organization must be certified as a CDFI and primarily serve a Native Community to be eligible for Financial Assistance through the NACA Program. Tech-

¹https://www.cdfifund.gov/Documents/2001_nacta_lending_study.pdf

nical Assistance is available to both Native CDFIs and emerging Native CDFIs (those on the path to certification). To be eligible for Native CDFI certification, at least 50 percent of an organization's activities must serve Native Americans, Alaska Natives, or Native Hawaiians.

The NACA Program has made some significant inroads and generated substantive results in increasing the availability of credit and capital in Native Communities. From FY 2010 to FY 2018, NACA Program award recipients originated nearly \$620 million in loans and investments. Of this amount, more than \$312 million was dedicated to business and microenterprise loans and investments, financing more than 1,600 businesses; and more than \$117 million was for home purchases or home improvement financing.² In addition, nearly 174,000 individuals have been served by financial literacy and training programs. Examples of ways in which Native CDFIs are providing access to capital and credit include:

- *Citizen Potawatomi Community Development Corporation (Shawnee, OK)*, a certified Native CDFI, provided a loan of more than \$40,000 to DC Cake Appeal, a small catering and baking businesses owned by a tribal member, to help them expand their business. The loan allowed the owners to move their home-based business into a 4,000 square foot facility, which boasts a commercial kitchen and serves as restaurant, bakery and event space. The loan also helped create seven jobs in a small community.
- *Native 360 Loan Fund, Inc. (Grand Island, NE)*, a certified Native CDFI, provided financing to Native-owned startup Cherry's Native Creations (Norfolk, NE), which sells genuine Native-made handicrafts. The financing allowed Cherry's to acquire inventory, grow their operations and expand their business overseas.
- *Certified Native CDFI Four Directions Development Corporation (Orono, ME)* recently announced it was partnering with Wells Fargo & Company to provide a home down payment assistance program aimed at homeownership opportunities for Native Americans in Maine. Four Directions will provide up to \$5,000 in down payment assistance to tribal members to help address low rates of homeownership of Native Americans in Native Communities in the state.

Access to Capital and Credit in Native Communities

Despite the inroads made by the NACA Program, capital and credit needs in Native Communities are high, and access to banking services and products remain a consistent challenge. In May 2016, the CDFI Fund released a follow-up to the 2001 report, entitled "Access to Capital and Credit in Native Communities."³ It showed the scope and scale of existing hurdles. Some of the key report findings include:

- While the supply of capital has increased, it has not kept pace with the demand and need for capital;
- Per capita income levels in Native Communities are less than half of what they are in Non-Native Communities—and are not expected to catch up for more than 40 years based on data compiled in the Access to Capital report; and
- Credit scores tend to be lower in Native Communities, which leads to lower homeownership rates.

A recent survey⁴ of Native CDFIs conducted by First Nations Oweesta Corporation also highlights that many Native CDFIs remain undercapitalized and that engagement with traditional lending sources remains low. This is also supported by a separate survey conducted by the Minneapolis Federal Reserve Bank's Center for Indian Country Development, where Native CDFIs reported an additional \$48 million in unmet funding needs from public and private sources for in 2017 alone.⁵

And finally in 2017, the First Nations Development Institute and the FINRA Investor Education Foundation released a report⁶ on financial capability in American Indian and Alaska Native Communities, indicating that Native Americans and Alaskan Natives:

- Among all groups, have higher levels of financial fragility and distress;

² FY 2018 CDFI Fund Agency Financial Report

³ <https://www.cdfifund.gov/programs-training/Programs/native-initiatives/Pages/native-communities-study.aspx>

⁴ First Nations Oweesta Corporation, "Native CDFI Industry Profile 2017"

⁵ Michou Kokodo, "Findings from the 2017 Native CDFI Survey: Industry Opportunities and Limitations." Federal Reserve Bank of Minneapolis, Working Paper No. 2017-04, November 2017

⁶ FINRA Investor Education Foundation and First Nations Development Institute, "Race and Financial Capability in America: Understanding the Native American Experience," August 2017

- Are the least likely to have an emergency savings fund in place; and
- Are less likely to have savings and checking accounts than other groups.

This research emphasizes that while much has been accomplished in the years since the “Native American Lending Study” was completed, there is also much more to be done to provide access to credit and capital in Native American Communities.

Fostering Innovation and Building Capacity in Native Communities

While the NACA Program supplies an important tranche of capital for Native Communities, it should not be the only path that a Native CDFI, or an organization that is aspiring to become a certified CDFI, can pursue in developing and expanding its lending capabilities. Developing the capacity of Native CDFIs to effectively compete for funding through other CDFI Fund programs, and developing capital sources outside of the CDFI Fund, are of critical importance. The impact of Native CDFIs can be elevated and multiplied through innovative partnerships and initiatives between Native CDFIs, financial and philanthropic institutions, and other non-Native CDFIs. For example:

- *Mazaska Owecaso Otipi Financial, Inc. (Pine Ridge, SD) and Lakota Funds (Kyle, SD)*, both certified Native CDFIs, have partnered to increase homeownership rates for Native American veterans. Mazaska provides a construction loan to the veteran and then assists them in refinancing through a U.S. Department of Veterans Affairs Native American Direct Loan after the home is built. Mazaska and Lakota Funds work together to provide homebuyer education and support, and to coordinate with the U.S. Department of Veterans Affairs to convert the construction loan to permanent financing.
- Mazaska was also recently chosen-along with certified Native CDFI *Four Bands Community Fund (Eagle Butte, SD)*—by the U.S. Department of Agriculture (USDA) to participate in a Section 502 relending pilot program on tribal lands to help low-income families pursue home ownership. Under the pilot, USDA provided each CDFI with \$800,000 in funding, which each CDFI matched with \$200,000, to relend to Native American families in Native Communities in South Dakota and North Dakota.
- In spring of 2018, *First Nations Oweesta Corporation (Longmont, CO)*, a national Native CDFI intermediary, launched a \$10 million Native CDFI Capital Pool to exclusively fund the capital needs of Native CDFIs. The pool is intended to leverage larger amounts of lending capital for Native CDFIs who invest in the pool. They are able to receive up to \$1 million in capital—either in loans or in a loan/grant combination. 13 Native CDFIs contributed to a shared-risk pool, to which Oweesta provided matching resources. The Capital Pool was capitalized by loan and grant resources from a number of philanthropic and financial institutions. All \$10 million from the Capital Pool has been deployed to support a variety of housing, consumer, and small business lending activity. The Capital Pool is designed to leverage the capacity and relationships between Native CDFIs to provide access to long-term low-cost capital.
- *Clearinghouse CDFI (Lake Forest, CA)*, a non-Native CDFI, seeks out value-added partnerships with Native CDFIs to fund projects that Native CDFIs could not finance alone due to limited capital. In total, Clearinghouse has deployed roughly \$65 million to projects in Native American communities. To help them development partnerships and collaborative opportunities, Clearinghouse established a Native American advisory board—which includes Native CDFIs and Native-owned businesses—that meets quarterly to discuss opportunities and challenges in Indian country.
- *Midwest Minnesota Community Development Corporation (MMCDC) (Detroit Lakes, MN)* created a subsidiary Native CDFI: the White Earth Investment Initiative, which focuses on development in and around the White Earth Reservation in Northwest Minnesota as well as lending in Native American Communities across Minnesota. In addition, because the White Earth reservation is within MMCDC’s target market, there is one seat reserved on MMCDC’s board for a tribal appointee, and they also have another elected member from the White Earth Reservation.
- The Metlaka Indian Community in Alaska worked with *Tongass Federal Credit Union (FCU) (Ketchikan, AK)*, a certified CDFI, to establish a financial services and banking presence on the remote island community after the area’s only bank branch closed in 2005. Tongass FCU began offering services once a week at the Metlakatla Indian Community council chambers in the summer of 2005. Tongass FCU established a local advisory board for the Metlakatla branch, which helped the credit union develop and target its services to the community.

In 2012, Tongass FCU completed a new branch building in Metlakatla. The new branch is staffed by six employees who are all from the Metlakatla Indian Community.

To achieve higher levels of innovation, increased capital access, and to further support Native CDFIs' abilities to increase their impact in the communities they serve, the CDFI Fund has relaunched the "Building Native CDFIs' Sustainability and Impact" training and technical assistance series offered through our Capacity Building Initiative.

The training is designed to provide Native CDFIs tools to enhance their management and operational capacity, as well as to showcase Native CDFI best practices (such as underwriting processes, board management, strategic planning and portfolio management). Native CDFIs and similar organizations that join this initiative will have access to:

- Individualized technical assistance, focused on addressing their organization's specific capacity building needs;
- In-person workshops that bring together Native CDFIs and similar organizations from across the country for knowledge sharing, skill building, and practical action planning (with scholarships available for travel and lodging costs);
- Webinars on a variety of topics related to sustainability and impact; and
- Peer learning opportunities.

In addition to this, the CDFI Fund has worked to reduce impediments to accessing NACA Program resources. In 2017, the application for NACA Program Financial Assistance and Technical Assistance was revamped. This restructured application has reduced the burden to apply for assistance, and has provided applicants a better opportunity to accurately describe their organization and the impact they can make with an award.

Conclusion

Last week, the CDFI Fund opened the fiscal year 2019 application round of the NACA Program, for which we anticipate awarding nearly \$14 million in Financial Assistance and Technical Assistance awards. We are confident these awards will increase the capacity of Native CDFIs, and organizations seeking to become certified CDFIs, to provide access to capital and critical community revitalization initiatives.

While the CDFI Fund acknowledges the substantial challenges and impediments that remain to accessing capital and credit in Native Communities, we are optimistic about the track record of impact and achievements of Native CDFIs. Last year alone, NACA Program awardees originated more than \$75 million in loans and investments, which is an indicator of their potential for future success. The CDFI Fund remains committed to developing the capacity of Native CDFIs and increasing access to credit and capital in our nation's Native Communities.

Chairman Hoeven, Vice Chairman Udall, and Members of the Committee, this concludes my statement. I thank you for the opportunity to testify. I look forward to taking your questions.

The CHAIRMAN. Thank you, Ms. Harris.

Mr. Childs.

Mr. CHILDS. Before I begin my testimony, I want to apologize for missing the 48-hour rule. This testimony is very important. The issue will be addressed and it will not happen again. Thank you.

The CHAIRMAN. Thank you.

STATEMENT OF HENRY CHILDS II, NATIONAL DIRECTOR, MINORITY BUSINESS DEVELOPMENT AGENCY, U.S. DEPARTMENT OF COMMERCE

Mr. CHILDS. Thank you, Chairman Hoeven, Ranking Member Udall, and members of the Committee for the opportunity to appear before you today. I am honored to testify on behalf of the Minority Business Development Administration in the Department of Commerce.

Since my appointment as National Director, I have been laser focused on developing the 11 million minority businesses across the

United States. Secretary Ross and I are working to implement the Administration's plan to modernize MBDA for the future through technology, market-driven business development programs, and leveraging data, policy and strategic partnerships.

Between fiscal years 2012 and 2017, MBDA invested \$8.7 million in MBDA business centers in Indian Country. During this five year award period, these business centers secured more than \$3.6 billion in contracts and capital for their clients, leading to the creation and/or retention of over 14,400 jobs.

In fiscal year 2017, MBDA undertook a series of tribal cultural consultations to better understand the needs of Indian Country. We also conducted our first ever listening session with Native Hawaiian businesses, organizations, community leaders and other stakeholders. I am very proud of that.

The overarching lessons learned from the tribal consultations can be summarized in the following themes. One size does not fit all is number one. The importance of tribal sovereignty is number two. The need for MBDA to better educate and advocate is number three. The need to leverage technology to provide resources and tools is number four.

These tribal consultations helped MBDA envision a new approach to business development in Indian Country involving more flexible competitive grant competitions. I am very happy with the results. This new approach eliminated the non-Federal cost share, provided greater flexibility to grant recipients and reduced the administrative and programmatic burden associated with traditional MBDA business centers.

In 2018, we issued a broad agency announcement to solicit innovative solutions to common business development needs identified during the tribal consultations. We received more than 40 grant applications specific to Indian Country requesting upwards of \$20 million funding.

MBDA made ten awards totaling \$3.2 million. That is three times the dollar investment we made in the previous year with the business center model and double the number of grant recipients.

This spring I am proud to announce MBDA will be releasing a Notice of Federal Funding Opportunity to solicit special projects and programs for the American Indian, Alaska Native, and Native Hawaiian communities. I welcome this Committee's support for and your assistance with promoting our agency announcement.

Again, I am very passionate about MBDA's mission and the role we serve in growing and developing minority businesses, especially in Indian Country.

Thank you again, Mr. Chairman, Ranking Member Udall and members of the Committee for the opportunity to testify today.

[The prepared statement of Mr. Childs follows:]

PREPARED STATEMENT OF HENRY CHILDS II, NATIONAL DIRECTOR, MINORITY
BUSINESS DEVELOPMENT AGENCY, U.S. DEPARTMENT OF COMMERCE

Introduction

Thank you Chairman Hoeven, Ranking Member Udall, and members of the Committee for the opportunity to appear before you today. I am honored to appear before you today to testify on behalf of the Minority Business Development Agency (MBDA) in the Department of Commerce. Bipartisan congressional support over the years has contributed to MBDA's success in fostering minority business develop-

ment since 1969. We welcome this hearing as an opportunity to discuss the tools MBDA has available to support community development in Indian Country.

Since my appointment as MBDA National Director, I have placed a great deal of emphasis on implementing transformative initiatives to increase MBDA's impact on Minority Business Enterprises (MBEs). Secretary Ross and I are working to implement the Administration's plan to modernize MBDA for the future through technology, market-driven business development programs, and leveraging data, policy and strategic partnerships. Specifically, the Administration seeks to increase the number of minority-owned firms with annual gross receipts of a million dollars or more from 2 percent to 3 percent over the next five years.

MBDA in Indian Country

It is estimated there are more than 11 million minority-owned firms in the U.S., approximately 273,000 of which are American Indian and Alaska Native-owned firms.¹ MBDA has a strong track record of working in Indian Country to promote economic empowerment and self-determination through entrepreneurship. Historically, MBDA's primary service delivery model has been through brick and mortar business centers that provide management and technical assistance to reach American Indian and Alaska Native business owners. MBDA business centers are operated by third party stakeholders who compete for an MBDA grant and enter into a cooperative agreement with MBDA to achieve distinct performance metrics.

Because MBDA is focused on achieving strategic economic impact, MBDA steers its business centers to primarily serve minority businesses with revenues of a million dollars or more, and/or businesses with rapid growth potential. Between fiscal year 2012 and fiscal year 2017, MBDA invested \$8.7 million in MBDA Business Centers in Indian Country. During this five-year award period, these business centers secured more than \$3.6 billion in contracts and capital for their clients, leading to the creation and/or retention of over 14,400 jobs. The grant cycle for these five MBDA Business Centers in Indian Country came to an end in FY 2018.

Lessons Learned: Tribal Consultations

It is MBDA's standard operating procedure to reevaluate its service delivery model at the natural conclusion of the business centers' multi-year grant cycle. MBDA undertook a series of tribal consultations between November 2016 and February 2017 in anticipation of the grant cycle coming to an end for the MBDA Business Centers in Indian Country.

Five tribal consultations were conducted between MBDA and federally recognized tribes, American Indian and Alaska Native business/trade/economic organizations, and American Indian and Alaska Native-owned firms. To supplement our tribal consultations, MBDA also conducted its first listening session with Native Hawaiian businesses, organizations, community leaders, and other stakeholders.

The purpose of the tribal consultations is to provide an opportunity for tribal leaders to provide their input on how MBDA could better provide business development services and programs in Indian country as the Agency considered how, and whether, to structure a new grant opportunity for Indian Country in lieu of the current MBDA Business Center program. The information gathered from these consultations was informative. Overarching lessons learned from the tribal consultations can be synthesized into the following themes:

1. One-size does not fit all: A uniform approach to business development in Indian Country constrains creative approaches to localized needs. Prescriptive criteria for the type of firms to serve and strict performance outcomes limit impact and potential. MBDA marketing and outreach materials should also be culturally relevant to specific American Indian, Alaska Native, and Native Hawaiian communities.
2. Tribal sovereignty: Recognize and honor the unique political relationships Tribes have with the United States Government; and the legal differences between Tribes, Alaska Native Corporations, Alaska Villages and Native Hawaiians.
3. Advocate and educate: MBDA can serve an important role as a champion for American Indian, Alaska Native, and Native Hawaiian communities with other federal agencies, policy makers and public servants. Conversely, MBDA can provide high level business development training to Tribal Board members.
4. Leverage technology: Minimize the time and cost of business education, coaching and technical assistance by providing more resources and tools on-

¹U.S. Census Bureau, 2012 Survey of Business Owners

line through web and cloud-based platforms, webinars, teleconferences and mobile devices.

The most common business development needs cited during the tribal consultations were access to capital, business training, coaching on federal procurement, business incubator and accelerator programs, and infrastructure enhancements.

Flexible Grants

These tribal consultations helped MBDA envision a new approach to business development in Indian Country involving more flexible competitive grant competitions. This new approach would eliminate the non-Federal cost share, provide greater flexibility to grant recipients, and reduce the administrative and programmatic burden associated with traditional MBDA Business Centers.

In 2018, we issued a competitive grant competition to solicit innovative solutions to common business development needs in Indian Country that were identified during the tribal consultations. We received more than 40 grant applications specific to Indian Country requesting upwards of \$20 million in funding. As a result of the grant solicitation, MBDA made 10 awards totaling \$3.2 million. (See Attachment A for a list of the specific awards). This represents almost 3 times the dollar investment made in Indian Country compared to the year before under the MBDA Business Center model; and double the number of grant recipients. Let me share with you three projects that illustrate Native-inspired solutions:

1. United Tribes Technical College (UTTC), located in Bismarck ND, previously operated a MBDA business center and only provided services to individual business owners. Today, with less prescriptive program requirements and performance metrics, UTTC has diversified its approach and is now working with 12 Tribal Nations in the Great Plains region to maximize Tribal, state and Federal resources and opportunities for economic development on a larger scale. This is in addition to UTTC's work assisting a portfolio of established business enterprises with management and technical assistance; and helping new start-up businesses obtain capital.
2. The American Indian Science and Engineering Society (AISES) in Albuquerque, NM is focused on developing the next generation of Native American entrepreneurs interested in developing STEM-related businesses in Arizona, Nevada and Utah. With funds from MBDA and other sources, the AISES is coaching, training, and assisting a cohort of 24 Native STEM graduates and/or professionals with entrepreneurial and business management skills. An additional benefit of this program is the access it provides to business experts, resources and tools.
3. The National Center for American Indian Enterprise Development in Mesa, AZ is using funds from MBDA to broaden its reach to Native Americans located in the East Coast through one-day institutes and its on-line business ecosystem, known as the Native Edge. By recruiting more Native firms to the Native Edge, the project fosters Native-to-Native business exchanges, employment, and access to procurement and capital opportunities.

We are very pleased with the work being performed by the grant recipients and look forward to reviewing their semi-annual reports.

In FY 2019, MBDA will continue supporting business development in Indian Country using a similar approach. We will be releasing a Notice of Federal Funding Opportunity to solicit special projects and programs to address common business development needs within the American Indian, Alaska Native, and Native Hawaiian communities this spring. I welcome this Committee's support for our new approach and your assistance with promoting our competitive grant programs. We are eager to make investments that will have a positive impact in Indian Country.

MBDA's Office of Policy Analysis and Development

Another way MBDA can impact more MBEs is through its work as a policy, research and advocacy authority. Since Congress approved MBDA's request to establish an Office of Policy Analysis and Development (OPAD), we have been working to operationalize the new unit. Last October, MBDA produced the *State of Minority Business* report based on the results of the Census Bureau's 2012 *Survey of Business Owners* and data from the *Annual Survey of Entrepreneurs*. We also launched a data visualization tool on our website that allows visitors to see key statistics about the number of minority-owned firms in each state, by race and ethnicity. OPAD is responsible for promoting MBDA's domestic economic growth and job creation agenda by providing data and research, in-depth analysis, and comprehensive policy recommendations for minority business development based on economic and industry

trends. Conducting data analyses about American Indian, Alaska Native and Native Hawai'ian (AIANNH) businesses and producing special reports of interest to AIANNHs is expected.

MBDA's Virtual Business Center

MBDA is also taking steps to better leverage technology through its Virtual Business Center (VBC). The VBC serves as a virtual platform for strategic partners to provide services to minority-owned businesses. This approach is a natural evolution of how MBDA provides management and technical assistance to an ever-expanding base of minority business enterprises. The VBC supports MBDA's mission by ensuring MBEs, regardless of geographic location, gain greater access to the products and services that support their growth and development.

The Office of Native American Business Development

Additional strategies and tools for advancing economic development in Indian Country were made available by this Committee when it passed the Native American Business Development, Trade Promotion, and Tourism Act of 2000, which later became Public Law 106-464. Although funds were never appropriated to establish the Office of Native American Business Development (ONABD) at the Department of Commerce, nor was it stood up as envisioned by Public Law 106-464, many of the programmatic objectives have since been provided by MBDA, the Economic Development Administration, the International Trade Administration, the U.S. Census Bureau, and other Department of Commerce bureaus. Between 2005 and 2013, MBDA utilized funds from its base budget to staff ONABD with a director through an expert consultant appointment. The ONABD director's primary role was to work directly with American Indian tribes, Alaska Native Corporations, and AIAN firms; and to collaborate with Department of Commerce Bureaus and other federal agencies.

I understand this Committee, particularly Chairman Hoeven, has a special interest in the Office of Native American Business Development, and I would like the Committee to know that I am working with Secretary Ross and the Department to restore the director position and revive the ONABD. I welcome the opportunity to work with you on this shared priority.

MBDA: Winning the Future

With the number of minority-owned growing firms that gross over a million dollars in annual revenues stalled at 2 percent, the work MBDA does to build more firms of size and scale is even more important than it was when the MBDA was founded 50 years ago. Firms that cross the million dollar revenue threshold are poised to have a positive impact in their communities through job creation. Further, firms of size and scale expand the tax base making it possible for towns, cities, and states to provide much needed infrastructure to their citizens. This is no more evident than in Indian Country where tribal members are yearning for economic prosperity.

That is why I am passionate about MBDA's mission and the potential we have to make a difference in the lives of the American people. Thank you again, Mr. Chairman, Ranking Member Udall, and members of the Committee for the opportunity to testify today.

Attachment A

FY 2018—MBDA Broad Agency Announcement Grant Recipients—American Indian-Alaska Native-Native Hawai'ian Projects

Organization's Name	Project Coordinator	Address	City	ST	Zip
American Indian Science and Engineering Society	Sarah EchoHawk	4263 Montgomery Blvd. N.E. Suite 200	Albuquerque	NM	87109
Asian, Inc.	Michael Chan	1167 Mission Street, 4th Floor	San Francisco	CA	94103
Council for Native Hawaii Advancement	Danielle Chavez	91-1270 Kinoaiki Street	Kapolei	HI	96707
Kauffman & Associates, Inc.	Joann Kauffman	165 S. Howard St., Suite 200	Spokane	WA	99201

FY 2018—MBDA Broad Agency Announcement Grant Recipients—American Indian-
Alaska Native-Native Hawai'ian Projects—Continued

Organization's Name	Project Coordinator	Address	City	ST	Zip
National Center for American Indian Enterprise Development	Christopher James	953 E. Juanita Ave.	Mesa	AZ	85204
New Mexico Community Capital	Peter Holter	219 Central Ave. N.W. Suite 200	Albuquerque	NM	87102
Rural Community Assistance Corporation	Stanley Keasling	3120 Freeboard Dr.	W. Sacramento	CA	95691
Rural Enterprises of Oklahoma, Inc.	Scott Dewald	2912 Enterprise Blvd.	Durant	OK	74701
United Tribes Technical College	Charles Archambault	3315 University Dr.	Bismarck	ND	58504
University of Alaska- Anchorage	Rebecca Beck	3211 Providence Drive	Anchorage	AK	99508

The CHAIRMAN. Thank you, Director Childs.
Now we will turn to Ms. Ponti-Lazaruk.

**STATEMENT OF JACQUELINE PONTI-LAZARUK, CHIEF
INNOVATION OFFICER, RURAL DEVELOPMENT, U.S.
DEPARTMENT OF AGRICULTURE**

Ms. PONTI-LAZARUK. Thank you and good afternoon, Chairman Hoeven, Vice Chairman Udall and members of the Committee.

I appreciate the opportunity to represent USDA Rural Development to discuss how Native American tribes use our programs to deploy infrastructure and drive community and economic development.

RD is a major driving force for economic development in rural America. We manage a loan and grant portfolio of over \$225 billion administered by the Rural Utilities, Housing and Business Services. Together, they help communities build stronger economies, create jobs and improve the quality of life in rural America.

In 2017, Secretary Purdue created the Innovation Center within RD, which I lead as the Chief Innovation Officer. A major part of what the IC does is analyze RD's performance, policies and strategies, and find ways to improve program delivery to all our customers. The IC is also charged with facilitating partnerships to advance our mission.

RD is fully committed to building on past investments and improving our ongoing support to tribal Nations throughout Indian Country and Alaska. Since 2001, we have invested more than \$6.2 billion in loans and grants that will benefit American Indians and Alaska Natives for years to come.

Nearly half a billion was invested last year alone and has been deployed to support a variety of projects, projects like an early childhood development center and day care facility for the Spirit Lake Tribe in Fort Totten, North Dakota or a loan to Hopi Telecommunications in Arizona to bring higher speed broadband service to more than 650 tribal customers.

We recognize some of the challenges faced by Indian Country are unique. Congress provided RD with tools to help drive investments

to serve tribal areas. This includes tribal-specific funding in six RD programs and the RUS SUTA provisions that enable eligible applicants in substantially underserved trust areas to seek special terms for certain projects.

While the tribal-specific programs account for approximately \$50 million in funded projects yearly, it is important to note that the vast majority of our investments flow through our core programs such as the \$399 million invested in fiscal year 2018.

RD's suite of programs enables us to serve customers at almost any stage of development. The variety of loan, grant and technical assistance products and services provide tribes and those who serve them with a path to investing and growing over time to provide critical services to their members.

We understand providing access to broadband is a high priority for many tribal leaders. In the last eight years, RD has provided more than \$600 million in loans and grants to support broadband infrastructure and services on tribal lands.

RD's ReConnect Program is the most recent to offer broadband financing and includes priority points for applicants that serve tribal lands and to tribes. Eligible tribes can also invoke SUTA in this program. RD is hosting six ReConnect workshops around the Nation, one-third of which are located near tribal lands or at tribal venues.

In addition to ReConnect, RD is beginning its work to implement the new broadband provisions in the Farm Bill. We will engage and listen to tribal perspectives as we implement these new provisions.

For many tribal communities, understanding which RD programs meet their needs can be challenging. We provide technical assistance directly to tribes in collaboration with partners and through grants to private technical assistance providers. In addition to technical assistance, we are also continuously exploring ways in which we can more strategically engage our customers and deliver our programs.

In RD's new Innovation Center, we are building our analytics capabilities to support more strategic engagement with tribes and other rural customers. We are also exploring new ways and approaches to improve program delivery.

For example, we are stepping out of our traditional housing business model and piloting a new partnership with two Native community development financial institutions in an effort to increase homeownership on trust lands in parts of North and South Dakota.

The 2018 Farm Bill offers us other opportunities to innovate and serve. It reauthorizes RD programs that support tribal economic development and provides new tools that will enable us to better serve the needs of tribal Nations. Big or small, these changes will make a real impact on program delivery.

The New Farm Bill authorizes us to refinance certain hospital, telecommunications and electric loans. We understand that these authorities are of interest to tribal leaders and we look forward to engaging on this issue in the upcoming USDA Farm Bill consultations.

We are also directed to establish a technical assistance program to improve tribal access to RD programs. We look forward to tribal

consultation and listening sessions in the months ahead to hear how best to implement this section of the Farm Bill.

We continue to actively support all tribal Nations in our efforts to improve the quality of life for their members. To do so, we will partner with public and private entities to fund projects, leverage the many tools and authorities Congress has provided to us, and work to provide faster, friendlier and more efficient service and access to all RD programs.

Thank you for the opportunity to highlight our efforts today. I look forward to answering your questions.

[The prepared statement of Ms. Ponti-Lazaruk follows:]

PREPARED STATEMENT OF JACQUELINE PONTI-LAZARUK, CHIEF INNOVATION OFFICER,
RURAL DEVELOPMENT, U.S. DEPARTMENT OF AGRICULTURE

Chairman Hoeven, Vice Chairman Udall and Members of the Committee, I appreciate this opportunity to represent USDA and to discuss our programs within Rural Development (RD), including how our nation's tribes utilize these programs to build out critical infrastructure and as tools for community and economic development.

Rural Development's mission is to increase economic opportunity and to improve the quality of life for all rural citizens. We meet this mission by focusing on investments in economic development and infrastructure, by building and leveraging partnerships, and by seeking new ways of delivering our programs through ongoing innovation.

RD manages a loan portfolio of more than \$225 billion administered by three agencies: the Rural Utilities Service (RUS), the Rural Businesses and Cooperative Service (RBS), and the Rural Housing Service (RHS). RD investments support rural residents looking for affordable, safe housing; municipalities seeking water infrastructure and community facilities; and small rural businesses, co-ops, and agricultural producers looking to expand into new markets. We are also a vital source of financing for rural broadband and electric infrastructure. Together, RD agencies work to help communities build stronger economies, create jobs, and improve the quality of life in rural areas.

In 2017, Secretary Perdue created the Innovation Center (IC) within RD, which I oversee as Chief Innovation Officer. A major part of what the IC does is analyze RD's program performance, policies and strategies, and find ways to improve program delivery to all our constituencies, including throughout rural tribal reservations. Our mission is to equip rural communities with economic development tools to drive rural prosperity. We achieve this by identifying best practices in economic development, promoting multi-sector partnerships and capacity at the local level, and driving synergies by promoting collaboration across agencies.

The more than 40 programs that RD administers offer tribal leaders and members access to financial and technical assistance. We recognize the tremendous need for these types of resources in tribal communities and are fully committed to building on past investments and improving our ongoing support of tribal nations and Alaska. Secretary Perdue and Acting Assistant to the Secretary for Rural Development, Joel Baxley, place a high priority on improving program delivery to drive investments and promote development in Native communities.

RD agencies have a long history of investing in tribal economies. Since 2001, Rural Development has invested more than \$6.2 billion in loans and grants that will yield benefits to American Indians and Alaska Natives for years to come. Of this investment, \$449 million was invested last year alone and has been deployed through a variety of projects.

For example, RD provided a \$7.6 million loan to the 1994 land-grant Cankdeska Cikana Community College to build an early childhood development center and daycare facility for the Spirit Lake Tribe located in Ft. Totten, North Dakota. This new facility replaced several older facilities and will provide an educational head start for Spirit Lake's children.

In 2018, RD also provided a \$5.8 million dollar Telecommunications Infrastructure Loan to Hopi Telecommunications, Inc in Arizona. This investment will be used to construct fiber-to-the-premises (FTTP) systems in the Keams Canyon, Kykotsmovi and Polacca exchanges and make additional system improvements. It is expected that approximately 650 customers will be placed on the FTTP system, while customers who remain on the copper system or wireless system will all be able to access speeds of at least 10 Mbps upload and 1 Mbps download.

Also in FY 18, through our Community Facilities loan program, we made numerous investments to tribes to help finance essential community facilities. For example, we provided a \$4.8 million direct loan to the Yakutat Tlingit Tribe in southeast Alaska to construct a healthcare clinic, an \$8 million direct loan and \$3 million in guaranteed loans to the Blackfeet Nation in Montana construct a new senior care facility and a \$1.4 million direct loan to the Red Lake Nation in Minnesota for the 2nd phase of construction of the Red Lake Community Center.

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. We recognize that while many challenges faced by tribal nations are shared by all rural communities, these communities also face unique challenges. Through your leadership and support, Congress has provided RD with special tools to help drive investments to tribes and their members, as well as the 1994 land-grant tribal colleges and universities, including the mandatory funds we receive each year. It also includes the RUS Substantially Underserved Trust Area (or SUTA) provisions. The SUTA provisions provide additional flexibilities in our rural utilities programs to help drive investments in trust areas that are substantially underserved.

Historically, RD has had funds provided by Congress for Tribal projects in the following programs:

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

These special tools ensure that tribal nations have access to funds for critical investments that benefit tribes and tribal members. In a typical year, approximately \$50 million in program authority is legislatively mandated for tribal projects across these six RD programs. However, the vast majority of RD's investments benefitting tribes and Native Americans flow through our traditional programs. Using FY 2018 as an example, RD invested almost eight times the amount (\$399 million) in loans and grants that benefitted American Indians and Alaska Natives through our traditional programs compared to the tribal set-asides.

RD often partners with other government and private financing entities on projects, including those serving tribes. For example, when the Mississippi Band of Choctaw Indians needed to build a new health center, funding from the tribe, RD's Community Facilities (CF) Program, and the Indian Health Service (IHS) were combined to support the project. In 2013, RD provided a \$40 million CF direct loan, a commercial bank provided a \$10 million loan that was then guaranteed through the CF program and the Choctaw contributed \$5 million to the project. The result is a successfully operating new 20-bed hospital that also provides tribal members with outpatient, dental, emergency, trauma, behavioral health and community and public health services.

RD's suite of programs enable us to serve our customers at almost any stage of development, from initial concept, to project and community planning, application development and construction. The variety of loan, grant, and technical assistance products and services provide tribes and those who serve them with a path to investing and growing over time to provide critical services to their members. Sacred Wind Communications (SWC), a New Mexico-based telecommunications provider, is a good example of this, first with a small RD grant in 2005, and then with larger loans from RD that gave them the resources to scale and expand their reach. In 2005, SWC was first awarded a RUS Community Connect broadband grant for \$436,461 to provide both phone and Internet services to Huerfano, New Mexico—a small town of approximately 400 residents, located on the Navajo Nation reservation. SWC contributed an additional \$86,500 of its own funds to guarantee the success of the project. Telephones were installed in all community buildings, connectivity was delivered to key community buildings, and a new Computer Training Center was opened to the public. More recently, SWC has since also received multiple telecommunications loans from RUS, including a \$13.8 million loan in March of 2016 to improve Internet service within the Navajo Nation in northwest New Mexico. The loan was awarded with a lower interest rate (2 percent) under the Substantially Underserved Trust Area (SUTA) provisions of the 2008 Farm Bill. The SUTA provisions were implemented as part of a long-term strategy to assist tribes in meeting their utility infrastructure needs and improving economic development.

Leveraging the right programs at the right time enabled SWC to grow over time into a company that now serves tribal members across 22 Navajo Nation chapters.

Broadband

RD is building on its commitment to support deployment of critical infrastructure and to promote economic development in tribal areas. With an estimated 35 percent of residents of tribal lands still lacking broadband service, we understand that providing access to broadband is a high priority for many tribal leaders. From FY 2010–2017, tribal organizations benefited from \$259.6 million in RUS loans, grants, or loan/grant combinations that were provided to tribal or non-tribal providers to support broadband infrastructure and programs on tribal lands. During that same time period, tribes directly benefited from \$317.1 million in Broadband Initiative Program (BIP) grants and nearly \$3 million in BIP Technical Assistance grants. In addition, \$23.1 million in Community Connect grants were awarded to tribes, tribally owned broadband providers, and other entities that bring broadband service to unserved tribal areas.

RD's ReConnect is the most recent program to offer loans, grants and loan/grant combinations to finance broadband infrastructure projects through eligible rural entities, including tribes.

The scoring criteria for Round One of ReConnect includes priority points for applications that serve tribal lands. Eligible tribal applicants may also invoke SUTA on ReConnect applications, particularly on interest rates. To ensure potential applicants understand the program and its eligibility requirements, RD is hosting six workshops around the nation. At least two of the workshops are located near tribal lands or at tribal venues, including one that is concluding today (April 10) in Tucson, AZ at a Pascua Yaqui owned facility. More information about the workshops can be found on the "Events" page at <https://reconnect.usda.gov>. We are hopeful that efforts such as these will encourage tribes to apply and equip them to prepare competitive applications for this funding opportunity.

In addition to ReConnect, RD is beginning its work to implement new broadband provisions from the 2018 Farm Bill. As always, we will engage and listen to tribal perspectives as we implement these new provisions.

Technical Assistance

For many tribal communities, understanding which RD programs meet their needs can be challenging. Advice and assistance are available to RD applicants and borrowers throughout the planning, filing, and build out of projects. RD provides technical assistance to tribes directly, in collaboration with partners and through grants provided to private technical assistance providers. Several programs, including the Water and Environmental Programs (WEP), the Community Facilities (CF) Program and the new ReConnect program offer funding for technical assistance and training.

For example, WEP administers a Technical Assistance and Training (TAT) Grant program, as well as a Solid Waste Management Grant (SWM) program, both of which are available and subscribed to by tribal and Alaska native communities. Grantees of these programs provide a variety of training and assistance to rural water and waste utilities in everything from board governance and rate setting, to asset management. From 2007 to 2018, USDA awarded \$12.4 million in SWM grants and \$24 million in TAT grants to tribes and non-profit entities to help tribes with technical assistance and training needs related to water, waste water, and solid waste management. In 2018, 47 percent of the TAT grant recipients were tribes or entities serving tribes.

RD funded circuit riders also provide hands-on technical assistance to tribes in operating water systems. For example, when the Jemez Pueblo community in New Mexico became concerned with health impacts because red-colored water began flowing from their taps, they contacted the New Mexico Rural Water Association for help. Rural Water's Circuit Rider was able to determine that the reddish water was being caused by an improperly functioning chlorine injection pump. Working together, the RD funded Circuit Rider and the Pueblo staff rebuilt and calibrated the pump to deliver clean safe water to the 1,000 members on the system.

In August of 2018, Rural Development Oklahoma partnered with the Native American Finance Officers Association and the University of Arkansas' Indigenous Food and Agriculture Initiative to provide training for RD Oklahoma Community Programs Staff on reading Tribal financial statements and underwriting tribal deals. As a result, the Community Programs staff in Oklahoma is better prepared to underwrite tribal deals and deploy more of RD's funding to tribes throughout the state.

In terms of outreach, RD employs a full time National Native American Coordinator who works across all RD programs and provides support to RD staff and Tribes across the Nation. And in each state that serves at least one federally recognized tribe, RD appoints a Native American Coordinator, customarily as a collateral duty, to serve as a single point of contact for tribes in that state.

Innovating for Better Service

RD is continuously exploring ways in which we can more strategically engage our customers and deliver our programs. Secretary Perdue has a clear vision for USDA programs to be delivered efficiently, effectively, and with integrity and a focus on customer service. Through RD's new Innovation Center, we are building our analytics capabilities to support data-driven decisionmaking and more strategic engagement. We intend to use this new function to strategically target our outreach to tribes and other rural customers. RD is also looking at new approaches to improve program delivery.

For example, RD is partnering with two Native Community Development Financial Institutions (NCDFIs) that have extensive experience working in Native American communities. In FY 2018, RD obligated \$800,000 each to Mazaska Owecaso Otipi Financial and to Four Bands Community Fund. The organizations will relend the money to eligible homebuyers for mortgages on South Dakota and some North Dakota Tribal trust lands. Mazaska Owecaso Otipi Financial and Four Bands Community Fund also will service the mortgage loans after they are made. RD is providing the funding through the Single Family Housing Direct Loan program.

Each NCDFI contributed \$200,000 for mortgages in the pilot program. RD is stepping out of its traditional business model with this pilot in an effort to increase home ownership on trust land. RD has helped nearly 4 million rural residents purchase homes since passage of the Housing Act of 1949. However, homeownership rates on tribal lands historically have been significantly lower than those for other communities. Both NCDFIs have deep ties to the local communities and will be able to reach potential homebuyers more effectively than USDA and other lenders. Currently, mortgage applications are pending with both NCDFIs and loans are anticipated in the coming months. RD will monitor the success of this pilot to determine whether to request the authority to expand its reach.

New Opportunities in the 2018 Farm Bill

The 2018 Farm Bill reauthorizes RD programs that support tribal economic development and provides new tools that will enable RD to better serve the needs of tribal nations. Big or small, these changes will make a real impact on program delivery.

We thank this Committee and the Agriculture Committees for the update to the Rural Alaska Village Grant (RAVG) program in Section 6408 of the Farm Bill. This change supports the commitment among federal, state, and local partners to work collaboratively to deliver the RAVG program in an efficient, streamlined, accountable and impactful way. In June of 2011, RD, the Environmental Protection Agency (EPA), IHS and the State of Alaska entered into a Memorandum of Understanding (MOU) that detailed a new and better way of working with each other and Alaskan villages to make water and waste infrastructure investments in rural Alaskan villages where dire sanitation conditions exist in highly remote communities. Since then, RD has invested more than \$220 million through RAVG to improve infrastructure and the quality of life for Alaska Natives.

The RAVG program is an excellent example of how partnership among federal and state entities can change lives in native communities. The village of Eek, population 474, was an unserved community with no water or sewer infrastructure. Residents hauled water and utilized honeybuckets for wastewater. Over a span of four years, RD partnered with IHS, EPA and the State of Alaska to provide funding for a much-needed new community-wide water and sanitation system. In 2017, RD awarded a \$3.12 million RAVG grant to complete the last phase of construction and the project is near completion. The Alaskan Native Health Consortium (ANTHC) has been another instrumental partner, managing the project through construction. Because of the phased approach, many residents have already received first-time water and sewer service. The new system will have added health benefits as well. When running water and sewer is introduced to a community, illness rates drop. In one study of rural Alaskan communities, clinic visits for respiratory infections declined by 16 percent, skin infections by 20 percent, and gastrointestinal infections by 38 percent after the introduction of modern sanitation systems. Working collaboratively made this life-changing project possible.

The new Farm Bill also authorizes RD to refinance certain RD hospital loans, as well as telecommunications and electric loans. We understand that these authorities

are of interest to tribal borrowers and we look forward to engaging on this issue in the upcoming USDA Farm Bill consultations.

In Section 6302 of the Farm Bill, USDA is directed to establish a technical assistance program to improve tribal entities' access to RD programs. While RD has technical assistance funding in some specific program areas and dedicated staff across the country to serve our customers, this provision provides RD with the opportunity to engage and serve our native and tribal customers in a more comprehensive and focused manner. We are committed to providing technical assistance that addresses the unique challenges faced by tribal governments, tribal producers, tribal businesses, and tribally designated housing entities in understanding and strategically accessing RD's wide breadth of programs and services.

RD is looking forward to the tribal consultations and listening sessions in the weeks and months ahead to hear from tribes how to best implement this section of the Farm Bill and to begin building the framework of a new central RD technical assistance function to be deployed should funding be appropriated for it.

Conclusion

RD will continue to actively support all tribal nations in their efforts to improve the quality of life for their members. To do so, we will partner with other public and private entities to fund projects, leverage the many tools and authorities Congress has provided, and work to provide faster, friendlier and more efficient access to RD programs.

The CHAIRMAN. Thank you, Ms. Ponti-Lazaruk.
Now we will turn to Lieutenant Governor Thompson.

STATEMENT OF HON. MARK THOMPSON, LIEUTENANT GOVERNOR, ACOMA PUEBLO; BOARD MEMBER, INDIAN PUEBLO CULTURAL CENTER

Mr. THOMPSON. Thank you, Chairman Hoeven, Vice Chairman Udall, and members of the Committee. I appreciate the opportunity to provide testimony today before the Senate Committee on Indian Affairs.

My name is Mark Thompson. I am the First Lieutenant Governor for the Pueblo of Acoma in New Mexico. I am here today to represent the Indian Pueblo Cultural Center and Indian Pueblos Marketing, Inc.

Up until my recent appointment as the Lieutenant Governor for the Pueblo of Acoma, I served as the Property Development Director for both of these corporations. I have with me today the President and CEO of IPCC and IPMI, Mr. Michael Canfield. Both Indian Pueblos Marketing, Inc. and the Indian Pueblo Cultural Center are owned and operated by the 19 Pueblos of New Mexico and are located on trust land in the center of Albuquerque that once housed the Albuquerque Indian School.

The vision for our organizations located on this property includes creating unique and successful businesses, providing professional and economic advancement opportunities for our workforce, nurturing self-sustainable developments while providing financial returns to our Pueblo communities, and promoting and preserving Pueblo arts, culture, and lifestyles.

The Indian Pueblo Cultural Center began operations in 1976, and has a long, successful history of self-sufficient operations. Starting from humble beginnings on 11 acres of land with a handful of employees, we have grown to manage three corporations and five LLCs generating \$45 million in annual revenue, and providing employment for over 200 employees, of which 50 percent are Native American.

Our business operations currently include a gas station and convenience store, an independently owned and operated Starbucks, two fully leased office buildings, a 108-room Holiday Inn Express, a wonderful museum and exhibit space, restaurants, and the Native American Community Academy Charter School.

We are currently planning a 120,000 square foot office building, 50,000 square feet of retail space, and have under construction currently, right now, a new Marriott TownePlace Suites. I have a copy of the master plan as part of my testimony.

We have become a major contributor to the State of New Mexico, the local economy in Albuquerque and Bernalillo County because of the business we create and our ability to attract tourism. We are one of the top five most-visited attractions in New Mexico, hosting approximately 400,000 visitors per year.

I share this information with the Committee because we are a prime example of the success that tribes can have while working together and utilizing all the tools you have heard described today and, in particular, one tool, the BIA Loan Guaranty Program. This tool is critical to our growth. The type of growth we have experienced requires a large amount of capital investment. Property development is not cheap. Our Pueblo owners have provided support for us, but the enormous amount of funds required for property development requires that we partner with financial institutions. This is not always done. As mentioned, we are on trust land.

It is difficult for us to get loans on trust land; hence the BIA Loan Guaranty Program collateralizes 90 percent and allows us to seek financing through these financial institutions. Over the past 40 years, Indian Pueblos Marketing, Inc has financed, through the BIA Loan Guaranty Program, \$23 million in loans through this program to help develop our Albuquerque Indian School property which I mentioned.

I am also proud to say that we have never missed a payment and have not defaulted on any of these loans. I would also like to mention that we use other tools mentioned here today through the Department of Commerce, the Economic Development Administration, State capital outlay funds and other private funding. The backbone of this has been the BIA Loan Guaranty Program.

Indian Pueblos Marketing, Inc. and the Indian Pueblos Cultural Center would not be who we are today without the help of the BIA Loan Guaranty Program. That has to go without saying.

I would like to also recognize some of the employees in this area, Alsace Laframboise and Jerry Rayburn in the Southwest Zone Office in Albuquerque who have been critical in administering this loan on behalf of the Federal Government.

I want to thank the Committee for allowing me the opportunity to testify on behalf of the Cultural Center in Albuquerque. I stand for questions.

Thank you very much.

[The prepared statement of Mr. Thompson follows:]

PREPARED STATEMENT OF HON. MARK THOMPSON, LIEUTENANT GOVERNOR, ACOMA PUEBLO; BOARD MEMBER, INDIAN PUEBLO CULTURAL CENTER

Chairman Hoenen, Vice Chairman Udall, and members of the Committee, thank you for the opportunity to provide testimony today for the Senate Committee on In-

dian Affairs oversight hearing regarding “Building Out Indian Country: Tools for Community Development.”

My name is Mark Thompson. I am the 1st Lieutenant Governor for Acoma Pueblo, located in Acoma, New Mexico. I am here today to represent the Indian Pueblo Cultural Center (IPCC) and Indian Pueblos Marketing, Inc (IPMI). Up until my Tribal government appointment in December 2018, I was the Director of Property Development for both of these corporations. I have with me today the President and CEO of IPCC and IPMI, Mr. Michael Canfield.

Both IPMI and IPCC are owned and operated by the 19 Pueblos of New Mexico, and located on trust land in the heart of Albuquerque that once housed the old Albuquerque Indian School.

The vision for our organizations located on this property includes creating unique and successful businesses, providing professional and economic advancement opportunities for our workforce, nurturing self-sustainable developments while providing financial returns to our Pueblo communities, and promoting and preserving Pueblo arts, culture, and lifestyles.

The Indian Pueblo Cultural Center began operations in 1976, and has a long history of successful, self-sufficient operations. Starting from humble beginnings on 11 acres of land with a handful of employees, we have grown to manage three corporations and five LLCs generating \$45 million in annual revenue, and providing employment for over 200 employees, of which 50 percent are Native American. Our business operations currently include a gas station and convenience store, an independently owned and operated Starbucks, two fully leased office buildings, a 108-room Holiday Inn Express, 10,000 square feet of museum and exhibit space, a Pueblo-inspired restaurant, museum store, a 25,000 square-foot building leased to the Native American Community Academy Charter School, and 10,000 square feet of leased restaurant space. We are currently constructing a community plaza, and our new 92-room Marriott TownePlace Suites Hotel. And we’re in the planning phase for a new 120,000 square-foot office building, 50,000 square feet of additional retail space, and an Indian Pueblo Opportunity Center that will support Native entrepreneurs with a business startup incubator and makerspace focusing on creative and agricultural industries. I have included a copy of our master plan as part of my testimony that includes our most recent projects.

We have become a major contributor to our state and local economy because of the business we create, and because of our ability to attract tourism. We are one of the top five most-visited attractions in New Mexico, hosting approximately 400,000 visitors per year.

I share this information with the Committee because we are a prime example of how successful tribes can be when working together and utilizing all the tools available to us.

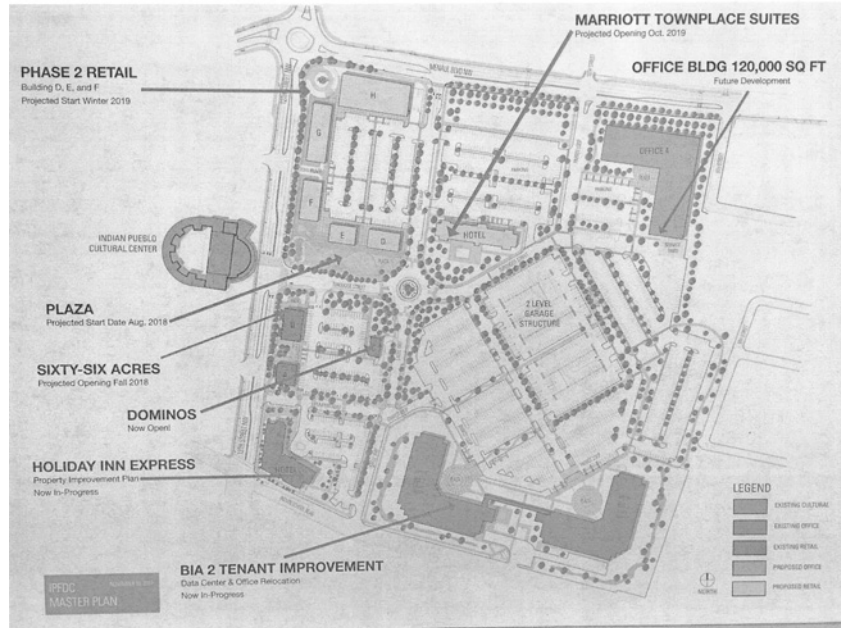
One such tool I would like to focus on today is the BIA Loan Guaranty, Insurance, and Interest Subsidy Program. The type of growth we have experienced, including the large amount of property development we’re involved in, has required a significant amount of capital. Our Pueblo owners have provided us with some financial support, but the enormous amount of funds required for this scale of growth needs to come from loans from financial institutions. As I mentioned, we are located on trust land, which makes collateralization of assets extremely difficult. Because of this, we were unable to find any banks willing to provide the financing to fund our plans for growth. We were fortunate to qualify for the BIA Loan Guaranty Program so our loans could be collateralized with a 90 percent guaranty. Over the past 40 years IPMI has financed more than \$23 million in loans through this program. These loans made it possible for us to build our convenience store, Starbucks, the charter school building, and virtually all the operations I mentioned previously. I’m happy to report we have never defaulted on any of these loans. In fact, we’ve never missed a single payment.

I should also mention that we have utilized other tools to assist us, like EDA grants and state capital outlay funding. We’ve also been fortunate to receive support from private donors, but it is accurate to say that without the BIA loan guaranty program, IPMI and IPCC would not be what we have become today.

I would also like to recognize BIA employees from this program, like Alsace Laframboise and Jerry Rayburn in the Southwest Zone Office, who have been so helpful administering the guaranty program.

I want to thank the Committee for inviting me to testify this afternoon, and I am happy to answer any questions.

Attachment



The CHAIRMAN. Thank you, Lieutenant Governor Thompson.

I agree with you. I have a banking background and the BIA Loan Guaranty, I think, is, if not the most powerful tool, certainly one of the most powerful tools I have found in terms of financing in Indian Country. I could not agree with you more on that.

We will now have five-minute rounds of questioning. I will start with Secretary Sweeney.

In terms of economic development tools, obviously there is an array of tools available to tribes across a number of agencies. Is there any database or repository either in Interior or somewhere else in the Federal Government where someone on the reservation can go and look and see all of the available tools? Is there some kind of database or something where they can look at all these tools and figure out which ones they need and maybe more than one?

Ms. SWEENEY. Not to my knowledge, sir.

The CHAIRMAN. Is that something you think should be worked on?

Ms. SWEENEY. Absolutely.

The CHAIRMAN. It would seem to me that there are some very good tools. Often you have to use them in conjunction. That might be something, Staff Director, we should keep in mind. It seems to me it would be good to have one place where someone can check and see what all the tools are, what is available.

In previous hearings, we received testimony that there is a lack of legal information for private businesses on the reservation. My question is, how is the department working to help tribes develop commercial codes and attract investment on the reservation?

Ms. SWEENEY. Thank you for your question.

Your observation is correct. Without the codes, businesses on the reservation cannot finance their inventories from sellers outside of Indian Country. Members cannot obtain credit for off-reservation purchases brought onto the reservation because the rules cannot be enforced in Indian Country.

The National Conference of Commissioners on Uniform State Laws and a working group of tribal officials drafted a model Tribal Secured Transaction Act to use as a template for legislation by tribes. This template is designed to help tribes facilitate the transactions with outside lenders and businesses.

It is our goal to provide tribes with all of the necessary tools to not only work with non-Native corporations, but also to attract investment and partnerships to Indian Country.

The CHAIRMAN. Clearly, this is an area that needs more work. I strongly encourage you to devote attention to it in terms of having resources for the tribes that they can call on to try to develop some of those commercial codes and other things they need to be entrepreneurial.

Ms. SWEENEY. Our Division of Indian Energy and Economic Development have been working on providing that legal structure to tribes and working with tribes to develop that legal structure for the codes. We certainly are open to any improvements to that process and to provide tribes with additional access to those tools.

The CHAIRMAN. Ms. Ponti-Lazaruk, when Secretary Perdue announced creation of the Rural Development Innovation Center, one of his initiatives was the One RD Guarantee Loan. Can you provide me with an update of how that is going?

Ms. PONTI-LAZARUK. I would be happy to do that.

The One RD Guaranteed Loan rule is actually being coordinated through the Innovation Center. We held a series of listening sessions in the fall, one of which was a tribal-specific listening session. We had a lot of good comments.

For a frame of reference, this is a rule that takes four of our programs that are guaranteed loan programs and tries to create a new way of doing business around all four and standardizes it across them. Right now, we are in the process of reviewing those comments and the input from all of our customers and trying to make some decisions on how we might want to implement the program. We are taking a holistic approach to this so it is not just about the rule but also about how we interact with our customers, an online interface and other ways to get standardized filing.

As we move forward in the months ahead, we will be looking for external customers to give us feedback on how to develop that. We would welcome tribal input on that as well.

The CHAIRMAN. I think you have real potential with it. I hope you are able to move forward and have an impact.

Ms. Harris, in your testimony, you discuss re-launching the Building Native CDFI's Sustainability and Impact Training and Technical Assistance Series. Can you provide an update on how the department has discussed this re-launching initiative with the tribes and what the response has been?

Ms. HARRIS. Thank you, Mr. Chairman.

We originally discussed the re-launching of the Capacity Building Initiative in 2017. Since then, we have engaged roundtables

through our traditional outreach at conferences and through working with a Native CDFI who is leading this effort on the contracting side to speak with Native CDFIs about what they are looking for, what type of training would be appropriate and the modality in which to deliver the training.

So far, since we opened registration three weeks ago, we have had significant response and interest. We have over 60 groups who have expressed an interest in attending the training.

The CHAIRMAN. Good. As you know, that is one of the things in our ICEE bill that we tried to really develop and expand, the CDFIs. We see that as an important source of investment and funding on the reservations. We are going to try to help you expand that and do more with that program.

Ms. HARRIS. Much appreciated. Thank you.

The CHAIRMAN. Director Childs, in your testimony, you referenced the creation of the Office of Policy Analysis and Development. One of the responsibilities is to conduct data analysis about American Indian, Alaska Native and Native Hawaiian businesses and then produce the reports once you have analyzed the data.

How do you plan to conduct tribal outreach and when should we expect to see those reports?

Mr. CHILDS. Thank you for that question.

I am very proud of the Office of Policy Analysis and Development. MBDA is moving towards doing more in the policy and data space. We know the need to produce faster and more reliable data exists, especially in Indian Country.

As far as outreach, I think we have a very good network. As I mentioned before, we did tribal consultations in fiscal years 2016 and 2017, going out and talking to people. As you know, the needs are unique depending where you are in the United States.

More important, I think, is going to some of the big summits and listening. I just came back from Las Vegas for the Reservation Economic Summit. I spoke at 9:30 a.m. and there were over 1,000 people in the room at 9:30 a.m.

When I tell you there was excitement in the room, when they said Director Childs, if we have a level playing field, we have no problem with competition. One of the things they look for me to do is to help reduce some of the barriers they face on reservations. I take my directorship very importantly and I am going to do more of that. We are going to listen and we are going to actually do some positive things.

The CHAIRMAN. When do you think that will be out? When do you expect the report?

Mr. CHILDS. We are bringing on an economist. I expect us to start doing the hard, crunching of the numbers this year and then either late this year or early next year, we should have the report.

The CHAIRMAN. I will tell you this. I like your attitude, I really do. I get the sense you want to get some things done. I have no doubt you will. I can just tell. I appreciate that. I just wanted to commend you on it.

I also have to acknowledge that for the Minority Business Development Agency at the Department of Commerce, I believe it is your 50th year anniversary.

Mr. CHILDS. It is our 50th year anniversary.

The CHAIRMAN. Congratulations on that. I think they got the right guy in there advancing the ball.

Mr. CHILDS. Thank you very much.

The CHAIRMAN. Thank you.

Senator Cortez Masto.

**STATEMENT OF HON. CATHERINE CORTEZ MASTO,
U.S. SENATOR FROM NEVADA**

Senator CORTEZ MASTO. Thank you, Mr. Chairman.

Let me also echo those comments, Mr. Childs. Also to all of you, thank you for being here. Thank you for your commitment and passion to what you are doing to help our tribal communities and our rural communities in general.

That is one of the things I wanted to talk about. Last year, Senator Portman and I were able to get enacted the Council on Rural Community Innovation and Economic Development through the Farm Bill.

The purpose of this was to enhance the efforts of the Federal Government to address the needs of rural communities, including those in Indian Country that we are advocating today. The Council is comprised of representatives from all of your larger Federal agencies. I am hoping to see creative and efficient solutions to help those in our Native communities with the recommendations and the Rural Smart Community Resource Guide the Council is tasked with developing.

Let me just ask one of you. Ms. Ponti-Lazaruk, can you provide the status of implementation of this council? Are you on it? Who is on it? Can you provide any information about how it is moving forward?

Ms. PONTI-LAZARUK. I can.

We are at the beginning of implementing all our Farm Bill provisions. We have had a kick-off meeting to discuss, across the Federal family, the next steps for the council. We look forward, in the months ahead, to seeing that roll out.

Senator CORTEZ MASTO. For those of you in Federal agencies, can I get a commitment that you are committed to the council and doing everything you can to promote the rural communities and innovation, particularly when it comes to smart technology?

Ms. SWEENEY. Absolutely.

Ms. HARRIS. Yes, Senator.

Mr. CHILDS. Yes.

Senator CORTEZ MASTO. Thank you. I appreciate that.

The other thing that was important for me, which you touched on, was broadband. It is the number one issue in our tribal communities and our rural communities. It is a challenge. I cannot tell you the opportunities it brings to these communities if we are to open that door.

The other legislation that was able to move through the Farm Bill was the Rural Broadband Integration Working Group. To me, it is another way for the Federal agencies really to work together to focus on how we address the barriers, how we bring forth broadband, and making sure the money is going where it needs to go.

Let me just ask this. Are any of you aware of this working group or the implementation of it? Is this still a part of what is being implemented from the Farm Bill?

Ms. PONTI-LAZARUK. It is still part of what is being implemented from the Farm Bill. For rural development, we understand the importance of broadband. I personally understand it. I came from 15 years at the FCC to join Rural Development and run the telecommunications program in 2006. I understand firsthand how important this is.

We look forward to implementing all of the parts of the Farm Bill associated with broadband and bringing more broadband to rural and tribal areas.

Senator CORTEZ MASTO. Thank you.

For that and as we bring in broadband and understand where there are underserved populations, I am from Nevada and I can tell you if you get even an hour or two hours out, you are off the grid. Our rural communities and or tribal communities are challenged as well.

Here is an issue that I am curious if you are looking at it. I also know that the mapping that is done, particularly as I said on Senate Commerce, is not accurate. The mapping that our Federal agency has to identify those underserved communities or lack of broadband is not accurate in my communities and I have heard from my colleagues that it is not accurate in their communities as well.

Is that something that, as you are looking at bringing in broadband and interconnectivity, you are aware of and how are you addressing that?

Ms. PONTI-LAZARUK. Thank you for that question. It highlights something that has been a challenge, I think, for a lot of years, getting not only data on where broadband is and is not, but getting that data to stay accurate over time.

I think that is one of the reasons I am very excited that Secretary Perdue created the Innovation Center. Our analytic shop is working with the department's analytic shop to find other data sources that we might use in corroboration with the FCC data and other data that is out there so we can really better target our funds.

It will happen over time as we begin to look at those various data sources but I am hopeful that we will have a better idea of where the service gaps are and how we can better serve.

Senator CORTEZ MASTO. I would hope you would tell us as well what we can do at the Federal level to make sure we are identifying those areas and addressing those needs. Thank you.

Ms. PONTI-LAZARUK. Absolutely.

Senator CORTEZ MASTO. I know my time is running out, thank you, Mr. Chairman.

The CHAIRMAN. Senator Daines.

**STATEMENT OF HON. STEVE DAINES,
U.S. SENATOR FROM MONTANA**

Senator DAINES. Thank you, Mr. Chairman.

I want to thank the witnesses for being here today.

No doubt providing economic opportunity is essential but I would argue the first priority of any community has to be safety. At the top of that list in Indian Country, of course, is the crisis we have with missing and murdered indigenous women.

Last week, I introduced a resolution that designates May 5 as the National Day of Awareness for Missing and Murdered Native Women and Girls. You might ask why May 5th? May 5th was the birthday of Hanna Harris. Hanna was a 21-year-old mother and a member of the Northern Cheyenne Tribe, who was murdered in 2013. She would have turned 27 this May.

In fact, I was honored to walk in and speak at a march we had in Billings just this past Friday raising awareness for missing and murdered indigenous women. I literally marched beside Hanna's mother during that event in Billings. If you watched The Lead on CNN with Jake Tapper just last night, it highlighted the fact that the murder rate of Native women is ten times the national average.

Assistant Secretary Sweeney, this issue demands immediate and focused attention. I know you are aware of it. We must continue to raise awareness and bring justice. Communication and coordination between Federal agencies, law enforcement and tribes must be improved in order to combat this tragic reality.

I support Savanna's Act, the SURVIVE Act, the Studying Missing and Murdered Indian Crisis Act. What else do you need from Congress to help end the crisis of missing and murdered indigenous women? I just listed three bills that we are working on.

Ms. SWEENEY. Thank you for your question. This is an issue that I am extremely passionate about.

We have been working internally as my written testimony reflected, on looking at developing strategies with our Office of Justice Services within BIA. There is a need to look at cold cases with respect to Indian Country. What I have heard from our officers internally is that they have a strong desire to focus on cold cases to bring families closure, to have that finality, to find the answers.

We need assistance in removing barriers. Also, when you look at violent crimes and missing and murdered American Indian and Alaska Native women and children, we want to partner with this Committee, we want to partner with other Federal partners to combat this. There is an education process that needs to take place.

Senator DAINES. As I was chatting with a lot of the marchers, we were having conversation as we were walking and I was struck by the fact that if a non-Native woman is missing or murdered, it oftentimes becomes a great big national story. If a Native woman is murdered or missing, unfortunately there are way too many cold cases out there.

I have a couple other questions, so I want to thank you for your response and your continued focus on this issue. I have requested a field hearing on this issue in Montana to get folks on the ground giving input where this crisis is directly impacting our tribes, destroying families and I look forward to working with this Committee to make sure this happens in a timely manner.

I would like to shift gears to discuss Stanley Patrick Weber, an IHS pediatrician who was recently convicted of sexually abusing children on the Blackfeet Reservation in Montana. Mr. Weber's actions and the manner in which IHS handled him are inexcusable.

I am committed to demanding accountability so that something like this never, ever happens again. We must ensure that victims of sexual abuse have access to resources they need.

Ms. Ponti-Lazaruk, how can the Department of Agriculture help tribal communities utilize grants to provide services to victims of sexual assault?

Ms. PONTI-LAZARUK. Thank you for the question.

The USDA Rural Development Program, both loan and grant, can be used for communities or tribes to build a trauma center or temporary housing for victims, or to have counseling services available to them.

They would come to our Community Facilities Program, a wonderful program, which has a very broad breadth of types of projects that can be funded there. We would be happy to reach out.

Senator DAINES. Thank you. I am also currently looking at legislative options to ensure that if, God forbid, another monster like Stanley Patrick Weber comes along, he would not receive a dime of taxpayer dollars in government pensions. He is set up to have this huge pension. That is absolutely wrong. We are fighting to make sure he never sees a dime of that pension.

Lastly, this past winter, in Montana we experienced record cold temperatures. We have seen many issues in Indian Country as a result. In fact, last month, we had outdated water lines at Crow Agency. I was speaking with Chairman Not Afraid of the Crow Tribe. We had pipe freezing and breaking meaning a complete loss of their stored drinking water supply.

A few days later, Chairman Not Afraid declared a state of emergency in response to severe flooding from heavy snow packs. Literally the Crow Tribe has seen flooding, frozen pipes and they had a fire. Oftentimes associated with colder weather, you have to find other ways to heat. It happened to the Crow Tribe in the last six weeks.

Assistant Secretary Sweeney, I have a question for you. How can DOI ensure the tribes have access to the funds they need to build or update water systems and infrastructure to help them become more resilient to natural disasters?

Ms. SWEENEY. Thank you for your question.

I would like to point out that BIA has never been funded for emergency management as a program or for disaster relief. Any of the funds that BIA provides to tribes to assist during these emergencies and disasters comes from other programs.

BIA Wildland Fire Fund suppression dollars cannot be used for any of the all hazard incidents. We continue to monitor what is happening in the Great Plains. After the series of storms, we are building a database of the impacts that have taken place in the Great Plains and across the Country.

We are also sending out a Dear Tribal Leader letter asking about the impacts of the shutdown. In addition to that, we are also asking what impacts they are receiving as a result of these natural disasters, what Federal funds are available to them, and what Federal funds do not cover the cost of the disasters.

Senator DAINES. I am out of time, well over time, but that is one issue itself. This is getting back to being more proactive and mak-

ing sure we have basic water system that is more resilient to withstand this.

When it is 35 degrees below in Montana, I am sure it is a natural disaster but we call that winter time. We need resilient systems there to accommodate cold temperatures. Thank you.

Senator UDALL. [Presiding.] Senator Smith.

Senator SMITH. Thank you very much, Vice Chairman.

Thanks so much to you all for being here to testify today.

I would like to start by asking some questions about housing. Owning a home, having a safe place to live is really fundamental to having everything else in your life work. Also, owning a home is the fundamental way that people build wealth and retirement savings even.

Yet, lack of housing is a big impediment to building economic opportunity and economic development in Indian Country. I was just looking at some data that is really surprising. About 40 percent of housing in Native areas is identified as being substandard.

Home ownership in Indian Country is about 33 percent, far below what you see in the rest of the Country. I certainly understand there are complicated issues around trust lands and so forth.

Let me start with you, Assistant Secretary Sweeney. What can you tell us about the work we are doing and should be doing to address housing issues in Indian Country?

Ms. SWEENEY. As you know, we are not a housing agency. We must partner with other agencies such as HUD, Agriculture and the VA in their work with rural development and VA home ownership.

Senator SMITH. I know that you do not do housing yourselves but yet, how does economic development work if there are not places for people to live and opportunities for people to build wealth? Let me ask it this way. How do you see your role in terms of coming up with strategies across different Federal agencies on this really important issue?

Ms. SWEENEY. Thank you for that question.

Housing is extremely important in creating stable economies and safe places to live, especially in rural areas, including Indian Country. As I said earlier, it is important for us to partner with the agencies whose core mission is to provide housing opportunities.

What we bring to the table at Indian Affairs is the Indian Affairs perspective and the advocacy for innovative approaches to housing. When you look at a community in Alaska that is looking to different programs to build tiny homes in some of the most remote areas of the State, we need to be thinking outside of the box when we look at housing in Indian Country.

Senator SMITH. Ms. Harris, would you like to respond?

Ms. HARRIS. Yes, thank you, Senator.

The benefit of working with Native CDFIs is that these financial institutions work closely with the tribal government in Native communities to assess the housing needs. I am happy to report that our Native CDFIs, through our NACA Program, our primary funding program for Native CDFIs, have done over \$117 million in home improvement and first down payment assistance programs.

There is a way to partner with financial institutions but, of course, there is much more need as Assistant Secretary Sweeney

mentioned that would require all the Federal agencies to work together.

Senator SMITH. This could be a strategy for getting at issues about access to capital and shortages of access to loans at financial institutions that are even available in Indian Country?

Ms. HARRIS. Absolutely.

Senator SMITH. Thank you.

Let me shift gears if I could and come to Ms. Ponti-Lazaruk. This is the issue in which I am interested.

Last Congress, I worked with Senator Udall and Senator Heitkamp to introduce the Tribal Food and Housing Security Act. Part of this bill serves as the basis for Section 6302 in the 2018 Farm Bill reauthorization which requires Rural Development to establish a technical assistance program to improve tribal entities access to your agency's programs.

You testified that Rural Development is developing tribal consultations and listening sessions to implement Section 6302 of the Farm Bill but funding is needed. Could you tell me what is the new Central RD Technical Assistance function you mentioned in your testimony? Is that different from the existing TA function?

Ms. PONTI-LAZARUK. It is. Thank you for your question.

The new Technical Assistance Program for tribes will actually be stood up within in the Innovation Center. I am really excited, having run several programs in Rural Development and understanding firsthand through that project work some of the challenges and the needs for technical assistance in tribal areas, and to be able to bring all of that together under the umbrella of the Innovation Center. It will come under my leadership and I am excited to stand it up.

Senator SMITH. Could you just let us know whether your agency asked for funding to support that function in the fiscal 2020 budget?

Ms. PONTI-LAZARUK. That is an excellent question. I will have to get back to you on that. I have to check.

Senator SMITH. Thank you, Mr. Chair.

Senator UDALL. Senator Murkowski.

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

Senator MURKOWSKI. Thank you, Mr. Chairman.

Thank you all for your testimony. I was not able to hear many of your comments and I hope I am not repeating but I appreciate the contribution from each of you.

I do understand that Senator Daines did speak with you briefly, Secretary Sweeney, about the missing and murdered indigenous women issue. This is something that we have great interest in working on with you and your teams.

Just know that whether it is the legislation we introduced last year and brought back again, Savanna's Act, or the Not Invisible Act that Senator Cortez Masto and I just introduced, there is a great deal of interest in working on these issues with you. We share that with Senator Daines.

I wanted to ask you about some of the capitalization strategies that you have been working on in Indian Affairs. We see the good

examples in Alaska in some of our communities with the programs through Indian Affairs that they have been able to access.

We have projects in Toksook Bay, Hoonah, Anchorage, Bethel, Kodiak, and many others that have used the Indian Affairs programs. You have the uniquely tailored Indian Loan Guarantee Program.

It would be helpful for me to understand, in your view, what more we can be doing to provide for a level of assistance. I do note that the fiscal year 2020 budget request proposes to phase out the Loan Guarantee Program as duplicative.

How is all this working and what more can we be doing to help you?

Ms. SWEENEY. Thank you, Senator Murkowski.

OMB found duplicative guarantee programs across the Federal Government. Given today's economic climate, it was prudent to propose consolidating the loan guarantee programs across the Federal Government.

I want to address that issue. I know it is an issue of concern raised by many members on this Committee with me personally. There is no dispute that the Indian Guarantee Loan Program is successful. We need patient capital in Indian Country. We need to have the incentives to attract investment in Indian Country.

However, we are not an economic lending agency with a large staff whose core mission is to lend to Indian Country. Our core mission is to uphold that trust responsibility and the treaty obligations. What we do though is perform the services that facilitate economic development, whether it is taking land into trust, doing environmental reviews, providing infrastructure or feasibility studies.

Again, I want to stress that we are not a financial lending agency but we want to work with those agencies to ensure that Indian Country has the access to that capital. When you ask what we can do, you have heard from the different agencies sitting at the table, representatives from the Administration, of the different programs they offer.

Last November, I hosted a roundtable with community development financial institutions that were Native-owned in addition to Native-owned banks and credit unions. It was historic. There were three priorities that came out of that roundtable.

It was partnering with Native CDFIs to deliver financial literacy and business training in some or all of our BIE schools; working with Treasury to ensure that Native financial institutions continue to build greater and greater capacity, especially in the area of new market tax credits; and that we, at Indian Affairs, review our internal systems to shorten the review and approval process on administrative requirements for services needed to facilitate economic development where trust property is involved.

Senator MURKOWSKI. I appreciate that recap. Understanding the role you have within Indian Affairs as kind of this oversight, one of the things I worry about, as we do consolidation, is that the specific Native interests might be overshadowed by the broader purpose of the funds or programs.

We need to know we have somebody looking specifically to the needs of Indian Country, looking specifically to the needs of the Native people within these programs so that they are not over-

looked, not overshadowed, not excluded because of definitional issues.

You and I know full well how many good, well intentioned programs Alaska Natives have been not eligible for because of mere definitions. I do hope that you continue to be aggressive in this level of oversight, making sure that level of review and applicability for our Native people is honored.

Ms. SWEENEY. Thank you. I appreciate your comments.

I do know that there are definitional issues. One I would like to raise with you with respect to Alaska is there are grant programs that include trust lands which are extremely important, but do not afford Alaska Native entities the opportunity to take advantage of them.

I am happy to provide that information to the Committee with the specific types of grants we are talking about.

Senator MURKOWSKI. I look forward to that.

Mr. Chairman, I have one very brief question to ask Ms. Ponti-Lazaruk if I may.

I want to thank you for what USDA has done to help recently with the benefit of the Rural Alaska Village Grant Program. I am going to be going to Eek, Alaska on Saturday. We will be celebrating the new water and sanitation system in that village. That came about because USDA partnered with IHS and EPA and the State of Alaska. This is a really good news event. I am delighted to be able to participate in that.

I do want to raise, very briefly with you, your scoring criteria for this new economic activity program. We have heard some concerns that the scoring criteria may work against rural Alaska and Alaska Native communities in several different ways.

One of the concerns is that small communities in Alaska may actually lose out because even though they are very remote and are not connected, the actual communities are pretty densely packed. Native villages tend to be community hubs for the region they are in.

Because of environmental considerations, you have village members that live in very close proximity to one another which makes the density seem high. Sometimes there are no health facilities, no businesses, critical community centers to connect, so we just do not have those connection points.

Instead of having farms and ranches, which get points in your scoring system, families in rural Alaska rely on subsistence, they are out hunting and fishing. We have a situation where we may actually not score as well given the nature and yet the need for the broadband infrastructure is absolutely imperative and cannot be overstated.

I raise that with you. I do now know if it has been brought to your attention before but would ask you to consider that and keep our unique situation in mind.

Ms. PONTI-LAZARUK. Thank you, Senator.

As you know, because we met in Alaska at the Rural Alaska Village Grant Conference, I have been to a number of these communities and the Alaskan villages. I understand and will certainly consider that as we move forward, especially into round two.

Senator MURKOWSKI. Greatly appreciated. Thank you.

Thank you, Mr. Chairman.

Senator UDALL. Thank you.

Ms. Sweeney, are there any other Federal programs which allow tribal members and tribes to collateralize trust land? That is what the Indian Loan Guarantee Program does. My understanding is there are not any.

Ms. SWEENEY. I would like to ask your question of Jack Stevens.

Senator UDALL. Mr. Stevens, please, the Indian Loan Guarantee Program allows the collateralization.

Mr. STEVENS. David, would you like to address that?

Mr. JOHNSON. What we do is we take a deed of trust on the leasehold interests so it is a leasehold deed of trust. That is the way it is collateralized.

Senator UDALL. There is nothing else like that?

Mr. JOHNSON. I do not know of any other program that uses a similar process now.

Senator UDALL. For OMB to use the term duplication, it should not apply here in any way because this is the program that works for the tribes, works for individuals trying to do development. No other Federal agencies that offer loans have the specialized knowledge about trust lands that the Department of the Interior does.

I would not keep repeating the word duplicative because I do not think it is accurate here. I think it is really unfair to the tribes and the people who have used this program. You are going to hear from Lieutenant Governor Thompson who I am going to ask this question.

Do you agree with what I have just said here? Is there some other program you could go to that did all these other things?

Mr. THOMPSON. Vice Chairman Udall and members of the Committee, I agree with you 100 percent. I was chomping at the bit to respond to some of that. I appreciate the opportunity.

Senator UDALL. Go ahead, you have the chance. Go for it.

Mr. THOMPSON. I think it is imperative for us to understand that the Bureau of Indian Affairs has local agencies that every tribe works with. Those agencies have developed capacity and capability over decades that understand the nuances of doing business on Indian land to include leasehold mortgages and things of this nature, regarding trust land and the legalities and regulations.

That capacity and capability is housed within the Bureau of Indian Affairs through those agencies and through programs like the BIA Loan Guarantee Program. Nobody else does that. That program helps you get that initial capital investment. Then you can turn around and leverage that to go to the Department of Commerce or USDA and use that. Each one of these programs helps combine to get a project done.

When you have the BIA, Indian Affairs also approves leases and right-of-ways for development and economic development. When a tribe can go to the Bureau of Indian Affairs or their agencies for a lease for development of a road, a utility right-of-way, a gas line right-of-way, and also tell or ask for a loan guarantee, then get that loan guarantee and go to the Department of Commerce or USDA to help complete the project, it is imperative we understand this program works and there is no other place we can get that done.

Thank you.

Senator UDALL. Lieutenant Governor Thompson, the President's fiscal year 2020 budget calls for eliminating funding for the Indian Loan Guarantee Program. I understand that the Indian Pueblo Cultural Center has used this program to finance some of its projects. Can you please share with the Committee how the program has enabled the Center to successfully develop its businesses?

Mr. THOMPSON. Thank you, Vice Chairman and members of the Committee.

The Indian Pueblo Cultural Center has used this program to finance \$23 million worth of development to include one of the largest Starbucks in the State of New Mexico, to help fund the Native American Community Academy Charter School.

We talk about community development and economic development. Economic development is not only about business development. It is also about education, housing, all of that. Economic development has all of those aspects.

Indian Pueblo Culture Center has, through the BIA Loan Guarantee Program, financed \$23 million worth of effort to help continue our development on the Indian School property right in Albuquerque.

Senator UDALL. Yes, and you would not have any place else to get those kinds of loans?

Mr. THOMPSON. Vice Chairman Udall and members of the Committee, no, sir.

Senator UDALL. Ms. Sweeney, can we get the name of the gentleman who gave the answer for the record? He gave the previous answer. I was asking you the question and Mr. Stevens stood up but I do not think he answered.

Ms. SWEENEY. No, that was David Johnson.

Senator UDALL. He specifically answered the question about the collateralization.

Ms. SWEENEY. Yes. I asked Jack earlier about the statement that Lieutenant Governor Thompson made regarding the difficulty to get loans and to collateralize loans with Indian Country. I wanted some clarification because there were some miscommunications, so my apologies.

Senator UDALL. Assistant Secretary Sweeney, one of the reasons for the Indian Loan Guarantee Program's popularity among tribal borrowers is its use of trust mortgages to secure financing. As you know, tribes are typically unable to use trust lands as collateral which is what we just talked about.

In the USDA's testimony, we learned about that agency's pilot program for issuing mortgages on trust lands in North Dakota that will help Native homebuyers. According to DOI's own Division of Capital Investment, which manages the Indian Loan Guarantee Program, the Indian Pueblo Cultural Center is a "beacon of success." Lieutenant Governor Thompson just testified that loans secured through the program have financed more than \$23 million in projects.

Why would the President propose to eliminate a Federal loan guarantee program that has proven so successful for tribal entities such as the Indian Pueblo Cultural Center? Do you have a plan to fill the void if the Indian Loan Guarantee Program is eliminated?

Does DOI have comparable programs in place when we know they do not?

Ms. SWEENEY. Yes, Senator, I do understand that this Loan Guarantee Program is something that's strongly supported by you and members of this Committee. The President's budget is the President's budget and we support that.

I want to stress that we perform services that facilitate economic development. As I stated earlier to Senator Murkowski, we perform functions within the Bureau of Indian Affairs like taking land into trust, like gaming, like doing environmental reviews that all facilitate economic development in areas like New Mexico.

With my private sector background and my business and management background, I have taken a look at the Office of Indian Energy and Economic Development. I am focused on realigning their focus and function within that division to run models and do stress testing on our strategies so that we can craft a path forward for economic development in Indian Country rather than spending considerable amounts of time reviewing loan applications.

There is no dispute that this is a successful program but that is not our core mission inside of Indian Affairs. There are other agencies whose core mission is to provide financial lending.

Senator UDALL. As I think you have heard from the Committee, we strongly support this. You are the top person, a Senate-approved person, in the Department of the Interior. When the President comes up with a budget, we understand when he sends it up, you follow it, but internally, we believe your role is to advocate for the programs working out there in Indian Country.

There is a whole process where before the budget shows up here on the Hill in February. As you know, the department tells the President what they want in the budget and there is a pass back and forth. We expect you to be very outspoken internally about these programs that are working out in Indian Country.

Ms. Harris, Treasury's CDFI Fund funds Native American CDFI assistance programs. It is doing some great work in Indian Country. There are four Native CDFIs in New Mexico providing capital to new and existing businesses and helping Native people become homeowners.

While the CDFI Fund is an effective tool for economic growth in tribal communities, I understand it is often oversubscribed. What is the current demand for the CDFI Fund's Native American CDFI Assistance Program, financial assistance and technical assistance awards? Does supply meet demand?

Ms. HARRIS. Thank you, Senator.

Going off last year's round, I can tell you that supply does not meet demand. We were oversubscribed by almost half. We received requests for \$34 million in grant applications. We awarded just a little over \$15 million. It is definitely oversubscribed.

Senator UDALL. Do you think that is the case every year, that there is significant over subscription like that?

Ms. HARRIS. There is significant over subscription in all of our programs, including the NACA Program.

Senator UDALL. The CDFI Fund has a statutory requirement of one to one match for all financial assistance grants which report-

edly makes access to Native American CDFI assistance funds difficult for Native CDFIs who cannot raise private capital.

That is why Congress, as you know, waived this dollar for dollar requirement for CDFIs in every fiscal year but fiscal year 2014. That omission in fiscal year 2014 led to significantly less capital going out to Indian Country.

Without a waiver, would Native CDFIs be able to access the funding made available through the CDFI Fund?

Ms. HARRIS. Without a waiver, as you mentioned, we would see a significant decline in the number of Native CDFIs that would have the capacity to access the funds.

Senator UDALL. That is a very, very important point. We saw it in fiscal year 2014 where that happened and it had a dramatic impact. Do you agree that the impacts would be devastating to Native communities where access to capital is already a significant challenge?

Ms. HARRIS. Yes, I do.

Senator UDALL. Thank you.

Assistant Secretary Sweeney, Chaco Canyon is a critically important area for tribes in the southwest but it is also home to very active oil and gas development activity. Late last year, Pueblo leaders met with Associate Deputy Secretary Jim Cason and Principal Deputy Assistant Secretary John Tahsuda to discuss ways tribes and the Administration can work together to protect the Chaco Canyon area.

In that meeting, Mr. Cason invited the tribes to submit a proposal for an ethnographic study of the region in order to incorporate Pueblo religious leaders' knowledge of significant sites to guide responsible oil and gas development. The Pueblos agreed and submitted their proposal in October 2018. For the record, that is a very significant development, for Pueblo leaders to be willing to share this knowledge of sacred sites, as you probably know well.

My understanding is that there have been meetings between Interior officials and Pueblos to discuss the parameters of the study but there are some key sticking points like the one area it would cover outside the current 10 mile buffer zone.

Can you please provide me with an update on the progress being made to accommodate the Pueblos' request to cover a wide area of the Chaco region? We are talking greater Chaco now.

Ms. SWEENEY. Understood. Thank you.

As you noted, there have been several meetings with the Pueblo governors. They were asked to submit a proposal. That proposal was submitted and at this time, it is my understanding that BLM and Indian Affairs are currently reviewing those proposals.

Senator UDALL. Are you personally involved in these discussions?

Ms. SWEENEY. I am personally involved in the internal deliberations, yes.

Senator UDALL. As the highest ranking tribal official in the Administration, I would like you to personally stay on top of this. It is important that the Pueblos have a voice within the Administration.

I do not think there are any additional witnesses or an additional questioner showing up, is that correct on both sides?

Obviously the record is going to stay open for a couple of weeks. We are going to submit questions to all of you and we hope you will answer those in a timely way.

We had a second vote going on and that is why you have seen Senators going in and out. No disrespect to the witnesses. We really appreciate everything you have done today.

I am going to gavel this hearing closed. I do not want to keep everyone waiting.

[Whereupon, at 4:03 p.m., the Committee was adjourned.]

A P P E N D I X

KIRAN AHUJA, CEO, PHILANTHROPY NORTHWEST

Chairman Hoeven, Vice Chairman Udall, and Members of the Committee, thank you for this opportunity to submit testimony regarding the recent hearing, “Building out Indian Country: Tools for Community Development.” My name is Kiran Ahuja, and I am the CEO of Philanthropy Northwest.

Founded in 1976 and based in Seattle, Philanthropy Northwest is a membership network of more than 170 grantmakers in the six-state Northwest region—Alaska, Idaho, Montana, Oregon, Washington, and Wyoming—and also works with philanthropies in Hawai‘i. Philanthropy Northwest partners with family funds, foundations, and corporate giving programs through professional development, networking, research and publications, public policy, and individualized consulting. Our members span a wide range of issues, grantmaking practices, size, and scope. Together, they represent nearly 50 percent of the region’s philanthropic assets.

Philanthropy Northwest’s vision is to ensure Northwest communities have vibrant, healthy futures that honor our past, our people, and our culture. To accomplish this vision, our work is built around three key pillars: (1) advancing diversity, equity, and inclusion; (2) promoting advocacy and engagement; and (3) strengthening the philanthropic sector. We are committed to expanding the reach and impact of philanthropy across all communities in our region, and supporting the well-being and prosperity of Native American, Alaska Native, and Native Hawaiian communities—whose histories and cultures so deeply shape the Northwest’s identity—is a fundamental value in our approach.

Our testimony addresses the following areas:

- *Philanthropic work to support Native communities.* Members of our network are actively and intentionally working to support economic growth in Native communities.
- *The importance and impact of data.* Beyond specific grantmaking and programmatic activities, we recognize data as an underlying priority that will support investments toward strengthening economic and community development. Effective approaches to build and sustain thriving communities require strong data about the communities intended to be served by these resources. Like many partners across the sector, Philanthropy Northwest views data as essential, for our own work and for policy makers.
- *Why the 2020 Census matters.* We see the 2020 Census as a critical opportunity to build accurate and reliable data that will guide investments and programs to support our region’s most under-resourced communities, including Native communities.¹ The census plays a foundational role in the visibility of Native communities’ needs and the equitable distribution of resources. For this reason, we believe the importance of a robust and accurate 2020 Census must be part of this committee’s consideration of the tools for economic and community development in Indian Country.

Philanthropic Work to Support Native Communities

Federal resources and programs have an important role in supporting economic and community development in Native communities, and while the philanthropic sector cannot fill this gap, it too is a necessary partner and stakeholder in collaborative solutions. First Nations Development Institute, which works to improve economic conditions for Native communities through direct financial grants, technical assistance and training, and advocacy and policy, reported national data from 2006–2014 that \$107 million in grants serving Native causes went toward economic and community development-related activities.²

In the Northwest, a vital responsibility of our philanthropic network is to strengthen its relationship with Native communities. Our analysis of philanthropic funding in 2014, the last year for which we have published data, showed that funding to Alaska Native and Native American communities in our six-state region was

nearly five times more likely than grantmaking nationwide to support Native activities, issues, and communities (\$22.6 million regionally versus \$91.6 million nationally).³

One Philanthropy Northwest member, Northwest Area Foundation (NWAf), has a commitment to place 40 percent of their grant dollars with Native-led nonprofit partners.⁴ Serving the states of Idaho, Iowa, Minnesota, Montana, North Dakota, Oregon, South Dakota, and Washington, and the 75 Native nations that share this geography,⁵ NWAf provides tangible examples of how grantmaking supports economic and community development in Indian Country. NWAf currently provides \$10 million in grants to 18 Native community development financial institutions (CDFIs), private organizations managed by Native community members to provide local businesses with training, education, and financial support. NWAf also has three mission investments in Native CDFIs totaling nearly \$2 million that are program-related investments, which the foundation defines as below-market-rate investments that prioritize impact over financial return.

- One CDFI is located in Eastern Washington on the Confederated Tribes of the Colville Reservation.⁶ Capital and education provided to entrepreneurs has led to the creation of multiple profitable businesses owned by residents, such as a healthy foods restaurant and a daycare center, which likely would not have existed without the CDFI or philanthropic support behind it.⁷
- The state-recognized Little Shell Tribe of Chippewa Indians in Montana needed capital to develop a limestone quarry to help the Little Shell achieve financial self-sufficiency. However, the tribe's lack of federal recognition prevented access to federal funding. A regional CDFI, the Native American Development Corporation, helped them locate a finance partner to launch the project.⁸ The Native American Development Corporation has assisted over 20 Native communities in the Dakotas, Montana, and Wyoming, and partners with federal government agencies and the Northwest Area Foundation.⁹
- A CDFI facilitator and major grantee, First Nations Oweesta Corporation (Oweesta), lends and relends to CDFIs, including through a growing capital pool of \$10 million supported by \$1 million in seed funding from NWAf. Additionally, a \$500,000 grant from NWAf further supports Oweesta's lending to smaller CDFIs. According to Oweesta, the relending will lead to 3,000 new jobs.¹⁰

In addition to grantmaking, philanthropy also serves a valuable role as a convenor to explore issues, facilitate dialogue, and promote partnerships. One area where Philanthropy Northwest and its members are deepening our work is with respect to Opportunity Zones, and specifically understanding how this new community investment tool can support future wealth building for Native communities. The six Northwest states have 328 Opportunity Zones. We know that rural and tribal areas face a built-in disadvantage to attracting Opportunity Zone dollars when up against more urban centers that offer a dense array of large, profitable real estate projects, and where investors are already engaged. Rural and tribal places are forming regional collaborations to compete, and two notable collaborations are in the Northwest:

- The Emerald Coast Opportunity Zone is a collaboration between economic development leaders on the Olympic Peninsula of Washington state representing five tribes (Jamestown S'Klallam, Lower Elwha Klallam, Makah, Quileute, and Hoh), four cities, two counties, and two port authorities.¹¹
- The North Star Opportunity Zone is a collaboration spearheaded by the Confederated Tribes of the Colville Reservation in eastern Washington state.¹²

With members of our network and partners from Native communities, we are convening dialogue and deepening proficiency about the role philanthropy might play in supporting rural and tribal Opportunity Zones.

These examples offer a glimpse into how philanthropy has an important role in this discussion, even as we recognize that philanthropy can and should be doing more to support Native leadership in addressing economic challenges facing Native communities. Later this year, Philanthropy Northwest will release a report on Native giving that will highlight examples and best practices that Native communities believe are important to replicate to build out strong partnerships. The report will be a resource for driving more philanthropic resources to Native communities, and highlighting the appropriate ways non-Native people and institutions can support efforts that serve Native people and center their leadership.

The Importance and Impact of Data

Policy and funding decisions are built upon data. However, it is widely known that accurate and reliable data at all levels—from national to local—can be difficult to obtain regarding Native communities. Limited data impacts the availability of resources, especially to tribes. For example, in the child welfare context, funding for Title IV–E Foster Care and Adoption Assistance goes to tribes that have the financial and technical infrastructure in place to meet extensive data reporting requirements.¹³ Contrary to the misconception that many tribal governments would be able to support this endeavor through casino revenues, many tribes without large gaming enterprises lack resources for these data operations.¹⁴ Limited data also hinder the ability to identify unmet needs in the Native community.¹⁵ For example, data have shown the average philanthropic grant for Native American causes and organizations shrunk from almost \$160,000 in 2006 to well below \$120,000 in 2014,¹⁶ and less than one percent of total grantmaking goes to these causes, which can be partially attributable to insufficient information and evidence available to grantmakers.¹⁷

Data directly inform effective decisionmaking, which in turn leads to promising outcomes, as an example from one of our members, Yakima Valley Community Foundation (YVCF) in Yakima, WA, illustrates from their partnership with the tribal community. In 2013, YVCF invested \$15,000 into the local collaborative Ttáwaxt, which used community-based strategies to collect data to understand factors contributing to disproportionate infant mortality rates among Native American infants in Yakima County. Community members were trained in ethical research processes and data collection methods, and they were paid to gather both quantitative and qualitative information.¹⁸ The analysis led to establishing a strong foundation to build upon, interventions, and data used to provide education to the professional community.¹⁹ YVCF entered back as a funding partner to Ttáwaxt in 2017 and awarded the collaborative \$150,000, which was then used to leverage and gain support from many other funders. Together this funding has allowed Ttáwaxt to fine tune their community-driven services, build capacity, pay tribal members to implement work, and gain meaningful sustainability in the community, and now Ttáwaxt is beginning to move toward their own non-profit.²⁰

Why the 2020 Census Matters

Data from many sources are important to analyzing, anticipating, and responding to needs in Native communities. There is no source of data as broadly consequential as the census. The census, which occurs once every ten years, is a constitutionally mandated count of the total number of people living in the United States. Decennial census data are used to accurately apportion \$800 billion in federal funding, create an equal distribution of political representation, and inform decisions made by organizations across all sectors that use the data in their business or policy decisions.²¹

The goal is for every person to complete the census by Internet, mail, or phone. However, certain populations have historically been undercounted in the census, such as young children, those with low Internet access, people in rural areas, lower-income groups, and people of color.²² Around a quarter of the Native population lives in areas identified as hard-to-count. Among other factors, this is due to a high poverty rate, lower than average educational attainment, a much younger than average population, a high proportion of renters versus homeowners, and a substantial rate of complex living situations,²³ such as multi-family or extended family homes.²⁴

Stark numbers reflect the significant risk of a census undercount in Native communities:

- For the 22 percent of American Indians and Alaska Natives who live on reservations,²⁵ the 2010 Census yielded an undercount by nearly five percent, over twice as high as the second-most undercounted population.²⁶
- The 2020 Census will feature a new Internet response method, but almost half of those on reservations with a computer do not have a high-speed Internet subscription. High-speed Internet access among those who have a computer lags overall across the Native population, at around two-thirds, in contrast to 82 percent of the rest of the population.²⁷
- People who are homeless can be very difficult to accurately count in the census.²⁸ While American Indians and Alaska Natives represent less than two percent of the country's population, they comprise four percent of the sheltered homeless population and five percent of sheltered homeless families.²⁹ In Hawai'i, which has the highest rate of homelessness per capita at 487 per 100,000 people,³⁰ one-third of the homeless population is Native Hawaiian.³¹

Many federal programs that benefit Native communities rely in whole or in part on census-derived data for allocation formulas. These include, but are not limited to, Title I grants to local education agencies (\$14 billion in FY2015), Head Start (\$8.3 billion), and Native American employment and training (\$58 million).³² Expansion funds for Head Start are distributed based on the number of young children in poverty in a particular area. This especially affects funding to Native communities, where nearly one-third of the population are children, compared to 24 percent in the general population.³³ Many health programs also rely on census data. This includes those that solely support Native communities, such as the Indian Health Service (nearly \$5 billion in FY2015) and the Urban Indian Health Program (\$41 million), as well as programs with high Native enrollment, such as Medicaid (\$312 billion) or other public insurance.³⁴ Housing-related services are also impacted by census data, such as the Indian Housing Block Grant (\$650 million in FY2015) and Indian Community Development Block Grants (\$70 million).³⁵

Census undercounting results in Native communities being inaccurately and insufficiently represented in decisionmaking. At the level of federal resources, this results in clear costs to health, security, and educational and employment opportunities for Native peoples across the country, weakening the infrastructure to support and sustain strong economies. For policy makers and philanthropy alike, an incomplete census count misguides us in evaluating needs, setting priorities, and measuring the outcomes of investments and programs.

Conclusion

It is a priority of Philanthropy Northwest to support Native communities across our region, and we are committed to not only deepening our own work on this front, but also to working with this committee as a partner to promote communities' capacity to build healthy and sustainable economies. Through our network's own vested interest and familiarity with this issue, we encourage this committee to consider the importance of robust data, including and especially through the 2020 Census, as a fundamental tool to promote economic and community development in Indian Country.

We look forward to continuing to be a resource to this committee. Our Native giving report will be released this fall, and we would welcome an opportunity to present at a forthcoming hearing.

ENDNOTES

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PREPARED STATEMENT OF THE UNITED SOUTH AND EASTERN TRIBES SOVEREIGNTY PROTECTION FUND USET

The United South and Eastern Tribes Sovereignty Protection Fund (USET SPF) is pleased to provide the Senate Committee on Indian Affairs with testimony for the record of the hearing on, “Building out Indian Country: Tools for Community Development.” Rebuilding of our Tribal Nations includes rebuilding of our Tribal economies as a core foundation of healthy and productive communities. Lack of parity with other units of government and limited access to capital often serve as our greatest challenges and interfere with our ability to pursue economic development opportunities, which has a ripple effect throughout Tribal communities. USET SPF supports current legislative and executive efforts to advance economic development in Indian Country in a way that is respectful of the federal trust obligation and our inherent sovereignty. Below we address many of the issues and bills raised during the hearing, as well as some major USET SPF priorities that were absent.

USET SPF is a non-profit, inter-tribal organization representing 27 federally recognized Tribal Nations from Texas across to Florida and up to Maine.¹ USET SPF is dedicated to enhancing the development of federally recognized Tribal Nations, to improving the capabilities of Tribal governments, and assisting USET SPF Member Tribal Nations in dealing effectively with public policy issues and in serving the broad needs of Indian people. This includes advocating for the full exercise of inherent Tribal sovereignty.

S. 212, The Indian Community Economic Enhancement Act

USET SPF continues to support many of the provisions within the Indian Community Economic Enhancement Act (ICEE). The permanent waiver of matching funds for Native Community Development Financial Institutions (CDFIs) is long overdue and a welcome provision in the bill. In addition, we welcome the opportunity for Native CDFIs to access grants through the Native American Programs Act that would provide CDFIs with the opportunity for development and maintenance, and allow them to provide assistance to Tribal Nations in the development of Tribal law and court systems for the purposes of regulating commerce, as well as Tribal master plans for economic development and infrastructure.

We also offer our support for the elevation of the Director of the Office of Native American Business Development. Providing direct access from this position to the Secretary of Commerce will assist in the removal of some of the barriers described in the “Findings” section of the bill.

Further, USET SPF is supportive of amendments to the Buy Indian Act that would require the Bureau of Indian Affairs and the Indian Health Service to certify that procurement from Indian businesses is not practicable before purchasing outside Indian Country. We also look forward to the issuance of a biannual report from the Departments of Health and Human Services and Interior regarding the implementation of the Buy Indian Act.

USET SPF believes that this bill provides a variety of much needed change in policy and law. Additionally, we continue to note that there are a number of opportunities for improvement within the bill as introduced. These include:

- Section 2. Findings.

While the Findings section as drafted does describe many existing barriers to economic development in Indian Country, USET SPF would like to see references to the deep inequities Tribal Nations face under the U.S. Tax Code strengthened. Through inequities in the tax code as well as state dual taxation,

¹ USET SPF member Tribal Nations include: Alabama-Coushatta Tribe of Texas (TX), Aroostook Band of Micmac Indians (ME), Catawba Indian Nation (SC), Cayuga Nation (NY), Chitimacha Tribe of Louisiana (LA), Coushatta Tribe of Louisiana (LA), Eastern Band of Cherokee Indians (NC), Houlton Band of Maliseet Indians (ME), Jena Band of Choctaw Indians (LA), Mashantucket Pequot Indian Tribe (CT), Mashpee Wampanoag Tribe (MA), Micosaukee Tribe of Indians of Florida (FL), Mississippi Band of Choctaw Indians (MS), Mohegan Tribe of Indians of Connecticut (CT), Narragansett Indian Tribe (RI), Oneida Indian Nation (NY), Pamunkey Indian Tribe (VA), Passamaquoddy Tribe at Indian Township (ME), Passamaquoddy Tribe at Pleasant Point (ME), Penobscot Indian Nation (ME), Poarch Band of Creek Indians (AL), Saint Regis Mohawk Tribe (NY), Seminole Tribe of Florida (FL), Seneca Nation of Indians (NY), Shinnecock Indian Nation (NY), Tunica-Biloxi Tribe of Louisiana (LA), and the Wampanoag Tribe of Gay Head (Aquinnah) (MA).

revenue generated within Indian Country continues to be taken outside our borders or otherwise falls victim to a lack of parity. Moreover, Tribal governments continue to lack many of the same benefits and flexibility offered to other units of government under the tax code. We strongly encourage the addition of stronger language within the Findings section that acknowledges and seeks to lift these deep inequities.

This is particularly important, given the failure of Congress to include any Tribal priorities in the Tax Cuts and Jobs Act, despite consistent advocacy from Tribal Nations across the country. It is unacceptable that this once-in-a-generation legislation did not include these critical, non-controversial Tribal priorities. Tribal Nations across the country, including USET SPF member Tribal Nations, are simply seeking parity as governments and economic opportunity for their citizens under the U.S. tax code.

- Section 3. Native American Business Development, Trade Promotion, and Tourism Act.

While USET SPF supports much of the language in this section, including the Indian Economic Development Feasibility Study, we note the absence of placeholder language found in a previous version of the bill. Repeal of the “essential government function” test in the Tribal issuance of tax-exempt bonds would be critical step forward in the pursuit of parity within the tax code for Tribal Nations. Currently, Tribal Nations are the only governments that are limited to using tax-exempt bond financing for “essential government functions.” The IRS has interpreted this standard to exclude Tribal economic development activities even though state and local governments routinely use tax-exempt financing for development projects. This limitation on Tribal Nations greatly inhibits infrastructure deployment and economic growth. Although we recognize that the addition of taxation provisions could result in jurisdictional issues, USET SPF asks that language repealing the “essential government function” test be added to the bill.

S. 294, The Native American Business Incubators Program Act

The Native American Business Incubators Program Act would establish a grant program to provide financial assistance for the establishment and operation of business incubators serving Tribal communities within the Department of the Interior. The growth and diversification of Native businesses within Indian Country is critical to economic sovereignty, self-determination, and Nation rebuilding. We agree that Native business owners face unique and greater barriers to economic success than many of their peers. USET SPF strongly supports this legislation as an opportunity to create jobs and strengthen Tribal economies, particularly in the USET SPF region. We further support the necessary authorization of funding for this program and appreciate attempts to ensure that the Act is not implemented at the expense of other equally necessary programs at Interior. We note, however, that opportunities under this provision come in the form of grants. We continue to ask that consideration be given to further supporting Tribal sovereignty and self-determination by providing the opportunity to receive these dollars through P.L. 93–638 contacts or compacts.

Urgent Need for Tax Parity

Any conversation about community and economic development in Indian Country must necessarily include tax parity for Tribal Nations. As we note above, through inequities in the tax code as well as state dual taxation, revenue generated within Indian Country continues to be taken outside its borders or otherwise falls victim to a lack of parity. Despite recent national tax reform, Tribal governments continue to lack many of the same benefits and flexibility offered to other units of government under the tax code.

On December 20, 2017, Congress passed H.R. 1, the Tax Cuts and Jobs Act, legislation reforming the U.S. tax code. USET SPF continues to be deeply disappointed that after years of advocacy, the legislation did not contain a single Tribal priority. Tribal Nations had spent years advocating for changes to the tax code that would provide for tax treatment reflective of our governmental status and enhance economic development in Indian Country. Legislation providing for these changes was introduced: S. 2012, The Tribal Economic Assistance Act, introduced by Senator John Hoeven; and S. 1935/H.R. 3138, The Tribal Tax and Investment Reform Act, introduced by Senator Jerry Moran and Representatives Lynn Jenkins and Ron Kind.

Tribal priorities for this legislation were simple—provisions that would offer governmental parity and economic development for Tribal Nations under the tax code.

And yet, these critical changes are absent in the Tax Cuts and Jobs Act. USET SPF calls upon Congress and the Administration to prioritize tax reform for Tribal Nations in future legislation, including tax extenders and any upcoming infrastructure package.

In addition, as USET SPF has noted many times before, dual taxation hinders Tribal Nations from achieving our own revenue generating potential. Although Tribal Nations have authority to tax noncitizens doing business in Indian Country, when other jurisdictions can tax those same noncitizens for the same transactions, Tribal Nations must lower their taxes to keep overall pricing at rates the market can bear or forgo levying a tax at all. The application of an outside government's tax often makes the Tribal tax economically infeasible.

Dual taxation undercuts the ability of Tribal Nations to offer tax incentives to encourage non-Indian business entities onto the reservation to create jobs and stimulate the Tribal economy. As long as outside governments tax non-Indian businesses on the reservation, even if a Tribal government offers complete Tribal tax immunity to attract a new non-Indian business to the reservation, that business is subject to the same state tax rate that is applicable offreservation. As a matter of economic fairness, USET SPF asks that Congress and the Administration work with Tribal Nations to support and advance initiatives that would bring certainty in tax jurisdiction to Tribal lands by confirming the exclusive authority of Tribal governments to assess taxes on all economic activities occurring within their borders.

Restoration of Tribal Homelands

It is similarly impossible to discuss Tribal community development without acknowledging the critical importance of Tribal homelands restoration. In response to federal policies that stripped us of our land base, the Department of the Interior (DOI) has, for nearly 85 years, restored Tribal lands through trust acquisitions to enable Tribal Nations to build schools, health clinics, hospitals, housing, and provide other essential services to Tribal citizens. Over this period, DOI has approved trust acquisitions for approximately 5 million acres of former Tribal homelands, which represents only a small fraction of the more than 100 million acres lost through Federal policies of removal, allotment, and assimilation.

USET SPF Tribal Nations continue to work to reacquire our homelands, which are fundamental to our existence as sovereign governments and our ability to thrive as vibrant, healthy, self-sufficient communities. And as our partner in the trust relationship, it is incumbent upon the federal government to prioritize the restoration of our land bases. The federal government's objective in the trust responsibility and obligations to our Nations must be to support healthy and sustainable self-determining Tribal governments, which fundamentally includes the restoration of lands to all federally-recognized Tribal Nations, as well as the legal defense of these land acquisitions.

No Tribal Nation should remain landless. All Tribal Nations, whatever their historical circumstances, need and deserve a stable, sufficient land base—a homeland—to support robust Tribal self-government, cultural preservation and economic development. The Federal Government should ensure every Tribal Nation has the opportunity to restore its homelands, regardless of the concerns of other units of government, private citizens, or other interests. This is a necessary function of the U.S. government in delivering upon the trust responsibility and obligations to Tribal Nations.

Regaining a land base is essential to the exercise of Tribal self-government. When the federal government holds land in trust for a Tribal Nation, the Tribal Nation is able to exercise jurisdiction over the land, including over individuals' actions and over taxation. This jurisdiction allows the Tribal Nation to protect its people and to generate economic growth, which in turn encourages the flourishing of the Tribal Nation's cultural practices. Jurisdiction over territory is a bedrock principle of sovereignty, and Tribal Nations must exercise such jurisdiction in order to fully implement the inherent sovereignty they possess. Just as states exercise jurisdiction over their land, Tribal Nations must also exercise jurisdiction, thereby promoting government fairness and parity between state governments and Tribal Nation governments.

As long as trust lands remain elusive for some Tribal Nations and the status of lands held in trust for others is called into question, opportunities for economic and community development will be hindered across Indian Country. USET SPF continues to call for the immediate passage of a fix to the decision in *Carcieri v. Salazar* that contains the two features necessary to restore parity to the land-into-trust process: (1) a reaffirmation of the status of current trust lands; and (2) confirmation that the Secretary has authority to take land into trust for all federally recognized Tribal Nations.

Native Community Development Financial Institutions (CDFI)

Utilizing 50 years of technical assistance expertise and the unique opportunities available to our service area, the USET CDFI has been working to build the first regional CDFI with a focus on lending for Tribal Nation enterprise economic development projects. Through an initial award from the Department of Treasury's CDFI Fund, USET CDFI has been working to capitalize a loan fund, establish necessary oversight of the fund through the creation of a Board of Directors, and draft guidance documents and loan policies vital to execute lending activity.

The initial award through the CDFI Fund's Native American CDFI Assistance (NACA) Program has been the main resource to fund this activity, and without this financial assistance, the establishment of CDFIs in Indian Country would be severely diminished. Essential to that financial assistance is the waiver of the \$1 to \$1 match required for recipients, especially for new, emerging CDFIs like the USET CDFI. Waiving this match requirement reduces the administrative burden for emerging CDFIs to focus more on providing technical assistance and financial services to disadvantaged and underbanked communities and individuals. Permanently waiving this requirement, as the ICEE bill does, will continue to expand the CDFI model throughout Indian Country to ensure all Tribal citizens have access to fair access to credit, capital, and financial services.

USET SPF also supports the continued and expanded development of the CDFI Fund's capacity building initiative for Native CDFIs. The technical assistance and services provided through this initiative would have greatly assisted the development of the USET CDFI and led to faster deployment of lending capital.

Office of Indian Energy and Economic Development

Indian Affairs Loan Guarantee Program

USET SPF encourages the continuation of the Indian Affairs Loan Guarantee Program, facilitated by the Office of Indian Energy and Economic Development, Division of Capital Investment. USET SPF member Tribal Nations have a long history of utilizing this uniquely situated and advantageous program. The program has led to innovative community economic development activity having a significant impact in Tribal communities.

USET SPF strongly disagrees that this program is duplicative of any other loan guarantee program offered throughout the federal family. It is the only program to facilitate loan financing for borrowers in Indian Country and continues to have one of the lowest default rates throughout all federal loan guarantee programs, illustrating to lenders that Indian Country is a good investment. Eliminating this program would lead to a decline in an already under-financed landscape of Tribal community and economic development projects. Elimination would also compound the undue burden of Tribal Nations having to educate non-Native investment and guarantee programs on the unique and complex lending issues on federal trust lands and with Tribally-owned Enterprises. We urge Congress to restore funding for the program in the Fiscal Year 2020 appropriations process.

Universal Commercial Codes

USET SPF encourages the continued build-out of technical assistance for Tribal Nations to draft and implement government programs to facilitate investment and economic development in Tribal communities; specifically, the development of Universal Commercial Codes. The Office of Indian Energy and Economic Development has previously partnered with other government programs to provide training sessions for Tribal Nations on how to implement a model commercial code. Reinstating these trainings would provide necessary assistance to Tribal Nations in implementing principled strategies to build sound economic development frameworks that support vibrant Tribal economies. In addition, the technical assistance curriculum would benefit from the addition of training on transaction recording and filing.

Minority Business Development Administration (MBDA)

USET SPF supports the continued outreach of the MBDA to Indian Country and technical assistance to support the development of Tribal entrepreneurship. We support and look forward to future Board Agency Announcements funding technical assistance programs to Tribal Nations in the USET SPF region. Currently, there is no designated Native American Business Enterprise Center in the USET SPF region. This excludes of USET SPF member Tribal citizens' and Tribally-owned enterprises from participating in MBDA programs. USET SPF encourages the equitable expansion of the Native American Business Enterprise Center (NABEC) Program across Indian Country, including the Tribal Nations in our region.

U.S. Department of Agriculture*Broadband*

USET SPF encourages continued broad, cross-agency support, including USDA Rural Development, in providing technical assistance and guidance on installation, development, and utility management for Tribal Nations to development communication and broadband projects. As has been reflected by others, having reliable connectivity for communications and Internet service is vital to the health and safety of all communities and local economies, none more-so than Tribal communities. However, we continue to stress that any infrastructure build-out, whether on- or off-Tribal lands, cannot come at the expense of Tribal consultation, sovereignty, sacred sites, or public health.

Farm Bill Implementation

In addition, USET SPF recognizes that the 2018 Farm Bill contains a host of new opportunities for community and economic development in Indian Country. As USDA begins implementation of this law, it is critical that Tribal Nations are meaningfully consulted throughout the process. This includes ensuring that Tribal guidance and expectations are incorporated before rulemaking can conclude. Senate Committee on Indian Affairs should exercise its oversight authority and responsibilities to ensure that this occurs.

