



## **Indian Country Priorities and Opportunities for the 2018 Farm Bill** *Title VI: Rural Development*

### **Key Points and Recommendations**

- The Rural Development (RD) programs at the U.S. Department of Agriculture (USDA) are essential for rural and reservation tribal communities to develop and improve declining infrastructure systems while spurring economic development and job creation in tribal communities.
- Many ready-to-go (“shovel-ready”) tribal infrastructure and community development projects have gone unfunded over the past several years, leaving promises to Indian Country and rural communities unrealized.
- RD must have dedicated funding and technical assistance for tribal governments as part of the federal trust responsibility and to ensure that tribal communities and the rural communities around them thrive.
- Tribes must be consulted during the restructuring of the USDA’s RD agency due to its unique impact on tribal economies and tribal economic development. Any budget shifts must also receive tribal consultation before changes occur.

### **Background Information and Context**

With more than 100 million acres of tribal lands and individual Indian owned land, located in primarily rural areas across 34 states, Rural Development (RD) Title programs and funding are vitally important to tribal governments, communities, individual Indian producers, and tribal businesses. In fact, the RD grant and loan programs are sometimes the only option tribes and their neighboring communities have for building new infrastructure or updating antiquated systems essential to spur and sustain economic development and growth in their rural communities. However, there are still issues with accessing and funding RD programs.

For example, U.S. Department of Agriculture (USDA) RD Water and Waste Disposal Program did not fund 28 tribal projects which submitted applications in Fiscal Year (FY) 2016. Of those, 15 were complete applications, which requested only \$18 million (\$16.8 million in grant funding and \$1.2 million in direct loan financing), which could have been approved if the agency had additional funding. The 13 incomplete applications requested \$37.1 million (\$18.8 in grant funding and \$18.3 in direct loan financing). In FY 2016, RD electric programs still had remaining loan funds at the end of the year. Yet, the High Energy Cost Grants Program, which provides grants to help decrease the cost of electricity in areas where energy costs are 275 percent of the national average or higher, received more than \$48 million in eligible requests with substantial representation from tribal entities and Native Alaskan corporations, yet only \$16.9 million was available. The high levels of need in Indian Country go unmet.

Making small adjustments to the RD Title will help tribes build strong economies, develop state-of-the-art infrastructure systems, support individual Indian producer businesses, and create jobs, all while



promoting and advancing tribal self-governance and tribal self-determination. These improvements in turn support the broader rural communities. In addition, steps should be taken to ensure that RD staff (and all USDA staff) have a thorough and modern understanding of how tribes and individual Indian producers do business so that interpretations of RD funding authorities do not inappropriately affect tribes, tribal producers, and tribal businesses.

## **Opportunities for Indian Country in the Rural Development Title**

### ***Implement SUTA Provisions Throughout all Rural Development Programs***

- Further broaden the Substantially Underserved Trust Area (SUTA) provision across all RD programs. Currently, SUTA is only applied to a small segment of infrastructure programs, but more explicit guidance must be provided to allow the Secretary to exercise this discretion more broadly. This change will help ensure more equitable access to RD programs and authorities, and can be used to provide much-needed support to tribal citizens living in rural communities. The change would, among other things, allow the waiver of matching requirements for projects funded through RD, which can be a significant barrier to socially disadvantaged applicant participation in RD business and infrastructure projects.

### ***Rural Development Tribal Set-Aside***

- Provide a tribal set-aside in either terms of percentage of the funding portfolio or a specific funding level for tribal applications within each of the RD program authorities to address the inadequacy and general lack of rural infrastructure in Indian Country. The trust responsibility of the federal government to tribes provides the broad foundation for such set-aside. Without dedicated funding for tribal rural development, the promise of these places will never be realized and Indian Country's infrastructure will continue to decline. In many areas around the country, tribal governments are the strongest remaining rural government entity. In some locations, tribal governments have taken over the management of key infrastructure (such as water systems, electric, and other utilities) because there is no other sound governmental or non-governmental entity that can handle these functions.

### ***Establish a Permanent Rural Development Tribal Technical Assistance Office***

- Establish a permanent office providing technical assistance across all RD funding authorities via a cooperative agreement with USDA for two reasons. First, the complexities of lending and infrastructure establishment in Indian Country – tied to the nature of the trust land base – call for the establishment of such an office that can prepare and monitor lessons learned, establish user-friendly application systems, and assist staff at the tribal or business level in preparing applications. This is a function the federal government cannot readily undertake. Such assistance will also provide needed insight to federal staff in the ongoing execution of their roles by providing a single point-of-contact for all concerned. Second, the trust responsibility of the federal government to tribes supports the need to establish such assistance interventions. This is not unheard of, as RD (particularly in the infrastructure arena) has field staff who assist agency staff and the applicant in analyzing financial viability, key engineering specifications, and related technical requirements for more complex infrastructure projects.

### ***Maintain the Under Secretary for Rural Development Position***

- Maintain an Under Secretary for Rural Development in the 2018 Farm Bill and all additional sequent legislation and appropriations packages. Having an Under Secretary whose primary duties are to focus on RD programs and funding is critical for Indian Country and rural America. Any changes that would impact the Under Secretary role for Rural Development must be the subject of tribal consultation.



### ***Uplift America by Supporting CDFIs Loan Authority***

- Develop a process to allow small, new and emerging Community Development Financial Institutions (CDFIs) access to loan authority. The concept of batching and obligating all loan guarantee authority annually is a game changer. The requirements put upon CDFIs to participate in this endeavor are patently prohibitive. Only the largest CDFIs could secure any meaningful funding levels, and some had threatened litigation to do that.

### ***Extend Rural Electric Loan and Grant Program Authority to CDFIs***

- Rural electric cooperatives are uniquely poised to be economic development drivers in their communities. Often, they choose not to avail themselves of this opportunity. In cases where a rural electric cooperative chooses not to participate in this program in the past, local CDFIs should have the opportunity to carry out the function.

### ***Maintain Rural Water Program Funding***

- Rural water and wastewater systems are essential to community support and economic growth in Indian Country. The rural water and wastewater program funding in the RD Title should never be lost. Tribal governments, individual Indian producers, reservations, and remote and isolated communities will be severely undercut in the protection and growth of their food systems and their ability to access markets for their food production markets if access to funding for rural water systems is lost or diminished. This is a matter of food insecurity and economic and environmental justice.

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