

**Statement of USDA Rural Utilities Service Administrator Brandon McBride
Before the United States Senate Committee on Indian Affairs
April 27, 2016**

Chairman Barrasso, Vice Chairman Tester and Members of the Committee, I appreciate this opportunity to discuss the Government Accountability (GAO) report entitled “Telecommunications: Additional Coordination and Performance Needed for High-Speed Internet Access Programs on Tribal Lands.”

Efforts of the United States Department of Agriculture’s (USDA) Rural Utilities Service (RUS) to encourage broadband deployment to rural and native communities have been critical in bringing broadband to tribal areas. Our work with tribal stakeholders and other state and federal agencies, including the Federal Communications Commission (FCC), plays a major role in financing broadband projects to deliver quality, affordable high-speed internet service to strengthen economies, improve access to health care and educational programs, and open the door to job opportunities in American Indian, Alaskan Native and Native Hawaiian communities.

RUS is a policy, planning and lending agency of the USDA. The agency makes loans, loan guarantees and grants available to finance rural electric, telecommunications and water and wastewater infrastructure. These investments are necessary to build sustainable local and regional economies and to attract and leverage private capital in rural and tribal areas.

RUS is one of three USDA Rural Development (RD) agencies. The Rural Housing Service offers housing and community facilities programs. The Rural Business and Cooperative Service offers both business development programs and finance programs. Together, RD agencies work to help communities build stronger economies, create jobs and improve the quality of life in rural areas.

Nowhere is this RD assistance more vital than in America’s native communities. RD is fully committed to improving investment into tribal lands and underserved areas. Our President, Secretary and Undersecretary place a high priority on improving program delivery to native communities, and our programs are designed for communities with the greatest need. Thanks to the leadership of members of this Committee and your colleagues in the Senate, RUS has placed

special emphasis on financing critical infrastructure services to un- or underserved native communities.

RD agencies have a long history of investing in tribal economies. Since 2009, total RD investments benefitting tribal areas have exceeded \$2.9 billion. One reason for this success is because our USDA RD state offices maintain Native American Tribal Coordinators to assist tribes by providing technical assistance and programmatic knowledge throughout the application process for these programs.

RD agencies and staff also work in cooperation with tribal governments and partner with other federal agencies, including the FCC. It is important to note that USDA's Office of Tribal Relations and RD have participated with the FCC's Office of Native Affairs and Policy on outreach efforts in Indian Country.

RUS often works directly with tribal communities. Since 2009, RUS has provided nearly \$1.5 billion for tribal areas to fund electric utilities, water and waste water systems and telecommunications projects, including broadband. Also since 2009, RUS Telecommunications programs have invested over \$157 million in projects serving Tribal Lands, Tribal Organizations, American Indians, and Alaska Natives.

RUS has several standing programs which support broadband deployment. Since 2009, USDA has awarded \$6.7 billion for almost 550 projects to improve telecommunications infrastructure in rural communities. This includes \$2.9 billion through the Recovery Act to build out more than 250 successful broadband projects already having a positive impact in rural areas, and \$77.4 million in Community Connect grants for 74 broadband projects in rural areas that previously did not have broadband service.

Our traditional telecommunications infrastructure loan program, authorized in 1949, was created to ensure rural areas had access to reliable and affordable telecommunications systems. Since 1995, RUS has required that these networks facilitate broadband service. Through this program, RUS has provided loans and grants to 8 of the nation's 10 tribally-owned regulated telecommunications carriers. RUS also provides financing to non-native telecommunications

service providers that offer services to tribal communities. Since 2009, telecommunications infrastructure funding totaling over \$91 million has assisted tribal areas.

RUS has long focused on the need to connect native and rural communities to a broadband future. The Community Connect grant program, which awards grants to communities with no access to broadband service, since 2009 has provided nearly \$14 million to assist tribal communities lacking access to high-speed internet.

RUS' Broadband Loan Program, authorized under the Farm Bill, provides broadband network financing to build high capacity systems in rural underserved areas. Since 2009, Farm Bill broadband loans of nearly \$10 million increased tribal connectivity to global markets, and opened the doors to educational, health care and social services during this same period.

Another RUS telecommunications program helping tribal areas meet essential needs is the Distance Learning and Telemedicine (DLT) grant program. Since 2009 this program has financed nearly \$43 million in equipment to expand access to education and health care services in tribal areas.

With a combined portfolio of over \$6.7 billion in telecommunications investments, which includes our grant programs as well as \$4.3 billion in telecom loans, RUS has a solid understanding of the costs and the challenges of distance, density and geography to build out rural telecommunications systems. We understand how broadband connectivity transforms lives, enlivens communities and creates sustainable economies that offer jobs and increase the quality of life when these services finally arrive.

Our history shows that RUS understands the importance of relationship with tribal elected officials, and is committed to consulting, coordinating with, and helping American Indian, Alaska Native and Native Hawaiian communities obtain affordable and robust broadband services needed to attract investment capital and new business ventures unique to native cultures.

Since the start of this Administration, RUS has worked to expand outreach and service across tribal communities. To make its utility loan and grant programs more accessible to those

serving and residing in tribal areas, RUS implemented the Substantially Underserved Trust Area (SUTA) provisions of the Food, Conservation, and Energy Act of 2008 (2008 Farm Bill).

The SUTA rulemaking was crafted following a 2-year tribal consultation effort that included over 33 government to government consultations with native nations and tribal communities as well as all relevant federal agencies and departments. These provisions include three discretionary tools for most RUS loan programs: RUS may make loans and guarantee loans with interest rates as low as 2 percent and with extended repayment terms; RUS may waive non-duplication restrictions, matching fund requirements, or credit support requirements to facilitate construction, acquisition or improvements of infrastructure; and RUS may give highest priority to designated projects in substantially underserved trust areas.

Among telecommunications projects RUS has funded that benefit tribal areas include:

- \$279,106 Distance Learning and Telemedicine grant to Eastern Aleutians Tribes, Inc. in Alaska to purchase video conferencing equipment and CPR mannequins capable of recording and quantifying performance to improve training in local communities.
- \$10.5 Million Broadband Initiatives Program loan/grant combination to the San Carlos Apache Tribe in Arizona to provide Fiber-to-the-Premises to five new communities, a hospital, and several clinics.
- \$5.4 Million Infrastructure loan to Mescalero Apache Telecom, Inc. to upgrade its telecommunications system and provide fiber optic Internet to half of its service territory in New Mexico. This loan was the first RUS Telecommunications Program loan provided with SUTA consideration.

As noted previously, RUS has partnered with other federal agencies, including the FCC. Most recently our extensive efforts have involved the Connect America Fund, the FCC's reform order, which implements Universal Service Fund (USF) reforms. RUS has a significant interest in the reform effort, and has been engaged in a continuing and productive dialog with the FCC about the financial and policy implications of the changing USF landscape.

The GAO report "Telecommunications: Additional Coordination and Performance Needed for High-Speed Internet Access Programs on Tribal Lands," makes several

recommendations to help improve and measure the availability and adoption of high-speed Internet on tribal lands. One of those GAO recommendations was that USDA and the FCC work towards better coordination on improving internet availability and adoption in tribal communities.

To address the GAO's recommendation, USDA's RUS and the FCC are currently working to closely coordinate outreach efforts to better assist tribal areas in providing high-speed internet access. Included in these discussions will be development of joint outreach materials that explain how programs can be interrelated, and how available funding options may be leveraged.

Both the USDA and the FCC offer programs to improve internet availability and adoption on tribal lands. Examples of recent USDA telecommunications projects specifically benefitting tribal areas include not just broadband funding, but funding for equipment to improve access to quality health care and educational services.

As part of the Broadband Opportunity Council (BOC) efforts RUS is working with the Department of Commerce's National Telecommunications and Information Administration (NTIA) on the Community Connectivity Initiative. This is a partnership intended to provide communities a broadband self-assessment, a report and recommendations, planning and implementation support directed to developing a national community of practice. RUS is also partnering with the Department of Interior's (DOI) BOC recommendation in a Tribal Broadband Summit scheduled for later this year. Earlier RUS participation with the FCC in the DOI's Listening Session was very productive.

RUS and the FCC have participated in a number of outreach events that each organization has held. In the future, RUS will work closely with the FCC to develop joint outreach events focused on providing high-speed internet access to tribal lands.

For example, the FCC has five workshops scheduled this fiscal year. RUS is planning to participate in these:

1. Montana: end of May

2. Seattle, Washington: late June
3. Wisconsin or Minnesota: early August
4. Arizona or New Mexico: early September
5. Oklahoma: Mid November

Providing sustainable broadband service in tribal areas can be challenging, which is why many of these programs exist. RUS is proud of its investments in tribal communities and will work with the FCC to use the tools the Congress gave us to help bring broadband to every corner of America—including rural and tribal communities.

Thank you for your interest in USDA's Rural Utilities Service and thank you for your support of our agency and its mission.