

**TESTIMONY**  
**OF**  
**JULIE KITKA, PRESIDENT,**  
**ALASKA FEDERATION OF NATIVES**  
**BEFORE THE SENATE COMMITTEE ON INDIAN AFFAIRS**  
**UNITED STATES SENATE**

April 27, 2016

Good afternoon. My name is Julie Kitka, and I serve as the President of the Alaska Federation of Natives (AFN). AFN is the largest statewide Alaska Native organization in Alaska. Our membership includes over 130,000 Alaska Natives and their institutions set up to serve our people. AFN's membership includes federally recognized tribes, regional tribal consortiums, regional non-profit organizations, and Alaska Native Claims Settlement Act (ANCSA) village and regional corporations.

**Bottom Line recommendations:**

- Restore funding for RUS grant programs for broadband deployment and target that money for deployment on tribal lands as defined by the FCC.
- Expand the USF Schools and Libraries program to include Head Start, GED programs, and online college courses.
- Create a new program within BIA to lower the cost of broadband for tribal and Native serving institutions, funded in part through the USF program.
- Set aside ten percent of the New Market Tax Credit program for projects benefitting Indians, Alaska Natives, and Native Hawaiians for ten years, with half that amount being dedicated to broadband deployment.

**Background:**

AFN's broad mission includes supporting sustainable economies in our Native villages and towns; and increasing economic opportunity for our people. In so many

ways we are still marginalized and the investment climate in our rural communities is terrible for solid economic development and growth. Federal policies can change this. High-level Congressional interest and focused efforts can help us overcome the barriers and create an investment climate of real economic growth and innovation. A changed investment climate, which supports more public-private partnerships and creates real incentives for private investment of capital, can change the economic forecast for rural Alaska and the futures of Alaska Native peoples. With a young, growing Native population, we must continually remove the barriers to creating life opportunities, which are taken for granted in urban areas all across the country. We need efforts to lift our Native people out of poverty and stagnation. This is especially critical in a time of economic and fiscal crisis in the State of Alaska due to low oil prices and reduced oil output, when the rural areas of Alaska will see dramatically reduced state support.

Only 35 years ago, the majority of Alaska's 200 plus Native villages did not have the most basic telephone service available. We've come a long way since then. Through the combination of private investment and federal support programs, including the Universal Service program enacted by Congress in 1996, telecommunications service to many Alaska Native communities has drastically improved. But, challenges remain before all Alaska Natives have the communications services necessary to access the economic opportunities found elsewhere in the country, while maintaining their culture and way of life on their own land. Ongoing federal support will be necessary to achieve that goal. Thus, while AFN supports the recommendations in the GAO Report, we believe there is an elephant in the room that must be addressed if we are to make meaningful progress in bringing American Indian and Alaska Native communities the same kinds of innovative services that other Americans enjoy. It all comes down to money.

Because many of us live in remote locations, unconnected by roads, deploying broadband infrastructure to Alaska Native lands is often cost prohibitive. The prospect of recovering costs is further diminished by the fact that, commonly, Alaska Natives are sparsely disbursed throughout a wide geographic area, significantly increasing costs of deployment per household; additionally, there are very few large commercial customers, so-called anchor institutions, able to provide economic stability. In many Alaska Native communities, wages are low and unemployment rates and costs of living are so high, resulting in local economies that alone are unable to support the private investment necessary to effect meaningful change. Without federal incentives, companies simply can't invest in Indian country.

Federal programs are available, but they are not always targeted in a way that is helpful to tribal areas. Congress enacted the Universal Service Fund to ensure telecommunications services are affordable for rural schools and libraries, for health care facilities, and for Alaskans living in high cost areas. The theory behind the program

was that rural and poor communities should not be debilitated by the disparity in prices that exist for basic telephone service between rural communities and their urban counterparts. And those programs have helped make the business case necessary for private investment in infrastructure on Tribal Lands. The Lifeline Program, another component of Universal Service, provides funding so that low income individuals have access to a basic level of service, important for securing employment and safety.

Lifeline is a demonstrable success in Alaska, with telephone subscribership among low-income households increasing from 62%<sup>1</sup> in 1984 to 91%<sup>2</sup> in 2014. And we commend the FCC for recently expanding the Lifeline program to include support for broadband, in the hopes that it will have similar effects on broadband subscribership. Lifeline has been especially useful on Tribal Lands, where residents receive an enhanced subsidy in part because of the typically lower incomes and the typically higher costs of providing service to tribal lands. But there are those at the FCC and on the Hill seriously discussing the abolishment of this important subsidy. We ask this Committee to express its continued support for this enhanced tribal supplement and ask that no changes be made in the appropriations process without first consulting the Indian Affairs Committee.

In addition to the Universal Service Fund, the Stimulus Bill adopted in the midst of the financial crisis in 2009 grant and loan money for broadband to both the Department of Agriculture's Rural Utility Service (RUS) and to a new program housed at the Department of Commerce's National Telecommunications and Information Administration. The RUS program provided private sector companies with loan and grant packages that enabled the deployment of broadband to dozens of Native villages, giving them for the first time, not only access to broadband, but also cell phone service. Thousands of Alaska Natives now have state of the art service because of these programs.

Unfortunately, the RUS grant money ran out long ago. The Alaska Federation of Natives recommends that grant funding be restored to the RUS broadband program and targeted to address the unique needs of un-served and under-served Native communities. The President should request funding in the Department of Agriculture budget that will be delivered to Congress in February, hopefully with the strong encouragement of this Committee. The Congressional budget and the Agriculture Appropriations bill should also include funding to restore these grant funds, in this appropriation cycle if possible, or commit to this in next years process.

---

<sup>1</sup> Industry Analysis Division, Common Carrier Bureau, Federal Communications Commission, Telephone Penetration by Income by State at 10, Table 2 (March 2000) available at [https://transition.fcc.gov/Bureaus/Common\\_Carrier/Reports/FCC-](https://transition.fcc.gov/Bureaus/Common_Carrier/Reports/FCC-State_Link/IAD/patris99.pdf)

<sup>2</sup> [State\\_Link/IAD/patris99.pdf](https://transition.fcc.gov/Bureaus/Common_Carrier/Reports/FCC-State_Link/IAD/patris99.pdf)  
Federal and State Staff for the Federal-State Joint Board on Universal Service, Federal Communications Commission, Universal Service Monitoring Report at 50, Table 6.8 (2014) available at [https://apps.fcc.gov/edocs\\_public/attachmatch/DOC-330829A1.pdf](https://apps.fcc.gov/edocs_public/attachmatch/DOC-330829A1.pdf).

While IHS clinics and hospitals, as well as schools and libraries, are eligible for broadband support, a number of other Indian programs are not eligible for USF operating subsidies. For example, Kawarek, the non-profit regional tribal consortium providing services in the Bering Straits coastal region, including Nome and the surrounding 19 villages, reports that even when Head Start operates within a school that receives USF Schools and Libraries funding, it is not allowed to use the internet in the building without the school risking its USF eligibility. Likewise, students who need to take an online GED test or want to take college classes online, cannot use the school's internet connections. The Schools and Libraries program should be expanded to include Head Start programs operated by tribes as well as online GED and college courses taken by students who have dropped out or graduated from high school.

In addition, the Committee should consider establishing a telecommunications grant program within the BIA to support tribal organizations or other Native serving institutions such as Native corporations and Native non-profits which provide services ranging from housing to domestic violence counseling to village public safety activities.

Another federal program that has been extremely successful in promoting deployment of broadband in Alaska is the New Market Tax Credit Program. It provides tax credits to private companies who invest in minority and disadvantaged communities. In Alaska, this program has been used to leverage private investment in order to build healthcare facilities and to deploy broadband to the most remote Native communities.

AFN recommends the Committee introduced legislation to set aside ten percent of the New Market Tax Credit program for projects benefitting Indian, Alaska Native, and Native Hawaiians communities with half of that amount dedicated to deploy broadband. Over ten years, this would provide \$3.5 billion in tax credits, which in turn would leverage an additional \$7 billion in private investment for a total of \$10 billion. If half of that was allocated to build out broadband to Indian communities, it would bring Native people not only into the 21<sup>st</sup> century but would open up a range of economic opportunities, would improve education and health care, and would give us the same kinds of opportunities that other Americans enjoy.

**In summary AFN has four recommendations:**

- Restore funding for RUS grant programs for broadband deployment and target that money for deployment on tribal lands as defined by the FCC.
- Expand the USF Schools and Libraries program to include Head Start, GED programs, and online college courses.
- Create a new program within BIA to lower the cost of broadband for tribal and Native serving institutions, funded in part through the USF program.

- Set aside ten percent of the New Market Tax Credit program for projects benefitting Indians, Alaska Natives, and Native Hawaiians for ten years, with half that amount being dedicated to broadband deployment.