

**STATEMENT OF
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U.S. DEPARTMENT OF THE INTERIOR
AND
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DIRECTOR OF FACILITIES, ENVIRONMENTAL AND CULTURAL RESOURCES
BEFORE THE
COMMITTEE ON INDIAN AFFAIRS
UNITED STATES SENATE
OVERSIGHT HEARING ON
JOB CREATION AND INVESTMENT IN INFRASTRUCTURE ON INDIAN LANDS**

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Good afternoon Mr. Chairman, Madam Vice Chairwoman, and Members of the Committee. It is a pleasure to be here today to present on job creation and investment in infrastructure on Indian lands. My name is Bob Middleton and I am the Director of the Office of Indian Energy and Economic Development. I am accompanied by Jack Rever, the Director of Facilities, Environmental and Cultural Resources for the Bureau Indian Affairs.

The U.S. Department of the Interior holds in trust, and assists tribes and Indian individuals in managing, approximately 56 million acres of land throughout Indian country. The services to Native Americans are delivered through a wide range of programs in concert with the enhancement of self-determination. The wide scope of programs are responsive to the needs and desires of the communities they serve, while assisting tribes in the development and maintenance of strong and stable tribal governments. Indian Affairs is working closely with tribal leaders to create and sustain livable communities.

Programs administered through Indian Affairs' offices provide Indian country with the infrastructure necessary for job creation and economic development.

Existing programs such as school construction, road maintenance, and energy and economic development strive to maximize the economic benefit of infrastructure development. These programs have established priorities, standards, and practices in place, which allow us to effectively and efficiently allocate our resources in a disciplined manner.

The following pages will now discuss these programs in a little more detail.

Education and Public Safety and Justice Construction

New School Construction

Indian Affairs, in consultation with tribes, has developed a replacement school construction priority list. The priority list ranks schools based on criteria used to calculate the facilities condition index. In development of the list an independent contractor conducted site reviews to evaluate: 1) health and safety deficiencies, 2) environmental deficiencies, 3) accessibility for people with disabilities, and 4) condition of existing utilities and site improvements. The schools were then ranked in order of need based on identified criteria. Of the 14 schools identified, there are seven schools remaining on the original priority list. Indian Affairs has established the mechanisms necessary to construct these schools.

In 2005, the BIA revised the Space Guidelines and published the first architectural and engineering standards for design and construction that established common design elements for classrooms, cafeterias, gymnasiums, heating and cooling systems, and other operating systems. The use of standard design has reduced delays in school construction.

Beginning in 2006, Indian Affairs adopted new procedures and methods of school construction programming. Indian Affairs started to plan and design projects in the two years prior to requesting funds for construction with the goal of beginning construction on major projects in the year of appropriation. This strategy has multiple benefits. Projects that have completed planning and design are ready to begin when funds are appropriated, and projects that start on time minimize the impacts of inflation. The new procedures have already increased the annual obligation rate from 44 percent to 87 percent, thereby significantly reducing carryover.

Public Safety and Justice Construction

Indian Affairs is making progress under its effort to assess the detention center needs in Indian country and develop a plan of action. Indian Affairs is using the lessons it learned during the development of the school construction priority list to address justice system facility requirements throughout Indian country. Indian Affairs continues its commitment to consult with tribes and coordinate with the Department of Justice to ensure the future construction or renovation of justice system facilities meets the needs of the tribes for an efficient and effective law enforcement, court, and incarceration program. In addition, Indian Affairs has recently been assessing the Justice Program across Indian Country. The goal is to create a priority list of needs to include all facets of the Justice Program.

Office of Indian Energy and Economic Development

Indian Loan Guaranty, Insurance and Interest Subsidy Program

The Indian Loan Guaranty, Insurance and Interest Subsidy Program¹ provides federal guaranties

¹ 25 U.S.C. §1481 et seq.

and insurance for loans to Indian-owned businesses. The purpose of the program is to help Indian businesses obtain loans from private lenders who would otherwise be unwilling to make such loans on commercially responsible terms. The loan guaranty program leverages appropriated dollars at about 13 to 1. Since its establishment this program has worked with 236 banks, and has guaranteed 835 loans totaling \$915 million. These loans support small businesses, which are integral to job creation. This program is the one of the main resources used by tribes and Indian-owned businesses to secure lender financing.

Energy and Mineral Development Program

The Energy and Mineral Development program assists Indian tribes by providing expert advice in economic analysis, negotiations, and strategic planning with regard to energy and mineral project development.

Within this program aggregate development, such as sand and gravel, provides a great opportunity for economic development. In 2006, aggregate production on Indian lands yielded an estimated royalty value of \$42 million. The Phoenix Metropolitan Area is now buying nearly half of its yearly annual consumption of construction aggregates from Indian tribes. The Los Angeles Metropolitan Area will soon be increasing rail shipments of sand and gravel from desert reservations to supplement what it now receives by barge from Pacific Northwest Indian sources.

Aggregate development spurs employment for tribal members, not just in mining, but in trucking and contracting. These jobs are created for Indians on some of the poorest reservations in the country using job training funds. Within this program, Indian Affairs trains tribal members on how to buy and lease equipment, operate the equipment in the intermittent mining and processing of aggregate materials, transport aggregate products to construction or highway sites, and coordinate with prime contractors in the final construction phase.

Renewable Energy Program

Many Indian reservations have renewable energy resources that could potentially be developed. Indian Affairs is taking a proactive approach in order to assist tribes in developing renewable energy projects. To that end Indian Affairs has identified 77 reservations that possess commercial scale wind resources and the ability to support viable wind-based economies.² Through this program, participating tribes are partnered with commercial scale developers and investors.

Job Placement and Training Program

Enhancing America's infrastructure will require the skills of thousands of working men and women. Over the next five years, America will need 450,000 welders, according to the Bureau of Labor Statistics. In September 2008, Indian Affairs and the United Association of Plumbers

² *Wind Atlas for Indian Reservations*, Office of Indian Energy and Economic Development, U.S. Department of the Interior, forthcoming in 2009.

and Pipefitters entered into a partnership agreement to initiate a pilot project to train tribal members to become certified welders, plumbers and pipefitters and be removed from welfare rolls. The project is a demonstrated success. Indian Affairs is working to expand this pilot project into the other 13 building trades. Chicago's Local 597 and Phoenix's Local 469 provide hybrid welding training for Indian apprentices. The payoff has been enormous. Graduates of these programs are rated as two-year apprentices. They have a 100 percent job placement rate, earning between \$16 and \$20 per hour to start. One of the recent graduates of the training in Chicago obtained a job that will pay him \$27 per hour.

Indian Affairs has been collaborating with the National Iron Workers Training Program since 1972 to conduct training in four, 12-week long sessions, graduating about 100 Native Americans annually who are qualified for skilled employment. To date, this program has trained, graduated and placed 2,084 individuals in well-paying jobs that currently are building or rebuilding our Nation's infrastructure. As with the plumbers and pipefitters program, placement is 100 percent.

Trade unions indicate that they have a need for 400,000 to 500,000 additional workers over the next few years. Indian Affairs estimates that, at current staffing levels, it can train and place an additional 450 American Indians and Alaska Natives per year for the next four years to fill these jobs in the skilled trades. Indian Affairs data indicates that it costs \$5,000 per participant to provide the job skills necessary to move an individual from general assistance to a well-paying job.

Irrigation And Safety Of Dams Project

The Irrigation, Power and Safety and Dams Program promotes economic opportunities and public safety through the sound management of irrigation, dam, and power facilities owned by the BIA.

Irrigation Program

There are over 100 Indian irrigation projects and systems on Indian lands. The BIA irrigation projects provide water vital to agricultural production in the West and their continued ability to provide irrigation water to over 780,000 acres. These projects are an integral part of the local and regional economies. Irrigated lands served by the 16 BIA irrigation projects produce in excess of \$300 million in gross crop revenues annually. Several of the large Indian Irrigation projects have developed into multi-million dollar economies benefiting both Indians and non-Indians. BIA delivers irrigation water through hundreds of miles of canals and through more than 100,000 aging irrigation structures.

Safety of Dams

The Safety of Dams program is a life safety program that corrects identified safety deficiencies in dams, rehabilitates/maintains each high and significant hazard dam to lower the risk of failure, and monitors each dam for signs of dam safety deficiencies. Indian Affairs is responsible for

131 dams, of which 70 are in poor condition. Indian Affairs utilizes a technical priority rating system to specifically determine how resources are allocated.

Road Maintenance Program

The Road Maintenance program is a source of funds for maintenance of BIA roads and bridges constructed with Highway Trust Fund resources under the Indian Reservation Roads program. The BIA road system consists of approximately 29,000 miles of roads and 940 bridges on Indian Reservations, communities, and villages throughout the Nation. Adequate maintenance is a fundamental, yet crucial requirement of safe accessibility to health and education facilities, tourism, employment, recreation, and economic development opportunities.

Indian Land Consolidation

One of the greatest challenges facing successful trust management is the fractionation, or continuing subdivision, of individual Indian interests in the land that the Federal government holds in trust. Because individual Indian trust lands are subject to a restriction against alienation while held in trust, they are primarily transferred through inheritance. With each successive generation, individual interests in the land become further divided and subdivided among heirs, each of whom holds a smaller and smaller interest in the land. The ownership of many disparate, uneconomic, and small interests benefits no one in Indian country and creates an administrative burden that drains resources away from other Indian programs. The Indian Land Consolidation program acquires small ownership interests in allotted land from willing sellers.

Although no funding was requested in 2009, Indian Affairs remains committed to focusing on the critical issue of fractionation, and is currently exploring other options for Indian land consolidation. Indian Affairs is working with tribal representatives to explore viable options and develop a strategy that will be beneficial to both individual Indian land owners and tribes. Also, many tribes are purchasing interests directly from individual Indian landowners which will help ease fractionation.

Through all of these programs we have the pieces in place to efficiently deliver jobs and economic development throughout Indian country. We look forward to working with this Committee to enhance the quality of life for Indian communities and provide opportunities for enhanced self-determination.

This concludes our statement. We will be happy to answer any questions the Committee may have.

Thank you.