

**Council for Native American Farming
and Ranching, Meeting: August 14-15, 2012
CD3 8-14 Track01 to Track06**

[Start of CD3 Track01]

Joanna Stancil: Our next presenter is Craig Trimm, acting deputy administrator, Farm Programs, FSA.

Male Voice: Perhaps we let Jim go first.

Joanna Stancil: Oh, right. So we have James Radintz, the assistant deputy administrator for Farm Loan Programs.

James Radintz: Good morning, everyone. Good morning.

Participants: Good morning.

James Radintz: Once again. Thank you. I'm Jim Radintz, the assistant deputy administrator for Farm Loans, and to clear up any mystery, yes, I am Chris' assistant. We changed the order just a little bit because just the way the presentation is put together, it turned out that the farm loans part is first, so we'll go ahead and move through this.

One thing, as you notice, if you are flying out here to Washington, you could look down and kind of just get the general lay of the land when you're at the 30,000 foot-level, and that's kind of the way we put things together here for this presentation this morning. We could probably spend a couple of days talking about some of these things, so we've tried to hit the very high points, and then of course, we will have an opportunity to talk about some questions and issues. The

mission of Farm Service Agency is to equitably serve all farmers and ranchers and agriculture partners, and we have quite a few, through the delivery of effective and efficient agricultural programs for all Americans and that is very important for all Americans.

What I wanted to first do, and we've talked a little bit about the department and the mission area and how things, kind of the lay of the land. And you heard from Mr. Whitley and Mr. Alston who are also in our mission area and you heard Juan mentioned that a few minutes ago, we're all under the Office of the Under Secretary for Farm and Foreign Agriculture Services, so you could see their efforts, say Risk Management, Foreign Agriculture Service, so we all hopefully work together and coordinate various things where it's appropriate. So that's kind of where we fall.

There are a lot of different agencies. If you've looked on the agenda set for this morning and this afternoon, you see there are a whole lot of different things that USDA does. So to kind of give you a little bit of an idea of where FSA and Farm and Foreign Agriculture Services fits in the whole big picture of USDA, you can see that we're down there in no particular order for these blocks where you can see all the under secretaries down there, and this is the whole department and kind of how it's organized with of course Secretary Vilsack and

the Deputy Secretary Merrigan there are the top and the various other officials there and then all the other under secretaries and various mission areas underneath them. So that's where FSA fits in the bigger scheme of things.

As far as our national staff here at headquarters, we have several different components: Farm Programs and Administrator Trimm is here to talk right after me and he'll share with you some things about the Farm Programs. Farm Loan Programs, that's where Craig and I work. We handle the Direct and Guaranteed Loan Programs, both making and managing the portfolio for producers who can't get credit. We're the lender of first opportunity. Our field office delivery, we're pretty unique in that area. We have 51 state offices. And if you're wondering why it's 51, it's because we have an office in Puerto Rico, a state office. And county offices, we have 2,119 county offices now. In terms of Farm Loan Programs, we have a presence in about 800 of those. We do cover all 3,000-plus counties in the United States, as do the Farm Programs, but we don't have an actual Farm Loan officer in every one of those 2,119 county offices.

There is one portion of Farm Service Agency that most folks really don't know about, and that's the commodity operations. This is the part of FSA that, over the years, has traditionally handled the surplus commodities and what they call surplus

removals. When there was too much of a commodity out in the marketplace like butter, cheese, milk, flour, things like that, the commodity operations side would buy and hopefully remove some of the surplus to help keep the prices up. They don't do so much of that anymore, but because of their unique capabilities in going out and buying and moving commodities, they still do a lot of the actual purchasing for other USDA food activities.

For example, they do a good bit of purchasing for activities like Food for Peace, some of the school lunch program purchases, so that's kind of a unique part of Farm Service Agency that basically happens some here at headquarters. The majority of it is actually in an office out in Kansas City, Missouri. So that's sort of a unique part of FSA that a lot of folks don't really know about and don't see because it happens really sort of behind the scenes.

Our farmer-type programs and rancher-type programs, program delivery of course happens at the local level. Producers apply for all the benefits and services at the actual local service center. They can now also apply for many of the things through the agency website. We do use and have used for many years county committees to resolve local program issues. Those committees are accountable to the secretary.

There are more than 8,000 elected farmer committee members. Those elections are held on an annual basis for a certain number of committee members. I would stress this has come up periodically through the various civil rights assessments and programmatic reviews. The county committees, the FSA county committees are not involved in loan program administration and actually have not been since 1997. So the farmer committees in FSA work on the farm programs and are responsible for those and management of the farm programs side of the county offices but do not have an oversight or administrative role in the farm loan programs.

[CD3 Track 2]

James Radintz: Turning to Farm Loan Programs for a minute, and that's the area that I'm responsible for, we refer to ourselves as the lender of first opportunity because we'll go in and make a loan or help a lender make a loan with a guarantee when otherwise a loan wouldn't be made. And our mission is to serve as a temporary source of credit and we are charged by law with being a temporary source of credit. We actually are required to get people to move to commercial credit when they're able. We provide technical support to rural Americans and nowadays not so rural Americans because we can also finance urban agriculture and suburban agriculture for improving their farming enterprises until they are able to qualify for

commercial credit. So really, one of the ways we define success is when someone is able to move from our financing into the commercial realm. So we do make both direct loans that are actually financed and the funding is actually provided by the government. We also make guaranteed loans where the loan is funded by a lender and we provide a guarantee.

Just to give you a little bit of sense of the scope of our program, we have about 70,000 direct borrowers, with a total of about \$8.2 billion in our portfolio right now. We also have about 34,000 guaranteed borrowers. Those are loans that are made by a private or commercial lender, and we have a guarantee on those. Those total about \$11.1 billion. Last year, we made about \$4.8 billion of credit to about 32,000 applicants. So we basically helped 32,000 producers to buy a farm or operate their farm and conduct their farming activities. So far this year, we've provided about \$3.8 billion to over 27,600 applicants. We're pretty confident that we'll do well over \$4 billion again this year, so that's where we are.

Direct and guaranteed loans, direct loans again are available to farmers who, for whatever reason, can't get credit from other sources. We actually make and service the direct loan. We're the bank as it were, we're the lender. What makes us different and unique is we also provide technical assistance. So we not only -- we don't hand someone a loan check anymore

because pretty much, everything is done electronically in the 21st century but I used to say we don't just hand you a loan check, we give you a hand up with some assistance as well. We try to help folks particularly with the financial side of management, and that's where our relationship with IEC comes in especially in helping folks get a better handle on the financial side of management. But sometimes, we also will need to help them or steer them to where they can get some help with the production side of things too. So one of the things that make us really unique is what we call supervised credit, the special technical assistance that we provide.

On the guaranteed side, we actually guarantee loans through commercial lenders for up to 95 percent of the loan amount. A typical guarantee is for 90 percent, but in some cases, it does go to 95. The commercial lender, be it a farm credit system lender or a bank or a credit union, is actually the lender of record, but FSA does guarantee up to 95 percent of the principal and interest.

We can also combine those two programs. We have one specific program where that happens a lot. We have a program called the Beginning Farmer Down Payment Program that's available to both beginning farmers and the socially disadvantaged farmers which are basically minority and female farmers. That down payment program is a really appealing

program right now. If someone has a five percent down payment, we'll loan 45 percent of the purchase price at 1.5 percent interest is what the rate is right now for 20 years. They have to get commercial financing for the other 50 percent, and that's where can come in with that guarantee on that other 50 percent. So that's one example of where that combined financing really is appealing and really works well in a situation like that.

So, for us to make a farm loan, for FSA to make a farm loan, the applicant has to meet eligibility criteria. Now, our loan programs are actually authorized by Congress through statute, so they've laid out some fairly specific eligibility criteria that we have to follow. So the applicant has to meet those and its things like they have to be the operator or owner/operator of a family farm. So we don't finance someone who is going to be an absentee owner. If we finance someone to buy a farm, they have to be the operator of it.

You have to have training or experience necessary to be successful on the farm. As I mentioned at the beginning, you have to be unable to get the credit you need from other sources. We don't compete with private sector lenders. You do have to be credit-worthy. One of the more recent things is you can't be delinquent on a federal debt, and you can't be convicted of a violation involving a controlled substance.

Once someone meets the eligibility criteria, we have to see that a realistic business plan shows they can repay the loan because it is after all a loan. There has to be adequate collateral, of course, and the loan funds have to be used for an authorized purpose. Again, the law is pretty specific as far as what kinds of things we can loan for. Sometimes it's a little bit less flexible than what we'd like for it to be. But normally, we can usually work things out. And that's one of the areas where we've tried to provide for a little more flexibility to the extent that we can.

Now, one of the things that I'd like to mention that I think is important in terms of our funding and as we're making loans is that Farm Loan Programs is a little different than most of the other FSA programs in that most of the farm programs are actually funded through the Farm Bill. In other words, every four or five years when Congress sits down and charts out how they're going to set up, establish farm programs for the next period, whether it's going to be like last time we had things like ACRE and SURE and some of the disaster programs, they actually provide for funding for those programs for their entire duration right in the Farm Bill. So the funding will already be provided.

Farm loan programs are not funded that way. We have to have an annual appropriation through the regular appropriations

process. So if Congress doesn't do what they need to do and appropriate funds on a timely basis, we don't have loan funds. So when you hear sometimes that Congress hasn't done the appropriations and the government may shut down, that also means that we don't have loan funds available.

So what we do is we approve loans subject to availability of funding, and it's really important for folks to go ahead and apply for a loan even though we may not have money because that puts them in line for funding. But it's also important to understand that on the program, what we call the program side of things, they have a different funding mechanism so they can have funding even when the loan programs don't, and that sometimes causes some confusion out there and it does get a little bit technical. But it is always important whether we actually have funding or not, if someone needs a loan, they need to apply.

We do really stress and have stressed for the last several years participation by what the law refers to as socially disadvantaged farmers and ranchers. We are required by law to target or reserve a specific portion of funding based on the minority or the socially disadvantaged farmer population. So we do that each year and we work very hard to use all of those funds and actually more if we can.

In the direct program, we've been pretty successful at using all the funding. We still have some challenges on the

guaranteed side, and we've been working to try and improve that. Just to give you some example of the growth we've seen in that area, if you look back to 2002, we made about \$323 million in socially disadvantaged loans. In 2011, that had increased, not quite doubled, but was up to \$565 million. As of a couple of weeks ago, we had already loaned \$400 million in Fiscal 2012.

Just one other number I'd like to share with you, I looked back almost 10 years, and since 2003, our overall direct loan portfolio has actually declined by 18 percent for a variety of reasons. But our loans to Indian farmers and ranchers, our portfolio, the number of loans we actually have on the books has increased by 44 percent. So we've made a pretty good increase there, and of course, we are continuing to work, and we're optimistic that as we continue to do more outreach, work with IAC, and continue to emphasize to our field staff the importance of being more flexible and looking for ways to say yes and being that lender of first opportunity that we'll be able to continue to grow that loan portfolio.

[CD3 Track 3]

James Radintz: I think real quickly, Joan that concludes my part of the presentation. And I don't know if you want to do questions now or let Mr. Trimm go and [cross-talking] --

Joanna Stancil: I think we might need to do that. And I do want, in respect to Mr. O'Brien, if you have something to

say? Are you okay?

Doug O'Brien: I'm okay.

Joanna Stancil: To be a little bit longer waiting?

Doug O'Brien: Sure, yes, yes.

Joanna Stancil: Is that all right with everybody that we wait until Mr. Trimm gives his, and then you can ask questions then? I'm trying to get us back on track. Thank you. Craig? Yes, please, thank you.

Craig Trimm: All right. Well, good morning, everyone.

Participants: Good morning.

Craig Trimm: It's a pretty humbling experience for me to be able to address the council. I've been up here about six years. In the best of Mr. Holder earlier, he knows where Avery, Texas is, which is in Red River County, Texas, population 525. And I've had the same question asked, "Is the population now 524?" Well, I haven't really checked because I'm, you know, the same and it stayed about the same. I don't think the sign has changed. But it's just an honor to be here.

I grew up on a farm. I know what it means to be involved in agriculture. And I guess if Mike is still here, as far as the cornerstone of ag, our cornerstone of ag is our farmers and ranchers at this country. And we, as USDA, are just a part of that cornerstone to ensure that that longevity is there for the future generations of our children. And it's just an honor I

guess to serve USDA. I've been doing it a little over 29 years, and my Dad was a vocational agriculture teacher, and so that's where I got, in my opinion, my grassroots. And another thing is Mr. Holder and I were sharing, he actually knew a gentleman that helped me rehabilitate my horse when I was a kid. When you talk about a small world, that's a small world. So it was great to have that I guess opportunity to be here today because you never know who you're going to meet.

So anyway, we're going to talk a little bit about the farm program side of the Farm Service Agency. We basically are involved in commodities support programs, which that includes [indiscernible]. We provide marketing loan benefits as far as from crop prices or the decline that producers can actually have opportunities to wait until the market goes back up to actually put their crops in what we call crop support loans with us to take advantage of that increased price. We also have the Farm Storage Facility Loan Program which not only is that for just growth crops; it's also for hay crops now, cold storage for vegetables. That's actually something that came in with the 2008 Farm Bill.

One of our largest I guess private-owned conservation program we have in the country is the Conservation Reserve Program. It's been around for over 25 years. We actually have right at 29.6 million acres enrolled nationally right now. It's

a good I guess silver lining of USDA. There was actually a DVD out that actually talks about the 25th anniversary and the silver lining of USDA. And one thing that I guess about the presentation, if you have an opportunity to ever see the video, is that when they do interview farmers and ranchers at the backs [indiscernible] their land, you can tell they're talking from their heart and actually how they have a concern about conserving their natural resources and protecting the land for the future.

We also have disaster programs, whether it be crop or livestock. On an annual basis, we distribute anywhere from \$10-\$20 billion in payments to over 1.7 million producers nationwide. When you look at government payments for type of program, you can actually see, like in 2005, when our prices were low, you can see the dramatic increase as far as outlays. And then when our process actually went up, you could see that our outlays actually went down. And it kind of gives you a break out between our Commodity Crop Support programs, direct payments, and also disaster assistance.

One of the programs that we don't have to wait on the Farm Bill to implement is our Non-Insured Crop Disaster Assistance Program, in which Mike, early, with RMA, made a presentation about basic cat coverage. Really, NAP is very similar to basic cat coverage, 50 percent guarantee, 55 percent of the price.

And what it does is cover crops that actually aren't insured by crop insurance. Producers actually go to the county office to obtain coverage. They have to pay what we call a service fee, \$250 per crop, not to exceed \$750 per producer in the county and \$1,875 when you look at the producers that have multicounty interest. As far as the limited resource producer, they can request to waiver that service fee.

Farm Bill, we've been providing technical guidance ever since the Senate started deliberating their version of the Farm Bill which they actually passed. We've been providing technical guidance to the House as well. The Senate actually passed their version. We're actually waiting on the House now to go ahead and decide on their version. But I can tell you this, as far as the Farm Service Agency, when you look at the Livestock Forage Disaster Program, it was based on the U.S. Drought Monitor. The Livestock Indemnity Payment Program, the Emergency Assistance for Honeybees and Farm-Raised Fish Program, and the Tree Assistance Program that's actually in both versions now, we're doing all we can to be ready when something is passed where we can provide benefits to our farmers and ranchers across the country.

One other thing is actually, USDA implemented and announced in July a new secretarial designation process. We're actually utilizing the Drought Monitor to have an automatic trigger for

accounting once they hit D2 for eight weeks. At the same time, we announced that the emergency loan rate was actually decreased from 3.75 to 3.25 percent. And then we've actually, to help mitigate the drought this year, the secretary announced where we normally have a 25 percent payment reduction, it's now reduced to 10 percent.

We've asked or actually authorized additional authorities in regard to CRP. I actually passed out a map which you have there in front of you. Any county in the nation that's actually D0, abnormally dry or greater, is automatically approved for emergency haying and grazing of CRP as long as that particular acreage in the county is not during the primary nesting season.

So we've talked about the Fast Track based on the U.S. Drought Monitor. We got a 30 percent production loss for crop in the county as well that can also be a trigger as far as getting the secretarial designation. So basically, when you look at the drought right now, we have an automatic process when it's D2 or greater for eight weeks, and anything greater than that it automatically triggers a secretarial designation due to drought.

Actually, when the secretary announced the new initiative as far as our Fast Track, we actually made CNN news and probably got the general public's attention on CNN. There was 1,016 counties actually declared a secretarial designation that day.

Currently, we have 1,670 counties across the nation that have been designated due to drought. There are 1,792 counties in addition that actually have had other perils happen this year to where they qualified as a secretarial designation to date.

As far as getting in touch with FSA, of course, we have our state offices, we have our county offices, and of course, we have the national office, and then we also have the website as well. But FSA is here to implement programs, whether it be farm loan programs or farm programs. And I know our folks out in the field which are county office staff are there. It's an open door policy as far as coming in to the office to apply. And currently right now, a lot of our offices are waiting on the new Farm Bill when it is actually passed. And then something is going to happen later on this fall. We're going to implement or announce the sign-up for 2011 Supplemental Revenue Assistance Payments Program, better known as SURE. So that concludes my presentation.

Joanna Stancil: Thank you. Thank you very much. I'm going to have to keep it to one brief question because we can also submit your questions in writing. They become part of the record, and then we can get those responses back to your question and then back to you in writing as well.

Male Voice: Can I ask my question?

Joanna Stancil: Real short.

Male Voice: Your Maps program, you waive the fee for the limited income farmer. Is that fee waived for your socially disadvantaged farmer as well?

Craig Trimm: Just limited resource.

Male Voice: Just limited resource?

Craig Trimm: Yes, sir, and that's the statute. Now under the -- like the previous disaster programs we actually had for the 2008 Farm Bill as far as the risk management purchase requirement that was there as far as obtaining crop insurance in that, those provisions were actually waived for the socially disadvantaged and limited resource producers and also beginning farmers and ranchers.

Male Voice: And that was the last, that's last year's drought?

Craig Trimm: The 2008 Farm Bill, yes, sir. Basically, the 2008 Farm Bill as far as our livestock programs and any livestock indemnity-type programs, the losses had to occur on or before September 30th, 2011, and that is based upon statute.

Male Voice: Thank you.

Craig Trimm: Yes, sir.

Joanna Stancil: Thank you. Can you submit your question?

Sarah Vogel: No. Now is okay.

Joanna Stancil: All right.

Sarah Vogel: I just wanted to say that I appreciate so much the presentation by both of you. And I do wish there were a little bit more time in the agenda, and maybe Chris can address this, but one of the purposes of the settlement agreement and the explicit purpose of the committee is to discuss the removal of barriers to Native American participation. So unless that's going to be addressed later on in this meeting, I think we should shorten lunch, skip a break, but we need to address this issue and not limit it to one short question.

Chris Beyerhelm: This is Chris Beyerhelm, and what I might say is that I don't know that we made it clear Juan Garcia, who is our administrator, was the former deputy administrator of Farm Programs, so he is very familiar with the programs. So between Juan and I, we could certainly provide that resource. Now, I'm not opposed to taking up what you've asked, but I think if the council wants questions about these two programs, between Juan and I, we could certainly cover those also.

Sarah Vogel: You mean at a later point? That's fine. I just want to make sure that we do get to it, and we're going to lose these gentlemen and so [cross-talking] --

Male Voice: I think it's really important.

Sarah Vogel: It's pretty important, very important [cross-talking] --

Male Voice: Because we have some very serious issues about your CRP.

Joanna Stancil: I have no problem with that as the DFO in doing that. I just want to be respectful to people that are waiting their turn, that's all, yes. And the questions need to be asked, so --

Sarah Vogel: Maybe we could huddle about -- I mean I guess certainly, we don't want to be rude to people in the list either.

[CD3 Track 4]

Joanna Stancil: All right. Okay. If Mr. O'Brien said he is fine and so if you wanted to spend a couple more minutes, just a couple more questions.

Male Voice: Could I ask one?

Joanna Stancil: Yes. Are you done, Sarah?

Sarah Vogel: Yes. I just want to make sure everybody --

Male Voice: This is one of the main reasons that I became involved with this, is that our tribe has a little over a half a million acres, about 544,000, as according to this 2007 NAS book, our tribe has about 117,000 acres in irrigable farmland. And then we also have dry land pasture in addition to that.

One of the situations that we came into back in the early '90s was we were unaware of the Conservation Reserve Program, so we didn't get that knowledge until about 1993, '92. At that

time that we went to the local USDA offices to apply for CRP on the reservation, we were denied the opportunity to apply because they were telling us that the county boundaries had exceeded the 25 percent limitation. So we fought it. And one of the situations is that I think that we need to address this issue is that throughout your regulations or even the law itself, USDA is recognizing county boundaries above tribal boundaries, and that is a major issue because I think that when we looked at the amount of acres in our reservation that was in CRP, we were, like, a four or five percent into the Conservation Reserve Program, whereby the counties were up to the 35 to 37 percent because they got the waiver extensions.

So basically, what it was, was that these counties were utilizing Indian land base for the benefit of non-Indian farmers and producers is the way we viewed it. So we dealt with this in the past, but now we're running into the same situation now because we're trying to re-up our acreage back into CRP after the 10-year fight, and we're running into the same situation of you guys telling us, "Well, your county is still above the limitation boundaries, so therefore, you as a tribe, we can't enroll your acres even though we're still below the 25 percent limitation." And I just think that that needs to be addressed.

Craig Trimm: And I guess to help address and tell you about the statute, it says we had to look at the counties as far

as 25 percent limited, and you can't have a [indiscernible] recommended as long as you have local buy-in from local vendors and whatever to justify the waiver. But you brought up a good point. Definitely, we need to look into it more and to see what the inadequacies are and see how we as USDA can address it.

Joanna Stancil: All right. Mary?

Craig Trimm: Could you give me a particular county name please?

Male Voice: Bannock, Power, Caribou. We have four counties that intersect the boundaries of the reservation.

Mary Thompson: Hi, Mary Thompson from North Carolina. And the land status seems to be a little bit of a policy issue throughout many of the programs under USDA. And some of the things that we do in Cherokee is that we do the counties and the tribal land because our land, two counties, we're in two counties. So instead of just saying one county or the other county, it's those two counties and the Qualla Boundary. That may be something that we could look at in the future as far as getting your policies changed on the upper level here so that it takes into consideration the land status in different tribal lands because they're all different. We're all different there too. That's something that I would suggest that you take a look at in your policy and help the tribes with that problem.

Also, I was looking or at least you were talking about, let me see, \$8.2 billion in direct loans and \$11.1 billion in guaranteed loans through the Farm Loan Program. And then as you were talking about the SDA lending activity, those numbers sound pretty grand and with the increase that's there. But I'm wondering, I just don't know, so for my clarification, is tribal loans, as a part of the SDA lending activity, is it a certain set aside or percentage or that 44 percent you were talking about, is that through all of your SDA lending or just tribal farm loans?

James Radintz: The 44 percent was just loans to Indian farmers and ranchers. That would be a subset of the overall SDA lending.

Mary Thompson: Of the overall SDA?

James Radintz: Yes. The SDA lending includes lending to all minorities and women. But the 44 percent that I mentioned was strictly the increase in lending to Indian farmers and ranchers. So that's [cross-talking] --

Mary Thompson: So if it was a 44 percent increase but what percentage overall is it of your SDA lending? Approximate?

James Radintz: I want to say it's over half, but I want to look at the number to be sure. It's about a third.

Mary Thompson: It's about a third?

James Radintz: Numerically speaking, yes, ma'am.

Mary Thompson: Okay. And is your SDA funding, is it a set aside or a percentage of your overall direct and guaranteed loan moneys?

James Radintz: Yes, ma'am, it is. It's a percentage based on the -- well, it's generally based on the percentage of farmers, but there are some -- it's specified in the statute. And the statute sets up a little bit different set asides. It's based on population in one program for minorities, and it's based on the number of women farmers in that program. And then for the other program, it's just based on the number of SDA farmers. They made it a little more complicated than we wish they would have. But basically, it's a percentage based on minority population or minority farmer population, depending on the program. But it's an explicit set aside. We preserve that set aside usually until the last week of the fiscal year or until the funding is gone, whichever comes first.

Mary Thompson: Thank you.

Joanna Stancil: Okay. We have Gilbert, and I guess in respect to Porter and Gerald, they've been waiting. Gilbert, you have a question?

Gilbert Harrison: Good morning again. My name is Gilbert Harrison from the Navajo Nation. I hear this term "socially disadvantaged farmer." I guess that fits because if you're a farmer, you don't have much of a social life.

Joanna Stancil: For nine months anyway.

Gilbert Harrison: The question I have is, as seen on the presentation, the issue about collateral, and on the Navajo reservation, the trust land, so we can't really use the land as collateral. So what other types of collateral are we talking about that's acceptable to USDA in terms of approving loans? Thank you.

James Radintz: As far as collateral goes, we can actually, in some circumstances, actually take a pledge of trust land as collateral. We have to work with the BIA, and there are certain circumstances and certain requirements. As you can imagine, it's not an easy process, but we can do that. In terms of other forms of collateral, anything associated with a farm -- equipment, livestock. If we finance a crop, we can actually let the crop itself stand as collateral. So we have a very wide latitude. Pretty much anything associated with the farm, we can let stand as collateral for the loan. So we have a lot of flexibility there.

Chris Beyerhelm: If I could just add, this is Chris Beyerhelm, if I could just add to that, to the answer to that, it's not specifically to your question, Gilbert, but one of the issues we have from a lending standpoint, it's not just us but commercial lenders, is how do we perfect liens on tribal lands also? And I know one of the things we talked about with the

White House Roundtables is there are over 500 tribes and I think 70 of them have adopted the UCC, Universal --

James Radintz: Uniform Commercial Code.

Chris Beyerhelm: Thank you. Uniform Commercial Code, with the letters used to perfect liens on tribal property. And I certainly encourage this body to encourage your tribes to do the same thing if it fits because it is one of the barriers to lenders saying [indiscernible] money.

Joanna Stancil: All right. Porter? Oh, Gerald?

Gerald Lunak: I'm Gerald Lunak. My question is more of a comment. I think in my part of the world, Indian country is suffering a bit of a hangover. We had a program, for many years, was the Indian Acute Disaster Program. Juan, are you familiar with that?

Juan Garcia: Yes.

Gerald Lunak: There was a grain set aside, I remember it was --

Juan Garcia: It's been a while back.

Gerald Lunak: Yes, it's been a while.

Juan Garcia: Yes.

Gerald Lunak: But it was a program that actually, where the Indian producers received grain instead of cash or -- and it was a very simplified program and actually very effective program.

Juan Garcia: That was the Indian Livestock Feed Program, I think is what it was called [cross-talking] --

Gerald Lunak: Yes. And I think a lot of our producers haven't made that jump to cat and NAP. And I don't know if there is a chance of going back. I've had many of our producers say that they would like that be revisited, we don't even know why it was discontinued to begin with. So maybe we need some education regarding why that program was discontinued and then pretty much then try to move people more towards the MAP and CAT coverage, which gets them back in the FSA road, which many people are very hesitant to do so. So I think there is a bit of a gap in knowledge and understanding and maybe even some hard feelings as to why that program has not continued because it was a very effective program. We were given basically feed instead of cash and it was put out on the ground to fight disasters. And a lot of people are still very -- but that's -- so I just want to make that comment.

Craig Trimm: I guess to help Juan out here a little bit, we've actually had previous inquiries even two years ago in regard to the same question due to blizzards even before we got in the drought situation we're in, and we've looked into it. The legislative authority is what ran out. We need the legislative authority to actually implement it.

Gerald Lunak: It's like the IAC and some of you in this body at least somehow look at a reconsideration or something like that or --

Craig Trimm: If Congress would reauthorize it, I guess --

Gerald Lunak: Because we do have a template [indiscernible].

Craig Trimm: Yes, sir. I agree.

Joanna Stancil: Thank you all so much.

[End of CD3 Track04; Start of CD3 Track05]

Joanna Stancil: All right. Thank you very much. And now, Doug O'Brien, Deputy Undersecretary for Rural Development.

Doug O'Brien: I'll go ahead and get started with my presentation. And I will, in the interest of time, I'm interested in the question session, so I'm going to go through these slides. I have probably a few too many. And trust that you'll have the access to the PowerPoint should you want them. But I'll just give you a flavor of what Rural Development does, kind of the scope of our work.

First of all, I want to thank the council for the opportunity for Rural Development to have some time with you. It's particularly gratifying that I had an opportunity to be on the negotiation team for Keepseagle, which of course is where the council emanated and heard the wisdom of having the council to improve the delivery of USDA programs in tribal lands, and so

being here at this first meeting is truly gratifying. And I do just want to say up top thank you to all the council members for the time that you're taking away from your farm, from your business to do this important work to make sure that USDA can continue to improve its delivery of programs.

I'm going to start with a couple of general programs then I'm going to go through the PowerPoint very quickly. So Rural Development is the arm of USDA that does community and economic development. We do some work directly with farmers, and in particular, our Value-Added Producer Grant program, as well as our Renewable Energy for America program, which I'll talk about in a little bit. But really, the lion's share of what we do supports rural communities and small businesses, non-farm businesses. And we have really a full suite of programs.

In terms of delivery, we have about 450-500 offices throughout the country. We're co-located without exception actually, if we have an office out there, we're with FSA and/or NRCS. We have a state office in every one of the states, and the states that have a significant Native American presence, we have a Native American coordinator in either the state office or somewhere in the state, maybe closer to the concentration of the population of the community.

So just please know that we have a special sort of delivery mechanism that looks like FSA and NRCS, and if there is one

takeaway from this whole presentation, is that if you're not familiar with your state director, Rural Development director, or your Native American coordinator, please let me know. There is a contact for our national Native American coordinator named Tedd Buelow that's at the end of this presentation. Let him know, let me know, and we want to make sure those conversations happen.

So, okay, here we go, very quickly. That's a longer version of what I just said. Basically, we have presence on the ground. We want to make sure to have a relationship with you. And we have presidential-appointed state directors in every one of the states and then area directors and program directors, technicians, engineers, et cetera.

Our programs can be put into sort of three different areas. There is Rural Utilities Service, where we have the Legacy Rural Electrification Agency. So we do electric generation and distribution. We do water and environmental programs. Really, I think perhaps the most significant partnership that we have with tribal communities is on our water and waste water systems.

And we do telecommunication and broadband. Since 2002, we've had specific programs in broadband. We've done telecommunications, phone lines, et cetera for a long time, which of course, now, that really means broadband. Such an important piece of work in more remote areas of the United

States. President Obama has certainly made it clear that it's one of his priorities in terms of rural America. In fact, in the last three years, we've been able to invest and partner with about \$7 billion in rural America that has been improved or new rural broadband.

The next circle there, and you'll see it's the biggest circle and there is a reason, it's really the lion's share of the work that we do, is rural housing and community facilities. We have direct loans. Like my colleagues from FSA talked about, we are essentially the bank, so we deal directly with the borrower, the purchaser of the home. Typically, the direct loans are for poor or very poor applicants. We also do guaranteed loans. We do more and more guaranteed loans now. That's where we work with the bank. The bank actually lends the money. We guarantee that loan. And we have multifamily housing loans, so kind of those typical four-unit or eight-unit houses out in rural places. And housing preservation grants, which kind of speaks for itself, and then community facilities.

Community facilities, I'll take one minute to talk about, it's a great program. We are able to finance any essential community facility in a rural place, rural place being under 20,000 people. Essential, it's pretty broad. We do libraries. We do schools. We do hospitals. We do computers for the school. We do fire trucks. We do police stations. Anything

that that municipality or nonprofit needs that's essential to the community.

The direct loan program in that has grown significantly in the last few years because of -- and we'll get into first of kind of budget issues -- it essentially doesn't cost the taxpayers any money, but it's very good financing, about 3.375 percent up to 30 or 40 years, so it's a good piece of the puzzle when you're trying to do a significant -- there is some grant dollars there. I'll be candid and say that our grant dollars have been shrinking the last few years, as have most budgets throughout the federal and many state and local governments.

Then that last bucket is the Rural Business Cooperative Service. That is kind of a mixture of really small business support, both grants, but most significantly again, guaranteed loans, as well as cooperative service where we work with educational institutions and nonprofits to support cooperatives, particularly farm cooperatives but other cooperatives also.

Summary of investments, about \$1.5 billion in American Indian and Alaskan Native communities. You see the business ones there. I'm not going to go through these. I'll give you just a quick second. You get a scale, a scope of what we do.

So those rural business and cooperative programs. RBEG is a great -- that's a grant program that's administered primarily in the state. RBEG is an example that a number of programs have

either within the appropriation or more common within the Farm Bill legislation that there are set asides or targets for tribal communities. And you'll see those there. They really vary in how big. You see the RBOG program which really wasn't that big a program, but almost half of it went to Native American, whereas RBEG, a much smaller percentage went to it.

IRP, I'll just raise up, is a great program. So that's Intermediary Relending Program. We deal with nonprofits. Basically, we give them a chunk of dollars, and what they need to do is re-lend it to the community, and then eventually, they actually will pay us back, but we get that revolving loan fund moving.

A moment on Rural Energy for America Program, this is really a growing program, and we worked very hard to make sure that it can work in tribal communities. The purpose of REAP is to provide grants to producers in rural small businesses to purchase and install renewable energy systems and make energy efficiency improvements. We have grants. We have guaranteed loans. Grants can be up to 25 percent. These are for relatively smaller projects, so a half million dollar limit for the system. If it's a renewable energy system, we can pay for energy audits, feasibility studies. And that NOFA was published for the grant early this year.

Just to talk about that, some specific work that we did to make sure that it works on tribal is that Section 17. Corporations or other tribal businesses that have similar structures and relationships to tribal governments are expressly eligible. So we're trying to get ahead of those issues that I know we all wrestle with in a number of programs in this kind of new program.

Community facilities I guess I already talked about. I'll give you just 10 seconds there, see some of the data points. We do have grants, direct loans, and guaranteed loans. Again, the Direct Loan Program is the program that is really, we know really for the next two years that we're going to have significant program level to do some great projects out there. Grant dollars we continue to fight for. And the guaranteed loans actually have shrunk because they do have budget implications.

[CD3 Track 6]

Doug O'Brien: Single family housing, direct loans again, 504, the second set there, they're repair loans and repair grants so we have specific dollars to help people stay in their home, make sure it's a safe and healthy environment for the family. And then Mutual Self-Help Assistance Grants, it's a great program that's basically it's think Habitat for Humanity kind of work that we provide resources to really a little

neighborhood is the typical. There will be a number of families either in the same block or on the same street that want to improve or build a house. They work together to build those houses and provide a lot of the sweat equity into those homes.

Multifamily housing preservation grants, a lot of times, it's more affordable for the borrower, more affordable for the federal government to improve that property to make sure that those units are out there to serve typically very poor.

Typically people that we provide rental assistance to, it's USDA's version of Section 8 Housing essentially. And then we have direct loans to help build multifamily housing and guaranteed loans.

Water and waste disposible, I mentioned before, in my opinion, I think it might, over the years, maybe it has made some of the greatest impact. It is that basic infrastructure on some of the most remote and poor places. And direct loans in FY '12, almost \$850 million and then significant grant dollars in the water programs. Unlike most of our programs, there's really not significant grant dollars. There is in water. It's so important to communities to try and keep those water rates down and to keep that community viable. Particularly at [indiscernible] there, you'll see we provide technical assistance and training grants generally to intermediaries, make

sure that communities can actually maintain and service their water system.

Telecommunications programs, again, this has really evolved into the broadband program. And during the Recovery Act, we had significant grant dollars, over \$3 billion that we worked with communities to invest in new broadband. Since that time, we're back to just loan. So it's still a program. With need, it can really help. But candidly, in some of the poorer areas, it can be tough because we work with either a telecom utility or a private business to get that wire out there.

A couple smaller programs but crucial I think to your communities is distance learning and tele-medicine grants. So these are grants that help a community college, a school, a community center put in the equipment so that there can be either education or health care that happens remotely. We found that that can be such a great strategy for some areas, and we do have some dollars there, and I think that's a program that will continue.

And the electric programs, again, we do generation and distribution. And we're working to do more and more renewable energy, and we do more and more wind there too, typically working with an electric coop in the field.

SUTA is certainly worth spending at least one minute on. So the 2008 Farm Bill provided USDA Rural Development some

special authority that has -- that is designed to make our utility programs, and it's utility programs only, more accessible to tribal communities. So again, that's electric, water, and the telecom, our utility programs. There was certainly extensive tribal consultation process which we very much appreciated, and we think we ended up with a very good rule. And what does it do? Well, it's a potential for lower interest rates, longer repayment terms, grant priority, matched waivers. Essentially, we can waive that requirement that there be a 50 percent or 75 percent match, which can make the difference of course in a poor community whether you can move forward.

Current initiatives, very quickly, and I'm guessing maybe this would be mentioned some place else, but Strike Force is an effort that Secretary Vilsack has put in place at the department to make sure that we serve some of the harder to serve areas. And the way that we're doing that is building capacity in that rural place so that there is the knowledge base, so that there is a technical capacity in that place for people to access USDA programs and really all federal programs.

We started out in the Mississippi Delta, in four different states, in, I don't know, about 100 counties. Last year, or I guess it was earlier this year, we moved to four states in the Southwest, which I suspect would have -- and I know we're

working closely with native communities in the Southwest on Strike Force.

And then Know Your Farmer, Know Your Food, you may have heard of this. It's something that USDA is doing to make sure that the external community, our stakeholders, our constituents understand how USDA programs can support local and regional food initiatives. And it's also actually, and I think my USDA colleagues will tell you, a very important piece of that initiative is making sure that USDA employees understand how we can support local and regional food systems. Obviously such an important component in many of the tribal communities.

Healthy Food Financing Initiative focuses on areas where populations have very low or no access to healthy food, fresh fruits and vegetables typically. And we're working with a number of different components within the federal government, Treasury, HUD to make sure our programs, to the degree that we have the authority and the appropriation, to focus efforts to improve access.

There is contact information for Tedd Buelow. I'm also going to give you mine. But Tedd, I'll just mention, so he used to be in D.C. He is now in the state office outside of Denver and is a fantastic champion for native communities within the RD. So do not hesitate to reach out to Tedd, particularly this group of leaders here. He might be a good first contact.

Frankly, if you've never talked to Tedd, I'd invite a call because he always adds value to a conversation not only to you but he will to us. And actually, I know he wanted to be here and was unable to for other reasons. I'm sure he'll be engaged with the council, has been involved with the council thus far. I'll just give you my contact information, is doug.o'brien, that's with an apostrophe, which is an indication that I truly do want you to contact me because I told you there is an apostrophe, @osec.usda.gov.

So that's doug.o'brien@osec.usda.gov. Thank you again for providing RD a little bit of time. Happy to take as many questions as the chair allows us.

Sarah Vogel: Can you talk about your work with tribal colleges?

Doug O'Brien: Mm-hmm. Yes. So we actually, we work with REE quite a bit. REE is the Research Education Extension component of USDA. And just this last year, under Secretary Tonsager, my direct boss, who his direct boss is Vilsack, signed a Memorandum of Understanding with community colleges, many of them tribal colleges. And we are deepening our engagement to make sure that the tribal colleges understand the programs that we have at Rural Development.

One of the key ones is community facilities that we talked about. So we've built dorms. We've built different types of

educational facilities on community colleges, including tribal colleges. And we're really trying to push to make sure that people understand what we can do.

On the food system side of things, we can work with them on making sure that -- many times actually, the college itself may not be an eligible recipient, but the community that they serve, they know about the small businesses. They know about the nonprofits. And we work with them to make sure that we partner with them to deliver those programs. Thank you. Good to see you, Sarah.

Sarah Vogel: Good to see you too.

Joanna Stancil: Janie?

Janie Hipp: This is Janie. I'm going to embarrass Doug just for a minute, but I'm going to thank him publicly. He was an integral part of the settlement, the Keepseagle settlement team within USDA and was our go-between between USDA and the secretary and Department of Justice. And we could not be sitting at this table if it were not for Doug's role in that process, so I have to thank him publicly. And I know that we all share in that thanks.

Male Voice: Thank you.

Female Voice: Thank you.

Doug O'Brien: You're welcome. And the words are too kind because of -- and I think Janie knows this is true -- no matter

who sat in that particular seat around the table, Secretary Vilsack was going to make sure that we got to the place that we got to. But thank you for that. I will mention it's the most -
- Keepseagle along with the other two cases, it is the most gratifying work that I had done.

Male Voice: Thanks.

Female Voice: Thank you.

Joanna Stancil: Thank you very much.

[End of transcript]