SOUTHWEST BORDER
REGIONAL COMISSION

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Testimony of Federal Co-Chair Juan Sanchez

Southwest Border Regional Commission

Senate Committee on Environment and Public Works

Good morning, Chairman Carper, Ranking Member Capito, and distinguished Members of the Committee, and staff. Thank you for the opportunity to testify today on behalf of the Southwest Border Regional Commission (SBRC). I am Juan Sanchez; the Commission's first Federal Co-chair and I am honored to share the progress and challenges we face in serving the Southwest Border region. The area encompasses 93 counties and 35.1 million people throughout Arizona, California, New Mexico, and Texas. It is a region rich in cultural diversity and economic potential. The Commission aims to help create jobs, empower impoverished communities, and improve the lives of those who reside in our four-state region.

A Brief History of the Commission

Congress has long recognized the need for targeted economic development in the Southwest Region. The idea of an economic development agency focused on the socio-economic issue of the southwest has been around since at least the 1970s. This idea gained momentum in 1999 with Executive Order 13122, which established a task force to study the socioeconomic challenges in the region. Legislative efforts began in 2003 with proposals in both the Senate and House to create the "Southwest Regional Border Authority." Members from both houses continued to push for the creation of the Commission, and in 2008 the SBRC was included in the farm bill and authorized into law.

The Commission remained dormant until 2021 when a bipartisan coalition of Senators and House Members secured the Commission's first appropriations. However, it was not until November 2022, when this Committee favorably reported my nomination, and my subsequent confirmation, that the Southwest Border Regional Commission existed in earnest.

My job began in January 2023 when I was entrusted with the responsibility of establishing the Commission and developing its operational infrastructure from the ground up. My first task was to inform and secure the participation of our four state governors whose ideology spans the political spectrum. It speaks to the importance of the Commission that we were able to reach a consensus, and as of June 2023 all four border states are participating in the Commission. Together we reach agreements on the operating procedures, funding allocations, administrative support and a vision for the Commission.

I would like to thank our first State co-chair, Governor Lujan Grisham, and the other Governors, Governor's Alternates, program managers, and staff who have dedicated their time and efforts, and financial resources to ensure the success of the Commission. They continue to be genuine partners in our efforts to facilitate economic development in our most distressed communities.

Outreach and Assessments

Our next challenges were to assess the needs of our region, identify regional challenges, and develop Commission goals and strategies. We first assessed the economic conditions of each one of our counties utilizing their demographic data including poverty rate, per capital income, unemployment rate, and out migration. We ranked each county on a scale based on these demographics then designated each county as either distressed, transitional, or an attainment county.

The SBRC's area encompasses 93 counties, of which 37 are classified as Distressed, 41 as Transitional, and 15 as Attainment Counties. Distressed Counties account for 11% of the Commission's total population of 35.1 million but represent 24% of those living in poverty within the region. 77% of the population live in Transitional Counties, while 12% reside in Attainment Counties.

The SBRC's average poverty rate stands at 18%–significantly higher than the national average of 12.6%–translating to an estimated 5 million individuals living in poverty. The unemployment rate within the SBRC is 6.5%, compared to the national average of 4.2%, and the percentage of college graduates is 31.8%, slightly below the national average of 33.7%. Additionally, the minority population constitutes 66% of the SBRC's total population.

Challenges and Unique Isolated Areas of Distressed Communities

Colonias: A "colonia," Spanish for neighborhood or community, is a geographic area located within 150 miles of the U.S.-Mexico border that has a majority population composed of individuals and families of low and very low income. Colonias are some of our nation's poorest communities and often lack a governance structure and a substantial tax base. Many of the families who live in colonias lack safe, sanitary, and sound housing and are without basic services such as potable water, adequate sewage systems, drainage, utilities, and paved roads.

An estimated 800,000 people lack adequate drinking water and sanitation facilities, such as household plumbing or proper sewage disposal systems. Approximately one-third have no drinking water or wastewater facilities. The Rural Community Assistance Partnership (RCAP), a national non-profit studying access to water, estimates that these historically underinvested

colonias need over $10 billion in water and wastewater infrastructure investment across the four Border States (CA, AZ, NM, & TX).[1] Even those living in colonias who have access to water often have issues with quality and quantity and face health risks from the lack of adequate water or wastewater infrastructure. To provide safe and clean drinking water and sanitation facilities effectively to these minority and historically underserved communities, the States need increased federal investments. All communities defined as colonias reside in the Commission's service area.

Tribal Communities: The SBRC region comprises 51 federally recognized tribes. According to census data, collectively, the tribal communities in the SBRC's region have a poverty rate of 44% and an unemployment rate of 12%, compared to the U.S. averages of 12% and 4.2%, respectively. Tribal communities have severe infrastructure challenges, including a lack of adequate drinking water, sanitation facilities, and broadband access. According to the Universal Access to Clean Water for Tribal Communities Project,[2] 48% of tribal homes do not have access to reliable water sources, clean drinking water, or basic sanitation. SBRC seeks to enhance tribal capacity and promote self-governance. The Commission is committed to setting aside at minimum 5% of our total grant funds for tribal communities.

A 2022 study from Columbia University found that Latino and Native American communities across the U.S. are disproportionately exposed to dangerously high levels of arsenic and uranium in public drinking water, highlighting severe and ongoing environmental injustices.[3] The study identifies regions in the southwestern U.S. where these harmful contaminants are more prevalent in public water systems. The research underscores how these communities are particularly vulnerable to health disparities due to structural biases, inadequate public water infrastructure investments, and insufficient protections. These findings call attention to the urgent need for targeted policy and funding to address these inequities and safeguard the health of our communities.

Other Regional Challenges

The counties within the Commission's region are experiencing a severe shortage of healthcare professionals, with every county designated as a Health Professional Shortage Area (HPSA) for primary care, mental health, and dental care by the U.S. Department of Health and Human Services (HHS). The shortage is assessed based on population-to-provider ratios, poverty levels,

[1] Rural Community Assistance Partnership (RCAP). (2016). Colonias phase II assessment report. Retrieved from https://rcap.org/wp-content/uploads/2016/03/RCAP_Colonias-Phase-II-Assessment-Report_FINAL_web.pdf

[2] Tribal Clean Water. (2024). *Universal access to clean water for tribal communities*. Retrieved from https://tribalcleanwater.org/

[3] Martinez-Morata, I., Bostick, B.C., Conroy-Ben, O. et al. Nationwide geospatial analysis of county racial and ethnic composition and public drinking water arsenic and uranium. Nat Commune. 13, 7461 (2022). https://doi.org/10.1038/s41467-022-35185-6

infant health indicators, and travel time to care, with scores ranging from 0 to 26 (higher scores indicate a more severe shortage).

Of the Commission's economically distressed counties, 36 out of 37 are designated as whole-county Primary Care HPSAs, with an average shortage score of 16. The ten counties facing the most severe shortages have an average score of 19. This shortage poses a significant barrier to equitable healthcare access in the region.

The Commission considers this as a critical workforce issue and is committed to addressing it by supporting the training, recruitment, and retention of healthcare professionals. This includes grant programs, partnerships with state health agencies, and initiatives like the J-1 Visa program to help alleviate the shortage of healthcare professionals, especially in rural and underserved areas.

Other critical issues in the region, not mentioned in detail, included the lack of adequate housing supply and access to broadband.

In addition to our research and review of existing economic development plans, we did extensive outreach through virtual and in person meetings, and surveys. We have met with hundreds of community stakeholders across the four states, ranging from mayors, doctors, economists, non-profits, universities, chambers of commerce, tribal representatives, industry groups, state agencies and local development districts. Additionally, each state was tasked with creating their own economic development plan, a process which is currently ongoing.

Through this engagement we focused on identifying what our stakeholders considered the most significant barriers to economic development in distressed communities.

The most common barriers identified were:

- **Capacity** – Capacity remains a significant barrier for distressed communities. These communities often lack technical, managerial, or financial capacity. Unincorporated areas such as colonias often lack a governing structure. Distressed communities with a governing structure often stated their minimal staff is overburdened with administrative duties. Distressed communities stated that with the proper support, they have the potential to qualify for state or federal funding. However, they are often hindered by barriers that prevent them from accessing these resources.

- **Cost Prohibitive Matching Requirements** – The SBRC serves some of our nation's poorest communities, often lacking a substantial tax base to generate revenue and secure matching funds. Matching funds are often required to compete for federal and state grants. For the most underserved and impoverished communities this is a significant barrier.

- **Data Availability and Limitations** – The respondents indicated that access to data and research regarding the issues facing their communities is insufficient, highlighting ongoing gaps in the availability and accessibility of publicly available research and data.

- **Uneven playing field** – Distressed communities felt they faced an uneven playing field when securing grants and funding for improving public infrastructure. Structural biases and a lack of technical support, resources, and specialized staff place distressed communities at a significant disadvantage in grant competitions.

In response to the barriers identified by our stakeholders, the Commission developed a set of goals and priorities to guide our investments and utilize the Commission's unique authorities to help spur economic development. Our guiding principles and priorities include:

- Investing in Underserved Communities and Assisting the Most Distressed Communities First.
- Eliminating Barriers to Economic Development, Building Local Capacity, and Providing Technical Assistance.
- Leveraging Commission Funds, Forming Partnerships, Reducing Costs, and Completing Projects.

Distressed communities face systemic barriers to accessing the benefits and opportunities of government and private investments. The SBRC will pursue the following strategies to help communities overcome those barriers.

Advancing Equity and Leveling the Playing Field - The SBRC is dedicated to investing in traditionally underserved and economically distressed communities, as defined by federal statutes. The Commission will allocate at minimum 50% of its grant funds to these distressed areas, which face persistent economic challenges. Additionally, the SBRC has set aside at least 5% of its grant funds specifically for tribal communities. The Commission's new grant program's scoring criteria reflect this priority by allocating additional points to distressed communities.

Building Local Capacity - The SBRC new grant program is increasing the allowable amount that may be used for administrative support. We are also allowing local development districts to apply on behalf of distressed communities and serve as the administrative agent for the grant.

In addition, the SBRC will continue and expand our partnerships with local colleges and universities, including Minority Serving Institutions and Tribal Colleges, to establish University Research and Assistance Centers in economically distressed counties. This first year the Commission is committing $450,000 to establish at least one center in each state. These centers will focus on identifying local capacity gaps, conducting regional economic assessments, and providing technical assistance to communities to enhance their ability to administer and complete grant funded projects. By working closely with the SBRC, these centers can design targeted programs and courses to address identified needs and capacity gaps. These centers would maintain publicly accessible data sets on local, state, and national economic indicators.

In addition to technical assistance, we hope to expand our partnership in the future to research and develop cost-saving strategies and technological solutions tailored to regional challenges, including alternatives to expensive infrastructure.

Eliminating and Reducing Cost Prohibitive Matching Funds Requirements - For the most underserved and impoverished areas, the SBRC is committed to utilizing Commission funds to co-invest with local, state, and federal agencies to reduce the burden on local communities. The SBRC would utilize its authorities under 40 USC §15506 to supplement local, state, and federally funded projects, significantly reducing the local match burden and assisting in completing important stagnant or partially funded projects.

Forming Partnerships & Leveraging Commission Funds - The SBRC seeks to identify co-investment opportunities with local, state, and federal partners to leverage our funds and help complete projects through multi-agency investments. The Commission participates in the Rural Partners Network (RPN), a coalition of agencies led by U.S. Department of Agriculture (USDA) Rural Development designed to promote economic growth in rural communities by improving access to federal resources. The SBRC has also signed agreement with USDA Rural Development to co-invest in Rural Business Development projects in distressed counties. Additionally, the SBRC has formed partnerships with other federal agencies, including developing grant policies that align with U.S. Department for Housing and Urban Development standards to facilitate co-investment.

Moving Forward - The Commission will be hosting a series of open houses in partnership with local universities and will publish our five-year strategic plan in November. The Commission is on track to open our first grant competition in early 2025.

Finally, I wish to express the Commission's sincere appreciation for the committee's work on the Economic Development Reauthorization Act of 2024 (S. 3891). We are particularly thankful for the provisions which waive the matching requirements for Indian tribes and colonias, extend authorized appropriations through FY2029, and provide the Commission the ability to offer grants to demonstration healthcare projects.

We look forward to working with Congress and are pleased to answer questions regarding the Commission's work to better our region. Thank you again for the opportunity to testify.