



SOUTHWEST BORDER
REGIONAL COMMISSION

Testimony of Juan Sanchez
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Southwest Border Regional Commission

Committee on Transportation and Infrastructure
Subcommittee on Economic Development, Public Buildings, and Emergency Management
U.S. House of Representatives

Good morning, Chairman Perry, Ranking Member Stanton, and distinguished Members of the Committee. Thank you for the opportunity to testify today on behalf of the Southwest Border Regional Commission (SBRC). My name is Juan Sanchez, and I serve as the Commission's Federal Co-Chair. I appreciate the opportunity to discuss the progress the Commission has made and the challenges that remain in supporting economic development across the Southwest Border region.

The Southwest Border Regional Commission is a federal-state economic development partnership between the federal government and the states of Arizona, California, New Mexico, and Texas. The Commission provides federal grant funding to economically distressed and persistent poverty communities for infrastructure improvements and economic development projects. Congress created the Commission in the Food, Conservation, and Energy Act of 2008, (the Farm Bill), and most recently reauthorized it through the Thomas R. Carper Water Resources Development Act of 2024.

The Commission is governed by a Federal Co-Chair and the Governors of the four member states, one of whom serves as the State Co-Chair. State Governors appoint state staff to jointly administrate and oversee the Commission's performance and deliverables. Administrative costs are shared with our state partners, minimizing federal overhead while advancing locally driven projects that align with both state and federal administration priorities.

The Southwest Border Commission's region encompasses 103 counties and approximately 36.3 million people across Arizona, California, New Mexico, and Texas. This region is rich in cultural diversity, natural resources, economic activity, international trade, and potential, yet it also includes some of the most economically distressed and persistently low-income communities in the nation. The Commission's mission is to create and retain jobs, maximize private and public funds, increase regional and tax revenue while empowering underserved communities, reducing economic disparities, and improving quality of life throughout this four-state region.

SBRC REGION

Of the 103 counties in the SBRC's service area, 46 are classified as economically distressed, 44 as transitional, and 13 as attainment counties. Distressed counties account for approximately 11 percent of the region's population, transitional counties account for 77 percent, and attainment counties comprise the remaining 12 percent. Economic distress designations are determined through a statutory process that evaluates county-level unemployment rates, per capita income, and poverty rates. These designations guide the Commission's investment decisions to ensure that resources are targeted first at communities facing the most severe economic challenges.

CHALLENGES

The Southwest Border region continues to face persistent and significant economic challenges. The average poverty rate across the SBRC region is approximately 18 percent, well above the national average of 12.4 percent, representing an estimated five million individuals living in poverty. The three-year average unemployment rate within the SBRC region is 5.2 percent, compared to a national average of 4.2 percent. Per capita market income in the SBRC region was more than 20 percent lower than the national average in 2023.

Distressed counties illustrate the severity of these challenges. Although they represent only 11 percent of the region's population, they account for approximately 21 percent of individuals living in poverty. These counties experience an average poverty rate of 24 percent, nearly double the national average, and an average unemployment rate of approximately 6 percent. Even among working households, poverty rates remain high, underscoring the depth and persistence of economic hardship in these communities.

UNIQUE AND ISOLATED DISTRESSED COMMUNITIES

Colonias

Colonias are geographic areas located within 150 miles of the U.S.–Mexico border that are predominantly inhabited by individuals and families of very low income. These communities often lack formal governance structures and a meaningful tax base. Many residents live without access to safe, sanitary, public schools, libraries, sound housing and lack basic services such as potable water, adequate wastewater systems, drainage, utilities, and paved roads. All communities defined as colonias fall within the SBRC's service area.

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 when access exists, water quality and reliability are often compromised, posing significant public health risks. Providing safe and clean drinking

water and adequate sanitation facilities to these severely underserved communities continues to pose challenges.

The Government Accountability Office, in report GAO-24-106732, found that infrastructure investments in colonias are frequently cost-prohibitive due to rural and dispersed development patterns and distance from existing systems. GAO documented instances in which officials determined that system connections were not economically feasible, leaving residents reliant on hauled water or inadequate sanitation. The GAO also found these challenges are compounded by limited local fiscal and administrative capacity to meet matching fund requirements or manage complex federal funding programs.²

Tribal Communities

The SBRC region includes 51 federally recognized tribes. Tribal communities in the region experience a poverty rate of approximately 44 percent and an unemployment rate of 12 percent, compared to national averages of 12.4 percent and 4.2 percent, respectively. Tribal communities face severe infrastructure challenges, including limited access to reliable drinking water, sanitation facilities, and broadband connectivity.

Nearly half of tribal households lack access to reliable water sources, clean drinking water, or basic sanitation.³ A 2022 study by Columbia University found that tribal communities in the Southwest are disproportionately exposed to elevated levels of arsenic and uranium in public drinking water systems, contributing to serious health disparities and long-term risks.⁴

The Commission is committed to strengthening tribal capacity, supporting self-governance, and ensuring tribal communities are full partners in regional economic development. To that end, the SBRC has established a policy reserving a minimum of five percent of total grant funds for projects benefiting tribal communities.

Healthcare Workforce Shortages

The SBRC service area faces a systemic healthcare workforce crisis characterized by both the pervasiveness and severity of provider shortages. All 103 counties in the SBRC region contain at least one federally designated Health Professional Shortage Area (HPSA), underscoring that unmet healthcare need is universal across the region.⁵

HPSA designations in the SBRC region take multiple forms, including countywide geographic designations as well as population-group and facility-based designations. These distinctions reflect how shortages are distributed – not whether they exist. For example, the absence of a countywide HPSA designation does not imply that shortages are less acute; designation patterns are shaped by application processes, data availability, and administrative thresholds, not solely by the level of need.

Nearly two-thirds of SBRC counties (65 of 103, or 63.1%) are designated as countywide HPSAs, meaning provider shortages affect the entire population rather than being limited to specific neighborhoods, facilities, or subgroups. In the remaining counties, population-based and sub-

county designations still signal serious access barriers, particularly for low-income and medically underserved residents.

When viewed through SBRC's economic distress classifications, a stark health equity pattern emerges. All 42 counties designated as economically distressed contain HPSAs, and their shortages are more likely to be widespread and severe. More than 7 in 10 distressed counties (30 of 42, or 71.4%) are designated as countywide HPSAs – meaning that in most distressed communities, provider shortages affect the entire population. By contrast, only 6.5% of transitional counties (3 of 46) and none of the attainment counties carry countywide designations. This indicates that shortages in more economically stable areas are more likely to be geographically or demographically concentrated, while shortages in distressed areas are more likely to be comprehensive and structural.

This pattern demonstrates that healthcare workforce shortages in the SBRC region are not randomly distributed. They track closely with economic vulnerability. Communities with the fewest resources are also the most likely to face shortages that are widespread, persistent, and difficult to address through incremental interventions alone. Even where HPSAs are formally designated for specific populations or facilities, these designations often reflect deeper systemic barriers tied to poverty, rurality, and historical underinvestment.

The Commission views these inequities as a fundamental barrier to regional economic stability, workforce participation, and long-term community resilience.

BARRIERS TO ECONOMIC DEVELOPMENT

The Commission conducted extensive outreach and engagement with stakeholders across the four-state region, including meetings and surveys involving local officials, tribal leaders, nonprofit organizations, industry representatives, state agencies, universities, chambers of commerce, and development districts. Through this outreach and engagement, stakeholders reported the following recurring barriers to economic development:

- **Capacity:** Distressed communities often lack the technical, managerial, and financial capacity needed to fully access federal and state resources and funding opportunities. Unincorporated areas, such as colonias, frequently lack governing structures, while communities with formal governance report limited staff who are overburdened by administrative duties. Stakeholders noted that with appropriate support, many communities could qualify for state or federal funding but are currently constrained by these capacity limitations.
- **High Cost & Cost-Prohibitive Matching Requirements:** The SBRC serves some of the nation's poorest communities, many of which lack a sufficient tax base to generate revenue or secure required matching funds. Because matching funds are often necessary to compete for federal and state grants, this requirement presents a significant barrier for the most underserved communities. High capital costs of infrastructure project often mean these communities have to cobble together multiple funding sources, adding to the historical challenge.

- **Data Availability and Limitations:** Respondents reported insufficient access to data and research related to challenges facing their communities, citing persistent gaps in the availability and accessibility of publicly available information.
- **Uneven Playing Field:** Distressed communities reported disadvantages in competing for grants and infrastructure funding due to structural biases and limited access to technical support, resources, predevelopment studies, and specialized staff need to apply and manage federal grants.

In response, the SBRC adopted guiding principles that prioritize investment in the most economically distressed communities, build local capacity, funding predevelopment studies and technical assistance, reduce barriers to economic development, and leverage partnerships to maximize the impact of federal funding.

GRANT PROGRAM SUMMARY AND AWARDS

In 2025, the SBRC completed its first year of grantmaking, awarding \$11.3 million in federal funding in response to project funding requests of more than 10 times the available amount. In its first year, the program invested in some of the poorest and most underleveraged regions of Arizona, California, New Mexico, and Texas, awarding grants to 22 projects across the four states.

Funds were concentrated where need is greatest. Seventy-eight percent of awards were directed to economically distressed counties, exceeding the statutory requirement that at least 50 percent of funds benefit distressed areas. The remaining 22 percent supported economically transitional counties.

The 11.3-million-dollar investment will leverage an additional 10.2 million in local and state matching funds. SBRC estimates that its federal investment will support roughly 750-800 permanent jobs, help retain approximately 500-600 positions, and create approximately 200–250 temporary jobs.

More than 1,400 small businesses and individuals will be assisted with training, technical support, or infrastructure improvements, with potential multiplying effects on job creation, retention, and economic stabilization in the places that need it most.

SBRC investments will strengthen essential infrastructure and expand economic opportunity through investments in water and wastewater systems, rural road rehabilitation, workforce training, new medical clinics, entrepreneurship support, and equipment to train high-demand professionals.

Projects will expand clean water access and redevelop blighted and underutilized properties in some of the nation's most impoverished communities, and repair long-neglected rural roads to improve safety, reduce costs for farmers, and reconnect local economies.

Our workforce development investments focus on training Americans for high-need, high-demand jobs, including engineers needed for critical mineral extraction, medical professionals in

shortage areas, and workers in both traditional skilled trades and emerging industries such as superconductors, while supporting small businesses and long-term economic growth.

I appreciate the opportunity to report before the Subcommittee on SBRC's work to strengthen a region critical to America's long-term economic growth.

Thank you for your time. I look forward to answering your questions.

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 GAO, Rural Development: Actions Needed to Improve Assistance to Southwest Border Communities Known as Colonias, GAO-24-106732 (Washington, D.C.: Sept. [GAO-24-106732, RURAL DEVELOPMENT: Actions Needed to Improve Assistance to Southwest Border Communities Known as Colonias](#).

³ Tribal Clean Water. (2024). *Universal access to clean water for tribal communities*. Retrieved from <https://tribalcleanwater.org/>.

⁴ 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 Commun.* 13, 7461 (2022). <https://doi.org/10.1038/s41467-022-35185-6>.

⁵ HRSA.gov, and tabulated by SBRC. <https://data.hrsa.gov/topics/health-workforce/shortage-areas/hpsa-find>.