USDA'S RURAL DEVELOPMENT: DELIVERING VITAL PROGRAMS AND SERVICES TO RURAL AMERICA

HEARING

BEFORE THE

SUBCOMMITTEE ON COMMODITY MARKETS, DIGITAL ASSETS, AND RURAL DEVELOPMENT

OF THE

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HOUSE OF REPRESENTATIVES

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USDA'S RURAL DEVELOPMENT: DELIVERING VITAL PROGRAMS AND SERVICES TO RURAL AMERICA

THURSDAY, SEPTEMBER 18, 2025

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON COMMODITY MARKETS, DIGITAL ASSETS,
AND RURAL DEVELOPMENT,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The Subcommittee met, pursuant to call, at 10:00 a.m., in Room 1300, Longworth House Office Building, Hon. Dusty Johnson [Chairman of the Subcommittee] presiding.

Members present: Representatives Johnson, Rose, Lucas, Mann, Finstad, Nunn, Bresnahan, Messmer, Taylor, Davis, David Scott of Georgia, Figures, Mannion, McClain Delaney, and Craig (*ex officio*).

Staff present: Laurel Lee Chatham, Austin DeBerry, Sofia Jones, Josh Stull, John Konya, Suzie Cavalier, Joshua Lobert, Emma Simon, and Jackson Blodgett.

OPENING STATEMENT OF HON. DUSTY JOHNSON, A REPRESENTATIVE IN CONGRESS FROM SOUTH DAKOTA

The CHAIRMAN. Ladies and gentlemen, the Committee will come to order.

Welcome, and thank you for joining today's hearing entitled, *USDA's Rural Development: Delivering Vital Programs and Services to Rural America.* After brief opening remarks, Members will receive testimony from our witnesses today, a really excellent panel, and then the hearing will be open to questions.

In consultation with the Ranking Member, Mr. Davis, and pursuant to Rule XI(e), I want to make Members of the Subcommittee aware that Members of the full Committee will be joining us today.

Today, we are going to hear from great rural leaders and former USDA Rural Development officials about why the programs and services that Rural Development provides to rural America are so incredibly important. This builds on a series of rural development hearings that this Subcommittee has had in recent years. Last Congress, we examined programs that support broadband, energy, water systems, rural businesses and industry, rural cooperatives, and biomanufacturing. USDA Rural Development is uniquely positioned to serve our rural communities. Today, we will learn about the various programs that provide needed investment in our rural communities, essential infrastructure, small businesses, and economic development. So, let's just highlight a few so we are all on the same page.

We have the Community Facilities Loan & Grant Programs. Those are crucial tools to provide essential community infrastructure in rural America. Projects include fire and rescue stations, village and town halls, healthcare clinics, hospitals, adult and childcare centers, assisted living facilities, rehabilitation centers, public buildings, schools, libraries, and many other community-based initiatives. Just, it is hard to imagine what our rural communities would look like without them. The Value-Added Producer Grant program is really an unsung hero of the RD programs. Farmers and ranchers are eligible for this program that helps them enter value-added activities to generate new products, create and expand marketing opportunities, and, essentially, increase income. The Rural Economic Development Loan and Grant programs provide funding for rural projects through local utility organizations. USDA RD provides zero-interest loans to local utilities, which they, in turn, pass through to local businesses for projects that will create and retain employment in rural areas.

The Rural Business Investment Program promotes economic development and creates jobs and wealth opportunities by supporting the equity capital investment needs in rural America. The Rural Microentrepreneur Assistance Program provides loans and grants to micro-enterprise development organizations—MDOs—to help micro-enterprises start up and grow through a Rural Microloan Revolving Fund and provide training and technical assistance to microloan borrowers and micro-entrepreneurs. That is lots of acronyms but also a lot of good for rural America. Most of these programs were reauthorized in the Farm Food and National Security Act of 2024 (H.R. 8467), and so they have an expiration date. As we move forward with reauthorizing expiring USDA RD programs, the feedback and the conversations that we are having here today will help us improve these vital programs so that we can even better serve rural America and the rural communities that all of us here represent.

I want to thank each of our witnesses for your service to rural America and for the perspectives you bring today. I have a couple of personal friends on the panel, and so I am excited about that as well. We will talk about that in a minute. I do want to recognize the distinguished Ranking Member for any remarks he would like to make. Just as a note, he and I have generally run this Subcommittee in a bipartisan manner, both of us kind of managing/serving as Chairman of the Subcommittee. And so, I don't want anybody to get nervous assuming the Minority party has seized control of the dais.

[Laughter.]

The CHAIRMAN. If Mr. Davis recognizes you, that is just as valid as a recognition from Mr. Johnson.

[The prepared statement of Mr. Johnson follows:]

PREPARED STATEMENT OF HON. DUSTY JOHNSON, A REPRESENTATIVE IN CONGRESS FROM SOUTH DAKOTA

Today, we will hear from rural leaders and former USDA Rural Development officials about why the programs and services they provide are vital to rural America.

This builds on the series of rural development hearings this Subcommittee has held in recent years. Last Congress, we examined programs that support broadband, energy, water systems, rural business and industry, rural cooperatives, and biomanufacturing.

USDA Rural Development is uniquely positioned to serve our rural communities. Today we will learn about various programs that provide needed investment in our rural communities' essential infrastructure, small business, and economic development.

To highlight a few: the Community Facilities Loan and Grant Programs at Rural Development are crucial tools to provide essential community infrastructure in rural America. Projects include fire and rescue stations, village and town halls, health care clinics, hospitals, adult and child-care centers, assisted living facilities, rehabilitation centers, public buildings, schools, libraries, and many other community-based initiatives.

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Most of these programs were reauthorized in the Farm, Food, and National Security Act of 2024, as they have an expiration date. As we move forward with reauthorizing expiring USDA RD programs, the feedback received here today will help us improve these vital programs that serve rural America and the rural communities we represent.

I want to thank each of our witnesses for your service to rural America and for the perspectives you bring today. I am especially excited that Ms. Lynn Forbes, my constituent, is here to share hers.

The CHAIRMAN. So, with that, my friend, Mr. Davis.

OPENING STATEMENT OF HON. DONALD G. DAVIS, A REPRESENTATIVE IN CONGRESS FROM NORTH CAROLINA

Mr. DAVIS. Thank you so much, Mr. Chairman. It is truly an honor to be on this journey with you. And I must admit, as a mayor growing up in Snow Hill, North Carolina and eventually making my way to Congress, one of the things I had in my mind was rural development, and we realize the importance of Rural Development. Rural Development is the heartbeat—it is the heartbeat—of many communities across this nation, and especially in a district like the 1st Congressional District, 22 counties. One hundred percent of the counties are rural. So, we are here for a really important reason today, and I think about the investments that are made, and as these investments are made in rural America, it makes a huge difference.

This past Saturday, I showed up at Nashville Fire Department for the ribbon cutting of Fire Station Number 2. It could not have happened without rural development. The Community Facilities Program granted help for this fire station. The Community Facilities Program provides affordable funding to build and construct essential rural community facilities, such as firehouses, police stations, and community centers. Another successful program and that is really important to me is the ReConnect Loan and Grant Program. Oh god, I can't tell you when I think about living in eastern North Carolina and broadband, and the need to make important connections.

So, these are just some of the programs. I could continue on, RBDG in terms of the Rural Business Development Grants—these programs are essential. So, when we come together as a Subcommittee to have meaningful conversations, these conversations are dire and critical as we talk about rural America. So, with that in mind, Mr. Chairman, I look forward to having a wonderful Subcommittee hearing today, and I yield back.

[The prepared statement of Mr. Davis follows:]

PREPARED STATEMENT OF HON. DONALD G. DAVIS, A REPRESENTATIVE IN CONGRESS FROM NORTH CAROLINA

Thank you so much, Mr. Chairman. It's truly an honor to be on this journey with you.

And I must admit, as a mayor, growing up in Snow Hill, North Carolina, and eventually making my way to Congress, one of the things I had on mind in my mind was rural development.

And we realize the importance of rural development.

Rural development is the heartbeat. It's the heartbeat of many communities across this nation, and especially in a district like the 1st Congressional District, 22 counties, 100 percent of the counties are rural.

So, we're here for a really important reason today. And I think about the investments that are made.

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So, these are just some of the programs I could continue on, that are back in terms of Rural Business Development, Development Grants; these programs are essential.

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So, with that in mind, Mr. Chairman, I look forward to having a wonderful Subcommittee hearing today, and I yield back.

The CHAIRMAN. Let's recognize my neighbor in Minnesota, the Ranking Member of the full Committee, Ms. Craig, for any comments she would like to make.

OPENING STATEMENT OF HON. ANGIE CRAIG, A REPRESENTATIVE IN CONGRESS FROM MINNESOTA

Ms. CRAIG. Thank you, Mr. Chairman. I am still waiting on you to offer that gavel to me, too. We will talk to the Chairman about that when he gets here.

[Laughter.]

Ms. CRAIG. Thank you so much, Chairman Johnson and Ranking Member Davis, for holding today's hearing, and thank you to our witnesses for being here today to discuss one of the most pressing issues facing this Committee: uplifting and supporting rural America. A special welcome to my former colleague, Xochitl Torres

Small, a former Under Secretary of USDA. It is so good to see you here and back in the building again.

Rural America is frequently portrayed as a monolith, especially by those in D.C. We too often fail to recognize its diversity, not just of people, but of industry, opportunity, and challenges. Farmers, their families, and their businesses are the engines of small towns across Minnesota, but those same places are also the home to teachers and nurses, manufacturers, and small businesses, and right now, too many of them are hurting. If you are a farmer, you are dealing with high cost, low prices, and not enough markets. If you are opening a business for the first time, you may have no access to high-speed internet and face severe workforce shortages. And if you are raising a family there or taking care of an aging parent, the cost of groceries and healthcare are increasing, and your ability to access a childcare center, a daycare, a doctor close to home is getting more difficult by the day.

You know, my colleagues' so-called One Big Beautiful Bill (Pub. L. 119–21), in my view, is a direct assault on rural healthcare. It slashed Medicaid by nearly $1 trillion. The Rural Health Care Fund that my colleagues are touting as a new investment does not come close to correcting the damage that the bill will do in rural America, both to our health infrastructure and other areas. In my home State of Minnesota, rural clinics are already closing because of these seismic Medicaid changes, forcing people to travel many, many miles further to receive medical care. It doesn't end there. This week, House Republicans are pushing a government funding bill through the House that would increase healthcare premiums by as much as 90 percent in many rural areas by allowing the ACA tax credits to expire, hitting many rural communities, family farmers, right in the pocketbook. There is no reason why we can't fix the problem right now.

These policies do not grow local economies, lower costs, or improve access to the critical services that our rural communities need. Rural America needs meaningful investments, not cuts to hospitals, which are often the largest employers in many rural counties. It needs access to reliable high-speed internet so that farmers and entrepreneurs can access the information and services that they need to thrive. It needs adequately-qualified teachers, childcare providers, and affordable housing so that rural communities can grow. It needs new economic opportunities so that our kids don't leave for college in the "big city" and never come back. It needs vibrant main streets so that rural businesses and communities can grow together. It needs trade policy that doesn't undermine American agriculture.

The seeds of those investments start here in this Subcommittee. They grow at USDA Rural Development. They bear fruit in small towns around this country. I am glad we are taking a comprehensive look at what USDA Rural Development programs can do. While these programs are beneficial, they do not exist in a vacuum. Economic opportunities in rural America depend on the basics, like access to healthcare, a good education, and jobs, and our discussion cannot lose sight of that because on all of those fronts, Republican policies are failing. I look forward to hearing from today's panel on how USDA Rural Development programs can support rural communities during these difficult times. Thank you again, Mr. Chairman, for being here, all of our witnesses, and I yield back.

[The prepared statement of Ms. Craig follows:]

PREPARED STATEMENT OF HON. ANGIE CRAIG, A REPRESENTATIVE IN CONGRESS FROM MINNESOTA

Thank you, Chairman Johnson and Ranking Member Davis, for holding today's hearing, and a thank you to our witnesses for being here today to discuss one of the most pressing issues facing this Committee: uplifting and supporting rural America.

Rural America is frequently portrayed as a monolith, especially by those in D.C. We too often fail to recognize its diversity, not just of people but of industry, opportunity and challenges.

Farmers, their families and their businesses are the engines of small towns across Minnesota—but those same places are also the home to teachers and nurses, manufacturers and small businesses. And right now, too many of them are hurting.

If you're a farmer, you're dealing with high costs, low prices, and not enough markets.

If you're opening a business for the first time, you may have no access to high-speed internet and face severe workforce shortages.

And if you're raising a family there or taking care of an aging parent, the cost of groceries and health care are increasing and your ability to access a doctor close to home is getting more difficult by the day.

Republicans' so-called One Big Beautiful Bill is a direct assault on rural health care. It slashed Medicaid by nearly $1 trillion. The rural health care fund that Republicans are touting as a new investment does not come close to correcting the damage their bill will do rural America's health infrastructure. Just the latest attempt to put lipstick on this pig.

In my home state of Minnesota, rural clinics are already closing because of these "seismic Medicaid changes"—forcing people to travel miles further to receive medical care.

It doesn't end there. This week, House Republicans are pushing a government funding bill through the House that would increase health care premiums by as much as 90 percent in many rural areas by allowing ACA tax credits to expire, hitting many rural Americans and farmers right in the pocketbook. There is no reason we can't fix that problem right now.

These policies do not grow local economies, lower costs or improve access to the critical services rural communities need.

Rural America needs meaningful investments, not cuts to hospitals, which are often the largest employers in many rural counties.

It needs access to reliable, high-speed internet so that farmers and rural entrepreneurs can access the information and services they need to thrive.

It needs adequately qualified teachers, child care providers and affordable housing, so that rural families can grow.

It needs new economic opportunities so that our kids don't leave for college in the "big city" and never come back.

It needs vibrant main streets so that rural businesses and communities can grow together.

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The seeds of those investments start here, in this Subcommittee. They grow at USDA Rural Development. They bear fruit in small towns across the country.

I am glad we are finally taking a comprehensive look at what USDA Rural Development programs can do. While these programs are beneficial, they do not exist in a vacuum. Economic opportunities in rural America depend on the basics, like access to health care, a good education and jobs, and our discussion cannot lose sight of that. Because on those fronts, Republican policies are failing.

I look forward to hearing from today's panel on how USDA Rural Development programs can support rural communities during these difficult times.

Thank you again for being here today, and I yield back.

The CHAIRMAN. The chair would request that other Members submit their opening statements for the record so the witnesses may begin their testimony to ensure that there is ample time for questions.

[The prepared statement of Mr. Thompson follows:]

PREPARED STATEMENT OF HON. GLENN THOMPSON, A REPRESENTATIVE IN CONGRESS FROM PENNSYLVANIA

Good morning. Thank you to Chairman Johnson and Ranking Member Davis for convening this hearing to discuss the importance of Rural Development programs and services at the United States Department of Agriculture.

Our rural communities are the heartbeat of rural America, the backbone of our great nation. Investing in these communities through USDA Rural Development programs is crucial to keep our rural communities strong, including for America's farmers, producers, and ranchers.

We must not leave rural communities behind, and we can help by reauthorizing Rural Development programs in Titles VI and IX of the farm bill that directly support our rural residents through grants, loans, and technical assistance.

The beauty of USDA's Rural Development is its structure. There are three agencies at the national level. Then, there are state-level offices led by State Directors, who work with local offices across their respective states to implement RD programs and services. The State Directors, like Pennsylvania's State Director Mike Cabell, and their local staff know their communities better than anyone. They are an integral part of their communities. Not every Federal agency can say the same. Rural Development programs and services are best housed at USDA, where they have long provided specialized services to rural communities that other agencies do not understand.

With that top of mind, I share the principles underlying Agriculture Secretary Brooke Rollins' plan for USDA reorganization, which at its core is to improve customer service and optimize the use of finite taxpayer resources.

As USDA implements Sec. Rollins' reorganization plan, I look forward to working with USDA to ensure these principles for rural America are upheld.

I look forward to hearing from our witnesses today on USDA Rural Development programs and services that were not highlighted or covered in recent House Agriculture Committee hearings.

Here are a few examples of vital RD investments in my Congressional District of programs that will be highlighted today:

- The Punxsutawney Area Hospital in Jefferson County received about $22 million in USDA Community Facilities Direct Loans for a renovation and expansion project. I spoke at the groundbreaking ceremony in April 2024. The new emergency room was just officially opened in June 2025.
- The Cameron County Chamber in Emporium received a Rural Business Development Grant of $99,000 for their small business incubator. In conjunction with other funding opportunities, this will strengthen the local economy **and** community. I recently visited this hotbed for future small businesses.
- Painterland Sisters in Tioga County were awarded a $216,000 Value-Added Producer Grant to help them create and market new products in order to increase farm income. By leveraging this program with other funding streams, sisters Stephanie and Hayley Painter were able to create a new product: an organic, lactose-free, Icelandic-style skyr yogurt. Attendees at my 2025 Agriculture Summit in Centre County were able to sample Painterland Sisters' delicious yogurt.

These are just a sampling of how USDA's RD programs make a difference in my backyard and in countless rural communities all across the country.

Mr. Chairman, thank you again for convening this important hearing. I look forward to continuing our work together to strengthen rural America.

I yield back.

Mr. DAVIS. Okay. Our first witness today is Ms. Bette Brand, who is a former Deputy Under Secretary for Rural Development at USDA, and our next witness is the Honorable Paul Heimel, who is a County Commissioner for Potter County, Pennsylvania Board of Commissioners. Commissioner Heimel is testifying on behalf of the National Association of Counties.

The CHAIRMAN. Our third witness has unimpeachable rural credentials. She and I served 20 years ago as Board Members on the South Dakota Rural Development Council, and she has been working ever since then to make rural communities stronger. It is my friend, Ms. Lynne Keller Forbes, the Executive Director of the

Southeastern Council of Governments. Ms. Forbes is testifying on behalf of the National Association of Development Organizations. And then we also have—oh, they said you get to introduce Xochitl. That seems unfair. Okay. We are fighting over——

Mr. DAVIS. We are fighting over who will introduce you.

The CHAIRMAN. Well, I am going to say a couple sentences, and then you can do the real intro.

[Laughter.]

The CHAIRMAN. When you run for Congress, there are a lot of—you think about a lot of the things that winning may help you secure. You just don't think about the fact that you are going to secure some friends once you get elected to Congress, and, indeed, Xochitl Torres Small is a wonderful person and is a personal friend, and with that, Mr. Davis, I guess you get the honor.

Mr. DAVIS. Oh.

[Laughter.]

Mr. DAVIS. Well, let me say to a person that is no stranger to Congress and definitely not a stranger to this Committee that served our country in so many ways, and a person that knows where Wilson, North Carolina is, it is so good to see you.

[Laughter.]

The CHAIRMAN. All right. Very good. Thanks to all our witnesses for joining us today. We are going to proceed to your testimony. As you all know, you are going to get 5 minutes. The timer in front of you will count down to zero, at which point your time has expired. When you hit zero or, we will kind of tap gently like that. It gets increasingly loud, and Mr. Davis is particularly heavy handed if you go more than about 15 seconds over. So, with that, Ms. Brand, please begin when you are ready.

STATEMENT OF BETTE BRAND, FORMER DEPUTY UNDER SECRETARY, RURAL DEVELOPMENT, U.S. DEPARTMENT OF AGRICULTURE; PRESIDENT AND CHIEF EXECUTIVE OFFICER, STRATEGIC CONSULTING LLC, ROANOKE, VA

Ms. BRAND. Good morning. Chairman Johnson, Ranking Member Davis, Vice Chairman Rose, and Members of the Committee, thank you for the opportunity to testify today about the critical role that USDA Rural Development plays in strengthening rural America. My name is Bette Brand, CEO and Founder of Strategic Consulting LLC in Roanoke, Virginia. Over my career, including more than 35 years in the Farm Credit System and leadership roles in USDA Rural Development, my mission has always been the same: to help agriculture and rural communities thrive.

USDA Rural Development manages more than $200 billion in loans, guarantees, and grants, delivering over $40 billion each year to communities of fewer than 50,000 people. These investments finance hospitals, schools, renewable energy, broadband, and businesses of every size. Rural Development programs don't just provide funding. They transform communities. They are the difference between a hospital staying open, a small business hiring instead of closing, and a farmer finding a new market for their products.

Earlier this year, the National Rural Lenders Association released a landmark assessment of the B&I Loan Guarantee Program. The findings confirm what rural communities already know, that these programs work. From 2014 to 2022, the B&I Program created more than 750,000 jobs in rural America and at a Federal cost of just $438 per job. Counties with B&I investment saw sustained employment growth, higher wages, a stronger GDP per capita for years after the initial investment. A one percent increase in B&I investment translates into a .55 percent increase in state sales tax revenue, a direct return to local and state economies.

These are not abstract numbers. They show that Rural Development programs provide one of the highest returns on investment of any Federal initiative serving rural America. In Virginia, the Maryland-Virginia Milk Producers Cooperative used a B&I Guarantee Loan to purchase and upgrade a processing facility. Nearly 1,000 dairy farmers benefited, 178 jobs were retained, and the region kept a vital market for milk, and it is the Maola brand that many of you in this area may recognize. In Minnesota, RD financed a $21.6 million public safety building, ensuring faster emergency response and improved disaster readiness. In Tennessee, Claybrook Farms used a Value-Added Producer Grant to launch a branded Angus beef line, adding jobs and opening new markets. In South Dakota a $27,000 microloan launched Wild Ground Coffee, bringing new life to main street.

These are examples of how RD meets communities where they are, whether they are helping a century-old cooperative stay competitive or giving a startup coffee shop a chance to succeed. What makes Rural Development unique is that it combines fiscal responsibility with community resilience. Most programs leverage private-sector lending, ensuring that taxpayers' dollars stretch farther and risks are shared. At the same time, Rural Development programs address areas where the private market alone cannot carry the full load, like healthcare access, renewable energy adoption, and critical infrastructure.

Demand continues to outpace funding. In 2023 and 2024, more than 90 percent of the B&I Program budget authority was utilized, the highest on record, demonstrating both efficiency and an unmet need. Rural Development programs may finance a hospital, a meat processing plant, or even a coffee shop, but the purpose is the same: expanding opportunity in rural America. They have revitalized communities, created and sustain jobs, modernized essential services, and give farmers and entrepreneurs the chance to compete and succeed. Most importantly, they ensure that economic opportunity is not defined by ZIP Code.

Thank you for your time today and your commitment to rural America. I look forward to your questions.

[The prepared statement of Ms. Brand follows:]

PREPARED STATEMENT OF BETTE BRAND, FORMER DEPUTY UNDER SECRETARY, RURAL DEVELOPMENT, U.S. DEPARTMENT OF AGRICULTURE; PRESIDENT AND CHIEF EXECUTIVE OFFICER, STRATEGIC CONSULTING LLC, ROANOKE, VA

Introduction

Chairman Johnson, Ranking Member Davis, Vice Chairman Rose, and Members of the Committee, Thank you for allowing me the opportunity to provide testimony on rural America and the programs at USDA that help improve the economy and quality of life in these important communities.

My name is Bette Brand, CEO and Founder of Strategic Consulting LLC in Roanoke, Virginia. Strategic Consulting helps entrepreneurs and business owners access capital for the acquisition or growth of their business in rural America. Previously, I served as Deputy Under Secretary for USDA Rural Development, Administrator of the Rural Business—Cooperative Service, and Acting Administrator of the Rural Utilities Service. Before USDA, I spent more than 35 years with the Farm Credit System.

Throughout my career, my focus has been simple: helping agriculture and rural communities thrive.

The Role of Rural Development

USDA Rural Development (RD) manages more than $200 billion in loans, loan guarantees, and grants, delivering over $40 billion annually. These investments strengthen communities of fewer than 50,000 people, helping farmers, families, and entrepreneurs build their future in rural America.

During COVID, RD proved its flexibility by deploying the B&I–CARES Act program. This ensured that rural businesses received urgently needed capital while protecting program integrity. That success led to new efforts such as the Food Supply Chain Program (included in the House Agriculture Committee's farm bill with bipartisan support), the Timber Production Expansion Guaranteed Loan Program, and other initiatives to support rural America.

Key Programs and Impact

Guaranteed Loan Programs

RD does not lend directly in these programs; it guarantees a portion of the loan that private/regulated lenders make, sharing the risk to unlock credit for viable projects. While this has been advanced by the USDA for many years, RD Guaranteed programs were streamlined in October 2020 under USDA's OneRD framework. The new rules provided lenders with one rulebook, resulting in faster processing, more consistency, and greater opportunities for private lenders (most are small community banks) to participate, expanding the pool of lenders who were willing to extend credit to rural businesses.

While many of the Guarantee programs below have not had robust economic assessments performed on the programs' effectiveness recently, their impact overwhelmingly supports rural communities providing resources to support critical infrastructure and services that hold a community together.

In fact, all programs noted below are like pieces of rural America's puzzle. Each represents a crucial part of the "jump-start" needed to help rural communities thrive. Sometimes one or more pieces (RD programs) are needed together for a business or community. Often, other Federal programs like SBA 504 and 7A are also included to make the project work. In other cases, one piece is needed now, and then the business or community grows into the next program.

Business & Industry Loan Guarantees (B&I)—Supports rural businesses by guaranteeing up to 80% of commercial loans in partnership with private lenders.

Earlier this year, the National Rural Lenders Association retained Summit. LLC to assess the economic benefits of the Rural Development's Business and Industry (B&I) Guaranteed loan Program. Through case studies, B&I programmatic data, and macroeconomic summary statistics, the report demonstrated many notable positive impacts of the B&I program, including:

a. From 2014 to 2022, B&I created 757,800 jobs in rural communities. Each of these jobs only costs the Federal Government $438 to create.
b. Counties with businesses that utilized the B&I program saw employment increases in the short and long term.
c. Counties that received B&I investment saw a higher increase in their average earnings per worker for nine (9) consecutive years after initial investment than similar counties that did not receive investment.
d. On average, in the years following initial investment, counties that received B&I investment had higher GDP per capita than similar counties that did not receive investment.
e. A 1% increase in B&I investment results in a 0.55% increase in state sales tax revenue.

Generally, Congress has provided significant increases in program levels of the B&I program from $1.3 billion in 2016 to the 2024 level of $2.2 billion. With each increase, rural communities have deployed the capital and sought additional resources with near complete use of budget authority in 2023 and 2024 (90.83% and 98.24%, respectively), the highest on record.

In Fiscal Year 2025, The B&I program earned its highest proposed budget appropriation in program history ($3.5 billion) while holding its second lowest subsidy rate (.02%).

A direct example of the B&I program at work is in Virginia, where Maryland-Virginia Milk Producers Cooperative (in business for over 100 years) representing nearly 1,000 dairy farmers was able to purchase and upgrade a processing facility in November 2023. This allowed them to expand their product mix and put more money in the farmer/members' pockets. This project retained 178 jobs, sustained regional dairy processing, and kept MDVA milk in the market.

Community Facilities Program (CFP)—Finances essential infrastructure such as hospitals, schools, and emergency services. USDA reports that between 2005 and 2023, 146 rural hospitals closed or stopped providing acute inpatient care. Without hospitals nearby, communities lose physicians, equipment ages without replacement, and people must travel too far for care. For emergencies, that distance can mean the difference between life and death.

Equally as important as hospitals are emergency services and facilities. While firehouses and rescue squads are critical, more advanced search and rescue and specialized equipment are often needed to properly respond to vehicle and farm accidents.

- In the town of Virginia, Minnesota, RD funded a $21.6 million public safety building in June of 2024. This ADA compliant regional fire/EMS and police headquarters supports regional training, disaster operations, and community education, improving response times, training, and efficiency.

Rural Energy for America Program (REAP)—Funds renewable energy and efficiency projects for farms and small businesses, often contributing to the overall success of a B&I project.

- In 2021, Webb Farm in Tennessee installed a small solar panel system, HVAC, and lighting to cut energy costs and boost resilience.
- In Minnesota, Four Daughters Vineyard used a $167,500 grant to build a solar array, saving $53,000 annually in August 2023.

In 2020, Rural Development took on a huge task to finally unify and streamline processes across all guaranteed loan programs. This effort eliminated duplicative processes and introduced a common loan note guarantee application for four of the largest guaranteed programs included in this testimony above. This process also standardized eligibility, origination and servicing provisions, concurrently improving efficiency, and enhancing customer service.

This process also expanded lender participation by allowing approval for regulated lenders in good standing to participate in all the guaranteed programs rather than applying to be an approved lender in each individual program. The OneRD Rule gives more flexible collateral and equity requirements that are more in line with standard lending practices, more flexible loan terms, and clearer Secondary Market sale requirements.

Additionally, there are now enhanced refinancing options and a standardized increased guaranty percentage, providing greater consistency for the lenders. This pushes the lender and the RD credit committee to have a more critical eye on the project itself rather than arbitrarily reducing the guarantee amount at the detriment of the credit.

RD Grant Programs

In addition to the Guaranteed loan programs, the grant programs often complement the needs of a farmer, small business, or a community to make the project possible. In other cases, Rural Development Grant programs give farmer producers or rural communities the boost to get started. Once their project expands, they often utilize a Guaranteed loan program.

Value-Added Producer Grants (VAPG)—Helps farmers capture more income by processing or branding their products with greater value. Some examples include further processing of milk for a local creamery or producing lavender lotions and soaps from lavender grown on the farm. This value-added enterprise usually generates a higher return, extends the production season, and develops Brand loyalty, all of which brings more income to the producers.

- In Tennessee, Claybrook Farms used a $250,000 grant to launch a branded Angus beef line, adding 8–10 jobs and opening new markets.
- In South Dakota, a $49,750 grant launched the state's only on-farm milk bottling line, giving producers direct access to consumers.

Rural Innovation Stronger Economy (RISE) Grants—Spur high-wage job creation and regional clusters and builds on the strength of community collaboration and cooperation.

- In Michigan, a $2.1 million RISE award created a multi-county workforce hub for advanced manufacturing, leading to 125 new jobs and retention of 425 more.

Rural Economic Development Loans and Grants (REDLG)—Provide zero-interest loans through local utilities who operate in the rural communities and often see opportunities to improve the quality of life for residents.

- In Minnesota, Redhead Creamery used a $1.5 million loan through Stearns Electric Association to expand cheese production and build MN's first whey-based distillery and tasting room, adding six full-time jobs and new agri-tourism opportunities in August 2023.
- In Tennessee, a $2 million loan financed a USDA-inspected regional meat processing facility, strengthening livestock markets and producer incomes.

Cooperative Development Grants—Strengthen farmer co-ops and marketing alliances. Cooperatives have saved many industries/communities when private businesses consolidate or move away, leaving poultry producers, forestry and timber producers, or service providers without an option to operate.

- In Virginia, FAIRS (Foundation for Agriculture, Innovation and Rural Sustainability) received multi-year support to grow cooperative marketing across the state.

RD Business Development Assistance

Rural Microentrepreneur Assistance Program (RMAP)—Provides microloans and technical assistance delivered by local entities to give a boost to small or start-up businesses.

- In Sisseton, South Dakota, a modest $27,000 microloan in August 2024, through GROW South Dakota helped launch Wild Grounds Coffee, bringing life back to main street.

Rural Business Investment Program (RBIP)—Provides a license to a newly formed developmental capital organization to help meet the equity capital needed in rural communities. The equity raised by these licensed funds then makes venture capital investments to eligible rural enterprises or start-ups.

- In Virginia, Soli Organic scaled its indoor agriculture operations with RBIP-backed investment. Recently, Soli Organic and 80 Acres Farms—both USDA-supported—merged to create one of the largest indoor farming networks in the world.
- In Tennessee, the Innova Ag Innovation Fund II is investing $31 million to commercialize ag-tech across the Mid-South, supporting up to 2,000 high-wage jobs.

Conclusion

Rural Development programs may look different—financing a hospital, building a meat processing facility, or helping a coffee shop get off the ground—but they all share one purpose: expanding opportunity in rural America. They revitalize communities, create and sustain jobs, build critical infrastructure, and provide farmers and entrepreneurs with the tools needed to succeed. Most importantly, they ensure that quality of life and economic opportunity are not defined by ZIP Code.

Thank you for your time, and I look forward to your questions.

ATTACHMENT

summit

USDA B&I Guaranteed Loan Program: Economic Assessment, 2025

Prepared by: Summit, LLC 777 6th St. NW, Suite 520 Washington, DC 20001 | *www.summitllc.us*

NRLA
National Rural Lenders Association

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Executive Summary

Summit was retained by the National Rural Lenders Association (NRLA) to assess the economic benefits of the U.S. Department of Agriculture (USDA) Rural Development's Business and Industry (B&I) Guaranteed Loan Program. The B&I program aims to increase business capital access through loan guarantees and improve economic prospects in rural communities. While the government's subsidy cost is known, NRLA aimed to define the program's economic benefits and establish return on investment.

Summit conducted over 20 interviews with subject-matter experts, lenders, packagers, borrowers, and Federal credit managers and leadership; conducted a wide literature review; and employed qualitative and quantitative (econometrics) research methods to assess program outcomes and impacts. At the most granular level (project case studies), B&I programmatic level, and macroeconomic level, we find a program with positive momentum and impact, as well as versatility to meet Administration priorities.

Case studies. In the first section, we highlight four projects across the country and in different asset classes, which contain tried-and-true results before and after loan origination. We find that the B&I program incentivizes projects that would not otherwise be built with traditional commercial credit. B&I rates, terms, and conditions were not only attractive but also necessary to encourage business innovation and expansion with outsize impacts on rural America. "Tombstone data," or credit memo intentions, are proven in economic measures such as jobs, wages, and companies' financial growth.

Programmatic data. Next, we display USDA Rural Development B&I-specific programmatic data over the past decade. We find a program on the move, running increasingly more efficient and easily customizable to meet manufacturing, agricultural, and other industry business needs across rural America. In Fiscal Year 2025, the B&I program earned its highest allotment in program history ($3.5 billion) while holding its second lowest subsidy rate (0.2%). Other highlights include:

- B&I loans in Opportunity Zones have increased 59.29% from 2018 to 2025.
- From 2005 through 2024, B&I leveraged an additional $12.4 billion in other capital, such as commercial debt, private equity, and tax credits.
- Total core B&I loans increased from 2015 to 2024 by 108%.
- Total B&I allotment use in 2023 and 2024 was 90.83% and 98.24%, respectively, the highest on record.

Macroeconomic statistics. Finally, we cite the findings of our macroeconomic analysis, focusing on jobs, earnings, gross domestic product (GDP), and tax benefits. For example, the B&I program created more than 750,000 jobs from 2012 to 2022, costing the Federal Government $438 per job. We also find a positive correlation between B&I investment and other economic outputs:

- Counties that receive B&I loans have higher GDP per capita and GDP than those without.
- Counties that receive B&I loans earn more per worker than counties that do not.

- A 1% increase in B&I loans results in a 0.55% increase in sales tax revenue for the average state in the long run.

Based on historical evidence and predicated on persistent funding levels we would expect to see similar positive economic impacts of the B&I program moving forward.

Program Overview

What is the USDA Business and Industry Guaranteed Loan Program?

<table>
<tr><td colspan="2">Business and Industry loan guarantees improve the economic health of rural communities by increasing business capital access and enabling affordable financing for rural businesses.</td></tr>
<tr><td colspan="2">Rural businesses can use the loans to pay for:
• Enlarging, repairing, modernizing, or developing businesses;
• Purchasing and developing land, buildings, and associated infrastructure;
• Purchasing and installing machinery, equipment, supplies, or inventory;
• Refinancing debt when refinancing improves cash-flow and creates jobs; and
• Acquiring businesses to maintain business operations and create or save jobs.</td></tr>
<tr><td>Eligible lenders:
• Federal and state-chartered banks
• Savings and loan institutions
• Farm Credit Banks with direct lending authority
• Credit unions
• Nonregulated lenders may be approved under the OneRD Guaranteed Loan Initiative regulation</td><td rowspan="2">Eligible borrowers:
• For-profit and nonprofit businesses
• Cooperatives
• Federally recognized Tribes
• Public bodies
• Individuals engaged or planning to engage in a business
• Individual borrowers must be U.S. citizens or legally admitted permanent residents
• Private-entity borrowers must ensure loan funds stay within the U.S. and that financed facilities primarily create or retain rural jobs</td></tr>
<tr><td>Lenders can be located anywhere in the United States</td></tr>
<tr><td colspan="2">Eligible areas:
• Rural areas outside cities or towns with populations of 50,000 or less
• Borrower headquarters can be in a larger city if funded project is in an eligible rural area.</td></tr>
<tr><td>Loan details:
Rates</td><td>• Negotiated between lender and borrower
• Can be fixed or variable</td></tr>
<tr><td>Terms</td><td>• Cannot exceed 40 years
• Determined by lender and USDA based on loan purpose, asset life, and repayment ability</td></tr>
<tr><td>Guarantee amount</td><td>• Guarantee percentages are published annually in the Federal Register
• FY 2025: 80% guarantee</td></tr>
<tr><td>Fees</td><td>• Initial guarantee fee: 3% of guaranteed loan amount
• Annual renewal fee: 0.55% of guaranteed portion of outstanding balance
• Reasonable loan origination fees negotiated between lender and borrower
• Some qualifying projects may receive a reduced fee of 1%</td></tr>
<tr><td>Benefits</td><td>• Offers loan amounts exceeding $5 million for large rural business needs
• Provides fully amortized terms with no balloon payments for stable cash-flow
• Allows flexible use of proceeds, including real estate, equipment, working capital, and refinancing
• Government guaranteed loan provides creditability and project momentum</td></tr>
</table>

Introduction to USDA Rural Development

USDA's Rural Development (RD) plays a pivotal role in fostering opportunity and economic security in rural America and improves the quality of life in rural communities across the United States. Through a variety of loan, grant, and guarantee programs, USDA RD facilitates access to capital for rural enterprises that may otherwise struggle to secure financing from traditional lending institutions. RD is committed to strengthening rural economies through business financing and technical assistance; expanding access to critical infrastructure such as broadband, energy, water, and healthcare; promoting sustainable agricultural and nonagricultural business ventures to diversify rural economies; and supporting job retention and creation to reduce economic disparities in rural communities.

The Business and Industry (B&I) Guaranteed Loan Program was introduced in 1972 to provide credit enhancements for rural businesses through private lenders. In 1994, USDA lending and grant programs were consolidated under the new RD mission area, integrating business, housing, and utility programs. From 2008 to 2020, RD initiatives further expanded to include vertically integrated agriculture, renewable energy financing, mixed use development (so long as primary purpose is commercial), and targeted efforts to address economic distress in under-served rural areas. This reflects a shift from direct government lending toward credit enhancement mechanisms, encouraging private lender participation.

USDA RD administers a variety of loan and grant programs, including Rural Energy for America, Rural Business Development Grants, Community Facilities Loans and Grants, and Water & Environmental Programs. The B&I program is the flagship in the Rural Business—Cooperative Service (RBCS), making up roughly 50% of loan/grant obligation amounts in dollars.

USDA's B&I Guaranteed Loan Program

The B&I program is designed to stimulate economic growth in rural communities by improving access to private capital and mitigating lending risks. Established under the farm bill and periodically reauthorized, the program supports rural businesses, nonprofits, cooperatives, Tribal organizations, and some publicly owned entities. Eligible loan purposes include business acquisition, expansion, equipment purchases, working capital, and debt refinancing across a wide expanse of sectors (and subsectors)—*e.g.,* battery energy storage systems (aiding electric power generation fed by both renewable and fossil fuels), timber products (*e.g.,* mass timber and other engineered wood), and skilled trade schools (*e.g.,* pipe welding). To qualify, the project must be in a rural area with a population under 50,000.

The program offers advantages including reduced lender risk through the loan guarantee, greater investment in undercapitalized rural markets, and economic stability during downturns. Borrowers benefit from more favorable loan terms than conventional financing, with fully amortized loans and no balloon payments. Loan amounts range from $200,000 to $25 million, with up to 80% guaranteed. Interest rates are fixed or variable (adjustable no more than quarterly), and fees include a 3% initial guarantee fee and a 0.5% annual retention fee on the outstanding guaranteed balance.

Collateral must be sufficient to protect the interests of both the lender and USDA, with appropriate valuation and hazard insurance. Lenders are responsible for credit evaluations to address any credit risks and demonstrate that loan terms support full repayment. Compliance requirements include regular financial and performance reporting by borrowers, while lenders monitor active borrowers.

One Rural Development Guaranteed Loan Initiative

In 2021, the One Rural Development (OneRD) Guaranteed Loan Initiative unified all of RD's guaranteed loan programs. As part of this effort, RD implemented fewer and more streamlined application forms and standardized processes and credit reviews with the promise of faster approval timelines. To expand the impact of loan guarantee programs, RD enhanced lender participation incentives and expanded outreach efforts to institutions serving under-served communities.

The OneRD Guaranteed Loan Initiative introduced the following featured benefits and policy changes:

- A single standardized regulation for USDA RD programs: B&I, Community Facilities Programs, Rural Energy for America Program, and Water and Environmental Programs.
- Single-point lender approval, certification options, and secondary sale/purchase guidance.
- Standardized forms and annual notices with program terms at the start of each fiscal year.
- Possibility of guarantee issuance prior to construction and ability to use funds for refinancing.
- Establishment of consistent population limits across B&I programs.

The OneRD initiative also included several changes to the B&I program terms, increasing the guaranteed amount to 80% as the standard for all loan sizes, including emerging industries such as rural technology businesses, enhancing creditworthiness evaluation criteria, and adjusting terms based on recessionary trends or inflationary pressures. OneRD has also led to increased analysis of the USDA loan guarantee portfolio; the Rural Data Gateway provides insight into B&I loan guarantee obligations from 2012 through 2024.

Private-Sector Participation in the B&I Guaranteed Loan Program

The success of the B&I program hinges on participation from private-sector lenders, who originate and service the loans. Lenders engaging in the program range from small community-based banks to large regional banks and nontraditional lenders. Community banks and regional banks in rural and small-town markets are among the most active participants, as they have local business customers who need credit.

Lenders are drawn to the B&I program by its risk mitigation. The guarantee significantly reduces credit risk by covering most losses, allowing banks to make loans that would otherwise exceed internal lending limits or risk tolerance. The program can help lenders serve their communities and meet Community Reinvestment Act goals, as loans to rural businesses under a Federal guarantee can qualify as supporting economic development. The presence of an active secondary market is another incentive: lenders often sell the guaranteed portion of the loan to investors, which provides immediate income and frees up capital to make more loans. The guaranteed portions are fully backed by the government and therefore carry a zero-risk weighting for bank capital purposes, making them attractive assets to hold or sell.

While B&I loan guarantee activity has increased, the number of participating lenders has decreased, which may lead to geographic risks. USDA should continue to educate financial institutions about program benefits for borrowers and institutions, to ensure rural businesses have access to financing.

Case Studies

Champagne Energy and Environmental Solutions: Local Business Growth

Founder Robert Champagne describes the B&I loan as “a hand up, not a handout.”

A hand up for growth. Champagne Energy and Environmental Solutions (CEES) is a subsea construction company working in the Gulf of America. With the B&I loan program, CEES’ revenue has grown from $1.8 million in 2008 to $110 million today. The loan’s low amortization enabled CEES to offer a competitive day rate and purchase new vessels, which reduced long-term maintenance costs.

Ensuring future market competitiveness. CEES lays oil and gas pipelines, removes decommissioned pipelines, and lays power cables for offshore windmills. The company is now considering expanding to support companies building subsea data storage facilities. As founder Robert Champagne says, “I don’t care who’s in [Federal] office. Whatever you want to do, I can adapt. We can make it work.”

Keeping jobs local. As one of only two American companies that can do shallow-water work in the Gulf, CEES is fending off international competitors and keeping jobs in the U.S. With B&I support, CEES has doubled wages and the number of local jobs between 2016 and 2025. The loan also enabled CEES to maintain its long-standing relationship with United Community Bank.

The company has more than doubled jobs and average wages from 2016 (97 total jobs and $14.50 average hourly wages) to today (300 total jobs and $30 average hourly wages).

Impacts	Jobs: 97 in 2016; 265 in 2025	Wages: $14.50/hr (avg) in 2016; $30/hr (avg) in 2025	Revenue: $1.8 million in 2008; $110 million in 2024

Commongrounds Cooperative: Building community in Traverse City

An innovative, community-owned center. Commongrounds Cooperative is a community-owned, mixed-use community center in Traverse City, Michigan. Supported by over 1,100 community owners, the cooperative brings together affordable workforce housing, mission-driven organizations, and common areas. The emphasis on local community-building is clear in co-executive director Kate Redman’s message to community owners: “Don’t just invest in Wall Street, invest in 8th Street.”

The B&I loan guarantee was the solution to a complex funding stack. Commongrounds relied on investment crowdfunding to raise project equity for construction, which created a complex funding structure. The $8 million loan was too risky for local credit unions, and no investor could guarantee the loan. Redman describes navigating the financial structure as the most challenging aspect of development. Ultimately, the B&I loan guarantee was critical in bringing Commongrounds to life.

ⓘ Co-executive director Kate Redman says the B&I loan guarantee was "critical to our project being . . . possible."

A focus on community needs. From the beginning, Commongrounds has focused on the community. Early community input emphasized the importance of central social infrastructure, leading to the inclusion of affordable workforce housing near the city center, a teaching kitchen offering health-focused cooking classes, and a popular performing arts venue.

Impacts	100% occupied	7 commercial or nonprofit tenants	25% of housing priced at 60% AMI

Secure Semiconductor Manufacturing: Returning semiconductor manufacturing jobs to rural America

ⓘ "We're now [going to] produce much, much, much more than we ever dreamed we could . . ."

Financing rapid growth in semiconductor manufacturing. Secure Semiconductor Manufacturing, LLC (SSM) is a semiconductor manufacturer in rural Coffey County, Kansas. Created to meet U.S.-based secure electronics production needs, SSM saw an opportunity with the B&I Guaranteed Loan Program to grow larger than planned. The B&I program supported the purchase of large manufacturing equipment; new capabilities are coming online soon and SSM already has a waiting list of customers.

Good, local jobs in rural Kansas. As staffing needs grow, SSM maintains an emphasis on hiring locally in rural Neodesha, Kansas. As CEO Bart Massey says, it's just good business sense: "I told them I'd work them until their fingers bled before I hired anybody else . . . We're hiring people for longevity." SSM jobs offer paid training and immediate benefits, and aims to double staff by the end of 2025.

Repatriating semiconductor manufacturing to the U.S. As Massey notes, the number of chip manufacturers in the U.S. has fallen to a few hundred, from a high of over 4,000 in the 1980s. SSM emphasizes American-made, with no components sent to China or other countries for production, meeting Federal and private customer needs for a more secure, American-only production standard.

Impacts	Leverages 45% in other capital	Doubling staff by 2026	100% American investment

The Inn at Bellefield: Integrating community and hospitality

Financing a promising hotel venture. The Inn at Bellefield in historic Hyde Park, New York, offers a premium hotel experience. The Shaner Hotel Group saw great potential in the town's historic charm. Development challenges included the building of a wastewater treatment facility and the cost of aligning with local historic design guidelines. The B&I loan guarantee covered nearly half of the over $50 million project costs, enabling development of a hotel that integrates local design, food, beverage, and art.

Marriott-branded, locally owned. As a flagship Marriott hotel, the Inn at Bellefield enjoys the benefits of the Marriott brand name while remaining locally owned and operated. This allows the inn to leverage Marriott's reservation system and extensive network of over 200 million reward members. While the branded name helps drives customers to the hotel, Shaner's Derrick Skillings says, "When you walk into the lobby, you would not know this is a Residence Inn." The bar, crafted from a 200 year old sycamore tree on the property, underscores the local connection at the heart of the hotel.

ⓘ "How many Residence Inns have an executive chef?"

A community multiplier. The hotel design "[ties] back to the regional history and agriculture of Hyde Park." The executive chef sources food and beverages from local vendors, while local wines and products are showcased in the lobby. The full-service restaurant means the hotel employs 40 to 50 staff; higher than the typical 30. The hotel also has a multiplier effect on the community by hosting events like conferences and weddings, bringing in business for caterers, florists, and other business owners. This integration of local elements supports the community and enhances the guest experience.

Impacts	12–15 local vendors	40–50 employees	2025 Forecasting: 55,000+ guests; $7M+ revenue

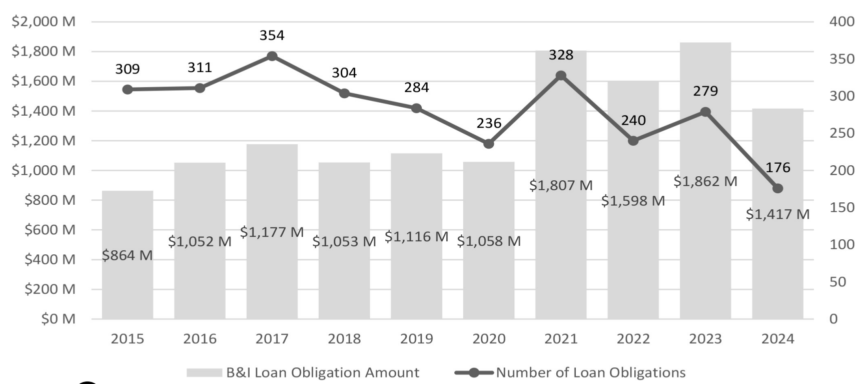
B&I Programmatic Data

B&I program Funding Overview

ⓘ Total core B&I obligations increased from 2015 to 2024 by 108%. $1.81 billion, $1.60 billion, $1.86 billion, and $1.80 billion in obligations were made in 2021, 2022, 2023 and 2024, respectively, the four highest core B&I obligation amounts in program history.

B&I loan obligations have totaled $13.4 billion from Fiscal Years 2015 through 2024. *Figure 1* below includes core 1% and 3% B&I program obligations and omits American Recovery and Reinvestment Act, coronavirus relief, and other one-off B&I programs. Sixty percent of the total B&I obligations in the period have occurred in the past 5 years. The average loan size has also increased significantly during the past 5 years, with a $2.75 million loan guarantee amount per loan in 2015, growing to a $8.1 million average loan amount in 2024.

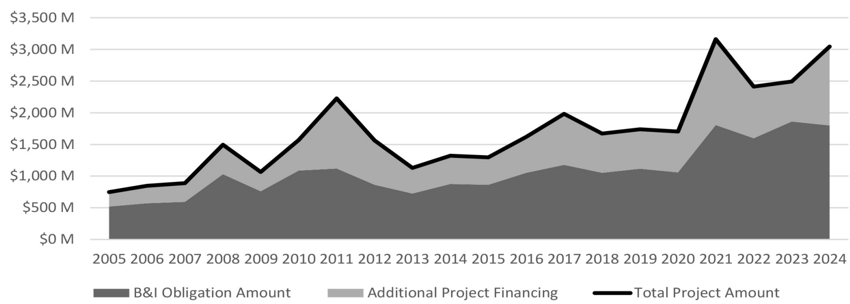
Figure 1: B&I program loan performance overview 2015–2024



ⓘ From 2005 through 2024, the B&I program has leveraged an additional $12.4 billion to complement B&I financing such as commercial debt, private equity, and tax credits.

Figure 2 below shows a longer timeline, Fiscal Years 2005 through 2024, of core B&I financing and the total project amounts funded by the loan guarantees. During this period, obligation amounts have increased significantly. B&I projects have totaled over $33.9 billion, with $21.5 billion funded by B&I loans. Applicants have successfully leveraged credit, private equity, and even other Federal programs such as the New Market Tax Credits, Rural Energy for America, and Rural Energy Savings funding. For example, Aviva Health, a nonprofit Federally Qualified Health Center, utilized B&I funding and New Market Tax Credits together to expand their Umpqua, Oregon facility to accommodate a new medical residency program. Overall, the B&I program is not only critical to business growth in rural America, but also a catalyst of investment into rural businesses and communities.

Figure 2: Total project costs of core B&I projects from Fiscal Years 2005–2024



B&I Concentration by Sector

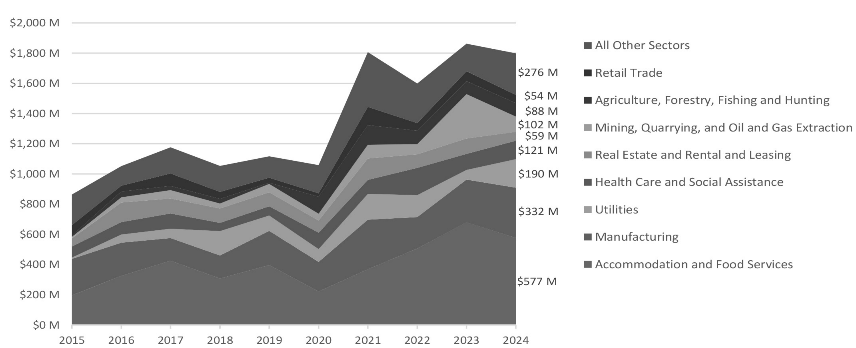
The B&I program serves businesses across a broad spectrum of industries, reflecting the diverse rural economy. Analyzing the portfolio by sector reveals which industries have been the primary beneficiaries of the guarantees. Traditionally, accommodations and food services and manufacturing received a substantial share of B&I loan dollars. Rural B&I-eligible areas are well suited for tourism and recreation, so many borrowers have successfully financed hotel projects—which enhance access to rural America's recreational assets—and restaurant projects with B&I financing. Investments in accommodations and food services and manufacturing represent a significant share of total financing from 2015 to 2024, totaling nearly $4 billion and $2.3 billion, respectively.

> ⓘ B&I loans have been obligated across 21 NAICS sectors and 90 unique subsectors, highlighting the program's broad industry reach.

A closer look at year-over-year shifts in other sectors illustrates the flexibility of the program. B&I obligations for utilities totaled $992 million from 2015 to 2024, with $603 million obligated from 2020 to 2024, including peak obligations of $170 million in 2021. Mining, quarry, and oil and gas businesses received $294 million in 2023, representing 38% of the sector's $772 million in total obligations from 2015 to 2024. Rural manufacturing plants, whether producing auto parts, machinery, building materials, or food products, often require significant capital for facilities and equipment, which the B&I program has been instrumental in financing.

Numerous food and agriculture processing projects have used B&I guarantees (such as grain milling operations, meat processing facilities, and dairy production plants), aligning with USDA's emphasis on adding value to agricultural commodities locally. The healthcare sector is another significant area: rural hospitals, clinics, and eldercare facilities (nursing homes, assisted living) have obtained B&I-guaranteed financing, particularly when other USDA Community Facilities funds were not available or when the project had a private ownership structure. These healthcare projects can be critical for rural community viability and often have sizable loan needs such as construction of new clinics or hospital expansions.

Figure 3: 2015–2024 core B&I investment amount by NAICS industry



The B&I Guaranteed Loan Program is well positioned to adapt and change based on Administration priorities. *Table 1* below shows a snapshot of percentage loan levels in years 2019, 2023, and 2024. The snapshot shows significant year-over-year variability in the utilities; the mining, quarrying, and oil and gas extraction; and agriculture, forestry, fishing, and hunting sectors. A notable example of B&I impact in a manufacturing subsector, distilleries, is Jackson Purchase Distillery LLC in Fulton, Kentucky, which received multiple B&I loans in 2023 and 2024 to expand its contract distilling operations through new rick houses, a still, fermenter building, and grain handling systems, creating an estimated 25 jobs in a designated Persistent Poverty area. Obligations outlined below can be further classified into distinct subsectors, such as agriculture, forestry, fishing, and hunting, which includes the subsectors of animal production and aquaculture; crop production; fishing, hunting, and trapping; forestry and logging; and support activities for agriculture and forestry, showing the program's broad and diverse economic impact.

Table 1: Core B&I NAICS Industry snapshot: Fiscal Years 2019, 2023, and 2024

Sector	2019	2023	2024
Accommodation and food services	35.48%	36.54%	32.06%
Manufacturing	20.37%	15.15%	18.48%
Utilities	9.05%	3.44%	10.54%
Health care and social assistance	5.55%	5.70%	6.73%
Real estate and rental and leasing	8.25%	5.47%	3.28%
Mining, quarrying, and oil and gas extraction	5.00%	15.76%	5.66%
Agriculture, forestry, fishing, and hunting	0.65%	4.63%	4.88%
Retail trade	2.98%	3.54%	3.03%
All other sectors	12.68%	9.78%	15.35%

Geographic Distribution of Loan Guarantees

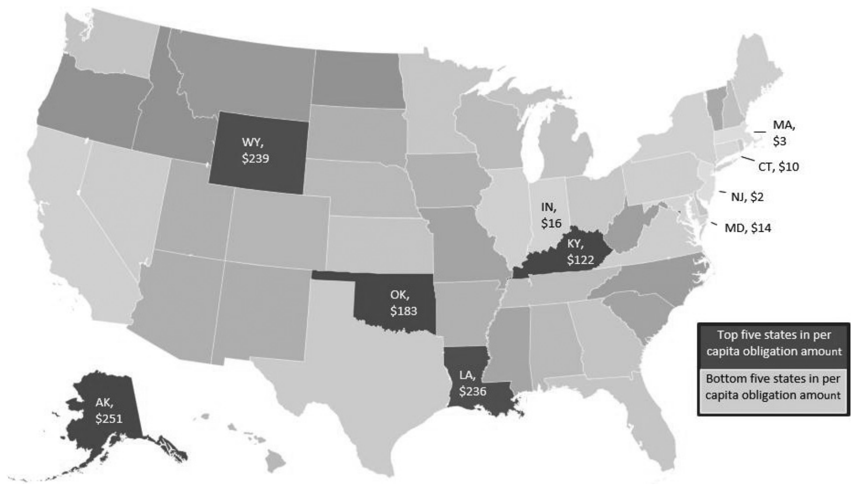
The administration of B&I funds across the United States is geographically broad, reaching virtually every state and territory with eligible rural areas. Regional patterns in program usage have emerged given the prevalence of rural industries and the presence of participating lenders. *Table 2* shows the top ten states by loan guarantee obligation amount for core B&I programs from 2015 to 2024. Leading B&I states include those with one or more of the following: high populations, significant proportion of population in rural areas, or substantial levels of business activity including tourism, oil and gas, manufacturing, and agriculture.

Table 2: 2015–2024 core B&I Program: Top ten states by total obligation amount

State	Obligation Amount	Number of Loan Guarantees
North Carolina	$957 M	200
Louisiana	$926 M	122
Texas	$838 M	97
Florida	$762 M	143
Oklahoma	$665 M	130
California	$658 M	133
Arizona	$485 M	83
Missouri	$481 M	269
Kentucky	$470 M	74
Oregon	$438 M	108

B&I financing has had a higher per capita impact in rural states with lower population density and high amounts of business activity, including in oil and gas, energy exploration, and manufacturing. Alaska, Wyoming, and Louisiana lead states in B&I loan guarantee amount per capita. The bottom per capita states include more urban and suburban areas, primarily in the northeastern corridor and New England, including New Jersey, Connecticut, and Massachusetts. *Figure 4* shows the per capita B&I obligation amount from 2015–2024. The top and bottom five states for per capita investment during this period include labels and per capita amounts.

Figure 4: State B&I loan guarantee obligation amount per capita



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Businesses have used B&I loan financing across a broad spectrum of sectors and industries. By examining B&I loan guarantee percentage by sector across states and Congressional districts, we can see the program is adaptable to regional economic priorities. USDA uses B&I as a flexible intervention for economic development in rural areas. In addition, USDA can designate creditworthy and economically stimulating projects as high priority through its application scoring system. Each Administration can use the program to fund sectors that will most benefit rural America. *Table 3* and *Table 4* below show the differing sector utilization of the B&I program across states and Congressional districts from Fiscal Years 2015 through 2024. Michigan and Pennsylvania's Congressional district 15, a north-central district in the state, have used B&I financing in hotels, motels, resorts, bed and breakfasts, campgrounds, restaurants, cafés, and bars. Alabama and North Carolina's Congressional district 1 (CD1), an inland district in the northeast portion of the state, received the most B&I financing in manufacturing and utilities sectors, respectively. Both Alabama and North Carolina's CD1 also show significant investment in health care.

ⓘ Sector concentration of B&I investments can vary significantly across states and Congressional districts, meeting the customized business needs of specific rural populations across the United States.

Table 3: State comparison: Obligation percentage by sector, 2015–2024

Michigan		Alabama	
Accommodation and food services	58.57%	Manufacturing	26.93%
Real estate and rental and leasing	15.68%	Health care and social assistance	18.82%
Arts, entertainment, and recreation	6.09%	Agriculture, forestry, fishing and hunting	18.42%
Manufacturing	5.83%	Information	9.91%
Retail trade	3.61%	Real estate and rental and leasing	9.56%
Other sectors	10.22%	Other sectors	16.35%

Table 4: Congressional district comparison: Obligation percentage by sector, 2015–2024

Pennsylvania—Congressional District 15		North Carolina—Congressional District 1	
Accommodation and food services	40.47%	Utilities	52.10%
Agriculture, forestry, fishing, and hunting	26.43%	Health care and social assistance	24.02%
Manufacturing	21.59%	Manufacturing	12.40%

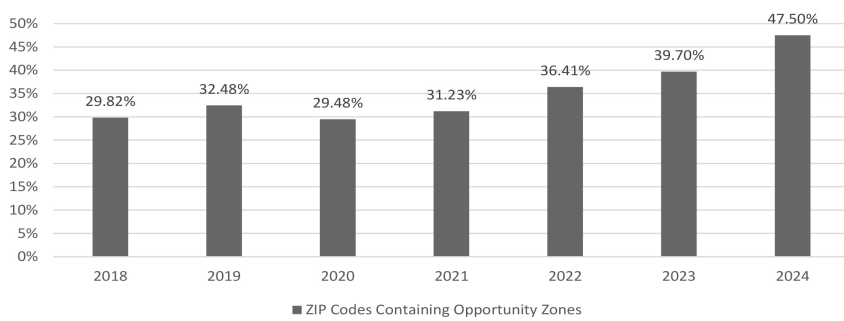
Table 4: Congressional district comparison: Obligation percentage by sector, 2015–2024—Continued

Other sectors	11.51%	Other sectors	11.48%

ⓘ Overall B&I investment into [ZIP Codes] containing Qualified Opportunity Zone census tracts have increased 59.29% from 2018 to 2025.

Opportunity Zones were created under the Tax Cuts and Jobs Act of 2017, an economic development tool that allows for increased investments in distressed areas by providing tax benefits to investors. The [A]ct designated 8,764 low-income communities and certain contiguous communities, tracked at the Census tract level, as Qualified Opportunity Zones. From 2018 onward, the B&I program has shown increased investment in Opportunity Zones. As of 2018, approximately 31.3 million people in the 50 states, not including U.S. territories, lived in areas designated as Opportunity Zones. *Figure 5* shows the percentage of total B&I obligations, including COVID-related B&I programs, that have been made in [ZIP Codes] containing census tracts designated as Qualified Opportunity Zones. A significant proportion of investments have been made in areas that may benefit low-income populations directly via increased employment, or indirectly through increased economic activity.

Figure 5: B&I program loans in [ZIP Codes] containing Opportunity Zones are increasing



Program Financials: Allotments, Obligations, and Subsidy Rates

ⓘ Usage of total B&I allotments in 2023 and 2024 were 90.83% and 98.24%, the highest on record. Usage of Total B&I allotments increased from 53.99% in 2020 to 98.24% in 2024.

On an annual basis, Congress provides budget authority for USDA RD, which determines how many loans can be made for the budget year. This is often set in appropriation acts or via the authorized amount in the farm bill, subject to annual budget decisions. Given that B&I is a guaranteed program, the budget authority primarily covers the credit subsidy amount of the loan guarantees and program administration. The B&I program historically has the largest appropriations and highest utilization rate amongst RD guaranteed programs.

The percentage usage of total B&I allotments increased steadily from 2020 through 2024. In fact, the B&I program would have used 100% of allocations in 2024, if not for the recapture of de-obligated funds at fiscal year-end. The B&I program allotments were $1.77 billion, $2.05 billion, and $1.83 billion for Fiscal Years 2022, 2023, and 2024, respectively. The program was appropriated $3.5 billion in Fiscal Year 2025, the highest ever when adjusted for inflation.

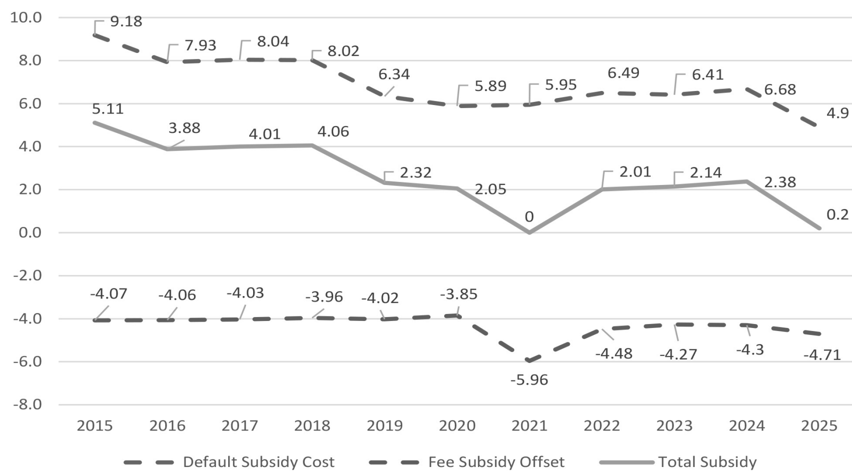
Table 5: Allotments, obligations, and use rates, 2015–2025

Fiscal Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Allotments (in millions)	$1,232	$1,778	$1,502	$1,224	$1,374	$2,530	$2,737	$1,778	$2,050	$1,831
Total B&I obligations (in millions)	$864	$1,060	$1,177	$1,054	$1,116	$1,366	$2,307	$1,598	$1,862	$1,799
Core B&I obligations (in millions)	$864	$1,052	$1,177	$1,053	$1,116	$1,058	$1,807	$1,598	$1,862	$1,799
Total usage	70.16%	59.60%	78.39%	86.15%	81.26%	53.99%	84.28%	89.89%	90.83%	98.24%
Core B&I usage	70.12%	59.15%	78.33%	86.07%	81.26%	41.82%	66.01%	89.89%	90.83%	98.24%

ⓘ The overall subsidy rate for the B&I loan guarantee program has decreased significantly during the past decade, with the 2025 subsidy rate being the second lowest on record at 0.2%. In other words, It costs the government 20¢ for every $100 of lending.

The subsidy rate is a critical financial aspect of any Federal loan guarantee program, as it measures the estimated cost to the government of extending the guarantees. For the B&I program, USDA and the Office of Management and Budget calculate this rate based on the projected long-term losses (defaults net of recoveries) and expenses, minus any fees collected. In formulaic terms, the subsidy cost considers the probability of default on guaranteed loans, the portion of each loan that will be lost given default (after collateral liquidation), the timing of these defaults, the discount rate (interest rate) used to calculate estimate present value costs, and the fee income (initial and annual fees) that the government receives. Recent revision of program fees under OneRD, diligent underwriting processes, and strong portfolio risk management practices have contributed to the reduction of total B&I subsidy rate over time. *Figure 6* shows the default subsidy cost, fee subsidy offset, and total subsidy of the B&I program from 2015 through 2025.

Figure 6: B&I loan program subsidy recent history



Between Fiscal Years 2015 and 2024, the USDA paid approximately $501.6 million in loan losses under the core B&I program. The bulk of losses are concentrated in loans likely obligated between pre-2012, 2013 and 2015, underscoring the long tail of loss exposure from those cohorts. While obligation year attribution for some older losses is incomplete, the claim data still highlight a general pattern: losses from newer cohorts have steadily declined in recent years, with average annual losses from 2021 to 2024 totaling just under $30 million, compared to peak years like 2016 and 2018, which each saw over $70 million in losses. The large share of losses linked to suspected pre-2012 obligations underscores the program's momentum and attention to sound underwriting practices.

ⓘ The B&I program was appropriated $3.5 billion in FY 2025, the highest in program history. Combined with its second lowest subsidy rate, the program is well positioned to benefit rural American businesses.

Overall, the B&I program has seen a significant reduction in program total subsidy rate, driven primarily by reduced default assumptions in the program's annual modeling. The B&I program is well positioned to make a significant impact in rural America with a lower cost of financing to the taxpayer.

Macroeconomic Summary Statistics

ⓘ Counties that received USDA B&I investment experienced employment growth over several years. It cost the Federal Government an estimated $438 per job created by the B&I program from 2012 to 2022.

To quantify the economic impact of the B&I program on a macro level, we assessed the impact of B&I investment on employment, earnings, gross domestic product (GDP), and taxes. We find that the USDA B&I Guaranteed Loan Program has had a positive impact on all four key macroeconomic variables and that the impact extends past the year of investment. There are also differential impacts across states and counties; based on certain conditions, the impact grows progressively over time. Based on regression analysis, counties that receive B&I investment saw employment gains of approximately 200,000 in the short run (same year as investment), and approximately 750,000 in the long run (first 3 years after investment) in our sample. Conditioning on GDP per capita, we find that counties that receive B&I investment also observe a rise in both earnings and GDP. At the state level, we find that a 1% increase in B&I investment increases taxes collected by 0.55% in the long run.

We use a variety of econometric and statistical techniques to quantify the economic impact of the USDA B&I Guaranteed Loan Program. For employment, we want to highlight the short-run and long-run implications over a 3 year period of the program, and we use regression techniques to quantify these effects. For earnings and GDP, mapping counties that receive B&I investment with counties with similar GDP per capita that did not receive B&I investment allows us to determine how earnings and GDP for counties that receive B&I investment have risen over time. Finally, to quantify the impact on tax revenue, we perform econometric analysis at the state level (as opposed to county level), as this is the lowest level of aggregation for which comparable sales tax data is available for the United States.

Employment Rises in Both the Short-Run and Long-Run

We obtained county-level annual employment data for 2001 through 2022 from the U.S. Bureau of Economic Analysis [1] (BEA) and loan-level B&I investment data for 2012 through 2022 from the USDA Rural Data Gateway portal.[2] Loan amounts are aggregated to obtain the total amount invested into each county for each year. This is merged with employment data at the county level, and employment growth rates are annualized. The data are filtered to include only counties that received investment at least once between 2012 and 2022.

We then estimate an ordinary least squares regression with annual employment growth as the dependent variable and the investment amount in the current year, the previous year, and 2 years prior as the key independent variables. We include time-fixed effects to account for year-specific factors that could affect employment growth independent of investment; events in 2019 related to the Taper Tantrum, for example, would be captured by the 2019-specific time-fixed effect, and the time-fixed effects as a group would capture business cycle dynamics throughout the estimation horizon. The results of this regression allow us to see both the short-run and long-run impacts of investment on annual employment growth at the county level. While the short run measures the contemporaneous (same-year) impact of B&I investment, the long-run impact looks at employment growth over a 3 year period after investment. In what follows, we focus on the long-run implications for employment as the macroeconomic effects of investment tend to have persistent effects on the macroeconomy.

ⓘ An estimated 750,000 jobs were created from the B&I investment made between 2012 and 2022.

Table 6 illustrates the long-run impact of B&I investment on county employment growth. The long-run impact is estimated to be a 0.0917 percentage point increase in annual employment growth for every million dollars invested. This aggregates the estimated impact of investment on employment growth over a 3 year period.[3] The dependent variable is employment growth: to convert this number into an estimate for jobs created, one needs a base level on which to apply this growth. The base level is the average numbers of jobs per county. Given the average number of jobs per county, we can then compute the jobs that would be created from 1% of jobs growth, *e.g.,* 1% growth of the 73,560 jobs in 2014 would be 735.6 jobs. Multiplying the long-run impact (0.0917 percentage points of growth per million invested) by the number of millions of investment dollars for each year then yields the expected number of percentage points increase in annual jobs growth. Multiplying this by the number of jobs produced for a 1% increase in annual jobs growth will then give us the estimated number of jobs created specifically by the B&I investment that year. Summing across the years included in our dataset, we find that the B&I program produced 757,800 jobs from 2014 to 2022.

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[1] *https://www.bea.gov/itable*.
[2] *https://www.rd.usda.gov/rural-data-gateway*.
[3] Please see the appendix for the justification of this calculation.

Table 6: Estimated number of jobs created

Year	Total investment (in millions)[4]	Average number of jobs per county	Jobs for 1% growth	Change in employment growth for $1 Million of investment	Estimated jobs created by investment
2014	$874	73,560	736	.0917	58,914
2015	$846	75,226	752	.0917	58,348
2016	$1,032	76,476	765	.0917	72,327
2017	$1,152	77,849	778	.0917	82,166
2018	$1,044	79,547	795	.0917	76,090
2019	$1,097	80,237	802	.0917	80,692
2020	$1,046	78,102	781	.0917	74,865
2021	$1,765	81,306	813	.0917	131,553
2022	$1,573	85,209	852	.0917	122,845
Total	**$10,429**				**757,800**

Table 7: Summary of jobs created

Topic	Value
Total amount invested (in millions)	$10,429
Estimated number of jobs created	757,800

From the information above, we can estimate how much investment is needed in the average county to create one additional job. The total amount invested is not what it costs the government to create these jobs; rather it is actual losses which depend on delinquencies and defaults. If the loans are paid back in full, there is no cost to the government; the government only incurs a cost when loans are not repaid, and this is reflected in the credit subsidy or delinquency rate. Therefore, the cost to the government is the product of the subsidy rate with the total investment amount. Given that the subsidy rate has changed over time, we can multiply the subsidy rate with the total investment amount by year to get the annual cost to the government. We then sum across years to get the total cost to the government of $331,552,052 for the period from 2014 to 2022. Given that 757,800 jobs were created during this period, this translates to the cost per job in the long run of $438.

Table 8: Job created: cost to the government

Year	Total investment (in millions)[5]	Jobs created by investment	Subsidy rate	Cost to the government (in millions)
2014	$874	58,914	6.99%	$61
2015	$846	58,348	5.11%	$43
2016	$1,032	72,327	3.88%	$40
2017	$1,152	82,166	4.01%	$46
2018	$1,044	76,090	4.06%	$42
2019	$1,097	80,692	2.32%	$25
2020	$1,046	74,865	2.05%	$21
2021	$1,765	131,553	1.14%	$20
2022	$1,573	122,845	2.01%	$32
Total	**$10,429**	**757,800**		**$332**

Table 9: Summary of cost to the government

Cost category	Value
Total Amount Invested	$10,428,680,246
Total Estimated Jobs Created	757,800
Total Cost to Government	$331,552,052
Cost to Government per Job Created	$438

[4] For regression analysis, investment into U.S. territories is not considered.
[5] For regression analysis, investment into U.S. territories is not considered.

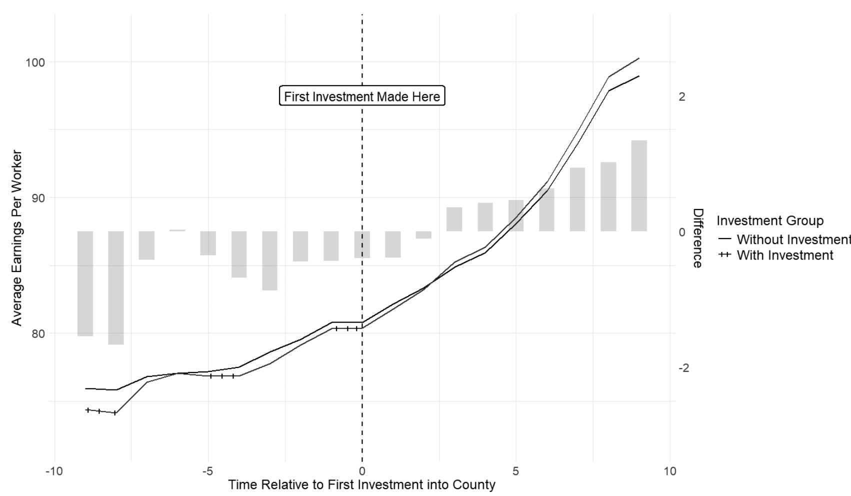
Counties that Receive Investment See a Positive Effect on Earnings

To evaluate the impact that investment had on earnings, we looked at county pairs; counties that received investment were paired with the most similar county that did not receive investment in terms of earnings per worker in the year of investment. This was done for all counties that first received investment between 2013 and 2021. The earnings data were obtained from BEA, which, combined with the employment data mentioned above, produces earnings per worker variable that we examine. By averaging the earnings per worker each year for these two sets of counties (those with investment and their counterparts without investment), we can see the positive impact investment has on earnings over time.

ⓘ Counties that received B&I investment saw a higher increase in their average earnings per worker for 9 consecutive years after initial investment than similar counties that did not receive investment.

Figure 7 shows average earnings per worker for counties that received investment (blue line) and the matched counties that did not (black line). The x-axis shows years relative to the first investment (time = 0), with up to 9 years before investment (time = −9 for counties with first investment in 2021) and up to 9 years after (time = 9 for counties with first investment in 2013). The blue bars illustrate the difference between the average earnings per worker of the counties that received investment *versus* the matched counties that did not (blue minus black).

Figure 7: Average earnings per worker for counties that received investment and matched counties that did not receive investment



Before initial investment (*i.e.,* to the left of zero on the graph), counties that received investment had lower earnings for worker on average when compared with counties that did not receive investment. A few years post-investment, however, there is an inflection point where earnings per worker for counties that receive investment start to outpace earnings per worker for counties that did not receive investment. This suggests that counties that receive B&I investment earn more per worker than counties that do not, and that this difference grows over time: B&I investment is thus directly correlated with a persistently positive impact on earnings per worker at the county level.

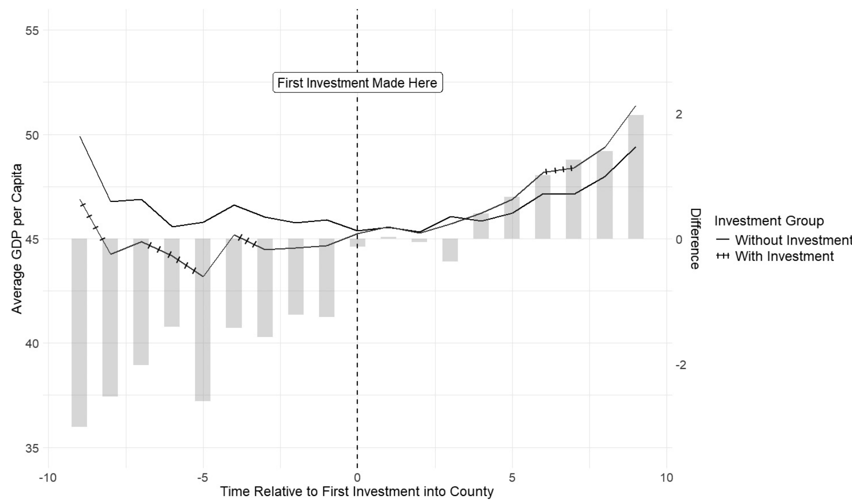
Counties that Receive Investment See a Positive Effect on GDP

Similarly, to evaluate GDP, counties with investment were again matched to the most similar counties without investment by GDP per capita (*Figure 8*) and GDP (*Figure 9*). The GDP and population data are obtained from BEA. By aggregating over these two sets of counties (those with investment and their counterparts without investment), we can see the positive impact investment had on GDP per capita and GDP over time.

ⓘ On average, in the years following initial investment, counties that received B&I investment had higher GDP per capita and GDP than similar counties that did not receive investment.

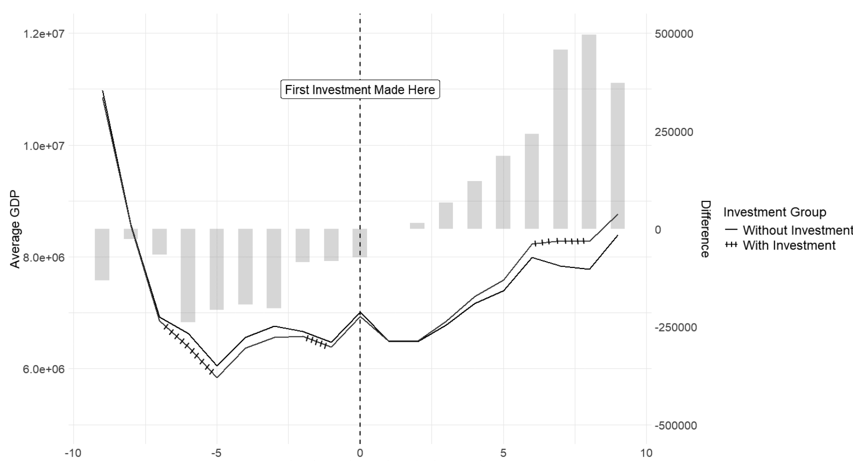
Figure 8 below shows the average GDP per capita for counties that received investment (blue) and the matched counties that did not (black). Data from 2012 through 2022 are used. The x-axis shows years relative to the first investment (time = 0), with up to 9 years before investment (time = −9 for counties with first investment in 2021) and up to 9 years after (time = 9 for counties with first investment in 2013). The blue bars illustrate the difference between the average GDP per capita of the counties that received investment *versus* the matched counties that did not (blue minus black).

Figure 8: Average GDP per capita for counties that received investment and matched counties that did not receive investment



The same graph is produced for GDP, and we see similar trends and results in *Figure 9*.

Figure 9: Average GDP for counties that received investment and matched counties that did not receive investment



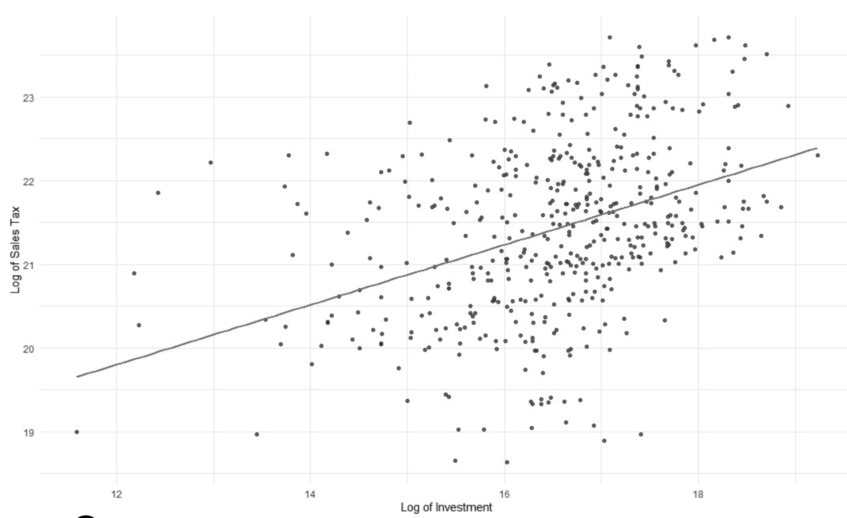
Both graphs show a similar trend with counties that received investment having higher GDP per capita and GDP than those without investment. Furthermore, the difference between the two series tends to increase over time. B&I investment is thus directly correlated with a persistently positive impact on GDP and GDP per capita at the county level.

State-Level Analysis: Positive Impact of B&I on Sales and Taxes

Finally, we investigated the impact B&I investment had on the amount of sales tax each state collected. State tax data are obtained from the U.S. Census Bureau, which conducts an Annual Survey of State Government Tax Collections. To evaluate the impact of the B&I program on taxes at the state level, we start by aggregating B&I investments between 2012 and 2022. When performing regression analysis, tax revenue should be modeled differently than the employment data. Unlike employment data, tax revenue from 2014 should not be treated the same as tax revenue from 2022. This is due to inflation over time (as taxes are a nominal quality) and because taxes are inherently more volatile then employment data. For these reasons, we focus on the impact of B&I investment on the percentage of state taxes as opposed to the level, given that percentages are unit-less (and hence time-invariant). To determine the expected percent change of sales tax collected based on a 1% increase in B&I investment made to that state, we estimate a log-log ordinary least squares model; the logarithms on both sides of the regression ensure that the units are in percentages when interpreting the results from the model. *Figure 10* shows a scatterplot of log of B&I investment against the log of sales tax collected for all 50 states from 2012 to 2022 (when investment was not equal to zero). There is a strong positive correlation between these two transformed variables.

Figure 10: Log of state sales income tax collected plotted against log of B&I investment

*Scatter Plot of Investment **vs.** Sales Tax Per Capita*



A 1% increase in B&I investment results in a 0.55% increase in sales tax revenue for the average state in the long run.

To determine the long-run impact of investment, we then estimate a regression model where the logarithm of state sales tax is the dependent variable, and the independent variable is the logarithm of the aggregated investment amount of the current year and the 2 previous years. This model also controls for the year the investment was made. The dataset thus includes observations from all 50 states with nonzero investment for 3 consecutive years in which the last of the 3 years was between 2014 and 2022. The results indicate that for every 1% increase in B&I investment into a state, we expect to see a 0.55% increase in state sales tax collected over a 3 year period.

Assessment Methodology: Brief Overview

For more information on this study, contact us at *contracts@summitllc.us*.

Table 10: Overview of assessment methodologies

Methodology description
Case studies
• Loan selection: Identified B&I programmatic loans for potential inclusion, based on the following characteristics of interest: ○ Project started around the time of OneRD (2021) ○ Geographic diversity ○ Industry diversity ○ Funded project at or near completion, to capture loan impacts • Interviews: Conducted 45–60 minute interviews with lenders and borrowers to gather data on loan details, how the loan helped their business grow, and challenges faced before obtaining the loan. • Data analysis and summarization: Identified key themes in each case study and developed a one-page infographic for each.
B&I programmatic data
• Submitted a comprehensive FOIA data request to the USDA Rural Development Innovation Center covering the B&I Guaranteed Loan Program from FY 2000 through FY 2024. • Data included annual program allotments, obligated amounts, and full loan-level details such as borrower type, industry codes, lender names, and project-specific funding indicators. • Included identifiers geographic (*e.g.,* county, ZIP [C]ode, Congressional district), loan performance metrics (*e.g.,* delinquencies, losses), and program structure indicators (*e.g.,* OneRD *vs.* Pre-OneRD, ARRA *vs.* Non-ARRA). • Loan-level data received was validated against publicly available records from USDA's Rural Data Gateway to ensure consistency and completeness.
Macroeconomics summary statistics
• Econometric analysis of employment, earnings, GDP and tax data. • Employment, earnings, and GDP analysis are at county level, tax analysis at state level. • Regression techniques allow for estimation of short-term and long-term impacts. • Matching allows for identification of macroeconomic effects of the RD program by grouping observations with similar characteristics and probability of receiving an investment.
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The CHAIRMAN. Thank you, ma'am. Commissioner, you are recognized.

STATEMENT OF HON. PAUL HEIMEL, COMMISSIONER, POTTER COUNTY, PENNSYLVANIA, COWDERSPORT, PA; ON BEHALF OF NATIONAL ASSOCIATION OF COUNTIES

Mr. HEIMEL. Well, Chairman Johnson, Ranking Member Davis, and distinguished Members of the Subcommittee, I want to thank you for holding today's hearing. I would like to share some ideas to strengthen the partnership between counties and our Federal partners to try to better serve rural America. My name is Paul Heimel, and I am a Commissioner in Potter County, Pennsylvania. I am here on behalf of the National Association of Counties, but I want to point out that our county has a grand total of less than 16,000 residents countywide, so we are truly rural. County governments, though, are on the front-lines in rural America, providing essential services that make it possible for our residents to stay, work, and thrive in our communities. Given our limited staff, our tight budgets, we rely on strong Federal partnerships to get the job done.

Now, USDA Rural Development is our most important Federal partner in this work. This year alone, the RD has invested $26 billion in 60,000 projects across rural America. In Potter County, dating back to 2015, USDA RD has helped fund 95 projects supporting our energy systems, our community facilities, our small businesses, and affordable housing for working families. Without this backing, these projects would have been out of reach for our local communities, but too often, the communities that need USDA RD the most are the ones that are least able to access it. That is why I am here today to urge Congress to modernize, streamline, and expand USDA RD programs so that all rural counties have the tools we need to build stronger, more resilient communities. I am going to put forward four practical reforms for Congress to modernize the RD programs and empower rural counties like ours.

First is a fast-track pathway for small-dollar projects. Congress should direct USDA RD to develop a simplified application and approval process, allowing those of us with limited local resources to quickly secure funding for time-sensitive local needs. Second, make pre-development costs eligible across RD programs. Counties often pay up front for site selection, feasibility studies, environmental review, and more before we can use the funding awards, and that creates steep barriers to entry. Congress should consider allowing these pre-development costs as eligible expenses under RD grant and loan awards to support this early-stage development. Third, build a single online portal. Applicants could check eligibility, they could track applications and get real-time support. That one-stop system would cut the red tape, improve transparency, and better serve communities like ours with such limited staff. And finally, invest in rural capacity building in the next farm bill. Local governments can't leverage Federal resources without staff, planning capacity, and partnerships. We face in our rural county an individual who might be tasked with three or four major responsibilities. In larger counties, they could have four or five people doing those three or four responsibilities. It is simply impossible to navigate the bureaucratic process sometimes when you are not properly staffed, and we can only afford so much staffing.

We also ask the Committee to conduct oversight over USDA's internal reorganization efforts. Counties support the Department's goals of improving efficiency, but any reorganization must preserve the USDA RD's field-based network and staff capacity. This is very important. Field staff are trusted partners. They have been that way for decades. Their knowledge, their relationships cannot be replaced by consolidation. We must preserve what makes USDA effective: its field offices, its local partnerships, and its deep understanding of rural America.

Now, Chairman Johnson and Ranking Member Davis, counties stand ready to do our part. With a strong USDA RD backed by a new, modernized farm bill, we can ensure that every county, no matter its size or capacity, has a fair shot at success. Thank you, and I look forward to your questions.

[The prepared statement of Mr. Heimel follows:]

Prepared Statement of Hon. Paul Heimel, Commissioner, Potter County, Pennsylvania, Cowdersport, PA; on Behalf of National Association of Counties

Chairman Johnson, Ranking Member Davis, and Members of the Subcommittee, thank you for the opportunity to testify on behalf of the National Association of Counties (NACo) and the nation's 3,069 counties, parishes and boroughs. NACo represents nearly 40,000 county elected officials and 3.6 million county employees working every day to deliver essential services that support our residents. We appreciate the chance to work toward our shared goal of fostering stronger, more resilient rural communities

My name is Paul Heimel, and I am honored to serve as a County Commissioner in Potter County, Pennsylvania, home to roughly 16,000 residents across one of the most rural and beautiful regions of the Commonwealth. Before my time in county government, I served as third-generation editor of the local weekly newspaper for 2 decades; took a detour to work in corporate communications and public relations for several years, and was then elected to a seat on the Potter County Board of Commissioners, where I have served for nearly 18 years.

As a commissioner, I've been a strong advocate for rural counties, leading efforts to expand services for military veterans, implement criminal justice reforms and support a wide range of local initiatives. I also serve in leadership roles with the County Commissioners Association of Pennsylvania, and I remain actively involved with the National Association of Counties.

The U.S. Department of Agriculture's Rural Development mission area (USDA RD) is an indispensable Federal partner for counties like mine. Through community facilities financing, entrepreneurial capital and technical support, USDA RD programs help local governments, our partners and residents build and sustain thriving rural communities.

Today, I will highlight the following items:

- The role counties play in rural development.
- The critical need for USDA RD programs to address local needs and support county-led growth.
- Practical improvements to modernize and scale USDA RD tools so rural Americans can access them.
- Impacts of USDA's departmental reorganization as it relates to preserving the vital role USDA RD plays in our communities.

By shaping policy to match rural governance, we can ensure that every community, regardless of size, location or capacity, has a fair shot at success.

County Governments Play a Critical Role in Rural America, but Face Persistent Structural Challenges

Rural America is home to 20 percent of the nation's population and spans more than 70 percent of its land mass. In these communities, county governments are the connective tissue that holds rural life together. Counties provide the public safety, emergency response and law enforcement residents count on in moments of crisis. We build and maintain the roads, bridges and water systems that keep people and goods moving. We plan and permit development, support local businesses, run elections and invest in education. In partnership with state and Federal agencies, we deliver the everyday human services that make it possible for people to live and work in rural areas even when budgets are tight and staff are stretched thin.

Despite the vital role counties play, the challenges we face are deep and persistent. Rural residents are among the most under-served in the country. The poverty rate in rural America (14.4 percent) is 2.5 percentage points higher than the national average (11.9 percent). Of the 353 counties experiencing persistent poverty, 85 percent are rural. One in five rural census tracts is considered a disadvantaged community, a key indicator of vulnerability to shocks like economic downturns and natural disasters.

Potter County is extremely rural, with a population that has fallen below 16,000 for the first time since 1920. Meanwhile, the median age has been steadily rising to nearly 50 years; nationally it's 38.7. Each year, we have more deaths than births and we continue to see a serious out-migration of teens and young adults.

Rural counties face unique challenges in meeting local needs. With limited staff and funding, many lack the capacity, defined as the personnel, expertise and capital, to deliver services and pursue external funding. These gaps can make it difficult to apply for or manage state and Federal programs, especially those with complex requirements, reporting burdens or match obligations. As a result, the communities most in need of investment are often least able to access it.

In Light of These Challenges, USDA RD Is Our Most Important Federal Partner

USDA RD is often the only source of support that can move a project from an idea to a reality. Each year, USDA RD finances tens of billions of dollars in rural infrastructure, housing and business investments across tens of thousands of projects. USDA RD programs have invested over $26 billion across nearly 60,000 projects in FY 2025 alone. The value of USDA RD is not only capital it can provide, but also its delivery model. USDA deploys a field-based workforce that places experienced staff in or near the communities they serve. In many rural areas, the USDA field office is the front door to the Federal Government. That local presence helps projects take root and succeed.

I've seen firsthand what USDA RD means for rural counties like mine. In Potter County, we have been proud and frequent partners with USDA RD going back to the 1980s. We have seen $8.23 million in 95 different USDA RD investments since FY 2015, including $3.86 million in loans and $4.37 million in grants. These investments have touched nearly every corner of community life: housing, public works, emergency services and more. We have leveraged USDA RD loans and grants to acquire and improve water systems in places like Roulette Township, helped our local ambulance association purchase lifesaving equipment and built housing that our seniors and working families can actually afford. USDA RD programs have enabled low-income residents to buy their first homes and stay in them through critical home repair financing.

These kinds of projects are often out of reach for counties like ours without Federal help. With one of the lowest median incomes in Pennsylvania and a real estate tax base undercut by the 44 percent of land in our county that is state-owned and tax exempt, we simply cannot do it alone. Environmental compliance, prevailing wage and other important standards often come with price tags we can't meet without outside support. USDA RD has been that support, and when called upon, we have always stepped up and met the local match.

These needs are not going away. If anything, they are growing more urgent. Rural health care in our region is approaching a full-blown crisis. Just 3 months ago, the maternity ward at our local UPMC hospital closed, leaving behind a seven-county maternity desert across the northern tier of Pennsylvania. More recently, the same hospital closed its skilled care unit, a service it had provided for more than 50 years. Our communities are losing essential care, and with each closure, our families are left with fewer and fewer options. We are trying to respond the way rural communities always do: with creativity, collaboration and a commitment to taking care of our own. However, we know we cannot reach our full potential without strong Federal partnerships.

That is why USDA RD matters to counties like mine. Not just because of what it has helped us build in the past, but because of the role it must continue to play as we face the challenges ahead. Our track record shows that counties like Potter are ready to do our part, but we need USDA RD to have the resources and flexibility to meet us there.

USDA RD Programs Are Vital Tools for County-Led Growth

For county leaders, USDA RD programs are some of the most powerful tools we have at our disposal to grow local economies, support small businesses and provide essential services in rural communities. I want to speak today from both experience and observation: what's worked, and where small changes would go a long way. The following is a breakdown of major programs in USDA RD's portfolio under consideration by the Subcommittee at today's hearing, along with recommendations our Congressional partners can consider to improve outcomes from these resources.

Programs with Direct County Eligibility

The **Community Facilities Program (CFP)** is the backbone of rural infrastructure finance. Counties use it to build, equip and renovate EMS facilities, 911 dispatch centers, rural health clinics, courthouses, jails, community centers and more. These are the assets that keep our towns functioning. They are often owned and operated by the county for decades. In Potter County, an additional CFP-financed ambulance can mean the difference between life and death on a snowy night when there's only one crew on duty.

Counties also see the catalytic potential of CFP dollars to advance rural food systems and entrepreneurship. In neighboring Cameron County, a former restaurant has been transformed into a certified production facility for locally sourced food products. This Innovation Center is the only commercial kitchen available across our region of northern Pennsylvania. Thanks to a $345,000 USDA Community Facilities grant, the space now serves as a shared-use kitchen where food entrepreneurs can produce sauces, soups and baked goods that meet USDA food safety standards. These producers can then sell to local retailers, online customers, farm markets and community events, thereby creating new revenue streams rooted in our community.

But the project is about more than equipment. It has become a hub for rural workforce development and community revitalization. Penn State Extension now uses the space to host ServSafe certification courses and small business classes. Northern Pennsylvania Regional College offers culinary training for local students. CareerLink has plans to use the site for job readiness programming. The Chamber of Commerce and Artisan Center relocated to the facility, strengthening local tourism and creating a visible front door for the county's creative economy. The project even spurred a $65,000 follow-on grant from the local electric utility to purchase energy-efficient kitchen equipment. This is the kind of rural innovation that USDA programs make possible, and it shows how even modest Federal dollars, when paired with strong local vision, can spark durable, multifaceted benefits for rural communities.

CFP's strength lies in its ability to finance right-sized projects tailored to rural service areas, but matching requirements, a lack of planning support and a rigid cost structure limit participation. Congress should expand access to predevelopment funds, waive match requirements for fiscally constrained counties and prioritize small-scale, low-overhead projects that stretch taxpayer dollars further. Structuring CFP with these rural realities in mind would unlock hundreds of essential projects across the country.

The **Rural Business Development Grants (RBDG) Program** is one of the most flexible tools available to rural counties for small business development. Counties have used it to create shared-use kitchens, support rural tourism corridors, provide microloans through local revolving funds and help workers form cooperatives in the absence of local employers. RBDG is a program we turn to when we want to breathe life into our town centers—not through big-ticket incentives but by seeding practical investments block-by-block. The grant is accessible to counties but constrained by modest funding levels and a 1 year award structure that makes incorporating RBDG program funding into long-term planning difficult. Administrative requirements can also be burdensome for counties with only limited access to economic development staff. Congress can improve RBDG by increasing award caps, enabling multi-year grants and expanding eligible uses to include site development, community branding and marketing. A small increase in flexibility and funding would yield outsized returns.

Rural Innovation Stronger Economy (RISE) grants support a critical but often out-of-reach goal for counties: building regional innovation infrastructure. The program funds hubs that combine entrepreneurship, workforce development and industry support tailored to local strengths. In rural Pennsylvania and nearby New York, counties are using RISE to grow sectors like forest products, sustainable building materials and outdoor recreation manufacturing. These efforts create durable, locally rooted jobs and expand economic opportunity for our residents.

RISE makes these projects possible by financing the facilities and training needed to launch them. However, the program's complexity makes it hard for smaller counties—especially those without planning staff or anchor institutions—to apply. Without dedicated technical assistance, it's difficult to form the required consortium or develop a competitive business plan. USDA should create a smaller-scale tier for early-stage applicants, fund regional TA providers to help form partnerships and expand eligible activities to include convening and planning. The program's design is strong. It just needs to reach the communities it was built to serve.

The **Meat and Poultry Intermediary Lending Program (MPILP)** helps counties address a key gap in rural agricultural economies: local processing capacity. The program provides flexible capital to intermediaries, who then relend to small- and mid-size processors. Counties can serve as intermediaries or partner with them to finance equipment like cut-and-wrap rooms, cold storage, refrigerated trucks, wastewater pretreatment and food safety upgrades. In places like Potter County, this support can keep a regional plant open or add a mobile unit so producers don't have to haul livestock long distances. These investments keep more value in the community and strengthen local supply chains.

Still, MPILP's structure can be burdensome. It requires detailed planning, long timelines and documentation that small counties and processors often can't manage alone. USDA should issue county-specific guidance, allow smaller relending deals and permit bundled projects that combine equipment, food safety compliance and distribution needs. Eligible uses should include regional cold storage and last-mile delivery. USDA should also pair financing with technical assistance for business planning and food safety and align loan terms with the seasonal nature of cash flow. The program's intent is strong. With simpler access and right-sized tools, MPILP can better reach the communities it was built to support.

Programs Where Counties Access Support Through Key Partnerships

The **Rural Economic Development Loan and Grant (REDLG) Program** demonstrates how much can be accomplished when Federal capital flows through trusted local institutions. In many rural regions, the most capable financial intermediary is the electric cooperative or telecom provider. These institutions know the community, understand rural credit and are willing to provide capital that may otherwise be unavailable through private-sector sources. Counties frequently collaborate with these co-ops to finance fire stations, broadband deployment, health clinic, main street revitalization projects and more. But REDLG's structure limits the county role. Only eligible USDA borrowers—typically utilities—can apply directly, and county access depends entirely on informal partnerships. USDA provides limited guidance on how these partnerships should be structured. Congress can make REDLG more accessible by allowing counties to serve as co-applicants, expanding eligible uses to include housing and infrastructure planning and streamlining USDA's review process to ensure timely deployment. Rural counties are ready to lead projects. However, we need a clearer and more direct pathway to the capital.

Although counties cannot apply directly for **Value-Added Producer Grants (VAPG),** we often play an indirect but essential role in helping rural producers access support through the VAPG program. These grants keep more agricultural wealth in rural communities—for example, by helping a dairy farm start an on-site cheese operation or a grain co-op launch a branded flour line. That added value builds resilience and supports the supply chain that rural counties rely on to sustain our local economies. However, the smallest producers often don't have time or expertise to prepare a full VAPG application. VAPG is designed for independent producers and ag-based business ventures. Grants require a 1:1 match and a detailed business plan. Smaller producers struggle to meet those requirements, and counties are currently unable to serve as fiscal agents or technical assistance providers under the program. Counties could help by coordinating producer groups, offering matching funds or providing technical assistance, but the program doesn't currently make space for us. USDA should allow counties or regional entities to serve as administrative partners, fiscal sponsors or TA providers for small producer groups. Template business plans and streamlined application pathways would also help. If we want to grow rural wealth from the ground up, we need tools that empower the people and institutions already doing that work.

The **Rural Business Investment Program (RBIP)** is USDA's effort to bring equity capital to rural communities, something many rural businesses find elusive. Counties indirectly benefit from RBIP when approved investment funds (RBICs) support firms located in their communities. But RBICs often overlook smaller or more remote counties, and many rural businesses are not investment-ready. Counties can help identify promising local firms or sites, but the program offers no formal mechanism for engagement or coordination. RBIP can work better for rural counties if USDA requires RBICs to engage with local governments when evaluating investments, provides technical assistance to help firms become investment-ready and expands capital structures beyond equity. For example, supporting mezzanine or revenue-based financing models that better match rural growth trajectories. If USDA wants private capital to align with rural economic development, counties need a seat at the table.

The **Rural Microentrepreneur Assistance Program (RMAP)** recognizes that the most important businesses in rural counties are sometimes the smallest. From mobile mechanics to home health aides, these entrepreneurs don't need millions. They need a few thousand dollars and guidance on bookkeeping, business planning and compliance. RMAP is one of the few programs designed to meet these needs, pairing small loans with hands-on coaching from local intermediaries. Where those intermediaries exist, counties often partner by making referrals, sharing space or helping meet match requirements. But in places without intermediaries, counties have no clear way to fill the gap. RMAP currently excludes counties from eligibility. Congress should expand eligibility to allow counties and county-led economic development agencies to serve as intermediaries or partners. USDA should also offer multi-year funding for strong-performing Microenterprise Development Organizations and streamline re-advances to avoid service disruptions. This is one of USDA's most effective programs. It just needs to be easier to deliver and grow where it's needed most.

The Upcoming Farm Bill Presents a Critical Opportunity To Expand Access and Modernize Delivery of USDA RD Programs and Resources

USDA RD programs are among the most powerful levers the Federal Government has to support infrastructure, small business growth and community vitality in rural America. But far too often, these programs are out of reach for the counties they are meant to serve, not because the needs aren't real, but because the systems around those programs are too complex, too slow or too disconnected from rural reality.

The House Agriculture Committee has a chance to change that. By including commonsense reforms and new investments in the next farm bill, the Committee can ensure that USDA RD remains not only well-resourced, but also responsive, accessible and effective for rural counties. These are the types of improvements that will not make headlines, but they will make a difference. They will ensure that USDA RD programs reach the counties they were designed to serve, and that rural America is not just included in the farm bill but fully empowered by it.

Counties Urge Members of the Committee To Consider the Following Recommendations In Any Future Action on USDA RD Programs

Simplify access for small-dollar projects: USDA should establish a streamlined application track for modest but essential investments under Community Facilities and RBDG. These micro-projects such as acquiring new ambulances, HVAC replacements at senior centers or code-compliant restrooms in childcare facilities, deliver high value but often face disproportionate administrative hurdles. For these applications, USDA should reduce narrative requirements, allow a single unified budget narrative and waive documentation not required by statute.

Pre-development activities like feasibility studies, site selection and environmental review should be explicitly eligible uses under USDA RD programs. These expenses often fall to county general funds and are a major barrier to participation for rural jurisdictions.

USDA should standardize core application components across CF, RBDG, RMAP and REDLG to the extent permitted by statute, and pilot a common core form. Pilot regional bundling of small projects with a single review. Where NEPA scopes and lead-agency determinations align, allow a single environmental record across RD programs. Applicants could then reuse project narratives, budget forms and attachments, reducing duplication and cutting down on application time for applicants and administrative review for USDA RD staff.

Improve program sequencing and coordination: Federal resources are most effective when local staff can align them with real-world timelines. USDA should open rolling concept submission windows and adopt quarterly award cycles to allow counties to coordinate with board calendars, permitting processes and legislative sessions.

To support early-stage applicants, USDA should publish a plain-language eligibility matrix listing allowable uses, matching requirements and unique criteria for each RD program. This should be paired with a living repository of sample projects—for example, "fire hall expansion" under Community Facilities Program or "shared-use commercial kitchen" under the Rural Business Development Grant and

Loan Program—informed by regular field office feedback and updated to align with programmatic and statutory changes.

Where National Environmental Policy Act (NEPA) scopes are similar, USDA should allow a single environmental record to satisfy requirements across programs. This would save consultant costs and staff time while maintaining environmental protections.

Strengthen field-based delivery: In many rural counties, the USDA field office is not just the point of access for RD programs—it is the only Federal office in the region and a front door to the Federal Government for rural residents. The success of USDA's local delivery model depends on having enough staff with enough time and expertise to provide real support to rural customers. USDA should prioritize backfilling vacancies and limiting individual caseloads, particularly in high-demand states and persistent poverty counties.

USDA should also establish standing virtual and in-person office hours at the state level, where county staff and regional development partners can schedule brief consultations to review project concepts and get questions answered. These consultations should be available at least biweekly and staffed by specialists trained in multiple program areas.

In addition, USDA should provide resources for circuit-rider TA teams or technical assistance (TA) vouchers that counties can use with trusted nonprofit partners, regional councils or local economic development organizations to build capital stacks and navigate post-award compliance. USDA's Community Facilities Technical Assistance and Training and Rural Community Development Initiative programs provide a potential model for this approach, but funding should be scaled up and targeted specifically at pre-application support.

Make rural-scale financing work: Rural projects often stall not because they lack merit but because funding sources cannot be aligned in time. USDA should offer conditional commitments or letters of interest across programs to help counties demonstrate intent to fund when applying for state appropriations or private match. These tools exist in CF loans and Single-Family Housing and should be extended across RD programs.

USDA should clarify that reasonable interest on interim financing is an eligible project cost under CF and RBDG. Counties often rely on bridge loans while awaiting obligation. Clear guidance would ease cash flow constraints without increasing risk. Counties and regional entities should also be allowed to bundle small projects into a single coordinated application to reduce transaction costs and achieve scale.

Modernize USDA RD technology to improve rural access: Counties urge USDA RD to consider building a single web-based "front door" for its programs. This portal should include:

- A program matching tool based on project need and location
- Application status tracking for pre- and post-award stages
- Email and text alerts for deadlines, missing items and decisions
- Save-and-reuse functionality for standard forms
- A geospatial eligibility checker that overlays maps with population data and priority designations
- Published service standards including average review times, common deficiencies and FAQs

USDA's existing tools, like RDApply and the Rural Data Gateway, offer a foundation, but functionality must be expanded. Portals should be mobile-friendly and usable in low-bandwidth settings to accommodate rural connectivity gaps.

Invest in rural capacity building: To ensure USDA RD programs reach the communities they're intended to serve, the 2025 Farm Bill must include dedicated investments in rural capacity building. Counties face persistent barriers to accessing Federal resources not because of lack of need or readiness, but because of limited staffing, grant-writing expertise and technical support.

The 2025 Farm Bill presents a key opportunity to address this challenge. Counties support the inclusion of new rural capacity-building initiatives that would provide multiyear, flexible grants to local stakeholders to plan, implement and coordinate community development strategies across rural America. This would help counties overcome longstanding barriers to accessing Federal funds by investing in the staff, partnerships and tools needed to move local priorities forward and level the playing field for rural communities. We also support devoting mandatory funding to rural development programs. Consistent funding is essential to ensure capacity-building support is not subject to year-by-year appropriations, especially in communities that need the most help in reaching Federal resources.

These recommendations are not radical departures from current law. They are practical, bipartisan adjustments that build on USDA's own successful models, expand access for the smallest and most under-served counties and ensure that Federal dollars are deployed more efficiently. By making these changes in the next farm bill, the House Agriculture Committee can bring USDA RD into closer alignment with the realities of rural governance.

As Congress considers the future of USDA programs through the upcoming farm bill, it is equally important to ensure that USDA's internal reorganization strengthens, rather than weakens, the Department's ability to deliver on-the-ground results in rural communities.

Counties support USDA's goal of improving operational efficiency and ensuring taxpayer dollars are used effectively. At the same time, we urge the House Agriculture Committee to exercise strong oversight and ensure that USDA's reorganization builds on the Department's greatest strength: its field-based presence and local relationships.

In many rural counties, USDA field staff are more than program administrators. They are neighbors, partners and in many cases the only visible Federal officials available to residents. Counties collaborate with USDA every day to implement conservation projects, expand broadband, deliver nutrition assistance, respond to disasters and build affordable housing and infrastructure. These are practical, place-based partnerships that depend on trust, continuity and local expertise. As the reorganization moves forward, the Committee has a critical opportunity to ensure that USDA remains rooted in the communities it serves and continues to deliver on the ground.

To that end, counties offer the following recommendations for strengthening USDA's service delivery model through the reorganization process:

1. **Maintain and Strengthen USDA's Field-Based Workforce:** USDA field offices are instrumental in helping counties navigate complex programs, tailor projects to local needs and deliver timely support during emergencies. These personnel are not interchangeable with centralized systems. They offer institutional knowledge and community trust that cannot be replicated through regional hubs alone. USDA should prioritize backfilling vacancies, empowering field offices and ensuring staff have the time and flexibility to support small and first-time applicants. In states where counties administer SNAP and other safety net programs, these staff will be especially important as local governments implement changes included in H.R. 1.
2. **Engage Local Governments and Partners Early and Often:** Counties are key intergovernmental partners in serving USDA's rural customer base. USDA should establish regular stakeholder consultation mechanisms, including listening sessions, rulemaking comment opportunities and continued cooperating agency status for counties. Structural changes that affect how counties interact with USDA should never be implemented without meaningful local input.
3. **Ensure Continuity of Operations During Reorganization:** Counties rely on USDA to support housing, infrastructure, nutrition and economic development projects. Delays caused by staffing gaps or administrative restructuring could threaten local timelines, funding drawdowns, or compliance. USDA should publish clear continuity protocols and designate points of contact for impacted programs to help local governments and grantees stay on track during transitions.
4. **Clarify the Role of Regional Hubs:** While there may be cost-efficiencies in relocating some functions, regionalization must not come at the expense of responsiveness. USDA should define the responsibilities and decision-making authority of regional offices, protect local office autonomy for project-specific decisions, and assess how hub structures affect applicant experience in rural communities.
5. **Preserve USDA RD Within USDA's Jurisdiction:** USDA should continue to lead the Federal rural development mission. No other agency offers the same blend of local delivery, sector-specific expertise, and cross-program coordination. USDA should continue to build on this capacity, not transfer it elsewhere.
6. **Prioritize Cross-Mission Area Integration and Interagency Coordination Without Losing Local Responsiveness:** USDA should seek to better integrate operations across mission areas without sacrificing specialized expertise or local responsiveness. Streamlining is welcome where it reduces redundancy and improves access. But integration must not result in one-size-

fits-all programming or diminish the availability of subject-matter experts in state and local offices. USDA should retain flexible, agency-specific TA resources and ensure integration efforts remain responsive to local context.

As the House Agriculture Committee considers USDA's proposed reorganization alongside farm bill reauthorization, we encourage Members to protect the principles that have made USDA such a vital partner to rural counties: proximity, partnership and place-based problem-solving. USDA's footprint in rural America is not a relic. It is a modern and necessary foundation for effective service delivery. With the right safeguards and stakeholder engagement, this reorganization can strengthen USDA's ability to deliver on its mission and help ensure that no county is left behind.

Conclusion

Chairman Johnson and Ranking Member Davis, on behalf of NACo and rural counties across the country, thank you for your attention to these tools and to the people who rely on them. We stand ready to work with this Subcommittee to preserve these programs and to modernize and streamline them so that every county, regardless of size or staff capacity, can put them to work to build stronger more resilient communities across rural America.

Mr. DAVIS. Thank you, Commissioner Heimel. At this time, we are going to recognize Executive Director Lynne Keller Forbes for 5 minutes.

STATEMENT OF LYNNE KELLER FORBES, J.D., PRESIDENT AND CHIEF EXECUTIVE OFFICER, SOUTH EASTERN COUNCIL OF GOVERNMENTS, SIOUX FALLS, SD; ON BEHALF OF NATIONAL ASSOCIATION OF DEVELOPMENT ORGANIZATIONS

Ms. FORBES. Chairman Johnson, Ranking Member Davis, and distinguished Members of the Subcommittee, I want to thank you for the opportunity to appear before you this morning on this important topic. I am Lynne Keller Forbes. I am the President and the CEO of the South Eastern Council of Governments and the South Eastern Development Foundation in Sioux Falls, South Dakota, and I am honored to testify on behalf of the National Association of Development Organizations, known as NADO.

I grew up on the Cheyenne River Indian Reservation in South Dakota, where my parents operated a farm and ranch. When I was young, we hauled our water until rural water was finally expanded. Rural water was a game changer, not only for our family, but for our livestock. We didn't have a telephone until I was in the second grade and the lines were finally expanded to reach us. Both of these events were only possible because of the Federal Government's investment in rural America, so my love for rural America and the advocacy for a strong farm bill runs deep.

For the past 25 years, I have worked with rural communities and businesses across southeastern South Dakota, helping them plan, finance, and implement development projects that improve infrastructure, expand access to capital, and support long-term economic growth. Our mission is simple: we want to ensure that even the smallest communities and businesses have a trusted partner in building economic resilience and prosperity to help sustain rural America. One of our most vital partners in this work is USDA's Rural Development mission area, known as RD. Today, I want to highlight the critical role regional development organizations, or RDOs, play in supporting rural communities and offer some practical recommendations to strengthen RD's programs and services.

RDOs, also known a councils of governments, planning districts, and regional planning councils, are multi-jurisdictional entities that serve as trusted intermediaries for rural counties, cities, towns, and businesses. We help communities and businesses access Federal resources, deliver essential services, and plan for long-term success. In many cases, RDOs are the lead applicants or technical assistance provider for RD's programs. We conduct feasibility studies, we write grant applications, manage complex projects from start to finish, help develop housing, and provide financing for businesses that would not otherwise be considered bankable.

Rural America faces unique challenges. Nearly one in seven Americans live in rural areas, which span ¾ of the nation's landmass. These communities often struggle with limited infrastructure, higher poverty rates, fewer job opportunities, and reduced access to broadband, healthcare, and housing. Despite these challenges, RDOs help rural communities and businesses navigate Federal systems and unlock funding for transformative projects. We work closely with RD to deliver programs, like the Water & Waste Disposal Program, the Community Facilities Program, the Rural Business Development Grant Program, and the Intermediary Relending Program. These programs are not just financial tools, they are lifelines. Let me share a few examples.

In Dolton, South Dakota, a community of less than 100 people, we helped TM Rural Water secure a grant through the Water & Waste Disposal Program to rehabilitate lime-drying beds that were damaged by a derecho storm. Across the country, RDOs are making similar impacts. In New York, a NADO member used RD funds to launch a small business technical assistance program. In Louisiana, another member received funding to develop a strategic growth model along the I–49 corridor, and in Montana, an RDO led a coalition securing $10 million through the MPILP Program to strengthen local processing capacity and expand economic development opportunities. These examples show how RD's flexible, place-based approach empowers communities to structure investments around local needs, often filling gaps the private-sector cannot or will not address.

As Congress considers reauthorization of the farm bill, I urge you to prioritize the core programs that create jobs, improve infrastructure, and support small businesses. Specifically, we recommend you protect key programs that rural communities have come to rely on; improve access and flexibility to empower rural communities to fully participate in the programs by removing unnecessary barriers; strengthen the capacity of field offices and regional partners, like RDOs, to ensure that support services are responsive and tailored to rural needs; preserve USDA's local footprint. As USDA reorganizes, maintaining field staff and communities is essential. RDOs can extend RD's reach, but we urge Congress to invest in these partnerships. De-federalizing IRP: our B&IGs and EDA funds have been de-federalized with reduced USDA staff and limited resources. Now is the time to discuss de-federalizing IRP funding as well. RD's programs are more than infrastructure investments. They level the playing field for communities and businesses that often lack access to capital, capacity, and partnerships.

As you renegotiate the farm bill, I encourage you to prioritize the tools that enable rural America to grow and succeed. Rural communities have never lacked vision or determination. What they need is a sustained Federal partnership to build strong, resilient economies that support families, attract investment, and ensure future generations can thrive. Thank you again for the opportunity to testify. I look forward to your questions.

[The prepared statement of Ms. Forbes follows:]

PREPARED STATEMENT OF LYNNE KELLER FORBES, J.D., PRESIDENT AND CHIEF EXECUTIVE OFFICER, SOUTH EASTERN COUNCIL OF GOVERNMENTS, SIOUX FALLS, SD; ON BEHALF OF NATIONAL ASSOCIATION OF DEVELOPMENT ORGANIZATIONS

Introduction

Chairman Johnson, Ranking Member Davis, and distinguished Members of the Subcommittee, thank you for the opportunity to testify today on behalf of the National Association of Development Organizations (NADO) and the national network of Regional Development Organizations (RDOs). NADO empowers RDOs through advocacy, education, and training to advance collaborative, place-based strategies that strengthen rural quality of life and economic competitiveness. We are grateful for the opportunity to join you today to share our perspective.

My name is Lynne Keller Forbes, and for the past 25 years, I have served as President and CEO of the South Eastern Council of Governments (SECOG), a Regional Development Organization serving over 315,000 residents across six counties and 40 municipalities in southeastern South Dakota. In addition to leading SECOG, I also serve as President and CEO of the South Eastern Development Foundation and Dakota BUSINESS Finance, two affiliated entities we established to expand access to capital and support economic development throughout the region.

Through these roles, I have the privilege of working closely with rural communities across my region to provide coordinated support in planning, financing, and development. By aligning resources and expertise, we help local governments and small businesses secure funding, implement infrastructure projects, and pursue sustainable growth. Our collaborative approach ensures that even the smallest communities have a trusted partner in building long-term resilience and prosperity.

One of our most essential partnerships in delivering impactful programs and services to rural South Dakotans in our region is with the U.S. Department of Agriculture's Rural Development mission area (USDA RD). In my testimony today, I will outline the critical role RDOs play in supporting rural communities, including programmatic level examples, and offer practical recommendations to modernize and expand these tools so they are more accessible to those who need them most. I will also address USDA's recent departmental reorganization and its implications for maintaining the central role USDA RD plays in our regions.

About the South Eastern Council of Governments

The South Eastern Council of Governments is a regional planning and development district serving six counties in southeastern South Dakota—Clay, Lincoln, McCook, Minnehaha, Turner, and Union—and the municipalities within them. Established in 1970 by executive order, SECOG was created to provide staff support to local governments and promote regional cooperation. Its mission centers on helping rural communities plan for growth, improve infrastructure, and enhance overall quality of life through strategic development initiatives.

With four of the six counties we serve having populations under 20,000, SECOG offers a wide range of services tailored to the needs of rural communities. These services include land use planning, geographic information systems (GIS), and predisaster mitigation planning. A key component of SECOG's work involves assisting its members in accessing Federal resources—particularly through the USDA RD programs. SECOG helps local governments apply for USDA grants and loans such as the Community Facilities Direct Loan and Grant Program and the Water and Waste Disposal Loan and Grant Program, which support essential infrastructure like water systems, public buildings, and waste management. Through these efforts, SECOG plays a vital role in strengthening rural South Dakota's capacity to grow and thrive.

How Regional Development Organizations Assist Rural America

RDOs are the backbone of Rural America. This simple truth underscores the critical role that RDOs—also known as Councils of Government (COGs), Planning and

Development Districts (PDDs), Area Development Districts (ADDs), Local Development Districts (LDDs), and Regional Planning Councils (RPCs)—play in supporting rural communities. These multi-jurisdictional, quasi-governmental entities serve as trusted regional intermediaries, working on behalf of rural counties, cities, and towns to deliver essential services, secure resources, and plan for long-term prosperity.

To understand the value of RDOs, it's important to first understand the current rural landscape. Rural America is home to nearly one in seven Americans—just over 46 million people—yet it spans nearly ¾ of the nation's landmass. This vast geographic footprint, paired with a relatively small and dispersed population, makes it inherently challenging to maintain infrastructure, deliver services, and build resilient economies. While some rural counties are beginning to grow again, the challenges remain deep-rooted. Poverty rates are consistently higher in rural areas than in urban ones, particularly in regions that have experienced persistent poverty for generations. Incomes remain lower, job opportunities more limited, and essential services—like broadband, health care, and affordable housing—are harder to access. Many rural economies are also heavily dependent on industries like agriculture, manufacturing, and natural resource extraction, which remain highly susceptible to market swings and policy shifts.

Despite the challenges facing rural communities, RDOs play an essential role in advancing the mission of USDA RD by helping them plan, access, and implement thoughtful Federal investments tailored to their unique local needs. RDOs work closely with USDA RD to deliver essential infrastructure, housing, broadband, and community facilities programs, especially in places with limited local capacity. In many communities, RDOs serve as the lead applicant or technical assistance provider for USDA RD programs, conducting feasibility studies, writing grant and loan applications, and managing complex multi-agency projects from start to finish.

This partnership is especially vital in rural areas that lack in-house planning or grant-writing staff. RDOs help bridge that gap by guiding communities through the process of identifying resources and applying for USDA RD programs such as: the Water and Waste Disposal Loan and Grant Program; the Community Facilities Direct Loan & Grant Program; the Rural Economic Development Loan & Grant Program; the Intermediary Relending Program; the ReConnect Loan and Grant Program; and the Rural Business Development Grant Program, among many others. The expertise of RDOs helps ensure that these resources are effectively targeted and deployed in the places that need them most.

In addition to their work with USDA, RDOs are often designated as Economic Development Districts by the U.S. Economic Development Administration (EDA), where they lead the development of Comprehensive Economic Development Strategies (CEDS)—planning documents that align with USDA RD investments and are key to leveraging additional Federal and state funding. Many also serve as Rural Planning Organizations (RPOs) for state transportation departments, ensuring rural priorities like road repairs and transit access are included in long-term infrastructure plans.

RDOs further support rural resilience by partnering on disaster recovery and hazard mitigation efforts with FEMA and state emergency agencies. Some also assist in regional workforce development, often serving as conveners or operators of local workforce development boards and sector-based training initiatives.

Beyond direct project delivery, RDOs are strategic conveners. They bring together local governments, nonprofits, businesses, and state and Federal partners to align efforts, share resources, and speak with one voice. By supporting USDA RD's mission at the regional level, RDOs help ensure rural communities don't just access Federal programs—they succeed with them.

Despite the support RDOs provide to rural communities, the structural challenges they face remain profound and persistent. Limited fiscal capacity, aging populations, geographic isolation, and decades of disinvestment have left many communities without the basic infrastructure and services their urban counterparts take for granted. RDOs are a vital part of the solution helping rural areas overcome barriers that no single town or county can address alone, though we are not a silver bullet. Targeted, sustained Federal investment isn't just helpful, it's essential to provide economic prosperity and security in rural communities.

USDA RD Is a Vital Resource for Rural America

USDA RD is often the most important Federal partner for rural America—not only because of the scale of its investments, but because of its deeply place-based approach, its on-the-ground presence, and its unmatched ability to deliver tailored, community-driven solutions where they're needed most. Through a national network of state and field offices, USDA RD staff work directly with local governments, nonprofits, and community leaders to identify priorities, navigate complex Federal systems, and unlock funding for projects that are critical to community well-being.

What sets USDA RD apart is its ability to meet rural communities where they are. With a flexible toolkit of grants, direct loans, and loan guarantees, USDA RD empowers communities to structure investments around local needs and capacity. Whether it's helping a small town build a health clinic, financing a rural business incubator, or partnering with one of the nearly 500 RDOs to launch a revolving loan fund, USDA RD is often the first—and sometimes the only—Federal partner equipped to respond to the unique realities of rural life.

Since FY 2012, USDA RD has invested over $400 billion in nearly two million projects across the country. These are not one-size-fits-all programs—they're strategic, high-impact investments that often fill gaps the private sector cannot or will not address due to low population density, limited tax bases, or lack of short-term return. In many cases, RD is the linchpin that makes transformative rural development possible.

A powerful example is USDA RD's partnership with SECOG to support the town of Centerville, where local leaders needed help funding a new water treatment facility. With RD's support, they were able to complete a vital infrastructure upgrade that not only improved public health and environmental safety, but that also positioned the town to attract new business and housing development. This is what USDA RD does best—helping rural communities solve urgent challenges today while laying the foundation for long-term economic growth and resilience.

Recommendations for the Rural Development Title for a Farm Bill Reauthorization

For years, USDA RD programs have had more demand than funding, showing just how much rural America needs steady Federal support. Even though 85 percent of the country's persistently poor counties are rural, these communities are often forced to carry an unfair share of the costs just to keep basic services running. Without reliable Federal help, they're stuck making tough choices—cutting back on things like infrastructure, healthcare, schools, or public safety just to balance the budget. These services aren't luxuries—they're essential for the farmers, ranchers, foresters, and families who keep rural areas going. USDA RD is one of the few Federal programs that can really meet these needs, and its support is more important now than ever.

A reauthorized farm bill is more than a routine policy update—it represents a strategic investment in the future of rural America. It provides for an opportunity for Congress to emphasize rural development programs and strategies that will create opportunities for all rural Americans. As Congress begins negotiations on the farm bill, we support several key priorities in the farm bill that will boost rural economies, create jobs, and improve the quality of life in rural America:

Protect Key Rural Development Programs

Community Facilities Programs (CFP): This flexible funding program provides grants and low-interest loans to communities with populations under 20,000 for the purchase, construction, or improvement of essential community infrastructure. Since its inception, small communities have depended on its funding to build and sustain critical infrastructure—such as health clinics, fire stations, schools, and libraries—that not only improve quality of life for residents, but also foster economic resilience and long-term development.

RDOs support local governments in understanding eligibility requirements and apply for funding through the CFP program. For example, in my region, SECOG helped secure over $2 million for the TM Rural Water District to rehabilitate its Lime Drying Beds near Dolton, SD. These beds, part of a Lime Softening Water Treatment Plant constructed in 2008, were originally lined with a 6″ clay barrier to prevent groundwater infiltration and enable proper drying of lime slurry for environmentally responsible land application. Over time, the liner deteriorated, leading to significant infiltration issues. The derecho event of May 12, 2022, further exacerbated the damage, causing erosion from high winds, flooding, and wave action. This grant helped restore the integrity of the beds and protect water quality for the surrounding communities.

Rural Business Development Grants Program (RDBG): RDBG is another critical program that helps RDOs support rural economic vitality by supporting technical assistance, entrepreneurial training, market research, feasibility studies, revolving micro-funds, among other activities aimed at providing hands-on assistance to local small businesses.

In New York, the Lake Champlain-Lake George Regional Planning Board, with help from the RBDG program, launched the "Small Business Technical Assistance

Program” in 2023. Through this program, they have been providing free technical assistance to existing and start-up business within the region.

In Louisiana, the Acadiana Planning Commission received a $30,000 RBDG for their I–49 Midway Corridor Strategic Growth Initiative, which will help produce a performance-based land use model to help create opportunities and spur sustainable economic growth along the corridor. This corridor, which is halfway between New Orleans and Shreveport, will help unlock significant economic growth for the region by making the communities along it more competitive for commercial investments and business expansion projects.

Intermediary Relending Program (IRP): USDA’s IRP is another critical resource for RDOs, providing low-interest loans to local intermediaries who use the funds to create or expand Revolving Loan Funds (RLFs). These RLFs then support small rural businesses with fixed-rate, term financing for working capital, equipment, and lines of credit—often one of the few sources available. The IRP helps build long-term economic resilience by creating a sustainable cycle of lending: over a 30 year loan term, intermediaries typically revolve IRP funds three times, meaning every Federal dollar results in approximately $3 lent to rural businesses. This model reduces Federal financial burden while driving local growth.

The South Central Tennessee Development District, which represents 35 municipal and 13 county governments in south middle Tennessee, received an initial capitalization of nearly $1.9 million in 1991 for their RLF. Since then, more than $8 million has been loaned to over 125 small businesses. Additionally, these funds leveraged more than $30 million in private investments, leading to the creation of nearly 500 new jobs and the retention of hundreds more.

Rural Innovation Stronger Economy (RISE): RISE addresses a critical need for Federal support of job accelerator partnerships that drive private investment in regional economies. Its flexibility allows recipients to support new and existing industries, establish innovation centers, and provide workforce development and training. These grants help rural communities compete by creating high-wage jobs, while building more diversified regional economies.

Meat and Poultry Intermediary Lending Program (MPILP): Designed to counter industry consolidation by empowering smaller, independent meat and poultry processors, MPILP provides grant funding to intermediary lenders, who then offer affordable loans to businesses for starting, expanding, or modernizing processing facilities, equipment, and infrastructure. By increasing local processing capacity, MPILP strengthens the resilience and diversity of the U.S. food supply chain, ensuring more competition and consumer choice. This program is vital for rural economies, helping producers thrive in a global marketplace while lowering food costs and reinforcing national food security.

The Bear Paw Development Corporation led a coalition of five Montana Economic Development Districts to secure a $10 million MPILP grant, aimed at strengthening local meat processing operations. The coalition established a revolving loan fund to support Montana-owned facilities with capital improvements, equipment upgrades, and USDA certification efforts. By leveraging existing relationships, staff expertise, and interregional collaboration, the program has already deployed millions in funding and is expanding economic opportunities across 26 rural counties. This initiative demonstrates how regional partnerships can translate national priorities into impactful, locally driven economic development activities.

Rural Economic Development Loan and Grant Program (RED–LG): Though RDOs are not directly eligible, RED–LG has a proven track record of strengthening rural businesses and economies by providing more than $330 million to communities through both loans and grants.

Value-Added Producer Grants (VAPG): Although RDOs are not eligible for VAPG funding, we recognize that it is a vital program that supports agricultural producers transform raw commodities into higher-value products. Strengthening this program will continue to allow small- and mid-sized farms diversify income streams, access new markets and stay competitive amid industry shifts.

Rural Business Investment Program (RBIP): RBIP is an important initiative that helps bridge the capital gap in rural America by licensing Rural Business Investment Companies (RBICs) to channel private equity into under-served communities. Rural areas often lack access to traditional venture capital and face declining numbers of community banks, making it difficult for entrepreneurs to secure funding. RBIP addresses this by leveraging public support to attract private investment, enabling scalable startups and small businesses to grow, innovate, and create jobs locally. By treating rural regions as emerging markets, the program fosters economic diversification and resilience—making it essential to preserve and strengthen during reauthorization efforts.

Rural Microentrepreneur Assistance Program (RMAP): RMAP empowers rural small businesses by providing critical access to capital and technical support through local nonprofit lenders. It offers microloans up to $50,000 and grants for training, helping entrepreneurs who often lack traditional financing due to limited credit or business experience. By supporting startups and expansions, RMAP strengthens local economies, creates jobs, and fosters innovation in areas typically under-served by mainstream financial institutions. For rural small businesses, this program is a lifeline that turns ideas into sustainable enterprises and revitalizes communities from the ground up.

In New York, the Mohawk Valley Economic Development District (MVEDD) received a RMAP grant to support rural small businesses. This funding will enable MVEDD to offer hybrid workshops and one-on-one consulting focused on financial planning, grant access, and business growth strategies. The initiative aims to strengthen rural entrepreneurship across the Mohawk Valley by providing practical tools and guidance.

Water and Wastewater Disposal Loan and Grant Program: This program is essential to communities within the SECOG service area, and across the nation, because it helps rural communities access safe drinking water and effective waste management systems—which are critical for public health, environmental protection, and economic development.

These types of infrastructure projects are often cost-prohibitive for small communities, which typically lack the tax base or financial resources to fund them independently. Without Federal support, many of these areas would be unable to build or upgrade the systems needed to ensure long-term sustainability and attract new investment. By offering affordable financing and grants, the program reduces the financial burden on the local government while improving quality of life and resilience in under-served regions.

Improve Access and Flexibility for Grantees

Congress should prioritize enhancing access to Federal support for rural communities by addressing structural barriers in current grant programs. Many existing Federal grant structures inadvertently exclude or disadvantage rural areas due to rigid requirements that fail to account for the unique financial and administrative challenges these communities face.

For example, local match requirements—which often mandate that communities contribute a set percentage of project costs—can be prohibitive for communities with limited tax bases. Some grants require up-front spending by the applicant, with reimbursement coming only after the fact. This model assumes a level of fiscal flexibility that many rural communities simply do not have. In contrast, allowing in-kind contributions, to count toward match requirements would provide more equitable opportunities for participation. This is particularly important for projects like community childcare centers, where community engagement and non-cash resources are often more readily available than liquid funds.

Similarly, short grant timelines tend to favor projects that are easier and faster to implement, even if they offer less long-term benefit. Rural communities may lack the staff or consultants to quickly produce shovel-ready proposals, pushing them toward low-impact projects they can execute quickly rather than transformative initiatives like broadband expansion, which require extended planning, permitting, and coordination. Extending grant implementation periods would allow rural areas the time needed to pursue these complex, high-impact investments that are critical to long-term economic development.

Another pressing issue is the complexity of the grant application process itself. Many small local governments have only one or two staff members—or rely entirely on volunteers—and lack dedicated grant writers. Highly technical application forms, excessive documentation requirements, and poorly designed online portals can discourage or prevent these communities from applying altogether. Simplifying the application process, it would lower the barrier to entry and help ensure that communities with the greatest need are not left behind.

Invest in Capacity Building and Technical Assistance

There is a strong need for increased investments in technical assistance and capacity building at the USDA to better support the full spectrum of rural businesses and economic development initiatives. Technical assistance can help bridge this gap by providing the guidance and expertise needed to navigate USDA programs, secure funding, and build sustainable operations. At the same time, strengthening the internal capacity of USDA field offices, local and regional development organizations, and partner institutions ensures that support services are more accessible, responsive, and tailored to the unique challenges of rural economies. With targeted investments in training, outreach, and organizational development, USDA can play a more effective role in fostering innovation, job creation, and long-term economic vitality across rural America.

USDA Reorganization Efforts Must Compliment Congress' Efforts To Strengthen, Not Weaken, Program Delivery and Quality of Services for Rural Communities

As the Administration pursues its goal of restructuring and reorganizing USDA, with the stated goals of improving operational efficiency and protecting taxpayer dollars, I urge Congress to provide oversight and guidance to ensure that USDA remains a catalyst for rural prosperity. In particular, it is essential to maintain a robust footprint of local and regional USDA staff that are embedded in local communities across the country. Local and regional USDA field staff are the mechanism that ensures service—delivery and connectivity to our communities. USDA field staff serve as a "front door" to the Federal Government—these individuals are a tangible human connection point that helps our communities access and navigate the complexities of Federal funding. These staffers help us determine whether funding sources fit our local needs, provide guidance on proper administration of Federal funds, and help us problem-solve. Without a working relationship with these individuals, most communities' only connection to the Federal Government is through overwhelmingly extensive and technical documents such as Notices of Funding Opportunity (NOFOs) which are far from being user-friendly. Indeed, the process of applying for Federal funds can be so daunting for rural and capacity-constrained communities that many smaller towns and villages and rural places would simply be left out or locked out of the process entirely, if not for the presence of field staff who help make these processes approachable.

Similarly, as the Administration has indicated its intent to reduce the overall volume of Federal USDA staff, I encourage USDA leadership to work in an increasingly close and coordinated manner with locally-based Regional Development Organizations which can, and often already do, essentially serve as extensions of USDA staff at the local level. RDOs have existed for decades and, similarly to agency field staff, RDO staff members typically have extensive knowledge of Federal programs, are expert grant writers, and help other local stakeholders apply for Federal funding opportunities and administer Federal awards. I would encourage Congress and agency officials to prioritize and invest in regional entities like RDOs that work with local stakeholders to identify and elevate local priorities and projects; conduct regional planning processes; bring local stakeholders together; and weave together competitive applications for Federal funding. As the volume of Federal agency staff continues to be reduced nationally, partnerships with local partners like RDOs that have deep expertise accessing Federal programs will be increasingly vital.

Conclusion

Chairman Johnson, Ranking Member Davis, and distinguished Members of the Subcommittee, thank you again for the opportunity to testify today. USDA RD's programs are not just investments in infrastructure or financing tools—they are lifelines for rural communities working to build a more secure, prosperous future. These programs help level the playing field for small towns and rural regions that too often lack access to the capital, capacity, and partnerships needed to thrive.

As you continue negotiations on the farm bill, I encourage you to prioritize the tools that enable rural communities to grow and succeed. Rural America has never lacked vision or determination—what it needs is sustained Federal partnership to continue building strong, resilient economies that support families, attract investment, and ensure future generations can thrive in the communities they call home.

The CHAIRMAN. Thank you, and to the 15th USDA Deputy Secretary Torres Small, 5 minutes.

STATEMENT OF HON. XOCHITL TORRES SMALL, J.D., FORMER DEPUTY SECRETARY, U.S. DEPARTMENT OF AGRICULTURE; EXECUTIVE DIRECTOR, QUIVIRA COALITION, LAS CRUCES, NM

Ms. TORRES SMALL. Chairman Johnson, Ranking Member Davis, Ranking Member Craig, and Members of the Subcommittee, it is an absolute joy to be back here with you. Whether it is supporting local meat processors through the ups and downs of cattle cycles in South Dakota, or working with chicken farmers on innovative energy solutions to power towns in North Carolina, I have witnessed how you put Rural Development into practice with the people you serve. You know that local know-how needs to be in the driver's seat, and the government's job is to support that vision. You have also seen how vital USDA staff are to that work.

Rural Development is the only agency in D.C. with a focus on rural America. That experience matters. I have worked with staff whose early experience providing housing or water loans in rural places has made them more able to stretch flexibilities in the midst of a disaster or save thousands of dollars on applications and reporting for rural people. But DOGE cuts and oversights and recent staff departure incentives hobble an already struggling mission. While I know this Subcommittee isn't responsible for staff funding, your oversight is invaluable. Many state and field offices are currently operating at half capacity. In some places, it is worse, like Mississippi, where 90 percent of Rural Development staff were cut last year. Nationally, only 16 engineers remain the RD state system. Vital projects are sitting on desks waiting for approval. Phone calls are going unanswered for months. That is not serving rural people. Let me be clear: the problem I am raising here today isn't simply that Federal staffing was cut. The problem is that those cuts happened without consulting the very people they affect. Rural Americans are more than willing to tell us what is working and what isn't if only we take the time to listen, and that brings me to my second point.

When I talk with people working to make a difference for the places they live, they ask for straightforward applications to programs that fit their vision. People often ask what I have seen in other places that might inform how they can solve the challenges they face. In the long-term, we need to pivot from a "there is a program for that" or all of the acronyms, as Chairman Johnson mentioned, to "we will invest in your strategy, here are some people who found success with similar efforts, and we will be with you every step of the way."

When it comes to straightforward investments, we need to resist the temptation of adding a program to solve every problem and, instead, double down on grant investments in bread-and-butter programs, like Community Facilities that can fund a lot of different things. We need to consider multiyear funding that gives a longer runway to adjust to the challenges of Federal grants. We need to invest in technical assistance from partners who have the relevant experience and can help with the necessary complicated bits. And we need to incentivize USDA staff to clean up programs, to leverage technology, and to identify places where Congress can simplify applications and reporting. For years, rural Americans have been telling us they don't believe government serves the people working hardest to get by. Today and while I was in office, rural people have higher rates of suicide, fewer doctors, less treatment for addiction, lower wages, and higher mortgage costs. That is why this Committee is so crucial.

I have to admit, my soul is just happy seeing this bipartisan effort because the rural way of life is worth fighting for. If we listen to the rural people we depend on for food, fiber, energy, and land stewardship, if we invest in their ideas, there is no limit to what rural America can accomplish. Thank you for your time and for your partnership.

[The prepared statement of Ms. Torres Small follows:]

PREPARED STATEMENT OF HON. XOCHITL TORRES SMALL, J.D., FORMER DEPUTY SECRETARY, U.S. DEPARTMENT OF AGRICULTURE; EXECUTIVE DIRECTOR, QUIVIRA COALITION, LAS CRUCES, NM

Chairman Johnson, Ranking Member Davis, and Members of the Subcommittee, thank you for the opportunity to come back to this great Committee to discuss the work of Rural Development. I've had the opportunity to witness your commitment to rural people in many of your home districts, and it gives me great hope for the future of rural America.

When we talk about rural development, we're not talking about programs, policies, or procedures. We're talking about rural Americans, their lives, their hopes, and their ability to thrive in their hometown.

I grew up in Las Cruces, New Mexico, a small city where my grandparents immigrated as farmworkers. My mom was a teacher, my dad was a social worker and later a bus driver. But my summers were spent with my cousin in Bedrock, Colorado—a town of just a few dozen people. My uncle farmed and ran cattle, volunteered as a firefighter, and my aunt was a schoolteacher. At a young age, I knew how special rural life was. But I also saw the challenges—my aunt driving hours for doctors appointments and stretching pennies at home and in the classroom for the people and community she loved, my uncle rising before dawn to work but staying up late worried about loans, and my cousin, trying to balance her greatest hopes for her future with her indistinguishable love for the land they worked.

We know what happens when rural families are left behind. After the 2008 financial crisis, millions of Americans lost their homes. In rural communities, foreclosure didn't just take away houses. It took away stability, dignity, and in too many cases, hope. When I represented New Mexico's second Congressional district—one of the largest, most rural districts in the country—I saw this firsthand. I worked with people who lost jobs when mining operations slowed and a coal power plant was closed. I held office hours in rural businesses that had been struggling since the interstate bypassed their main street. I met a woman who had to deliver her baby on the side of the road because the hospital was too far away. And I also saw incredible grit. Communities coming together to build a future, even when outsiders, including the Federal Government, had written them off.

Today, we continue to see the wounds of stilted economic development attempts that have left rural people behind. Rural people have higher rates of *suicide,*[1] *fewer doctors,*[2] less *treatment*[3] for addiction, *lower wages,*[4] and *higher [mortgage] costs.*[5] These wounds are compounded by tariff threats to agricultural markets, a fearful labor force, and the double whammy of cuts to medicaid and food assistance on top of high prices and a turbulent economy. But that's why this Committee is so crucial. I know all of us here today are united in our commitment to ensuring that the best days for rural places are ahead of us.

I think we all would agree that during both Democratic and Republican leadership, the Federal Government can lose touch with rural America. Too often, instead of listening to parents working hard just to make ends meet, Washington has shown up with a new program or policy aimed at fixing problems it doesn't fully understand with a process that's near impossible to navigate.

But I've also witnessed USDA showing up for rural America. I've seen local Rural Development staff support local visions for everything from a mobile meat processing unit to an urgent care facility to community irrigation ditches through the single most flexible Community Facilities program. I've witnessed how a main street can be transformed by loans to new businesses through the Intermediary Relending Program and the Rural Microentrepreneur Assistance Program. I've tasted the fruit of a farmer's cooperative that's getting a fairer share of the food dollar thanks to the Rural Business Cooperative Grant Program. I've met a farming family that was able to diversify its dairy operation and build hope for a third generation through

[1] *https://www.nami.org/advocate/confronting-mental-health-challenges-in-rural-america/.*

[2] *https://www.ruralhealth.us/blogs/2024/09/bridging-the-gap-addressing-health-inequities-in-rural-communities.*

[3] *https://pmc.ncbi.nlm.nih.gov/articles/PMC11366955/.*

[4] *https://nlihc.org/sites/default/files/UTF-8Rural%20Housing%20Needs%20Factsheet.pdf.*

[5] *https://ruralhome.org/hac-news-september-4-2025/.*

the Value-Added Producer Grant—a program that is now more reliable in spite of appropriations uncertainty thanks to mandatory funding in the farm bill.

Rural Development is a unicorn in the Federal Government. It's the only agency in Washington, D.C. that's sole mission is focused on rural America. Unlike other agencies that have to divide limited funds between cities and smaller places and work mostly with state entities for pass-through investments in rural America, Rural Development provides a direct pipeline to rural people. That's why Rural Development funds were the first to pay for construction of actual projects for high speed internet. It's also why, when I walked into meetings at the White House, I showed up not only with direct authority to help solve a challenge but also with perspective garnered through working directly with rural people—a perspective that's vital if we want rural Americans to have a stronger voice in this government.

USDA state and field staff, many of whom graduated from the local high school, sit in one-room offices with the only town employee and at kitchen tables with farmers and senior citizens. They cut through red tape and translate complicated policy into real solutions, one family, one farm, one main street at a time. Those employees don't work in a vacuum. In headquarters, I've worked with staff whose early experience providing Rural Development housing or water loans has made them more able to stretch flexibilities so a town can rebuild after disaster, or to save thousands of hours in applications and reporting for rural people.

I know I'm preaching to the choir. Each of you have experienced the impact of Rural Development in your home districts. But each of you have also seen its limitations. Two challenges, one short-term and one long-term, threaten Rural Development's impact.

The first is staffing. Recent departure incentives and hiring freezes hobble an already struggling mission area and, ironically, undermine the stated goal to bring service closer to home. Rural Development already has offices in every state and employees living in the communities they serve. Now, those offices lack the engineers, authority, and experience to get vital projects approved, slowing investment and undermining hard-won trust of rural people. While I know this Subcommittee is neither responsible for staff funding nor administrative decisions to pay employees to stop working, your oversight is invaluable at this crucial moment. The incentivized departures have left many state and field offices operating at half capacity. But it's even worse in some places. In Mississippi, 90% of the Rural Development staff was cut in the last year. Across the entire state and field office system, only 16 engineers remain—setting us back in our shared commitment to streamline permitting and environmental reviews. Vital projects are left, waiting for approval, on empty desks. Phone calls are going unanswered for months. These staff and the projects they were shepherding are all the more important as state and county budgets tighten due to medicaid cuts, lost Secure Rural School funding, and canceled infrastructure investments. Meanwhile, as this Subcommittee works to ensure the Rural Development title of the farm bill gets the attention it deserves, a team at USDA headquarters will be vital to provide technical assistance. Once a farm bill is passed, it's those same USDA employees who will be responsible for delivering on your priorities.

Let me be very clear: the problem I'm raising here today isn't simply that Federal staffing was cut. The real problem is that those cuts happened without consulting the very people they affect. Rural Americans are more than willing to tell us what's working and what isn't—but only if we take the time to listen.

And that brings me to my second point.

I remember the first time I caught myself saying "we've got a program for that" in response to a challenge. While I was in Rural Development, we connected people to high speed internet at an unprecedented level. We supported affordable, clean, reliable energy for rural electric cooperatives and diverse revenue sources for farming operations. We kept people from being evicted in the midst of a pandemic and an economic crisis. But we also created too many programs. During my tenure, we went from around 50 programs to over 70. And while each of those programs was carefully designed for specific, vital impacts, few of them were straightforward enough for small towns with a volunteer mayor and a part time employee. Few of them were flexible enough to meet the needs, not only of today but also for the town's vision for tomorrow.

When I talk with people working to make a difference for the rural places they live, they ask for straightforward applications with flexibility to support a strategy that fits their community and leverages regional assets. They also want to know what I've seen in other places that might inform how they solve the challenges they're facing. And, they want a reporting system that won't be so complex that the loan or grant is more trouble than it's worth. In the long term, we need to pivot from a "there's a program for that" mindset to "we'll invest in your strategy, here's some people who've found success with similar efforts, and we'll be with you to support the success of your project and share lessons learned across rural America."

On straightforward applications with flexibility: While authorizing more programs to claim credit for fixing a problem may provide quick wins, it creates false promises for constituents and overburdens the agencies charged with administering them. Congress is uniquely positioned to consolidate programs and invest funding into the most flexible programs, like Community Facilities. As flexible as Community Facilities is, there are opportunities to make it even more dynamic to fit emerging rural needs. Rural Development has spent years trying to expand these flexibilities through regulation. But Congress could do it even faster. Additionally, mandatory funds could also help avoid the growing challenge of increased Community Facilities funding being earmarked for favored projects, leaving less-connected communities with far fewer options. For water and wastewater investments, loans should be available with 0% and 1% financing, which would allow Rural Development staff the flexibility to serve some of the hardest to reach places across the country. Increased multi-year support and technical assistance funding would also allow towns and communities to build up experience and know-how, along with the time necessary to plan for a better future, apply for funding, and handle reporting necessary for fiduciary responsibility when they receive an investment.

On regional assets: I've seen how regional approaches leverage comparative advantages for a broad swath of people, but I've also seen rural communities left out of regional planning that target benefits to surrounding cities. Investments like Rural Innovation Stronger Economy (RISE) Grants provide support for smaller towns to not only be part of regional strategies, but help drive them. For communities that aren't quite ready for a RISE grant, local USDA staff, working in connection with headquarters staff can give rural places a running start. Programs like the Rural Partners Network invest in local USDA staff with ties to community and leverage USDA headquarters staff who can convene engagement with other Federal agencies.

On building on past experiences and learning from our mistakes: One of my favorite things about working at Rural Development was that I got to see so many sides of rural America. Frontier communities in southeast Alaska are wildly different from the small towns that dot the Iowa plains. Visiting with people from so many places gave me a respect for specific challenges and common themes. Rural Development's ability to be both in a specific place and connected to the broader picture provides incredible opportunities for learning and innovation. Bipartisan initiatives like the Rural Development Innovation Center included in last year's farm bill can capitalize on Rural Development's unique strengths. Such a center should focus on best practices to common challenges, incorporating local knowledge, and the rigorous program review and regulatory process necessary to streamline applications and programs discussed in my first point. For years, rural Americans have been telling us they don't believe USDA programs reach the people working hardest to get by. And they're right—too often, dollars flow to pet projects instead of the families and communities who need them most. That's why we need to build a culture of evidence and analysis in rural policy that centers local experts.

This is what rural development should be about: not more promises, but accountability, results, and respect for rural voices. Because rural development isn't about programs. It's about people. And the rural way of life is worth fighting for. That's going to take more than a skinny farm bill to fix, and it requires a fully functioning Rural Development to support innovative policy makers in Congress. If we stand together, listen to the rural people we depend on for food, fiber, energy and land stewardship, and invest in their ideas, there is no limit to rural America's future.

Thank you for your time and your partnership.

The CHAIRMAN. Leaving a minute on the clock. That is remarkable, Madam Deputy Secretary.

[Laughter.]

The CHAIRMAN. All right. I will recognize myself for 5 minutes.

Ms. Forbes, you mentioned de-federalizing IRP funds. Tell us more what you mean by that. How would that work?

Ms. FORBES. Sure. So, under the South Eastern Development Foundation, we have IRP funding. We actually have eight of those funds. It is a 30 year term at one percent, and over that 30 years, for each loan that we have, we are required to submit quarterly reporting for those. So, I have eight of those. I am doing 32 of those a year. Not only do we have to do it the first time that the monies go out, but when they come back and they go out again. We consistently have to keep track of the jobs, we consistently have to keep track of where are those funds going, and with reduced USDA staff, it is a burden on my staff to put those together. It is a burden on USDA staff to review those. So, it is one way that I think you could do more with less.

Something similar was done several years ago through EDA where they de-federalized it. After you have had those funds for 7 years, they lose their Federal flavor. The other thing that if you don't let them lose their Federal flavor that we are required to do, is we continue to have to do A–133 audits on them, so it is more expensive. It is harder to find those. If I do a regular audit *versus* an A–133, it costs me at least $4,000 to $6,000 more, and so you are seeing that all across the United States with anybody that has IRPs. So, this has been done before, and I think that it is something that should be looked at as we are looking to do more with less.

The CHAIRMAN. Yes, that makes a tremendous amount of sense to me. I mean, Commissioner, you talked about fast tracking approvals for small-dollar projects. Is there a particular step in the process you would truncate or what—how would you fast track it?

Mr. HEIMEL. Well, there are a number of projects are relatively low dollar and they are relatively simple, and yet the same requirements apply when it comes to seeking funding. At the county level, we can put the partners together and get things done, but with the cumbersome, bureaucratic process of having to go through a lengthy approval procedure, it can also be a very expensive procedure in terms of all the preliminary work. There has to be a way to fast track the smaller ones and recognize the many, many very rural counties that just do not have the resources to handle all the administrative burden. We can meet it halfway, the foundation being the Federal funding. We can put the partners together at the local level and make things happen, which is what we are all in this for is to accomplish the goals of these funding programs, but the cumbersome process, it is daunting. We have townships and boroughs, our local governments there that have no staff to do anything like this, so I believe that there would be a way to have a fast-tracking process for the smaller projects.

The CHAIRMAN. Yes, that also makes sense. Ms. Torres Small, when you were Deputy Secretary, you had a reputation for being a great listener and being willing to put some miles on the odometer to go listen to stakeholders. And in fact, I saw you for an afternoon in Wall, South Dakota, a town of less than 1,000 people, where you really knew a lot, but you learned even more about the power of small meat processing. As we think about listening to stakeholders to improve these programs, are there stakeholders that too often are overlooked as we are constructing reforms to these programs?

Ms. TORRES SMALL. Absolutely. I know I am in trouble when I was at USDA, if I was talking to someone who I was asking to help simplify a process and they had never filled out that application, right, because when you talk to people who are having to put together those applications—I remember talking with a farmer who had a 4″ binder that his wife had put together so that they could get a more efficient grain dryer. Those are the folks we have to talk to. I mean, Value-Added Producer Grants is one of the best programs at USDA, and it almost always requires a grant rider for that farmer to work with, or that cuts the investment that they could receive. So, we have to be spending more time talking with the people, filling out the applications, and having these user-guided pathways to walk with them through the application so you can identify, as Commissioner Heimel mentioned, those places where it takes too much time to fulfill the application.

The CHAIRMAN. Yes, tremendous wisdom there. With that, I would yield back and recognize the Ranking Member for 5 minutes.

Mr. DAVIS. Thank you so much, Mr. Chairman. I want to go back to my opening. I want to talk about, in particular, my experiences as a mayor in Snow Hill, a small community. Clearly, I would imagine that there are so many needs that are out there and often when you are now trying to evaluate the applications against the needs. But what I want to go to is, before we even get to that process, I am certain—I know that communities, it is a big decision within themselves to even make a determination do we apply. When I was the mayor sitting in a small town, it was myself, a clerk, and a small staff.

So, my question is, if you can continue, Deputy Secretary Torres Small, just maybe speak towards how we are able to address capacity building as well as, again, coming back to streamlining the process, the application process, to even get more of these rural communities into the pipeline.

Ms. TORRES SMALL. Yes. That capacity and streamlining applications are two sides of the same coin. We need USDA staff who know communities and applications to streamline those. And then we still will need some technical assistance and capacity building on the community side, who have experience with not only that—this town, but maybe another town in the region that has gone through a similar challenge and can help navigate a WEP application, for example, for a water system. That experience is crucial and then will also inform how to fix those applications.

Mr. DAVIS. Yes, and I want to shift to the Commissioner. I don't know about your community, but I hear so often, "Oh, okay, I mean, we really need the grant, we need the grant *versus* the loan," and still looking at how, the challenge that it can be for some of these rural communities, one, to even assume a loan, nevertheless, sometimes in, when you are looking at the program, depending on which one, there are certain expectations that would even follow the loan in terms of rates and so forth, but then the other question is dealing with matches. Could you speak towards any experiences or challenges that you may hear from in communities about, really, the need for a grant and just these financial burdens that rural communities are already facing?

Mr. HEIMEL. Certainly. You have to realize that a rural county has very limited sources of income. In Pennsylvania, the only income for our tax revenue is through the real estate tax. We can't even impose an income tax, unlike a lot of other local governments. With the grant funding, I look at it as a foundation, and once that foundation is laid, the loans can be layered on top of that. We can unleash the power of our local stakeholders working together. Because we are small, we all work together to get things done, so a combination grant and loan package could be very, very effective in a rural area. We are particularly suited to be able to implement that and, again, to accomplish what we have set out to accomplish with these programs of improving rural communities, supporting the economy, creating jobs. It all can be done with that kind of a package together.

Mr. DAVIS. I appreciate that, and my last question here, for anyone that wants to jump in, again, understanding the need, especially in rural America, tends to be so much greater than the funds. Are there any programs in particular that perhaps you would like to see maybe just a little more added into that program?

Ms. FORBES. I will touch on one that we use a lot, which is the IRP Program. On a national basis, I believe $9 million was allocated for this fiscal year. South Dakota alone had $2.2 million in requests. That is just simply not enough to be impactful. Every time that we have applied for those funds, we have been lucky enough—and been lucky enough to receive them, it has been limited to $500,000. We then have to provide a match of $166,667 on top of that, and those dollars just don't go as far as they did 20 years ago. We have been running this loan fund for 20 years, and we are losing buying power every year on that.

Mr. DAVIS. I am going to give my last 10 seconds to Ms. Bette Brand. I saw you all are looking at each other, so.

Ms. BRAND. Yes, I would like to, each of these programs all put up a small part. They are developed individually, but they also will hit a gap or something that another program would not cover. So, it is kind of hard to say which, the Value-Added Producer Grant program, it is three times the applications as the numbers that can be awarded. That obviously is very popular. There are some great stories of businesses that were really launched from that little bit of planning money and then that marketing or that development, but the B&I Program is one of the larger guaranteed programs in Rural Development, and, actually, there is as very little Federal money that is used for that. The private lender comes to the table where every time there is a guaranteed loan, so, and they were fully utilized. The funds were fully utilized. The food supply chain also.

Mr. DAVIS. Thank you, Mr. Chairman. I yield back.

The CHAIRMAN. We will hear from Mr. Rose, and Ranking Member Craig is on deck, and with that, the gentleman from Tennessee.

Mr. ROSE. Thank you, Chairman Johnson, and thank you, Ranking Member Davis, for holding this hearing, and thank you to our witnesses for joining us.

Seventy-eight of Tennessee's 95 counties are classified as rural. These communities serve as our state's and nation's backbone, in my opinion, providing the everyday essentials America depends on. I am grateful that the current Administration recognizes this. Last month, Secretary Rollins announced nearly $89 million in Rural Development investments across Tennessee alone, including two projects that are in my district, the 6th District of Tennessee. We must continue promoting rural prosperity through investments in broadband access, business and jobs, rural hospitals, and critical utilities.

Commissioner Heimel, you have experienced firsthand the value of investing in rural development. Your testimony highlights the unique challenges that rural counties face in meeting local needs. Can you briefly elaborate on the specific challenges that Potter County faces, as well as any obstacles you have faced at the county level when applying for Rural Development grants or loans beyond those that you have already described?

Mr. HEIMEL. Well, certainly. The challenges in our particular county, and it applies across the country, is a high percentage of property which is owned by, in our case, the state government. Our tax base has shrunk. Forty-some percent of our county is ineligible or is exempt from taxation. We rely on the rest of the county and the rather meager incomes that we have in Potter County to support all these processes. What we have found is the viability of the USDA field staff, and I emphasized that in my opening remarks, they are on the ground. They are in our communities. We are on a first name basis with them. That is the contact point that would allow rural counties to continue to take advantage of the programs in place.

I mentioned about the simplified process and things like that, but key factor number one is that the staffing be adequate at the regional level. Keep these folks in the communities. That service has existed for decades. It is actually just part of our way of life in Potter in many, many rural counties. So, the number one priority I would ask for is that the field staff be protected, at least at its current level, maybe even build upon it, it is that important to all of rural America.

Mr. ROSE. Thank you. I appreciate that perspective, and I think, probably, most folks who have dealt with USDA Rural Development understand that continuity of that staff is critical to delivering on the promise that Rural Development has for our counties and states across the country. In recent years, Tennessee has struggled with a critical shortage of inspected slaughterhouses, leaving farmers without processing options and existing facilities overwhelmed by demand. Ms. Forbes, how can the Meat and Poultry Intermediary Lending Program help expand our state's processing capacity and provide farmers with a reliable access to these essential services?

Ms. FORBES. In South Dakota, there was—one of the planning districts did receive a grant that was a special one-time grant through COVID. My friend, Rick Hunsaker in Iowa, also received a similar grant, and our friends in Minnesota—or in Montana did as well. Those are being used to help open up new facilities. They are used to help expand and modernize existing facilities. We, using just our IRP Loan Program, recently funded a small processing facility in Iowa. And so, as you look at those funds and trying to have some stability during COVID, those were one of the things that we noticed as a food stability was, was a really big issue. And so, having the ability to operate those facilities and make sure that is done in a meaningful manner gives not only stability to the consumer, but also stability to the producers that are looking for somewhere to take their livestock.

Mr. ROSE. Thank you. Ms. Torres Small, farmers across Tennessee are increasingly reporting declining reliability of cell signals in rural areas across the state. With technology continually advancing, what is causing the disconnect between innovation and rural infrastructure, and how can we ensure these communities receive reliable service that they need to be successful?

Ms. TORRES SMALL. Yes. Cell service is one of the most challenging issues to address as a Federal Government. When I was a Representative, I certainly saw that people cared about high-speed internet. They cared about cellphone service even more. One of the things that we have been able to do through Rural Development is investing in the fiber connectivity that allows cellphone towers to be constructed, and I visited a town in Iowa that had that exact story where there was a ReConnect grant that put fiber into the community, and then a private company came in and put a cellphone tower attached to that.

Mr. ROSE. Thank you. I yield back.

Mr. DAVIS [presiding.] The gentleman yields back. Ranking Member Craig is recognized for 5 minutes.

Ms. CRAIG. Thank you so much. I want to take just a moment of personal privilege as well to welcome Farm Aid to Minnesota on Saturday, so we are looking forward to that, every single one of us in Minnesota. I have a few questions today, so I am going to get right to it.

As I mentioned in my opening statement, I remain increasingly concerned with healthcare access in our country and, of course, especially in rural America. In the State of Minnesota just a couple of weeks ago, we are seeing health clinics and hospitals start to close. Six southeast Minnesota clinics are closing by the end of the year due to rising costs and staffing shortages. These local clinics are the very institutions serving our nation's farmers who work stressful, high-risk jobs to feed and fuel our nation. There are estimates that the Republican reconciliation package will close hundreds of rural hospitals, approximately 700, in fact, across the country. Can anyone on the panel tell me a little bit more about USDA Rural Development programs that my constituents can look to in order to reinstitute and improve upon rural healthcare access? Representative Torres Small?

Ms. TORRES SMALL. Thanks so much, Ranking Member Craig. When I think about hospitals across rural America, there was COVID-era funding that was fundamental to saving hospitals. It provided direct assistance to lending that saved rural hospitals from closing their doors. Also, when you look at Community Facilities, that is something that rural hospitals rely on to be able to expand and provide services that are needed, but also to—I visited one hospital in North Dakota that opened their doors to then rent out space for others, and that helped them pay back the loan. The problem is that most of Community Facilities' funding is loans, and especially as hospitals face the dire impacts of Medicaid cuts, they are not going to have the resources for those loans.

Ms. CRAIG. Thank you very much. Commissioner Heimel, I know in your testimony you actually said rural healthcare in your region is approaching a full-blown crisis. Can you just elaborate on that?

Mr. HEIMEL. I would be happy to. I will give you an anecdote. We have a UPMC hospital that serves Potter and surrounding counties. Recently, for various factors, they had to close maternity services there, child-birthing services. We now have a seven-county maternity desert in north central Pennsylvania. There is not one facility within the seven counties that can provide the birthing services and maternity care. That is a concern. That same hospital very recently announced it is going to close its long-term care, its nursing home, and the residents there are going to move to another facility. People are quick to say, "Oh, that is a pattern, it is going to be the dominoes falling, and next thing you know, we won't have a hospital." I am not trying to go there. I am trying to point out that the investment in rural healthcare is extremely important. Down the road, 90 miles from our county, through the Community Facilities Program, a significant grant came to Jefferson County in Punxsutawney from the old Groundhog Day community. They were able to, basically, save their hospital there through the Community Facilities Program. They renovated a building into two different units and were able to put a new emergency department in that hospital through this program. So, it is a deep, deep concern, a very, very high priority in our region and, I am sure, other places.

Ms. CRAIG. Thank you so much, Commissioner, and I am going to go back to Representative Torres Small. I mean, this has been a really rough 9 months in rural communities with high input costs, low commodities prices, with trade wars, Medicaid cuts, SNAP cuts. There has been a lot, and my family farmers and others are telling me that this is devastating. How would you describe the impact? What are you seeing that this Administration's policies have had or will have on rural communities?

Ms. TORRES SMALL. Thank you for your attention to rural communities in the wake of these impacts, Ranking Member Craig, because it is going to be significant. Whether that is the $155 billion of lost spending to rural hospitals because of the cuts to Medicaid, or whether it is families that are facing a double whammy of SNAP cuts on top of an uncertain economy, or if it is stranded soybeans in the Midwest because of the tariff war, the collateral damage of that, we are facing real uncertainty in rural America, and that is why your attention is so crucial to make sure that this Committee works together to support rural America.

Ms. CRAIG. Thank you so much, and, Mr. Chairman, I yield back.

Mr. DAVIS. The gentlewoman yields back. At this time, we are going to recognize Mr. Lucas from the wonderful State of Oklahoma.

Mr. LUCAS. Thank you, and I thank the Chairman and the Ranking Member. And being a long-serving Member of this Committee, I have worked on these issues for a long time, and coming from a very small community in rural western Oklahoma, I have seen the challenges, not personally, for the last century, but I have observed the results of the challenges of the last century in my home community. In 1930, we had 14,000 residents in Roger Mills County. As we slid into the Great Depression and the Dust Bowl of the 1930—contrary to belief, my children, I was not personally there at the time, but my parents and grandparents were there.

[Laughter.]

Mr. LUCAS. And with changing agricultural patterns and economic decisions made unwisely perhaps by Congresses and Presidents of the time, we now have made our way back to 3,400 warm bodies from that 14,000 we had in 1930, and my home community, approximately 800 people, but I have not looked at the obituaries this morning online being a slightly older community.

[Laughter.]

Mr. LUCAS. So, we face all the challenges that we are discussing here today, and sometimes it is really difficult when you get to a certain critical mass on population and economic activity to turn things around, but that is what the Rural Development programs are all about and why we have worked so diligently on this Committee for a long time to try and drive that in the correct direction.

Ms. Forbes, your testimony underscores that Rural Development often serves as the linchpin for transformative rural development and would like to focus on that for—as a point this morning. From your perspective, why is it so vital? And sometimes we need to reinforce these points in Committee since we are the bellwether to describe to our colleagues across the body what matters. Why is it so vital that an agency like Rural Development, one that is set up to support those unique needs of rural America, is willing to treat rural regions as emerging markets?

Ms. FORBES. Thank you for the question. When you think about rural, I want you to think about scarcity. You have touched on it a little bit in the reduction of your county. So, every time that your community at one point would have had 14,000 residents to help defray the cost of a new water system, now they have 3,400.

Mr. LUCAS. Exactly.

Ms. FORBES. And so, you have to spread that cost out, and the cost of what that would have been years and years ago *versus* what it is now and how much it has grown through the years, that is just one example. When you are looking at trying to get from one farm to the next, there are miles and miles of what—whether that is broadband, whether that is infrastructure for water and sewer, any of those kinds of things, and there is just not the people along that route to pay for those. So, absent a Federal investment, that doesn't get done.

Mr. LUCAS. Absolutely. My great aunt and uncle, whose farm I live on now, he came there in 1912. They got married in 1914. The little community of Strong City, 8 miles down the Wild Horse Creek, became a public power community in 1912. So, from the time they were married in 1914 until the rural electric at the conclusion of the Second World War was able to string wires to our part of the country, every evening, they could see the electric lights 8 miles away as they lit their coal oil lamp, but sometimes those differences haven't changed. In a world of broadband where that is one of the most important things to business in our younger generation or anyone who is connected to the world, Linda and I, still on that 1965 copper wire, get 5 bits down and 5 megabytes up. It is a challenge.

Ms. Forbes, continuing with you, I would like to discuss the Rural Business Investment Program for a moment. Oklahoma has a new Rural Business Investment Company and Business Accelerator Program through the Oklahoma Farm Bureau, which is providing much-needed capital investment to my constituents back home. In your opinion, how are RBIC programs filling the gap for rural industry that other capital organizations may be unable to provide?

Ms. FORBES. So, one of the things I like about the Rural Development is that you do fill a lot of gaps that other Federal programs don't. For instance, you can do things that we can't to help secure financing for CDBG. They have a niche. The SRF program has a niche. But the thing that this Rural Development program has a niche for is a lot of those other gaps that can't be filled elsewhere. So, when you talk about some of the brick and mortar, some of those kinds of things, I can't finance fire halls except for through CDBG, and not all my communities are eligible for CDBG. And so, this program and having the access to be able to access these for some of those other gaps is really crucial for rural America.

Mr. LUCAS. Absolutely. And as my time runs out, Mr. Chairman, I would simply note I love living on Wild Horse Creek, I don't mind being miles and miles away from my neighbors, but the challenges are greater for those of us in the countryside. I yield back.

The CHAIRMAN. [presiding.] That is truth. The next Republican will be Mr. Mann, but right now, we you will recognize the chair emeritus, Mr. David Scott of Georgia.

Mr. DAVID SCOTT of Georgia. Thank you, Mr. Chairman. First, let me thank you, Chairman Johnson and Ranking Member Davis. In our rural communities, they make up what is the heart and the soul of our agriculture system, but they are getting a raw deal now. Not only are they providing the heart and the soul, I represent a district that is part rural, part urban, and I am in the middle of this, and I know the frustrations, but also, right now, we are dealing with some manmade attacks on our rural communities. Existing barriers have been cut. They have been compounded by mass firings, misguided staff reductions, and reckless budget cuts. There is a lot of work that we got to do to straighten out how we are providing the necessary help for our rural communities, and that is what I want to get to with you, Ms. Torres Small.

First of all, historically, what has prevented, in your words, so many rural communities and small towns from successfully applying and receiving the Federal grants? What can we do here to smooth out getting the resources down to them?

Ms. TORRES SMALL. Thank you so much. Oh, sorry. Did you——

Mr. DAVID SCOTT of Georgia. Yes, Ms.—I want to hear from everybody on it.

[Cross talking.]

Ms. FORBES. Okay. That is okay.

Mr. DAVID SCOTT of Georgia. You all take your time, because this is the heart of the matter.

[Laughter.]

Mr. DAVID SCOTT of Georgia. Let's see what we in Congress need to do to get the money down there to them and really lead the way. They are our heart and soul.

Ms. FORBES. So, let's talk about just some real examples—real-life examples. My staff, this is what they do. They are an RDO. They work with 46 communities and counties, and they help them write grants and loans packages, help secure some of these projects, and it is not an easy process. While I said earlier that these provide some opportunities that we can't find through other processes, sometimes these programs are more difficult to access the funds than some of the other programs, and I will give you an example. If we are working with a community that needs a new water tower and if we take them to the State Revolving Loan Fund, if you are involved with creating that through the SRF, those are run through the states provided by you. The State of South Dakota runs that very well, so they have quarterly funding rounds. We know that if you apply in January, that is going to go before a public board in March, and one day they will hear it. The next day they will find out whether or not they receive those funds, and we can work with that.

Conversely, if we apply for a water application through USDA, we work through that process. We submit it, and we don't know where it goes. We don't know what the process is. We don't know when it is coming back. It may languish somewhere for a year, and by the time it comes back you know, those costs have risen. And so, it is just very difficult sometimes to work with the program when you don't have the exact parameters of how that works, and I understand that they have staff cuts. I can't tell you how to make it better because once it leaves my desk, I don't know where it goes until we finally get some notice of if it is coming back and been funded or not.

Mr. DAVID SCOTT of Georgia. All right. Yes, Ms. Torres Small and then the others. What I am asking for here is, you got a lot of folks on this Committee that want to really help and get down there, and we are faced with things here. We got to cut out these budget cuts going down to them and help them, but we need to find out and get recommendations from you as to any specific things we can do right now. Ms. Torres Small.

Ms. TORRES SMALL. I will pick up where Lynne Keller Forbes left off in terms of water programs.

Mr. DAVID SCOTT of Georgia. Sure.

Ms. TORRES SMALL. There are some really good suggestions about having the flexibility to offer zero to one percent interest loans so that Rural Development can make that determination when a community really needs it. There is also a really good proposal to support regionalization of water projects so they can leverage more funds and leverage existing systems, and then it is about the flexibility. I really appreciate that you brought up the State Revolving Loan Fund because those are state administered, and if we could tie WEP funds more closely together with State Revolving Loan Funds, that would dramatically speed up the process, but it would take Congressional action because there are different requirements for each program.

Mr. DAVID SCOTT of Georgia. Thank you very much.

The CHAIRMAN. Mr. Mann, you are recognized with the gentleman from Alabama on deck.

Mr. MANN. Well, thank you, Chairman Johnson, Ranking Member Davis. Thank you for doing this very important hearing. Thanks to all the witnesses for being here.

I represent the big 1st District of Kansas, which is 60 primarily rural counties in the western and central part of Kansas. Investment and access to capital is critical for success in our rural communities across Kansas and around the country, and we have to ensure that these communities don't fall behind because they lack the resources that the more urban cities are afforded, which is why this is so important. You know, in my view, it is essential that Congress and the USDA continue to work to supply our rural communities with the tools they need so these communities economically thrive and think we have to remember we are all here because we care deeply about rural communities. And I would argue the reason everyone should care about rural communities is rural communities are where the values that make America "America" are still alive and well, which I would say are things like faith, family, hard work, personal responsibility, caring for our neighbors, but we have to make sure that we keep our rural communities going because that is where these values are still alive and well. So, there is a lot at stake, and, again, I just appreciate you all for being here.

A handful of questions, first for you, Commissioner Heimel, Pennsylvania. In your testimony, you mentioned how counties and regional entities should be able to bundle small projects into a single coordinated application. This makes a lot of sense to me, and just the fact that these programs are intended for rural communities also means that those communities that are applying for them don't have big staffs. You have people that are wearing multiple hats trying to fill out these applications. I think this notion of bundling these things makes a lot of sense. What programs under the USDA Rural Development would—do you think would benefit the most from this sort of an approach?

Mr. HEIMEL. Well, quite frankly, I don't have the intimate knowledge of the USDA RD programs, *per se.* I would say that the—when I refer to the bundling, I am speaking about trying to put together projects from different entities that have the same goal in mind, and I think it would require changes in regulations that might not be all that hard to accomplish that takes into account the rural county needs. Maybe one of my colleagues would be a little more familiar with the particulars of the RD programs, but, philosophically, I think there are ways to streamline it, and we can put things together. What we need to be is funded and trusted and enabled at the local level, and we will bring this through.

Mr. MANN. Sure. Does anyone want to comment on that, if there are some specific things you feel like could be bundled or put together to make the application process just simpler, easier, more efficient?

Ms. BRAND. Yes, I will speak to that.

Mr. MANN. Yes.

Ms. BRAND. I think that, especially in the light of fewer employees and needing to streamline some things, that, certainly, and especially like the B&I Program, the CF Program is bundling—they do bundle, in the CF Program, the guarantee and the direct lending and making it easier. But having more flexibility to include more of a regional basis is certainly a good idea and a possibility that should be considered. Certainly having just some, what I would think, is pretty basic technology, online portals for your lenders for having online applications for either customers, the grant programs—that can kind of walk you through—I mean, student loan programs kind of walk you through. There are programs that walk you through to do your taxes, and it seems like there could be some development of a program to help these communities do that, and in that process, understand all the factors that come into that. And if that is a regional basis, there is a—the RISE program, which is a regional requirement to have, but that is really technical assistance and that sort of thing, not the hospitals and other things that are typically only in a single community.

Mr. MANN. Yes, that is great. Ms. Torres Small, thoughts? Good to see you again. You have a great perspective on this. Thoughts? Ideas?

Ms. TORRES SMALL. So, the back-end is also really important. So, you have the same staff on the ground administering Community Facilities and water programs often, but they use different portals for uploading things.

Mr. MANN. Yes.

Ms. TORRES SMALL. And so, being able to work on some of those back-end pieces are very important, and then also housing. So, you have, in terms of people who have the least resources, folks who are applying for a Rural Development loan are some of the most low resourced.

Mr. MANN. Right.

Ms. TORRES SMALL. So, being able to check their account status online is a fundamental need that isn't addressed right now.

Mr. MANN. Great. Well, thank you again for having this hearing. Thanks, you all, for being here, and I yield back in the balance of my time.

Mr. DAVIS. [presiding.] The gentleman yields back at this time. The gentleman from Alabama, Mr. Figures, is recognized for 5 minutes.

Mr. FIGURES. Thank you. Thank you, Chairman Johnson, and thank you Ranking Member Davis, and thank you to all the panelists for being here today and sharing your wealth of knowledge and experience in this industry. And I join my colleague, Congressman Mann, and others here in acknowledging the duty, the obligation that we have to preserve and invest in our rural communities. I represent the 2nd Congressional District of Alabama, where 11 of the 13 counties that I represent are completely rural, and large portions of the two remaining counties are also rural.

I think America has to understand the role that rural America has played in making us who we are. You know, I like to say in Alabama that the big cities of Mobile and Montgomery and Birmingham and Huntsville, they have literally pulled almost every resource imaginable from rural communities to feed themselves, to employ those communities, to provide the wood that makes the furniture around here, and the people. And the people. And, that is part of the economy that we live in, but we can't turn our backs on those communities. We have to recognize that they have been there providing for us for so long, that we have an obligation to provide for them as well. And, unfortunately, we see, particularly in my district, we are seeing a lot of struggles for our rural communities. We are seeing not only people leaving and not returning home, people growing up there and having to leave for employment opportunities and education opportunities, we are seeing our rural communities even still struggle with some very primitive-sounding issues.

I mean, I have places in my district where they can't have access to public sewer systems yet. The soil concentration is not conducive to septic tanks, and so what they do is literally do what they call straight piping sewage right out into the woods. That sounds like a third-world issue. That sounds like something—that is an extreme thing to say, but it is something if you Google, you will see it is something that we still struggle with in certain parts of Alabama. We have grocery store deserts where we have rural communities that literally are miles away from grocery stores. And sadly, our healthcare system, particularly in our rural communities, is the worst in the country, and what I mean by that is we have had several hospitals that have closed within the past few years. We have a handful more in my district that are literally month to month. They have to go find money every single month from a county commission or a city council just to be able to make payroll for a hospital. And after water and electricity, I think a hospital is the third most important piece of infrastructure you can have because no one wants to live, no one wants to retire to, no one wants to build or develop in a community when that conversation begins with reality that we do not have a hospital, right, something that basic.

And so, I take the obligation to support our rural communities incredibly seriously. And as a father, I think a lot about how where a child grows up shapes the opportunities that they will have. And in rural America, especially Alabama, families face barriers, some of which that I have mentioned, that have nothing to do with hard work or talent, but simply geography and the lack of investment.

And so, with my time remaining, I would like to just pose a quick question related on the healthcare side of things. We know rural hospitals are closing, and keeping doctors and nurses in these communities is becoming increasingly difficult, but from your perspective, how critical is USDA's investments in community facilities and healthcare? How critical have those investments been for maintaining access to care and for encouraging providers to stay in rural areas, and how critical is it that we continue to make those investments? Ms. Brand?

Ms. BRAND. Certainly. The Community Facilities Program for publicly-owned hospitals and, actually, for privately-owned hospitals, the B&I Program can also provide guarantees, but it is absolutely critical. I can't tell you how many opportunities, and I am sure Ms. Torres Small also saw those on her visits about the difference it made to a community to have that hospital supported by this Community Facilities Program. There was a hospital that I visited, I believe it was in South Dakota, that they simply—they had no patients. They were willing to drive because they perceived this hospital was not modernized that they couldn't get the decent healthcare.

Mr. FIGURES. Right.

Ms. BRAND. They built a new façade, they added some equipment, and all of a sudden people realize this is a good one. And so, it is not just the hospitals. It is the quality of doctors.

Mr. FIGURES. Yes.

Ms. BRAND. It is the modernization of equipment that has to——

Mr. FIGURES. Yes.

Ms. BRAND. It all comes in hand in hand, and you are right——

Mr. FIGURES. Yes, and I am sorry, I don't mean to cut you off, but as my time is closing, I will just leave with this statistic. We have 52 rural hospitals remaining in the State of Alabama. Twenty-six of them are rated as being at risk of closure, and of those 26, 22 are rated at being at immediate risk of closure. So, these investments are critical to providing that sort of access to healthcare in our rural communities. Thank you guys so much. I yield back.

The CHAIRMAN. [presiding.] Mr. Finstad, you are recognized.

Mr. FINSTAD. Thank you, Mr. Chairman. Thank you for having this Committee hearing today, and thank you to the Ranking Member Davis for this. Just want to take a second to just congratulate the both of you. The climate and the world that we live in today, our politics are driving us to really find the one or two things that we really don't like each other's position on and then focus on that. What you two have been able to do in this Committee, but also in this Congress, is to show us that, how about we do it differently? How about we find a couple issues that we agree on, and then let's focus on that, and let that be the driving force to us really to come together and solve problems. So, thank you for showing us how to do that, showing other Members, and I just want you to know it is noticed because I don't think we tell each other that enough. And I look at Congressman Figures over there, always welcoming us with a good day, a smile and a "how you doing today?" We don't agree on a ton of things all the time, but that right there is just an example that we can show our colleagues. So, I just wanted to start out with saying that.

The CHAIRMAN. The gentleman is recognized for 30 minutes.

[Laughter.]

Mr. FINSTAD. But I do think it is fitting to say that in the Subcommittee on Commodity Markets, Digital Assets, and Rural Development because when we talk about rural communities, I mean, that is how we do things still. I tell people back home all the time that, if we were to run our townships, our county boards, our city councils, our church boards like Congress and like our politics of today is run, we would get nothing done. But somehow, in some way, in some fashion, rural America is still figuring it out because we have that idea that we can sit across the table with someone we don't agree on everything, but we are driven to making our backyard better, and that is what, really, the secret sauce is in rural development. And quite frankly, it is something that we need to actually grow and to hold up as something that can help us in rural America.

I sit on the Small Business Committee as well, and I get to have these conversations with the SBA, and my ding on them is that rural America has been kind of been flyover land for SBA, and if it wasn't for our community lenders—really, that is the face for the SBA for rural America—we wouldn't really know SBA exists. And so, Rural Development has a great opportunity to do that. I had the privilege to be the State Director of Rural Development in the last Trump Administration, so I got to be on the front-line. And so, it is great that we have former Congressman Torres Smalls and Bette Brand here. Ms. Brand and I got to work together closely on a few things. And so, when it comes to access to rural capital, when we look at the really significant, kind of the lifeblood of rural communities, there is always this question of we just don't have access to capital. We can't figure out how to come up with $40 million to upgrade that rural hospital that is so desperately needed in a community that just can't afford it, so it takes a lot of partners at the table to make that happen.

I am proud that I have been able to garner a lot of bipartisan support on my Investing in Rural America Act of 2025 (H.R. 1246), which really tries to tap into another resource that is desperately needed and we need to highlight more, and that is the Farm Credit System. And so, my Investing in Rural America Act gives Farm Credit the authority to partner with other rural lenders and finance institutions to finance facilities like hospitals, nursing homes, childcare facilities. So, Ms. Brand, with your experience both at Rural Development and in the Farm Credit System, do you—I mean, give me your thoughts quickly here. I got about a minute and a half, and I have one more question, so on the relationship with Farm Credit and how we can really tap Farm Credit into the Rural Development world.

Ms. BRAND. Absolutely. It would be a wonderful addition to the availability of lenders that can help support, and not just for the money, for their capital that they could put in, but as the partnership with other lenders in the community to look for the best solution. Not everybody—one size doesn't fit all.

Mr. FINSTAD. Yes. Thank you for that. I am going to take a drastic maybe turn and change here. So, again, with my frontline experience, we are just so blessed to have two people that administered these programs from the national level, but yet, we hear from county commissioners, we hear from Miss South Dakota that when the rubber hits the road, we still have this disconnect because it is hard to tap into these programs. In the few minutes that we have sat here, I probably could have a car loan and a house loan on my phone approved, but yet we have rural communities that can't figure out how to tap into Rural Development. So, there are a lot of problems internally in regards to fixing the system, but I was blown away when I was at Rural Development of the multiple IT systems that are used in USDA. The right hand doesn't talk to the left hand. We still have blue screens with green cursors. I mean, we could play "Oregon Trail" on some of the USDA computer systems, but yet we are administering billions of dollars of programs.

So, I know I am out of time, but I would like to like to hear, as this Committee unfolds here, just thoughts on how can we improve our infrastructure to make it user friendly so someone sitting in deep rural America can figure out how to tap into these programs. So, I appreciate the Committee hearing today, and I yield back.

Mr. DAVIS. [presiding.] The gentleman yields, and let me say, even though the chair yielded 30 minutes, thanks for sparing us.

[Laughter.]

Mr. DAVIS. But truly, thank you for the heartfelt words. At this time, Mrs. McClain Delaney of the wonderful State of Maryland is recognized.

Mrs. MCCLAIN DELANEY. So, thank you to our Chairman and Ranking Member and to our witnesses. I really enjoy this dialogue because I grew up in rural America in Idaho, even though I represent the State of Maryland, and I really believe that rural America is the backbone of our country. I represent from farms in Washington County and businesses in Garrett and Allegheny in my district. These are hardworking communities and deserve real support. And I, too, lean into the comments of my GOP colleague, and I wholeheartedly agree that pragmatic, bipartisan work is being done in rural communities because they want to get stuff done, and they know one another, and it is perhaps a model and a roadmap for the rest of us and is actually something I will be releasing in comments later today. So, I—this is a heartfelt issue for me as well.

So, rural development isn't partisan, but it is about investing in our communities, like western and mountain in Maryland, and I want to highlight a couple of things. First, I won't be able to have time to ask a question, but I will be submitting for the record some questions on investing in rural main street and access to capital and some thoughtful comments on lending programs and how we can better invest, but I want to turn to a topic I really love: rural broadband.

Rep. Torres Small and Ms. Brand, each of you led USDA's response to the pandemic, Ms. Brand during the early days, and Rep. Torres Small in the aftermath, and rural America was especially hit hard. I served as Deputy Secretary at NTIA in the last Administration, and one thing became clear to me is that broadband is like a public utility and is direly needed to thrive, and it has only been more obvious in rural healthcare and education. But the President's budget proposes to slash USDA's Rural Broadband funding and eliminate the ReConnect Program despite strong, strong bipartisan support, and these aren't just numbers. They reflect our values. Could you all speak to me about what are the strengths of the USDA Broadband programs and what we can do to more support rural connectivity and programs which enable digital literacy and making best use of that connectivity?

Ms. TORRES SMALL. When it comes to high-speed internet for rural America, ReConnect was, hands down, the fastest program to get infrastructure in the ground and to people, and that is why it is a crucial program to continue. A few of the changes that we made to make it even more accessible was doubling down on the grants that were brought up previously by Ranking Member Davis, and also that no match so that communities that needed it most were able to receive those investments early.

Mrs. MCCLAIN DELANEY. I agree.

Ms. TORRES SMALL. The other thing that was nice, that it was connected to affordability program that, unfortunately, now is no longer in operation. And so, if you only got one provider and they are not committed to being affordable, it can be a real challenge in the future.

Mrs. MCCLAIN DELANEY. Yes, because if you get connectivity and you have access, but you can't afford it, it doesn't do any good. Excellent. Excellent. I would also like to follow up on staffing reductions, and I know some of you have spoken to that. But, Rep. Torres Small and maybe Commissioner, in your testimony you highlighted that severe staffing reductions and hiring freezes in

Rural Development offices, such as the staggering 90 percent cut in Mississippi. We are here to learn how to better support rural America, and for many of us, that means crafting a farm bill that truly uplifts these communities. I am deeply concerned about the immediate and long-term risks of losing experienced staff and institutional knowledge, which threatens USDA's ability to provide timely support, especially in rural communities. Given that, can you share an example of how implementing a new farm bill could be delayed or complicated if we continue policies that push essential staff out of USDA?

Mr. HEIMEL. Well, as I stated earlier, we have come to the point where we have relied on the regional staff for the USDA. It is really our way of life, our local governments, no other way, really, to access the Federal funding than to go through that system. And when you are talking about dating back decades, you are talking about dating back generations. It is part of our way of life, and to have that not be fully funded and restored and have that level of service provided to us, we don't have another place to turn. It is that critical to our rural county and many others, I am sure.

Mrs. MCCLAIN DELANEY. Thank you. I agree. It is heartbreaking. Anyone else?

Ms. TORRES SMALL. Particularly when it comes to implementing a farm bill, headquarters staff is also crucial. Making sure that you have folks, especially if you are looking at making applications easier and simplifying processes, that will require staff at the headquarters, which may not have that face-to-face connection but are fundamental to fixing some of the long-term challenges.

Mrs. MCCLAIN DELANEY. Thank you. I really appreciate it. My time is up, and I yield back.

Mr. DAVIS. The gentlelady yields back. At this time, we will recognize Mr. Messmer for 5 minutes.

Mr. MESSMER. Thank you, and thank you all for sharing your time and insight with the Committee. The farmers in my district are already budgeting $180 loss-per-acre this season. This is the third year in a row for Hoosier farmers that have invested more than they have earned. It is not an issue of efficiency. In fact, they are expecting bumper crops, but what we lack is demand. The BioPreferred Program, which supports the purchase of nonfuel products made from renewable farm materials, offers one solution to this demand equation. For the Honorable Torres Small and Ms. Brand, given each of your experiences at USDA, could you share how market facilitation efforts, like the BioPreferred Program, incentivize investment in rural America while continuing to support the farm backbone?

Ms. TORRES SMALL. I love the BioPreferred Program. It is a great way to make sure that you can get as many markets as possible for the hard work of a farmer. When I got married, we used utensils that were made from corn, right? Being able to extend, take something that used to be a waste product and turn it into an actual product creates more opportunity not only for farmers, but also for on-shoring manufacturing and selling more things that are grown and made in the United States.

Ms. BRAND. Yes. I would like to say that, currently, I am working with one of the RBICs—Rural Business Investment Corporations—

that is licensed through the USDA Rural Development program, and they are all based on food and agriculture commercializing IP. And one of the goals is to be certified through the Biobased Markets Program, and it brings a new emphasis on the product. The consumers are asking for it, and the product is used from the rural communities as well, so it is a win-win for everyone. They have to be affordable, they have to be available, and they have to have the same quality as any other product, but they often many times surpass that.

Mr. MESSMER. Thank you. In my district, I have witnessed the BioPreferred Program attract innovators and stimulate demand for local goods and farm goods. The continuation of this program and others administered by the Rural Business—Cooperative Service, are vital to farm livelihood. Last week, a group of young farmers visited my office. In addition to expressing concerns about the farm economy, they highlighted the lack of access to rural childcare. One couple had to reach out to 45 different contacts before finding an affordable option with availability. Mr. Heimel, USDA's Community Facilities Program includes a line item for childcare centers. How does the unique field-based workforce mentioned in your testimony help distribute childcare solutions tailored to individual communities?

Mr. HEIMEL. That is an issue that often isn't discussed in dialogue about a farm bill is childcare. It is extremely important in rural communities. I will harken back to our discussion about healthcare and about recruiting physicians and professionals that would like to relocate to a rural area. I joke and say the three most important criteria for them are broadband, broadband, and childcare, but, in fact that is a magnet. And one of the main reasons that rural hospitals struggle is they cannot attract the professionals because they just don't have the basic community assets where professionals would want to move there, and those are the kind of things that they are looking for. And childcare, affordable childcare, and available childcare is just a very high priority in trying to keep our communities vibrant.

Mr. MESSMER. Thank you. I am pleased with the wins we got for farmers in H.R. 1, but it is not a substitute for our farm bill. Last year, the Chairman's Farm, Food, and National Security Act made it through Committee with improvements to the USDA Rural Development. For each witness, could you—what would passage of a farm bill mean to USDA RD programs you have mentioned, and what is at stake for our rural communities if we fail to enact one?

Ms. BRAND. I will start. I think the reauthorization and some of the programs that is—could be included is important. There are many of the programs we discussed today, and they are—individually, the communities need them. I also think there are some—a few changes. One of the—one of the suggestions is having the RBIC companies, Rural Business Investment Corporations, allowing a higher percentage of investment from the Farm Credit institutions, which, again, would bring more in—more capital into rural communities. The Food Supply Chain was a program that is no longer available but was so impactful in rural communities, not only helping with the supply chain, the storage, the processing, closing the gap between the farmer's harvest and the customer's accessibility in the grocery store that—during that time frame of that program before it ran out of funding, so many things were accomplished from the milk marketing cooperative. There was even a human breast milk company in Florida that was been able to finance to bring shelf-ready breast milk for children that were born prematurely in hospitals. So, there are so many things that will be impacted if these are not reauthorized and this farm bill doesn't get passed.

Mr. MESSMER. I think—I think the Chairman is giving us—giving us the click.

[Laughter.]

Mr. MESSMER. So, I appreciate your answers. I look forward to working with the Chairman on getting that done, and I yield back my time.

Mr. DAVIS. The gentleman yields. At this time, we are going to recognize the gentleman from New York, Mr. Mannion, for 5 minutes.

Mr. MANNION. Thank you, Ranking Member, and thank you to the Chairman. Thank you to the witnesses.

Deputy Secretary Torres Small, I will direct my questions to you, but, of course, anyone can answer. This summer, Oneida, New York—Oneida High School was subjected to a severe flooding event that, basically, took out all of their power, and there was no opportunity to make repairs within the time frame to get things up and running, back to school. So, some difficult decisions had to be made as a result, and they were looking at certain options of finding a different location. They thought they had one, but they did not, so, unfortunately, they had to make the difficult decision to share a school with their middle school, change their schedule, and as a result, some of the learning, which was not preferred and happening this year, as you can imagine, by parents, by myself, by the superintendent, school board, has to be remote learning. So, my first question is about, within USDA Rural Development, are there any longer-term Community Facilities options available to rural schools, like Oneida, to harden against extreme weather events?

Ms. TORRES SMALL. Thank you, Congressman, for looking out for the future of your community in the wake of this impact. It is—that is a really important challenge, and that is why Community Facilities is such an important answer because if communities can bring a project that says we need to be more resilient in these ways, we need the infrastructure to invest in, and that, because of the breadth of the Community Facilities Program, you can—you can use that for that purpose. One challenge that I will admit is, with directed funding to Community Facilities the last few years, there has been very little grant money available for projects that weren't sponsored by Members of Congress. And so, looking at investing in grant money that is not specifically for earmarked projects is really important.

Mr. MANNION. I appreciate that. Thank you. Shifting to the broadband piece, you spoke about this earlier. We want to expand broadband in my area. We have urban centers, but I live in a beautiful community, and there is great opportunity in my district, but broadband access is a challenge as it is across this country. So, like I mentioned, when we do have to shift to hybrid learning, does

USDA Rural Development have any flexibility to quickly deploy broadband resources so that families without reliable internet access don't fall behind?

Ms. TORRES SMALL. That flexibility and quick deployment is a really good question for communities who have experienced it. It is one of the problems, one of the challenges. What I will say is that for Community Facilities, the faster projects are equipment based. Same with distance learning and telemedicine. If it is equipment based, you don't have to do all the permitting that you otherwise would for brick and mortar.

Mr. MANNION. Thank you for that. So, we would—Congress would need to provide new authority so that there would be granted that flexibility, it sounds like.

Ms. TORRES SMALL. Yes. Yes, Congressman. Thank you.

Mr. MANNION. Okay. Thank you. Well, listen, I appreciate everyone participating today. I thank you for your dedication to rural America that we all share, and I yield my time back.

The CHAIRMAN. [presiding.] Mr. Taylor from Ohio, you are recognized.

Mr. TAYLOR. Thank you, Mr. Chairman, and thank you, Ranking Member, for holding this hearing today, and let me just briefly echo my friend and colleague, Mr. Finstad, about the working nature of this Committee and how much it is appreciated. It truly is. It is very refreshing for someone who has been outside of politics their whole lives to come in and see that people actually do work here, which is great. Thank you to the witnesses for being here today and the sacrifices you made to be with us and your expertise.

In my district in southern Ohio, I have 16 counties, virtually all of which are Appalachian, four of the five poorest counties in Ohio, nine of the 20 poorest. Believe it or not, there are still people living without running water. They have to haul water to their homes to drink and bathe. To me, in 2025, that is unacceptable, and helping rural communities is the reason I ran for Congress in the first place. USDA Rural Development has been a great partner to many areas within southern Ohio, but I use that story to highlight that there is much more work to be done, and I believe several of the Rural Development programs could help us bridge the gap to get everyone connected to basic utilities. Everyone in the United States, regardless of their address, should be able to receive running water.

Ms. Forbes, in your testimony, you spoke about the water programs within USDA quite a bit and how they have benefited rural communities. So, if you could, tell me what we can do as Congress to ensure that all Americans, regardless of how rural their home may be, have access to running water.

Ms. FORBES. Thank you for the question. So, in a former life, many, many years ago, I worked for the Department of Environment Natural Resources in South Dakota, and my first job was working with large-scale reauthorization projects to bring and get authorized rural water systems in South Dakota. So, things that [inaudible] to get water to the Pine Ridge Indian Reservation, to Mid-Dakota, Lewis and Clark. So, those are high-price ticket items, and they require a high Federal investment. A lot of that came in the form of an 80 percent grant through an allocation, and then the state provided at least a ten percent match, if not more. But when you are talking about some of your constituents that clearly seemed to be some of the more poverty stricken, getting rural water is a blessing, but then you have to pay for it when you get it, and so it is a balancing act of how much can they afford to pay.

And in the same vein, I have seen a lot of people that have been willing to pay for rural water because that is—but, then you turn around and say do you want to do a regional wastewater system and what is that going to cost. And, I had a project we looked at not too long ago, and we said even if we could get them a 100 percent grant to do a regional wastewater, it still meant that they had to do O&M of $10 a month, and that is not huge, but they already had additional costs that they had as well. So, it is going to take a large Federal investment, and the grant funding becomes a key part of that because you have to really try to balance what can they afford to pay for when this thing is all said and done.

Mr. TAYLOR. Right. I appreciate that. One related problem in a lot of my district is they have very old water infrastructure, so people are paying for it. They are actually paying more than you would if you could have the new infrastructure. But how do you get from where you are today paying too much to upkeep an 80 year old system to having a new system where you would actually end up paying less? There will be less expense in operation, but thank you.

Mr. Heimel, switching topics to rural health, in your testimony, you talked about how rural healthcare needs aren't going away, and how, in many regards, those needs are growing more urgent. That is certainly the case in my district. My district, as I mentioned, struggles on both metrics of health outcomes and healthcare access. I am optimistic that the new $50 billion Rural Health Transformation Program that was created in the Working Families Tax Cut Act will help. I think that program recognizes rural areas are facing unique health challenges that our larger cities are not, and I think it is a big step in the right direction. But I am curious from your perspective as a county commissioner of a rural county, what do you see as the keys to improving rural health outcomes, and how can USDA help achieve those improvements?

Mr. HEIMEL. Well, fundamentally, keeping the funding programs that have been historically supporting rural healthcare in place is a huge one. We need to look at new solutions in rural communities. The old models aren't working, and we need to have the capacity to pull together models that might be combining with another county or combining with other entities in the region and looking at a new way of delivering it, and we need the funding. It takes inventive thinking, and it takes different funding sources. It is a fundamental issue, and it is really pushing up to the crisis level in rural America.

Mr. TAYLOR. Thank you, sir, and thank you again to all of you for being here today. Mr. Chairman, I yield back.

The CHAIRMAN. Mr. Nunn of Iowa is recognized. Mr. Bresnahan is on deck.

Mr. NUNN. Well, thank you very much, Mr. Chairman and to our Ranking Member, Mr. Don Davis, for everything you do here.

This hearing goes right to the heart about what I have heard about from my local farmers that I just held a roundtable with in Earlham, Iowa, of all places. The impacts that you are talking about today are making sure that rural America doesn't get left behind. I am proud to not only serve on this Subcommittee because it gives us the opportunity to really dig in to make the sure that USDA's Rural Development programs are working for the people who need them the most. Iowa's 3rd District is a great example of where a strong farm economy has given so much back to our communities, but at the same time, as we have noted today, a bumper crop year could actually result in some of the lowest returns back to those same communities. It has resulted in housing shortages, as we have noted, county hospital staff shortages, aging infrastructure, and, ultimately, family farms that are now on the precipice.

USDA runs dozens of important programs under Rural Development, but the reality is many of these are outdated. That is why we have been focusing on modernizing tools so they match today's challenges. I recently introduced the Rural Microentrepreneur Assistance Program Act of 2025 (H.R. 4935) to improve a bipartisan bill to raise outdated loan caps and give rural entrepreneurs the capital they need to launch and grow their businesses and their farms. I rolled out a comprehensive rural housing reform package with my colleague from southern Iowa, sometimes referred to as Missouri, the Representative Emanuel Cleaver, to ensure that families in small towns have access to affordable housing options, and I am also very proud to be working with our Ranking Member, Mr. Don Davis, on revitalizing our Rural Communities Act, which would boost funding levels for the Rural Economic Development Loan and Grant program. So, we see there is a common theme here of what we can do for our rural development and the modernization requirements that are needed.

I would like to begin with Ms. Forbes. Based on your development organization, how would you raise the RMAP, or our Rural Microentrepreneur Assistance Program, loan limit from $50,000 to $75,000 to help boost growth potentials, particularly in rural areas?

Ms. FORBES. Thank you for the question. That is not a program that we directly work with, but some of the other members of NADO's do work with that. I would say the answer is the same as everything else. Through the years, I don't know when that was last implemented or last increased, but, I mean, just take whatever the year that was and add the CPI to it. What should it be now? You just don't have the same buying power that $50,000 used to have. Now, I would also say that a lot of districts in Iowa have access to regional revolving loan funds through the IRP program.

Mr. NUNN. That is right.

Ms. FORBES. That is another avenue that they might be able to use to help small businesses. I also am the President and CEO of Dakota Business Finance that does SBA Sec. 504 lending. So, again, there is no one set answer on all this. It is just layering and layering and layering, and trying to figure out what is the best fit for the business.

Mr. NUNN. And I would agree with you. I think what we need to also look at is the modernization of this. You noted it exactly. Many of these programs are, in some cases, decades old, and being able to make sure that we are keeping up not only with the times, but with the expense, is one of the things we are trying to do in our Rural Microentrepreneur Assistance Program, so I appreciate that.

And I want to turn to Ms. Torres Small. I really appreciated your earlier comments both on rural ReConnect programs, particularly when it comes to broadband and its impact on an Iowa community. As you know, rural broadband is no longer a luxury. Every small business, every hometown school, every farmer in the field needs access to this. Challengingly, it is still too difficult, not only to get the broadband that we need—think of it as rural electrification: it has to happen—but we are also not getting it at the levels to truly be effective. So, programs like ReConnect have helped expand. I want to be able to highlight here how Congress can be a partner in making sure that rural ReConnect programs deliver to areas faster, reliably, and to truly under-served rural areas, something that we have attempted to do in our ReConnecting Rural America Act of 2025 (H.R. 3119), which is currently before this Committee. Could you share your insights on this?

Ms. TORRES SMALL. I really appreciate your focus of Congress being a partner, and I lost count of how many times folks talked about Rural Development being a partner for rural America as well. That really should be the focus, especially with programs like getting high-speed internet to people across rural America.

One of the most important things about ReConnect is that it is technology neutral, that it is not forcing one type of technology on every single community because you know that the plains of Iowa look different than the rocky parts of New Mexico, right, and so it takes different technology to reach. And so, as you invest in ReConnect, as you protect it in the budget, I hope you also are protecting that technology-neutral approach as well.

Mr. NUNN. I think you are absolutely right on this. The technology of the future, we may not even know yet, and whether it is overhead, whether it is celestial, whether it is traditional broadband, we have an opportunity here to be really innovative, and I think our farmers are already proving that. I have a guy who did an F–150 replant from his truck based on this, so we know where there is access, there is a way. When we build it, they will come as a good Iowan once said. Thank you, Mr. Chairman. I yield my time back.

Mr. DAVIS. [presiding.] The gentleman yields back. Thank you so much. At this time, the gentleman from Pennsylvania, Mr. Bresnahan, is recognized for 5 minutes.

Mr. BRESNAHAN. Thank you, Chairman Johnson and Ranking Member Davis, for holding this hearing today.

One of the main concerns I hear from my constituents about the Federal grants process is that, too often, most of the money flows to larger cities, leaving our already struggling rural communities behind. This is why the USDA Rural Development is so important. It provides the resources and technical assistance that small towns need to succeed, especially those that do not have professional grant writers or experience applying for Federal funds. Small communities can go to RD for help with modernization of wastewater systems and public facilities, like fire and police stations, building out rural broadband, and providing low-interest home loans.

Just last year, almost $45 million from various RD programs came into northeastern Pennsylvania. Some highlights include over $2 million from the Community Facilities Program to Greater Hazleton CAN DO to purchase an existing commercial building to help with their mission of attracting businesses and entrepreneurship to the Greater Hazleton Area, and an $8.7 million loan through the Water & Waste Disposal Program to Exeter Borough to upgrade their aging stormwater and sewer systems where my family grew up. However, I know many more communities in my district could take advantage of the wide range of RD programs if they simply knew what was available and how to obtain it.

Commissioner Heimel, as someone who also comes from a rural county in Pennsylvania, what advice would you offer to counties and communities in my district for identifying Rural Development programs that they could use?

Mr. HEIMEL. There is no easy answer. I think it is daunting to a lot of local officials. They don't have grant writers. They don't have personnel that are particularly familiar with the process. They don't really have easy access to what the programs would be. I think the capacity building is a very important element of this, and I think that the USDA RD actually can contribute to that to help the local, particularly very rural areas be able to access that with resources at the departmental level. So much money goes, as you say, to the urban areas because the rurals, which may have more needs in many ways, aren't aware of it or just simply can't tap into it. And the administrative responsibilities after you apply for a grant, after you do all the research to find out what it is after you pull the department—or the various stakeholders together, and research it and file your application and dog your application, and then have to do all the reporting. So many rural communities do not have personnel that are empowered to do that. They are not available, and they are doing about four other jobs at the same time.

Mr. BRESNAHAN. Well, I was worried that is what you were going to say. So, the 11 words that you never want to hear from the government that "we are here and here to help honestly." What about Ms. Brand, Ms. Forbes? Do you have any anything else that you would like to add to that?

Ms. FORBES. Rural development organizations, like myself, there are 500 of us across the United States, so they should reach out to them. They should be able to give them a breadth of knowledge of these are the types of programs that you are eligible for. What is your project? And then if they need to bring in extra technical assistance, certainly reach out to those local Rural Development officials that actually that is their job to help them figure out what is the best path forward.

Mr. BRESNAHAN. Ms. Brand, would you have anything to add?

Ms. BRAND. Well, I think definitely partnering with USDA Rural Development and continued partnering and enforcing that relationship across the country with organizations that have that technical assistance. Certainly, the field team, even though we have already talked about the concerns about the numbers of field offices and the employees there, still play a very vital role, and that is where the heart is of Rural Development are those people and the passion. They live in those communities and know the communities best.

Mr. BRESNAHAN. So, use the government as a partner, not as an adversary, *per se.* Thank you. I look forward to taking your advice back home and helping more of our smaller communities take advantage of these opportunities. Also, I am excited to soon bring Pennsylvania State Director for Rural Development and my friend, Mike Cabell, along with some of the state program leaders up to my district in northeastern Pennsylvania to hold an informational session where communities can learn what programs Rural Development offers and how to successfully apply for this Federal assistance. With that, Mr. Chairman, I yield the balance of my time.

Mr. DAVIS. The gentleman yields the balance of his time, and, Mr. Chairman, I would take a moment to emphasize that Rural Development is so vital for communities across our country. I want to personally thank each witness for being here today. Thank you for your devotion to rural America. Thank you for your commitment to all those in the communities that rely upon us. And you made this hearing today so much better, and I look forward to making a step forward so that we can do our part to make life better for families in rural America. Mr. Chairman?

The CHAIRMAN. [presiding.] Yes, so well said, and, of course, life in rural America can be beautiful, rewarding, special. There can also be challenges, and in that way, rural Americans don't really have the luxury of our partisan bickering. They just want a government that works. And so, I want to thank our witnesses as well as the Members of this Subcommittee today for aiming at that target rather than the target of partisan infighting that sometimes we see in this town.

Under the Rules of the Committee, the record of today's hearing will remain open for 10 calendar days to receive additional material and supplementary written responses from the witnesses to any question posed by a Member.

And unless there is anything else for the good of the order, this hearing of the Subcommittee on Commodity Markets, Digital Assets, and Rural Development is adjourned.

[Whereupon, at 11:53 a.m., the Subcommittee was adjourned.]

[Material submitted for inclusion in the record follows:]

SUBMITTED LETTER BY HON. DUSTY JOHNSON, A REPRESENTATIVE IN CONGRESS FROM SOUTH DAKOTA; ON BEHALF OF DAVID LIPSETZ, PRESIDENT AND CHIEF EXECUTIVE OFFICER, HOUSING ASSISTANCE COUNCIL

September 26, 2025

Hon. DUSTY JOHNSON, *Chairman,* Subcommittee on Commodity Markets, Digital Assets, and Rural Development, House Committee on Agriculture, Washington, D.C.;	Hon. DONALD G. DAVIS, *Ranking Minority Member,* Subcommittee on Commodity Markets, Digital Assets, and Rural Development, House Committee on Agriculture, Washington, D.C.

Dear Chairman Johnson and Ranking Member Davis,

The Housing Assistance Council (HAC) appreciates the opportunity to submit a statement for the hearing record for the hearing entitled "USDA's Rural Development: Delivering Vital Programs and Services to Rural America," held on September 18, 2025.

HAC helps build homes and communities across rural America. Founded in 1971, headquartered in Washington, D.C. and working in all 50 states, HAC is a national nonprofit and a certified community development financial institution (CDFI). We are dedicated to helping local rural organizations build affordable homes and vibrant communities. We provide below-market financing, technical assistance, training, and information services. HAC also serves as rural America's "Information Backbone" with leading public and private sector institutions relying on HAC's independent, nonpartisan research and analysis to shape policy.

HAC has decades of experience working with the Rural Development programs at the U.S. Department of Agriculture (USDA). Based on that experience, we would like to offer comments on three general topics: rural access to capital, the need for local capacity in rural places, and the important role of the Rural Housing Service (RHS) programs at Rural Development (which we acknowledge are outside of the jurisdiction of this Committee).

Access to Capital

In recent decades, many rural regions have been stripped of their economic engines, financial establishments and anchor institutions. Federal trade and anti-trust policy has contributed to this situation, conceding the consolidation of wealth, industry and employment opportunity mostly into metropolitan centers. The result is that rural America faces a dire lack of access to capital. And it is in these rural places where you can find the nation's deepest and most persistent poverty. Without access to financial services and capital, individuals cannot access safe credit and financial literacy resources, businesses cannot grow and serve the needs of their communities and ultimately the communities' economies cannot thrive. The banking industry has undergone considerable consolidation, with the number of lenders insured by the Federal Deposit Insurance Corporation (FDIC) dropping from approximately 15,000 in 1990 to fewer than 4,500 in 2025. There are around 150 rural counties that have one or no bank branches to serve their residents. Building access to capital in under-served rural regions is critical for the equity and long-term viability of rural communities. For the Federal Government, this means investing in community development financial institutions (CDFIs) that have deeply rooted relationships in rural places and offer reliable lending.

Capacity Building

Federal investment in capacity building launched almost every successful local and regional housing organization that we know today. However, very few of those local organizations are in rural regions. Fewer still work in areas of persistent rural poverty. The power of capacity building in rural communities cannot be overstated. Rural communities often have small and part-time local governments, inadequate philanthropic support and a shortage of the specialists needed to navigate the complexities of Federal programs and modern housing finance. Targeted capacity building through training and technical assistance is how local organizations learn skills, tap information, and gain the wherewithal to do what they know needs to be done. Rural places need increased capacity building investment in order to compete for government and philanthropic resources. Without deeply embedded, high-capacity local organizations, available Federal funding and other capital will never evenly flow to rural communities. For the Federal Government, this means investing in capacity building programs like the Rural Community Development Initiative (RCDI) at USDA to help communities build the skills they need to access complex funding sources.

Rural Housing Service

While outside of the jurisdiction of this Committee, Rural Development is also home to the RHS suite of housing programs targeted specifically to residents of rural communities. These programs span the spectrum from multifamily rental to single-family homeownership to capacity building and community facilities, and are authorized under Title V of the Housing Act of 1949.

The RHS programs support single-family and multifamily housing through grants, direct loans, and loan guarantees. Multifamily programs at RHS include loans to develop or rehabilitate rental housing, loans and grants to finance housing for farm laborers, and rental assistance to assist tenants in those homes. Around 400,000 low-income families live in USDA multifamily properties across the country. The single-family programs include loans to purchase homes, loans and grants to repair homes, and grants to support self-help housing programs (programs where families invest their own labor—called "sweat equity"—in the construction of their homes). Millions of low-income families have achieved homeownership because of USDA's single-family programs. Additionally, programs exist within RHS to help build the capacity of rural communities through targeted technical assistance, and to develop or improve essential community facilities.

We encourage the Committee to work with your counterparts in the House Financial Services Committee to ensure that the RHS programs are robustly supported and improved when needed.

Thank you for the opportunity to provide a statement for the record following this important hearing.

Sincerely,

David Lipsetz

DAVID LIPSETZ,
President & CEO.

SUBMITTED LETTER BY HON. DUSTY JOHNSON, A REPRESENTATIVE IN CONGRESS FROM SOUTH DAKOTA; ON BEHALF OF JACK WALDORF, EXECUTIVE DIRECTOR, WESTERN GOVERNORS' ASSOCIATION

September 22, 2025

Hon. DUSTY JOHNSON,
Chairman,
Subcommittee on Commodity Markets, Digital Assets, and Rural Development,
House Committee on Agriculture,
Washington, D.C.;

Hon. DONALD G. DAVIS,
Ranking Minority Member,
Subcommittee on Commodity Markets, Digital Assets, and Rural Development,
House Committee on Agriculture,
Washington, D.C.

Dear Chair Johnson and Ranking Member Davis:

In light of the Subcommittee's September 18, 2025, hearing, USDA's Rural Development: Delivering Vital Programs and Services to Rural America, attached please find Western Governors' Association (WGA) policy resolutions 2023–06, Rural Development; 2023–07, Broadband Connectivity; 2024–09, Water Quality in the West; and 2025–01, Energy in the West. The resolutions contain Western Governors' recommendations for improving U.S. Department of Agriculture Rural Development program delivery and highlight specific rural development programs that are important to western communities.

I request that you include this document in the permanent record of the hearing, as it articulates Western Governors' collective and bipartisan policy on this important issue.

Thank you for your consideration of this request. Please contact me if you have any questions or require further information.

Sincerely,

Jack Waldorf

JACK WALDORF,

Executive Director.

ATTACHMENT 1

Policy Resolution 2023–06, Rural Development

A. Background

Vibrant and prosperous rural communities are essential components of western states and the nation. Rural communities in the West grow and supply food, steward natural resources, contribute disproportionately to the armed services, and are critical to state economies. These communities are often richly diverse and face varying threats and opportunities, although they do share some common challenges—including low population density, distance from urban centers, and capacity constraints—that are more pronounced than in other regions and are frequently not reflected in the design of Federal programs.

The COVID–19 pandemic and the rise of virtual systems such as telework, distance learning, and telehealth have transformed migration trends and the ways in which people live, work, and learn. However, these common challenges continue to hinder the delivery of services, connectivity, and economic development across the rural West. The planning and management processes required to implement solutions and to access and deploy Federal funding to address such challenges are increasingly complex, compounding disinvestment over time and increasing geographic inequities.

B. Governors' Policy Statement

1. Western Governors believe that strengthening social infrastructure in rural communities is the best strategy to ensure rural quality of life and prosperity. Congress and Federal agencies should increase the proportion of rural economic development and infrastructure funding that goes toward capacity-building, particularly for U.S. Department of Agriculture (USDA) Rural Development programs, and Congress should allow agencies to negotiate the percentage of financial *versus* technical assistance within appropriations. Western Governors call for ample and consistent Federal funding and consistent regulatory requirements across agencies for institutions, training, and technical assistance so that state and local governments, nonprofit organizations, and associations can assist communities in applying for and managing funding. Robust social infrastructure is fundamental to economic and community development and maximizes the impact of state and Federal resources.

2. Criteria used to define rural and under-served communities vary at the Federal level. Western Governors encourage Federal agencies to be consistent in these definitions, and to consider the unique characteristics of the West and use the best data available to make program eligibility determinations.

3. Western Governors believe that many Federal programs for rural development and distressed communities include unintended barriers for rural individuals and entities that need assistance most. Western Governors urge Federal agencies to work with states to: thoroughly evaluate program requirements; identify barriers for rural applicants; and revise onerous requirements in a manner that recognizes the limited resources and capacity of rural applicants. In particular, Western Governors are concerned by:

a. Scoring criteria that relate to numerical size and impact, such as the number of jobs created or the number of people served, which disadvantage small and isolated communities;

b. Requirements that applicants partner with other institutions like community colleges or foundations, which may not operate in the rural community seeking assistance;

c. Financial match or cash-on-hand requirements that rural organizations cannot meet;

d. Overly complicated or technical applications that deter rural customers from applying;

e. The use of median household income to determine program eligibility, particularly in coal, hard-rock mining, oil and gas, and power plant communities; and

f. Low administrative allowances that hinder communities from hiring qualified staff to cover the amount of territory and comply with Federal regulatory requirements.

4. Western Governors also urge Federal agencies to use state data for eligibility determinations when requested by states. States often have more up-to-date and granular data for rural communities than Federal sources.

5. Western Governors recognize and support efforts at the Federal and state level to coordinate the deployment of resources, leverage funding, and create one-stop application processes for rural customers. Western Governors are interested in exploring strategies to expand those models to include more funders and further enhance coordination between agencies and between states and the Federal Government.

6. Western Governors believe that changes in our economy, labor force, and technological innovations require fundamental changes and new approaches to economic development strategies. Western Governors promote and are dedicated to sharing rural development policies that focus on quality of life, the support of small businesses and entrepreneurs, and economic diversification, spurred by Federal incentives for innovation. This will develop rural communities that are attractive places to live and work while protecting their rural character, natural resource-based industries, and natural areas.

7. Western Governors are eager to work with public universities, community colleges, and the business community to expand opportunities for young people to stay in their rural communities. There is a high demand for skilled workers in rural communities and states and territories should work together on regional solutions that provide the appropriate training and skills for the jobs that are available in rural communities where possible. Western Governors are also committed to increasing employment among veterans, people with disabilities, and historically disadvantaged communities in the rural West.

8. To address lower labor force participation in rural areas, Western Governors recommend that the Federal Government: invest in education and training programs that are tailored to the needs of rural communities; provide resources and support for entrepreneurs, such as access to capital and business incubators to encourage more people to start their own businesses and create jobs in rural areas; invest in broadband infrastructure and expand access to internet services for new job opportunities and the ability to work remotely; and offer tax incentives, grants, or other financial incentives to support businesses locating in rural areas.

9. Western Governors encourage Congress to help create the conditions necessary to attract manufacturing enterprises and jobs to rural areas.

10. Rural communities in the West are envisioning transformative and systems-wide solutions to meet the unique needs of their communities. Western Governors urge Congress and Federal agencies to be responsive to these successful, community-based methods and allow maximum flexibility in the use of Federal economic development resources and the design of new and existing programs. Increased flexibility will also facilitate investments in quality of life and amenities in rural communities. Governors believe that metrics based solely on the absolute number of jobs created do not reflect the important economic benefits of investments in community assets that make rural communities attractive places to live, nor do they account for the relative impact of job creation in less populated rural communities or areas with high unemployment or poverty rates.

11. Western Governors support the adoption of community cooperative business models to preserve rural businesses and fill needs for child care, homecare, main street businesses, housing, sustainable food supply, and other community needs. Western Governors recognize the need for substantial technical assistance and education in developing new cooperative businesses and support Federal funding of such efforts.

12. The Economic Development Administration (EDA) provides adequate resources for community and economic development planning, yet funding for project implementation is limited to specific geographic areas or types of infrastructure. Western Governors request that Congress and EDA broaden the eligible use of EDA funds to support the execution of community and economic development plans, create actionable improvements, and scale ideas across communities. Western Governors are especially interested in making agricultural innovation and housing eligible for EDA programs.

13. Western Governors have developed robust policies addressing a host of sector-specific issues and the challenges of providing services and maintaining infrastructure essential to communities across the vast expanse of the rural West. These policies focus on broadband connectivity, health care, affordable housing, transportation, workforce development, agriculture, water quality, and the relationship between communities and land management. Western Governors are committed to working with Congress and Federal agencies to advance these priorities and improve the efficacy of Federal, state and territorial programs to support critical infrastructure in the rural West.

14. Western Governors are concerned by food security challenges in rural communities. Rural grocery store closures jeopardize livability and community health. However, we are encouraged by the efforts occurring within our states. Western Governors are interested in exploring creative and comprehensive strategies to ensure rural food security and sustainability by strengthening and diversifying local agricultural economies and developing regional approaches to rural food supply chains.

15. The Cooperative Extension System, which serves every county in western states, is an important asset for rural development. Western Governors believe that Cooperative Extension can play a more meaningful role in economic development efforts in distressed communities and support continued investment in the system, especially for up-skilling, training, and funding for new positions as it responds to the changing needs of rural communities. Western Governors are committed to maximizing the efficacy of Cooperative Extension in their states.

16. Western Governors assert that access to high-quality, culturally and linguistically relevant early education and child care is critical to rural communities and encourage Congress to allocate funding for these services. Access to child care is essential to ensure positive short and long-term health, development, and educational outcomes for young children and to allow families in rural communities to pursue the economic and educational opportunities that help them achieve a more secure future.

17. An absence of Congressional action has resulted in a lack of consistency in the design and implementation of the Community Development Block Grant (CDBG) Program. Western Governors encourage Congress to reauthorize CDBG and standardize the program's environmental and administrative processes.

C. Governors' Management Directive

1. The Governors direct WGA staff to work with Congressional committees of jurisdiction, the Executive Branch, and other entities, where appropriate, to achieve the objectives of this resolution.

2. Furthermore, the Governors direct WGA staff to consult with the Staff Advisory Council regarding its efforts to realize the objectives of this resolution and to keep the Governors apprised of its progress in this regard.

*This resolution will expire in June 2026. Western Governors enact new policy resolutions and amend existing resolutions on a semiannual basis. Please consult **http://www.westgov.org/resolutions** for the most current copy of a resolution and a list of all current WGA policy resolutions.*

ATTACHMENT 2

Policy Resolution 2023–07, Broadband Connectivity

A. Background

High-speed internet, commonly referred to as "broadband," is the critical infrastructure of the 21st century and a modern-day necessity for businesses, individuals, schools, and government. Many rural and Tribal western communities lack the business case for private broadband investment because of the high cost of infrastructure and the low number of customers in potential service areas. Factors such as the vast distances between these communities, challenging terrain, sparse middle mile and long-haul fiber-optic cable, and the need to permit and site infrastructure across Federal, state, territorial, Tribal, and private lands make planning, siting, and maintaining broadband infrastructure especially difficult. This has left many rural businesses and citizens at a competitive disadvantage compared to urban and suburban areas with robust broadband access.

Historically, Federal broadband investment has struggled to address these inequities, due in large part to inaccurate and overstated data. Whether or not an area is considered "served" depends not only on if households have access to the internet, but also the speeds and bandwidth that they have access to. This determination has significant effects on a community's eligibility for Federal broadband infrastructure support and can prevent businesses, local governments, and other entities from applying for and securing Federal funds to assist under-served or unserved communities. High-quality data is required to ensure that current public broadband deployment efforts are cost-effective and prioritize these areas, while digital inclusion efforts are needed to provide access to affordable broadband and devices and to build the digital skills to utilize broadband.

B. Governors' Policy Statement

1. Western Governors encourage Congress and Federal agencies to recognize that the current definition of broadband—25/3 Mbps—does not correspond with

the requisite download and upload speeds necessary to support many business, education, and health care applications that promote economic and community prosperity. We support efforts to adopt a higher, scalable, and consistent standard across Federal broadband programs—at least 100/20 Mbps and scalable to 100 Mbps symmetrical—that more accurately reflects modern innovations and bandwidth demands.

2. Western Governors request that the Federal Communications Commission (FCC), National Telecommunications and Information Administration (NTIA), U.S. Department of Agriculture (USDA), and other Federal entities prioritize scalable broadband infrastructure investments that meet communities' increased bandwidth demands into the future. Funds for equipment maintenance and upgrades are essential to ensure that Federal broadband investments continue to provide high-quality service.

3. While Western Governors are heartened by significant Federal investments in broadband, principally the $42.5 billion Broadband Equity, Access, and Deployment (BEAD) Program established through the Infrastructure Investment and Jobs Act (IIJA), it is imperative that Federal program design and implementation does not repeat the mistakes of the past. Federal funding represents a historic opportunity to close the digital divide and should help states and territories reach areas in most need of assistance. To do so, Western Governors urge the FCC, NTIA, USDA, and other Federal agencies involved in broadband deployment to work closely with Governors and state and territorial agencies and respond to and address their needs and concerns prior to releasing large tranches of funding. In particular, Federal agencies that make independent broadband infrastructure awards should consult with states and territories prior to finalizing awards to ensure they align with state and territorial BEAD plans.

4. Due to their unique characteristics, western states and territories have a disproportionate amount of high-cost areas to serve. Federal funding and allocation formulas should reflect the exorbitant costs and challenges that the West faces when deploying broadband so that states and territories receive adequate funding to bring sufficient internet access to as many hard-to-reach households as possible.

5. The FCC should recognize state and territorial institutional knowledge about broadband needs and ensure that they have a significant role in data collection, verification, and mapping. The FCC should also make map challenge processes transparent and give states and territories ample time and resources to participate in these processes.

6. Western Governors note that continued Federal investment will be needed to shore up connectivity gaps and backfill BEAD funding. We encourage Congress to consider supplementary funding for broadband deployment, including innovative and flexible ways to redirect existing resources, such as the Rural Digital Opportunity Fund.

7. Western Governors recognize that rural communities have unique challenges related to completing broadband deployment objectives for Federal grant requirements. We recommend that the Federal Government allow states and territories to assume control of these funds for broadband purposes if grantees do not meet their objectives. Recovering funding at the state and territorial level would help communities seek a new solution in response to a state or territorial Notice of Funding Opportunity or redirect the capital to other pressing broadband needs.

8. Streamlining permitting processes is critical for western states, territories, and partners to meet Federal funding deadlines. Western Governors encourage Federal agencies to pursue strategies to prioritize reviews and standardize requirements for broadband infrastructure permits on Federal lands and improve planning and permitting coordination between public land management agencies. We support efforts to reduce permitting timelines for broadband infrastructure co-located with existing structures and other linear infrastructure, such as roads, transmission lines, and pipelines. The Department of the Interior (DOI) and the U.S. Forest Service's online mapping platforms identifying telecommunications infrastructure sites on their lands will be helpful tools to accomplish this goal. Further, Governors urge DOI, USDA, and other Federal land management agencies to allocate sufficient funding to support additional permitting staff. Without sufficient staff, western states and territories will see backlogs and long permitting timelines that will jeopardize projects that cross Federal lands.

9. Regulations affecting broadband infrastructure permitting and siting vary by state and can create additional obstacles to private and public investment.

Where possible, Western Governors should work together to minimize this barrier.

10. Western Governors encourage Congress and Federal agencies to address application barriers for businesses, local governments, cooperatives, Tribes, and other entities involved with broadband deployment in rural communities. The Governors have highlighted substantive policy recommendations related to these barriers in our rural development policy resolution. Western Governors are also committed to sharing best practices on how to collaborate with organizations, localities, and Tribes in our states and territories, and establish a strategy among these partners on applying for Federal broadband programs to enhance success and reduce competition for funds.

11. Western Governors appreciate USDA and FCC efforts to promote on-farm connectivity and the growth of the precision agriculture sector, which reduces water and pesticide usage and increases productivity. We request that Congress provide additional funding to support the adoption of precision agriculture and extend connectivity from the home to the field and encourage both agencies to engage with Governors' offices, state and territorial broadband representatives, and state departments of agriculture as they pursue policy and program initiatives to support this technology.

12. Western Governors recommend that adequate wireless spectrum be allocated to support rural residential connectivity and advanced and emerging agricultural technologies.

13. Western Governors emphasize the growing importance of internet exchange points (IXPs) in promoting cost-effective, reliable broadband service in rural areas. We encourage Congress and Federal agencies to promote investment in rural IXPs via applicable broadband deployment programs, legislative proposals addressing infrastructure, and other methods.

14. Western Governors encourage Federal agencies to continue expanding the eligibility of electric and telephone cooperatives to pursue USDA and FCC broadband deployment program support, as cooperatives' existing infrastructure and access to rights-of-way can help promote low-cost connectivity solutions for rural communities.

15. Western Governors urge Federal agencies and Congress to expand policy, programmatic, and fiscal opportunities to improve broadband connectivity on Tribal lands. This includes designing Federal programs in a way that promotes partnerships between Tribes, states, and various broadband providers. We recommend that Federal broadband programs allocate a designated portion of their available funding to supporting projects on Tribal lands.

16. Western Governors encourage Congress and Federal agencies to leverage community anchor institutions in rural communities to spur connectivity to surrounding areas. We support efforts to advance "to and through" policies that provide flexibility to incentivize additional private or public broadband infrastructure investment beyond connected community anchor institutions.

17. Western Governors appreciate USDA Rural Development's efforts to promote broadband connectivity across the rural West and responsiveness to our recommendations. We encourage the Federal Government to streamline USDA's many broadband offerings and authorize the Rural eConnectivity Program, otherwise known as the ReConnect Program. In so doing, USDA should require ReConnect to consult with state and territorial broadband offices prior to making awards to ensure coordination with state and territorial broadband infrastructure deployment plans.

18. Western Governors support efforts to promote flexibility within the FCC E-Rate Program in order to deliver home connectivity solutions for unserved and under-served students and respond to connectivity issues associated with the COVID–19 pandemic. We encourage the FCC to support bus wifi and other creative efforts that seek to address the homework gap.

19. Western Governors recognize the importance of ensuring that individuals and communities have the skills, technology, and capacity to reap the benefits of our digital economy. The Digital Equity Act within the IIJA provides states with capacity grants to address needs for digital skills in newly connected communities. Western Governors encourage NTIA to speed up the review and approval process for these funds so states and territories can begin to deploy funds. Further, Governors encourage Congress and Federal agencies to work with states and territories to ascertain unmet and ongoing needs for digital equity following the expenditure of capacity grant funds in 2026.

20. Notwithstanding the many Federal, state, and territorial initiatives to date to bring better connectivity to communities, internet affordability remains the largest barrier to closing the digital divide. Eighteen million households

have access to the internet but cannot afford to connect to it. The Affordable Connectivity Program is a foundation of states' digital equity and inclusion strategies. Over 17 million households now rely on the program to pay for their monthly home internet bill each month. Western Governors call on Congress to continue to fund this vital program, without which future infrastructure projects may be underutilized.

C. Governors' Management Directive

1. The Governors direct WGA staff to work with Congressional committees of jurisdiction, the Executive Branch, and other entities, where appropriate, to achieve the objectives of this resolution.
2. Furthermore, the Governors direct WGA staff to consult with the Staff Advisory Council regarding its efforts to realize the objectives of this resolution and to keep the Governors apprised of its progress in this regard.

*This resolution will expire in June 2026. Western Governors enact new policy resolutions and amend existing resolutions on a semiannual basis. Please consult **http://www.westgov.org/resolutions** for the most current copy of a resolution and a list of all current WGA policy resolutions.*

ATTACHMENT 3

Policy Resolution 2024–09, Water Quality in the West

A. Background

Clean water is essential to strong economies, healthy ecosystems, and quality of life. In most of the West, water is a scarce resource that must be managed with sensitivity to social, environmental, and economic values and needs. The scarce nature of water makes even wastewater a valuable resource in the West and more flexibility is needed to determine how to best manage these varying resources. Because of their unique understanding of these needs, states are in the best position to manage and protect their water resources. The Clean Water Act (CWA) codifies the authority of states as co-regulators and recognizes the authority of states to allocate quantities of water. The Environmental Protection Agency (EPA) should uphold the state authority and co-regulator relationship when implementing the CWA and Safe Drinking Water Act (SDWA). States should be free to develop, implement, and enforce statutory requirements using an approach that makes sense in their specific jurisdiction, subject to the minimum requirements of the Federal acts.

B. Governors' Policy Statement

Clean Water Act (CWA)

1. **State Authority and Implementation of CWA:** States have jurisdiction over water resource allocation decisions and are responsible for how to balance state water resource needs within CWA objectives. New regulations, rulemaking, and guidance should recognize this state authority.

(a) **CWA Jurisdiction:** Western Governors urge EPA and the U.S. Army Corps of Engineers to engage the states as sovereigns and co-regulators in the development of any rule, regulation, policy, or guidance addressing the definition of "waters of the United States" as that term applies to the jurisdictional scope of the CWA. Specifically, Federal agencies should engage with states—through Governors or their designees—with early, meaningful, substantive, and ongoing consultation that adequately supports state authority. Such consultation should begin in the initial stages of development before irreversible momentum precludes effective state participation.

(b) **Total Maximum Daily Loads (TMDLs)/Adaptive Management:** States should have the flexibility to adopt water quality standards and set total maximum daily loads (TMDLs) that are tailored to the specific characteristics of western water bodies, including variances for unique state and local conditions.

(c) **Anti-degradation:** CWA Section 303 gives states the primary responsibility to establish water quality standards (WQS) subject to EPA oversight. Given the states' primary role in establishing WQS, EPA should directly involve the states in the rulemaking process for any proposed changes to its existing regulations. Before imposing new antidegradation policies or implementation requirements, EPA should document the need for new requirements and strive to ensure that new requirements do not interfere with sound existing practices.

(d) **Groundwater:** States have primary authority over the protection of groundwater and exclusive authority over the management and allocation of groundwater resources within their borders. The regulatory reach of the CWA does not extend to the management and protection of groundwater resources unless the activity in question is the functional equivalent of a direct discharge from a point source. In addressing pollution to groundwater resources, the Federal Government must recognize and respect state authority, work in collaboration with states, and operate within the designated scope of Federal statutory authorities. EPA should engage with states with early, meaningful, substantive, and ongoing consultation on any regulatory processes focused on groundwater resources or the development and application of the meaning of "functional equivalent."

2. **Permitting:** Actions taken by EPA in its CWA permitting processes should not impinge upon state authority over water management or the states' responsibility to implement CWA provisions.

(a) **State Water Quality Certification:** Section 401 of the CWA requires applicants for a Federal Section 404 license and other permitting and actions to secure state certification that potential discharges from their activities will not violate state water quality standards. Section 401 embodies cooperative federalism. States' mandatory conditioning authority should be retained in the CWA.

(b) **General Permits:** Reauthorization of the CWA must reconcile the continuing administrative need for general permits with their site-specific permitting requirements under the CWA. EPA should promulgate rules and guidance that better support the use of general permits where it is more effective to permit groups of dischargers rather than individual dischargers.

(c) **Water Transfers Rule:** Western Governors support EPA's current Water Transfers Rule, which exempts water transfers between waters of the United States from the CWA National Pollutant Discharge Elimination System (NPDES) permitting requirements when such transfers do not involve the addition of any pollutants. States possess adequate authority to address the water quality issues associated with such transfers. Western Governors believe that transporting water through constructed conveyances to supply beneficial uses should not trigger duplicative NPDES permit requirements.

(d) **Pesticides:** Western Governors generally support the primary role of the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA) in regulating agriculture and public health related pesticide applications to waters of the U.S. and will seek state-based solutions that complement rather than duplicate FIFRA in improving, where possible, environmental resources.

3. **Nonpoint Source Pollution:** Nonpoint source pollution requires state watershed-oriented water quality management plans; Federal agencies should collaborate with states to carry out the objectives of these plans. The CWA should not supersede other ongoing Federal, state, and local nonpoint source programs. Federal water policies must recognize that state programs enhanced by Federal efforts could provide a firm foundation for a national nonpoint source policy that maintains the non-regulatory and voluntary nature of the program. In general, the use of point source solutions to control nonpoint source pollution is also ill-advised.

(a) **Forest Roads:** Stormwater runoff from forest roads has been managed as a nonpoint source of pollution under EPA regulation and state law since enactment of the CWA. Western Governors support solutions that are consistent with the long-established treatment of forest roads as nonpoint sources, provided that forest roads are treated equally across ownership within each state.

4. **Nutrient Pollution:** Nitrogen and phosphorus (nutrient) pollution is a significant cause of water quality impairment across the nation, and continued cooperation between states and EPA is needed. This impairment is a serious concern across western states and additional resources to make investments in wastewater treatment infrastructure are needed as part of a strategy to address it. Further, research and development into technologies that allow states to better address nutrient pollution is needed.

States should be allowed sufficient flexibility to utilize their own incentives and authorities to establish standards and control strategies to address nutrient pollution, rather than being forced to abide by one-size-fits-all Federal numeric criteria. Successful tools currently in use by states include best management practices, nutrient trading, controlling other water quality parameters, and other innovative approaches.

5. **CWA Reauthorization:** Western Governors support reauthorization of the CWA, provided that it recognizes the unique hydrology and legal framework in western states. Further, any CWA reauthorization should include a new statement of purpose to encourage the reuse of treated wastewater to reduce water pollution and efficiently manage water resources.

6. **Good Samaritan Legislation:** Congress should enact a program to protect volunteering remediating parties who conduct authorized remediation of abandoned hardrock mines from becoming legally responsible under the CWA and/or the Comprehensive Environmental Response, Compensation, and Liability Act for any continuing discharges after completion of a remediation project, provided that the remediating party—or "Good Samaritan"—does not otherwise have liability for that abandoned mine or inactive mine site.

7. **Stormwater Pollution:** In the West, stormwater discharges to ephemeral streams in arid regions pose substantially different environmental risks than do the same discharges to perennial surface waters. Western Governors emphasize the importance of state expertise in water management, including management of ephemeral streams. The Federal Government must recognize and respect state authority and work in collaboration with state agencies to support tailored approaches that reflect the unique management needs of ephemeral streams.

8. **State-Tribal Coordination:** Western Governors endorse government-to-government cooperation among the states, Tribal nations, and EPA in support of effective and consistent CWA implementation. While retaining the ability of the Governors to take a leadership role in coordination with the Tribal nations, EPA should promote effective consultation, coordination, and dispute resolution among the governments, with emphasis on lands where Tribal nations have treatment-as-state status under Section 518 of the CWA. Federal regulations intended to protect Tribal reserved rights should respect states' authority to promulgate water quality standards within their boundaries; recognize that rights must be adjudicated through appropriate legal processes, not through promulgation of water quality standards; and not harm state-Tribal relations or place states in the middle of Tribal treaty disputes that may not be appropriate for states to attempt to resolve. Furthermore, Western Governors oppose shifting Federal trustee responsibilities to the states by imposing the burden of determining the nature and extent of Tribal reserved rights over to states.

Safe Drinking Water Act (SDWA)

9. **Federal Assistance in Meeting SDWA Standards:** Western Governors believe that the SDWA and its standards for drinking water contaminants have been instrumental in ensuring safe drinking water supplies for the nation. It is essential that the Federal Government, through EPA, provide adequate support to the states and water systems to meet Federal requirements. Assistance is particularly needed to find sustainable solutions for small and rural systems, which often lack the resources needed to comply with Federal treatment standards.

10. **Drinking Water Standards:** Naturally occurring contaminants often occur in the West. Western Governors support EPA technical assistance and research to improve both the efficiency and affordability of treatment technologies for these contaminants. In any drinking water standards that the EPA may revise or propose for these and other contaminants, including disinfection byproducts, EPA should consider the disproportionate effect that such standards may have on western states and give special consideration to feasible technology based on the resources and needs of smaller water systems.

11. **Risk Assessments:** Analysis of the costs of treatment for drinking water contaminants should carefully determine the total costs of capital improvements, operation, and maintenance when determining feasible technology that can be applied by small systems. These costs should at least (at a minimum) be balanced against the anticipated human health benefits before implementing or revising drinking water standards, while recognizing that states may choose to set more health protective standards.

12. **Emerging Contaminants/Pharmaceuticals:** The possible health and environmental effects of emerging contaminants, including per- and polyfluoroalkyl substances (PFAS), cyanotoxins produced by harmful algal blooms, and pharmaceuticals, are of concern to Western Governors. Although some states have existing authorities to address possible risks associated with emerging contaminants and pharmaceuticals, there is a need for continued investment in scientific research and resources to address these contaminants.

Compliance with Federal Water Quality and Drinking Water Requirements

13. **Cybersecurity:** WGA encourages Federal agencies to work with states and provide assistance and guidance on cyber threats to critical water infrastructure. Flexibility should be provided to state plans to address their emerging cybersecurity threats.

14. **State Revolving Funds:** Western Governors support EPA's Clean Water State Revolving Fund (SRF) and Drinking Water SRF as important tools that help states and local communities address related water infrastructure needs and comply with Federal water quality and drinking water requirements. Western Governors also urge Congress and the Administration to ensure that the SRF Programs are adequately funded and provide greater flexibility and fewer restrictions on state SRF management. Western Governors urge Congress to ensure that SRFs authorized funding levels are fully appropriated and distributed to states under the program formula. Additional Congressionally directed spending and community grants should not diminish resources otherwise made available to states.

15. **Restoring and Maintaining Lakes and Healthy Watersheds:** Historically, the Section 314 Clean Lakes Program and the Section 319 Nonpoint Source Management Program provided states with critical tools to restore and maintain water quality in lakes and watersheds. Western Governors urge the Administration and Congress to support these programs. Such support should not come at the expense of other Federal watershed protection programs.

16. **EPA Support and Technical Assistance:** The Federal Government, through EPA, should provide states and local entities with adequate support and technical assistance to help them comply with Federal water quality and drinking water requirements. EPA should also collaborate with and allow states to identify and establish priority areas, timelines, and focus on programs that provide the largest public health and environmental benefits.

17. **EPA Grant Funding for Primary Service—Rural Water and Wastewater Programs:** Some rural communities still lack basic water, wastewater, and sanitary services needed to assure safe, secure sources of water for drinking and other domestic needs. Adequate Federal support, including but not limited to the U.S. Department of Agriculture's Rural Utilities Service programs and EPA's SRF, are necessary to supplement state resources.

Water Quality Monitoring and Data Collection

18. **Water Data Needs:** Western water management is highly dependent upon the availability of data regarding both the quality and quantity of surface and ground waters. Western Governors urge the Federal Government to support and develop programs that can be utilized by states for water resource management and protection and to provide assistance to states in developing innovative monitoring and assessment methods, including making use of biological assessments, sensors and remote sensing, as well as demonstrating the value to the states of the national probabilistic aquatic resource surveys.

C. Governors' Management Directive

1. The Governors direct WGA staff to work with Congressional committees of jurisdiction, the Executive Branch, and other entities, where appropriate, to achieve the objectives of this resolution.

2. Furthermore, the Governors direct WGA staff to consult with the Staff Advisory Council regarding its efforts to realize the objectives of this resolution and to keep the Governors apprised of its progress in this regard.

*This resolution will expire in June 2027. Western Governors enact new policy resolutions and amend existing resolutions on a semiannual basis. Please consult **http://www.westgov.org/resolutions** for the most current copy of a resolution and a list of all current WGA policy resolutions.*

ATTACHMENT 4

Policy Resolution 2025–01, Energy in the West

A. Background

Western energy production, and its related delivery, are indispensable to meeting our nation's energy demands, and the energy sector is a significant contributor to the economic success of many western communities. Electricity generation and delivery systems are undergoing rapid, significant change across the West. The increasing effects of extreme weather events, the integration of clean energy and distributed energy resources, rapidly increasing demand from data centers and new technologies, the electrification of vehicles and buildings, and the retirement of traditional energy generating assets are all contributing to fundamental shifts in the electricity sector. Ensuring the reliability of energy generation and delivery systems is a priority of every Western Governor.

Western Governors recognize that approaches to energy use and development vary among our states and territories. The West has the vast majority of high-quality energy resources in the United States, including geothermal energy capacity, wind and solar power resources, the majority of oil and natural gas, coal, hydropower, and non-Federal United States petroleum. Further, the West has the largest contiguous areas of high-yield biomass energy resource potential, is uniquely situated to produce low carbon intensity, clean hydrogen, and leads the nation in domestic uranium production and advanced nuclear reactor technology development. The presence of Federal lands affects energy projects and infrastructure deployment across the West. Planning, permitting, and siting energy generating assets and transmission and pipeline infrastructure requires close coordination between states, private developers, utilities, and Federal agencies to create an effective state-Federal partnership in energy development, land management, and environmental protection.

B. Governors' Policy Statement

Governors' Energy Priorities

1. Western Governors recognize the following as energy policy priorities for the West:

   a. Secure the United States' energy supply and delivery systems, and safeguard against both physical and cybersecurity risks.

   b. Ensure energy is clean, affordable, equitable, and reliable by providing a balanced portfolio of resources.

   c. Increase energy efficiency associated with electricity, natural gas, and other energy sources and uses to enhance energy affordability and to effectively meet environmental goals.

   d. Advance efficient environmental review, siting, and permitting processes that facilitate clean energy development and the improvement and construction of necessary energy infrastructure, while ensuring environmental and natural resource protection.

   e. Improve the United States' electric grid's reliability and resilience.

   f. Protect western wildlife, natural resources, and the environment, including clean air and clean water, and reduce greenhouse gas emissions.

   g. Make the West a leader in energy education, technology development, research, and innovation.

   h. Utilize an all-of-the-above approach to energy development and use in the West, while protecting the environment, wildlife, and natural resources, and reducing emissions.

Grid Modernization and Resilience

2. A robust, resilient, and well-maintained energy delivery system is vital to the economy and quality of life in the West. Grid infrastructure in the West faces potential disruptions due to natural disasters, particularly wildfires and extreme heat events, as well as a growing cyber threat landscape. Increased grid threats due to wildfires and extreme weather events highlight the need to develop and use energy systems that are both reliable and resilient to climate change. Upgrades to transmission and distribution infrastructure, including information technology systems, are needed to properly address these risk factors, as well as anticipated increased electricity demand. Coordination between electricity providers and states in energy markets can lead to cost-effective energy for ratepayers and leverage regional resources.

3. Transmission infrastructure in western states often crosses one or multiple Federal lands jurisdictions. In these situations, close coordination between states, utilities, and Federal agencies is needed to ensure that projects are planned, permitted, and sited in a timely, efficient manner. Western Governors encourage Federal agencies to streamline project-permitting reviews to minimize timelines without compromising environmental and natural resource protection or states' roles in those processes.

4. Western Governors encourage Congress to provide Federal agencies, particularly the Bureau of Land Management (BLM), the Environmental Protection Agency, the Department of Energy (DOE), the Federal Energy Regulatory Commission, the U.S. Forest Service (USFS), the Bureau of Ocean Energy Management, and the U.S. Fish and Wildlife Service with additional support to enhance

staff and resource capacity to conduct environmental review and permitting activities associated with transmission infrastructure.

5. Western Governors recommend Federal agencies leverage designated West-wide Energy Corridors to support the effective and efficient permitting and siting of energy infrastructure assets. Where applicable, Western Governors encourage BLM and USFS to integrate designated corridor specifications into local land use plans.

6. Western Governors believe clear, coordinated, and consistent wildfire mitigation strategies, including application of Federal vegetation management practices, is integral to maintaining the health of western forests, preventing dangerous and damaging wildfires, and maintaining grid reliability. The Governors support effective and efficient cross-jurisdictional coordination that enables vegetation management for Federal transmission and distribution rights-of-way.

Innovation and Technology

7. Western Governors encourage innovation and application of short- and long-duration energy storage, including battery, hydrogen, pumped hydropower, geothermal, and compressed air technologies, where cost-effective. Western Governors also support reconsideration of Federal definitions of short- and long-term energy storage with an eye toward incentivizing progressively longer storage capacity.

8. The potential for geothermal energy in the West is vast and brings many benefits, from baseload energy generation to heating and cooling efficiencies. The Heat Beneath Our Feet Chair initiative report is a roadmap for accelerating the development and deployment of geothermal technologies. Western Governors incorporate the recommendations identified in the Heat Beneath Our Feet Chair initiative report into this resolution by reference.

9. Western states are leading the development and deployment of decarbonization technologies and strategies, including carbon capture, utilization, and storage, engineered carbon dioxide (CO_2) removal, and natural sequestration. The Decarbonizing the West Chair initiative report contains recommendations to advance these technologies and strategies to position western states at the forefront of innovation and reduce CO_2 in the atmosphere. Western Governors incorporate the recommendations identified in the Decarbonizing the West Chair initiative report into this resolution by reference.

10. Western Governors are committed to considering advanced and small modular reactors as a reliable and emission-free energy resource.

11. Western Governors are committed to developing regional hydrogen hubs to spur economic development and add more clean energy sources to the region's resource mix.

12. The developing floating offshore wind industry presents a strong economic and sustainable energy generation opportunity for the West. Western states can work collectively, and in consultation with Tribal governments and in coordination with stakeholders, to address workforce, economic, infrastructure, social, environmental, and manufacturing challenges associated with offshore wind planning, siting, and deployment.

13. Western Governors commend efforts by the United States Geological Survey and state geological surveys to identify potential critical minerals deposits for alternative energy technologies and other consumer products vital to modern society.

14. Governors also support development of emerging tools and technologies that address barriers to mineral supply chain reliability, including technologies that help recycle or reuse existing critical mineral resources for use in clean energy technologies.

15. Western Governors are committed to leveraging the vast expertise in the West's industry, academic institutions, and national laboratories to make the region an international hub for new energy technology research and development, and energy education.

16. Western Governors encourage Congress and DOE to support and fund research, development, demonstration, and deployment of advanced energy technologies.

17. Western Governors support the creation of public-private research and development partnerships among industry, academia, the national laboratories, and Federal agencies to identify promising new technologies, including energy efficiency technologies that advance clean energy with reduced environmental impacts.

Economic and Workforce Development

18. Western Governors and states are committed to encouraging training and education in energy-related fields and ensuring there is an adequate workforce operating under the highest safety standards.

19. Many western states and communities have been affected by localized job losses due to changes in the energy sector and the closure of coal power plants. Western Governors and states are working diligently to facilitate the creation of employment opportunities for displaced energy sector workers.

20. Western Governors offer their support for the U.S. Department of Agriculture (USDA) Rural Energy for America program, which has benefited farmers, ranchers, and rural businesses that are often under-served by other Federal energy efforts.

21. Western Governors support funding and long-term authorization for the State Energy Program (SEP), Weatherization Assistance Program (WAP), and Low-Income Home Energy Assistance Program (LIHEAP).

22. Western Governors support legislative measures that promote flexibility for rural electric cooperatives to refinance or adjust loans secured through the USDA Rural Utilities Service.

23. Western Governors support increasing the development and use of energy storage and low- and zero-emissions vehicles and associated infrastructure. WGA's Electric Vehicles Roadmap initiative report provides valuable insights on strategies to effectively integrate electric vehicle charging equipment with local grid infrastructure.

24. Western Governors call on the Federal Government to lift a barrier to domestic free trade between the contiguous United States and the noncontiguous states and territories in the Merchant Marine Act of 1920 by allowing those jurisdictions to receive energy commodities produced on the mainland but transported by foreign vessels, should those jurisdictions, and the jurisdictions whose ports are being used to ship these materials, desire it.

25. Redundant Federal regulation of energy development, transport, and use is not required where sufficient state or territorial regulations exist. Existing state authority should not be replaced or impeded by Congress or Federal agencies. Where additional regulations are necessary, Federal agencies should consult and coordinate with states, territories, and Tribes to ensure collaboration and understanding of unique circumstances within individual states, territories, and Tribal nations.

C. Governors' Management Directive

1. The Governors direct WGA staff to work with Congressional committees of jurisdiction, the Executive Branch, and other entities, where appropriate, to achieve the objectives of this resolution.

2. Furthermore, the Governors direct WGA staff to consult with the Staff Advisory Council regarding its efforts to realize the objectives of this resolution and to keep the Governors apprised of its progress in this regard.

This resolution will expire in December 2027. Western Governors enact new policy resolutions and amend existing resolutions on a semiannual basis. Please consult ***http://www.westgov.org/resolutions*** *for the most current copy of a resolution and a list of all current WGA policy resolutions.*

SUBMITTED STATEMENT BY HON. GLENN THOMPSON, A REPRESENTATIVE IN CONGRESS FROM PENNSYLVANIA; ON BEHALF OF ANTHONY PIPA, SENIOR FELLOW, CENTER FOR SUSTAINABLE DEVELOPMENT, BROOKINGS INSTITUTION; BRENT ORRELL, SENIOR FELLOW, AMERICAN ENTERPRISE INSTITUTE

Chairman Johnson, Ranking Member Davis, and Members of the Subcommittee, we write with deep appreciation for convening this hearing on the mission and impact of USDA's Rural Development programs. There are too few opportunities during the Congressional calendar to explore the important role that Federal policy plays in supporting the community and economic development of our rural communities, which are so central to the country's overall prosperity and economic competitiveness.

Rural America disproportionately provides food, energy and natural resources to the rest of the country, and derives great benefit from Federal transfer payments and subsidies for agriculture, clean energy, and other activities. Nonetheless, many rural places have faced headwinds in adapting to the rapid changes in our national and global economy in the 21st century. Approximately *60% of the non-metro popu-*

lation[1] lives in a place where the prime age employment rate is significantly below the national average, and rural areas suffer disproportionately from social and health challenges.

These pressures have *strained local institutions*[2] and contributed to a sense among its residents that *national policy debates often overlook*[3] rural realities. USDA–RD's programs offer rural communities the opportunity to access investments in infrastructure, facilities, business creation, and other uses that help sustain health, prosperity, and civic life. It is vitally important that local rural leaders have the opportunity, through hearings such as today's, to tell Congress and Administration about the contributions of these programs and how they might be improved.

To continue elevating the discourse on rural policy and gathering such input, the Brookings Institution and the American Enterprise Institute are partnering to launch *America's Rural Future,*[4] a bipartisan commission co-chaired by former Senator Heidi Heitkamp (D–ND) and former Governor Chris Sununu (R–NH). One of today's witnesses, the Honorable Xochitl Torres Small, will serve as a member of the commission. The commission will host field hearings across rural America over the next 2 years as well as consult with senior national experts on the latest in research and analysis. The commission will use the insights it generates to help Congress and Federal agencies, including USDA–RD, maximize the public benefit and effectiveness of their investments.

A set of interconnected issues will determine the future of the country's rural communities. An **economic and workforce transformation** is likely to reshape opportunity in the age of artificial intelligence (AI) and automation. While earlier waves of automation disproportionately harmed rural workers, emerging evidence suggests near-term disruption may fall more on white-collar, office-based work, with many manual occupations (*e.g.,* construction, manufacturing, agriculture) relatively less exposed. Yet rural places risk being left behind given the limits of their infrastructure and their lack of readiness to leverage new technologies. America will be relying on rural areas to provide much of the water, land and energy required to operate vast new data centers needed to power the AI revolution, while the local benefits of these investments remain uncertain..

Changing population patterns are likely to stress essential services as communities seek to maintain a high quality of life. Rural America experienced its first recorded population decline in the 2020 Census, and its share of GDP fell from 9.0% in 2001 to 7.8% in 2023, even as diversity increased. In 2020, 32.5% of rural children were from minority populations. Investments that successfully enable productive in-migration to rural communities, retain youth, and support older adults are instrumental to helping communities remain viable and attractive places to live, work, and raise families.

Rural health outcomes and infrastructure are a crucial component of maintaining this quality of life. In general, rural health outcomes are disproportionately lower than their urban or suburban peers—higher burdens from chronic conditions such as heart disease, cancer, COPD, depression, and diabetes; the lingering effects of substance use; and the compounding pressures of an aging population and elevated mortality. With many rural hospitals grappling with a tough financial model and communities challenged to attract primary care providers, identifying service models that keep access local and surface practical configurations that balance financial viability with equitable care will be paramount.

Natural resources, climate change, and resilience are of outsized importance interest to rural communities and economies, especially those built on agriculture, forestry, outdoor recreation, and energy. Energy transitions will bring opportunity—99% of wind farms and roughly ¾ of solar installations are in rural America, and such investments could yield more than 250,000 jobs and $21 billion annually in rural regions. At the same time, rural regions will need to be at the cutting edge of adaptation practices, creating resilient water and electric systems and managing internal migration, which may impact local infrastructure and fiscal capacity—including national security considerations tied to critical resources.

The relationship among Federal, state, and local governments will set the context for where and how local rural governments build their self-sufficiency and sustain their vibrancy. The programs of USDA–RD constitute a set of tools within a toolbox that ranges across the full breadth of the Federal Government, and ensur-

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[1] *https://www.brookings.edu/articles/will-edas-recompete-pilot-program-reach-rural-america/.*
[2] *https://www.aei.org/research-products/book/alienated-america-why-some-places-thrive-while-others-collapse/.*
[3] *https://journals.sagepub.com/doi/abs/10.1177/10659129221124864.*
[4] *https://www.brookings.edu/projects/brookings-aei-commission-on-us-rural-prosperity/.*

ing that they are designed in a way that meets the needs of local governments and other stakeholders will remain paramount.

Conclusion

Rural America's challenges and opportunities extend well beyond the reach of any single Federal program. USDA–RD is an important part of the policy toolkit, but its effectiveness depends on how well Federal, state, and local actors work together to build capacity, reduce barriers, and adapt to emerging realities in technology, climate resilience, demographic change, infrastructure, and the stewardship of natural resources. Looking ahead, sustained attention from policymakers at every level, informed by genuine engagement with local leaders, will be essential to ensuring that rural communities are able to shape their own futures and continue contributing to the nation's prosperity and security.

SUBMITTED LETTER BY HON. ANGIE CRAIG, A REPRESENTATIVE IN CONGRESS FROM MINNESOTA; ON BEHALF OF BILL BROYDRICK, EXECUTIVE DIRECTOR, NATIONAL RURAL LENDERS' ROUNDTABLE

September 17, 2025

Hon. DUSTY JOHNSON,
Chairman,
Subcommittee on Commodity Markets, Digital Assets, and Rural Development,
House Committee on Agriculture,
Washington, D.C.;

Hon. DONALD G. DAVIS,
Ranking Minority Member,
Subcommittee on Commodity Markets, Digital Assets, and Rural Development,
House Committee on Agriculture,
Washington, D.C.

Chairman Johnson and Ranking Member Davis:

We submit this testimony to the Subcommittee on Commodity Markets, Digital Assets and Rural Development for its hearing regarding the USDA's Rural Development Program. The National Rural Lenders' Roundtable ("NRLR") is an association committed to expanding the public-private partnership in support of economic development in rural communities across America. The NRLR appreciates the steadfast support for rural investment from this Committee.

America is at a crucial juncture regarding economic opportunity in rural communities. The NRLR prides itself on the investments it has made in rural America. We believe that access to capital is essential to the entrepreneurial spirit that permeates throughout the country. Our partnerships have created countless jobs and business opportunities in rural America. We write to you today to outline some of the goals we hope to prioritize moving forward.

I. Encouraging USDA to amend Environmental Review Regulations under NEPA

The National Environmental Policy Act ("NEPA") provides policy guidelines and review for "major Federal actions" ensuring environmental impacts are studied before the government acts. Previously, NEPA was incorrectly applied to include loans, loan guarantees, and financial assistance despite language within the Act. USDA began to take steps to implement regulatory changes regarding agency review over the summer with a public comment period ending in early August. NRLR submitted a comment highlighting the need for more accurate statute interpretation. We are confident USDA will heed this advice and implement a regulation similar to the interim final rule that is true to NEPA's initial intent of ensuring environmental protections in major Federal actions while correctly excluding non-major Federal actions like loans. We ask that you continue to use your authority as a legislative and oversight body to ensure that executive implementation of duly passed legislation is true to its intended purpose.

II. Continued Funding for Rural Development Programs

The NRLR greatly appreciates Congress's continued and resolute support in funding the USDA's Rural Development programming. Millions of Americans rely on the necessary funding that rural development programs supply. Rural Development, like the Rural Business—Cooperative Service, has provided essential funding to allow rural businesses to develop and compete with urban and international business through energy, infrastructure, and logistical upgrades. It is programs like this that allow America to thrive. The extra hurdles rural communities face in securing capital should not be an inhibition on their path to the American Dream. We ask that Congress continue to adequately fund these programs through its Constitutionally-mandated appropriations process. Rural Americans have entrusted this Congress with the responsibility of vigorously advocating for their economic opportunities. Securing specific and sufficient funding for these rural development programs is vital to this commitment.

III. Rural Energy for America Program ("REAP")

Per Administrator Claeys's recent letter to USDA Rural Business—Cooperative Services staff, our understanding is that, in accordance with President Trump's Executive Order 14135, guaranteed loans for rural solar and wind energy systems are no longer permitted. We believe that the REAP solar program should continue. At a minimum applications submitted before Mr. Claeys's letter should be processed. Congress's Continuing Resolution should reflect Congressional interest in continuing the program and honoring faithfully submitted applications.

Currently, REAP loan applications that were submitted before Administrator Claeys's determination of agency next steps on August 17th, 2025 are being rejected. NRLR believes that this is contrary to the public interest and unfair to the business interests of applicants who submitted applications on the reasonable understanding that renewable energy loans were still permissible. The agency had yet to demonstrate that it intended to limit program parameters when these businesses expended resources with the understanding that renewable energy programs were still permissible. NRLR believes that the only just outcome is to honor the initiative these businesses took under existing program rules prior to the agency changes on August 17th. We ask that Congress use its oversight and appropriative roles to compel the agency to honor these commitments prior to August 17, 2025 by approving the REAP applications that were duly and honestly submitted in good faith and in accordance with the existing framework at time of submission.

IV. Agency Collaboration and Oversight

As an organization that is on the ground working with thousands of businesses and the USDA Rural Development staff on a daily basis, the NRLR is committed to fostering a productive and collaborative relationship with the agency. The agency's decisions and process are pivotal to the livelihoods and businesses of every rural community. With this premise in mind, the agency's decisionmaking process and procedure should be a catalyst rather than a hindrance. We believe that the agency should be resolved to get to "yes" when working with businesses and lenders rather than a punitive approach. This includes working with businesses on timelines and adequate staffing levels. Because these rural small businesses often have life savings and substantial capital at stake, USDA must work to efficiently and effectively process loan applications and funding procedures.

Furthermore, we acknowledge that because of changes in Federal Government practices and the Federal employee buy-out program, the agency has lost longstanding institutional knowledge in key departments and local relationships particularly at the state office level. We greatly appreciate the exceptional work and efforts of USDA staff despite these hurdles.

The USDA, like many Federal agencies, use outdated and burdensome procedures and technology. Despite the best efforts of agency staff, these bureaucratic barriers have limited the efficiency of business' access to capital and industry developments. For example, many of the loan procedures within the Rural Development program do not accept electronic signatures requiring ink on paper. Though seemingly trivial, after multiple rounds of documents and mailing times, this delay compounds into a significant burden on the timeliness of loan disbursements. This is simply one instance of many exemplifying the unnecessary red tape the industry must overcome.

We ask that Congress work with the USDA to streamline its logistical processes and have Congressional caseworkers interact directly with state agency staff on a regular basis to ensure constituents are not encumbered by unnecessary hurdles. Additionally, appropriating funds specifically designated to updating agency infrastructure would pay significant dividends for government efficiency.

V. Conclusion

Again, we want to reiterate our appreciation for Congressional efforts to assist rural development and for the countless agency staff on the front lines of protecting economic opportunity. We would be more than happy to meet with the Committee Members, Committee staff, and individual office staff to discuss opportunities to further these goals. It is essential that Congress act to uphold its commitment to rural America and we look forward to working with you in accomplishing this vital work.

Sincerely,

BILL BROYDRICK,
NRLR *Executive Director.*

SUBMITTED QUESTION

Question Submitted by Hon. Nikki Budzinski, a Representative in Congress from Illinois

Response from Xochitl Torres Small, J.D., Former Deputy Secretary, U.S. Department of Agriculture; Executive Director, Quivira Coalition

Question. Ms. Torres Small, you testified about the need for flexible, long-term funding that communities can actually navigate, rather than the current maze of 70+ separate programs. What would it look like if we had robust investment through automatic, renewable grants exclusively for rural communities that incentivized regional partnerships and tripled funding for the highest-poverty areas?

Answer. Automatic, renewable grants exclusively for rural communities would work similarly to distribution of Community Development Block Grant (CDBG) funds that go to large urban populations, so-called entitlement communities. According to Tony Pipa and Natalie Geismar's assessment in *Reimagining rural policy: Organizing Federal assistance to maximize rural prosperity,*[1] entitlement communities received approximately 70% of CDBG funds and, just as importantly, received them without a competitive application. Non-urban communities, however, were only eligible to receive 30% of the total funding and had to compete for those funds through the state. As a result, only a few thousand non-urban communities, out of almost 40,000 nation-wide, received funding. Moreover, because those funds were competitively awarded, small, high-poverty communities may have struggled with the employee time and training to apply for those grants. While this appears to be a fair, straightforward approach to rural development, additional community capacity through partner organizations may also be necessary to support effective use of funding and reporting requirements. Thank you for your dedication to rural people and thoughtful approach to supporting strong rural communities.

ATTACHMENT

BROOKINGS

[*https://www.brookings.edu/articles/reimagining-rural-policy-organizing-Federal-assistance-to-maximize-rural-prosperity/*]

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[1] Pipa, Anthony F., and Natalie Geismar. "Reimagining Rural Policy: Organizing Federal Assistance to Maximize Rural Prosperity." Brookings, 19 Nov. 2020, *www.brookings.edu/articles/reimagining-rural-policy-organizing-Federal-assistance-to-maximize-rural-prosperity/*.

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Reimagining rural policy: Organizing Federal assistance to maximize rural prosperity

ANTHONY F. PIPA [1] and NATALIE GEISMAR [2]

November 19, 2020

As the 2020 election showed, America's political polarization is as deep as ever. But the differences among America's metropolitan and small-town communities are not always ideological, but informed by decades of divergence in prosperity between the nation's booming cities and its rural areas.

As rural communities adapt to 21st century shifts in the national and global economy, demographics, and climate, the fallout from COVID–19 and the attention to racial injustice adds new urgency to their situation. A recovery from COVID–19 that strengthens America's economic resilience and prosperity, reduces its social vulnerabilities, and addresses long-standing racial and social inequities will require policies that enable more diverse *places*—as well as *people*—to thrive.

Rural America boasts a rich diversity of identity, employment, culture, and experiences. People of color comprise 21 percent of the rural population; rural areas have higher self-employment rates than urban counterparts; and rural assets will be central to modernization and transition underway in several of the nation's key industries.* Yet rural people and places also face unique vulnerabilities: Their recovery from the 2008 recession was incomplete before COVID–19 hit, and they lag other areas on indicators of poverty, health, and education.* Many distressed rural communities are those where racial inequities dominate.

In a nation where long-term poverty and economic distress concentrate disproportionately among people of color in rural areas, it is impossible to disentangle rural development from efforts to promote economic and racial justice. It is time to consider geographic equity as a key element of a long-term equity agenda.

Federal assistance for rural development is outdated, fragmented, and confusing

The Federal programs and tools available today to promote rural economic and community development serve as a reminder of active Federal involvement in the 20th century. Yet they are outdated, fragmented, and incoherent.

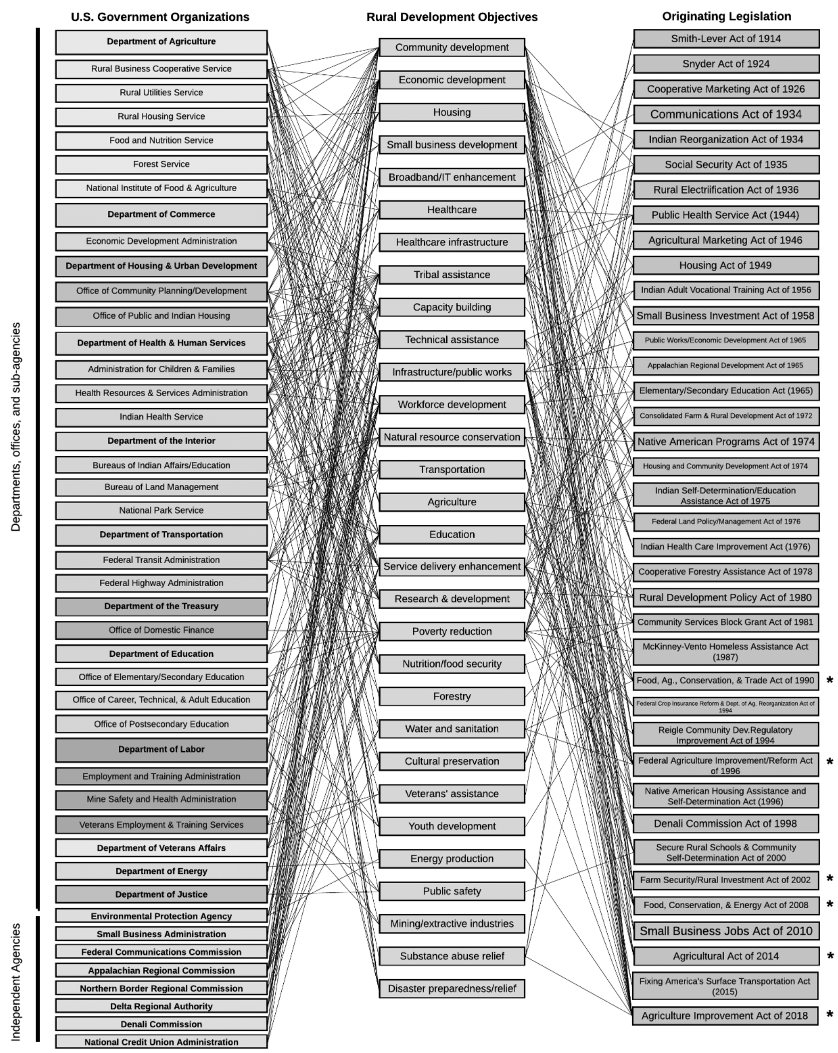
[1] *https://www.brookings.edu/people/anthony-f-pipa/.*

[2] *https://www.brookings.edu/articles/reimagining-rural-policy-organizing-federal-assistance-to-maximize-rural-prosperity/.*

* **Editor's note:** internal citations in this article (12 and 34), aside from the hyperlinked footnote, have been removed as there are no corresponding footnotes to the references.

Over 400 programs are open to rural communities for economic and community development, spanning 13 departments, ten independent agencies, and over 50 offices and sub-agencies. A total of 14 legislative committees have jurisdiction over the authorizing legislation for these programs. While the U.S. Department of Agriculture is charged with coordinating Federal rural policy, these programs go far beyond its authority—similarly, today's rural policy must go far beyond agricultural policy. For programs open to many different sized communities, rural communities often deal with spending formulas or eligibility requirements that are particularly disadvantageous to them.

Federal Development Assistance for Rural and Tribal Communities



* Denotes a farm bill.

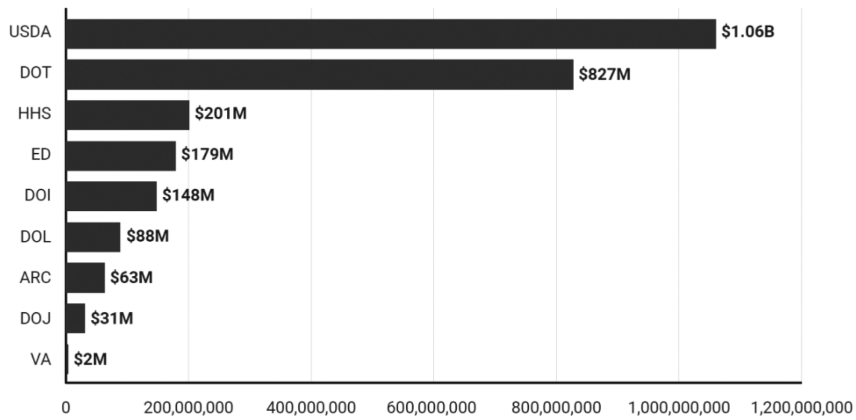
While USDA is technically charged with directing Federal rural policy, programs that promote rural and Tribal development are spread widely throughout the government. No comprehensive and integrated strategy exists. As shown [above], the array of legislation, directives, and programs meant to help these communities leads to significant confusion and fragmentation.

Source: *Brookings analysis of the 2019 Catalog of Federal Domestic Assistance.*

Note: *Due to space constraints, this visualization excludes a small number of sub-agencies and offices that administer rural and Tribal development programs. Lines drawn directly from department names account for programs administered by sub-agencies and offices that do not appear in the chart.*

We tracked Fiscal Year 2019 funding flows for 93 of these programs, which exclusively target rural communities. They administered $2.58 billion in grants (just 0.2 percent of Federal discretionary spending) *versus* $38 billion in loan authority.

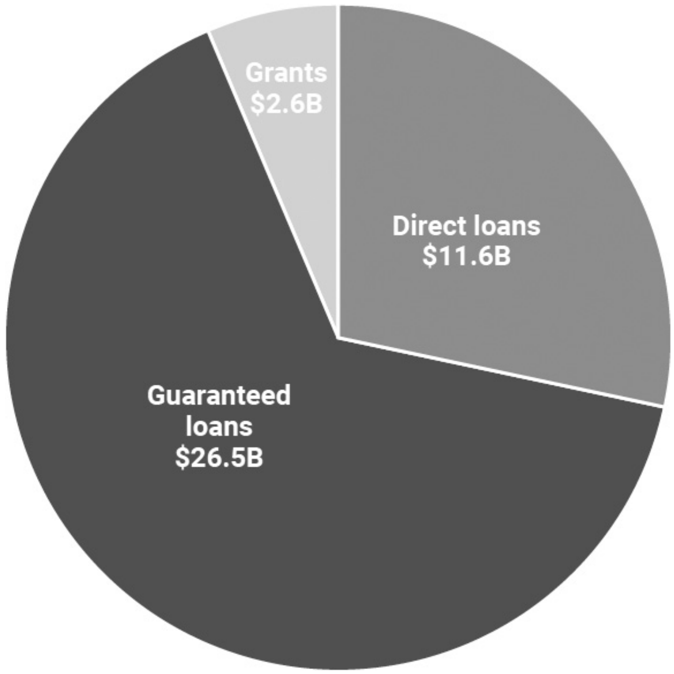
FY 2019 Grant Spending on Rural-Exclusive Development Programs, by Agency



Source: *Brookings analysis of USASpending data.*

Note: *USDA = U.S. Department of Agriculture, DOT = Department of Transportation, HHS = Health and Human Services, ED = Department of Education, DOI = Department of the Interior, DOL = Department of Labor, ARC = Appalachian Research Commission, DOJ = Department of Justice, VA = Department of Veterans Affairs.*

Loan Authority Accounts for the Vast Majority of Rural-Exclusive Development Assistance



Source: *Brookings analysis of USASpending data and USDA–RD FY 2021 budget summary.*

The urgency of challenges facing rural communities makes a strong case for ambitious Federal leadership to support economic and community development in the rural United States. To maximize the return on Federal investment, our recommendations include:

1. Launch a Domestic Development Corporation, Modernizing Technical Capabilities and Financing Tools

A new corporation would competitively award large, flexible **block grants** that invest in local vision, accompanied by cutting-edge technical assistance, rigorous analysis and measurement of results, and support to strengthen local leadership and civic capacity. It would integrate and **expand the breadth of domestic development financing tools,** bringing strategy and improved impact to the set of narrowly defined and siloed tools that currently exist. The U.S. Government has done this successfully for its international development investments by creating the Millennium Challenge Corporation and the International Development Finance Corporation; it should apply this experience to the development challenges facing rural communities in the U.S.

2. Create a National Rural Strategy and Undertake Associated Reforms To Improve Coherence, Regional Integration, and Transparency

As early as the 1970s, officials in the Carter Administration noted that "the Federal rural development effort consisted of programs, rather than policy."[3] A national rural strategy will strengthen coordination by providing clear policy direction to the agencies and stakeholders involved in rural development.

To ensure that strategy implementation responds to rural realities, we recommend **elevating White House leadership** by (1) establishing high-ranking positions responsible for rural and Tribal development and (2) creating an office to fa-

[3] Anne Effland, "Federal Rural Development Policy since 1972," *Rural Development Perspectives* 9, no. 1 (1993): 8–14, *https://naldc.nal.usda.gov/download/IND20388541/PDF.*

cilitate interagency coordination and provide consistency and convening power across Presidential Administrations.

To be successful, a national rural strategy must embrace diverse rural perspectives while breaking down urban-rural divides **by incentivizing regional approaches.** An analysis of the impact, constraints, and successes of the seven regional commissions and authorities previously authorized would be a start. Special attention should be paid to addressing power dynamics that have historically excluded groups, and to promoting collaboration with a wide range of partners and intermediaries.

To complement the national strategy and ensure that rural areas have fair access to the Federal assistance that can help advance their priorities, we suggest a Federal **rural audit**—a close examination of eligibility, funding formulas, and spending criteria of community and economic development programs, identifying those that disadvantage or create barriers to entry for rural areas.

Coherent strategy requires a rigorous focus on transparency and results. To increase transparency, we recommend an **easy-to-use web tool** that tracks Federal funding flows to **rural people and places.** We also recommend a Congressional commitment to mandate and provide **five percent of program funding for evaluation.**

3. Appoint a Bipartisan Congressional Commission To Undertake a Top-to-Bottom Review and Build Bipartisan Momentum for Improving the Effectiveness of Federal Rural Policy

The scale of operational and structural changes needed to make meaningful improvements will depend upon support and actions from both the legislative and executive branches, and from both political parties. To build and sustain momentum for the scale of change suggested in this analysis, we recommend a **bipartisan, Congressionally appointed commission** undertake a top-to-bottom review of the effectiveness of Federal assistance for rural community and economic development.

Download the full policy brief.[4]

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[4] **Editor's note:** The policy brief is retained in Committee file; and is available at *https://www.brookings.edu/wp-content/uploads/2020/11/Rural-Dev-Assistance-Brief.pdf*.