

**Testimony of Bette Brand**  
Strategic Consulting LLC

Before the  
Commodity Markets, Digital Assets, and Rural Development Subcommittee  
U.S. House of Representatives

**USDA Rural Development: Delivering Vital Programs to Rural America**

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**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.

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**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.

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## **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.