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Chairman Conaway, Ranking Member Peterson and members of the committee, thank you for the opportunity to discuss the programs, successes and challenges of the Department of Agriculture's Rural Development mission area. I am accompanied this afternoon by Mr. Brandon McBride, Mr. Sam Ridders, and Mr. Tony Hernandez, Administrators for Rural Development's Utilities, Business and Cooperative, and Housing Services, respectively.

Rural Development's fundamental mission is to increase economic opportunity and improve the quality of life for all rural citizens. Our investments contribute to rural growth and support the needs of the 46 million American citizens that provide the food, fiber, fuel, and durable goods the rest of the nation, and the world, depend upon.

Since 2009, Rural Development has provided grants and loans to help grow the economy, create jobs and provide housing and opportunity for home ownership. Rural Development has helped approximately 112,000 rural small businesses grow, creating or saving an estimated 450,000 jobs; invested in more than 6,600 critical community projects including hospitals, libraries, schools, and public safety facilities; supported more than 3,000 multi-family housing developments; and helped more than 1.1 million rural families buy, repair or refinance a home helping more than 141,000 rural Americans become homeowners in FY 2015 alone.

Rural Development has also invested a total of \$13.3 billion since FY 2009 in new or improved infrastructure in rural areas through 10,623 water projects. These improvements helped nearly 18 million rural residents gain access to clean drinking water and better waste-water disposal. Rural Development staff provided grants and loans for water and waste-water projects to help safeguard the health of approximately 15.7 million rural residents. Modernized electric service was delivered to more than 5.5 million subscribers and over 180,000 miles of electric lines were funded. We invested in new and improved broadband service to nearly 1.5 million rural residents, which expands access to state-of-the-art health care, educational and

cultural resources, and provides the opportunity for local businesses to compete in the global economy; helped modernize rural electric infrastructure for about 5.5 million rural residents and businesses.

As this Committee well knows, the economic well-being of all Americans is inexorably tied to rural growth. We are proud to serve the needs of rural people and places to ensure that rural America continues to thrive and to drive the economy. I have had the benefit of visiting a number of projects throughout the country and am excited by the innovation and cutting edge technology in use and growing the rural economy.

Our dedicated field staff in nearly 400 offices live in the areas they serve closely collaborating with those communities to engage directly with local lenders and partners to solve problems and explore options for sustainable economic development. Our work is designed to maximize taxpayer dollars, leveraging private sector financing or providing a guarantee to private banks. Small businesses looking to expand into new markets and create jobs, municipalities seeking to lower energy and water costs and improve efficiency, and rural residents looking for safe, affordable housing are all well served by Rural Development.

We are able to conduct this important work strengthening rural America through the authorities provided to USDA by Congress and the work of this Committee. The 2014 Farm Bill renewed our authority to strengthen our efforts on our core programs for rural America. I want to thank the Members of the Committee for your continued commitment to the well-being of rural America and for your support of Rural Development investments in towns and communities across the country.

The Rural Utilities Service—Investing in Infrastructure for a Modern Rural America

The Rural Utilities Service (RUS) has an 80-year history of funding basic infrastructure, providing the critical financial support for electric infrastructure, clean, safe water and wastewater services, and finally, bridge the digital divide with broadband service to help healthy rural communities grow and prosper. During 2015, RUS has provided over 5.5 million rural consumers with improved electric service, over 2.8 million rural households, businesses

and community institutions with better access to telecommunications services, and over 18 million rural residents with improved water and wastewater services.

For example, Rural Development provided over \$22 million to assist the communities of Cameron, Maysville, and Stewartsville in northwest Missouri. Over the last 10 years these towns have struggled to provide their residents with water due to drought and aging water treatment facilities. These funds will be used to construct a 36 mile water line and related storage and pumping facilities. The system improvements will bring safe, clean, and abundant water to about 4,370 rural households and businesses.

Overcoming geographic and demographic challenges to offer access to robust broadband service is difficult and among the reasons that less than 40 percent of those living in rural communities have high speed internet service. In 2015, RUS awarded \$280 million to improve telecommunications services — including broadband delivery, distance learning and telemedicine systems, expansion of rural 911 systems, and other telecommunications infrastructure — for 2.8 million rural customers. Since 2009, USDA has awarded \$6.7 billion for nearly 550 projects to improve telecommunications infrastructure in rural communities.

In September 2015 the White House released a report submitted by USDA and the Department of Commerce on ways to continue to bring broadband to unserved areas. Work continues on those next steps of getting robust broadband service available to all who live in rural areas. As part of those efforts, many RD programs can be an important resource in this effort.

Efforts such as the Community Connect grant program, provide broadband grants to better target last-mile funds to rural communities that are least likely to have broadband infrastructure needed for economic development. Rural Development also invests in Distance Learning and Telemedicine Programs (DLT) to provide innovative breakthroughs and increased medical care access for rural citizens.

Rural Business and Cooperative Services—A Force for Rural Jobs and Revitalization

USDA's Rural Business and Cooperative Service (RBS) continues to bring investments and jobs to rural areas that improve lives of rural Americans. In FY 2015, RBS helped more than 12,500 rural businesses through \$1.5 billion in loans, loan guarantees, and grants. Since 2009, USDA has helped over 112,000 rural businesses start or expand operations with nearly \$11 billion in investments.

The Rural Economic Development Loan and Grant Program has made over 600 awards totaling over \$365 million assisting nearly 1,100 businesses and helping create or save over 31,000 jobs since 2009. In FY 2015, RBS made under this program 38 loans, totaling \$38.6 million, and 33 grants, totaling approximately \$9.2 million. One example is a \$2 million loan to East Mississippi Electric Power Association to provide a loan to Winston Plywood & Veneer, LLC to purchase machinery and equipment needed for an \$85 million plywood and veneer manufacturing facility to be located in Winston County, Mississippi, a consistent poverty/StrikeForce county. The project is expected to create 300 new jobs.

The Rural Energy for America Program (REAP) has significantly contributed to doubling the number of farms using renewable energy production in the last five years. Since 2009, RBS renewable energy programs have made 11,649 awards to provide over \$720 million in funding to agricultural producers and rural small businesses to strengthen rural economies. REAP is bringing down energy costs for rural small businesses and agriculture producers and making them more competitive in the global marketplace.

In 2015, RBS awarded Wellons Farm, LLC, in Johnson County, North Carolina, a \$4.3 million REAP loan guarantee to provide financing to install a 6.5 megawatt photo-voltaic solar array on the farm. Once the system is up and running, the solar panel system will generate enough energy to power 1,000 average sized homes per year.

During FY 2015, RBS provided approximately \$59 million in Cooperative Program grants to support over 4,000 projects in business, agriculture and health care sectors. Since 2009, RBS has helped more than 15,000 farmers, ranchers and businesses through approximately \$224 million in funding.

Today, we are using lessons learned from our lengthy experience in rural America to help communities capitalize on emerging opportunities in the 21st Century economy. Consider our work in the rapidly expanding area of local and regional food systems. In FY 2015, RBS provided \$88 million to assist over 1,400 producers and businesses for local and regional food systems.

One example is Buffalo Creek Beef, LLC of Lexington, VA, which received a \$200,000 working capital Value-Added Producer Grant (VAPG) in FY 2015 to produce high-value beef utilizing a unique processing and finishing method that results in a hand-raised, all natural product. This family-owned operation concentrates on local markets and will use grant funds to diversify their product line to include a wider variety of raw and ready-to-eat products.

Rural Housing Services—Anchoring Communities with Homes and Essential Facilities

A special point of pride for Rural Development is our housing programs. The Rural Housing Service and Community Facilities (RHS and CF) make critical loans and grants to support rural residents and the communities in which they live. Congress has defined for us a tremendous set of housing and community development programs to ensure that rural families have access to safe, affordable homes and thriving communities.

Since 2009, Rural Development has helped more than 1.1 million rural families buy, refinance and maintain homes with \$137.5 billion in RHS investments. During FY 2015, our Rural Development housing programs provided \$19.5 billion to help more than 141,300 families with modest incomes buy, finance, or repair their homes. These programs mean that low and moderate income borrowers are now on the journey to homeownership, which will help build wealth and security for rural families. We offer one of the best home mortgages in the United States and boast a low default rate. Additionally, we left no dollar unused in our 502 direct mortgage program and we plan to do this again in 2016. We understand how vital this core program is to rural America.

Another significant part of our housing program provides rental assistance to low-income people who live in USDA-financed multi-family housing. During FY 2015, RHS helped

10,840 families build or renovate about 450 multi-family housing rural apartment complexes through \$277.2 million in funding.

We have worked hard to address recent challenges of providing sustainable rental assistance to those who rely on this program, and I am optimistic that these efforts and the FY 2017 investment build a stronger program to better serve rural residents.

RHS continues to make tremendous gains to its systems and processes—and recently took on a decade of needed upgrades. As of this spring, our guaranteed Single Family Housing loan program is now paperless. Not only are we saving 37,500 reams of paper every year, we've lowered postage costs, saved printer ink, and are moving loan guarantees out the door more efficiently, making our programs easier for our customers to use.

USDA Rural Development, through its Community Facilities programs, has taken a leadership role in facilitating and strengthening public private partnerships to ensure that rural residents have the opportunity for a brighter future with good schools, quality health care and other critical community infrastructure needs. Since 2009, this program has improved the quality of life for rural residents by investing \$9.6 billion in more than 9,000 community infrastructure projects.

School districts in rural Clay, Colquitt, Quitman, Randolph, and Sumter counties are partnering with the Georgia Tech Research Institute (GTRI) to build STEM distance learning infrastructure for STEM education and outreach. USDA Rural Development provided a \$99,900 Community Facilities grant in 2015 to help purchase teleconferencing and online access equipment to facilitate STEM program outreach. Since 2013, USDA Rural Development has provided 10 grants totaling almost \$502,000 to educational institutions to support STEM education in rural Georgia and give local students a competitive edge in the job market.

Addressing the Challenge of Rural Poverty

Under Secretary Vilsack's leadership, there has been a push to transform rural America from a primarily agri-based economy to one that makes, creates and innovates. A focus on taking advantage of the emerging bio-economy, including bio-manufacturing and advanced

biofuels, local and regional food systems, broadband, and telemedicine has not only supported the most productive agricultural sector in the world, but also assisted rural communities to be places where all businesses have prospered and created jobs. I am committed to continue this work of providing increased opportunities to allow everyone to share in the prosperity of the growing economy.

Rural Development plays a key role in USDA's place-based efforts making sure that the programs that help alleviate the impact of poverty are available and accessible even in the poorest and persistently poor rural communities. Over the course of the last several years, we have been proactive in identifying and assisting areas of greatest need in rural America. Earlier this year, the StrikeForce Initiative added four additional states to include a total of 970 counties, parishes, boroughs, and census areas in 25 states and Puerto Rico. We know that place-based efforts work and we have seen StrikeForce bring economic opportunity directly to rural Americans where they live and help rural communities leverage their assets. In 2015, in StrikeForce target areas, USDA partnered with more than 1,000 organizations to support 56,600 investments that directed more than \$7.5 billion to create jobs, build homes, feed kids, assist farmers and conserve natural resources in some of the nation's most economically challenged areas. Since the initiative was launched in 2010, USDA has invested more than \$23 billion in high-poverty areas, providing a pathway to success and expanding the middle class.

Across the country poverty rates are in decline. Still, in 2014, roughly 2.5 million children in rural areas were poor and approximately 1.2 million children lived in rural families with cash incomes below half of the poverty line. Rural and tribal communities face distinct challenges to combating rural poverty, including limited access to critical services, fewer job prospects, and in some places, relative lack of institutional capacity. The budget requests \$20 million in grants to rural communities to implement two-generation strategies that seek to intentionally align high-quality workforce development programs with high-quality child-focused programs. In addition, the budget requests \$5 million to support data systems alignment across several USDA and HHS programs to gain efficiencies and maximize impact of existing programs.

Throughout my travels to rural communities, it is clear that addressing the challenge of outmigration and giving our next generation of rural Americans opportunities to stay and use their skills to earn a living in their communities was extremely important to local community leaders, family members and businesses. I know this can be done.

Investing in the People to Make Rural Development Investments Possible

All that Rural Development does is possible because of the people who do this work. Every day, 5,000 Rural Development professionals work to help rural business, provide affordable rural housing, and maintain and upgrade infrastructure investments. Because Congress has supported our field based delivery structure, Rural Development has staff in every state to make and service the loans and grants that help our rural communities become stronger and more vibrant.

Over the course of my career, in both the philanthropic foundations and the private-sector financial industry, I have had the opportunity to work with great people. In my 14 months in this position, I could not be more impressed with the men and women of USDA Rural Development. They are smart, dedicated and resourceful. Fewer personnel have done more work. Our field based staff works, lives and raises their families in the communities they serve. They deserve our praise and support for the work they do.

This work modernizes rural America; it connects citizens to broadband; it builds a cleaner future through renewable power and energy efficiency; it reduces child poverty by investing in businesses; it helps manage the growing healthcare needs of an aging population; it builds rural places where young people want to stay, start families, build businesses and create futures.

I will focus on increasing investments in our people to continue to provide quality service in both our national office and in the field, where staff are part of our rural communities. There is a need for new employees to fill mission-critical skill shortages, particularly important since Rural Development's loan portfolio has grown to more than \$212 billion.

Congress has provided significant resources to make a real impact in rural places. Yet the opportunities and the challenges of rural America make it clear to all of us that taxpayer dollars will continue to deliver stronger economies in rural communities. There is something extraordinary about rural America's ability to survive and thrive. It is a place where values count and where stewardship is a meaningful obligation.

Thank you for your continued interest and support of Rural Development programs. Together, we can coordinate and leverage our resources to invest in our country's future and turn Rural Development's transactional work into transformational work.

I appreciate the opportunity to testify before this House Agriculture Committee. At this time, I am happy to answer your questions. Thank you.