

**FARM BILL 2023: RURAL DEVELOPMENT
AND ENERGY PROGRAMS**

HEARING

BEFORE THE

**COMMITTEE ON AGRICULTURE,
NUTRITION, AND FORESTRY**

UNITED STATES SENATE

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FARM BILL 2023: RURAL DEVELOPMENT AND ENERGY PROGRAMS

TUESDAY, NOVEMBER 15, 2022

U.S. SENATE,
COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY,
Washington, DC.

The Committee met, pursuant to notice, at 10:03 a.m., in room 328A, Russell Senate Office Building, Hon. Debbie Stabenow, Chairwoman of the Committee, presiding.

Present: Senators Stabenow, Leahy, Brown, Klobuchar, Bennet, Gillibrand, Smith, Durbin, Booker, Luján, Boozman, Hoeven, Ernst, Hyde-Smith, Marshall, Tuberville, Grassley, Thune, and Fischer.

STATEMENT OF HON. DEBBIE STABENOW, U.S. SENATOR FROM THE STATE OF MICHIGAN, CHAIRWOMAN, U.S. COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Chairwoman STABENOW. Well, good morning and welcome to all the committee members back to our committee room. This is a very historic room, and we are so glad to have the opportunity to be back, particularly for our opening hearing here in D.C. on a Farm Bill title.

We want to welcome Under Secretary Torres Small. We want to welcome all of our witnesses.

I do want to say that it is Under Secretary Torres Small's birthday, so we did this particularly to celebrate your birthday today. Happy birthday to you. If anyone wants to break out in song, feel free.

It really is wonderful to have you here today to review the U.S. Department of Agriculture's Rural Development and Energy programs as we prepare for the 2023 Farm Bill.

I also want to begin by thanking my Ranking Member, Senator Boozman, for his partnership and continuing the bipartisan process for the 2023 Farm Bill and congratulations on your reelection last week. I was mentioning to you that we were waiting on bated breath, everybody holding their breath, but you came in early. You were like right there, winning overwhelmingly, so congratulations. I really look forward to continuing to work with you on the Committee.

This is the first of what will be a series to review titles of the Farm Bill and to hear from those in farm country about the needs of our rural communities. We started this process earlier this year with field hearings in Michigan and Arkansas, where we heard from people on the ground what was working for them and what

is not. We all know that the Farm Bill is a jobs bill, and that is what we are in part here to talk about today.

The Rural Development and Energy Titles of the Farm Bill create good-paying jobs in rural communities like my hometown in Clare, in northern Michigan, and improve the quality of life for rural families. Every American deserves a great quality of life, no matter where they live. Rural communities trust USDA Rural Development to help them with critical community infrastructure projects from broadband to water, clean electricity to small business lending.

We all know that rural prosperity starts with reliable access to broadband. Investments in the Bipartisan Infrastructure Law, which was enacted actually a year ago today, signed by President Biden a year ago today, has us well on our way to ensuring that every American has access to broadband, and the USDA must remain a key partner in that effort. Rural customers should not accept second-rate broadband service, including slower speeds and fewer choices than their urban counterparts.

Last month alone, the Biden-Harris administration awarded \$59 million to connect over 5,000 rural Michigan residents to high-speed internet. Think of the difference this connection will make for our small businesses who are connecting to customers, our students who are doing their homework, and our families who are seeing a doctor, attending community meetings remotely, and staying connected with family and friends.

I look forward to hearing the recommendations from our witnesses today about how we can create a long-term broadband program in the next Farm Bill that ensures rural Americans have affordable and reliable service.

In addition to broadband service, USDA Rural Development and their partner organizations are sources of reliable capital to grow rural small businesses. Think about the young entrepreneur who is finally able to launch her small business thanks to affordable financing from USDA Rural Development. Our rural economies depend on these small businesses, and USDA Rural Development plays a key role in improving access to capital and other support.

As I always say, in Michigan, we grow things and make things; that is what drives our economy. Biobased products combine both. These products create new markets for our Nation's farmers while reducing our dependence on foreign oil. From the seats and the cup holders in our great Michigan-made vehicles to some of the clothes we wear, biobased products replace plastics often made with petroleum. That helps create markets for our farmers, keeps manufacturing jobs here at home, and addresses the climate crisis as well. I look forward to hearing recommendations on ways to improve the BioPreferred program while continuing to build our Nation's bioeconomy.

Also, rural communities and our Nation's farmers are on the frontlines of the climate crisis, as we know, but they are also our best partners in stopping it in its tracks. The climate crisis will continue to threaten our rural way of life, and we must ensure communities have the tools they need to be leaders in addressing its impacts.

Programs like the Rural Energy for America Program (REAP) give farmers opportunities to decrease their operating costs and become energy efficient while reducing emissions. Also, rural utilities, including rural electric co-ops, are on the frontline, cutting edge of renewable energy technology and depend on USDA Rural Development as a reliable financing partner.

The next Farm Bill is also an opportunity to address unique challenges that have arisen in the past few years. Across the Federal Government, there are over 400 programs open to rural communities for infrastructure and community development, spanning 13 Federal departments. Part-time and volunteer local government officials cannot, and should not, be expected to hire expensive consultants just to complete complex Federal applications. USDA has a responsibility to lead Federal coordination for rural communities and provide the necessary technical assistance. Our rural communities need simplified applications and assistance from community partners to develop comprehensive, economic development strategies. Both titles present bipartisan opportunities to not just address challenges rural communities face but also to enhance the strengths that make them great places to live.

I look forward to hearing from our witnesses today about their goals for the next Farm Bill. I ask unanimous consent to enter into the record statements from the Rural Network, the Housing Assistance Council, the Rural Community Assistance Partnership, the National Cooperative Business Association, the Alternative Fuels and Chemicals Coalition, and BIO. Without objection, so ordered.

[The following documents can be found on pages 94–140 in the appendix.]

Chairwoman STABENOW. I now will turn to Ranking Member Senator Boozman for his opening remarks.

**STATEMENT OF HON. JOHN BOOZMAN, U.S. SENATOR FROM
THE STATE OF ARKANSAS**

Senator BOOZMAN. Well, thank you, Madam Chair, and I am pleased to join with you in welcoming our colleagues and witnesses to today's hearing.

I am delighted that we have returned to our historic hearing room. Our hearing room is very different from the other hearing rooms in the Senate. Instead of a dais, we have a table. Rather than sitting apart, we sit across from one another. Portraits of our predecessors remind us that we are part of a long tradition of working together to serve our Nation's farmers, ranchers, and forest landowners, rural communities, and those who are hungry. I believe the room is set in this way on purpose as a reminder that the work of this Committee is too important and impacts too many people's lives for us not to be able to look each other in the eye and reach across the table to serve our fellow Americans.

Americans have been through a lot since the last time we gathered to write a Farm Bill. The pandemic, record-high inflation, breakdowns in the supply chain, the war in Ukraine, floods, droughts, tornadoes, hurricanes, wildfires have tested us all. That is a lot.

Rural America was not sheltered from any of these challenges. In fact, in many ways, the impact on rural America was greater.

Just ask any parent living in a rural American setting about the challenge of schooling their children from home during the pandemic without internet access or ask the rural hospitals struggling to keep their doors open and continue to serve their community while navigating the unprecedented effects of the pandemic.

The next Farm Bill will be informed by these experiences. As we develop the next Farm Bill, I believe our clear focus should be on rural America. How do the programs and the policies of the Federal Government help or hurt life in rural America? Because if one part of America is not living up to its potential, then all of America is held back.

Today's hearing on Rural Development and Energy programs is the perfect way to kick off our Committee's title-by-title review of the 2018 Farm Bill. As an agency, Rural Development can provide loans and grants to basically build a community from the ground-up. The range of assistance it offers is vast: from water, sanitation, electricity, and broadband to loans for small businesses', financing for cooperatives', and grants for community facilities' rural development. All of that is a tremendous resource.

As we review the mission area's programs, we must redouble our efforts to make them more accessible. A professional grant writer should not be necessary for communities to be successful applicants. Additionally, I think it is important that we learn how requirements from Rural Development and other agencies are making projects more expensive and less timely.

I appreciate each of the witnesses joining us today, Under Secretary Torres Small and especially the experts testifying on the second panel. Thank you for taking time from your families and your jobs and traveling to be with us today. Your perspective is vitally important as we consider how to make Rural Development work better for our communities. I look forward to hearing from each of you.

Again, thank you, Madam Chair, for holding today's hearing, and I look forward to working with you and our colleagues on the next Farm Bill. With that, I yield back.

Chairwoman STABENOW. Thank you so much. Before we turn to our witnesses, I want to take just a moment to recognize a very special member of the Committee, Senator Patrick Leahy, former Chairman and Ranking Member of the Committee. His work was guided by the same bipartisan principles that Senator Boozman and I are working hard to uphold and bring to the Committee with all the members.

Senator Leahy's agricultural work is really legendary. He is the father of the organic Farm Bill, enacted over 30 years ago, which has created a \$60 billion industry. He has been a leader on conservation initiatives which we know are so important. He is the author of the Farm to School program, which has been an overwhelming success, and anyone familiar with dairy policy knows that our Nation's family dairy farms have had no greater champion than Senator Patrick Leahy.

I know how much Vermont will miss you. I know this Committee will miss you. I know the Senate will miss you. I would like to recognize you for a few comments today.

Senator LEAHY. Well, thank you, and I will try to keep them brief, Madam Chair. Of course, you and Senator Boozman are two of my closest friends, and I think it is an example of what this Committee is like, that people form friendships across the aisle and we work together.

I have been a member of the Committee for 48 years, before most of you were born. Since I was elected in 1974, I have helped to write nine Farm Bills, I have overseen the creation of programs that, as you mentioned, have helped farmers and food systems and consumers alike, and I have been proud to bring what were born-in-Vermont back to D.C. and across the country.

Now I would say when I first came here and they asked what committees you want to go on, I was the junior-most member of the Senate. There were 99 Senators because there had been a tied race that they had to do over again, and I was number 99. By the time I came in with my requests, what committees I was to have, it was kind of like, "Okay, kid, what do you want?" and I said, "Well, first and foremost, I want to be on the Agriculture Committee."

I remember Senator Kennedy saying, "Well, that is easy. That is the easiest committee to get on, but it is the hardest one to get off." Well, I have not wanted to get off. I have been here for 48 years, and what I found in writing Farm Bills and all, this Committee really represents the best of the Senate because we work together in a bipartisan way.

When I first—back when I finally became Chair, I set up a series of hearings around the country on a Farm Bill coming up. I would do one in a Republican's State and have them chair the hearing; I would do one in a Democrat's State and have a Democratic member chair the hearing. We went to several of the States represented here on the Committee now during that, and it was important because we helped make healthy food accessible to everyone.

I authored the Hunger Prevention Act, improved Child Nutrition and Supplemental Nutrition Assistance Programs (SNAP), other hunger relief, funding for Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), providing milk to low-income students, funded school breakfast programs, encouraged organic foods in school lunch, expanded WIC in farmers market, promoted healthy eating habits for children through the Better Nutrition and Health for Children Act, but these things I was able to do because I could work with both Republicans and Democrats. Nobody was out trying to claim credit. We just got it done.

In 2010, the Healthy, Hunger-Free Kids Act, which created the Farm to School program, which brought locally grown food into schools.

Yes, Madam Chair, I did talk about Vermont now and then, and I was talking with a former Chair of this Committee, Pat Roberts, yesterday. We were having fond remembrances of it. He did recall me on some of markups when I would say, "I have a little thing involving dairy." Then he would go, "Oh, God." But we worked.

Look what we did with small-and mid-sized farms, integral not just to Vermont but your own State of Michigan and many other States. A lot of these I will put in the record, but I hope some of these things—the Dairy Margin Coverage program seems to be working. I hope it will be renewed and improved in the next Farm

Bill. In 2018, I advocated to bring one of the Regional Dairy Business Innovation Centers to Vermont. Now it serves the entire Northeast.

One of my proudest achievements as Chairman of the Agriculture Committee, in 1990, was when I authored the Organic Foods Production Act which established the USDA Organic program. Some called it a crunchy granola sideshow and, probably just to humor me, let it go through. The crunchy granola sideshow is now a \$58 billion industry. Fifty-eight billion. Some crunchy.

I am proud to have my portrait up here with both Republicans and Democrats, all of whom are close friends although I would note Dick Lugar, he followed me as Chair of the Committee. He was Ranking Member when I was Chair. We were always either sitting at his house or mine. We lived near each other. We would go over the agenda before a meeting and make sure that no surprises and we were all agreed on it, and we had done that before the first committee meeting he had as Chair.

He went through the agenda, and then he said, "I have one other item, and I have not talked with Senator Leahy about this, and I do not really want to let him vote on it." I am like, this is not like Dick. Everybody chuckling around the table. He had talked with everybody else here.

At that time, you could not have a picture of a chair in the committee room if they were still serving, unlike the House. He had a resolution to change the Senate rules and to put my portrait up there. He said, "All those in favor, say aye," and I did not even get a word. "Okay, it is a unanimous aye with one abstention," and that is the way—that is the kind of relationship we had.

Thank you, Madam Chair, for letting me be here. I may have been told it is the hardest—I mean, the easiest to get on, hardest to get off. I am delighted I have served the longest of any committee I have been in on this Committee because this is a committee that shows the Senate working Republicans and Democrats the way it should, the way it has, and the way I hope it will in the future. Thank you very much.

Chairwoman STABENOW. Well, thank you very much. Thank you. [Applause.]

Chairwoman STABENOW. I know that Senator Boozman would like to add.

Senator BOOZMAN. Well, as Ranking Member representing our side and myself, I just want to thank you. Your career has been remarkable. You have written more legislation than anybody, I think, probably as has been on this Committee, and that is all great. Again, I can remember the first day I was here Senator Leahy grabbed me and said, welcome to the Committee, went out of his way. I was very junior, the most junior member then, and he was a big dog that did not have to do that. Those things are important.

I think Senator Leahy is really the classic example of being able to disagree without being disagreeable, and the good news is that really has been what this Committee is all about and we want to continue in that effort. We do thank you for your service. We appreciate your friendship, and then we also appreciate your better half by far.

Chairwoman STABENOW. Yes.

Senator LEAHY. I hear that a lot.

Chairwoman STABENOW. Yes. You will always be with us. All right. Well, thank you so much. We are so glad you are here and that we could say, in person, thank you for your incredible leadership on these issues.

As we move forward, I know Senator Thune has to leave before the second panel, and I believe you have a witness that you want to introduce. I am going to let you go ahead if you would like to say a few comments about your witness, and then we will proceed with the Under Secretary.

Senator THUNE. Thank you, Madam Chair. I look forward to getting into this Farm Bill year, and I also want to complement the Senator from Vermont on an extraordinary record of accomplishment on this Committee.

Although agriculture in Vermont is different in some respects than agriculture in South Dakota, people have to eat, and that is why this is not a Republican or Democrat issue; this is an American issue. We not only feed our country, but we help feed the world. Having good, strong programs in place that incentivize and make sure that we are dealing with the challenges that are faced by people who are in production and agriculture in this country is the charge of this Committee, and I know everybody here takes that seriously and nobody more so than the Senator from Vermont. Congratulations, Senator Leahy, on your extraordinary career here and on this Committee.

By the way, as I was looking at that handsome devil up there, is that a mustache or are my eyes failing me?

Senator LEAHY. No.

Senator THUNE. I guess not, okay.

Senator THUNE. Yes, well, Senator Hoeven is our resident on that.

Let me just thank you for the opportunity to do this. On the second panel today, you are going to hear from Denny Law. He is the General Manager and CEO of Golden West Telecommunications out in Wall, South Dakota, but they serve a very large part of South Dakota. He has been incredibly instrumental in high-speed internet services, broadband services available to people all across South Dakota, and it has been a pleasure to be able to—he has testified many times in front of the Commerce Committee when I chaired that Committee and then subsequent to that.

Not only is he a—and by the way, his wife Bonnie is with him here today. Not only is he a great leader on these issues for South Dakota and for the country but also is an extraordinary human being, and I am grateful for—he has got two great sons, Andrew and Nathan, one of whom is a State champion hurdler multiple times, and also comes not too far from my area. His hometown, where he lives now, is about a little over an hour away from where I grew up.

Even my dad, who lived to be almost 101, he was there in his home until almost the end, about a year. We moved him out of there. Denny was always very kind to stop, say hi to him, and at a time, you know, when you are kind of in that stage of life where you do not have a lot of people around. That meant a lot to me and

my family, and I think it speaks to the kind of character and caliber of individual he is.

I am delighted to have him and Bonnie here today and look forward to—and this Committee will, too, I think, benefit immensely as we look at the Rural Development aspect of the Farm Bill and the things that they have done at Golden West and the successes that they have had.

Thank you for that opportunity, Madam Chair, and with that, I will yield back. Thank you.

Chairwoman STABENOW. Thank you so much, and we look forward to hearing from your witness today. Thank you so much.

Now I want to recognize Senator Ben Ray Luján to introduce our Under Secretary Torres Small.

Senator LUJAN. Thank you to our Chair and to our Ranking Member as well for this honor. As the Agriculture Committee begins to develop and shape the next Farm Bill, it is my honor and privilege to introduce my friend, Under Secretary for Rural Development at the United States Department of Agriculture, Xochitl Torres Small.

I would also like to join you, Chair, in wishing Xochitl a happy birthday and to thank her for sharing this special day with us on the Committee. I hope that you get some family time after this.

While today is Xochitl's birthday, I want to take a second to share with the Committee all the gifts she has given to our State, in New Mexico, to our country, and as one of our fiercest advocates in rural America. It is really who she is. Her passion and determination have been an ongoing inspiration, and she quickly earned the respect of our colleagues on both sides of the aisle due to her drive to make real progress, and I hope you all feel that as well.

In her current role as Under Secretary for Rural Development at USDA, she oversees loans and grants to provide infrastructure improvements, business development, affordable housing, community facilities such as schools, public safety, and health care, and high-speed internet access in rural, tribal, and high poverty areas.

During her leadership, USDA Rural Development secured \$2 billion to support rural broadband through the Bipartisan Infrastructure Law, a historic achievement codified into law exactly 1 year ago today, something I am very proud of. Thank you all.

Torres Small has earned the trust of thousands of Americans who have been the direct beneficiaries of her passion and determination, her incredible ability to listen and to act.

I know that I will learn today from your testimony as I always learn from you, Xochitl. Thank you again for being with us today, the happiest and most blessed birthday.

Please help me welcome Xochitl Torres Small.

Chairwoman STABENOW. Thank you so much, Senator Luján.

Under Secretary Torres Small, you are recognized for five minutes. Welcome.

**STATEMENT OF THE HONORABLE XOCHITL TORRES SMALL,
UNDER SECRETARY FOR RURAL DEVELOPMENT, UNITED
STATES DEPARTMENT OF AGRICULTURE, WASHINGTON, D.C.**

Ms. TORRES SMALL. Thank you very much, Chairwoman Stabenow, Ranking Member Boozman, the great Senator Luján from the

great State of New Mexico, and members of the Committee. Thank you for the opportunity to come before you today as you prepare for the next Farm Bill.

The Farm Bill presents Congress with an opportunity to strengthen how Rural Development supports rural people who contribute to our Nation's nutrition, agriculture, forestry, and overall economy, so they can thrive in the places they want to call home. I know you will have many more discussions across the Department regarding how to ensure that families have enough food on the table, how to support producers with the tools they need to combat extreme weather, and access more and better markets, and how to invest in rural resiliency and prosperity.

I am honored to be at this table with each of you and particularly with Senator Leahy for one of his last hearings and the first Senate hearing on the Farm Bill because rural people, small towns, and tribal communities provide the water, energy, food, recreation, and culture that benefit all of America.

Now because all of us know and appreciate rural places across our country, we may each have our favorite Rural Development priorities, and I believe the best way to approach our Rural Development wish list and to honor rural people is to work together to strengthen Rural Development, to make it truly the Rural Development that rural people deserve.

When Rural Development is at its best, we are doing three key things. One is responding to a clear, local vision through partnerships, two, making it easy for communities to access our support no matter where they are, and three, addressing local challenges effectively through modern, resilient infrastructure.

I mention responding to a local vision first because it is a great place to start. It is also important to check in, and it is a great way to finish any project. Our newest program, the Rural Partners Network, was designed with this local vision in mind, and the feedback so far from our pilot communities is outstanding.

Through Rural Partners Network, after, for example, extreme flooding in eastern Kentucky, we were able to deepen our relationships with local housing providers. We were able to listen to the challenges and then quickly respond, to exercise flexibilities in our regulations, and we were able to work with EPA on closing the wastewater access gap, also with Rural Water Association, which you will hear from later, as well as the State, in order to respond to some of the key, longstanding challenges the communities are facing. This place-based work is helping build the front door to Federal Government that rural people deserve.

As several of you have noted in earlier hearings, rural people also deserve ease of access through streamlined applications and technical assistance which help communities get support no matter how small or understaffed they are. Easier access to Federal support is, at its core, about modernizing Rural Development. That means improving our own internal infrastructure so we can help rural communities build their infrastructure. It includes updating our technology, our system, and having enough people on the ground. It also means increasing our ability to be flexible in our programs.

Emergency Rural Health Care Grants have shown us what is possible when we do have flexible programs. One of the most touching examples I saw was a hospital in New Hampshire, which chose to focus on the pandemic's impact on mental health. What they did is they hired local workers to do outreach to people experiencing challenges in recovery and specifically women. In response to their needs, the hospital is now building a space where moms can live with their kids even as they work on their sobriety. That is the flexible type of programming that responds to a pandemic and plans for more resiliency in the future.

When it comes to responding to the challenges of a local community, what we are hearing across the country are two key words, energy and infrastructure, including high-speed internet. I am always struck how working on those things truly defines the impact for the next generation of rural America.

There was a young boy in Georgia who used to get teased because he had to do his homework at a local Chick-fil-A. He came recently to school and told his classmates, "I am going to have better internet than all of you because Rural Development is coming to my home and providing fiber."

Kids always know; they know what is fair; they now what is equitable. Rural kids know that they deserve fast internet just as much as any city kid.

When Rural Development is at its best, kids have more opportunities, and they know they matter no matter where they live. When Rural Development is at its best, we are lifting up a local vision. I know we can agree that when Rural Development is at its best, rural people prosper so that all of America can.

Thank you for having me here today, and I look forward to your questions.

[The prepared statement of Ms. Torres Small can be found on page 54 in the appendix.]

Chairwoman STABENOW. Thank you very much. We will now begin a round of five-minute questions. In order to make sure we can have everyone ask questions today in both of our panels, let us do our best to keep that to five minutes.

Under Secretary Torres Small, you have talked about the unique challenges facing rural America. Could you take a minute to talk about how we should address the barriers rural communities face when accessing Federal programs, and what do you think are the most significant opportunities for rural economies over the next five years?

Ms. TORRES SMALL. Chairwoman Stabenow, thank you so much for that question, and thank you for including in your opening remarks just the challenge that is out there. There is this incredible opportunity with over 400 programs, as you mentioned, that rural folks might be able to apply to out of 13 different government departments, and one of the biggest challenges is navigating that.

I think it is a dual-sided coin. We have got to strengthen our outreach, and Rural Development can be one of the experts at the table when it comes to working with rural communities through work like the Rural Partners Network, which is really about coordinating all departments in the Federal Government to better respond to rural needs and taking those lessons learned.

I talked about eastern Kentucky and trying to rebuild from the floods. We identified flexibilities that we did not know were there because someone in the Rural Partners Network asked if there was more we could do to repair homes. That is the kind of fast response that we want to encourage and support all across the Federal Government through that Federal roundtable.

It is also about building local capacity, so supporting local housing authorities, supporting local nonprofits, so that they can be there on the ground all of the time. I know one of your panelists in the next panel will be able to speak to some of the specific work that is happening in the State of Michigan and how we can work together to build that local capacity.

Chairwoman STABENOW. Absolutely, really important. As you know, I have long championed the USDA's biobased product programs, including the BioPreferred program, and I was really pleased to see that many of the recommendations to improve the program that I gave to the President were actually included in the recent bioeconomy Executive Order that he issued.

What actions are you taking to improve the BioPreferred program, and how will the Executive Order impact your management of this program, and what from that order should Congress consider making permanent?

Ms. TORRES SMALL. Thank you so much for your leadership on this issue, and you know the power of more and better markets and how supporting the bioeconomy, both in terms of biobased fuel but also biobased products, can be crucial. I think it was in our first meeting together that you shared, with pride, that what you were doing in Detroit to use biobased foam for car seats. At my wedding, we had biobased silverware or cutlery, just recognizing the wide variety.

Rural Development has an opportunity to make sure that when there is Federal procurement that we are reporting when it is biobased and that we are keeping good statistics on that so we have benchmarks to grow, also, educating the industry in that it is a huge benefit to be able to call out those biobased fuels or those biobased products.

I know that through the Farm Bill we are continuing to work on how we might better trace biobased products through NAICS codes and working with the Census Bureau to address that as well.

Chairwoman STABENOW. Great. Thank you very much.

Now we also have—we have given USDA Rural Development the responsibility to deploy one of the largest investments in addressing the climate crisis and supporting our farmers and our ranchers to be able to do that. The recent \$14 billion investment in clean energy builds on the legacy that the Department already has in leading on rural electricity. Could you talk a little bit more about when we can expect USDA to open applications for these programs and the status of these programs and how you are doing outreach to stakeholders?

Ms. TORRES SMALL. That is such a great question, and I really appreciate you talking about the stakeholders because for the last—I have been on the job a little over a year, and I have heard with such interest from rural electric co-ops, from local farmers, from people all across the country, finding ways about how they

can help fight climate change in the ways that they know best. It truly is farmer-and rural-driven, and this provides a great opportunity to do that.

We are excited when it comes to getting the information, getting feedback from those. We recently held two conversations with stakeholders to get more information about what they were looking to see and how the—we want to be—again, I talked about responding to local ideas and visions. We want to make sure that we are responding to those visions as well. We had over 850 participants in that outreach. We are tailoring our programs in order to best support those local visions.

We are also working, when it comes to REAP and when it comes to Higher Blends Infrastructure Incentive Program (HBIIP), to incorporate those funds as quickly as possible, and I am eager to work with you and keep you updated on those efforts.

Chairwoman STABENOW. Great. Thank you very much.

Senator BOOZMAN.

Senator BOOZMAN. Thank you, Madam Chair.

Again, thank you for being here, and we really do appreciate the great work you are doing.

One of the things that we hear about as we are out and about is that sometimes folks are not in the office. Are we back at—what kind of strength are we back at? Are people still working from home or what percentage are in the office?

Ms. TORRES SMALL. That is a really great question, Senator Boozman, and it is something that we are working carefully to make sure that we are finding the right balance. As you know, for our State and area offices, it is crucial to have people out. That means both being in the office, but also so many of the meetings happen at a local town council meeting or meeting with a local nonprofit. In fact, a lot of our work is on the road in order to meet and work with the people that we see.

For our State and area offices, they are eligible to telework, but they are not eligible to work remotely because it is a demand of the job to be able to be out and be accessible. It is something that we will continue to do as we identify also places where maybe we can reach the community better by being out in community more as opposed to being behind a desk. Sometimes—

Senator BOOZMAN. Well, so they are eligible to telework, but they are not eligible to work remotely?

Ms. TORRES SMALL. Folks that are in State and area offices, correct, sir.

Senator BOOZMAN. Okay. They are in the office, and they are out and about. Very good. Thank you.

The other thing is—and I am so glad that you really emphasize the ability to simplify the application process, and you talked a lot about that listed it as one of your—and that is something else that we hear a lot about.

I guess what I am asking is we would like to help you if we need to help you with that, but it is problem. You know, an interesting statistic would be what percentage of applications that you get are written by grant writers, and I would think it is pretty high. That is something we really need to fix.

The communities that we are talking about, in Arkansas, we have got 75 counties; 52 or 53 of them lost population. They do not have a whole lot to begin with, and then you start losing those turnback dollars. There is simply, not money—you know? They are leaving a lot on the table because they cannot afford to come up with those kinds of funds for people like that or they do not have access to them, period.

So is that something that we are really—I guess what I would like to know is what percentage now, and then I would like to see that percentage drop dramatically in the next cycle.

Ms. TORRES SMALL. I will followup with you. I am not sure if it is something that we ask on every application, but I will followup with you to see if it is. We certainly know that it happens a lot, and it also speaks to the level of competition for these grants. Right? Communities that have the ability to compete are hiring grant writers, and that makes it even harder for folks who are unable to do so.

REAP is an example where a lot of folks depend on a grant writer to write those. These are for farmers. Right? This is not even for—this is not a large, high-speed internet project, for example.

I recently heard about a local farmer who applied for REAP, did not get it because he did not have a grant writer, but it was somebody from the local State office who called and said, “Hey, I notice you did not get it. Do you want to talk through the application?” By getting that readout, he was then able to go back and apply, again without a grant writer, and get it. Now that should not be a rare story.

Senator BOOZMAN. Right.

Ms. TORRES SMALL. It takes the support from folks on the ground to be able to make that happen.

There is also a balance when—you know, I think we will probably talk about meat and poultry processing, for example. Those were tough applications. They included, for example, a feasibility study because we have had a lot of questions from Congress about how do we make sure it is going last longer than, you know, 10 years. Sometimes the complexity that we are asking for in an application is a response to conversations in Congress about making sure that our investment are worthwhile.

Senator BOOZMAN. Right. Again, the bottom line is that—and I know you agree with this totally. I think that is a great story and that is how it ought to be all the time, but sadly, sadly, you know, people are busy and it does not get done. Hopefully, we can help you because that is a major problem.

Very quickly, tell us—you know, there is all kinds of money for broadband floating around out there. You administer a particular portion of that. How are you all working in conjunction with the others, not only in USDA but throughout the rest of the programs? How are you all coordinating so that we are doing the best job that we can to spend those dollars most effectively?

Ms. TORRES SMALL. Very, very carefully. I mean, it takes coordination at every level, from participation in the weekly meetings with the White House to conversations between our chiefs of staff to figure out different timing for applications, for example, or how certain awards might impact our review of other awards, to also in-

formational sessions to State broadband offices that are going to be receiving BEAD money from NTIA, as well as State legislators that are trying to figure out how to design their funds and fill some of the gaps that ReConnect might not fully address. It is something that is a constant way of life in Rural Development and something we will continue to do.

Senator BOOZMAN. Thank you.

Thank you, Madam Chair.

Chairwoman STABENOW. Thank you very much.

Senator KLOBUCHAR.

Senator KLOBUCHAR. Thank you very much.

Under Secretary, thank you. Happy birthday. I just want to follow up on Senator Boozman's first question about the work and remote work, and I am a strong believer that people need to get back to the office. I know that based on having an agricultural State that many of your employees are probably going around to other areas, but I did not—I was not quite listening. I took an interest when he asked that question. Could you go over what the percentages are for people back?

Ms. TORRES SMALL. In State and area offices, they are not eligible to remote work. They can telework, but they have to be in the office as part of that telework agreement, and they also have to be out in community.

Senator KLOBUCHAR. Okay.

Ms. TORRES SMALL. That is a thing that we monitor very carefully to make sure they are doing that outreach.

Senator KLOBUCHAR. Right. That was like that before the pandemic?

Ms. TORRES SMALL. We have refined our teleworking agreement but not necessarily in response to the pandemic, just recognizing that the other thing we have to do is balance a work force that is 47 percent eligible to retire. How do we keep that institutional knowledge in State and area offices? By providing the flexibility that we can while still providing a high level service.

Senator KLOBUCHAR. Okay. Thank you. I will ask Secretary Vilsack about the rest of the work force.

Okay. Let us get going on some other substantive issues. It is clear that biofuels and biobased products are key pathways toward decarbonizing our economy while lowering gas prices, driving economic growth, creating rural jobs.

Senator Ernst and I have worked together on the Renewable Fuel Infrastructure Investment and Market Expansion Act for biofuel infrastructure grants. That was recently passed into law. We are excited about that.

Under Secretary, how can investments in biofuel infrastructure help farmers and rural communities, and can you just give a brief update on the implementation of these programs?

Ms. TORRES SMALL. Thank you so much for your interest in biofuels, and I am eager to support that. I was actually in your State, in Minnesota, talking with someone—who I was talking to was the mayor, but he was also a farmer, and he was also a banker. He talked about how, being a farmer, the biofuels industry was crucial to him. Being a banker, he sought it as a resilient opportunity to strengthen all economic development and investments in

his community. Then being a mayor, it added to his bottom line in tax base because there was recently a bio refinery that located near him. His daughter is going to be staying in their small town because she got a great job at that bio refinery. That is an example of the type of opportunity that exists when you expand more and better markets.

Senator KLOBUCHAR. Sure.

Ms. TORRES SMALL. When we talk about the opportunities here, of course, we are very excited about IRA and the expansion of HBIIP to make sure that we have advanced biofuels, the ability to distribute higher blends biofuels all across the country, in the places sometimes rural does not have that type of infrastructure, to distribute it and get it in your car.

In addition, we are excited about increased investments in Bio-Preferred products because we know that part of building a biobased economy is limiting the waste and turning that waste into another product, whether it is chemicals or advanced biofuels or foam for car seats.

Senator KLOBUCHAR. Okay. Very good. As Co-Chair of the Senate Broadband Caucus, I focus on connecting rural areas. As you are well aware, with the infrastructure—Bipartisan Infrastructure Bill, we put many resources into broadband. Can you talk about the additional resources for broadband programs at USDA, and what recommendations do you have for Congress as we go forward with this Farm Bill, with anything more we should be doing on broadband? I know a portion of this money, of course, goes through the USDA.

Ms. TORRES SMALL. Absolutely. USDA has \$2 billion of the Bipartisan Infrastructure Law. A point of pride for me is that USDA Rural Development was the first entity to actually award funds for high-speed internet infrastructure. There are projects that are operating, that are running now, through the Bipartisan Infrastructure Law that will be providing fiber to homes.

Part of the reason why there is that success is because we have incredible field-based staff, our general field representatives who are working in community to help develop proposals. Frankly, the decision to make sure that the current investments in high-speed internet are both grant and loan, to be able to make sure that we are funding projects and stretching funds as far as possible to reach the hardest to reach places.

We are also investing through things like distance learning and telemedicine, to making sure that once communities have high-speed internet they also have the tools to use it well.

Senator KLOBUCHAR. You know, one thing I would also add to that—and we have done work on this on this Committee—is precision agriculture, and Senator Wicker and I have been working on this. How can—that is part of this as well. As you know, more and more farmers are using, and will use, even more advanced equipment, and it helps with everything from droughts on and water conservation and other access. Could you talk about how important that is and why we need broadband for that?

Chairwoman STABENOW. I am going to ask you just to be brief to keep us on schedule this morning, but an important question.

Ms. TORRES SMALL. We were 100 up/100 down, and I had a farmer in Virginia thank us for that build-out speed because the upload

for precision agriculture is crucial. As we invest in precision ag, making sure that the build-out speed is high enough to support it is fundamental to survival for our farmers.

Senator KLOBUCHAR. Thank you. I will ask questions on the record on rural electric co-ops, another good topic. Thank you.

Chairwoman STABENOW. Great. Thanks very much.

Senator Hoeven.

Senator HOEVEN. Thanks, Madam Chair.

Good to see you, Secretary Torres Small. Thanks for coming to North Dakota. Since Senator Klobuchar saved me one of my questions on precision ag, I will help her out on one of hers.

Let us talk about rural utility services. As you know, in our State because you have been there, thanks—and you were out helping us with the alternatives to slaughter facilities, which is great. We have got more of them going. They have gotten some grants to do that. You met with them. Anyway, you were a rock star out there. Thank you.

Now we need to get you back, and you can stop in Minnesota on the way if you want, because the same thing. In the rural utility services sector, not only our for-profit but our cooperative coal-fired electric plants are now instituting carbon capture and storage, and as you know, RUS provides a guaranty program. Talk to me about that and how you are going to come out and help us utilize it to do carbon capture on our facilities, which, by the way, they are already undertaking. They are already on their way doing it. It is very, very exciting. Senator Smith knows about it, too.

Ms. TORRES SMALL. Right. I mean, as you know, North Dakota was one of the sites where Rural Development has funded a carbon capture project specifically capturing—

Senator HOEVEN. The one they are working on now will be the largest in the world.

Ms. TORRES SMALL. It certainly is something—

Senator HOEVEN. We are not talking way out. We are talking like in a year. Yes, sorry. Excited about it. And, happy birthday.

Ms. TORRES SMALL. Senator Hoeven, thank you so much. It certainly is an important technology as we look at our broad menu of ways to combat climate change and to increase energy independence and support resiliency for farmers across the country as well as for rural electric co-ops. We will continue to work to identify projects that are a smart investment, and as that technology develops we expect to see more of it.

Senator HOEVEN. Yes, we would love to get you back and give you that tour as well, and while you are there, you could also talk about the Community Facilities loan and grant program. You were instrumental in helping us with Rugby Heart of North America facility, which is another community, critical care access facility. That is a really important program. We have got a number of rural critical access hospitals that have been able to upgrade their facilities, and needed to, because of that program. Talk to me about that program a little bit.

Ms. TORRES SMALL. The Emergency Rural Health Care Grants are crucial for critical access hospitals to help keep their doors open. We provided funds, and they were—it was based on our Community Facilities Program, which is really flexible, but was even

more flexible because it also helped reimburse for previous expenses to keep doors open. We saw a lot of requests from critical access hospitals that otherwise may not be operating.

There is also a technical assistance component. If you are an existing borrower from Rural Development and are struggling to keep your doors open as a rural hospital, you can provide—get support with administration decisions to help keep your bottom line and keep operational.

Senator HOEVEN. Yes, and again, I would like to show you some of the things going on out there because of that program. It is really good. You get that people have to be able to access these programs to do any good, and we really appreciate that. That is the mindset that needs to pervade, you know, USDA, and I think you are really showing leadership in that respect.

I guess the last thing I would ask is, in your mind, what is most important for Rural Development in the Farm Bill?

Ms. TORRES SMALL. Well, I—

Senator HOEVEN. I know maybe not one thing, but one or two things in general.

Ms. TORRES SMALL. The local vision through partnerships is crucial. Having partnerships on the ground, that community capacity, people who are able to apply for those grants, people who are able to build homes, right, and do the things that need to actually happen on the ground, being able to support that is crucial and then also supporting a functioning Rural Development, to have more flexibility in our programs so that we can respond to—we can take the Community Facilities Program and turn it to the Emergency Rural Health Care Grants when there is a need for it. We can take really flexible platforms and respond to existing needs.

Senator HOEVEN. Again, thank you. Appreciate it very much, Secretary.

Thank you, Madam Chair.

Chairwoman STABENOW. Absolutely. Thank you so much.

Senator Brown.

Senator BROWN. Thank you, Madam Chair.

Under Secretary Torres Small, welcome. Nice to see you.

I often say: The best ideas do not come from Washington; they come from Ohio. This summer, I started holding roundtables about the Farm Bill and what we needed to do. I have done that every five years, as I know the Chair has and many others over the last decade and a half. I have heard from growers from many different sectors of the agricultural economy in Ohio, from apples to cattle, maple syrup to dairy, everything in between.

We know USDA needs to better support local food producers and value-added agriculture through processing and marketing opportunities. Processing equipment, related infrastructure, the lack of workable options for small-and mid-sized producers to access affordable capital for equipment and processing needs came up at several of these roundtables in my State. How do we expand support for local processing capacity and value-added agriculture?

Ms. TORRES SMALL. Senator Brown, thank you so much for that question and for listening to rural Ohioans. I had the chance to get to visit a meat processing plant that received one of our MPPEP awards, and it was a really small processor out in the Appalachian

part of Ohio who is providing value by focusing on adding labels to local meat processors' meat. This is—they are choosing this option because it is allowing them to increase their value and also sustaining more resilient options when it comes to meat processing in general. It was really a neat place—thing to see, and I was not surprised because it was a local vision that we were helping to support.

When it comes to more options for meat processing, it really does provide great value, whether it is reaching a higher cost market or whether it is being able to retain a work force that is really proud of the work that they do, that has upward mobility in that work force system, or whether it means being flexible when there are challenging times.

Senator BROWN. Thank you. Last May, Madam Secretary, you joined Senator Smith, who was chairing, a member of this Committee, chairing a Banking and Housing Subcommittee with Senator Rounds as the Ranking Member, in which the Subcommittee examined the programs of the Rural Housing Service. The Rural Housing Service provides critical affordable housing to communities across the country, about 13,000 families in Ohio. Can you talk about the need to preserve and expand affordable rental housing supported by the Rural Housing Service?

Ms. TORRES SMALL. Affordable rental housing is crucial, and our portfolio, as you know, is declining. We have about 400,000 rental units currently, but by 2050 we will lose over 333,000 of those.

That is why preservation is crucial, both in terms of making sure that that housing stock is good stock, that people are in places they deserve, they deserve to have a healthy, clean place to live, but also in terms of maintaining rental assistance that right now is tied to the debt of those facilities. We also need to expand when it comes to investment in construction of new rental properties so that we cannot just look at our aging stock but how we invest into the future.

Senator BROWN. How do we do more of that? What do you do, and what can we do together, perhaps also with HUD, to kind of followup on what Senator Smith has been attempting to do with Senator Rounds? How do we build more?

Ms. TORRES SMALL. We are eager to continue to provide technical assistance on some efforts that—I appreciate you mentioning Senator Smith. She has been working hard on this, and we are glad to provide more technical assistance on that effort. The preservation and construction, both of those are crucial.

Then I would also offer decoupling of rental assistance from the debt of the buildings. That way, if it does not need to be refinanced, we can just keep the rental assistance available for families.

Senator BROWN. Last minute or so, talk to me a little bit more about the cooperative center for excellence helping to expand cooperative research and capacity building.

Ms. TORRES SMALL. Cooperatives are an incredible model. I mean, they are long-lasting. If you look at whether it is sugar beets or your local Federal credit union or rural electric co ops, which we have been talking about today, it is a great model. I was in Arkansas recently and saw a grocery store that turned into a worker-owned cooperative because the chain was leaving.

So it is a great way to be able to respond to challenges, but it does take some—again, we are talking technical assistance. How do you do the bylaws? How do you create that forum so that people can have ownership in whatever they are creating? The cooperative—so we are providing assistance for how to navigate and all that red tape in establishing a cooperative.

Senator BROWN. The technical assistance always comes from you or elsewhere also?

Ms. TORRES SMALL. We fund nonprofits that they provide that technical assistance in their local communities.

Senator BROWN. Thank you.

Thank you, Madam Chair.

Chairwoman STABENOW. Thank you very much.

Senator Hyde-Smith.

Senator HYDE-SMITH. Thank you, Madam Chairman, very much.

Thank you for being here today. You are doing a great job of answering the questions and being very articulate. Thank you for that.

I am from Mississippi, and right now we have actually thousands of constituents of mine from Clarksdale, Mississippi, and Greenville, Mississippi, and other rural hospitals throughout the State, and they are living with the fear of uncertainty of their hospital closing. It is a reality. In six months from now, if their husband has a heart attack or their wife goes into labor or there is some type of a medical emergency, they are trying to decide if they are going to be able to drive five minutes to their local hospital or a 100 miles to Memphis or Jackson, Mississippi.

One of the more common issues that I hear about from the rural hospitals is what they refer to as the USDA Rural Development's "Five/Five Review" or the "Five/Five Requirement." They use two different terms there, but it is consistent. What we have figured out is the "Five/Five Rule" pertains to the Rural Development Direct Loan application, which requires national office approval if the hospital has been in existence for less than five years or has not operated on a financially successful basis for five years immediately prior to the loan application.

Whether you are a national bank, community bank or credit union, or a lender of last resort, as USDA Rural Development in this case, I think we can all agree that there is a need to be a level of confidence that loans will be repaid.

That said, USDA is often referred to as the last lender, the lender of last resort. Hospitals with impeccable balance sheets, they do not need our financing, and if they do need something they get it somewhere else. They do not get it from USDA.

So the bottom line is there are rural hospitals in Mississippi and across the country that need financing to remain operational, but they just cannot get it. The closure of just one hospital means hundreds of jobs and puts an entire community's lifeline at stake, literally. USDA or Congress alone cannot eliminate all of the health care challenges facing rural America, but I really think that we can do better.

Madam Under Secretary, will you commit to working with this Committee and Congress going forward to ensure the 2023 Farm Bill provides better opportunities for rural hospitals, or the best

that they can be, and do you have any thoughts, ideas, or suggestions on how we can make improvements in this area in the next Farm Bill?

Ms. TORRES SMALL. Senator Hyde-Smith, thank you so much for your advocacy for rural hospitals. Yes, I will commit to providing technical assistance to improving our service to rural hospitals in your next Farm Bill. It is a passion I think we both share, recognizing that 135 rural hospitals have shut their doors and another 430-some are at risk of having to close.

I would also like to followup with you specifically about the USDA "Five/Five Review," and we will make sure my team does so, to identify whether it is a statutory requirement or a regulatory requirement because I think you are absolutely right. We have got to walk that cautious line of making sure we are making wise investments but also being there for communities when they need it. Sometimes it is also about the speed of that review, and I am happy to talk through those specific examples and what that speed looks like as well as the national office is reviewing it.

Senator HYDE-SMITH. Thank you very much for that, and I have one minute left. You mentioned Community Facilities programs and the loans and the grants they provide to enhance quality of life in rural America. The Mississippi Fairgrounds is a hub for rural Mississippians involved in agriculture and livestock, and events such as youth livestock shows, Farm Bureau conventions, and rodeos are held there each year. I am a former ag commissioner in Mississippi and very familiar with this. We also serve as shelters for horses and livestock during the hurricane evacuations, which is very critical.

Despite the facts, Rural Development considers the fairgrounds ineligible for Community Facilities programs and loans because it lies in a populated county and it is one of the most populated counties in Mississippi, but the fairgrounds provide an essential service for rural Mississippians. Every rural county comes to that fairgrounds to participate. It is those kids who have to deal with the facilities that are certainly not up to par, from the wash racks to the bathrooms where the kids change clothes to put on their outfits to go out there.

Would Rural Development be open to discussions on expanding Community Facilities programs to include facilities that are geographically outside the rural America but provide essential services for all of our rural counties? That is just where the hotels are, and that is when you make it to that level. That is everybody, in their making up the group that is there, is from rural counties. I am just asking your consideration on that.

Ms. TORRES SMALL. I appreciate your advocacy and know how important fairgrounds are, being from New Mexico. It is such a meeting place. It is a place where you get to celebrate the rural character of your home.

The rural definition is a hotbed. I think we will have more conversation about that today, and it certainly is—much of it is statute. Right? It is Congress's discretion, and we will enforce, execute statutes faithfully.

It is something that takes a lot of discussion, because part of the reason why we are investing in rural communities is to be able to

strengthen that tax base when people are staying in rural communities, but also recognizing that we have got to stay flexible. Community Facilities is one of our most flexible programs, but there are still places that are ineligible, and being able to just come to an agreement on that can be a challenge.

Senator HYDE-SMITH. Thank you so much.

Chairwoman STABENOW. Thank you very much.

Senator Bennet.

Senator BENNET. Thanks, Madam Chair. I appreciate it very much.

Chairwoman STABENOW. By the way, we are so happy that you are back with us as well.

Senator BENNET. Thank you. I appreciate that as well.

Thank you, Madam Under Secretary, for being here today. I want to ask you about the Farm Bill, but I do want to note how pleased I am that we secured nearly \$14 billion in the Inflation Reduction Act for rural clean energy programs at USDA, including nearly \$10 billion for rural electric cooperatives. That funding is going to be incredibly important to help cooperatives and other entities across rural Colorado and the country transition to clean energy and lower energy costs for rural families.

It is critical that USDA implement these programs swiftly and effectively while ensuring that funds can be used in creative, flexible ways for the greatest benefit for our rural communities. I think this is one of the biggest opportunities that is in the Inflation Reduction Act, and I just wanted to call everybody's attention to that today.

From April to October of this year, I hosted 26 Farm Bill listening sessions across Colorado, and one consistent comment we heard over and over again from rural community leaders, businesses, farmers, and ranchers of all sizes, was the difficulty in accessing USDA programs, including Rural Development grants. These grants are exceedingly burdensome for Coloradans to access. We should not expect rural leaders, businesses, farmers, and ranchers to spend hundreds of hours filling out Federal applications.

You mentioned this in your opening remarks a little bit. I just wonder what USDA can do and what we can do to make sure that the next Farm Bill addresses the difficulty of accessing these programs. Could you just describe in more detail what you are doing?

Ms. TORRES SMALL. Thank you for the chance to get into these details because it is a lot to untangle. How do we—it is easy to say we need more easier access to our programs. Then we have got to peel back that onion and say, what does it take to do that?

We have seen some good examples. We are about to finalize a Community Facilities rule that should make some application systems easier. We are also investing in a new system for a new technology for our single-family housing application. That is like the lowest resourced applicant, right, someone who is applying for an affordable home loan. Changing the technology application should make it easier so they are not having to do it all written by hand. Can you imagine applying for a mortgage written by hand? Being able to do it on a platform will make it easier to self-populate some of that work.

In ReConnect, over the four rounds that we have seen so far, we have seen dramatic improvement in terms of how our maps are working and interfacing, and we have heard good responses from folks about those improvements.

The next thing that we need to do—and I think the Farm Bill is a great opportunity to do that—is to go through what are the statutory requirements that actually make an application harder, and I would happily provide any technical assistance you might have questions for that.

In doing that, we might also identify sometimes it is our fault; it is regulations that are making it harder. Finding ways to address that and maybe looking at thresholds, right? If it is under a certain amount, recognizing that we have to balance risk as a lender, maybe if it is under a certain cost, we can make certain applications easier.

I think there are a lot of tools that we can use to do this, but it is going to take getting our hands dirty and getting into the details.

Senator BENNET. I mean, I wonder whether it would make sense for—if it is really the interaction of what is in legislation and what is regulatory, which I am sure it is. I mean, I am not the Chair of this Committee, but it would seem to me that putting some of your folks together and some of our folks together in a room to actually figure out what that looks like and what a set of targets might be for us to be able to reduce the paperwork, and reduce the hours that are spent on these applications.

None of this is productive. In the years that I have been on the Committee, it has never gotten better. I think we would like to make it better, and anything you can do—

Ms. TORRES SMALL. Senator?

Senator BENNET. Please.

Ms. TORRES SMALL. If I could offer a friendly amendment to that?

Senator BENNET. Sure.

Ms. TORRES SMALL. Also including technical assistance providers, so the folks who are currently filling out the applications and saying that is wrong, that is people in our State and area offices. It is also nonprofits who are helping folks apply for some of these things. They can redline the applications, and I think they need to be part of this discussion so that we can identify the problems and then identify where they are coming from.

Senator BENNET. Sounds like we may need a taskforce of some kind to work on this.

Chairwoman STABENOW. I think that is an excellent suggestion, Senator Bennet.

Senator BENNET. Thank you, Madam Chair. I will yield the balance of my time.

Chairwoman STABENOW. We will followup and love to have you involved in that.

Senator BENNET. Great. Thank you.

Chairwoman STABENOW. Thank you very much.

Senator Tuberville.

Senator TUBERVILLE. Thank you, Madam Chair.

Thank you, Secretary, for being here today, doing a great job. We are 60 percent rural in the State of Alabama, so hope to see you down there quite often.

The Farm Bill, this is my first one, and I hope we do not forget the farmers because there is so much in this bill that sometimes it does not reach the farmers. I hope we all understand that our farmers are in trouble across the country. We are losing them in our State. I do not know about the other States, but—you know, with diesel so expensive, with fertilizer so expensive.

Urban people are moving south to Alabama, and you cannot blame our farmers for selling out because they can make a living, they can make money off their land. Sooner or later, we are going to figure out—we are going to have to eat in this country. Hopefully, in this Farm Bill, we will be able to help the farmers and especially in the rural areas.

You talked about your ReConnect program. You know, we have had the internet for 20 years, and we have not made a lot of progress with internet. We have got to get broadband. We keep talking about it, and it is all about education. I spent 40 years in education and being somebody that understands some kids that do not have the opportunity. We continue to talk about it, but it does not work. We do not connect with that.

Now we have just flushed trillions of dollars in the economy. If we do not get it now, we will never get it. Hopefully, through some of your programs that we will be able to work on that.

Did I hear you say that you received \$2 billion from the Infrastructure Bill? That is it? Two billion only?

Ms. TORRES SMALL. Out of the \$65 billion, that is correct.

Senator TUBERVILLE. Oh, 65? What will that go to?

Ms. TORRES SMALL. We specialize in the most rural places, and it is going to infrastructure—

Senator TUBERVILLE. There is a lot of rural places, though. Two billion is not going to go very far.

Ms. TORRES SMALL. That is why we have prioritized and some of our priority points go specifically to the least dense areas. Some of our priority points also focus on the most underserved populations, so socially vulnerable folks who may not be able to pay to get it out there. That is part of why we are investing to make it happen.

Senator TUBERVILLE. Yes. Let us talk about—and some of the other Senators might want to hear about this. As you know, my office has been working with a project in Bessemer, Alabama, which previously received grants from the USDA. Due to inflation, additional funding was required. Since the first funding, the area surrounding Bessemer has grown because of people moving south, and now that hospital does not warrant the new loans that it needs. We are going to have a lot of people, a lot of situations like this across the country, that are going to continue to grow and run into the situation where they are not eligible for these loans. Could you tell us about that and where we are at on that situation?

Ms. TORRES SMALL. Senator Tuberville, it is a great example of one of the wrinkles with the definition of rural. There is lots of conversations about what is rural and where should we invest and where should we not invest, but another part of that is as commu-

nities grow they may outgrow our funding. There are some flexibilities. The Community Facilities Program has a flexibility that if a community is still rural in character it can still be eligible for funds, but that takes a review process that is currently underway for the facility in Bessemer that you mentioned.

We have got to make sure that we are adhering to what rural in character is. Right? Are we talking about the service area being rural in character or are we talking about the specific location where a place is built? That brings up some of the same conversations I was having earlier about why are we investing in certain areas and where is that benefit supposed to go to.

Senator TUBERVILLE. What is the answer?

Ms. TORRES SMALL. Well, Congress defines for Community Facilities the limits there.

Senator TUBERVILLE. What is considered rural and urban in the eyes of the people that are giving these grants? Can you tell us that?

Ms. TORRES SMALL. For Community Facilities, it is 20,000.

Senator TUBERVILLE. Okay.

Ms. TORRES SMALL. Unless they are rural in character. Or, if it is a Community Facilities-guaranteed, it is 50,000, but there are some exceptions if they are connected to a municipal area.

In ReConnect, there is a different definition, and one of the things that we have done in ReConnect is try to balance density of a population with sometimes the distance that you might have to travel if you are a really remote area. Maybe it is a slightly denser community, but is a long way to a city with over 50,000 people. There is a lot of complexity, and then you wave into how do we make sure it is also really understandable for folks who are trying to apply for this.

So, happy to provide any technical assistance we can, recognizing that so many of the definitions of rural are statute.

Senator TUBERVILLE. Okay. Thank you for your help.

Thank you, Madam Chair.

Chairwoman STABENOW. Thank you very much.

Senator Smith.

Senator SMITH. Thank you, Madam Chair and Ranking Member.

Welcome to the Committee, Under Secretary Torres Small. It is so great to have you here. I want to also thank you for visiting Minnesota. It sounds like based from my colleagues you have been all over the place.

We had a great day looking at rural housing issues, rural health care issues. We visited a small dairy. It was a great trip, and it really underscores, I think, the importance of Rural Development programs in small towns and rural places and also tribal communities. I want to dive into that a little bit.

I have also had lots of listening sessions on the Farm Bill, including a couple that have focused specifically on Rural Development, and the overriding message is that we need to figure out how to make opportunities more accessible to people in Rural Development and we need to figure out how to modernize Rural Development programs so that they are easier for folks to access.

Let us start with the question of more accessibility. Minnesota has a very diverse farming community. Hmong, Native, Latino,

Black farmers and businesses, they all play a big role in our rural economy. As we draft the next Farm Bill, can you talk to us about what we need to do to help make sure that farmers of color, business owners of color, and tribal communities have access to all USDA programs?

Ms. TORRES SMALL. In our listening sessions, what we hear, one of the biggest challenges is the match requirement, and I am sure you are hearing that from your communities as well. In ReConnect, what was initially done was we eliminated the match requirement for tribal entities.

Senator SMITH. Yes.

Ms. TORRES SMALL. Then in the Bipartisan Infrastructure Law, Congress expanded that to eliminate the match requirement for Colonias, for counties of persistent poverty. I think that is an example of working to make things more accessible for communities.

Senator SMITH. I just might add, also in the Inflation Reduction Act, on the energy provisions, we also eliminated match requirements for rural communities, tribal governments, and that will be really helpful, but please continue.

Ms. TORRES SMALL. In REAP, too, also increasing the amount that we are able to fund.

Senator SMITH. Right.

Ms. TORRES SMALL. That is certainly always helpful.

Sometimes, too, a set-aside can be helpful, recognizing that even, especially, as we reduce the barriers for application, we will have more people applying. If we want to make sure a certain amount of it goes to Persistent Poverty Counties, for example, a set-aside can be helpful to ensure that the competition is within that group and that a certain amount goes to that group.

Senator SMITH. Yes. Thank you very much. I agree with all of that.

I think we also have heard—and I know that you speak to this—that a lot of Rural Development programs struggle because their technology platforms are so outmoded and outdated that they, literally, barely function anymore, and it makes it very difficult for folks to access those programs because—you were describing this earlier. Oftentimes, colleagues, figuring out how to fund technology is not really the thing that we love to do, but if it is not working then literally it is a barrier to access for all sorts of folks.

Ms. TORRES SMALL. When I think about modernizing Rural Development, it is about how do we make sure that people have a Rural Development they deserve.

Senator SMITH. Right.

Ms. TORRES SMALL. If you go to a bank, you do not have to fill out a paper form. Why do Rural Development customers have to do that? It is about equity. It is about if you are in a rural community you should still have the tools—

Senator SMITH. Right.

Ms. TORRES SMALL.—modern-day tools to do this work. I really appreciate your interest in it and happy to continue to—

Senator SMITH. Well, it also really hampers your capacity to report back on results and progress because you literally are looking at piles and piles and piles of paper. You cannot do the analysis to figure out: okay, what is working here? How do we make it work

better? I think that is something for us all to consider as we think about this.

I want to just touch also on rural housing. I know that every one of my colleagues on this Committee has been hearing about how there is a severe shortage of housing, work force housing, and particularly affordable housing in rural communities. This, of course—though the Rural Housing Service programs are not under the umbrella of the Farm Bill, they relate directly to the work that you are doing, that we will be doing in the Farm Bill around Rural Development.

I appreciate Senator Brown foreshadowing the work that we have been doing over in Banking, Housing on the Rural Housing Service.

I am really grateful to Senator Rounds, who has been such a great partner, and we are working on putting together a proposal. Grateful, very grateful to you and your staff for being such good partners with us as we put together what I hope will be a bill to really think about how to modernize the Rural Housing Service so that it deals with some of the issues that we have been talking about here today, making it work better.

This is particularly, as you said, because so many of the rural housing affordable mortgages are expiring, and that means that we are actually looking at things getting worse rather than getting better.

Could you just maybe briefly talk about it? I would love to hear your thoughts about what we can continue to work on together to improve the Rural Housing Service and how that relates to our work on the Farm Bill.

Ms. TORRES SMALL. Thank you so much for your work on it. We are happy to work with you, to continue to do that.

One of the challenges with the housing part of our portfolio is that it is not in the Farm Bill, so it does not get regular updates to stay modern—

Senator SMITH. Right.

Ms. TORRES SMALL.—the way that the rest of our programs can.

Senator SMITH. Well, so I will look forward to working with that, on that, with all of you.

Chairwoman STABENOW. Absolutely.

Senator SMITH. Thank you very much.

Chairwoman STABENOW. Absolutely. Thank you for your leadership on housing issues.

Senator ERNST.

Senator ERNST. Thank you, Madam Chairwoman.

Thank you as well, Under Secretary Torres Small. Thank you very much for the great work that you are doing and for, again, the other witnesses that will be coming forward shortly as well.

As some of you may know, I grew up on a small farm in southwest Iowa, live less than 10 miles from where I grew up today, and my family continues to engage in farming in Montgomery County. I do know and understand firsthand the hard work that goes into farming and ranching and the day-in and day-out work just to provide food and critical goods for our State, our country, and all of those around the globe as well. No question that supporting our

rural communities is very, very important to me and, I think, to every member on this Committee.

I would like to discuss a couple of issues that have come up, and we are really seeing an impact in this harvest time this year. As you know, our farmer are facing very high propane prices as they are working. We are in corn harvest right now. We have been through bean harvest. Given those elevated energy prices in many of our sectors, what are the programs in this next Farm Bill where we can maybe expand to support our Nation's farmers and energy producers?

Really important, too, we have a layer of snow today in Iowa, and it is going to take a little more propane to get that corn dry when they bring it in.

Ms. TORRES SMALL. Thank you so much for your focus on farmers and recognizing that rural communities support so much of that work and that Rural Development has a role in that.

When it comes addressing what I know is one of the biggest issues for your constituents, in terms of the cost of fuel right now, Rural Development has a key role both in terms of supporting the infrastructure to deliver higher blends of biofuels through the HBIIP program. We have seen a lot of success in helping get higher blends out all across the country through investments in that infrastructure, the gas pumps that it takes to deliver that.

We have also seen incredible investment from farmers who are looking to make their corn dryers, for example, more efficient through the REAP program and lots of folks who are finding ways to lower their costs, to lower their bottom line when it comes to their fuel costs, by investing in more efficient farm equipment.

Senator ERNST. You bring up the REAP program, which is important. Iowa is a leader in renewable energies, and we are very, very proud of that. The impact of that Rural Energy for America Program has been very good but historically under utilized, I think. What are you seeing as far as barriers? What deters those applicants for applying for the REAP program, and what can we do to make sure those dollars are getting to our local communities?

Ms. TORRES SMALL. Senator, I would love to followup with you on that.

Senator ERNST. Okay.

Ms. TORRES SMALL. It is my understanding that REAP is overwhelmingly oversubscribed, so we do not have enough funds to get it out to all the folks who are applying for it.

Senator ERNST. Okay. Maybe we need to get more of those dollars into Iowa. Maybe that is the issue. Yes, I would love to visit with you more about that. It is certainly an important program.

As well, before we move on—I have just got a little over a minute and a half remaining. For our second panel, I know that we have Dr. Schilling here with us as well from Geno, and I just want to thank you for being here today. I will not be able to make it for the second half of this meeting, but I am very, very excited because Geno has committed to Iowa farmers by supporting a \$300 million project with the Cargill corn facility to manufacture bio-BDO. This is something that we are very excited about in Iowa, and we really look to the future and other types of value-added programs as well that will support our farmers and our ranchers.

Thanks to all of our witnesses for being here today. Thank you. Chairwoman STABENOW. Thank you very much. I should mention it is great to see \$3 billion in REAP, in new dollars coming into REAP. Hopefully—I know you will advocate for those coming to Iowa.

Senator Luján.

Senator LUJÁN. Thank you, Chair Stabenow.

Under Secretary Torres Small, you understand better than most the struggles that New Mexicans have faced because of these fires and with more fires, unfortunately, across the West. I sadly, believe because of the drought numbers we are seeing from USDA and other estimates that this may become the new normal. Programs like the Emergency Community Water Assistance Grants program have helped so many, and you were front and center in ensuring that the resources that were available at the USDA were being made available to communities all across New Mexico.

One of the concerns that I have, though—and I hope we can do something about this because it was clear to me you and your team were using every tool at your disposal. The efficiency and timeliness sometimes of getting those programs out, or reimbursements, the way that the programs are created, they have—we have to improve them. I believe it needs to take place statutorily. As we work on the Farm Bill—and we know that we are going to see more disasters like this—how can Rural Development and disaster programs more efficiently and quickly deliver future aid to communities in need?

Ms. TORRES SMALL. Thank you so much, Senator Luján, for your focus on serving people in northern New Mexico who have suffered from the fires and making—and the collaborative effort to make sure that you are holding us accountable, to be as responsible as possible to that. I really appreciate your partnership there.

We have certainly seen our limitations are laid most to bear in a disaster, when time is of the essence, and so identifying where our regulatory flexibilities are—and New Mexico has been helpful in assisting us in identifying some of those places. For example, the type of work that we can do on manufactured homes has shifted as a result of some of the work of Governor Lujan Grisham. We have also seen some of the changes that we have been able to shift in terms of the amount of funding for home repair in result of disaster.

Identifying what are the flexibilities that might only be allowed in the midst of a disaster, if you have questions in terms of technical assistance on that front, we certainly would be happy to supply any information there.

Senator LUJÁN. I appreciate that. Especially in the area, something I hope we can find some common ground on as we work on this, is some of the payment and population caps that seem to create challenges all over America, especially in rural communities, which leads me to the next question that I have, which was definition of rural.

I understand some of our colleagues may have already broached this, but a lot of States, like the State that I call home, our counties are really large. As we point out all the time, our county boundaries are larger than some States and our ranches are as

large as counties in other parts of America. When a disaster hits a State like ours, with these really large boundaries, we get left out because the definitions just do not catch us, and it is leaving out many rural parts of America, all over America. That is an area where I have had frustration.

I know this is an issue that there has been a lot of work. You actually worked on these issues when you were a member of the U.S. House of Representatives as well. Given your time representing one of the most rural areas of the United States, as a matter of fact, the largest district that was not a State—I remember you saying that a time or two—what can we do to bring more attention to this space, and is that a change that needs to take place statutorily?

Ms. TORRES SMALL. The water and environmental programs, that limitation of 10,000, is statutory, and we certainly do see challenges with that, especially in unincorporated areas because unincorporated areas are treated very differently all across the country. It has been interesting for me, just my eyes have been opened, in terms of what is rural in different places. If we have a measurement strictly about density, that might be different in western communities where you might have a little more dense areas and then a lot of distance until you have a city, some place over 50,000.

How we look at that is complex. How do we recognize that complexity while also giving someone, an applicant, a simple solution for are they eligible or are they not, right? Because if we try to recognize all the complexities, then it actually becomes a barrier to applying because they just do not know if they are in a rural area or not.

It is a complex issue and would love to delve into it more with you if you have questions about what are the statutory limitations and then where are there regulatory flexibilities.

Senator LUJÁN. I appreciate that. As I yield back, I appreciate the line of questions that have already taken place about broadband connectivity. That is very important to me and to State like ours and the work that you do in the area of telehealth and education.

I am hopeful, Chair Stabenow, that that may be an area built on what we have seen with success with programs like ECHO, where they bring in providers or the administrators to troubleshoot and then folks in more rural parts of the country benefit from having those specialties. You can bring the latest and the greatest, whatever it is, to the smallest part of the country and save someone's life or transform an educational policy. Thank you, and I yield back.

Chairwoman STABENOW. Well, thank you so much, and thank you for your passion, your leadership. Probably one of the most important things that we can do equity and quality of life, certainly in rural communities, is to make sure everyone has access to the same high quality broadband. Thank you so much.

Senator Marshall.

Senator MARSHALL. Well, thank you, Chairwoman. Let me just start by saying what everyone has said, how important this is, that if you want to lower input costs for farmers, if you want cheaper grocery prices, if you want less of environmental impact, then we

need high-speed, dependable internet in rural America. I think, again, these are all goals that we can share.

The second thing, my line of questioning here is not to be critical of you; I think it is to be critical of the programs. I have been in Congress for six years, so these are programs—these are problems that you have inherited and just want to make sure that you agree with us and then to work with our staff and with this Committee as we try to solve them.

As we speak to our providers, they are telling me that it takes—the review process adds two to four years right now. Not just the building of it, but just going through the review process adds two to four years and a third of the total expenses being spent on that environmental review process. Do you agree that that is a problem, that it is unacceptable, and what might you do to help solve that riddle?

Ms. TORRES SMALL. Senator Marshall, thank you for focusing on this. This has been a challenge, and it is something where we have made significant progress. There is still significant progress to make as we move forward.

We have, since I have been on board and previously, worked to reduce that amount of time in part by identifying specifically what are the places that need environmental review and timing that appropriately so that it does not expand the scope of that. We have also increased our hiring to respond to this need so that we have more folks doing the environmental reviews, and we have seen a faster response as a result of that.

There are still, I think, opportunities to identify ways to make it faster, both in terms of the work force that we have doing this—what are the—can we also expand that to different contractors doing some of this work, as well as some flexibilities in terms of the historic reviews and communication.

Senator MARSHALL. Thank you. My staff gets tired of me saying this, but if you cannot measure it, you cannot manage it. I hope you are measuring what that review time looks like and then you come back in a year and tell us that it has improved.

Second issue, this is regarding some applications for round three of grants. Company A went into Service Area A, and they did some spotty connections. Company B goes in and applies for this grant and says, no, you cannot do it because that service area is already serviced, but it is really spotty service. What can you do to dive down a little deeper than just—you know, it always about the maps. You know, no one agrees what the maps is. How can we dive a little bit deeper to get these grants to the right places? There still was a lot of duplication of services in this last—in a couple rounds ago.

Ms. TORRES SMALL. In Rural Development, it should not all be about the maps. The maps are crucial. The maps are crucial for ISPs so they can plan where to do coverage. They are crucial for us in terms of our first layer of review, going through and identifying are there potential places where they are already covered.

Then we have two other steps after that. The next step is a challenge. If an ISP says, no, actually, we cover this area that they are claiming they want to serve, then we try to resolve it by looking at all of the layers of the NBAM map. Then if there is still discrep-

ancy, that is part of why we have general field representatives on the ground is to go and do that ground testing. Say if you actually think that you are providing that service but someone else is saying that you are not, we are going to go and measure it on the ground.

Senator MARSHALL. Would there be somebody from your office that could sit down with my staff and have this discussion a little bit deeper?

Ms. TORRES SMALL. Absolutely. I will followup with you.

Senator MARSHALL. Okay. Great. My last question is I want you to define rural America, what it means in the context of rural broadband.

How do we delineate, differentiate a bedroom community outside a metro area, of 2,500 people, versus my truly rural, rural, end of the last mile and making sure that we are given some priority? Because it is not the profitable, I get that, to service that farmer who lives on the dead end, the same dead end that my mom was raised on, where there was no electricity and water until she was in eighth grade. This internet is that important to those people. Inasmuch as electricity and getting water service to rural America was a problem of the 40's and the 50's and the 60's, here we are today with this.

How do you define rural America? Would you change that definition? What can we do to make sure that we are prioritizing truly rural, rural America?

Ms. TORRES SMALL. This is such a great question because it shows the choices that we have to make when we define rural America. I think ReConnect has one of the most expansive definitions in that it looks at it from a lot of different ways. That does mean it is complex when you are applying for a program, to be able to say this is within what you define as rural. The more nitty-gritty we get the harder an application can be.

What ReConnect does that is really interesting is it has both a density amount and then it also has a distance measurement. The distance measurement is if you have a small town—so think of Indian Country, or Alaska has a lot of these issues—where the towns are slightly bigger but they are really far away from any place that is even remotely large, so that interplay. Recognizing the interplay is something that ReConnect does.

The other thing it does, when you speak to the hardest to reach places, like the towns that you think of when you think of rural, we have priority points for that. If your density is incredibly low, there is a—we will cover a lot of different places, but you get priority if you are really rural, if you are really not dense, and if your internet speed is really low. There is more priority points if you are under 25 up/3 down, for example.

Senator MARSHALL. Well, thank you so much. Again, I would ask if someone from your staff could come educate our staff on that grant process and what we are doing wrong because we are certainly having limited success in Kansas.

Thank you again. We are here to help you and work with you on what we can write in the future. We will be there for you.

Thank you so much, Chairwoman. Thank you.

Chairwoman STABENOW. Thank you very much.

Senator Booker.

Senator BOOKER. Thank you very much, Chairwoman. I have so much respect for Senator Luján. He is an extraordinary leader, but I think he missed the most epic opportunity to give the greatest introduction ever if he just sang “Happy Birthday” to you. I just do not understand why. I will coach him.

Chairwoman STABENOW. You might very well take this opportunity, Senator Booker.

Senator BOOKER. See, the thing is you know I would do that.

Chairwoman STABENOW. I have heard you sing.

Senator BOOKER. It would not be breaking with my expectations.

Chairwoman STABENOW. I have heard you sing, which is why I appreciate your restraint.

Senator BOOKER. I appreciate that. She is the second best singer, though, in the Senate after—that is true. I have to give Menendez love because he is my senior Senator.

Chairwoman STABENOW. That is true. That is exactly true.

Senator BOOKER. All right. I am sorry. You are here for a reason, aren't you? I am so grateful for your service and your leadership. It means a lot. For you to be here on your birthday shows your above and beyond commitment. I really do hope you will celebrate yourself and the service that you have given to this country afterwards.

I have traveled all around the country, Midwest to the South, and I have seen what happens to communities that have CAFOs in them, and I am stunned at the level. Again, in New Jersey, we do not have it, but when I started to go to places—I was in Duplin County, North Carolina, and packed rooms of people that were just looking for help because they have stories where they cannot run their air conditioning because it brings the stench into their house. They cannot hang their clothing on the line anymore. Property values have dropped. Low income—in this case, a low-income African American community.

I have been in the Midwest as well, where I have met with farmers from both parties who tell me they cannot fish out of their creeks anymore, they cannot drink the well water in their communities anymore, because of these massive environmental disasters that are just growing in our country.

These large factory farms in and of themselves are bad enough, but I believe that the installing of big biodigesters on manure lagoons is not a solution and it is, rather, just a form of greenwashing that does not alleviate the suffering in the communities and does not alleviate the harm they are causing to our environment. I think it is unfortunate, but now we are seeing a lot more Federal subsidies that have been created for the installation of these biodigesters.

I guess my question is very narrow. Will your Department be reviewing any applications for REAP funding, which is under heavy demand, for biodigesters? I guess, specifically, will there be a rigorous analysis conducted to ensure that these projects, biodigester projects, are not double dipping or triple dipping with other Federal subsidies in order to, unfortunately, shrink the pool of folks that are really doing—a lot of our farmers who are really doing innovative things around climate solutions?

Ms. TORRES SMALL. I really appreciate you taking a hard, careful look at the complexity of the situation and recognizing that while we have to leverage every tool in our tool kit for fighting climate change we also have to look at environmental impact and environmental justice. That is a key consideration for the REAP funding as we look at what environmental justice means and how siting decisions play into that. It is certainly something that we are carefully evaluating. We also know that sometimes more investments can help reduce the environmental impact and are eager to find that right balance between providing more renewable energy and supporting local farmers while sticking up for people who live all across rural America.

Senator BOOKER. Well, I would love to continue the conversation with you on that issue, and I will bring up one more issue. You know, I resist the way that our country is often sliced and divided, where we pit people against each other, and I have found some deep similarities between urban communities and rural communities.

One is just the challenge with food deserts, where a lot of rural communities do not have access to fresh, healthy foods, which is a bit ironic given that there is so much farmland, but a lot of our farmland is due to incentives being designated to certain crops that are not for consumption of communities or solving food deserts. I feel like there is often a misalignment of our incentives. As one of my colleagues whom I value so much said earlier, Senator Thune, this idea that we are feeding America and feeding the world. What I am looking at in the Farm Bill is how do we begin to align those incentives to get rid of food deserts in rural areas as well as urban areas.

We—just recently, a report came out from CoBank estimating that U.S. soybean acreage is going to need to increase by millions of acres, about 18 million acres, in the coming years just to meet projected increase in demand for biofuel. There seems to be a win-win in aligning incentives and rethinking or reimagining, our incentives in a way that will help our farmers and also help to deal with the creation of more foods that can address rural food deserts.

Frankly, if you look at the global challenge we have, you know, a record 348 million people on the planet are facing food insecurity, as much as 60 million children under five years old are being acutely malnourished—and so here is an opportunity to get a lot of wins, helping independent family farmers with aligning incentives to creating fresh, healthy food, dealing with food deserts in rural areas, as well as addressing some of the global food crises.

I was just wondering if you could let me know what you think about that potential to realign some of our subsidies in the Farm Bill.

Ms. TORRES SMALL. I think Rural Development has a strong role in terms of combating food deserts, both in urban communities and in rural communities, through the Healthy Food Financing Initiative. I have had the chance to visit both an investment in D.C. and an investment in rural North Dakota, and seeing the way it is connecting surrounding farmers to a new market, providing value-added opportunities for the farmers while also providing healthy food as well as accessible food in food deserts. Would love to talk

with you more about that program and how it can strengthen those opportunities because I think farmers know that diversifying what they do can make them more resilient, and so if there are more opportunities to provide healthy foods locally, it solves a lot of folks' problems and makes us more resilient as a community.

Senator BOOKER. I thank you and look forward to working and discussing with you. I am way over my time, so I do not have time to sing "Happy Birthday."

Chairwoman STABENOW. Note for the record I did give you the opportunity.

Senator Fischer.

Senator FISCHER. Thank you, Madam Chair.

Thank you, Under Secretary for being here today. In Nebraska, I have the opportunity to host many in-person roundtables, and those discussions in rural communities are very beneficial for me to be able to listen to and participate in, and they are very eye-opening. Recently, when I was back in the State before the election, what I heard, issues all across the State were housing and child care. Those were brought up by businesses. They were brought up by community leaders. Both private sector employers and public entities, they have been making investments to try and really address those needs that we have.

I think there is a real opportunity here, where we can have public-private partnerships play a role to be able to address that and do it through the Farm Bill. We already have public-private partnerships models in the Research Title of the Farm Bill and also in the Conservation Title.

Under Secretary, in thinking about the existing Rural Development programs at USDA, do you think that there are programs that do a good job of leveraging private investment and Federal dollars to address issues like housing and child care and really health issues that we have?

Ms. TORRES SMALL. Thank you so much for your focus on this. I think you are speaking to the right people because I certainly hear those same challenges on the ground as well. Child care, specifically, it is a—you know, for rural people to be able to do the job that they want to do, having a place, a safe place, for their kids to be is crucial.

When it comes to public-private partnerships with child care, we have seen some investments through the Business and Industry Guaranteed Loan Program, and that is a place where we are attracting investments into rural areas. Recently, we have seen a dramatic increase in interest through that program. We have also seen housing funded through that.

Now they are competing with all other loans for all other things, and our ability—the decisions are made by the lenders. Our ability to preference any specific type of application is limited based on the design of the program, but if you have questions about that, we would be happy to provide technical assistance related to that.

Senator FISCHER. Thank you. We will be reaching out to your office. Thank you very much on that.

As you know, the RUS's ReConnect program has grown significantly over the years despite it being technical a pilot program, and ahead of the Farm Bill I think we need to look at this and really

should there be changes to the program to make sure the funds are really getting to where they need to go. That is big concern of mine.

We see, for example, in our next panel, one of the witness's testimony discusses preventing dueling dollars to ensure that broadband funding is effective at reaching rural areas and avoiding really the duplication that we see with networks. How can lawmakers avoid the redundant broadband deployment programs that lead to overbuilding—

Ms. TORRES SMALL. Thank you.

Senator FISCHER [continuing]. and really understand how providers have used the different programs that are out there? I would say a lot of those are redundant as well. The different programs and different agencies. How can they use that in a complimentary way to be able to expand that broadband service?

Ms. TORRES SMALL. Having \$2 billion out of the \$65 billion of investments for high-speed internet in the Bipartisan Infrastructure Law, coordination is crucial to identify the timing of applications, to figure out where overlap may be appropriate to fund two very different projects, what small amount of overlap might make it possible, or where we need to make strong decisions to keep that from happening. It is very much a details-based assessments in order to do that.

I think that flexibility is valuable there. Right? Because I do not think anyone, when they say we do not want to overbuild is saying we do not like competition. Right? It is making sure that our investments are wise and that we are truly reaching the hardest-to-reach places.

One of the ways that we have been able to, I think, take a lot of pride in getting to lay fiber on a sea floor to reach an island or get high-speed internet in an Alaskan village that does not have a road, the reason why we are able to do that is because we prioritize the hardest-to-reach places. We were able to do that through an incredibly flexible platform that ReConnect provided, so that as technology shifted we could try to shift with it.

As you look at what the program is for high-speed internet in the future, I certainly see the flexibility as a way to respond to, and adapt to, new technologies.

Senator FISCHER. Right. There are many of these areas. Whether it is Wall, South Dakota, which I know well, or the Sandhills of Nebraska, it is not easy. It is not easy to that connectivity out there, but if we are truly looking at government providing services to every citizen of this country, we have to be clear that these unserved areas are the priority and they will be connected or we are going to lose rural America.

Ms. TORRES SMALL. Just if I can add one quick thing because we have been talking so much about definitions, what was really helpful with ReConnect is that we had a definition of what is eligible but then we also had a definition of what we wanted to prioritize. As internet service providers, we are trying to figure out how to put together a financially feasible plan. They were able to cover some areas that were a little easier to cover and then get priority points to cover harder places. That again, I think, adds to the nuance of what are the places that we just will not fund and what are the places that we want to fund more of.

Senator FISCHER. Well, I hope all of rural America will be connected. Thank you.

Chairwoman STABENOW. Thank you very much.

Let me thank you again, Under Secretary, for joining us. It is clear that you have been working hard and visiting places all around America and obviously have support, bipartisan support, from the Committee to continue your great leadership. We really want to work with you on the Farm Bill to make sure we have the strongest title as possible. Thank you very much.

We will take a moment now to transition to our next panel, and thank you.

[Pause.]

Chairwoman STABENOW. Welcome. Do we have everyone? We will also have members juggling multiple committees as well and that will be coming and going.

[Pause.]

Chairwoman STABENOW. Welcome to all of you, and we will begin introductions and appreciate very much all of you traveling to be with us today. These are such important topics, and I know you have heard from our members the tremendous interest that everyone has.

I want to begin by introducing Jessica AcMoody. Thank you so much for being here from Michigan. We are so pleased to have you. Jessica has more than 15 years of experience in State and Federal legislative policy and advocacy. For the past eight years, she has served as Coordinator for the Rural Partners of Michigan, which focuses on economic development in rural areas around our great State. She also directs State and Federal policy initiatives at the Community Economic Development Association of Michigan.

Jessica's work focuses on coalition building and advocating for policies that create more vibrant, equitable neighborhoods around the State. This includes economic development, affordable housing, tax policy, asset building, and consumer financial protections.

Jessica also serves on the Board of Partners for Rural America and the Consumer Federation of America.

Welcome. We are so glad to have you with us.

I know that Senator Durbin had wanted to introduce our next witness, but he is chairing the Judiciary Committee, and so he sends his best wishes. I will proceed now to introduce Mr. Mike Casper, who has more than 30 years of experience in the energy industry. He is currently the President and CEO at Jo Carroll Energy. Jo-Carroll Energy is an energy and broadband cooperative located in northwest Illinois that provides electric, natural gas, and broadband services to approximately 28,000 members.

Prior to returning to Illinois, he spent four years at the National Rural Electric Cooperative Association, where, among other things, he worked with NREAC members to shape and conduct research designed to help the Nation's more than 900 member owned, not-for-profit electric cooperatives chart a sustainable path forward. Before coming to NREAC, Mike worked more than 10 years as an independent power producer developing, constructing, and operating clean energy facilities.

Glad to have you with us.

Next, we have Dr. Christophe Schilling. I should mention a proud native of Detroit. Pleased to have you here. Co-Founder of Geno in 1998 and was named CEO in May 2009, where he leads Geno's mission to accelerate the sustainable materials transition. Geno is accelerating the world's transformation to the sustainable materials by replacing fossil fuel sources with plants.

Dr. Schilling is also active in leadership roles with organizations advocating for biotechnology advancements, both at the State and Federal levels. He is Chairman Emeritus of Biocom, representing more than 1,500 California-based life sciences companies, and is a current board member of BIO, the world's largest trade group representing companies that power advancements in agriculture, health, and manufacturing.

We are so pleased to have you with us.

Mr. Law, you were introduced earlier by Senator Thune, so we want to welcome you to the Committee as well.

I will recognize Senator Hyde-Smith to introduce Mr. Herring.

Senator HYDE-SMITH. Thank you, Madam Chairman. It is always great to have a Mississippian in the house, and it is my pleasure to introduce Mr. Kenneth Herring. Mr. Herring is the General Manager of the Adams County Water Association, which serves thousands of people in rural southwest Mississippi. There in Natchez, Mississippi, is Adams County.

He has nearly 40 years of experience with the Association and has been General Manager since 1996. Throughout his career, Mr. Herring has worked with both State and Federal agencies, including the Mississippi State Department of Health, Mississippi Department of Environmental Quality, and the USDA Rural Development to provide water to rural Mississippians.

I certainly welcome Mr. Herring and look forward to hearing the testimony, but thank you all for being here. This is incredibly important. To take the time to come because it is not the easiest job, but—you have open seating today, but it will not be that way forever. Thank you for your willingness, and thank you, Mr. Herring, for being here from Mississippi.

Thank you, Madam Chairman.

Chairwoman STABENOW. Thank you very much and welcome again to each of you. We would welcome five minutes of testimony and anything else that you would like to have the Committee receive for the record.

Ms. AcMoody, you are recognized for five minutes.

Welcome.

STATEMENT OF JESSICA ACMOODY, COORDINATOR, RURAL PARTNERS OF MICHIGAN, AND POLICY DIRECTOR, COMMUNITY ECONOMIC DEVELOPMENT ASSOCIATION OF MICHIGAN, LANSING, MICHIGAN

Ms. ACMOODY. Thank you. Well, thank you, Chairwoman Stabenow, Ranking Member Boozman, and the Committee, for allowing me to speak to you today.

I serve as the Coordinator for Rural Partners of Michigan, which is our State's designed State Rural Development Council, as well as the Policy Director for the Community Economic Development Association of Michigan, or CEDAM.

State Rural Development Councils are authorized in the Farm Bill and are uniquely positioned to expand economic and social opportunities for America's rural communities and their residents and to provide a collective voice for rural America. These are challenging but impactful goals. Our rural communities throughout the Nation are growing in diversity along racial, economic, and geographic lines.

Rural communities are very different in character. In Michigan, our communities include diverse economies, including farming, tourism, service economies, manufacturing, and entrepreneurship, to name a few. Rural communities are innovative and close-knit, a place where everyone knows each other's names and where we want our children to grow, thrive, and live.

However, these communities are facing challenges. In Michigan, about 1.8 million residents live in rural areas of the State, but 50 of Michigan's 83 counties had population losses between 2010 and 2020. With this population loss comes challenges to capacity. We are seeing this firsthand at Rural Partners and CEDAM, where we run a Community Development Fellowship program. Our program places fellows for 15 months to work on a variety of projects to help organizations and municipalities expand resources, increase local collaboration, and remove barriers to development. Most of our fellows are in rural communities and directly see the impact of this population loss.

Municipal employees in rural areas tend to skew older, and many times, when they retire, there is no one to step in and take over. This results in employees wearing multiple hats, which, in turn, leads to decreased capacity to tap into some of the much needed rural programs out there. With the fellowship program, we have seen how a small increase in capacity can have a huge impact on resources. Since 2019, our fellows have helped 20 communities secure \$12.8 million in grants and loans.

In addition, the capacity of rural communities to plan inclusively, apply for grants, and meet Federal requirements is complicated by the fragmented and siloed nature of Federal programs. While we know we need a universal approach to programs, flexibility to meet the needs of the local communities is paramount. What is helpful to a service and tourism economy like Traverse City, Michigan, is much different than what would help our tribal or farming communities across the State.

In very small towns, the capacity of the community to respond to resources and opportunities is blocked by a lack of knowledge. USDA Rural Development has employees in field offices who go into towns and provide technical assistance, but their FTEs are down and territories are getting larger.

The top economic development needs rural Michigan communities report are housing, child care, broadband, and upgrades in water infrastructure. Michigan is suffering from a housing crisis, and it is hitting our rural communities hard. Nearly half of the State's housing stock dates to before 1970. Housing preservation grants are extremely important to help our lower-income rural residents stay in their communities and to help communities attract new talent to the area.

As rural communities shift to alternatives in clean energy, the resources provide by USDA RD to support the capacity to make these shifts is critical. Rural Michigan communities are particularly vulnerable to shifts in climate, and these programs are important for increasing capacity.

Finally, access to rural broadband is key to thriving rural economies. Small businesses have pivoted to provide greater online presence, and rural residents are working remotely in huge numbers. Rural communities are developing tech-based co working spaces, incubators, and venues for online collaboration. Making sure our rural communities are connected to broadband is critical to their success.

Rural Michigan has many great assets: beautiful outdoor spaces, entrepreneurs, a rich history of agriculture, and strong tribal communities. Our rural communities can thrive when they have access and capacity to pursue resources to address their diverse challenges. Thank you.

[The prepared statement of Ms. AcMoody can be found on page 61 in the appendix.]

Chairwoman STABENOW. Thank you so much.

Now we will turn to Mr. Casper. Welcome again.

STATEMENT OF MICHAEL CASPER, PRESIDENT AND CEO, JO-CARROLL ENERGY, INC., ELIZABETH, ILLINOIS

Mr. CASPER. Thank you, Chairman Stabenow, Ranking Member Boozman, and members of the Committee. Thank you for the opportunity to testify today. On behalf of Jo-Carroll Energy's over 26,000 member owners, we sincerely appreciate the Committee's interest in energy and rural development issues.

Jo-Carroll Energy is a distribution electric cooperative in its 83rd year of operation, providing affordable, reliable electricity, high-speed internet, and other value-added services in rural Illinois homes, farms, and businesses. As a cooperative, we are member-owned and controlled, returning any profits to our member owners. Around the country, nearly 900 electric cooperatives deliver power to one in eight Americans, including 92 percent of America's Persistent Poverty Counties.

As the Committee considers the upcoming Farm Bill, I would like to highlight three critical issues to electric cooperatives that I respectfully request you consider as you write a new Farm Bill. First, electric cooperatives are responding to consumer member feedback for an evolving generation mix. Second, cooperatives' ability to maintain reliable, dispatchable baseload power capacity is a critical part of a lower carbon future. Last, USDA is a necessary partner in our mission to build and provide benefits to our rural communities beyond electrification, such as broadband.

As not-for-profit, consumer-driven entities, electrical cooperatives are owned by the communities that we serve. To respond to membership requests for a more environmentally sustainable power mix, Jo-Carroll has developed three separate community solar arrays to generate power. Our South View Solar Farm was made possible through the Rural Energy for America Program, or REAP, grant, which was mentioned earlier today. Through our Energy Detective program, also made available or possible through REAP

grants, we offer cost-free energy assessments and low-price energy audits that are reimbursed if energy efficiency recommendations are implemented. Farm Bill energy programs like REAP are useful tools for electric cooperatives as we respond to consumer member feedback calling for an evolving generation mix and more efficient energy practices.

In addition to Farm Bill programs, the new Clean Energy assistance program, specifically for electrical cooperatives, included in the Inflation Reduction Act will be helpful to cooperatives around the country as we aim to meet consumer member expectations. Electric cooperatives are grateful for the work done by the Senators on this Committee to shape the program to meet the needs of rural utilities. For that, we are very thankful.

As cooperatives work toward a lower carbon future, our ability to maintain reliable baseload power is critical. Intermittent resources such as wind and solar must continue to be complemented and supported by always available baseload resources. This is not about prioritizing one energy source over another; rather, to ensure we keep the lights on for rural American families and businesses. System reliability requires a base of firm, flexible, and dispatchable electric capacity.

As the Committee knows, rural electric cooperatives were built by, and belong to, the communities that we serve. Our mission goes beyond electrification, and with USDA as a key partner, Jo-Carroll is committed to ensuring access to high speed internet for our families, businesses, to give them a level playing field with their urban counterparts. USDA tools, like ReConnect and Community Connect, have allowed Jo-Carroll to accelerate the expansion of our fiber footprint to improve quality of life in our corner of rural America, northwest Illinois.

In closing, Jo-Carroll Energy is dedicated to delivering affordable, reliable electric, high-speed internet, and other value-added services to Illinois households, businesses, farms, and communities. Nearly 900 electric cooperatives across the country have similar community-focused missions for the areas that they serve. As the Committee works on the next Farm Bill, we look forward to continuing to work with you toward our shared goal of improving life in rural America. Thank you.

[The prepared statement of Mr. Casper can be found on page 64 in the appendix.]

Chairwoman STABENOW. Thank you so much.

Senator Durbin, I did indicate you were chairing Judiciary Committee and had wanted to come to introduce Mr. Casper, but we are so glad you are here now. Thank you.

Dr. Schilling, welcome.

**STATEMENT OF CHRISTOPHE SCHILLING, PH.D., FOUNDER
AND CEO, GENO, SAN DIEGO, CALIFORNIA**

Dr. SCHILLING. Thank you, Chairwoman Stabenow and Ranking Member Boozman, and members of the Committee. Thank you for holding this important hearing and inviting me to participate.

As the Chairwoman said, I am born and raised in the great State of Michigan, and today I am the Founder and CEO of Geno, a bio-products innovation company on a mission to accelerate the mate-

rials transition, creating high performance ingredients and materials at scale from renewable resources like plants rather than fossil fuels. We are the premier developer of technologies that create sustainable materials across industries, including apparel, beauty, home care, nutrition, automotive, and packaging, and our scale-up and technology journeys have taken us across the Midwest, including into Iowa, Michigan, Minnesota, as well as Illinois and Georgia.

Thanks to the diligent work of more than 200 scientists and engineers, along with key grants from the government programs like the SBIR and BioMADE Institute, our technologies have been validated by both government and industry, and we are proud to have received three EPA Green Chemistry Awards for our technologies and our ingredients, which are in increasing demand from brand partners that include companies such as Cargill, Unilever, Kao, lululemon, and others who are eager to transition to more sustainably sourced materials made with traceable, transparent, and responsibly sourced supply chains.

A shining example of our U.S.-based innovation translating into U.S.-based manufacturing of bioproducts is underway in Eddyville, Iowa, that Senator Ernst referenced, with our partners at Qore, which is a \$300 million joint venture between Cargill and Helm. The plant that is currently under construction there will produce on the order of 65,000 tons per year of a widely used chemical traditionally produced from hydrocarbons, which can now be produced from the labor and the fruits of American farmers and done so with over a 90 percent reduction in carbon emissions compared with current manufacturing, to make that same identical molecule but sourced from fossil fuels.

As Geno and its partners look to build manufacturing facilities like this one for additional bioproducts, we view the programs within the Energy Title of the Farm Bill as providing a critical path to translating U.S.-based innovations into leadership in the manufacturing of value-added products from our abundant domestic agricultural feedstocks.

In thinking about the industry's needs, our first recommendation is to strengthen the 9002 BioPreferred program. We know that program well firsthand. One of our beauty products, called Brontide, underwent the rigorous process to be certified as BioPreferred. It is not only safer than conventional alternatives but also reduces greenhouse gas emissions by 50 percent in this case compared to petroleum-based production processes to make the same ingredient.

We encourage the Committee to reenergize this program to meet its original goals of spurring economic development, creating new manufacturing jobs, and providing new markets for farm commodities. It is an important demand signal is what the program really also offers.

Our recommendations for the program are outlined in more detail in the written testimony that I have provided, but amongst those I will mention here two. First, mandatory purchasing of BioPreferred-certified products is a major part of the program, and government must recommit to meeting these requirements. It is important to set yearly requirements to define what percentage of government procurement must contain BioPreferred products so that progress can be tracked each year. Second is that we urge the

Committee to ask USDA, Commerce, and OMB to establish NAICS codes to better measure the scope of biobased products on the market.

In addition to the 9002 program, the 9003 loan guarantee program is critically important to companies that are looking to bridge the gap between developing commercial-ready technology to make these bioproducts and then translating that into establishing a broad-based biomanufacturing infrastructure in this country. Not only would commercial projects supported by 9003 utilize domestic feedstocks and create well-paying jobs in rural communities, but they will allow us to make these ingredients in much more sustainable and transparent manners.

In the coming years, more and more facilities like the one under construction in Iowa by Qore can come online to achieve that vision of biomanufacturing. We ask first that the Committee consider removing the cap for funding of the 9003 program, which is currently set at \$250 million per project given record inflation and the modern costs of construction. The second is that we ask the Committee to streamline the program so that it moves at the pace of business. Currently, the review process from submission to decision can take up to 18 months to complete, and for companies facing market pressures to deliver quickly, that timeframe is too long and it deters qualified applicants.

The U.S. is increasingly a place to invest given the current energy and security risks in other parts of the world, the proximity to low-cost feedstocks, and the recent commitments to biomanufacturing made in legislation like the CHIPS and Science Act, the Inflation Reduction Act, and the Executive Order on Biomanufacturing. Programs like 9003 can really accelerate that U.S.-based biomanufacturing infrastructure.

Let me just quickly conclude by saying that I think we have seen with a lot of the events globally the need for more resilient supply chains, more regional, more domestic supply chains, and the benefits of onshoring manufacturing. Our technology is going to lock that. We are just but one company in this industry, and I think you can imagine what the industry could do working together. We think the U.S. is really at a ripe time to build this important industry, and we are ready to get to work to do that. Thank you for the time.

[The prepared statement of Dr. Schilling can be found on page 70 in the appendix.]

Chairwoman STABENOW. Thank you so much.

Mr. Law, welcome.

**STATEMENT OF DENNY LAW, GENERAL MANAGER AND CEO,
GOLDEN WEST TELECOMMUNICATIONS, WALL, SOUTH DA
KOTA**

Mr. LAW. Thank you, Chairwoman Stabenow, Ranking Member Boozman, members of the Committee. Thank you for this opportunity to testify about the U.S. Department of Agriculture's broadband programs as part of this Committee's review of the Farm Bill Rural Development programs.

I am Denny Law, CEO of Golden West Telecommunications Cooperative in Wall, South Dakota. My remarks today are on behalf of Golden West as well as NTCA, the rural broadband association.

Golden West Telephone Company was incorporated in 1916 to provide telephone service between the towns of Interior and Quinn, South Dakota. From those early days of telephone lines strung along fence posts to farms and ranches, Golden West Telecommunications Cooperative now provides broadband and services to over 32,000 locations stretched across 24,500 square miles.

Throughout Golden West's history, we have been borrowers through RUS. RUS telecommunications and broadband loans and grants have helped enable and unleash billions of dollars in Federal and private capital investments in rural communications infrastructure. Therefore, we appreciate this Committee's focus on the upcoming Farm Bill reauthorization and on potential reforms to, or refinements of, the rural broadband programs administered by USDA.

Golden West has been, and will continue to be, an RUS advocate, but the application process for an RUS loan or grant is incredibly complex. While there should be a thorough vetting process to obtain Federal broadband funds, my written testimony recommends a few targeted modifications to improve the RUS application process and reduce the financial and timing burdens of submitting a loan or grant application.

I also recommend that RUS continue to encourage deployment of sustainable and scalable future-proof networks. These qualities will be most efficient in responding to consumer demand over the lives of these networks.

I also recommend that RUS provide preferential scoring for faster upload and download speeds and require at least symmetrical speeds of 100/100 megabits per second. Thus far, every round of ReConnect funding made available has been oversubscribed, with more applicants than actual funding available. I think that proves that setting a high standard for providers does not deter applicants.

Also related to scoring, we encourage prioritization of community-based providers and those with a history of leveraging RUS to deliver voice and broadband services over provider that lack a demonstrated record of serving rural communities.

Deciding where funding should go is also a consideration in making the most efficient use of resources. To this end, we endorse Senator Thune's and Senator Smith's Connect Unserved Americans Act, which would direct resources toward building networks first in the areas most in need.

In addition to this important legislation, we also recommend that RUS formally establish a rule that clarifies the specific ways in which ReConnect grant funds may interact with funds already awarded under other Federal programs to avoid duplication.

Beyond looking at what kinds of networks should be built and the areas in which to build them, roadblocks, delays, and increased costs associated with permitting and approval processes for broadband deployment should be examined and addressed. Environmental and historic preservation reviews significantly contribute to these long wait times. We recommend that RUS allow

providers to work toward seeking approval of these reviews at their own risk prior to an award. Such measures will be critical to the deployment and sustainability of wired and wireless networks alike, all of which rely on robust fiber backbones that most often traverse Federal lands.

Another recommendation outlined in my written testimony is to allow providers to draw down loan and grant funds proportionately rather than compelling providers to utilize all loan funding prior to receipt of any grant resources.

Finally, I applaud Congress for committing so much funding to broadband deployment. However, taxing broadband grants dramatically reduces the reach and the impact of these Federal funds. I thank Senators Warner and Moran for introducing, and Senator Warnock for co-sponsoring, the Broadband Grant Tax Treatment Act to end the tax on broadband deployment grants.

In conclusion, robust broadband must be available, affordable, and sustainable for rural America to recognize the economic, health care, education, and public safety benefits that advanced connectivity offers. Golden West and NTCA member companies throughout this country thank this Committee for its leadership on, and its interest in, all of these issues, and we look forward to working with you. On behalf of the hundreds of members of NTCA and the millions of rural Americans that we all serve, thank you.

[The prepared statement of Mr. Law can be found on page 76 in the appendix.]

Chairwoman STABENOW. Thank you so much.

Mr. Herring, welcome.

**STATEMENT OF KENNETH F. HERRING, GENERAL MANAGER,
ADAMS COUNTY WATER ASSOCIATION, INC., WASHINGTON,
MISSISSIPPI**

Mr. HERRING. Thank you, Madam Chairwoman Stabenow, Ranking Member Boozman, and members of the Committee. It is an honor to testify before you on the Department of Agriculture's rural water and wastewater funding programs. I must personally thank Senator Cindy Hyde-Smith for the invitation to testify on these important investments made in Mississippi and around this Nation.

I am Ken Herring, and I have worked in this industry for 39 years and currently serve as the General Manager of the Adams County Water Association, a 501(c)(12) nonprofit, consumer-owned public utility. We started in 1966 with a Farmers Home Administration loan. Currently, our association operates two separate utilities that serve a combined population of approximately 19,000. Adams County is primarily a minority population with 27.2 percent at or below the poverty line.

There are so many issues facing rural water utilities today. I will outline only a few.

Affordability. Our utility operates on a thin margin, meaning only 1.5 to 2 percent revenue over expenses. Inflation has increased the cost of supplies, such as PVC pipe by over 230 percent and chlorine by 95 percent. Most rural systems have little choice but to pass on these increased costs to the ratepayer.

USDA Rural Development is the only Federal agency created by Congress to solely serve rural America. My State of Mississippi

currently has one of the largest USDA loan portfolios in the country.

Rural communities must have the ability to modernize their water infrastructure, much of which is approaching or past its design life. The National Rural Water Association proposes that the Rural Development water and wastewater programs should be modernized with additional affordable financing options.

Congress has modernized other infrastructure programs. For example, EPA was also provided additional authorities by Congress through new types of financial assistance, including principal forgiveness, zero and/or negative interest rates, refinancing, or a combination of these assistance tools.

Unfortunately, only a fraction of EPA's SRF funding benefit small and rural communities because it is largely absorbed by large cities. We are requesting that this Committee consider giving Rural Development new authorities similar to the affordable financing and servicing options that are currently available to the EPA.

Disaster assistance. The Adams County Water Association customers have, unfortunately, been impacted by numerous natural disasters. With many small systems, it is very common for staff, even if they are full-time, to have numerous responsibilities. However, they do not possess the time and expertise to adequately prepare for, and respond to, disasters.

The USDA Circuit Rider technical assistance is limited to recovery efforts and only to systems under 10,000 population. We suggest expanding the current recovery activities that could include preventive measures, for example, resiliency design, disaster protocol, and recovery training. Post-disaster activities could include damage assessments, assisting in the FEMA reimbursement process, and reporting requirements.

1926(b) protection. The 1926(b) provision was enacted in 1987 to protect the service area from being encroached and the repayment ability for USDA borrowers. Any modification of this existing statute would likely be litigated at a tremendous cost to rural utilities and may reduce a service area and repayment ability to Rural Development.

Rural water industry work force. Today, attracting and retaining capable, licensed water and wastewater system operators is the biggest challenge facing the rural water industry in Mississippi and across the Nation. We have some suggestions, but in the interest of time I will turn to my conclusion.

Enhancing and modernizing the USDA Rural Development water and wastewater programs will be critical in maintaining affordable, sustainable services, especially to lower-income communities. The technical assistance initiatives authorized by this Committee complement and provide the capacity and experience to protect both the Federal Government investment and communities' mission to provide safe, sustainable, and affordable water and wastewater service.

Thank you for this opportunity, and I stand ready to take any questions.

[The prepared statement of Mr. Herring can be found on page 84 in the appendix.]

Chairwoman STABENOW. Well, thank you so much to all of you for really important input on these topics, and I would first turn to Ms. AcMoody.

I was struck that you talked about facing rural population loss in Michigan. I am sure that is not different than other places. When we talk about what we need to do to encourage people to live in beautiful rural Michigan, it certainly involves young people, making sure young people stay or go to school and come back and be part of the community. Could you talk about the great—the opportunities both through the Michigan lens, opportunities for rural Michigan, and what programs that the USDA has that are most important in harnessing the opportunities?

Ms. ACMOODY. Great. Thank you for that question. I think there are a lot of opportunities in rural Michigan to attract new people. I think part of it—you know, I spoke about the housing issue. We have actually seen—we had a fellow in Kalkaska that we could not find housing for. While we are trying to increase the capacity of those rural communities and we are trying to bring new people in, I think housing is definitely an issue we need to look at.

I think, for sure, the small business support programs that are out there for USDA Rural Development are incredibly beneficial to try to draw those entrepreneurs to our rural areas. I think those are an important part of that.

Chairwoman STABENOW. Thank you. I hear about housing all the time as well, and certainly when we are trying to attract employees to go to Michigan, workers, and so on, housing becomes a real challenge. Thank you very much.

Mr. Casper and Mr. Law, I wonder if you both could talk a little bit more specifically on rural broadband expansion. I think it is clear that the Committee agrees with all of you how important this is, and I think we will probably be looking at whether we can make the ReConnect program permanent. Right now, it is a continual part of the appropriations pilot, as you know. In looking at specifics, could each of you share what speeds you feel this Committee should consider as underserved or unserved, and what are the necessary minimum speeds Congress should expect carriers to build toward?

Mr. LAW. Thank you, Chairman Stabenow. I will answer that with a couple of parts, first of all, in terms of unserved. To be clear, unserved, to me, today would be anybody who cannot receive 25/3 speeds or less. That absolutely is unserved. Underserved would be 100/20. 100 megabits down/20 megabits up, I think, is a fair classification for underserved, meaning it is workable and plausible in today's marketplace but scalability in the future is probably going to be challenged.

For future funding programs, I strongly recommend that this Committee look at a minimum of 100 megabits symmetrical speeds, and I say that for a couple of reasons. One is when you look for future applications that will be required for broadband usage in these rural and remote communities, as well as urban areas, but certainly in rural and remote areas, what are the technical capabilities that are going to be required today, tomorrow, next month, next year because the speed or the pace at which consumers are

continuing to utilize broadband connectivity is increasing roughly double every 18 months. You have to plan for that.

Chairwoman STABENOW. Thank you.

Mr. Casper.

Mr. CASPER. Yes, we have been promoting 100/100 as well. We offer symmetrical speeds. For the future as Denny Stated, I think we have to start looking at toward one gigabyte as well because from agricultural services to cell phone providers there is going to be additional bandwidth that is going to be required.

Chairwoman STABENOW. Thank you very much.

In the interest of time, I am going to turn now to Senator Boozman for his questions.

Senator BOOZMAN. Thank you, Madam Chair, and again thank all of you all so much for being here.

Mr. Herring, consolidation of the small water systems due to lack of capital, lack of population, and outdated infrastructure is becoming more common across the country. Your State is much like the State of Arkansas where I am at. I know you have got these problems. Does the decision to consolidate affect these water systems' ability to apply for USDA programs? What can be done to ensure that smaller water systems are able to access USDA programs?

Mr. HERRING. Thank you for that question. What we would like to see is more loan flexibility within USDA because some systems, like for instance, Adams County Water recently took over a very small rural system that had, I think, around \$200,000 worth of USDA debt along with aged infrastructure and a lot of low maintenance. Therefore, we had a lot of leaks and stuff like that to fix.

What we would like to see is to be able to look at the issue as a whole in these little small systems, where they can be able to apply for and receive more grant money and, if a larger system is willing to consolidate, maybe use the smaller system's finances to be able to take over and become part of the larger system because Adams County Water, for instance, had to spend around \$500,000 on this little, small system just to help get it back viable again. If we could have been able to use the little, small system's finances, then we probably could have received more grant money from USDA.

Senator BOOZMAN. Very good.

Mr. Casper, renewable energy is sometimes seen as the silver bullet to many environmental and energy issues. I have seen many examples in my own State of how renewable energy can be beneficial to farmers, but for means of affordability and actually keeping the lights on, renewable energy cannot be the sole energy source in every region of the country. Can you speak about the balance that is needed between renewable and traditional sources to meet the needs of rural America? As was alluded to by all of you, we have got enough problems without significantly increased energy cost.

Mr. CASPER. Thank you, Senator. You know, the transition has to be paced and managed, most importantly. We cannot force or make an abrupt movement. You know, there is concerns, of course, in Europe right now.

What I suggest is we must listen to our experts. For example, at North American Electric Reliability Corporation, our independent system operators, they know more than anything.

They are running the load flow analysis and understand what mix you can—and during that transition.

We support renewables as a large part of that solution, but it has to be—again, just getting back to it, it has to be—the transition has to be paced and managed.

Senator BOOZMAN. Very good. Ms. AcMoody, will you expand on the rural communities you represent and their ability to acquire USDA programmatic dollars? In your testimony, you alluded to the challenges to secure the dollars based on the size of the community. How can Congress ensure that these programs are accessible to all of our rural communities?

You know as I go out and about—you know, schools are so important. Medical is so important. Then you have got the problems we alluded to with the Under Secretary of the sense that it should not be, or I do not think it should be, that you have to spend thousands of dollars hiring a grant writer in some small community that literally is hemorrhaging population.

You mentioned your loss of population. We have 75 counties, and I think we lost population in 52 or 53 of them. You start losing those turnback dollars. Then you look at the average age of these communities, many of them are going to be retiring and moving with their children who never came back. It is just a huge problem, but again, like I say, there does not seem to be any reason that it is so hard to get these things.

Ms. ACMOODY. Yes, thank you for that question. I know the Under Secretary alluded to partnering with nonprofits on the ground to help municipalities and—

Senator BOOZMAN. There are not enough. That is tough in little small-town America that you know about and the rest of us know about.

Ms. ACMOODY. It is; it is tough. I think streamlining the process a little bit, making it a little bit easier for these places to access, and I really think looking at trying to, like I said, increase the capacity of them. I think our fellowship program is a perfect example of a low-lift program that has made just a huge impact on rural communities. We actually are a Statewide organization, so we represent all of the rural communities around our State.

I have seen—you know, my partner in Arizona, which is Local First Arizona, has actually set up a program where they provide grant writers to small businesses around the State to help them with that. With just a couple employees on staff at that State level, they already have the contacts on the ground because they are a place-based organization and work with all the very small businesses on the ground, where they can come in and get that technical assistance from that nonprofit to apply for these grants.

I do think streamlining and making the application process a little bit easier would be extremely helpful.

Senator BOOZMAN. Very good. Thank you, Madam Chair.

Chairwoman STABENOW. Thank you very much.

Senator Durbin.

Senator DURBIN. Thank you, Madam Chair. I am glad that I was able to finally make one of your committee meetings. My staff covers for me, but the Judiciary Committee meets exactly the same time. We finished a little bit early today, and I was glad to be here.

Mr. Casper, I am sorry I was not here to formally introduce you, but I heard your testimony. You did quite well.

The reason I wanted to come and ask you a question today is because I have great news. I wanted to report to the Chairman and all who are in attendance here that we just got our utility bill at our home in Springfield, Illinois, for the month of October, and I am pleased to report to you that we are not being charged for any electricity in the month of October. Good news. That saves us \$100.

How did we do that? We installed solar panels two months ago. We are now generating more electricity on my roof than we are using in my home, and I think it is a pretty good deal. The Inflation Reduction Act creates—extends the tax incentives to do this. I think it is an investment that will pay off even if I sell the home in the future.

I recently had a visit from the Illinois Farm Bureau. They come every year. Very nice and cordial visit. Talked about issues that they are facing. I told them this story, and I asked one of the farmers there or I asked the farmers in general, “So what are you doing about solar panels?”

One fellow said: Well, I have got a sad story to tell you. I have a hog operation with 3,600 head of hog, and I run fans 24–7 to keep them comfortable, and my electric bills go through the roof. I am on an electric co-op in rural Illinois, and so I looked into solar. The co-op reported to me that if they were to bring solar panels for net metering to his farm that they would have to upgrade the utility service, the wires that are serving the farm, and since that would be just for him they would not ask the whole co-op membership to share in that expense.

He said, “My hands are tied. I cannot use solar panels for net metering in rural settings.”

I think that raises an interesting question. If we know that as a country we are moving toward renewable and sustainable fuel energy, then why are we not thinking as Franklin Roosevelt thought about electric co-ops in general? Why aren't we thinking about the fact that we are going to be serving areas which may not be economic at the moment but clearly are going to be in the future? That led to the creation of the rural electric co-ops and the right result that served Arkansas and Michigan and Illinois and so many other States.

Now I get the economics of today, and the question is: How can we change that economic decision by a co-op? Well, we provided \$2 billion in the Inflation Reduction Act for the USDA REAP grant program that helps farmers pay for installing solar panels, but transmission lines were not covered.

However, there is another provision in the bill that provides \$9.7 billion to help rural electric co-ops build new power generation transmission that achieve reductions in greenhouse gases.

My question to Mr. Casper and my challenge to the Committee is: Are we going to solve this problem, this farmer who wants to put in solar panels to defray the cost of his hog operation utility

bills? Is there a way to incentivize the co ops to decide to upgrade their transmission lines? Would you apply for money under the Act that we just passed or do we have to think about a brand new approach?

Mr. CASPER. That is a fantastic question. It is a challenge. I mean, we started building our lines in 1939, and so a lot of these particular operations, such as the one you are describing, is probably at the end of the line. Access to generation that could be put back on the line when the fans are not operating, for example, in the wintertime, we have to have access to be able to get that power out as well and to the load in and around the area.

To your point, though, grid modernization is what we need to be looking at because rural America, just like the water systems that you were referring to, are aging, and we need to provide incentives and put those in place. We can work with your Administration and the Committee in providing options to be able to do that and to be able to put into policy specifically because it is—there is a lot of money.

Senator DURBIN. Electric co-ops serve more than just farmers.

Mr. CASPER. Yes.

Senator DURBIN. They serve small businesses and even larger businesses within their service areas. It seems to me that, just like broadband, restricting the opportunity for energy savings is a disincentive to locate in those areas, exactly the opposite of what we should have.

Thank you, Madam Chair.

Chairwoman STABENOW. Thank you so much for raising that, Senator Durbin, and I just want to specifically say that under the loan program 317, under 317 loan program, there is specific dollars for this. I look forward to working with you as the Department implements the Inflation Reduction Act to make sure that this is specifically addressed because you are exactly right.

I appreciate your sharing your experience with solar. This is exactly why we want to get that funding into the IRA. Thank you.

We are now at the end of our hearing. We want to thank everyone for being here today, very much appreciate it.

The Rural Development and Energy programs are a really important part of the Farm Bill, and there is a lot of pressing challenges. I know there is a lot of interest, all the members of the Committee very interested, in addressing these issues. There has been a lot of great work already done on the ground, and we are looking forward to continuing to work with the USDA, with all of you, with our community partners, as we develop the 2023 Farm Bill.

The record will be open for five business days, and the meeting is adjourned.

[Whereupon, at 12:44 p.m., the Committee was adjourned.]

A P P E N D I X

NOVEMBER 15, 2022

Remarks of Senator Patrick Leahy
Senate Agriculture Committee Hearing, Nov. 15, 2022

Thank you, Chairwoman Stabenow, for allowing me to say a few words about my time on the Senate Agriculture Committee. I have been a member of this committee for 48 years, since I was elected in 1974. I have helped to write nine Farm Bills, and I've overseen the creation of programs that have helped farmers, food systems, and consumers alike. Throughout the years, I have been proud to bring born-in-Vermont ideas back to DC and across the country.

I was warned when I first came to the Senate not to get on the Agriculture Committee because I'd never be able to get off. And they were right. But that has been just fine with me, because the work we have done on this Committee and in the Farm Bills has always been so important, and the work has been bipartisan, in the best tradition of the Senate.

I have always worked to make healthy food accessible to everyone. In 1988, I authored the Hunger Prevention Act, which improved child nutrition and SNAP programs and provided other hunger relief. In 1994, I worked to provide funding for WIC, provide milk to low-income students, fund school breakfast programs, encourage organic foods at school lunches, and expand WIC at farmers markets, and promote healthy eating habits for children through the better Nutrition and Health for Children Act. And in 2010, I authored the Healthy Hunger Free Kids Act, which created the Farm to School Program, which brings locally grown food into schools.

As a Vermonter, I have been proud to advocate for small- and mid-sized dairy farms, which are integral to the history and fabric of Vermont, your state of Michigan, Madam Chair, and so many other states. Family dairies have struggled and I have been honored to lead the work in the Senate to find the right model to help family dairy farms manage risk. After several innovative models, our current one, the Dairy Margin Coverage Program seems to be working, and I hope that it will be renewed and improved in the next Farm Bill.

In 2018, I advocated to bring one of the Regional Dairy Business Innovation Centers to Vermont, which now serves the entire Northeast, supporting the development, production, marketing, and distribution of dairy products.

This committee has also been home to some of the most significant federal forest conservation laws. In 1990, I oversaw the creation of the Forest Legacy Program, which protects private forests through conservation easements or land purchases. Since 1990, the Forest Legacy Program has conserved more than 2.8 million acres of forest land across all 50 states and U.S. territories. And in 2008, using the historic Vermont town forest system as a model, I led the creation of the Community Forest and Open Space Conservation Program, which allows communities to acquire and conserve forests that provide public access, recreation, protect water supplies and wildlife habitat, serve as demonstration sites for forest landowners, and provide economic benefits from timber and non-timber products.

One of my proudest achievements was as Chairman of the Agriculture Committee in 1990, when I authored the Organic Food Production Act, which established the USDA Organic program. What was predicted to be a “crunchy granola sideshow” has become a nearly \$58 billion industry, and consumers across the country can identify the organic seal.

I am very proud that one of the lasting imprints I will have on these halls I have walked for 48 years is my portrait displayed in this room next to so many of my friends, Republicans and Democrats alike, who have led this committee. I worked so closely with Senator Lugar, Senator Harkin, and Senator Cochran and many others. None more than yourself, Madam Chairwoman.

I have greatly valued that this is, perhaps, the least partisan of all Senate committees. Please be reminded of this if you occasionally glance up at my portrait in 2023, and beyond. In this hearing today, as you begin work on the next Farm Bill, keep in mind that while we will have our differences, Farm Bills have always been bipartisan and we have always come together to support our farmers, rural communities and feed America.

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**Statement by
Xochitl Torres Small
Under Secretary for Rural Development
Before the Senate Agriculture Committee
November 15th, 2022**

Chairwoman Stabenow, Ranking Member Boozman, and Members of the Committee, thank you for the opportunity to come before you today as you launch into a series of hearings in preparation for the next Farm Bill. Thank you for the opportunity to discuss the role the United States Department of Agriculture's Rural Development (RD) mission area plays in advancing rural prosperity—and how Congressional action can further improve the tools in the USDA RD toolbox.

A healthy, vibrant rural America is essential to the success of our country. Small towns, rural, and tribal communities provide food, water, energy, nature, and culture that benefit people everywhere. Everyone benefits when rural communities thrive. From funding to states and localities to bridges and roads, water and waste-water infrastructure, and broadband, under, Biden-Harris Administration is working to support rural people and places; across the federal government we are working to ensure rural communities have what they need to thrive.

Here at Rural Development, our programs support rural communities as they tackle these important issues—providing tools to improve housing, wastewater, high-speed internet, business development, and more. We are grateful that Congress recognizes the importance of Rural Development's role in supporting rural and Tribal communities and chose to invest even more deeply in rural prosperity through the American Rescue Plan Act, Bipartisan Infrastructure Law, and Inflation Reduction Act.

Yet, rural and Tribal areas face complex challenges beyond infrastructure. Over the past 50 years, an increasingly globalized economy that has emphasized shareholder benefits has fundamentally changed the nature of local rural economies. All too often, local manufacturing has been offshored and big box stores have wiped-out main street businesses along with the local tax base and corporate accountability to people and place.

Rural Development's core programs and authorities are incredible and impactful. They provide communities with an essential avenue for accessing the affordable, patient capital and financial assistance it takes to invest in the infrastructure essential to development: water, broadband, electricity, housing, schools, hospitals, businesses and other institutions. Rural communities that must re-invent their economies and futures in a globalized, post-COVID economy require more than just infrastructure and access to capital—they need concurrent investment in leadership, vision, entrepreneurs and institutions that comprise a community along with deep, trusted, and lasting partnerships.

As powerful and important as Rural Development's programs are, they are rooted in the Rural Electrification Act of 1936, title V of the Rural Housing Act of 1949 and the Consolidated Farm and Rural Development Act of 1961 and are thus dated, constrained and sometimes out of step with the needs of rural communities today. While Rural Development programs are often

adjusted or updated around the edges, rarely are they considered holistically and with a comprehensive view of what it will take to keep wealth created in rural places in those communities and enable families to live their entire lives in the place they want to call home. The 2023 Farm Bill presents an opportunity to take that wider view and ensure Rural Development is the transformational partner rural and tribal communities need today.

Infrastructure

Supporting Americans living in rural areas remains a top priority for the Biden-Harris Administration, and USDA works to provide high-speed internet, safe roads and bridges, modern wastewater systems, clean drinking water, reliable and affordable electricity, and good-paying jobs in every small town and rural community. As part of this effort, Rural Development is also committed to working with communities to help them access federal resources and improving transparency and trust in the federal government.

To start, reliable, high-speed internet is no longer a luxury—it is a utility essential to modern life. It is also the cornerstone of rural economic growth—supporting education and healthcare as well as business and industry. But as need for high-speed internet becomes more ubiquitous, between 6 and 12 percent of Americans lack access to high-speed internet, and rural residents are almost twice as likely as urban counterparts to have insufficient access to broadband.¹ High-speed internet strengthens connections within communities, as well as between rural America and the rest of the nation, providing new markets for rural business and giving people the ability to create and sustain rural economies. The 2018 Farm Bill recognized the power of connecting rural Americans and authorized programs to help close the digital divide. Among those that received funding are Community Connect, which provides financial assistance to applicants, like schools, that will provide broadband service in rural, economically challenged communities where service does not exist. The Distance Learning and Telemedicine (DLT) program also helps rural communities use telecommunications to connect to each other and to the world, overcoming the effects of remoteness and low population density.

Beginning in Fiscal Year 2018, Congress created the ReConnect pilot program, RD's most far-reaching broadband initiative. This program invests in physical infrastructure, designed to reach the most rural last-mile residents and provide them with future-proof high-speed internet so they can get—and stay—connected. Rural Development has invested a total of \$3.1 billion for this program, allowing RD to connect hundreds of thousands of people, businesses, and farms across the country. The Bipartisan Infrastructure Law provides \$65 billion to expand rural broadband, including \$2 billion for Rural Development's ReConnect program. RD recently announced \$468 million in Bipartisan Infrastructure Law funding—the first among federal partners to deploy funding on the ground. The 2023 farm bill is an opportunity for Congress to make permanent the ReConnect program and an opportunity to ensure the other broadband programs that USDA offers are responsive to community needs and with one another.

Rural Development also invests in rural infrastructure through its community programs, which provide financial resources for both local water and wastewater systems and rural community

¹ <https://www.americanprogress.org/article/rural-broadband-investments-promote-inclusive-economy/>

facilities. The Water and Wastewater Disposal grant and loan programs provide funding for clean and reliable drinking water systems, sanitary sewage disposal, sanitary solid waste disposal, and storm water drainage to households and businesses in rural areas. The Farm Bill also authorizes programs to help provide technical assistance and training for rural water operators who may not otherwise have access to the tools they need to serve their communities. This program is notable because it is one of the few programs that Rural Development provides that is specifically designed to bolster community capacity and providing ongoing technical assistance and support, in addition to financial investment.

Community Facilities Programs offer direct loans, loan guarantees and grants to develop or improve essential public services and facilities in communities across rural America. These amenities help increase the competitiveness of rural communities in attracting and retaining businesses that provide employment and services for their residents. Of note, within Community Facilities there is a very small and very popular grant program called Rural Community Development Initiative that helps non-profit housing and community development organizations, low-income rural communities and federally recognized tribes support housing, community facilities and community and economic development projects in rural areas. This program could provide inspiration and a model for any Congressional interest in providing USDA Rural Development with tools and programs akin to those that the Department of Housing and Urban Development (HUD) has for supporting capacity building and technical assistance in community, as well as ensuring there are strong and sophisticated non-profit and public-sector organizations critical to community development that serve rural regions and tribal nations.

Reliable access to health care is a consistent challenge in rural communities and COVID-19 exacerbated this disparity. In response, the American Rescue Plan included a new Emergency Rural Health Care Grant program that provided \$500 million to assist rural communities with health services in the wake of the COVID-19 pandemic. The program was administered with two tracks, the first of which provided funds related to the COVID-19 response while the second, “impact grants” were specifically to advance ideas and solutions to solve regional rural health care problems and to support the long-term sustainability of rural health care. Long-term sustainability was defined as improved health outcomes, improved access to quality health care, and creating and maintaining sustainable economic development for small communities. Congress may want to look at the outcomes of these investments as it considers the 2023 Farm Bill and the role Rural Development can play in improving access to health care in rural communities.

As you know, essential community infrastructure is fundamental to ensuring rural areas are able to provide the same basic quality of life and services to residents as is enjoyed by those in urban areas. It’s also critical to ensuring that rural places can compete with urban and suburban communities in the 21st century knowledge economy and people can see a rural community as somewhere to live, work, and raise a family.

Rural Clean Energy

Energy production has long been a backbone of rural jobs, economies, and livelihoods. It is deeply rooted in the social and fiscal fabrics of rural communities and has contributed significantly to American prosperity. But, as the future of our human health and economic

output increasingly requires a robust response to climate change, market demands are shifting from fossil fuels to cleaner sources of energy. We must ensure that rural communities benefit from this transition with new revenue streams and new market opportunities that generate wealth that sticks and generates opportunity for rural people and places.

Rural communities are making the shift to different energy production and efficiency models in response to changing markets, but not without challenges. Rural Development is poised to be a dependable partner in this transition. To be clear, USDA Rural Development does not regulate U.S. energy entities. However, USDA Rural Development can utilize Farm Bill programs to provide incentives and expertise through its deep ties to rural communities, and long, trusted partnerships with rural electric cooperatives and producers.

For example, Rural Development's Rural Energy Savings Program, a relending program, provides zero interest loans to utilities to relend to residential, commercial, and industrial consumers for energy efficiency investments. The Rural Energy for America Program—which also serves biofuels and clean energy production—gives agricultural producers and rural small businesses a hands-on way to participate in climate-smart practices while also cutting energy costs. The transition to clean energy can be beneficial for utilities, customers, producers and rural communities alike—and provide savings and new markets for customers and producers.

I am grateful that Congress and the Biden-Harris Administration recognized the potential of these partnerships and the urgency of climate change, investing in the rural clean energy transition through the Inflation Reduction Act. The bill provides funding for energy transition—\$1 billion for electric loans for renewable energy storage and \$9.7 billion in financial assistance for rural cooperatives to purchase renewable energy systems. The bill also provides \$1.7 billion for the REAP, including \$304 million for underutilized technology, and \$500 million for biofuels infrastructure. This investment has the potential to be transformational and rural communities' expertise, skillsets, and deep experience in energy industries will be invaluable in the transition to clean energy. We recently held two productive listening sessions—attended by a total of more than 800 stakeholders from states across the country, like Indiana and Ohio—on these initiatives, and as we work to swiftly implement this legislation, I welcome continued feedback from Congress and stakeholders on these provisions.

Rural Markets & Economic Development

Despite significant changes in the rural economy over the past 50 years, small business, food and agriculture, and manufacturing remain the backbone of the rural economy. USDA Rural Development has a handful of rural business programs that are important contributors to rural business and job creation. From the Rural Business Development Program, Rural Cooperative Development Grants to the Intermediary Relending Program, and Value-Added Producer Grant Program, and Business & Industry Loan Guarantee Program, among others, RD has business development programs that provide business owners and entrepreneurs with access to affordable capital essential to business development, growth, and job creation.

While the funding level for these programs through annual appropriations is modest, the funding Congress provided to USDA through the American Rescue Plan and annual appropriations

measures to shore up the food supply chain has proven a proof point for the potential power of these programs and the underlying authorities of USDA RD's business programs.

For example, using the B&I Loan Guarantee Program as a model, Rural Development created a new Food Supply Chain Guaranteed Loan Program, which will back private lenders that invest in independently owned food processing, distribution and aggregation infrastructure, and other projects along the middle of the supply chain. Independently owned and available infrastructure such as cold storage, refrigerated trucks, and processing facilities are in short supply but essential to creating a more resilient food system. USDA has deployed \$100 million to make more than \$1 billion in guaranteed loans available immediately. RD recently announced \$12 million in awards under this program.

A second example, modeled on the Rural Business Development Grant program, Rural Development has created the Meat and Poultry Processing Expansion Program. These grants will help meat and poultry processors and other food businesses that are active in the middle of the food supply chain expand their capacity. This first phase will ultimately deploy \$150 million in grants up to \$25 million each to expand processing capacity through a variety of activities, including but not limited to construction, expansion of existing facilities, and the acquisition of equipment. RD recently announced \$73 million in awards through this program.

While USDA sees the investments in expanded meat and poultry processing capacity as one-time investments, the overarching effort is an example of how USDA RD can be a catalyst for systemic and transformational changes in the rural economy if complemented by new market opportunities and capacity building efforts to help communities best leverage these programs to forge their own future. These investments will help to create a more resilient supply chain and open new markets for producers and rural businesses by restoring rural jobs in rural places and empowering family-owned businesses.

Rural Housing

While RD's housing programs are not within the jurisdiction of the agriculture committee, but rather fall within the Committee on Banking, Housing, and Urban affairs, I'd be remiss not to mention them given the essential link between housing, economic prosperity and family wealth creation and the portion of the USDA RD budget, staff, and mission dedicated to housing programs.

USDA is committed to ensuring that people living in rural and tribal communities have equitable and affordable access to housing. The need for low and very low-income housing in rural communities is increasing. Not enough housing is available to meet the current or projected need. The portfolio is aging and revitalization funding is crucial to ensuring facilities are safe, sanitary and available. The Administration is working to improve delivery of rural housing programs and resources and has made requests in the FY '23 Budget to address key priorities such as climate and equity.

In the meantime, in FY22 RD provided 6,268 single family direct loans and guaranteed 71,832 private sector loans providing a total of 71,800 families with the opportunity for home ownership. Importantly, the Department provided 309,000 households with affordable rent through our Rental Assistance program and seeks to maintain this support in FY2023. The American Rescue Plan Act also allowed RHS to refinance 1,200 loans in the single-family portfolio.

Continued Commitment to Rural People and Places and Opportunities for Improvement

For decades, Rural Development has provided community infrastructure, built rural housing, and supported small businesses and entrepreneurship across rural America. One of the strengths of Rural Development is that unlike many other Federal agencies, we have a presence in the communities we serve through our state and area offices. With over 4,600 “boots on the ground,” Rural Development identifies and provides rural assistance that reflects the needs of local communities. Congress recognizes this special relationship and has entrusted Rural Development to invest in rural communities by increasing program levels each year. We are grateful to Congress for its trust in our highly effective stewardship of the funding and authorities they have entrusted to us.

Rural Development has a wide range of tools and authorities, but some are dated and cumbersome to the point that working with Rural Development can be harder for communities than it should be. Within existing authorities and with limited budgets, we are working creatively with federal partners to pilot ways of providing communities with the partnership, technical assistance, access to information and focused support that they need to embrace a modern approach to community and economic development that puts equity at the center of development efforts and focuses on building wealth that sticks.

For example, Rural Partners Network (RPN) is an alliance of federal agencies and commissions led by Rural Development that is working directly with rural communities to expand rural prosperity through job creation, infrastructure development, and community improvement. RPN helps establish community networks in rural areas where local leaders and residents collaborate with civic and business organizations, nonprofits, service providers, development agencies and others to create new opportunities and build on the diversity of a region’s population and perspectives. This is possible because we are putting boots on the ground in these communities. They will receive on-the-ground support from full-time federal staff members assigned to provide technical assistance tailored to the community’s unique needs and objectives. These community liaisons live and work in the rural communities they serve, allowing them to develop partnerships with local leaders to promote growth and prosperity for rural families and local communities. RPN launched in April 2021 and is now in thirty-six communities in Alaska, Native American communities in Arizona, Georgia, Kentucky, Mississippi, New Mexico, Nevada, West Virginia, Wisconsin and Puerto Rico. RPN is a model of what is possible when community needs and priorities inform policy design and implementation decisions.

While we continue to innovate and do our very best to meet the needs of rural and tribal communities, USDA Rural Development could be an even better partner if this kind of innovation were part and parcel to our organization. Whether through providing additional

technical assistance to ease application burdens or helping small communities identify the best capital stack that makes sense for their circumstances, rural and tribal communities deserve a Rural Development that is as modern, flexible, and innovate as they are. To that end, I am eager to work with Congress to ensure that Rural Development is a modern, customer-oriented organization with the programs, tools, flexibility, and skills that allow us to meet communities where they are to help them navigate the road to prosperity.

Conclusion

I have had the opportunity to travel across the country—from Arkansas and Michigan to Colonias and Tribal land—and meet with many of the people we serve. In these places, I have been able to hear your constituents' concerns and as well as their commitment to community and their optimism about the future. I too am optimistic and will continuing to fight for rural and tribal communities, and the farmers, ranchers, businesses, and families who sustain them.

Supported by the 2018 Farm Bill and significant additional investments, the Biden-Harris Administration and the U.S. Department of Agriculture are making once-in-a-generation investments in rural America that have the potential to transform rural communities and lives. Rural Development is poised to meet and expand our commitment to rural America, and with some additional tools in our toolbox I believe we can effectively deliver on its mission of building inclusive rural prosperity. I look forward to working with this Committee to support this mission.

Testimony of Jessica AcMoody
**Coordinator, Rural Partners of Michigan and Policy Director of Community Economic
Development Association of Michigan**

“Farm Bill 2023: Rural Development and Energy”

U.S. Senate Committee on Agriculture, Nutrition, and Forestry

November 15, 2022

Thank you for the opportunity to comment on the challenges and opportunities of rural economic development. I serve as the coordinator for Rural Partners of Michigan (RPM), our state’s designated State Rural Development Council (SRDC), as well as the policy director for Community Economic Development of Michigan (CEDAM). State Rural Development Councils are authorized in the Farm Bill, and work in their states to conduct research, work with state and federal government officials, partner with other community and economic development organizations, and represent the perspective and needs of rural communities throughout their states. SRDCs are uniquely positioned to expand economic and social opportunities for America’s rural communities and their residents, promote equal treatment of rural America by government agencies and the private sector and provide a collective voice for rural America.

These are challenging but impactful goals. Our rural communities throughout the nation are growing in diversity along racial, economic, and geographic lines. Rural communities are very different in character. In Michigan, our rural communities include diverse economies, including farming, tourism, service economies, and entrepreneurship among others.

Rural communities are innovative and close knit, a place where everyone knows each other’s names and where we want our children to grow, thrive, and live. However, these communities are facing challenges. In Michigan, about 1.8 million residents – nearly 20 percent of Michigan’s population – [live in rural areas of the state](#). 50 of Michigan’s 83 counties had population losses between 2010 and 2020. That includes 15 out of 16 counties in the Upper Peninsula, including Chippewa County, which lost 4.5 percent of its population [since 2010](#).

With this population loss comes challenges to capacity in our rural communities. We have seen this first-hand at RPM and CEDAM, where we run a community development fellowship program. This program, funded by the Michigan Economic Development Corporation (MEDC), places fellows for fifteen months to work on a variety of projects to help organizations expand resources and infrastructure, increase local collaboration, and remove barriers to development. The fellows bring increased knowledge and skills, and assist with community engagement to help the organizations increase their capacity. Most of our fellows have been in rural communities and directly see the impact of this population loss. Municipal employees in rural areas tend to skew older, and many times when they retire there is no one to step in and take over. This results in employees wearing multiple hats which in turn leads to the municipality without capacity to tap into some of the much needed federal programs.

With the fellowship program, we have seen how increasing the capacity of rural municipalities can have a huge impact on resources. Since 2019, our fellows have helped their communities secure \$12.8 million in 20 communities. The fellow in Marlette worked with the Downtown

Development Authority to launch a façade grant program, awarding \$10,000 to 4 downtown businesses that also leveraged \$78,000 more in private investment. The momentum from positive improvements happening in the village led to 5 new businesses opening over the course of the year that the fellow worked there, and they hired the fellow on to continue the work.

In addition, the capacity of rural communities to plan inclusively, apply for grants, meet federal requirements, and innovate and implement locally led strategies that leverage their unique assets and culture is complicated by the fragmented and siloed nature of federal programs. While we know we need a universal approach to economic development, flexibility to meet the needs of the local community is paramount. What is helpful to a service and tourism economy like Traverse City and Muskegon is much different than what would help our tribal or farming communities across the state.

In very small towns, the capacity of the community to respond to resources and opportunities are blocked by lack of knowledge. Without a chamber or an economic development group, small rural communities can miss out on programs. USDA Rural Development has employees in field offices who go into towns and provide technical assistance, but their FTEs are down and territories getting larger.

The top needs our Michigan rural communities are reporting are housing, child care, broadband, and upgrades in water infrastructure. Michigan is suffering from a housing crisis, and it is hitting our rural communities hard. One of the challenges of placing fellows in our program is finding them safe, adequate housing, and in Kalkaska we found there were no housing options for our fellow. We are blessed to have assets in rural Michigan that include beautiful lakes, trails, and outdoor camping. But with that comes many people buying vacation homes which leads to a lack of housing units for year-round residents.

We have seen many of our members successfully use a variety of USDA RD programs. One of the biggest challenges as mentioned above is water and wastewater upgrades, and the funds for financing water and wastewater improvements have been particularly helpful.

In Michigan, the state's housing stock skews older. Nearly half of it dates to before 1970, which means that about one of every two units is older than 50 years. Conversely, only about 12% of it was constructed in 2000 or after. Housing preservation grants are extremely important to help our lower-income rural residents stay in their communities. For example, in Coldwater, one of our fellows applied for the USDA Rural Development's Housing Preservation Grant on behalf of the City. The awarded \$110,000 will allow the city to expand housing rehabilitation activities for low and very low-income residents.

As rural communities shift to alternative and clean energy, the resources provided by USDA RD to support the capacity to make these shifts is critical. Rural Michigan communities are particularly vulnerable to shifts in climate, and these programs are important for increasing capacity in this area.

As we address the challenges that were exposed in the food supply chain during COVID, funding for meat and poultry processing is also important for rural Michigan. We have a severe lack of processing businesses across the state, which increases food costs for Michigan families.

Increasing access to food processing grows jobs, lowers the cost of food, and helps make the food chain more efficient.

Finally, access to rural broadband is the key to thriving rural economies. Small businesses have pivoted to provide greater online presence, and rural residents are working remotely in huge numbers. Rural communities are developing tech-based co-working spaces, incubators, and venues for online collaboration. Making sure our rural communities are connected to broadband is critical to their success.

Rural Michigan is at a crossroads. There are exciting new opportunities and resources that could address these long-standing issues, but to take advantage of them, coordinated, comprehensive action is required. Rural Michigan has many great assets – beautiful outdoor spaces, entrepreneurs, a rich history of agriculture and tribal communities. Our rural communities thrive when they have access and capacity to pursue resources to address their diverse challenges.

Testimony of Mike Casper
President and CEO, Jo-Carroll Energy

United States Senate Committee on Agriculture, Nutrition, and Forestry
“Farm Bill 2023: Rural Development and Energy”
November 15, 2022; 10am ET
328A Russell Senate Office Building

Introduction

Chairwoman Stabenow, Ranking Member Boozman, and members of the Committee, thank you for the opportunity to testify today. On behalf of Jo-Carroll Energy’s consumer-members, we are grateful for the opportunity to share our story and we thank the Committee for their interest in the issues facing rural communities.

My name is Mike Casper and I am the President and Chief Executive Officer of Jo-Carroll Energy (JCE) headquartered in Elizabeth, Illinois. JCE is a not-for-profit distribution electric cooperative. We serve approximately 26,500 electric and natural gas accounts in Jo Daviess, Carroll, Whiteside and Henry counties. In addition, our Sand Prairie high-performance fiber internet service includes over 3,000 subscribers. As a cooperative, we are proud to be member-owned and controlled, returning any profits back to our member-owners. Around the country, rural electric cooperatives serve 92% of America’s persistent poverty counties.

JCE’s story is similar to many other electric cooperatives across the country. As urban areas were electrifying during the early 1900s, rural American communities were being left behind. Rural pioneers all across the country began to organize as not-for-profits to bring electricity and a more prosperous way of life to their communities. Organized in 1939, Jo-Carroll Energy’s first 20 miles of electric lines were energized on May 3, 1940, bringing service to 60 members.

Today, cooperatives like JCE are still the primary providers of electricity in rural Illinois areas. Located in rural northwestern Illinois, we serve small businesses and industries, farms, residences, places of worship, cabins, and recreational homes. JCE is dedicated to providing our members with safe, reliable electric service and in more recent years fiber internet service at the lowest practical price.

Around the country, electric cooperatives deliver power to 1 in 8 Americans in 48 states covering 56 percent of the nation’s landmass. The rural communities we are owned by and serve are the same rural communities that benefit from a strong Farm Bill. The Farm Bill is the single consistent, comprehensive bill Congress passes every five years to update federal government policy for rural America. Electric cooperatives thank this Committee for the work you all have done over the years to better develop the federal tools rural stakeholders use to work towards our shared goal of a more prosperous rural America.

As the Committee considers the upcoming Farm Bill, there are three key challenges for electric cooperatives I respectfully request you consider as you work to reauthorize USDA programs:

- Electric cooperatives are responding to consumer-member feedback for an evolving generation mix.
- Co-ops' ability to maintain reliable, dispatchable baseload power capacity is a critical part of a lower carbon future.
- USDA is a necessary partner in our mission to build and provide benefits to our rural communities beyond electrification.

Responding to Consumer-Member Feedback

Electric cooperatives rely on a diverse energy mix to ensure a reliable, affordable, and responsible electricity supply that meets the demands of our consumer-members. Unlike the rest of the electric sector, electric co-ops sell the majority of their power to households rather than businesses. Keeping rates down for rural families at the end of the line is especially important for JCE.

Renewable Energy

As a distribution cooperative, Jo-Carroll Energy ensures delivery of electricity to our consumer-members and manages the infrastructure needed to safely do so. JCE is a member-owner of Dairyland Power Cooperative (Dairyland) and Prairie Power, Inc., two forward-thinking generation and transmission cooperatives (G&Ts) that are responsible for power generation or acquisition for JCE families and businesses. Dairyland recently completed a large wind power purchase agreement to power 16,000 homes in addition to their current renewable portfolio that makes up over 20% of their generation mix. Prairie Power is similarly investing in renewable energy through solar farm ownership and power purchase agreements for solar and wind energy.

To supplement power purchased from our G&Ts, we have developed three separate community solar arrays to generate power. Development of community solar arrays came as a result of feedback we received from our consumer-members in member surveys. All of our community solar arrays operate on a subscription model as a voluntary option for those looking for environmentally sustainable options.

Our South View Solar Farm community solar array was made possible by a \$89,125 grant through the Rural Energy for America Program (REAP). Through USDA, REAP provides loans and grants to develop renewable energy systems and implement energy efficiency measures to benefit rural economies. REAP is helping us increase renewable energy generation to supplement power we buy from our G&Ts and respond to feedback we have received from our consumer-members down the line.

Our investments in renewable energy must be accompanied by timely siting and permitting for additional transmission lines in order to deliver power we promised to our consumer-members. Unfortunately, our ability to expand renewable energy generation is threatened by impediments and delays to the development of the transmission infrastructure necessary to connect generation assets to our distribution cooperatives. For example, the Cardinal-Hickory Creek Transmission Line Project, co-owned by Dairyland, American Transmission Co. and ITC Midwest, is an essential 345-kV interconnection to our region's renewable energy developments. The new

transmission line will reduce energy costs, improve the reliability and flexibility of the region's transmission system, and support the interconnection of renewable generation in the Upper Midwest but has encountered costly delays and permitting challenges associated with approximately 1% of the 102-mile route.

Currently, approximately 115 renewable generation projects totaling nearly 17 gigawatts are depending upon the construction of the Cardinal-Hickory Creek transmission line. These projects will generate enough electricity to power millions of homes with clean energy.

Energy Efficiency

One of Jo-Carroll Energy's core values is environmental stewardship. JCE feels strongly that energy conservation starts with improving the efficiency of homes and businesses. The best kWh is the one not used. Through our Energy Detective program, we offer free energy assessments and low price energy audits that are reimbursed if energy efficiency recommendations are implemented. This program was initiated and expanded by two different grants through REAP. This helps lower energy bills for our members while reducing energy use. Using another grant from REAP, JCE installed a ground source heat pump system along with other energy efficiency measures at co-op headquarters. This project saves an estimated \$18,000 in energy costs and 174,000 kWh per year.

In addition to REAP, the Rural Energy Savings Program (RESP) is another Farm Bill program for rural energy providers to finance energy efficiency upgrades in rural homes using zero-interest loans from USDA. This program was created by the 2014 Farm Bill and is a mutually beneficial program used to lower energy bills for rural Americans, reduce energy use, and smartly leverage USDA resources. As a zero-interest loan program, this program yields strong return on federal investment as each dollar of appropriations for RESP facilitates about \$20 worth of zero-interest loans for energy efficiency projects. Participation in RESP can be a large administrative undertaking for a cooperative. As the Committee considers reauthorization of this program, consideration of a grant component like similar programs at USDA, would help ease the burden on electric cooperatives.

Tools for a Lower Carbon Future

A resilient and reliable electric grid that affordably keeps the lights on is critical to rural economies in the United States. Diversity of electric generation is essential to our commitment to a lower carbon future. As cooperatives look to the future, we are exploring all options, technologies, and ideas to work to meet the evolving energy needs of the local communities we serve.

As rural America electric load has grown, electric co-ops substantially lowered their carbon emissions by 17% between 2005 and 2021, the equivalent of taking nearly 7 million cars off the road. Included in the Inflation Reduction Act (IRA) is a new USDA program to assist electric cooperatives to further reduce emissions. Under the program, USDA is authorized to disburse grants, loans, loan guarantees, or other financial assistance to cooperatives to purchase or build new clean energy systems. Importantly, this program includes eligibility for renewable energy,

storage, carbon capture, nuclear, and generation and transmission system efficiency improvements. Additionally, the IRA established a forgivable loan program open to all clean energy developers, including electric cooperatives. These programs will help co-ops meet the future energy needs of the communities they serve while providing important flexibilities to maintain reliable, affordable power in rural America.

Maintaining Reliability in a Lower Carbon Future

As urban areas began to electrify in the early 1900s, rural areas were being left behind. Rural community members recognized that the economics of the electricity business simply did not work in their favor. Taking matters into their own hands and with help from the federal government, communities formed electric cooperatives, like JCE, and obtained low-cost loans from the Rural Electrification Administration (REA). What was then the REA is now the Rural Utilities Service (RUS) and it's as relevant now as it was back then.

Mission to Provide Affordable, Reliable Power to Rural America

Today, many electric cooperatives rely on RUS Electric Program loans for basic investments like poles and wires, and to invest in co-op infrastructure to make systems smarter and more efficient. The RUS Electric Program provides certainty that the federal government remains committed to the basic electricity needs in rural America. While JCE mostly relies on non-government lenders, knowing RUS exists as a trusted lender for all generation options, including baseload capacity and renewable energy sources, is critically important. Dairyland, JCE's primary wholesale power provider, continues to rely on funding through the RUS Electric Program to provide us stable rates that we pass onto our consumer-members.

As we look to the future, intermittent resources such as wind and solar must continue to be complemented and supported by always-available baseload resources. This is not about prioritizing one energy source over another. Our focus is on building out and retaining the diverse tools needed to keep the lights on for rural American families and businesses. System reliability depends on the ability to use intermittent sources like wind and solar with firm, flexible, and dispatchable electric capacity.

Opportunities to Improve the Electric Loan Program

Through the RUS Electric Program, electric cooperatives across the country obtain financing for important electrical infrastructure projects of all sizes. Unfortunately, RUS loan approvals for projects are in some instances needlessly lengthened by environmental reviews and decision delays. Uncertain environmental review timelines and challenging construction timeframes due to weather and other factors can lead to cost increases and significant project delays for RUS borrowers. To meet our nation's growing electricity needs, electric cooperatives would benefit greatly from reforms to the federal permitting process that maintain robust environmental protections while ensuring determinations are made in a timely manner.

Benefits Beyond Electrification

Rural electric cooperatives were built by and belong to the communities they serve. For JCE and our 100 plus employees, who understand the needs of our local communities, we aim to be more than the electric utility in northwestern Illinois. Through our own cooperative network, JCE has developed a scholarship program, organized blood drives, and distributed assistance to local food pantries. With USDA as a key partner, JCE can access federal tools that allow electric cooperatives to address unmet community needs, like ensuring access to highspeed internet for our rural families and businesses that allow them to be at a fair advantage with their urban counterparts.

Electric Cooperatives Expanding Rural Broadband

Sand Prairie, the broadband business division of JCE, was created in 2008 to enable communications with its supervisory control and data acquisition (SCADA) system and its advanced metering infrastructure (AMI), which operates in parallel with JCE's gas and electric divisions. In addition to allowing for communication with these advanced monitoring and control systems, the broadband backbone deployed by Sand Prairie also allows JCE to offer high-speed internet access to rural customers, largely in unserved and underserved areas of western Illinois. Deploying this fiber communications infrastructure network has allowed JCE to expand cooperative-to-member communications well beyond metering information, and now encompasses smart grid, smart home, distributed energy resources, and other technology-based solutions, along with fiber-to-the-home broadband access, that have lasting benefits to the cooperative and surrounding communities.

USDA tools, such as the Electric Loan Program as well as ReConnect and Community Connect, have allowed JCE and Sand Prairie to accelerate the expansion of our fiber footprint and improve the quality of life in our corner of rural America. However, as we look to continue leveraging USDA resources to meet the needs of our communities and co-op members, it's important to keep in mind that we are not building a network for one purpose anymore. By keeping broadband and electric programs siloed, we face time-consuming challenges and cumbersome burdens that hinder our ability to build robust rural networks, especially as we expand applications for smart grid, distributed energy resources, and other dual-purpose applications.

Dairyland also identified a growing and critical need for reliable, affordable, high-speed broadband internet service in rural areas of its four-state service territory (WI, MN, IA, and IL). To support its growing operational needs and provide fiber capacity for middle mile infrastructure, Dairyland established a Core Fiber Network Plan in 2019, which will install approximately 1,200 miles of optical ground wire (OPGW) fiber connectivity to Dairyland's generation facilities, transmission substations, and service centers. Approximately \$20 million has been invested to date in the buildout and retrofitting of 458 miles of OPGW. For last mile providers and those that may access the middle mile network in the future, it provides the opportunity to reach additional unserved and underserved areas and create redundancy, reliability, and affordability for their systems.

Access to new regional middle mile infrastructure will allow JCE to greatly improve overall reliability to its last mile network by interconnecting to larger, geographically diverse fiber rings. This will allow JCE's last mile network to provide the level of service required to attract and support all types of last mile connections, especially businesses and those with critical uptime requirements.

Access to new regional middle mile infrastructure will also allow JCE to have access to high-capacity circuits needed to interconnect a growing bandwidth demand, specifically the mobile cellular sector. JCE believes that a robust rural communications service area should include both future-proof Fiber-to-the-Premise and access to reliable mobile cellular coverage. Major cell carriers are now requesting up to 10 Gbps lit ethernet circuits at each tower that are only possible with interconnections to major data centers. Middle mile projects in Dairyland's Fiber Network Plan will help make this possible for rural providers like JCE.

Rural Economic Development Loans and Grants

Through USDA's Rural Economic Development Loan and Grant Program (REDL&G), JCE works with local community groups to create jobs in rural areas. The program allows for rural electric cooperatives to identify needs in their communities and work effectively as the lender with USDA capital. For instance, JCE worked with a local small business, Neumiller Farms, to make needed updates to and expand a potato handling facility creating 47 rural jobs. Partnering with USDA, JCE loaned Neumiller Farms capital for a larger, improved facility allowing for a more streamlined handling process.

Conclusion

In closing, I would like to thank the Chair and Ranking Member for allowing me to testify to the Committee today. I hope it was helpful to hear JCE's perspective. 80 years ago, our community banded together to bring electric service to our homes and 80 years later we're laying fiber to bring highspeed internet. While we do not know what the next 80 years will hold, we know our mission will not change. At JCE, we are a member-owned cooperative that strives to deliver utility solutions to our members and communities – safely, efficiently and responsibly. As the Committee considers the upcoming Farm Bill, JCE and rest of our nation's electric cooperatives look forward to working together in our shared goal of powering and improving the lives of rural Americans. I'm happy to answer any questions you may have.



**WRITTEN STATEMENT OF
DR. CHRISTOPHE SCHILLING
FOUNDER AND CHIEF EXECUTIVE OFFICER
GENO**

BEFORE THE

SENATE AGRICULTURE COMMITTEE

ON

**“Farm Bill 2023: Rural Development and Energy
Programs”**

November 15, 2022

Introduction

Chairwoman Stabenow, Ranking Member Boozman, and Members of the Agriculture Committee, thank you for holding this important hearing and for inviting me to participate. I am honored to share my experience of over 20 years in innovating, developing, and commercializing technologies that bring to market more sustainable and cost-effective ingredients and materials sourced from agricultural inputs, helping to promote the concept of value-added agriculture. I look forward to sharing how Geno's innovations can help power the U.S. to become the global leader in biomanufacturing while benefitting the American farmers who grow plant-based feedstocks that serve as the primary raw material that our technologies convert into widely-used products.

My name is Christophe Schilling and I am born and raised in Michigan and today the founder and CEO of Geno, a company on a mission to accelerate the Materials Transition, creating high performance ingredients from renewable sources like plants rather than producing them from fossil fuel inputs. I'm a board member of the Biotechnology Innovation Organization's (BIO) Agriculture and Environment group and Chairman Emeritus of BIOCUM California, representing more than 1,500 California based life-sciences companies.

Through the science and process of fermentation, Geno's technology transforms plant sugars into widely-used materials for markets including apparel, beauty, home care, nutrition, automotive, and industrial coatings and packaging. Our technologies have won numerous awards including being one of the only companies to have received three separate US Presidential Green Chemistry Awards (now referred to as the EPA Green Chemistry Award). As consumers around the world become increasingly sophisticated about purchasing sustainable products with traceable supply chains, our ingredients are in demand from brand partners like Cargill, Unilever, lululemon, Kao and others who are eager to transition to more sustainably sourced materials to meet their customer expectations.

Over the past 22 years, our company has scaled our technologies thanks to the diligent work of our more than 200 scientists and engineers largely-based in San Diego, along with key grants from government programs like SBIR and BioMADE, headquartered in Minneapolis.

Launched through Department of Defense (DOD) funding, BioMADE connects industry and academia to enable sustainable biomanufacturing through innovation, education and collaboration. These partnerships have been essential to scaling and commercializing, including US-based efforts to scale one of our most prolific technologies – 1,4-butanediol (BDO) – to be manufactured from renewable plant-based inputs, rather than from fossil inputs as is current practice for the over 3 million tons of conventional BDO produced each year. These scaling and commercialization efforts included piloting in Lansing, Michigan with the Michigan Biotechnology

Institute, a multi-year pilot plant operation in Decatur, Illinois, commercial-scale demonstrations to produce thousands of tons of product in Loudon, Tennessee with DuPont Tate & Lyle Bioproducts, and today one of the most significant global projects underway in biomanufacturing with our partners at Qore, a joint venture between Cargill and Helm, in Eddyville, Iowa. Qore has constructed the world's largest bio-BDO facility powered by Geno, a \$300M capital investment. The bio-BDO that is manufactured in the Iowa facility offers up to a 90 percent carbon reduction compared with current technology that is created using fossil fuels.

We also perform finishing manufacturing outside of Canton, Georgia, for a GRAS-certified product that we deliver directly to the market serving nutrition needs. As Geno looks to build our first biomanufacturing facility, we see great opportunities to locate this facility in the U.S. with the prospect of utilizing the 9003 loan guarantee program which I will discuss later in my testimony.

While we are heartened to see the recent emphasis and investments in biomanufacturing that are included across the CHIPS and Science Act, the Inflation Reduction Act (IRA) and the Executive Order on Biotechnology and Biomanufacturing, the programs within the energy title of the Farm Bill lay at the center of one of the most critical paths to translating US-based biotechnology innovations into U.S. leadership in the manufacturing of value-added products from our abundant domestic agricultural feedstocks.

Today, I will focus my testimony on these two important programs – the 9002 BioPreferred program and the Biorefinery, Renewable Chemical, and Biobased Product Manufacturing Assistance Program, also known as the Section 9003 program.

Strengthening the 9002 BioPreferred Program Promotes American Made Products and Feedstocks

Geno commends this Committee for reviewing the effectiveness of the BioPreferred program which aims to grow the market for biobased products. We know the program first hand. One of our beauty products, Brontide™ (butylene glycol), underwent the rigorous process to be BioPreferred certified and represents an alternative to the conventional butylene glycol products on the market today that are sourced from petroleum inputs and specifically made from acetaldehyde, a carcinogen. Brontide™, used as a moisturizing agent in personal care products, is not only safer but also reduces greenhouse gas emissions by 50 percent compared to a petroleum based production process.

While companies like Geno have innovated to create products that reduce our reliance on petroleum and increase the use of U.S.-grown plant-based feedstocks, we have not seen market demand resulting from the BioPreferred program similarly shift. We believe that more must be done to strengthen the program and meet its goals of spurring economic development, creating new manufacturing jobs and providing new markets for farm commodities.

First, the mandatory purchasing requirement for federal agencies and their contractors is a major part of the program and government must re-commit to meeting these requirements. This part of the program is and should continue to be a mainstay for how the program serves as an advocate and accelerator for bio-based products. It is important to set yearly requirements to define what percentage of government procurement must contain BioPreferred products so that progress can be tracked year over year.

Second, the intent of the BioPreferred program to open new markets for biobased products should be expanded to consider the entire supply chain. For example, the majority of flags in the U.S. are today produced from petroleum derived nylon. Geno is in the process of scaling the production of bio-nylon to replace conventional nylon, which could then be used to make flags such as the US flags in this room. However, procurement officers typically engage with the producers of finished goods rather than manufacturers of ingredients like Geno or our direct partners further up the supply chain. We strongly urge procurement officers be proactive, both to establish minimum bio-based contents and/or to elevate the minimum content for product categories already designated under BioPreferred. Moreover, if an input raw material is available from a US-based biomanufacturer, that material should be given preference in government purchasing decisions. We look forward to a future where the flags flown in rooms like these are made in the U.S. out of nylon fiber produced in the U.S. from U.S. grown feedstock.

Third, the 2018 Farm Bill called for the U.S. Department of Agriculture (USDA) to work with the Department of Commerce (Commerce) to develop North American Industry Classification System (NAICS) codes for renewable chemical manufacturers and producers of biobased products. This development has stalled at the Office of Management and Budget (OMB) and without dedicated NAICS codes, federal agencies cannot accurately classify, collect data or report on the growing biobased economy. We urge this Committee to ask USDA, Commerce and OMB to establish NAICS in order to better measure the scope of biobased products on the market.

Lastly, more must be invested to educate the public about the benefits of being BioPreferred certified. The Biden Administration's recent Executive Order on Biotechnology and Biomanufacturing included expansion of market opportunities for biobased products as a key driver of creating well-paying jobs. The BioPreferred Program offers perhaps the most direct path to achieve this objective. More education will lead to more market demand for products like the ones Geno makes and ensure that the program meets its intent of creating additional markets for value-added goods derived from the labor and fruits of American farmers.

USDA 9003 Loan Guarantee Program Bridges the Gap in Translating Innovation to Commercial Realization

Geno's technology is enabling a dramatic shift in the production of biobased products by making it possible to produce an increasing array of widely used building blocks from agricultural inputs rather than fossil inputs, and to do so at relevant commercial

scales. A key example of that is the \$300m capital investment supporting a commercial-scale plant under construction in Eddyville, Iowa by our partners at Cargill that will produce 65,000 tons of bio-BDO. Earlier, I mentioned our technology that is scaling up to produce bio-nylon, which has notably lower greenhouse gas emissions than conventional alternatives. This product already has a global market of \$10B but sourced from fossil fuels. In the coming years, we intend to drive the establishment of a commercial-scale facility to meet the rising global demand for a more sustainably sourced alternative to nylon. A first-in-the-world Geno-powered bio-nylon facility would be a breakthrough for this particular chemical and we anticipate initial production capacity could be well over 30,000 tons per year, with an aim to expand to over 100,000 tons per year.

Programs like the USDA 9003 loan guarantee program are critically important to companies like Geno that are looking to bridge the gap between successfully building a proven technology and establishing a broad-based biomanufacturing infrastructure in the US. As with most biomanufacturing, we would anticipate locating a facility close to the feedstock source, and work with American farmers to create a market for climate-smart and sustainable agricultural production practices. Not only would such a facility utilize domestic biomass, it would create well-paying manufacturing jobs in rural communities while making ingredients in America that have significant greenhouse gas reductions compared to their conventional counterparts at a cost-competitive price.

To achieve this vision, we ask first that this Committee ensures an appropriate funding level for the 9003 program in the next Farm Bill and consider removing the cap for funding, currently at \$250 million, given the current record inflation and the modern costs of construction. Second, we ask USDA to streamline the 9003 program so that it moves at the pace of business. Currently, the review process from submission to decision can take up to 18 months to complete. For companies that face market pressures to deliver quickly and at scale, this timeframe is too long and deters qualified applicants.

As we look to deliver in the coming years on our first biomanufacturing facility, the U.S. is increasingly a more attractive place to invest in given the current energy and security risks in other parts of the world, the proximity to low-cost and high-quality feedstock and the recent commitments to biomanufacturing made in landmark legislation and by Executive Order. We urge this Committee and USDA to ensure that funding from the 9003 program be quickly accessed by companies at the forefront of bolstering U.S.-based biomanufacturing.

Supporting U.S.-Based Biomanufacturing Alleviates Supply Chain Disruptions While Providing Climate Solutions

The recent pandemic, climate and energy crises and record inflation have created unprecedented pressures on a global scale while driving demand for more sustainable, regionally secure and resilient supply chains. Moreover, in the 2022 Global Risks Report released by the World Economic Forum, the top two risks to the global

economy are cited as one, climate action failure, and two, extreme weather.¹ Recognition of these risks is driving increased awareness by consumer brands of the pitfalls embedded in supply chains that are geographically dispersed with low visibility.

At Geno, we aim to create a fully transparent and traceable supply chain that starts with sourcing our feedstock from American farmers. When asked by our brand partners and consumers “Where does my product come from?” our goal is to be able to trace the feedstock that go into our ingredients down to the farm where it was harvested.

We’ve built our technology to have the capacity to play an important role in providing climate solutions, at scale. To give a sense of Geno’s potential impact, if we replaced current petroleum-derived ingredients on the market with their plant-based counterparts, we could reduce the emission of 85 million tons of carbon dioxide annually. This is the equivalent of taking more than 18 million cars off the road each year.

In summary, the U.S. has the raw materials, the technology and the talent to be the world leader in biomanufacturing. The time to invest in building this important industry is now and we are ready to get to work.

Thank you for the opportunity to testify today and I look forward to working with the Members of the Senate Agriculture Committee and USDA to drive the biomanufacturing revolution.

¹ World Economic Forum: Global Risks Report 2022, available at <https://www.weforum.org/reports/global-risks-report-2022/digest>.



Statement by

Denny Law
Chief Executive Officer
Golden West Telecommunications Cooperative, Inc.
Wall, SD

Before the

United States Senate
Agriculture, Nutrition & Forestry Committee

“Farm Bill 2023: Rural Development and Energy Programs”

Washington, DC

November 15, 2022

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INTRODUCTION

Chairwoman Stabenow, Ranking Member Boozman, and members of the committee, good morning and thank you for the opportunity to testify about the U.S. Department of Agriculture's broadband programs as part of this committee's review of the "Farm Bill's" rural development programs. The COVID-19 pandemic underscored how essential a robust broadband connection is to every American, whether at work or at home. Congress recognized this as well and made connecting every American a priority by passing a series of historic investments to help close the digital divide. As a continuation of those goals and efforts, I greatly appreciate you holding this hearing and the opportunity to speak to you today.

I am Denny Law, Chief Executive Officer of Golden West Telecommunications Cooperative, Inc. in Wall, South Dakota. My remarks today are on behalf of Golden West and NTCA–The Rural Broadband Association, which represents approximately 850 community-based companies and cooperatives that offer advanced communications services in the most rural parts of America. NTCA members and companies like them serve more than 30 percent of the country's geography but less than five percent of the U.S. population. Small telecom providers therefore are essential to connect rural America with the world – making every effort to deploy advanced networks that respond to consumer and business demands for cutting-edge, innovative services that help rural communities overcome the challenges of distance and density.

Fixed and mobile broadband, video, and voice are among the services that many rural Americans can access thanks to our industry's networks and our commitment to service. These technologies have been recognized time and again as a small business incubator in rural areas that would otherwise see entrepreneurial activity – and population – gravitate toward urban areas.

While every story is unique, I believe the history of telecommunications in our sparsely populated part of South Dakota is relatively indicative of the challenges of serving consumers and businesses throughout rural America. Golden West Telephone Company was incorporated in 1916 to provide telephone service between the towns of Interior and Quinn, SD. During the Great Depression, Golden West suffered setbacks and the assets were sold by the county sheriff to pay taxes. After President Truman signed the telephone amendments to the Rural Electrification Act in 1949, residents of the community in Quinn met to form Golden West Telephone Cooperative and soon applied for a loan from the Rural Electrification Administration (REA). From those early days of telephone line strung along fence posts to farms and ranches, Golden West Telecommunications now provides service to over 32,000 locations across 24,500 square miles – a geographic area larger than the states of Maryland, New Jersey, Connecticut, and Delaware combined.

As perspective for how rural this area is, the largest community Golden West serves is Dell Rapids, with a population of approximately 3,950 people. At the other end of the spectrum, Golden West provides services in Hayes, South Dakota – an unincorporated area of 1,119 square miles with only 145 customers, which equates to roughly 0.13 connections per square mile. Golden West also provides telecommunications service on portions of five Native American tribal reservations in South Dakota, including the Pine Ridge Indian Reservation. Golden West's diverse service area includes rolling farmland and vast prairie expanses, as well as National Parks and National Forest land, all without leaving South Dakota. Despite these challenges of distance and density, residents

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and businesses in Dell Rapids and Hayes and these tribal communities – and many like them across South Dakota – have access to high-quality broadband services due to an effective combination of Golden West’s entrepreneurial spirit, our commitment to community, the use of our own capital and capital from the Rural Utilities Service (RUS), and federal universal service fund (USF) ongoing support programs. Indeed, this productive mix of private sector efforts, public and private capital financing, and ongoing support have all worked effectively together – at least to date – to enable and sustain deployment of communications infrastructure across some of the most rural parts of America, and they should offer a model for success in considering how to tackle remaining aspects of the digital divide.

GOLDEN WEST’S EXPERIENCE WITH RUS BROADBAND PROGRAMS

Throughout Golden West’s history, we have been borrowers through the RUS or its predecessor agency, the REA. RUS telecommunications and broadband loans and grants have helped enable and unleash billions of dollars in federal and private capital investment in rural communications infrastructure. Due to the availability of this financing, many communities served by community-based companies and cooperatives throughout the United States have significantly higher broadband deployment than neighboring communities served by larger carriers. In fact, what Golden West has been able to achieve in South Dakota in terms of broadband deployment is similar to what many other small, rural telecom providers have achieved across the country.

Golden West is an active RUS borrower and we have had one or more outstanding RUS loans beginning in the 1950’s to present day. Golden West has also participated in the RUS ReConnect program. Most recently, in 2021, Golden West applied for and was awarded a ReConnect grant to help fund construction of a fiber-to-the-premise network to deliver broadband to over 100 farms, homes & ranches in rural southwestern South Dakota and a small portion of rural Wyoming.

Golden West has been and will continue to be an RUS advocate, but the application process for an RUS loan or grant is incredibly complex, and at times I believe unnecessarily burdensome. While there should be a thorough vetting process to potentially obtain federal broadband funds, I would recommend at least two minor modifications to improve the application process and reduce the financial and timing burdens of submitting an RUS loan or grant application.

1. Significantly Reduce Environmental Reporting Requirements in the Application. The environmental section of the application requires detailed engineering information for the proposed funded service area. For example, the applicant must enter detailed information regarding specific routes, sites, and other data points in the initial applications. But specific locations and specific routes cannot realistically be identified at this level of accuracy until a construction phase when field examinations are completed and other utilities are located. In the interest of greater efficiency and accuracy for all involved, we recommend that this level of detail be required *after* the grant award when the awardee is seeking the environmental approvals for their project, rather than as part of the preliminary application process.

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2. Extend Application Deadlines. A 60-day application window does not provide sufficient time to develop and submit an application with the detail required by the application guide. In addition, the application takes longer to complete because of the serial nature of the web portal architecture, which results in applicants entering and subsequently reentering data multiple times.

FARM BILL CONSIDERATIONS

We appreciate this Committee’s focus on the upcoming Farm Bill reauthorization and on potential reforms to or refinements of the rural broadband programs administered by USDA. Today I will share the importance of investing in the long-term, accounting for ongoing federal broadband efforts, streamlining the telecommunications program applications process, and looking to providers with a proven track record of success deploying and maintaining services in rural communities.

Meeting the Needs of Consumers

Despite unique rural challenges, NTCA members have made remarkable progress in deploying advanced communications networks in their communities. Based in the communities they serve, these companies and cooperatives are committed to improving the economic and social well-being of their hometowns through technological progress wherever possible. Indeed, in the face of these challenges, rural providers like those in NTCA’s membership have truly led the charge within the telecom industry toward ensuring that every consumer in the rural areas they serve has the chance to access broadband and other communications services that are as robust and reliable as anything an urban American consumer would expect.

Policies that encourage sustainable and scalable future-proof networks will be most efficient in responding to consumer demand over the lives of those networks, particularly when compared to short-term strategies that focus on getting lower-speed broadband deployed quickly only to find that consumer demands outpace the capabilities of such low-speed networks in a few short years or technologies that impose data limitations on consumers.

That is why we recommend that RUS provide preferential scoring for high-speed broadband networks that offer faster upload and download speeds and to set a minimum requirement of at least a symmetrical speed of 100/100 Mbps to ensure federally supported networks will meet the needs of consumers, now and in the future. Thus far, every round of ReConnect funding made available (including round 3, which required 100/100 build-out speeds) has been oversubscribed with more applicants than actual funding available – proving that setting a high standard for providers does not deter applicants, but instead ensures rural Americans will receive the same levels of service available to urban consumers and that taxpayers’ dollars will go toward building networks that will not need to be rebuilt in just a few years. It is for this reason, federal broadband investments should support technology that can be readily upgraded to deliver the fastest speeds possible over the long-term, rather than supporting technologies that are cheaper to deploy, but will be unable to provide meaningful internet access over time.

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Eligible Areas

While, as discussed above, we should be aiming high in *what* we build – ensuring that the government’s funds are not wasted on networks that need to be rebuilt in only a short time – the question of *where* broadband deployment funds should be directed is a separate question. All too often these issues get conflated and confused, with some asserting that compelling higher-level standards for *what* must be built using federal funds will lead to overbuilding. But if one rightly and thoughtfully approaches the question of *where* funds should be targeted as distinct from deciding *what* kinds of network will then be built there, we can address concerns about overbuilding while making the best possible networks are built in areas in need.

As Congress reviews RUS’s broadband programs, it will remain essential to avoid deploying duplicative government-funded networks in rural areas that will not even support one provider on its own. Therefore, we support Senator Thune and Senator Smith’s *Connect Unserved Americans Act (S.3587)*. This important legislation will help prevent the overbuilding of networks by directing USDA ReConnect funding to rural areas most in need of broadband. We endorse this legislation because it will direct resources towards building broadband networks in the most unserved areas by raising the ReConnect program’s minimum unserved percentage requirement, ensuring that federal funding support is focused first on providing service to those unable to receive broadband service today.

In addition to this important legislation, we recommend that RUS formally establish a rule that clarifies the specific ways in which ReConnect grant funds may interact with funds already awarded under other programs. For example, smaller rural telecom providers like Golden West have long leveraged support from RUS in concert with High-Cost universal service support from the FCC to make the business case to deploy and sustain advanced telecommunications services in the most rural areas of the United States. Both the RUS programs and the FCC’s USF programs have historically worked in concert with great success. While RUS programs have helped to finance the substantial upfront costs of network deployment, the FCC’s High-Cost USF programs help make the business case for taking out such loans for construction and/or using private capital, sustaining ongoing operations and allowing for the provision of service at affordable rates.

It is important that this coordinated approach to facilitating and sustaining broadband availability in rural areas continue. To help ensure this happens, ReConnect grant funds should not be awarded to any provider in an area where a different provider is the recipient of: (a) another RUS telecom program loan or grant; (b) support from federal USF programs; and/or (c) a state broadband grant program, unless that other provider is not meeting its obligations to deliver broadband. Putting such “guardrails” into place for ReConnect grants (and frankly, any grant program using federal funds) will help avoid harmful overbuilding, and just as importantly, insulate these otherwise incredibly helpful programs from attack upon their integrity and effectiveness as “dueling dollars” flow into deeply rural areas for the deployment of duplicative networks.

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Earlier this year, Golden West witnessed firsthand federal funds designated for broadband as part of the Consolidated Appropriations Act of 2021 being awarded to overbuild existing rural broadband networks that are supported by other federal dollars, including RUS loans and federal USF dollars.

Clarifying the ReConnect funding restriction will ensure close coordination with other programs and dramatically reduce the likelihood of duplication while allowing programs to work together as intended.

Project Delays After Notice of Awards

Roadblocks, delays, and increased costs associated with permitting and approval processes for broadband deployment are particularly problematic for Golden West and other NTCA members, each of which is a small business that operates only in rural areas where construction projects are undertaken over wide swaths of land. While the delays seemingly occur at many steps throughout the process, those posed by environmental and historical preservation reviews significantly contribute to the long wait times leading up to disbursement of funds to an awardee. We recommend that RUS allow providers to work toward seeking approval of environmental and historical reviews “at their own risk” prior to an award, with funds expended in obtaining project approvals considered a pre-application expense eligible for reimbursement should that provider receive an award. Such measures will be critical to the deployment and sustainability of wired and wireless networks alike, all of which rely on robust fiber backbones that most often traverse federal lands. Congress should encourage RUS to assist providers by issuing guidance with respect to every piece of documentation or other steps need to successfully complete the review process – many small providers report that permit applications linger because they are the subject of multiple requests for additional documentation by RUS staff. We also encourage Congress to reevaluate the staffing needs of RUS to determine if additional funds and staff will help alleviate these delays. RUS should also establish a categorical exclusion for environmental/historical reviews for the installation of communications facilities in previously disturbed rights-of-way.

Finally, on a broad basis, I would encourage Congress to address the difficulties with permitting and approvals to access rights-of-way across federally owned lands for broadband deployment. Specifically for the 2023 Farm Bill, I would encourage this committee to include specific requirements for the Forest Service and related agencies to timely process right-of-way applications. Golden West's broadband network traverses several types of federal land, including Forest Service and National Grasslands. Golden West's recent experience is that the permit approval process takes from 12 to 24 months when applying to place telecommunications facilities along existing roads on Forest Service land. The permitting process is much longer for areas that are not adjacent to existing roads. While Golden West strongly supports the health, diversity, and productivity of the nation's forests, we also believe the permitting process to cross Forest Service or other federally owned lands could be significantly improved.

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Proportional Draw Down of Loan-Grant Combinations

In May 2020, NTCA sent a letter to USDA recommending modifications to the ReConnect rules to promote broadband deployment. We appreciate USDA's diligence in addressing several of the issues that were needed to enhance the effectiveness of the ReConnect program. Specifically, RUS recognized the cashflow pressures on many telecommunications providers during the COVID-19 pandemic and started allowing 100% grant awardees to comply with matching requirements over time in lieu of depositing all matching funds at once. However, in the case of combined loan and grant awards, we still recommend that RUS allow providers to draw down loan and grant funds proportionally rather than compelling providers to utilize all loan funding prior to receipt of any grant resources. Currently, for 50/50 loan-grant combinations, loan funds must be advanced first before any grant funds are distributed. While we certainly understand that the use of loan funds ensures providers have "skin in the game" from the start, a proportionate split that permits receipt of grant funds alongside loan funds would still achieve this purpose while giving providers greater flexibility.

A Preference for Community Based Providers

Community-based providers, both cooperative-organized and commercially owned, have a long history and a proven track record of deploying networks and delivering high quality broadband services to the most rural communities in the United States – like the ones we serve in South Dakota. We encourage a deployment program priority for community-based providers (both cooperatively organized and commercially owned) over providers that lack a demonstrable record of serving rural communities. Time and time again in recent federal programs we have seen providers without a track record of service overpromise and then not deliver – often at the expense of blocking communities from being eligible for other deployment programs and from being served by a local provider. Prioritization should also be considered for those with a successful prior history of leveraging RUS programs to deliver voice and broadband services in rural America.

SUSTAINING NETWORKS

Once a network is built, it is not self-effectuating, self-operating, or self-sustaining. Services must be activated and delivered atop it, maintenance must be performed when troubles arise, and upgrades must be made to facilities or at least electronics to enable services to keep pace with consumer demand and business needs. In addition to these ongoing operating costs, networks are hardly ever "paid for" once built; rather, they are built leveraging substantial loans that must be repaid over a series of years or even decades.

All of these factors make the delivery of broadband in rural America an ongoing effort that requires sustained commitment, rather than a one-time declaration of "success" just for the very preliminary act of connecting a certain number of locations. Particularly when one considers that even where networks are available many rural Americans pay far more for broadband than urban consumers, it becomes apparent that the job of connecting rural America – and, just as importantly, sustaining those connections – is far from complete.

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This is why the complementary nature of RUS and USF is so important. Any changes to RUS's telecom programs should take care not to disrupt the historic balance between the two programs as I mentioned earlier. The FCC highlighted in its Future of USF Report the importance of USF – even in the wake of significant new deployment grant programs – to sustaining networks in rural areas and helping to keep rates affordable. Continued coordination of these efforts is critical as they do very different things but help to achieve a shared vision of getting and keeping rural Americans connected to broadband.

I am proud of the work Golden West has done to invest in rural South Dakota, and the rural broadband industry as a whole has a great story of success. But there is also much more work still to do – and this is where public policy plays an important role in helping both to build *and* sustain broadband in rural markets that would not otherwise justify such investments and ongoing operations.

TAXING BROADBAND GRANTS

Finally, I applaud Congress committing so much funding to broadband deployment. However, taxing broadband grants – requiring certain recipients to pay back perhaps 21% of what is awarded – will dramatically reduce the reach and impact of those federal funds. These grants are awarded to provide service to those areas that are otherwise not feasible to warrant deployment. This tax can affect the business case to reach such communities, reducing the effective amount of capital available for this purpose. I therefore would like to thank Senators Warner and Moran for introducing – and Senator Warnock for cosponsoring – the “Broadband Grant Tax Treatment Act” to end the tax on broadband deployment grants, and we hope that Congress will move this legislation forward.

CONCLUSION

Robust broadband must be available, affordable, and sustainable for rural America to realize the economic, healthcare, education, and public safety benefits that advanced connectivity offers. As noted in this testimony, it takes an effective mix of entrepreneurial spirit, access to capital, commitment to community, and federal support to enable and sustain deployment of communications infrastructure in many parts of rural America.

Golden West and NTCA member companies thank the committee for its leadership on and interest in all of these issues, and we look forward to working with you on behalf of the hundreds of small operator members of NTCA and the millions of rural Americans that we all serve.



TESTIMONY OF
KENNETH F. HERRING
GENERAL MANAGER
ADAMS COUNTY WATER ASSOCIATION

BEFORE THE
**SENATE COMMITTEE ON AGRICULTURE, NUTRITION,
AND FORESTRY**
UNITED STATES SENATE
RURAL DEVELOPMENT AND ENERGY PROGRAMS

NOVEMBER 15, 2022

Madam Chairwoman Stabenow, Ranking Member Boozman, and Members of the Committee, it is an honor to testify before you on the Department of Agriculture's rural water and wastewater funding programs and the associated technical assistance initiatives that directly benefit small and rural communities with safe and affordable drinking water and sanitation services. As you are well aware, these programs are important to the health and safety of Rural Americans, and the economic vitality of their communities.

I also must personally thank Senator Cindy-Hyde Smith for the invitation to testify on these important investments made in Mississippi and around this nation. The tangible results can be witnessed throughout our service area and within almost every rural community in Mississippi.

I am Ken Herring and I currently serve as the General Manager of the Adams County Water Association, a 501(c)12 non-profit, consumer owned public utility. I have worked in this industry for over 39 years in Mississippi. The Adams County Water Association operates two systems that currently serve residents within Adams, Jefferson, and Franklin counties. We started in 1966 with a Farmers Home Administration loan and by the middle of the 1970s, had roughly 2,000 water connections. The growth and success of our Association would not have occurred without this Committee's support and vision to serve rural communities and for that, I must personally thank you.

Our Association operates two separate utilities, the Adams County South system, and the Kaiser Lake system. These two systems combined serve approximately 6,000 connections, or a population of approximately 19,000. Adams county is primarily a minority population with 27.2% of the population at or below the poverty line.

We have recently absorbed a smaller rural drinking water system that serves a population of approximately 900 people with 325 connections. Since the 1970's, our association has also operated a wastewater system that serves a population of 820 people in two separate subdivisions. One of these subdivisions includes residents that are the direct recipients of the USDA Section 502 low-income homeownership program. The wastewater for these two subdivisions is treated through three older sewage lagoons.

I wanted to speak to you on our present challenges that are common for rural systems and offer some solutions for your consideration as you draft the 2023 Farm Bill.

Affordability

First, ensuring affordable and sustainable water and wastewater service for our customers, especially lower-income and vulnerable populations, is the primary shared mission of utilities like mine and Rural Development. We operate on a thin margin, meaning only 1.5 to 2.0 percent revenue over expenses. Maintaining this margin has become particularly difficult lately as we have absorbed inflationary costs associated with supplies such as PVC pipe increasing by 230% and disinfection products like chlorine increasing by at least 95%.

Most rural systems have little choice but to pass on increased costs to the ratepayer. When you take into consideration the income of the current ratepayers, for example our customers in Adams County District Three, with an average household income of

\$17,695, an increase of 5%, let alone 40%, would increase shutoff of services and the potential for catastrophic health-related consequences for the residents, especially the elderly.

As you are aware, USDA Rural Development is the only federal agency created by Congress to specifically serve rural America. The Department has a long, successful history in the water and wastewater industry that began when Congress passed the Water Facilities Act of 1937 with the first loan of \$1,600 made in 1941 to a small community in Idaho. We believe that these USDA Rural Development water and wastewater programs need to be afforded additional financing and servicing options that are streamlined and responsive to address the current needs. My state of Mississippi currently has one of the largest USDA loan portfolios in the country.

Rural communities must have the ability to modernize their water infrastructure, much of which is approaching or past its design life. The continued success and modernization of these programs is essential, especially considering the fact that 91% of the country's drinking water systems serve communities with fewer than 10,000 persons. In Mississippi, that percentage is even larger, about 95% of our water and wastewater utilities service communities under 10,000 population.

NRWA Suggested Solution: The National Rural Water Association (NRWA) proposes that the Rural Development Water and Wastewater programs should be enhanced to provide additional affordable financing and servicing options. NRWA has supported recent Congressional efforts that included additional financing tools for economically disadvantaged communities and the ability to provide debt servicing tools to utilities that are economically impacted at no fault of their own.

Congress has modernized other infrastructure programs. For example, the Environmental Protection Agency (EPA) has the authority to provide loans made at or below market interest rates. The EPA was also provided "additional subsidization" by Congress through new types of financial assistance including principal forgiveness, zero and/or negative interest rates, refinancing, or a combination of these assistance tools. The EPA also allows up to 10% of the Clean Water State Revolving Loan program funds (SRF) and up to 35% of the Drinking Water State Revolving Loan program funds to be used as enhanced financing tools to assist economically disadvantaged communities of any size.

Unfortunately, only a fraction of EPA's SRF funding benefits small and rural communities because it is absorbed by large metropolitan water utilities who possess the administrative expertise, financial resources, and political power to out compete us.

Moreover, USDA Rural Development has over 4,000 professional staff in the field across the country to directly assist these communities. This field structure is especially helpful to communities or utilities that lack the human and financial capacity to access and administer available funding. The National Rural Water Association works in partnership with Rural Development to directly assist these harder to serve communities.

We are requesting that this Committee consider giving Rural Development new authorities, similar to the affordable financing and servicing options that are currently made available to the EPA and contained within recent bipartisan efforts by this Congress, to benefit low-income, underserved, and disadvantaged rural communities.

Disaster Assistance

The Adams County Water Association's customers have unfortunately been impacted by natural disasters, including damage associated with hurricanes, ice storms, tornados, and flooding events. During Hurricanes Gustav, Katrina and Rita, and the recent winter storm, every grocery store, business, gas station – our entire community – was incapacitated for several weeks, if not months, before returning to normal operations. With many small systems, it is very common for staff, even if they are full- time, to have numerous responsibilities. However, they do not possess the time and expertise to adequately prepare for and respond to disasters.

Since 1977, NRWA has served as the lead entity in disaster recovery in many states to restore and maintain critical water and wastewater services. Unfortunately, there has been no dedicated federal funding to enhance or expand this activity beyond the very limited assistance provided under the USDA Circuit Rider program. The USDA Circuit Rider technical assistance is limited to recovery efforts and only to systems under 10,000 population. In addition, only a small portion of the contract is available for disaster assistance. To date, most of the additional disaster recovery costs have been absorbed by Rural Water State Associations. Continuity of essential water services is required to maintain the health and economic vitality of communities before, during and after a disaster.

NRWA Suggested Solution: Expand current recovery activities to include preventive measures such as resiliency, planning and design, asset management assessments necessary to provide future mitigation, response training and the establishment of emergency protocols.

Post disaster measures should include preliminary damage assessments, application and reporting requirements, including FEMA, insurance and recovery applications and claims.

These activities will help water customers, the public and constituents respond to future emergency events, protect life and property, and reduce reoccurring costs to the federal government.

NRWA suggests the Committee considers establishing a dedicated funding source for on-site experienced staff to serve utilities, with priority given to communities that lack the financial resources and staff capacity to adequately prepare, restore, and protect critical water and wastewater services from natural disasters.

Population Increase for the Direct Loan Program

As previously mentioned, the Adams County Water Association operates two separate systems that combined serve approximately 19,000 residents. We also went through a consolidation process and acquired a small system. Allowing the Secretary the authority to increase the eligible population limit would help ensure these rural utilities, should they exceed the population limit, can continue to provide sustainable, affordable rates and service. Another factor to consider is the growing number of smaller systems that are consolidating operations and utilities with capacity are needed to offer uninterrupted affordable services. A population increase will also aid in this effort.

NRWA Suggested Solution: NRWA requests the Committee explore the possibility of an increase to the eligible population ceiling for the Rural Utility Service Water and Wastewater Direct Loan Program. Many communities that currently exceed the 10,000 ceiling are still rural in character and lack affordable financing options necessary to adequately provide affordable and sustainable rates and services to lower-income customers.

1926 (b) Protection

7 U.S.C. 1926(b) was enacted by Congress in 1987 to protect the service area and repayment ability of the utility receiving a USDA loan. A 1987 U.S. District Court ruling cited the Congressional intent as follows:

“To encourage rural water development by expanding the number of potential users of such systems, thereby decreasing the per-user cost; and to safeguard the viability and financial security of such associations (and USDA loans) by protecting them from the expansion of nearby cities and towns...the service provided or made available through any such association shall not be curtailed or limited by inclusion of the area served by such association.”

This protection for utilities began with *Town of Madison, Mississippi vs. Bear Creek Water Association, Inc.* Because of this landmark case, I realize the importance of this provision firsthand.

NRWA Suggested Solution: Consider retaining this provision without modification. Any modification of the existing statute would most likely be litigated at a tremendous cost to the rural utilities and possibly reduce their service area and repayment ability to Rural Development. Additionally, if this protection is diluted, larger municipalities may “cherry-pick” profitable areas by annexing those parts of a water association with the highest population or desirable industrial sites which are the lowest per-user cost areas.

Rural Water Industry Workforce

Today, attracting and retaining capable, licensed water and wastewater system operators is the biggest challenge facing the rural water industry in Mississippi and across the nation. First, water and wastewater operator salaries have not kept pace with their responsibilities in complying with the ever-changing governmental regulatory requirements. Second, this industry has changed tremendously since I started in 1983. Years ago, rural communities accepted frequent main line breaks associated with rough terrain and miles of piping. Today the general public expects the water to be clear, constant, and inexpensive. Third, modern water systems have state-of-the-art SCADA control systems, complicated variable-frequency drive electrical motors and computerized control valves. Employees must have strong technical skills and the mental capability to pass the required training to receive a waterworks license. These employees must be willing to work long hours in the rain, snow, natural disasters, etc. It is rare to hire someone willing to perform these physically demanding jobs and is also tech savvy. There is a common saying in our

industry; “It’s hard to find someone smart enough to pass the required licensing but not too good to operate a weed eater or fix a leak.” The technical support rural systems receive from NRWA is invaluable in assisting systems to stay in compliance that have limited staffing.

Back in 2018, Rural Development recognized this looming issue and provided NRWA funding to expand and enhance workforce development efforts. We are very grateful for Rural Development’s foresight and support. Despite our best efforts, employment data still indicates up to 50% of the water workforce will leave the water industry within the next 10 years. My fellow rural water and wastewater utility managers need a pipeline of skilled workers to help ensure clean and safe water for the public and to maintain the water infrastructure necessary to keep rural service areas economically viable.

NRWA Suggested Solution: The National Rural Water Association, in close collaboration with Mississippi Rural Water, has created a water and wastewater operator apprenticeship program, approved and registered by the U.S. Department of Labor. We have leveraged this initiative to attract, train and retain the next generation water workforce. This solution is working. To date, there are 34 states with approved apprenticeship programs, a nationwide total of 470 apprentices enrolled and 421 participating utility systems. The NRWA Water and Wastewater Operator Apprenticeship Programs include 4,000 hours of on-the-job training with a one-to-one mentor to apprentice ratio, and 288 hours of technical instruction over a 2-year period with an increasing wage schedule suggested every six months. NRWA has already graduated 94 apprentices from this program who now serve as public health officials. These graduates are responsible for complying with the array of federal Safe Drinking Water Act and Clean Water Act regulations to supply their small community with safe drinking water and sanitation services.

The nation’s smallest and most rural communities operate their water utilities with very limited staff, in some cases only one or even part-time staff. The Registered Apprenticeship model is a poor fit for these communities since there is no capacity to hire or provide on-the-job training to an apprentice. This is a significant barrier to these communities to attract and retain qualified staff and prevents access to many resources available to larger communities through the workforce system.

NRWA suggests that this Committee consider including financial resources and policy in the 2023 Farm Bill to provide mentorship and training to address these workforce challenges specific to Rural Development borrowers and potential borrowers. These challenges are unique to these smaller rural utilities with one or even part-time staff. A long-term solution is critically needed to enhance water workforce participation and retention in small and rural communities, protect the federal investment in rural America's water and wastewater systems, and improve these vital services and basic civic necessities on which our customers depend.

Conclusion

In conclusion, enhancing and modernizing the USDA Rural Development Water and Wastewater programs will be critical to maintaining affordable, sustainable services, especially to lower-income communities. With a \$3.9 billion-dollar backlog, the demand remains high. The direct technical assistance initiatives authorized by this Committee, complements, and provides the capacity, and experience to protect both the federal government's investment and the communities' mission to provide safe, sustainable, and affordable water and wastewater service.

Thank you for the opportunity to participate in this hearing and I stand ready to take any questions that you may have at this time.

**DOCUMENTS SUBMITTED FOR THE
RECORD**

NOVEMBER 15, 2022



Alternative Fuels & Chemicals Coalition

*Advocating for Public Policies to Promote the Development & Production of
Alternative Fuels, Renewable Chemicals, Biobased Products, and Sustainable
Aviation Fuels*

November 15, 2022

The Honorable Debbie Stabenow
Chairwoman
Senate Agriculture, Nutrition &
Forestry
United States Senate
120 Constitution Ave. NE
Washington, DC 20510

The Honorable John Boozman
Ranking Member
Senate Agriculture, Nutrition &
Forestry
United States Senate
120 Constitution Ave. NE
Washington, DC 20510

Dear Chairwoman Stabenow, Ranking Member Boozman, and Members of the Senate Agriculture, Nutrition & Forestry Committee:

Alternative Fuels and Chemicals Coalition (AFCC) appreciates the opportunity to submit statement for the record to the United States Senate Agriculture, Nutrition & Forestry Committee hearing held on November 15, 2022, called, "Farm Bill 2023: Rural Development and Energy Programs."

Introduction

AFCC is a collaborative government affairs effort organized by the Kilpatrick Townsend & Stockton law firm and American Diversified Energy. AFCC was created to address policy and advocacy gaps at the federal and state levels in renewable chemicals, bioplastics/biomaterials, cell-cultured food ingredients, single cell protein for food and feed, enzymes, alternative fuels, biobased products and sustainable aviation fuels (SAF) sectors. AFCC member companies work on feedstocks, renewable chemicals, food, feed, fiber, bioplastics and biomaterials, and biofuels impacting the biobased economy.

AFCC and its member companies applaud the Senate Agriculture, Nutrition & Forestry Committee to engage in improving Rural Development investments and job creation in the 2023 Farm Bill.

Importance and Concerns for the Executive Order on Advancing Biotechnology and Biomanufacturing Innovation for a Sustainable, Safe, and Secure American Bioeconomy

AFCC and its member companies welcome the *Executive Order on Advancing Biotechnology and Biomanufacturing Innovation for a Sustainable, Safe, and*

A Collaborative Government Affairs Effort
Organized by Kilpatrick Townsend & Stockton and American Diversified Energy Consulting Services
1200 G Street, NW, Suite 800, Washington, DC 20005
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*Secure American Bioeconomy*¹, specifically Sec. 6. Biobased Products Procurement: this is a step in the right direction. We recognize it is based on the two letters sent from Congress to Secretary Vilsack and OMB, found as addendum to this letter.

AFCC and its member companies are concerned with this Executive Order since it has a very narrow window of improving the procurement by federal agencies for biobased products by 2024 – by the time the staff are trained (within two years), the next administration may choose to eliminate the Executive Order, and as such, we request the concepts described in the Executive Order in Sec. 6., Biobased Products Procurement for all federal agencies and their staff be incorporated in the re-authorization of the 2023 Farm Bill as provisions. Sec. 6 of the Executive Order provides guidelines to all federal agencies and the intent of Congress in the creation of Section 9002, Biomarkets Program in Energy Title IX of the Farm Bill. This needs to be in legislation since the federal agencies have not been given direction in the implementation of the Biomarkets Program since its conception in the 2002 Farm Bill. In addition, to the Executive Order, there are other issues in the BioMarkets Program which need to be addressed in the 2023 Farm Bill, which is outlined further in this document.

Section 9002 Biobased Markets Program

NAICS Codes

- The 2018 Farm Bill directs the Secretary of Agriculture and the Secretary of Commerce to jointly develop NAICS codes for renewable chemicals and biobased products manufacturers. The next Farm Bill needs to have the NAICS codes directive with a timeline for its implementation by OMB.
- NAICS codes would greatly enhance the ability to track and report on the renewable chemicals and biobased products industry, determine the funding requirements from federal and state governments, track innovative activities in the sector, mitigate climate change, and capture the jobs created. Currently, production of renewable chemicals and biobased products have no tracking system, and the industrial biotechnology sector has no knowledge of its growth potential.

Recommended Measures:

- 180 days from enactment of the 2023 Farm Bill, OMB will provide a timeline for the creation of NAICS codes for renewable chemicals and biobased products.

Procurement Officers Designated for BioPreferred® Program

- There are changes requested in the implementation of the BioPreferred® Program, while encouraging the purchasing program of sustainable products, it is not operating the way Congress intended. Without sound sales numbers and procurement officers identified for the program the supply chain for renewable chemicals and biobased products will continue to be broken. If the program were operating properly, it would be very successful. AFCC requests quarterly updates from USDA and other federal agencies to Congress and/or OMB for the procurement of renewable chemicals and biobased products written as a measure in the 2023 Farm Bill.
 - The BioPreferred® Program needs the label or certification to be modernized, showing that the renewable chemicals and biobased products are indeed sustainably sourced. Currently, the label shows a carbon content which is based on beginning of life, there is no end of life – the sustainability piece is missing on the label. Therefore, at a time of increased pressures on retailers, brands and manufacturers to reduce the carbon footprint of their consumer products, the label needs to show a carbon intensity (CI) score which will be determined by an international American Standard Test Method (ASTM). Today, the biobased products are being denied shelf space in large retailers' shelves, because the products are not considered sustainable. AFCC is working with ASTM on developing the CI score for biobased consumer products based on sound science and regenerative agriculture practices.
 - AFCC is requesting increased funding from \$3 million mandatory funding to \$5 million for the BioPreferred® Program to support procurement officers and the development of modernizing the label which will give consumers confidence the products in the BioPreferred Program in Section 9002 of the 2023 Farm Bill, Energy Title IX, are sustainably sourced.
- Recommended Measures:**
- USDA and the other federal agencies identify six procurement officers in their respective agencies dedicated to the BioPreferred® Program from existing regional officers.
 - USDA and other federal agencies will report their renewable chemicals and biobased product purchases data, year-to-year product selling. This would include reporting spending related to supply contracts or direct purchasing via purchase cards, fleet cards, or catalog purchase. This will be enacted 90 days from the passage of the 2023 Farm Bill.
 - USDA and all federal agencies within 90 days of enactment of the 2023 Farm Bill will provide a framework for the procurement of renewable chemicals and biobased products in the BioPreferred® catalog. And will provide quarterly updates to Congress or OMB for purchase from the BioPreferred® catalogs, through distributors, and other sources.

- Modernize the BioPreferred® label to show the renewable chemicals and biobased products are sustainably produced by having the carbon intensity score on the USDA label through standard development such as ASTM. Within 90 days from the enactment of the 2023 Farm Bill, USDA and other federal agencies will work with stakeholders to establish a framework for the carbon intensity seal on its labels.
- Increased annual mandatory funding for the program from \$3 million to \$5 million for hiring procurement officers and modernizing the label in the USDA BioPreferred® Program.

Soil Carbon and Regenerative Agriculture Practices

Creating an ASTM standard based on good science practices that utilizes baseline soil carbon storage will give farmers and growers Section 45Q tax incentive for carbon capture in soil. AFCC supports the *Growing Climate Solutions Act*, since it would create a voluntary, producer-led carbon sequestration certification program at the Department of Agriculture (USDA) and provide farmers with technical resources to participate in voluntary carbon markets. AFCC is requesting an interagency be created to work with the Department of Treasury in the development of a tax incentive for farmers in Section 45Q of the tax code.

Recommended Measures

- Add the *Growing Climate Solutions Act*, to the 2023 Farm Bill
- Create an interagency focused on working with Treasury in developing tax incentives for sequestering GHG, carbon dioxide in the soil and expanding Section 45Q to farmers which is already in the tax code for carbon sequestration and excludes regenerative best practices.
- ASTM standard for sustainability worked on the USDA BioPreferred® Program would apply here too.

Section 9003 Biorefinery Assistance Program for Renewable Chemicals and Biofuels

- AFCC is requesting a grants program be created for the Biorefinery Assistance Program which will encourage innovation and generate jobs.
- AFCC in its Agriculture FY2023 Appropriations request, requests Congress expand its authority to five years funding for the biorefinery program instead of only two years as is in the 2018 Farm Bill. The 2018 Farm Bill expanded access to stand alone renewable chemicals manufacturing facilities, but without a full five years of funding the program, new innovative technologies and companies are prevented in capital in rural areas, which prevent job growth and economic growth in rural America.

Recommended Measures:

- Expand the loan guarantee Program, Section 9003 from two years to full five years, and increase loan authority from \$50 million to \$200 million per year for five years.
- Fund a 9003 grants program based on competitive matching grants (\$25 million matching) and technology readiness, having similar criteria as the 9003 loan guarantee program.

New Grant Program: The Bioeconomy Development Opportunity (BDO) Zone Program

BDO Zone Supports Energy Infrastructure in Rural & Distressed Communities

The Bioeconomy Development Opportunity Zone Program is a certification and regional designation grant program that enables economic development agencies and communities to more effectively and credibly disclose feedstock-related risks and promote bio-based development opportunities to developers and investors around the world. The program would support development of manufacturing sites and jobs in underserved communities. A marker bill is attached which AFCC is promoting for the next farm bill.

Recommended Measures

- Incorporate marker bill, *BDO Zone Grant Program Act of 2022*; provide grants, \$50 million for eligible entities to create Bioeconomy Development Opportunity Zones to utilize local biomass resources and create jobs by de-risking investment and accelerating development of new renewable energy production facilities in distressed communities.

Compostable Bioplastics and Renewable Natural Gas Infrastructure

Under the carbon capture utilization education program. AFCC is requesting that bioplastics and biobased packaging will provide key opportunities to fight against climate change. The next farm bill, Energy Title IX should have research programs showing that compostable bioplastics and packaging can be tested and have proven to safely break down without any harm to the environment and can dramatically reduce the amount of food waste going into landfills. Composting that food waste instead of landfilling it is one the best strategies for addressing climate crisis. Sending food waste to landfills generates methane, which is 20 times worse than carbon dioxide as greenhouse gas emission. We urge USDA and DOE to create programs funding composting of bioplastics and food waste. Finished compost is critical for improving soil health, which is also an emerging solution to protect the climate and restoring the Earth's topsoil for better draw down of carbon dioxide in soil, thereby reducing emission in the atmosphere, and the soil is the carbon sink for smart climate practices for U.S. farmers.

- Infrastructure funding for renewable natural gas facilities.

Recommended Measures

- Research grant programs, annual \$50 million, led by interagency (USDA and DOE) showing compostable bioplastics and packaging and food waste can be used for soil health. More composting sites at farms and local areas need to be built through funding programs allocated by Congress.
- Research grant programs, annual \$50 million, led by interagency (USDA and DOE) showing gaps for RNG operations such as pipeline infrastructure access near landfills and other potential injection points. There is a need to look at projects from a perspective of where it makes sense to invest capital to extend pipeline.

Thank you for the opportunity to provide statement for the record.
Sincerely,



Rina Singh, PhD.
Executive Vice President, Policy
Alternative Fuels & Chemicals Coalition

1. https://www.whitehouse.gov/briefing-room/presidential-actions/2022/09/12/executive-order-on-advancing-biotechnology-and-biomanufacturing-innovation-for-a-sustainable-safe-and-secure-american-bioeconomy/?mkt_tok=NDkwLUVlWi05OTkAAAGG1iQjRXI-1-9E6RMbO79I30iZcud2leGC3_JeDv0t65vySbw4P88IRoIfjWWLhdzIq-kkDNkW3A0-18EbpwE65TJLNGBPn9nW9ThC41M7e8Fc

Addendum to Comments

MARC A. VEASEY
33RD DISTRICT, TEXAS



COMMITTEE ON ENERGY
AND COMMERCE
SUBCOMMITTEE ON COMMUNICATIONS
AND TECHNOLOGY
SUBCOMMITTEE ON ENERGY
COMMITTEE ON ARMED SERVICES
SUBCOMMITTEE ON TACTICAL AIR
AND LAND FORCES
SUBCOMMITTEE ON MILITARY PERSONNEL

Congress of the United States
House of Representatives
Washington, DC 20515-4333

July 16, 2021

The Honorable Thomas Vilsack
Agriculture Secretary
U.S. Department of Agriculture
1400 Independence Ave., S.W.
Washington, DC 20250

Dear Secretary Vilsack:

We congratulate you on your confirmation as the Agriculture Secretary and leadership of the Department of Agriculture in these times of great need to assist our nation in the COVID-19 crisis it faces.

We are concerned during the unprecedented economic circumstances brought on by the national pandemic of COVID-19 about our nation's production of renewable chemicals, biobased plastics and materials, and consumer biobased products which have been certified in the USDA BioPreferred® Program.

As you know, the United States leads the world in producing the highest total volume and yield of commodities that matter most to the thriving biobased economy. Consumers worldwide are increasingly demanding sustainable, plant-based materials for consumer goods beyond food, and the global marketplace is rising to meet that demand.

Global production of renewable chemicals, bioplastics, and biobased materials are expected to grow 13% in the next five years. Yet data indicates that the U.S. is falling behind its competitors. Between 2014 and 2019, North America's share of the global bioplastics market grew just 4% from 14% to 18%, while Europe's share increased by 10% from 15% to 25%. This is despite the U.S.'s position as a global leader in agricultural production.

Growing the U.S. biobased economy is extremely important to the many farmers and producers who will bear the impact of the decrease in consumption, which will further damage an already hurting rural economy and result in the closing of production facilities that employ many people in the rural communities in our home states.

The USDA Federal biobased procurement and sustainability program, the BioPreferred® Program, encourages purchasing "green." While the program has been successful in certifying (labeling) products over the years, federal agencies have not been required to buy BioPreferred® options where available.

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MARC A. VEASEY
33RD DISTRICT, TEXAS



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Congress of the United States
House of Representatives
Washington, DC 20515-4333

As you know, the BioPreferred® Program contains two components, certification and procurement. The program is thriving in its certification of biobased products, but it continues to fall far short in its procurement of these products.

False promises continue to be made to renewable chemical and biobased product producers when they receive certification, since there is no procurement of their products by the federal government. There is a lack of transparency with all stakeholders in the procurement process and sales data. Moreover, when advocates for the BioPreferred® Program try to tap into the additional discretionary funding approved for the program in the 2018 Farm Bill, they are asked by Congress: “How well is the program doing?” Without sound sales numbers, it is very difficult for program advocates to answer this question and for Congress to continue supporting the growth of the program.

If the program were operating properly, we think it would be very successful. The failings of this program need to be addressed immediately, and more time needs to be spent by USDA and its contractors developing the procurement side of the program, determining what these sales numbers are and operating the program as Congress intended.

Advocates for the BioPreferred® program in 2016 to 2018, succeeded in moving the program to its new home in USDA Rural Business-Cooperative Service (RBCS) and USDA Rural Development (RB), which was enacted in the 2018 Farm Bill. The previous home for the program in USDA had become a program which provided a steady income for others and not the producers. Unfortunately, this move has not resulted in the execution of the program as we had envisioned.

USDA RBCS and RB need to demonstrate purchases of biobased products. Based on the current usage and product availability we propose starting with a test focusing on USDA certified office supplies. Unfortunately, purchases by USDA through distributors such as Office Max, Amazon, Staples, and other distributors are all fossil fuel based. USDA certified office supply purchases of biobased products by USDA would be an important example to demonstrate that the program is starting to function as Congress intended and could be scaled quickly to other product categories.

We would anticipate that, if USDA is not complying with the law, and the program is failing in the agency where it resides, it would be very difficult to promote the BioPreferred® Program to other federal agencies and their contractors.

MARC A. VEASEY
33RD DISTRICT, TEXAS



COMMITTEE ON ENERGY
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Congress of the United States
House of Representatives
Washington, DC 20515-4333

To ensure the USDA BioPreferred® Program is operating as Congress intended, we would ask you to provide the following information:

- Provide a report to Congress showing the procurement of biobased products from the BioPreferred catalog, and their sales numbers from the last four years.
- Within 180 days of this letter, provide proof of immediate purchases of everyday biobased products used by USDA and other federal agencies from distributors such as USDA certified office supplies over incumbent products which are fossil fuel based.
- Within 180 days of receiving this letter, please provide documentation that USDA has been contacting these agencies to make them aware of the procurement opportunities for biobased products.

We would also encourage USDA to actively promote biobased products and recommend them to meet federal agency procurement officers and their contractors, with the procurements made recorded and shared with Congress.

We stand ready to work with you on ways to deliver on continued investment and support for the USDA BioPreferred® Program. This fits with President Biden's "Executive Order on Ensuring the Future Is Made in All of America by All of America's Workers," to ensure all federal government agencies should buy from American businesses.

The BioPreferred® Program offers an opportunity to decarbonize the nation's everyday consumer biobased products, drive the nation's biobased economy growth, create jobs, promote sustainable production of consumer biobased products, and create opportunities for climate-smart practices which, in turn, will improve the environment and societal health.

Thank you for considering our request and for your dedication to rural America. We look forward to working with you on deploying additional resources that Congress gave you in the Consolidated Appropriations Act of 2021, and in the most recent budget reconciliation bill of \$1.9 trillion enacted in March.

Respectfully,

Marc Veasey
Member of Congress

Kay Granger
Member of Congress

DEBBIE STABENOW, MICHIGAN
CHAIRWOMAN
 PATRICK J. LEAHY, VERMONT
 SHEPARD BROWN, OHIO
 AMY KLOBUCHAR, MINNESOTA
 MICHAEL BENNET, COLORADO
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 RICHARD DURBIN, ILLINOIS
 CORY BOOKER, NEW JERSEY
 BEN RAY LUJÁN, NEW MEXICO
 RAPHAEL WARNOCK, GEORGIA

United States Senate
 COMMITTEE ON
 AGRICULTURE, NUTRITION, AND FORESTRY
 WASHINGTON, DC 20510-6000
 202-224-2035

JOHN BOOZMAN, ARKANSAS
RANKING REPUBLICAN MEMBER
 MITCH MCCONNELL, KENTUCKY
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 CINDY HYDE-SMITH, MISSISSIPPI
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 TOMMY TUBERVILLE, ALABAMA
 CHARLES GRASSLEY, IOWA
 JOHN THUNE, SOUTH DAKOTA
 DEB FISCHER, NEBRASKA
 MIKE BRAUN, INDIANA

February 22, 2022

The Honorable Tom Vilsack
 Secretary
 U.S. Department of Agriculture
 1400 Independence Ave., S.W.
 Washington, DC 20250

The Honorable Shalanda D. Young
 Acting Director
 Office of Management and Budget
 725 17th Street, NW
 Washington, DC 20503

Brenda Mallory
 Chair
 Council on Environmental Quality
 730 Jackson Place N.W.
 Washington, D.C. 20503

Dear Secretary Vilsack, Acting Director Young, and Chair Mallory:

Thank you for your support of our nation's biobased economy. We write concerning recent initiatives by the Administration regarding biobased products. We encourage you to make further improvements to the USDA BioPreferred® Program and leverage USDA's long-standing expertise in biobased products. Further decarbonizing our nation's consumer products and the products consumed by federal agencies is a meaningful step in addressing the climate crisis. Growing the biobased economy supports good paying jobs for American workers and positions American companies to continue to lead the world in biobased innovation.

As you know, consumers around the world are demanding plant-based and sustainable materials for consumer goods. Renewable chemicals, biobased plastics, and other biobased products are effective tools in reducing our nation's dependence on petroleum while creating markets for our nation's farmers.

We are pleased to see President Biden's commitment to sustainable procurement outlined in his recent Executive Order and subsequent Federal Sustainability Plan. We encourage you to use this opportunity to strengthen USDA's BioPreferred® program as the industry standard for sustainable procurement in government agencies. Congress has made clear through previous Farm Bills and subsequent funding our strong desire to see BioPreferred® lead the way for sustainable federal procurement.

Unfortunately, in recent years, federal procurement of BioPreferred® products have failed to increase despite significant product innovations. We encourage OMB and USDA to educate procurement officers on the benefits of BioPreferred® products and routinely measure the progress of the program.

USDA's BioPreferred® label also remains an area for significant growth. As consumers continue to seek sustainable products, this label has the potential to promote consumer confidence in the expanding array of biobased products.

The 2018 Farm Bill directed the Secretary of Agriculture and the Secretary of Commerce to jointly develop NAICS codes for renewable chemicals and biobased products. In December of 2021, OMB declined to do so, citing the need to collect additional data and instead create product codes for NAPCS. While we are grateful for this step, we encourage you to continue working with industry partners to work toward the establishment of NAICS codes. We also ask that the creation of NAPCS codes be completed swiftly and is correlated with NAICS codes for each product segment in the biobased economy. The NAPCS codes provide information on the products but fails to capture the multiple industries in which the product is sold.

Meaningful federal investments in biobased products create jobs, promote sustainable business practices, and improve our environment. Thank you for your ongoing commitment to rural America and our nation's farmers.

We appreciate your consideration of this matter.

Sincerely,



Debbie Stabenow
United States Senator



Amy Klobuchar
United States Senator

Statement for the Record of Andy Olsen
Senior Policy Advocate,
Environmental Law & Policy Center
In support of the
Rural Energy for America Program
to the
US Senate Committee on Agriculture, Nutrition & Forestry
November 15, 2022

I am Andy Olsen, a Senior Policy Advocate with the Environmental Law & Policy Center (ELPC), the Midwest's leading environmental legal advocacy and sustainability innovation organization. Thank you for the opportunity to submit a written statement for the record as the Committee holds a hearing on Farm Bill 2023: Rural Development and Energy Program.

ELPC has been involved in the creation and continuation of the Rural Energy Program for America Program (REAP) since 2002. I have worked on rural energy since 2004 when I traveled the country talking about REAP with farm groups, REAP recipients and others. We've learned a few lessons along the way.

The Rural Energy for America Program (REAP) has always enjoyed bipartisan support. It serves America in many ways and can help the country cope with rising energy costs, climate risk, and rural economic growth. REAP is broadly beneficial; it serves every agricultural sector and has reached every state in the union. REAP helps to lower costs and generate new farm income.

REAP is a popular program with demand for grants and loan guarantees exceeding funding by an average 4.5 times over the past 10 years. Over 20,000 awards for grants and loan guarantees have been made on a competitive basis since 2003. Since 2014 REAP leveraged over \$7 billion in private investment in rural America.

Some examples of how REAP serves the country:

- Farmers and ranchers of all types have used REAP to harvest the wind and the sun to power their operations and have used energy efficiency to cut energy costs. In the process, agriculture becomes more resilient to energy disruptions.
- With REAP many syrup makers now use low-energy molecular sieves to reduce costs of heating sap.
- Rural electric cooperatives benefit from REAP in their own and their members' facilities with an emphasis on efficient energy use.
- Greenhouse growers have found REAP valuable for cutting energy waste and costs.

- Local grocers have embraced REAP to better compete and to stay in business with better refrigeration, lighting and other technologies. Keeping doors open for local grocers and other locally owned small businesses helps the entire community.

By providing grants and loan guarantees to agricultural producers and rural small businesses for energy efficiency and renewable energy, REAP invests in rural America's future. Energy efficiency helps producers protect profitability by providing a hedge against rising energy costs. Renewable energy stabilizes energy costs over the long term. Many producers have used REAP to implement farmer-owned energy systems in rural areas. We can do more to substantially accelerate and broaden clean technology deployment.

REAP benefits the nation with more clean energy, stronger rural economies and a healthier environment. Modernizing energy technologies also helps retain and recruit young people to farming.

Significant changes are needed to update REAP to help the country face present challenges, which we call "REAP 3.0."

The 2023 Farm Bill is an opportunity to expand and strengthen REAP to help decarbonize energy sources and electrify energy usage – key climate change mitigation strategies. This has already happened for years under REAP and we can do more with program enhancements and increased funding. Reducing climate risks and increasing climate resilience increases national security - especially among food producers. The risks are grave but we can overcome them, pulling together to confront this clear and present danger.

American farm groups recognize the threat of climate change to our future and the need to act. Climate change is already a competitive factor in commodity markets as buyers increasingly seek goods with a lower carbon footprint. Climate change, in itself, is very expensive. REAP helps farmers lower their carbon footprint and meet market demand for lower carbon intensity agricultural products. REAP and other Energy Title programs provide US agriculture a seat at the table to help confront and adapt to climate disruption while taking part in the clean energy economy. It's why the USDA identifies REAP as a top program for confronting climate change.

To provide the greatest benefit in combatting climate change with REAP we call for the cost-share to be based on the degree to which projects cut greenhouse gas pollution. Therefore, non-combustion technologies, including energy efficiency, should receive the top-level cost share of 50%. Projects that invest in continued use of fossil fuels (for years to come) should have limited cost-share of 20-25%.

In addition, USDA needs to increase outreach and education to reach program goals, which has been shown to over and over to result in more projects. Some examples from the states of effective education and outreach:

- From the early days, groups such as the Mississippi Farm Bureau promoted REAP to help poultry growers to increase their profit margins with energy efficiency. Poultry groups use and strongly support REAP to this day.
- The Iowa Farm Bureau led a very effective education and outreach program that helped farmers use REAP for wind power, energy efficiency and solar.

- In Nebraska outreach efforts have resulted in hundreds of irrigation efficiency project improvements that replace diesel motors with efficient electric motors and often improve water efficiency.

In addition to education and outreach, REAP could result in more projects and better outcomes by strengthening the Energy Audit and Renewable Energy Development Assistance program (EA/REDA). EA/REDA provides grants to institutions such as universities, states, and rural electric cooperatives to provide these services and can serve more people better if funds were made available to nonprofits. To operate on the scale needed the EA/REDA set aside should be raised and program funds should be available year-round. Applications addressing both energy efficiency and renewable energy in one project should be eligible to implement more projects. To bring more projects to fruition, technical assistance should be explicitly added as a function. All these functions could be included as technical assistance.

REAP can contribute to the Congressional goals of retaining and recruiting young people in farming as well as doing right by historically underserved producers. REAP 3.0 proposes adding 25% to the cost share for these agricultural producers to advance on these goals and better serve the nation.

REAP can reach more producers if we continue to simplify the application process. To further expand the reach of REAP, a streamlined rebate option would aid smaller operators and reduce the application burden. A REAP rebate would only be used for pre-approved technologies such as energy efficiency and smaller scale renewables. The rebate program would serve more qualified parties due to a simplified application and reduced application costs.

To build on REAP's success, the Farm Bill should ensure that increased funding is provided to reach more agricultural producers and rural small businesses. REAP is popular and demand regularly exceeds funding. Existing funds are spread thin across the country and additional funding will help build more rural projects. With additional funding, REAP can provide more climate solutions while helping agriculture and rural communities to adapt to, and prosper in, a low carbon future.

Congress provided much needed increased funding to REAP under the Inflation Reduction Act (IRA), which quadrupled REAP funding to \$2 billion over ten years, to confront climate change and increase equity. Those funds will greatly benefit rural America and the entire country. To bring more clean energy opportunities to rural America, we urge that the Farm Bill increase mandatory funding from \$50 million to, at least, \$300 million per year to complement increased IRA funding.

We urge the Committee to codify changes made in the IRA version of REAP within the Farm Bill version.

- Clearly state in legislation that goals of the program including increasing equity and cutting greenhouse gas pollution; to decarbonize energy supply and electrify energy use.
- Increase cost share for grants up to 50%, commensurate with other USDA programs. Such funding levels improve payback times for investments bringing technologies within reach of more people. Higher cost shares are supported by a broad range of nearly 200 stakeholders.

- Maintain the fund for underutilized renewable energy technologies in REAP to support a full range of clean energy options for farmers and rural small businesses. Done right, the fund would grow markets that drive energy-saving innovation and lower costs for key technologies.
- Provide funding for technical assistance. Converting the EA/REDA program to Technical Assistance provides flexibility to the agency and participants. Outreach and application assistance are crucial to reaching more people with added funds.

Consumers, including farmers, need reliable information on energy equipment to make informed choices that is so often lacking for agricultural equipment. A “Farm Energy Star” program based on the EPA’s Energy Star program would accelerate development and deployment of energy efficient technology. The program would provide performance data and standards, baseline energy use by sector, technology, product, etc. This focus will also help to drive needed technology improvements by product manufacturers.

Related to Farm Energy Star, REAP has been used greatly for grain dryers, which are typically powered by propane or natural gas. In our experience there is no indication that grain dryer manufacturers have improved energy efficiency of their products as a result of REAP investments. All available models qualify as energy efficient as they are compared to existing old units in the field. There is not reliable evidence we can find of verifiable and substantial grain dryer energy efficiency. Therefore, we call for REAP funding for an independent review of the efficiency of grain dryers in cooperation with the Department of Energy, including methods to determine which are efficient, and REAP program changes to only fund the most efficient at lower cost share or non-fossil fuel alternatives at full cost share.

ELPC appreciates the bill submitted by Senator Smith, the REAP Improvement Act, that would strengthen and update REAP. The REAP Improvement Act strengthens REAP funding and advances key concepts we need now for a significant REAP upgrade.

REAP is the “Rural Energy for America Program.” An important part of that is the “for America” part and REAP serves the nation in many ways. With the adjustments described above, and others, Congress can provide to the American people a major upgrade to a now REAP 3.0 that serves many national purposes with one program.



Biotechnology Innovation Organization
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November 15, 2022

The Honorable Debbie Stabenow
Chairwoman
Committee on Agriculture
Nutrition, and Forestry
United States Senate
328 A Russell Senate Office Building
Washington, DC 20515

The Honorable John Boozman
Ranking Member
Committee on Agriculture
Nutrition, and Forestry
United States Senate
328 A Russell Senate Office Building
Washington, DC 20515

Dear Chairwoman Stabenow, Ranking Member Boozman, and Members of the Committee:

The Biotechnology Innovation Organization (BIO) is pleased to submit a statement for the record to the United States Senate Committee on Agriculture, Nutrition, and Forestry hearing entitled, "Farm Bill 2023: Rural Development and Energy Programs."

Introduction

BIO¹ represents 1,000 members in a biotech ecosystem with a central mission – to advance public policy that supports a wide range of companies and academic research centers that are working to apply biology and technology in the energy, agriculture, manufacturing, and health sectors to improve the lives of people and the health of the planet. BIO is committed to speaking up for the millions of families around the globe who depend upon our success. We will drive a revolution that aims to cure patients, protect our climate, and nourish humanity.

As Congress begins the process of authorizing the next farm bill, BIO applauds the Committee for examining renewable energy opportunities in rural America and for inviting BIO Agriculture and Environment Section Governing Board member Christoph Schilling, Founder and CEO of Geno to serve as a witness.

A farm bill centered on innovation stands to incentivize the adoption of cutting-edge technologies and practices, resulting in benefits to the environment and rural economies. Further, supporting biobased technologies, such as sustainable fuels, renewable chemicals and biobased manufacturing is crucial to agriculture being part of the solution to protecting our climate and fostering energy security.

¹ <https://www.bio.org/>



The Benefits of Innovation

Biotechnology is enabling a dramatic paradigm shift in the production of fuels and chemicals. Modern biorefineries are converting domestic sources of renewable biomass, wastes, and residues into sustainable low carbon fuels, chemicals, and products. In turn, the sector creates high paying jobs, particularly in rural parts of the country where renewable biomass is grown and in manufacturing communities where carbon can be captured and utilized. Developing and employing domestic feedstocks will help reduce the United States' dependence on foreign energy and create an energy sector that reduces greenhouse gas emissions and enhances human health through improved air quality.

Sustainable fuels producers and renewable chemical manufacturers need comprehensive legislation, like the farm bill, to maintain U.S. leadership in the biobased economy. Programs must be supported with robust funding and streamlined and expedited regulatory pathways for breakthrough technology solutions.

At its core, the farm bill promotes durability. The next farm bill offers a timely opportunity to examine innovation's influence on the resiliency of our economy in the face of global challenges. It also provides an unparalleled platform to grow awareness and trust in the innovation ecosystem, so more communities and consumers can embrace deployment of biobased products with confidence and enthusiasm.

To aid the Committee and provide more background on these technologies and the innovative breakthroughs that can reduce greenhouse gas emissions throughout agricultural supply chains, attached is BIO's *Biotech Solutions for Climate Report*², which examines biotechnology's contributions to addressing the climate crisis and provides case studies on several BIO member companies including Geno. This report highlights how biotechnology can achieve at least three-billion tons of CO₂ equivalent mitigation annually by 2030, by delivering vital climate solutions in four key areas:

- Producing sustainable biomass feedstock
- Empowering sustainable production
- Developing lower carbon products
- Enhancing carbon sequestration

Supporting Innovation

Federal programs supporting the biobased economy, like the Farm Bill energy title, can foster research, development, demonstration-scale activities, and deployment of renewable, low-

² https://www.bio.org/sites/default/files/2021-04/Climate%20Report_FINAL.pdf



carbon energy technologies and send positive signals to the investment community. The Farm Bill energy title can build on the recent Executive Order on Biotechnology and Biomanufacturing to catalyze domestic biomanufacturing. These investments will spur private sector funding, which is critical to accelerate innovation, create a more resilient economy, strengthen supply chains, and grow jobs for years to come.

Biobased Markets Program

The Biobased Markets Program, or the BioPreferred® Program, directs federal agencies to increase their purchases and use of renewable chemicals and other biobased products. This program makes it easier for consumers to identify biobased products with the U.S. Department of Agriculture (USDA) Certified Biobased Product label. According to USDA's *An Economic Impact Analysis of the U.S. Biobased Products Industry*,³ the biobased products industry contributed \$393 billion and 4.2 million jobs to America's economy.

BIO recommends the next farm bill strengthen the BioPreferred® program with significant mandatory funding and enforceable procurement requirements. USDA and the Office of Management and Budget (OMB) should educate procurement officers on the benefits of BioPreferred® to ensure procurement targets are achieved.

Finally, the 2018 Farm Bill called for USDA to work with the Department of Commerce to develop North American Industry Classification System (NAICS) codes for renewable chemical manufacturers and producers of biobased products. However, to date, OMB declined to do so. Without dedicated NAICS codes, federal agencies cannot accurately classify, collect data, or report on the rapidly growing bioeconomy. BIO urges the Committee to work with USDA and OMB to update NAICS to establish a measurement for biobased products.

Biorefinery Assistance Program

USDA has been a critical partner in promoting and providing financial support for the development of sustainable biofuels and renewable chemicals.

The Biorefinery Assistance Program loan guarantee program provides manufacturers access to capital for large-scale projects in rural communities. Without the loan guarantee program, new innovative companies might never be able to pool sufficient capital to commence development of a project in rural communities with a small population. These biorefineries are proven drivers of job and economic growth for rural communities.

³ <https://www.biopreferred.gov/BPRResources/files/BiobasedProductsEconomicAnalysis2018.pdf>



The 2018 Farm Bill expanded access to this program to renewable chemical and biobased product manufacturers. BIO urges the Committee to use its authority to build on report language in the 2018 Farm Bill to ensure that all biobutanol manufacturers can qualify for the biorefinery assistance program as an advanced biofuel, regardless of feedstock. The 2018 Farm Bill also only provided mandatory funding to the program through Fiscal Year 2020. To spur growth of additional biorefineries in rural communities, it will be critical for the next farm bill to provide mandatory funding for the full length of the law.

Improved Modeling

As BIO noted in its statement for the record to the House Agriculture Committee's hearing "A 2022 Review of the Farm Bill: The Role of USDA Programs in Addressing Climate Change⁴," just like carbon markets, supporting the development of renewable energy will require infrastructure to measure and verify reductions in emissions and carbon sequestrations at the local farm level. This will ensure both government and industry can invest and properly award innovative technologies that reduce emissions.

This will also require both modeling and regulatory requirements for greenhouse gas emissions analysis for sustainable fuels and renewable chemicals to reflect the newest science and technology. As BIO recently noted in comments⁵ in response to the U.S. Environmental Protection Agency's (EPA's) workshop on biofuel greenhouse gas modeling, relying on a single, stagnant version of a model jeopardizes the integrity of EPA processes and long-term decision making. Enabling the use of up-to-date modeling tools and data will permit the agency to capture improvements in agricultural efficiency and deployment of innovative technologies.

As such, BIO recommends the Committee and congress urge EPA to work with U.S. Department of Energy (DOE) to incorporate the DOE's Argonne National Lab Greenhouse gases, Regulated Emissions, and Energy use in Transportation (GREET) model for measuring lifecycle emissions of transportation fuels. BIO also recommends EPA coordinate with USDA and utilize its practical knowledge and expertise on biofuels and innovative farming techniques.

Conclusion

BIO believes the government can and should play a catalytic role in growing a renewable, biobased economy. This will require Congress to incentivize the adoption of innovative, sustainable technologies and practices. BIO is committed to working with Congress in a forward-looking manner to foster pioneering technology breakthroughs and science. Doing so

⁴ <https://www.bio.org/letters-testimony-comments/bio-statement-house-agriculture-committee-2022-farm-bill-and-climate>

⁵ <https://www.bio.org/letters-testimony-comments/bio-comments-epa-ghg-modeling>



will bolster our economic and energy independence and set us on a path to better health and prosperity.

Sincerely,

Beth Ellikidis

Beth Ellikidis
Vice President, Agriculture and Environment
Biotechnology Innovation Organization



Statement for the Record
Submitted by
CoBank, ACB
to
U.S. Senate
Committee on Agriculture, Nutrition & Forestry
RE: Farm Bill 2023: Rural Development & Energy Programs
November 15, 2022

The time for reauthorizing the Farm Bill is here. The Farm Bill is the most significant piece of federal policy focused on enhancing the lives of rural residents and communities. The Rural Development Title authorizes dozens of programs and provides limited mandatory resources for those communities to access loan or grant programs. While CoBank does not financially benefit from the success of the programs authorized at the United States Department of Agriculture (USDA), we all benefit when the communities we both serve have access to reliable sources of capital.

CoBank provides loans, leases, export financing and other financial services to agribusinesses and rural power, water and communications providers in all 50 states. CoBank is a member of the Farm Credit System, a nationwide network of banks and cooperatively owned retail lending associations chartered to support the borrowing needs of U.S. agriculture and the nation's rural economy. In addition to serving our direct retail borrowers, we also provide wholesale loans and other financial services to our affiliated Farm Credit Associations across 23 states, serving approximately 76,000 farmers, ranchers, and other rural businesses.

The mission of CoBank includes serving "as a dependable provider of credit and other value-added financial services to agriculture and rural infrastructure businesses for the benefit of rural America." The mission of USDA's Rural Development office is to "promote economic development by supporting loans to businesses through banks, credit unions and community-managed lending pools. We offer technical assistance and information to help agricultural producers and cooperatives get started and improve the effectiveness of their operations." It is clear from these statements our two entities are naturally complementary. We aim to serve the same entities to better the same communities for the same purpose, and to improve the lives of rural Americans.

Access to affordable, reliable credit for rural towns, villages, townships, and communities is the only way these entities survive. The Rural Development Title of the Farm Bill was created as an avenue to enhance the lives where agricultural producers, cooperatives, and their families live, so that the heart of the country will not have to leave in order to live. This title of the Farm Bill addresses critical issues that seek to promote a prosperous rural economy supporting business creation, human capital concerns, rural poverty issues, adequate medical care, and infrastructure needed to serve these communities.

In partnership with CoBank, the University of Missouri released a study to discuss the trends and realities of today's rural America earlier this year.¹ Rural populations and job opportunities continue to decline. Improvements and enhancements in these areas are needed now more than ever in rural America. The report highlighted that service jobs, such as retail, professional services, healthcare and restaurants have been replacing agriculture and manufacturing jobs increasingly over the last several decades. Off-farm income is critical to the income of farm-dependent rural residents. By 2018, over half of rural residents and farmers traveled outside their county for work, up 10 percent from just two decades prior. The questions we need to answer are: How do we get people to go to rural America? How do we keep them there? How do we

¹ <https://www.cobank.com/web/cobank/knowledge-exchange/general/the-importance-of-off-farm-income-to-the-agricultural-economy>

help rural America thrive and put them in a position to compete in the global market place? When we answer these questions, we put our communities in a better position to grow and thrive.

A strong Rural Development Title is necessary to reduce the divide that rural communities face with regard to economics, education, and quality of life compared to their urban counterparts. As individuals leave the farm for urban life, what is left is sometimes forgotten. The deteriorating infrastructure in our small and local communities is unsustainable. The idea that water treatment facilities have not been replaced in over 60 years is hard to comprehend. Water quality issues are prevalent throughout the country, just as we have seen in Flint, Michigan. We need to address this issue in our collective rural backyard. The Rural Development Title of the Farm Bill—when funded adequately and administered efficiently—has the ability to address many of the issues that strike the core of small and rural communities. Without the programs of this title, basic human and economic needs often go unmet, such as financing local water treatment facilities, accessing broadband to teleconference a doctor hours away, or being able to further one's education taking college courses online. Many rural Americans do not *want* to leave their communities, but may have no other option when needs go unmet. When their life needs are met, people stay and communities grow and thrive. This also draws new businesses, like meat processing facilities, to build in these small towns and create new jobs and long-term economic growth that continues to improve the quality of life for all those who live there.

Several programs to highlight are:

Water and Waste Disposal Loan Program

The Water and Waste Disposal Loan Program is vital to the health and well-being of any rural community. Without clean water, a community will not exist. The program extends affordable access to clean and reliable water for households and businesses in rural areas. The National Rural Water Association will tell you the infrastructure in these communities has exceeded its projected lifespan and the deterioration of these facilities is hurting communities. We know the Environmental Protection Agency (EPA) is afforded a substantive number of dollars to address water safety and affordability measures, but USDA needs the same resources to properly serve rural water systems. Most of the water systems in the country are rural water systems and the resources needed to maintain these facilities continue to be overlooked. Rural water systems are consolidating because of rising costs and a declining workforce. After this consolidation communities served by a system that exceed 10,000 in population are no longer eligible for portions of the water and waste disposal program dollars.

Most funding from EPA is absorbed by larger metropolitan areas and fails to reach communities that are “rural in character.” For this reason, we encourage the Committee to consider modifications to the current program to allow for changing rural water systems to be able to continue to access rural development dollars.

In the 2018 Farm Bill, the Water and Waste Disposal Loan Guarantee Program authorized the population cap for the rural water and wastewater guaranteed loan program to increase to 50,000. All lenders could continue to help USDA execute this program, except for CoBank. Which remains capped at serving communities of 20,000. We encourage increasing the cap on our work in this space to be consistent with all other rural lenders.

Community Facilities Loan Program

The Community Facilities Loan Guarantee Program allows private lenders to assist rural communities in building facilities that are essential to the lives of their community. This program supports purchase, construction, and improvements to equipment or necessary facilities. Historically, CoBank has engaged in this program and partnered with local Farm Credit associations, community organizations, community banks and credit unions to make improvements in rural healthcare facilities and for other public safety facilities. Due to regulatory burdens recently imposed by the Farm Credit Administration (FCA), our engagement in this program has diminished in recent years. Rural communities are being limited by arbitrary requirements of our regulator, rather than listening to the intent of the program as authorized by Congress. By clarifying the authorizing statute, we can continue to meet our shared mission of serving rural communities and facilitate investments in essential services and infrastructure like childcare facilities, schools, and hospitals. We hope to work with this Committee to improve the existing structure and expand our capacity to assist rural constituents who, without this program, may not be able to receive necessary healthcare treatments or benefit from essential public safety measures.

Rural Business Investment Program

Since the 2002 Farm Bill, the Rural Business Investment Program (RBIP) has stimulated a great source of capital to innovators in agricultural and rural businesses. The 2018 Farm Bill brought significant changes to RBIP, allowing Farm Credit System participants to invest in up to 50 percent of a fund, before the fund must only invest in Farm Credit eligible activities. With more capital needed in rural America, and to encourage more innovation in the agricultural space, we believe that the funds should not be hindered by Farm Credit authority limitations. CoBank and the greater Farm Credit System support ways to encourage more investors to participate in the program, and to expand the cap of Farm Credit System investors to 75 percent. We believe that as a reliable partner in the program, we can continue to attract interested investors to bring more capital into rural America. We look forward to working with the Committee on ways to enhance investors' investment in rural America.

Since 2013, CoBank has committed \$225.5 million in 13 private equity funds in concert with Farm Credit institutions and other institutional investors: Midwest Growth Partners, Midwest Growth Partners II, and Midwest Growth Partners III, West Des Moines, Iowa; Advantage Capital Ag Partners, St. Louis, Missouri; Innova Ag Innovation Fund, Memphis, Tennessee; Open Prairie Rural Opportunities Fund, Effingham, Illinois; Blue Highway Growth Capital Fund, Boston, Massachusetts and Philadelphia, Pennsylvania; Pharos Capital Partners Fund IV-A, Nashville, Tennessee and Dallas, Texas; Lewis & Clark RBIC Fund II, St. Louis, Missouri; Rural American Fund III RBIC, Chicago, Illinois; Azalea Capital RBIC Fund, Greenville, South Carolina; AGR Partners RBIC Fund, Davis, California; RuralWorks Impact Partners 1, Cornwall, Vermont and Minneapolis, Minnesota. Each of these funds has a slightly different focus to meet different needs. Today, over 70 rural businesses have received investments from these funds.

While these are significant achievements, we believe that enhancements to RBIP will further address the investment needs of rural entrepreneurs so that more people can start and grow their businesses in rural communities.

Rural Broadband Access Loan and Loan Guarantee Program

The COVID-19 pandemic highlighted many disparities between rural and urban residents. None was more apparent than the lack of broadband service necessary for everyday life. Overnight, schools and hospitals had to rethink how they served individuals. Public safety and security options became a virtual necessity and with years of ignoring the infrastructure required, this long-delayed utility service became an immediate need. The American Rescue Plan provided \$25 billion to address broadband connectivity in early 2021 and an additional \$65 billion was directed to more broadband efforts through the Infrastructure Investment and Jobs Act later that year. Of these two bills, only \$3.15 billion was allocated to USDA in order to supplement existing broadband loan and grant programs. In order for USDA to continue to have funds and advocate on behalf of rural residents, Congress should treat them fairly and adequately. Today, 14.5 million people in rural America lack access to broadband service. We must do more to meet this need.

Broadband is a necessity for any small rural community, every medical office in a rural area, every farmer that owns a tractor, and every household who has a child in school or wants to run their business from home. No one will plant their roots in rural America if they cannot have the communications service their urban counterparts enjoy.

The Rural Broadband Access Loan and Loan Guarantee Program allows cooperatives to borrow for construction, improvement, and acquisition of facilities and equipment. Without this, capital broadband would not be feasible for nearly any rural community. We look forward to working with you on improvements for this important program.

Business & Industry Loan Guarantees

The Business & Industry Loan Guarantees (B&I Loans) allow for Farm Credit institutions, like CoBank, to participate. This partnership allows entities participating in the loan to extend more credit than they typically would be able to, all with the mission to bring investment in to rural America. Over the past several years, we have seen a dramatic deterioration of interest of the B&I program. Many of our customers have started to engage with the Small Business Administration because their loan programs offer a higher guarantee and don't require the expensive fees, like the B&I program. During the pandemic, we worked with USDA to try to engage customers on applying for the B&I program, but we did not see a dramatic

increase in participation. It is worth considering enhancements to the program, as this program has the opportunity to fulfill a great need for entrepreneurial innovation in the agriculture and rural spaces.

Rural Cooperative Development Grants

For more than 20 years, USDA has depended on the services and expertise of cooperative development centers to support economic needs of rural communities through cooperatives. These centers are non-profit organizations or centers housed within institutions of higher education that provide technical assistance unavailable directly from USDA or through programs offered by the SBA. Rural Cooperative Development Grants (RCDG) support the startup, expansion and innovation of cooperatively owned businesses and benefit from the program's flexibility to address a wide variety of economic needs. Co-ops including child- and elder-care, housing, meat processing, grocery, and other businesses are just a few examples. Increasingly, businesses and communities have sought to use these funds to prevent the closure of existing mom-and-pop businesses and converting the business to a cooperative owned by the community or the workers themselves. This program has been largely successful despite little attention. We urge the Committee to work with cooperative development centers to usher modest changes to the RCDG program that will improve its effectiveness for rural cooperatives.

CoBank is a proud partner of this network of cooperative development centers. In 2012, CoBank launched the Co-op Start program to compliment the growing need seen by cooperative development centers. Co-op Start provides patient financing to early stage farmer-owned processing and marketing cooperatives that are working with RCDG grantees. By specifically targeting entities considered low-resource and not fully creditworthy under traditional credit metrics, CoBank helps to advance these entities to the next stage of development when they can qualify for conventional financing. Recognizing the challenges many startup entities face in raising equity, CoBank introduced a Rural Impact Equity Match Grant Program in 2020, primarily for farmer cooperatives, but entities with other structures that demonstrate a meaningfully positive impact on rural America are also eligible. As part of these grant awards, CoBank also provides additional technical assistance funding to cooperative development centers to support this work. To date, CoBank has provided over \$3 million in innovative loans, leases, and grants to 28 start-ups and five cooperative development centers through the Co-op Start program. In just three grant cycles, the Rural Impact Equity Match has injected \$350,000 in startups in amounts up to \$50,000.

CoBank will continue to support cooperative development opportunities at USDA. Along with our cooperative colleagues, we will advocate for more federal cooperative development resources in order to partner in an effective way to multiply our impact.

Energy Programs: Rural Energy for America Program and Renewable Energy Systems

The Rural Energy for America Program (REAP) allows for guaranteed loan financing and grant funding to agricultural producers and small rural businesses. REAP allow these entities to make investments and improvements to their business which will enhance their operations and will bring down their operating costs. With volatile markets and ever-increasing business costs, this program is designed to assist operators to invest in their customers, helping them weather the long-term and constantly changing commodity prices we are experiencing. We hope the Committee continues to see the benefit of this program. The Inflation Reduction Act created many opportunities for agricultural and electric cooperatives to enhance their businesses for the next generation. The opportunities for renewable energy production were changed in such a way that many utility providers and operators are still trying to comprehend. CoBank also has the unique authority to work with USDA on administering various renewable energy projects through RUS, and we would encourage the sentiments of the IRA be codified in statute through the Farm Bill to ensure the business planning for these entities does not fall into a political fight. The significant business decisions these rural utility providers are having to make would be detrimental to their services and rates to consumers if the extension of their efforts did not occur in a timely manner, or worse, if the unfortunate elimination of them occurred.

In Conclusion

The Farm Bill provides food assistance and food security to low-resource individuals, investment opportunities for emerging agricultural research, security for livestock and crop producers and financial access for rural communities. Too often, it is this last piece—access to affordable, reliable financial tools—that is overlooked. It is easy for many to take for granted the people who grow our food and the communities where they live and work; easy to ignore the infrastructure needed for

producers to transport commodities, livestock and food products to reach our dining tables and global markets; easy to forget land-grant universities are anchoring institutions and create employment opportunities for many rural residents and answering research questions that can help agriculture solve emerging challenges; and it is easy for some to forget what it takes to access safe drinking water when they have never gone without. Each of these essential activities requires access to a program supported by Rural Development and the USDA.

It is our mission to serve hard-working individuals, companies, producers, and customers in rural America. We prioritize those who have been overlooked. CoBank will continue to advocate for strong and robust Rural Development and Energy titles. Improvements are always possible, but maintaining the foundation in which USDA has built and working to enhance any program to improve rural America is of the utmost importance to the customers we both serve. We appreciate the Committee's consideration of our comments and look forward to working with you towards a successful 2023 Farm Bill.



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GrowthEnergy.org

November 15, 2022

The Honorable Debbie Stabenow
 Chairwoman
 Senate Committee on Agriculture, Nutrition, and Forestry
 U.S. Senate
 Washington, DC 20510

Dear Chairwoman Stabenow,

I write today to express our industry's strong appreciation of your work to include an important role for American-made, low-carbon biofuels to help our nation meet our shared climate goal of reaching net-zero emissions by 2050.

The Senate Committee on Agriculture, Nutrition, and Forestry has consistently demonstrated its commitment to fighting for rural Americans and providing agriculture with a positive path forward to reach our nation's climate goals. We thank you for your tireless work, specifically for the recent and significant investment in clean energy and combatting climate change that you secured in H.R. 5376 (P.L. 117-169), the *Inflation Reduction Act* (IRA). Biofuels are critical to meeting climate goals, and this law will help maximize the biofuel industry's contributions to a cleaner future by expanding the volume of low-carbon biofuels available across the entire transportation sector – on the ground, in the air, and at sea.

The IRA is estimated to reduce economy-wide greenhouse gas (GHG) emissions by 40% by 2030¹ once fully implemented through a range of provisions that impact biofuels; such as extending and modifying existing energy tax credits, creating new credits for clean energy technologies, and providing funding for key programs. As Congress begins work on the upcoming Farm Bill, Growth Energy would like to highlight the importance of Section 22003 of the IRA, the \$500 million in funding for the U.S. Department of Agriculture to provide grants to expand biofuel pump infrastructure, upgrade existing tanks and pumps, and increase usage of higher blends of ethanol. This funding will expand the availability of lower-carbon, lower-cost fuel options at the pump, which in turn will further climate progress, deliver savings at the pump, ensure greater long-term energy security, and welcome an economic boon to rural communities.

We look forward to working with you to ensure that agriculture has a positive role in helping meet climate goals, and that biofuels remain a key component of that plan.

Sincerely,

Emily Skol, CEO
 Growth Energy

¹ United States Department of Energy. (August 2022). *The Inflation Reduction Act Drives Significant Emissions Reductions and Positions America to Reach Our Climate Goals*. https://www.energy.gov/sites/default/files/2022-08/8.18%20InflationReductionAct_Factsheet_Final.pdf



We help build homes and communities across rural America.

November 15, 2022

The Honorable Debbie Stabenow & The Honorable John Boozman
Chair & Ranking Member
U.S. Senate Committee on Agriculture, Nutrition, & Forestry
328A Russell Senate Office Building
Washington, D.C. 20510

RE: Statement for the hearing record, "Farm Bill 2023: Rural Development and Energy Programs"

Dear Chair Stabenow and Ranking Member Boozman,

The Housing Assistance Council (HAC) appreciates the opportunity to offer a written statement for the record for the U.S. Senate Committee on Agriculture, Nutrition, & Forestry's hearing entitled "Farm Bill 2023: Rural Development and Energy Programs."

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, non-partisan research and analysis to shape policy.

Affordable, quality housing options are foundational for communities to thrive. Yet, a historic lack of access to adequate housing continues to plague rural America. Small towns and rural regions are diverse demographically and economically and face a wide array of local challenges and opportunities associated with the development of their communities and housing. While each place is unique, HAC has documented several themes that are present across many rural communities: In recent decades, many rural places have seen a loss of basic infrastructure and high-capacity local services. Persistent poverty is a predominantly rural condition — 81 percent of persistent poverty counties are rural in nature. Habitable rural housing is in severely short supply, and the adequate housing that does exist is often unaffordable because rural incomes average well below the national

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median. Rural housing lacks adequate plumbing and kitchen facilities at a rate well above the national average, and overcrowding is not uncommon in some rural regions. Decades of stagnant rural house prices, especially in high-poverty areas, have denied owners the wealth and mobility so often associated with buying a home. And racial inequity is endemic as the result of housing policies and banking practices that excluded rural people of color.

The USDA's Rural Development (RD) programs are critical to the future of rural communities. These programs have suffered from decades of funding cuts and lack of modernization. The rural housing programs administered by RD's Rural Housing Service (RHS) fall within the jurisdiction of the Senate Banking Committee, but HAC encourages the Committees to work together to include commonsense improvements to the RHS programs in the Farm Bill. We have also highlighted these proposals with the Banking Committee. The following are some policy proposals that would help address some of the challenges and inequities we see in rural America.

CAPACITY BUILDING PROGRAMS

Geographic equity for rural places is a stated priority for the Administration, but no amount of federal investment will succeed in creating lasting rural equity if not paired with robust capacity building to ensure the most underserved and persistently poor rural places are in a position to access available federal resources. There are several programs that would provide communities with much needed capacity building support, including the proposed Rural Partnership Program and the well-established Rural Community Development Initiative.

Authorize the Rural Partnership Program

The proposed Rural Partnership Program (RPP) would empower rural regions by supporting locally led planning and capacity building efforts and providing flexible funding to meet critical needs. The proposed program would have two types of funding: grants for direct activities and projects and grants for organizations providing technical assistance. Having funds dedicated to capacity building and technical assistance would allow organizations to better support their communities. Authorizing RPP and ensuring that it is structured in a way that will proactively and equitably serve historically underserved and persistently poor communities would help transform the capacity of rural places to improve housing conditions.



Authorize the Powerful Rural Community Development Initiative

The Rural Community Development Initiative (RCDI) provides funding to nonprofits, public bodies, and qualified for-profit groups to support housing, community facilities, and community and economic development projects in rural areas. The funds can go towards homeownership education, technical assistance to sub-grantees, and other programming to build local organizations' capacity and technical knowledge.

Currently, the program is funded through appropriations but not authorized. Authorizing RCDI would provide the program with the long-term stability it needs. Non-statutory improvements to the program could also help it be even more effective. There is currently a \$250,000 per-awardee cap, which is not statutory. This cap limits how much organizations can do with their funds, specifically larger groups that may have the capacity to do more. Additionally, RCDI's 1:1 match requirement can be challenging for organizations to meet, especially those serving the most persistently poor rural regions. While these regions are the most in need of capacity building, requiring matching funds can make it difficult to deploy these investments here. And finally, recent additions to the RCDI funding notice – specifically the requirement that an applicant proposing to serve one or more federally recognized Tribes must include a resolution of support with its application from the Tribe(s) it proposes to serve – can also make it unduly burdensome to serve the communities who need it most. Encouraging RHS to increase the per-awardee cap, waive or rebalance the matching requirement, and eliminate burdensome application requirements would help the program serve persistently poor communities more robustly.

MULTIFAMILY PROGRAMS

Although homeownership is more common in rural areas than in urban and suburban communities, rental options remain a crucial part of the affordable housing landscape. RHS's Section 515 program provides an especially important housing opportunity for many rural communities. Since the program's inception in 1963, Section 515 Rural Rental Housing Loans have financed nearly 28,000 properties containing over 533,000 affordable apartment homes across rural America. The average annual income of



people living in Section 515 properties is only \$14,665.¹ For many low-income rural residents, purchasing a home is not an option, and the Section 515 program provides them with affordable rental units.

Despite the importance of the Section 515 program for creating and maintaining multifamily rural housing, many of these properties are aging out of the program through mortgage maturations, resulting in the loss of thousands of rural affordable rental units each year. Between 2016 and 2021, 921 properties, which contained 21,693 units, left the Section 515 program.² And due to lack of appropriated funding, no new Section 515 units have been added to the program in over a decade. When properties leave the program, the owners are no longer required to maintain the affordability of the units or otherwise comply with the standards of the program.

The preservation of affordable housing options is critical to ensuring the well-being of rural communities across the country. For this reason, HAC is recommending several policy changes that would support the preservation of multifamily housing options.

Authorize Important Multifamily Preservation Programs

Several of the current USDA preservation programs are funded through appropriations but are not authorized. The Multifamily Preservation and Revitalization (MPR) program, the Preservation Revolving Loan Fund (PRLF), and the Multifamily Preservation Technical Assistance (MFTA) program all play key roles in addressing the preservation crisis, but because they are not authorized, their status is instable. Authorizing these three programs is a critical step in ensuring they are stably funded into the future.

The MPR program allows existing properties in the Section 515 rental housing and Section 514/516 farmworker housing programs to refinance their loans and receive more funding to help revitalize their properties and maintain affordability. This program not only preserves the affordability of rental housing through continued government oversight but also provides owners with the capital they need to maintain and repair their aging properties. Recent estimates indicate that \$30 billion in funding for the MPR program is needed over the next 30 years to preserve 80 percent of the existing Section 515 portfolio.

¹ 2021 Rural Development Multi-Family Housing (MFH) Annual Fair Housing Occupancy Report, https://www.rd.usda.gov/sites/default/files/RDUL-MFHreport_0.pdf

² Housing Assistance Council, An Update on Maturing Mortgages in USDA's Section 515 Rural Rental Housing Program, March 2, 2022, <https://ruralhome.org/update-maturing-mortgages-usda-section-515-rural-rental-housing-program/>.



The PRLF program was funded through appropriations for several years between 2005 and 2011. It allowed RHS to make long term (30 years), very low interest (1%) loans to private nonprofit organizations, and state and local housing finance agencies, to provide revolving loans for the preservation and revitalization of Section 515 and 514/516 properties. HAC alone has used PRLF funding to preserve over 1,300 units in 18 states, but the program has been unfunded since FY2011. (USDA continued issuing funding notices through 2014 using unobligated funds, but those resources have run out as well.)

To help address the growing crisis of multifamily maturing mortgages, the MFTA program was first funded through congressional appropriations in FY2017. The program provides competitive grants to eligible nonprofit organizations and public housing authorities (PHAs) to provide technical assistance and other services to enable affordable housing preservation through the transfer of Section 515 properties from current owners to nonprofits or PHAs. The original intent of the program was two pronged: to subsidize preservation transactions by providing individual property owners with technical assistance in the sale, restructuring, or acquisition of properties; and to focus on transforming the program through research and policy development. To date, only the first intent has been funded in USDA's first two program rounds.

Authorizing these three programs will help ensure they are stably funded into the future, that the intent of the programs is better reflected in use of funds, and that they remain part of the suite of preservation tools available at RHS.

Improve Opportunities for Mission-Focused Nonprofits to Preserve Maturing Properties

Preserving the Section 515 portfolio requires collaboration with the Rural Housing Service, current owners, and public and private sector purchasers. However, the current process for transferring properties is overly burdensome and prohibitively difficult for small, mission-focused nonprofits. Many of these properties are aging and in need of repair. When new buyers want to purchase Section 515 properties, all immediate and long-term repair and rehabilitation needs must be identified by a Capital Needs Assessment (CNA). The nonprofit purchaser must demonstrate the availability of reserves to adequately cover the cost of addressing the property's capital needs – an often insurmountably high bar.



Instituting a “two-step” transfer process for nonprofits trying to maintain the affordability of multifamily housing could streamline the process and increase preservation of properties. If properties could be transferred to a new nonprofit owner prior to the identification of funding sources for all repairs identified in the CNA and the reserve requirements adjustment, a significant administrative barrier to preservation could be removed.

RHS has been working on a Simple Transfer Pilot, which is expected to be published in the Federal Register this month and may include some of these transfer options. Congress should encourage RHS to be as broad and flexible as possible with this new pilot to see the greatest impact.

Nonprofit preservation efforts could also be enhanced by setting aside funding in both the Section 515 and MPR programs for smaller and lower capacity organizations. These nonprofits often struggle to be competitive with the larger and more powerful organizations, especially with current funding so limited. MPR applications have been closed for four years as RHS works through its waiting list. These smaller organizations often work in areas that have the deepest need, specifically persistently poor communities. Preservation funding needs to be equitably distributed to ensure that geographies are not being left out due to lack of capacity.

Increase Data Transparency

Despite the importance of USDA properties, there is limited data on them accessible to the public. This makes it challenging for organizations to aid in the preservation of this affordable housing. Releasing more data on the current housing stock, including information on why properties leave the programs (maturation, prepayment, foreclosure, or other servicing issues) and risk rankings for properties, would improve preservation outcomes and stakeholder understanding of the issues.

Increasing data transparency would also make rural housing research more robust and could help USDA identify which properties are working best and which programs are most helpful. Non-governmental research offers a different perspective and would help USDA and other agencies work more efficiently.

Establishing a preservation advisory committee to work with USDA to develop a plan to ensure the long-term preservation of rural housing options, as laid out in the Strategy and Investment in Rural Housing Preservation Act (H.R. 1728), would also improve communication and allow for better stakeholder involvement.



Extend Section 521 Rental Assistance for All Units

Approximately 20 percent of the families living in USDA rental housing do not receive rental assistance from USDA, HUD, or state sources. Most of these 67,000 unassisted households are paying more than 30 percent of their income in rent and include the elderly, disabled, and children. (In 2021, the American Rescue Plan Act brought the number of unassisted households down to 41,589, but this number is likely to rise again as pandemic related assistance runs out.³)

To address this, Section 521 Rental Assistance should be extended to all Section 515 units to help families in need. This will also stabilize the finances of many developments, encouraging preservation.

Parameters for Decoupling Rental Assistance and RHS Mortgages

Under current law, the availability of Section 521 Rental Assistance to residents of a Section 515 or 514/516 property is tied to the term of the mortgage. When the mortgage is paid off, the property loses its Rental Assistance. Decoupling the mortgage and the rental assistance has been considered as a solution to this situation. HAC would prefer to see RHS's multifamily programs funded at a level that would adequately meet the portfolio's preservation needs. However, thousands of units are leaving the program each year and that funding has not materialized to meet the need.

As a result, RHS needs a suite of preservation strategies to be available in the absence of adequate funding. If decoupling is considered, it should be paired with increased funding for preservation programs and a few parameters should be met in order to ensure long-term affordability for the properties:

- Properties looking to decouple should have to sign a restrictive use agreement and a 20-year Rental Assistance contract (subject to annual appropriations), to maintain long-term affordability.
- Properties looking to decouple should have to demonstrate that they have tried to access other preservation funding before pursuing decoupling as a last resort.
- Nonprofit transfers should be incentivized, as covered earlier in these comments.

Strengthen the Rural Voucher Program

³ 2021 Rural Development Multi-Family Housing (MFH) Annual Fair Housing Occupancy Report, https://www.rd.usda.gov/sites/default/files/RDUL-MFHreport_0.pdf



Under the current appropriations, the RHS Section 542 rural housing voucher subsidy is set at the time of prepayment and never changes as rents increase or household income decreases. As a result, voucher holders face displacement from their housing if they have a loss of income or their rents are increased. This issue could be resolved by making the RHS voucher subsidy identical to the HUD housing choice voucher subsidy.

SINGLE-FAMILY PROGRAMS

In recent years, homeownership nationwide, including in rural areas, has become more expensive and harder to maintain. Inadequate access to mortgage credit, an aging rural housing stock, high construction and rehabilitation costs, small balance mortgages, complex appraisal issues, and barriers to the secondary mortgage market, all contribute to the difficulties rural homebuyers and the small financial institutions who serve them often face. USDA programs play an important role in making homeownership a viable option for rural communities.

Improve the Section 504 Program

Aging housing stock is a significant challenge for many rural areas, and homeowners are often older and on a fixed income, making home repair a challenge. The RHS's Section 504 Single Family Repair Loans and Grants program provides direct loan and/or grant funds for home repair to very low-income applicants who do not qualify for conventional bank financing. However, inefficiencies in the program have deterred potential applicants and have even resulted in funds left on the table in some years, despite huge need on the ground. Some potential Section 504 improvements include:

- Encourage RHS to streamline the 504 process. USDA has begun some of this already, but it is often as onerous to complete a \$20,000 Section 504 loan/grant as a \$150,000 Section 502 mortgage.
- Increase the threshold for the mortgage requirement on a 504 loan above \$7,500. The current threshold was set 22 years ago, in 2000, and has never been adjusted for inflation. A promissory note would be appropriate security for loans under \$15,000.
- Reinstate "packaging grants" through the Section 525 Technical and Supervisory Assistance Grant Program so that nonprofits can help USDA offices process Section 504 applications. Using nonprofits to assist with packaging has been a helpful tool in the Section 502 direct program.



- Allow loans under \$25,000 to be closed without a title company so that title insurance, escrow, and similar processes would not be needed.

RHS STAFFING AND OPERATIONS

RHS plays a unique role in rural communities as a service provider and a connector to funding and program opportunities. Well-trained and community-focused staff is critical to RHS best supporting rural communities. Current staffing shortages and uncertainty about processes and the chain of command, particularly as transactions move across branches within the multifamily housing division, have real implications for organizations and individuals trying to work with RHS programs. Bureaucracy and lack of clear guidance from RHS slow down the application process for many organizations and individuals. Additionally, because after decades of consolidating and closing offices there are fewer staff in rural communities, people are less likely to be connected to USDA programs that could address their needs. Better training for field staff and a clearer chain of command/order of operations could help lessen these slowdowns and help better serve rural communities. To this end, assigning an application “relationship manager” who is accountable for an application or transaction through the process and across branches from start to finish could help resolve uncertainty and improve processing times.

Technological updates are also a critical element of improving the RHS services. Current technology at RHS is vastly out of date, slowing down processing times. Using newer technology could also improve data collection, which could better inform which programs should be funded and where funds should go.

SERVING PERSISTENTLY POOR AREAS

Federal resources often flow to the path of least resistance – typically higher capacity communities with the ability to easily absorb such investments. Ensuring that infrastructure funding makes it to our nation's most persistently poor place takes deliberate, proactive effort. Using Congressman James Clyburn's 10-20-30 formula as an overlay for current and new programs would help target resources to areas of persistent poverty.



Housing Assistance Council
Page 10

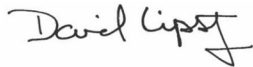
RHS should also be encouraged to proactively explore ways to better serve historically underserved areas. Proposals like the Native CDFI Section 502 direct intermediary re-lender concept from the Native American Rural Homeownership Improvement Act, which was also included in the Administration's FY2023 budget and the House FY2023 Agriculture Appropriations bill, should be used as models for improving RHS program impact in Indian Country and other underserved regions.

CONCLUSION

High quality rural housing is critical to maintain the health and well-being of communities across the U.S. USDA programs make renting and owning feasible options for people through rental assistance, financing options, and capacity building opportunities. RHS has had a major impact on rural communities despite its ever-shrinking budget. The age of the housing stock in many rural areas is beginning to show, and with shifts in Section 515 availability and other USDA programs, the future health of rural communities is at risk. Improving multifamily options and rental assistance would help people who cannot afford to buy a home stay in their communities. Reinvesting in single-family housing support would help current and future homeowners improve their homes. Strengthening capacity building programs would help communities develop in sustainable and impactful ways. Finally, improving staff training and upgrading technology at RHS would help USDA better serve rural communities. The shifts outlined above would improve the quality of housing options and the quality of life for many rural Americans.

Thank you for your focus on USDA's Rural Development programs and your support for our rural communities. We appreciate the opportunity to share our comments on this critically important topic.

Sincerely,



David Lipsetz
President & CEO





November 14, 2022

The Honorable Debbie Stabenow
 Chair
 Committee on Agriculture, Forestry and
 Nutrition
 United States Senate
 Washington, D.C. 20510

The Honorable John Boozman
 Ranking Member
 Committee on Agriculture, Forestry and
 Nutrition
 United States Senate
 Washington, D.C. 20510

Dear Chairwoman Stabenow and Ranking Member Boozman,

For more than a century, cooperatives have been an integral component of the fabric of rural America, helping farmers gain access to markets, sustaining locally owned small businesses, and electrifying rural homes. Co-ops are integral to the vitality of rural communities and have the potential to play an even greater role in rural small businesses, energy, infrastructure, and housing.

Currently, electric Co-ops serve 42 million people and operate in 92% of persistent poverty counties across the country, ensuring affordability and accessibility in places that would otherwise have substandard service. This becomes more relevant in today's context as people increasingly look to co-ops to provide access to high-speed internet. And in Agriculture, according to USDA's most recent data, there are nearly 2000 farmer co-ops, with the majority of America's 2 million farmers and ranchers belonging to one or more farmer cooperatives. People in rural communities have used the cooperative business model to bolster small businesses, create more affordable and stable housing (including with innovative cooperative manufactured home strategies), and care for dependent individuals. Across sectors, co-ops can be a tool for self-empowerment to drive locally-led solutions, particularly in communities that have been under-served or marginalized.

People turn to cooperatives for three primary reasons: to address market failures where neither the private sector nor the government provide a needed service; to help small players gain parity with large, investor-owned competitors; and to give consumers a deliberate choice of enterprise to better meet their common needs and aspirations.

Co-ops are businesses that are owned and controlled democratically by members from which benefits are derived and distributed equitably. Compared to other business models, co-ops across sectors:

- ✓ Reinvest back into the local economy at higher rates
- ✓ Create and maintain local jobs
- ✓ Source more local goods
- ✓ Empower member-owners to be more civically engaged
- ✓ Have greater business longevity

The Rural Development and Energy titles of the 2023 Farm Bill present unique opportunities to ensure even more people in rural communities can use cooperatives to solve problems and create economic opportunities in areas such as the care economy, energy and environmental services, housing, and converting small businesses to consumer or worker owned cooperatives. In the next Farm Bill, key priorities include:



- Ensuring current and new Rural Development and Energy programs specifically authorize and prioritize projects that utilize cooperatives;
- Streamlining and improving the Rural Cooperative Development Program so that USDA is able to administer multi-year awards, provide access to critical co-op development services to all 50 states, and support co-op development as a key strategy to revive rural economies; and
- Reauthorizing the Interagency Cooperative Development Working Group so that USDA can continue to work with other federal agencies to ensure all federal policy is able to use the power of cooperatives to address challenges in rural communities.

Rural Development Programs are crucial for our rural communities. As Congress begins shaping the Rural Development and Energy titles of the 2023 Farm Bill, NCBA CLUSA urges Congress to create new opportunities for capacity building in rural communities granting small towns equitable access to federal funding and resources while prioritizing cooperative businesses and equipping rural people and communities with the tools to drive a robust, prosperous rural economy.

In appreciation and cooperation,

A handwritten signature in blue ink, appearing to read "DOUG O'BRIEN".

Doug O'Brien
President and CEO
NCBA CLUSA



November 11, 2022

The Honorable Debbie Stabenow
Chairwoman
The Honorable John Boozman
Ranking Member
Senate Committee on Agriculture
328A Russell Senate Office Building
Washington, DC 20510

RE: Farm Bill 2023: Rural Development and Energy Programs Hearing, November 15, 2022

Dear Chairwoman Stabenow and Ranking Member Boozman:

The Plant Based Products Council (PBPC) supports the Rural Development and Energy titles of the Farm Bill, which provide valuable resources to agricultural producers, innovators, manufacturers, and rural communities as they develop and expand the agriculture-based bioeconomy in the United States.

PBPC represents businesses, small and large, from all links in the plant-based products supply chain. PBPC works to grow the ag bioeconomy by encouraging greater use of plant-based chemicals and materials in products and packaging. We also support infrastructure investments that enable these renewable materials to be composted, recycled, or otherwise repurposed.

PBPC is available as a resource to the committee as it considers ways to support and expand economic opportunities for rural communities in the 2023 Farm Bill. For your consideration, we respectfully submit PBPC's policy recommendations to enhance USDA's ability to support future growth of the ag bioeconomy for inclusion in the record for the committee's November 15th hearing entitled "Farm Bill 2023: Rural Development and Energy Programs."

Please contact us if we can be of assistance.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jessica Bowman', is written over a light blue horizontal line.

Jessica Bowman
Executive Director



PBPC Farm Bill Priorities**1. Establish Uniform Definitions for Common Biobased Product Terminology**

Across government agencies and the private sector, many terms are used when discussing products in the bioeconomy, including plant-based, biobased, biodegradable, compostable, and recyclable. Many of these terms are confusing to consumers, industry stakeholders, and policymakers because they are used inappropriately or inconsistently, are not well defined, or are simply not well known. The lack of harmonization for key bioeconomy terms leads to consumer distrust, confusion in the marketplace, inaccurate industry data, and misguided policy. In particular, uniform definitions are critical to the success of federal policy, from determining who qualifies for relevant federal programs to ensuring consistent and accurate collection and analysis of industry data. USDA has distinct expertise in the ag bioeconomy and biobased product markets. PBPC recommends that Congress provide USDA with appropriate statutory authority to establish nationally uniform standardized definitions of key industry terms.

2. Create NAICS Codes for Biobased Product Manufacturing

It is hard to measure what one cannot see. Today, biomanufacturers are very difficult to see in government collected data because they do not have their own codes under the current North American Industry Classification System (NAICS). Under the present NAICS codes, bio-based product manufacturing is hidden in a smattering of classifications (e.g., plastic, chemicals, packaging, etc.), rather than given distinct codes for their production. New bio-based product manufacturing NAICS codes would greatly enhance the ability of firms and researchers to track the industry, and for government policymakers and other stakeholders to make more informed decisions and policy. Measuring growth in economic areas like jobs and average wages is key to understanding how public policy is helping this new industry and what barriers should be addressed.

The 2018 Farm Bill included language directing the Department of Commerce and USDA to work together to develop NAICS codes specifically for the bio-based product manufacturing industry. Unfortunately, very little, if any, progress has been made. PBPC is ready to work with the Administration and Congress to identify the best path for establishing NAICS codes for biomanufacturers by the 2027 NAICS update cycle.

3. Modernize USDA's BioPreferred Program

During the 2023 Farm Bill process, Congress has the opportunity to both celebrate the 20th anniversary of USDA's BioPreferred Program and modernize the program so it can maximize its ability to spotlight the broad array of biobased products for government procurement and use by businesses and consumers.

PBPC is working with the Ag Energy Coalition on a set of recommendations that will enable the BioPreferred Program to continue its support for rural economic development in the US and to enhance US competitiveness in global bioeconomy markets.

4. USDA Funding for Composting Infrastructure

Compostable plant-based materials can be converted into valuable compost when their original product use has ended. Like recyclable products, these circular products can reduce landfill waste by converting them to another use. For example, a combined stream of food scraps and compostable food packaging and food serviceware can be diverted to industrial composting facilities instead of going to a landfill. However, the current lack of industrial composting infrastructure in the U.S. is a significant hurdle to the broader adoption of compostable plant-based materials. PBPC is working with members of the U.S. Composting Infrastructure Coalition to identify modifications to USDA programs that could support the development of U.S. composting infrastructure across the nation.



November 15, 2022

The Honorable Debbie Stabenow
Chair
Committee on Agriculture, Nutrition & Forestry
United States Senate
Washington, D.C. 20510

The Honorable John Boozman
Ranking Member
Committee on Agriculture, Nutrition & Forestry
United States Senate
Washington, D.C. 20510

Dear Chairwoman Stabenow and Ranking Member Boozman,

The Rural Community Assistance Partnership (RCAP), on behalf of our national network, submits this statement for the record concerning the hearing titled *Farm Bill 2023: Rural Development and Energy Programs* before the U.S. Senate Committee on Agriculture, Nutrition, & Forestry on November 15, 2022.

RCAP is a national network of non-profit partners working to provide technical assistance, training, and resources to rural and tribal communities in every state, territory and on tribal lands. Our regional partners have more than 300 technical assistance providers that help build small system capabilities for sustainable and resilient water and wastewater utilities. In addition, RCAP helps build rural economies through capacity development, ecosystem building, and leadership training. Last year, RCAP served more than 3.4 million rural and tribal residents in more than 2,500 of the smallest, most distressed communities, including 21 active projects in Michigan and Arkansas.

RCAP is pleased to share with you our 2023 Farm Bill priorities. Our highest priorities are outlined in the attached RCAP 2023 Farm Bill one pager, which include reauthorization of critical water, wastewater and environmental programs under Rural Utilities Service, reauthorization of crucial Rural Housing Service programs for Community Facilities and authorizing a flexible technical assistance program for expanded capacity building and flexibility across all USDA-Rural Development mission areas.

Additionally, we respectfully request that the Rural Development Title VI of the next Farm Bill provide policy improvements, data transparency, and flexibility within Rural Development programs, including reducing burdensome matching requirements (especially for highly distressed and underserved communities); allowing for larger, multi-year grants; and incentivizing and facilitating regional collaboration. For multi-county and state projects in particular, funding caps on grants often limit the effectiveness of Rural Development's programs due to our higher-than-average costs.

We know that there is a long road ahead for the Farm Bill process, but we stand ready and willing to assist you in pushing for adoption of a new Farm Bill in 2023. RCAP looks forward to ongoing opportunities to work with you and your colleagues to ensure that it meets the needs of our Nation's small towns and rural communities.

We thank you for your commitment to Rural America and your earnest efforts to ensure communities have access to robust infrastructure, capacity, and capital through the next Rural Development Title.

Sincerely,

Ted Stiger

Ted Stiger
Chief External Affairs & Policy Officer
Rural Community Assistance Partnership (RCAP)



Who Is RCAP?

RCAP is a non-profit national network of **six** regional organizations that provide technical assistance and training to leaders in rural communities throughout the United States

We help communities develop, operate, and maintain viable water and wastewater systems; maintain compliance with federal/state regulations; **protect public health** and the environment; and build local leadership capacity

RCAP serves more than **2,503** unique rural communities every year. RCAP employs more than **300** engineers, operators, accountants, former mayors and other experts who are out in the field assisting rural leaders

For over **45 years**, RCAP has worked with USDA and EPA to improve the quality of life in rural America

Contact Maranda Saling with RCAP for more information:
330-309-7055
msaling@rcap.org



2023 Farm Bill Priorities

The Rural Community Assistance Partnership (RCAP) supports the enactment of a robust and comprehensive Rural Development Title in the reauthorization of the Farm Bill. RCAP calls on Congress and the Administration to emphasize rural development programs and strategies that will create opportunities for all rural Americans including underserved places. RCAP supports several key priorities in the Farm Bill that will boost rural economies, create jobs, and improve the quality of life in rural America:

Rural Utilities Service: Water and Environmental Programs

- Reauthorize the **Water & Waste Disposal Technical Assistance & Training Grant Program** to the maximum amount (Section 306(a)(14)(A) of the Consolidated Farm and Rural Development Act 7 U.S.C. 1921 et seq.), set-aside no less than **10%** of funding for expanded technical assistance and capacity building, and include additional language for separate emergency response technical assistance activities under emergency disaster supplementals from Congress.
- Reauthorize the **Water & Waste Disposal Loan & Grant Program** (Section 306 of the Consolidated Farm and Rural Development Act).
- Reauthorize the **Solid Waste Management Grant Program** (Section 310B of the Consolidated Farm and Rural Development Act) at **\$10 million** a year over five years, create additional flexibility under the program by removing caps on funding.
- Reauthorize the **Rural Decentralized Water Systems Grant Program** (Section 306E of the Consolidated Farm and Rural Development Act), include additional program eligibility and flexibility by raising the income eligibility requirements from **60%** of statewide median household income up to **100%** in cases of extreme need.
- Reauthorize the **Revolving Funds for Financing Water and Wastewater Projects Program** (Section 306 of the Consolidated Farm and Rural Development Act).
- Reauthorize the **SEARCH - Special Evaluation Assistance for Rural Communities and Households Program**, include additional matching flexibility under the program to include in-kind or waivers in cases of extreme need.
- Reauthorize the **Water & Waste Disposal Predevelopment Planning Grant Program**, include additional matching flexibility under the program to include in-kind or waivers in cases of extreme need.

Flexible Technical Assistance Services and Coordination Across USDA-Rural Development Mission Areas

- Authorize a flexible program for expanded capacity building and flexibility across all USDA-Rural Development mission areas, including adequate resources to implement modern plans, community broadband access, create jobs, and leverage new infrastructure development to increase the resiliency of rural communities.

Rural Housing Service: Community Facilities Programs

- Reauthorize the **Community Facilities Technical Assistance and Training Program** (Section 306(a)(26) of the Consolidated Farm and Rural Development Act), set-aside no less than **10%** of funding for expanded technical assistance and capacity building and create additional flexibility under the program by removing caps on funding.
- Reauthorize the **Community Facilities Direct Loan & Grant Program** (Sec. 306(a)(19) of the Consolidated Farm and Rural Development Act).



The Honorable Debbie Stabenow
Chair
Committee on Agriculture, Forestry and Nutrition
United States Senate
Washington, D.C. 20510

The Honorable David Scott
Chair
Committee on Agriculture
United States House of Representatives
Washington, D.C. 20515

The Honorable John Boozman
Ranking Member
Committee on Agriculture, Forestry and Nutrition
United States Senate
Washington, D.C. 20510

The Honorable Glenn “GT” Thompson
Ranking Member
Committee on Agriculture
United States House of Representatives
Washington, D.C. 20515

Dear Chairwoman Stabenow, Ranking Member Boozman, Chairman Scott and Ranking Member Thompson,

We share your belief that the U.S. can be strong only when rural communities are thriving. We appreciate your record of commitment to rural communities as such leadership plays a critical role in providing greater opportunity for rural citizens. Effective federal policy is especially important in supporting rural citizens who have been historically marginalized. We write today seeking your leadership in improving policy and resources within the Rural Development Title of the next Farm Bill. Recent legislation has provided historic investments in federal programs targeted toward rural communities with significant resources in the Inflation Reduction Act authorized for USDA Rural Development and carveouts for many of the programs in the \$1.2 trillion Bipartisan Infrastructure Law.

With this unprecedented influx of resources, rural communities and their leaders need increased capacity to unlock the full potential of these programs to implement locally driven solutions. Congress has an important opportunity to improve the impact of federal policy and increase its support of rural communities with the Rural Development Title of the 2023 Farm Bill. Rural leaders and practitioners are increasingly demonstrating that revitalization and prosperity result from solutions that build on local assets and leadership. We believe that significant mandatory dollars should be invested in building out the expertise and capacity of people in rural places so they can turn their local vision into reality.

Rural America is changing – while the overall rural population declined by nearly 949,000 in the last decade, some counties experienced significant growth. Driving that growth are people of color, who now make up 24% of the rural population.¹ Rural economies are also diverse. Historically agriculture, manufacturing, and mining have been mainstays of the rural economy. While these sectors remain important, the largest sector in rural communities in terms of employment is the service sector, specifically in health, education, and social services.²

As rural leaders, we must confront sobering numbers that serve as barriers to rural communities, including: 1) 89% of persistent poverty counties are rural; 2) Rural communities are often most susceptible to climate disasters in the face of increasingly extreme weather events as research on indicators of social vulnerability and flood exposure has shown rural areas are particularly at risk for

¹ Housing Assistance Council, “The United States Is Becoming More Racially Diverse - And So Is Rural America.”

² Center for American Progress, “Redefining Rural America”

flood hazards.³ Additionally, between 2000 and 2021, 68% of U.S. counties experiencing persistent drought were rural; and 20% of rural census tracts are considered disadvantaged communities,⁴ which is considered a predictor of vulnerability to natural disasters. The Rural Development Title of the next Farm Bill presents the best opportunity to set a national rural policy to improve resilience and allow local leaders to unlock the communities' potential and drive future growth for our nation.

The Rural Network, with nearly 150 rural stakeholders, convened in May 2022 to consider potential changes to the Rural Development Title of the Farm Bill. The in-person convening in Washington DC included more than 20 rural organizations and in-person remarks from leadership in Congress and the Administration. During plenary and small group breakout sessions, the convening featured thoughtful discussions around the current challenges facing rural communities, the potential for addressing those challenges through the Rural Development Title of the next Farm Bill, as well as integrating the lessons learned within the context of the current economic and social dynamics.

The undersigned include many groups within the Rural Network, as well as other stakeholders who care about the future of rural communities. We believe the next Farm Bill should abide by the following principles:

- The federal government should support locally-led community economic development that implements the vision of the community, features locally owned businesses, and includes those who have been historically marginalized
- All rural people, and especially those that have been historically underserved, should have access and be able to use the community economic development programs. Federal programs should be flexible so that they serve the community – and not vice versa. Programs should offer multi-year, consistent support that builds the human and institutional capacity of communities, and
- Federal programs should transparently publish data that indicates the broad outcomes of federal investments and support evaluation that clearly measures the impact of the funding.

Together, we respectfully request that the Rural Development Title of the next Farm Bill include the following priorities:

- At least one billion dollars in mandatory funding that provides robust investment in the expertise and capacity for rural places to plan, implement, and measure the impact of locally-led community economic development strategies
- Improvements in Rural Development policy so that underserved and unserved rural populations can access and utilize the programs, and
- Increased flexibility within RD programs, including by modifying burdensome matching requirements (especially for highly distressed communities), allowing for larger, multi-year grants, and incentivizing and facilitating regional collaboration, and

³ Eric Tate and others, "Flood exposure and social vulnerability in the United States"

⁴ CEQ Climate and Economic Justice Screening Tool

- Robust investments in rural infrastructure including broadband, electric, community facilities, water, and housing.

Thank you for your commitment to rural communities and your consideration of this request. Feel free to reach out to members of the Rural Network Steering Committee with questions, including Doug O'Brien, NCBA CLUSA President/CEO at dobrien@ncba.coop; Owen Hart, NACo Legislative Assistant at ohart@naco.org; and Ted Stiger, RCAP Chief External Affairs and Policy Officer at tstiger@rcap.org.

Sincerely,

California Center for Rural Policy
Center on Rural Innovation
Coastal Enterprises, Inc.
Communities Unlimited, Inc.
e2 Entrepreneurial Ecosystems
Environmental and Energy Study Institute (EESI)
Fahe
Farm Action Fund
Federation of Southern Cooperatives/Land Assistance Fund
Great Lakes Community Action Partnership
Housing Assistance Council (HAC)
International Association of Plumbing and Mechanical Officials (IAPMO)
International Economic Development Council (IEDC)
Land O' Lakes, Inc.
Local Initiatives Support Corporation (LISC)
Main Street Alliance
Midwest Assistance Program, Inc.
National Association of Counties (NACo)
National Association of Development Organizations (NADO)
North Carolina Rural Center
National Cooperative Business Association CLUSA (NCBA CLUSA)
Northern Forest Center
Rural Community Assistance Partnership (RCAP)
RCAP Solutions, Inc.
Rural Community Assistance Corporation (RCAC)
Rural Community College Alliance
Rural Development Initiatives
Rural School and Community Trust
RuralOrganizing.org Education Fund
Southeast Rural Community Assistance Partnership (SERCAP)

QUESTIONS AND ANSWERS

NOVEMBER 15, 2022

U.S. Senate Committee on Agriculture, Nutrition, and Forestry
Farm Bill 2023: Rural Development and Energy Programs
November 15, 2022
Questions for the Record
The Honorable Xochitl Torres Small

Ranking Member John Boozman

1. What will be your approach to prioritizing implementation of the programs authorized in the 2023 Farm Bill?

USDA Response:

I look forward to implementing authorizations included in the 2023 Farm Bill swiftly and carefully to ensure that Rural Development can provide the best customer service possible for rural Americans.

2. What measurable recommendations have you received from the Equity Commission in regard to Farm Bill programs?

USDA Response:

The Equity Commission is currently developing interim recommendations in partnership with the Agriculture Subcommittee and intends to provide those recommendations to USDA in early 2023. The Rural Community Economic Development Subcommittee was recently formed and may provide their recommendations in mid-to-late 2023.

3. How will RUS coordinate the deployment of funding with other federal broadband programs?

USDA Response:

USDA, NTIA, Treasury and FCC communicate regularly and coordinate with each other as best as possible to align policies and to share data and best practices. These agencies entered into a Memorandum of Understanding which allows us to share information about where agencies invest funds. Through this collaboration, our goal is to ensure that federal dollars from each agency complement and do not duplicate efforts.

4. Please provide a full report on the current state of employment in Rural Development Offices, to include:
 - a. Jobs openings in Washington, DC, regional offices, state offices, and county offices.

USDA Response:

There are currently 511 vacancies withing Rural Development. As a result of recent decision to increase staffing connected to program delivery, 94 percent (479) of vacancies are in Field Offices, including State and Local Offices. 6 percent (32) of vacancies are in the National Office headquartered in Washington, DC and St. Louis, MO.

- b. Percent of USDA RD employees eligible for retirement.

USDA Response:

20 percent of the RD workforce are currently eligible for retirement, and 38 percent will be eligible over the next 5 years

- c. USDA RD's plan of action to fill open opportunities as well as replace retiring employees, and number of hired employees since October 7, 2021.

USDA Response:

Rural Development continues to prioritize hiring in the RD Field Offices while also balancing the staffing needs for National Office organizations. As of today, RD has 4,649 employees on-board. Based on projections from the House and Senate budget marks, at least 511 employees need to be hired (not including backfills for attrition). RD has averaged a 10 percent attrition rate over the last three years.

RD has extended vacancy announcement timeframes and recruited through various methods including Delegated Examining, Merit Promotion, Pathways (Internship Program, Recent Graduates), Peace Corps, Veteran's Recruitment Programs, various Schedule A authorities, and advertisement through RD social media and LinkedIn.

RD participates in outreach, career expos, advertising with local colleges/universities and recruitment through USA Jobs and LinkedIn. RD partners with USDA Veterans, Military Spouse, and Individuals with Disabilities programs. An example of various outreach comprises of:

- *USDA Office of Partnerships and Public Engagement:*
- *USDA 1890 National Scholars Program*
- *USDA 1994 Tribal Scholars Program*
- *Hispanic Association of Colleges and Universities (HACU)*
- *Conference on Asian Pacific American Leadership (CAPAL)*
- *As funds allow RD attends outreach programs such as:*
- *Annual Historically Black Colleges and Universities (HBCU)*

- *Federal Asian Pacific American Council (FAPAC)*
- *League of United Latin American Citizens (LULAC) and*
- *EMERGE Latino Conference Resource Fair*
- *Minorities in Agriculture Natural Resources and Related Sciences (MANRRS)*

RD has hired 588 employees since October 7, 2021. 497 were hired in FY 2022 and 91 have been hired in FY 2023 year-to-date.

- d. Listing of offices that are offering in-person service, and at what threshold (three days a week, or by appointment only, etc.).

USDA Response:

100 percent of Field Offices are offering in-person services. Our offices are staffed and open to the public daily, except under extraordinary circumstances. Field Office staff are staggering telework days to maximize in-person services to our customers.

- e. Listing of offices that are exclusively offering virtual services.

USDA Response:

Zero Field Offices are exclusively offering virtual services.

- f. Listing of offices that are offering a hybrid of in-person and virtual services.

USDA Response:

100 percent of Field Offices are offering a hybrid of in-person and virtual services.

- g. Current number of employees working in the office, teleworking, or a hybrid of the two; please provide examples of a hybrid work structure.

USDA Response:

100 percent of Field Office staff are currently working a hybrid schedule.

- h. How many employees are full time, part time, or some other structure, and how many hours per week they would work.

USDA Response:

99 percent of the Rural Development workforce are full-time employees requiring 80-hours during the bi-weekly pay period as part of the regular and recurring tour of duty.

Less than 1 percent (35 employees) of the Rural Development workforce are part-time employees requiring less than 80-hours during the bi-weekly pay period as part of the regular and recurring tour of duty. Of the 35 part-time employees, 4 work less than 20 hours per bi-weekly pay period, 15 work between 24 – 40 hours per bi-weekly pay period, and 16 work between 41-76 hours per bi-weekly pay period.

- i. The number of days employees are physically present in their office

USDA Response:

The number of days staff are physically present in their office varies, but averages approximately 5 days per bi-weekly pay period.

- j. Number of current USDA RD employees living outside the United States

USDA Response:

Rural Development currently has 71 employees who live outside of the United States. 56 employees live in Puerto Rico, 6 employees live in Guam, 4 employees live in the Virgin Islands, 2 employees live in American Samoa, 1 employee lives in the Federated States of Micronesia, 1 employee lives in the Marshall Islands, and 1 employee lives in the Palau Islands.

- 5. Access to USDA RD programs should be attainable to any rural community, to include those that do not have the resources to afford the cost of deploying a professional consultant, such as a grant writer.

USDA Response:

- a. By program, how many applications were received?

USDA Response:

The agency can provide this information but will need some additional time to aggregate the data from its multiple program tracking systems.

- b. What percentage of applications to RD programs were fashioned by an outside consultant?

USDA Response:

The agency does not require applicants to provide information on who prepared an application and therefore does not have information on the percentage of application prepared by outside consultants.

- c. What percentage of applications submitted with the help of an outside consultant were awarded?

USDA Response:

The agency does not require applicants to provide information on who prepared an application and therefore does not have information on the percentage of application prepared by outside consultants that received awards.

- d. How does this percentage compare to recipients who submitted applications without the help of an outside consultant?

USDA Response:

The agency does not require applicants to provide information on who prepared an application and therefore does not have information on which to base a response to this question.

It is important to note that for fiscal years 2019, 2020 and 2021, USDA Rural Development's Mission Areas, RUS, RBCS and RHS have steadily increased their investments and the number of awards to improve the lives of those living in rural America.

Mission Area Funding

	<i>RUS</i>	<i>RBCS</i>	<i>RHS</i>
<i>FY 2019</i>	<i>\$7,255,399,263</i>	<i>\$1,679,229,484</i>	<i>\$28,641,906,967</i>
<i>FY 2020</i>	<i>\$8,964,408,968</i>	<i>\$2,202,603,624</i>	<i>\$39,705,566,784</i>
<i>FY 2021</i>	<i>\$7,992,278,913</i>	<i>\$2,542,946,692</i>	<i>\$39,130,327,689</i>

Awards

	<i>RUS</i>	<i>RBCS</i>	<i>RHS</i>
<i>FY 2019</i>	<i>1535</i>	<i>2506</i>	<i>124,684</i>
<i>FY 2020</i>	<i>1790</i>	<i>3658</i>	<i>163,615</i>
<i>FY 2021</i>	<i>3038</i>	<i>8331</i>	<i>157,496</i>

- 6. In addition to the importance of personal internet access at home, rural businesses also depend on access to highspeed internet. Rural business's continued success can be central to the vitality of the rural communities in which they operate. I've heard from several companies that the lack of access to broadband has significant impacts on many aspects of their business, and if businesses don't have the necessary connectivity in rural places

in which they operate, that jeopardizes the future of rural communities and citizens. Could you speak to the challenges businesses with poor access to broadband in rural areas face, and how business needs can also be supported through USDA's rural broadband efforts?

USDA Response:

Access to reliable and affordable high-speed broadband service is critical for businesses today where digital marketing and e-commerce represent a huge proportion of revenues. Businesses also depend on broadband service for other critical aspects that go with running a business, like ordering supplies, advertising job opportunities, and managing payroll. Rural businesses without broadband service are at a significant disadvantage to companies in urban and suburban areas who can access reliable and affordable broadband service where they can leverage all of these digital platforms to do their business more efficiently.

Senator Patrick Leahy

1. Undersecretary Small, thank you for coming to appear and testify before the Committee today. I appreciate the hard work that has been done at USDA Rural Development to support rural stakeholders across the country. I know that there are many stakeholders in Vermont who rely on the work being done by you and your staff. Expanding access to quality, high-speed broadband service in rural communities across the country has long been a rural development priority of mine.

Between the passage of the Infrastructure Investment and Jobs Act (IIJA) and the Fiscal Year 2022 Omnibus bill, over \$2.4 billion dollars has been appropriated to the USDA ReConnect Broadband program over the past year. USDA RD has awarded over \$1.6 billion dollars for 101 projects in 31 states and territories so far in Fiscal Year 2022. Unfortunately, not a single project has yet been awarded to my great state, Vermont. I am hoping that you can respond to these questions before the Senate considers the Fiscal Year 2023 Omnibus Appropriations bill.

- a. How will you make sure a state like Vermont can become more competitive in this program?

USDA Response:

(1) As part of the Bipartisan Infrastructure Bill, USDA received funding to standup Technical Assistance offerings that will leverage our existing staff and 47 RD state offices. As part of this effort, we will establish a new Technical Assistance Branch with the RUS Telecom Program Policy and Outreach Division. We envision that this effort will help rural broadband stakeholders identify ways to successfully submit a competitive application to maximize their chances of success in receiving an award.

(2) We continue to work to make the ReConnect Program more accessible to a wide range of prospective applicants and communities. Our funding has been focused on the most rural and unserved communities but still we know too many rural communities have been left out. We know that the need is there as we continue to be oversubscribed under our ReConnect Program.

We want to continue to expand our reach and are committed to supporting communities in your state and across the country to access funding through our programs. We know many communities lack the resource and capacity to even know how to access our funds and we are working to stand-up a new Broadband Technical Assistance Program. We envision that this effort will help rural broadband stakeholders identify ways to successfully expand access to broadband service in their area and navigate the federal resources available to support broadband access.

- b. How does the agency view Communications Union Districts—an organization popular in Vermont of two or more towns that join together to build communication infrastructure together—as an approach to deploying broadband in rural areas?

USDA Response:

Such an entity would be eligible for our programs, and we would encourage entities such as this to apply.

Senator Sherrod Brown

1. Rural communities know that cooperatives allow working people to take control of their economic future and helps keep money invested in their community.

They help ensure rural economic prosperity - by providing critical services – such as electricity and broadband, and through finances provided by credit unions.

Recognizing the value of Centers of Excellence in fostering research and extension, in the last Farm Bill, Congress authorized the National Institute for Food and Agriculture to designate Centers of Excellence in research, extension, and education in the food and agricultural sciences, where Land Grant and minority-serving institutions receive priority consideration for funding to provide research and extension.

- a. Would designating and supporting the establishment of Cooperative Centers of Excellence expand cooperative research, education, extension, and capacity building?

USDA Response:

Rural communities are the backbone of America, and Rural Development has a longstanding relationship with cooperatives.

Outside of Rural Development, existing National Institute of Food and Agriculture (NIFA) programs like the 1890 Centers of Excellence and Regional Rural Development Centers (RRDCs) play a unique role in USDA's service to rural America. NIFA's programs link the research and educational outreach capacity of the nation's public universities with communities, local decision-makers, entrepreneurs, families, and farmers and ranchers to help address a wide range of development issues.

In addition, the Cooperative Extension System (CES) provides non-formal education and learning activities to people throughout the country — to farmers and other residents of rural communities as well as to people living in urban areas. It emphasizes taking knowledge gained through research and education and bringing it directly to the people to create positive changes. NIFA supports both universities and local offices of the CES to provide research-based information to its range of audiences. As the CES federal partner, NIFA plays a key role in the mission by distributing annual congressionally appropriated formula grants to supplement state and county funds.

2. Ohio, along with several of our neighboring states, such as Michigan and Indiana, is leading the way in the manufacturing of electric vehicles (EV), EV batteries, and EV charging equipment. And the investments Congress has made are accelerating the manufacturing of EV components and the adoption of EVs by consumer and businesses, creating good paying jobs in Ohio and throughout the Midwest.

I don't want the transition to EVs and availability of EV chargers to be something only available to urban and suburban Ohioans or those driving along the interstates.

Far too often rural communities are an afterthought. And the same strategies for development that work in urban communities often don't work for rural communities – one size does not fit all. I think in the next Farm Bill we should be looking at ways rural development can support the deployment of EV infrastructure in rural areas including charging equipment.

- a. Are there statutory barriers that prevent USDA Rural Development from using farm bill authorized Energy title and Rural Development title programs to support the development of EV charging infrastructure in rural communities?

USDA Response:

USDA Rural Development is limited in its ability to fund EV charging infrastructure

on its own. While it is possible to support a solar installation that provides power to an EV charging station, for example, EV chargers are not themselves a “renewable energy system” as they do not generate energy directly.

- b. Are there ways in which we can work together to expand the adoption and expansion of EVs, in rural communities, from tractors to pick-up trucks, and everything in-between?

USDA Response:

RD recognizes the role electric vehicle (EV) charging stations play in expanding the adoption of EVs in rural communities. To that end, we have several programs that can be used to fund EV charging stations. These include the Community Facilities Grant Program, the Electric Infrastructure Loan and Loan Guarantee Program, among others. In addition, RD was pleased to contribute, along with several other federal agencies to the recent Department of Transportation publication: Charging Forward: A Toolkit for Planning and Funding Rural Electric Mobility Infrastructure.

Earlier this year, the Senate Agriculture committee held a hearing on rural quality of life and the care economy, that you testified at. One of the panelists that we heard testimony from was Dr. Shoshanah Inwood an Associate Professor at the Ohio State University about the importance of childcare for rural prosperity.

3. Agricultural and rural prosperity hinge on attracting and retaining a vibrant healthy workforce. Childcare is an essential service supporting this workforce while also enhancing rural quality of life.

Yet, it is expensive and often unavailable for families, farm workers, and rural residents. Before COVID decimated the childcare sector, it had been estimated that 3 in 5 rural communities lacked adequate childcare supply.

- a. Do you think it would help rural economic development and prosperity if in the next farm bill Congress were to expand support for childcare.

USDA Response:

Yes, additional support for rural childcare is imperative for rural economic development and prosperity. Access to quality, affordable childcare enables parents to work, strengthens the economy, and supports child development.

- b. Do you have any thoughts on how congress might pursue providing USDA Rural Development with an expanded toolbox when it comes to rural childcare?

USDA Response:

Rural Development's Community Facilities Programs provide loans, guarantees, and grants to construct and improve essential community facilities such as childcare and early learning facilities. We do not have any proposals at this time for additional programs to facilitate childcare in rural areas.

4. In Ohio, and throughout the country, affordable and reliable clean drinking water is essential to economic development and prosperity. Rural and urban communities alike face threats to their drinking water from several contaminants, including Lead, Arsenic, Nitrates, volatile organic compounds (VOCs), PFOA, PFOS, Hexavalent Chromium-6, and others. In Ohio, most communities rely on public water systems to monitor and address contaminants, however there are approximately 700,000 Ohioan residents who rely on groundwater and private well for their drinking water.

Centralized public water systems are essential and the existing Rural Development programs that help rural community develop and maintain public water systems are critical and must be maintained. However, new and expanded public water supply systems can take years to complete.

Decentralized approaches to monitoring, treating, and providing clean drinking water would serve an effective complement to centralized systems in rural areas. There are low-cost technology solutions, such as point-of-use (POU) and point-of-entry (POE) water filtration systems, that can be deployed immediately.

- a. What are the biggest obstacles USDA Rural Development is currently facing when it comes to increasing access to clean drinking water in rural areas?

USDA Response:

There are several new and pre-existing obstacles impacting rural America's ability to access clean drinking water. Often comprised of remote communities that service large geographic areas, the cost of developing and operating systems can be prohibitive, especially for many low-income, rural areas. For those who can make ends meet financially, challenges with finding and retaining qualified operators and board members make it difficult for existing systems to maintain compliance. Additionally, communities experiencing an outmigration of their population can feel the impact in their future financial and operational capacity. At the regional or local level there are the challenges of climate change, which in some areas make finding reliable source water problematic and in areas damaged by disasters recovery from events can be a slow and difficult process. New obstacles are continuing to develop that impact the industry as a whole and are felt especially hard in rural areas. Supply and demand issues for materials continue to impact project completion as well as a sharp increase in inflation. Strain on both the construction contractor and professional services industries, due to an increase in projects, are yet another complication that acutely impact the communities we serve. Lastly, there are gaps in the eligible uses of federal programs, such as the ability to assist with operations and maintenance costs, that can leave some systems in a dire

financial position. Uniquely and strategically positioned to specifically serve rural communities, the USDA delivers a variety of water and waste disposal capital and technical financing programs to help communities combat the many obstacles they face. Leveraging its local workforce, USDA has a vast network of technical assistance providers that further support rural America. There is no simple solution to this complex issue. That said, additional resources, including increased programmatic flexibilities, technical assistance, and funding can help better the many obstacles preventing rural America from having safe and reliable water access.

- b. Has USDA Rural Development supported the use of decentralized point-of-use (POU) and point-of-entry (POE) water filtration systems to provide clean drinking water in rural areas?

USDA Response:

USDA recognizes and understands the many unique and sizable barriers to safe and reliable water and waste disposal access faced by rural America. Whether it is due to water scarcity, soil conditions, or the geographic or geopolitical landscape, there is no one-size-fits-all approach to serving rural communities. According to the U.S. Geological Survey, more than 43 million people are served by private wells. While testing and regulatory standards for centralized systems are robust, the Federal Safe Drinking Water Act standards do not apply to domestic wells. With individual homeowners primarily responsible for testing and monitoring the water quality, the lack of regulation and guidance puts a considerable amount of the U.S. population at risk for the presence of numerous contaminants. USDA Rural Development delivers several financial and technical assistance programs supporting rural America, which are deployed through an expansive and localized workforce, in conjunction many technical assistance providers. Programs such as the Decentralized Water System grants maintain a specific focus on the financing of point-of-use and point-of-entry water filtration systems. Grants are provided to experienced technical assistance providers that create revolving funds or award sub-grants to individual households to improve the quality or quantity of water. Funding is limited to households that are below 60 percent of the statewide nonmetro median household income, which can be a barrier to financing. The Single-Family Housing Repair Loans and Grants program provides another opportunity to benefit individual water systems through small, low-interest loans and grants. Additionally, USDA Rural Development is exploring new and innovative ways to deliver its existing programs, such the use of Water and Waste Disposal Loans and Grants to benefit decentralized systems. One of the biggest challenges with few federal financing solutions, is the ability to pay for ongoing operations and maintenance expenses. While wastewater related, USDA recently awarded funding to a nonprofit that is going to manage the operation and maintenance of decentralized systems throughout Lowndes County, Alabama. That is one example of how USDA Rural Development is innovating and partnering to reach more of rural America.

- c. Are there changes within the Rural Development title of the farm bill that Congress should consider that would allow USDA Rural Development to help rural residents test, monitor and treat groundwater from private wells?

USDA Response:

There are many unique obstacles faced by households relying on domestic wells. Without a central entity involved to advocate for homeowners, even those that can afford domestic well systems have a challenge navigating the many contractors and products available. The reality is that there is no one-size-fits-all solution to safe and reliable water access in rural America. Some regions lack availability, whether it be natural due to drought or as a result of water rights, high nutrient levels, or have natural conditions that are not conducive to a domestic well. Additionally, the expectation that individual homeowners, including elderly and disadvantaged populations, have the capacity and resources to routinely monitor their water quality lacks solid footing. Increased flexibility within programs would help aid the reach of existing programs to benefit households using domestic wells, such as modifying eligible uses funds, maximum community population limits, and grant cap requirements.

Senator Amy Klobuchar

1. With \$9.7 billion available in new funding to rural electric cooperatives to advance clean energy projects, rural electric cooperatives are well suited to lead the way in expanded renewable energy production. Electric cooperatives already receive over 11 percent of their total power from renewable sources and with this investment, we can bring that number even higher.
- a. What has the Department done so far to prepare to launch this program?

USDA Response:

USDA Rural Development (RD) is actively working to implement the \$12.2 billion in funding provided by the Inflation Reduction Act to develop or expand renewable energy, biofuels and energy efficiency infrastructure across several of its programs.

Section 22004 provides \$9.7 billion RUS to offer loans, grants, loan modifications and other financial assistance to help deploy or purchase renewable energy systems, zero-emission systems and carbon capture systems; or to make energy-efficiency improvements to generation and transmission systems of eligible entities.

RD, Rural Utilities Service (RUS) has reviewed the provisions and is in the process of developing an implementation strategy that will deploy the funding in a timely and customer driven way that also achieves the maximum reductions in carbon and other emissions as required by the Act.

As part of its implementation of IRA, RD is seeking input from stakeholders through a variety of methods and mediums.

On November 3 and 4, 2022 RD hosted two virtual listening sessions to provide an opportunity for stakeholders and other interested parties to provide input on implementation of the RD IRA provisions, including 22004. Recordings of each session have been posted to RD's IRA Webpage.

On October 28, 2022 USDA RD's Rural Business and Cooperatives Service and Rural Utilities Service published a Notice in the Federal Register providing an opportunity for interested parties to provide written comments and suggestions to the agency regarding IRA implementation. Submissions were due November 28, 2022.

USDA will host a Tribal-specific listening session/consultation on December 15, 2022.

More than 1,000 unique participants attended the combined IRA listening sessions, including electric cooperatives. Fifty-Nine commenters provided written feedback in response to the Federal Register notice via regulations.gov. To date, a combined total of 190 unique stakeholder entities have actively participated in the listening sessions (via chat, verbal comment, or registration form) or provided written comments (via regulations.gov) regarding RD IRA implementation. RD is reviewing the customer input collected through the listening sessions and the federal register notice and refining its proposed implementation strategy based on customer input.

- b. What policies should this committee consider as we evaluate ways to help rural America make greater use of clean energy?

USDA Response:

Rural Development is thankful for the resources Congress committed in the Inflation Reduction Act to guarantee that the Rural Energy For America Program (REAP) impacts as many rural economies as possible. Originally funded in the 2002 Farm Bill, REAP is now a twenty year old program. In order to ensure the program is easy to access and funds projects efficiently, REAP will undergo a modernization process. Policy changes in the upcoming Farm Bill can support this process. This includes increasing the 20% set aside from \$20,000 to \$40,000, reducing staff time spent on the smallest projects while maintaining a small project set-aside. For the duration of the IRA, until 2031, increasing the federal grant share to 50% would match the IRA federal share, streamlining the grant process.

- 2. As the average age of farmers continues to increase, it has become harder for beginning farmers to get established in agriculture. I am working to include provisions in the upcoming Farm Bill that support a strong next generation of farmers and ranchers..
 - a. What policy changes should this Committee consider to improve access to land and capital for young and beginning farmers?

USDA Response:

This question would be best answered by the Farm Service Agency (FSA). RD can assist as necessary as new and beginning farmers need access to markets, which are predicated on healthy, resilient supply chains from farm to consumer. RD financing and grant programs are well suited to build and strengthen food supply chains and markets critical for farm success.

Senator Michael Bennet

1. In March 2021, I wrote to the administration -- including USDA -- urging it to update the minimum speeds for broadband networks deployed with federal funds, and align those speeds across the federal government. I am pleased that USDA has since updated those standards, so that new networks now have to provide a minimum speed of 100 over 20 megabits per second.
 - a. Can you describe the importance of higher broadband speeds for rural economic development, along with steps USDA has taken to coordinate broadband deployment with other federal entities like the FCC and NTIA?

USDA Response:

(1) It is extremely important for rural economic development that sufficient broadband speeds be made available. Our minimum speeds have been set to support this goal. This minimum in many cases has been far exceeded in many cases by recipients of USDA funds with many awardees offering gigabit speeds to rural residents. USDA, NTIA, Treasury and FCC collaborate on broadband deployment. These agencies have entered into Memorandum of Understanding to share this information. Through this collaboration, our goal is to ensure that federal dollars from each agency are not duplicating each other's efforts.

(2) It is critically important that rural communities have access to affordable, reliable high-speed broadband service. In Round 3 we increased the definition of Broadband Service to 100/20 because of the demand we are seeing across the country where consumers continue to need faster and faster download and upload speeds. It is now common for homes to have 2 to 3 people participating on Zoom calls at one time while also actively streaming a show or movie. We also see more and more Americans taking advantage of "smart home" technology that can also place significant demands on upload speeds being used.

It is extremely important for rural economic development that sufficient broadband speeds be made available. Our minimum speeds have been set to support this goal. This minimum in many cases has been far exceeded in many cases by recipients of USDA funds with many awardees offering gigabit speeds to rural residents.

USDA, NTIA, Treasury and FCC communicate regularly and coordinate with each other as best as possible to align policies and to share data and best practices. These agencies entered into a Memorandum of Understanding which allows us to share information about where agencies invest funds. Through this collaboration, our goal is to ensure that federal dollars from each agency complement and do not duplicate efforts.

- b. Can you also describe any efforts to align minimum standards for broadband across the government, so that we no longer have a patchwork of different definitions?

USDA Response:

In addition to our efforts mentioned above, USDA collaborates with our federal partners regularly to discuss critical broadband issues. Aligning standards is very important and we work with our federal partners closely towards this goal.

2. At the hearing, I asked you about the Department's efforts to streamline the application process and reduce the overall burden of our small towns, rural communities, local businesses, farmers and ranchers. You mentioned that it will take both the efforts of Congress and the Agency to address this need.
 - a. Can you please provide me with a list of the statutory requirements within the Agriculture Committee's jurisdiction that hinder USDA Rural Development's efforts to ease application burdens on the communities and stakeholders we seek to serve?

USDA Response:

While I cannot provide a list of statutory requirements, in the hearing you referenced interested in creating a discussion group between Rural Development and Congress to discuss statutory changes. My staff will follow up with your staff on this potential initiative.

Do you have any additional thoughts on ways in which we can improve the application processes at USDA Rural Development?

USDA Response:

Stakeholders, lenders, individual borrowers, rural communities, Native American tribes, and non-profits continuously advocate for an online application system for all of Rural Development's loan programs. We believe an applicant's burden could be significantly reduced if an online application process were available. In addition, an online payment ability within USDA for all of its direct loan programs would go a long way to bringing USDA's farm ownership and single family housing direct loans into the 21st century.

Senator Richard Durbin

1. Recently, I met with the Illinois Farm Bureau. A farmer told me he wanted to install a major solar panel array for a proposed 3,800-head hog operation, and benefit from the net metering. But he decided against the project after his electric coop informed him that the power line serving the farm was at capacity, and that the farmer, alone, would be responsible for financing the line upgrades, transformers, and related equipment, to accommodate the new energy generated by his solar panels.

I understand the economics. The distribution infrastructure of an electric coop is jointly owned by its members, so there are concerns when expensive line upgrades must be paid for by all, but the benefits fall to one person who is remotely located at the end of a circuit. But, paying for distribution upgrades, which may span long distances of a rural area while serving few customers along the span, strikes me as a potential and immediate barrier for any farmer, or any rural household or business, who wants to install renewable energy or benefit from net metering.

Congress provided money in the *Inflation Reduction Act* (IRA) for three USDA programs to improve rural electric infrastructure and address climate change. First, there is an increase of \$2 billion for the USDA REAP grant program—a program that can help farmers pay for installing solar panels, but distribution line upgrades appear not to be covered. Congress also provided \$9.7 billion in the IRA to help rural electric coops finance and build new power generation and transmission projects that must achieve the greatest reductions in greenhouse gases. And Congress provided \$1B for the USDA Rural Development's 317 loan program, including loan forgiveness authority that could range between 50-100 percent, for a broad range of renewable energy projects of electric coops. As USDA works to develop the proposed rules for these programs, serious consideration should be given to provide financial assistance to cover the cost of small distribution upgrade projects for remotely located rural farms and businesses similar to the case described above.

I expect that the case I just described is not unique. Farmers could be discouraged from applying for REAP grants if those farmers learn they still must finance power line upgrades alone. Even a USDA loan over 30 years at 0 percent interest, instead of a grant, would still require the farmer to pay for the distribution upgrades if the coop cannot or will not perform that task.

- a. Congress gave USDA three programs to invest in renewable energy in rural America. Within which of these three programs will USDA prioritize helping remotely-located individual farms or rural businesses, who willingly seek to install on-farm renewable energy and net metering, to also receive a grant for these expensive and unexpected distribution infrastructure upgrades?

USDA Response:

Any farmer choosing to add renewable energy systems to his farm will be eligible for the Rural Energy For America Program (REAP). Adding a renewable energy system

can reduce a farm's bills dramatically, even keeping family farms solvent and sustainable when implemented alongside agricultural revenue streams. When feasible, American farmers can benefit further by selling residual energy back to the grid, in many cases through a rural electric coop. REAP allows a farmer to receive a grant or loan to build a new renewable energy system and cover connection fees to the utility. Additional negotiation may be required to determine what the cost of a connection fee will be, but it would be eligible to cover a partial cost of a line extension. Additional negotiations can be undertaken alongside programs from the Rural Utility Service (RUS), assuming the utility is amenable to applying for a grant or loan from RUS.

2. Our food is grown in rural America, but it is getting tougher to buy groceries in rural America. In Illinois, rural grocery stores are closing. This has occurred in communities like Cairo, Carrollton, and White Hall, to name several examples.

Increasingly, rural residents must drive 10 or 20 miles or more to big box stores to buy groceries. Or, they must buy groceries at a local “dollar store” or a convenience mart at the local gas station, where nutritional options are limited.

USDA is investing more than \$4 billion provided by Congress in the *American Rescue Plan Act* to strengthen the food supply chain, such as food (1) production; (2) processing; (3) distribution; and (4) consumer access.

And earlier this month, USDA announced \$73 million in grants to expand privately-owned domestic meat packing capacity to give livestock producers more choices to sell hogs and cattle—in Illinois, USDA awarded \$8 million to a pork and beef processing plant in Illinois to expand its operations and generate hundreds of jobs.

- a. Is USDA providing brick and mortar grants, or equipment grants, for rural grocery stores?

USDA Response:

The Healthy Food Financing Initiative (HFFI) will provide grants and loans to rural, and urban, grocery stores nationwide. RBCS is working closely with Reinvestment Fund (RF), the nonprofit community development financial institution and National Fund Manager that manages the program on USDA's behalf. RF plans to open application windows early in calendar year 2023. In the past, grants have been provided to assist with a variety of project needs, including predevelopment, brick and mortar facility development, other hard capital costs, equipment needs, and one-time soft costs including training, consulting needs, marketing, or merchandising. Rural Energy for America Program (REAP) grants and guaranteed loans can be used to support energy efficiency in rural grocery stores. Examples would be energy efficient lighting, windows, refrigeration or freezer units, HVAC systems, as well as renewable energy systems such as solar or biomass heaters, and other high-cost items for rural grocery stores.

- b. If not, then what types of programs at USDA can rural communities directly receive to keep rural grocery stores from closing, or to modernize or expand these stores?

USDA Response:

In addition to HFFI and REAP, The Business & Industry Guarantee Loan program (B & I) can be used to finance development, improvement, or support rural grocery stores through the purchase of buildings, construction, renovations, purchase of machinery and equipment, and working capital. The Rural Cooperative Development Grants (RCDG) provide grants to university-based or non-profit cooperative development centers who offer technical assistance (TA) to groups developing cooperatives. In the past few years these centers have experienced a groundswell of interest from rural communities who have lost their grocery stores, and have been doing hands-on TA including feasibility and market studies, financial modeling, and succession planning to develop cooperatives grocery stores. Many are community owned; some are employee owned. (A center in NE, for instance, has 30+ rural grocery projects under development.) Rural Business Development Grants (RBDG) also provide support for technical assistance to rural grocery stores and can also directly fund cooperative grocers that are organized as nonprofits. Funds in this instance can be used for equipment provided that the equipment is shared more broadly in the community. Funds can also be used for capacity building such as training, feasibility studies, planning, business, and financial planning.

- c. If no such USDA programs exist, what advice would you provide this committee to consider for the next Farm Bill?

USDA Response:

Continue support for RBCS and rural communities for capacity building, facilitating ease of program access, and modernizing RD.

Senator Ben Ray Luján

1. Madam Undersecretary, I am very proud to have a fellow New Mexican at the helm of USDA Rural Development. You and the agency you run have a long history providing services to rural New Mexicans, including to our Tribes, Pueblos, and colonias on the border. As you know, I am very passionate about connecting these communities to broadband internet that is affordable, resilient, and secure. Congress has provided you with new resources to accomplish this mission, a total of \$2 billion dollars for USDA ReConnect and Rural Broadband Program. This is historic, and yet small in comparison to the \$8 billion FCC annually provides for rural connectivity through the USF high cost programs, and much smaller than the \$42.5 billion dollars for NTIA's BEAD program. I want to throw a few more numbers out. NTIA has about 550 full time staff, including two

in New Mexico. FCC has around 1,400 staff. USDA Rural Development has 4,600, including around 40 in New Mexico, is that right? Many of these staff have institutional knowledge working with New Mexico communities and local internet service providers, electric utilities, and rural electric coops. Your staff have helped provide essential services for decades.

- a. How can the next Farm Bill better encourage cross governmental collaboration when it comes to delivering broadband for our rural communities?

USDA Response:

Applicants and existing service providers have shared a common desire for a consistent process for providers to challenge a proposed service area and procedures and mechanisms for coordinating with federal agencies and state governments to review such challenges.

Senator Reverend Raphael Warnock

1. Thank you for your testimony, Under Secretary Torres Small. In April 2022, USDA unveiled the Rural Partners Network (RPN), described as “a new whole-of-government effort led by USDA to transform the way federal agencies partner with rural places to create economic opportunity in rural America.” Multiple communities in Georgia were chosen to participate in this network, and I appreciate USDA’s focus on rural Georgia.
 - a. To date, how has USDA worked through this new initiative to uplift the selected rural communities in Georgia?

USDA Response:

While working through the hiring process, the Rural Partners Network core team, led by Executive Director Lee Jones, routinely engaged each of the three Georgia-based Community Networks. USDA facilitated and hosted a joint convening in Fitzgerald, GA featuring participation from members of each network designed to foster interactions and solutions on network needs and opportunities from potential funders. This convening featured presentations directly from each network followed by responsive presentation from federal, state, and non-profit partners with funding opportunities that may address the specific needs and challenges identified by each network. The RPN team likewise collaborates with partners and stakeholders to advocate for the needs of rural communities and identify technical and capacity building assistance in navigating federal opportunities. One such example is the direct interaction between the Department of Transportation and the City of Twin City (Emanuel County Community Network) to facilitate the development of an application to the DOT’s Safer Streets Program. Through Rural Desk Officers and the federal table, RPN anticipates federal partners will continue to intentionally reach out rural communities in general, and RPN Community Networks specifically, in the advancement of federal programming opportunities.

- b. How many USDA staff members are dedicated to RPN work in Georgia?

USDA Response:

Each RPN state receives an allocation of up to four dedicated staff members to work directly with current and future RPN Community Networks. Georgia's allotment of four dedicated staff members has been filled.

- c. What additional resources or authorities are needed to uplift other Georgia communities through the RPN, particularly as rural communities in Georgia seek to utilize congressional investments from the American Rescue Plan Act, the Bipartisan Infrastructure Law, and the Inflation Reduction Act?

USDA Response:

In FY 2022, Rural Development was authorized to use up to \$5 million in existing authority to support RPN. For FY23, the request is \$39 million. Securing our funding request is the key to continued progress for rural communities to access collective assistance across government. The requested funding would allow RPN outreach to grow, and allow staff to target additional rural communities in identified states. Existing staff is structured to support strategic growth, but RPN funding also supports technical assistance through specific cooperative agreements and other means to ensure equitable access to federal programs.

2. I was glad to vote to pass the Bipartisan Infrastructure Law and am committed to connecting every Georgian to reliable, high-speed internet.

- a. How does USDA plan to coordinate with the National Telecommunications and Information Administration (NTIA) to ensure that federal funds are used efficiently, while ensuring broadband connectivity for high-cost areas?

USDA Response:

USDA routinely meets with NTIA, Treasury and FCC to collaborate on broadband deployment. These agencies have entered into a Memorandum of Understanding to share this information. Through this collaboration, our goal is to ensure that federal dollars from each agency are not duplicating each other's efforts and to maximize the reach of broadband in rural areas.

- b. In your view, what is distinctive about broadband deployment programs administered under USDA, both in its structure and communities served, and what steps can Congress take to ensure that USDA programs serve purposes that are distinct from those of other broadband programs under NTIA, the Federal Communications Commission, or other agencies?

USDA Response:

USDA has had a long history in providing funding for telecommunications in rural areas. This purpose has evolved into a broadband specific focus over the past few decades – since 1995 all infrastructure funded through our programs are required to have the capability to provide broadband service. This historical experience has served USDA well in helping not just to deliver the federal dollars that help in deployment, but also to monitoring the projects as they are constructed through onsite visitation to ensure they are on track for success. We have a team of dedicated field staff who are an invaluable resource in delivering upon this mission.

- c. I hear frequently from rural communities in Georgia that want to be connected, yet cannot locate an interested internet service provider (due to barriers both in capital and operational expenditures) or do not have the resources to apply for federal programs. What steps is USDA taking ensure that it is able to continue serving these communities, who may need its help the most?

USDA Response:

As part of the Bipartisan Infrastructure Bill, USDA received funding to standup Technical Assistance offerings that will leverage our existing staff and 47 RD state offices. As part of this effort, we will establish a new Technical Assistance Branch with the RUS Telecom Program Policy and Outreach Division. We envision that this effort will help rural broadband stakeholders and communities identify ways to successfully submit a competitive application to maximize their chances of success in receiving an award.

Senator John Hoeven

- 1. Basin Electric in North Dakota is one of three partners in the Nemadji Trail Energy Center - also known as NTEC - along with Minnesota Power and Dairyland Power Cooperative. The NTEC project is a proposed 625 megawatt combined cycle generating station in Superior, Wisconsin. Because this project is using Rural Utilities Service (RUS) financing, I understand it needs to go through a USDA review.
 - a. Will you provide a status update on USDA's review?

USDA Response:

While Basin is no longer an RUS borrower, we are working on the environmental review for the Nemadji Trail Energy Center. As of yet, no further application material or requests for funding has been received. We are happy to keep your office informed of this project as it progresses.

Senator John Thune

1. Ms. Torres-Small, there are a number of broadband loan and grant programs at USDA. Coordination of these programs with broadband programs run by other agencies is important, as is coordination of all the programs USDA manages. For some time, USDA has enforced a policy that it will not “lend against itself” by giving a new funding award in an area where it already had an outstanding loan. This makes sense given that a new award of funding could put at risk the ability of a prior borrower to repay loans that are ultimately financed by taxpayer dollars. Unfortunately, we have heard recently that USDA has departed from that policy in recent funding rounds of ReConnect.

- a. Will you recommit USDA to its policy of coordination so that the agency does not overbuild itself and put loans that it has previously distributed at risk?

USDA Response:

The agency was required by previous appropriation bills to not protect areas served by RUS borrowers if the borrower is not providing broadband service with speeds that meet the agency’s minimum requirements. USDA cannot change that policy without that congressional direction being amended through law.

- b. Will you commit more broadly to coordination so that USDA funds are used to complement rather than overbuild other agencies’ funding efforts?

USDA Response:

USDA routinely meets with NTIA, Treasury and FCC to collaborate on broadband deployment. These agencies have entered into a Memorandum of Understanding to share this information. Through this collaboration, our goal is to ensure that federal dollars from each agency are not duplicating each other’s efforts.

2. The RUS ReConnect 4 grant application criteria references an “affordable option.” Could you elaborate on or offer a reference to better understand this criteria? Would an “affordable option” be similar to those offered by providers participating in the FCC’s Affordable Connectivity Program?

USDA Response:

It is our goal that high-speed internet service is affordable for all Americans. The round 4 FOA requires that applicants selected for funding must participate in the FCC’s Affordable Connectivity Program to ensure that rural households can take advantage of this benefit.

3. Under the previous administration, the ReConnect program gave all types of broadband providers the opportunity to participate equally in the competitive grant program. It is unfortunate that USDA reversed this course and is now prioritizing non-profits in the ReConnect Program, which disadvantages applicants that are actually the most frequent users of Reconnect – small, locally owned commercial providers. Would USDA consider removing this priority?

USDA Response:

Historically the majority of ReConnect awards have gone to for-profit companies, and this was a way for USDA to encourage more participation on the part of non-profits, including cooperatives, county and state governments, and tribal organizations. The most recent funding round resulted in 55 percent of awards going to For-profit entities, and the remaining 45 percent went to non-profit entities, including cooperatives.

4. Undersecretary Torres-Small, Rural Business Investment Companies, licensed through USDA's Rural Business Investment Program, provide innovative rural businesses critical access to capital. But, there is still more that needs to be done. This is why I partnered with Senator Fischer and Senator Shaheen in introducing the Rural Capital Access Act, which is one idea to encourage greater participation in RBICs by ensuring RBIC funds have access to leverage.
 - a. As we gear up to write the 2023 Farm Bill, what are some things the Department can do to encourage greater participation in the RBIC program? Similarly, are there limitations or other roadblocks in statute or regulation that this Committee should look at addressing, which could also boost participation in the program?

USDA Response:

Stakeholders have requested waiving the restriction that limits RBIC investments in projects that would otherwise qualify for Farm Credit Institution (FCI) financing, if the RBIC raises more than 50 percent from FCIs. RBIP stakeholders are very interested in seeing more investors involved in their RBICs and have noted the need to promote the Community Reinvestment Act (CRA) benefit for banks to invest in Rural Business Investment Corporations (RBICs). Current RBICs want more non-Farm Credit institutions investing to provide more capital for rural businesses.

5. Undersecretary Torres Small, the Sun Grant program overseen by the USDA provides students and university researchers an opportunity to collaborate on advancements in the energy sector. South Dakota State University serves as the North Central Regional Sun Grant center and has been at the forefront of biomass feedstock and renewable fuel research, which is important to building out the commodity-based transportation fuel market.
 - a. Can you speak to the importance of land grant university-based research activities in advancing USDA's energy and rural development goals?

USDA Response:

The purpose of the National Institute of Food and Agriculture's Sun Grant Program (SGP) is to enhance national energy security through the development, distribution, and

implementation of biobased energy technologies; to promote diversification in, and the environmental sustainability of, agricultural production in the United States through biobased energy and product technologies; to promote economic diversification in rural areas of the United States through biobased energy and product technologies; and to enhance the efficiency of bioenergy and biomass research and development programs through improved coordination and collaboration among the Department of Agriculture; other appropriate Federal agencies (as determined by the Secretary); and Land-Grant Institutions.

The program provides a consortium of universities made up of a university from each of the sun grant regions and subcenter region (see Part III, A for regions) with a grant to support a North-Central, Southeastern, South-Central, Western, and Northeastern Sun Grant Center and a Western Insular Pacific Subcenter. A Sun Grant Center or Subcenter will use 75 percent of grant funds to provide competitive grants within each region that are multi-institutional and integrated, multistate research, extension, and education programs on technology development and technology implementation and address bioenergy, biomass, or bioproducts research priorities.

- b. What can be done to strengthen USDA partnerships to achieve these goals?
6. As the Under Secretary for Rural Development, you serve as a critically important partner and liaison between the federal government and rural communities. USDA's rural development mission area delivers programs that provide financing and federal resources that help bolster rural economies.
 - a. Can you describe the role that biofuels and the biobased manufacturing sector play in rural America and the future opportunities for growth in this space? What steps is USDA taking within the rural development programs it administers to ensure that continued growth occurs in our rural economies?

USDA Response:

Between the Higher Blends Infrastructure Incentive Program (HBIIP) and the Biofuels Producer Program, Rural Development will have invested nearly \$1.5 billion into the bioeconomy during the 2020s. With new private sector interest in sustainable aviation fuels (SAF), rural America stands to be a major beneficiary of an anticipated expansion in the bioeconomy. Rural America provides the feedstocks that drive the bioeconomy and the businesses and employees that create the bioeconomy are often rural and provide markets for feedstocks. Rural Development is reviewing the HBIIP program to determine how SAF developers and distributors can be included in future competitive funding rounds to accelerate growth in the sector and bring continued prosperity to rural America. Rural Development programs create new and strengthen existing markets and will continue to be a major contributor to the expansion of the bioeconomy in rural economies. This is through programs like the Biofuels Producers Program which

obligated nearly \$700 million to support biofuel producers whose revenues were weakened by the Covid-19 pandemic and the expansion of Higher Blends Infrastructure Incentive program, a competitive grant program supporting retrofitting and adding infrastructure for gas stations and fuel depots to handle ethanol-based fuels. The Inflation Reduction Act also provided \$500 million for new technology in higher blends infrastructure, which Rural Development is working to swiftly implement. In addition to the bioeconomy, programs across USDA Rural Development are supporting businesses and job growth in rural economies and initiatives like the Rural Partners Network help rural communities find resources and funding to create jobs, build infrastructure, and support long-term economic stability on their own terms.

7. Under Secretary Torres Small, I appreciate the administration's actions on biofuels, including last summer's announcement on the use of E-15 year-round and additional infrastructure for biofuels. This action will lower gas prices, reduce carbon emissions and tailpipe emissions, while growing a U.S. manufacturing sector that is helping to create and maintain middle-class jobs.

The EPA has just sent its draft "Set" rule, setting volumes for 2023 and beyond, to OMB for review. This rule has the potential to set the biofuel market on a strong trajectory in the coming years and deliver cleaner, cheaper gasoline to Americans while driving growth in rural economies.

- a. Can you describe the importance of the biofuel sector in helping to grow rural economies and support the biobased manufacturing sector?

USDA Response:

Biofuels are an integral and growing part of a strong rural economy, in part because of the sectors reliance on feedstocks produced in rural areas. Recent USDA investments in biofuels producers and infrastructure coupled with regulatory changes from the EPA make ethanol-based fuels more accessible to more consumers for longer periods each year, creating saving Americans money at the pump and ensuring continued prosperity for the American farmer. Similarly, the biobased manufacturing sector creates markets for rural-produced feedstocks and jobs with companies in the bioeconomy that are located in rural America.

8. The Inflation Reduction Act included a provision, the Biofuel Infrastructure and Agricultural Product Market Expansion – which provides an infusion of additional infrastructure funding totaling \$500 million and builds upon USDA's existing program, the Higher Blends Infrastructure Incentive Program, administered by Rural Development.
 - a. What steps does USDA intend to take to implement this program, and how will the Department ensure that these resources are invested in a manner that helps

realize President Biden's vision for reducing carbon emissions from the transportation sector and increasing biobased manufacturing jobs?

USDA Response:

The expansion of the Higher Blends Infrastructure Incentive Program (HBIIP) in the Inflation Reduction Act presents a valuable opportunity to reduce carbon emissions from the transportation sector and increase biobased manufacturing jobs. USDA RD is currently developing plans for future funding availabilities.

U.S. Senate Committee on Agriculture, Nutrition, and Forestry
Farm Bill 2023: Rural Development and Energy Programs
November 15, 2022
Questions for the Record
Mr. Michael Casper

Ranking Member John Boozman

1. What barriers do rural co-ops currently face as they enter the broadband market, and how can the federal government address those barriers?
 - a. Mr. Casper: *“There are numerous challenges to co-ops entering the broadband market.*

Many federal programs are written with traditional telecommunications providers in mind. However, as non-traditional providers, electric co-ops face a different set of challenges and business realities than traditional telecommunications providers. For example, many co-ops seek to leverage existing poles, rights of way, and easements as part of their builds, but often have to complete duplicative and cumbersome environmental reviews or permitting applications in order to do so. Streamlining the permitting and environmental review process for use of existing infrastructure would alleviate many of these burdens, reduce cost, and speed deployment. Beyond just long environmental review timelines, other internal agency review timelines can be lengthy and often vary from program to program. The lack of urgency in making these decisions can cause unnecessary and costly delays. Additionally, staffing challenges often slow timelines and add to delays.

The current rules around subcontractor use makes it incredibly challenging for co-ops to participate in ReConnect. For an electric cooperative, the prohibition on using subcontractors for more than 50% of a project is unrealistic, as everything from splicers to traffic controllers are often subcontracted out. All but three NRECA members co-ops are classified as small business entities by the U.S. Small Business Administration which means a greater reliance on subcontractors. Greater flexibility with this threshold would be a welcome change and would increase the speed with which co-ops can deploy fiber.

ReConnect standard contracts require there to be a professional engineer involved in the design of the project, and a separate contract secured for make ready work. While traditional telecom companies may require the use of these contracts for their network designs, cooperatives employ network engineers and linemen qualified to conduct this work. Greater flexibility with these requirements and the types of contracts that may or may not be needed will expedite project delivery and reduce overall costs.

Greater flexibility for smart grid/smart utility loans from the RUS electric program to be used for broadband. Most electric utilities are not building a network for one purpose anymore, and often seek to leverage a fiber backbone for internal communications networks, smart grid applications, as well as the flexibility to offer retail broadband, or lease access to other providers, to serve customers in hard-to-reach areas. RUS limits the use of smart grid/smart utility loans to no more than 10% of the total loan funds for retail broadband. Greater flexibility with this provision and increasing the limit from 10% for retail broadband, or allowing for greater flexibility for what that 10% can be used for, would better enable rural broadband deployment in conjunction with smart grid applications, especially in hard-to-reach rural areas.

Congress has put in place many prohibitions on overbuilding, especially in areas that have received federal funding awards. However, there are FCC USF areas that are still getting funded to provide 10/1 Mbps service, and some of those programs run through 2028. These communities should not be relegated to substandard service. Other providers should be able to seek funding to provide a higher speed to these areas if the current provider does not intend to invest in upgrading their networks to meet the growing bandwidth needs.

Historically, broadband maps have been a challenge. Despite ongoing efforts to improve the maps, concerns remain that the maps will still be flawed and that it could take several rounds of data collection to finally get them right. There's a clear discrepancy between what many providers advertise as available, and what is actually being delivered to consumers. There are instances of incumbent providers who claim a level of service that is not achievable with the existing infrastructure. However, with the ReConnect grant program there is no way for an applicant to rebut a challenge when an incumbent makes these claims, which in many instances disqualifies the application. Some sort of dispute process or a reciprocal challenge process allowing for a rebuttal to the challenge would allow for verification of service levels and accuracy on the ground."

Senator Ben Ray Lujan

1. Mr. Casper, you mentioned several times that permitting is a barrier to your implementation of clean energy initiatives.
 - a. Could you please expand on which aspects of permitting present the greatest challenge? For example, you stated that permitting for transmission lines has been particularly problematic to integrating renewable resources.
 - i. Mr. Casper: *"The Cardinal-Hickory Creek Transmission Line Project, co-owned by Dairyland Power Cooperative, American Transmission Co. and ITC Midwest, is an example of permitting impediments and delays, particularly for transmission lines. This is an essential 345-kV interconnection to our regions' renewable energy developments that has encountered costly delays and permitting challenges associated with approximately 1% of the 102-mile route. Approximately, 115 renewable*

energy generation projects totaling nearly 17 gigawatts are depending upon the construction of the Cardinal-Hickory Creek transmission line. These projects will generate enough electricity to power millions of homes with clean energy. MISO, the independent regional grid planning organization, proposed the project 11 years ago as one needed to address pressing regional transmission needs. Following years of study and environmental review and extensive opportunities for public input, the project was approved by state and federal regulatory agencies. Despite this, the project is still being revisited and relitigated, further delaying this critical project.

National Environmental Policy Act (NEPA) reviews are commonplace for RUS-financed and privately financed electric cooperative infrastructure projects, including small scale projects. Electric co-ops support thorough and efficient reviews to protect the environment, but the existing process takes too long, is too expensive, and is an impediment to our ability to meet the future energy needs of our consumers and communities. In order to develop the infrastructure to power rural America in the coming decades, we need to have an efficient and predictable process for NEPA reviews. Originally, the most intensive NEPA review - the environmental impact statement (EIS) - was expected to take 12 months or less. Now, the average time to complete an EIS and issue a decision for a project is four-and-a-half years and one-quarter of EISs take more than six years. Specific to transmission policy, Congress should ensure that improvements to transmission permitting and siting processes avoid unprecedented expansion of federal jurisdiction at the expense of state and local authorities and prevent increased transmission costs for utilities and their consumers.”

- b. As we consider legislation to reform our permitting process for energy infrastructure, are there particular areas on which we should focus or prioritize?
 - i. Mr. Casper: *“Congress should consider legislation to mandate timelines of two years for National Environmental Policy Act (NEPA) Environmental Impact Statements (EISs) and one year for less stringent Environmental Assessments (EAs) while providing agencies with authority to extend those deadlines in writing with the input of the project proponent. Specific to Rural Utilities Service (RUS) projects, Congress should direct RUS to adopt further categorical exclusions (CEs) and increase the thresholds used for certain other CEs. Finally, the U.S. Forest Service (USFS) and Bureau of Land Management (BLM) require arduous permitting processes for electric co-op vegetation management in rights-of-way around generation, transmission and substation facilities. Congress should codify a CE or special permit of substantial duration and with adequate flexibility to streamline utility vegetation management practices on rights-of-way and for infrastructure on or around USFS and BLM lands. Congress should also provide clarity for felled timber removal*

from USFS lands and for the processing of felled timber and other vegetation collected from rights-of-way. Uncertainty around USFS on timber sales, processing and removal has prevented utilities from undertaking these important actions.”

2. Mr. Casper, you noted in your testimony that the USDA’s REAP program has enabled sustainable electrification programs and energy saving initiatives in your network. This Congress has allocated funds to greatly expand the scope and reach of these efforts, and our National Labs are world leaders in the development of renewable energy technologies.
 - a. Do you believe that technical input from our National Labs and other federal experts would enhance your co-operative’s clean and efficient electrification efforts?
 - i. Mr. Casper: *“The Department of Energy fosters programs and initiatives that guide interactions between the National Laboratories and the private sector. For instance, many Laboratories have entrepreneurial leave programs for Laboratory staff and researchers who decide to pursue joining businesses that move National Laboratory-developed technologies into the marketplace. As a result, on a voluntary basis, REAP recipients should be able to benefit from the renewable energy, energy storage, and other energy-related technological expertise Laboratory staff could offer.”*
 - b. In your experience, what portions of the REAP program have been most beneficial to your rural customers, and what can the USDA do to enhance these efforts?
 - i. Mr. Casper: *“For electric cooperatives, the Rural Energy for America Program (REAP) is useful tool in the USDA toolbox to help us better serve our consumer-members. Specifically, REAP is beneficial because it provides electric cooperatives resources to build out renewable energy generation which helps us respond to consumer-member feedback in support of providing renewable energy options. Also, REAP can benefit our consumer-members by providing co-ops with resources to assess and enhance energy efficiency, in turn saving consumer-members money on their monthly electric bills. We are grateful for the relationship we have with USDA and are thankful to Congress for continuing to fund this useful program. As Congress and USDA look to build upon these efforts, electric cooperatives would benefit from a broader list of eligible technologies, streamlined application process and an increase in the federal cost-share for all projects to 50 percent.”*

U.S. Senate Committee on Agriculture, Nutrition, and Forestry
Farm Bill 2023: Rural Development and Energy Programs

November 15, 2022
Questions for the Record
Dr. Christophe Schilling

Ranking Member John Boozman

- 1. It has been said that, in order for America's soybean producers to meet the demands of the quickly growing biodiesel demand, production will need to increase by 21 percent. What demand increases do you see in your industry? How does the utilization of agricultural products in bio-based products affect the nations reliable access to affordable food and fiber?**

Geno believes that access to affordable food and fiber would not be disrupted by the growth of the biobased products industry. Instead, we will provide additional markets to farmers as we anticipate the demand landscape for domestic biomass to change in the coming years.

At Geno, our biomanufacturing process largely uses corn rather than soybeans and we know that around 40 percent of U.S. industrial corn today goes to making ethanol with a large portion of the rest used for animal feed. Fewer than 1 percent is used for direct human consumption. With the electrification of cars and growing government incentives for consumers to purchase electric vehicles, we anticipate the demand for ethanol to decrease over the coming years. This may create a gap in the biomass marketplace and we believe that biobased products can fill that demand gap. Further, in comparison to the growing biofuels industry, biobased products require less biomass to produce while commanding a higher price point in the market.

- 2. In your testimony, you discuss your company's mission of sourcing agricultural feedstock from America's Farmers. Can you describe the level of engagement Geno has with the producers that supply your feedstock?**

While Geno currently does not have a manufacturing asset in the U.S. where we formally interact with feedstock producers through contractual agreements, we believe that it is important to form relationships with suppliers and have begun doing so. This includes a recent visit with the Iowa Corn Growers Association including site-visits to farmers to better understand their needs and to diversify outlets for value-added agriculture. Our aim is to forge these relationships now with an eye towards ramping up engagement when we build our first domestic biomanufacturing facility.

To put our current engagement in context, there are facilities that are powered by Geno technologies owned and operated by Geno's licensees who interact directly with America's farmers. For example the Eddyville, Iowa facility that was referenced in my testimony under construction by Qore, a joint venture between Cargill and Helm, will use feedstock from the co-located Cargill corn wet-mill. That wet-mill directly purchases corn from local producers and during active production, will utilize 30,000 bushels of corn per day. Geno's anticipated facility

may operate at a similar scale and proximity to local feedstock, ensuring a fully transparent, local supply chain. Central to our business strategy is replacing supply chains that don't have transparency with traceable, transparent and responsibly sourced feedstocks. The farmers and associations we've met to date are proud to tell the stories of where their crops come from and to learn that the clothes they wear, their grandchild's shampoo, their car parts or carpets could be made with materials made in their backyard instead of fossil fuels from overseas.

Senator Ben Ray Lujan

- 1. Dr. Schilling, I was interested to learn from your testimony that the Section 9003 application process is too long and burdensome to effectively stimulate private sector innovation in bio-products. I also understand that businesses must be far along in the commercialization process to qualify for this guaranteed lending program – further stifling innovation. The DOE and our National Labs, two of which are hosted in New Mexico, host several successful lab-to-market programs, like I-Corps and the Technology Commercialization Fund. Over many years, these programs have expended tremendous resources to learn how to successfully manage commercialization initiatives.**

- a. What changes can be made to emulate these successes in the Section 9003 program?**

Geno recognizes the success of programs like I Corp and the Technology Commercialization Fund in bringing innovative technologies to market. Acknowledging the difference in size and scope of the Section 9003 loan guarantee, we believe that the USDA can achieve similar success by emulating the nimbleness of these DOE programs.

As you mentioned, a key barrier to prospective applicants to the 9003 program is its requirement that technologies must be far along in the commercialization process. We believe that successful loan guarantee programs for first-of-its-kind technologies must be flexible and responsive to ongoing technology improvements. This is what the DOE programs recognize: technology breakthroughs are not always linear and do not always follow a timeline. The 9003 loan guarantee program should similarly recognize that ongoing innovation can occur even after an application is submitted and allow companies to apply at an earlier stage of development.

- b. Do you see collaboration opportunities to enhance USDA research efforts in the bioenergy sector? For example, our National Labs are developing sustainable aviation fuels – can USDA leverage these efforts to prevent duplication?**

Geno believes that there is benefit to USDA collaborating with the National Labs and other DOE programs to prevent duplication and accelerate efforts for the U.S. to lead global biomanufacturing. For example, the National Labs, the Technology Commercialization Fund and other programs at DOE are focused on developing technologies and bringing them to demonstration scale. Once technologies have been proven and particularly for those that require

biomass such as ours, we see USDA as the appropriate place to bridge the gap between demonstration and commercializing at scale through the 9003 loan guarantee program. This can be the case for bio-based products, as well as for sustainable aviation fuels generated with the support of the above mentioned programs referenced in your question and in this response amongst others.

Senator John Thune

- 1. Dr. Schilling, as you know, bio-based products represent a growing segment of the consumer market and offer a greener alternative to petroleum-based products. These products also provide our farmers with an additional market for their commodities, which supports farm profitability and rural jobs in the bio-based sector.**

- a. What recommendations do you have to support continued growth and investment in the U.S. bio-based economy in the farm bill?**

As consumer demand for more sustainable and less carbon intensive alternatives to petroleum-derived products continues to grow, companies like Geno stand ready to provide cost-effective and safer alternatives at considerable carbon savings. To accomplish this at scale, our industry requires the partnership of the federal government to compete with China and the EU, the former receiving generous government subsidies in the field of biotech manufacturing and the latter offering substantial incentives for the biotech sector to invest through billions in direct grants.

Fortunately, there are vehicles already in place to approach this and we view the Farm Bill as an ideal mechanism to bolster the effectiveness of these programs. I highlighted two key areas in my testimony to support the growth of the domestic bio-based economy while providing benefits to American farmers.

First, the Farm Bill must focus on increasing demand for biobased products. The federal government is one of the largest domestic purchasers of products and materials and by strengthening the 9002 BioPreferred program – including meeting the original intent of the program requiring federal purchasing of products with biobased content – it can send a signal to the private sector to follow in its footsteps helping to pull more demand for bio-based products.

Second, the Farm Bill can help accelerate the flow of capital to help first of its kind innovations reach commercialization, including reducing the cost of capital and increasing the likelihood of access to third party capital. The 9003 USDA loan guarantee program should operate at the speed of business by allowing companies to submit applications at an earlier stage of product development and providing feedback to applicants at an earlier stage of the review process. The latter is important so that companies can have an opportunity to amend or supplement an existing application and be in dialogue with USDA rather than lose valuable time by receiving a rejection, making corrections and starting the review clock anew if they choose to re-submit.

U.S. Senate Committee on Agriculture, Nutrition, and Forestry
Farm Bill 2023: Rural Development and Energy Programs
November 15, 2022
Questions for the Record
Mr. Denny Law

Ranking Member John Boozman

- 1. Among the broadband programs deployed by different agencies, there exists different thresholds to be met for everything from minimum speeds considered, to definitions of underserved, to buildout requirements. In your consideration, what certainties need to exist within our Federal Broadband programs, and what flexibilities should be allowed?**

Thank you, Senator, for the question. It is important that federal broadband programs provide sufficient certainty to build trust and improve efficiency. This in turn encourages broadband providers, like Golden West, to participate in such programs and to prepare our business plans as effectively as possible.

As an initial matter, it is critical that funding is targeted to areas in need, rather than duplicating efforts under other programs or the efforts of the private sector. In particular, awards should not be provided to providers in areas where another company has already deployed a robust network or has committed to do so in exchange for Federal or state broadband funding. As just one example, NTIA grant funds should not be awarded to support deployment by one provider in an area where a different provider is the recipient of: (a) an RUS telecom program loan or grant; (b) support from USF programs; and/or (c) a state broadband grant program, unless that other provider has failed to meet its commitments. This would help insulate these otherwise incredibly helpful programs from attacks upon their integrity and effectiveness as “dueling dollars” flow into deeply rural areas for the deployment of duplicative networks.

Another important aspect of certainty is helping to promote the business case for both deploying the network and then operating it and delivering services over it after it is built. Too often, there is a singular focus on the one-time act of getting people connected and insufficient attention to keeping them connected. For years, as described in my testimony, the FCC’s High-Cost USF program has played an essential role in this more comprehensive mission – enabling both the use of private capital or supporting the business case to obtain financing from private banks or the Rural Utilities Service to build networks *and* sustaining the ongoing delivery of services and maintenance of networks in rural areas at more affordable rates. It is therefore important that there continues to be a coordinated and holistic approach to facilitating and sustaining broadband availability in rural areas – such as how I described in my testimony between the FCC’s High-Cost USF programs and RUS programs.

Furthermore, to ensure broadband support programs deliver the best possible connectivity to the rural consumer, I recommend that all broadband deployment programs provide preferential scoring for high-speed symmetrical broadband networks that will offer at least 100/100 Mbps.

Federal broadband investments should support technology that can be readily upgraded to deliver the fastest speeds over the long-term life of the asset being built, rather than supporting technologies that may seem cheaper to deploy initially but will be unable to provide meaningful internet access that keeps pace with user needs and demands over time. This will provide the certainty needed for providers to know what kinds of networks they need to build and maintain over time – and it will provide greater certainty to the government that it will not need to pay once again to rebuild networks in a short period of time.

With respect to productive flexibility in federal broadband funding initiatives, three areas are likely top of mind based upon Golden West's experience: (1) striking a reasonable balance in the application of environmental requirements; (2) facilitating more effective use of existing rights-of-way; and (3) providing reasonable latitude in the use of various loan, grant, and matching funds.

First, given the nature of broadband network planning, agencies should strike a thoughtful balance in the amount of information they require during early application stages. For example, while it is important to vet applicants for funding properly regarding their managerial, technical, operational, and financial capability to perform as promised, some grant programs also compel applicants to enter highly detailed information regarding specific routes, sites, and other data points related to physical deployment in their initial applications. However, specific locations and routes for network facilities cannot realistically be identified at this level of granularity until field examinations are completed and other utilities are located – which will not occur until after an award is issued. While some degree of network planning information must of course be included with each application initially to allow the agency to verify the project's viability, the level of detail described above should not be required until an awardee is seeking necessary post-award environmental approvals for its project, rather than as part of the preliminary application process.

In addition, agencies should provide greater flexibility and leverage prior environmental analyses when considering deployments in previously disturbed areas. By accommodating changes to existing installations and applicable leases and easements, network deployments could happen more quickly by eliminating duplicative environmental reviews and permitting processes that are costly and time consuming to navigate and can be a major barrier to broadband deployment.

Finally, greater flexibility should be afforded in the use of broadband funds after awards are provided. USDA, for example, has previously taken steps to allow 100% grant awardees to comply with matching requirements over time in lieu of being required to expend all matching funds before drawing down any grant funds. We recommend similar flexibility be provided for 50/50 loan-grant combinations, so that providers can utilize loan and grant funds proportionally rather than compelling them to utilize all loan funding prior to receipt of any grant resources.

Senator John Thune

- 1. Preventing overbuilding of broadband networks at the taxpayer's expense has long been a priority of mine. Since its inception as a pilot program, the ReConnect program has had varied rules and recently, the funding was eligible to go to areas where only 50 percent of households lack access to broadband services. This allows for funding to go to areas that already have reliable broadband service and ultimately leaves truly unserved areas behind. Should ReConnect funding go to the areas in which the highest percent of households lack sufficient access to broadband? What are the risks if we lower that threshold?**

Thank you, Senator, for the question. We agree that ReConnect funding should be focused on areas that are most lacking in broadband access. Targeting funds in this manner will ensure we make the most of them, promote the integrity of the programs, and defend them against claims that funds are being wasted.

You rightly addressed this issue in S. 3587, the Connect Unserved Americans Act, by directing resources towards building broadband networks in the most unserved areas. This ensures that federal funding support is focused more directly on providing service to those Americans most in need. Should the threshold for what level of unserved population qualifies as eligible stay too low, we run the risk of deploying duplicative government-funded networks in rural areas. Golden West has witnessed this firsthand when federal funding was awarded to overbuild an existing federally-funded broadband network in a rural area.

At the same time, far too often the questions of where broadband deployment funds should be directed gets conflated with what kinds of networks will then be built there. These should be distinct questions. For example, one could state that funds will be directed first entirely to areas lacking 25/3 Mbps service and then, once those are served, to areas lacking 50/5 Mbps, and so on. This would help to ensure that funds are always focused first on addressing those areas most in need. But then the separate question arises as to what kinds of networks should be built in any area that is deemed in need. When it comes to *what* to build rather than *where* to build, the speed targets should be materially higher – we should always be aiming wherever possible to build the best possible networks once we know which areas are lacking. This does not implicate overbuilding in any way since funds are still targeted to where they are needed most, but rather represents smart coordination to fund the deployment of the best possible networks for those rural Americans most in need.

- 2. Mr. Law, can you talk about some of the challenges you face with seeking the proper permits to deploy broadband networks? Are there any recommendations that could help streamline this process?**

Nearly all broadband deployment projects require interaction and coordination with third-party landowners, including private landowners and public landowners (*e.g.*, (local, county, state, tribal and federal governments), to secure the placement of broadband facilities in rights-of-way or easements. Depending on the size of the project and the number of fiber optic network miles

being deployed, it is common for Golden West to work with dozens, and perhaps hundreds, of different landowners in a single broadband deployment project.

Federal agencies that administer land rights are perhaps the most difficult and time-consuming permits to obtain when deploying broadband service in rural areas. It is common for rights-of-way or broadband permitting applications made to federal agencies to take 12 to 36 months to reach resolution, and longer than 36 months is not uncommon. Because of the interconnected nature of broadband networks, these delays often halt the entire broadband deployment project, not simply the portion of the project crossing federal lands.

In general terms, the reasons for these challenges with federal agencies are: 1) Lack of agency resources or personnel specifically dedicated to rights-of-way or permitting applications, 2) Lack of specific requirements (instead of “guidelines”) for processing of rights-of-way applications by the federal agency, and 3) Lack of a differentiated process for reviewing and potentially expediting approval for applications that traverse previously disturbed grounds (i.e., along an existing road) versus across grounds that are undisturbed.

I would recommend the following initial steps to improve and potentially expedite the process for processing applications for access to federal lands to deploy or expand broadband service in rural areas:

1) Establish a maximum time period for agencies to consider permits that will occupy previously disturbed areas (i.e., along road rights of way or across grounds that have other utility services previously placed). Unless extenuating circumstances are identified (with specificity) by the agency within the prescribed time period, the application would be deemed approved. I suggest a reasonable “maximum time period” is no longer than 180 days.

2) Require each agency to specifically designate the office(s) within the agency directly responsible for land management and land use, either on a statewide or regional basis along with the necessary contact information for each office including email addresses and telephone contact numbers.

3.) Require each agency to use identical processes, forms, and land-use requirements for the processing rights of way applications. Current federal agency “guidelines” are subject to significant interpretation and vary by agency and by state or individual offices.

3. Mr. Law, USDA manages a number of broadband programs. As we look to the 2023 farm bill, do you believe there is value in Congress merging the ReConnect with the traditional broadband loan and grant program housed under USDA?

We do believe there is value in merging ReConnect with USDA’s traditional Farm Bill Broadband Loan Program. To date, ReConnect has been largely successful and beneficial, providing loans and grants for broadband providers to serve deeply rural markets. Considering the substantial similarities between ReConnect and the Farm Bill Broadband Loan Program, Congress could build upon the early successes of the ReConnect program. We look forward to

working with you on how best to coordinate these programs more closely with one another and ultimately with other essential broadband-related initiatives and private sector efforts.

4. Many recipients of ReConnect awards have reported delays of many months before the awards are finalized. Do you have any suggestions regarding how the process may be improved?

Golden West and other NTCA members have experienced significant permitting and approval delays after the notice of awards. While delays can seemingly occur at many steps throughout the process, those posed by environmental and historical preservation reviews appear to contribute most to the long wait times leading up to the disbursement of funds to an awardee.

To address this, we recommend that RUS allow providers to work toward seeking approval of environmental and historical reviews “at their own risk” prior to an award, allowing recovery of those expenses afterward if an award is granted. Moreover, Congress should encourage RUS to assist providers by issuing guidance with respect to every piece of documentation and other steps need to successfully complete the review process. Many small providers report that permit applications linger because they are the subject of multiple requests for additional documentation by RUS staff, which might have been avoided had it been clearer to these smaller operators upfront what was required. In addition, it is clear that better staffing is needed across the board – whether the pandemic affected staff availability or there were other factors involved, staff shortages appeared to contribute to the inability of both federal agencies and state and tribal historical preservation offices to respond quickly and efficiently to the paperwork requiring their approvals.