

RURAL BUSINESS-COOPERATIVE SERVICE
Statement of Chad Parker, Acting Administrator
Before the Committee on Agriculture, Nutrition and Forestry
September 28, 2017

Chairman Roberts, Ranking Member Stabenow, and Members of the Committee, thank you for the opportunity to discuss our programs at U.S. Department of Agriculture's (USDA) Rural Business-Cooperative Service (RBS).

Rural Development has consistently been the leading advocate for strengthening our Nation's rural economies through increasing access to capital in rural areas, expanding the bioeconomy, including supporting opportunities for biofuels and renewable energy.

RBS programs and services, in partnership with other public and private sector funding, are at the forefront of improving the lives of rural America. Our programs not only promote rural business employment opportunities, they keep jobs in rural America and help rural economies compete in the global marketplace. To date in fiscal year (FY) 2017, RBS has successfully delivered approximately \$1.71 billion in funding to rural America that helped 12,500 businesses create or save an estimated 55,000 jobs. Our path forward is to focus on our ability to efficiently and responsibly provide government services that meet the needs of our constituents.

RBS remains committed to revitalizing rural communities by expanding economic opportunities, creating jobs, improving rural infrastructure, and expanding markets for existing rural businesses in order to ensure a vibrant economy. RBS administers numerous direct loan, guaranteed loan, and grant programs that not only directly make capital available, but more importantly attract investment capital to rural areas that might otherwise not see such investments. In addition, we

have been successful in increasing rural access to capital through our partnerships with other Federal agencies to leverage our resources.

RBS continues to be a leader in helping ensure America's energy independence and security, promoting the creation and expansion of renewable energy projects and jobs in rural areas. RBS currently administers a suite of programs that promote a more sustainable energy future through investments in renewable energy and energy efficiency.

The Rural Energy for America Program (REAP) is our most competitive renewable energy program. REAP promotes energy efficiency and renewable energy development for agricultural producers and rural small businesses through grants for energy audits and renewable energy development assistance and financial assistance for energy efficiency improvements and renewable energy systems projects. For FY 2017 alone, we are estimating that REAP will provide funding for over 1,200 projects with total project cost of over \$1 billion and leverage nearly 18 times the amount of REAP budget authority funding for the year. A recent success story is REAP financial assistance for an energy efficiency project to a family-owned grocery in a rural persistent poverty county in Kentucky. This business is an integral part of the community as it allows people, particularly low-income elderly residents, to shop locally and not have to drive to another town or county to buy groceries. The REAP assistance enabled the grocery to reduce their energy bill by 60 percent, which will enable them to recoup the expense in a little over 4 years.

Cooperatives are an important business model and the cornerstone for business development in some rural communities. They provide rural residents with job opportunities, enhanced educational and healthcare services, and products that enable them to compete in the global economy. Opportunities are created locally and revenues are maintained and re-circulated locally. The Cooperative Service's largest and most popular program, is the Value-Added Producer Grant Program.

The Value-Added Producer Grant program provides grants to agricultural cooperatives and producers. The grant funds may be used for planning activities and for working capital for

marketing value-added agricultural products and for farm-based renewable energy, enabling American producers to compete in the global economy. For example, a pecan producer in Georgia received a planning grant to conduct market research in three major Chinese cities and develop a feasibility study for marketing its new roasted pecan snack in high-end supermarkets in China. Subsequently, the producer received a working capital grant to support production and marketing of this product to Chinese consumers.

Conclusion

Thank you for your time, Mr. Chairman and members of the Subcommittee. The Rural Business-Cooperative Service is committed to promoting economic prosperity in rural communities through improved access to capital and economic development on a regional scale. As we move forward into the new fiscal year, we continue to examine our operations and look for opportunities to create efficiencies and seek opportunities to target and leverage resources for the greatest impact. I am available to provide any additional information as requested.