

Testimony of

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“USDA Rural Development Programs and their Economic Impact Across America.”

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Good morning. I'm Craig Hill, President of the Iowa Farm Bureau Federation representing 159,000 member families from across the great state of Iowa. Additionally, I serve on the Board of Directors of the American Farm Bureau Federation. I'm a farmer from Milo, Iowa where I raise corn, soybeans, and hogs with my wife and son. Let me begin by thanking the Chair of this subcommittee, Iowa Senator Joni Ernst. Senator Ernst herself was raised on a farm in rural Iowa and understands the challenges we face in rural America. I would also like to thank Ranking Member Heidi Heitkamp, and Members of the Subcommittee for allowing me the opportunity to share my testimony with you today.

Today I will talk about the challenges and the opportunities that Iowans and people across America face in rural communities. In the farm economy we are facing many challenges. With lower commodity prices farmers will have to find new and innovative ways to remain profitable and continue farming in future years. While farmers deal with the economic challenges that threaten our profitability, we are also dealing with a federal government that continues to pass rules and regulations that threaten our businesses, our productivity, and most importantly our way of life. With new rules such as the Waters of the U.S., the Clean Power Plan, and the decreased RFS, there is a growing disconnect between those who write the rules in DC and those who depend on strong rural economies. As farmers undertake these challenges we recognize the vast majority of farm families rely on off farm income to diversify risk and keep the family economically viable. That is why it is so important that we have vibrant rural economies to sustain those off-farm income sources.

Years ago I was part of a long-term task force Farm Bureau put together called 'Making American Agriculture Productive and Profitable.' During a meeting of this committee we were informed by Dr. Tom Johnson of the University of Missouri that 'farms are more dependent on rural communities than rural communities are dependent on farmers.' While Farm Bureau has always recognized the importance of strong rural economies, this task force resulted in Farm Bureau creating a rural development action plan to promote and improve rural development.

In an effort to promote and support rural development across the state, Iowa Farm Bureau developed a partnership with Iowa State University's Agricultural Entrepreneurship Initiative. Iowa Farm Bureau invested \$100,000 annually for the last four years to support the initiative and assist more than 200 students each year develop rural and agriculture related businesses. Iowa Farm Bureau created the Renew Rural Iowa program to mentor these rural business startups. This program provides education with peer learning, an experienced staff to provide mentorship, and expert assistance for businesses applying for state and federal funding.

Along with our role as a mentor for rural business startups, Iowa Farm Bureau also helps entrepreneurs secure the necessary capital to grow their businesses. The Renew Rural Iowa start up competitions have provided new platforms to show case entrepreneurs to potential capital sources and provide prize money to the winner. This investment by the Iowa Farm Bureau has

grown over the years to a total of \$32 million invested across 13 companies making an impact in rural Iowa. We reached a major milestone in 2015, with Iowa Farm Bureau's investments totaling \$125 million of economic impact in rural communities.

In addition, the Renew Rural Iowa program teaches the entrepreneurs how to utilize USDA Rural Development programs. The Business and Industry Loan Guarantees, Rural Energy and Energy Efficiency Programs, Rural Business Development Grants, Intermediary Relending Program, and Small Business Innovation Research funding are just a few examples that our participants learn about through the Renew Rural Iowa program.

One shining example of this is Harrisvaccines, Inc. based in Ames, Iowa. This business leveraged Small Business Innovation Research funding and our equity investment dollars to eventually commercialize their next generation synthetic vaccine platform. This vaccine platform played a critical role in rapidly responding to both the "Swine Flu" outbreak in 2008 and the Porcine Epidemic Diarrhea Virus (PEDv) outbreak of 2013-2014, two devastating disease outbreaks in swine production.

While USDA has been a great partner for our rural businesses there are some concerns about how these programs are administered. The length of time for application approval is a hindrance to business development and harms the viability of the programs. Additionally, the complexity of the application creates an unnecessary and prohibitive barrier for those hoping to utilize these programs. These are a few examples of how the process could be streamlined and improved so programs are more frequently utilized to promote business development in rural communities.

Nationally, the American Farm Bureau Federation has also developed programs to promote rural business development. One of the innovative programs AFBF administers is the Rural Entrepreneurship Challenge. If you are familiar with the 'Shark Tank' program on television, then you will quickly recognize the rules of this competition. The Farm Bureau Entrepreneurship Challenge is a business competition for entrepreneurs with agriculture and food business ideas being cultivated in rural regions of the United States.

Over the past two years, I'm proud to say that Iowa entrepreneurs have won this national competition. Competing against 165 applications from 33 states, the 2016 Farm Bureau Entrepreneur of the Year winner was a startup called AccuGrain. Led by Iowa Farm Bureau members Ryan Augustine, Steven Brockshus, and Rob Taylor from Rose Hill, this team developed patented x-ray technology to accurately measure flowing grain in real time. The 2015 winner was ScoutPro, Inc. led by Michael Koenig and Stuart McCulloh from Lone Tree. They developed a mobile phone app used by farmers to identify weeds and pests while walking their fields. This program fulfills Farm Bureau's mission to enhance and strengthen the lives of rural Americans and to build strong, prosperous agricultural communities.

AFBF also recognizes the importance of rural development programs offered by the USDA. In an effort to determine how well USDA programs are working for U.S. farmers and ranchers,

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AFBF developed a survey to analyze and evaluate these programs. The goal of this survey is to pinpoint what's working and what can be improved in these programs. We will use the survey results to develop a series of recommendations on how USDA can strengthen its programs to make them more effective for farmers and ranchers. AFBF estimates that the final survey results and recommendations should be completed by the end of April 2016, and AFBF plans to share the results with USDA in May 2016 through a series of fact sheets and briefings. Additionally, I will ensure that these fact sheets are delivered to the members of this subcommittee.

In conclusion, I would like to again thank this subcommittee for holding a hearing on this important topic. As urban consolidation continues across the country it is important that we continue to support initiatives that improve rural communities through growing incomes, expanding employment, and increasing populations. Through the efforts of organizations like the Farm Bureau and USDA Rural Development, I hope that we can continue to improve the health and vitality of rural America.

Thank you.