

April 2, 2021

United States House of Representatives
United States Senate
Washington, DC

Dear members of Congress,

The Center for Rural Affairs pursues a mission to establish strong rural communities, and we are grateful for this opportunity to share with you our priorities for appropriations for fiscal year 2022. Robust funding for the below programs will provide important support for farmers, ranchers, and rural communities.

In particular, the Rural Microentrepreneur Assistance Program, or RMAP, offers valuable support for rural entrepreneurs. RMAP provides third-party organizations with the funds to offer training and small business loans to rural entrepreneurs, and in doing so allows them to create jobs and expand their businesses in rural communities. We are grateful that you provided \$6 million for RMAP in 2021, and ask that you double the funding to \$12 million in 2022.

Our appropriations priorities for 2022 are as follows:

- **Rural Microentrepreneur Assistance Program (RMAP):** \$12m in discretionary funds
- **Conservation Technical Assistance (CTA):** At least \$1.1b
- **Local Agriculture Marketing Program (LAMP):** \$20m, split appropriately between the Value Added Producer Grants (VAPG) program and the Farmers Market and Local Food Promotion Program (FMLFPP)
- **Rural Business Development Grants (RBDG):** \$45m in discretionary funds
- **Sustainable Agriculture Research and Education (SARE):** \$60m in discretionary funds
- **Rural Energy for America Program (REAP):** \$5m in discretionary loan funds
- **Rural Cooperative Development Grant Program (RCDG):** \$15m in discretionary funds
- **Farm Service Agency (FSA) loans:**
 - Direct Farm Ownership Loans - \$2.776b
 - Direct Operating Loans - \$1.633b
 - Guaranteed Farm Ownership Loans - \$3.6b
 - Guaranteed Operating Loans - \$2.118b

The proposed funding levels would do a great deal to strengthen family farms, small businesses, and rural communities. The following pages include justifications for each of these proposals.

1. Rural Microentrepreneur Assistance Program (RMAP)

- Appropriations Bill: Agriculture and Related Agencies
- Specific agency: United States Department of Agriculture - Rural Development, Rural Business-Cooperative Service
- Appropriations Account: Rural Microentrepreneur Assistance Program
- Amount requested for FY 2022 Appropriations: \$12 million
- Amount provided by FY 2021 enacted bill: \$6 million

The Rural Microentrepreneur Assistance Program (RMAP) supports the development and ongoing success of rural microentrepreneurs and microenterprises. Through RMAP, direct loans and grants are provided to Microentrepreneur Development Organizations (MDO), who then provide technical services and distribute microloans of \$50,000 or less to rural microentrepreneurs. This support provides the path that rural entrepreneurs need to establish and build their businesses and create jobs in rural communities.

In many rural communities, entrepreneurs face unique challenges not experienced in urban areas. The number of small town banks has steadily decreased, and from our work with rural entrepreneurs, the Center for Rural Affairs has seen that remaining banks are less and less interested in offering small business loans. There are also fewer business assistance resources to help them start and grow. RMAP helps bridge these gaps by providing the technical training and loan capital that is otherwise unavailable. In doing so, RMAP helps lay a path for these rural entrepreneurs to establish businesses and strengthen rural communities.

Beyond these core barriers to rural entrepreneurship, the pandemic has placed a tremendous strain on the businesses serviced by RMAP. They are often service-based, the industries most impacted by lockdowns, restrictions, and lower consumer spending. Furthermore, RMAP loan recipients, unlike those with Small Business Association Loans, did not receive any emergency pandemic relief. As a result, they were more likely to default on a loan than an urban counterpart. In order to get small rural businesses back to speed, more resources must be placed toward facilitating their success. RMAP is the ideal program to address this need.

RMAP has provided this support for rural entrepreneurs across the country for over a decade. The 2018 farm bill removed RMAP's mandatory funding, but Congress has continued to support its funding with annual appropriations. We ask Congress to fund RMAP at \$12 million in FY2022 to continue needed support and help rural entrepreneurs get back on their feet.

2. Conservation Technical Assistance (CTA)

- Appropriations Bill: Agriculture and Related Agencies
- Specific agency: United States Department of Agriculture - Natural Resources Conservation Service
- Appropriations Account: Conservation Operations
- Amount requested for FY 2022 Appropriations: \$1.1 billion
- Amount provided by FY 2021 enacted bill: \$734.255 million

Conservation Technical Assistance (CTA), a subset of Conservation Operations, is the backbone of USDA's conservation programs. Through CTA, Natural Resources Conservation Service (NRCS) field staff work one on one with farmers to develop and implement personalized conservation plans that address how farmers can best conserve resources on their farms. CTA funds are also used to assess conservation practices and systems, and to collect, analyze, and disseminate data on the condition of our nation's natural resources.

The Center for Rural Affairs has seen first-hand how valuable the support of working lands conservation programs can be for farmers and ranchers, if the resources are readily available. Programs like the Conservation Stewardship Program and the Environmental Quality Incentives Program offer valuable paths for farmers and ranchers to increase and strengthen their stewardship of natural resources.

Local NRCS field office staff are indispensable in implementing these programs. Quite simply, without staff's availability to meet with farmers and ranchers, talk through their conservation options, and set out a plan for implementing conservation on their operations, these programs would have no impact. Unfortunately, staff capacity to serve each individual county and producer has declined, and technical staff are spread across multiple counties. This has led to a backlog of design work for structural practices, a drawn out timeline to develop conservation plans, and a decline in the outlook of NRCS and its programs by some farmers.

An increase in funding for CTA sub-account of Conservation Operations at \$1.1 billion would provide much-needed support for these staff to conduct the invaluable ongoing work of implementing working lands conservation programs.

3. Local Agriculture Marketing Program (LAMP)

- Appropriations Bill: Agriculture and Related Agencies
- Specific agency: United States Department of Agriculture - Agricultural Marketing Service and Rural Development

- Appropriations Account: Agricultural Marketing Service, Rural Cooperative Development Grants
- Amount requested for FY 2022 Appropriations: \$20 million, split appropriately between VAPG and FMLFPP
- Amount provided by FY 2021 enacted bill: \$19.4 million (\$12 million for VAPG, \$7.4 million for FMLFPP)

The Local Agriculture Market Program (LAMP) was created in the 2018 farm bill to streamline existing programs that support local and regional food economies. This new program includes three subprograms: Value Added Producer Grant (VAPG) program, Farmers Market and Local Food Promotion Program (FMLFPP), and Regional Food System Partnership (RFSP) program.

VAPG offers grants to farmers and ranchers developing farm and food related businesses that boost farm income and create jobs in rural America. FMLFPP funds marketing grants that support the infrastructure needed to market local and regional foods. Both of these programs encourage the kind of entrepreneurship that enables rural communities to grow economically.

With the new changes in the 2018 recent farm bill, the VAPG and FMLFPP portions of LAMP are taking effective cuts. The requested funding would restore these programs to their previous levels and allow them to continue their needed support of rural producers of value-added products and local and regional food infrastructure.

4. Rural Business Development Grants (RBDG)

- Appropriations Bill: Agriculture and Related Agencies
- Specific agency: United States Department of Agriculture - Rural Development, Rural Business-Cooperative Service
- Appropriations Account: Rural Business Program
- Amount requested for FY 2022 Appropriations: \$45 million
- Amount provided by FY 2021 enacted bill: \$37 million

The Rural Business Development Grant Program (RBDG) was created in the 2014 farm bill by combining the Rural Business Opportunity Grant Program and the Rural Business Enterprise Grant Program. RBDG is administered by State USDA Rural Development Offices and supports rural small businesses with fewer than 50 employees and less than \$1 million in gross revenue.

RBDG spurs economic activity in rural communities by providing new marketing opportunities, training, and resources to small businesses. The wide variety of applicable uses offered by RBDG makes this an ideal program for rural communities across the country who face varying

barriers to business development. Each year, this program supports thousands of small entrepreneurs who otherwise would not have access to the training, physical space, or technology brought to their rural area by RBDG recipient organizations.

Rural businesses have been pushed to the limit during the pandemic and will need support to regain their footing. RBDG's focus on supporting small, rural business through a wide range of uses is exactly what many communities will need as they have expended many of their own resources to stay afloat. The businesses served by RBDG, typically small main street enterprises, have done all they can to keep the doors open and will need substantial time to enter new markets, hire new employees, or make renovations without any support.

The requested funds will support USDA in offering grants to rural cooperatives and other institutions that allow them to develop and offer needed support to rural entrepreneurs in the areas of business and market analysis, construction of repairs or buildings, and other activities. With high demand for economic development in rural communities across the country and an immediate need to rebuild our small business infrastructure, we ask for \$45 million for this program in FY2022 to meet this demand

5. Sustainable Agriculture Research and Education (SARE)

- Appropriations Bill: Agriculture and Related Agencies
- Specific agency: United States Department of Agriculture - National Institute for Food and Agriculture
- Appropriations Account: National Institute for Food and Agriculture, Research and Education
- Amount requested for FY 2022 Appropriations: \$60 million
- Amount provided by FY 2021 enacted bill: \$40 million

The Sustainable Agriculture Research and Education (SARE) program is the only USDA competitive grants research program with a consistent focus on sustainability and farmer-driven research. Eligible entities include producers, researchers, nonprofit organizations, and educators. SARE supports five areas of grants: research and education, professional development, farmer and rancher research grants, partnership/on-farm grants, and graduate student grants. For more than 30 years, SARE has been at the forefront of research and extension based on profitable and environmentally-sound practices developed with farmer and business input.

SARE has helped create more innovative farm practices that are adopted by farmers than any other competitive research program. Despite its popularity and demonstrated administrative efficiency, SARE has never been funded at its authorized level of \$60 million. We request

funding of the full \$60 million in FY2022 to allow SARE to reach its full potential in supporting much needed sustainable agriculture research and education.

6. Rural Energy for America Program (REAP)

- Appropriations Bill: Agriculture and Related Agencies
- Specific agency: United States Department of Agriculture - Rural Development, Rural Business-Cooperative Service
- Appropriations Account: Rural Energy for America Program
- Amount requested for FY 2022 Appropriations: \$5 million
- Amount provided by FY 2021 enacted bill: \$0.392 million

Farmers, ranchers, and rural business owners are being affected by rising input costs and increased costs of production and doing business. Investments in renewable energy and efficiency provide opportunities for producers and business owners to reduce costs, improving their bottom lines and improving farm profitability. The Rural Energy for America Program (REAP) provides grants and loans to farmers and rural businesses interested in making energy efficiency improvements, including implementation of renewable energy.

REAP grants and guaranteed loans help farmers, ranchers and rural small businesses purchase and install renewable energy systems or make energy efficiency improvements. The program also supports the purchase of wind, solar, or other renewable energy systems, and provides grants to help farmers with energy audits and renewable energy development. For both farmers and rural business owners, these systems can help cut energy costs.

7. Rural Cooperative Development Grant Program (RCDG)

- Appropriations Bill: Agriculture
- Specific agency: United States Department of Agriculture - Rural Development, Rural Business-Cooperative Service
- Appropriations Account: Rural Cooperative Development Grants
- Amount requested for FY 2022 Appropriations: \$15 million
- Amount provided by FY 2021 enacted bill: \$8.8 million (\$3 million for SDA grants)

The Rural Cooperative Development Grant (RCDG) program is designed to support the creation, development, and improvement of rural cooperative or mutually owned business. The awards each year total \$8.8 million, with a maximum grant amount of 200,000, and they are awarded through a national competition. These awards are given to a Rural Cooperative Development Center, which provides technical assistance to developing cooperative ventures.

Today, rural cooperatives are often the key to retaining essential goods and services in rural areas; they also represent a growing sector of businesses across industries. A cooperative may be the only means to keep groceries in a rural area that might otherwise be a food desert, or they might be part of a burgeoning business in the food industry. Mutual ownership has an important and unique role to play in rural economies.

As with other businesses, cooperatives have been gravely impacted by the pandemic. Restaurant closures have meant fewer customers for food cooperatives. As farmers markets closed and meat processing facilities were backed up, others were unable to get products to the finish line. These issues are not over. Rural Cooperative Development Grants can help existing cooperatives recover and new ones which will start in the wake of distressed industries.

Since the 1990s, Rural Cooperative Development Centers have established hundreds of new rural businesses nationwide, with tens of thousands of rural jobs resulting. Congress has continued to support its funding with annual appropriations. We ask Congress to fund RCDG at \$15 million to support its important role in rural economies.

8. **Farm Service Agency (FSA) loans**

- Appropriations Bill: Agriculture and Related Agencies
- Specific agency: United States Department of Agriculture - Farm Service Agency
- Appropriations Account: Agricultural Credit Insurance Fund Program
- Amount requested for FY 2022 Appropriations:
 - Direct Farm Ownership Loans - \$2.776 billion
 - Direct Operating Loans - \$1.633 billion
 - Guaranteed Farm Ownership Loans - \$3.6 billion
 - Guaranteed Operating Loans - \$2.118 billion
- Amount provided by FY 2021 enacted bill:
 - Direct Farm Ownership Loans - \$2.5 billion
 - Direct Operating Loans - \$1.633 billion
 - Guaranteed Farm Ownership Loans - \$3.3 billion
 - Guaranteed Operating Loans - \$2.118 billion

Access to appropriate credit is critical for farmers. Farm Service Agency loan programs fill an important gap in financing for those unable to secure credit in the private market, and have been vital in providing access to credit for small and mid-size family farms.

Because credit plays such a critical role in farm and ranch viability, we ask Congress to support four loan accounts: Direct Farm Ownership Loans, Direct Operating Loans, Guaranteed Farm Ownership Loans, and Guaranteed Operating Loans.

Thank you for your consideration of these requests.

Many thanks,

A handwritten signature in cursive script that reads "Anna Johnson". The signature is written in black ink and is positioned above the typed name.

Anna Johnson
Policy Manager
Center for Rural Affairs