

April 9, 2018

The Honorable Mike Conaway
Chairman
Committee on Agriculture
United States House of Representatives
1301 Longworth House Office Building
Washington, DC 20515

The Honorable Collin Peterson
Ranking Member
Committee on Agriculture
United States House of Representatives
1305 Longworth House Office Building
Washington, DC 20515

Dear Chairman Conaway and Ranking Member Peterson:

On March 1, 2018 the Rural Community Assistance Partnership (RCAP), the National Cooperative Business Association CLUSA (NCBA), and the New America Public Interest Technology Team hosted the first ever “Farm Bill Rural Development Innovation Summit.” This bipartisan gathering brought together rural policy leaders from across the country to discuss approaches that will help rural America better capture economic opportunities through the Rural Development Title of the Farm Bill. The group heard from both Anne Hazlett, the Assistant to the Secretary of Agriculture for Rural Development, as well as former Secretary of Agriculture Tom Vilsack.

The summit helped shine a spotlight on the opportunities and challenges facing small towns, main streets, and rural areas across America. Additionally, the event garnered specific expertise and policy recommendations to ensure that the next Farm Bill appropriately addresses the needs of rural communities.

As you know, Rural Development programs play an important role in fostering locally-driven economic growth and opportunity in small communities. In an environment of scarce resources, new approaches and ideas are needed to better utilize the Rural Development programs so that people in rural communities can achieve better long-term outcomes.

Over the course of the Summit, three main areas of focus emerged:

1. Access to Capital. The group created a framework for thinking about the components of a rural community and their relationship to financial capital.

2. Infrastructure. The group created a hierarchy of infrastructure needs, with the understanding that rural communities need basic infrastructure to participate in the 21st Century economy.
3. Innovation. The innovation team outlined a blueprint for an innovative rural community-- the components of an ecosystem that creates a community with a creative, entrepreneurial spirit.

Out of these three groups, several specific recommendations emerged that we believe are actionable in the upcoming Farm Bill.

1. Incentivize investment into rural communities with greatest need.
 - Eliminate or reduce matching requirements for communities of 10,000 or less.
 - Allow for use of grants for down payments on guaranteed and/or direct loans.
 - Create opportunities for “preferred lenders” that, once qualified, allow those lenders to streamline paperwork with rural borrowers and USDA (similar to what SBA does for their lenders).
 - Provide for seed funding for rural-focused Venture Capital funds.
 - Provide for student debt forgiveness up to \$40,000 for home purchase in non-urban New Market Tax Credit locations.
 - Authorize a “Multi-Family Housing Transfer and Prepayment Technical Assistance grant program”
 - Incentivize loan packages that help blend a number of lending sources. Create funding packages as opposed to topically or geographically based funding that is often siloed.
2. Infrastructure Opportunities:
 - Strengthen and fund national intermediaries for capacity-building.
 - Facilitate technical assistance programs that cross RD program areas.
 - Support strategies to expand access to affordable broadband for rural households and businesses, including with grants, technical assistance, and low interest loans.
3. Innovation:
 - Provide for incentives for rural small business owners to convert to worker cooperatives and Employee Stock Ownership Plans for rural business exits (tax credits, access to low interest capital, technical assistance through cooperative development and small business intermediaries).
 - Establish an Innovation Fellowship. Create a Fellowship housed at USDA RD that will attract people from the private sector for 6-12 month fellowships with skillsets that would be unique and valuable to a rural development context, like technologists of all stripes. These people can provide significant value to local communities and organizations by bringing in skills, knowledge, and contacts that are not typically accessible.

- Create the Rural Innovation Sustainable Entrepreneurship (RISE) grant program. RISE will provide grants of between \$500,000-\$2,000,000 in capital for standing up innovation hubs in low income rural areas that provide co-work space and digital skills training and entrepreneurship support in places that have found a way to bring high speed internet to their community. Innovation hubs must be located in non-urban New Market Tax Credit Zones or non-urban locations designated as an Opportunity Zone.

As leaders, residents, and stakeholders of small towns and rural communities, we are proud of our long history of independence, innovation, and self-sufficiency. We believe, however, it is vital for the federal government to renew its commitment to partnering with an array of public, private, nonprofit, civic, educational, philanthropic, and other organizations that work tirelessly to improve our nation's rural economies, public assets, and communities. Through the Rural Development Title, rural America will gain increased access to important seed capital, financing for infrastructure and housing, professional expertise, and support services that help foster rural dreams into reality.

As the House Agriculture Committee prepares to consider the next Farm Bill, we applaud your leadership and vision, and we respectfully request that any additional funding made available during the debate, be directed toward the Rural Development Title. Thank you again for making Rural Development a cornerstone of the 2018 Farm Bill.

Sincerely,

American Bankers Association
Center for Rural Innovation
Farm Credit Council
Housing Assistance Council
National Association of Development Organizations
National Center for Resource Development
National Cooperative Business Association CLUSA
New America
Rural Coalition
Rural Community Assistance Partnership