

National Rural Economic Developers Association (NREDA)

Grassroots Advocacy Committee

2017-18 NREDA Grassroots Advocacy Issues Paper

- 1. NREDA supports innovative and responsive community vitality programs in the forthcoming Farm Bill.**
NREDA supports rural communities that face unrelenting forces of urbanization at a national and global level. Outmigration, disinvestment, poverty, inadequate infrastructure, substandard and inadequate housing, technology gaps, and other unacceptable impediments too often frustrate and complicate rural economic development initiatives.

NREDA strongly recommends the forthcoming Farm Bill include Titles and Tools that help rural communities and their leaders creatively address and model programs of response, recovery, and revitalization. Too often Federal agencies and programs leave rural communities at a distinct disadvantage because of their challenges of complexity and scale. NREDA affirms that USDA Rural Development must and should be placed at the center of new programs and policies fostering rural vitality.

A modest investment in demonstration projects, innovative partnerships, community-based philanthropy, and collaborative initiatives could and would serve as a catalyst for helping rural communities survive and thrive.

As such, we implore lawmakers to work with NREDA and other farm and rural community organizations to ensure that a new Farm Bill includes support to help foster rural community investment and vitality.

- 2. (Part I) NREDA supports United States Department of Agriculture Rural Development's (USDA RD) Grant and Loan funding through the Rural Economic Development Loan and Grant (REDLG) program.**

This program provides funds through electric and telephone cooperatives that, in turn, pass through funds to local community projects and businesses and create revolving loan funds. The resulting locally-based financial tools help increase sustainability in rural areas as well as create and retain jobs in our communities. The REDLG program is vital for existing and future economic development for rural communities that NREDA members serve. The funding for FY 2015 resulted in \$30 Million in new loan funds and just under \$10 Million in grants requiring local matching funds to create revolving loan funds. In FY 2014, the program also provided \$57.9 Million in carry over funds and \$8.2 Million in FY 2015; however, these funds — both carry-over and new authorizations — were depleted during FY 2016.

(Part II) NREDA supports an increase in the funding authorization for USDA's Grant and Loan funding through the REDLG program.

In rural territories, electric and telephone cooperatives can lend and have been lending support to business expansions and community development projects via Rural Utilities Service (RUS)/USDA RD. Through the REDLG program, electric and telephone co-ops can secure no-interest loans or grants to create revolving loan funds, which they can, in turn, loan to businesses for projects that will create and retain employment in their rural areas. This program both fosters area economic growth and augments the infrastructure of electric and telephone cooperatives. It is important to note that funding for the REDLG program does NOT come from general tax revenues. While USDA authorizes the program, funding is created by prepayments of the debt in the Cushion of Credit accounts of RUS borrowers and loan fees paid by the rural electric cooperatives in private financial markets.

Over the past several years, additional entities were authorized to utilize the REDLG program and demand for funding has increased. During that same period, the maximum loan amount per project was increased from \$740,000 to \$2,000,000; however, demand for funding has significantly outpaced availability. As a result, this application maximum was later adjusted to \$1,000,000 due to funding shortfalls. Congress authorizing an increase in REDLG funding would ensure that sufficient funding is available for rural projects.

3. NREDA opposes the U.S. Environmental Protection Agency's (EPA) Clean Power Plan as currently designed.

The final rule from the U.S. Environmental Protection Agency calls for a 32-percent reduction in carbon greenhouse gas emissions from the 2005 level by 2030, despite proof of resulting insignificant effects on the global levels of CO₂. Ultimately, this will reduce the use of coal in generating electricity — creating stranded investment and increased cost of producing electricity. Higher electric rates passed on to local businesses could lead to loss of employment for rural citizens and a reduction in the local tax base — impacting the quality of life for those citizens. While NREDA supports common-sense efforts to address climate change, we believe EPA must also take into account the economic effects of those efforts in relation to the expected benefits.

4. NREDA supports increased funding for transportation infrastructure.

Typically, development follows infrastructure, particularly in rural areas. Without adequate infrastructure, especially transportation infrastructure, development likely will not occur. At the federal level, funding by Congress has not kept up with the needs of the highways, waterways, airports and the air traffic control system. NREDA supports a permanent fix to funding for the highway trust fund, funding for improvements to the locks on the nation's waterways and funding for the next generation air traffic control system.

5. NREDA supports continued funding for the Workforce Innovation and Opportunity Investment Act (WIOA).

According to the 2013 Area Development magazine's survey of corporate executives, "Availability of Skilled Labor" is the No. 1 issue in business location decisions. Many rural areas are facing severe challenges in providing a workforce with the skills employers need. While official unemployment figures in rural counties appear low, there is a significant amount of underemployment due to people working multiple part-time jobs to make ends meet. Continued funding of the WIOA is critical for the nation to address the workforce needs of citizens and businesses now and in the future.

6. NREDA supports continued federal investment in broadband-capable infrastructure.

NREDA strongly supports federal financing initiatives that will ensure that all Americans have access to affordable broadband services, while at the same time preserving necessary universal service funding for existing services in high-cost areas. The availability of quality broadband is essential for the future of rural economic development, according to site selector data. Where possible, collaboration between the electric cooperatives, rural telecommunications companies, telephone (broadband) cooperatives and the communities is encouraged to maximize resources and geographic coverage.

7. NREDA is concerned about the effects that the Environmental Protection Agency's proposed "Waters of the U.S." (WOTUS) regulations will have on rural development.

If the proposed Waters of the U.S. (WOTUS) regulations result in an increase in either the time or cost of obtaining required permits for development projects, it will have a negative effect on rural development. Clear information on the costs and benefits of the proposed regulations should be provided before moving forward. A recent decision by courts to issue a nationwide stay against enforcement of the proposed rules emphasizes the need for more stakeholder feedback in the drafting of a new WOTUS rule.

8. NREDA affirms that it encourages the involvement of the utilities sector in rural economic development efforts.

NREDA recognizes that utility economic development entities aid in business growth via public/private partnerships such as state and national trade associations and facility investors, as well as relationships with local, regional and national commercial growth agencies; port authorities; transportation and logistics divisions; lending institutions; real estate offices; governmental bodies, and other organizations that enhance commercial attraction and information exchange.

9. NREDA recognizes that biofuels and the Renewable Fuel Standard (RFS) have a significant economic impact on rural America and contribute to our country's energy security and independence.

NREDA supports the continued implementation of the Renewable Fuel Standard (RFS) as Congress intended when it enacted the RFS in 2005 and reaffirmed it in 2007, and opposes the EPA's proposed renewable volume obligations (RVOs) that would decrease the amount of biofuels used in our nation's fuel supply.”

10. NREDA recognizes that the threatened and Endangered Species Act (ESA) affects rural development.

NREDA supports procedural changes to make the Endangered Species Act (ESA) more efficient, effective, and less costly — with the goal of finding a balance that accommodates essential economic activities. To ensure fair and sensible application of the ES act, scientific information must be thorough, balanced and based upon scientific standards and impartial peer review. As effective stewards of the land, NREDA supports solutions that balance economic growth with preserving native species.