



WRITTEN STATEMENT FOR THE RECORD

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ON BEHALF OF THE NATIONAL ASSOCIATION OF DEVELOPMENT ORGANIZATIONS

**HEARING TITLED, "*USDA'S RURAL DEVELOPMENT: DELIVERING VITAL PROGRAMS AND SERVICES TO RURAL AMERICA*"
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AND RURAL DEVELOPMENT
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Introduction

Chair Johnson, Ranking Member Davis, and distinguished members of the Subcommittee, thank you for the opportunity to testify today on behalf of the National Association of Development Organizations (NADO) and the national network of Regional Development Organizations (RDOs). NADO empowers RDOs through advocacy, education, and training to advance collaborative, place-based strategies that strengthen rural quality of life and economic competitiveness. We are grateful for the opportunity to join you today to share our perspective.

My name is Lynne Keller Forbes, and for the past 25 years, I have served as President and CEO of the South Eastern Council of Governments (SECOG), a Regional Development Organization serving over 315,000 residents across six counties and 40 municipalities in southeastern South Dakota. In addition to leading SECOG, I also serve as President and CEO of the South Eastern Development Foundation and Dakota BUSINESS Finance, two affiliated entities we established to expand access to capital and support economic development throughout the region.

Through these roles, I have the privilege of working closely with rural communities across my region to provide coordinated support in planning, financing, and development. By aligning resources and expertise, we help local governments and small businesses secure funding, implement infrastructure projects, and pursue sustainable growth. Our collaborative approach ensures that even the smallest communities have a trusted partner in building long-term resilience and prosperity.

One of our most essential partnerships in delivering impactful programs and services to rural South Dakotans in our region is with the U.S. Department of Agriculture's Rural Development mission area (USDA RD). In my testimony today, I will outline the critical role RDOs play in supporting rural communities, including programmatic level examples, and offer practical recommendations to modernize and expand these tools so they are more accessible to those who need them most. I will also address USDA's recent departmental reorganization and its implications for maintaining the central role USDA RD plays in our regions.

About the South Eastern Council of Governments

The South Eastern Council of Governments is a regional planning and development district serving six counties in southeastern South Dakota—Clay, Lincoln, McCook, Minnehaha, Turner, and Union—and the municipalities within them. Established in 1970 by executive order, SECOG was created to provide staff support to local governments and promote regional cooperation. Its mission centers on helping rural communities plan for growth, improve infrastructure, and enhance overall quality of life through strategic development initiatives.

With four of the six counties we serve having populations under 20,000, SECOG offers a wide range of services tailored to the needs of rural communities. These services include land use planning, geographic information systems (GIS), and pre-disaster mitigation planning. A key component of SECOG's work involves assisting its members in accessing federal resources—particularly through the USDA RD programs. SECOG helps local governments apply for USDA grants and loans such as the Community Facilities Direct Loan and Grant Program and the Water and Waste Disposal Loan and Grant Program, which support essential infrastructure like water systems, public buildings, and waste management. Through these efforts, SECOG plays a vital role in strengthening rural South Dakota's capacity to grow and thrive.

How Regional Development Organizations Assist Rural America

RDOs are the backbone of Rural America. This simple truth underscores the critical role that RDOs — also known as Councils of Government (COGs), Planning and Development Districts (PDDs), Area Development Districts (ADDs), Local Development Districts (LDDs), and Regional Planning Councils (RPCs) — play in supporting rural communities. These multi-jurisdictional, quasi-governmental entities serve as trusted regional intermediaries, working on behalf of rural counties, cities, and towns to deliver essential services, secure resources, and plan for long-term prosperity.

To understand the value of RDOs, it's important to first understand the current rural landscape. Rural America is home to nearly one in seven Americans — just over 46 million people — yet it spans nearly three-quarters of the nation's landmass. This vast geographic footprint, paired with a relatively small and dispersed population, makes it inherently challenging to maintain infrastructure, deliver services, and build resilient economies. While some rural counties are beginning to grow again, the challenges remain deep-rooted. Poverty rates are consistently higher in rural areas than in urban ones, particularly in regions that have experienced persistent poverty for generations. Incomes remain lower, job opportunities more limited, and essential services — like broadband, health care, and affordable housing — are harder to access. Many rural economies are also heavily dependent on industries like agriculture, manufacturing, and natural resource extraction, which remain highly susceptible to market swings and policy shifts.

Despite the challenges facing rural communities, RDOs play an essential role in advancing the mission of USDA RD by helping them plan, access, and implement thoughtful federal investments tailored to their unique local needs. RDOs work closely with USDA RD to deliver essential infrastructure, housing, broadband, and community facilities programs, especially in places with limited local capacity. In many communities, RDOs serve as the lead applicant or technical assistance provider for USDA RD programs, conducting feasibility studies, writing grant and loan applications, and managing complex multi-agency projects from start to finish.

This partnership is especially vital in rural areas that lack in-house planning or grant-writing staff. RDOs help bridge that gap by guiding communities through the process of identifying resources and applying for USDA RD programs such as: the Water and Waste Disposal Loan and Grant Program; the Community Facilities Direct Loan & Grant Program; the Rural Economic Development Loan & Grant Program; the Intermediary Relending Program; the ReConnect Loan and Grant Program; and the Rural Business Development Grant Program, among many others. The expertise of RDOs helps ensure that these resources are effectively targeted and deployed in the places that need them most.

In addition to their work with USDA, RDOs are often designated as Economic Development Districts by the U.S. Economic Development Administration (EDA), where they lead the development of Comprehensive Economic Development Strategies (CEDs) — planning documents that align with USDA RD investments and are key to leveraging additional federal and state funding. Many also serve as Rural Planning Organizations (RPOs) for state transportation departments, ensuring rural priorities like road repairs and transit access are included in long-term infrastructure plans.

RDOs further support rural resilience by partnering on disaster recovery and hazard mitigation efforts with FEMA and state emergency agencies. Some also assist in regional workforce development, often serving as conveners or operators of local workforce development boards and sector-based training initiatives.

Beyond direct project delivery, RDOs are strategic conveners. They bring together local governments, nonprofits, businesses, and state and federal partners to align efforts, share resources, and speak with one voice. By supporting USDA RD's mission at the regional level, RDOs help ensure rural communities don't just access federal programs — they succeed with them.

Despite the support RDOs provide to rural communities, the structural challenges they face remain profound and persistent. Limited fiscal capacity, aging populations, geographic isolation, and decades of disinvestment have left many communities without the basic infrastructure and services their urban counterparts take for granted. RDOs are a vital part of the solution helping rural areas overcome barriers that no single town or county can address alone, though we are not a silver bullet. Targeted, sustained federal investment isn't just helpful, it's essential to provide economic prosperity and security in rural communities.

USDA RD is a vital resource for Rural America

USDA RD is often the most important federal partner for rural America—not only because of the scale of its investments, but because of its deeply place-based approach, its on-the-ground presence, and its unmatched ability to deliver tailored, community-driven solutions where

they're needed most. Through a national network of state and field offices, USDA RD staff work directly with local governments, nonprofits, and community leaders to identify priorities, navigate complex federal systems, and unlock funding for projects that are critical to community well-being.

What sets USDA RD apart is its ability to meet rural communities where they are. With a flexible toolkit of grants, direct loans, and loan guarantees, USDA RD empowers communities to structure investments around local needs and capacity. Whether it's helping a small town build a health clinic, financing a rural business incubator, or partnering with one of the nearly 500 RDOs to launch a revolving loan fund, USDA RD is often the first—and sometimes the only—federal partner equipped to respond to the unique realities of rural life.

Since FY2012, USDA RD has invested over \$400 billion in nearly 2 million projects across the country. These are not one-size-fits-all programs—they're strategic, high-impact investments that often fill gaps the private sector cannot or will not address due to low population density, limited tax bases, or lack of short-term return. In many cases, RD is the linchpin that makes transformative rural development possible.

A powerful example is USDA RD's partnership with SECOG to support the town of Centerville, where local leaders needed help funding a new water treatment facility. With RD's support, they were able to complete a vital infrastructure upgrade that not only improved public health and environmental safety, but that also positioned the town to attract new business and housing development. This is what USDA RD does best—helping rural communities solve urgent challenges today while laying the foundation for long-term economic growth and resilience.

Recommendations for the Rural Development Title for a Farm Bill reauthorization

For years, USDA RD programs have had more demand than funding, showing just how much rural America needs steady federal support. Even though 85 percent of the country's persistently poor counties are rural, these communities are often forced to carry an unfair share of the costs just to keep basic services running. Without reliable federal help, they're stuck making tough choices—cutting back on things like infrastructure, healthcare, schools, or public safety just to balance the budget. These services aren't luxuries—they're essential for the farmers, ranchers, foresters, and families who keep rural areas going. USDA RD is one of the few federal programs that can really meet these needs, and its support is more important now than ever.

A reauthorized Farm Bill is more than a routine policy update—it represents a strategic investment in the future of rural America. It provides for an opportunity for Congress to emphasize rural development programs and strategies that will create opportunities for all rural Americans. As Congress begins negotiations on the Farm Bill, we support several key priorities

in the Farm Bill that will boost rural economies, create jobs, and improve the quality of life in rural America:

Protect Key Rural Development Programs

Community Facilities Programs (CFP): This flexible funding program provides grants and low-interest loans to communities with populations under 20,000 for the purchase, construction, or improvement of essential community infrastructure. Since its inception, small communities have depended on its funding to build and sustain critical infrastructure – such as health clinics, fire stations, schools, and libraries – that not only improve quality of life for residents, but also foster economic resilience and long-term development.

RDOs support local governments in understanding eligibility requirements and apply for funding through the CFP program. For example, in my region, SECOG helped secure over \$2 million for the TM Rural Water District to rehabilitate its Lime Drying Beds near Dolton, SD. These beds, part of a Lime Softening Water Treatment Plant constructed in 2008, were originally lined with a 6-inch clay barrier to prevent groundwater infiltration and enable proper drying of lime slurry for environmentally responsible land application. Over time, the liner deteriorated, leading to significant infiltration issues. The derecho event of May 12, 2022, further exacerbated the damage, causing erosion from high winds, flooding, and wave action. This grant helped restore the integrity of the beds and protect water quality for the surrounding communities.

Rural Business Development Grants Program (RDBG): RDBG is another critical program that helps RDOs support rural economic vitality by supporting technical assistance, entrepreneurial training, market research, feasibility studies, revolving micro-funds, among other activities aimed at providing hands-on assistance to local small businesses.

In New York, the Lake Champlain-Lake George Regional Planning Board, with help from the RDBG program, launched the “Small Business Technical Assistance Program” in 2023. Through this program, they have been providing free technical assistance to existing and start-up business within the region.

In Louisiana, the Acadiana Planning Commission received a \$30,000 RDBG for their I-49 Midway Corridor Strategic Growth Initiative, which will help produce a performance-based land use model to help create opportunities and spur sustainable economic growth along the corridor. This corridor, which is halfway between New Orleans and Shreveport, will help unlock significant economic growth for the region by making the communities along it more competitive for commercial investments and business expansion projects.

Intermediary Relending Program (IRP): USDA’s IRP is another critical resource for RDOs, providing low-interest loans to local intermediaries who use the funds to create or expand Revolving Loan Funds (RLFs). These RLFs then support small rural businesses with fixed-rate,

term financing for working capital, equipment, and lines of credit—often one of the few sources available. The IRP helps build long-term economic resilience by creating a sustainable cycle of lending: over a 30-year loan term, intermediaries typically revolve IRP funds three times, meaning every federal dollar results in approximately three dollars lent to rural businesses. This model reduces federal financial burden while driving local growth.

The South Central Tennessee Development District, which represents 35 municipal and 13 county governments in south middle Tennessee, received an initial capitalization of nearly \$1.9 million in 1991 for their RLF. Since then, more than \$8 million has been loaned to over 125 small businesses. Additionally, these funds leveraged more than \$30 million in private investments, leading to the creation of nearly 500 new jobs and the retention of hundreds more.

Rural Innovation Stronger Economy (RISE): RISE addresses a critical need for federal support of job accelerator partnerships that drive private investment in regional economies. Its flexibility allows recipients to support new and existing industries, establish innovation centers, and provide workforce development and training. These grants help rural communities compete by creating high-wage jobs, while building more diversified regional economies.

Meat and Poultry Intermediary Lending Program (MPILP): Designed to counter industry consolidation by empowering smaller, independent meat and poultry processors, MPILP provides grant funding to intermediary lenders, who then offer affordable loans to businesses for starting, expanding, or modernizing processing facilities, equipment, and infrastructure. By increasing local processing capacity, MPILP strengthens the resilience and diversity of the U.S. food supply chain, ensuring more competition and consumer choice. This program is vital for rural economies, helping producers thrive in a global marketplace while lowering food costs and reinforcing national food security.

The Bear Paw Development Corporation led a coalition of five Montana Economic Development Districts to secure a \$10 million MPILP grant, aimed at strengthening local meat processing operations. The coalition established a revolving loan fund to support Montana-owned facilities with capital improvements, equipment upgrades, and USDA certification efforts. By leveraging existing relationships, staff expertise, and interregional collaboration, the program has already deployed millions in funding and is expanding economic opportunities across 26 rural counties. This initiative demonstrates how regional partnerships can translate national priorities into impactful, locally driven economic development activities.

Rural Economic Development Loan and Grant Program (RED-LG): Though RDOs are not directly eligible, RED-LG has a proven track record of strengthening rural businesses and economies by providing more than \$330 million to communities through both loans and grants.

Value-Added Producer Grants (VAPG): Although RDOs are not eligible for VAPG funding, we recognize that it is a vital program that supports agricultural producers transform raw commodities into higher-value products. Strengthening this program will continue to allow small and mid-sized farms diversify income streams, access new markets and stay competitive amid industry shifts.

Rural Business Investment Program (RBIP): RBIP is an important initiative that helps bridge the capital gap in rural America by licensing Rural Business Investment Companies (RBICs) to channel private equity into underserved communities. Rural areas often lack access to traditional venture capital and face declining numbers of community banks, making it difficult for entrepreneurs to secure funding. RBIP addresses this by leveraging public support to attract private investment, enabling scalable startups and small businesses to grow, innovate, and create jobs locally. By treating rural regions as emerging markets, the program fosters economic diversification and resilience—making it essential to preserve and strengthen during reauthorization efforts.

Rural Microentrepreneur Assistance Program (RMAP): RMAP empowers rural small businesses by providing critical access to capital and technical support through local nonprofit lenders. It offers microloans up to \$50,000 and grants for training, helping entrepreneurs who often lack traditional financing due to limited credit or business experience. By supporting startups and expansions, RMAP strengthens local economies, creates jobs, and fosters innovation in areas typically underserved by mainstream financial institutions. For rural small businesses, this program is a lifeline that turns ideas into sustainable enterprises and revitalizes communities from the ground up.

In New York, the Mohawk Valley Economic Development District (MVEDD) received a RMAP grant to support rural small businesses. This funding will enable MVEDD to offer hybrid workshops and one-on-one consulting focused on financial planning, grant access, and business growth strategies. The initiative aims to strengthen rural entrepreneurship across the Mohawk Valley by providing practical tools and guidance.

Water and Wastewater Disposal Loan and Grant Programs: This program is essential to communities within the SECOG service area, and across the nation, because it helps rural communities access safe drinking water and effective waste management systems – which are critical for public health, environmental protection, and economic development.

These types of infrastructure projects are often cost-prohibitive for small communities, which typically lack the tax base or financial resources to fund them independently. Without federal support, many of these areas would be unable to build or upgrade the systems needed to ensure long-term sustainability and attract new investment. By offering affordable financing and

grants, the program reduces the financial burden on the local government while improving quality of life and resilience in underserved regions.

Improve Access and Flexibility for Grantees

Congress should prioritize enhancing access to federal support for rural communities by addressing structural barriers in current grant programs. Many existing federal grant structures inadvertently exclude or disadvantage rural areas due to rigid requirements that fail to account for the unique financial and administrative challenges these communities face.

For example, local match requirements—which often mandate that communities contribute a set percentage of project costs—can be prohibitive for communities with limited tax bases. Some grants require upfront spending by the applicant, with reimbursement coming only after the fact. This model assumes a level of fiscal flexibility that many rural communities simply do not have. In contrast, allowing in-kind contributions, to count toward match requirements would provide more equitable opportunities for participation. This is particularly important for projects like community childcare centers, where community engagement and non-cash resources are often more readily available than liquid funds.

Similarly, short grant timelines tend to favor projects that are easier and faster to implement, even if they offer less long-term benefit. Rural communities may lack the staff or consultants to quickly produce shovel-ready proposals, pushing them toward low-impact projects they can execute quickly rather than transformative initiatives like broadband expansion, which require extended planning, permitting, and coordination. Extending grant implementation periods would allow rural areas the time needed to pursue these complex, high-impact investments that are critical to long-term economic development.

Another pressing issue is the complexity of the grant application process itself. Many small local governments have only one or two staff members—or rely entirely on volunteers—and lack dedicated grant writers. Highly technical application forms, excessive documentation requirements, and poorly designed online portals can discourage or prevent these communities from applying altogether. Simplifying the application process, it would lower the barrier to entry and help ensure that communities with the greatest need are not left behind.

Invest in Capacity Building and Technical Assistance

There is a strong need for increased investments in technical assistance and capacity building at the USDA to better support the full spectrum of rural businesses and economic development initiatives. Technical assistance can help bridge this gap by providing the guidance and expertise needed to navigate USDA programs, secure funding, and build sustainable operations. At the same time, strengthening the internal capacity of USDA field offices, local and regional development organizations, and partner institutions ensures that support services are more

accessible, responsive, and tailored to the unique challenges of rural economies. With targeted investments in training, outreach, and organizational development, USDA can play a more effective role in fostering innovation, job creation, and long-term economic vitality across rural America.

USDA reorganization efforts must compliment Congress' efforts to strengthen, not weaken, program delivery and quality of services for rural communities

As the Administration pursues its goal of restructuring and reorganizing USDA, with the stated goals of improving operational efficiency and protecting taxpayer dollars, I urge Congress to provide oversight and guidance to ensure that USDA remains a catalyst for rural prosperity. In particular, it is essential to maintain a robust footprint of local and regional USDA staff that are embedded in local communities across the country. Local and regional USDA field staff are the mechanism that ensures service-delivery and connectivity to our communities. USDA field staff serve as a “front door” to the federal government – these individuals are a tangible human connection point that helps our communities access and navigate the complexities of federal funding. These staffers help us determine whether funding sources fit our local needs, provide guidance on proper administration of federal funds, and help us problem-solve. Without a working relationship with these individuals, most communities’ only connection to the federal government is through overwhelmingly extensive and technical documents such as Notices of Funding Opportunity (NOFOs) which are far from being user-friendly. Indeed, the process of applying for federal funds can be so daunting for rural and capacity-constrained communities that many smaller towns and villages and rural places would simply be left out or locked out of the process entirely, if not for the presence of field staff who help make these processes approachable.

Similarly, as the Administration has indicated its intent to reduce the overall volume of federal USDA staff, I encourage USDA leadership to work in an increasingly close and coordinated manner with locally-based Regional Development Organizations which can, and often already do, essentially serve as extensions of USDA staff at the local level. RDOs have existed for decades and, similarly to agency field staff, RDO staff members typically have extensive knowledge of federal programs, are expert grant writers, and help other local stakeholders apply for federal funding opportunities and administer federal awards. I would encourage Congress and agency officials to prioritize and invest in regional entities like RDOs that work with local stakeholders to identify and elevate local priorities and projects; conduct regional planning processes; bring local stakeholders together; and weave together competitive applications for federal funding. As the volume of federal agency staff continues to be reduced nationally, partnerships with local partners like RDOs that have deep expertise accessing federal programs will be increasingly vital.

Conclusion

Chair Johnson, Ranking Member Davis, and distinguished members of the Subcommittee, thank you again for the opportunity to testify today.

USDA RD's programs are not just investments in infrastructure or financing tools—they are lifelines for rural communities working to build a more secure, prosperous future. These programs help level the playing field for small towns and rural regions that too often lack access to the capital, capacity, and partnerships needed to thrive.

As you continue negotiations on the Farm Bill, I encourage you to prioritize the tools that enable rural communities to grow and succeed. Rural America has never lacked vision or determination—what it needs is sustained federal partnership to continue building strong, resilient economies that support families, attract investment, and ensure future generations can thrive in the communities they call home.