EXAMINING OPPORTUNITIES FOR GROWTH AND INVESTMENT IN RURAL AMERICA

HEARING

BEFORE THE

SUBCOMMITTEE ON COMMODITY EXCHANGES, ENERGY, AND CREDIT

OF THE

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WITNESSES

EXAMINING OPPORTUNITIES FOR GROWTH AND INVESTMENT IN RURAL AMERICA

TUESDAY, JUNE 15, 2021

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON COMMODITY EXCHANGES, ENERGY, AND CREDIT,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The Subcommittee met, pursuant to call, at 11:03 a.m., via Zoom, Hon. Antonio Delgado [Chairman of the Subcommittee] presiding.

Members present: Representatives Delgado, Plaskett, Axne, Rush, Craig, Kuster, Bustos, Fischbach, LaMalfa, Jacobs, Balderson, Cloud, Feenstra, and Cammack.

Staff present: Lyron Blum-Evitts, Emily German, Ross Hettervig, Chu-Yuan Hwang, Anne Simmons, Ashley Smith, Paul Balzano, Caleb Crosswhite, Erin Wilson, John Konya, and Dana Sandman.

OPENING STATEMENT OF HON. ANTONIO DELGADO, A REPRESENTATIVE IN CONGRESS FROM NEW YORK

The CHAIRMAN. This hearing of the Subcommittee on Commodity Exchanges, Energy, and Credit entitled, *Examining Opportunities for Growth and Investment in Rural America,* will come to order. Welcome, and thank you all for joining today's hearing. After brief opening remarks, Members will receive testimony from our witnesses today, and then the hearing will be open to questions. Members will be recognized in order of seniority, alternating between Majority and Minority Members, and in order of arrival for those Members who have joined us after the hearing was called to order. When you are recognized, you will be asked to unmute your microphone and will have 5 minutes to ask your questions or make a comment. If you are not speaking, I ask that you remain muted in order to minimize background noise. In order to get to as many questions as possible, the timer will stay consistently visible on your screen.

And with that, welcome and good morning to everyone. I appreciate you all being here for this first hearing of the Subcommittee on Commodity Exchanges, Energy, and Credit for the 117th Congress.

I would also like to welcome the Members of this Subcommittee as my first hearing as Chairman in what I aim to be a productive and bipartisan tenure.

Today's hearing will examine a topic many of us know intimately, the critical need and importance of investment in rural America.

USDA analyses tell us that between 2010 and 2018, population growth in rural America has lagged behind the growth in our urban areas. Additionally, job growth in rural communities increased at just half of the rate it did in urban areas. I could go on with facts and figures about how many schools, hospitals, grocery stores, small businesses, and farms have closed in our rural communities in the last decade, but if you live in a rural community like I do, you already know that.

This hearing is also not just about the typical economic drivers in rural communities, but about the infrastructure that is needed to serve those communities and support the critical role they play in the agricultural production and manufacturing industries. Our nation's aging infrastructure problem is exacerbated in rural communities.

Inadequate access to high-speed internet impacts every level of a community, from students being able to do homework, farmers and ranchers utilizing precision agriculture technologies on their operations, all the way to how quickly a grocery store can process a transaction at their checkout.

Our goal cannot just be to keep rural communities alive. We need to do the work to ensure that those communities are thriving and can succeed in a 21st century economy, and that is what I hope to get out of this hearing today.

Our witnesses are working every single day to build thriving rural communities, including a witness from my own district in upstate New York. Their testimony today will help inform us on how we can strengthen rural development in the next farm bill and how we work with our partners at the USDA Rural Development as they continue to implement the 2018 Farm Bill.

The daily lives and well-being of over 46 million people in rural counties across America are directly impacted by the kind of work we will do here today, and I want to ensure that every single one of those 46 million people can choose to stay in their rural communities for years and decades to come.

[The prepared statement of Mr. Delgado follows:]

PREPARED STATEMENT OF HON. ANTONIO DELGADO, A REPRESENTATIVE IN CONGRESS FROM NEW YORK

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The CHAIRMAN. I now would like to welcome the distinguished Ranking Member, the gentlewoman from Minnesota, Mrs. Fischbach, for any opening remarks she would like to give.

OPENING STATEMENT OF HON. MICHELLE FISCHBACH, A REPRESENTATIVE IN CONGRESS FROM MINNESOTA

Mrs. FISCHBACH. Thank you, Mr. Chairman, and hello to my colleagues here in the room and on the Zoom, and welcome to all of our witnesses. It really is nice to be here for the first meeting of our Subcommittee.

Like many of you, I represent a rural district. We are among the top ag-producing districts in the nation, and we are responsible for nearly half of Minnesota's agricultural sales. My district plays an important role in our country's ag economy, and there is real value in making sure that those rural communities have the tools that they need to grow and thrive. That is why I am so pleased to be here today discussing how USDA Rural Development can aid us in that pursuit.

Over the past couple of months, I have spent a lot of time traveling in my district. I have met with local officials, business owners, farmers, and families, and many others, and one thing I can tell you is that rural America is facing many challenges right now, made all the more evident by COVID–19. The stark reality is that many rural communities are being left behind. The Agriculture Committee has talked frequently and forcefully about the importance of broadband connectivity shortfalls in our rural communities, but there are other challenges facing our constituents, including limited access to capital, worker shortages, aging infrastructure, and diminished access to healthcare services.

If we can help meet those needs, it is all of our constituents who will reap the benefits. Not only do thriving rural communities benefit the ag economy, they benefit our entire country. Strong rural communities start with strong connectivity, but the needs of our rural communities do not end with broadband access, and I am grateful for the opportunity to explore ways by which we can support rural America.

Over the past year, my Republican colleagues and I have offered many proposals, including several with bipartisan support, to bolster Rural Utilities Services, expand high-speed broadband programs, rebuild health education and public safety infrastructure, and more. We think that infrastructure can and should be a bipartisan success story, but we share Chairman Scott's deep concern and skepticism about plans to marry bipartisan infrastructure priorities to tax policies which will harm rural communities.

USDA Rural Development plays an important role in growing rural communities and attracting new investment, whether it is supporting economic development, assisting with loans and grants for economic development, healthcare, and infrastructure, or assisting ag producers with their own operations. USDA Rural Development is well-positioned to make a difference for citizens, the citizens each of us represent.

I join Chairman Delgado in welcoming all of our witnesses. The health of rural America can be found in hard work, innovative thinking, and strong partnerships that each of you bring to your communities, and I am looking forward to today's discussion.

Thank you, Mr. Chairman. I yield back.

The CHAIRMAN. Thank you, Ranking Member Fischbach, and I do look forward to working alongside of you.

The chair would request that other Members submit their opening statements for the record so witnesses may begin their testimony, and to ensure that there is ample time for questions.

I am pleased to welcome such a distinguished panel of witnesses to our hearing today. Our witnesses bring to our hearing a wide range of experience and expertise, and I want to thank each and every one of you for joining us.

Our first witness today is Dr. Phanesh Koneru. Dr. Koneru is the founder, President, and CEO of Exela Pharma Sciences in Lenoir, North Carolina. Founded by Dr. Koneru in 2005, Exela is a vertically integrated and fast-growing pharmaceutical manufacturer, marketer, and developer that today employs 380 individuals from the Caldwell County area in Lenoir. Dr. Phanesh, thank you for joining us. I appreciate and look forward to your testimony.

Our next witness is Ms. Ines Polonius. Ms. Polonius is CEO of Communities Unlimited, a community development financial institution and rural development hub serving rural communities in the southern United States. Communities Unlimited works with local leaders to create fair access to resources needed to sustain healthy communities, businesses, and families. Communities Unlimited provides direct assistance and capital to communities, small businesses, micro enterprises, as well as water and wastewater systems. Ms. Polonius, thank you for joining us this morning.

Our third witness today is Mr. Bob Fox. Mr. Fox has served on the Board of County Commissioners for Renville County since 2002. He also serves on the National Association of Counties, Agriculture, and Rural Affairs Steering Committee as Vice Chair, and is a member of the National Counties Association Board of Directors. Thank you, Mr. Fox, for joining us.

Our fourth and—no, not final. Our fourth witness is Mr. Todd Erling, Executive Director from Hudson Valley AgriBusiness Development Corporation, and from my own congressional district. Hudson Valley AgriBusiness Development Corporation is the only economic development agency in the Hudson Valley with a specific focus on the viability of the agricultural economy. Hudson Valley AgriBusiness Development Corporation has also established the Farm and Food Funding Accelerator and the Incubator Without Walls to mentor over 260 businesses and 30 technical assistance service providers. Mr. Erling is someone who also serves on my bipartisan locally-based agriculture advisory committee, and plays a critical, vital role in our community, helping rural and agricultural business access to tools they need to succeed. Mr. Erling, thank you. It is good to have you here.

And last, but not least, to introduce our fifth and final witness today, I am pleased to yield to the gentlewoman from Minnesota, the distinguished Ranking Member of the Subcommittee, Mrs. Fischbach.

Mrs. FISCHBACH. Thank you, Mr. Chairman.

It is my pleasure to introduce Mr. Ken Mattson, the CEO of Lake Region Healthcare. Lake Region Healthcare is a rural, not-for-profit provider that operates three hospitals, 11 clinics, an assisted living facility, and three surgery centers. Mr. Mattson holds a J.D. from the University of Minnesota Duluth, and has more than 2 decades in institutional knowledge and healthcare experience. He is testifying today on behalf of the Minnesota Hospital Association. Welcome, Mr. Mattson, and thank you so much for being here today.

I would also like to give my personal welcome to Commissioner Bob Fox. Commissioner Fox and his wife live on a fourth-generation farm in rural Renville County in my district, and it is my pleasure to welcome him to the Committee today, too.

Thank you. I yield back.

The CHAIRMAN. I thank the gentlewoman for her remarks, and again, welcome to all of our witnesses today.

We will now proceed to hearing from your testimony. you will each have 5 minutes. The timer should be visible to you on your screen, and will count down to 0, at which time, your time has expired.

Dr. Koneru, please begin.

Dr. KONERU. Good morning, Chairman Delgado and Ranking Member Fischbach. It is my pleasure and privilege——

The CHAIRMAN. You need to unmute yourself. It looks like you might be frozen, Dr. Koneru.

Dr. KONERU. Oh, yes.

The CHAIRMAN. Are you still there?

Dr. KONERU. Yes, I can hear you now. Hello? Can you hear me?

The CHAIRMAN. We will come back to you, Doctor.

In the interest of time, we are going to move on to Ms. Polonius. You can begin your testimony when ready.

STATEMENT OF INES POLONIUS, CHIEF EXECUTIVE OFFICER, COMMUNITIES UNLIMITED, INC.; VICE-CHAIR, BOARD OF DIRECTORS, RURAL COMMUNITY ASSISTANCE PARTNERSHIP, FAYETTEVILLE, AR

Ms. POLONIUS. Good morning. Thank you, Chairman Delgado, Ranking Member Fischbach, and Members of the Subcommittee for inviting me to testify about the opportunities for growth and investment in rural America, and there are many. Thank you to each of you for caring about people just like me who live in rural Arkansas and rural places throughout this country.

My name is Ines Polonius, and I am the CEO of Communities Unlimited, the southern partner of the Rural Community Assistance Partnership.

Communities Unlimited has been a certified community development financial institution since 2002, and functions as a rural development hub with 70 full-time staff serving seven states in the South, from Texas to Tennessee, a footprint that comprises 45 percent of America's persistent poverty counties. Sixty percent of people living in these persistent poverty places are people of color, and represent an important focus of our work. Communities Unlimited takes a holistic approach by integrating capacity building and capital products to ensure: targeting water and wastewater systems, and small businesses, local leadership teams, as well as small scale farmers.

We are the southern representative of the Rural Community Assistance Partnership, a national network of nonprofit organizations with 300 on-the-ground technical assistance providers, helping to solve real problems to benefit more than 3.4 million people in rural and Tribal communities in every state and territory each year. During 2020, RCAP leveraged more than $427 million in infrastructure funding, mostly in USDA infrastructure loans.

Opportunities for investment are many. In the U.S., there are 140,000 active public water systems serving communities of less than 10,000 people. COVID–19 has exacerbated the challenges these systems face. A survey conducted by RCAP in May of 2020 indicated an estimated revenue loss of between $3.6 to $5.5 billion for small rural systems across the country. A year later, we know that most systems expended all of their reserves and many are no longer financially able to keep up with the needed maintenance, nor loan payments.

The Rural Equity Act, House Resolution 498, seeks to provide debt relief to borrowers of several Rural Development loan programs, including the Intermediary Relending Program, IRP. CU currently has an active IRP portfolio of about $1 million to rural water and wastewater utilities. Six months of debt relief would provide over $75,000 to help systems rebuild their reserves and address immediate maintenance needs.

Currently, Federal funding for USDA Rural Development programs makes up less than eight percent of the agency's annual discretionary budget, yet it is exactly these programs that are the lifeline right now to rural communities as they struggle to recover from the impacts of COVID–19. We need greater investment in rural water and waste disposal infrastructure through RD in the form of both loans, and more importantly, grants, as many systems can no longer afford to take on more debt. Existing water systems in financial difficulty need grant assistance, debt forgiveness, and loan restructuring included in the American Jobs Plan.

There are many growth opportunities. Infrastructure is a driving factor for economic growth. As a nation, we are lucky to be a country of entrepreneurs. Rural America is no exception, where people start businesses every day to meet basic needs in our community, as well as turning great ideas into products.

Today, we work with a young man in Pine Bluff, Arkansas, who launched an internet service provider to bring reliable broadband services to all communities in the Arkansas Delta. I know this Committee has previously analyzed the need for robust and affordable broadband in rural places. I can't overemphasize the importance of broadband for economic growth.

We need strategic investments in the Rural Business Development Plan in the Rural Microenterprise Assistance Program to support entrepreneurs in creating locally-led ventures that will keep wealth local in the hands of rural people.

Technical assistance is the connective tissue between USDA RD and rural beneficiaries in the community. Capacity building is needed at three levels. One, leadership teams are an important success factor to community resilience, especially in places with a part-time mayor and little staff. They need support and skill-building. Two, water and wastewater system boards of directors are elected volunteers, requiring training on regulations, financial management, and board management. Many entrepreneurs need skill building in areas like financial management and digital marketing to be competitive.

Solving the challenges facing rural communities today, especially in persistent poverty areas in the South, requires adequate funding, a strong USDA RD, along with the capacity building to access that funding and then utilize it effectively. These are the building blocks of an economic recovery for rural America.

I thank the Committee for inviting me to testify today, and look forward to answering any questions you may have. Thank you.

[The prepared statement of Ms. Polonius follows:]

PREPARED STATEMENT OF INES POLONIUS, CHIEF EXECUTIVE OFFICER, COMMUNITIES UNLIMITED, INC.; VICE-CHAIR, BOARD OF DIRECTORS, RURAL COMMUNITY ASSISTANCE PARTNERSHIP, FAYETTEVILLE, AR

Thank you, Chairman Delgado, Ranking Member Fischbach, and Members of the Subcommittee, for this opportunity to testify at this hearing entitled: "Opportunities for Growth and Investment in Rural America."

My name is Ines Polonius, and I am the CEO of Communities Unlimited, the southern partner of the Rural Community Assistance Partnership (RCAP), a national network of nonprofit organizations working to provide technical assistance, training, capital and resources to rural and tribal communities in every state, territory and on tribal lands.

About Communities Unlimited

For Reference: *www.CommunitiesU.org*
Annual Report: *AR2020—Communities Unlimited* *

Communities Unlimited (CU) has been a Certified Community Development Financial Institution since 2002 and functions as a Rural Development Hub serving Texas, Oklahoma, Arkansas, Louisiana, Mississippi, Tennessee and Alabama, a foot print that comprises 45% of America's Persistent Poverty Counties. 60% of people living in persistent poverty counties are people of color and represent an important focus of our work. Communities Unlimited takes a holistic approach in its work with rural communities by integrating capacity building and capital products to ensure:

- Water and waste water systems are maintained and in compliance.
- Strong local economies by starting and growing small businesses.
- Diverse, local leadership teams that design community-based strategies which we help them implement.
- Access to healthy foods by supporting small scale fruit and vegetable growers and creating markets through local farmers['] markets, access to urban markets and rebuilding local grocery stores.

* *http://communitiesu.org/AR2020/*.

- Building regional partnerships to leverage additional resources that CU alone cannot provide with a special focus on broadband access.

In March 2020, Communities Unlimited pivoted quickly to support rural communities and rural businesses navigate [COVID–19] by:

- Creating and deploying a disaster loan product for water and waste water systems.
- Creating and deploying two disaster loan products to help existing businesses pivot their operations and restart their businesses after they had been forced to close.
- Purchasing $160,000 in produce from mostly Black-farmers who had lost access to their restaurant, school and farmers market customers to providing the vegetables to over 26 food pantries in the Mississippi Delta that had run out of food for needy families.
- Teaching leadership teams to effectively utilize Zoom for their meetings while navigating issues caused by unreliable broadband.
- As a Microlender and CDFI, CU was finally able to get certified to make Payroll Protection Loans in February of 2021. In a matter of 12 weeks, CU made 302 PPP loans for $4.3 million across nine states in the rural South. Fifty-one nonprofit, rural water and waste water systems benefited from PPP funds. Of the 251 small businesses who received PPP loans, 12 were Black farmers, 14 were day care centers. 67% of loans went entrepreneurs of color. All of these beneficiaries had been left out of the PPP rounds until CU and its partners reached out to their community leaders.
- Communities Unlimited relied in part on RBDG funding in Arkansas, Texas and Mississippi to help 165 small businesses, 85% of which were entrepreneurs of color, to navigate the economic fallout of lockdowns and new health regulations. Only 3% of its entrepreneurs of color were forced to close their businesses compared to national statistics that put that number as high as 41% [1] of Black-owned businesses forced to close during the first wave of COVID alone.

About RCAP

For Reference: *www.rcap.org*

Annual Report: *Rural Community Assistance Partnership (RCAP) 2020 Annual Report* **

Through RCAP's regional partners, more than 300 on-the-ground technical assistance providers build capacity that leads to sustainable and resilient infrastructure and strengthens rural economies. Our approach is grounded in long-term, trusted relationships with thousands of rural and tribal communities across the country.

For over 40 years, the RCAP network has partnered with USDA to serve as the connective tissue between Rural Development staff and the communities they serve. RCAP assists rural communities with funding applications and supports every phase of the project planning and development process. We deliver training and technical assistance after construction is complete to help communities understand how to properly manage and operate their infrastructure in a fiscally sustainable manner. We work to ensure that RD borrowers are able to meet the terms of their Letters of Condition and that they are able to stay current on their loan payments.

Last year, RCAP served more than 3.4 million rural and tribal residents in more than 2,000 of the smallest, most distressed communities. On average, the communities we served had fewer than 1,500 residents, with a Median Household Income at 50% of the national average. We served more than 40 percent of America's persistent poverty counties, and almost 300,000 individuals from indigenous communities.

In 2020 alone, the RCAP network through our technical assistance helped rural communities across the country leverage approximately $427 million in infrastructure funding, most of which came in the form of USDA infrastructure loans.

[COVID–19] and Climate Change Impacts on Rural Communities:

The talent, innovation, and resiliency of America's rural areas will play a central role in the future of the U.S. economy as we recover from the COVID–19 Pandemic.

COVID–19 has further exacerbated the challenges rural communities already faced, as they had not yet fully recovered from the 2008 recession and as of 2019,

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[1] Fairlie, Robert W. "The Impact of COVID–19 on Small Business Owners: Evidence of Early-Stage Losses from the April 2020 Current Population Survey." National Bureau of Economic Research, Working Paper 27309, June 2020, p. 2. See *https://www.nber.org/papers/w27309*.

** *https://2020report.rcap.org/?mc_cid=c40cc3aaac&mc_eid=5fada9af09*.

employment in non-metro counties had not yet returned to 2008 levels. Rural communities also lag other areas on indicators of poverty, health, and education. This is especially true in America's persistently poor counties where more than 20% of the population has lived in poverty for over 30 years. We cannot allow more rural counties to slip into persistent poverty because the current economic recovery leaves them behind once again. Many distressed rural communities are those where racial inequities dominate. Rural areas have always served as the backbone of this country and will continue to be a core measure of the success as the country seeks to rebuild after COVID–19.

Since the beginning of [COVID–19], thousands of rural places not only struggled with the impact of the disease and its economic fall-out but at the same time were impacted by hurricanes, flooding, tornados and the polar vortex which devastated hundreds of water and waste water systems in the South. We learned that communities where we had built strong leadership teams to support elected officials proved more resilient by accessing Federal and state resources to move more quickly from crisis to recovery.

To better understand the pandemic's impact on rural and Tribal communities, RCAP conducted a survey in May 2020. The responses we received were startling. More than 31 percent of communities estimated they would not be able to continue to cover all water utility costs for more than 6 months, due to an estimated revenue loss of between $3.6–$5.5 billion for small systems. A year later, we know that most systems expended all of their reserves and are no longer financially able to keep up with needed maintenance nor improvements.

Perhaps even more alarming, more than 43 percent of communities surveyed said they rely on one full-time staffer or less, leaving many communities at risk if that staffer fell ill.

Infrastructure is a driving factor for economic growth and USDA Rural Development features a portfolio of infrastructure and small business programs tailor made to rural businesses and communities. Given that businesses in rural communities are essential to the success of rebuilding the economy, and that the USDA Rural Development programs are the programs most specifically tailored to the capacity and reality of rural places, we urge you to focus more resources on the Rural Development programs, especially grant programs, that ensure that the smallest and lowest resourced communities do not bear the burden of debt financing for their recovery.

Success in RD Water Infrastructure Programs—More Investment Needed

RD's water and wastewater programs are a key component of economic development in rural America. The lack of reliable infrastructure, funded by RD, that delivers clean drinking water for household needs, sufficient quantities of water to support local industry and small businesses, and sanitary sewers to remove sewage and industrial [byproducts] to protect public health, forces local employers to relocate and close factories and prevents small businesses from starting. The entrepreneurs and small business owners who are the engines of our economy cannot open new businesses, shops or restaurants on Main Street without basic services.

Example: City of Charleston, Mississippi. In 2014, the local Sonic in Charleston, an important contributor to local sales taxes and jobs, closed temporarily as sewer regularly backed up on the restaurant's property due to city's much needed sewer collection system improvements. The Mama Lou Diner on main street received many complaints of the smell of the sewer that was often visible on their property. No one wanted to open a new business in downtown Charleston for the same reason. The city needed $450,000 to make necessary improvements. With a population of 1867 people with a median income of $25,395, the city could not take on debt to solve the problem. They applied for a grant in 2015 but were not able to secure the funds until 2018 and have since addressed the problem.

Infrastructure is the foundation of economic development, and to promote economic growth in rural America, we need to be able to ensure that the basic needs of businesses and residents including safe drinking water and sewer services are met. Currently, Federal funding for rural development programs makes up less than 8% of USDA's annual discretionary budget yet it is exactly these programs that are a lifeline to rural businesses, rural water and waste water systems—rural communities as a whole—as they struggle to recover from the impacts of [COVID–19].

Opportunities for continued economic growth in rural communities are substantial. [COVID–19] taught us all how to work virtually. Young people from rural communities want to take their jobs and lives back to their hometowns in Rural America. They need access to reliable and fast broadband. Agricultural production, energy development and operations, alternative energy pursuits, and tourism are all vibrant economic sectors that depend on rural communities; rural communities that need water and wastewater utilities, essential community facilities, affordable housing, and broadband availability that are in part made available through RD programs.

The Water and Environment Programs at RD have enjoyed tremendous success over the past few decades. The agency boasts a portfolio of more than 13,000 active water/sewer loans, more than 19 million rural residents served, and a delinquency rate of just 0.10% in 2020. This success is partly attributable to the field presence RD has historically maintained in rural areas. With staff in field offices throughout the country, RD is uniquely positioned to evaluate the credit-worthiness of small utilities and is able to distribute Federal funds quickly and efficiently to areas of great need. Staff reductions in RD offices across every state have started to hinder the ability of RD to serve rural communities with critical services. In drought years, or after natural disasters, community leaders benefit from being able to turn to a local RD staffer that they know and trust and who is familiar with their system and its needs.

To build on these successes, Congress should include additional infrastructure dollars toward the water and wastewater loan and grant programs, the technical assistance and training grant program, and the water infrastructure revolving loan fund program.

Technical Assistance is Key to Ensuring RD's and Rural Communities' Success

Despite RD's many successes, a substantial number of small, low-income towns, counties, and rural small businesses have difficulty accessing RD programs. The application process and eligibility requirements for each program are slightly different, and each pose unique challenges. Local leaders are most often volunteers who lack professional staff and the resources to find out what funding sources are available or the requirements for funding eligibility. Their first look at the Letter of Conditions on an RD loan or grant can seem overwhelming and discourage worthy applications. With help from an experienced technical assistance provider, however, even communities with no staff and limited planning resources can develop the local leadership capacity to manage needed infrastructure and community projects. Technical assistance plays a vital role in ensuring that the programs serve the communities they were designed to benefit in a cost-effective manner.

As a nation we are lucky to be a country of entrepreneurs. Rural America is no exception where people start businesses every day to meet basic needs in their communities as well turning great ideas into products. They start day care centers to take care of kids and allow parents to get to their jobs, often in the next micropolitan or metropolitan area. Communities Unlimited is fortunate to work with a young man in the persistently poor community of Pine Bluff, Arkansas who acquired the technology skills to launch an Internet Service Provider (ISP) with a vision of bringing reliable broadband services to all of the communities in the Arkansas Delta.

Example: Communities Unlimited provided both intensive technical assistance and a small working capital loan to a nurse practitioner who started an urgent care facility in Clarksdale, Mississippi in the heart of persistent poverty in the Mississippi Delta. The Black, female nurse practitioner has a deep understanding for the health care needs of children and families in the Delta. In addition to creating eight needed job, she has become a critical lifeline for hundreds of families since the beginning of COVID19. Today, she is working with Communities Unlimited on a "prescription food program" that provides food insecure children with a "prescription" to a box of fresh produce for the whole family that they can pick up from a local farmer who brings his farm stand right to her parking lot. These are the innovative business owners who improve the quality of life for others while creating needed jobs.

Additionally, rural disadvantaged entrepreneurs and small businesses supported by affordable, local technical/managerial assistance are more likely to launch businesses. Technical assistance is the best loan risk mitigation tool and characteristics of sound Technical Assistance include:

- One-on-one assistance, not classroom training.
- Problem solving, not generic tools.
- Longer-term engagement, not single counseling session.
- Accountability partner, not just a list of recommendations.

Last, I want to emphasize the opportunity to target resources in ways that will optimize the best long-term outcomes, especially for distressed rural places, including technical assistance, capacity building, and evaluation. Many disadvantaged rural entrepreneurs do not have strong financial management skills. You can't learn financial analysis and cash-flow management until you are in business school. This is geographically and financially out of reach for many motivated entrepreneurs. Strong financial management mitigates the risk for capital investments and technical assistance is key. We urge the Committee to focus investments that will support local-ownership and control. Only with these types of strategic investments in RD programs like the Rural Business Development Grant and the Rural Microenterprise Assistance Program will people in rural communities be able to access and create locally-led strategies that will keep wealth in the hands of rural people.

Key Infrastructure Investment Priorities for Rural Communities:

We urge the Committee to prioritize investments for rural underserved communities in **infrastructure** related legislation through USDA-Rural Development. We know that tough decisions will need to be made throughout this process, and RCAP urges you to ensure that rural and tribal areas are prioritized through robust investment in USDA Rural Development programs.

Specifically, we urge you to consider increasing infrastructure funding for the following programs, all of which serve as crucially important support for rural communities and help leverage critical Federal infrastructure dollars for rural communities:

- *Invest in Rural Water and Waste Disposal Infrastructure through USDA-Rural Development:* Include $10 billion for water and sewer systems as outlined in the American Jobs Plan (AJP). Provide at least $3 billion in loans and $2 billion in grants to USDA's Water Environment Programs per year.
- *Support Existing Water Systems in Financial Difficulty to Due COVID–19:* Provide grant assistance, debt forgiveness, and loan restructuring included in the American Jobs Plan.
- *Support Technical Assistance Funding to Leverage Infrastructure Dollars in Rural America:* Increase funding for Rural Water Technical Assistance Resources available to RCAP and other organizations at USDA-Rural Development
  - USDA: $50 million for the overall Rural Utility Service Technical Assistance and Training Grant account, and specifically $25 million for the set aside within this account reserved for multi-state regional technical assistance serving populations of 3300 or below.
- Invest in *Community Facility Grants at USDA-Rural Development,* include $30 million for Community Facilities Technical Assistance and Training. With the additional funding, waive funding caps for national applications in scope.
- Enhance the *Rural Community Development Initiative program (RCDI),* waive funding caps for applications national in scope and reduce matching requirements for projects in persistent poverty counties where private sector dollars are unavailable.
- Support *USDA's Rural Business Development Grants (RBDG),* waive funding caps for national applications in scope.

Conclusion

In closing, CU and RCAP work with rural communities and partners across the country to advocate for and generate economic opportunities for rural areas. The services provided through these programs deliver critical assistance in the small and disadvantaged communities where it is most needed. Solving the challenges facing rural communities requires a multi-pronged approach that includes adequate funding, along with steps to ensure that funding is available to all communities that truly need it, and a comprehensive approach to technical assistance to maximize the efficiency and effectiveness of RD's programs. It also includes an emphasis on community economic development and cost-effective investments in infrastructure that provide maximum return on Federal investments.

The services provided through USDA-Rural Development programs will deliver critical assistance in the small and disadvantaged communities where it is most needed, especially as our country continues to respond to the COVID–19 Pandemic.

I thank the Committee for inviting me to testify today, and I look forward to working with you and happy to answer any questions you may have.

The CHAIRMAN. Thank you, Ms. Polonius for your testimony.

Now we are going to try to see if we can connect with Dr. Koneru. Please begin when you are ready.

STATEMENT OF PHANESH KONERU, PH.D., J.D., LL.M., FOUNDER, PRESIDENT, AND CHIEF EXECUTIVE OFFICER, EXELA HOLDINGS, INC., EXELA PHARMA SCIENCES, LLC, LENOIR, NC

Dr. KONERU. Good morning, Chairman Delgado and Ranking Member Fischbach. It my pleasure and privilege to be here [inaudible] of Exela. I have founded Exela back in 2005 and now we are almost 16 years in the company. And since 2008, we have been in Lenoir, North Carolina, and we have been manufacturing pharmaceuticals since 2010.

Exela is a specialty pharmaceutical company that manufacturers injectable pharmaceuticals. Pharmaceutical manufacturing, injectables are probably one of the most complex pharmaceutical products to manufacture: a lot of high-technology and a lot of contamination controls, so it requires high technology investments, and also equipment and training of the people.

We have today about close to 500,000′² of operating space at Exela, and we started with a small 20,000′² building back in 2008 in Lenoir. Since then, we have been building, and a lot of that was made possible by the investments that we made through private sources, personal funds, as well as a significant portion coming from USDA loans. USDA B&I loans have helped us tremendously at the right time to actually take the next step and go further. Today, we have almost 400 employees and with high-paying jobs. Our average salary today is roughly about $59,000, which is pretty high for any community, except on the coastal sides. But, we are willing to actually increase our salaries more to make sure that we get the right talent, and also incentivize people to join our company.

Today, we have made a lot of investments in the company, and we are invested in close to $400 million so far in the company. We have invested and reinvested every dollar we made in the company, and we borrowed a significant portion of it. And with all that investment, we built a significant infrastructure in the manufacturing. We are recognizing the manufacturing infrastructure as crucial for the national strategic purposes, as well as making sure that our patients are taken care of with their needed medicines.

Because of all of that investment today, we are in a position to actually help the COVID vaccine fighting. We are about 2 weeks away from manufacturing commercial production of COVID vaccine from our place, which is a significant achievement. We cannot name the partner because we don't have the authority to name the partner publicly, but we are very close to actually commercializing the product. All of that has been made possible by the investments and the commitments we have made to the infrastructure building.

We have—even the story is successful, but we have a lot of uphill battles that we had to fight. There are two major battles we are still fighting today. One of them is the funding. We couldn't get investments in significant amounts from any banks. We can't even get a bank loan today in a traditional sense because our company is growing—fast growing, and we don't have the traditional, steady revenues that banks would like to see. So, we have relied on USDA support, and also private lending. And of course, private lending costs a lot of money, and investments and millions of dollars we pay in interest. And that can be helped by raising the limits at the USDA loans. As a minimum today it is $25 million. We would like to see that minimum to be raised to at least $50 million, if not $100 million. That would help really fast-growing, small companies like ours that require a lot of infrastructure investments.

The second struggle we have is with the manpower. Today, it is very hard to find people in the rural communities. As some of you know, we need to really incentive people to come to rural areas or remain in the rural areas. That can start with the college students where students go to college in other states and other towns, but they should be incentivized to come back and build families and work in the rural areas. That is the only way we can solve this problem, and a strong rural economy is significant for the country's growth.

Thank you very much. My time is up. I appreciate it.

[The prepared statement of Dr. Koneru follows:]

PREPARED STATEMENT OF PHANESH KONERU, PH.D., J.D., LL.M., FOUNDER, PRESIDENT, AND CHIEF EXECUTIVE OFFICER, EXELA HOLDINGS, INC., EXELA PHARMA SCIENCES, LLC, LENOIR, NC

Respected Chairman Delgado and Ranking Member [Fischbach],

My name is Phanesh Koneru. I am the founder, President & CEO of Exela Pharma Sciences. I was a pharmacist by training. I have a PhD in Biomedicinal Chemistry from the University of Southern California, a J. D., from the University of San Diego, and an LL.M. from Columbia University School of Law. It is my privilege and honor to present my testimony here today.

Exela is a fast growing pharmaceutical manufacturer of sterile injectable products. We have now almost 400 employees. We began building our manufacturing in Lenoir, Caldwell County, North Carolina, in 2008. The unemployment rate was about 17%, many jobs were lost to outsourcing of the furniture industry to China. The average wage in the county was around $28,000 per year.

Exela is a fine example of how a USDA B&I loan program can help a small company to build advanced pharmaceutical manufacturing facilities of national strategic importance in a rural community and create hundreds of high paying jobs. We started with the purchase of a small moth-balled building. We converted that into an FDA cGMP building in 2 years initially with personal funds, local/state grants and private equity investment. Since then our growth was funded primarily by private lenders (about $150 million), and several USDA B&I guaranteed loans (about $90 million). Exela may be the largest borrower under the USDA B&I loan program.

Over the years, Exela has become a strong contributor to the local economy. We are a pride to the City of Lenoir and the Caldwell County. Exela has won awards from our customers, the local city, county, and the state governments. I have listed them in my résumé which is attached.* The county unemployment prior to COVID–19 was around 4.5%. Exela played a significant role in that turnaround. The average wage in the county today is around $41,000, that is almost a 50% increase in about 13 years. The average salary at Exela is about $59,000, which is very competitive in most markets. Based on the strength of our employment base, several nationally known companies moved into Lenoir in the past few years—Chick-fil-A, Hampton Inn, Starbucks, MDI Trucking, *etc.* Today, Lenoir and Caldwell County are thriving.

We realized long ago that large scale modern pharmaceutical manufacturing infrastructure within the United States is of national strategic importance. That was the impetus for us to begin building such infrastructure at Exela since 2008. We invested over $400 million since we started—every dollar borrowed and/or earned was invested and reinvested in the company. Because of the investments, Exela is now in a position to make an impact in the nations' fight against the COVID–19. Exela is collaborating with a leading COVID–19 vaccine manufacturer and is just a few weeks away from producing first commercial batches of the vaccine. Exela expects to manufacture anywhere between 100 to 300 million doses in the next 12 months for both the U.S. and international markets. I strongly believe that at least

* **Editor's note:** Dr. Koneru's résumé is retained in Committee file.

some of the vaccine Exela manufactures will be used to fulfil President Biden's pledge, announced on June 10, 2021, to donate several hundred millions of doses to lower income countries. This remarkable feat has been achieved with practically no government grants or loans designated to combat the pandemic.

While Exela thus far has been successful, its journey has been anything but easy. There was practically no pharmaceutical cGMP manufacturing talent available in Lenoir. Even today, we are struggling to find talent. We are willing to hire with no experience and train them. We factor in the first 6 months of a new employee as all training, with no meaningful returns to Exela. Still, it is a struggle. Often we are using headhunters and paying above-the-norm salaries and incentives to relocate talent. This is a significant issue for Exela's growth.

One recommendation I would like to make is that the USDA aggressively create a college and high-school scholarship program to encourage students to remain in or come-back to the rural area upon graduation. Such scholarship program may entail cancellation of a certain portion (10–25%) of their student loans if the students work in a rural area for 5 years after graduation. These savings will allow students to start their careers and families with lower debt burden and hopefully enable them to settle down and raise families, thereby raising the overall standard of living for the entire community.

Pharmaceutical industry offers some of the highest value long-term manufacturing jobs. As the recent pandemic events made it evident, such manufacturing is of national strategic importance. To attract such jobs to the rural communities, aggressive investment by the USDA is essential. Pharmaceutical manufacturing is a capital-intensive industry with investments typically range into tens if not hundreds of millions of dollars. The returns are not immediate—typical lag time from breaking ground to commercialization is about 4–5 years due to the long lead times for the equipment and FDA approval requirements. Private equity or private lending are the only realistic vehicles because traditional bank loans are impossible to get during the startup through growth phase. Even today, Exela cannot obtain traditional bank loans.

The current limitation of USDA B&I guaranteed loans is $25 million. While this amount will benefit smaller companies, a fast-growing mid-size company would need a larger loan. In our case, we have to invest in modern high-speed equipment, modern manufacturing clean rooms, and hire and train hundreds of employees. It could not be done with smaller loans. We had to get private loans with very high interest rate to support the growth. It would be extremely beneficial and most immediately impactful to raise the loan amount for the Fiscal Year 2022 to at least $50 million and even to $100 million. At minimum, this would help save millions of dollars in interest alone that is otherwise paid to private lenders at rates as high as 15%.

During the recent pandemic hundreds of billions of tax payers' money was provided to many companies. However, other than the PPP loan through the CARES Act, which Exela used in its entirety to cover payroll expenses only, Exela was unable to obtain any funding from governmental sources. It could not even refinance its current millions of dollars of private loans with high-interest (almost 15%) rate due to the rigid, unrealistic lending rules as existed in the Main Street Lending Programs. The specific needs of high growth-phase businesses in general and those in the rural areas in particular, were ignored by Congress. In addition, COVID–19 did impact Exela's and other rural businesses, in a disproportionate way. For example, due to the rapidly expanding lead times and increasing costs, Exela has to invest in holding more inventory (almost double the usual) and purchase the inventory at almost twice the cost in some cases. Yet, Exela was unable to receive any governmental relief. This was disappointing. Exela hopes sincerely that this Committee will take notice and persuade Congress to make changes.

In summary, the USDA should invest more aggressively in rural communities to bring high-paying sustainable high-quality manufacturing jobs such as pharmaceutical manufacturing. Such investment should include incentives to high-school and/or college students to find employment in the rural communities for a certain time. Additionally, the USDA should invest with small companies to fuel their growth with less debt burden by way of low interest loans with less restrictive underwriting criteria. USDA should increase the B&I loan limit to at least $50 million or even to $100 million effective with the Fiscal Year 2022 plan. Exela's success story proves that a lot more success is achievable if these changes are made. We at Exela are willing to do more.

Thank you for listening to my testimony.

The CHAIRMAN. Thank you, Dr. Koneru, for your testimony. It is very much appreciated.

Next up, Mr. Fox. Please begin when you are ready.

STATEMENT OF HON. BOB FOX, DISTRICT 2 COMMISSIONER, BOARD OF COMMISSIONERS, RENVILLE COUNTY, MN; VICE CHAIR, AGRICULTURE AND RURAL AFFAIRS STEERING COMMITTEE, NATIONAL ASSOCIATION OF COUNTIES, FRANKLIN, MN

Mr. FOX. Chairman Delgado, Ranking Member Fischbach, Members of the Committee, my name is Bob Fox and I serve as Commissioner for Renville County, Minnesota, and Vice Chair of NACo's Ag and Rural Affairs Steering Committee. It is an honor to participate in today's hearing.

For today's purposes, it is important to understand some of the historical challenges facing rural communities. Ongoing population losses are reducing the rural tax base, which has a direct effect on our ability to provide core services. Additionally, 43 states are imposing significant limitations on county's abilities to increase local taxes.

The Great Recession also continues to plague rural counties. In 2016, nearly ½ of our nation's 3,069 counties were still struggling to recover. As COVID–19 hit, over 800 counties had yet to return to pre-recession general revenue levels, most of which had a population of less than 50,000.

General revenues are the backbone of our county funding because they are not restricted to a particular activity. Most state and Federal funding is becoming insufficient and too restricted to help cover mandated county services. Roughly 93 percent of state and Federal funding used by counties are restricted to a specific function. Between 2007 and 2013, 59 percent of the counties reported that these grants are covering a smaller percent of county expenses.

Matching requirements place many Federal resources just out of reach. Counties are increasingly forced to fund mandated services with general revenue dollars.

For FY 2021, Renville County's budget centered around main street businesses and our agricultural community. We provided a budget increase of only three percent through a local levy. The flexibility of that local levy helped us meet the infrastructure needs not being met by state and Federal programs.

While we applaud the American Rescue Plan Act for including $61.5 billion in direct Federal aid to the county governments, it is important to remember the U.S. Treasury currently prevents local governments from using these lost revenue funds as a non-Federal match. As rural counties look for ways to leverage our dollars, many of the USDA grant and loan programs mentioned today will remain out of reach.

Counties are the front line in our nation's defense against COVID–19. Counties we own or operate more than 4,000 public hospitals, public health departments, or essential health and emergency centers. Renville County opened a new hospital in September of 2015 made possible by $19 million USDA Rural Development Community Facilities direct loan, and a $4.75 million loan guarantee. By March 2020, Renville County Public Health opened our emergency operations center in partnership with emergency management and the county hospital. Major priorities for our county include community mental health, continued daycare support, and a reliable nutritional support for residents. That same year, our hospital partnered with a larger health system, which helped us provide drive-through COVID–19 testing.

Counties are also fighting a war against crumbling infrastructure. Each year, counties invest more than $100 billion in our nation's roads, bridges, transit, and water systems.

Prevention, mitigation, and vaccination expenses have far exceeded the revenue for the vast majority of counties. Making matters worse, long-term unemployment levels topped four million in January 2021, thus increasing demand for local public services. Local governments are now forced to respond to these needs with one million fewer workers than a year before.

Counties continue to deliver critical investments despite inadequate and restrictive Federal resources. We desperately depend on a number of programs at the USDA Rural Development. Roughly 98 percent of rural Americans receive their drinking water from a small system and depend on USDA Rural Water and Wastewater Program. Meanwhile, USDA Electric Loan Program helped provide safe, reliable, electric infrastructure to more than 90 percent of the nation's counties suffering from persistent poverty or upped migration. Broadband also proved to be a critical utility through the pandemic. Roughly, 77 percent of small counties are experiencing the internet below the FCC's minimum standards, according to a 2020 NACo study. In 2011, Renville County, as part of a regional effort, began working with providers that helped serve portions of McLeod, Nicollet, Renville, and Sibley Counties. We also secured a grant only covering about 40 percent of the total project cost to extend middle mile fiber through Renville County. Using CARES funds, we were then able to extend service to our weakest areas and help residents forced to learn and work from home.

At least 18 states imposed strict restrictions preventing local governments from making similar investments and partnerships in local broadband infrastructure. Many of these restrictions prevent local government from providing affordable alternatives, or creating a public-private partnership. USDA's ReConnect Program is critical for rural counties seeking to expand and improve connectivity. The steep 25 percent non-Federal match makes the resource difficult for many rural counties.

Slow economic recovery and the Treasury's rulings on matching requirements will encumber our ability to bridge the rural digital divide.

In closing, local government needs a strong Federal partner that can provide reliable, direct, and flexible funding. If local governments cannot meet the steep fiscal or operational requirements to leverage USDA programs, our collective efforts to address rural America's challenges are done in vain.

Thank you for the opportunity today, and I look forward to your questions.

[The prepared statement of Mr. Fox follows:]

PREPARED STATEMENT OF HON. BOB FOX, DISTRICT 2 COMMISSIONER, BOARD OF COMMISSIONERS, RENVILLE COUNTY, MN; VICE CHAIR, AGRICULTURE AND RURAL AFFAIRS STEERING COMMITTEE, NATIONAL ASSOCIATION OF COUNTIES, FRANKLIN, MN

Welcome and Introduction

Chairman Delgado, Ranking Member Fischbach, and Members of the Committee, my name is Bob Fox and I serve as Commissioner for Renville County, Minnesota and Vice Chair of the Agriculture and Rural Affairs Steering Committee for the National Association of Counties (NACo). It is an honor to participate in today's hearing on behalf of Renville County, NACo and our local intergovernmental partners across rural America.

Renville County is 982^2 miles of some of the finest agricultural land that sets above the Minnesota River Valley. We hope to be one of the top producing counties in Minnesota of sugar beets and corn, depending on how Mother Nature treats us with warm sunshine and adequate moisture. Our eastern border sets 80 miles from the Twin Cities metro, while our western border is less than an hour drive to South Dakota.

While Renville County's story is unique, the overall challenges we face—which I will outline in my remarks today—are shared by rural counties everywhere.

State of Rural America

As our nation transitions to a post-COVID economy, it is important to understand the historical challenges facing rural counties preceding the COVID–19 pandemic.

Many rural counties continue to struggle with population retention. Ongoing population losses reduce our tax base, which has a direct effect on our ability to provide core services and fund infrastructure projects. Local property taxes are also the major source of revenue for counties so adverse trends in property values are significantly impacting county revenues and expenditures. And even when local governments need to raise revenue, 43 states impose some type of limitation on counties' ability to increase local taxes.

As COVID–19 hit, many rural counties continued to struggle from the 2008 Recession. In 2016, NACo reported on the Recession recovery of county governments and found nearly half of our nation's 3,069 counties had yet to fully recover from the Great Recession. By 2020, over 800 counties entered the COVID–19 pandemic without returning to Pre-Recession general revenue levels—most of which (79 percent) had a population of less than 50,000.

General revenues are the backbone of county funding because they are not restricted to a particular activity and provide flexibility to county boards in allocating funds to needed services. Unfortunately, state and Federal funding is increasingly insufficient to help cover mandated county services. Most often, about 93 percent of the state and Federal funding used by a county is restricted to a specific function (capital and operational grants and contributions, called "dedicated grants"). Fifty-nine (59) percent of counties recorded dedicated grants covering a smaller percent of county expenses between 2007 and 2013.[1]

Matching requirements also place many Federal grant and loan programs just out of reach for rural counties. Despite significant and historic appropriations to critical programs, matching requirements make leveraging Federal resources impossible for many rural counties. Subsequently, counties are increasingly forced to fund mandated services with general revenues and charges.

In Renville County, our 2021 budget concerns centered around main street businesses and the agricultural community. We provided our residents with a budget increase of only 2% through a local levy. The flexibility of local levy dollars helped Renville County meet the infrastructure needs that were not being met by state and Federal programs.

We applaud the American Rescue Plan (ARP) Act for including $61.5 billion in direct Federal aid to county governments in recognition of revenue losses due to the pandemic. However, throughout my remarks today, it is important to remember the U.S. Treasury is preventing local governments from using our ARP lost-revenue funds as a non-Federal match. As rural counties look for ways to leverage this critical assistance—many of the USDA grant and loan programs mentioned today will remain out of reach.

County Role and the COVID–19 Pandemic

Counties are responsible for delivering a broad array of programs and services that provide a foundation for strong and stable economies. To achieve this outcome,

[1] *https://www.naco.org/articles/counties-still-challenged-recession%E2%80%99s-recovery.*

counties make significant investments in our nation's essential infrastructure; maintain our nation's justice and public safety system; and support public health through funding for hospitals and mental health programs.

Collectively, counties own or operate over 1,000 public hospitals, 1,900 local public health departments, more than 800 long-term care facilities, and 750 behavioral health departments. Additionally, we are responsible for other essential functions including emergency operations centers, human services, jail management, 911 services, veterans' services, coroners, and medical examiners.

Renville County opened a new hospital in September 2015. The RC Hospital and Clinic was made possible by a $19 million USDA Rural Development Community Facilities direct loan, and a $4.75 million Community Facilities loan guaranteed through a partnership with AgStar Financial Services.

By mid-March of 2020, Renville County had opened our emergency operation center. County Public Health took over as the lead public health responder in partnership with Emergency Management. The Emergency Operation Center operates on a "worst-case-scenario" plan and can accommodate 30 in-patients by diverting other spaces for patient care. Public Health's major priorities for the hospital included: community mental health, continue daycare information and support, as well as assuring safe and adequate food supply for residents of the county.

In May 2020, our hospital moved forward with a new partnership with a larger health system which helped us offer drive-through testing for COVID–19 at our hospital and two satellite clinics.

While serving as our nation's front-line defense against the COVID–19 pandemic, counties are also fighting a war against crumbling infrastructure. Collectively, counties invest more than $100 billion each year in our nation's roads, bridges, transit, water systems and other public facilities to help facilitate commuters and shipping goods around the globe.

Unfortunately, the costs incurred by local governments in response to the COVID–19 pandemic vastly outpaced revenues. In a recent survey on the fiscal health of counties, NACo found that 74 percent of county respondents faced significant challenges in providing core services to residents due to increased expenses from combating the public health crisis. Prevention, mitigation, and vaccination expenses far exceeded the declining revenues for the vast majority of counties.

Additionally, long-term unemployment levels topped four million in January 2021—representing roughly 40 percent of the ten million unemployed Americans. Long-term unemployed individuals have exponentially increased the demand for local public services throughout the pandemic while local governments seek to respond to these needs with one million fewer workers than the year before.[2]

County COVID–19 Recovery

As I mentioned earlier, many counties that were experiencing economic hardship pre-coronavirus, appear to have experienced exacerbated economic impacts during the coronavirus recession. Specifically, rural America's recovery from the 2008 recession was woefully incomplete as COVID–19 hit in 2020 with unemployment in non-metro counties far below 2007 levels.

In August 2020, eighty-one (81) percent of counties reported unemployment levels above a healthy level of unemployment (defined by the Federal Reserve to be about 4.5 percent). This amount includes 19 percent of counties reporting local area unemployment rates far above the national average of 8.4 percent.[3]

In July 2020, NACo estimated counties would experience a $202 billion budget impact due to COVID–19 through FY 2021, derived by increased expenditures and losses within tax and non-tax revenue streams.[4]

While the financial impact has varied by county, most counties have incurred unforeseen expenditures brought on by the pandemic. As such, stabilization of county budgets will be key in county economic recovery.

Infrastructure/Resource Needs in Post-COVID Economy

As owners of 45 percent of public roads and almost 40 percent of the National Bridge Inventory who also directly support 78 percent of the nation's public transit systems and 34 percent of public airports, counties are stepping up at the local levels to deliver critical projects for our residents despite a lack of Federal investment

[2] *https://www.naco.org/sites/default/files/documents/COVID%20Financial%20and%20Economic%20Impacts.pdf.*

[3] *https://www.naco.org/resources/featured/local-area-unemployment-statistics-economic-analysis-covid-19.*

[4] *https://www.naco.org/articles/county-budgets-see-202-billion-covid-19-impact.*

and many state laws that prevent us from raising local taxes to support these efforts.

More than 98 percent of rural Americans receive their drinking water from small systems, the cost of which to operate and maintain is significantly higher than urban areas. The U.S. Department of Agriculture (USDA)—Rural Development's Water and Wastewater Program is critical to helping small communities improve existing infrastructure, protect their drinking water resources, and comply with Federal drinking water regulations. Counties urge you to increase funding for this program to assure that the highest quality drinking water and sanitation services are available to rural America during the pandemic.

USDA-Rural Development's Electric Loan Program is a $46 billion portfolio that helps nearly 700 borrowers in 46 states finance safe, modern, and efficient infrastructure. USDA-Rural Development's financed electrical systems provide service to more than 90 percent of the nation's counties that are identified as suffering from persistent poverty, out-migration, or other economic hardships. The program also provides financial assistance through High Energy Cost Grants to rural communities with extremely high energy costs to acquire, construct, extend, upgrade and otherwise improve energy generation, transmission or distribution facilities. Counties urge you to fully fund these programs that are critical to maintaining services to millions of rural Americans during the crisis.[5]

Last, the COVID–19 pandemic underscored the true utility of broadband service. As the pandemic increased demands in teleworking, virtual learning and telemedicine, counties turned to public hotspots to meet the needs of residents. Although a concern for many years, when the COVID–19 pandemic sent everyone home to work and learn online, a rapidly growing number of people learned what many already knew—the nation's information technology infrastructure was insufficient. In both rural and urban counties, residents do not have the level of access needed to run businesses, take classes, operate machinery, and practice medicine.

While the digital divide exists in communities of all sizes, rural counties were disproportionally impacted by the lack of connectivity throughout the pandemic. In a 2020 study entitled "Understanding the True State of Connectivity," NACo reported that roughly 77 percent of small counties (0–50k in population) were—on average—experiencing the internet below the FCC's definition of a minimum standard for broadband service (25Mbps/3Mbps).[6]

In 2011, Renville County started conversations with neighboring Sibley County on how to bring internet to residents with speeds capable of meeting the demands of the 21st century. We worked with two local phone companies to improve their services and secured a new provider to work on a joint project that touched portions of McLeod, Nicollet, Renville, and Sibley Counties.

Additionally, we secured a state grant—covering roughly 40% of total project costs—to extend middle mile fiber through Renville County. With the middle mile secured, we used COVID–19 funds to partner with two providers to extend service to our weakest areas. The expanded footprint provided service to children and parents forced to learn and work from home due to the COVID–19 pandemic.

Understandably, the industry—beholden to shareholders and profit—must direct their attention to markets that can maximize their return on investment. Fortunately, our public-private partnership was able to help attract the industry to markets that would have otherwise remained underserved or overlooked.

Not all counties, however, have the ability to leverage partnerships like ours. Currently, over 18 states impose strict restrictions preventing local governments from making much-needed investments in local broadband infrastructure and services. By restricting local governments from making the initial investments in broadband networks, we are effectively preventing local governments from providing an affordable alternative to service or partnering with ISPs that could lease networks in otherwise cost-prohibitive communities.

Programs like USDA's ReConnect Program are critical for rural counties seeking to expand and improve connectivity. In FY 2020, USDA awarded 87 individual grant awards totaling over $673 million under the ReConnect Program. However, with an average award of $6.04 million for fully funded projects, the 25 percent non-Federal match would require roughly $1.5 million before a rural county could leverage ReConnect resources. You can see how slower economic recovery coupled with Treasury's ruling on non-Federal matching eligibility will further prevent rural counties from addressing the digital divide.

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[5] [*https://www.naco.org/sites/default/files/documents/NACo%20leadership%20letter_4.6.pdf*].

[6] *https://www.naco.org/resources/page/understanding-true-state-connectivity-america*.

Closing

In closing, local governments need a strong Federal partner that recognizes our unique roles and responsibilities. This requires reliable, direct, and flexible funding and financing that can be adapted to meet the needs and challenges facing our rural counties.

The host of USDA Rural Development grant and loan programs are critical to rural counties across the country and demand significant attention and appropriation. However, if local governments cannot meet the steep fiscal or operational requirements to leverage these programs—our collective efforts to address the challenges facing rural America are done in vain.

Thank you for the opportunity today and I look forward to your questions.

The CHAIRMAN. Thank you, Mr. Fox. I appreciate your testimony. Okay. Are we back? We good? All right.

Next up, our friend and constituent, Mr. Erling, please begin when you are ready.

STATEMENT OF TODD M. ERLING, EXECUTIVE DIRECTOR, HUDSON VALLEY AGRIBUSINESS DEVELOPMENT CORPORATION; PRESIDENT AND CHIEF EXECUTIVE OFFICER, FARM AND FOOD GROWTH FUND INC., HUDSON, NY

Mr. ERLING. Thank you, Congressman. Mr. Chairman, Ranking Member Fischbach, and Members of the Subcommittee, thank you for holding this hearing on examining opportunities for growth and investment in rural America. I also want to thank the staff that supports this Committee and the staff that supports each and every one of you as Members. They are invaluable teammates with us out here in the rural economy and rural communities, and I don't want to go on without the opportunity to recognize the role they have played supporting this organization and the communities that we are responsible for.

But most importantly, I really want to thank you for the opportunity to testify. As the Chairman mentioned, I am the Executive Director of a regional nonprofit that focuses on agriculture, local food systems, ag-related and ag-dependent businesses as economic development, and with community development tools and programs.

Sitting here today listening to my fellow witnesses, it is interesting to see the legacy and the hierarchy. We have counties represented, we have regions represented, we have individual entrepreneurs represented. And when I began in this position, I was actually a deputy director of an individual county economic development office. I was fortunate enough to have the background in community and affordable housing development prior to moving into that position, and since then, have carried those perspectives and that holistic systems approach into looking at agriculture and rural development, and identifying the needs and creating solutions with partners not only from the county level, county economic development offices, industrial development agencies, but also state and Federal. And you hear the alphabet soups that we all work in. I really appreciate the CDFI opportunity. Another opportunity I want to talk about is not only SBA, but EDA, Economic Development Administration, but we really need all the arrows in the quiver, all the tools in the toolbox to address not only our rural but also our urban challenges. Because many of them are overlapping, and many of them have similar common denominators. However, some of them don't have tools to address the challenges.

When we look at rural economic development, when we look at rural community development, we are really talking about rural urban relationships, and the flow between capital and the flow between people, goods, and services from our urban areas into our rural areas, and *vice versa*. That actually has been recognized through several of the witnesses' testimony we have had so far.

At Hudson Valley AgriBusiness, I have been lucky enough to be part of a founding group of pure organizations that represent upstate New York and New England, and the Agricultural Viability Alliance. And some of the common denominators and challenges that this Subcommittee as well as USDA Rural Development can help us with are one-on-one business technical assistance. Helping our rural entrepreneurs have the same tools that urban and suburban entrepreneurs have through small business development centers, through some of the other best practices that we have seen with strategic planning, access to accounting, access to human resources, and the ability then to take and implement not only the expertise, but marrying that to capital sources and capital programs like CDFIs, like EDA rural development programs, like USDA B&I programs.

And so, I really just want to highlight the fact that the CARES Act, the Rebuild America efforts through the ARPA, our annual budgets as well as our farm bills, have a hole. We really do not have a square peg for a square hole or a round peg for a round hole for BTA, business technical assistance. And many of us make it work through LFPP and other programs, but if we could establish some standalone business technical assistance programs that not only support best practices and developing a Rolodex of service providers and agencies, but also have year over year funding opportunities that we can count on, similar to block grant funding for urban areas.

And with that, I just want to wrap up by talking about the Rebuild Rural America Act (H.R. 2361) that has been introduced. This would be a real opportunity for our rural communities to have similar tools and strategies of year over year funding to implement strategy that was created by the rural communities, knowing that there is multi-year opportunity and flexibility not only for the hard infrastructure, but the soft infrastructure. Business technical assistance at the core is about humans, their expertise, and the relationships that happen year over year to implement the strategies and to tackle the challenges that happen in an entrepreneur or business or community's lifespan.

So, with that, I just want to say I am open for any and all questioning. I really can't wait to connect with some of our other witnesses offline, and thank you again for this opportunity.

[The prepared statement of Mr. Erling follows:]

PREPARED STATEMENT OF TODD M. ERLING, EXECUTIVE DIRECTOR, HUDSON VALLEY AGRIBUSINESS DEVELOPMENT CORPORATION; PRESIDENT AND CHIEF EXECUTIVE OFFICER, FARM AND FOOD GROWTH FUND INC., HUDSON, NY

Mr. Chairman, Ranking Member Fischbach, and Members of the Subcommittee, thank you for holding this hearing on examining opportunities for growth and investment in rural America and for allowing me to testify. My name is Todd Erling and I serve as Executive Director of Hudson Valley AgriBusiness Development Corporation located in Hudson, New York.

Hudson Valley AgriBusiness Development Corporation is dedicated to promoting balanced, market-based solutions that lead to enhanced agricultural entrepreneurship, rural economic growth, and community enhancement throughout our Hudson Valley communities. We are the only economic development agency in the Hudson Valley with a specific focus on the viability of the agricultural economy in the region and assist eight rural counties in their efforts to provide economic and community development opportunities for their residents. Our charge is to enhance the agricultural sector in the region by assisting both new and existing agribusinesses and supporting policies and regulations that recognize and support New York State's agricultural and rural economy.

Our services are carefully designed to support the Hudson Valley as an attractive, viable region for agriculture and to foster growth and development of the agricultural sector through a creative program of business technical assistance (BTA) that may include strategic planning, business planning, land access, marketing, promotion and the provision and coordination of financial and other resources. Since our inception, we have assisted over 260 businesses with a wide range of individualized services such as access to capital, business development, financial planning, and market readiness preparation, and have expanded our network of farms, restaurants, and producers to over 600 businesses and counting.

Hudson Valley AgriBusiness Development Corporation is also a founding member of the Agricultural Viability Alliance. The Alliance is a multi-state regional coalition focused on increasing the number and economic viability of farm and food businesses in rural communities throughout New England and the Hudson Valley by bringing together providers and to address shared challenges, facilitate more uniform high-quality coverage, and more effectively share and expand limited resources.

Working together with the Alliance and our partners at American Farmland Trust, Hudson Valley AgriBusiness Development Corporation has been at the center of an effort to mobilize Federal resources in support of rural communities, agriculture and food businesses' recovery efforts following the unprecedented economic challenges faced during the COVID–19 pandemic. Our rural communities are economically vulnerable on our best days, facing challenges ranging from underfunded schools, lack of access to capital, diminished business and financial planning capabilities and insufficient infrastructure—including access to high-speed broadband. The strain of the economy ravaged by a global pandemic brought agriculture and food businesses, which often serve as the anchor for rural communities, to the brink of collapse. In New York alone, 43% of farms report to have lost substantial sales during the pandemic. More than ⅓ of farms and agribusinesses (37%) are experiencing severe cash flow issues and almost ½ (47%) say they have significantly reduced spending to local vendors and suppliers or will do so in the future. A combination of Federal investment in the areas noted above combined with a commitment to business development could not only assist rural areas in recovering economically from COVID–19, but lay the foundation for sustained economic growth into the future.

COVID–19 has impacted farm and food businesses unevenly: some had their markets disappear overnight, like farms and food hubs that supply restaurants and schools, while others have seen demand skyrocket, such as those with on-site or online retail operations. Yet all farmers have had to adjust to fundamentally changed market conditions, and even businesses with increased demand have dealt with processing disruptions and labor shortages, requiring significant and sometimes complex workarounds that impact profitability. Although state and Federal support such as the Payment Protection Program (PPP) and the Coronavirus Food Assistance Program (CFAP) have been helpful, aid has still failed to reach everyone, leaving many entrepreneurs in a deep financial hole with no increased resilience to future disruptions.

Business planning and financial literacy skills are more important than ever as farm and food entrepreneurs are forced to adapt. While producers excel at the production side of their business, many—especially mid-sized and smaller operators—lack the training and knowledge to assess their finances, pivot their business strategy, or even access government funding. Indeed, many farmers were unable to receive Coronavirus relief because of inadequate recordkeeping. One-on-one BTA is a proven way to develop these skills and improve long-term business viability. Across the country, agricultural service providers—including nonprofits, private consultants, state agencies, and extension eervices—are playing pivotal roles in providing the individualized assistance needed to build and sustain profitable enterprises.

BTA typically consists of financial literacy coaching, including the skills and recordkeeping needed to successfully access capital; management skills, such as strategic planning and human resources; new enterprise development; marketing and sales; succession planning; and even IT issues like accessing high-speed internet. Some organizations provide a range of services, while others specialize in an area such as land transfer and succession—but all forms of BTA give the recipient the skills, knowledge, and confidence to help their business succeed long-term. All businesses are unique, and thus require support tailored to their specific needs, including their scale, stage of business, and markets. To be effective, this support needs to be sustained over time. The Alliance has a large and growing pool of data showing BTA's lasting impacts on business viability and the broader economy. Vermont's Farm & Forest Viability Program found that 2 years of business planning support can generate a 62% increase in net income, significant improvements in business skills, and marked annual growth in full-time employees. The Carrot Project's research shows similar results, with 2 years of business advising increasing net income by more than 50% for start-up and early-stage farms, and increased confidence in financial management. At Hudson Valley AgriBusiness Development Corporation, we also demonstrated its positive impacts on rural communities, with 19 graduates of our Farm and Food Funding Accelerator program creating 206 jobs and making purchases from 125 other regional farms—all barely a year after completing the program. Sixteen of these businesses secured over $1.1M in capital leveraging a $200,000 Federal investment in BTA by more than five-fold.

The value of BTA goes beyond a pandemic recovery strategy, offering an opportunity to directly support BIPOC (Black, Indigenous, and People of Color), women, and LGBTQI+ farm and food entrepreneurs—many of whom face systemic barriers to entry, discrimination, and other challenges, especially in rural areas. There is an acute need for culturally informed, highly-tailored BTA that is ideally provided by members of a specific disadvantaged community to help address this long history of exclusionary practices and agricultural land loss. There is also demand for this type of assistance from veterans, who represent a growing cohort of entry-level producers.

BTA also offers a tool for increasing resilience at the individual and community levels. The pandemic exposed the fragility of a highly centralized national food system and its reliance on a shrinking number of processing and distribution facilities. Providing customized support to these businesses in the middle of the supply chain supports job and wealth creation across America, while making supply chains more resilient to disruption.

Farm and food businesses also need increased resilience to withstand the impacts of climate change. A recent USDA survey showed that "the majority of growers believe that they do not have the financial capacity, knowledge or technical skills to deal fully with the threat extreme weather presents to the viability of their farm," a gap which can be addressed through BTA. Conservation practices improve soil health, mitigating against climate change impacts like erosion from heavy rains and drought while also sequestering carbon and improving air and water quality. Farmers and ranchers with stronger business skills are more likely to have the capital and the long-term planning abilities needed to invest in on-farm conservation and will be better able to respond to changing markets, growing conditions, and more.

BTA has also proven effective in addressing the transfer of agricultural land, both through succession planning for exiting farmers and landowners and through mentoring and land access support for beginners. With as much as 40% of American farmland likely to change hands in the next 20 years, BTA is a vital tool to keep land in farming and expand opportunities for a more diverse next generation.

Beyond assistance to individual businesses, the Federal Government must commit to the mobilization and coordination of resources for rural America in a similar manner we see our national government deliver support for our urban communities. Indeed, while the specific challenges faced in rural and urban communities may differ, the effects they have on their populations are the same. Institutional poverty, failing infrastructure and a lack of sustainable growth cripple neighborhoods, urban and rural alike. Agencies like the Department of Housing and Urban Development administer billions of dollars in Federal assistance to help urban communities develop and overcome such challenges. COVID–19 has shown us that now is the time for a similar effort aimed at our rural communities.

The Rebuild Rural America Act was introduced in both Houses of Congress earlier this year and provides a roadmap for sustained strategic investment in our rural communities that are modeled after successful programs aimed at urban areas. The legislation would create a dedicated stream of Federal funding for rural communities and would provide guaranteed block grants to create a predicable, locally-controlled planning process, enabling multi-year programs to confront the institutional economic challenges faced in rural America. This combination of planning and training incentives and a predictable stream of Federal funds creates a path for sustainable development that will insulate rural communities from extreme impacts of economic fluctuation and chip away at the institutional challenges that limit their growth and opportunity.

Our experience in BTA has shown us that developed "soft infrastructure" (business development, financial literacy, job training) effectively positions businesses to access additional state and Federal resources. Indeed, we've seen clients who receive BTA services go on to access USDA Value-Added Producer Grants, which could then be leveraged to secure NYS Empire State Development grants. The investment in soft infrastructure through BTA and other Rural Development programs is a start. But linking Rural Development efforts to other existing Federal efforts, such as U.S. Department of Treasury Community Development Financial Institution and U.S. Department of Commerce Economic Development Administration programs, will deliver a sustainable benefit and prove to be cost-efficient over time.

And coordinated with state resources, the programs of the Rebuild Rural America Act and other Federal initiatives, can be leveraged to expand the impact on our rural communities. As we see in the operations of our existing Rural Development programs, effective collaboration with state rural and agriculture offices can be a winning combination. Whether its infrastructure funding, business development programs or broadband deployment models, when our state and Federal programs complement each other, we all get more bang for our buck.

Thank you for this opportunity to share thoughts with you on strategies for advancing economic opportunity in our nation's rural communities. I look forward to continuing to work with this Committee and with our Federal leaders to ensure that we are providing the necessary resources to our rural communities and their agriculture and food related businesses so they can remain a viable part of our country's diverse fabric.

The CHAIRMAN. Thank you, Mr. Erling, for your testimony.

Next, we have Mr. Mattson. Please begin when you are ready.

STATEMENT OF KENT D. MATTSON, J.D., CHIEF EXECUTIVE OFFICER, LAKE REGION HEALTHCARE, FERGUS FALLS, MN; ON BEHALF OF MINNESOTA HOSPITAL ASSOCIATION

Mr. MATTSON. Good morning, Mr. Chairman, Ranking Member Fischbach, and Members of the Subcommittee. Thank you for providing the opportunity to speak on this important topic today.

I am the CEO of Lake Region Healthcare. We are a not-for-profit private healthcare organization located in west central Minnesota. I am testifying today on behalf of the Minnesota Hospital Association. I am not a clinical individual. I am an attorney by training, but I have been in the healthcare industry for over 20 years. I am, though, the son of a nurse who worked for decades at our organization as a nurse leader. I have a deep passion and commitment to rural Minnesota and rural healthcare. I am blessed to lead an organization that has been one of the many healthcare organizations that has been continuing on the frontline of this pandemic, taking the lead in responding to COVID–19 for over 17 months now. We partnered through that, though, with public agencies, both for our services and funding, and we are proud and pleased to continue in this effort for the foreseeable future.

As I mentioned, we are a nonprofit healthcare organization. We are made up of three hospitals. One is a larger community-based not-for-profit hospital located in Fergus Falls, Minnesota, and the second is a critical access hospital located in Elbow Lake, Minnesota. We have 11 clinic locations in communities across west central Minnesota, as well as an assisted living facility and three surgery centers, one in Fergus Falls, and another in Morris, Minnesota. Together, our enterprise has about 1,100 staff members and about 110 primary physicians and providers.

I believe that hospitals are one of the basic physical and organizational facilities needed for communities to thrive, no matter the size, location, or demographics. Hospitals and health systems are the cornerstones of communities in our country, including in particular in rural Minnesota.

This is especially true that we have seen over the last 17 months. Not only do hospitals and health systems provide accessible and high-quality care in our remote areas, but through the pandemic, we have responded to a healthcare crisis that nobody in our generation has seen. In addition, we are major employers in our regions that provide reliable, good-paying jobs, but we also serve low population areas that have a disproportionately aging population with increased medical needs and limited mobility. We have growth in our core county over the upcoming years, but that growth is primarily an aging population, which is going to put additional demands on our systems.

Over the past year, rural hospitals answered the call to service during the COVID–19 pandemic. We have been on the frontlines not only taking care of patients that have come to our facilities, but also to try to control the spread of the virus through testing, contact tracing, and vaccine deployment. In addition, we have been a trusted resource for public health information for our neighbors and in our communities.

We know that rural hospitals and health systems face enormous challenges. This includes declining reimbursements, increased costs, difficulties recruiting and retaining our healthcare workforce, and limited access to capital. In fact, the Minnesota Hospital Association reported that 31 of the Minnesota hospitals, which is about 41 percent of all Minnesota hospitals, had negative operating margins, and all but three of those were in rural areas.

Over the years and today, rural hospitals continue to face the need to update and replace outdated facilities. These large expenses can be a huge burden, given our lack of access to capital. We have limited size. We have a limited population base, and we have razor-thin margins. So, oftentimes we are unable to access capital through traditional methods. So, this makes investments from Congress that create loan and grant opportunities for rural healthcare systems critically important to our future. At a critical access hospital in Elbow Lake, we were the thankful beneficiary of a USDA Community Facilities Direct Loan and Grant Program. In 2013, we finished construction of the Prairie Ridge Healthcare Facility in Elbow Lake. It is a $53{,}000'^2$ state-of-the-art hospital, which replaced an aging 1960s facility that had long ago outlived its useful life. The upgrade was a complete game changer for us. It enhanced patient safety and accessibility, expanded services such as general surgery, orthopedics, and obstetrics, and upgraded technology to better serve our patients in those local communities.

Before our facility was constructed, we had about 11 providers. Since then, we have been able to recruit and retain 37 new providers. In addition, we staff about 120 nursing operations, facilities, and administration staff, and Prairie Ridge provides outreach to other communities adjacent to us. We are not a large facility, but we do take care of a large population base, so we are thankful for the program.

I am, again, happy to answer any additional questions that may come up from Members of the Subcommittee today.

[The prepared statement of Mr. Mattson follows:]

PREPARED STATEMENT OF KENT D. MATTSON, J.D., CHIEF EXECUTIVE OFFICER, LAKE REGION HEALTHCARE, FERGUS FALLS, MN; ON BEHALF OF MINNESOTA HOSPITAL ASSOCIATION

Chairman Delgado, Ranking Member Fischbach, and Members of the Committee, thank you for providing me the opportunity to speak on this important topic. My name is Kent Mattson and I am the CEO of Lake Region Healthcare, a rural healthcare organization located in West Central Minnesota. I will be testifying on behalf of the Minnesota Hospital Association.

I have been the Lake Region Healthcare Enterprise CEO since May of 2020 and have worked within the organization for over 20 years. Lake Region Healthcare is made up of two hospitals, a PPS community-based not-for-profit hospital in Fergus Falls and a critical access hospital located Elbow Lake. We have eleven clinic locations in communities across west central Minnesota as well as an assisted living facility and two surgery centers, one in Fergus Falls and another in Morris. Our team is made up of over approximately 1,100 staff members and roughly 110 physicians and providers.

I believe that hospitals are one of the basic physical and organizational facilities needed for communities to thrive. No matter the size, location, or demographics, hospitals and health systems are the cornerstone of communities across our country.

This is especially true in rural areas. Hospitals and health systems provide accessible and high-quality care in remote areas, we are major employers that provide good paying jobs, and we serve low population areas that have a disproportionally aging population with increased medical needs and limited mobility.

This past year, our rural hospitals answered the call to service during the COVID–19 pandemic. We have been on the front lines helping to control the spread of the virus through testing, contact tracing, and vaccine deployment and treating those patients who got COVID–19. We have also been a trusted source of public health information for our neighbors in our communities.

We know that rural hospitals and health systems face enormous challenges. This includes declining reimbursements and increased costs, difficulties recruiting and retaining our health care workforce, and limited access to capital. In fact, the Minnesota Hospital Association reported that of the 31 Minnesota hospitals with negative operating margins, all but two were in rural areas.

Rural hospitals also face the need to update or replace outdated facilities. These large expenses can be a huge burden given our lack of access to capital. With our limited size and razor thin margins, we are often unable to access the needed funding through traditional methods. This makes investments from Congress that create loan and grant opportunities for rural health care systems critically important. At our critical-access hospital in Elbow Lake, we were the thankful beneficiary of a USDA Community Facilities Direct Loan and Grant Program.

In 2013, we finished construction on the Prairie Ridge Healthcare Facility. This 53,000′^{2} state-of-the-art hospital replaced an aging and deficient facility that was built in the 1960's, and which had long ago outlived its useful life. This upgrade was a complete game changer that vastly enhanced patient safety and accessibility, expanded services such as general surgery, orthopedics, and obstetrics, and upgraded technology to better serve patients in our local communities.

Prairie Ridge is now serviced by 49 onsite physicians, advanced practice providers, and certified registered nurse anesthetists. We have been able to recruit and retain 37 new providers since we announced the new facility. In addition to a strong provider team, Prairie Ridge also employs an additional 120 nursing, operations, facilities, and administrative staff. And Prairie Ridge provides outreach to other surrounding rural communities.

Per year, Prairie Ridge averages roughly 190 ambulance runs, 660 surgeries scopes, 25,000 lab tests, and 18,000 provider visits. And I am proud to say, the Prairie Ridge Clinic has administered over 3,000 COVID Vaccinations.

The positive impact this facility upgrade has had on the community cannot be overstated. In addition to the expanded health care services and good paying jobs, the Prairie Ridge facility has become a major source of pride and a community hub.

For example, it hosts the Grant County Veterans Memorial, there is a community room open for public use, and there is even a dining café.

None of this would have been possible without a $16 million loan from the USDA Community Facilities Direct Loan and Grant Program. That money gave us the financial viability to make this incredible project come to life. We truly are a success story that should be replicated in communities across the country.

Beyond the physical infrastructure needs of hospitals, I also would encourage the Committee to consider strong investments in broadband that will ensure all people have access to telehealth services regardless of their [Zip C]ode. This pandemic has illustrated the importance of telehealth services particularly around mental health and specialty care.

Without high-quality facilities and a strong infrastructure system, our rural hospitals will not be able to carry out our mission to serve our communities and patients. We stood up an responded to the call to action from the [COVID] crisis, and must be able to stand ready to respond to the next public health crisis, in addition to serving our populations, day in and out. In closing, I want to thank the Committee Members for your service to our country and for your support to rural hospitals and health systems. I look forward to answering your questions.

APPENDIX A

Prairie Ridge Healthcare Facility Information

Location: Elbow Lake, MN
Built: 2013 (Photo above)
Size: 53,000$'^{2}$
Replaced aging and deficient 26,000$'^{2}$ facility (photo below).

Improved Patient Safety, Privacy, and Accessibility

Safety and accessibility took a high priority in the design of the new facility. Corridors, doorways, and bathrooms give easy wheelchair access throughout the building while advanced medical equipment is integrated with safety features. All ten hospital rooms are equipped with Medcare ceiling lifts; making it easier to move patients throughout the room. This same lift system is also implemented in the Rehabilitation Department providing valuable aid to physical therapists in enabling patients to restore their strength. The layout of the new facility also allows for different areas to be locked down after hours or in case of an emergency. The drive-through Emergency entrance enclosed within the building serves for convenience, safety, and privacy for ambulance and emergency drop off. Prairie Ridge's technology within the new hospital provides a safer environment for staff, patients, and visitors giving peace of mind to families.

Expanded Services

It is important to Prairie Ridge that we offer services close to home while also promoting jobs to families in our rural community. The new facility has aided in the ability to add several Family Practice providers and expanded services in the areas of General Surgery, Orthopedic Surgery, and Obstetrics.

Upgraded Technology

State-of-the-art technology results in quicker test results and more efficient use of our patients' time. Electronic exam tables and patient lift systems increase comfort and safety. New microscope technology, incubators, and automated analyzers produce consistent results while lab technicians are free to perform other tasks. Ultrasound, Dexascan, MRI, and mammogram technologies will continue to be utilized in addition to a new CT Scanner, Digital X-Ray, and a mobile X-Ray Unit to scan patients at bedside. This technology lets our patients have a shorter visit with faster, more detailed results.

Wireless and Mobile Health access allows our providers to practice untethered; providing portable access to patient electronic medical records. The use of iPads, flatscreen monitors, and other devices change the way they collect, examine, and deliver healthcare information. Multiple areas within the hospital offer a full suite of audio, video and web conferencing designed to meet the needs of our ever-changing healthcare arena. The Nurse Call System not only connects patient to nurse but also networks emergency response communication throughout the building. Prairie Ridge recognizes that our patients are entitled to the benefits of cutting-edge technology; giving assurance of quality and confidence in our rural community.

Community Impact

In addition to bringing healthcare close to home for this rural community, the Prairie Ridge Campus has become a point of community pride. It hosts the Grant County Veterans Memorial, a community meeting room, and an open dining café.

Key Statistics

Prairie Ridge is serviced by a total of 49 onsite Physicians, Advanced Practice Providers, and CRNAs. Since opening the new facility in 2013, Prairie Ridge has been able to recruit and retain 37 new providers to continue to provide and/or expand services for family practice/primary care, surgical services, and other specialty care services. In addition to a strong provider team, Prairie Ridge employs an additional 120+ nursing, operations, facilities, and administrative staff.

In addition to serving the Elbow Lake community, Prairie Ridge provides outreach to Morris, Evansville, Hoffman, Herman, and other surrounding rural communities such as Wendell, Hancock, Ashby, and Barrett. Annually, Prairie Ridge Averages * 189 Ambulance Runs, 663 Surgeries/Scopes, 25,547 Lab tests, and 18,423 Provider Visits. To date, the Prairie Ridge Clinic has administered 3,092 COVID Vaccinations.

Service Lines Offered

Allergy/Immunology

Asthma and allergic condition clinic consults for pediatrics and adults
Skin scratch testing for 64 food/environmental antigens
Allergy testing for medications
Allergy shots

Ambulance Services

Cardiology

Clinic Consults (A-fib, Syncope, Cardiomyopathy)
Cardioversions
Cardiac stress tests
Treadmill Stress Tests
Nuclear Med Stress Tests—Standard treadmill
Cardiolyte treadmill
Chemical stressing stress tests (LEXI SCAN)
EKG stress tests
Pacemaker insertions and programming
Pacemaker clinic
Carotid massage
Cardiac rehabilitation
Cardiology clinics
Pacemakers—dual and single chamber
ICDs—dual and single chamber
Cardiac resynchronization therapy device implants
Implanted Cardiac Loop Recorders
Cardiomem implants
Synchronized cardioversion
Interpretation of echocardiogram and stress tests
Tilt Table Testing
Teleheart Consults

Colonoscopy and Endoscopy

EGD—diagnostic, screening, rescreening, ph testing, esophageal manometry
Bronchoscopy—diagnostic with brushings, washing, and biopsies
Flex sig

Diabetes Management (Group and Individual Sessions Available)

Dietitian (Elbow Lake)

Weight Loss
Heart disease
Renal disease
Diabetes
Cholesterol

Emergency Department (Level 4 Trauma Center)

Inpatient Services

Interventional Radiology

Clinic consults for pain disorders/vascular interventions
Radiology consultations provider-provider
Vascular follow up after vascular interventions.
Soft tissue biopsies
US guided Fine needle thyroid biopsies
US guided fine needle breast biopsies with and without axillary lesions.
Bone marrow biopsies
PICC Placement
Port Placement
Blood patch
Epidural steroid injections
Cervical,thoracic, and lumbar
Loop recorder placement
Joint injections
SI joint, shoulders, hips (trochanteric, intraarticular), knee, wrist, *etc.*
Trigger point injections
Radio frequency ablations
Cervical, thoracic, and lumbar spine
Associated median branch blocks of cervical, thoracic, and lumbar spine
Genicular RFA for knee pain
Thoracentesis
Paracentesis
Tunneled drainage catheter placement for chronic ascites or pleural fluid accumulation
Chest Tube Placement
Pacemaker implant: single and dual chamber

Laboratory Services

Observation Stay

Occupational Therapy

Certified lymphedema especially post-surgical
Hand therapy
Pediatrics for feeding, neurological disorder, weakness, behavior modification, tone reduction, post-surgical upper body
Cognitive testing with follow up meeting for education/strategies/recommendations
LSVT BIG for Parkinson's
Concussion management

Orthopedicsand Sports Medicine

Outpatient Services

Radiofrequency ablation
Blood transfusions
Epidurals
IV therapy
IV antibiotics
Infusions
Radiologically guided injections
General injections
Protime clinic
Medication administration with monitoring

Telepsychiatry

Physical Therapy

Pre-Post-surgical conditions

(Joint replacement, back and neck surgery, Knee scope, ACL, ankle, rotator cuff repair, shoulder replacement.)

Injury related conditions

Back, Neck, Hip, Knee, shoulder, elbow, foot/ankle
Hand therapy

Neurological Conditions

Parkinson's BIG program, traumatic brain injury, spinal cord injury, stroke, multiple sclerosis, ALS, imbalance, ataxic gait

Geriatric Conditions

Fall prevention, home safety, osteoarthritis
Vertigo/Dizziness/Vestibular Rehab/BPPV Rehab

Sacroiliac dysfunction: pregnancy, injury

Pediatric conditions: developmental delay, torticollis

TMJ Dysfunction
Myofascial Release

* Average over the last 4 years.

Service Lines Offered—Continued

Ergonomic Work Station Evaluation	Kiniesotaping/Athletic Taping/bracing

Primary Care and Internal Medicine

Child and teen checkups	DOT collections
Well-baby exams	Skilled nursing home visits
Chronic Care Management/Care Coordination Services	Assisted living visits
Immunizations	FAA physicals
Sports physicals	Special issuance exams
ICC/DOT physicals	

Women's Health

Family planning.	Prenatal care and OB exams.
Breast and cervical cancer program.	Well-women physicals.
Menopausal counseling and services.	

Internal Medicine Clinic Consults

Complex medical issues such as but no limited to cardiac disorders, diabetes with pump adjustments, thyroid disorders, pulmonary issues, renal, and liver disease.

Diagnostic Imaging

General	Mammography
Dexascan	Nuclear Medicine
CT Scan	Ultrasound
MRI	

Surgical Services

General Surgery	Orthopedic Surgery
Podiatry Surgery	

Speech Therapy

Cognitive testing	Swallowing
LSVT Parkinson's BIG and LOUD	Language Comprehension
Pediatrics with SOS Feeding	Vital Stimulation Adults and Children
Voice Production	Communication Skills

Sleep Services

Overnight oximetry studies	Sleep apnea evaluations

Swing Bed Program

Wound Care

Non-healing chronic wounds	Traumatic wounds
Pressure ulcers	Surgical wounds
Diabetic ulcers	Abdominal stomas
Venous ulcers	Continence disorders
Arterial ulcers	Rash and lesion identification
Skin lesion removal and biopsies	Minor burns

[ATTACHMENT]

Earlier this year, the Minnesota Hospital Association released its annual report examining the financial health of Minnesota hospitals and health systems. Below is a summary of the findings. Here is a *link* [1] to the full report.

Minnesota hospitals' operating margins declined in 2019 to 1.4%—a signal that Minnesota's hospitals and health systems are experiencing challenges including declining reimbursements from both government and commercial payers; health care professional shortages that bring higher staffing costs; and increasing costs of products and supplies such as pharmaceuticals, devices and technology systems for electronic health records

- Between 2014 and 2018, the trend of overall median hospital and health system operating margin in Minnesota remained steady at just over 2%. In 2018, however, the median operating margin declined to 1.7% and fell yet again in 2019 to 1.4%
- This year-over-year declining trend line of median operating margin signals a financially fragile health system in Minnesota, even before the additional significant challenges presented by the global pandemic in 2020.
- While 45 of the 76 hospitals and health systems shown on the report generated positive operating margins in 2019, 31 hospitals, or 41% of the hospitals and health systems reflected in the report, experienced negative operating margins.
    - ○ The number of hospitals reporting negative margins has grown over the last 2 years.
        - In 2017, 26 hospitals reported negative margins.
        - In 2018, 27 hospitals reported negative margins.
    - ○ A negative operating margin does not mean a hospital may close. It simply means a balancing act for hospitals and health systems in providing the right mix of services for the community.

[1] *https://online.fliphtml5.com/pzfal/pnuz/#p=1.*
Editor's note: this report is retained in Committee file.

  - Many hospitals and health systems in Minnesota continuously adjust their service lines depending on the community's needs, which services are better provided at a larger nearby hospital, and their health care professional workforce's skills and experience.
  - Compared to other states in the country, Minnesota benefitted from expanding Medicaid in 2011. More people on insurance helped hospitals and clinics. That is one of the reasons Minnesota has not seen the rural hospital closures seen in other states. In addition, Minnesota's critical access hospitals (CAH) benefit from a different payment model.
- Historically Minnesota's urban hospitals have had higher margins than rural hospitals; however, the trend in recent years has been convergence, with both urban and rural hospitals and health systems showing declines since 2017. The median operating margins for urban and rural hospitals and health systems were the same in 2019 at 1.4%.

A positive operating margin is necessary to ensure hospitals' and health systems' ongoing ability to serve patients in their community, maintain strong credit ratings and affordable access to capital, and recruit and retain the highly educated and skilled workforce necessary to care for patients.

- Hospitals and health systems face significantly increased expenses in products, supplies and services they need to care for patients provided by vendors, including pharmaceutical companies, medical device companies, and technology companies.
- Approximately 52% of hospitals' expenses are in the form of wages and benefits to recruit and retain all the care team members necessary to deliver high-quality patient care.
- Health care, especially the complex level of care provided in hospitals, is a capital-intensive undertaking and requires hospitals and health systems to obtain capital bonds or loans to finance major projects or expensive equipment. A hospital's margin is necessary to fund these types of capital improvements.

A hospital's mix of payer sources can significantly impact its ability to achieve a positive operating margin.

- Serving a community with higher poverty rates tends to result in the hospital or health system receiving less revenue because it provides care for more uninsured, underinsured and patients on public programs.
- Hospitals across the state all care for low-income, elderly and disabled residents in their communities, many of whom are covered by the state's Medicaid program, called Medical Assistance, and the MinnesotaCare program.
  - The Medical Assistance program's provider reimbursement rates are below the actual cost for delivering patient care. The most recent estimate from the Minnesota Department of Human Services shows the Medical Assistance program's fee-for-service payments support only 74% of the actual costs hospitals incurred to provide that care.
  - The Federal Medicare program, which provides coverage for most Minnesotans over age 65, routinely reimburses hospitals below the actual costs of care.
- Financial pressures on hospitals and health systems are increasing as commercial insurers reduce their payment rates to providers.
- To reduce the rate of growth of health care costs, hospitals and health systems have partnered with the Medicare and Medicaid programs and health plans to enter into value-based payment arrangements. In these arrangements, hospitals, health systems, and payers work together to reduce care costs while improving quality and patient safety.
  - These financial arrangements increasingly allow health care providers to create ways to improve population health, provide care management to the communities they serve and improve the overall quality of care to ensure the best outcomes.
  - Partnership models between governmental and commercial payers and delivery systems—in which the partners work together to create value for the individuals and communities they serve and equally share in the value created—provide hope for the health care industry's future.
- Other factors that might result in lower revenues include each organization's commitment to providing services that are needed in the community but with

low- or even negative-margin financial impacts, such as mental and behavioral health care, nursing home services or home health agencies.

Net margins at not-for-profit or government-owned hospitals are reinvested back into the facilities and services that advance their community service missions and support access to high-quality medical services.

- Most of Minnesota's hospitals are part of an organization that provides other kinds of medical services, such as clinics, nursing homes, ambulance services, mental and behavioral health care, home health care and hospice services, that often generate low or even negative margins.
- A positive margin earned from a hospital's patient care activities is used to cross-subsidize and financially support some of these non-hospital health care services to meet these high-priority community needs.

Data collected for the report precedes the COVID–19 pandemic, which caused substantial financial instability, though hospitals and health systems saw some positive mitigation from state and Federal funding responses.

- MHA expects next year's financial health report to encompass the pandemic's impacts on hospitals' and health systems' financial health during FY 2020.
- To get an idea of the impact of the COVID–19 pandemic, MHA surveyed hospitals for a preview of their calendar year (CY) 2020 operating margins for the first, second and third quarters. These survey results do not include any state or Federal provider relief funds, given regulatory compliance issues determined at year-end. In total, 52 individual hospitals and two health systems encompassing 20 additional hospitals replied to the survey.
    - ○ In the first quarter of 2020, hospitals saw a median operating margin of −2%.
        - During this time, hospital and health system efforts included caring for the state's initial cases of COVID–19, ensuring stable supply chains, deploying crisis response plans and implementing additional precautions to prevent virus spread.
    - ○ In the second quarter of 2020, hospitals saw a median operating margin of −5%.
        - From March 23 to May 10, 2020, a state executive order postponed non-time-sensitive surgical procedures to conserve PPE for front-line caregivers, ensure care capacity in hospitals for a potential surge of COVID–19 patients, reduce potential exposure for patients and health care workers and slow the increasing spread of the virus.
        - At the same time, patients also deferred routine care and necessary services such as knee and hip replacements. Hospitals and health systems saw losses in patient volumes of 20% in inpatient, 26% in the emergency department and 41% in outpatient surgeries based on MHA's statewide claims data system. This deferral of care caused harm for patients and contributed to the financial impact.
    - ○ In the third quarter of 2020, hospitals saw a median operating margin of 3.5%.
        - Some of this improvement can be attributed to the return of pent-up demand for health care services as the surgery pause was lifted and patients felt more comfortable accessing care in health care facilities.
    - ○ MHA did not survey for the fourth quarter of 2020. The second peak of COVID–19 hit Minnesota during this quarter.
- These preliminary survey results align with national results in a *report*[2] from the U.S. Department of Health and Human Services Office of Inspector General released on March 23, which found that the COVID–19 pandemic has significantly strained health care delivery.
    - ○ Many hospitals and health systems nationwide reported experiencing financial instability because of increased expenses associated with responding to a pandemic and lower revenues from decreased use of other services. Hospitals

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[2] *https://oig.hhs.gov/oei/reports/OEI-09-21-00140.pdf.*
Editor's note: this report is retained in Committee file.

and health systems indicated that many of the challenges were more severe in rural areas.

The CHAIRMAN. Thank you, Mr. Mattson, and let me just say thank you to all of the witnesses for your very informative and insightful testimony.

At this time, Members will be recognized for questions in order of seniority, alternating between Majority and Minority Members. You will be recognized for 5 minutes each in order to allow us to get to as many questions as possible. Please keep the microphones muted until you are recognized in order to minimize background noise.

I now will recognize myself for 5 minutes, and I do want to begin with Mr. Erling.

Your testimony mentions issues facing rural communities, lack of capital access, underfunded schools, failing infrastructure, and access to high-speed broadband. You also mentioned the Rebuild Rural America Act as a way to provide sustained strategic investment in our rural communities. I introduced the Rebuild Rural America Act with several of my colleagues on this Subcommittee after hearing from constituents, local elected officials, and community leaders that our rural communities need, as you put it, direct and flexible resources to best fit their needs. The bill would provide 5 year block grants to strengthen rural communities. Often, we hear rural communities lack the time or resources to work through the different Federal application processes. The Rebuild Rural America Act would also help rural regions navigate the application process by providing training and technical assistance.

Mr. Erling, can you expand on how this sort of model could help get rural communities above water and moving forward?

Mr. ERLING. Absolutely. Thank you for the opportunity. I mentioned my background of working across affordable housing, holistic community development, and then really specializing in agricultural economic development. And several of the challenges that have been universal, whether I was working on affordable housing, whether I was working on traditional economic development, has been year over year funding and consistency, and flexible access to critical funds or critical mass funds that could then be also leveraged with additional state, additional municipal or local, and even philanthropic dollars. And the Rebuild Rural America Act at its base really provides some of that foundation and addresses the competitive disadvantage that many of our rural regions and many of our rural communities have compared to urban areas that have the year over year block grant funding available, and consistently can plan to implement and have the flexibility for both the human soft infrastructure side as well as the hard traditional infrastructure side.

I think some of the things that are critical that we want to make sure that we can actually address is not just having access to the funding to implement, but also having access to the funding to plan and create the tools on the human side. So, I just want to address a little bit with the business technical assistance. Business technical assistance relies on experts: accountants, attorneys, strategists, PR specialists, and in the food and rural development world, food safety specialists, engineers, *et cetera.* Having a solid Rolodex and having opportunities for those experts to make a living, providing services to rural entrepreneurs in rural communities is critical, and the planning that you get with year over year funding and the stability opportunity that you have with something like a community development block grant lays that foundation so you can build the Rolodex, if I go back to a previous era, or build the bench of service providers. And it is not unlike what we need to do to address successional planning for farming. The average age of the farmer in New York State is in the high 60s, and is creeping up. And successional planning and successional members, whether they are farm members or whether they are actually never ever farmers that want to move into the arena require the human resources to support them.

So, that is one of the things I really just want to drive home about the Rebuild Rural America Act. It is not just the year over year funding; it is the fact that it is regional. It is the fact that it can be planned for and implemented by a strategy that is brought up by the regional communities, and then you can actually start to benchmark and build momentum and critical mass and human resources because you have that stability and because you have that block grant year over year access.

Thanks for the opportunity. I am happy to build off of this at any time.

The CHAIRMAN. Thank you. I see I am bumping up against 5 minutes. You basically addressed my second question, the importance of business technical assistance for agricultural businesses? I actually sent a letter to Secretary Vilsack urging use of existing pandemic funding to support one-on-one business technical assistance for small and mid-size farm and food businesses, and you have done a good job of explaining why that is so important, so thank you for your answers there.

I now would like to recognize Ranking Member Fischbach for 5 minutes.

Mrs. FISCHBACH. Thank you, Mr. Chairman.

Mr. Mattson, and thank you again for testifying. I enjoyed my visit to the facility in Fergus Falls, and so thank you for that.

But I am just wondering, did you seek other sources of funding for the Prairie Ridge facility, and why did you decide to move forward in particular with the Community Facilities Program?

Mr. MATTSON. Yes, thank you for that question. The Community Facilities Loan Program put together a total package of about $20 million, $16 million was a direct loan, and $4 million was a guaranteed loan. We did look at other funding sources, but quite frankly, with all the USDA programs, it wouldn't have been possible. The longer repayment term, fixed interest rate at a lower rate created affordable access to capital that wasn't otherwise available in the market through traditional programs, whether it is bond or a commercial bank. The long-term amortization period allowed us a more favorable cash flow, and the other component of it, our borrowing profile at the facility and our creditworthiness might not have been up to spec with some of the commercial lenders at that time. So the USDA program and the eligibility requirements which we met and surpassed created affordability, and not only affordability, but also access. We were a qualified borrower for USDA, but maybe on the cusp of a commercial bank.

We were also able to fund a higher level of project costs than traditional markets required, so we get more of a facility than we could have if we had to come up with a higher up-front payment. Financial convenance requirements were less restrictive with the USDA. They are appropriate. They monitor our progress and our status, but some of the commercial lending requirements are a little bit onerous for a smaller facility like ours.

While there is more paperwork with USDA programs, the requirements of the loan are actually less onerous and less restrictive. The up-front costs are less. The loan closing process is more efficient, and the monitoring and compliance requirements during the loan term are less onerous. So, we did look at other bond financing opportunities, commercial bank financing opportunities, but the USDA program by far checked all the boxes of this community facility that was ultimately developed.

Mrs. FISCHBACH. Thank you very much, I appreciate that.

Commissioner Fox, I will just ask you. I appreciate you again for being with the Committee today. You mentioned broadband, and in your experience with broadband, are there any lessons you learned between the state grant experience and applying for ReConnect?

Mr. FOX. I guess the lessons I have learned is I wish I could do a retake about 25 years ago and let the REA take us all over and do it, rather than hodgepodge pieces together. I think that is the hardest piece, especially in our county, we have five different telephone companies and systems, so it was kind of cumbersome at times.

But people are really into the piece where we got wireless to them, especially last year when their kids were at home, and we got probably 80, 85 percent covered. But no, it is just a process, a process you have to go through to get to the end result.

Mrs. FISCHBACH. And just a quick follow-up, are there any suggestions you would make, based on your experience with the program? Any suggestions you might make in improvement? I have about a minute left, so there might not be time to explain them all, but if there is something that you have that would be helpful for us to know?

Mr. FOX. I think the biggest thing for us as counties was talking to our neighbors. If we didn't talk to our neighbors, we could have never got a provider to come in and help us do what we wanted to do, and that was the biggest key. Talking to our neighbors and know that you can get connected and get the service that you need. You are never going to do this alone in a rural county. You need partners and you need the neighbors.

Mrs. FISCHBACH. Thank you very much, and thank you, Mr. Chairman. I will yield back my 20 seconds.

The CHAIRMAN. Thank you, Ranking Member.

I now recognize the gentlewoman from Iowa, Mrs. Axne, for 5 minutes.

Mrs. AXNE. Thank you, Chairman Delgado, for holding this hearing, and to our witnesses for being here today and sharing your experiences. This has been a great conversation so far, so much to talk about.

But of course, the success of rural America is so vital to this country, and Mr. Erling, I so appreciate you bringing that up. Every ball bearing for every Ford Explorer is made in my district, so folks in Detroit benefit.

But the topic of this hearing, of course, is around rural America, and I first want to talk about something that is so important to rural America and the middle parts of our country, biofuels for our rural communities.

Unfortunately, the last Administration repeatedly undermined the Renewable Fuel Standard through small refinery exemptions, removing over 4 billion gallons of ethanol demand from the market, and conservative estimates put that cost of over 2 years of those exemptions at over $5.3 billion in economic loss. So, what happened here is a greatly reduced opportunity in rural Iowa, and of course, rural communities across the country. And while I have been pleased with what this current Administration has previously said that they believe and value the importance of RFS, it is important to reiterate that any action that reduces big oil's obligation to decarbonize their fuel through biofuels would be a continuation of Trump's failed policies.

So, that can't happen, and as we look to invest in our rural communities and decarbonize our transportation sector, we must uphold the RFS.

Now, Mr. Fox, you note in your testimony that rural communities were still struggling to recover from the 2008 economic crisis when COVID–19 hit. I know you don't have direct experience with biofuels facilities, but can you talk about how critical agricultural facilities or similar plants are for rural communities and the devastating impact closures of such plants would have on our communities?

Mr. FOX. Chairman Delgado, Congresswoman, I do have a lot of experience. I have been involved in the State Corn Growers of the past and present of the state and the National Corn Board. And so, I saw the ethanol industry grow in Minnesota through the cooperative model. It has done tremendous growth throughout our state because of those dollars getting back to the farm. When I was farming full-time and trying to make a living and raise children with $1.75 corn and no ethanol plants, it didn't work. When we got the ethanol plants and we got another 50¢ or 75¢ a bushel to that crop, and that money goes down main street and we spend it seven times down that main street. It has created wealth in the State of Minnesota and across the Midwest. It has been a great thing that the biofuel industry has done.

Mrs. AXNE. Well, I appreciate you reinforcing how important this is to our rural communities, and thank you so much for that.

Now I want to turn to the USDA's Rural Development programs, which, of course, is so important to our community. And I have introduced bipartisan legislation, the Rural Equal Aid Act (H.R. 498), which provides for 9 months of loan relief for USDA RD loan programs like RMAP and IRP.

So, reviewing the testimony today that I am hearing, many of you have experience with these loan programs. So, with the time remaining, I would love to open this up to hear about what your thoughts are for rural communities if USDA provided such relief for the borrowers of these programs.

Ms. Polonius, I would like to start with you, and thank you for mentioning my Rural Equal Aid Act. Given your experience with IRP, what are your thoughts on implementing something like this and the benefits of that?

Ms. POLONIUS. Congresswoman Axne, thank you for being—the legislation and thank you for your question.

We have direct experience with this through the SBA Debt Relief Program that was part of the CARES Act. It provided for 6 months and then it came back and provided an additional 3 months. This was a lifesaver, relatively easy to implement because SBA literally sent us those payments, and then we credited those borrowers for those months of payments. It was a lifeline, and what we attribute to the fact that our portfolio is relatively intact. I think we need exactly the same on the IRP side, on the RMAP side, because there are a lot of micro entrepreneurs that had a very difficult time accessing programs like the PPP, and they now stand in line, waiting for some kind of debt relief in the process. And the same thing goes for our portfolio on the IRP side, which is water and wastewater loans. I am very happy to hear about the 9 months *versus* the 6 months, which I was made aware of, which would be even greater help.

What these water systems need right now is to be able to save money to put back into a reserve, because they don't know when the next crisis is going to hit. And while USDA infrastructure lending is so critical, it has a longer lead time. And so, we strongly encourage every system to have a strong reserve for those small emergencies that turn out to have huge impacts.

So, I will end there, seeing that I am out of time. Thank you.

Mrs. AXNE. Thank you so much. My time has expired, and I yield back.

The CHAIRMAN. Thank you.

I now recognize the gentleman from California, Mr. LaMalfa.

Mr. LAMALFA. Thank you, Mr. Chairman, and to our panelists for being here today.

Let me follow up on some of the previous thoughts that were being made here. Mr. Mattson, I have a very rural district, too, like a lot of us on this Committee, and I want to talk about the importance of telehealth, the ability to do a lot more things at a distance electronically. Would you touch base on how—there in Minnesota for you how key that is for you or others that you have worked with, your experience on that?

Mr. MATTSON. Yes, thank you for the question.

Telehealth was one of the first tools that we pulled out when the pandemic hit, recognizing that we started to shut our facilities down from the outside to make sure that our workforce and our patients were protected. We rapidly spun up increased telehealth. We saw probably an 80 percent uptake in what we had been previously experiencing, so it was definitely an accelerator.

And since then, we have continued to step that up. So, we refined our processes. We created better patient flows. We created better care flows. And one of the things that we are also able to do now is we are able to use that technology to bring consultations from larger metropolitan areas to our patients. So, it is not just primary care, but it is also specialty care, and a lot of the techniques to deal with care that comes in through our emergency departments like trauma evaluations, stroke care, those things can be done on a consultative basis from a distance. So, we are able to take care of people closer to home and more at home than previously.

So, definitely the crisis was an accelerator event, and I believe that telehealth will continue to stay. We do need some time to put system process in structure and some funding for that, so we have asked for some parity in reimbursements so we are treated and paid the same way as an inpatient visit, or an in-person visit. But once we get those systems and structures in place, we should be able to deliver them at a lower cost profile. But that will take some time to do.

Mr. LAMALFA. Yes. So, that makes perfect sense with what we are experiencing in my home area, too. And so, it always comes back—we talk a lot on this Committee, and we have made some good ground on broadband, and so, when we are looking at different funding sources and different—well, more emphasis on broadband, would you please expand upon that thought for me?

Mr. MATTSON. Yes, definitely. We can make services available on our end, but if we don't have connectivity to all of our patients, it is either no experience because we can't get to them, or it is a very poor experience. When you are conveying healthcare information, details and specifics are very important, so an interrupted, a slow, or downtime events really impair our ability to take care of our patients.

So, strong broadband, a strong network, a strong build of that infrastructure is really important, no different than the bricks and mortars that we built out through the Community Facilities Program.

And again, we are going to need this more and more, and building that out is something a little bit different than we have done before. So, we are facing a little bit of new challenges, but that is new opportunities. But we do partner with our teleservices around our community. We have quite a few of them, but it is a long distance to string the lines, so to speak. But it is very important to deliver our essential service.

Mr. LAMALFA. Yes. You made a really good point about the ability to have more specialized services that maybe a small rural hospital can't possibly employ the type of personnel, or maybe even equipment that they can't cost effectively do. So, with the telehealth via good broadband, it makes a lot more things possible at that local level.

So, why don't you—when we are talking about specialists and the challenges of getting them and getting them into, again, a more rural scene, why don't you finish out my 40 seconds with that, please?

Mr. MATTSON. Yes. As I pointed out in my testimony, as a direct result of the facility build out which created better places to take care, plus facilities that were built-out that weren't available in the 1960s building, like a brand new, state of the art surgical center, we are able to recruit 37 specialists to our small communities, and that would have been very difficult to do with our aging facility. In this day and age, there is a provider shortage on primary care, definitely on specialty care, and some of the economic opportunity that the metropolitan areas offer, we just can't offer it in rural communities. So, we need facilities that attract and retain talent.

Mr. LAMALFA. Thank you.

I yield back, Mr. Chairman. I appreciate it.

The CHAIRMAN. Thank you.

I now recognize the gentleman from Illinois, Mr. Rush.

Mr. RUSH. Well, thank you, Mr. Chairman. An excellent hearing, and I want to again welcome all the witnesses.

Mr. Erling, in your testimony you discuss how farmers too often lack training in business planning and financial literacy, which can make it even harder for them to access government assistance during difficult times.

I recently toured the Chicago High School for Agricultural Sciences, which is in my district, and which rigorously prepares its students to succeed in a variety of agricultural fields. Do you believe that more agricultural high schools like the Chicago High School for Agricultural Sciences, as well as community or junior colleges, that have a focus on agriculture could be beneficial in equipping future farmers with these skills and other types of skills?

Mr. ERLING. Thank you for that insightful question, Congressman, and I applaud you and your district for having the opportunity to implement an innovative opportunity with the public school system, and it sounds like with also the community and the private entrepreneurial market and producers.

A broad-spectrum approach that does include our public schools is absolutely critical. In our rural regions as well as our urban centers, we are seeing some insight and we are seeing some significant synapses closing so that we have these new opportunities, or are restarting these opportunities. Future Farmers of America in my area is one of the programs being embraced by public schools.

But I also want to reinforce that our public school system often relies on a solid tax base, and so, the public school system is really a component to make sure that we are feeding the entrepreneur system, the producers, and the markets so that we continue to produce revenue and capital. And it is really that opportunity to be at the forefront to make sure that our youth, as well as our existing entrepreneurs and our senior and aging business members are all working together, one-on-one.

Thank you for asking that great question. I look forward to working with you on that in our own district.

Mr. RUSH. Last April, I published an op-ed in the *Chicago Sun-Times* entitled, *When white America catches a cold, black America catches pneumonia.** In the op-ed, I wrote, " . . . it is always the most vulnerable who fair the worst by far, particularly when it comes to the black community. Hurricane Katrina devastated a region, but effectively obliterated the black middle class there; the Great Recession damaged the entire economy, but, by all accounts, was particularly disastrous for black Americans and further wid-

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***Editor's note:** the article referred to is located on p. 53.

ened the already vast racial wealth gap; and although America is rightfully fixated by the mass shootings that happen at our schools, churches, and concert venues around the country, there have been 36 mass shootings in my district—which is a majority minority district—since 2013 alone." It is clear, in my opinion, that rural America is in the same boat as too often left behind by our recovery efforts.

Mr. Fox and Ms. Polonius, do you have any suggestions for ways rural America can partner with urban America to address these same shared concerns?

Ms. POLONIUS. So, in my 10 seconds I will address the fact that part of our technical assistance program, moving forward, focuses not just on the health of the business, but also the opportunities for wealth creation of those business owners, in particular Black business owners, which make up about 85 percent of our technical assistance portfolio, and about 80 percent of our lending portfolio.

So, you speak to a really important issue, Congressman Rush, that is really dear to our hearts at Communities Unlimited, and something that we focus on very much in the South.

Mr. RUSH. Thank you.

Mr. Chairman, thank you so much, and I yield back the balance of my time.

The CHAIRMAN. Thank you, and now, I recognize the gentleman from New York, Mr. Jacobs.

Mr. JACOBS. Thank you, Mr. Chairman, and thank you to all the witnesses. Great testimony from all of you.

I represent western New York State, which is heavily rural, and so, a lot of what you have talked about today encapsulates many of the challenges in the 27th Congressional District.

I wanted to just ask a question for Dr. Koneru, as we talk about certainly the need for more business creation, more entrepreneurs, Doctor, you are the sole person who is one of those. And I was just curious as a pharmaceutical company, a biotech company, why did you decide to locate your business and launch your business in a rural community, and just as a follow-up on that, what advantages do you see you have by making that choice, because maybe we could kind of replicate what you are doing elsewhere? Thank you.

Dr. KONERU. Mr. Jacobs, thank you very much for asking that question.

I have been asked this question several times. The reason why I went to Lenoir is because it was the best choice at the time. I had—considering we had limited funds and our needs were small at the time, so we could just get by with a small building and limited funds. That is what we did. But there were other factors as well. For example, the location has a very strong infrastructure in the—because of the furniture industry that was there. So, it had a very strong electrical grid that was there already. And then, the local community was based on manufacturing, so they already had manufacturing experience, even though they were not really a GNP, FDA manufacturing base. But we thought that we could train them and it will take some time, 6 months or longer, but that was an investment we were willing to make. And there were other factors for Lenoir. For example, the facility, the place is a very nice area. I lived in a lot of heavy traffic cities, Los Angeles, San Diego, New York, San Francisco, D.C., *et cetera,* so I know what traffic is. And this was very refreshing for me to see zero traffic with 2 minutes to work, all of that stuff, very clean air, very attractive to me.

And then, the other aspect of this is the low cost of living compared to East Coast and West Coast. So, these are all really the many advantages that it can be replicated. They can be replicated in many rural communities. So, I would strongly encourage you to kind of encourage your entrepreneurs to start businesses like me, like mine there.

Mr. JACOBS. All right. Thank you very much, Doctor.

I will just conclude by I think that as a post-COVID—and I am glad we can talk about it, calling it post-COVID now—there is a great opportunity for rural America. I have seen in my area of western New York that we have seen a lot of people come back home, ex-pats from, let's say, New York City, during this COVID time, and actually had a new-found appreciation for the quality of life, the ease of moving around. And, the big issue here is the opportunity to try to keep these people here. They realize that they can work remotely. They can keep their job in the big city and travel there periodically, but they don't have to sacrifice quality of life for them and their family. I think that is a great opportunity for us to seize, and rural broadband is key to that. And I am so glad that we are talking about that at every level, every discussion right now in this Committee and elsewhere, and I hope that is matched by our budgets and our funding that is critical for the future of our regions here collectively.

Thank you very much, Mr. Chairman. I yield back.

The CHAIRMAN. Thank you.

I now recognize the gentlewoman from New Hampshire, Ms. Kuster.

Ms. KUSTER. Thank you very much, Mr. Chairman, and thank you to my colleague. I commend your remarks, and we have bipartisan common ground when it comes to rural broadband, and to people moving from the city into our communities. So, I agree we need to capitalize on that opportunity.

I am glad we are having this important discussion on sustaining and strengthening our rural communities and economies. In order for our nation to thrive, especially as we recover from the devastation of this pandemic, we need to make sure that no part of the country is left behind. In times of economic turmoil, rural America is often hardest hit. Congress hasn't always done a good job of addressing this, but I am pleased with the progress we have made over the last decade, especially here on the Agriculture Committee.

In the last three farm bills, I have been proud to allocate funding and expand the reach of the Northern Borders Regional Commission, an economic and community development Federal-state partnership that serves rural counties in the upper Northeast. NBRC awards millions of dollars to worthy projects in New Hampshire each year that help to generate jobs and career opportunities, as well as to bolster the infrastructure and the economy in our rural communities. More broadly, USDA Rural Development loans and grants have been a critical lifeline for towns and nonprofits across my district. From affordable housing to community colleges to clean energy projects, USDA Rural Development is a key part of making innovative ideas a reality in rural America.

Moving forward, there is much that Washington can do to further support our rural communities, and that includes expanding broadband access. The most recent USDA Agricultural Census found that 13 percent of New Hampshire farms did not even have internet access, and even looking beyond how this impacts farmers and food producers, we know that broadband connectivity is critical for everyone.

So, I would like to ask the witnesses, if I could, what would you recommend that we do with broadband access, and how do you think we can make a difference in providing internet access to every household?

Mr. FOX. Chairman Delgado, Congresswoman Kuster, I will take a stab at this, Mr. Fox will.

I think that is different in different parts of the country, but we are a flat agricultural land, so we were able to connect our middle mile with WiFi towers and get that out and have services up to 50 mbps up and 50 mbps down, and that was enough to get the education piece going when kids were at home. So, it is technology, and it is always changing technology, because the word I hear now from providers is that if we move the towers closer, we can even increase those speeds, and as time goes on, that is going to be the most important piece.

The dream would be to have a fiber to every home and every farm, but right now, some places it is just not economically feasible.

Ms. KUSTER. Mr. Erling, I am impressed by your efforts to build out agricultural entrepreneurship in the Hudson Valley. Could you speak to the most predominant challenges farmers face with business development and financial planning, and do you see ways for the USDA to enhance their capacity for providing business and technical assistance to synchronize the efforts?

Mr. ERLING. Thank you, Congresswoman. I really want to also commend you on the efforts that you have done with the Agricultural Viability Alliance that we are a part of. You and your team have added to the support opportunities with the letter Congressman Delgado led on, and also with diversifying the different alphabet soups. I really appreciate Northern Border Regional Commission recognition, but also, recognizing that it is only islands in the stream at this point, and we need some more flexibility for those Federal funds to really make the difference.

So, the biggest opportunity that I see is making sure that the technical assistance service providers, the BTA, have consistency, training, and professional qualifications similar to what we see with other disciplines and other opportunities. And I think that in rural regions like yours, as well as with some of our partners like Lanford Good, which your office is an amazing partner with, we can really develop some of those tools in concert with your support and your staff.

Ms. KUSTER. Great.

Well, my time is up. I did want to ask about the aging population, particularly in our Northeast region. I am a big fan of the Beginning Farmer and Rancher Program and the Arm to Farm

Program for military veterans. So, I will work with you and with our Committee to encourage new energy and new vitality on our farms as well.

Thank you very much, and with that, I yield back.

The CHAIRMAN. Thank you.

I now recognize the gentleman from Iowa, Mr. Feenstra.

Mr. FEENSTRA. Thank you, Mr. Chairman Delgado and Ranking Member Fischbach.

My question for Mr. Erling, in your testimony, you mentioned that 40 percent of American farmland is likely to change hands in the next 20 years. You note in your work in providing succession planning to aid in the transfer of agricultural land. As you've helped farmers with their transition planning, would you describe each family farm's transition as being unique to each one, and depending on the particular farm structure or the number of children and family members involved in the operation? Mr. Erling, would you say that this would be unique for each transition planning issue?

Mr. ERLING. Yes, I appreciate the question, Congressman, and I do have to say, I agree with you that there are unique circumstances to each transition and to each family, and individual farms. Opportunities as well as challenges, but there are also some common denominators. We actually have a program that is partially funded by philanthropic as well as state called Hudson Valley Farm Link Program here, and the American Farmland Trust was really critical in helping us launch that.

So, we do have some common denominator components to that, but then we also do have some opportunities where it is a challenge and unique by funding, by inter-family relationships, and sometimes even by pivoting to new commodities and new market opportunities.

But the bottom line is, we need to facilitate those unique circumstances to fill the gap with our aging populations and our market demands that we have in our suburban and urban areas to support our rural communities.

Mr. FEENSTRA. Yes, I firmly agree with you. Thanks for noting that. Each family farm transition is probably unique, as to their situation there is some commonality, but it is very unique.

This is why I have grave concern about the Biden Administration's proposed tax policies. I have heard from many Iowa farm families concerned about proposed policies regarding the treatment of capital gains and stepped-up income basis. The Administration claims they will provide agricultural exemptions for inherited agricultural land, but I don't know if it is possible to provide a workable exemption for all farmers, given the complexity and diversity of how farm operations are structured.

In fact, a study from the Agricultural and Food Policy Center released this morning confirms that eliminating stepped-up income basis probably will impact 98 percent of the farm transactions.

Mr. Chairman, I would ask that this study be submitted for the record.

The CHAIRMAN. Submitted.

[The report referred to is located on p. 55.]

Mr. FEENSTRA. Thank you so much.

The CHAIRMAN. Without objection.

Mr. FEENSTRA. As discussions around tax policy continue, I think it is extremely important that we consider how these proposals would work in real life and real situations. We need to be looking towards solutions that help family farmers to transition operations and create additional investments in our rural communities, not creating huge tax liabilities for our farmers and small businesses.

Thank you, and I yield back.

The CHAIRMAN. Thank you, Mr. Feenstra.

I now recognize the gentlewoman from Illinois, Mrs. Bustos.

Mrs. BUSTOS. Thank you, Chairman Delgado, and thank you, Ranking Member Fischbach, for holding this very important hearing today. I want to thank also those who are testifying.

I would like to look back to the 2018 Farm Bill for a moment, if I may, and talk about some language that I was able to secure in the farm bill through our office to create a rural health liaison position at the USDA. Then last year, we filled the position through the appropriations process.

The goal of the rural health liaison is three things. Number one, improve coordination in rural healthcare delivery; number two, promote awareness of the USDA resources available to help finance the construction of hospitals and telehealth infrastructure; number three, coordinate with other government agencies on rural health issues.

My questions are for Mr. Fox and Mr. Mattson, and Mr. Fox, if you could answer first and then, Mr. Mattson, if you have anything to add onto this, if you could chime in.

Given what I just shared with you about the office's duties, how do you feel the rural health liaison can be most valuable, most valuable in the COVID recovery? Second part of that same question, are there specific areas in the rural healthcare space that could be helped by better Federal Government coordination?

Mr. Fox, if you could go first, please.

Mr. FOX. Chairman Delgado and Congresswoman, I think anything that can be done to help rural hospitals with the technical piece and being able to move forward with telemedicine is very important. The more we can partner and the more we can learn from each other, the better off we are is just so important. We appreciate the work you've done.

Mrs. BUSTOS. Mr. Mattson?

Mr. MATTSON. Yes, thank you for the question.

One thing that was illustrated through COVID crisis, John Maxwell recently quoted, "A crisis doesn't make you; it reveals you." And one of the things that was revealed was the need for coordination of all of the resources that we had. Funding, patient care, we are so geographically disconnected in some respects that the level of coordination in rural spaces was much higher demand and more dragging on our system than in urban metro concentrated areas.

Definitely we are thinking now about how we are going to recover from the pandemic. The OIG report released on March 23, that hospitals supporting the COVID–19 public health crisis has significantly strained the healthcare delivery system. I would recommend the Subcommittee to review that report,* because it really does accurately capture the pulse of healthcare organizations. And definitely one of the things that we are concerned about is our ability to recover post-COVID. Our financial instability, higher costs and lower revenues, we are not sure where our volumes are going to recover. So, coordination of funding resources, coordination of the infrastructure build-out, and definitely coordination of building-out telehealth, not just the infrastructure to deliver the product, but also the electronic medical record. Over the next 5 years, our organization is going to spend about $28.5 million on EPIC, which is our electronic medical record, which helps us take better care of patients as a better data resource. We are required under all the regulations that they have, the connectivity, but it is expensive. Getting that product and having money available for that is equally as important as having funds available to build buildings and other facilities.

So, like $28 million over 5 years, that is a significant spread, and it is an ambulatory surgery center, bricks and mortar locally. But interoperability requirements bring together a great policy to have. That has to be coordinated again, so it's not just the access, but it's the product that we use to deliver the care that's important to consider equally as much as the broadband side.

I think that coordinator position would tie a lot of loops that might remain open right now. It would be nice to close those.

Mrs. BUSTOS. I will yield back. Thank you.

The CHAIRMAN. Thank you.

I now recognize the gentlewoman from the U.S. Virgin Islands, Ms. Plaskett.

Ms. PLASKETT. Thank you so much, Mr. Chairman, and thank you to our guests who are here. Thank you for your testimony.

This is really—has been said by so many of my colleagues, a really important hearing to examine opportunities for growth and investment in rural America. Our rural communities face a number of serious challenges today, as we continue to recover from the coronavirus pandemic. I can't think of a more important topic for this Subcommittee's first hearing of the 117th Congress, and I look forward to working with the Members of this Subcommittee to address these issues today and over the course of this next Congress.

Ms. Polonius, you raised some important points in your testimony about the role that USDA Rural Development plays in providing critical services in communities across the country, including in response to natural disasters like drought or hurricanes.

My home of the Virgin Islands is a prime example of what you mentioned in your testimony. Our home was ravaged by two devastating hurricanes in 2017, while drought currently persists across the Virgin Islands. USDA Rural Development has played a key role in helping us respond to these challenges, and the agency conducts extensive lending activities in the Virgin Islands.

But I still believe that there are ways that we can improve and expand the reach of the USDA Rural Development programs.

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* **Editor's note:** the report referred to is retained in Committee file and is available at *https://oig.hhs.gov/oei/reports/OEI-09-21-00140.pdf*.

So, my question is of the infrastructure investment priorities that you have outlined in your testimony, do you believe that these investments can help rural communities improve resiliency and better respond to natural disasters, going forward?

Ms. POLONIUS. Thank you, Congresswoman Plaskett, for the question.

Through the Technical Assistance Program, which is funded by USDA by the name of Technitrain, we actually assist communities in building resiliency plans, and this addresses both cybersecurity vulnerability all the way to natural disasters.

What we have been inquiring about, Congresswoman Plaskett, is a dedicated pool of funds that would allow us to respond immediately at the time of a disaster and be able to lend into some of these projects. So, during that same year that your home was destroyed, we were working on the other end of the country in Texas after Hurricane Harvey. Within 5 days, we had mapped out every single water and wastewater system that is a USDA borrower to understand the level of need of those systems. With our relatively small CDFI and loan fund, currently we are about $20 million in assets. Back then, we were at about $12 million. We made a $900,000 loan. We made a $650,000 loan, which was really an exception to our policy, because we wanted to move quickly to help those communities rebuild those key infrastructure systems before people left the community.

And, what we learned from Hurricane Harvey is once people leave a community because they don't even have basic services like water and wastewater, they can't clean their home, they can't rebuild their home. They don't come back, and that community is then further devastated because all the businesses that were relying on the population now are half the demand for their businesses and the process sort of keeps going.

So, that is where, as a country, but also as a USDA RD and the technical assistance providers that are supported through RD need to be prepared to react and move quickly, and have the flexibility in funding to be able to do that.

Ms. PLASKETT. Thank you. Thank you.

Mr. Fox, you mentioned in your testimony how various matching requirements for certain Federal programs often create hurdles for local governments. Can you speak to how these requirements may disproportionately impact rural areas, especially in areas that are working to recover from natural disaster, or areas that have economic recession?

Mr. FOX. Thank you, Chairman Delgado and Congresswoman.

The matches are very difficult for rural counties, especially now with this money that is supposed to help replace all of our funds, and now we are told we are not going to be able to use that as a match. So, how do we do that? For some counties that can't raise any more funds because of state laws, that will cause problems in rural counties. So, anything that we can do to reduce that or maybe U.S. Treasury look at changing their guidance, that—whatever tool we can put in that toolbox to use to help these rural counties.

Ms. PLASKETT. Thank you. My time has expired, and I yield back. Thank you very much, Mr. Chairman.

The CHAIRMAN. Thank you.

And now, I would like to recognize the gentlewoman from Florida, Mrs. Cammack.

Mrs. CAMMACK. There we go. I wanted to make sure I was off mute.

Well, good afternoon now, and thank you, Chairman and Ranking Member Fischbach, and to all of the witnesses for being here today virtually.

For too long, our rural communities have been left behind, playing catch up in the 21st century economy, as we all know. Many of us represent rural districts.

Now, beyond this Subcommittee hearing, there is a larger discussion afoot on the future of infrastructure rebuilding America, and doing it better. However, that conversation has become hopelessly distorted as words like rural development and infrastructure have now a catchall, per the Administration and the Majority's policy agenda.

Many of the witnesses here today have already echoed my view that rural development is about building back critical infrastructure, blanketing rural America in reliable, fast, affordable broadband, and supporting our domestic producers. I am encouraged to hear about what many of you have done to harness the resources through USDA for accomplishing these goals.

So, I am going to jump into some questions. Ms. Polonius, in your testimony you mention the importance of community-based strategies and building regional partnerships, and this is the model of economic development that I also support. In the last farm bill, the Committee provided the authority for the Secretary to set aside funds for communities that worked collaboratively across multiple stakeholders and government entities.

Now, can you just very quickly elaborate on how these stakeholder groups can work a bit more efficiently as we move forward in talking about rural development?

Ms. POLONIUS. Congresswoman Cammack, thank you for the question.

For us—and again, my vantage point is specifically in persistent poverty rural places, because we have so many of them here in the South. It is a three-step process. First, we build leadership teams in communities, because we can't just rely on a part-time mayor with little or no staff. It needs to be carried by the diverse leadership team that reflects the community. And then as we build the capacity of that leadership team, we look together with them at strategic opportunities on how to link up to micropolitan areas, how to share resources with other local rural communities, and really begin to develop strategy, whether that is a regionalization of a water or wastewater system where that makes sense, or whether that is an economic opportunity to really figure out how do we create suppliers for corporations that may be located in that micro or metropolitan entity, and then figure out how do we create that regional connection between the two. I hope that begins to answer your question.

Mrs. CAMMACK. It does, and as a follow-up, having worked pretty extensively throughout the years on the issues of rural development, a lot of times with our stakeholders, there tends to be a lot of finger pointing with accountability or lack thereof. When we have multiple stakeholders from different government entities and community organizations who come together, how can we better hold the group accountable and get into a more productive conversation, rather than a lot of the finger pointing? Maybe you could point to some best practices.

Ms. POLONIUS. I think one of the challenges, Congresswoman, is that funding goes to one lead entity, and then there are sub-grants and subcontracts that go out to the other stakeholders, and that instantly creates sort of a hierarchy and puts that lead entity in a position to be accountable to the Federal agency, when, in fact, it is the subcontractors that may or may not be able to perform at that point in time.

So, if there could be a funding mechanism that actually looks at the collaboration as a whole, that would be a very powerful model for us to work on, where everyone is equally accountable and not just the lead agency. Because quite frankly, it is difficult to find that lead agency for this very reason, whether that is in a community or whether that is in a nonprofit or a county agency.

Mrs. CAMMACK. Excellent. Thank you so much for your commentary.

In the time I have left, I want to shift gears a little bit.

Mr. Erling, in your testimony you had discussed the challenges of transferring agricultural land, both through succession and new farmers. Now, what are the challenges, in your opinion—I have my own opinion, but I would love to know your opinion on what some of those challenges are, and how you specifically can help farmers successfully plan for what is outside of control for the clients?

Mr. ERLING. Sure, thanks. In the short time I have, I appreciate you recognizing that.

Often, it is flexible funding and making sure that you get fair value for the exiting farmer or for the previous generation's investment and equity.

Mrs. CAMMACK. Okay. Really short answer, and I appreciate that. Thank you so much.

And with that, I yield back. I think my time has expired.

The CHAIRMAN. Thank you. I think that concludes all questions from the Members.

Before we adjourn today, I invite the Ranking Member to share any closing comments she may have.

Mrs. FISCHBACH. First of all, thank you, Mr. Chairman, for putting together the hearing, and I appreciate the opportunity just to say a couple of words. Thank you to everybody for participating today in the hearing. I appreciate the perspectives of all of the witnesses that joined us and all of the valuable information you have been able to provide.

I will just say, Mr. Chairman, I look forward to continuing the dialogue and working with you to really come up with some great solutions for rural America.

So, thank you very much, and I appreciate it. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Ranking Member Fischbach.

As we close out this hearing, I would again like to thank our panel of witnesses for their time and expertise. I have no doubt that you are all assets to the rural communities you work in and with to support long-term sustainable growth and development. The lessons and successes you shared with this Subcommittee are invaluable as you work to build back better after the COVID–19 pandemic.

One thing was made abundantly clear today. Meaningful investment in rural America and rural infrastructure is critical to our nation's recovery from the COVID–19 pandemic, and necessary for rural communities to reach their full potential. We have an opportunity right now to make significant direct investments in rural America that will improve the lives of generations of people, support our goals as a nation to build back better, and help ensure that our rural communities aren't left behind.

For the sake of every farmer, rancher, forester, student, teacher, or business owner living in a rural area, I hope this Congress recognizes the importance of a strong rural economy and are willing to make the critical investments that we heard the need for today.

With that, under the Rules of the Committee, the record of today's hearing will remain open for 10 calendar days to receive additional material and supplementary written responses from the witnesses to any question posed by a Member.

This hearing of the Subcommittee on Commodity Exchanges, Energy, and Credit is adjourned.

[Whereupon, at 12:47 p.m., the Subcommittee was adjourned.]

[Material submitted for inclusion in the record follows:]

SUBMITTED ARTICLE BY HON. BOBBY L. RUSH, A REPRESENTATIVE IN CONGRESS FROM ILLINOIS

CHICAGO SUN*TIMES

[*https://chicago.suntimes.com/2020/4/8/21213747/african-americans-coronavirus-racial-inequities-racism-bobby-rush*]

When white America catches a cold, black America catches pneumonia

Black people will continue to die at disproportionally higher rates than white Americans as a result of COVID–19. It is imperative that black Americans remain hypervigilant.

By U.S. Rep. Bobby Rush [1] Apr. 8, 2020, 12:13 p.m. CDT

African Americans are more likely to have jobs that have been deemed "essential" during the pandemic, writes U.S. Rep. Bobby Rush, making it impossible for them to stay home. ASHLEE REZIN GARCIA/*Sun-Times*.

Every few years, America catches a nasty "cold" that afflicts untold damage on its communities and citizenry. These colds aren't always pathological, and they manifest in different forms, but the carnage they wreak on our nation's most vulnerable is always staggering.

In 2005, this cold took the form of one of the costliest hurricanes on record, slamming into Louisiana and Texas and leaving $125 billion in damage in its wake. A few years later, we suffered as a nation from the Great Recession, which was brought on by the collapse of the housing market and further decimated the already waning middle class. And in the latter part of the 2010s, we have lived through a scourge of mass shootings that have left virtually no part of the country untouched.

Opinion

These colds have impacted all Americans, but it is always the most vulnerable who fair the worst by far, particularly when it comes to the black community. Hurricane Katrina devastated a region, but effectively obliterated the black middle class there; the Great Recession damaged the entire economy, but, by all accounts, was particularly disastrous for black Americans and further widened the already vast racial wealth gap; and although America is rightfully fixated by the mass shootings that happen at our schools, churches, and concert venues around the country, there have been 36 mass shootings in my district—which is a majority minority district—since 2013 alone.

[1] *https://chicago.suntimes.com/authors/bobby-rush*.

Over the history of our country, we have weathered a number of these sorts of colds, but in every case, it is clear that when America catches a cold, the black community has caught pneumonia. This time, however, there is an actual virus that is ravaging our nation. Specifically, a severe acute respiratory syndrome brought on by a novel coronavirus, and it has proven to be particularly deadly for the African American community.

As of April 4, out of the 86 recorded deaths from COVID–19 in Chicago, 61 were black residents. Less than 30 percent of Chicago's population is black, and yet this population makes up a full *70 percent* of those who have succumbed to this disease. Looking at Cook County as a whole, we are seeing strikingly similar trends. African Americans, who make up only 23 percent of Cook County's population, represent 58 percent of the county's COVID–19 deaths.

Tragically, these terrible trends are not unique to Chicago. In Milwaukee County, Wisconsin, African Americans make up about half of the county's 945 confirmed cases but account for 81 percent of the deaths. In Michigan, which is only 14 percent black, African Americans accounted for 35 percent of the cases and 40 percent of the COVID–19 related deaths.

While these statistics are shocking, they are *not* a coincidence, and as I have outlined, this situation is, unfortunately, all too predictable. According to an article published in *ProPublica* last week, "Environmental, economic and political factors have compounded for generations, putting black people at higher risk of chronic conditions that leave lungs weak and immune systems vulnerable: asthma, heart disease, hypertension and diabetes." Furthermore, African Americans are more likely to have jobs that have been deemed "essential"—including those in industries such as health care, transportation, government, and food supply—making it impossible for them to stay home.

What's equally alarming is the gross amount of misinformation that very well might have led an already vulnerable population to not take this pandemic as seriously as they should have. In the weeks leading up to these staggering deaths, various social media platforms found themselves overrun with an alarming amount of misinformation related to the coronavirus. These falsehoods ranged from fraudulent vaccines and cures for the virus to more outrageous mistruths that claim African Americans are altogether immune to this pathogen.

Although this might make for tempting wishful thinking, the numbers coming out of Chicago, Milwaukee and Detroit tell us that this could not be further from the truth.

In the face of the grim reality that black people *will* continue to die at disproportionally higher rates than white Americans as a result of COVID–19, combined with the startling amount of misinformation being thrown at us online, it is imperative that black Americans remain hypervigilant as we weather America's latest cold. We must follow the Centers for Disease Control and Prevention's guidance as well as the stay-at-home order issued by Gov. J.B. Pritzker. If you must leave your home, take the necessary precautions and practice social distancing.

On the Federal level, I am also calling for the Secretary of Health and Human Services to ensure that the data, clinical trials and access to vaccines and treatments include the communities that are the most likely to catch "pneumonia" when this is all said and done. When vaccines and treatments do become available, the federal government must prioritize hot spots and medically underserved areas when determining distribution, as these areas will need access to tests and treatments as quickly as possible.

America has weathered some terrible colds in the past, but sadly, it has been, and it will continue to be, the black community that catches the resulting pneumonia. If we are going to break that cycle, we must take this current cold deadly serious, and we must ensure that the needs of the black community as it relates to COVID–19 are taken just as seriously as well.

U.S. Rep. Bobby L. Rush, a Democrat, represents Illinois' 1st Congressional District. He is a senior member of the House Energy and Commerce Committee, chairman of the Committee's Subcommittee on Energy and sits on the committee's Subcommittee on Health.

Send letters to ***letters@suntimes.com.***

SUBMITTED REPORT BY HON. RANDY FEENSTRA A REPRESENTATIVE IN CONGRESS FROM IOWA

Economic Impacts of the* Sensible Taxation and Equity Promotion Act *and the* For the 99.5 Percent Act *on AFPC's Representative Farms and Ranches

Cover photo by Phil Hogan, USDA.

JOE L. OUTLAW, BART L. FISCHER, HENRY L. BRYANT, J. MARC RAULSTON, GEORGE M. KNAPEK, BRIAN K. HERBST

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Research Report 21–01

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Executive Summary

Under current law, when the owner of a farm or ranch dies, the estate is subjected to Federal estate taxes. As of 2021, \$11.7 million per individual and \$23.4 million per couple in assets are exempted from the estate tax, effectively protecting most farms from the estate tax. In addition, when a decedent passes farm assets to an heir, the heir is allowed to take fair market values as their basis in the property (*i.e.,* stepped-up basis), effectively avoiding capital gains taxes. Given that cropland values have roughly tripled over the past 25 years, most producers are extremely sensitive to any changes to the estate tax exemptions or stepped-up basis.

In Spring 2021, a number of proposals surfaced that would significantly change how inheritance is treated. For example, the *Sensible Taxation and Equity Promotion Act* (STEP Act)—announced by Sen. Chris Van Hollen (D–MD)—proposes to eliminate stepped-up basis upon death of the owner. The *For the 99.5 Percent Act* (99.5% Act)—introduced by Sen. Bernie Sanders (I–VT)—would decrease the estate tax exemption to $3.5 million ($7 million per couple), among other things. Senator John Boozman, Ranking Member, Senate Committee on Agriculture, Nutrition, and Forestry, and Representative G.T. Thompson, Ranking Member, House Committee on Agriculture, asked the Agricultural and Food Policy Center (AFPC) to examine the impact of the proposals on agricultural producers.

AFPC maintains a database of 94 representative farms in 30 different states. That data, in conjunction with a farm-level policy simulation model, allows AFPC to analyze policy changes on farms and ranches across the country. As part of this analysis, AFPC analyzed a total of five scenarios:

- Scenario 1: Current Tax Law with No Generational Transfer.
- Scenario 2: Generational Transfer under Current Tax Law.
- Scenario 3: Generational Transfer under STEP Act.
- Scenario 4: Generational Transfer under 99.5% Act.
- Scenario 5: Generational Transfer under STEP Act and 99.5% Act.

Under current tax law, only three of the 94 representative farms would be impacted by an event triggering a generational transfer. By contrast, under the STEP Act, 92 of the 94 representative farms would be impacted, with additional tax liabilities incurred averaging $726,104 per farm. Under the 99.5% Act, 41 of the 92 representative farms would be impacted, with additional tax liabilities incurred averaging $2.17 million per farm.

If both the STEP Act and the 99.5% Act were simultaneously implemented, 92 of the 94 representative farms would be impacted, with additional tax liabilities incurred averaging $1.43 million per farm across the 92 representative farms.

Introduction

This report analyzes the economic impacts of the tax provisions of the *Sensible Taxation and Equity Promotion Act* (STEP Act) and the *For the 99.5 Percent Act* (99.5% Act) on the Agricultural and Food Policy Center's (AFPC's) 94 representative farms and ranches. The analysis was requested by Senator John Boozman, Ranking Member, Senate Committee on Agriculture, Nutrition, and Forestry, and Representative G.T. Thompson, Ranking Member, House Committee on Agriculture. The results are presented relative to a *status quo* baseline that maintains the current estate tax exemption and stepped-up basis provisions through 2026.

Background

Overview of Capital Gains Tax Provisions in Current Law

When an asset appreciates in value, the difference between the current fair market value and the amount paid for the asset (less accumulated depreciation) is known as a capital gain. Under current tax law, assets held longer than 1 year are taxed at long-term capital gains rates of up to 20% depending on one's underlying taxable income. As noted in an April 2021 report by Ernst and Young for the Family Business Estate Tax Coalition (FBETC), "a longstanding provision of U.S. tax law, in place since the Revenue Act of 1921, is that a capital gains tax is not imposed when assets are transferred at death to an heir. Furthermore, tax law allows the heir to increase their basis in the bequeathed assets to fair market value without paying capital gains tax. This is referred to as a step-up of basis."

Overview of Estate Tax Provisions in Current Law

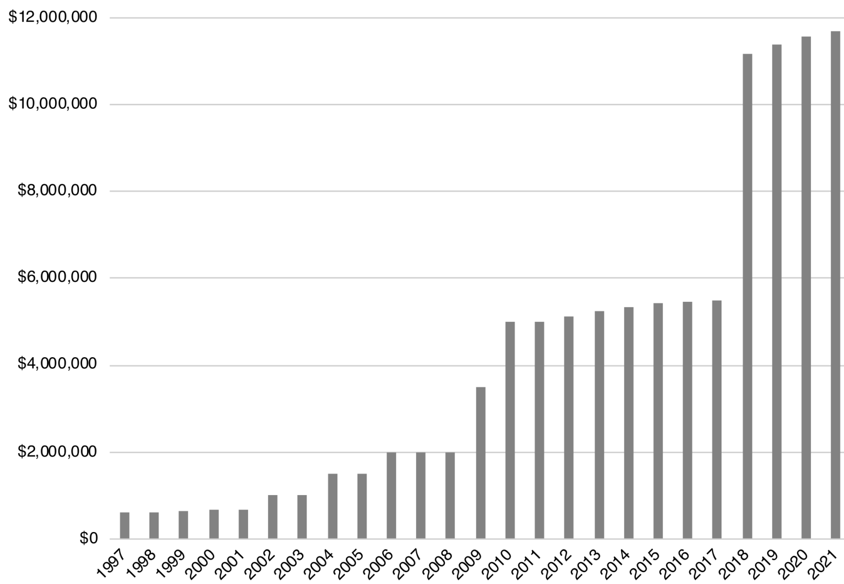
While stepped-up basis provisions have largely rendered capital gains tax irrelevant when assets are transferred to an heir at death, that is not the case with the Federal estate tax. Prior to passage of the Tax Cuts and Jobs Act of 2017 (P.L. 115–97), the estate tax exemption level was $5.49 million (indexed to inflation) (*Figure 1*). Because property left to a surviving spouse transfers free of the estate tax, the exemptions for a married couple are effectively doubled—$10.98 million for 2017.

The Tax Cuts and Jobs Act of 2017 raised the exemption level to $11.18 million for 2018 (still indexed to inflation). As of 2021, the estate tax exemption is $11.7 million per person which is set to expire in 2025, at which point the estate tax exemption reverts to $5.49 million per person. When accounting for a spouse, the current exemption level is effectively $23.4 million per couple.

Application to Agriculture

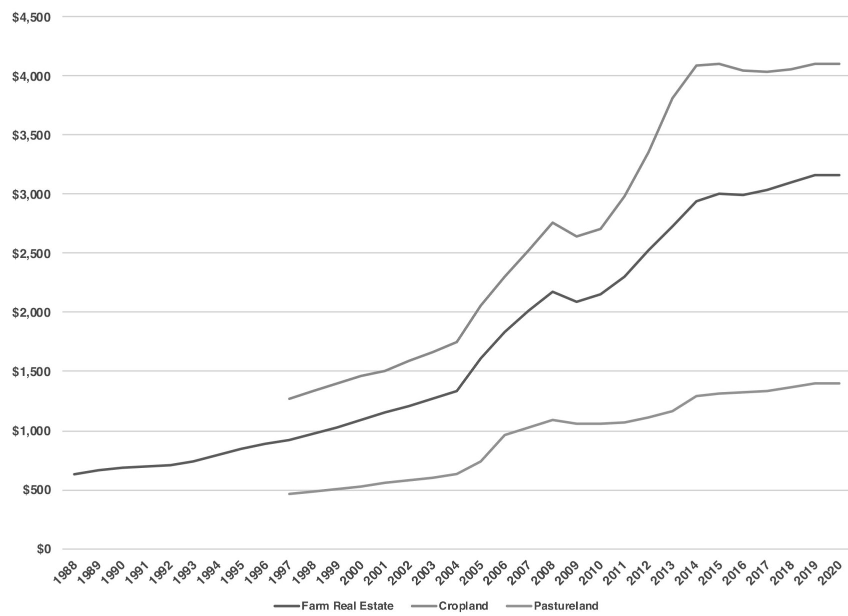
Agricultural producers are extraordinarily sensitive to changes in stepped-up basis and estate taxes because much of their net worth is traditionally comprised of land and equipment. Given recent trends in land values, that concern now is even more heightened. As noted in *Figure 2,* cropland values have more than tripled since 1997. So, even if a producer has not purchased any additional land, the land they were already holding is now considerably more valuable.

Figure 1: Historic Individual Estate Tax Exemption Levels



Source: IRS and Jacobson, *et al.*

Figure 2: Farm Real Estate Values (Including Buildings), Cropland Values, and Pastureland Values (in $/Acre), 1988–2020



Source: USDA/NASS.

Proposed Changes

The *Sensible Taxation and Equity Promotion Act* (STEP Act)—announced by Sen. Chris Van Hollen (D–MD)—proposes to eliminate stepped-up basis upon death of the owner.[1] Under the STEP Act, $1 million in capital gains would be excluded from taxation. The STEP Act also anticipates situations where generational transfers do not occur—for example, imposing capital gains taxes on trusts every 21 years. With that said, it is not clear how similar situations would be treated. For example, assume an institutional investor (*e.g.,* hedge fund) holds farmland in an LLC. It is not clear if those institutional landowners would be impacted. As a result, that analysis is beyond the scope of this report.

The *For the 99.5 Percent Act* (99.5% Act)—introduced by Sen. Bernie Sanders (I–VT)—includes modifications to estate, gift, and generation-skipping transfer taxes.[2] The 99.5% Act would, among other things, decrease the estate tax exemption to $3.5 million per individual and $7 million per couple. If signed into law this year, the changes would be effective for decedents dying and gifts made during calendar year 2021.

This analysis evaluates the elimination of stepped-up basis alone and in conjunction with estate tax changes, depending upon the scenario being analyzed. Each of the scenarios are described in more detail below and do not assume any special rules or exceptions other than those explicitly stated.

Data and Methods

Model

For over 30 years, AFPC has maintained a farm-level policy simulation model (FLIPSIM) developed by Richardson and Nixon (1986) for analyzing the impact of proposed policy changes on U.S. farms and ranches. AFPC currently uses a next generation simulation model—Farm Economics and Solvency Projector (FarmESP)—developed by Dr. Henry Bryant, that moves to the Python platform and includes all

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[1] For more information on the STEP Act, see: *https://www.vanhollen.senate.gov/news/press-releases/van-hollen-leads-colleagues-in-announcing-new-legislation-to-close-the-stepped-up-basis-loophole.*

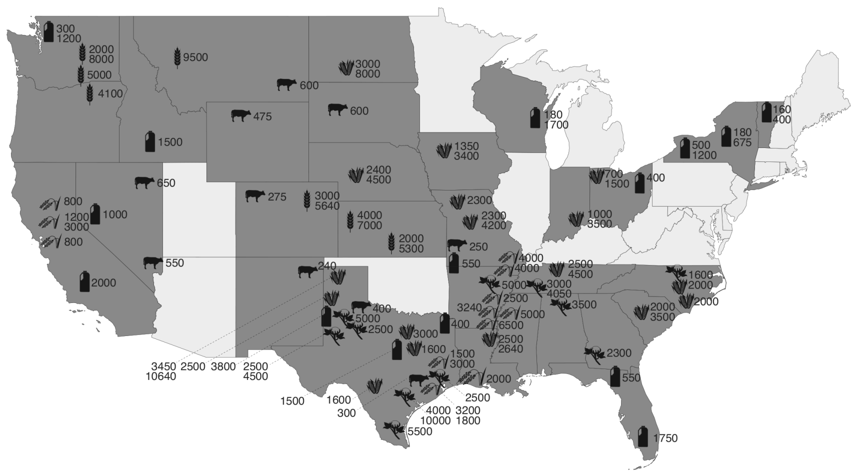
[2] For more information on the 99.5% Act, see: *https://www.sanders.senate.gov/press-releases/sanders-and-colleagues-introduce-legislation-to-end-rigged-tax-code-as-inequality-increases/.*

of the previous generation's policy and tax capabilities with a significant upgrade in terms of crop insurance capabilities.

Data

The data to simulate farming operations in FarmESP comes primarily from AFPC's database of representative farms. Information to describe and simulate these farms comes from panels of farmers (typically 4–6 producers per location) located in major production regions in 30 states across the United States (*Figure 3*). The farm panels are reconvened frequently to update their representative farm's data. The representative farms are categorized by their primary source of receipts—for example, feedgrain, wheat, cotton, rice, dairy, and cattle ranches. The representative farm database has been used for policy analysis for over 30 years.

Figure 3: Map of AFPC Representative Farm and Ranches



In the tables that follow, the first two letters of a farm's name is the state abbreviation followed by the letter describing the type of farm (*e.g.,* G for feedgrain, W for wheat, *etc.*) followed by an M or L indicating if the farm is moderate or large (an X indicates there is only one farm size of that type in the region). The number in a farm's name indicates the acres or number of head of cattle for ranches or milk cows for dairies. *Appendix A* provides an overview of the characteristics of AFPC's representative farms. *Appendix B* provides the names of producers, land-grant faculty, and industry leaders who cooperated in the panel interview process to develop the representative farms. Additional information about the representative farms can be found in AFPC Working Paper 21–1 by Outlaw, *et al.,* March 2021. The breakdown of farms by type is as follows:

- Feedgrain: 25
- Wheat: 11
- Cotton: 13
- Rice: 15
- Cattle: 10
- Dairy: 20

Projected prices, policy variables, and input inflation rates are from the Food and Agricultural Policy Research Institute (FAPRI) 2021 Baseline (*Tables 1* and *2*). Notably, there are occasions when we would expect a policy change to greatly change relative commodity prices necessitating a FAPRI analysis of the sector level that would feed into the representative farm models. This is not the case for the current tax analyses. We expect any impacts to be experienced over time and localized to operations with significant owned land. AFPC's representative farms and ranches are all assumed to be full-time, commercial-scale family operations. The results of this analysis will vary greatly by farm depending upon each farm's asset base and the share of their farmland they own *versus* rent. *Tables 3* and *4* provide the percent of the farm's cropland or ranch's pastureland that is owned for the representative farms. The percentage varies greatly across farms and farm types. For example, two of the four Texas rice farms are comprised only of rented land. As a result, any capital gains or estate taxes accrue from sources other than land (if at all—as noted later in the results, two Texas rice farms were the only farms not impacted by this analysis). Importantly, the analysis does not include indirect impacts. For example, while two of the Texas rice farms were not impacted, if they were renting land from a landowner who was impacted by either proposal, one could reasonably assume that rental rates would increase as a result.

Table 1: FAPRI January 2021 Baseline Crop and Livestock Prices, 2019–2026

	2019	2020	2021	2022	2023	2024	2025	2026
Crop Prices								
Corn ($/bu.)	3.56	4.22	4.04	3.96	3.91	3.85	3.80	3.78
Wheat ($/bu.)	4.58	4.84	5.00	5.09	5.09	5.05	5.03	5.01
Upland Cotton Lint ($/lb.)	0.5960	0.6816	0.6785	0.6675	0.6689	0.6807	0.6821	0.6919
Sorghum ($/bu.)	3.34	4.59	4.06	3.98	3.90	3.86	3.82	3.82
Soybeans ($/bu.)	8.57	11.15	10.49	10.34	10.09	9.80	9.60	9.45
Barley ($/bu.)	4.69	4.64	4.76	4.78	4.73	4.68	4.63	4.61
Oats ($/bu.)	2.82	2.77	2.63	2.69	2.70	2.69	2.67	2.67
All Rice ($/cwt.)	13.50	13.10	12.61	12.85	12.98	13.12	13.33	13.60
Soybean Meal ($/ton)	285.67	366.40	334.10	334.07	329.04	323.51	317.02	314.86
All Hay ($/ton)	163.00	159.10	162.69	161.62	160.53	159.08	157.73	157.14
Peanuts ($/ton)	410.00	426.61	412.71	404.76	400.25	401.29	402.55	404.02
Cattle Prices								
Feeder Cattle ($/cwt)	153.65	145.83	148.81	163.34	171.77	177.61	182.36	184.49
Fed Cattle ($/cwt)	116.78	108.46	116.47	122.63	127.73	131.68	134.85	136.33
Culled Cows ($/cwt)	58.97	58.50	60.45	64.85	66.71	68.25	70.68	71.82
Milk Price								
U.S. All Milk Price ($/cwt)	18.63	18.30	17.50	17.59	17.78	18.01	18.05	18.04

Source: Food and Agricultural Policy Research Institute (FAPRI) at the University of Missouri-Columbia.

Table 2: FAPRI January 2021 Baseline Assumed Rates of Change in Input Prices and Annual Changes in Land Values, 2020–2026

	2020	2021	2022	2023	2024	2025	2026
Annual Rate of Change for Input Prices Paid							
Seed Prices (%)	−2.00	2.45	3.17	2.51	1.94	1.47	1.22
All Fertilizer Prices (%)	3.29	3.63	4.11	−1.03	0.37	0.54	0.50
Herbicide Prices (%)	−1.85	3.80	1.96	1.51	1.62	1.58	1.67
Insecticide Prices (%)	−6.59	2.80	1.87	1.71	1.81	1.77	1.82
Fuel and Lube Prices (%)	−3.26	2.17	6.45	6.72	2.42	3.17	4.20
Machinery Prices (%)	−0.12	1.98	1.84	0.94	1.13	1.17	1.30
Wages (%)	1.48	2.62	3.31	3.42	3.22	3.20	3.30
Supplies (%)	1.49	1.63	1.42	1.43	1.39	1.57	1.62
Repairs (%)	1.29	2.57	2.35	2.39	2.29	2.42	2.50
Services (%)	−0.24	1.81	2.44	2.15	2.16	2.13	2.24
Taxes (%)	1.36	3.17	2.46	4.94	5.13	1.33	1.40
PPI Items (%)	−0.89	3.52	2.51	1.33	1.04	1.12	1.27
PPI Total (%)	−0.39	3.32	2.57	1.71	1.47	1.38	1.53
Annual Change in Consumer Price Index (%)							
	1.25	2.12	2.46	2.10	2.12	2.15	2.23
Annual Rate of Change for U.S. Land Prices (%)							
	0.00	5.15	5.10	−2.20	−1.92	−1.33	−1.20

Source: Food and Agricultural Policy Research Institute (FAPRI) at the University of Missouri-Columbia.

Table 3: Percent of Cropland on the Farm that is Owned by Farm Type

Feedgrain Farms		Wheat Farms		Cotton Farms		Rice Farms	
IAG–M–1350	19%	WAW–M–2800	29%	TXSP–X–4500	11%	CAR–M–1200	23%
IAG–L–3400	25%	WAW–L–10000	25%	TXEC–X–5000	25%	CAR–L–3000	30%
NEG–M–2400	25%	WAAW–X–5500	45%	TXRP–X–3000	29%	CABR–X–800	40%
NEG–L–4500	48%	ORW–X–4500	44%	TXMC–X–2500	7%	CACR–X–800	30%
NDG–M–3000	24%	MTW–X–9500	53%	TXCB–M–4000	15%	TXR–M–1500	27%
NDG–L–9000	44%	KSCW–M–2000	35%	TXCB–L–10000	15%	TXR–L–3000	0%
ING–M–1000	30%	KSCW–L–5300	25%	TXVC–X–5500	32%	TXBR–X–1800	0%
ING–L–3500	35%	KSNW–M–4000	29%	ARNC–X–5000	20%	TXER–X–2500	0%
OHG–M–700	50%	KSNW–L–7000	30%	TNC–M–3000	10%	LASR–X–2000	10%
OHG–L–1500	25%	COW–M–3000	70%	TNC–L–4050	25%	ARMR–X–6500	18%
MOCG–M–2300	60%	COW–L–6000	50%	ALC–X–3500	10%	ARSR–X–3240	20%
MOCG–L–4200	43%			GAC–X–2500	100%	ARWR–X–2500	50%
MONG–X–2300	70%			NCNP–X–1600	38%	ARHR–X–4000	25%
LANG–X–2500	20%					MSDR–X–5000	60%

Table 3: Percent of Cropland on the Farm that is Owned by Farm Type—Continued

TNG–M–2500	25%					MOBR–X–4000	25%
TNG–L–5000	28%						
NCSP–X–2000	35%						
NCC–X–2030	11%						
SCC–X–2000	28%						
SCG–X–3500	40%						
TXNP–M–3450	75%						
TXNP–L–10880	38%						
TXPG–X–2500	75%						
TXHG–X–3000	15%						
TXWG–X–1600	9%						

Table 4: Percent of Crop and Pastureland on the Farm/Ranch that is Owned by Farm Type

Ranches					Dairy Farms				
	Cropland		Pastureland			Cropland		Pastureland	
	Acres	Percent	Acres	Percent		Acres	Percent	Acres	Percent
NVB–X–650	1,300	100%	10,725	81%	CAD–X–2000	700	86%	0	N/A
NVSB–X–550	125	100%	375	100%	WAD–M–300	250	50%	0	N/A
MTB–X–600	900	100%	20,700	63%	WAD–L–1200	850	50%	0	N/A
WYB–X–475	330	100%	2,200	68%	IDD–X–1500	850	50%	0	N/A
COB–X–275	650	69%	3,050	75%	NVD–X–1000	500	60%	0	N/A
NMB–X–210	0	N/A	12,333	82%	TXND–X–3800	1,920	100%	0	N/A
SDB–X–600	1,000	100%	14,200	46%	TXCD–X–1500	616	59%	500	100%
MOB–X–250	360	60%	850	67%	TXED–X–400	950	50%	0	N/A
TXRB–X–400	0	N/A	20,000	50%	WID–M–180	800	50%	40	100%
TXSB–X–300	100	100%	1,575	51%	WID–L–1700	3,200	50%	0	N/A
					OHD–X–400	700	50%	25	100%
					NYWD–M–400	800	60%	0	N/A
					NYWD–L–1200	2,100	67%	50	100%
					NYCD–M–180	400	80%	30	100%
					NYCD–L–800	1,800	75%	50	100%
					VTD–M–160	220	45%	60	N/A
					VTD–L–400	1,000	53%	100	50%
					MOGD–X–550	460	100%	0	N/A
					FLND–X–550	600	75%	60	100%
					FLSD–X–1750	400	100%	470	100%

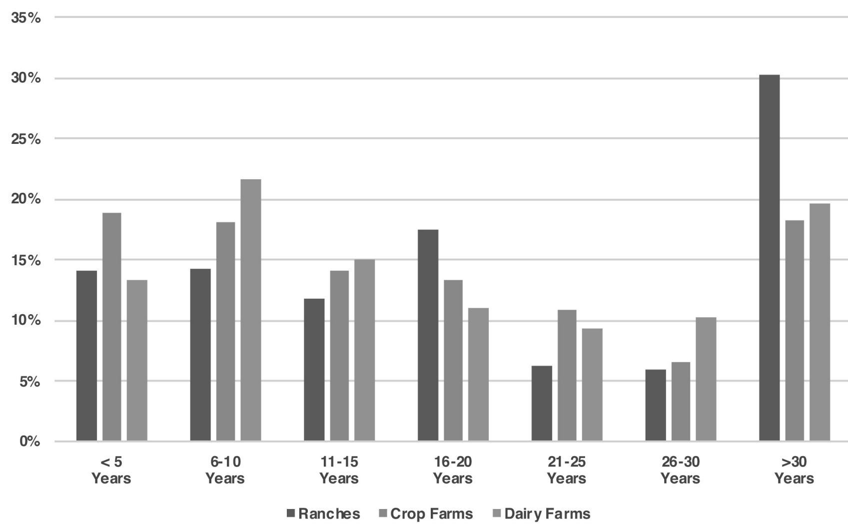
Producer Input

Each time a policy proposal is evaluated that depends on individual producer responses, AFPC sends an email asking for information from representative farm panel participants that would make the analysis more realistic. For this analysis, representative farm participants provided information that assisted with allocating the percentage of owned land on each type of farm (crop, dairy, ranch) into time periods of acquisition to calculate potential capital gains tax obligations. Naturally, AFPC anticipates land that was recently acquired will have a higher basis compared to land that panel members acquired comparatively earlier.

A total of 247 responses were received from the representative farm/ranch panel members. This represents approximately 40% of the panel members in the AFPC database. This is by far the highest response rate AFPC has ever received when asking questions about potential policy changes. There were 23 responses from the ten ranches, 186 responses from the 64 crop farms, and 38 responses from the 20 dairy farms. As noted earlier, we typically have 4–6 producers on each representative farm panel, so the number of producer responses we received easily exceeded the number of representative farms in our analysis. Major agricultural states often have more than one representative farm/ranch panel in our network of representative farms; producers in every state with a representative farm or ranch registered responses.

The percentage of owned land by years of ownership has similar patterns across farm types. A relatively large percentage was purchased within the past 5 years, and 49 percent or more of the land for each farm type was acquired over 15 years ago. As discussed in more detail below, these percentages were utilized in the FarmESP simulation model to incorporate realistic land ownership patterns (*Figure 4*).

Figure 4: Simple Average of Panel Member Responses to Length of Time They Have Owned Land



Model Modifications

To simulate the effects of the STEP Act and 99.5% Act provisions, the following changes were incorporated into FarmESP:

- To calculate the potential capital gain tax liability under the STEP Act, capital gain amounts were calculated for each farm based on owned land and equipment. The capital gain on land was dependent on the farm type (crop, dairy, or ranch) and panel member feedback on the length of time the land was owned. For example, if a crop farm owned 100 acres, it was assumed that 18.3% of the 100 acres was owned for more than 30 years, 6.6% was owned for 26 to 30 years, and so on based on the producer responses summarized in *Figure 4.*
- The taxable amount of capital gains on owned land was defined as the difference between the current market value of the land in 2021 and the value of the land when it was acquired. The current value of the land reflects discussions by panel members in the most recent update meeting with AFPC personnel. The value of the land when it was acquired was determined by taking the current market value in 2021 and applying a percentage price change for each land vintage that is equal to their state-level pastureland (ranches) or cropland (all other farms) percentage price change based on NASS data.
- The taxable amount of capital gains on machinery was calculated on the current market value of machinery in 2021 less the book value in 2021. The current market value of machinery reflects discussions by panel members in the most recent update meeting with AFPC personnel. The book value is based on the purchase price and depreciation schedule in FarmESP. Both the machinery and land capital gains were assumed to be taxed at the current 20% long-term capital gains rate. The exclusion of tax on the first $1 million of capital gain was also assumed (consistent with the STEP Act).
- The estate tax liability under the 99.5% Act was calculated using the nominal net worth of each farm in 2021. The nominal net worth was taxed at the applicable updated marginal tax rates outlined in the 99.5% Act. Each farm was assumed to be eligible for double the $3.5 million exclusion amount (consistent with AFPC's assumption of two payment limits for purposes of Title [I] benefits). Thus, the assumed estate tax exclusion on each farm went from $23.4 million in current law to $7 million under the 99.5% Act. In scenario 3 (Generational Transfer under STEP Act) and the final scenario (Generational Transfer under STEP Act and 99.5% Act), it was assumed that the applicable capital gains tax amount was deducted from the decedent's gross estate for purposes of calculating the estate tax obligation.

- This analysis for all of the farms starts in 2018 using actual prices and output variables (*e.g.,* crop yields, milk production per cow, and calf crop) for 2018–2020 and uses FAPRI commodity and input price forecasts for 2021–2026. Using 3 years of history provides the opportunity to check to ensure the model results are aligned with the panel's experiences.
- AFPC's representative farms are constructed to analyze policy changes going forward. Under the *status quo,* the farms are assumed to continue operating in perpetuity. For purposes of this analysis and for the sake of consistency, the operator/landowner is assumed to die in 2021 with the farm transferring ownership in 2021 and taxes due in 2022. Naturally, farms that recently went through a generational transfer would not be impacted by the proposed changes (at least not in the near term), but this assumption is obviously key to analyzing the impact of the tax proposals on the farms in the event of an operator death.
- Finally, farms are expected to pay the calculated tax obligations in the year they are due. All farms are assumed to pay calculated taxes out of existing cash (if available). If the farm does not have enough cash to pay all cash obligations, then a carryover is experienced, and a short-term loan is established for the debt. While the results would suggest that some farms would have difficulty securing financing, this assumption of available financing is consistent with the fact that the STEP Act, for example, provides a 15 year financing option. While there are a number of ways a producer could choose to address a large additional tax liability, the assumptions made in this analysis provide a snapshot of the magnitude of the financial impacts of the proposed tax policy changes.

Scenarios Analyzed

The following five scenarios were analyzed for each of the 94 representative farms and ranches:

- **Scenario 1: Current Tax Law with No Generational Transfer.** This baseline scenario assumes current tax law remains in place and that no event triggers a generational transfer.
- **Scenario 2: Generational Transfer under Current Tax Law.** This scenario assumes current tax law remains in place and an event triggers a generational transfer in 2021 (*e.g.,* death of the principal operator).
- **Scenario 3: Generational Transfer under STEP Act.** This scenario assumes the STEP Act is in effect and an event triggers a generational transfer in 2021 (*e.g.,* death of the principal operator). Under the STEP Act, the current estate tax exemption levels are maintained and stepped-up basis is eliminated.
- **Scenario 4: Generational Transfer under 99.5% Act.** This scenario assumes the 99.5% Act is in effect and an event triggers a generational transfer in 2021 (*e.g.,* death of the principal operator). Under the 99.5% Act, the estate tax exemption levels are lower but stepped-up basis is maintained.
- **Scenario 5: Generational Transfer under STEP Act and 99.5% Act.** This scenario assumes both the STEP Act and the 99.5% Act are in effect and an event triggers a generational transfer in 2021 (*e.g.,* death of the principal operator). In this scenario, the estate tax exemption levels are lower and stepped-up basis is eliminated.

Results

As noted above, Scenario 1 is a baseline scenario where no event triggers a generational transfer. Under this *status quo* scenario, 38 of the 94 representative farms and ranches are projected to have a negative ending cash balance at the end of 2026—and that is without any policy changes. In other words, even in the *status quo* scenario, there are farms struggling to cash flow across all types of farms and ranches (seven feedgrain, four wheat, five cotton, ten rice, eight dairy and four cattle ranches).

Table 5: Summary of Results for the Representative Farms for the Five Tax Scenarios

	Scenario 1 No Generational Transfer Current Tax Policy	Scenario 2 Generational Transfer Current Tax Policy	Scenario 3 Generational Transfer STEP Act	Scenario 4 Generational Transfer 99.5% Act	Scenario 5 Generational Transfer STEP + 99.5% Acts
Number of Farms Impacted	N/A	2/94 (2%)	92/94 (98%)	41/94 (44%)	92/94 (98%)
Average Additional Tax Liability Incurred for Farms Impacted	N/A	$370,431	$726,104	$2,166,415	$1,431,408

Table 5: Summary of Results for the Representative Farms for the Five Tax Scenarios—Continued

	Scenario 1 No Generational Transfer Current Tax Policy	Scenario 2 Generational Transfer Current Tax Policy	Scenario 3 Generational Transfer STEP Act	Scenario 4 Generational Transfer 99.5% Act	Scenario 5 Generational Transfer STEP + 99.5% Acts
Average Change in Ending Cash Balances (2026)	N/A	−$382,200	−$796,627	−$2,375,717	−$1,588,365

As noted in *Table 5,* under Scenario 2 (Generational Transfer under Current Law), only two of the larger dairies (CAD–X–2000 and TXND–X–3800) face estate tax liabilities as a result of a generational transfer—owing to stepped-up basis (*i.e.,* no long-term capital gains tax) and the $23.5 million estate tax exclusion in current law. Naturally, larger farms would be impacted by current law during a farm transition, but none of the other 92 farms in AFPC's database would incur capital gains or estate taxes resulting in a change in ending cash balances under current law.

In sharp contrast, under Scenario 3 (Generational Transfer under the STEP Act), 92 of the 94 representative farms are impacted. Despite the $1 million exclusion included in the STEP Act, the elimination of stepped-up basis impacts almost all of AFPC's representative farms. Across the 92 impacted farms, the additional tax liability incurred averages $726,104 per farm.

Under Scenario 4 (Generational Transfer under the 99.5% Act), lowering the estate tax exemption levels to $3.5 million (or a combined total of $7 million per couple) impacts 41 farms, with the additional tax liability incurred averaging $2.17 million per farm.

If the STEP Act and 99.5% Act were both implemented (Scenario 5), 92 of the 94 representative farms would be impacted. The additional tax liability incurred would average $1.43 million per farm across all 92 farms. While the average impact in Scenario 5 is lower than that in Scenario 4, that is entirely because Scenario 5 impacts 92 farms (whereas Scenario 4 impacted only 41 farms). Importantly, when looking at individual farm results (*Table 6*), in no case was the tax liability in Scenario 5 lower than that incurred in Scenarios 3 or 4; in other words, combining the two policies always resulted in an equal or higher tax liability.

Table 5 also includes the average change in ending cash balances in 2026 for each scenario. The fact that the reduction in ending cash balances exceeds the tax liability incurred largely reflects the interest costs incurred in financing the debt resulting from the tax liability.

Tables 6–8 contain the results for the 25 feedgrain, 11 wheat, 13 cotton, 15 rice, and 20 dairy farms along with ten cattle ranches. For this analysis, the key output variables used to demonstrate the impact of the two tax policy changes are (1) additional tax liability incurred and (2) ending cash balances in 2026. With everything on the operation staying the same except for the policy change associated with each scenario, these variables highlight any liabilities and potential cash flow shortfalls that would be created by the tax changes.

Tables 6 and *7* also utilize average annual net cash farm income (NCFI) for 2021–2026 under the baseline scenario (*i.e.,* current tax law with no generational transfer) as a point of reference. NCFI equals total cash receipts minus all cash expenses. It is used to pay family living expenses, principal payments, income taxes, self-employment taxes, and machinery replacement costs.

Table 7 reflects the ratio of additional tax liability incurred to NCFI for Scenarios 3–5. For context, *Table 7* illustrates how many years it would take to pay off the new tax liability if NCFI were used exclusively for that purpose. For example, on the 4,500-acre Nebraska feedgrain farm, it would take 14.5 years using all of the NCFI generated by the farm (while ignoring all other obligations normally covered by NCFI) to pay off the tax liability from the STEP Act and 99.5% Act.

Table 8 includes the average change in ending cash balances in 2026 for each scenario. As noted earlier, any reduction in ending cash balances that exceeds the tax liability incurred largely reflects the interest costs incurred in financing the debt resulting from the tax liability. As shown in *Table 8,* a number of farms were already facing negative ending cash balances in 2026 under *status quo.*

While there is no perfect point of reference (or context), another approach would be to compare the additional tax liability incurred to the cost basis of the assets on the farm. For 11 of the 94 representative farms, the tax liability incurred in Scenario 5 was more than 50% of the cost basis of the assets on the farm. In the extreme case, for the large Texas dairy (TXND–X–3800), the tax liability exceeded the cost basis of the farm (106%).

Table 6: Average Annual Net Cash Farm Income (NCFI) and Tax Liability for the Representative Farms for Select Tax Scenarios (in Dollars)

Type	Farm	Average Annual Base NCFI (2021–26)	Scenario 2 Generational Transfer Current Tax Policy	Scenario 3 Generational Transfer STEP Act	Scenario 4 Generational Transfer 99.5% Act	Scenario 5 Generational Transfer STEP + 99.5% Acts
Feedgrain	IAG–M–1350	89,090	0	283,842	0	283,842
	IAG–L–3400	531,862	0	1,244,826	1,027,064	1,711,563
	NEG–M–2400	435,960	0	713,177	0	713,177
	NEG–L–4500	419,070	0	2,956,842	4,591,837	6,070,258
	NDG–M–3000	278,514	0	450,627	0	450,627
	NDG–L–9000	1,351,884	0	2,763,619	5,996,955	7,378,764
	ING–M–1000	239,848	0	332,811	0	332,811
	ING–L–3500	652,927	0	1,467,786	1,738,634	2,507,257
	OHG–M–700	125,353	0	201,014	0	201,014
	OHG–L–1500	407,906	0	346,212	0	346,212
	MOCG–M–2300	575,856	0	1,513,229	1,873,664	2,655,537
	MOCG–L–4200	1,122,730	0	2,321,461	4,605,774	5,766,504
	MONG–X–2300	587,196	0	1,716,843	2,201,626	3,065,311
	LANG–X–2500	205,219	0	193,054	0	193,054
	TNG–M–2500	322,796	0	288,653	0	288,653
	TNG–L–5000	874,612	0	850,887	1,835,971	2,268,907
	NCSP–X–2000	183,313	0	306,738	0	306,738
	NCC–X–2030	422,000	0	4,424	0	4,424
	SCC–X–2000	195,420	0	191,371	0	191,371
	SCG–X–3500	493,834	0	784,226	42,908	784,841
	TXNP–M–3450	666,326	0	760,188	491,731	933,396
	TXNP–L–10880	1,515,870	0	2,026,900	6,140,075	7,153,525
	TXPG–X–2500	324,813	0	503,516	0	503,516
	TXHG–X–3000	154,201	0	119,460	0	119,460
	TXWG–X–1600	63,661	0	31,866	0	31,866
Wheat	WAW–M–2800	307,995	0	113,573	0	113,573
	WAW–L–10000	751,923	0	839,410	1,580,241	2,019,522
	WAAW–X–5500	16,889	0	90,880	0	90,880
	ORW–X–4500	145,686	0	30,282	0	30,282
	MTW–X–9500	759,114	0	844,122	497,394	970,260
	KSCW–M–2000	315,536	0	215,694	0	215,694
	KSCW–L–5300	751,846	0	618,500	8,088	618,533
	KSNW–M–4000	289,968	0	479,058	0	479,058
	KSNW–L–7000	525,991	0	1,048,546	378,545	1,084,027
	COW–M–3000	179,199	0	368,527	0	368,527
	COW–L–6000	65,283	0	666,247	0	666,247
Cotton	TXSP–X–4500	230,148	0	140,492	0	140,492
	TXEC–X–5000	410,855	0	338,474	0	338,474
	TXRP–X–3000	5,356	0	12,680	0	12,680
	TXMC–X–2500	161,687	0	52,494	0	52,494
	TXCB–M–4000	175,477	0	219,094	0	219,094
	TXCB–L–10000	845,126	0	727,223	981,309	1,381,657
	TXVC–X–5500	594,979	0	663,329	212,613	706,259
	ARNC–X–5000	1,278,995	0	1,029,805	2,157,625	2,676,174
	TNC–M–3000	612,663	0	62,219	0	62,219
	TNC–L–4050	644,658	0	505,551	95,867	515,022
	ALC–X–3500	967,496	0	291,897	0	291,897
	GAC–X–2500	614,064	0	770,004	1,245,734	1,667,186
	NCNP–X–1600	77,648	0	174,455	0	174,455
Rice	CAR–M–1200	349,839	0	387,583	0	387,583
	CAR–L–3000	112,705	0	1,471,776	2,696,234	3,440,680
	CABR–X–800	262,352	0	400,802	0	400,802
	CACR–X–800	−76,059	0	352,582	0	352,582
	TXR–M–1500	37,579	0	147,822	0	147,822
	TXR–L–3000	157,929	0	4,464	0	4,464
	TXBR–X–1800	148,843	0	0	0	0
	TXER–X–2500	213,467	0	0	0	0
	LASR–X–2000	99,116	0	116,394	0	116,394
	ARMR–X–6500	831,787	0	797,103	958,548	1,418,087
	ARSR–X–3240	316,344	0	464,406	0	464,406
	ARWR–X–2500	291,745	0	885,012	82,666	885,133
	ARHR–X–4000	209,290	0	880,740	271,001	899,695
	MSDR–X–5000	1,009,655	0	2,132,270	4,659,867	5,726,002
	MOBR–X–4000	229,378	0	1,119,486	741,637	1,368,706
Ranch	NVB–X–650	97,922	0	1,851,122	2,064,410	3,011,086
	NVSB–X–550	83,046	0	386,106	0	386,106
	MTB–X–600	144,217	0	874,000	620,397	1,101,097
	WYB–X–475	34,455	0	236,199	0	236,199
	COB–X–275	151,476	0	1,460,362	4,038,415	4,768,596
	NMB–X–210	47,185	0	544,318	0	544,318
	SDB–X–600	10,942	0	1,032,121	297,084	1,032,193
	MOB–X–250	216,147	0	192,957	0	192,957
	TXRB–X–400	119,777	0	972,300	731,541	1,266,307
	TXSB–X–300	134,256	0	570,520	0	570,520
Dairy	CAD–X–2000	1,483,972	1,815	2,124,243	7,016,637	8,078,759
	WAD–M–300	−67,127	0	223,542	0	223,542
	WAD–L–1200	376,854	0	1,158,760	3,055,598	3,634,978
	IDD–X–1500	1,276,968	0	1,217,659	1,888,263	2,514,284
	NVD–X–1000	814,030	0	318,521	218,965	434,172
	TXND–X–3800	2,318,634	739,047	2,091,233	8,910,791	9,821,758
	TXCD–X–1500	526,077	0	779,773	1,033,075	1,462,828

Table 6: Average Annual Net Cash Farm Income (NCFI) and Tax Liability for the Representative Farms for Select Tax Scenarios (in Dollars)—Continued

Type	Farm	Average Annual Base NCFI (2021–26)	Scenario 2 Generational Transfer Current Tax Policy	Scenario 3 Generational Transfer STEP Act	Scenario 4 Generational Transfer 99.5% Act	Scenario 5 Generational Transfer STEP + 99.5% Acts
	TXED–X–400	−53,969	0	81,163	0	81,163
	WID–M–180	345,162	0	455,045	0	455,045
	WID–L–1700	1,205,662	0	2,459,744	4,761,203	5,991,074
	OHD–X–400	298,843	0	651,910	0	651,910
	NYWD–M–400	267,324	0	422,625	0	422,625
	NYWD–L–1200	797,816	0	1,733,207	3,802,948	4,669,552
	NYCD–M–180	237,356	0	105,510	0	105,510
	NYCD–L–800	598,976	0	1,384,251	1,860,716	2,572,514
	VTD–M–160	−57,479	0	48,520	0	48,520
	VTD–L–400	−158,767	0	544,104	0	544,104
	MOGD–X–550	279,483	0	174,427	0	174,427
	FLND–X–550	123,601	0	109,499	0	109,499
	FLSD–X–1750	190,761	0	761,215	1,409,379	1,814,163

Table 7: Years of Net Cash Farm Income (NCFI) Required to Eliminate Tax Liability for the Representative Farms for Select Tax Scenarios

Type	Farm	Scenario 3 Generational Transfer STEP Act	Scenario 4 Generational Transfer 99.5% Act	Scenario 5 Generational Transfer STEP + 99.5% Acts
Feedgrain	IAG–M–1350	3.2		3.2
	IAG–L–3400	2.3	1.9	3.2
	NEG–M–2400	1.6		1.6
	NEG–L–4500	7.1	11.0	14.5
	NDG–M–3000	1.6		1.6
	NDG–L–9000	2.0	4.4	5.5
	ING–M–1000	1.4		1.4
	ING–L–3500	2.2	2.7	3.8
	OHG–M–700	1.6		1.6
	OHG–L–1500	0.8		0.8
	MOCG–M–2300	2.6	3.3	4.6
	MOCG–L–4200	2.1	4.1	5.1
	MONG–X–2300	2.9	3.7	5.2
	LANG–X–2500	0.9		0.9
	TNG–M–2500	0.9		0.9
	TNG–L–5000	1.0	2.1	2.6
	NCSP–X–2000	1.7		1.7
	NCC–X–2030	0.0		0.0
	SCC–X–2000	1.0		1.0
	SCG–X–3500	1.6	0.1	1.6
	TXNP–M–3450	1.1	0.7	1.4
	TXNP–L–10880	1.3	4.1	4.7
	TXPG–X–2500	1.6		1.6
	TXHG–X–3000	0.8		0.8
	TXWG–X–1600	0.5		0.5
Wheat	WAW–M–2800	0.4		0.4
	WAW–L–10000	1.1	2.1	2.7
	WAAW–X–5500	5.4		5.4
	ORW–X–4500	0.2		0.2
	MTW–X–9500	1.1	0.7	1.3
	KSCW–M–2000	0.7		0.7
	KSCW–L–5300	0.8	0.0	0.8
	KSNW–M–4000	1.7		1.7
	KSNW–L–7000	2.0	0.7	2.1
	COW–M–3000	2.1		2.1
	COW–L–6000	10.2		10.2
Cotton	TXSP–X–4500	0.6		0.6
	TXEC–X–5000	0.8		0.8
	TXRP–X–3000	2.4		2.4
	TXMC–X–2500	0.3		0.3
	TXCB–M–4000	1.2		1.2
	TXCB–L–10000	0.9	1.2	1.6
	TXVC–X–5500	1.1	0.4	1.2
	ARNC–X–5000	0.8	1.7	2.1
	TNC–M–3000	0.1		0.1
	TNC–L–4050	0.8	0.1	0.8
	ALC–X–3500	0.3		0.3
	GAC–X–2500	1.3	2.0	2.7
	NCNP–X–1600	2.2		2.2
Rice	CAR–M–1200	1.1		1.1
	CAR–L–3000	13.1	23.9	30.5
	CABR–X–800	1.5		1.5
	CACR–X–800	[a]		[a]
	TXR–M–1500	3.9		3.9
	TXR–L–3000	0.0		0.0
	TXBR–X–1800			
	TXER–X–2500			

Table 7: Years of Net Cash Farm Income (NCFI) Required to Eliminate Tax Liability for the Representative Farms for Select Tax Scenarios—Continued

Type	Farm	Scenario 3 Generational Transfer STEP Act	Scenario 4 Generational Transfer 99.5% Act	Scenario 5 Generational Transfer STEP + 99.5% Acts
	LASR–X–2000	1.2		1.2
	ARMR–X–6500	1.0	1.2	1.7
	ARSR–X–3240	1.5		1.5
	ARWR–X–2500	3.0	0.3	3.0
	ARHR–X–4000	4.2	1.3	4.3
	MSDR–X–5000	2.1	4.6	5.7
	MOBR–X–4000	4.9	3.2	6.0
Ranch	NVB–X–650	18.9	21.1	30.7
	NVSB–X–550	4.6		4.6
	MTB–X–600	6.1	4.3	7.6
	WYB–X–475	6.9		6.9
	COB–X–275	9.6	26.7	31.5
	NMB–X–210	11.5		11.5
	SDB–X–600	94.3	27.2	94.3
	MOB–X–250	0.9		0.9
	TXRB–X–400	8.1	6.1	10.6
	TXSB–X–300	4.2		4.2
Dairy	CAD–X–2000	1.4	4.7	5.4
	WAD–M–300	[a]		[a]
	WAD–L–1200	3.1	8.1	9.6
	IDD–X–1500	1.0	1.5	2.0
	NVD–X–1000	0.4	0.3	0.5
	TXND–X–3800	0.9	3.8	4.2
	TXCD–X–1500	1.5	2.0	2.8
	TXED–X–400	[a]		[a]
	WID–M–180	1.3		1.3
	WID–L–1700	2.0	3.9	5.0
	OHD–X–400	2.2		2.2
	NYWD–M–400	1.6		1.6
	NYWD–L–1200	2.2	4.8	5.9
	NYCD–M–180	0.4		0.4
	NYCD–L–800	2.3	3.1	4.3
	VTD–M–160	[a]		[a]
	VTD–L–400	[a]		[a]
	MOGD–X–550	0.6		0.6
	FLND–X–550	0.9		0.9
	FLSD–X–1750	4.0	7.4	9.5

[a] Under the current baseline outlook, the average annual NCFI is negative. In other words, the farm is already in poor shape under *status quo* conditions and there is no expected NCFI available to help pay down the tax liability incurred.

Table 8: Changes in Ending Cash Balances in 2026 for the Representative Farms for Select Tax Scenarios (in $1,000)

Type	Farm	Ending Cash Balance Base (2026)	Scenario 2 Generational Transfer Current Tax Policy	Scenario 3 Generational Transfer STEP Act	Scenario 4 Generational Transfer 99.5% Act	Scenario 5 Generational Transfer STEP + 99.5% Acts
Feedgrain	IAG–M–1350	−887.9	0.0	−330.8	0.0	−330.8
	IAG–L–3400	89.3	0.0	−1,367.2	−1,120.6	−1,896.6
	NEG–M–2400	771.3	0.0	−755.2	0.0	−755.2
	NEG–L–4500	−2,087.6	0.0	−3,597.6	−5,612.3	−7,438.9
	NDG–M–3000	318.4	0.0	−483.2	0.0	−483.2
	NDG–L–9000	4,813.6	0.0	−2,842.0	−6,378.4	−7,944.2
	ING–M–1000	212.1	0.0	−348.9	0.0	−348.9
	ING–L–3500	1,154.5	0.0	−1,525.4	−1,816.6	−2,653.6
	OHG–M–700	14.3	0.0	−226.6	0.0	−226.6
	OHG–L–1500	1,252.1	0.0	−348.7	0.0	−348.7
	MOCG–M–2300	921.9	0.0	−1,640.7	−2,048.8	−2,944.9
	MOCG–L–4200	3,188.1	0.0	−2,408.3	−4,882.3	−6,160.5
	MONG–X–2300	289.1	0.0	−1,934.7	−2,490.4	−3,483.2
	LANG–X–2500	−232.5	0.0	−223.7	0.0	−223.7
	TNG–M–2500	183.0	0.0	−315.9	0.0	−315.9
	TNG–L–5000	2,349.2	0.0	−877.4	−1,926.3	−2,412.5
	NCSP–X–2000	−1,021.9	0.0	−361.8	0.0	−361.8
	NCC–X–2030	1,356.2	0.0	−4.5	0.0	−4.5
	SCC–X–2000	−115.6	0.0	−217.1	0.0	−217.1
	SCG–X–3500	910.6	0.0	−822.7	−43.2	−823.3
	TXNP–M–3450	2,038.7	0.0	−772.9	−494.3	−948.4
	TXNP–L–10880	6,946.2	0.0	−2,042.4	−6,383.8	−7,560.5
	TXPG–X–2500	366.6	0.0	−550.5	0.0	−550.5
	TXHG–X–3000	−212.7	0.0	−136.1	0.0	−136.1
	TXWG–X–1600	−479.4	0.0	−40.4	0.0	−40.4
Wheat	WAW–M–2800	702.6	0.0	−116.1	0.0	−116.1
	WAW–L–10000	1,654.5	0.0	−903.2	−1,723.3	−2,248.8
	WAAW–X–5500	−1,153.0	0.0	−112.6	0.0	−112.6
	ORW–X–4500	−274.5	0.0	−35.6	0.0	−35.6
	MTW–X–9500	1,508.6	0.0	−869.4	−510.0	−1,000.6

Table 8: Changes in Ending Cash Balances in 2026 for the Representative Farms for Select Tax Scenarios (in $1,000)—Continued

Type	Farm	Ending Cash Balance Base (2026)	Scenario 2 Generational Transfer Current Tax Policy	Scenario 3 Generational Transfer STEP Act	Scenario 4 Generational Transfer 99.5% Act	Scenario 5 Generational Transfer STEP + 99.5% Acts
	KSCW–M–2000	766.8	0.0	−218.3	0.0	−218.3
	KSCW–L–5300	2,810.2	0.0	−626.6	−8.2	−626.6
	KSNW–M–4000	354.7	0.0	−526.6	0.0	−526.6
	KSNW–L–7000	1,206.3	0.0	−1,106.4	−387.3	−1,143.3
	COW–M–3000	−120.8	0.0	−434.9	0.0	−434.9
	COW–L–6000	−2,420.8	0.0	−828.5	0.0	−828.5
Cotton	TXSP–X–4500	−182.4	0.0	−156.4	0.0	−156.4
	TXEC–X–5000	1,142.1	0.0	−358.1	0.0	−358.1
	TXRP–X–3000	−1,036.4	0.0	−15.6	0.0	−15.6
	TXMC–X–2500	−149.4	0.0	−57.8	0.0	−57.8
	TXCB–M–4000	−8.9	0.0	−238.2	0.0	−238.2
	TXCB–L–10000	3,439.2	0.0	−743.2	−1,000.8	−1,412.7
	TXVC–X–5500	2,406.7	0.0	−667.5	−212.9	−710.6
	ARNC–X–5000	4,101.8	0.0	−1,045.6	−2,191.9	−2,726.8
	TNC–M–3000	2,610.7	0.0	−63.0	0.0	−63.0
	TNC–L–4050	2,126.1	0.0	−508.6	−96.2	−518.1
	ALC–X–3500	4,072.0	0.0	−309.4	0.0	−309.4
	GAC–X–2500	1,610.9	0.0	−783.9	−1,277.2	−1,735.1
	NCNP–X–1600	−1,017.1	0.0	−206.1	0.0	−206.1
Rice	CAR–M–1200	702.4	0.0	−401.2	0.0	−401.2
	CAR–L–3000	−2,314.8	0.0	−1,663.4	−3,066.5	−3,920.9
	CABR–X–800	153.2	0.0	−424.2	0.0	−424.2
	CACR–X–800	−1,665.0	0.0	−425.4	0.0	−425.4
	TXR–M–1500	−1,125.1	0.0	−185.9	0.0	−185.9
	TXR–L–3000	−452.0	0.0	−5.2	0.0	−5.2
	TXBR–X–1800	−161.0	0.0	0.0	0.0	0.0
	TXER–X–2500	−28.9	0.0	0.0	0.0	0.0
	LASR–X–2000	−504.7	0.0	−142.2	0.0	−142.2
	ARMR–X–6500	1,918.8	0.0	−830.7	−985.2	−1,478.5
	ARSR–X–3240	275.6	0.0	−500.4	0.0	−500.4
	ARWR–X–2500	−620.3	0.0	−1,058.6	−96.1	−1,058.8
	ARHR–X–4000	−2,029.5	0.0	−1,036.9	−317.0	−1,059.2
	MSDR–X–5000	1,487.6	0.0	−2,299.2	−5,206.8	−6,445.0
	MOBR–X–4000	−864.7	0.0	−1,343.1	−877.9	−1,649.8
Ranch	NVB–X–650	−109.1	0.0	−2,317.5	−2,590.1	−3,802.2
	NVSB–X–550	−54.0	0.0	−490.4	0.0	−490.4
	MTB–X–600	234.2	0.0	−1,039.9	−726.4	−1,324.7
	WYB–X–475	−460.8	0.0	−291.5	0.0	−291.5
	COB–X–275	461.7	0.0	−1,660.9	−4,806.4	−5,713.1
	NMB–X–210	−78.0	0.0	−684.7	0.0	−684.7
	SDB–X–600	−1,088.2	0.0	−1,296.4	−373.1	−1,296.5
	MOB–X–250	616.5	0.0	−196.4	0.0	−196.4
	TXRB–X–400	319.4	0.0	−1,122.0	−832.4	−1,479.5
	TXSB–X–300	262.8	0.0	−654.3	0.0	−654.3
Dairy	CAD–X–2000	3,280.4	−1.9	−2,222.6	−7,612.8	−8,804.7
	WAD–M–300	−2,092.3	0.0	−274.2	0.0	−274.2
	WAD–L–1200	−284.4	0.0	−1,279.6	−3,468.4	−4,144.0
	IDD–X–1500	3,888.0	0.0	−1,288.6	−2,006.0	−2,694.4
	NVD–X–1000	3,146.2	0.0	−327.9	−225.4	−446.9
	TXND–X–3800	9,200.1	−762.5	−2,167.1	−9,497.1	−10,511.6
	TXCD–X–1500	1,084.7	0.0	−826.6	−1,095.8	−1,563.5
	TXED–X–400	−1,334.1	0.0	−107.8	0.0	−107.8
	WID–M–180	734.5	0.0	−470.4	0.0	−470.4
	WID–L–1700	3,938.9	0.0	−2,579.6	−5,100.3	−6,495.3
	OHD–X–400	−788.5	0.0	−754.8	0.0	−754.8
	NYWD–M–400	448.5	0.0	−446.6	0.0	−446.6
	NYWD–L–1200	1,199.9	0.0	−1,860.5	−4,244.1	−5,259.7
	NYCD–M–180	555.0	0.0	−108.3	0.0	−108.3
	NYCD–L–800	405.3	0.0	−1,535.4	−2,097.0	−2,945.8
	VTD–M–160	−1,200.7	0.0	−58.5	0.0	−58.5
	VTD–L–400	−3,034.8	0.0	−653.6	0.0	−653.6
	MOGD–X–550	544.3	0.0	−183.3	0.0	−183.3
	FLND–X–550	−246.4	0.0	−123.9	0.0	−123.9
	FLSD–X–1750	−715.9	0.0	−843.7	−1,574.8	−2,042.5

Summary and Conclusions

This analysis utilized AFPC's 94 representative farms to determine the likely impacts of two tax policy proposals—the *Sensible Taxation and Equity Promotion Act* and the *For the 99.5 Percent Act*—on the farm's ability to cash flow. Under current tax law, an assumed death of the principal operator would impact 2 of 94 representative farms.

Eliminating stepped-up basis in the *Sensible Taxation and Equity Promotion Act*—even with the $1 million exclusion—would impact 92 of 94 representative farms, including all of the ranches and dairies, with an additional tax liability incurred of $726,104 per farm.

Imposing lower estate tax exemption levels from the *For the 99.5 Percent Act* would impact 41 farms (26 of 64 crop farms, 5 of 10 ranches and 10 of 20 dairies) with an average additional tax liability incurred of $2.17 million per farm.

The combination of the two tax policy changes would impact 92 representative farms at an average additional tax liability incurred of $1.43 million and an average loss in ending cash balances of all affected farms of $1.59 million in 2026. While the average tax liability declines (relative to imposing the *For the 99.5 Percent Act* alone), the number of farms impacted climbed from 41 to 92.

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Appendix A—Representative Farm and Ranch Characteristics

2020 Characteristics of Panel Farms Producing Feed Grains and Oilseeds

IAG1350	IAG1350 is a 1,350 acre northwestern Iowa (Webster County) grain farm. The farm is moderate-sized for the region and plants 810 acres of corn and 540 acres of soybeans annually. Sixty-one percent of this farm's 2020 receipts come from corn production.
IAG3400	This 3,400 acre large-sized grain farm is located in northwestern Iowa (Webster County). It plants 2,040 acres of corn and 1,360 acres of soybeans each year, realizing 60 percent of receipts from corn production.
NEG2400	South-central Nebraska (Dawson County) is home to this 2,400 acre grain farm. This farm plants 1,600 acres to corn and 800 acres to soybeans. The farm splits its corn acres evenly between yellow and white food-grade corn. Sixty-four percent of gross receipts are derived from corn sales.
NEG4500	This is a 4,500 acre grain farm located in south-central Nebraska (Dawson County). This operation plants 3,000 acres of corn and 1,000 acres of soybeans each year. Remaining acres are planted to alfalfa. A portion (25 percent) of the corn acreage is food-grade corn. In 2020, 67 percent of total receipts were generated from corn production.
NDG3000	NDG3000 is a 3,000 acre, moderate-sized, south central North Dakota (Barnes County) grain farm that plants 500 acres of wheat, 1,000 acres of corn, and 1,500 acres of soybeans. One hundred acres are enrolled in the Conservation Reserve Program. The farm generated 39 percent of 2020 receipts from soybean sales and 40 percent from corn sales.
NDG9000	This is an 9,000 acre, large-sized grain farm in south central North Dakota (Barnes County) that grows 4,500 acres of soybeans, 2,500 acres of corn, 1,250 acres of wheat, and 500 acres of barley annually. The remaining acreage is enrolled in the Conservation Reserve Program. Soybean and corn sales accounted for 75 percent of 2020 receipts.
ING1000	Shelby County, Indiana, is home to this 1,000 acre moderate-sized feedgrain farm. This farm annually plants 475 acres of corn, 525 acres of soybeans, and 50 acres of wheat that is double cropped with soybeans. Due to this farm's proximity to Indianapolis, land development pressures will likely constrain further expansion of this operation. Forty-seven percent of 2020 receipts came from corn sales.
ING3500	ING3500 is a large-sized grain farm located in east central Indiana (Shelby County). This farm plants 1,750 acres to corn and 1,750 acres to soybeans each year. In 2020, 53 percent of gross receipts were generated by corn sales.
OHG700	This is a 700 acre, moderate sized grain farm in north western Ohio (Henry County). This farm planted 105 acres of corn and 280 acres of soybeans in 2020. Because of the wet spring there were 315 acres that were not planted and was taken as preventive planting insurance. Normally would be 350 acres each of corn and soybeans. Twenty-seven percent of 2020 receipts were generated by corn sales.
OHG1500	This is a 1,500 acre, large-sized grain farm in north western Ohio (Henry County). This farm planted 202 acres of corn, 304 acres of soybeans, and 150 acres of wheat in 2020. Because of the wet spring there were 844 acres that were not planted and was taken as preventive planting insurance. Normally would be 675 acres each of corn and soybeans plus the 150 acres of wheat. Thirty-five percent of 2020 receipts were generated by corn sales.

Appendix A—Representative Farm and Ranch Characteristics—Continued

2020 Panel Farms Producing Feed Grains and Oilseeds	
MOCG2300	MOCG2300 is a 2,300 acre grain farm located in central Missouri (Carroll County) and plants 1,150 acres of corn and 1,150 acres of soybeans annually. This farm is located in the Missouri River bottom, an area with a large concentration of livestock production. This farm generated 52 percent of its total revenue from corn and 38 percent from soybeans during 2020.
MOCG4200	This is a 4,200 acre central Missouri (Carroll County) grain farm with 2,310 acres of corn and 1,890 acres of soybeans. This farm is located in the Missouri River bottom, an area with a large concentration of livestock production. Corn sales accounted for 59 percent of farm receipts and soybeans accounted for 32 percent in 2020.
MONG2300	MONG2300 is a 2,300 acre diversified northwest Missouri grain farm centered in Nodaway County. MONG2300 plants 1,125 acres of corn, 1,125 acres of soybeans, and 50 acres of hay annually. The farm also has a 300 head cowcalf herd. Proximity to the Missouri River increases marketing options for area grain farmers due to easily accessible river grain terminals. In 2020, 46 percent of the farm's total receipts were from corn, 42 percent from soybeans, and 8 percent from cattle sales.
LANG2500	This is a 2,500 acre northeast Louisiana (Madison Parish) diversified grain farm. This farm harvests 500 acres of rice, 875 acres of soybeans, 375 acres of cotton, and 750 acres of corn. For 2020, 49 percent of farm receipts came from corn and soybean sales.
TNG2500	This is a 2,500 acre, moderate-sized grain farm in West Tennessee (Gibson County). Annually, this farm plants 1,025 acres of corn, 1,475 acres of soybeans, and 375 acres of wheat (planted before soybeans) in a region of Tennessee recognized for the high level of implementation of conservation practices by farmers. For 2020, 39 percent of farm receipts were from sales of corn and 43 percent from soybeans.
TNG5000	West Tennessee (Gibson County) is home to this 5,000 acre, large-sized grain farm. Farmers in this part of Tennessee are known for their early and continued adoption of conservation practices, including no-till farming. TNG5000 plants 2,500 acres of corn, 500 acres of wheat, 2,500 acres of soybeans (500 of which are double-cropped after wheat). The farm generated 50 percent of its 2020 gross receipts from sales of corn and 35 percent from soybeans.
NCSP2000	A 2,000 acre diversified farm located in southern North Carolina (Bladen County). NCSP2000 plants 400 acres of peanuts, 1,100 acres of corn, and 500 acres of soybeans. Sixty-two percent of receipts for this farm came from corn and soybean sales in 2020; thirty-one percent of receipts came from peanut sales.
NCC2030	This is a 2,000 acre grain farm located on the upper coastal plain of North Carolina (Wayne County). NCC2030 plants 400 acres of corn, 200 acres of wheat, and 1,000 acres of soybeans annually. Corn accounted for 23 percent of this farm's 2020 receipts, while soybeans accounted for 35 percent.
SCC2000	SCC2000 is a moderate-sized, 2,000 acre grain farm in South Carolina (Orangeburg County) consisting of 800 acres of corn, 550 acres of cotton, 250 acres of peanuts, and 400 acres of soybeans. Thirty-nine percent of the farm's receipts were from corn sales during 2020.
SCG3500	A 3,500 acre, large-sized South Carolina (Clarendon County) grain farm with 1,800 acres of corn, 750 acres of cotton, 600 acres of peanuts, and 350 acres of soybeans. The farm generated 45 percent of 2020 receipts from corn sales and 5 percent from soybean sales.
TXNP3450	This is a 3,450 acre diversified grain farm located on the northern High Plains of Texas (Moore County). This farm plants 1,206 acres of cotton, 1,294 acres of irrigated corn, 260 acres of irrigated sorghum for seed production, and 432 acres of irrigated wheat annually. Forty-five percent of total receipts are generated from corn sales.
TXNP10880	TXNP10880 is a large-sized diversified grain farm located in the Texas Panhandle (Moore County). This farm annually plants 4,454 acres of cotton (3,962 irrigated/492 dryland); 3,962 acres of irrigated corn; 1,272 acres of grain sorghum (530 irrigated for seed production/492 dryland/250 irrigated for commercial use); and 492 acres of dryland winter wheat. Thirty-eight percent of 2020 cash receipts were derived from corn sales.
TXPG2500	The Texas Panhandle is home to this 2,500 acre farm (Deaf Smith County). Annually, wheat is planted on 534 acres (350 irrigated and 184 dryland), 1,000 acres planted to irrigated corn, 783 acres are planted to cotton (600 irrigated and 183 dryland), and grain sorghum is planted on 183 dryland acres. Fifty-three percent of 2020 cash receipts were generated by corn sales.
TXHG3000	This 3,000 acre grain farm is located on the Blackland Prairie of Texas (Hill County). On this farm, 2,000 acres of corn, 500 acres of cotton, and 500 acres of wheat are planted annually. Grain sales accounted for 65 percent of 2020 receipts with cotton accounting for nineteen percent of sales. Forty beef cows live on 300 acres of improved pasture and contribute approximately two percent of total receipts.
TXWG1600	This 1,600 acre farm is located on the Blackland Prairie of Texas (Williamson County). TXWG1600 plants 800 acres of corn, 300 acres of sorghum, 400 acres of cotton, and 100 acres of winter wheat annually. Additionally, this farm has a 40 head beef cow herd that is pastured on rented ground that cannot be farmed. Grain sales accounted for 54 percent of 2020 receipts with cotton accounting for 29 percent of sales.

2020 Characteristics of Panel Farms Producing Wheat	
WAW2800	This is a 2,800 acre moderate-sized grain farm in the Palouse of southeastern Washington (Whitman County). It plants 1,840 acres of wheat and 800 acres of dry peas. Disease concerns dictate rotating a minimum acreage of peas to maintain wheat yields. This farm generated 63 percent of 2020 receipts from wheat.

Appendix A—Representative Farm and Ranch Characteristics—Continued

WAW10000	A 10,000 acre, large-sized grain farm in the Palouse of southeastern Washington (Whitman County). Annually, this farm allocates 5,800 acres to wheat and 2,700 acres to dry peas. Diseases that inhibit wheat yield dictate the rotation of a minimum acreage of peas. Wheat sales accounted for 61 percent of 2020 receipts.
WAAW5500	South-central Washington (Adams County) is home to this 5,500 acre, large-sized wheat farm. Annually, this farm plants 2,600 acres of wheat in a wheat-fallow rotation. Additionally, 300 acres are enrolled in CRP. In 2020, 91 percent of the farm's income came from wheat.
ORW4500	ORW4500 is a 4,500 acre large-sized grain farm located in northeastern Oregon (Morrow County). This farm plants 2,250 acres annually in a wheat-fallow rotation. Eighty-six percent of this farm's 2020 total receipts came from wheat sales.
MTW8000	North-central Montana (Chouteau County) is home to this 9,500 acre farm on which 3,500 acres of wheat (1,920 acres of winter wheat, 1,344 acres of spring wheat, and 544 acres of Durham), 590 acres of barley, and 1200 acres of dry peas are planted each year. MTW8000 uses no-till production practices. In 2020, 50 percent of receipts came from wheat.
KSCW2000	South central Kansas (Sumner County) is home to this 2,000 acre, moderate-sized grain farm. KSCW2000 plants 800 acres of winter wheat, 1,100 acres of soybeans, 200 acres of cotton, and 500 acres of corn each year. For 2020, 18 percent of gross receipts came from wheat.
KSCW5300	A 5,300 acre, large-sized grain farm in south central Kansas (Sumner County) that plants 2,385 acres of winter wheat, 1,590 acres of corn, and 3,352 acres of soybeans. Twenty-two percent of this farm's 2020 total receipts were generated from sales of winter wheat.
KSNW4000	This is a 4,000 acre, moderate-sized northwest Kansas (Thomas County) grain farm. This farm plants 1,200 acres of winter wheat (wheat-fallow rotation), 1,200 acres of corn, and 600 acres of sorghum. This farm generated 33 percent of 2020 receipts from wheat and 57 percent of its receipts from feed grains.
KSNW7000	KSNW7000 is a 7,000 acre, large-sized northwest Kansas (Thomas County) grain farm that annually plants 1,700 acres of winter wheat, 3,770 acres of corn, 700 acres of sorghum, and 130 acres of soybeans. The farm generated 16 percent of receipts from wheat and 74 percent from feed grains during 2020.
COW3000	A 3,000 acre northeast Colorado (Washington County), moderate-sized farm that plants 1,012 acres of winter wheat and 675 acres of corn each year. COW3000 has adopted minimum tillage practices on most of its acres. This farm generated 54 percent of its receipts from wheat and 34 percent from corn.
COW6000	A 6,000 acre, large-sized northeast Colorado (Washington County) wheat farm. It plants 2,000 acres of wheat, 1,000 acres of millet, and 1,000 acres of corn. During 2020, 50 percent of gross receipts came from wheat sales and 23 percent came from corn sales.

2020 Characteristics of Panel Farms Producing Cotton

TXSP4500	The Texas South Plains (Dawson County) is home to this 4,500 acre, large-sized cotton farm that grows 4,380 acres of cotton (2,880 dryland, 1,500 irrigated), and 120 irrigated acres of peanuts. Cotton sales comprised 76 percent of 2020 receipts.
TXEC5000	This 5,000 acre farm is located on the Eastern Caprock of the Texas South Plains (Crosby County). Annually, 4,700 acres are planted to cotton (2,230 irrigated and 2,470 dryland) and 300 acres to dryland wheat. In 2020, cotton sales accounted for 75 percent of gross receipts.
TXRP3000	TXRP3000 is a 3,000 acre cotton farm located in the Rolling Plains of Texas (Jones County). This farm plants 1,800 acres of cotton and 1,200 acres of winter wheat each year. The area is limited by rainfall, and the farm uses a conservative level of inputs. Sixty-five percent of 2020 farm receipts came from cotton sales. Fifty head of beef cows generated three percent of farm receipts.
TXMC2500	This 2,500 acre cotton farm is located on the Coastal Plain of southeast Texas (Wharton County). TXMC2500 farms 300 acres of sorghum, 1,455 acres of cotton, and 655 acres of corn. In 2020, cotton sales comprised 57 percent of total cash receipts on this operation.
TXCB4000	A 4,000 acre cotton farm located on the Texas Coastal Bend (San Patricio County) that farms 2,000 acres of cotton, 1,600 acres of sorghum, and 400 acres of corn annually. Sixty percent of 2020 cash receipts were generated by cotton.
TXCB10000	Nueces County, Texas is home to this 10,000 acre farm. Annually, 5,000 acres are planted to cotton, 4,500 acres to sorghum, and 500 acres of corn. Cotton sales accounted for 63 percent of 2020 receipts.
TXVC5500	This 5,500 acre farm is located in the lower Rio Grande Valley of Texas (Willacy County) and plants 2,550 acres to cotton (425 irrigated and 2,125 acres dryland), 2,295 acres to sorghum (170 irrigated and 2,125 dryland), and 255 acres of corn. In 2020, 42 percent of TXVC5500's cash receipts were generated by cotton sales.
ARNC5000	This 5,000 acre farm is located in northern Arkansas (Mississippi County) and plants 2,500 acres to cotton, 500 acres to corn, 1,000 acres of soybeans, and 1,000 acres to peanuts. In 2020, 44 percent of ARNC5000's cash receipts were generated by cotton sales.
TNC3000	A 3,000 acre, moderate-sized West Tennessee (Fayette County) cotton farm. TNC3000 consists of 825 acres of cotton, 1,375 acres of soybeans, and 800 acres of corn. Cotton accounted for 29 percent of 2020 gross receipts, with corn and soybeans contributing 24 percent and 28 percent, respectively.
TNC4050	TNC4050 is a 4,050 acre, large-sized West Tennessee (Haywood County) cotton farm. This farm plants 1,500 acres of cotton, 1,950 acres of soybeans, 550 acres of corn, and 750 acres of wheat each year. During 2020, cotton sales generated 34 percent of gross receipts.

Appendix A—Representative Farm and Ranch Characteristics—Continued

ALC3500	A 3,500 acre cotton farm located in northern Alabama (Lawrence County) that plants 1,050 acres to cotton, 1,050 acres to corn, 1,400 acres of soybeans and 875 acres to wheat (double cropped with soybeans) annually. This farm was early to adopt no-till cropping practices. Cotton sales accounted for 27 percent of total farm receipts during 2020.
GAC2500	Southwest Georgia (Decatur County) is home to a 2,500 acre cotton farm that plants 1,250 acres to cotton, 800 acres to peanuts, and 450 acres to corn. In 2020, farm receipts were comprised of cotton sales (36 percent), corn (15 percent), and peanut sales (33 percent). The farm also runs a 125 head beef cow herd, generating 3 percent of 2020 receipts.
NCNP1600	A 1,600 acre diversified farm located in northern North Carolina (Edgecombe County). NCNP1600 plants 320 acres of peanuts, 240 acres of corn, 640 acres of cotton, and 400 acres of soybeans. Twenty-three percent of receipts for this farm came from peanut sales in 2020, 38 percent from cotton sales and 23 percent came from corn and soybean sales.

2020 Characteristics of Panel Farms Producing Rice

CAR1200	CAR1200 is a 1,200 acre moderate-sized rice farm in the Sacramento Valley of California (Sutter and Yuba Counties) that plants 1,200 acres of rice annually. This farm generated 99 percent of 2020 gross receipts from rice sales.
CAR3000	This is a 3,000 acre rice farm located in the Sacramento Valley of California (Sutter and Yuba Counties) that is large-sized for the region. CAR3000 plants 3,000 acres of rice annually. In 2020, 99 percent of gross receipts were generated from rice sales.
CABR800	The Sacramento Valley (Butte County) is home to CABR800, a 800 acre rice farm. CABR800 harvests 800 acres of rice annually, generating 99 percent of 2020 farm receipts from rice sales.
CACR800	CACR800 is an 800 acre rice farm located in the Sacramento Valley of California (Colusa County). This farm harvests 800 acres of rice each year. During 2020, 99 percent of farm receipts were realized from rice sales.
TXR1500	This 1,500 acre rice farm located west of Houston, Texas (Colorado County) is moderate-sized for the region. TXR1500 harvests 600 acres of rice. The farm generated 97 percent of its receipts from rice during 2020.
TXR3000	TXR3000 is a 3,000 acre, large-sized rice farm located west of Houston, Texas (Colorado County). This farm harvests 1,500 acres of rice annually. TXR3000 realized 98 percent of 2020 gross receipts from rice sales.
TXBR1800	The Texas Gulf Coast (Matagorda County) is home to this 1,800 acre rice farm. TXBR1800 generally plants ⅓ of its acres to rice annually and fallows the remainder. The farm generated 98 percent of its receipts from rice during 2020.
TXER2500	This 2,500 acre rice farm is located in the Texas Gulf Coast (Wharton County). TXER2500 harvests 1,250 acres of rice each year. The farm also grows 1,250 acres of corn. Seventy-three percent of 2020 receipts came from rice sales.
LASR2000	A 2,000 acre southwest Louisiana (Acadia, Jeff Davis, and Vermilion parishes) rice farm, LASR2000 is moderate-sized for the area. This farm harvests 1,000 acres of rice and 200 acres of soybeans. During 2020, 58 percent of gross receipts were generated from rice sales.
ARMR6500	ARMR6500 is a 6,500 acre diversified rice farm in southeast Arkansas (Desha County) that plants 650 acres of rice, 3,900 acres of soybeans, and 1,950 acres of corn. For 2020, 10 percent of gross receipts came from rice sales, 27 percent from corn sales, and 50 percent from soybean sales.
ARSR3240	ARSR3240 is a 3,240 acre, large-sized Arkansas (Arkansas County) rice farm that harvests 1,458 acres of rice, 1,458 acres of soybeans, and 324 acres of corn each year. Fifty-five percent of this farm's 2020 receipts came from rice sales.
ARWR2500	East central Arkansas (Cross County) is home to this 2,500 acre rice farm. Moderate-sized for the region, ARWR2500 annually plants 1,250 acres each to rice and soybeans. During 2020, rice sales generated 60 percent of gross receipts.
ARHR4000	ARHR4000 is a 4,000 acre large-sized northeast Arkansas (Lawrence County) rice farm that annually harvests 2,400 acres of rice, 1,400 acres of soybeans, and 200 acres of corn. Rice sales accounted for 73 percent of 2020 farm receipts.
MSDR5000	MSDR5000 is a 5,000 acre Mississippi Delta (Bolivar County) rice farm that annually harvests 1,667 acres of rice and 3,333 acres of soybeans. Rice sales accounted for 39 percent of 2020 farm receipts. Soybeans account for 54 percent of receipts.
MOBR4000	MOBR4000 is a 4,000 acre Missouri Bootheal (Pemiscot County) rice farm. The farm annually harvests 1,320 acres of rice, 1,800 acres of soybeans and 880 acres of corn. Rice sales accounted for 44 percent of farm receipts in 2020.

2020 Characteristics of Panel Farms Producing Milk

CAD2000	A 2,000 cow, large-sized central California (Tulare County) dairy, the farm plants 975 acres of hay/silage for which it employs custom harvesting. Milk sales generated 81 percent of 2020 total receipts.
WAD300	A 300 cow, moderate-sized northern Washington (Whatcom County) dairy. This farm plants 250 acres of silage and generated 79 percent of its 2020 gross receipts from milk sales.
WAD1200	A 1,200 cow, large-sized northern Washington (Whatcom County) dairy. This farm plants 850 acres for silage annually. During 2020, 80 percent of this farm's gross receipts came from milk.
IDD1500	A 1,500 cow, large-sized dairy located in the Magic Valley of Idaho (Twin Falls County). This farm plants 550 acres of corn silage and 300 acres of hay annually. Milk sales account for 79 percent of 2020 gross receipts.

Appendix A—Representative Farm and Ranch Characteristics—Continued

NVD1000	A 1,000 cow, moderate-sized Nevada (Churchill County) dairy. This farm plants 475 acres of hay and 200 acres of corn silage annually. Milk sales accounted for 85 percent of NVD1000's gross receipts for 2020.
TXND3800	A 3,800 cow, large-sized dairy located in the South Plains of Texas (Bailey County). This farm plants 1,920 acres of corn silage annually. Milk sales account for 83 percent of 2020 gross receipts.
TXCD1500	A 1,500 cow, large-sized central Texas (Erath County) dairy, TXCD1500 plants 366 acres of silage and 500 acres of hay annually. During 2020, milk sales accounted for 85 percent of receipts.
TXED400	A 400 cow, moderate-sized northeast Texas (Hopkins County) dairy. This farm has 200 acres of hay. During 2020, milk sales represented 77 percent of annual receipts.
WID180	A 180 cow, moderate-sized eastern Wisconsin (Winnebago County) dairy, the farm plants 120 acres of silage, 50 acres for hay, 320 acres of corn, 100 acres of wheat, and 180 acres of soybeans. Milk constituted 64 percent of this farm's 2020 receipts.
WID1700	A 1,700 cow, large-sized eastern Wisconsin (Winnebago County) dairy, the farm plants 850 acres of haylage, 1,000 acres of silage, 75 acres of soybeans, 150 acres of wheat, and 1,200 acres of corn. Milk sales comprised 80 percent of the farm's 2020 receipts.
OHD350	A 350 cow, moderate-sized central Ohio (Gonzalez County) dairy, the farm plants 575 acres of silage, 200 acres of corn, 50 acres of soybeans, and 50 acres of wheat. Milk sales comprised 73 percent of the farm's 2020 receipts.
NYWD400	A 400 cow, moderate-sized western New York (Wyoming County) dairy. This farm plants 50 acres of corn, 750 acres of silage, and double crops 425 acres of haylage annually. Milk sales accounted for 84 percent of the gross receipts for this farm in 2020.
NYWD1200	A 1,200 cow, large-sized western New York (Wyoming County) dairy. This farm plants 1,900 acres of silage and 900 acres of corn annually. Milk sales accounted for 85 percent of the gross receipts for this farm in 2020.
NYCD180	A 180 cow, moderate-sized central New York (Cayuga County) dairy. This farm plants 200 acres of corn, and 350 acres of silage annually. Milk sales accounted for 70 percent of the gross receipts for this farm in 2020.
NYCD800	A 800 cow, large-sized central New York (Cayuga County) dairy. This farm plants 950 acres of silage and 850 acres of hay annually. Milk sales accounted for 78 percent of the gross receipts for this farm in 2020.
VTD160	A 160 cow, moderate-sized Vermont (Washington County) dairy. VTD160 plants 160 acres of hay and 260 acres of silage annually. Milk accounted for 79 percent of the 2020 receipts for this farm.
VTD400	A 400 cow, large-sized Vermont (Washington County) dairy. This farm plants 75 acres of hay and 600 acres of silage annually. Milk sales represent 71 percent of VTD400's gross receipts in 2020.
MOGD550	A 550 cow, grazing dairy in southwest Missouri (Dade County), the farm grazes cows on 300 acres of improved pasture cut for hay. The dairy uses minimal inputs with 9,000 lbs of milk per cow. Milk accounted for 58 percent of gross farm receipts for 2020.
FLND550	A 550 cow, moderate-sized north Florida (Lafayette County) dairy. The dairy grows 130 acres of hay and 200 acres of silage each year. All other feed requirements are purchased in a pre-mixed ration. Milk sales accounted for 76 percent of the 2020 farm receipts.
FLSD1750	A 1,750 cow, large-sized south-central Florida (Okeechobee County) dairy, FLSD1750 plants 300 acres of hay. Milk sales represent 84 percent of 2020 total receipts.

2020 Characteristics of Panel Farms Producing Beef Cattle

NVB650	NVB650 is a 650 cow ranch located in northeastern Nevada (Elko County). The operation consists of 1,300 acres of owned hay meadow and 8,725 acres of owned range, supplemented by 3,560 AUMs of public land. Each year, the ranch harvests 975 acres of hay. Annually, cattle sales represent 78 percent of the ranch's receipts.
NVSB550	NVSB550 is a 550 cow ranch located in southeastern Nevada (Lincoln County). The operation consists of 125 acres of owned hay meadow and 375 acres of owned range, supplemented by 7,600 AUMs of public land. Annually, cattle sales represent 77 percent of the ranch's receipts.
MTB600	A 600 cow ranch located on the eastern plains of Montana (Custer County), MTB600 runs cows on a combination of owned land and land leased from Federal, state, and private sources. The ranch owns 14,000 acres of pasture. 800 acres of hay are produced annually. Also, all deeded acres are leased for hunting. Cattle sales represented 71 percent of this ranch's 2020 receipts.
WYB475	This 475 cow ranch is located in north central Wyoming (Washakie County). The ranch leases 2750 AUMs from the U.S. Forest Service and owns 1,500 acres of range. Annually, the ranch harvests 315 acres of alfalfa and grass hay on owned ground. In 2020, cattle sales accounted for 78 percent of gross receipts.
COB275	This 275 cow ranch is located in northwestern Colorado (Routt County). Federal land provides seven percent of the ranch's grazing needs. The ranch owns 2,300 acres of rangeland, and the cattle graze Federal land during the summer. Cattle sales accounted for 51 percent of the ranch's 2020 total receipts.
NMB210	NMB210 is a 210 cow ranch located in northeastern New Mexico (Union County). During 2020, 82 percent of gross receipts were derived from cattle sales with the balance of receipts generated from fee hunting.

Appendix A—Representative Farm and Ranch Characteristics—Continued

SDB600	SDB600 is a 600 cow West River (Meade County, South Dakota) beef cattle ranch. This operation produces hay on 1,000 acres of owned cropland, and runs its cows on 6,500 acres of owned native range. In 2020, cattle sales accounted for 83 percent of gross receipts.
MOB250	A 250 cow beef cattle operation is the focal point of this diversified livestock and crop farm located in southwest Missouri (Dade County). MOB250 plants 160 acres of corn, 160 acres of wheat, and 200 acres of soybeans. Improved pasture makes up another 570 acres of this ranch. During 2020, cattle sales comprised 38 percent of gross receipts.
TXRB400	The western Rolling Plains of Texas (King County) is home to this 400 head cow-calf operation. This ranch operates on 20,000 acres (half owned, half leased) of native range. Seventy-one percent of 2020 receipts came from cattle sales, while 29 percent came from fee hunting.
TXSB300	A 300 head cow-calf operation is the central focus of this full-time agricultural operation in south central Texas (Gonzales County). Contract broiler production and hunting income are vital to the ranch's viability. Cattle sales accounted for 74 percent of 2020 gross receipts.
OTHERS	Five other representative farms have beef cattle operations along with their crop production (MONG2300, TXHG2700, TXWG1600, TXRP2500, and GAC2300). These farming operations have from 40 to 300 cows. Cattle contributed approximately 10 percent of gross receipts for these farms in 2020.

Appendix B—Representative Farm Panel Members and Facilitators

Feed Grain Farms

Indiana

Facilitators

Mr. Scott Gabbard—*Extension Educator,* Shelby County, Purdue Cooperative Extension

Panel Participants

Mr. David Brown	Mr. Kevin Carson
Mr. Gary Everhart	Mr. Andy Fix
Mr. Jason & Dan Foltz	Ms. Carmen Hawk
Mr. Darrell Linville	Mr. Gary Robards
Mr. Ken Simpson	Ms. Angie Steinbarger
Mr. Doug Theobald	Mr. Jeremy Weaver

Iowa

Facilitators

Mr. Jerry Chizek—*County Extension Director,* Webster County

Panel Participants

Mr. Doug Adams	Mr. Brad Black
Mr. Dean Black	Mr. Perry Black
Mr. A.J. Blair	Mr. Gregg Hora
Mr. Tyler Lane	Mr. Jay Lynch
Mr. Steve Peterson	Mr. Doug Stanek
Mr. Jason Stanek	Mr. Brent Wells
Mr. Kent Wuebker	Mr. Loren Wuebker

Missouri—Central

Facilitators

Mr. Parman Green

Panel Participants

Mr. Joe Brockmeier	Mr. Michael Brockmeier
Mr. Kevin Casner	Mr. Mark Casner
Mr. Kyle Durham	Mr. Dennis Germann
Mr. Todd Gibson	Mr. Dale Griffith
Mr. Jack Harriman	Mr. Todd Hensiek
Mr. Mike Hisle	Mr. Preston Hisle
Mr. Glenn Kaiser	Mr. Marc Kaiser
Mr. David Kipping	Mr. Robert Kipping
Mr. Craig Linneman	Mr. Mike Ritchhart
Mr. James Wheeler	

Missouri—Northwest

Facilitators

Mr. Peter Zimmel—FAPRI, University of Missouri

Panel Participants

Mr. Terry Ecker	Mr. Curtis Lewis
Mr. Russell Miller	Mr. Matt Rosenbohm
Mr. Nick Rosenbohm	Mr. Andrew Stoll

Appendix B—Representative Farm Panel Members and Facilitators—Continued

Nebraska—Central

Facilitators

Ms. Sarah Sivits
Mr. Bruce Treffer—*Extension Educator,* Dawson County

Panel Participants

Mr. Jim Aden	Mr. Rob Anderson
Mr. Bart Beattie	Mr. Greg Hueftle
Mr. Pat Luther	Mr. Tim Maline
Mr. Clark McPheeters	Mr. Scott McPheeters
Mr. Cody Peden	Mr. Rod Reynolds
Mr. Dave Rowe	Mr. Paul Stieb
Mr. Dan Strauss	

North Dakota

Facilitators

Mr. Randy Grueneich—*County Extension Agent,* North Dakota State University
Dr. Bryon Parman—*Extension Associate-Farm Management,* North Dakota State University

Panel Participants

Mr. John Robert Anderson	Mr. Eric Broten
Mr. Jim Broten	Mr. Wade Bruns
Mr. Mike Clemens	Mr. Mark Formo
Mr. Leland Guscette	Mr. Rob Hanson
Mr. Jason Haugen	Mr. Charlie Kreidelcamp
Mr. Greg Shanenko	Mr. Anthony Thilmony

Ohio

Facilitators

Mr. Ben Brown—*Assistant Professor*

Panel Participants

Mr. Dean Bixel	Mr. Scott Conrad
Mr. Mark Drewes	Mr. Matt Eggers
Mr. Todd Hesterman	Mr. Tim Holbrook
Mr. Eric Johnson	Mr. Jeremy Tedrow
Mr. Kevin Thierry	

Ohio—Napoleon

Facilitators

Mr. Ben Brown—*Assistant Professor*

Panel Participants

Mr. Dean Bixel	Mr. Scott Conrad
Mr. Mark Drewes	Mr. Matt Eggers
Mr. Todd Hesterman	Mr. Tim Holbrook
Mr. Eric Johnson	Mr. Jeremy Tedrow
Mr. Kevin Thierry	

South Carolina

Facilitators

Mr. Scott Mickey
Dr. Nathan Smith

Panel Participants

Mr. Neal Baxley	Ms. Vikki Brogdon
Mr. Chris Cogdill	Mr. Harry DuRant
Mr. Sam DuRant	Mr. Jason Gamble
Mr. Steven Gamble	Mr. Barry Hutto
Mr. Tommy Lee	Mr. Joe McKeower
Mr. John Michael Parimuha	

Tennessee—Trenton

Facilitators

Mr. Jeff Lannom—*Extension Agent & County Director,* Weakley County
Mr. Chris Narayanan
Mr. Philip Shelby—*Extension Agent,* Gibson County
Mr. Tim Smith—*County Extension Agent,* Obion County

Panel Participants

Mr. Steven Agee	Mr. Brent Baier
Mr. Kenneth Barnes	Mr. Randy Boals

Appendix B—Representative Farm Panel Members and Facilitators—Continued

Mr. MIKE BRUNDIGE Mr. KALEB DINWIDDIE Mr. BOBBY GARNER Mr. BRENT GRIGGS Mr. ROB HOLMAN Mr. TODD LITTLETON Mr. BEN MOORE Mr. DAVID OLIVER Mr. JOHN PARRISH Mr. HEDRICK SHOAF Mr. KEITH STEELE Mr. JAMES WALL Mr. JAY YEARGIN	Mr. JOHN CHESTER Mr. MIKE FREEMAN Mr. DEREK GRIFFIN Mr. GARY HALL Mr. JOSH LITTLE Mr. JASON LUCKEY Mr. SCOTTY OGG Mr. ERIC OWEN Mr. ERIC PARTEE Mr. KEVIN SMETHWICK Mr. SETH TAYLOR Mr. JODY WRIGHT

Texas—Northern Blackland Prairie

Facilitators

Mr. ZACH DAVIS—*County Extension Agent,* Hill County

Panel Participants

Mr. CHAD KASKA Mr. CHAD RADKE	Mr. TODD KIMBRELL, JR. Mr. JOHN SAWYER

Texas—Northern High Plains

Facilitators

Mr. MARCEL FISCHBACHER—*County Extension Agent,* Moore County

Panel Participants

Mr. TOMMY CARTRITE Mr. JUSTIN GARRETT Mr. CASEY KIMBRELL Mr. CHANDLER PRESTON Mr. STAN SPAIN Mr. DEE VAUGHAN	Mr. BRENT CLARK Mr. KELLY HAYS Mr. TOM MOORE Mr. JON REZNIK Mr. DARREN STALLWITZ Ms. LINDA WILLIAMS

Texas—Panhandle

Facilitators

Mr. RICK AUCKERMAN—*County Extension Agent,* Texas Cooperative Extension

Panel Participants

Mr. MICHAEL CARLSON Mr. GREG CHAVEZ Mr. BOB MEYER	Mr. ROY CARLSON Mr. STEVE HOFFMAN Mr. TOM SCHLABS

Texas—Southern Blackland Prairie

Facilitators

Mr. COOPER TERRILL—*County Extension Agent,* Williamson County

Panel Participants

Mr. TERRY PEKAR Mr. KEN SEGGERN	Mr. HERBERT RAESZ

Texas—Southwest

Facilitators

M[s]. SAMANTHA KORZEKWA—*County Extension Agent,* Uvalde County

Panel Participants

Mr. JIMMY CARNES Mr. MARK LANDRY	Mr. RALPH HESSE Mr. DANNY PARKER

Wheat Farms

Colorado

Facilitators

Mr. JOHN DEERING—*Ag Business Agent,* North Star Bank
Mr. DENNIS KAAN—*Director,* Golden Plains Area Extension, Colorado State University

Panel Participants

Mr. ROLLIE DEERING Mr. DAVID FOY Mr. WILLIAM HARMAN Mr. TERRY KUNTZ Mr. DAVE LILLICH Ms. SARA OLSEN	Mr. WARD DEERING Mr. DALE HANSEN Mr. BARRY HINKHOUSE Mr. SHANE LEOFFLER Mr. MAX OLSEN Mr. KEN REMINGTON

Appendix B—Representative Farm Panel Members and Facilitators—Continued

Mr. Craig Saxton Mr. Harlan Schaffert Mr. John Wright	Mr. Calvin Schaffert Mr. Dave Wagers

Kansas—Northwest

Facilitators

Dr. Dan O'Brien—*Area Extension Director,* Kansas State University
Mr. Mark Wood—*Extension Agricultural Economist,* Kansas Farm Mgmt. Association

Panel Participants

Mr. Tanner Brown Rich Calliham Mr. Sam Crouse Mr. Lee Juenemann Mr. Lance Leebrick	Mr. Steve Busse Mr. Richard Calliham Mr. Aaron Horinek Mr. Brian Laufer Mr. Steve Schertz

Kansas—South Central

Facilitators

Mr. Randy Hein—County Extension Agent, Sumner County
Mr. Zach Simon—County Extension Agent, Sedgwick County

Panel Participants

Mr. Colton Day Mr. Doug Hisken Mr. Kent Ott Mr. Mike Slack Troy & Julia Strnad Mr. Robert White	Mr. Dennis Gruenbacher Mr. Aaron Lange Mr. Steve Schmidt Mr. Nick Steffen Mr. Tim Turek

Montana—North Central

Facilitators

Mr. Lochiel Edwards

Panel Participants

Mr. Darin Arganbright Mr. Duane Beirwagen Mr. Dan Works	Mr. Steve Bahnmiller Mr. Will Roehm

Oregon—North Central

Facilitators

Jon Farquharson

Panel Participants

Mr. Dana Heideman Mr. Joe McElligott Mr. Eric Orem Mr. Tim and Shannon Rust	Mr. Bill Jepsen Mr. Craig Miles Mrs. Shannon Rust

Washington

Facilitators

Mr. Aaron Esser—*County Director,* WSU Extension

Panel Participants

Mr. Trevor Jantz Mr. Mike Miller Mr. Travis Simonson Mr. Traven Smith	Mr. Ron Jirava Mr. Justin Simonson Mr. Tim Smith Mr. Steve Taylor

Washington—Palouse

Facilitators

Dr. Janet Schmidt—*Extension Faculty,* Washington State University
Mr. Steve Van Vleet—*Extension Agronomist,* Washington State University

Panel Participants

Mr. Ben Barstow Mr. Gavin Clark Mr. Aaron Gfeller Ms. Kenda Hergert Ms. Heidi Kopf Mr. Gary Largent Mr. Steve Mader Mr. Clark Miller	Mr. Asa Clark Mr. Scot Cocking Mr. David Harlow Mr. Dean Kinzer Mr. Brian Largent Mr. Michael Largent Ms. Amy McKay Mr. Bruce Nelson

Appendix B—Representative Farm Panel Members and Facilitators—Continued

Mr. Chris Schultheis Mr. Steve Teade	Mr. David Swannack Mr. Jon Whitman

Cotton Farms

Alabama

Panel Participants

Mr. James Blythe Mr. Jarred Darnell Mr. William Lee	Mr. Paul Clark Dr. Steve Ford Ms. Larkin Martin

Arkansas

Facilitators

Mr. Ray Benson
Mr. Ronnie Kennett
Dr. Brad Watkins—*Research Assistant Professor,* U. of Arkansas Cooperative Extension

Panel Participants

Mr. Chad Costner Mr. Todd Edwards Mr. Justin Hawkins Mr. David Wildy	Mr. Heath Donner Mr. Cole Hawkins Mr. Kenny Jackson

Georgia—Southwest

Facilitators

Ms. Nan Bostick—*County Extension Coordinator,* Decatur County
Mr. Cody Powell
Dr. Adam Rabinowitz

Panel Participants

Mr. Andy Bell Mr. Greg Mims Mr. Brad Thompson	Mr. Jerry Jones Mr. Willard Mims Mr. Raymond Thompson

North Carolina

Facilitators

Mr. Daryl Anderson—*County Extension Agent*
Dr. Blake Brown
Mr. Gary Bullen
Mr. Kevin Johnson—*County Extension Director,* Wayne County

Panel Participants

Mr. Landis Brantham, Jr. Mr. Willie Howell Mr. Danny C. Pierce Mr. Bryant Worley	Mr. Michael Gray Mr. David B. Mitchell, Sr. Mr. Craig West

South Carolina

Facilitators

Mr. Jonathan Croft
Mr. Scott Mickey
Dr. Nathan Smith

Panel Participants

Mr. Jimmie Griner Mr. John McLaurin Mr. Landrum Weathers	Mr. Dean Hutto Mr. David Tindal

Tennessee

Facilitators

Mr. Walter Battle—*Co-Director,* Haywood County Extension
Mr. Chuck Danehower—*Extension Area Specialist,* Farm Management
Mr. Chris Narayanan
Mr. Tyson Raper
Ms. Lindsay Stephenson-Griffin
Mr. Jeff Via—*County Extension Director,* Fayette County

Panel Participants

Mr. Alex Armour Mr. R. Morris English, Jr. Mr. Lee Graves Mr. Ed Karcher	Mr. Chuck Dacus Mr. Willie German Mr. Dewayne Hendrix Mr. Rob Karcher

Appendix B—Representative Farm Panel Members and Facilitators—Continued

Mr. ALLEN KING	Mr. JOHN KING
Mr. TRAVIS LONON	Mr. KINNEY MCRAE
Mr. HASSELL SMITH	Mr. RONALD WOODS

Texas—Coastal Bend

Facilitators

Mr. BOBBY MCCOOL—*County Extension Agent,* San Patricio County and Aransas County
Mr. MARK MILLER—*Chief Operations Officer,* Texas AgFinance
Mr. JEFF NUNLEY—*Executive Director,* South Texas Cotton & Grain Association
Mr. JASON OTT—*County Extension Agent,* Nueces County
Mr. JOHN PARKER—*Vice President,* Texas AgFinance

Panel Participants

Mr. TRAVIS ADAMS	Mr. MARVIN BEYER, JR.
Mr. COLIN CHOPELAS	Mr. JIMMY DODSON
Mr. JON GWYNN	Mr. DARRELL LAWHON
Mr. LARRY MCNAIR	Mr. ANDREW MILLER
Mr. TOBY ROBERTSON	Mr. DARBY SALGE
Mr. DAVID WEAVER	Mr. JON WHATLEY

Texas—Eastern Caprock

Facilitators

Ms. CAITLIN JACKSON

Panel Participants

Mr. LLOYD ARTHUR	Mr. BROOKS ELLISON
Mr. MARK SCHOEPF	Mr. CONNER WILMETH

Texas—Mid Coast

Facilitators

Mr. JEFF NUNLEY—*Executive Director,* South Texas Cotton & Grain Association
Mr. JIMMY ROPPOLO—*General Manager,* United Ag

Panel Participants

Mr. DANIEL GAVRANOVIC	Mr. DUANE LUTRINGER
Mr. CEDRIC POPP	Mr. MICHAEL POPP
Mr. DARRELL SCHOENEBERG	Mr. MIKE WATZ

Texas—Rio Grande Valley

Facilitators

Mr. MATTHEW RODRIGUEZ—*County Extension Agent*

Panel Participants

Mr. JERRY CHAPPELL	Mr. JOE PENNINGTON
Mr. SPENCE PENNINGTON	Mr. IVAN SALAZAR
Mr. ZACHARY SWANBERG	Mr. MARK WILLIS

Texas—Rolling Plains

Facilitators

Mr. STEVEN ESTES—*County Extension Agent,* Texas AgriLife Extension

Panel Participants

Mr. LARRY LYTLE	Mr. MICHAEL MCLELLAN
Mr. CODY ROBERTS	Mr. BRIAN SANDBOTHE
Mr. MIKE SLOAN	Mr. DALE SPURGIN
Mr. RICK VICKERS	Mr. FERDIE WALKER
Mr. TERRY WHITE	

Texas—Southern High Plains

Facilitators

Mr. GARY ROSCHETZKY—*County Extension Agent,* Dawson County

Panel Participants

Mr. TERRY COLEMAN	Mr. WILL COZART
Mr. KIRK TIDWELL	Mr. JOHNNY RAY TODD
Mr. DONALD VOGLER	Mr. DAVID WARREN

Rice Farms

Arkansas

Facilitators

Mr. CHUCK CAPPS
Mr. STEVE KELLEY

Appendix B—Representative Farm Panel Members and Facilitators—Continued

Mr. STEVEN STONE
Dr. BRAD WATKINS—*Research Assistant Professor,* U. of Arkansas Cooperative Extension
Mr. GUS WILSON

Panel Participants

Mr. JOHN GATES	Mr. ANDREW GILL
Mr. ANDY GILL	Mr. TAD KELLER
Mr. JOE MENCER	Mr. MATT MILES
Mr. JIM WHITAKER	Mr. SAM WHITAKER

Arkansas—East Central-Arkansas County

Facilitators

Mr. BILL FREE—Riceland Foods, Inc.
Dr. BRAD WATKINS—*Research Assistant Professor,* U. of Arkansas Cooperative Extension

Panel Participants

Mr. BRANDON BAUMAN	Mr. DEREK BOHANAN
Mr. MONTY BOHANAN	Mr. DUSTY HOSKYN
Mr. STEPHEN HOSKYN	Mr. DAVID JESSUP
Mr. GARTH JESSUP	

Arkansas—East Central-Cross County

Facilitators

Dr. BRAD WATKINS—*Research Assistant Professor,* U. of Arkansas Cooperative Extension
Mr. RICK WIMBERLEY—*County Extension Agent—Staff Chair,* U. of Arkansas Cooperative

Panel Participants

Mr. CORBIN BROWN	Mr. JOHN COOPER
Mr. BYRON HOLMES, JR.	Mr. BRYAN MOERY
Mr. ROGER POHLNER	

Arkansas—Northeast-Lawrence County

Facilitators

Mr. MICHAEL ANDREWS
Mr. BRYCE BALDRIDGE
Ms. COURTNEY SISK
Dr. BRAD WATKINS—*Research Assistant Professor,* U. of Arkansas Cooperative Extension

Panel Participants

Mr. GREG BALTZ	Mr. JEREMY BALTZ
Mr. RICKY BURRIS	Mr. RONALD CAVENAUGH
Mr. DOUG COX	Mr. BRUCE MANNING
Mr. JOE RICHARDSON	Mr. VIC STONE

California—Butte County

Facilitators

Dr. LUIS ESPINO
Mr. TIM JOHNSON—*President and CEO,* California Rice Commission

Panel Participants

Mr. SETH FIACK	Mr. IMRAN KHAN
Mr. PETER RYSTROM	Mr. JOSH SHEPPARD
Mr. DEREK SOHNREY	

California—Colusa County

Facilitators

Dr. LUIS ESPINO
Mr. TIM JOHNSON—*President and CEO,* California Rice Commission

Panel Participants

Mr. DON BRANSFORD	Ms. KIM GALLAGHER
Mr. LEO LAGRANDE	Mr. CHARLES MARSH
Mr. ALEX STRUCKMEYER	

California—Sutter County

Facilitators

Ms. WHITNEY BRIM-DEFOREST—*UCCE Farm Advisor*
Mr. TIM JOHNSON

Panel Participants

Mr. BARD ANDERSON	Mr. PAUL BAGGETT
Mr. TOM BUTLER	Mr. MIKE DEWIT

Appendix B—Representative Farm Panel Members and Facilitators—Continued

Mr. Ned Lemenager	Mr. Charley Mathews
Mr. Jon Munger	Mr. Rick Nelson
Mr. Michael Rue	Mr. Don Traynham
Mr. Rob Van Dyke	Ms. Nicole Van Vleck

Louisiana—Northeast

Facilitators

Mr. Scott Franklin

Panel Participants

Mr. Ed Greer	Mr. Heath Herring
Mr. Jim Lingo	Mr. Jon Michael

Livingston

Mr. John Owen	Mr. Russ Ratcliff

Louisiana—Southwest-Acadiana

Panel Participants

Mr. Al Cramer	Mr. Tommy Faulk
Mr. David Lacour	Mr. Alan Lawson
Mr. Jackie Loewer	Mr. Micah Loewer
Mr. Christian Richard	Mr. Fred Zaunbrecher

Mississippi—Cleveland

Facilitators

Dr. Larry Falconer—*Extension Professor*
Mr. Craig hankins—*Extension Agent*

Panel Participants

Mr. Michael Aguzzi	Mr. Austin Davis
Mr. Gary Fioranelli	Mr. Randy Howarth
Mr. Kirk Satterfield	

Missouri

Facilitators

Mr. Trent Haggard—*Director,* Fisher Delta Research Center

Panel Participants

Mr. John Anderson	Mr. Alex Clark
Mr. Rance Daniels	Mr. Russ Hoggard
Mr. Jim Priggel	Mr. Will Spargo

Texas—Bay City-Matagorda County

Panel Participants

Mr. Donnie Bulanek	Mr. Barrett Franz
Mr. Billy Mann	Mr. Curt Mowery
Mr. Bob Reed	Mr. Joey Sliva
Mr. Paul Sliva	

Texas—Eagle Lake-Colorado County

Panel Participants

Mr. Andy Anderson	Mr. Kenneth Danklefs
Mr. W.A. "Billy" Hefner III	Mr. Jason Hlavinka
Mr. Ira Lapham	Mr. Patrick Pavlu
Mr. Bryan Wiese	

Texas—El Campo-Wharton County

Panel Participants

Mr. Daniel Berglund	Mr. Timothy Gertson
Mr. Mark Rasmussen	Mr. L.G. Raun
Mr. Glen Rod	Mr. Tommy Turner

Dairy Farms

California

Facilitators

Dr. J.P. Martins

Appendix B—Representative Farm Panel Members and Facilitators—Continued

Panel Participants

Mr. Steve Gaspar Mr. Claudio Ribeiro	Mr. Dino Giacomazzi Mr. Jeff Wilbur

Florida—North

Facilitators

Ms. Mary Sowerby—*Regional Dairy Extension Specialist,* UofF Extension
Mr. Chris Vann—*County Extension Agent,* Lafayette County

Panel Participants

Mr. Johan Heijkoop Mr. Rod Land Mr. Klaas Reynevelds	Mr. Everett Kerby Mr. Terry Reagan Mr. George Wedsted

Florida—South

Facilitators

Mr. Ray Hodge—*Director of Govt. Relations,* Southeast Milk

Panel Participants

Mr. Ben Butler Mr. Jacob Larson Mr. Tony Moens Mr. Sutton Rucks, Jr. Mr. Tommy Watkins	Mr. Bob Butler Mr. Woody Larson Mr. Keith Rucks Mr. Glynn Rutledge

Idaho

Facilitators

Mr. Rick Naerebout—*Executive Director,* Idaho Dairymen's Association

Panel Participants

Mr. Willie Bokma Mr. Ted Vander Scheaf	Mr. Christopher Stevenson Mr. Pete Wiersma

Missouri

Facilitators

Mr. Stacey Hamilton—*Dairy Specialist and Dade Co. Program Director*

Panel Participants

Mr. Niall Murphy Mr. Bernie Van Dalfsen Mr. Craig Zydenbos	Mr. Gary Nolan Mr. Zach Ward

Nevada—Fallon

Facilitators

Mr. Bob Fletcher
Dr. Tom Harris—Dept. of Resource Econ, University of Nevada
Ms. Pam Powell—*Extension Agent*

Panel Participants

Mr. Pete Homma Mr. Alan Perazzo Mr. Charles Turner	Mr. Cameron Mills Mr. David Perazzo Mr. Jeff Whitaker

New York—Central

Facilitators

Ms. Betsy Hicks

Panel Participants

Mr. Eric Carey Mr. and Mrs. Mike McMahon Mr. & Mrs. Todd & Josie Spencer	Ms. Amanda Fitzsimmons Mr. Kenton Patchen Mr. Zach Young

New York—Western

Facilitators

Ms. Joan Petzen—*Farm Business Mngt. Specialist,* Cornell Cooperative Extension

Panel Participants

Ms. Tammy Andrews Mr. Gerry Coyne Mr. Peter Dueppengiesser Mr. John Emerling	Mr. Benjamin Chamberlain Mr. Malachy Coyne Ms. Kitty Dziedzic Mr. Walter Faryna

Appendix B—Representative Farm Panel Members and Facilitators—Continued

Mr. Tom and Bill Fitch Ms. Sarah Keem Mr. Jeff Mulligan Mr. John Noble Mr. Steve Sondericker Mr. Ken Van Slyke	Mr. Craig Harkins Mr. John Knopf Ed & Jody Neal Mr. Lyman Rodgers Ms. Cyndy Van Lieshout

Ohio—Wooster

Facilitators

Ms. Dianne Shoemaker

Panel Participants

Ms. Jenny Bernhard Mr. Henry Hughes Ms. Joan Winkler	Mr. Gary Dotterer Mr. Joe Miley Ms. Rebecca Winkler

Texas—Central

Facilitators

Mr. Lonnie Jenschke—*County Agent,* TexasAgriLife Extension
Dr. Jason Johnson—*Area Economist,* TexasAgriLIfe Extension

Panel Participants

Mr. Frans Beukeboom Mr. Johann DeBoer Mr. Clemens Kuiper Mr. Henk Postmus	Ms. Linda Beukeboom Mr. Johan Koke Mr. Joseph Osinga

Texas—Northeast

Facilitators

Dr. Mario Villarino—*County Agent,* Texas Cooperative Extension

Panel Participants

Mr. Alan Bullock Mr. Don Smith Mr. Mark Sustaire	Mr. Blake Fisher Mr. Jerry Spencer

Texas—South Plains

Facilitators

Ms. Janet Claborn—*Director of Economic Development*
Mr. Curtis Preston—*County Extension Agent Bailey County*

Panel Participants

Mr. Tom Alger Mr. Larry Hancock Mr. Reed Mulliken Mr. Bob Wade	Mr. Matt Beckerink Mr. David Lawerence Mr. Joe Osterkamp

Vermont

Facilitators

Dr. Bob Parsons—*Asst. Professor—Farm Management,* University of Vermont

Panel Participants

Mr. Paul Bourbeau Mr. Ashley Farr Mr. Steven Jones Mr. Les Pike Mr. Onan Whitcomb	Mr. David & Deb Conant Mr. Ted Foster Mrs. Polly McEwing Mrs. Kathrine Scribner

Washington

Facilitators

Dr. Amber Itle
Dr. Susan Kerr—*Dairy Extension Specialist,* WSU

Panel Participants

Mr. John/Rich Appel Mr. Rod & Jon De Jong Mr. Troy Lenssen Mr. Ed Pomeroy Mr. Galen Smith Mr. Harold Van Berkum Mr. Peter Vlas	Mr. Ed Blok Mr. Larry DeHaan Mr. Sherman Polinder Mr. Jeff Rainey Mr. John Steensma Mr. Jerry Van Dellen

Appendix B—Representative Farm Panel Members and Facilitators—Continued

Wisconsin

Facilitators

Ms. TINA KOHLMAN

Panel Participants

Mr. DAVID BECK Mr. JOHN DIEDRICHS Mr. ROGER GRADE Mr. CLINT HODORFF Ms. LINDA HODORFF Mr. RANDY JULKA Mr. and Mrs. CHARLIE KNIGGE Mr. JEFF LINER Mr. JEFF REIDEN Mr. JOHN RUEDINGER Mr. ROB STONE Mr. BILL & TAMMY WIESE	Mr. MARK BREUNIG Ms. GOOITSKE DIJKSTRA Mr. BEN HESSELINK Mr. COREY HODORFF Mr. MATT HUNTER Mr. JIM KASTEN Mr. PETE KNIGGE Mr. CHRIS POLLACK Mr. JIM RICKERT Mr. STEVE SMITS Mr. JASON VORPAHL

Beef Producers

California

Facilitators

Mr. JOSH DAVY—*Livestock and Natural Resources Rep.,* UC-Davis Extension
Mr. LARRY FORERO—*Farm Advisor,* Livestock and Natl. Res., California Cooperative Extension
Mr. GLENN NADER—*Farm Advisor,* Livestock and Natl. Res., California Cooperative Extension

Panel Participants

Mr. JERRY HEMSTED Mr. DICK O'SULLIVAN Mr. BRITT SCHUMACHER	Mr. RON MASINGALE Mr. WALLY RONEY

Colorado

Facilitators

Mr. TODD HAGENBUCH—*County Extension Agent,* Routt County
Mr. CJ MUCKLOW—*Western Region Director*

Panel Participants

Mr. DOUG CARLSON Mr. LARRY MONGER Mr. JIM ROSSI Ms. KATHY SMITH	Mr. JAY FETCHER Mr. DUSTIN NEELIS Mr. PHILLIP ROSSI Mr. JUSTIN WARREN

Florida

Panel Participants

Mr. MIKE ADAMS Mr. ALAN KELLEY Mr. RALPH PELAEZ Dr. FRED TUCKER	Mr. WES CARLTON Mr. CARY LIGHTSEY Mr. BERT TUCKER Mr. WES WILLIAMSON

Missouri—Southwest

Facilitators

Mr. BRIAN GILLEN—*Agricultural Science Instructor,* Lockwood High School

Panel Participants

Mr. MARC ALLISON Mr. SCOTT DANIEL Mr. JAMES A. NIVENS Mr. GARY D. WOLF	Mr. STEVE ALLISON Mr. RANDALL ERISMAN Mr. MIKE THEURER

Montana

Facilitators

Mr. MICHAEL SCHULDT—*County Extension Agent,* Custer County

Panel Participants

Mr. CLARENCE BROWN Mr. LEVI FOREMAN Mr. ALYN HAUGHIAN Mr. ANDY ZOOK	Mr. ART DRANGE Mr. KENDALL GROER Mr. SCOT ROBINSON

Nevada

Facilitators

Dr. TOM HARRIS—Dept. of Resource Econ, University of Nevada

Appendix B—Representative Farm Panel Members and Facilitators—Continued

Dr. Ron Torell—Custom A.I. & Ranch Consulting

Panel Participants

Mr. Tom Barnes Mr. and Mrs. Jay Dalton Mr. and Mrs. Mitch & Rhonda Mr. and Mrs. Sam Mori Mr. Paul Sarman	Mr. and Mrs. Brad & Dani Dalton Mr. Jon Griggs Mr. Pete Mori Mr. and Mrs. Ed Sarman Mr. and Mrs. Craig Spratling

Nevada—Caliente

Facilitators

Ms. Holly Gatzke
Dr. Tom Harris—Dept. of Resource Econ, University of Nevada

Panel Participants

Mr. Pete Delmue Ms. Kena Lytle-Gloeckner	Mr. Sam Higbee Mr. Robert Mathews

New Mexico

Facilitators

Ms. Talisha Valdez—*County Extension Agent,* Union County

Panel Participants

Mr. Justin Bennett Mr. Blair Clavel Mr. Russell Kear Mr. Red Miller Mr. Derek Walker	Mr. Damon Brown Mr. John Gilbert Mr. J.C. Miller Mr. John Vincent

South Dakota

Facilitators

Ms. Adele Harty

Panel Participants

Mr. Kory Bierle Mr. Jim Cantrell Mr. Casey Doud Ray & Linda Gilbert Mr. Willis Kopren Mr. Andrew Snyder	Mr. Reed Cammack Mr. Gary Clanton Mr. Josh Geigle Mr. Riley Kammerer Mr. Sam Smith Mr. Monty Williams

Texas—Rolling Plains

Facilitators

Mr. Thomas Boyle—*County Extension Agent,* Dickens County
Mr. Toby Oliver—*County Extension Agent,* King County

Panel Participants

Mr. Greg Arnold Mr. Steve Drennan Mr. Glenn Springer	Hon. Duane Daniel Mr. Leland Foster

Texas—South

Facilitators

Mr. Dwight Sexton—*County Extension Agent,* Gonzales County

Panel Participants

Mr. Jason Breitschopf Mr. Brian Fink Mr. Michael Kuck	Mr. Michael Ehrig Mr. Mitchell Hardcastle Mr. Billy Parker

Wyoming—Worland

Facilitators

Mr. Jim Gill—*Senior University Extension Educator,* Washakie County

Panel Participants

Mr. Matt Brown Mr. Maurice Bush Mr. Dan Rice	Ms. Teresa Brown Mr. Tim Flitner Mr. Gary Rice

Appendix B—Representative Farm Panel Members and Facilitators—Continued

Peanut Farms

North Carolina—Conway

Facilitators

Dr. Blake Brown
Mr. Gary Bullen
Mr. Bob Sutter

Panel Participants

Mr. Clarke Fox Mr. Wayne Harrell Mr. Brad West	Mr. Ray Garner Mr. Donny Lassiter Mr. Donnie White

North Carolina—Elizabethtown

Facilitators

Dr. Blake Brown
Mr. Gary Bullen
Mr. Matthew Strickland
Mr. Bob Sutter

Panel Participants

Mr. Robert Byrd Mr. Jart Hudson Mr. Dan McDuffie Mr. Dan Ward	Mr. Wade Byrd Mr. Alex Jordan Mr. Sean Morris Mr. Wilbur Ward