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“Farm Bill 2023: Rural Development and Energy”

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Thank you for the opportunity to comment on the challenges and opportunities of rural economic development. I serve as the coordinator for Rural Partners of Michigan (RPM), our state’s designated State Rural Development Council (SRDC), as well as the policy director for Community Economic Development of Michigan (CEDAM). State Rural Development Councils are authorized in the Farm Bill, and work in their states to conduct research, work with state and federal government officials, partner with other community and economic development organizations, and represent the perspective and needs of rural communities throughout their states. SRDCs are uniquely positioned to expand economic and social opportunities for America’s rural communities and their residents, promote equal treatment of rural America by government agencies and the private sector and provide a collective voice for rural America.

These are challenging but impactful goals. Our rural communities throughout the nation are growing in diversity along racial, economic, and geographic lines. Rural communities are very different in character. In Michigan, our rural communities include diverse economies, including farming, tourism, service economies, and entrepreneurship among others.

Rural communities are innovative and close knit, a place where everyone knows each other’s names and where we want our children to grow, thrive, and live. However, these communities are facing challenges. In Michigan, about 1.8 million residents – nearly 20 percent of Michigan’s population – [live in rural areas of the state](#). 50 of Michigan’s 83 counties had population losses between 2010 and 2020. That includes 15 out of 16 counties in the Upper Peninsula, including Chippewa County, which lost 4.5 percent of its population [since 2010](#).

With this population loss comes challenges to capacity in our rural communities. We have seen this first-hand at RPM and CEDAM, where we run a community development fellowship program. This program, funded by the Michigan Economic Development Corporation (MEDC), places fellows for fifteen months to work on a variety of projects to help organizations expand resources and infrastructure, increase local collaboration, and remove barriers to development. The fellows bring increased knowledge and skills, and assist with community engagement to help the organizations increase their capacity. Most of our fellows have been in rural communities and directly see the impact of this population loss. Municipal employees in rural areas tend to skew older, and many times when they retire there is no one to step in and take over. This results in employees wearing multiple hats which in turn leads to the municipality without capacity to tap into some of the much needed federal programs.

With the fellowship program, we have seen how increasing the capacity of rural municipalities can have a huge impact on resources. Since 2019, our fellows have helped their communities secure \$12.8 million in 20 communities. The fellow in Marlette worked with the Downtown

Development Authority to launch a façade grant program, awarding \$10,000 to 4 downtown businesses that also leveraged \$78,000 more in private investment. The momentum from positive improvements happening in the village led to 5 new businesses opening over the course of the year that the fellow worked there, and they hired the fellow on to continue the work.

In addition, the capacity of rural communities to plan inclusively, apply for grants, meet federal requirements, and innovate and implement locally led strategies that leverage their unique assets and culture is complicated by the fragmented and siloed nature of federal programs. While we know we need a universal approach to economic development, flexibility to meet the needs of the local community is paramount. What is helpful to a service and tourism economy like Traverse City and Muskegon is much different than what would help our tribal or farming communities across the state.

In very small towns, the capacity of the community to respond to resources and opportunities are blocked by lack of knowledge. Without a chamber or an economic development group, small rural communities can miss out on programs. USDA Rural Development has employees in field offices who go into towns and provide technical assistance, but their FTEs are down and territories getting larger.

The top needs our Michigan rural communities are reporting are housing, child care, broadband, and upgrades in water infrastructure. Michigan is suffering from a housing crisis, and it is hitting our rural communities hard. One of the challenges of placing fellows in our program is finding them safe, adequate housing, and in Kalkaska we found there were no housing options for our fellow. We are blessed to have assets in rural Michigan that include beautiful lakes, trails, and outdoor camping. But with that comes many people buying vacation homes which leads to a lack of housing units for year-round residents.

We have seen many of our members successfully use a variety of USDA RD programs. One of the biggest challenges as mentioned above is water and wastewater upgrades, and the funds for financing water and wastewater improvements have been particularly helpful.

In Michigan, the state's housing stock skews older. Nearly half of it dates to before 1970, which means that about one of every two units is older than 50 years. Conversely, only about 12% of it was constructed in 2000 or after. Housing preservation grants are extremely important to help our lower-income rural residents stay in their communities. For example, in Coldwater, one of our fellows applied for the USDA Rural Development's Housing Preservation Grant on behalf of the City. The awarded \$110,000 will allow the city to expand housing rehabilitation activities for low and very low-income residents.

As rural communities shift to alternative and clean energy, the resources provided by USDA RD to support the capacity to make these shifts is critical. Rural Michigan communities are particularly vulnerable to shifts in climate, and these programs are important for increasing capacity in this area.

As we address the challenges that were exposed in the food supply chain during COVID, funding for meat and poultry processing is also important for rural Michigan. We have a severe lack of processing businesses across the state, which increases food costs for Michigan families.

Increasing access to food processing grows jobs, lowers the cost of food, and helps make the food chain more efficient.

Finally, access to rural broadband is the key to thriving rural economies. Small businesses have pivoted to provide greater online presence, and rural residents are working remotely in huge numbers. Rural communities are developing tech-based co-working spaces, incubators, and venues for online collaboration. Making sure our rural communities are connected to broadband is critical to their success.

Rural Michigan is at a crossroads. There are exciting new opportunities and resources that could address these long-standing issues, but to take advantage of them, coordinated, comprehensive action is required. Rural Michigan has many great assets – beautiful outdoor spaces, entrepreneurs, a rich history of agriculture and tribal communities. Our rural communities thrive when they have access and capacity to pursue resources to address their diverse challenges.