

**TESTIMONY ON RURAL INFRASTRUCTURE**  
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*Senate Commerce, Science and Transportation Committee*  
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**Introduction – The Promise of Rural America**

Good Morning Chairman Thune, Ranking Member Nelson, and distinguished Members of the U.S. Senate Committee on Commerce, Science, & Transportation. It is an honor to be with you today. I thank you for the opportunity to appear before you to provide comments on the rural component of the President’s Rebuilding Infrastructure in America proposal.

Throughout his campaign and since he has been in office, the President has made investing in American infrastructure a priority – for our economic growth and for winning in global commerce. I share his vision because if we’re going to “Do Right and Feed Everyone”, we need better infrastructure to connect cash crops to markets, milk from the dairy farms through the supply chain to the grocery stores, timber to lumber mills, clean water to rural households, affordable electricity to factories, teachers to students, and patients to doctors.

With such investments in rural infrastructure, we will create job opportunities for the rural workforce and unleash the full potential of the U.S. economy. Infrastructure has been the core of American economic success for more than two centuries. If we are to continue to grow, America’s infrastructure needs attention. Our Nation’s productivity, prosperity, and hope for future generations are at stake.

Prosperity in rural America is particularly vital, not just for the rural communities we love, that many of us call home, but also for our entire Nation. Our food, forests, fiber, fuels, fisheries, and fresh air and water are the bounty of our vast rural lands. Rural America is where new factories flourish, and modern jobs manufacturing modern goods. Rural areas are abundant in the natural resources we rely on for recreation and for production – the supplier of minerals, fuels, and natural resources that create and support every American job.

Rural America is nearly three-fourths of our Nation’s land and is home to 46 million fellow citizens. It has a diverse store of assets to draw upon and is home to people of all ages and occupations. Yet overcoming the challenges and realizing the opportunities for prosperity in rural America requires action. Success depends on expanding productivity in the rural economy and connecting rural people to each other, to urban areas, and to the rest of the world.

**The Rural Economy Runs on Core Rural Infrastructure**

Rural productivity, prosperity, and quality of life are critical to this Administration and USDA. On my first day as Secretary of Agriculture, the President asked me to Chair the Task Force on Agriculture and Rural Prosperity with a charge to identify key changes that would bring prosperity to rural America. This was both a privilege and an immense challenge that I did not take lightly and continues to guide my daily decisions as Secretary.

I travelled extensively across the country, taking a hard look at the challenges and opportunities in rural communities and hearing from those living in America’s heartland. I heard directly from many of your constituents, including those in Florida, Indiana, Nevada, Texas, West Virginia, and Wisconsin. At every stop, in every place, I heard from the users of our precious infrastructure – the roads, bridges, railways, airports, waterways, water utilities, electric systems, and broadband. For these communities and their

families, prosperity means rebuilding and modernizing their infrastructure. I saw firsthand that communities that cannot offer safe and reliable water, wastewater facilities, efficient electricity, broadband service, as well as surface and air transportation connections cannot hope to grow businesses or attract new employers to their area.

### Rural Transportation

America's rural communities are an important linkage in the Nation's transportation network. Road and rail upgrades as well as improvements in inland and maritime ports are necessary to speed commodity movements to world markets. Coast to coast, border to border, city to city, and farm to market, rural transportation systems connect our country. According to the U.S. Department of Transportation, rural America is home to many of the Nation's most critical transportation assets, including more than 3,700 airports, almost 3 million miles of roadways and almost 30,000 miles of interstate highways, and large portions of the nation's 140,000 miles of freight rail. And, of the Nation's nearly 55,000 bridges that are in poor condition, 80% are in rural areas.

Also, according to the U.S. Department of Transportation, American productivity relies on 25,000 miles of inland waterways to transport commodities from rural production sites. Yet more than half of the locks and dams operated by the U.S. Army Corps of Engineers are more than 50 years old and put at risk the ability to efficiently handle the more than 500 million tons of freight now traveling on our inland waterways. Traffic congestion and repairs are causing twice as many hours of delay now than in the year 2000.

### Rural Utilities – Water

The Environmental Protection Agency reports that most Americans receive their drinking water from one of the nation's over 50,000 community water systems. Of these, about 85% are small rural water systems serving rural citizens, working families, and businesses. Continued rural infrastructure investments for water, wastewater, and solid waste systems in small town America is crucial. The demand for water investment is great, with demand that exceeds the federal government's ability to support. Today, the USDA rural water program has a backlog of more than \$3.1 billion projects awaiting funding and financing. States with the highest backlog of requests for federal loans and grants include Indiana, Illinois, Michigan, Minnesota, Missouri, Oklahoma, New Mexico, Texas, Washington, and West Virginia.

### Rural Utilities – Electric

Our nation's electric grid is the most complex machine known to humanity, delivering power at the flip of a switch, and serving as the foundation upon which our entire economy rests. Over 40% of the electric distribution infrastructure in the United States, as measured in miles of line, is provided by rural electric service providers that are current or former customers of USDA's Rural Utilities Service. Electric infrastructure, like all infrastructure, needs almost constant care, maintenance, and modernization. New challenges emerge every day. We need to protect the grid from engineered and natural disasters, cyber threats, and aging facilities. We also need to invest in a connected "smart grid" that prevents and speeds response to outages and dynamically manages an increasingly complex mix of energy.

### Rural Utilities – Broadband

Atop the infrastructure priority list for rural American citizens, businesses, and farms is the expansion of rural broadband for e-connectivity to the next "interstate highway system" of global commerce. The Agriculture and Rural Prosperity Task Force recognized "e-connectivity" or reliable and affordable broadband as the key to productivity in the 21st Century. It is fundamental for economic growth throughout the U.S., providing access to capital, expanding markets, training Americans for the jobs of the 21<sup>st</sup> Century economy, enabling innovation, and ensuring quality of life.

A look back in history tells us supporting similar rural American connections have been the centerpiece of rural prosperity, rural productivity and rural jobs. The Rural Electrification Act of 1936, the original Telecommunications Act of 1934, and Federal Aid Highway Act of 1956 were all critical contributors to rural American economies. Just like the interstate opened the way for faster transportation, broadband connectivity is the new interstate that will connect all the towns and cities across the nation. While Interstate highways may have bypassed many small towns decades ago, we want to be sure that the new digital highway does not bypass any of those small towns this time. Every rural community should have an “on ramp” to the digital superhighway that carries 21st Century commerce.

One of many beneficiaries of broadband e-connectivity will be farms. Precision agriculture technologies are growing in popularity for their ability to improve farm management decisions, for increasing production and reducing input costs. Modern farming technologies include precision planting, fertilizing, spraying, and irrigation. USDA researchers have estimated that the cost savings from use of these precision agriculture technologies in corn production ranged between \$13 and \$25 per acre. In addition to “smart farms”, smart forest, smart factories, and smart transportation will also be an economic game-changer for rural economies – all requiring full deployment e-connectivity to high-speed internet, far beyond what is available in rural America today.

According to the best available data on e-connectivity access, the Federal Communications Commission found that nearly one-third of rural Americans lack access to broadband, while only two percent of urban Americans lack access to service at speeds of 25 Mbps download/3 Mbps upload. Additionally, remote areas with difficult terrain and less dense populations increase the costs of construction and provide less financial incentives for businesses to deploy service.

As we invest in rural infrastructure, a key part of modernization should include the best cybersecurity possible – for our water utilities, power utilities, and broadband. Protections from such threats are important throughout all our networks, for our entire Nation’s security.

### **The President’s Rural American Infrastructure Priority**

The President believes in this vision for rural prosperity and sees infrastructure as a key ingredient. He knows that rural infrastructure needs attention – rehabilitation to reduce downtime for repairs, capacity to carry all the Made in the U.S.A. goods that rural America produces, and modernization to be sure American businesses compete and win in the new electronic economy.

The President’s proposal for Rebuilding Infrastructure in America prioritizes responsible and sustainable investment in all our nation’s infrastructure and forges a path toward prosperity with a growth-oriented package of funds and infrastructure reforms. He envisions a “lighter federal touch” in funding and permitting for infrastructure, because he entrusts states and communities—not Washington—to make decisions to meet their unique rural needs.

His proposal devotes \$50 billion, or 25% of the overall Infrastructure proposal, for rural areas with populations of 50,000 or less, allocating a majority of the rural investment – 80% or \$40 billion – directly to states as block grants, by a formula based on rural population and rural infrastructure. States would then use their Rural Infrastructure Block Grant to choose the mix of projects that best fulfill rural priorities with a non-siloed approach to investing.

A state could spend some of its funds to invest in rebuilding and modernizing roads, bridges, railways, ports, and waterways. A state could also choose to provide clean water for rural families through state and local mechanisms, rather than relying on backlogged federal approaches that cannot hope to satisfy the

demand. A state might also tailor ways to expand broadband deployment to connect their rural communities using the most affordable and effective technologies for their unique geographies and economic uses. A state might choose to invest some of its Rural Infrastructure Block Grant to upgrade power infrastructure in rural communities, or to support local and regional locks, dams and reservoirs, or to finish environmental clean-up of brownfields and Superfund sites that are holding back their development into productive uses.

Yet this not a typical block grant. The proposal here is an innovative approach, requiring Governors to base their spending decisions on their own Rural Infrastructure Investment Plan that they would publish on the internet. States that spend their Rural Infrastructure Block Grant according to their rural plans – in support of their own rural economies and their own unique rural infrastructure needs that they define for themselves – would then be eligible for the 20% bonus funding. This is the type of transparency that, in my experience, engenders accountability in the use of public funds that American taxpayers deserve.

### Streamlining Environmental Permitting

The President also wants to reduce the red tape that holds back American infrastructure investment. Streamlining environmental permitting is a critical component of improving American infrastructure and ensuring taxpayer dollars fund projects that are completed on time, with efficiency, while also maintaining environmental integrity. As a member of the Federal Permitting Improvement Steering Council, we are providing accountability for covered projects under Title 41 of the Fixing America's Surface Transportation Act (FAST-41), and are working with fellow Council members to find efficiencies in the permitting process.

As a proud leader in the implementation of President Trump's Executive Order to streamline the permitting process, I have commissioned the development of implementation guidance to help USDA focus on what we must do to ensure the environment is protected while fairly evaluating essential community projects in reasonable time frames. Yet, there are still many statutes that make this difficult to execute. As one of the implementers of dozens of different environmental review laws, USDA is one of 20 Federal agencies who must review major infrastructure projects to ensure they minimize impacts to the environment and maximize economic development. As a result, under current laws, major projects can take decades to clear these environmental permitting hurdles – the President's proposal would trim approvals to two years. permitting hurdles – the President's proposal would trim approvals to two years.

Key legislative changes we seek would make the environmental review process much more streamlined, give Executive branch agencies the directive to complete reviews on deadlines with a collaborative approach, reduce duplication and conflicts, and remove some of the impediments that have further complicated the process without any additional environmental benefit.

### **USDA Knows Rural Infrastructure**

Rural infrastructure is no stranger to the Department of Agriculture. We know the transportation needs of rural communities and rural businesses from the users' standpoint. Our mission at USDA is to "Do Right and Feed Everyone" as we facilitate the productivity at the nation's more than two million farms. This includes the utilities that provide power and water utilities to agricultural production and processing sites, as well as disseminating information about the transport of agriculture commodities to markets.

In particular, our Rural Development mission area is keenly focused on providing low cost financing to help rural electric providers deliver the safe, reliable, and affordable electricity as well as clean water and reliable high-speed internet. USDA has a current loan portfolio of \$57 billion worth of rural utilities infrastructure,

which has a default rate of less than 1.3%. This is tangible testimony to USDA's knowledge of rural infrastructure and its potential for strong return on investment.

Among these outstanding loans are more than \$1 billion worth of rural water, wastewater, and solid waste infrastructure projects, with approximately \$128 million of additional leveraged funds from other non-federal sources. Just yesterday we announced an additional \$276 million in electric loans in 12 states. And USDA's broadband programs serve the most remote communities— in FY 2017, USDA invested over \$500 million for more than 100 projects that will deliver new or improved high-speed broadband service to more than 160,000 households and businesses.

This is why, in addition to the Rural Infrastructure Block Grants to states, the President also proposes to invest up to \$14 billion more in existing federal financing programs at various Federal agencies, including USDA's Rural Utilities Service.

## **Conclusion**

Throughout American history, our inventiveness and ingenuity have driven the U.S. to be a global leader in innovation and progress. In infrastructure, the basic tangible building block of the economy, we were once the envy of the world. We are in danger of losing that distinct advantage over other nations, and because of that, our rural communities risk slipping farther behind in economic achievement. However, with prudent and essential investments in infrastructure, we can restore our position in the world and help steer America back to prosperity.

Strategic infrastructure investments will infuse rural areas with stronger businesses, agricultural and forest economies, and empower America – infrastructure investments which increase the productivity of farmers, ranchers and foresters will lead to the enhanced viability and prosperity of rural America. Only with reliable and efficient infrastructure can rural America's valuable goods be created and brought to markets both at home and abroad. All in all, the proposal the President has crafted would make the U.S. more competitive, and deliver the world's best infrastructure which the American people deserve.

At USDA, our informal motto is "Do Right and Feed Everyone," while we also pursue the President's goal of restoring the "Made in America" label. Neither is possible without modern 21<sup>st</sup> Century infrastructure connecting our rural communities to each other, to our nation's metropolitan areas, and to the world. I'd like to leave this Committee today, with a new take on our motto, "Do Right and Connect Everyone".

I look forward to working with you to implement policies that will harness the innovative spirit of the hard-working men and women in rural America and help them improve the quality of life and economic opportunities across our great country.

Thank you for the honor of speaking to you today.