



"Improving the quality of life in rural communities"

**COMMUNITIES**  
Unlimited

**Testimony to the  
U.S. House Agriculture Subcommittee on  
Commodity Exchanges, Energy, and Credit**

**Ms. Ines Polonius**

**CEO**

**Communities Unlimited**

**and**

**Vice-Chair**

**Rural Community Assistance Partnership**

**Board of Directors**

**June 15, 2021**



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RCAP**

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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 non-profit 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](http://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
- 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 COVID19 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 9 states in the Rural South. Fifty-one non-profit, 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 to 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%<sup>1</sup> of Black-owned businesses forced to close during the first wave of COVID alone.

### **About RCAP**

For Reference: [www.rcap.org](http://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.

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<sup>1</sup> 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>.



### **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, 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 COVID19, 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 six 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 bi-products 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 COVID19.

Opportunities for continued economic growth in rural communities are substantial. COVID19 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 8 needed jobs, 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

Lastly, 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 cashflow 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.



## **Bio – Ines Polonius**

Ines Polonius is CEO of Communities Unlimited, Inc., a CDFI and Rural Development Hub serving the rural South. Communities Unlimited (CU)'s team of 71 full time professionals works side-by-side with local leaders to create fair access to resources needed to sustain healthy communities, healthy businesses, and healthy families. CU resides in the solutions space, providing a holistic approach to community economic development that includes direct assistance and capital to community leadership teams, micro-enterprises, small businesses as well as water and waste water systems in persistently poor rural places across Louisiana, Arkansas, Texas, Mississippi, Oklahoma, Alabama and Tennessee.

In 1998, Ines founded alt.Consulting, dedicated to starting, growing, transitioning and turning around micro-enterprises and small businesses in the rural Arkansas Delta until a successful merger with Community Resource Group in 2014 formed Communities Unlimited, Inc.

Ines earned an MBA and an MA in Economics from Boston University and received her undergraduate degree from Georgetown University's School of Foreign Service.

Today, Ines serves on the board of directors of the Rural Community Assistance Partnership (RCAP) and of the Association for Enterprise Opportunity (AEO). She is a 2017 BALLE Fellow, a current RWJF Interdisciplinary Research Leader, an active member of the Partners for Rural Transformation and the national WealthWorks network, and participates in the Rural Development Innovation Group.

Please visit us at [www.CommunitiesU.org](http://www.CommunitiesU.org)



## Truth in Testimony Disclosure Form

In accordance with Rule XI, clause 2(g)(5)\* of the *Rules of the House of Representatives*, witnesses are asked to disclose the following information. Please complete this form electronically by filling in the provided blanks.

Committee: Agriculture

Subcommittee: Commodity Exchanges, Energy, and Credit

Hearing Date: 06/15/2021

Hearing Title :

"Examining Opportunities for Growth and Investment in Rural America"

Witness Name: Ines Polonius

Position/Title: Chief Executive Officer, Communities Unlimited, Inc.

Witness Type:  Governmental  Non-governmental

Are you representing yourself or an organization?  Self  Organization

If you are representing an organization, please list what entity or entities you are representing:

Communities Unlimited, Inc.  
Rural Community Assistance Partnership

### **FOR WITNESSES APPEARING IN A NON-GOVERNMENTAL CAPACITY**

Please complete the following fields. If necessary, attach additional sheet(s) to provide more information.

Are you a fiduciary—including, but not limited to, a director, officer, advisor, or resident agent—of any organization or entity that has an interest in the subject matter of the hearing? If so, please list the name of the organization(s) or entities.

Chief Executive Officer of Communities Unlimited, Inc.  
Vice-Chair of the Board of Directors of the Rural Community Assistance Partnership



**Please list any federal grants or contracts (including subgrants or subcontracts) related to the hearing's subject matter that you, the organization(s) you represent, or entities for which you serve as a fiduciary have received in the past thirty-six months from the date of the hearing. Include the source and amount of each grant or contract.**

Please see attached document "CU Disclosure of Federal Grants and Contracts".

**Please list any contracts, grants, or payments originating with a foreign government and related to the hearing's subject that you, the organization(s) you represent, or entities for which you serve as a fiduciary have received in the past thirty-six months from the date of the hearing. Include the amount and country of origin of each contract or payment.**

Communities Unlimited has not received any contracts, grants or payments from any foreign government.

**Please complete the following fields. If necessary, attach additional sheet(s) to provide more information.**

- I have attached a written statement of proposed testimony.
- I have attached my curriculum vitae or biography.

\*Rule XI, clause 2(g)(5), of the U.S. House of Representatives provides:

(5)(A) Each committee shall, to the greatest extent practicable, require witnesses who appear before it to submit in advance written statements of proposed testimony and to limit their initial presentations to the committee to brief summaries thereof.

(B) In the case of a witness appearing in a non-governmental capacity, a written statement of proposed testimony shall include— (i) a curriculum vitae; (ii) a disclosure of any Federal grants or contracts, or contracts, grants, or payments originating with a foreign government, received during the past 36 months by the witness or by an entity represented by the witness and related to the subject matter of the hearing; and (iii) a disclosure of whether the witness is a fiduciary (including, but not limited to, a director, officer, advisor, or resident agent) of any organization or entity that has an interest in the subject matter of the hearing.

(C) The disclosure referred to in subdivision (B)(iii) shall include— (i) the amount and source of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) related to the subject matter of the hearing; and (ii) the amount and country of origin of any payment or contract related to the subject matter of the hearing originating with a foreign government.

(D) Such statements, with appropriate redactions to protect the privacy or security of the witness, shall be made publicly available in electronic form 24 hours before the witness appears to the extent practicable, but not later than one day after the witness appears.



**Communities Unlimited, Inc.**  
**Federal Grants**  
**For the Thirty-Six months ended May 31, 2021**

Federal Agency/Program Name	Funding Source	CFDA Number	Total
<b>DEPARTMENT OF AGRICULTURE</b>			
Farmers' Market and Local Food Promotion Program	U.S. Department of Agriculture	10.168	247,079
Rural Business Development Grant	U.S. Department of Agriculture	10.351	395,844
Technical Assistance and Training Grants	Rural Community Assistance Partnership, Inc.	10.761	3,669,928
Colonias Phase 2 Assessment Project	Rural Community Assistance Partnership, Inc.	10.761	1,110,316
Disaster Response & Recovery	Rural Community Assistance Partnership, Inc.	10.761	128,809
Infrastructure Application	Rural Community Assistance Partnership, Inc.	10.761	913,597
Tribal Technitrain	Rural Community Assistance Partnership, Inc.	10.761	155,240
Technitrain Solid Waste Management	Rural Community Assistance Partnership, Inc.	10.762	261,256
Community Facilities Technical Assistance and Training Grant	State of Arkansas	10.766	263,981
Community Facilities Technical Assistance and Training Grant	Rural Community Assistance Partnership, Inc.	10.766	9,041
Grant Program to Establish a Fund for Financing Water and Wastewater Projects	U.S. Department of Agriculture	10.864	948,802
Rural Development Cooperative Agreement	U.S. Department of Agriculture	10.890	12,008



**Communities Unlimited, Inc.**  
**Federal Grants**  
**For the Thirty-Six months ended May 31, 2021**

<b>Federal Agency/Program Name</b>	<b>Funding Source</b>	<b>CFDA Number</b>	<b>Total</b>
Rural Development Cooperative Agreement	Rural Community Assistance Partnership, Inc.	10.890	49,500
Rural Community Development Initiative	U.S. Department of Agriculture	10.446	370,893
<b>SMALL BUSINESS ADMINISTRATION</b>			
Prime Technical Assistance	US Small Business Administration	59.050	367,500
SBA Microloan Program	US Small Business Administration	59.046	600,000
SBA Microloan Program	US Small Business Administration	59.046	120,213
<b>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
Section 4 Capacity Building for Community Development and Affordable Housing	Local Initiatives Support Corporation	14.252	49,350
Delta Community Capital Initiative	US Department of Housing and Urban Development	14.271	36,215
<b>DEPARTMENT OF TREASURY</b>			
Community Development Financial Institutions Program	U.S. Department of Treasury	21.020	3,563,405
<b>ENVIRONMENTAL PROTECTION AGENCY</b>			
<b>Drinking Water State Revolving Fund Cluster</b> Capitalization Grants for Drinking Water State Revolving Funds	State of Arkansas	66.468	224,349
Capitalization Grants for Drinking Water State Revolving Funds	Mississippi State Department of Health	66.468	14,702
Congressionally Mandated Projects	Rural Community Assistance Partnership, Inc.	66.202	1,263,151
Training and Technical Assistance to Improve Financial and Managerial Capacity of Small PWS	Rural Community Assistance Partnership, Inc.	66.424	54,521
Surveys, Studies, Investigations, Demonstrations,	Rural Community Assistance		



**Communities Unlimited, Inc.**  
**Federal Grants**  
**For the Thirty-Six months ended May 31, 2021**

<b>Federal Agency/Program Name</b>	<b>Funding Source</b>	<b>CFDA Number</b>	<b>Total</b>
and Training Grants	Partnership, Inc.	66.436	872,297
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<b>447 Cluster</b>			
Community Services Block Grant	State of Arkansas Department of Human Services	93.569	274,716
Community Services Block Grant - Discretionary Awards	U.S. Department of Health and Human Services	93.570	<u>3,256,965</u>
	<b>Total Federal Expenditures</b>		<u><u>19,233,678</u></u>