Steve Adams, host 00:10
Hello, and welcome to the Back to Business Iowa podcast from Iowa State University Extension and Outreach. This podcast is a collaboration between Iowa State University Extension and Outreach and the programs including Community and Economic Development, Farm, Food and Enterprise Development, and the Iowa Small Business Development Centers. These podcasts cover relevant topics for businesses and individuals related to education, research and technical assistance during and post COVID-19.

Steve Adams, host 00:55
Hi, I'm Steve Adams, field specialist three at Iowa State University Extension and Outreach with the Community and Economic Development unit. I'm also your host for these podcasts. And today we'll be speaking with Grant Menke, Iowa director for USDA Rural Development, about the current resources available to businesses and communities throughout the state of Iowa during this pandemic. Thank you so much for being here today, Grant. We do appreciate it.

Grant Menke 01:23
Thank you so much for the opportunity.

Steve Adams, host 01:26
Well, first off, let's just get started by, can you tell us about USDA Rural Development in Iowa and what the agency does and kind of an overarching horizon to horizon description of how you're serving Iowans?

Grant Menke 01:40
I would love to. So USDA Rural Development is one of eight mission areas of the United States Department of Agriculture. And while a lot of people think of USDA in terms of, you know, ag production, food safety and things like that, we also do a lot of work in rural community economic development. So our mission at Rural Development is enhancing economic opportunities and improving quality of life in rural Iowa communities. And through our loans, grants, guaranteed loans and partnerships with local leaders, we provide tools and resources that ensure that rural families, rural communities, rural businesses have the help they need to prosper both today and in the future.

Grant Menke 02:27
And we aim to achieve that mission through our community programs, our housing programs, our business programs, and our utility programs. And we have a lot of programs—agency-wide we offer 47 different programs. We have 68 employees at Rural Development in Iowa. And through our programs, we invest approximately $500 million statewide on an annual basis. And I just want to add that our 68 Iowa employees are based out of 11 offices across the state. And our employees are just great
examples of the core strength of our agency, which is our local field-based program delivery model. Our local presence makes us unique among federal agencies. And we have felt—we have great programs, don’t get me wrong, but the local partnerships with rural families, businesses and communities, that is what allows our programs.

Steve Adams, host 03:29
Well, I’ll tell you what, I can I can say from firsthand experience of 30-plus years in the field of economic development, that USDA and Rural Development have been a big friend to me personally and also to many businesses and communities. And I’ve worked extensively with your Atlantic office and the field staff there and I’ve just always really, really enjoyed that relationship over the years. Well, as you touched on and I noticed in pulling up your webpage, that you have a whole section of the web page that’s devoted to COVID-19 and pandemic relief. But I know that you’ve come up with some new programs of late, some out of the federal government of course, in relationship to the CARES Act. How has USDA made these new programs available since the beginning of this pandemic?

Grant Menke 04:25
Yes, it’s hard to believe it’s been nearly five months now, or it has been five months now, since all of our lives have radically changed as a result of COVID-19. And USDA Rural Development has taken a number of immediate actions to help rural residents, businesses and communities affected by the pandemic. Several of the actions have been in the form of temporary exceptions to help rural Iowans affected by COVID-19. And those include deferral flexibilities, forbearances, payment assistance, modified application processes, reduced payments and eviction moratoriums. And as you alluded to, we have also begun implementing the new resources provided to USDA Rural Development via the CARES Act.

Grant Menke 05:16
And all of these actions may be found on our web page, we have a Coronavirus web page, which is rd.usda.gov/Coronavirus. And the content is being updated often to ensure that the latest and most accurate information is available. Rural Development also created the COVID-19 Federal Rural Resource Guide, which is a one-stop shop for all federal funding and service resources for rural communities, businesses, healthcare facilities, residents impacted by COVID-19, and it’s really a great resource for rural leaders. And that also can be found on our Coronavirus website.

Grant Menke 06:00
So with the CARES Act, we have begun implementing those new resources provided through that legislation. And USDA Rural Development received $145.5 million in new funding through the [unclear]. And starting with $20.5 million in budget authority for our brand new business and industry CARES Act program, that $20.5 million will support nearly $1 billion in funding for guaranteed loans. And these will be 90% guaranteed loans which must be used for working capital to directly address COVID-19-related economic challenges. And ag production is an eligible purpose for these loans, which is not typically the case. So we’re very excited about that program.

Grant Menke 06:55
The funding availability, it is available now. We have done loans through the B and I CARES Act program. And the funding will be available through September 30, 2021. So that’s a very good new resource for us. We also received another 100 million dollars for our Reconnect Broadband Grant Program through the Act. And I’m sure we’ll discuss high-speed internet connectivity later, so I won’t go into that any further. But finally, we also received an additional $25 million dollars for our Distance Learning and Telemedicine Grant program, which is—we have certainly learned through this pandemic that to have the best access to the top quality health care and education technology and distance learning and high-speed internet capability is very important for the best opportunities and outcomes.
So that $25 million application period ended on July 13th, and we'll await those awards being given out at the end of the year. So, once again, our single best source of information on USDA Rural development's COVID-19 response is on that dedicated webpage at rd.usda.gov/Coronavirus.

Steve Adams, host 08:32
Well since you touched on it already and you said we'd get into it, let's just dive into the weeds right away, Grant. And certainly if we've learned one thing from the pandemic, it's that high speed internet access is an essential component for rural prosperity. It's not an amenity anymore, it's truly a necessity. So let's get into it a little bit. How is USDA helping rural Iowa bridge that digital divide?

Grant Menke 08:58
Well, I'm thrilled to be talking about increasing high-speed internet access, because it is such a high priority and I will just—you just said it and I'll just say it one more time—that access to high speed broadband internet is not simply a nice thing to have. It is a necessity in the 21st century. And investing in the expansion of rural broadband is as vital as the rural electric and telephone networks were decades and decades ago. So meeting this need could not be more urgent, especially in the unique and uncertain time we're living in today.

Grant Menke 09:39
The coronavirus pandemic has introduced new challenges to our way of life. Social distance guidelines put in place to help slow the spread of COVID-19 have caused millions to work from home, have caused widespread school closures. And if you have access to high-speed internet, you can continue your education through this [unclear] access critical medical services remotely using telemedicine or continue to run your business, keep your staff employed. But the unfortunate truth is that millions of Americans working, going to school and living in America's Heartland and thousands, even right here in Iowa, still do not have access to high-speed internet connectivity.

Grant Menke 10:25
In fact, of the 21 million Americans who lack high-speed broadband internet, 80% are in rural areas. So the impact of this digital divide that you alluded to is so much more than an inconvenience. It is devastating to the quality of life and overall prosperity in our rural communities. And that's why this national initiative to expand broadband access to rural America led by President Trump's Secretary Perdue and our congressional champions of both parties is so important. In the 2018 consolidated Appropriations Act, there’s provided $600 million to the broadband pilot program, now called the ReConnect program. The focus [is] on expanding high-speed internet access to rural areas that completely lack or have insufficient broadband service.

Grant Menke 11:15
In fiscal year 2019, an additional $550 million was added to the program by Congress in fiscal year 2020. Another $550 million came to the program. And then just a few months ago, through the CARES Act, Congress provided another $100 million in funding for ReConnect through the CARES Act. That's $1.8 billion since FYI 2018, which shows the commitment that this critical need for rural America is getting significant attention. So our ReConnect program offers unique federal financing and funding options in the form of loans, grants and loan-grant combinations to facilitate broadband deployment in areas of rural America that don't have efficient access.

Grant Menke 12:03
So, efficient access is defined as 10 megabits per second downstream and one megabit per second upstream. And 90% of the households in those proposed service areas ... do not have sufficient access to broadband. So, we have really benefited from this program in Iowa. In fact, in the first round of funding for ReConnect, Iowa received six awards for projects all over the state. One of those projects
was the Farmers Mutual Telephone Company of Stanton, which probably features the most memorable award announcement event of any of the 82 projects nationwide, where we packed about 400 people into the old lumberyard event center in Stanton in December with Secretary Perdue. So, yeah, it’s been a great success. We also have the distance learning and telemedicine grant program, as I mentioned, and we are looking forward to continued opportunities to utilize these programs to expand high-speed internet throughout rural Iowa.

**Steve Adams, host** 13:24
Well, I’m certainly glad to get a mention for Stanton, which happens to be in Montgomery County where I live. And certainly Farmers Mutual Telephone Company and Kevin Cabbage have done a stellar job over there in their plans for expansion and put a lot of work, time and money into that. So we appreciate the shout-out on that one. And I also liked your parallel and you’re kind of acquainting this effort to the old RED or cooperative telephone days and, you know, electrifying America back in the, believe it was the 20s or 30s.

**Steve Adams, host** 13:59
So this sounds very similar and I’m glad we’re kind of heading down that road. As a little personal anecdote too, I can say quite honestly, my neighbor up the street who is a 15 year old kid was having to walk himself to the parking lot at the local high school in order to access Wi Fi so he could do his homework, which is great on sunny days, but when it was snowing outside and below zero, that was a bit of a trek and a bit of a problem. So I assume, Grant, that these are the types of things that you’re hoping to address, correct?

**Grant Menke** 14:34
No question about that. And as we again cross uncharted waters with the starting of a new school year in the pandemic, and we’ve got school systems who are going back full time, part time, all online, once again, for students to have equal opportunities for the best education available, high-speed internet is so, so crucial during this time. And I mean, even for those schools that are going back five days a week, I mean, there could be things that happen with positive cases that send, you know, whole classes home for 14 days.

**Grant Menke** 15:21
And once again, if you’re in that situation, having access to high-speed internet access, you can communicate with your teacher, you can do your homework, you can have access to the technology and resources that you need. And this pandemic has not at all diminished the importance of education for our kids. And, yeah, high-speed internet is a key part of that, and we’re very hopeful that programs like ReConnect and our distance learning and telemedicine grant program will help facilitate better education outcomes and opportunities for our students.

**Steve Adams, host** 16:02
Well that’s really what it’s all about. And during the introduction, you had also mentioned that when most people think of USDA, they often think of just production agriculture. And rather than rural community economic development, USDA also offers opportunities for farmers and ag producers, correct? And could you expand maybe on what some of those programs are as well?

**Grant Menke** 16:28
Yeah, that is a great point. And I just mentioned one of the new tools that we have at our disposal with that B and I CARES Act program. So, just really briefly on the production ag side of things, for an ag producer who is seeking a loan above the Farm Service Agency’s guaranteed loan limit, they can come to USDA Rural Development through the B and I CARES Act program, to get that working capital loan
for their farm. So that's a great new tool that we have at our disposal to help during this critical time for Iowa's ag producers.

**Grant Menke 17:17**

We also have value-added producer grants. These have been tremendous over the years as a Farm Bill program, they’ve been around for over a decade now. And these are grants that help ag producers add value and market the products that they produce. So we’ve done a lot of work with berries, wineries, we have one that’s for alpaca pillows that’s coming out, hard cider and distilled spirits. Just a whole host—meat, small meat production. Value-added producer grants have been essential to help these small businesses that have formed out of ag production. And seeing farmers being able to add value to the products they produce and market them themselves has been a very rewarding thing, and that's our value-added producer grant.

**Grant Menke 18:21**

We also have REAP grants and guaranteed loans, and REAP stands for Rural Energy for America program. And the REAP program focuses on renewable energy production and energy efficiency. So ag producers are eligible applicants and a lot of our work with ag producers on the plants is for solar arrays, a lot of solar arrays for hog operations and poultry facilities, as well as grain dryers, upgrading grain dryers to be more energy efficient. We’ve also done on-farm wind turbines, geo-thermal heating for buildings. And so we have a whole list of REAP grants that we’ve awarded this year, many of whom are going to be helping ag producers all across state.

**Grant Menke 19:20**

One of the other unique programs that just came out from USDA Rural Development, and actually today is the application deadline for this program, is the higher blends infrastructure incentive program or the HBIP program, another great federal government acronym for you, HBIP. And that program provides grants to convenience stores, fuel retailers, fuel distribution facilities to help expand the use and availability of higher blends of ethanol and biodiesel. And so there's 100 million dollars available nationwide, again to help expand the commercial availability of E-15, and higher ethanol blends and B-5 and higher biodiesel blends. And during this time when our farmers are looking for more domestic marketing opportunities for the crops that we produce, particularly our corn and soybeans here in Iowa, this HBIP program could be a very, very helpful tool.

**Grant Menke 20:35**

We also recently just did a webinar on USDA’s assistance available for small scale meat processors. And several of our loan, grant and guaranteed loan programs are available to assist small and very small meat processors. And so we’re continuing to do outreach in that regard to help, you know, our agency interface with ag production. We’re not trying to step on the toes of our sister agencies who work with farmers every day. But it is rewarding for us to be able to make an impact on that vital sector of Iowa's economy and that's agriculture production.

**Steve Adams, host 21:21**

Boy, I'm so glad to hear you mention REAP as a program, because that I've had several clients that asked me to assist them in writing those Rural Energy for America program grants. And I'm happy to say that several of them were awarded and yes, grain dryers was one award. Another one was geothermal, of course, and those have been very helpful. And I can also attest from personal experience that, again, several of my clients have been awarded value-added producer grants that I wrote, so I can personally attest to the successes of those programs. And I'll tell you that it really has has meant a lot to those clients to be able to be on the receiving end of those. I'm kind of curious, I know several years ago, Grant, that there were more REAP applications coming out of Iowa than there were any of the surrounding states combined to Iowa, is that still the case these days?
Grant Menke 22:17
Great question. So they have changed the rules a little bit to help diffuse the amount of awards throughout the country. And the success model that Iowa created at the very formation of the program has now been outsourced to other parts of the country. So other parts of the country are now very well attuned to the benefits of the REAP program and how to get involved with it. So we still are one of the nation's leaders in terms of REAP awards. I've heard a story of one of our business program specialists in northeast Iowa who had, just himself, if they were ranking states in terms of REAP awards, it was Iowa, another state, another state and he himself was fourth in the nation with REAP awards at the beginning, as you kind of alluded to. But they've now made it a little, they've not allowed Iowa to dominate the program as we once did.

Steve Adams, host 23:29
Nothing wrong with that. But I want to give again, kudos and congratulations. I think Iowa USDA Rural Development efforts advertised and promoted that probably more than some other states did. And, you know, I'm particularly tickled that we were up close to the top and it really, I think, says something about Iowa, USDA, and that you were able to get that information out there. So, again, kudos on that.

Steve Adams, host 23:57
Well, I know another topic we just briefly touched on was infrastructure modernization and improvement. Again, that's another urgent priority in rural Iowa. And I think people sometimes forget that that's an important component of economic development. So as you start looking at drinking water and wastewater and electric infrastructure, what things are USDA and Iowa in particular doing in that regard?

Grant Menke 24:27
So we have, through our water and environmental programs, we have had a tremendous amount of activity in regards to drinking water, wastewater and storm water updates over the last several years. And this is a trend that is not going away anytime soon, as rural communities have a lot of aged water infrastructure. And when you're talking about pipes from the 1930s, oftentimes those those pipes break down over time and with increasingly stringent environmental requirements, we've had a tremendous amount of interest in water system upgrades around the state.

Grant Menke 25:18
We had 44 water, major water projects for $133 million in fiscal year 2018. This year, we're going to be over $100 million again, in loans and grants for water system upgrades. And the need, as I said, is not diminishing. It's not like we're just picking off low-hanging fruit and that's going to be it—the need is deep and wide. And thankfully Congress has given us plenty of funding to be able to address that need, and our team in the field is once again tuned in to help meet the water system improvement needs.

Grant Menke 26:03
We also do work on all electric infrastructure improvements. In fact, there was just a news release that came out today that Rural Development invested $8 million in Sheridan Valley Electric Cooperative to improve electric infrastructure for more than 6,000 rural south-central Iowans in rural Iowa. And infrastructure modernization improvement is essential to the future of rural Iowa communities. So through our USDA electric loan programs and those investments, we are doing all we can to make a lasting positive impact throughout the state. And working with our rural electric cooperative partners and other stakeholders to, you know, provide reliable, efficient, affordable electricity. That is a key component of enhancing economic opportunities and improving quality of life for all rural Iowans.
And we're excited that we're not only building and improving electric lines and connections, but also investing in smart grid technology, which helps use digital communications to detect and react to local changes in electricity use. So we're becoming more modern, more efficient, more reliable, resilient service for our rural Iowans. I also mentioned broadband early on, obviously that's a major priority for us. But also street improvements is something that we work on as well through our community facilities program to help improve streets for rural communities who are not high on the list of...being funded for major road construction projects. So we've been really happy to be able to get involved in some street improvement projects that have really made a huge difference in main streets throughout rural Iowa.

So water, sewer streets, electrical infrastructure. I mean, it sounds like you're covering all the important bases there as far as infrastructure goes. Now, a couple programs, again, I'm quite familiar with and we have not talked about nor have mentioned, are the Rural Business Opportunity [Grants], known as RBOG, and Rural Business Enterprise Grant program. So could you speak just briefly about both of those programs and what those are attempting to do out here in Iowa?

Absolutely. So the Rural Business Development Grant Program is the new name for the program. And it is it is now a yearly application period where towns, nonprofits, other entities can apply for funding on behalf of a business to make an impact in a rural community. And sometimes this involves technical assistance and training, funding for those type of activities. But it also could be a brick and mortar type of project to help expand a business or create a business plan, or we've actually used rural business development grant funds for street improvements as well. So yeah, Rural Business Development Grant is a great program.

One other business program I'd like to mention is our Rural Economic Development Loan and Grant Program, which is one of those programs that, you mentioned REAP, where Iowa leads the way on that program. Iowa is very much number one in the nation in this unique program. So the Rural Economic Development Loan and Grant Program provides funding for rural businesses and community economic development projects through working with our local utility organizations. So, long story short, a rural utility applies for a zero percent interest loan or grant on behalf of a specific project. And if awarded, USDA then provides a 10-year, zero interest loan to the utility, which they in turn loan a local business or community project.

So the business or project pays back the loan to the utility and the utility then repays USDA. And our rural electric cooperatives and our rural telephone cooperatives have been very progressive in community economic development and utilizing this program to make an impact across the state. And so, once again, we are leading the nation. I believe we've gotten 15 awards so far this year for rural economic development loans and grants [unclear] where we're probably going to end up with another 20 projects there. And again, it's just great partnerships with our rural electric and telephone cooperatives and organizations like the Iowa Area Development Group you're probably familiar with, who have really made that program a tremendous success for rural Iowa.

Rural Economic Development Loan and Grant Program and for those that may recognize it by another name, it also goes by REDLAG, right, Grant?
Steve Adams, host  31:46
REDLAG, that’s the one—gotta love those government acronyms once again.

Steve Adams, host  31:52
Well, there you go. Well, the last item I want to discuss with you today is certainly the need out there for quality affordable, accessible health care in rural communities. And I know a lot of our rural hospitals these days are just getting slammed out there. So what tools and resources does USDA Rural Development offer to help advance rural health care access and outcomes in Iowa?

Grant Menke  32:19
Great question. And I mentioned our distance learning and telemedicine grant program, which is helps to provide grants for the equipment and the technology needed to provide telemedicine, which again, I believe is so important. Particularly for rural Iowans who are not, who don’t have five or six medical clinics within 10 minutes of their house. Oftentimes, for the best health care access and outcomes, being able to connect via telemedicine is very important and it’s only going to become more important going forward.

Grant Menke  32:58
The other major program that we really get involved with in terms of healthcare investments is our community facilities direct loan and grant program. And through this program, USDA Rural Development provides loans, grants and loan guarantees for essential community facilities such as health care facilities in rural areas 20,000 and under population. And we can assist with over 100 types of projects, but included among them are hospitals, health clinics, first responder vehicles and equipment and things of that nature. So we have made a tremendous amount of investments in rural hospitals throughout the state.

Grant Menke  33:45
As you probably know, Iowa has 82 critical access hospitals all around the state. Us and Kansas are by far the highest, have the highest number of critical access hospitals in the nation. We have helped provide loans and grants for, again, the brick and mortar type of project for hospital expansions and redesigns and rebuilds, for new facility builds. We’ve also worked with community health centers, community health clinics, dental clinics. And we also have our—so those would be mainly the big loan programs, we also have community facilities grant programs that help out with things like medical equipment and new ambulances or new first responder equipment.

Grant Menke  34:43
So those are some of the ways that we invest in rural health care. And that once again, similar to the water infrastructure that I mentioned, the need is so tremendous in terms of our rural health care delivery system. And we are very pleased to be a part of that. And just, we certainly encourage any healthcare facilities to, you know, connect with our USDA Rural Development teams to see how our tools and resources might be able to advance their goals and continue to progress the delivery, the opportunity and the healthcare outcomes throughout rural Iowa.

Steve Adams, host  35:30
Well, Grant, your passion for this is quite obvious. And I think as I was sitting here, adding up the amount of dollars that USDA Rural Development in Iowa is putting back into our communities and our businesses, it’s up into the billions of dollars at this point. So hopefully, we’re seeing that ROI or return on investment that you all have been able to make and hopefully positive results. I’m sure you’re probably tracking all that, are you not?

Grant Menke  36:00
We certainly are and we really love highlighting the success stories, and I mentioned our great employees that we have at the beginning of the conversation. And what's so neat is how passionate they are about our mission as well. This goal of, you know, making our quality of life better for rural Iowans is not just a nine to five job. These folks, they live in these rural communities, they’re involved in these rural communities. The success of the communities that they live in and are surrounded by is a passion for them that goes beyond the workday. And so it's such a rewarding career for our employees and for them to be able to drive around their neighboring counties and just point to all the different projects that they’ve been a part of and how we’ve utilized these, you know, crucial federal dollars to make an impact and improve quality of life and economic opportunities for our rural Iowans. We could not be prouder to be a part of that great mission.

**Steve Adams, host** 37:10
Grant, you mentioned a couple of times, but if someone wanted more information about Iowa USDA Rural Development, what would be the best way to do that? Should they go through a regional office first, or what would you suggest and how might they actually find you?

**Grant Menke** 37:26
Yeah, so the easiest place to find us is on the web at rd.usda.gov/IA, our abbreviation for Iowa. So rd.usda.gov/IA. And on that website, they can find information about our programs, they can find recent announcements of funding opportunities or project awards, and they can also find the contact information for all 11 of our offices around the state. Our state office is in Des Moines, but then we also have area offices in Iowa falls, Waverly, Tipton, Mount Pleasant, Albia, Indianola, Atlantic, Le Mars, Storm Lake and Humboldt, so we’re all around the state. And we would love once again to to partner with any rural communities, rural businesses, rural residents who are interested in partnering with us to make an impact on the future of rural communities.

**Steve Adams, host** 38:39
Well, Grant, I'm impressed you're able to roll right through all those regional offices without even a hesitation. So I'm very proud of you on that one, that's a tough one.

**Steve Adams, host** 38:48
Oh, yeah, and I've had the privilege of visiting all those offices numerous times. And I gotta tell you, I cannot wait to have the opportunity to get back out there. Because during this time, you know, all of the Zoom meetings and the Microsoft Teams meetings and the phone calls and the way our team have sort of reinvented their job description to deliver our programs has been so admirable, but it just can't replace that face to face sitting across a table interaction. That has really been the cornerstone of our business at Rural Development, once again, it's—we have great programs and projects, but it’s the relationships, the partnerships that really make things happen.

**Steve Adams, host** 39:36
Well, once again, today our guest has been Grant Menke, state of Iowa director for USDA Rural Development. Grant it's been a real pleasure for myself and our producers, and I want to say thank you again.

**Steve Adams, host** 39:49
Well, thank you for the opportunity, and I did graduate from the University of Northern Iowa, but I will say Go Cyclones.

**Steve Adams, host** 39:59
[laughter] Go Cyclones, I agree. Well, if you have any questions about this Back to Business Iowa podcast, please feel free to contact me, Steve Adams, at stadams@iastate.edu. And as always, thanks
for listening. This podcast is a collaboration between Iowa State Extension and Outreach and the Small Business Development Centers of Iowa. We’re always serving Iowans, hashtag strong Iowa. So let’s get back to business, Iowa. Our justice statement is as follows: this institution is an equal opportunity provider. For the full non-discrimination statement or accommodation inquiries, please go to www.extension.state.edu/diversity/ext. Again, thanks for listening and we’ll see y’all next time.

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