

**Testimony Provided by
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Before the Senate Small Business Committee
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Chairwoman Shaheen, thank you for the opportunity today to speak before the Senate Committee on Small Business and Entrepreneurship on an important issue in New Hampshire and across the country: lowering energy costs for small businesses. This is a crucial discussion, and I am honored to be part of this hearing today.

My name is Sarah Waring, and I am the Rural Development State Director for New Hampshire, the Granite State, and Vermont, the Green Mountain State. First, I would like to offer my heartfelt condolences to the communities in Grafton and Coos County struggling to recover from the flooding events in July, and to the farmers and producers managing the impacts of last year's devastating May frost. For as long as it takes, the Biden-Harris Administration and USDA will deploy every resource at our disposal to help families, communities and businesses rebuild their homes, their lives and their livelihoods.

Like I mentioned, our jurisdiction covers both New Hampshire and Vermont. 70% percent of New Hampshire residents and 90% of Vermonters live in towns of less than 5,000 people. Both states have heavily weighted employment percentages toward educational services, health care and social services—which is why small business development is such an essential topic of discussion in our region. According to the Small Business Administration, there are over 130,000 small businesses operating in New Hampshire as of 2023, employing 49% of the state's workforce. My testimony today will focus on our Rural Energy for America program, but I would like to take just a moment to share the breadth of programs that our agency offers.

Federal policies emerging out of the Great Depression focused on rural American infrastructure like electricity, water, and housing. The Rural Electrification Administration, the Farmers Home Administration and other rural-focused programs were built over decades. Today, RD is a centralized agency acting as a lender, grantor and partner in projects that improve the quality of life and economic opportunity for rural residents.

Over the last five years, we've invested roughly \$1.3 billion in the Twin States. That translates to more than 3,400 families with safe housing, 570 businesses with lower costs, and 260 community institutions, from town halls and libraries to high schools and hospitals, that have been built or modernized. Unlike most federal agencies that operate through state and county governments, our dollars go directly to the homeowners, businesspeople and communities we serve, so we establish relationships on the ground with our customers that can last generations.

Today, I want to focus my time on the Rural Energy for America Program or REAP. The Biden-Harris Administration's historic, bipartisan Inflation Reduction Act saw significant changes to the program that made the win-win proposition impossible to ignore among small businesspeople. REAP offers two paths to funding: one for renewable energy projects and the other for energy efficiency. Before the IRA, REAP offered a quarter match, with the grantee

required to provide 75 percent of project cost while USDA furnished the remaining 25 percent. During this period, grant amounts maxed out at \$500,000 for renewable energy projects and \$250,000 for energy efficiency. Under the IRA, these program elements doubled: The USDA match went to 50%, and maximum grants increased to \$1 million for renewable energy systems and \$500,000 for energy efficiency upgrades. The IRA also provided significant additional funding of \$2 billion to REAP nationwide. Since the beginning of the Biden-Harris administration, USDA has invested in 7,566 REAP projects totaling over \$2.2 billion into rural America. On average, these projects will lower energy bills by an average of \$25,000 annually for recipients and create enough clean energy to power 630,000 households each year. I want to share two local stories that illustrate REAP’s cost-saving impacts.

- A Place to Grow is a nature-based childcare business founded and franchised in Brentwood by Jen Legere. In 2018, she applied for two small REAP grants; one to weatherize her building and the other to install solar. With the combined projects, she saves her business roughly \$6,000 each year.
- Another great example is Candia First Stoppe, a unique country store/gas station/truck stop/restaurant business, where co-owners Joe Sobol and Craig St. Peter jumped at the chance to secure an IRA-funded, nearly \$838,000 REAP grant in late 2023 to install a 561.6 kilowatt (kW) solar array. The new system will offset the operation’s electrical power needs, translating to more than \$133,000 in annual energy savings.

Whether it’s a big or small project, whether pre- or post-IRA, REAP is making a big difference for bottom lines of small businesses throughout New Hampshire.

There is an additional story here that I believe is vital to share, and it’s about our partners in the field who provide on-the-ground technical assistance for communities, small businesses and farmers. These service providers include the New Hampshire Community Development Finance Authority and Clean Energy New Hampshire. These two organizations were previously funded through our Community Facilities TA programs, supporting businesses and communities alike. Now the Energy Circuit Rider program has been significantly expanded through IRA-funded REAP TA grants, where they work hand-in-hand with businesses to gain access to our program funding.

However, our supply has not met the demand and the numbers tell the story. In New Hampshire, we received 26 applications in 2022, 54 applications in 2023 and now 84 applications to date in 2024. New Hampshire customers alone this year are requesting \$21 million dollars of energy improvements and renewable energy projects. When Vermont applications are included, the demand jumped 100% in 2023, and so far, already 68% in 2024.

VT and NH *as of 9/5/24

	2022	2023	2024*
# Applications	49	99	145
# Funded Applications	38	71	
\$ Requested	\$5,175,000	\$13,745,000	\$36,503,000
\$ Funded	\$3,700,000	\$11,280,000	\$17,208,835

NH Only *as of 9/5/24

	2022	2023	2024*
# Applications	26	54	84
# Funded Applications	20	37	
\$ Requested	\$1,982,000	\$7,396,150	\$21,988,000
\$ Funded	\$1,862,000	\$5,470,000	\$12,264,789

This increase in demand is due to the transformative changes of the Inflation Reduction Act, our agency's outreach, and our partners on the ground. However, staff are buried under an avalanche of new applications. Furthermore, REAP is one of dozens of other business, housing, and utilities programs the Agency offers. Accommodating and adapting to our increased portfolio, both in number of programs as well as changes to program funding levels, has been incredibly difficult without corresponding staffing increases. Because of this I wanted to thank you and your congressional colleagues for highlighting the crucial need in New Hampshire and Vermont to improve our hiring ability and timing.

In closing today, Senator, I'd like to re-emphasize a few points that I hope you'll take with you:

- Our programs are effective in driving down costs for small businesses.
- Your work getting the Inflation Reduction Act passed is integral in our work within the Biden-Harris Administration to improve the lives of rural residents.
- Our staff work incredibly well, but only as far as the capacity we have to process applications.
- Our partners providing technical assistance are crucial resources for our small business owners and farmers.

We are sincerely thankful for your time and your efforts, and those of your staff. We look forward to working with you closely to help rural New Hampshire small businesses thrive and succeed. Thank you again for including me on this panel and I look forward to a productive conversation!