September 3, 2020

Mr. Mark Brodziski,
Acting Administrator, Rural Business-Cooperative Service
U.S. Department of Agriculture
1400 Independence Ave., S.W.
Washington, DC 20250

Re: Rural Innovation Stronger Economy Program, Docket No. RBS-20-Business-0028

Dear Mr. Brodziski,

The Local Initiatives Support Corporation (LISC) appreciates the opportunity to provide comments on the U.S. Department of Agriculture's new Rural Innovation Stronger Economy (RISE) program and associated regulations.

Established in 1979, LISC is a national nonprofit housing and community development organization dedicated to helping community residents transform distressed neighborhoods into healthy and sustainable communities of choice and opportunity. LISC mobilizes corporate, government, and philanthropic support to provide local community development organizations with loans, grants, and equity investments; as well as technical and management assistance. Our organization has a nationwide footprint, with local offices in 36 cities. LISC invests approximately $1.4 billion each year in these communities. Our work covers a wide range of activities, including housing, economic development, building family wealth and incomes, education, and creating healthy communities.

In 1995, LISC launched Rural LISC, a national program to expand LISC's reach beyond urban areas to include rural communities. Today, Rural LISC partners with 92 rural community-based organizations, including six financial intermediaries, helping them identify challenges and opportunities and delivering the most appropriate support to meet local needs. Together, Rural LISC is transforming communities in more than 2,200 counties across 45 states.

LISC is supportive of the new RISE program since it will help spur regional coordination and innovation in rural areas and support increased employment opportunities and higher wages. Rural LISC has a long history of helping to build rural economies and manages Rural Works, a workforce program formed to leverage rural communities' momentum to reimagine and redevelop their workforce systems. This program is the culmination of 25 years of experience leveraging philanthropic and federal programs that seek to increase the capacity and the scale of community-development organizations' rural workforce response efforts.

The program includes ten rural development partners seeking to scale localized solutions that:

- Ensure stronger connections between training providers and industry;
- Strengthen the pathways that lead to industry-recognized credentials and livable wage employment for rural workers; and
- Highlight the innovation of rural markets to problem-solve and foster a 21st-century economy.

These ten development agencies represent the best that rural America has to offer. They serve a diverse field of industry and regional sectors throughout the country, including in the Delta, Appalachia, Southwest, Great Plains, and Puerto Rico.

Specific Comments

We are pleased to offer comments to questions in the Federal Register Notice. We offer these comments informed by our experience supporting rural community and economic development and workforce efforts through our Rural LISC program.

1. USDA Rural Development is seeking feedback for the RISE application in terms of required application materials and input to demonstrate how an applicant's proposal meets the objectives of RISE.

The RISE program has two primary goals. First, it seeks to accelerate new business formation, create high wage jobs, strengthen regional economics, and build regional capacity to achieve those goals. The second is to help rural communities identify and maximize local assets and connections to regional opportunities, networks, and industry clusters. The RISE program can support these goals by encouraging regional partnerships and directly supporting job accelerator partnerships.

The RISE statute states that the federal cost share of any activity carried out under a grant cannot exceed 80 percent and provides USDA authority to accept in-kind contributions. The RISE program's applications will represent many low-income rural regions, which have limited philanthropy and ability to access funding resources. ***LISC encourages USDA not to require applicants to show evidence of all non-federal cost share at the time of application. Instead, we recommend allowing applicants to produce the remainder of any cost-share commitment up to a year after award. Many applicants will likely have some resources in-hand, while others may be pending, so flexibility will be needed.***

RISE program resources can be used for the construction and development costs to equip a building to serve as an innovation center and to support programs to be carried out by the job accelerator partnership. These are two distinct uses of funding. The statute directs USDA to consider other federal resources the job accelerator partnership will leverage and the ability for the proposed center and related programming to have sustainability beyond the RISE program's four year grant period and potential two-year renewal. ***LISC encourages USDA to develop application materials and review protocols which evaluate each RISE program use by different standards. Related, we encourage the Department to assess the leverage and funding sustainability requirements for development costs versus programming separately since each would have different expected***

thresholds. When evaluating the sustainability of programming, LISC encourages USDA to use the applicant's historic funding activity as a benchmark since no organization is likely able to project out four years on new funding sources.

The RISE statute includes a ten percent restriction on indirect costs for awarded entities, although it provides USDA authority to go above it on a case by case basis. ***LISC supports restrictions that ensure the majority of grant funding is for direct costs. However, we encourage USDA to allow Recipients with a negotiated indirect cost rate from their cognizant federal agency to use that rate amount, if awarded.***

2. Another RISE Program objective is to help rural communities identify and maximize local assets. The Agency is seeking input on how RISE can qualify successful applications in this regard. What are potential successful benchmarks? How should these be evaluated?

The RISE program includes statutory criteria that require USDA to evaluate participating stakeholders' commitment to the job accelerator partnership. These stakeholders can consist of many different types of organizations, including financing entities such as investment organizations, venture capital firms, community development financial institutions, and philanthropy. USDA is also required to consider if a partnership includes institutes of higher education, community-based organizations, and workforce development entities to provide workers with the skills relevant to the regions' industry cluster needs. ***LISC recommends that USDA require applicants to provide documented evidence of their commitment, including memorandums of understanding or other partnership documentation, which outline each entity's role and responsibilities. We encourage the Department to structure a Notice of Funding Availability, which provides more significant scoring and weighting for partnerships that evidence commitments to target low-income workers for workforce development activity. LISC also encourages the adoption of specific benchmarks within the application to include evaluating whether the application contains an industry-based partner, organizations with promising, scalable programs, and the inclusion or reflection on community engagement. Lastly, we recommend that the Department provide preferences for applications that include organizations with a documented history of raising outside resources and implementing the workforce activities proposed in the application.***

5. Please provide any suggestions on how USDA, Rural Development should monitor and service the awarded grants, and which emphasis factors should be included in evaluating outcomes of the RISE Program.

The RISE statute states that grantees are to provide annual reports during the grant's duration to evaluate and measure the progress that the eligible entity has made toward the strategic objectives identified in the application for the grant. The proposed performance measures include a wide variety of metrics that may vary based on project type, and reserves the Secretary's ability to utilize any other measure determined appropriate. ***LISC recommends that USDA emphasize the following high impact metrics: the creation and retention of high-wage jobs; private investment leveraged; businesses established or improved; new products or services commercialized; increased regional collaboration; the number and dollar amount of new loans; improvement of income of participating workers and sales of participating businesses; and the amount of training and education activities related to innovation*.**

The RISE program includes a four year funding period, with a two-year renewal option. LISC encourages USDA to develop grant agreements, which include interim performance milestones for each recipient to include, at a minimum, a bi-annual report that provides for in-service timelines for grants supporting development projects, and clients served for programming costs. ***As a new program developed during a national public health pandemic, LISC encourages USDA to provide recipients flexibility if they struggle to meet their performance goals due to the impacts of COVID-19.***

6. The RISE Program provides statutory selection criteria including the ability of the partnership to link rural communities to markets, networks, industry clusters and other regional opportunities and assets. How can the Agency quantify this criteria?

Partnerships applying for RISE Program funding will represent all regions of the country, each with unique economic characteristics. USDA will need to develop application review criteria, which include both quantitative and qualitative factors. Quantitative measures will work best when the Department evaluates proposed thresholds around leverage, commitments to serve a certain percentage of low-income workers, or geographic targeting to regional areas with higher degrees of economic distress. LISC encourages USDA to utilize qualitative review criteria for factors that cannot easily be quantified, such as a region’s connections to markets, networks, industry clusters, and assets. This is necessary since our experience has shown that rural communities are diverse and that many underserved rural areas may not have an existing concentration of sectors or industries, although they may be developing them. ***We propose that the Agency provide flexibility in evaluating this selection standard and consider the applicant's unique economic consideration in reviewing applications for funds not to exclude underserved areas.***

Thank you for considering these responses on how USDA can best implement the RISE program to support rural communities. Please contact Michelle Harati (mharati@lisc.org), LISC Policy Officer, if you need additional clarification on the letter's recommendations.

Sincerely,

Matt Josephs
Senior Vice President for Policy