



**Rural Business-
Cooperative Service**

January 16, 2020

Specialty Programs
Division

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TO: State Directors
Rural Development

ATTN: National Office and Business Program Directors

FROM: Bette B. Brand /s/ **Bette B. Brand**
Administrator
Rural Business-Cooperative Service

SUBJECT: Rural Business Development Grant Program Application Window
and Discretionary Points

PURPOSE

This Unnumbered Letter (UL) provides guidance concerning the Rural Business Development Grant Program (RBDG) application solicitation, as well as set the discretionary point priorities for fiscal year (FY) 2020. Specifying priority areas for discretionary points will ensure consistent transparent management of the program across the country.

APPLICATION WINDOW

States are authorized to establish their own deadline for the submission of FY 2020 RBDG applications to their office. However, the State application deadline must be no later than March 31, 2020, in order to meet the National Office application and funding deadlines within the RBDG program.

Announcements for applications may be solicited through the State Rural Development website, e-newsletters, social media, blog, and dissemination by email.

EXPIRATION DATE:
January 31, 2021

FILING INSTRUCTIONS:
Community/Business Programs

ADMINISTERING DISCRETIONARY POINTS

This UL provides guidance on how to implement lending priorities and Agency Initiatives by assigning up to 50 discretionary points to eligible RBDG program applications.

The Agency encourages applications that will help improve life in rural America. See information on the Interagency Task Force on Agriculture and Rural Prosperity found at www.usda.gov/ruralprosperity. Applicants are encouraged to consider projects that provide measurable results in helping rural communities build robust and sustainable economies through strategic investments in infrastructure, partnerships and innovation. Key strategies include:

- Achieving e-Connectivity for Rural America
- Developing the Rural Economy
- Harnessing Technological Innovation
- Supporting a Rural Workforce
- Improving Quality of Life

Additionally, discretionary points will be awarded under the following five categories:

1. Innovation and Entrepreneurship

Consistent with the Report on Rural Prosperity, Rural Development's aim is to build and sustain a pipeline of future entrepreneurs that will meet the challenges to feeding a growing world population, boosting agriculture global competitiveness, create jobs, and drive long-term economic growth and prosperity in rural America.

To accomplish this, State Directors should assign their priority points for projects that inspire an environment that is conducive to innovation and entrepreneurship. These are projects that support innovation and entrepreneurs throughout their lifecycle through ecosystems. This includes projects that are or are planned to be developed by incubators, accelerators, industry clusters, makerspaces, and technology hubs that support the commercialization of new technologies.

2. Leverage Investments in Opportunity Zones

To leverage investments in rural property, the Agency also encourages projects located in rural Opportunity Zones, where projects should provide measurable results in helping communities build robust and sustainable economies. An Opportunity Zone is an economically-distressed community where new investment, under certain conditions, may be eligible for preferential tax treatment. Localities qualify as Opportunity Zones if they have been nominated for that designation by the State and that nomination has been certified by the Secretary of the U.S. Treasury via his delegation of authority to the Internal Revenue Service.

3. Assistance to Distressed Communities

To focus investments to areas for the largest opportunity for growth in prosperity, the Agency encourages applications that serve the smallest communities with the lowest incomes and greatest need, with an emphasis on distressed communities as identified in the Distressed Communities Index published by the Economic Innovation Group; <https://eig.org/dci>.

4. Strategic Economic and Community Development (SECD)

Consideration shall be made for projects that support strategic community investment plans on a multisectoral and a multijurisdictional basis that help to address regional specific needs more directly and generally help ensure a thriving rural economy. SECD plans require coordination with Indian Tribes and local, State, regional, and Federal partners and may include considerations for improving and expanding broadband services. Plans should be verified to ensure that they meet the requirements of SECD. States with an identified SECD project must indicate such in the Guaranteed Loan System using the SECD “Special Initiatives” field.

5. Assistance to National Scenic Areas

The FY 2020 Appropriations Act passed by Congress recognizes that rural coastal communities are often economically diminished by the loss of natural resource-related jobs and encourages the use of RBDG funds in rural coastal communities to support innovation and job growth in all sectors. In particular, the use of discretionary points is encouraged for projects in National Scenic Areas that were devastated by wildfires and are in need of economic development assistance.

In addressing the above priorities, continue to take a close look at your statutory and regulatory requirements regarding rurality, project eligibility, borrower eligibility, financial feasibility, and security for each grant application. Compliance with these requirements and guidelines is necessary to protect the integrity of the RBDG program and ensure consistency in its implementation.

If you have any questions, please contact David Chestnut, Supervisory Business Loan and Grant Analyst, Programs Management Division, (202) 692-5233.