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*Susan O'Neill, Chair*

*Charlotte Davis, Executive Director*

Testimony in Support of  
House Bill 695 – Rural Maryland Prosperity Investment Fund – Revisions and Sunset Repeal (Rural  
Communities Improvement Act of 2023)  
Environment and Transportation Committee  
Friday, February 24, 2023

**The Rural Maryland Council supports House Bill 695 – Rural Maryland Prosperity Investment Fund – Revisions and Sunset Repeal.** This bill contains six technical updates to the Rural Maryland Prosperity Investment Fund that will promote and expand a formula-driven grant program administered by the Rural Maryland Council.

The Rural Maryland Council (RMC) is an independent State Agency housed in the Department of Agriculture. RMC is known as the collective voice for Rural Maryland and its mission is to convene stakeholders to collectively address the needs of rural Maryland communities. The Council administers two grant programs – the Rural Maryland Prosperity Investment Fund (RMPIF) and the Maryland Agricultural and Rural Development Assistance Fund (MAERDAF). This legislation focuses on the RMPIF program. The RMPIF funds are distributed through a highly competitive grant program to the State's five rural regional councils; programs and projects eligible under entrepreneurship, infrastructure, and health care. A portion of funds are retained by the Rural Maryland Council for operational expenses consisting primarily of staff salaries.

The original RMPIF distribution formula was adopted in 2006, although it was not until Fiscal Year 2017 that the Council received initial funding for this program. In 2014, the Maryland General Assembly and the Governor signed Senate Bill 137/House Bill 1024-Rural Maryland Prosperity Investment Fund– Revisions and Extension of Termination Date (Chapter 469 of 2014) which updated the formula to include health care and a hold harmless clause to ensure funding for RMC operations.

The Rural Maryland Council received \$9,001,144 in Fiscal Year 2023 and is budgeted to receive \$9,046,194 in Fiscal Year 2024. While the bill contains a mandatory funding requirement of \$750,000 for the Rural Maryland Council operational expenses and \$250,000 for the Maryland Agricultural Education and Rural Development Assistance Fund, assuming the FY24 budget is adopted without changes to the Rural Maryland Council, it will have no impact on revenues for the agency. The agency, under the Rural Maryland Prosperity Investment Fund statute, received \$750,000 for operational expenses in Fiscal Year 2023. The Maryland Agricultural Education and Rural Development Assistance Fund received \$1,153,203.

Demand for RMC programs is high. Over the past five years, in Fiscal Year 2019 through 2022, the RMC grant programs have had 155 applicants requesting \$10,819,991. With this funding, RMC has funded on average 66 applicants at \$6,080,255. In FY2023, RMC received 50% in additional funding and was able to provide more grants that are helping build stronger rural communities. **In Fiscal Year 2023, RMC received 215 grant applications totaling \$19,130,407, of which 84 grants were awarded totaling \$8,369,629.** These grant recipient projects have had significant outcomes such as improved education outcomes of at risk, minority children by providing educational summer enrichment programming; supporting general contractor and infrastructure costs for a new 72-unit affordable housing community; expanding broadband internet connections to new homes; and, providing medical transportation, personnel, and services to those in need.

*“A Collective Voice for Rural Maryland”*

The Council seeks the following technical updates to further enhance their work and build stronger rural communities:

1. Remove the 2030 sunset for the Rural Maryland Prosperity Investment Fund
2. Replace ‘may’ with ‘shall’ for the Governor to include an appropriation of at least \$1,000,000 to the Rural Maryland Prosperity Fund
3. Clarify that only State recognized rural regional councils are eligible for RMPIF
4. Add Cooperative Development and Workforce Development as focus areas under Rural Entrepreneurship and Agricultural Development
5. Update the hold harmless clause to match what the Council currently receives.
6. Includes text that the Executive Committee must concur with any reallocations of grant funds from one fund to the other.

The strength of the Council’s impact is dependent on the resources provided to them through the State’s operating budget. The Council members and rural non-profit community leverage these funds with local and federal funds to improve the lives of rural Marylanders. RMPIF funding allows many rural organizations to provide innovative programming that creates jobs, educational opportunities, and enhances the quality of life in our rural communities. For many nonprofit organizations and stakeholders, RMPIF provides the critical support needed to fuel healthy, resilient rural communities.

The Rural Maryland Council respectfully requests your favorable support of House Bill 695.

<b>FY2023 Funding Distribution (based on FY23 Operating Budget Appropriation-SB290)</b>			
Starting grant amount:		9,001,144	
1/3 to Regional Councils	3,000,000		
each Regional Council		600,000	
RMPIF remaining balance		6,001,144	
divide evenly to categories:			
Infrastructure		1,500,000	
Entrepreneurship		1,500,000	
Health		1,500,000	
RMC and MAERDAF		1,501,144	
		750,000	RMC Operations
		751,144	MAERDAF (RMPIF)
			MAERDAF Line item
			118,485
<b>RMC Operations total:</b>		<b>750,000</b>	<b>MAERDAF total:</b>
			<b>869,629</b>

*The Rural Maryland Council (RMC) is an independent state agency governed by a nonpartisan, 40-member board that consists of inclusive representation from the federal, state, regional, county and municipal governments, as well as the for-profit and nonprofit sectors. We bring together federal, state, county and municipal government officials as well as representatives of the for-profit and nonprofit sectors to identify challenges unique to rural communities and to craft public policy, programmatic or regulatory solutions.*