

April 22, 2025

The Honorable Andy Harris
Chairman
Subcommittee on Agriculture, Rural
Development, Food and Drug
Administration, and Related Agencies
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

The Honorable Sanford Bishop, Jr.
Ranking Member
Subcommittee on Agriculture, Rural
Development, Food and Drug
Administration, and Related Agencies
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Re: Support for the Rural Energy Savings Program in Fiscal Year 2026 Appropriations

Dear Chairman Harris and Ranking Member Bishop:

We write in support of the Rural Energy Savings Program (RESP) of the U.S. Department of Agriculture (USDA) Rural Utilities Service (RUS). Based on a significant increase in demand for RESP, and its potential to contribute multiple benefits—including jobs and workforce development opportunities—in rural areas, we respectfully recommend appropriations of \$26 million in fiscal year (FY) 2026.

RESP, which Congress first authorized in the 2014 Farm Bill, provides zero-interest loans to electric cooperatives and other eligible borrowers to establish or expand on-bill financing programs for cost-effective energy efficiency and clean energy improvements. On-bill financing programs allow participating households and small businesses to make these cost-effective improvements at no upfront cost and make repayments over time via an energy bill line-item. To date, RUS has approved 57 RESP loans to rural electric cooperatives and other eligible borrowers in 25 states—including Georgia, Michigan, Oklahoma, Oregon, and Wisconsin—to support the development and implementation of on-bill financing programs. RESP has rigorous requirements for applicants, and all loans are thoroughly underwritten. No borrower has ever defaulted on a repayment to USDA.

Many RESP-funded programs are designed to offer low-cost financing regardless of income or credit. On average, these improvements cost between \$5,000 to \$15,000—an investment otherwise out of reach for many Americans, particularly in rural areas where families pay on average 40% more of their income for energy compared to their urban counterparts. Households and small businesses generally experience greater occupant comfort and realize lower energy bills in the first month, which means they have more money—up to \$1,000 each year—to spend on other priorities and necessities.

RESP loans are leveraged, so each dollar of federal appropriations facilitates zero-interest loans worth much more. Appropriations of \$26 million would leverage about \$250 million for RESP loans and allow RUS to meet current demand, which is higher than ever before. Of the total \$600 million in RESP loans awarded since 2016, more than \$300 million was obligated in FY2023 and FY2024 combined. Some of these new obligations are going to existing borrowers that are reapplying for new funds because of the popularity of their programs. Unfortunately, the

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surging demand for RESP combined with inadequate appropriations have forced many prospective and returning borrowers to wait for future funding to become available before developing programs to help households and small businesses save money by lowering energy bills.

The benefits of RESP are wide-ranging. When implementing RESP programs, rural electric cooperatives and other eligible borrowers support local jobs implementing these improvements. A recent analysis found that RESP has created almost 700 net jobs in rural areas through 2023 and—if RUS is able to keep up with record demand for the program—is on track to sustain about 15,000 by 2040.¹ These jobs contribute to local economic development and provide workers with new training opportunities, which are often too few in rural communities that disproportionately suffer from persistent poverty and high energy burdens.

Thank you for your consideration.

Sincerely,

American Council for an Energy-Efficient Economy
Electric Cooperatives of South Carolina, Inc.
Environmental and Energy Study Institute
League of Conservation Voters
National Association of Counties
National Association of State Energy Officials
National Cooperative Business Association (NCBA CLUSA)
National Rural Electric Cooperative Association

CC: Members of the U.S. House of Representatives Committee on Appropriations
Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and
Related Agencies

¹ Environmental and Energy Study Institute, “Investments in Rural Clean Energy Are Putting People to Work,” <https://www.eesi.org/articles/view/investments-in-rural-clean-energy-are-putting-people-to-work>.” Accessed March 18, 2025.