



**STATEMENT OF THE HONORABLE COLLEEN LANDKAMER
COMMISSIONER, BLUE EARTH COUNTY, MINNESOTA**

**AND
PRESIDENT OF THE
NATIONAL ASSOCIATION OF COUNTIES**

BEFORE THE

**UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON AGRICULTURE**

**SUBCOMMITTEE ON
SPECIALTY CROPS, RURAL DEVELOPMENT
AND FOREIGN AGRICULTURE**

**ON BEHALF OF THE
NATIONAL ASSOCIATION OF COUNTIES
AND THE
NATIONAL ASSOCIATION OF DEVELOPMENT ORGANIZATIONS**

REVIEW OF RURAL DEVELOPMENT PROGRAMS

MARCH 21, 2007

Thank you, Chairman McIntyre, Ranking Member Musgrave and members of the subcommittee for the opportunity to testify today on the community and economic development challenges and potential of small town and rural America. As this committee debates and moves forward on the rewrite of the Farm Security and Rural Investment Act of 2002, I strongly encourage you to make rural development a central theme of the proposal.

My name is Colleen Landkamer. I am a County Commissioner from Blue Earth County, Minnesota and I currently serve as President of the National Association of Counties (NACo). I have served as a County Commissioner in Blue Earth County since 1988. Today, I have the privilege of representing NACo, as well as the National Association of Development Organizations (NADO).

ABOUT THE NATIONAL ASSOCIATION OF COUNTIES

Established in 1935, the National Association of Counties (NACo) is the only national organization representing county governments in Washington, DC. Over 2,000 of the 3,066 counties in the United States are members of NACo, representing over 85 percent of the population. NACo provides an extensive line of services including legislative, research, technical and public affairs assistance, as well as enterprise services to its members.

NACo's membership drives the policymaking process in the association through 11 policy steering committees that focus on a variety of issues including agriculture and rural affairs, human services, health, justice and public safety and transportation. Complementing these committees are two bipartisan caucuses—the Large Urban County Caucus and the Rural Action Caucus—to articulate the positions of the association. NACo's Rural Action Caucus (RAC) represents rural county elected officials from any of the 2,187 non-metropolitan or rural counties. Since its inception in 1997, RAC has grown substantially and now includes approximately 1,000 rural county officials.

ABOUT THE NATIONAL ASSOCIATION OF DEVELOPMENT ORGANIZATIONS

The National Association of Development Organizations (NADO) provides advocacy, education, research and training for the nation's regional development organizations. Building on four decades of experience, the national network of 542 regional development organizations serves as a key catalyst for regional strategic planning, partnerships and initiatives that are designed to meet locally-identified needs and conditions. The core philosophy of regional development organizations is to help local government officials and communities pool their limited resources to achieve economies of scale, build organizational skills and professional expertise, and foster regional cooperation and collaborations.

NADO's members are often known locally as: councils of government, area development districts, economic development districts, local development districts, planning and development commissions, regional development commissions and regional councils of government. Each organization is typically governed by a policy board of local government officials, with additional representation of business, education and community leaders. Depending on local priorities, regional development organizations administer and manage a broad range of federal and state programs, including: aging, business development finance, community and economic development, emergency preparedness, housing, GIS services, rural development, transportation planning and workforce development.

FEDERAL-COUNTY PARTNERSHIP

NACo is also interested in reestablishing the government partnership we feel has been lost between the Federal, Executive and Legislative branches and county governments. We represent the elected county officials in each of the congressional districts who in turn are elected by our joint constituents. Contrary to other interest groups we are not a special interest but rather a government partner in addressing our shared constituent's needs and concerns. Congress, over the last ten years has forgotten our partnership and enacted pieces of legislation that has created unnecessary burdens on local governments.

We feel the new leadership should look at how proposed legislation preempts local authority and creates unfunded mandates as a process of enactment and rejects those efforts. Efforts in crafting a Farm Bill should recognize the Federal/Local Government role in our shared responsibilities in representing the constituents who elected us. County governments have a huge stake in the creation of a rural development section that supports the county role. We wish to work with the committee in not only providing required local resources, but maintaining our local authority in setting priorities that are consistent with sound public policy and driven by our constituents' needs.

In my testimony, Mr. Chairman, I want to express our overwhelming support for an enhanced Rural Development Title as part of the 2007 Farm Bill, including increased grant resources for rural infrastructure improvements, renewable and alternative energy development, business and entrepreneurial development, broadband deployment and community facility enhancements. In addition, our associations strongly support the goals and concept of the Rural Strategic Investment Program (RSIP), an innovative and forward-thinking rural development program created and funded in the 2002 Farm Bill but never implemented.

This morning, I would like to make three key points on the current status of federal rural development policies and programs that should be addressed in the reauthorization of the Farm Security and Rural Investment Act of 2002:

- **Federal policies and programs, including USDA Rural Development programs authorized in the 2002 Farm Bill, need to be updated and fully funded to ensure our nation's rural regions, counties and communities have the resources, program tools and local flexibility to compete in today's global marketplace.** As home to nearly one-third of the nation's population, small town and rural America is diverse, complex and constantly evolving. Unfortunately, federal policies and programs often place rural counties and communities at a significant disadvantage. An example is the recent trend of shifting USDA Rural Development assistance programs from grants to direct loans and loan guarantees.
- **Infrastructure development remains one of the most significant roadblocks to economic development and competitiveness in small town and rural America.** Entrepreneurs, small business leaders and private sector industries drive our nation's innovation, competitiveness and job growth. These individuals and entities also rely, expect and demand that public entities such as county governments provide and maintain basic public infrastructure services, especially costly water and sewer systems, that are essential building blocks for economic and community development. Unfortunately, the current portfolio of USDA Rural Development grant programs for infrastructure, renewable energy, broadband and community facility projects are being replaced with additional program authority for direct loan and loan guarantee programs. This puts many USDA programs out of the reach of the most distressed and underserved rural counties and communities.
- **Federal rural development policies and programs must be reshaped to promote and reward regional approaches and local cooperation** among governmental entities at all levels, nonprofits, economic development organizations, educational institutions and other key community leaders. This reflects the reality of today's marketplace where rural counties and communities are not only competing statewide and nationally, but more likely, internationally. The Rural Strategic Investment Program (RSIP) is an innovative program that would provide much needed incentives and resources for the development of rural development strategies on a regional and local basis, as well as flexible program dollars to implement regional and local projects and priority initiatives.

First, Mr. Chairman, federal policies and programs, including USDA Rural Development programs authorized in the 2002 Farm Bill, need to be updated and fully funded to ensure our nation's rural regions, counties and communities have the resources, program tools and local flexibility to compete in today's global marketplace. We appreciate and recognize the leadership and hard work of this committee in securing a record \$1 billion in mandatory funds for the rural development title of the Farm Security and Rural Investment Act of 2002. However, more than half of these new program resources never materialized or were blocked through subsequent legislative and administrative actions, resulting in lost opportunities for our nation's rural counties and communities.

As the home to nearly one-third of the nation's population, small town and rural America is a diverse, complex and constantly evolving place. Rural America comprises 2,187 of the nation's 3,066 counties (counties with 50,000 and below population), 75 percent of all local governments and 83 percent of the nation's land. Unfortunately, current federal policies and programs often treat rural counties and communities differently than their urban counterparts, resulting in a significant policy bias and disadvantage for rural regions and counties.

When examining the FY2003 Consolidated Federal Funds data, according to the Southern Rural Development Initiative, nonmetropolitan areas received \$548 less per capita than metropolitan areas (\$7,242 versus \$6,694). Furthermore, per capita funding for community resources represented 14.5 percent of funds to metropolitan areas, but only 8.9 percent of funds to nonmetropolitan areas.

The FY2003 findings are consistent with independent studies by the W.K. Kellogg Foundation, Rural Policy Research Institute (RUPRI) and others that show metropolitan areas received two to five times more, per capita, in federal community development resources than their rural counterparts during each year from FY1994-2001. In addition, a disproportionate share of federal assistance to rural areas comes in the form of transfer payments, such as Medicare, Medicaid, Social Security and commodity payments. In FY2003, 68 percent of federal assistance to rural areas represented transfer payments compared to 53 percent for metro areas.

While these direct payments are essential for millions of rural Americans, it means that current federal policies are working to simply sustain rural America rather than help rural regions and counties pursue new economic and community growth opportunities. Meanwhile, urban areas often have direct control and access to federal resources for community, human and physical infrastructure improvements that are essential building blocks for local development and job growth. Our organizations are strong advocates for federal community and economic development support for our urban counties and regions, yet we also firmly believe that rural counties and communities should have more robust federal support for their rural development needs. Without an even greater commitment by this committee and Congress to a stronger USDA Rural Development grant program, we fear rural regions, counties and communities will continue to be at a marked disadvantage in trying to build and sustain viable local economies.

Second, Mr. Chairman, infrastructure development (including advanced technology deployment and applications) remains one of the most significant roadblocks to economic development in small town and rural America. Entrepreneurs, small business leaders and private sector industries drive our nation's innovation, competitiveness and job growth. These individuals and entities also rely, expect and demand that public entities such as county governments provide and maintain basic public infrastructure services, especially costly water and sewer systems, that are essential building blocks for economic and community development. Infrastructure must not be considered a luxury for rural areas, but instead a basic necessity for economic competitiveness and improved quality of life.

While USDA Rural Development is an essential partner for our rural counties and communities, we are alarmed that its infrastructure, housing, broadband and community facilities portfolio are becoming increasingly focused on direct loan and loan guarantee programs. In fact, the administration's fiscal 2008 budget proposal recommends deep cuts in grants for community facilities, water and waste water, broadband and business development programs. There remains an intense need for federal grants to help with seed capital and gap financing for our local projects, especially considering the rapidly escalating costs for labor, materials and supplies.

This applies to rural counties and communities struggling to establish new water, sewer, broadband and community services, as well as countless counties and communities faced with the daunting task of replacing infrastructure that is often approaching 50 to 100 years old. For distressed and underserved rural counties and communities, especially the smaller and more rural areas, the trend of increased reliance on federal direct loan and loan guarantee programs puts costly infrastructure improvement projects out of reach. As a result, a good portion of our nation's rural counties and communities will continue to mark time in the land of lost opportunity.

According to a 2005 report by the American Society of Civil Engineers, the nation's infrastructure remains in serious need of improvements and increased federal investment. The conditions of the country's roads, drinking water systems, public transit, wastewater disposal, hazardous waste disposal, navigable waterways and energy system have worsened since the society's first report card in 2001. The improvement costs alone are now calculated at \$1.6 trillion over the next five years. While state and local governments, industry and nonprofit organizations are making major contributions to our public infrastructure enhancement efforts, this immense job will never be completed without the aggressive leadership, participation and resources of the federal government.

In addition to the health and social benefits of this long-term and on-going process, infrastructure development is vital to the nation's ability to maintain and sustain a world-class economy. This will be particularly critical as the nation works to expand the renewable fuels industry. The transport of raw and finished products, for example, is already placing new and growing demands on our infrastructure and transportation systems. As proven by USDA Rural Development investments over the years, the role of basic public infrastructure and facilities are at the core of both sustaining existing businesses,

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nurturing new companies and improving the quality of life in rural counties and communities. That is why USDA Rural Development is so significant to local efforts to develop water and sewer facilities, technology-related infrastructure, broadband services, housing and other essential community projects. These are all fundamental for commerce and improving the quality of life in our communities. As stated earlier, the private sector relies, expects and demands that counties and local communities provide and maintain these services and infrastructure.

In August 2004, I was pleased to participate in an eForum, "The Pulse of Small Town and Rural America," that was conducted by the NADO Research Foundation with assistance from the W.K. Kellogg Foundation. More than 200 regional development professionals, county leaders and municipal government officials from across the nation, equipped with electronic keypads for instantaneous feedback, were led through a series of national and rural policy questions.

Most notably, participants identified inadequate public infrastructure as the leading roadblock to economic development in their rural regions. Another highly rated response was limited access to venture capital. When asked to identify the second most common roadblock to rural economic development, an even greater number answered inadequate public infrastructure. Again, this reflects the fact that private sector investors and businesses expect and demand that local governments and communities have the public infrastructure in place before they will locate and remain at a business site or within a community.

NADO members were also asked to identify the USDA Rural Development programs they use most frequently to assist their rural communities. The top three programs were: water and wastewater programs, Rural Business Enterprise Grants (RBEG) and the Intermediary Relending Program (IRP). Other key programs included: community facilities, Rural Business Opportunity Grants (RBOG), solid waste management and rural housing programs. The NADO Research Foundation eForum results were consistent with a 2001 survey conducted by NACo, in which water and wastewater grants were the overwhelming top issue identified by county elected officials from the 20 state sample.

As the committee works to reauthorize the existing portfolio of USDA Rural Development programs, we also encourage you to help make the application process for new and existing programs more user-friendly and streamlined. While regional development organizations and other technical assistance providers have developed the experience and expertise required to navigate the extensive USDA program portfolio and application process, it can still be a very burdensome and time consuming endeavor. This is especially important considering that over 33,000 of the nation's 39,000 units of local government have populations below 3,000 and 11,500 employ no fulltime professional employees, according to U.S. Census Bureau data. At the same time, we are urging the committee to make sure that local governments and public entities such as regional development organizations are eligible for the full slate of USDA Rural Development programs. In recent years, new programs or guidelines have been put in place that restricts our access to programs for technical assistance and capacity building.

Third, Mr. Chairman, federal rural development policies and programs must be reshaped to promote and reward regional approaches and local cooperation among governmental entities at all levels, nonprofits, economic development organizations, educational institutions and other key community leaders. This reflects the reality of today's marketplace where rural counties and communities are not only competing statewide and nationally, but more likely, internationally. In addition, new program tools are needed that are more flexible and broad to meet the individual and specific needs of our rural regions and counties, rather than forcing our rural leaders to fit and refigure their projects into the existing set of categorical programs.

The Rural Strategic Investment Program (RSIP) is an innovative program that would provide much needed incentives and resources for the development of rural development strategies on a regional and local basis, as well as flexible program dollars to implement regional and local projects and priority initiatives. We greatly appreciate this committee's support in 2002 to create RSIP and to award \$100 million in mandatory funding to launch this landmark program. Unfortunately, this much needed program was blocked in subsequent legislative and administrative actions, resulting in lost opportunities and delays in implementing important rural development initiatives across the nation.

We are pleased that Chairman Tom Harkin of the Senate Agriculture, Nutrition and Forestry Committee announced on March 13 that he plans to support "a bold new approach to rural competitiveness in the 2007 farm bill." Chairman Harkin is proposing to modify and improve the RSIP program as part of a renamed program, the Rural Collaborative Investment Program. We strongly support the goals of Chairman Harkin's initiative to move rural development beyond just categorical programs to a stronger commitment to regional rural development strategies and programs designed by local leaders. It is extremely important to ensure that under the principles of our Federal/Local partnership embodied in America's federalism model, that a program such as RCIP be administered by local and regional officials that represent the needs of our rural constituents in a collaborative process with local stakeholders. As stated earlier, we must develop and fund new USDA Rural Development programs that give rural county and community leaders that same flexibility, resources and incentives as currently enjoyed by their urban counterparts.

RSIP would first help address one of the most important but underfunded parts of rural community and economic development – rural development strategies and institutional capacity to implement priorities. Study after study by federal agencies and universities have concluded that additional funding for strategic planning, capacity building and technical assistance programs is one of the most pressing needs facing rural governments and communities. This stems from the fact that most rural local governments simply do not have the financial resources to hire professional economic development practitioners. And, presently there are few federal programs designed specifically for their needs—unlike urban areas that receive millions of dollars in direct funding from HUD and Department of Transportation.

One of the few technical assistance programs specifically targeted at small metropolitan and rural regions is EDA's planning program. While this small matching grant program has proven invaluable to our local communities and regional development organizations, its true purchasing power has been eroded over time. The average EDA planning grant of \$54,000 for a multi-county region has not changed since the early 1970s. The true purchasing power is only \$10,718 in 1970 dollars. If that same \$54,000 had been adjusted upward for inflation, it would equal \$272,047 in 2005 dollars.

Despite the declining nature of the federal matching funds, the national network of EDA-funded regional development organizations has still made a tremendous impact. According to a thorough program evaluation by the Center for Urban Studies at Wayne State University in 2001, EDA's national network is very effective at developing and coordinating local plans, implementing specific projects and initiatives, and providing professional expertise and capacity to distressed and underserved communities. Yet, to remain competitive on a global scale, our rural regions and counties need additional resources.

Programs such as RSIP offer a great opportunity to build upon the existing regional and local institutions throughout rural America, while also fostering new approaches to developing comprehensive regional strategies, new multi-sector partnerships and new program flexibility to address the unique needs and potential of each region.

RSIP would place communities in a better position to address local issues on a regional basis, whether it relates to water treatment facilities, technology upgrades, closing of a major plant or cleanup after a natural disaster. Rural communities would also be more capable of taking a proactive approach to innovation, entrepreneurship and competitiveness, instead of the traditional reactionary model of rural development. Whether it is renewable and alternative energy, youth development, value-added agriculture or entrepreneurship, rural America has remarkable assets that can be better utilized.

All of the nation's rural regions, counties and local communities must engage in an on-going and dynamic strategic planning process, otherwise they will fall prey to complacency and world progress. Even local economies that are excelling today are subject to sudden or subtle changes in international, national and local markets. Loss of local control with the emergence of global companies, consolidation of banks and other industries that were once locally owned and controlled and other factors will continue to make the task of regional and rural development more challenging.

Even more importantly, RSIP would offer fully flexible implementation grants for regional and local projects that are identified and prioritized in a region's comprehensive rural development strategy. On a national competitive basis, counties, nonprofit organizations, educational institutions and other eligible organizations would be eligible to apply for project implementation resources that address a broad range of community and economic development needs, including renewable energy, broadband deployment, value-added agricultural development, infrastructure improvements, entrepreneurship, business

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development finance and community facility improvements. RSIP investments would not replace the existing USDA Rural Development portfolio, but instead would complement and leverage existing public, private and philanthropic resources.

Without a greater commitment to a stronger USDA rural development grant portfolio, rural communities will continue to be at a marked disadvantage in trying to build and sustain viable local economies. As the committee works on the Rural Development title of the 2007 Farm Bill, I encourage you to modify, fully fund and implement the Rural Strategic Investment Program (RSIP), address the backlog of pending Rural Development applications and enhance grant resources for infrastructure, community facilities and business development programs.

In conclusion, I would like to reiterate the three key points that NACo and NADO feel are critical to future rural development programs. First, rural communities need federal development assistance programs and policies that allow them to identify, address and meet local needs. Second, federal rural development grant programs need to be fully funded, increasingly flexible and locally driven. Third, USDA Rural Development programs should support the basic needs of local communities, such as water and wastewater systems, telecommunications and housing, while also tapping into the rural competitive advantage for innovation, entrepreneurship and alternative solutions such as renewable energy. We support the existing portfolio of USDA Rural Development programs, as well as the full implementation and funding of the innovative and forward-thinking Rural Strategic Investment Program.

Thank you again, Chairman McIntyre, Ranking Member Musgrave and members of the subcommittee for the opportunity to testify this morning on behalf of the National Association of Counties and National Association of Development Organizations on these critical rural development issues. I appreciate your time and interest. I look forward to answering any questions.



President Colleen Landkamer

Colleen Landkamer, Commissioner, Blue Earth County, Minn., was elected President of the National Association of Counties (NACO) on August 8, 2006 at the association's 71st Annual Conference in Cook County, Ill. Landkamer was first elected as an officer of NACO in 2003 and has served as Second Vice President, First Vice President and President-Elect before becoming President.

Landkamer was first elected to represent Blue Earth County's 1st District in 1988.

A member of NACO's Board of Directors since 1996, Landkamer is Executive Committee Liaison to NACO's Financial Services Center Board of Directors and serves on the Information Technology Committee, Sustainability Leadership Team, and Methamphetamine Action Group. She is past chair of NACO's Rural Action Caucus and Finance Committee.

Landkamer is an active public servant in Minnesota. She chairs the Minnesota Counties Research Foundation, and serves on the Rural Policy Center Board of Directors, Greater Minnesota Housing Fund Board, Minnesota Transportation Alliance Board, Minnesota Rural Partners Board and State Community Health Advisory Committee. In addition, she represents Minnesota's elected officials as a member of the state's Economic Summit. Landkamer co-chaired the Minnesota Health Improvement Program, served on the Children, Families, and Learning Planning Committee and the Delivery of Correctional Services State Committee.

In 2000, Landkamer was named "County Leader of the Year" by *American City & County* magazine for her local and national leadership.

She is a 2001 graduate of the Harvard Senior Executives in Government Program. Prior to being elected county commissioner, she worked as a Congressional aide to former Congressman Tim Penny.

Landkamer and her husband, Jack, reside in Mankato and have three sons, John, Michael and Patrick.

Committee on Agriculture
U.S. House of Representatives
Required Witness Disclosure Form

House Rules* require nongovernmental witnesses to disclose the amount and source of Federal grants received since October 1, 2004.

Name: Colleen Landkamer on behalf of the National Association of Counties

Address: 440 First Street, NW, Washington, DC 20001

Telephone: 202-393-6226

Organization you represent (if any): National Association of Counties

1. Please list any federal grants or contracts (including subgrants and subcontracts) you have received since October 1, 2004, as well as the source and the amount of each grant or contract. House Rules do **NOT** require disclosure of federal payments to individuals, such as Social Security or Medicare benefits, farm program payments, or assistance to agricultural producers:

Source: _____ Amount: 0

Source: _____ Amount: 0

2. If you are appearing on behalf of an organization, please list any federal grants or contracts (including subgrants and subcontracts) the organization has received since October 1, 2004, as well as the source and the amount of each grant or contract:

Source: _____ Amount: 0

Source: _____ Amount: 0

Please check here if this form is NOT applicable to you: _____

Signature: Colleen Landkamer

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