

*As Prepared for Delivery*

**Midwest Rural Assembly**

**Sioux Falls, South Dakota**

**August 10, 2009**

I'm here today on behalf of the Obama administration and the Department of Agriculture or USDA. I am the Under Secretary for the Department's Rural Development agency.

**Priorities**

Soon after the new administration started our Secretary, Tom Vilsack, outlined his five main priorities to ensure that all of us are on the same page and working toward the same goals. At the top of his list was rural America. He said we need to ensure that rural communities can create wealth so they are self-sustaining, repopulating and thriving economically. To achieve this, I've laid out seven strategies that I'd like to share with you: investments in regional food systems, alternative energy and increasing long term credit and broadband for businesses creation, using community building, regional and strategic partnerships.

My goal in talking to you is to give you an overview of what we're doing and the programs we have available, so that after you leave [this conference] and you're thinking about ways that your organization can partner, that you think about USDA and you look to us for collaboration. We plan to be a major player in the Administration's efforts to create jobs and improve the economy in - and I hope you'll work alongside us.

**Overview**

Let me first give you a quick overview of how my agency is structured. We oversee four main

programs, Utilities, Housing, Business and Community Development. Utilities addresses the needs for basic services like clean water, sewers and waste disposal, electricity, and telecommunications; Housing works to eliminate substandard housing by helping people buy, rent or build decent housing and community facilities; and Business creates jobs by funding and growing businesses and cooperatives. Community Development operates special initiatives across these programs to improve our outreach. In a typical year, we create or preserve more than 150,000 rural jobs, enable 40,000 to 50,000 Americans to buy homes and help 450,000 low-income people rent apartments or other housing.

### **Regional Food Systems**

Now back to our strategies, the first effort will be to use local and regional food systems for wealth creation. We want to create value-added local commodity agriculture. Our Value-Added Producer Grants help with planning activities and creating working capital for marketing value-added agricultural products and farm-based renewable energy. We serve independent producers, farmer and rancher cooperatives, producer groups and business ventures. We're working to create a local foods movement; and a local energy movement. It's a holistic approach. A regional food system and every step of biofuel production can be handled right on the farm. The feedstock and manure from livestock can be stored and converted into biofuels to create clean renewable energy, which then provides electricity and heat to keep our farms and local communities running. The opportunities are created locally and the revenues are maintained locally.

### **Alternative Energy**

Secretary Vilsack sees rural America as having a tremendous role in alternative energy. He has been extremely active on the issue and has been on Capitol Hill, reaching out to Members of

Congress to let them know about the role we can play. Often people forget about the Department of Agriculture when they think about energy issues, but if we truly want to get our economy moving again, we must invest in rural America and find solutions - using biofuels. Converting corn, sugar and other plant-based matter to biofuels won't be successful unless our agricultural industry is involved. USDA Rural Development implements the Renewable Energy Provisions of the 2008 Farm Bill. Over \$1 billion of mandatory funding was set aside to support these programs over five (5) years. They include loans, grants, loan guarantees and payments for expanding advanced biorefineries and energy audits, feasibility studies and renewable energy systems and energy efficiency improvements. We also fund biofuel and biobased research and development.

I'll touch briefly on the Waxman-Markey energy legislation, which was passed in the House. Our analysis shows that economic opportunities for farmers and ranchers can potentially outpace - perhaps significantly - the costs from climate legislation. Secretary Vilsack said: "...USDA can help smooth this transition by using our Farm Bill conservation programs to assist landowners in adopting new technologies and stewardship practices...and increase resiliency to climate change impacts."

The American Recovery and Reinvestment Act – signed February 17 - gives added resources, more than \$60 billion in clean energy investments.

- \$11 billion for a bigger, better, and smarter grid to move energy from the rural places it is produced to the cities where it is mostly used
- \$6.3 billion for state and local renewable energy and energy efficiency efforts.
- \$600 million in green job training programs

There are many different funding opportunities to pursue and approaches to boost our economy. It will likely take up to 18 months to see substantial changes, but what all of us can see now is that making the transition to alternatives will undoubtedly benefit us in the future.

### **Capital Markets**

The recession has dramatically impacted the availability of long term credit in rural America right at a moment when we need to improve capital markets access. We need to increase revenue streams.

The role of agriculture is shrinking in rural America; forty percent of farmers are in metropolitan counties. In terms of employment, service sectors have been leading in rural areas for decades, but manufacturing has been hit hard since 2000 and before. What we must do is focus on what we can control and how we can bring new investment opportunities to stimulate economic growth. USDA's Economic Research Service has indicated a few trends.

- Counties with greater numbers of people with advanced degrees and artists have counties with high job growth.
- Population is growing in high natural amenity areas, places with lakes, oceans, mountains, etc.
- Where there is more broadband there is a higher rate of economic growth

So we're going to focus on education, jobs and infrastructure and what we can do with our financing opportunities.

Our Business & Industry Guaranteed Loan Program is a great option to improve, develop, or finance businesses, industries, and employment. The goal is to bolster the existing private credit structure through guaranteeing quality loans with lasting community benefits.

### **Broadband and Continuous Business Creation**

Broadband can help us to continuously form and capitalize new businesses, strengthen competition and market access.

Often when I travel, the discussion tends to be about the way things used to be, about why things are not as good as they were in the past. Well, the past was focused on low-balling the capacity of rural America. Today we must reverse the trend and broadband can help us do that.

We're using funds from the American Recovery and Reinvestment Act to provide over \$9 billion in funding for high speed internet service in communities that lack sufficient access.

Approximately four billion is available under the first Notice of Funding, \$2.4 billion will be available from USDA and \$1.6 billion will be available from The Department of Commerce.

The Broadband Initiative Program gives us flexibility between loan and grant funds rather than a loan-only approach. Added to significant levels of funding, we can make a substantial down payment on the enormous task of providing access to broadband in unserved and underserved rural area.

With broadband we can link local markets to global services. We can produce and sell our products to outside sources and keep talent and dollars in the community. To echo what Secretary Vilsack said, "this program will bring high-speed internet service to communities across the country, create thousands of jobs, and improve economic, health care, and educational opportunities."

Simply - Broadband will help level the playing field of access to infrastructure and allow rural Americans to build the communities they envision for themselves.

### **Community Building**

However, none of these efforts mean anything unless we're able to see substantial positive changes. To measure our success we will use metrics like annual farm increases, unemployment, rural migration rates and percentage of farmers with livable wages.

Part of our combined efforts will be community development. We have the most powerful agriculture industry in the world, the greatest natural resources, the hardest working and most creative people and excellent education and research institutions, but we need to channel these positive resources to build self-sustaining communities.

A few of the programs we implement are the Community Facilities Guaranteed Loan Program, the Community Facilities Direct Loan Program, and the Community Facilities Grant Program to provide funding for schools, libraries, public buildings and transportation among others. Our Rural Business Enterprise Grant program provides grants to public and private non-profit corporations or Indian groups to develop small and emerging private business enterprises

### **Regional Collaboration and Strategic Partners**

As with anything, we can't do this alone. We need participation and collaboration from the states - the people on the ground, in the local communities and outside of Washington - to implement these projects. As we finance libraries, schools, hospitals and other community

facilities, we can incorporate end user access to broadband and bring in distance learning and telemedicine. As we help farmers form new cooperatives to add value to their operation or market their products, we can facilitate their e-commerce capacity. As we finance new entrepreneurs, and work to save existing rural jobs by modernizing businesses, we can help customers use broadband tools to create new wealth. Together we need to encourage our rural communities to invest in these opportunities, to help others see our vision and to move the ball down the field.

We're opening the door to extending our efforts. We've partnered with the National Rural Electric System, with 45 million customers and over 1000 cooperative members. They have the greatest capacity to affect the rural economy more quickly than any other relationship and we are grateful for that.

### **Leaders**

One area we can all work on is building leaders in rural America and making them believe tomorrow can be better than yesterday. We must create hope and set our sites higher, to have people perceive themselves as leaders and grow their confidence. You are all leaders in your community and you can help identify and develop leaders in your states. This can be done by integrating federal investments and public, private and non-profit sectors

I'd like to challenge you to consider the role that you can play. You have the ability to help us make our programs better, to make our knowledge usable, to become better users of our findings and to grow access to new capital and credit funding. You can help us create a generation of young people that can use and preserve our natural resources. To put it simply, you can help us do things smarter. I look forward to greater collaboration between us all because in the end,

we're all here for the same reason – to build the future of rural America. We've got a new administration, new priorities and an opportunity for new relationships. We have the tools to revitalize and revolutionize rural America and we need a new direction for USDA Rural Development.

### **Conclusion**

I know I speak for Secretary Vilsack when I say - working together we can make a difference in rural America. My staff and I are happy to sit down with you. Within Rural Development we are fortunate to have about 500 offices across the country - 47 state offices and about 450 local and area offices. We're on the ground and can be a resource because we're there in the communities seeing first hand how the economy is affecting people. Please do find me during the conference and don't hesitate to reach out to us after the conference is over.