



Committed to the future of rural communities.

22nd Annual Ethanol Conference & Trade Show

August 12, 2009



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"So we have a choice to make. We can remain one of the world's leading importers of foreign oil, or we can make the investments that would allow us to become the world's leading exporter of renewable energy. We can let climate change continue to go unchecked, or we can help stop it. We can let the jobs of tomorrow be created abroad, or we can create those jobs right here in America and lay the foundation for lasting prosperity." -**President Obama, March 19, 2009**



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USDA Goal: Ensure that rural communities are creating wealth, self-sustaining, repopulating and thriving economically

Strategies:

- Alternative Energy
- Regional Food Systems
- Capital Markets
- Broadband and Continuous Business Creation
- Community Building
- Regional Collaboration
- Strategic Partners



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USDA Rural Development - Overview

Utilities - Addresses 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

Business - Creates jobs by funding and growing businesses and Cooperatives

Community Development - Operates special initiatives across these programs to improve outreach



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Strategic Partners

- **Strategy:** Persuade people to partner with us
- **Action:** Integration of all USDA investments with Rural Development, other federal investments and public, private and non-profit sectors
 - **Example:** National Rural Electric System, 45 million customers and over 1000 cooperative members - capacity to affect rural economy
- **Goal:** New partnerships and opening the door to extending our efforts



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Regional Collaboration

- **Strategy:** Encourage rural areas to invest in opportunities to improve rural economies
- **Action:** Work together to grow access to new capital and credit funding
 - Provide leadership, education and training, technical support and incentives
- **Goal:** Create regional collaborative efforts between communities and interested and supportive parties

Community Building

- **Strategy:** Improve community outreach institutions
- **Action:** Channel resources to build self-sustaining communities
- **Goal:** Create great places to live, raise families, provide recreational opportunities, and infrastructure for high paying jobs

Broadband and Continuous Business Creation

- **Strategy:** Capitalize new businesses, strengthen competition and market access
- **Action:** Bring high-speed internet service to communities, create thousands of jobs, and improve economic, health care, and educational opportunities.
 - American Recovery and Reinvestment Act provides over \$9 billion for broadband
- **Goal:** Level the playing field of access to infrastructure

Capital Markets

- **Strategy:** Focus on how we can bring new investment opportunities to stimulate economic growth
- **Action:** Integrate Rural Development with other USDA and federal investments and public and private organizations
- **Goal:** Bolster existing private credit structure through guaranteeing quality loans with lasting community benefits

Regional Food Systems

- **Strategy:** Use local and regional food systems for wealth creation
- **Action:** Value-Added Producer Grants to plan activities and create working capital for marketing value-added agricultural products and farm-based renewable energy
- **Goal:** Opportunities are created locally and revenues are maintained locally

Retooled Loan Assistance

- Using administrative flexibility to provide relief to individuals and businesses in struggling agriculture industries
- Critical to restoring economic prosperity in rural communities, and essential to ensure Americans have access to a safe, secure, and healthy food supply
- **Assistance includes:**
 - **Farm Service Agency's** increased effort to provide loan assistance to livestock producers
 - **Rural Development Business and Industry Loan** program which has been structured to provide relief to processors and other small businesses in agriculture industries



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Business & Industry Guaranteed Loan Program

Business Eligible For:

- Working capital refinancing
- Machinery and equipment
- Real estate and construction
- Business development and expansion

Supports:

- Cooperatives
- Corporations
- Partnerships
- Nonprofit groups
- Federally recognized Indian tribes
- Public bodies
- Individuals

Funds Focused on:

- Creating and retaining quality jobs
- Serving difficult-to-reach populations
- Areas hardest hit by the economic downturn



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Implementing Immediate Steps:

- Business & Industry Guaranteed Loans

- Directing at least 10% of the \$1.7 billion in Business & Industry loans to persistent poverty counties
- Helping businesses with credit needs by keeping all existing authorities in the Business and Industry program in place
- Considering loan term adjustments as part of a comprehensive business stabilization strategy, including adjustments in interest rates, principal reduction and loan terms
- Increasing loan guarantee to up to 90%



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Immediate Steps Continued

- All loans will be subject to standard underwriting criteria and working with borrowers and lenders on a case-by-case basis to provide needed financing.
- Providing incentives to lenders who finance businesses with jobs that pay at least 125% of the national minimum wage and/or provide health care benefits.
- Reducing loan guarantee fees by at least 50%.
- Eliminating annual renewal fee that lenders had been required to pay to maintain the guarantee.
- Working with lenders to discuss challenges they're facing

Alternative Energy

- **Strategy:** Constantly conduct feasibility studies, research, develop and invest in new alternative energy
- **Action:** Implement the Renewable Energy Provisions of the 2008 Farm Bill
 - Over \$1 billion of mandatory funding over 5 years - for expanding advanced biorefineries and energy audits, feasibility studies and renewable energy systems and energy efficiency
- **Goal:** Create jobs through continuous formation and capitalization of new businesses

2008 Farm Bill - Energy Provisions

Biorefinery Assistance - Loan guarantees for development, construction and retrofitting of commercial-scale biorefineries, and grants to pay for development and construction of demonstration-scale biorefineries

Repowering Assistance - Payments to biorefineries to replace fossil fuels used to produce heat or power to operate the biorefineries with renewable biomass

Bioenergy Program For Advanced Biofuels - Payments to eligible agricultural producers to support and ensure an expanding production of advanced biofuels



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2008 Farm Bill Continued

Rural Energy for America Program - Grants and loan guarantees for energy audits, feasibility studies and project development of renewable energy systems and energy efficiency improvements

Biomass Research and Development - Competitive grants, contracts and financial assistance for research and development and demonstration of biofuels and biobased products, and the methods, practices and technologies for their production

Rural Energy Self-Sufficiency Initiative - Grants to enable eligible rural communities to increase energy self-sufficiency



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American Recovery and Reinvestment Act



Highlights:

\$11 billion for a smarter grid to move renewable energy from rural areas where it's produced to cities where it's mostly used

\$6.3 billion for state and local renewable energy and energy efficiency efforts

\$600 million in green job training programs – \$100 million to expand line worker training programs and \$500 million for green workforce training



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Thank You

USDA: www.usda.gov

Rural Development: www.rurdev.usda.gov

Email: CCO@wdc.usda.gov



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