

As Prepared for Delivery

Federation of Southern Cooperatives/Land Assistance Fund

42nd Annual Meeting, Rural Training and research Center

Epes, AL

August 15, 2009

Introduction

Thank you so much for inviting me to be a part of the 42nd annual meeting. I want to congratulate all of you and commend you for your work and dedication to rural America. I know it's not easy and it's not always the most glamorous, but creating economic opportunities in some of our nation's poorest communities is one of the most honorable things you can do. And I thank you for carrying the torch when rural America has not been the focus of government. But - I'm here today to say - that has changed. We are dedicated to you, to rural America and to improving the economic environment. Not only are we looking to provide

financing, but we are looking to provide resources to make rural Alabama self-sustainable.

Civil Rights

I was so glad to hear that our Assistant Secretary for Civil Rights, Dr. Joe Leonard, was here yesterday and talked to you about the changes we're making within our department. They are substantial.

- We're analyzing our services to develop recommendations for equitable access to our agencies;
- We're reviewing all civil rights complaints since 2000 to ensure they have been adequately addressed; and
- We're addressing the civil rights issues of minority and socially disadvantaged farmers across the country.

In the past the "People's Department," as President Lincoln referred to us, was not always represented by ALL people, but today, as Secretary Vilsack says, we're creating the "Everyday,

Everyway Department.” And we’re committed to making sure that ALL people, rural and urban, rich and poor, are given opportunities to make their lives better.

Outreach

As part of this effort, we’re improving our outreach across the country and in the states. Just this week, four cabinet secretaries, including Secretary Vilsack, brought the largest delegation ever to rural Alaska as part of our USDA Rural Tour. These discussions spark ideas on how communities, states, and the federal government can work together. We have four (4) more coming up and we’ve held nine (9) so far. But within my agency, Rural Development, we’re also working to improve our outreach and want to ensure that the people of Alabama’s needs are met.

Priorities – Refer to Outline

Our goal is to build rural communities that can create wealth, are self-sustaining, repopulating and thriving economically. I have laid out seven strategies:

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

Alternative Energy

We will conduct feasibility studies, research, develop and invest in new alternatives by implementing the Renewable Energy Provisions of the 2008 Farm Bill. We have over \$1 billion of funding - over 5 years – and we will expand advanced biorefineries, energy audits, renewable and energy efficiency

systems. Our goal is to create jobs through continuous job formation and capitalization of new businesses.

Regional Food Systems

We will support local and regional food systems for wealth creation. Our Value-Added Producer Grants will go toward planning activities and creating working capital for marketing agricultural products and farm-based renewable energy. These investments will be created locally and maintained locally.

Capital Markets

We will focus on how we can bring new investment opportunities and stimulate economic growth. We are integrating with other federal, public and private organizations to bolster the existing private credit structure and guaranteeing loans with lasting community benefits.

Broadband and Continuous Business Creation

To build new businesses, strengthen competition and market access we are bringing high-speed internet service to communities.

The American Recovery and Reinvestment Act provides over \$9 billion for broadband to level the playing field of access to infrastructure.

Community Building

These efforts all serve to improve community outreach and to channel our resources to create great places to live, raise families, provide recreational opportunities and high paying jobs.

Regional Collaboration

But we won't be able to do it alone. We will provide leadership, education and training, technical support and incentives to create collaborative efforts between communities and interested parties

Strategic Partners

This also requires us to build new partnerships and open the door to extending our efforts.

Alabama

A good place for facts on rural America is the Rural Policy Research Institute. Their research shows that in Alabama, the metro-nonmetro per capita income gap has persisted over the past 10 years. The per capita income in nonmetro areas was nearly \$6,000 less than in metro areas (\$26,712 compared to \$32,587). From 2000 to 2007, 38 counties lost population, 9 metro and 29 nonmetro counties. We must reverse these trends

Trends in Rural Economies

Our Economic Research Service has found trends in rural America that show the role of agriculture is shrinking; forty percent of farmers are in metropolitan counties. In terms of employment, service sectors have been leading, but manufacturing has been hit

hard since 2000 and before. Based on these findings, we will focus on what we can control and how to bring new investment opportunities to stimulate economic growth.

- Communities with greater numbers of people with advanced degrees and artists have counties with higher job growth.
- Where there is more broadband there is a higher rate of economic growth

RD Programs

There are many Rural Development programs available to help change these statistics and improve economic development. A few of the ones I suggest you look into are our:

- Rural Housing loans and grants
- Cooperative Development Grants
- Value-Added Producer Grants
- Water Loans and Grants

Housing programs

Our Housing Program provides affordable rental and homeownership opportunities through loans, grants, and loan guarantee programs. Our funds can be used to buy and improve land and to provide necessary facilities such as water and waste disposal systems. There are also funds for community facilities like: schools, child care centers, hospitals and public safety vehicles. In Alabama, under fiscal year 2009 (October to August 12, 2009) our Single Family Housing and Guaranteed Rural Housing Program helped 2,668 families, providing \$311,718,014 in funding.

Value-Added Producer Grant program

Our Value-Added Producer Grants are available for farmer and rancher cooperatives, independent agricultural and majority-controlled producer ventures. They provide planning activities and working capital for marketing value-added agricultural products

With a regional food system - every step of biofuel production can be handled right on the farm. The opportunities are created locally and the revenues are maintained locally.

Cooperative Development Grant program

I'm sure you all know what cooperatives are, as this is the Federation of Southern Cooperatives, but I do want to reiterate how great a tool they are for rural communities to band their ideas and resources together. Because the owners are community members they're invested in their communities and will work to attract infrastructure for high paying jobs. A report released on March 2009 - through Rural Development funding - by University of Wisconsin Center for Cooperatives shows:

- Nearly 30,000 U.S. cooperatives operate at 73,000 places of business throughout the U.S. These cooperatives own >\$3T in assets, and generate >\$500B in revenue and >\$25B in wages.

- Cooperatives account for nearly \$654B in revenue, >2M jobs, \$75B in wages and benefits paid, and a total of \$133.5B in value-added income.

Cooperatives offer:

- Improved negotiation strength,
- Technical and operational assistance,
- Management and marketing services; as well as
- Financial guidance.

We have been providing support for rural electric cooperatives since the Rural Electrification Act of 1936, helping with transmission, bringing electricity to the grid and installing poles and lines. A cooperative can provide services to ease the adoption of alternative energy technology and/or similarly-situated farmers could form a separate entity to address their specific needs. We've had a successful partnership with the National Rural Electric System for years. With 45 million customers and over 1,000

cooperative members, they have the greatest capacity to affect rural economies more quickly than any other relationship we have.

Water Loans and Grants

Our Water and Environmental Programs provide loans, grants and loan guarantees for drinking water, sanitary sewer, solid waste and storm drainage facilities in rural areas of 10,000 or less. Public bodies, non-profit organizations and recognized Indian tribes may also qualify for assistance. The Water Works and Sewer Board of the City of Thomasville was recently awarded \$15.1 million through our Recovery Act funds (Loan \$9,904,000 / Grant \$5,295,000) for system improvements and to construct a new water treatment plant. This stimulus money, leveraged with the Environmental Protection Agency and Economic Development Administration, will provide a more abundant and reliable source of clean, safe drinking water for approximately 2,500 (residential and commercial) customers in the city and surrounding

communities. As a result of these federal funds, approximately 495 jobs will be created/saved in southwest Alabama

ARRA

Also, let me touch on the American Recovery and Reinvestment Act – signed February 17 – this stimulus bill contains many resources that are still available for you to take advantage of.

About 20-25% of the ARRA dollars have been spent. To see what’s out there, first contact your Alabama State and Area offices, but let me give you an overview of the funds we still have available.

Community Facilities	\$970 million
RBEG	\$3.7 million
Single Family Housing Guaranteed	About \$5 billion
Single Family Housing Direct	\$775 million

Water and Waste	\$2.2 billion
Broadband	\$ 9.2 billion
B&I Guaranteed	\$1.7 billion

If you're looking to apply for a broadband loan, BROADBANDUSA.GOV has all of the latest details. If you want to follow the work being done in Alabama by the Recovery Act you can follow it on Recovery.gov or view our geospatial map USDA.GOV/RECOVERY. Our geospatial map - with the Department of Commerce and Health and Human Services - shows to date there are about 400 projects in Alabama and over 300 million in funding.

Conclusion

As you've heard here today, the Obama administration and USDA have a new perspective that embodies the needs African American farmers and rural communities. We look forward to greater collaboration because in the end, we're all here for the same reason

– to build the future of rural America. We have 47 state offices and about 450 local and area offices. We're on the ground and want to be resources because we're there in the communities seeing first hand how the economy is affecting people. Let me say it again and again - please don't hesitate to contact us. Let's open it up to questions.

Thank you