

{As prepared for Deliver}

**Remarks by**  
**Under Secretary Thomas C. Dorr**  
**NACO Rural Action Caucus Breakfast**  
**Marriott Wardman Park Hotel– Washington, D.C.**  
**Sunday, March 2, 2003**

**Introduction made by Jane Halliburton – Rural Action Caucus Chair (Story County, Iowa) and Jack Forsman of Cherokee, Iowa**

- **Thank you Jane and Jack**
  
- **One of the first organizations that I had an opportunity to discuss Rural Development issues with upon becoming Under Secretary was NACO. Karen Miller(President-Elect from Boone County, MO), Bill Hansell (2<sup>nd</sup> Vice-President from Unatilla County, OR) and Joe Dunn of the NACO Staff represent you well.**

- **I found that meeting very helpful – I think we share a common bond in serving rural America.**
- **As elected officials, you are the leaders who are looked upon by your constituencies to address every imaginable community issue and need. And it is your leadership that shapes the economic climate of your community and the overall quality of life for your residents.**
- **It is this common interest of -- economic opportunities and an improved quality of life – that allows us to come together to forge a strong working relationship to serve rural America.**
- **This morning I would like to focus for a few minutes on some of the rural economic opportunities presented through the 2002 Farm Bill, specifically those provisions that are being implemented by Rural Development.**

- **Whether it is in implementation of Farm Bill provisions or the 30 plus business, housing and community development programs – our fundamental belief is that Rural Development’s role should be to serve local communities by facilitating the harnessing of the resources necessary to address regional economic and quality of life issues.**
- **In my view we are doing this by serving as the venture capitalist for rural America**
- **Unlike the past when we were perceived as the lender of last resort – We now bring capital, technology and technical assistance to rural America.**
- **When a venture capitalist invests in an entrepreneur what does he get in return? -- Equity – If the entrepreneur is successful – the venture capitalist is much better off. So why is Rural Development the venture capitalist of rural America? Because we, the President, and Congress believe in rural America. The return on our equity from rural America is a stronger rural economy, a higher quality of life, and the benefits derived for society from exploiting the talents and resources of all rural Americans.**

- **A key component of capital investment that serves as an economic stimulus and a cornerstone to a strong community is homeownership.**
- **Homeownership creates stability and as we have seen over the last year, serves as a strong economic staple in our overall U.S. economy. --**
- **Increasing homeownership is a critical element of the Bush Agenda. Not because it sounds good politically, but because he believes passionately in the strength of families – just as all of you do. And central to strong families – is a solid, safe and secure house. The kind of house all families wish to call home and come back to.**
- **It is one of the oldest forms of building capital known to mankind -- it is homeownership!**
- **Over the last two years USDA has worked to assist 82,000 rural families realize their dream of homeownership.**

- **While rural America has the highest percentage of homeownership, we believe we must do more. To strengthen our economy and provide greater opportunities for homeownership, USDA Rural Development unveiled in October 2002 an aggressive plan to achieve the Administration's goal of helping 5.5 million minority families attain the dream of homeownership by 2010.**
  
- **Our five-star commitment includes:**
  - **Lowering Fees To Reduce Barriers to Minority Homeownership;**
  - **Doubling The Number of Self-Help Participants by 2010;**
  - **Increasing Participation By Minority Lenders Through Outreach;**
  - **Promoting Credit Counseling and Homeownership Education; and**
  - **Monitoring Lending Activities To Ensure 10 Percent.**

- **We must aggressively work to develop relationships with those who have the resources and can appreciate the uniqueness of rural America – and will invest in rural America. An example of this is Chase Home Finance, who recently committed \$500 billion to assist rural minority families realize their dream of homeownership. This presents a tremendous opportunity for rural families, and will allow for an incredible amount of capital to flow into rural areas.**
  
- **In addition to homeownership, there are four Farm Bill initiatives that are center stage at Rural Development:**
  1. **Agricultural Value-Added Product Market Development Grants**
  2. **Section 9006 of the 2002 Farm Bill - THE RENEWABLE ENERGY SYSTEMS AND ENERGY EFFICIENCY IMPROVEMENTS**
  3. **Water/wastewater infrastructure**
  4. **Broadband**

## **1. VALUE-ADDED**

- **Over the past two years, the Administration has placed a significant emphasis on helping producers to increase profit margins by adding value to their commodities.**
- **While agricultural policy is focused mainly on production, Rural Development strives to help maximize the return on all available resources in rural areas. Particularly including those derived through value-added endeavors. Grants provide funds for:**
  - **Feasibility studies;**
  - **Developing legal structures; and**
  - **Other necessary components.**
- **In support of President Bush's economic agenda, USDA Rural Development provided \$57 million in Agricultural Value-Added Development Grants in the last two years. This is a significant contribution to entrepreneurialship.**
- **The 2003 Appropriations Bill signed by the President last week will fund the program at \$40 million this year.**

**2) SECTION 9006 -- Farm Security and Rural Investment Act of 2002 (Farm Bill)**

- **This is the first time an energy title focusing on renewable energy systems and energy efficiency improvements has been included in a Farm Bill.**
- **And it “Establishes a grant, loan, and loan guarantee program to assist eligible farmers, ranchers, and rural small businesses in purchasing renewable systems and for making energy efficiency improvements.”**
- **We are under a tight timeframe to make selections by the end of September. Consequently, this year’s \$23 million will be made available in the form of grants – which we hope to advertise in June. This is not to say that we have abandoned the rule making process, but time is of the essence and we don’t want to risk losing the funds because of a slow rule making process.**



- **I feel that it is especially important though to ensure that as we implement this program, we do it in a way that is useful to those who may best be able to develop and implement and benefit from these opportunities.**
- **All of the input we received will help us to develop an effective and useful funding delivery system. By sharing ideas and concerns we will better serve those who ultimately will utilize this program to create alternative energy systems.**
- **And just as we sought input from organizations and private citizens to develop an effective and useful program, our rule development process is composed of an inter- and intra-agency working group involving folks for NRCS, FSA, ERS, EPA and DOE. –**

### **3) Water/wastewater Infrastructure**

- **Another provision that I know is important to NACO was the funding of community water and wastewater infrastructure. Our staff did an excellent job of quickly getting the \$750 million in Farm Bill funding to assist in financing nearly 400 community projects. While this was a tremendous boost to reducing the backlog in funding requests, we recognize that great need still remains and will continue to work to reduce this backlog.**

### **4 ) Broadband**

- **Another significant provision that will have a profound affect on rural areas is Broadband.**
- **As we enter the 21<sup>st</sup> Century, a new frontier is upon us – it is the advancement of infrastructure that will support modern information technology. What electric and telephone were to the 20<sup>th</sup> century, telecommunication is to the 21<sup>st</sup> century.**

- **And as someone who was raised and lived in rural Iowa, I can tell you technology is having a tremendous impact in such areas as farming and local business development. It has dramatically improved the way of life for rural residents.**
- **I would add that there is no greater supporter of rural America than President Bush and his Administration. He has been an avid supporter of expanding access to modern technology such as – broadband -- and understands that for America to compete globally we must develop the necessary capacity to do so.**
- **The important thing to remember is that this infrastructure goes beyond simply providing access to the Internet. It opens a whole new world of opportunity. When the technology is fully in place, businesses will increase their ability to compete in world markets, students will have access to new means of learning, and medical services in rural areas will be dramatically improved.**

- **The ability of rural citizens and communities to have the best of both worlds, the advantage of living in a rural area, and the opportunity that is provided in centers of commerce, education, and medicine can be bridged.**
- **And as we worked with community leaders to bring electricity to farms, ranches, and rural communities, we will again work with community leaders to bring new technology infrastructure to rural businesses, schools, medical facilities, farmers, ranchers, and the list goes on.**
- **The Bush Administration recently announced that \$1.455 billion in capital investment funds are now available to expand broadband infrastructure -- If we invest in the infrastructure and support local efforts, the return on this investment will pay tremendous dividends.**
- **Whether we are talking about the expansion of broadband or water and wastewater infrastructure or the value-added and renewable energy initiatives in the Farm Bill -- USDA and USDA's Rural Development can play a supportive role in expanding the economic base in rural America.**

- **When I talked with your leadership last fall, we discussed many of the challenges facing rural communities.**
- **Without a doubt, we are challenged today to develop strategies for rural America that are effective and programs that make sense. We, in the public sector, simply have to do a better job. We have bound ourselves up with procedures, regulations and approaches that reflect a rural America of the 1950s, using definitions from the 1930s.**
- **That has got to change. Rural America of the 21<sup>st</sup> century will look nothing like the rural America of the early 20<sup>th</sup> century. Our programs have got to stop looking back and start looking forward.**
- **Most of all, we need to work together. Partnerships and collaborative approaches are how we make this vision of rural America a reality.**

- **We must recognize however, that collaborative relationships are not limited to traditional bodies coming together as separate entities, but rather, all working together as one to exact an outcome that matches our vision.**
- **One of the most powerful and forward ideas that has begun to take hold in pockets of our country is regionalism. To many it is a trepid venture toward finding new ways of addressing ageless issues facing rural areas: tax bases, governmental services, and collaborative solutions. Frankly, I think it makes sense to join forces -- you bring more strength to solving issues, you can create sustainable economic centers of commerce and substantially reduce baseline cost to local citizens.**
- **To further explore this idea, I would encourage you to obtain a copy of the report published by The Federal Reserve Bank of Kansas City from their May 10, 2002 conference on “The New Power of Regions”. It provides a wealth of perspectives and ideas on how regionalism can benefit rural communities.**

- **Agriculture Deputy Secretary Jim Moseley, who I highly respect as a friend and a colleague, presented to the group ideas on “How Regions Change The Future Of Rural Policy”. In his remarks, he shared as I have this morning that agriculture and rural America has changed dramatically, and it requires us to recognize what is driving these changes and how we can capitalize on them to benefit rural communities.**

**He identified at least four driving issues:**

- **First Driver – Technology --Technological change has revolutionized farming thereby increasing productivity and effecting a movement off-farm,**
- **Second Driver – Evolution of domestic and export markets,**
- **Third Driver – Advances in communication and logistics management, and**
- **Fourth Driver – Mobility of people to move to where opportunity (economic/quality of life) exist.**

## **So what is the Point?**

- **Regionalism isn't about the lost of identities -- it is the capturing of the best each change has to offer and working as one to bring about positive changes. It is about working collaboratively to reduce cost – and to increase levels of communication, coordination, and cooperation. It is about sharing training and educational opportunities on how to effectively bring together this wealth of resources that when brought together can have a tremendous impact on the economies of rural areas.**
- **It is about partnering and preparing our rural communities to be competitive and prosperous in an ever-changing world economy.**



- **We also must understand that there are challenges to regionalization -- which if not recognized and addressed, will impair its success:**
  - **First – Regionalization and clustering will require a high level of cooperation amongst all parties. Regional rural development may require new structures to bridge these communication and cooperation gaps.**
  - **Second – The private sector will be pivotal and must be participants in the development process to achieve sustainable progress – they are job creators -- they invest capital and produce goods and services. They must be at the table and leading the change.**
  - **Lastly – We must find mechanisms for tapping private sector capital to support rural development. As I mentioned earlier, we must look to non-traditional sources to generate liquidity that can be transformed into capital investments – such as the illiquid rural assets.**

- When we look at the overall challenges facing our rural communities, foremost, we must recognize that while approaches of the past were right for the time, we must aggressively look to new methods of addressing new challenges that are upon us now.
- How can Rural Development support this effort? By keeping our eye on a simple but clear vision:

### **OVERALL RURAL DEVELOPMENT VISION**

- To increase economic opportunity throughout rural America
- To improve the quality of life for all rural Americans
- Although these two goals sound simple enough, as most of you who live in rural areas know, this is easier said than done.

- **We propose to do this by pushing the President’s agenda, exploiting opportunities in the Farm Bill, and working with organizations like yours. We do this with:**

**Economic Opportunities:**

- **Capital Investments**
- **Infrastructure**
- **Technology**
- **Energy**

**Quality of Life:**

**Basic**

- **Housing**
- **Food and Water**

**Essential**

- **Education**
- **Health Care**

**Necessary**

- **Recreational; and**
- **Cultural**

- **If we begin to succeed at these initiatives, that of increasing economic opportunities and improved quality of life, many of which are already in play, then opportunities will move into these rural areas.**
- **At all levels, we need to think differently and in ways that capture the spirit and values of rural America. We must act boldly.**
- **We must allow ourselves to think creatively and differently. And that different thinking starts with how we think of rural development at the national level. We do not develop rural America – rural Americans develop rural America.**
- **The foundation is there. Now, it is our challenge to build on it.**