

(As Prepared for Delivery)

**National Association of Resource
Conservation and Development Councils, Inc.**

HYATT – Capitol Hill

Washington, D.C.

Monday, February 3, 2003

Under Secretary Tom Dorr

- **Thank you Joe Cantu (President of NARC&DC) I appreciate the kind introduction.**
- **I also appreciate the opportunity to be here along with Under Secretary Mark Rey and NRCS Chief Bruce Knight.**
- **The ongoing coordination effort by NRCS and the Development Councils has brought consistency and focus to the RC&D conservation efforts in rural areas.**

- **I was pleased to accept the invitation to join you today – I think USDA’s Rural Development shares many of the same goals and interest in serving rural communities and I believe we have the opportunity to foster a strong working relationship between local councils and Rural Development.**
- **By working closely together, I hope we can reduce duplication, increase our ability and combine our efforts to bring financial and technical assistance tools to rural communities. This is in keeping with the President’s Management Initiatives.**
- **Your role in rural America is critical. As leaders in your communities, you are known for being able to get the job done. Your credibility on behalf of RC&D interests – is recognized both in your community, by the partners with whom you work, and in the halls and chambers of legislatures and County Committees across this country.**

- **So, as community leaders, I believe you understand how critical collaborations and partnerships are to developing and implementing economic development strategies that promote growth.**

“Supporting Organization of the Year Award”

- **An outstanding example of such partnership efforts is right here in this room. Collectively, we have some very talented individuals, both within the RC&Ds and Rural Development organization, who are dedicated to serving rural areas.**
- **I understand that our Rural Development office in Illinois has been nominated for your “Supporting Organization of the Year Award” for their work with the Two Rivers RC&D area in Illinois. The partnership effort in Illinois is a good example --that -- by working together, we can improve the quality of life for many more rural Americans.**
- **Illinois serves as an example of what we can accomplish – together --throughout this country.**

Today I would like to expand on what the Bush Administration's priorities are for rural America.

State of Union and connection to Rural America

- **President Bush's State of the Union message laid out an aggressive agenda for the balance of this term. I know the President understands that America will prosper when given the opportunity. And, I also know he understands rural America. I can tell you from first hand conversation with the President, that he clearly relates to rural communities. He appreciates those traditions and values which we hold dear.**
- **The goals articulated by the President can serve as our roadmap as we seek to increase economic opportunities and to improve the quality of life for rural Americans. I will go into further details in a moment but wanted to highlight four specific goals mentioned by the President.**

1) Economic Agenda

2) Renewable Energy and Environment

3) Faith-Based Initiatives

4) Homeland Security

President's Economic Agenda

- **During his national economic summit in Waco, Texas, and in his State of the Union, President Bush highlighted several key areas of his economic agenda: renewable energy, job creation, and business development.**

- **Since unveiling his new economic stimulus package in early January, Keith Collins our chief economist at USDA has identified some very interesting and supportive facts.**

His preliminary analysis suggest that by:

- **Elimination of tax on dividends;**
- **Acceleration of reductions in marginal tax rates;**
- **Marriage penalty relief;**
- **Increases in the Child Care credit; and**
- **Increase in the amount of Capital Investments that can be expensed by small businesses.**

We could expect about \$4.0 Billion in tax relief in calendar year 2003.

Why Is This Important?

- **This President believes in the citizens of this country – that’s why he is so committed to returning your money to you. He believes it is important to let each of you decide how best to allocate your hard earned resources.**

Overall Efforts by President Bush

- **So – In addition to this -- the President is very committed to stimulating our economy, and increasing your opportunities, he has been working over the past two years to address several key areas that are important for a safe and prosperous America:**

1) Homeland Security

- **The President's primary focus particularly since September 11th is Homeland Security. When he created the new department, he recognized the critical importance of agriculture to America's security. This recognition brings together federal resources, including USDA's border inspection and protection services, to ensure the safety and security of our food system, and we at USDA will continue to be an active partner with this new department.**
- **The net result is that the Department of Homeland Security will give us a much stronger line of defense against very real threats to U.S. agriculture and our homeland.**

2) Renewable Energy –The First Major Initiative

- **In May of 2001, President Bush unveiled his energy plan. He understands the important role agriculture can play in providing greater energy independence for our country.**
- **I know that this is also a high priority for your members, particularly the need to create environment friendly alternative energy sources.**
- **Renewable energy development is also a key provision within the 2002 Farm Bill and one that we are working to implement.**
- **Renewable energy is an excellent opportunity for rural America. It is a time when the country and President Bush are turning to our farmers, ranchers, and rural businesses for their knowledge and resources in order to help America become more energy independent and more economically strong.**

- **In the last two years, Rural Development has financed 73 loans and grants in 25 states totaling \$45 million to fund biobased and bioenergy related businesses. This is a significant step toward fulfilling the objectives of President Bush’s energy plan.**

3) Homeownership

- **Another key component of President Bush’s agenda is to hasten the flow of capital into rural America through one of the oldest forms of building capital known to mankind—that is homeownership!**

- **To ensure capital building, we must encourage and participate in the development of private partner collaborations. 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. For example, I was especially pleased to join HUD Secretary Martinez and Stephen J. Rotella, chief executive officer of Chase Home Finance (JP Morgan Chase) in New York City last week as Chase announced a commitment of \$500 billion to assist minority families realize their dream of homeownership. This commitment presents a tremendous opportunity for rural families, and will allow for an incredible amount of capital to flow into rural areas.**

- **An economically and socially strong rural America is central to President Bush’s economic agenda. Homeownership is a key component in this effort. 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 home. The kind of home all families wish to come home to.**
- **The President’s 2004 Budget will also request additional support for an influx of capital flow by adding \$400 million in additional funding in his 2004 budget submission for the Rural Development single-family housing loan program.**

4) Broadband, Distance Learning and Telemedicine

- **For rural America to participate in the President's economic and energy agenda we must continue to expand the rural technology. Why is this important? Because it provides our rural citizens with greater opportunity to enhance their education, to improve local services, increase the competitive edge in the marketplace, and provide an overall higher quality of life.**

Broadband

- **Last week I joined Secretary Veneman in a two-way webcast with business entrepreneurs, doctors, educators, students, farmers and other community leaders to hear how broadband infrastructure has changed their way of doing business and how it has brought a higher quality of life to their families. If you haven't viewed this story on USDA's website, I encourage you to do so.**

- **We heard from the owner of Osburne Industries, a small manufacturing company of 100 employees located in a rural Kansas community of 1,800 residents. Through this technology, they were able to improve business operations by being able to download design drawings and specifications for parts in seconds from anywhere in the world. Among other benefits, the company has improved their production scheduling efficiency through better connectivity to their customers. For this company in rural Osborne, Kansas, it is impacting their business, but equally important, it is directly impacting the 100 families that depend on their success for employment.**
- **We also heard a profound example of how Broadband technology is saving lives. 2-year old Dheva and his family were living deep in the mountains of West Virginia, an area that had limited access to specialized medical care. Dheva was taken into a nearby medical clinic where an on-call cardiologist suspected a heart condition, but needed confirmation.**

- **Using telemedicine technology, a cardiologist two hours away was immediately able to view Dheva's cardiac ultrasound and detect a rare congenital heart defect. Lifesaving measures were immediately instituted -- and today -- Dheva is a healthy 3-year old.**
- **For Dheva in rural West Virginia or the employees in Osborne, Kansas, no one has to tell them how important rural technology is to their local community and to their quality of life. But it is something that many communities in rural America do not currently enjoy.**
- **Last week, the Bush Administration announced the expansion of funding for such technology through the availability of \$1.455 billion in loans and loan guarantees.**
- **If your community needs such infrastructure, the Broadband application guidelines are available in the January 30, 2003 Federal Register or you can view them by visiting USDA's web site.**

Distance Learning and Telemedicine

- **Rural Development has also made nearly \$30 million Distance Learning and Telemedicine grants in 33 states since October.**
- **These grants will help bring rural communities access to better health care, better education, and more effective learning tools, as well access to courses that would otherwise be unavailable.**

5) Farm Bill

- **President Bush's effort to stimulate our economy and create new jobs in rural America wasn't a single-handed effort – it was supported by the efforts of Congress and the passage of the 2002 Farm Bill.**
- **The new bill is very complex in nature and as you are learning here USDA employees throughout the country are working to implement the provisions in a timely, efficient and effective manner.**

- **Overall, USDA has met the timetables laid out in the Farm Bill and as a result, nearly \$13 billion has flowed to our farm sector from all sources at USDA in the final quarter of last year.**

FOCUS OF RURAL DEVELOPMENT

- **Now, for just a few minutes I would like to focus more directly on my thoughts relating to Rural Development.**
- **As I have discussed, President Bush has a number of major initiatives underway, which directly impact rural America.**
- **As Under Secretary for Rural Development I share the President's strong recognition of the need to address these and other critical rural issues...in large part because I have deep roots in rural America. For all but nine years of my life I have lived, worked and enjoyed the fruits of life on a farm in rural Northwest Iowa.**

- **The one thing I've known from the start of my transition from being a farmer and businessman to someone assigned to administer an agency within USDA was that Rural Development is well positioned to facilitate the delivery of needed services and programs to rural America.**
- **Rural Development is not the lender of last resort. We are instead rural America's venture capital firm.**
- **When a venture capitalist invest 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 equity for rural America is a stronger rural economy and a higher quality of life.**

- **While Rural Development may be well positioned with a stable of traditional programs and very capable associates, I do believe a regular renewal and clarity of vision is required to renew the energy and belief in ourselves and in all of rural America. By so doing it will enable us to continuously refocus our outreach efforts. This new sensitivity and belief in ourselves – not Rural Development – but our belief in rural America should drive all our efforts in rural development.**
- **I’m compelled to make one observation, Folks ----- We must learn how to celebrate success in rural America --- as we justly reflect on rural America’s humble nature, or traditions and values, which rural Americans have so ably bestowed on this great land --- we inherently seek to minimize success. Individually or as a community – if we can allow these successes to serve as a vehicle for others to emulate – we will encourage them to step out and try new opportunities. We must learn how to celebrate success.**

Vision

- **So implementing the Bush Administration's vision for rural America means that at the outset we must accept the reality of changing economic conditions.**
- **Let me put this in perspective. There are approximately 3200 counties in the U.S. Approximately 80% of the land mass is considered rural and 75% of all the governing bodies are rural. At the completion of the 1980 census over 960 counties nation wide derived at least 20% or more of their gross income from production agriculture. The newly released data from the 2000 census indicates that only 262 counties retain that distinction.**
- **Local and regional economies are much less dependent on agriculture. Thus they now require new and innovative approaches to create the needed economic and employment opportunities for rural Americans.**
- **Let me reframe the challenge of rural economic development in this manner.**

- **There are approximately 65 million rural Americans. Of these only about 2 – 3 million directly benefit from Title I & Title II payments from the Farm Bill.**

- **So what specifically is our vision?**

- **Simply put it is**
 1. **To increase economic opportunity throughout rural America**

 2. **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.**

Outreach

- **The question is how do we propose to do this? We do this with:**

Economic Opportunities:

- **Capital Investments**
- **Infrastructure**
- **Technology**
- **Energy (Foster growth of renewable energy an industry that contains many opportunities for rural America)**

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.**
- **Many of you may recall the movie “Field of Dreams”, where the Iowa farmer was compelled to turn his cornfield into a baseball diamond. The famous line from the movie was – “If you build it, he will come”. I believe that holds true for all of you and for your community. If you build the environment -- improved social and economic conditions – families and businesses will be attracted to your community or to your region.**
- **The result will be an improvement in the quality of life for all the 60 + million Americans presently living in rural communities.....and.....the likelihood is that we may well attract new families to these areas.**
- **To help make this vision a reality we, all of us, will need to be more imaginative in our marketing strategies and the use of our human capital as well.**

Conclusion

- **In conclusion Rural Development is one of the core agencies affecting development in Rural America. We have the delivery mechanism and technology to make things happen.**
- **We have 850 offices across the nation staffed with outstanding personnel who are capable of innovation and problem solving.**
- **We are working to help improve the flow of capital, strengthen technology, rebuild infrastructure and increase opportunities of all types.**
- **Together we will all continue to play a significant role in creating new opportunities in Rural America.**
- **Thank you for your time.**