



## **Rural Development Priorities for the 2012 Farm Bill**

September 2011

The Campaign for a Renewed Rural Development is a collaboration of 32 national organizations with a strong interest in the future of small town and rural America. Our organizations are working individually and collectively to support rural development programs and strategies that promote rural prosperity. The upcoming Farm Bill reauthorization is a key opportunity for Congress and the Administration to bolster the effectiveness of the federal investments made in rural America through USDA Rural Development.

As leaders, residents, and stakeholders representing a diverse cross-section of rural and small town America we are proud of our strong heritage of independence, innovation and self-sufficiency. However, we feel it is vital that the federal government renew its commitment to partnering with the millions of rural residents, farmers and ranchers and the array of public, private, nonprofit, civic, education, philanthropic, and other organizations working tirelessly to improve our nation's rural economies and communities.

Through a comprehensive Rural Development Title, rural America will gain increased access to important seed capital, infrastructure financing, professional expertise and support services that help translate rural dreams and hopes into reality. Again we applaud Congress and the Administration for their leadership on this issue and understand the fiscal challenges under which you currently are working. However, federal investments remain critical to help leverage local assets that help rural people and places to create jobs and prosper.

Through the Campaign for a Renewed Rural Development, our organizations are mobilizing to raise awareness in the Farm Bill debate about the critical need for rural development resources and program flexibility to help our nation's rural communities and regions compete in today's global marketplace and improve the quality of life for local citizens. Individually, we have multiple solutions and suggestions for improving the Farm Bill's Rural Development title. Collectively, we recommend the following six priorities that will strengthen USDA Rural Development investments.

### **Clarify Mission of USDA Rural Development**

The next Farm Bill should clarify the mission of USDA Rural Development and ensure that all programs are evaluated through this new mission focus. In addition to its traditional and vital role as a lender of last resort helping rural individuals and communities, the agency going forward should be viewed as a crucial partner in forging new economic opportunities that help rural people and places thrive.

The landscape of rural America is changing. The average age in rural communities is increasing while many of these same communities are experiencing an out-migration of younger generations in search of better educational and job opportunities. Many communities that were once vibrant areas now need assistance to revitalize. USDA must respond to this changing dynamic with a new focus on the key outcome based goals outlined below.

Rural Development should continue to develop, support and improve programs that enhance the lives of rural Americans and foster development of robust rural communities and regions. However, the agency is working in a rural context in which other federal, state, regional and local actors are also focused on rural development. **USDA Rural Development should focus on serving as a catalyst for the rural development initiatives and priorities of rural individuals, communities and regions and should encourage greater partnerships across all sectors of rural America. In addition, the agency should take a leadership role in fostering greater collaboration between all federal agencies with a role in federal rural development policy.** In other words, the agency should continuously ask if they are coordinating investments with rural communities, regions, states and other federal agencies in such a way that rural individuals, communities and regions have the best chance to thrive, not merely survive.

This new focus is also needed to bolster American agriculture. American agriculture is a key component of rural communities, yet agriculture as an industry is more reliant on the greater rural economy than rural communities are dependent on farmers. Averaged across all farms, 89 percent of farm income now comes from off-farm sources, according to USDA's Economic Research Service. Congress and the administration must seek ways to stimulate rural jobs and economic growth within rural communities in order to assist our nation's farmers and ranchers. By the same token, stimulating rural economic growth through food and agriculture-based development, including renewal of regional food system infrastructure, should also be supported by our rural development programs.

### **Provide Flexibility and Incentives for Regional Collaboration**

A major weakness of USDA Rural Development is that the agency's investments are not always driven by local and regional priorities. Instead, rural communities and regions often must try to fit their economic development initiatives into very specific programs with detailed criteria and delivery dynamics. Rural Development must be reoriented, through statutory language, to give its programs greater flexibility to encourage the local and regional partnerships that are currently encouraging innovation in rural regions across the country.

This policy change is especially critical in a time of limited resources, in which all rural stakeholders are being forced to be innovative. The rural citizens and communities that we represent are finding innovative solutions to survive and thrive in this time of unprecedented challenges. Some rural communities are not working regionally and USDA must continue to ensure that these communities are served. However, nearly all rural communities are partnering in some way at the regional level with public, private and nonprofit actors to pursue rural development opportunities and develop economic strategies. These regional partnerships are sometimes the efforts of even just two communities in one county or a multi-county or multi-state effort. The statutory definition of a region should be kept flexible in order to capture the multiple ways that rural people and communities are partnering regionally.

We urge Congress to give USDA the flexibility to encourage these innovative solutions and adapt its programs to this changing dynamic. This can be accomplished by two specific policy changes in the Farm Bill. First, a portion of the funding for all existing Rural Development programs should include an advantage for proposals submitted that support or coordinate with regional development plans. Second, Rural Development programs should provide a bonus in the form of eligibility for a slightly higher federal funding share percentage to projects that support or coordinate with regional development plans.

### **Maintain Rural Development Investments**

We recognize the extreme fiscal challenges under which the Farm Bill will be written and the pressure to cut mandatory funding. However, Rural Development investments have already made a disproportionate contribution to deficit reduction as investments in this critical area have fallen by nearly one-third since 2003. These huge cuts to Rural Development come at a time when the rural communities and individuals we represent most need access to the agency's grants and loans, which help spur private capital to finance infrastructure, housing and business development. Action to reverse this decline in funding and the impending deeper cuts signaled by the discretionary spending targets of the Budget Control Act are critical to helping rural individuals create and sustain vibrant rural communities and regions.

Nearly all Rural Development programs are funded with discretionary funding through the appropriations process. However, Rural Development did receive mandatory funding in the 1996, 2002 and 2008 Farm Bills. The Rural Development title has no baseline for the 2012 Farm Bill. We urge Congress and the Administration to work to ensure that rural investments such as USDA Rural Development do not receive disproportionate cuts. Rather we urge the inclusion of mandatory funding for Rural Development in the 2012 Farm Bill. The 2012 Farm Bill will be seriously flawed if no funding is maintained to enhance economic opportunity in rural communities and regions.

### **Maintain and Improve Technical Assistance**

Many rural communities operate with few or no full-time staff and have little experience planning and securing resources for large infrastructure and economic development projects. Thus, many of the smallest and most isolated communities are frequently left out of the very initiatives designed to help them. Those that are able to access resources are often left with large debt loads and lack fiscally sustainable plans for repayment.

For nearly 40 years, Rural Development has successfully partnered with technical assistance (TA) providers to address these concerns for various programs, like water and wastewater, solid waste, and mutual self-help housing. By partnering with TA providers, Rural Development is able to maximize the return on every federal dollar invested in these programs and ensure that they are accessible to all rural communities. We support the reauthorization of these programs due to their success in leveraging outside resources, minimizing the risk of default on Rural Development loans, and developing the capacity of local leaders to manage large projects.

In addition, we urge you to authorize a technical assistance set-aside for the Essential Community Facilities program to enable small communities to provide vital services like public

safety, health care, and educational opportunities. We also urge you to bolster Rural Development staff and TA providers' capacity to assist rural communities and regions with comprehensive economic development planning. Otherwise, USDA risks funding parallel initiatives that are not coordinated with the current economic development plans of rural communities and regions.

### **Improve Metrics and Accountability**

USDA Rural Development has done a reasonably good job of demonstrating the effectiveness of its programs through job creation data, anecdotal success stories, high loan repayment data and other key indicators. However, the agency would benefit from additional emphasis on outcome-based metrics. Specifically, we urge Congress to require USDA to evaluate the community and system wide impacts of its programs on the economy of rural communities and regions.

Additionally, the agency should create an online searchable database which allows Congress and the public to view all USDA applicants and funded projects. Public access to information about all applicants, which hides personal data, is crucial because it will give USDA, Congress, the public and rural development stakeholders a clearer picture of the demand for specific programs and projects across congressional districts and states. This data will also help identify gaps and offer opportunities for other private and public actors to fill these gaps. Easy access to data about funded projects that is viewable by geography will also help USDA better coordinate resource allocation internally and allow it to better coordinate with other federal agencies and state, regional and local partners that may be able to partner with funded projects.

### **Streamline Application and Reporting Processes**

Many rural communities and small businesses do not have the staff capacity to apply for Rural Development's grant and loan programs, many of which have especially burdensome application processes. Rural Development is making great strides to address these concerns and take input from stakeholders, but Congress should provide authorizing language that demands a culture of continuous evaluation of current best practices that streamline application and reporting processes. These processes should be adjusted to meet the staffing and capacity challenges of all rural communities and businesses, especially the most rural communities

We suggest that USDA provide potential applicants with a list of trusted consultants, partners and technical assistance providers that can help navigate the current application processes. All applications should have a one page form or guide that walks applicants through the steps in the application process. All forms should be as simple as possible with clear instructions. One page applications, accompanied by existing project plans should be explored wherever feasible and equivalent forms completed for other federal agencies should be accepted. Rural Development should also develop an anonymous survey that solicits ideas from customers regarding suggested improvements.

In addition, once an application has been turned in, applicants should receive regular notices of the status of their application. Some projects never get off the ground due to delays in funding notices. Finally, Rural Development should streamline basic forms with other federal agencies that fund rural development projects and ensure that they coordinate effectively with federal regulatory agencies that often slow down projects.

## **Conclusion**

The members of the Campaign for a Renewed Rural Development look forward to working with Congress and the Administration during the Farm Bill process to bolster the effectiveness of the investments made in rural America through USDA Rural Development. Through a comprehensive Rural Development Title, rural people and places will gain increased access to important seed capital, infrastructure financing, professional expertise and support services that help translate rural dreams and hopes into reality. We thank you for your commitment to rural America and urge you to adopt the six key priorities outlined in this document, which represent consensus priorities from many of our nation's leading organizations that are working on rural policy.

NATIONAL ASSOCIATION OF COUNTIES, CHAIR  
AMERICAN ASSOCIATION OF COMMUNITY COLLEGES  
AMERICAN PLANNING ASSOCIATION  
AMERICAN PUBLIC WORKS ASSOCIATION  
CENTER FOR RURAL AFFAIRS  
COUNCIL OF STATE COMMUNITY DEVELOPMENT AGENCIES  
HOUSING ASSISTANCE COUNCIL  
LEAGUE OF RURAL VOTERS  
MAIN STREET PROJECT  
NATIONAL ASSOCIATION OF DEVELOPMENT ORGANIZATIONS  
NATIONAL ASSOCIATION OF REGIONAL COUNCILS  
NATIONAL ASSOCIATION OF TOWNS AND TOWNSHIPS  
NATIONAL CATHOLIC RURAL LIFE CONFERENCE  
NATIONAL LEAGUE OF CITIES  
NATIONAL RURAL DEVELOPMENT COUNCIL  
NATIONAL RURAL HEALTH ASSOCIATION  
NATIONAL SUSTAINABLE AGRICULTURE COALITION  
NATIONAL TELECOMMUNICATIONS COOPERATIVE ASSOCIATION  
NATIONAL TRUST FOR HISTORIC PRESERVATION  
PARTNERS FOR RURAL AMERICA  
RURAL COMMUNITY ASSISTANCE PARTNERSHIP  
RURAL COMMUNITY COLLEGE ALLIANCE