



**Remarks by Rural Development Under Secretary Dallas Tonsager to the
NACo Committee on Agriculture and Rural Affairs & the Rural Action Caucus**

October 5, 2011

1. Welcome to Call – Jennifer Yezak

Under Secretary Dallas Tonsager – Remarks and Updates:

Good afternoon, and thanks for allowing me to join you for this call. I know I've got a lot to cover this afternoon, but I want to start by thanking you for all the amazing work you do to improve your communities. We're proud to have you as our partners as we advance our Rural Development mission to revitalize rural communities and ensure that rural America is repopulating, self-sustaining and thriving economically.

2. FY 2013 Budget Process

I know many of you may be wondering about the 2013 budget, and I'll say that I'm as curious as you are. As you might have noticed from the past year's budget process, our friends on Capitol Hill are having a difficult time deciding what to eat to breakfast – let alone a 2013 budget.

3. 2012 Farm Bill Priorities

As for the Farm Bill, there's no doubt that the next Farm Bill will be smaller than the last one. In this environment of constrained resources, we must look for ways to do more with less. That means maintaining a strong safety net, driving job creation, focusing on what we do best, and working creatively to maximize our impact.



Secretary Vilsack believes that rather than ignore the inevitability of change, we must take this challenge head-on. As we approach USDA's 150th anniversary, he's leading an effort to build a better and stronger USDA – undertaking a review of our operations to identify ideas, improvements and innovation to manage this coming change.

It's important that we get the Farm Bill right because its impact is felt by everyone – from those who grow our nation's food to those who utilize our nutrition programs, and from those who deploy fiber broadband networks to those who rely upon rural hospitals.

USDA looks forward to working collaboratively with members of Congress to assist, answer questions, and provide analysis, as they write the Farm Bill. We will focus our efforts on helping Congress simplify existing programs, reduce redundant provisions, and create innovative solutions to address current problems.

Through these efforts, USDA believes the next Farm Bill can provide more timely benefits, be simpler to understand and administer, and ensure that American agriculture continues to be the leader into the future. Our agriculture industry is the only one with a trade surplus right now, and we want to maintain that. We want to provide opportunities for beginning farmers and ranchers to get into the business.

The Farm Bill must address the current issues facing rural America and agriculture. Our nation relies on farmers and ranchers for our food, feed, fiber, and fuel; in turn, our farmers rely upon a Farm Bill to provide a safety net so they can stay in business. The historic natural disasters we've seen this year remind us of the importance of this effort. And this Farm Bill must make sure that those men and women can continue their work for the health and economic vitality of this nation.

Q. Will USDA be writing its own draft Farm Bill to provide Congress?



A. No. History suggests that USDA writing a Farm Bill for Congress isn't a successful model. We expect this Farm Bill to be a collaborative process and we will be as helpful as possible. But we're not going to tell Congress what to do. At the end of the day, they write the Farm Bill and we respect that.

4. Rural Development Regulatory Reform Efforts

We've also engaged in a concerted effort to thoroughly review our existing Rural Development regulations to determine what should be modified, streamlined, expanded, or repealed - as called for by President Obama in Executive Order 13563. We're undertaking this review to ensure that our programs are effective and that we are delivering and administering programs as efficiently as possible.

As a part of this effort, Rural Development hosted listening sessions and stakeholder meetings across the country this summer. Some of you may have joined me for the July 7th webinar with nearly 200 stakeholders, and I want to thank you for the comments you filed with us in August on the Farm Bill, the 2013 budget, and other program areas.

I'm particularly sensitive to the requests for more streamlined application processes, more advanced technical assistance programs, and an emphasis on regional economic development approaches. We appreciate your comments and are working to translate those into recommendations for regulation updates and changes. I am eager to move this process forward to ensure that our regulations complement the efficient, forward-looking, 21st century mission area that Rural Development needs to be.

5. American Jobs Act

I also want to say a few words about the American Jobs Act that the President unveiled in September. As you all may have heard in his speech last month, the Obama Administration is



firmly committed to making continued investments in our country's critical infrastructure – from utility infrastructure to our nation's roads and highways to broadband networks.

Not only is this infrastructure key to our national security, but these investments create jobs and economic opportunities in rural America.

It's no secret that our economy is hurting – American families are feeling the pressure. If passed, the American Jobs Act would include tax cuts for small businesses, and it'd eliminate payroll taxes for firms that hire new workers or give their workers a raise. It would provide assistance to the long-term unemployed and put them on track by offering training opportunities.

And as I mentioned, the American Jobs Act would provide for badly needed upgrades to our Nation's transportation and utility networks, which would give immediate work to underemployed construction workers across the country. The President called on Congress to work together to pass this bill, and I hope they do so. It would be a significant step forward for our country and for rural America.

6. Under Secretary's Priority Projects

On the Rural Development front, I've directed my staff to work on several projects that we believe are important to our RD mission.

Of the 15 projects, 10 of them are related to renewable energy and energy efficiency. USDA is leading the national effort to create and expand renewable energy in rural areas. Of these projects, we've got a Flex Fuel infrastructure project working to accelerate the deployment of flex fuel pumps in gas stations across the country through our Rural Energy for America Program, or REAP– which I'll touch on in a minute.

Also through the REAP program, one project is working with the Dairy industry to fund more



anaerobic digesters. We have a Farm to Fly Project working to lower barriers associated with the commercialization of aviation biofuels, and we developed an MOU with the Departments of Energy and Navy as well as private industry to support the use of biofuels on naval bases.

We have a team working with our partners at the Forest Service on a Wood-to-Energy project with the goal of restoring our Nation's forests and creating much needed jobs by supporting woody biomass project development.

While it's important to grow the renewable energy industry in rural America, we're also working with rural electric cooperatives on our Rural Economic Development Energy Efficiency Effort, or Recovery Through Retrofit, project.

One of the most important elements in creating thriving rural communities is housing. Rural Development is dedicated to ensuring that rural Americans have access to safe, affordable, quality housing. And rural electric cooperatives are making an enormous contribution to this effort as well, by enabling rural electric customers to make their homes more energy efficient.

Our Recovery Through Retrofit initiative is a partnership between USDA and DOE that taps resources from Rural Development's Utilities, Housing and Business programs. We currently have four rural pilot projects in South Carolina, Indiana, Texas and Virginia, and we hope to expand the scope in the future.

And as you all know, access to capital is a challenge in rural America. Our Capital Markets project seeks to monitor trends in rural capital investment, to develop tools to encourage rural residents to invest in their communities, and to build strategic partnerships within government and the private sector to support rural investment. The long-term vision of our Capital Markets project will be a critical component in capturing wealth in rural America.

One way rural communities can capture wealth is by tapping into national and global markets



leveraging the power of broadband technology. Our Build Out, Build On broadband project seeks to build out rural broadband networks to close the gaps in broadband access and also to build businesses on top of those new and existing networks. RUS is working with Rural Development state offices to implement this project, and you might be on the lookout for some webinars on this topic before the year's end.

7. Rural Development Funding Announcements

As you know, we just wrapped up Fiscal Year 2011, so you'll be seeing lots of exciting funding announcements come through. A few minutes ago, I mentioned REAP— our flagship renewable energy program which is now a national program. Over the past month, we've announced three tranches of funding totaling \$_____.

Also within the Rural Business Service, our Business and Industry Guaranteed Loan program recently announced \$1.4 billion in funding for 511 loans to rural businesses. This support will help small business in rural America expand and create and retain jobs.

Yesterday, Secretary Vilsack announced \$46.8 million in funding through our Community Facilities program for projects in 33 states and 1 territory. This funding will support critical public safety organizations and repair or build community centers, health care facilities, and schools. These projects will create jobs and improve the quality of life in these communities. **You'll be happy to know that we expect a funding level of \$1 Billion for our Community Facilities direct loan program in FY2012.**

As part of the Secretary's speech to the Rural Wealth Creation and Livelihoods conference on Monday, he announced investments through our Rural Business Opportunity Grants (RBOG) program which supports regional planning to improve economic conditions in rural areas. He also announced funding through the Socially-Disadvantaged Producer Grant program and the Rural Economic Development Loan and Grant program, or REDLG, which supports rural



business development and job creation efforts.

Our REDLG program is a great tool for rural electric and telephone cooperatives to establish revolving loan funds to be used for projects that will create or retain jobs in rural communities.

Speaking of cooperatives, Secretary Vilsack issued a proclamation declaring that October is Cooperative Month, so I'd like to wrap up with a few words on co-ops and why they're so important to rural America.

Co-ops are playing a role as our nation strives to reduce high levels of unemployment by providing good jobs for tens of thousands of people in the farm sector alone.

According to USDA's just-released economic survey of farmer cooperatives for 2010, Ag co-ops had their second best year on record for sales at \$170 billion. Because co-ops are locally or regionally owned by their members, a larger percent of these dollars "stay local," circulating in the rural counties and towns where their members live and work.

They're a key component in our country's economic recovery, so I urge you to thank your local co-ops for their contributions and wish them a Happy Cooperative Month.

Thanks again for having me on your call today. With that, I'd like to take questions.