



Remarks by Rural Development Under Secretary Dallas Tonsager for the Environmental Policy Institute, Isaac W. Williams Lecture Series, South Carolina's Human and Natural Assets: Growing Our Rural Economies, South Carolina State University

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Many Americans don't think about it every day, but it's important to understand how much a vibrant American economy depends on a prosperous rural America to support it. Rural America is home to our Nation's agricultural industry, and rural America supplies a healthy and abundant source of food for our country and the world. And in fact, Agriculture is responsible for one out of every 12 jobs in America. America's farmers and ranchers are the most productive in the world.

Last year, agricultural exports reached record levels of sales—\$137.4 billion, resulting in a \$42 billion trade surplus. Moreover, in recent years, rural communities have experienced strong job growth, particularly in the manufacturing and clean energy sectors. But rural communities still face significant challenges, including outmigration, lower incomes, higher poverty rates, and access to capital. We know that we can build upon our successes of the last few years by realizing the significant economic opportunities that exist in rural America.

President Obama, Secretary Vilsack, and I are deeply invested in seeing to it that rural communities have the same opportunities as their urban counterparts. Over the last three years, we've made historic investments in rural America that are designed to drive job growth and to form the foundation of a rural economy that is built to last. We want to build a better future for the men and women who live, work and raise their families in rural communities - and to extend the promise of middle class jobs where hard work pays off and responsibility is rewarded.



Over the past year, numerous Cabinet members and senior officials have participated in over 100 White House rural roundtables across the country talking with stakeholders about how USDA and the rest of the Federal Government can best support economic development in rural America. Through these consultation efforts and through our nationwide network of field employees, Rural Development has come to understand the unique challenges and assets facing Rural America. Characterized by their isolation from population centers and product markets, rural communities benefit most from initiatives that integrate local institutions and businesses with state and federal agencies that have intimate knowledge of their local needs. The long-standing relationships established through the communities and direct personal contact has allowed us to deliver our programs with great success. Our footprint in the field enables us to provide critical technical assistance among other services that might otherwise be unavailable in rural areas. For example, Rural Development's direct and guaranteed rural credit programs help families to find affordable housing, assist businesses to create economic opportunities, and allow communities to build or improve essential infrastructure and facilities.

Between Fiscal Year 2009 and Fiscal Year 2011, Rural Development injected over **\$102.7B** into the rural economy and **\$2.7B in South Carolina alone**. Over that same period, we provided homeownership opportunities for over 435,000 families in 21,000 communities nationwide, provided grants and loans to assist over 50,000 rural businesses in creating or saving 266,000 jobs, upgraded community facilities, boosted the reliability of the electric grid, funded renewable energy and energy efficiency projects, and made available reliable internet service to people across rural America.

Through our Rural Utilities programs last year, we provided nearly 600 grants & over 800 direct loans totaling \$7B to help communities install or upgrade water systems, dispose of waste, upgrade landfills, improve the electric grid, & deploy broadband.

All this is part of a long-standing tradition at USDA. Since the Electrification Act of 1936, we



have helped rural communities bring electricity to parts of the country that otherwise would have gone without. And since the 90s, the Rural Utilities Service has made similar nationwide efforts with broadband. Our **Recovery Act BB Program** invested an unprecedented **\$3.5B** in rural BB expansion. We're thrilled to see progress being made every day.

Just a few weeks ago, I had the opportunity to participate in a ribbon-cutting ceremony for a Broadband project in North Dakota that will now cover a 10,000 square-mile region and which may be the largest 100% fiber-to-the-home geographic area in North America. A new or upgraded internet connection allows an unemployed person living hours outside a city to be hired for a telework position. With high-speed internet, an advanced manufacturing plant has the ability to set up shop locally, creating jobs and substantial economic investments. Projects like that have a multiplier effect on the local economies they touch—they are the prudent investments in infrastructure, job creation, and education that this Administration believes will create an America that is Built to Last.

And through the Community Facilities Program, Rural Development leveraged another \$721M this year, which made it possible to build or upgrade rural schools, libraries, childcare facilities, hospitals, community centers, and fire, police and rescue stations. You'll see one of our success stories from South Carolina on the slide, where we were able to help fund a library expansion in Eastover that will provide among other things, a publically accessible computer lab. Through our Single Family Housing programs, we've not only helped support a struggling housing market, but we've also injected more than \$17B into local economies over the last year. Over \$400 Million were invested in South Carolina and, as a result, **3085** families became homeowners.

In addition, RD assisted more than 15,000 rural businesses last year through our Rural Business programs. These measures reduced the cost of doing business, added opportunities for new income, and encouraged business development and expansion in rural areas.



Another area where we have been heavily focused over the past three years has been renewable energy. Because biofuels, biomass, wind and solar rely primarily on farm, ranch, and forest lands, the potential for renewable energy development resides predominantly in our Nation's rural regions. The Rural Energy for America Program, or REAP, is USDA's renewable energy flagship.

REAP provides grants and loan guarantees to agricultural producers and small businesses so that they can purchase, install, and construct renewable energy systems, make energy efficient improvements to non-residential buildings and facilities, and use renewable technologies that reduce energy consumption.

Typical energy efficiency projects include retrofitting lighting, insulation, water heaters, refrigeration components, pumps, and drive devices with more efficient processes and equipment. In August of 2011, Four J Family Farms in Pinewood, SC received a REAP grant for approximately \$36,000. The funds will be used to offset 25% of the costs of a new grain drying system that will replace a 1978 standard grain dryer. Once operational, it is estimated that the new system will save Four J Family Farms over 58 percent of their current energy use. In addition, the new system will allow the farming operation to dry more grain with less harvesting time. We're very proud to be your partners in these efforts.

Through a number of recent regional efforts, USDA is supporting rural communities that are building multi-county coalitions that foster economic development on a regional scale. In addition to providing direct economic benefits, regional collaboration allows rural communities with shared interests to capitalize on economies of scale to encourage the development of specialization in industrial sectors that would make them more competitive, and to locate facilities and services where they provide the greatest benefit at the lowest cost. In 2011, we highlighted seven regional projects as part of the Great Regions effort. For example, right here in South Carolina, the focus is on value-added food processing and agribusinesses; Iowa is



promoting small and emerging agricultural businesses interested in regional food systems and technologies that will enable fruits and vegetables to be grown year-round; California is focused on biomass utilization, value-added livestock processing and marketing, and alternative energy, in addition to developing regional food systems.

I'm glad Congressman Clyburn had a chance to mention the 10-20-30 provision from the Recovery Act today, which required that for our Recovery Act funding (with the exception of housing), at least 10 percent would go to assist persistent poverty counties—that is, any county that has had 20 percent or more of its population living in poverty over the past 30 years. **In South Carolina**, I'm extremely proud of the fact that we far exceeded that mark, with **nearly 53 percent** going to persistent poverty counties. In addition, we are also excited about launching a new initiative at USDA Rural Development that attempts to do similar things with our regular, non-recovery act program dollars that we call **“15 by 15 by 45.”** That is, our goal is to ensure that by 2015, at least **15%** of RD program funding will support communities with at least **45%** of children in poverty. By conducting targeted outreach to those communities that need help most, we will maximize our impacts on the rural economy, both in South Carolina and throughout the country.

Now, I cannot look back on our accomplishments without acknowledging the commitment of our staff to serve rural America, despite reductions in resources. We face challenges again in 2012, as we recalibrate after the retirement of more than 10% of our workforce and after significant budget cuts. Our focus is on keeping our portfolio strong, our costs down, and our customers satisfied. We will do our best to ensure that rural communities continue to access the financing and technical assistance that promote vibrant, economically competitive communities.

In his State of the Union address, President Obama laid out a blueprint for an economy built to last - an economy built on American manufacturing, American energy, skills for American workers, and a renewal of American values. Because Rural America is such an important part of



this vision of America, we know that Rural Development and USDA as a whole have large roles to play in seeing it come to fruition.

Thanks again for your attention. I'm happy to take any questions you might have.