

The 2007 Farm Bill and Rural Development: A Time to Address All of Rural America

—Jon Bailey, Center for Rural Affairs

Rural development policy in the United States is not working for many rural communities. Declining populations, high poverty rates, low incomes and earnings—the defining conditions of many rural communities—are the result of a failure of public policy at all levels to develop and implement a specific rural development agenda that corresponds to evolving rural economies.

Any development model for rural communities that seeks reform must begin with the philosophy that rural communities are important: a significant portion of the nation in terms of culture, geography and population that is worthy of policies that enhance the long-term economic and social well-being of the people who live there. The 2007 farm bill provides an opportunity to correct mistaken premises about rural development and adopt an efficient, comprehensive and sustaining rural development policy.

Currently, rural development within the U.S. Department of Agriculture (USDA) is too narrowly defined. It provides primarily funding to maintain and upgrade community infrastructure and housing, with a relatively minor amount for economic development. The current model of rural development generally favors program delivery across multiple agencies rather than a comprehensive, efficient federal rural agency. Most important, rural development policy does little to address rural poverty or other rural socio-economic challenges.

Both the FY 2006 and FY 2007 presidential budget requests proposed a significant restructuring of the federal role in economic and community development. The Strengthening America's Communities Initiative (SACI) was first included in the administration's

FY 2006 budget. It proposed eliminating 18 federal community and economic development programs, including several rural development programs in USDA and the Department of Housing and Urban Development (HUD), and replacing them with a new block grant program with one-third less funding. The FY 2007 version of SACI again proposed to eliminate several rural development programs, while reforming the Economic Development Administration (EDA) within the Commerce Department and the Community Development Block Grant program within HUD. To date, Congress has rejected all SACI-related appropriation initiatives.

While these reform proposals were introduced with the explicit goal of addressing the inefficiencies in the federal multi-agency approach to economic and community development, they are also based on false premises. Eliminating rural programs, cutting available funds and placing all economic and community development needs—rural, urban and suburban—in the same competitive pot would not generally serve the needs of rural places and rural people. Furthermore, reform proposals to date do not specifically address the socio-economic challenges of rural communities and rural residents; they have a certain “rearranging the deck chairs” mentality.

True reform that addresses these socio-economic challenges must give rural development the high priority that the 60 million people living there deserve. A real rural development reform agenda should:

- Change the name of USDA to the United States Department of Agriculture and Rural Affairs (USDARA). While this may appear symbolic, it

would carry real meaning for the vast majority of rural people who are not farmers or ranchers. USDA was created in the 1860s when most rural people were farmers; a name change and a corresponding adjustment in focus would acknowledge the reality of rural life in the 21st century United States.

- Transfer most rural programs into the new USDARA. Using the model of the Texas Office of Rural Community Affairs, programs focused on rural housing, rural economic development and rural healthcare belong in a federal agency with a specific focus on rural communities and rural people. For example, there seems to be no logical rationale for rural housing and rural economic development programs to exist in both USDA and HUD; all rural housing and economic development programs should be in one rural-focused agency. Further, these programs should be consolidated within the rural-focused agency. For example, HUD rural housing programs should not be simply transferred to the new USDARA, but should be consolidated with similar, existing USDA programs.
- Focus current rural development grant programs on regional needs. Federal rural economic development funding is too often focused on funding specific local needs through local governments or non-profit intermediaries. Due to the limited size and capacity of most rural communities, most rural development literature now emphasizes regional initiatives and partnerships to enhance efficiency. Reforming rural economic development programs to focus on regional needs, partnerships and initiatives will give more “bang” for the federal buck. The 2002 Farm Bill included the Rural Strategic Investment Program, a new program that would have funded rural development planning on a regional basis.

However, this program was not funded because of concerns that it would infringe on funding for other rural development programs.

- Target rural development funding to entrepreneurial development, asset-building and poverty alleviation. Spurring innovation and job creation through entrepreneurship in rural communities is the key to ensuring the long-term future of rural America. Federal rural policy must begin to recognize the importance of entrepreneurship as a rural development strategy and provide the necessary resources. The goals of rural development programs should be rural repopulation, attacking the root causes of rural poverty, and addressing the continuing and growing economic disparity between rural and urban areas of the nation. Meeting those goals will require a focus on entrepreneurial development and asset- and wealth-building that complements efforts to enhance the physical infrastructure of rural America and receives equivalent resources. A commitment to rural asset- and wealth-building strategies can lead to sustainable communities and stronger individuals and families.

Good rural development conserves the best in people: the resources they live on, the values that nourish them, the institutions that sustain them. It secures the future of rural people and rural communities. Reforming rural development policies in the ways described here will begin to build an ethic of sustaining rural communities and rural people in an efficient manner. The 2007 farm bill provides an opportunity to improve the nation’s rural development efforts in ways that meet all of these complementary goals.

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