Testimony

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Committee on Agriculture

Subcommittee on Conservation, Credit, Rural Development, and Research

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before the

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by

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Good morning Mr. Chairman and members of the Subcommittee. The Agriculture Committee is very important to the large number of Hoosiers who live in rural Indiana and I am pleased to have this opportunity to appear before this Subcommittee.

I would like to share some of my thoughts about the importance of rural development and how this critical national issue is being addressed in Indiana, including the role Purdue University is playing. We think Indiana's approach is innovative and that our collaborative approach involving Purdue University, government, and other public and private entities has much to offer. I appreciate the opportunity to describe Indiana's efforts.

Let me first share a bit about my own background and interests. I currently serve as Vice Provost of Engagement at Purdue University. I have spent my entire professional career at Purdue, Indiana's land grant university. Before assuming the duties of Vice Provost two years ago, I served in our College of Agriculture, including 11 years as Dean. However, my connection to agriculture and rural America go back to the farm I grew up on in Nebraska's Third Congressional District. This is one of the largest and most rural Congressional Districts in the country and I am not surprised to see that Representatives Osborne and Fortenberry serve on this Subcommittee.

Background. Let me begin with a few observations about rural America. First, rural America is a national treasure: about 50 million people live in the nation's non-metropolitan counties. These counties comprise about 80% of the nation's land mass, including our most productive lands and most spectacular scenery, wildlife and recreational areas. This landscape also includes thousands of villages, towns and small cities that have unique heritages and histories; and which represent a varied and rich set of lifestyle choices and diverse populations. The nation needs to embrace, not abandon, this cultural and ethnic richness. Rural America is a national treasure for all of us, not just for those who choose to live there.

Second, rural America is not synonymous with farming, nor has it been for decades. Manufacturing and other industries are major sources of employment and have long counted for much more of the economic activity in rural areas than has farming or agriculture. Today, only one in five non-metropolitan counties—primarily those located in the Great Plains—is classified as farming dependent by USDA's Economic Research Service. In Indiana, nearly 1.5 million people live in our 46 non-metropolitan counties. Indiana has fewer than 60,000 farms and only

18 percent of these farms had gross sales greater than $100,000. Most farmers supplement their earnings and livelihood from off-farm sources of income. As Secretary Johanns noted recently at the 2006 Agricultural Outlook Forum, "Farmers are more dependent on rural communities than rural communities are dependent on farmers."

Third, today's knowledge based and highly competitive global economy poses special challenges for rural America. In many rural communities the economy needs to be largely re-invented if it is to provide a high quality of life for its people, including those farmers who are so dependent upon off-farm sources of income.

Fourth, higher education, especially this nation's large network of public land-grant universities, has a unique opportunity and a special responsibility to help re-invent and revitalize the rural economy. Purdue University is engaged in a number of things consistent with this opportunity and responsibility.

Purdue University Engagement. Purdue's President, Martin C. Jischke, has made "engagement" one of the cornerstones of his presidency. The engaged university is one that deliberately and systematically reaches beyond the ivory tower with its knowledge and resources to create meaningful partnerships and collaborations with external stakeholders. These partnerships are two-way streets designed to address local and statewide issues and, simultaneously, enrich the perspective, capacity and knowledge of the university's faculty, staff, and students. Historically, a version of "engagement" has been most closely identified with the Cooperative Extension Service which is linked primarily to colleges of agriculture. At Purdue, we are intent on expanding our engagement mission to include all 10 of our colleges within the University.

Purdue's engagement efforts involve all types of issues and needs but none is more important than focusing on the role the university can play in economic development. Purdue, like all universities, has made enormous contributions to economic development for decades through: a) the productive human capital associated with our graduates and b) the major scientific and technological breakthroughs associated with our research and discovery. As important as these contributions are, they are diffuse and somewhat serendipitous. What we are now trying to do is to also layer in a much more deliberative role in economic development that hinges on institutional organization and support for innovation, entrepreneurship, and technology commercialization and technical assistance to business and industry.

Perhaps our grandest experiment is with what we call Discovery Park, a $250 million effort to stimulate innovation through multidisciplinary work. Discovery Park aims to link Purdue more closely with the Indiana and U. S. economies. Indeed, one of the 10 major centers located within Discovery Park is the Burton D. Morgan Center for Entrepreneurship. Other centers include: biosciences, nanotechnology, e-commerce, healthcare engineering, discovery learning, energy, environment, cyber security, and oncology. These centers bring scientists together from across campus to work on very challenging problems and to collectively harness broad expertise to solve problems that constrain Indiana's economy.

Purdue Research Park is another important part of our tool kit. This Park is home to 134 companies (90 high technology and research based) that employ more than 2800 people. It was recently named the nation's top university-based research park. Many of these companies have strong ties to Purdue-licensed technologies and to university faculty and staff who have successfully developed new products and processes.

The Technical Assistance Program (TAP) is a third Purdue program that is having a very positive impact. TAP provides technical and management advice to Indiana companies and businesses. Approximately 400 companies are served each year through projects that range from a couple days to several weeks. TAP has grown nearly three-fold recently due to increased demand for services and additional funding. Several regional offices for TAP and Purdue Engagement have been established. Each serves a key region of the state and is closely integrated with the local Purdue Cooperative Extension Service.

Center for Regional Development. The fourth piece of the institutional framework I want to highlight is our year-old Center for Regional Development. The basic premise behind this Center is that traditional geo-political boundaries need to be transcended to adequately address our most pressing societal challenges and opportunities. For example, communities need to cooperate in order to succeed in today's highly competitive global economy. Economic activity is very disrespectful of city limits and county boundaries. The mission of our Center is to:

> *foster Indiana becoming the nation's leader in supporting creative, regional approaches to development that build on three core values:*
>
> - *a voluntary approach;*
> - *the power of data, analysis, ideas and information; and*
> - *the importance of dialogue, social capital development, and collaborative partnership*

Although this is a Center for Regional Development—not Rural Development—it has been heavily involved in some very innovative rural development projects. It is our belief that rural areas cannot be looked at in isolation. Like it or not, they are part of a larger regional economy. Hence, our involvement in rural development has begun with the premise that we need to take a regional perspective. Many rural leaders are understandably skeptical about a regional approach. Too often, the regional approach has developed in a way that the benefits of "regionalism" have accrued mainly to the larger population centers in the region and have not extended into the rural periphery. This inequity needs to be acknowledged and addressed when we work on a regional approach to rural development. New institutional frameworks may be needed so the benefits of the regional approach really do lift all boats.

Overall, the Center strives to make two contributions: a) provide the public information and decision support that can assist limited resource jurisdictions in making wise public choices, and b) advance the understanding that economic activity crosses urban, suburban, and rural arenas and that collaboration and cross-linkages are essential for creative, effective, and efficient development and governance.

I would like to briefly note three rural development projects in which the Center has been involved.

A U. S. Economic Development Administration grant funded project focuses on regional rural competitiveness. We are creating a database and analytic techniques around business and industry clusters. This information and methodology will be available to assist rural regions across the country in assessing their regional economic competitiveness and determining strategic growth and development strategies for their future.

Funding provided by the Indiana State Department of Agriculture is focused on a 9-county pilot region in southwestern Indiana. The focus of the study is to define economic development strategies for agriculture that are linked to and supported by the broader, non-agricultural economic development organizations and institutions.

The Indiana Rural Development Council has funded a survey of rural residents that will provide insights into quality of life issues and help identify priority issues and opportunities facing rural Hoosiers. This survey is designed so comparisons can be made among regions within Indiana. Several states conduct similar polls and we hope some type of annual national poll can be commissioned to raise awareness of rural communities and to provide useful information to the American public and to policymakers.

RISE 2020. I would like to elaborate on a fourth project in the Center that has major rural dimensions. The genesis of this project goes back more that a year ago when Governor Mitch Daniels and Lieutenant Governor Becky Skillman were elected. Lieutenant Governor Skillman, who had previously served in the Indiana General Assembly, was a long-standing champion for rural Indiana. As Lt. Governor, she assembled a small transition team to help formulate ideas to assist rural Indiana. One of my colleagues, Dr. Sam Cordes, Co-Director of the Center for Regional Development, served on this team. One of the team's recommendations was to create an Office of Community and Rural Affairs within state government. It was envisioned that this office would bring together those considerable resources and programs that already existed but were scattered throughout state government. Such an office was quickly created in early 2005, along with the new Indiana State Department of Agriculture. Lt. Governor Skillman now serves as Indiana's Secretary for Agriculture and Rural Development.

Several months later, Lt. Governor Skillman saw the need for a long-term strategic vision for rural Indiana; not only to help guide the new Office of Community and Rural Affairs, but also to provide opportunities for other agencies, organizations and the private sector to play a critical role. The Center for Regional Development was asked to help facilitate this process. Convening and facilitation is an important role for our Center. One of the more important roles that can be played by institutions of higher education is that of a convener and be a "safe haven" in which difficult conversations can occur.

Dr. Cordes took the lead on this project, with the support and assistance of Charles Fluharty, Director of the Rural Policy Research Institute (RUPRI). The draft report was released in mid-March, titled: *Rural Indiana Strategy for Excellence: A 2020 Vision for the Indiana Countryside*

(*RISE 2020*). This has been an exciting and dynamic process and one which I believe can and should be replicated in other states.

The Center's key contribution in *RISE 2020* was our ability to engage over 150 stakeholders in the process. These stakeholders represented a broad array of institutions, organizations, governments and other constituencies. Two observations are important regarding this stakeholder base. First, with a few notable exceptions, the missions of these institutions and organizations did not focus on rural Indiana. Most have broad, statewide missions and we chose them deliberately to avoid creating artificial firewalls between rural, urban and suburban interests. All have a stake in and something to contribute to the future of rural Indiana. Creating this broad stakeholder base was essential. Failure to do so—regardless of the strength of the vision and content of the thinking—would almost certainly insure the lack of action. Second, the needs and opportunities associated with the Indiana countryside far exceed the capacity and mission of government. The private sector, nonprofit, academic, and philanthropic communities are key to a sustainable long-term movement that will transcend any particular governmental administration. This effort emphasizes collaboration and partnerships – collaboration between the state and towns, between civic groups and counties, between individuals and regional associations, between one part of the state and others and between our university and others. *RISE 2020* is inclusive, above all else.

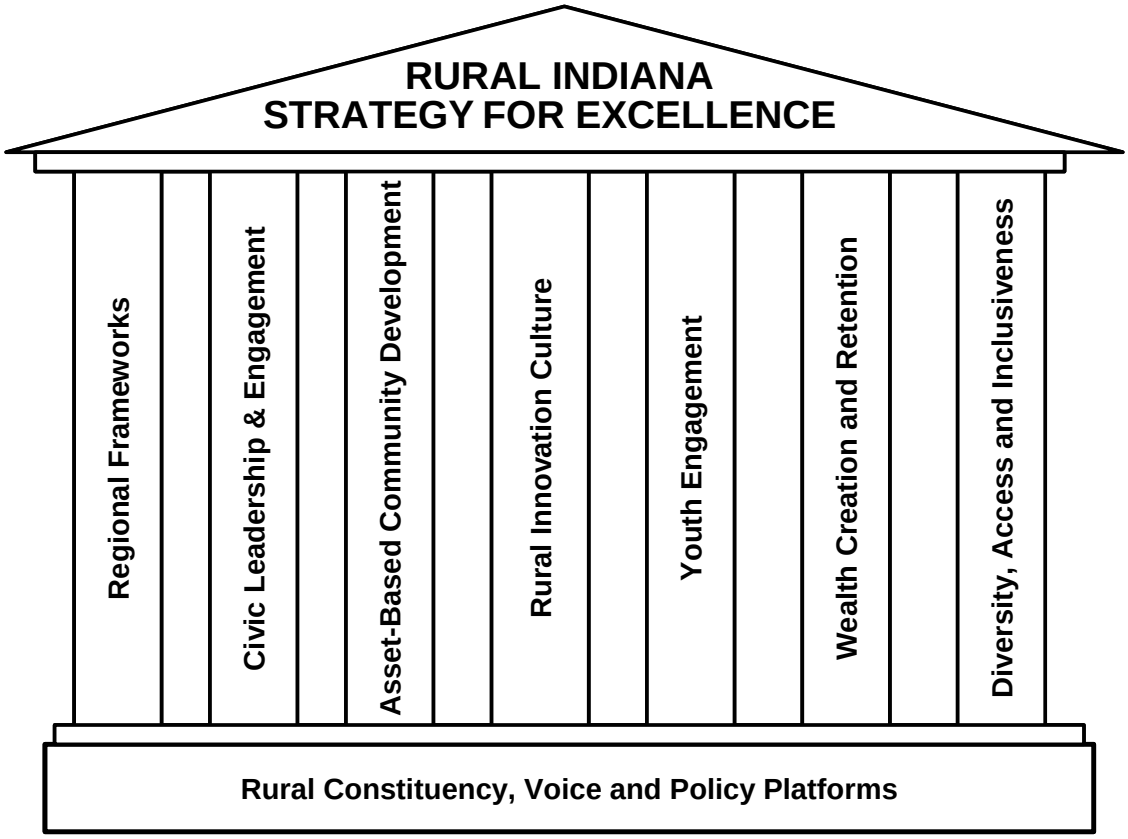
One aspect of the process involved dividing the stakeholders into eight work groups: Community Capacity; Cultural Assets; Economic Development; Education and Workforce; Finance; Health and Human Services; Natural Resource Assets; and Transportation. Examples of the types of priority issues and opportunities to emerge were:

* Residing in towns and small cities can become a lifestyle choice for a variety of people, providing certain quality of life issues are addressed, such as quality public schools.
* Infrastructure issues, especially broadband, are critical from both the standpoint of businesses and residents.
* The proper stewardship of the Indiana landscape, including effective land use planning, is a key element as we look to the future.
* The workforce skills needed to participate in the knowledge based "new economy" are in short supply in rural Indiana. Workforce development and the institutional capacity to reach rural workers are critical or rural Indiana will fall further behind the rest of the economy.

The *RISE 2020* effort has led to a number of specific recommendations around these priority topics and others. As important as these insights and recommendations are, they are not likely to be the greatest long-term value of *RISE 2020.* The greatest value is the creation of the larger strategic framework for moving rural Indiana forward. This framework includes eight key elements: what the *RISE 2020* participants refer to as the foundation and seven pillars (see graphic below).

The top priority of *RISE 2020* is to create a constituency for rural Indiana—and specifically *RISE 2020*—and a platform from which the rural perspective and voice can be articulated. Historically, in Indiana, in other states and nationally, there has not been a well organized

constituency to focus on the broad scope of rural issues, opportunities and challenges. Contrast this situation to that of the agricultural industry in which multiple agencies, organizations and institutions exist to help address the challenges and opportunities of that particular constituency, including the plethora of commodity organizations, general farm organizations, state and federal departments of agriculture and a national network of colleges of agriculture.



The seven pillars of *RISE 2020* are anchored to this foundation. They represent key strategic principles that must be adhered to as we go about our work to make the Indiana countryside all it can be by the year 2020. If these principles are not used to guide action, policy and resource deployment then the vision of *RISE 2020* will not be achieved. These pillars form a holistic framework for how rural Indiana must approach its future; and represent the unifying thread for moving from vision to action whether the area of focus is economic development, health and human services, transportation, education, or any other sector concern. Specific sectoral issues and concerns will change over time. The seven pillars, however, will not change, but will stand the test of time to 2020…and beyond. Let me comment briefly on each of these seven elements.

I. ***<u>Nurture Regional Frameworks</u>. Establish appropriate regional frameworks to achieve rural competitive advantage in a rapidly changing global economy, building connectivity across public, private, nonprofit and academic sectors and institutions.***

Indiana must encourage cooperation, collaboration and sharing across jurisdictional and geo-political boundaries, recognizing that cities and counties working regionally can generate more resources and act more effectively on most common challenges. Nowhere is this more needed than in the case of economic development. In today's highly competitive global economy, communities must cooperate in order to compete. Rural communities must understand they are part of a larger regional economy. In addition to geopolitical boundaries, the same urgency for cooperation, collaboration and sharing must lead to meaningful and creative partnerships among public, private, nonprofit, and academic sectors and institutions.

II. ***Advance <u>Civic Leadership and Engagement.</u> Achieve a rural leadership renaissance, to broaden and deepen civic leadership and engagement and reinvigorate civic processes.***

To meet the multiple challenges facing rural Indiana, a "renaissanced" rural leadership will be needed, to reinvigorate and recommit civic processes. Indiana must provide technical assistance, resources, and support for civic leaders, to better inform their decision-making, encourage all voices to be heard in civic affairs – tapping into the wisdom of long-established residents, and into the skills and experiences of newcomers, and explore new technologies to encourage broader participation of rural people in civic affairs.

III. ***Support <u>Asset Based Community Development.</u> Invest in rural Indiana's unique, place-based assets, to fully optimize and enhance our diverse natural resources, the heritage, history, arts and cultures of our people and places, the integrity of our rural communities, and the human and social capital of all Hoosiers.***

Every community has some combination of human, social, economic, cultural, and natural assets that can be translated into opportunities for revitalization. Indiana must foster a new public and civic attitude toward the rural landscape, which emphasizes the identification and optimization of our unique rural assets and which provides tools and resources which enable rural communities to identify and take advantage of these assets but without compromising them for use and enjoyment by future generations.

IV. ***Promote a <u>Rural Innovation Culture</u>. A "Rural Innovation Culture" is needed to enhance public and private entrepreneurship and build collaborative systems which sustain public, private and philanthropic commitments to achieve this goal.***

The environment, infrastructure, and resources to encourage and support rural Hoosiers as they create their own enterprises must be provided, to generate income and jobs and provide services to improve the quality of life in their communities. Indiana also promotes entrepreneurship as a viable economic development strategy, and not rely solely on recruitment of outside companies to provide economic opportunities for rural residents. Entrepreneurship in the public and nonprofit sectors is equally important. Those who work in these sectors must see themselves as agents of change and creativity, rather than as

protectors of the status quo. This type of civic entrepreneurship is critical if Indiana's communities and regions—rural and urban alike—are to thrive and to become magnets for others who want to live and work in a state that can become known for this type of civic culture and dynamism.

V. Foster Youth Engagement. Engage the youth and young adults of rural Indiana in achieving the RISE 2020 vision, so they build a rural countryside in which they wish to stay, and to which other young people wish to come.

The voices and talents of young people are too often overlooked or undervalued, ignoring the fact that they represent the future of rural Indiana. Rural Indiana must engage youth directly in civic decision-making, provide them with skills and opportunities for personal development, and channel their energies into constructive action to execute this vision.

VI. Increase Wealth Creation and Retention. Ensure that rural Indiana's substantial wealth is retained, enhanced, and harnessed, to generate new wealth and capture emerging economic opportunities for all Hoosiers.

Contrary to conventional wisdom, substantial wealth already exists in rural Indiana, but it must be harnessed, protected, and enhanced for sustained economic well-being, so all rural people and families can save and invest for their future – to buy or repair a house, to pay for their own or their children's higher education and training, to start their own business, to create a rainy day fund to pay for medical and other emergencies, or provide for retirement. This wealth must also support civic efforts to sustain and build rural communities and regions, through local community foundations or other community financial intermediaries, as repositories for retaining wealth in rural communities.

VII. Ensure Diversity, Access and Inclusiveness. Ensure all rural Hoosiers are engaged in achieving this vision and advantaged in its outcomes, by embracing approaches which specifically address the challenges faced by the poor, minorities, and those undervalued or with special needs and which ensure all Hoosiers have reasonable access to basic human and social services and are authentically included in community decision-making.

To access all available assets, rural communities must embrace and act upon a realization that all people can make a positive contribution to rural community life and that no community can fully prosper if there are some who are excluded and disenfranchised. Rural community decision-making and action must directly engage minorities, the poor, and the invisible; and must also insure that these populations have access to basic human and social services.

RISE 2020 is far from finished. The report is now public but is in draft format. The complete draft report, supporting and background materials can be found on the Center's website: *http://www.purdue.edu/pcrd/RISE2020/index.htm* Some 20 community input sessions are scheduled around Indiana during the next six weeks. Input from those sessions and other sources will then be incorporated into a final version. And that is when the real work begins. Some

components of *RISE 2020* will surely be led by the Lieutenant Governor's office and her new Office of Community and Rural Affairs. Other components will more logically become the purview of non-government organizations, including the Indiana Rural Development Council, Inc. Our Center for Regional Development will continue to be supportive. For example, we currently plan to organize and host—using Purdue's distance education capabilities and our network of Extension offices—a series of statewide "rural forums" on critical topics and issues. Indiana is also blessed with strong leadership in our USDA-Rural Development office. Mr. Bob White, State Director, is providing the leadership for organizing a statewide "rural summit" later this year. Finally, Purdue Cooperative Extension is poised to play a critical role. Extension has a very strong presence in rural areas but has not typically become heavily involved in a systematic, substantive and targeted fashion with rural economic development and related issues. In the past three years, this has begun to change. Specifically, one of the four programmatic areas within Purdue Extension is now called Economic and Community Development. Today, nearly 40 of Purdue's Extension Educators are spending at least 20 percent of their time in this area of work. Although this is not enough, given there are some 250 Extension Educators spread across Indiana, it is at least an important beginning.

As noted earlier, rural America is a national treasure. We believe what we have been doing here in Indiana—especially with the *RISE 2020* project—reflects that view and we hope our approach and model may have some insights and lessons learned for other states. We also hope our experiences will also help inform how the Rural Development Title of the next Farm Bill might be structured or re-structured. Historically, rural development has been the poor stepchild within the Farm Bill; but with the strong leadership and commitment of this Committee that need not continue.

Thank you for your time and this opportunity.