



**WRITTEN STATEMENT FOR THE RECORD**

**HONORABLE DONALD LARSON, COMMISSIONER  
OF BROOKINGS COUNTY, SOUTH DAKOTA  
BEFORE THE  
UNITED STATES HOUSE OF REPRESENTATIVES  
AGRICULTURE COMMITTEE  
SUBCOMMITTEE ON RURAL DEVELOPMENT, RESEARCH, BIOTECHNOLOGY,  
AND FOREIGN AGRICULTURE**

**ON BEHALF OF THE  
NATIONAL ASSOCIATION OF COUNTIES (NACo)**

**WASHINGTON, DC  
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**Thank you Chairman Johnson, Ranking Member Costa and members of the subcommittee for the opportunity to testify today regarding an assessment of Rural Development Programs in advance of the 2012 Farm Bill.**

My name is Don Larson. I am a County Commissioner in Brookings County, South Dakota and I serve as chair of the National Association of Counties' (NACo) Agriculture and Rural Affairs Steering Committee. Brookings County is located in the eastern corner of South Dakota and has a population of around 32,000 people.

**Before I get into the details of my testimony I want to start by commending the leadership and membership of the House Agriculture Committee for your commitment to passing a Farm Bill this year.** NACo supports you in that effort in partnership with a broad coalition of groups that urged passage this year. NACo supports all titles in the 2012 reauthorization of the Farm Bill which is critical to all of our nation's counties due to the important programs and policies that are enacted for rural development, agriculture, nutrition, conservation, research, forestry, energy and a host of other provisions. NACo calls on Congress to place a particular emphasis on crafting a bill that provides a robust and improved Rural Development title and is appreciative of the focus on this topic in today's hearing.

My goal today in covering this important topic is to give you some concrete examples from my county and region and I'm honored to also bring the collective perspective of our nation's rural counties as I represent NACo. NACo looks forward to working with as you consider ways to improve USDA's Rural Development

portfolio during the Farm Bill reauthorization process. We share your deep commitment to rural America and believe that through our working partnership, rural individuals, communities, farmers, ranchers and all other rural businesses will be given more flexibility to expand their economic potential and compete in the global economy.

## **ABOUT THE NATIONAL ASSOCIATION OF COUNTIES**

**The National Association of Counties (NACo) is the only national organization that represents county governments in the United States.** Founded in 1935, NACo provides essential services to the nation's 3,068 counties. NACo advances issues with a unified voice before the federal government, improves the public's understanding of county government, assists counties in finding and sharing innovative solutions through education and research, and provides value-added services to save counties and taxpayers money. For more information about NACo, visit [www.naco.org](http://www.naco.org).

## **OVERVIEW**

In my testimony, Mr. Chairman, I want to make three main points.

- **The lack of sufficient and coordinated infrastructure development and capital are two critical obstacles to economic development and competitiveness in small town and rural America. USDA's broad range of Rural Development programs should be made a priority in the next Farm Bill because they are a critical source of grant and loan funding that is leveraged by rural businesses, rural communities and rural people to overcome these challenges in order to create jobs.**
- **Rural people, businesses and communities are increasingly operating in dynamic regional economies and USDA Rural Development programs must be reshaped to promote and give greater flexibility to these successful regional approaches and local collaborations.**
- **Rural Stakeholders are united in their support for Rural Development programs and have provided a comprehensive list of recommendations to improve these programs.**

## **MAKING RURAL DEVELOPMENT A PRIORITY**

Our agricultural sector needs more investments in our rural community infrastructure to remain competitive, both from a quality of life perspective as well as the production, transport and safety of agricultural food and energy crops. Rural Development in the Farm Bill context shouldn't be viewed as a competitor, but as a complementary component that should be robustly funded with mandatory and discretionary dollars. The agricultural sector is a primary beneficiary of just about every investment made by USDA Rural Development, whether related to improved water and wastewater treatment facilities, improved housing options for workers, more affordable access to business financing, assistance for value-added production marketing or cheaper and reliable services from rural electric, telephone and broadband cooperatives.

Most importantly, the rural development title helps rural communities improve economic opportunity and quality of life so that the next generation of farmers is able to step forward. The percentage of farmers who rely on off-farm income to survive is continuing to accelerate and the average age of farmers and ranchers continues to increase. New and beginning farmers depend on vibrant rural communities to make

their operations viable. NACo supports policies that ensure all programs recognize that youth play a vital role in sustaining American agriculture and rural communities. New programs and updates to ongoing programs are needed so that it is possible for young and beginning farmers to survive and thrive in the modern agricultural economy. The bipartisan Beginning Farmer and Rancher Opportunity Act, H.R. 3236, provides a model that NACo supports for the kind of initiatives necessary to invest in the next generation of American producers. It is a comprehensive marker bill with sound ideas for each title and includes rural development programs such as the Value Added Producer Grants and assistance to entrepreneurial farm enterprises.

The Rural Development title also provides critical support to new and beginning farmers through its ability to finance the infrastructure necessary for local and regional food systems. Growing up we called them truck farms, but today my fellow elected officials and I from across the country are seeing more and more young people get their start in agriculture through small farm to local market operations. NACo supports investments in infrastructure, entrepreneurial programs and facilities that process, distribute, and develop value-added products using locally-grown commodities purchased from local farmers to meet the demand for local, healthy food. The community facilities program and business programs provide important sources of capital to help these markets grow. These programs directly benefit new and beginning farmers, local and regional food systems and the urban and suburban consumers who are gaining access to fresh products. It is also critical to point out that regional and local food systems are bolstering urban – rural economic linkages and providing new economic development opportunities in both.

This growing sector will be enhanced by the NACo supported Local Farms, Food and Jobs Act, H.R. 3286. The bill provides important policy suggestions for the Farm Bill that are intended to help farmers and ranchers engaged in local and regional agriculture by addressing production, aggregation, processing, marketing, and distribution needs and will also assist consumers by improving access to healthy food and direct retail markets. Local and regional agriculture is a major economic driver in the farm economy. There are now more than 7,000 farmers markets throughout the United States—a 150 percent increase since 2000, direct to consumer sales have accounted for more than \$1.2 billion in annual revenues.

NACo and its municipal counterpart the National League of Cities believe that this growing sector exemplifies the success of regional collaborations as communities build upon partnerships to improve access to healthy, local foods. Access to healthy food is increased when local and regional food production, processing, distribution, and retail enterprises work together to build stronger markets for healthy foods. The regional food effort provides an important source of employment in our communities, as it strengthens the viability of small and mid-scale farms and other small businesses along the food chain.

USDA Rural Development also offers capital and infrastructure financing that is critical to all sectors of the rural economy. The programs that assist communities with financing for water infrastructure, community facilities, electric utilities and broadband deployment are the basic building blocks all communities need to compete. The water and community facilities programs are especially important to rural counties. For nearly 40 years, Rural Development has successfully partnered with technical assistance (TA) providers to help rural communities develop this vital infrastructure through 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, business incubators and other vital services. 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.

The Intermediary Relending Program (IRP), Rural Business Enterprise Grant Program (RBEG), Rural Business Opportunity Grant Program (RBOG), Business and Industry Loan Program and Rural Microentrepreneur Assistance Program (RMAP) all increase capital availability to rural businesses. Counties play an important role as intermediaries for relending programs and as technical assistance providers through IRP, RBEG and RBOG, but are ineligible to serve as the microenterprise development organizations that assist microenterprises through RMAP. Local governments should be made eligible for RMAP as they are often the sole provider of economic development services in many communities.

Infrastructure development and access to capital remain the most significant roadblocks to economic development and competitiveness in small town and rural America. USDA Rural Development is effective at helping communities overcome these roadblocks, but needs to receive mandatory funding, maintain discretionary funding and be directed to be more strategic with funding in the coming fiscal years in order to overcome these obstacles.

### **SHIFTING USDA TO A MORE LOCALLY DRIVEN, STRATEGIC REGIONAL APPROACH**

The next Farm Bill offers a unique opportunity for federal policymakers to start pursuing new federal policies for rural development that ensure the federal dollar gets stretched farther and that rural localities and regions, not Washington, drive the funding decisions.

At the local level I'm proud of our collaboration with the city of Brookings on multiple joint projects, which are intended to create more opportunities for our residents. NACo and the National League of Cities are also united in many of our priorities at that national level. NACo and NLC both support federal policies that advance regional and multijurisdictional approaches to planning and development. Many communities—rural, urban, small and large—are partnering with various levels of government, as well as public, private and nonprofit organizations to pursue regional development opportunities that grow the local economy. While county and city officials work to find innovative solutions to revitalize our communities, current rural development policy makes it difficult for local leaders to use the available resources most efficiently.

Local jurisdictions pursue regional cooperation for many reasons, including as a means to overcome limitations in accessing traditional financing mechanisms that have grown overburdened or expensive as a result of the current fiscal climate. We think Congress should work to promote regional collaboration in rural development. First, rural development programs can be oriented to give weight to applicants demonstrating local and regional partnerships. Second, the definition of regional partners should be broad enough to recognize a variety of entities active in the life of a community, including non-profit and for-profit corporations, service providers and other governmental groups, which help local governments achieve success. Third, programs should incent and reward applicants that demonstrate cost savings and avoid duplication of efforts.

Currently, USDA Rural Development programs all too often are structured to serve individual communities rather than larger county and multi-county regional strategies and goals. Funding decisions are based on



the best written application and not the level of collaboration and cooperation that a project demonstrates. In today's economy, our rural places are not served well by stove piped programming, but rather need federal investments to prioritize strategic multijurisdictional plans that capitalize on the unique economic assets and unique vision of people, businesses and organizations in rural regions.

Rural people and places do not fit nicely into a box. I encourage you to avoid getting bogged down in the regional fights that erupt when definitions are considered. Instead, I encourage you to focus on providing enhanced flexibility for USDA Rural Development's state offices to provide assistance that fits the uniquely rural nature of their states, by focusing on serving rural regions, both multi-town and multi-county. USDA Rural Development funding should be directed towards the prioritized assets and needs of rural communities and regions and not well written applications written by a consultant in some far off urban area.

The fiscal situation facing all levels of government—federal, state and local—is dire. Therefore, our investments must be based upon the best economic research available. Historically, policymakers have thought it was impossible for municipalities and unincorporated rural areas to work together as one county or for multiple counties to work together. The prevailing notion was that our interactions in economics and football were the same. We met regularly, but only in competition against each other.

I'm happy to report that this old notion is becoming less and less prevalent. Our towns, cities and counties can no longer afford to compete in a race to the bottom against each other in search of the next big manufacturing plant. No, instead we are being forced to consider new ways of governing in an era of limited government resources. We are working together more efficiently and are streamlining services. NACo pledges to work with you to improve USDA's portfolio of rural development programs in order to assist with this changing dynamic.

Incentivizing projects that involve collaboration across jurisdictions and sectors of the rural economy does not have to disadvantage remote rural communities or lead to more funding going to larger rural cities and towns. Funding will still only flow to those communities eligible under population criteria standards, but a new priority for projects that demonstrate collaboration would allow the broader regional strategies formulated jointly by urban, suburban and rural areas to be factored into funding decisions as long as resources are only going to eligible rural jurisdictions.

A model for incentivizing multijurisdictional and multi-sector collaboration without leaving behind those communities that do not want to or cannot collaborate is a funding bonus. An example is the U.S. Economic Development Administration's (EDA) very small but effective economic development district (EDD) planning program, which is the only national program that requires rural communities to think and plan regionally. The agency rewards local governments and grantees with a 10 percent federal bonus within its public works and economic adjustment assistance programs if they engage in multi-county planning and development. Those that do not engage in this process are still funded, but do not receive the bonus. USDA could be encouraged or forced to do something similar in terms of providing a more attractive grant/loan package to coordinated strategic projects. This model could also be adapted to USDA Rural Development's clientele by providing incentives for both multi-county planning and integrated planning among municipalities and unincorporated areas within a single county.

In my county of Brookings, South Dakota, through regional planning and innovative partnerships we created the South Dakota State University Innovation Campus, the first research park developed in the

state of South Dakota. Sited on 125 acres, the Innovation Campus is located next door to South Dakota State University (SDSU).

The SDSU Innovation Campus provides a place where people and ideas come together in our region to combine the experience of university, business, industry and government in an environment that uses innovation and critical thinking to generate new ideas, promote research, entrepreneurialism and business mentoring—providing opportunities to keep our best and brightest in South Dakota.

The SDSU Innovation Campus is the product of the SDSU Growth Partnership, a 501(c) (3) nonprofit corporation whose partners include Brookings County, the City of Brookings, Brookings Economic Development Corporation, South Dakota State University, the South Dakota State Foundation and a State Representative. The county and city put upfront money, and the First District Association of Local Governments helped develop a business plan and grant application for EDA funding. These planning investments provided vital gap funding that helped make our regional vision a reality. The First District serves 11 counties and 75 communities within the counties of Brookings, Clark, Codington, Deuel, Grant, Hamlin, Kingsbury, Lake, Miner, Moody, and Roberts.

The site includes retail and support services. Local private developers have developed a 120-unit housing complex, the Innovation Village, on property adjacent to the park. The campus has walking, jogging and biking trails, and open green spaces, and is also accessible via public transportation. All of the private development on the innovation campus becomes a part of our local tax base.

The economic success story in Brookings County and our region, along with our innovation campus, clearly demonstrate that rural communities and institutions can make substantial progress by working regionally to achieve economies of scale, technical expertise, workforce pool and infrastructure financing to compete nationally and globally. The project has helped Brookings County and our region prosper. In fact, we enjoy one of the lowest unemployment rates in the country at around 4 percent. Most importantly, we are seeing spin off businesses from this innovation campus in the surrounding counties that are even more rural than Brookings County.

However, rural unemployment in the nation has remained high overall, despite the strong performance of the agricultural sector. Other rural communities would like to start planning and implementing regional strategies but do not have the funding to get started. Reorienting USDA towards a regional approach would provide needed resources to assist rural communities with seed money for planning, or as in our case, additional funds to expand our regional development efforts. In our region, we could expand the principles of the innovation campus project to additional parts of our region. Our county could also link to other efforts such as our regional farmers' market initiative, our Seed Technology Laboratory, and our youth learning center.

This new approach will save time and money for rural counties who have trouble navigating the array of stove piped programs at USDA. The vast majority of counties and municipalities in our nation lack the financial, human and technical resources individually that are required to compete with urban centers. These same rural communities lack the expertise needed to navigate and apply for the alphabet soup of excellent programs offered by USDA. These communities are not asking for a free lunch. However, they do need a jump start. Federal investments that encourage regional planning activities and provide seed

funding for implementation can help provide rural business and community leaders with the leverage they need to begin something that creates wealth and jobs.

### **RURAL STAKEHOLDERS ARE UNITED IN SUPPORT OF RURAL DEVELOPMENT AND IDEAS FOR IMPROVEMENT OF THIS CRITICAL AGENCY**

The Campaign for a Renewed Rural Development is a collaboration of 35 national organizations with a strong interest in the future of small town and rural America. NACo chairs this campaign which works collectively to support rural development programs and strategies that promote rural prosperity. The members of the campaign represent a diverse cross-section of rural and small town America. The campaign is focused on advocating for a comprehensive Rural Development Title, in which Rural America will gain increased access to important seed capital, infrastructure financing, professional expertise and support services. A majority of the campaign came together to recommend six key priorities that will strengthen USDA Rural Development investments. I have summarized these points below.

Clarify Mission of USDA Rural Development - 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.

Provide Flexibility and Incentives for Regional Collaboration - 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.

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. 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 you to maintain mandatory funding for Rural Development in the 2012 Farm Bill.

Maintain and Improve Technical Assistance - We support the reauthorization of technical assistance 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. We also urge you to bolster Rural Development staff and TA providers' capacity to assist rural communities and regions with comprehensive economic development planning.

Improve Metrics and Accountability - We urge Congress to require USDA to increase its use of outcome-based evaluation metrics and to evaluate the community and system wide impacts of its programs on the economy of rural communities and regions.

Streamline Application and Reporting Processes - We urge Congress to 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 and businesses.

I'm excited to see this level of unity in rural America. We need it if we are to overcome the economic challenges that face us. All the panelists today represent stakeholders in rural America that are critical to

rural counties. I've already mentioned our multi-county collaboration through the First District Association of Local Governments, which is a regional development organization. I also am proud of our work in eastern South Dakota to collaborate with our business community, our farmer and ranchers, our cooperatives, our nonprofits and churches, our colleges and universities and our foundations, among many others.

**In conclusion**, it is clear that rural people and places are increasingly operating in dynamic regional economies and USDA Rural Development programs must be reshaped to promote and give greater flexibility to these successful regional approaches and local collaborations. Second, Congress and the Administration should work together in a bipartisan manner to make rural development programs a priority within Farm Bill Reauthorization. NACo seeks to be your partner in this endeavor. We promise to work with you to streamline and improve existing programs so that investments in rural America pay even bigger dividends in the future.

Thank you again, Chairman Johnson, Ranking Member Costa and members of the subcommittee for the opportunity to testify this afternoon on behalf of NACo on these critical rural development issues. I appreciate your time and interest. I look forward to answering any questions.



**Commissioner Donald Larson**  
Chair, NACo Agriculture and Rural Affairs Steering Committee  
Brookings County Commission Office



**Career:**

- ◆ Lived and worked on the family farm all of my life
- ◆ Own and operate Larson Auction Service

**Government Experience:**

- ◆ County Commissioner, for the past 17 years in Brookings County, South Dakota
- ◆ For the past 8 years have served as South Dakota' representative on National Association of Counties, (NACO), Board of Directors
- ◆ Chair, NACo Agriculture and Rural Affairs Steering Committee
- ◆ Member, NACo Green Government Advisory Board
- ◆ Past Chair, NACo Rural Development Subcommittee

**Business Experience:**

- ◆ One of the original organizers and past Board Member, Growth Partnership Board of Directors
- ◆ Past President, Brookings Area Chamber of Commerce
- ◆ One of the original organizers of the South Dakota Pork Producers Council
- ◆ Past President, Local Cattleman's Association
- ◆ Worked on a host of volunteer projects and community committees for the past 40 years
- ◆ Served 10 years on the South Dakota Animal Industry Board

**More Information:**

I was born, raised, and still live on the family farm in East Central South Dakota. I graduated from Brookings, SD High School in 1962 and began farming with my father after graduation. Since that time I have had many opportunities to continue my educational experience while farming. I was very active in many local service projects and leadership seminars as well as hands on experience leading a wide variety of community and national organizations.