



**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)  
AND THE  
NATIONAL ASSOCIATION OF DEVELOPMENT ORGANIZATIONS (NADO)**

**WASHINGTON, DC  
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**Thank you, Chairman Johnson, Ranking Member Costa and members of the subcommittee for the opportunity to testify today on the various definitions of "rural" applied under programs operated by the U.S. Department of Agriculture.**

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 30,000 people.

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 and regional development organizations as I represent NACo and the National Association of Development Organizations (NADO). NACo and NADO look forward to working with you in this Congress 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**

**Established in 1935, the National Association of Counties (NACo) is the only national organization representing county governments in Washington, DC.** All 3,068 counties in the United States are members of NACo. NACo provides an extensive line of services including legislative, research, technical and public affairs assistance, as well as enterprise services to its members.

NACo's membership drives the policymaking process in the association through 11 policy steering committees that focus on a variety of issues including agriculture and rural affairs, human services, health, justice and public safety and transportation. Complementing these committees are two bi-partisan caucuses—the Large Urban County Caucus and the Rural Action Caucus—to articulate the positions of the association. NACo's Rural Action Caucus (RAC) represents rural county elected officials.

## **ABOUT THE NATIONAL ASSOCIATION OF DEVELOPMENT ORGANIZATIONS**

Building on more than four decades of experience, the National Association of Development Organizations (NADO) represents the nation's 520 regional development organizations. The association supports federal programs and policies that promote regional strategies, partnerships and solutions for addressing local community and economic development needs.

As public sector entities, each of the nation's regional development organizations is typically governed by a policy board of local elected officials, along with representatives from the private, nonprofit and educational sectors. These entities are a key catalyst for strategic planning, partnerships and initiatives that are designed to meet locally-identified needs and conditions. The core philosophy of regional development organizations is to help local officials and communities pool their limited resources to achieve economies of scale, build organizational skills and professional expertise, and foster regional collaborations.

## **OVERVIEW**

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

- **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.**
- **Congress and the Administration should work together in a bipartisan manner to make rural development programs a priority within Farm Bill Reauthorization.**

## **MOVING TOWARDS A REGIONAL APPROACH**

Counties and regions are used to being arbitrarily placed into categories by academics and bureaucrats. In fact, when it comes to defining rural, the federal government is all over the map. The population criteria for major programs within USDA Rural Development varies from limiting eligibility to rural areas with under 2,500 people to areas with under 50,000 people. For example, water and wastewater project eligibility is limited to areas with a population under 10,000 people, community facility projects are limited to areas with a population under 20,000 people and most business programs are limited to areas with a population under 50,000 people.

NADO and NACo do not have policy on the proper definition of rural or recommendations on population criteria levels for specific programs. The reality is that the definition of rural is very place specific and subjective. Rural areas exist within counties of various population densities, and these rural places interact with each other and urban centers in their region. As you consider this topic, the most important fact to remember is that rural people and places do not fit nicely into a box. Our organizations encourage you to avoid getting bogged down in the regional fights that erupt when definitions are considered. Instead, we 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.

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. In today's economy, our rural places are not served well by stove piped programming, but rather need federal investments to help with crafting and implementing strategic regional plans that capitalize on the unique economic assets and unique vision of people, businesses and organizations in these regions.

Therefore, I recommend an enhanced emphasis on tools to help local officials, private sector leaders and nonprofit entities join together to develop and implement regional strategies that leverage regional assets and opportunities. These tools should be flexible enough to allow rural communities to work with their urban and suburban partners. At the same time, USDA Rural Development funding should be directed towards the prioritized assets and needs of rural communities and regions.

Traditionally, the rural economic development landscape was dominated by counties and municipalities acting as their own economic islands in which neighbors competed for industries and manufacturing jobs through tax incentives. This landscape is changing. It is being replaced by vibrant regional economies in which prospering and successful rural regions are tied together in clusters of innovation that are supported by integrated plans for workforce, economic development, research and infrastructure. This change is being accelerated by the Great Recession, which has led local governments to work more collaboratively as regions in order to provide strategic infrastructure and economic development services in difficult times. USDA Rural Development's programs should be updated in order to better meet the demands of this changing landscape.

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 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 and NADO pledge to work with you to improve USDA's portfolio of rural development programs in order to assist with this changing dynamic.

One model for updating USDA's Rural Development programs 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 local communities to think and plan regionally.

Historically, the agency has rewarded 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. This successful model should be enhanced and expanded within the USDA Rural Development mission area. It should 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.

The cutting edge research flowing from our nation's economists and trusted rural policy experts continues to demonstrate that multi-state, multi-county and multi-town approaches to local economic competitiveness are critical to a vibrant rural economy. Organizations such as the Federal Reserve Bank of Kansas City, the Southern Growth Policy Board, the Rural Policy Research Institute and the Council on Competitiveness have all issued reports and policy briefs stressing the need for federal incentives, resources and programs that support regional community and economic development, especially in small metropolitan and rural regions.

And these studies are being validated by on-the-ground experiences. In January, NADO sponsored a regional innovation forum with 25 practitioners from across the nation. NADO learned that rural development organizations and their private, public and nonprofit sector partners are already pursuing new and creative strategies at the regional and statewide levels. Many of these new approaches cut across federal agency silos, including community development, economic development, housing, transportation and workforce development.

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 up front 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.

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 help fund strategic 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.

While regional innovation and competitiveness strategies are essential for small metropolitan and rural America in today's global economy, it is equally important that USDA Rural Development and other federal community and economic development agencies make smarter and more strategic investments based on these regional priorities and strategies. Too frequently, federal officials make funding awards that may be important in a specific, more isolated area. In today's challenging fiscal environment, we need to ensure that our limited federal rural development resources are tied to regional and local strategies and assets.

### **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. 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.

One of our nation's most innovative, internationally competitive and export-driven sectors is agriculture. It is essential that we continue to maintain a highly competitive and robust domestic agricultural sector, including for international trade and domestic consumption. However, as we have witnessed during the current economic downturn, intense global competition and technological advancements, combined with

severe economic recessions, typically results in a “pattern of creative destruction” that runs counter to the public sector’s desire for job growth. Rural America is all too familiar with this reality. For example, the number of farmers will most likely continue to decline and the percentage of farmers who rely on off-farm income to survive will continue to accelerate. The same can be said for manufacturing and natural resource industries across rural America where the drive for innovation, cost cutting and cheaper labor are necessary to compete with emerging markets.

The next Farm Bill offers a unique opportunity for federal policymakers to start testing and pursuing new federal policies for rural development. This means that longstanding programs and policies anchored within the USDA Rural Development mission area will need to be examined and to evolve. We need to be thinking more about advantaging regional assets, promoting value-added uses of commodities and positioning rural America to participate in the knowledge economy.

NACo and NADO will support all titles in the reauthorization of the Farm Bill, but call on Congress and the Administration to place particular emphasis on crafting a bill that provides enhanced resources to rural development programs and strategies that promote rural prosperity. NACo, NADO and the other 30 national organizations that make up the Campaign for a Renewed Rural Development will work in a bipartisan manner with Congress and the Administration to increase the effectiveness of this vital mission area of USDA.

USDA Rural Development programs leverage community resources to develop the infrastructure necessary to compete in the global economy. This includes both traditional physical infrastructure but also community and human resources. Infrastructure development remains one of 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 maintain at least level funding and more strategically directed funding in the coming fiscal years to meet these infrastructure needs. These programs help rural businesses and entrepreneurs and provide the vital community and economic development loans and grants necessary for rural local governments to provide the base infrastructure necessary for businesses to compete in the global economy.

In conclusion, I would like to reiterate my two key points. First, 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 that do not fit nicely into rural definitions. Second, Congress and the Administration should work together in a bipartisan manner to make rural development programs a priority within Farm Bill Reauthorization. NACo and NADO seek 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 morning on behalf of NACo and NADO 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  
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**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 16 years in Brookings County, South Dakota
- ◆ For the past 7 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.

Committee on Agriculture  
U.S. House of Representatives  
Required Witness Disclosure Form

House Rules\* require nongovernmental witnesses to disclose the amount and source of Federal grants received since October 1, 2008.

Name: Donald Larson  
Organization you represent (if any): National Association of Counties  
and National Association of Development Organizations

1. Please list any federal grants or contracts (including subgrants and subcontracts) you have received since October 1, 2008, as well as the source and the amount of each grant or contract. House Rules do **NOT** require disclosure of federal payments to individuals, such as Social Security or Medicare benefits, farm program payments, or assistance to agricultural producers:

Source: \_\_\_\_\_ Amount: \_\_\_\_\_  
Source: \_\_\_\_\_ Amount: \_\_\_\_\_

2. If you are appearing on behalf of an organization, please list any federal grants or contracts (including subgrants and subcontracts) the organization has received since October 1, 2008, as well as the source and the amount of each grant or contract:

Source: \_\_\_\_\_ Amount: \_\_\_\_\_  
Source: \_\_\_\_\_ Amount: \_\_\_\_\_

Please check here if this form is NOT applicable to you:



Signature: Donald Larson

\* Rule XI, clause 2(g)(4) of the U.S. House of Representatives provides: *Each committee shall, to the greatest extent practicable, require witnesses who appear before it to submit in advance written statements of proposed testimony and to limit their initial presentations to the committee to brief summaries thereof. In the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include a curriculum vitae and a disclosure of the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by the witness or by any entity represented by the witness.*

PLEASE ATTACH DISCLOSURE FORM TO EACH COPY OF TESTIMONY.