Working Together to Advance Opportunities for Rural California

Jobs, Economic Development and Sustainable Communities
Strategizing Policy Needs and Program Delivery for Rural California

Submitted by Dr. Glenda Humiston
State Director, USDA Rural Development
February 9, 2010

USDA Rural Development
Committed to the future of rural communities.

Dr. Glenda Humiston
State Director, California RD
A Broad Array of Support

• Funding for
  – Business & Cooperative Development
  – Community Facilities
  – Water & Sewer Systems
  – Single and Multi-Family Housing

• Loans, Guaranteed Loans, Grants

• Technical Assistance

• Staff Support for Applicants

A Broad Array of Support

Committed to the future of rural communities.
• Rural Business Enterprise Grants
• Value Added Producer Grants
• Rural Business Opportunity Grants
• Cooperatives

TOTAL: $182,869,363  #1 in Nation

Business & Cooperative Programs
## FY 2010 Grant Loan Guarantee

<table>
<thead>
<tr>
<th></th>
<th>Grant</th>
<th>Loan</th>
<th>Guarantee Loan</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Regular</strong></td>
<td>1,937,387</td>
<td>35,996,690</td>
<td>1,170,100</td>
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<tr>
<td><strong>ARRA</strong></td>
<td>4,306,370</td>
<td>23,285,460</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>6,243,757</td>
<td>59,282,150</td>
<td>1,170,100</td>
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</tbody>
</table>

**Total:** $66,696,007

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**Community Facilities**

- First Responders, Libraries, Schools, Public Buildings, Healthcare, Food Banks, Community Kitchens, etc.
<table>
<thead>
<tr>
<th>FY 2010</th>
<th>Grant</th>
<th>Loan</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular</td>
<td>20,243,557</td>
<td>38,772,000</td>
<td>#2 in Nation</td>
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<tr>
<td>ARRA</td>
<td>12,047,500</td>
<td>105,052,000</td>
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<tr>
<td>Total</td>
<td>32,291,057</td>
<td>143,824,000</td>
<td>$176,115,057</td>
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</tbody>
</table>

Rural Utilities Service

Committed to the future of rural communities.
Direct Loans: 1st in Nation
760 loans – $120.6 million

Guaranteed Loans: 6th in Nation
3,562 loans – $588 million

Self-Help Housing: 1st in Nation
223 loans – $35.1 million

Delinquency Rate: 9.1%
National Average: 18.1%
Only State in Nation Under 10%

Single Family Housing
MFH 515: 8 loans – $6.7 million – 128 Units
1 Grant – $1,143,000

MFH 538: 36 loans – $55.4 million – 2,226 Units
#1 Nationally 5 Elderly, 39 Family Complexes

Farm Labor: 7 Loans – $16.8 million – 161 Units
2 Grants – $2.4 million – 832 Units Repaired

Housing 12 Grants – $715,168

Preservation: 16 Loans – $33.3 million – 124 Units

Rental Assistance: $68.8 million

Multi-Family Housing
Stimulus Averted Disaster but the Economy Remains Very Shaky
Biggest Problem: Lack of Jobs
Moving Into the Knowledge Era

Need to Harness the Power of this Trend for Our Rural Economies
Mechanization and Efficiencies

Labor Needed for U.S. Corn Production

Hours to produce 100 bushels of corn

1850 1890 1940 1975 2000

Jobs in Rural Communities are Vital for Food Security
• Regional Collaboration
• Regional Food Systems
• Community Building
• Alternative Energy
• Strategic Partners
• Capital Markets
• Broadband

USDA Priorities
1) Expand and Upgrade Infrastructure
   • Broadband
   • Community Water and Wastewater Facilities
   • Electric Transmission Grid
   • Transportation – Roads, Railroads and Ports
   • Water Resources

2) Improve Access to Capital and Key Financial Resources
   • Access to Traditional Sources of Capital
   • FDIC and “Troubled Debt Restructures”
   • Access to Non-Traditional Sources of Capital
   • Financial Literacy and Financial Tools
   • Rural entrepreneurs

3) Streamline Regulations and Processes

4) Find a Definition of Rural That Fits California’s Realities

5) Find Ways to Expand and Improve Service to Applicants

6) Provide More Technical Assistance to Local Communities

Report Recommendations
7) Assist and Enhance Traditional Job Training Institutions
   • Green Jobs Training

8) Encourage Development of Regional Food Systems
   • Locally-Grown Food into New Venues
   • Small-Scale Meat and Poultry Harvesting

9) Support Value-Added Business Growth
   • Utilization of Forest Resources
   • Recreation and Tourism
   • Small Business and MicroEnterprise

10) Enhance Ability to Produce and Utilize Alternative Energy Sources

11) Expand Programs to Stimulate Green Jobs and Projects

12) Stabilize and Expand the Supply of Affordable Housing

13) Improve Access and Quality of Health Care in Rural Communities

Report Recommendations
Signed MOU with Governor’s office of Economic Development

GoED Adopted USDA Report as it’s Blueprint for Rural California

Federal – State Partnership
Develop Commercial Biofuel Market and Goods Movement Strategy

Enhanced intermodal transfer centers (truck, rail and barge) that allows barge delivery of freight to the port of Oakland from the Ports of Stockton and Sacramento – removing trucks from Oakland & San Francisco Bay Area. Rail would deliver product to Port of Long Beach.

Tied to this transport plan is development of biofuel stations on the Interstate 5 and Highway 99 corridors that would utilize methane from dairies, agricultural biomass, municipal waste, algae and woody biomass produced in California.
Advanced conversion of biomass to liquid (bio-oil), char (charcoal) and/or synthesis gas through new technologies such as a mobile pyrolysis.

- RC&D Councils: Sac Valley, Central Coast, Northwest CA, North Cal-Neva and Ore-Cal
- Forest Service: Mendocino and Plumas NFs, and Regional Office
- Regional Air Quality Boards
- EnerGeon, Inc/ U.C.Santa Cruz
- California State University, Humboldt
- Rocky Mountain Research Station
- Center for Forestry, U.C. Berkeley
- Ag Services of Northern CA
- Mukang Labs, Washington State
- Sunflower CRMP
- Highway 70 Industrial Park
- Quincy Library Group

**Re-Invigorating Forest Communities**
Community leaders often lack good information to make regional decisions that affect agriculture. While there are dozens of general plan designations for urban uses, rice fields, peach orchards, diversified farms, and other types of ag businesses are all labeled “agriculture”. This simplified view makes it hard for policy makers and economic development agencies to help new growers, processors, or distributors. The Rural-Urban Connections Strategy is building unprecedented data and tools to help stakeholders in the six-county Sacramento region enhance their understanding of agriculture and improve its viability.

This analysis capacity will help decision makers craft better policies and plans, help agricultural businesses make operational decisions, and help the public understand the importance of protecting agricultural land and supporting growers in the region.

SACOG is using crop maps, production data and GIS to put related data together in a set of cutting-edge, yet practical, tools. Crop data were collected at the field level across more than 3.2 million acres of farmland. Production input and cost, yield, price, and environmental service information was then assigned to each crop type. These data were then uploaded into land use modeling software, 1-PLACE’s, which can analyze both rural and urban changes simultaneously and in real-time. SACOG is running scenarios to test how changing crop patterns, market conditions and policy and business decisions may affect the viability of agriculture. This type of information has broad uses for local officials, business owners, and producers. The methodology and tools developed by SACOG are transferable and scalable, so any local, regional, state or federal organization could use them for their efforts.
Regional Food Initiatives
Small-Scale Livestock and Poultry Operations Need Infrastructure to Thrive

Marketing locally raised grass-fed beef results in $2,130 more per head in gross earnings. Using value-added multipliers, the additional returns of $2,130 to the rancher for each steer will result in an additional $11,550 of value-added in other local industries and the regional economy.

One small-scale processing facility with annual capacity of 2,000 cattle carcasses employing 15 people could potentially create 29 additional jobs and $23 million for a regional economy as a result of increased ranching and processing returns.

Rebuilding Local Food Systems
Purchasing cooperatives include:

- Ace Hardware,
- The Bike Cooperative,
- Unified Grocers
- and many more.

Worker cooperatives include:

- small bicycle & book stores,
- small retail businesses,
- a fair-trade coffee roaster,
- a taxi company,
- an engineering firm,
- …and an adult theatre.

Coops Can Do Many Things!
State and local subsidies to lure businesses to an area are now over $50 Billion nationally – taxpayer money that could instead be invested in growing local businesses. The Federal Government spends an additional $58 Billion on subsidies.

The arms race for jobs and economic development has alarmed researchers at the Federal Reserve Banks…they called on Congress to end the conflict between states.

MEANWHILE: Surveys of business executives show that they are most concerned that an area meet their labor, market, transportation and infrastructure needs. State and/or local subsidies is rarely a deciding factor!
“Economic Gardening” nurtures the local economy rather than “hunting” for big business relocations.

The emphasis is to connect entrepreneurs and existing businesses to resources, encourage development of essential infrastructure and provide entrepreneurs with access to competitive intelligence on markets, customers, competitors, vendors, etc. comparable to the resources customarily available only to large firms.

Economic Gardening
The Pieces That Are Often Taken for Granted and Receive Little Investment

Intangible Capital

- Human Capital
  - Competencies
  - Experience
  - Management skills

- Structural Capital
  - All captured info and knowledge
  - Processes
  - Intellectual Property

- Relationship Capital
  - Customers
  - Vendors
  - Partners
  - Brands
  - Reputation
From: You Can Grow Like Google on YouTube

This “knowledge factory” grossed $22+ billion in 2008
“Intangible Capital” Growing in All Sectors
Putting All the Pieces Together With a Focus on Collaboration and Regional
Plumas – Sierra – Butte
Nevada – Lassen
Biomass Utilization

Sonoma – Mendocino
Lake – Napa – Marin
Regional Food System

Merced – Mariposa – Madera
Tuolumne – Calaveras
Value-Added Livestock

Eastern Riverside – Imperial
Alternative Energy and
Agricultural Development
BALLE brings together independent business leaders, economic development professionals, government officials, social innovators, and community leaders to build local living economies. We provide local, state, national, and international resources to this new model of economic development.

A Partner for Rural Communities

USDA Rural Development
Committed to the future of rural communities.
Bringing OUR Capital Home

USDA B&I Guaranteed Loans
USDA Intermediary Relending

LEVERAGING USDA GUARANTEED LOANS with NEW MARKET TAX CREDITS (NMTC)

BACKING THE BUSINESS OF RURAL AMERICA

Center for Regional Change, U.C. Davis
FINANCIAL INNOVATIONS ROUNDTABLE:
Identifying strategies that will lead to mobilizing and capturing local capital and turning it into an engine for growth…

- Expanded Use of Bonds
- Retirement Accounts Invested Locally
- Program Mission Related Investments
- and ???

DIRECT
PUBLIC OFFERING

United States Department of the Treasury

USDA Rural Development
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<tr>
<th><strong>Federal Efforts on Regional Clusters</strong></th>
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<tbody>
<tr>
<td><strong>Economic Development Administration (EDA)</strong></td>
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<tr>
<td><strong>Small Business Administration (SBA)</strong></td>
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<tr>
<td><strong>Department of Energy (DOE)</strong></td>
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<td><strong>U.S. Dept. of Agriculture (USDA)</strong></td>
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<tr>
<td><strong>National Science Foundation (NSF)</strong></td>
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<tr>
<td>Local Workforce Investment Board</td>
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<tr>
<td>--------------------------------</td>
</tr>
<tr>
<td>*Central Coast</td>
</tr>
<tr>
<td>*Greater LA Region</td>
</tr>
<tr>
<td>*Inland Empire</td>
</tr>
<tr>
<td>*Northern Rural Training and Employment Consortium (NoRTEC)</td>
</tr>
<tr>
<td>East Bay</td>
</tr>
<tr>
<td>North Valley Job Training Consortium (NOVA)</td>
</tr>
<tr>
<td>Redwood Coast</td>
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<tr>
<td>Sacramento Employment Training Agency</td>
</tr>
<tr>
<td>San Diego Workforce Partnership</td>
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<td>San Joaquin Valley</td>
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*Regional Clusters that also include funding from The California Energy Commission’s Alternative and Renewable Fuel and Vehicle Technology Program (AB118).*
Existing Regional Initiatives
Ag Politics are Regional and Issue-Driven

CRP Rents

Percent of Non-Federal Land in Grazing, 1997

Distribution of Minority Operated Farms, 1997

Percent of Farmers Receiving Direct Payments

1 Dot = 5 African American Farms
1 Dot = 5 American Indian Farms
1 Dot = 5 Asian/Pacific Islander Farms
1 Dot = 5 Other Non-White Farms

Maps Courtesy of USDA NRCS

Next Farm Bill Will Be Here Very Soon!
Persistent Poverty by Census Tract

Yet…Not A Single County in California is Considered to Have Persistent Poverty!!

Rules That Don’t Work
County Size Varies Greatly and Problems with “Metropolitan” Label
Using Counties as Jurisdiction Creates Serious Inequities
Comments? Questions?