

Agricultural Outlook Forum

Presented: February 17, 2006

RURAL INNOVATION THROUGH REGIONAL APPROACHES

Matt Chase
Executive Director
National Association of Development Organizations



NADO

Prospering in Rural America: Regional Approaches to Rural Competitiveness

NATIONAL ASSOCIATION OF
DEVELOPMENT ORGANIZATIONS

.....

2006 USDA OUTLOOK FORUM
FEBRUARY 17, 2006

About NADO

- ◆ Advocacy, Education, Networking and Research for the Nation's 320 Regional Planning and Development Organizations
- ◆ Promote Federal Policies and Programs That Provide the Tools, Resources and Incentives for Regional Approaches to Community and Economic Development
- ◆ Member Organizations Serve More than 2,200 Counties and 15,000 Municipalities, Mostly in Small Metropolitan and Rural America

Themes of Presentation

- ◆ Inside a regional planning and development organization
 - Role, functions and governance structure
 - Manage and administer variety of federal and state programs, such as community and economic development, homeland security, transportation and workforce
- ◆ Current federal role and policies for promoting regional solutions to rural development
- ◆ Creating a new vision for federal and public sector incentives and leadership

Regional Planning and Development Organizations

- ◆ National network of 500+ sub-state planning and development organizations; 320 RDOs primarily serve small metro and rural America
- ◆ Governed and owned by local governments, with increasing private sector involvement
- ◆ Primary roles:
 - Promote regional cooperation of local officials
 - Develop professional planning & program expertise
 - Package and administer complex grants & projects

National Perspective on Rural Landscape

- ◆ Need modern federal policies that recognize the diversity and evolution of rural economies, communities and citizens
 - 75% of the nation's local municipalities are rural; 2,192 of nation's 3,066 counties are below 50,000
 - More rural residents live in New York than Idaho, Montana, Nebraska, Nevada, North Dakota, South Dakota, Utah and Wyoming combined.
 - States with largest total of rural population: Pennsylvania, Texas, North Carolina and Ohio

Federal Policies: Transfer Payments vs Community Infrastructure

◆ Urban Infrastructure and Community Development Vs Rural Transfer Payments

- Current federal programs and policies build community infrastructure and capacity for the future of urban areas, while mostly maintaining status quo for rural citizens and communities through transfer payments and access to loans and loan guarantees for infrastructure upgrades.
- 21.5% of total personal income in rural America comes from federal transfers (i.e. Social Security, Medicaid, ag payments) to citizens, according to Rupri. By comparison, only 13.6% of urban personal income is from federal transfer payments.
- Per capita federal funds for FY 2001 are \$6,131 for metro areas and \$6,020 for nonmetro areas, according to Rupri.

Federal Toolbox for Promoting Regional Cooperation and Capacity of Rural Officials

- ◆ EDA's Planning Grant Program for 320 Economic Development Districts
 - \$27 Million / Locals Match \$1 for \$1
- ◆ Regional commissions, such as Appalachian Regional Commission and Delta Regional Authority, support for Local Development Districts
 - ARC: \$5 Million per Year
 - DRA: Less than \$1 Million per Year
- ◆ USDA grant support for Resource Conversation and Development Councils and RBOGs
 - \$51.3 Million for 375 RC&Ds = \$136,000 Per Entity
 - \$3 Million to \$4 Million Year in RBOGs (Projects Cap at \$50K)

Federal Toolbox for Promoting Regional Cooperation and Capacity of Urban Officials

◆ HUD Community Development Block Grant

- Approximately \$4 Billion Each Year
 - ◆ 70% or Over \$3 Billion for 1,111 Entitlement Cities / Counties
 - ◆ 30% or \$1 Billion for 14,000+ Small Metro & Rural Communities

◆ Federal transportation financial support for Metropolitan Planning Organizations; No official counterpart for rural areas

- \$289 Million Year for MPOs
- No Set Aside for Regional / Local Planning in Rural Areas; State May Voluntarily Sub-allocate Funds

Future Competitiveness: Fostering Regional Partnerships in Rural America

- ◆ Why Do We Need Regional Collaboration and Partnerships in Rural America
 - Create economies of scale for markets / companies; Coordinate existing efforts
 - Leverage limited local resources, including professional expertise and financial capital
 - Build on collective strengths of a region, while retaining “home rule” and “self governance”

Future Competitiveness: Federal Role in Fostering Regional Governance

- ◆ Incentives for regional public and private partnerships
 - **Recommendation:** Balanced governance models between public & private sector interests
 - ◆ Public sector must be involved at regional & local levels
 - ◆ Private sector fosters innovation and job creation, but expects basic services from local governments before locating or staying
 - **Recommendation:** Bonus awards for regional efforts as part of federal grant competitions, including USDA
 - **Recommendation:** Program flexibility to meet basic needs, yet also resources to pursue cutting edge opportunities

Future Competitiveness: Federal Role in Fostering Regional Governance

Priorities in 2007 Farm Bill

- Stronger leadership role for USDA Rural Development to coordinate with other federal agencies and to retain holistic view of rural America
- Federal policy shift to provide “seed money” for public-private strategic partnerships
- Streamlined rules and regulations for USDA Rural Development programs to make more user friendly for local constituencies (from broadband to renewable fuels to water and sewer projects)

Future Competitiveness: Federal Role in Fostering Regional Governance

Priorities in 2007 Farm Bill

- Invest in sustainable leadership and professional capacity of rural development alliances
- Retool USDA RD programs to support regional intermediary support for rural innovation and entrepreneurship
 - ◆ Need “boots on the ground” to package deals, provide assistance to entrepreneurs and incubate businesses
 - ◆ Need link for USDA to become more engaged in workforce development / rural economic development alignment



National Association of Development Organizations

400 North Capitol Street, NW * Suite 390

Washington, DC 20001

202.624.7806 tel * 202.624.8813 fax

Info@nado.org * www.nado.org