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PATH TO OPPORTUNITY: JOBS AND THE ECONOMY IN APPALACHIA

FIELD HEARING

BEFORE THE

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY UNITED STATES SENATE

ONE HUNDRED TENTH CONGRESS

SECOND SESSION

OCTOBER 22, 2008

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PATH TO OPPORTUNITY: JOBS AND THE ECONOMY IN APPALACHIA

Wednesday, October 22, 2008

U.S. SENATE,
COMMITTEE ON AGRICULTURE,
NUTRITION, AND FORESTRY
Steubenville, Ohio

The committee met, pursuant to notice, at 10:30 a.m., at Jefferson County Community College, Lecture Hall 2102, 4000 Sunset Boulevard, Steubenville, Ohio, Hon. Sherrod Brown, presiding.

Present or submitting a statement: Senator Brown.

STATEMENT OF HON. SHERROD BROWN, A U.S. SENATOR FROM THE STATE OF OHIO

Senator BROWN. I appreciate the panel. There will be two panels. I will get to them in a moment and introduce them.

I would also like to thank Senator Tom Harkin, who is the Chairman of the Senate Agriculture Committee on which I sit, for his support of these hearings and for his leadership during the writing of the farm bill.

This is an official Senate hearing, the Senate Agriculture Committee, and it comes to order. Everything said today, including questions, if we have time at the end, and I think we will, from the audience will be part of the hearing record, and anything that any of the three witnesses on panel one and panel two would like to submit to us within 2 weeks of adjourning this committee today, official adjournment, so you have time if you wish to send any other written testimony, including answers to questions that you might want to expand on that you didn't give us during that time.

We will hear, as I said, from two panels. We will hear from the first panel, the three gentlemen sitting here, and then have a brief question and answer session before moving on to the second panel. If committee witnesses can keep their statements to about 5 minutes, in case you didn't see that clock there, then that would be helpful. If you go over a little, that is not a bit deal.

Small-town Ohio, and I grew up in a city not much—a little bit larger than Steubenville, in Mansfield—small-town Ohio and medium-sized cities in rural Ohio clearly are hurting. When a plant closes, when young people leave Steubenville or Bellaire or St. Clairsville or Catons or Lisbon or East Liverpool and these communities, we know what happens to these communities as young people leave and as plants close down and they are obviously very related.

Ohio's unemployment rate reached 7.4 percent this summer, the highest it has been in 15 years. Even prior to this steep economic downturn, Ohio still had hundreds of thousands fewer jobs than it did prior to the last recession. With aging infrastructure, with high unemployment, with underfunded schools, and with chronic gaps in access to affordable health care, rural areas in Ohio and throughout the Nation already face daunting economic challenges.

For rural areas in small-town Ohio, an economic downturn like the one we find ourselves in now has the impact of a kidney punch after 12 rounds in a ring. Over one-half of Ohio's counties are rural, and there is no doubt these counties face economic obstacles.

Of the ten counties in Ohio with the highest unemployment, every one of them is rural. Of the ten counties in Ohio with the highest poverty level, nine of the ten are rural. Of the ten counties in Ohio with the highest percentage of people eligible for Medicaid, nine of them are rural.

Federal policymakers simply haven't devoted enough attention to rural America. We squander opportunity and dismiss unacceptable gaps in the kind of support that allows families to lift themselves out of poverty. It is time to change direction and invest in the tremendous potential that rural America holds, and you can see that in the young people, both high school and college, sitting in the audience today. Investment in rural communities is an investment in the American economic engine and the American dream.

I am proud of what we have done collectively for rural communities and small towns in this State during the passage of 2008 farm bill. USDA Rural Development Programs encourage rural business expansion and job creation and grants to expand broadband access across rural Ohio, something particularly young people here today understand how important broadband is to their future and to our economic future.

These projects—we have invested more than $500 million in over 120 different projects in Ohio over the last 2 years. These projects range from a $6 million hospital expansion for Barnesville and Belmont County, the county next door to the south; a $20 million water treatment facility for Wellsville and Columbina County, the county directly to the north; $7 million was provided last year for a new water distribution system in Tuscarawas County, two counties to the west; and in Jefferson County, Smithville received USDA funds that allowed for the purchase of a dump truck for road maintenance; and Dillonvale was able to purchase a new garbage truck. These projects wouldn't have occurred without a farm bill and without funding for Rural Development Programs.

USDA Rural Development funding can help communities in many different ways. Some comes in the form of grants to communities for water and sewer projects and public safety projects. Others provide loans and loan guarantees for small businesses and rural housing programs. These loan guarantees in particular have seen a dramatic increase in usage during the recent overall credit crunch. Some lenders simply won't provide funds to small businesses and rural housing without the additional security provided by farm bill Rural Development Programs.

The farm bill also funds so many programs that matter to Ohio, and we have made important strides toward providing additional

investments in rural Ohio. As Ohio's first Senator to serve on the Agriculture Committee in over 40 years, I continue to work to fund these vital programs and ensure Ohioans receive the kind of support that will help them thrive. The farm bill provided a needed boost, but the people of small towns and rural communities deserve much more. That is why we are holding this hearing today.

Since I have been in the Senate, the last 20 months or so, 21 months or so, I have spent much of my time conducting roundtables, about 120 roundtables. About 15, 20 people have been to them, just in cross-sections of communities. Most of those roundtables have been in rural Ohio, and I have heard lots of questions. I have heard questions like, how can the Federal Government play a role to help rebuild small towns in Appalachia and across Ohio? What investments in infrastructure are needed to revitalize our rural communities and make them competitive in a global economy? How do we support small businesses who are struggling in the face of this credit crunch and the uncertainty of the financial crisis?

These are the questions our witnesses are helping us answer today. I look forward to these remarks, to the remarks from them.

And last, I should note that Randy Hunt, Director of the USDA Rural Development Programs here in Ohio, was invited to testify. However, the Bush administration did not allow him to attend. Mr. Hunt is a dedicated and well-respected public servant in this State, and as USDA Rural Development Programs play a significant role in addressing the challenges rural communities face, I know everyone here would appreciate hearing his perspective on these issues.

I regret the decision of Secretary Schafer and the Bush administration because I don't think it is in the best interests of the people I serve, but today's hearing is too important to get mired in politics. It is not about the Bush administration or Republicans or Democrats. It is about people and communities facing the challenges and fighting to overcome these challenges. It is in the nation's best interest to support their success, and the Congress and the administration alike have an obligation to promote the nation's best interest. That is nonpartisan. That is simply a fact.

We will move forward on the witnesses. Let me introduce the first panel. Our first panel will be John DiPietro to my left, your right, of Steubenville. Mr. DiPietro works at the Severstal plant here in Steubenville. Welcome.

Next, we have Harry Eadon, Executive Director of the Tuscarawas County Port Authority—very nice to see you again—located in Dover.

And finally, we will hear from Frank Shaffer, a Township Trustee from, I say Bellaire, but you say "Blair," right, in Belmont County. An aide in my first year in politics was from Bellaire, as you know, and always said "Blair," so I guess that is how I say it.

Mr. SHAFFER. That is how we say it.

Senator BROWN. Take about 5 minutes. Mr. DiPietro, I will begin with you, then each of you will speak, and then I will ask each of the three of you questions.

STATEMENT OF JOHN DIPIETRO, SEVERSTAL EMPLOYEE, STEUBENVILLE, OHIO

Mr. DIPIETRO. Good morning. My name is John DiPietro. I am 59 years old and have worked for Severstal Wheeling, formerly known as Wheeling-Pittsburgh Steel, for 37–and-a-half years. I am married, and my wife and I have raised three children.

What has happened at my company over this decade has affected my family, my job, my pension, my retirement savings, and my community. The elimination of steel jobs has depressed the local economy and caused a steady drop in employment, which in turn has affected our population and our tax base. My children have moved from the Ohio Valley due to better opportunities elsewhere.

With the most recent shutdown of the Steubenville Cold Strip Department, my job as a wastewater treatment plant operator servicing the pickling line has been eliminated. I no longer have a specific work area. The company is calling it a temporary shutdown, but no one believes the pickler will be restarted. After 37–and-a-half years, I am a weekly assignee. This leads to frustration, anxiety, and loss of personal wages. The shutdown of the Cold Strip Department is the result of a lack of orders, reflective of the poor national economy and the fact that the mill is outdated.

We are told that Severstal Wheeling needs to inject $11 million in repairs to make the pickling line viable. Severstal is a global company that owns other facilities that can fill their orders. This leaves me and my coworkers in limbo, wondering if money will be invested in the Steubenville North Plant so that we can return to our jobs and a stable production schedule.

Prior to the cold strip shutdown, I worked as a blast furnace recycle operator servicing the No. 1 blast furnace in Steubenville. The blast furnace operation was permanently closed in 2004. Many jobs were eliminated, hurting not only our workers, but our local economy, as well. Those of us affected had to acquire new skills in new work areas.

Another aspect that has affected me is the lack of stability within the mill. Despite the increase in production at our mill, our employment is down. Currently, different areas of the mill are working 1 week, shut down the next week, and then return to operations the following week. Some areas of the mill are training workers for new assignments, while other area managers have chosen not to train dedicated employees who may have transferred into their areas. The instability in the production units and the uncertainty in the job assignments have led to turmoil and anxiety, and this is where I find myself today.

My pension is another problem area. I am two-and-a-half years away from eligibility for retirement. Recent downward trends in the stock market have eroded my 401(k) plan. Greed and deregulation have touched us all.

Unfortunately for me, this is the second hit to my retirement plan. The first hit was in 2003, when the Pension Benefit Guaranty Corporation froze my pension plan and my pension plan was eventually terminated. Under the former PBGC plan, as it was known, I was guaranteed $40 per year for every year of service. With this multiplier, at age 62, my monthly pension would have been $1,600 per month for 40 years of service. Because of the termination of my

pension plan, the value of my pension plummeted to $780 per month, less than half of the previous contractual benefit. What I thought was a fact became a myth. How do you plan for something like that?

Because of the decline in the steel industry, our educational systems have experienced a negative impact. Severstal Wheeling pays property taxes to two area school districts, and with the loss of wages and declining tax base, our schools receive less funding. The school districts, the administrations, faculty, and students suffer. As we all know, the children are the future of any community. If they aren't afforded a solid education along with job opportunities after graduation, the community will surely erode.

On a personal note, I find myself wondering if our plant will ever return to normal operations. I wonder if our plant has a limited future due to the perils of our economic policies, the global economy, and consolidation within the steel industry. We at Severstal Wheeling are fighting for our very survival. Thanks.

[The prepared statement of Mr. DiPietro can be found on page 30 in the appendix.]

Senator BROWN. Thank you, Mr. DiPietro.

Mr. Eadon.

STATEMENT OF HARRY A. EADON, JR., PRESIDENT AND EXECUTIVE DIRECTOR, TUSCARAWAS COUNTY PORT AUTHORITY, DOVER, OHIO

Mr. EADON. Thank you, Mr. Brown. Thank you for this opportunity to present testimony regarding the USDA Rural Development Programs and how they may be utilized in the current economic crisis. My focus today will be on the USDA's Rural Development Intermediary Relending Program. However, each of the economic development financing tools available through Rural Development are important.

The Tuscarawas Valley region may be considered a typical rural area. However, it is quite diverse, with each county facing unique challenges. Consequently, the counties, are they are able, create economic development strategies that address their particular needs. These strategies should encompass these basic focuses: Infrastructure improvement, business assistance, education and training, amenity-based development, and community development.

The execution of these strategies usually depends on funding assistance from Federal and State governments. An example of the importance of such Federal support can be found in testimony given on April 1, 2008, by Mr. Thomas Dorr, USDA Under Secretary for Rural Development, before the Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies.

Mr. Dorr stated, "The fiscal year 2009 budget request seeks a $49 million budget authority to support $738 million in direct and guaranteed loans and grants for rural business and cooperative programs. The budget proposes to fund the Business and Industry Guaranteed Loan Program, the Intermediary Relending Program, and the Rural Cooperative Development Grant Program. We anticipate that in fiscal year 2009, these programs will assist approximately 700 small businesses and create or save more than 34,000

jobs in rural communities." The reported effect of these programs is to leverage every Federal dollar with $15 of private capital.

The diversity of the Tuscarawas Valley region can be characterized by the population and business density of each county. Examples of the diversity are Harrison and Tuscarawas Counties. Harrison County hosts 360 businesses and has a population just under 16,000, compared to Tuscarawas County with 2,315 businesses and a population of over 91,000. A further distinction is the types and diversities of businesses in each of these counties. But for all of the differences, one thing is the same, not only in this rural area but across the country. The current economic crisis has exacerbated the ability of businesses, large and small, to borrow money to fund current and future needs. The credit crunch is not a phenomenon only of Wall Street. It has come to Main Street.

Pat Comanitz, the Kent State University Tuscarawas Small Business Development Center's Director from 1998 to 2008, estimates that only one of ten small businesses seeking funding find it through conventional bank financing, and that has been confirmed by the president of a regional bank. A case in point is ED Payment Systems, a small business which started in the Business Factory, a small business incubator in Dover, Ohio.

Bill Treciak, the founder and president of the four-year-old technology service company, has applied for both conventional and SBA advanced financing and been turned down more than a dozen times. To finance his business, Mr. Treciak has leveraged the equity in his family's home and obtained unsecured financing through high-interest credit card debt. ED Payment Systems is a service company and therefore is fueled by working capital. Even though the company has had positive net income for more than a year, and even though it has exhibited reasonable and sustainable growth, not only bank has lent him the money even to fuel that growth. Businesses like ED Payment Systems will benefit from reasonably costed alternatives to conventional financing.

To help drive the implementation of business development strategies in each of these counties and to create a local response to a small business funding need, the TCPA has applied for a $500,000 IRP loan to seed a $585,000 revolving loan fund. The proposed service area for the revolving loan fund includes the following rural Ohio counties: Belmont, Carroll, Guernsey, Harrison, Holmes, and Tuscarawas.

The purpose of a strong RLF is to provide funding alternatives to the region's existing businesses and to provide a tool to help create new business opportunities. This equates to both the retention and creation of jobs. The RLF will not replace or compete with conventional financing. Rather, it will enhance the ability of banks to participate in financing structures that previously were not possible through only conventional financing.

Based upon the USDA's 15–times multiplier, the economic development impact of the TCPA's RLF to the region will be to induce the investment of more than $8 million of private capital. This is a regional solution to a regional challenge.

The TCPA encourages Congress to act with due deliberation and speed to authorize the USDA's Rural Development budget request for funding these important economic development tools.

This concludes my testimony and I will be happy to respond to your questions. Thank you.

[The prepared statement of Mr. Eadon can be found on page 33 in the appendix.]

Senator BROWN. Thank you, Mr. Eadon.

Mr. Shaffer.

STATEMENT OF FRANKLIN C. SHAFFER, JR., TOWNSHIP TRUSTEE, BELLAIRE, OHIO

Mr. SHAFFER. Thank you very much for having me here. It is my first time, so I am probably a little green at this. My testimony is from Mount Victory Road Water Project, and I lived this for 18 years of my life and these people are still living it and spending 10 years doing this.

Mount Victory Road is located in the State of Ohio, Belmont County, Village of Powhatan Point, which is situated in the southeastern portion of Ohio just a few miles from a great water source, the Ohio River. More than 152 families live along the 28–mile stretch of rural road.

A multitude of problems arises within their water sources, one of which includes wells that have to be drilled at no less than 50 feet or no deeper than 100 feet to tap a good water source. If drilled any further, they could be lost into a mine or sulfur from a mine could make the water unbearable to drink. Most of the wells will not sustain a family of three or more adequately. The families have to use the local laundromat several miles down the road, cut down daily on toilet flushing, being unable to take daily showers, have to choose from bathing your children or watering your animals, being unable to water gardens or lawns, using the local car wash to wash your car, limiting the amount of water usage within the home, doing dishes, running dishwashers, just to name a few. These also cause additional expenses to the families.

There has been E. coli bacteria found in some wells, exposing people to illness and hospitalization, thus creating loss of jobs in families. This is a major health risk.

The second source of water for the homes is a cistern, an artificial reservoir, tank, or container for storing or holding water, especially for catching and storing rainwater. These cisterns are mostly used for bathing, washing clothes, and flushing toilets. Due to a lack of water sources in a low economic area, some families have to resort to using the water for drinking, which is definitely a health hazard. These people cannot afford to purchase bottled water and have no choice but to drink cistern water that is unsafe. Must families must own a utility trailer or a truck with a water tank in order to haul water that is miles from their homes. Some farms have to haul multiple loads daily in order to water livestock. This is also an additional cost to the families, due to the fact that the local village and county charge for this water.

There are also major fire and safety issues. If a house catches on fire, usually this leads to a complete loss of the home, animals, and sometimes lives. The water to extinguish the fire has to be hauled miles in a tanker truck or use of water buffaloes must be set up.

The cost of this project is in the millions of dollars. Our local officials are willing to take on the project, but simply do not have near the funding needed to do the project without Federal assistance.

If any person would like to get a slight feeling of what it is like to have to live without water, just take a shower, lather up, and shut off the water. Think about how to get the lather off of your body without water. Or just imagine what it is like to turn on the faucet and nothing come out at all, or what comes out of the faucet is not healthy to drink or use for cooking, or water that is black, yellow, and smells bad, that is, if there is water at all. Or just imagine loading the washing machine with clothes and the machine is stopped in mid-cycle. All the clothes have to be removed and hauled, heavy and wet, to the laundromat to finish.

This is not a temporary water loss. This is every day of life in this area. People who are fortunate enough to have municipal water do not have a clear understanding of what it feels like to live this way every day. Remember when your water may be shut down temporarily for a few hours or a day how inconvenient it is. Well, these people live this way every single day.

In summary, this area is in desperate need of a municipal water source and it cannot be accomplished without the help of Federal assistance.

One thing I would like to add, back to the part of flushing the toilets, a lot of times you have to keep Clorox next to your water, next to your commode, in order to dump Clorox in to cut down on the smell when you can't flush it each time. It is a definite problem.

Thank you very much.

[The prepared statement of Mr. Shaffer can be found on page 57 in the appendix.]

Senator BROWN. Thank you, Mr. Shaffer. Thanks very much, all three of you.

Mr. DiPietro, you mentioned your children have gone elsewhere. Where do they live?

Mr. DIPIETRO. My oldest, Natalie, lives in Ada, Ohio.

Senator BROWN. Northwest of Columbus?

Mr. DIPIETRO. Yes. She accepted a teaching position at Ohio Northern University last year. My daughter, Melissa, lives in Philadelphia. She works for Johnson and Johnson in financing. And my son, Anthony, is a senior at the Ohio State University.

[Laughter.]

Senator BROWN. Is he coming home?

Mr. DIPIETRO. I doubt it.

Senator BROWN. What jobs do we need to keep people in our communities? What kind of jobs would make your three children want to come back and live in—where do you actually personally live?

Mr. DIPIETRO. Here. I live in Steubenville.

Senator BROWN. What would make people come back here, young people?

Mr. DIPIETRO. I would say high-paying manufacturing jobs would be the key. Most of our jobs are minimum-wage jobs. At the local mills, it is all down hill. At Severstal, they've cut way back and just shut down the Cold Strip Department, as I said. So we are losing

the good-paying jobs with the good benefits and people have no reason to stay here.

Senator BROWN. How many generations have you been here, your family?

Mr. DIPIETRO. Well, my dad came here in 1920 from Italy.

Senator BROWN. 1920, did he work at the mill?

Mr. DIPIETRO. Yes, he did. He worked at Weirton Steel for 39 years.

Senator BROWN. What has happened to your friends and coworkers who have lost their jobs? Are they still here or did they—are they getting a job at $8 or $9 an hour now instead of having a good-paying, middle-class job?

Mr. DIPIETRO. Most of them have left the area, the young ones. The older ones hold on and try to find a job locally. A lot of them are like me. They're in transition in the mill and move from department to department because of the work schedule, working a week, shutting down for a week. How long this is going to last, no one knows. They put a lot of money into the blast furnace in Mingo and the BOF, but it hasn't all started back up since the repairs were made, so we are kind of wondering what is going to happen.

Senator BROWN. Do people who have lost a $15 or $17 an hour job and now have a $9 or $10 or $11 an hour job, do they call themselves middle class still?

Mr. DIPIETRO. I don't think so. I would strongly—working at Severstal, it would be tough with one income [inaudible] even making minimum wage or thereabout, trying—both working very hard, working 40 hours a week, doing everything they are supposed to do, playing by the rules, and yet they can't support their family or have health care.

Senator BROWN. What is your hourly wage, if I could ask?

Mr. DIPIETRO. Right now, it is $18 an hour.

Senator BROWN. And your retirement has been adjusted down, I guess is a nice way of saying it, has been cut to $780 a month, you said?

Mr. DIPIETRO. Yes. Under the—PBGC froze our plan and then said it wasn't a viable pension plan——

Senator BROWN. It wasn't because the company didn't pay in adequately.

Mr. DIPIETRO. Right, and so we were locked in. At the time, I had 32 years of service. So I no longer gain any retirement earnings from that plan, so luckily, we had the Steelworkers Union who got us into a new pension plan, the Steelworkers Pension Trust, and so now we are accumulating money into that.

Senator BROWN. So you will have the $780 a month plus you will have some smaller amount——

Mr. DIPIETRO. Yes.

Senator BROWN [continuing]. That you are earning now?

Mr. DIPIETRO. Yes. Recently, we were allowed—given the option of taking our money that was contributed to the PBGC and rolling it over to an IRA or leaving it there. So since I was going to take this big hit, from $1,600 to less than $780, really, I decided to take that money in a lump sum and roll it over into an IRA. So now I am just basically earning a pension with Steelworkers Pension Trust.

Senator BROWN. Laid-off workers, if you know, they have got the information they need for assistance for job retraining, maybe through Jefferson Community College or pension health care. Are they able to get the information they need on how to move on with their lives when they get laid off?

Mr. DIPIETRO. I think so. I think so. I think the community does a good job of getting the information out there where they can turn to, come here to Jefferson Community College and learn a new skill.

Senator BROWN. Are they getting it from the union? Are they getting it from the company? Are they getting it from jobs and community services——

Mr. DIPIETRO. I don't think they are getting it from the company, but they are getting it from the community, the union, just advertisements.

Senator BROWN. So even if it is a non-union facility, they are able to find the information either from Jefferson Community College or other ways?

Mr. DIPIETRO. Yes.

Senator BROWN. Thank you for your testimony and your comments.

Mr. Eadon, one of the things that I am hopeful we do after the election with either President-Elect McCain or President-Elect Obama is get serious about infrastructure investment. Talk through what—I obviously don't know an amount of money or we don't know for sure what direction it is going to go. That is going to be in part dependent on what the President-Elect wants to do and the new President wants to do come January, but what is the best way to spend infrastructure monies?

Part of it is the stimulus package, because it puts people to work directly. I talked to the Governor at some length about this and there are projects in Ohio ready to go that just don't have financing now. It won't take a long time to inject money into the system, into these projects, so it puts operating engineers and laborers and sheet metal workers and engineers to work immediately. What is the best short-term and long-term kind of infrastructure stimulus for Tuscarawas County, or speaking more generally, larger than that?

Mr. EADON. For the region? I think there is—I think the answer is almost the same for both, both short-term and long-term, because I think the solutions—we didn't find ourselves or drive ourselves into this position overnight. We drove ourselves into this position over a long period of time, so that coming out of this and stimulating our economy and changing our economy is going to take more than a year, even 2 years or 3 years.

I think in some ways we are already starting on that. Technology, I think, is certainly a method or a way of trying to dig ourselves of where we are at. When we are talking about high-paying manufacturing jobs, clearly, those are very important. High-paying jobs of any sort are important. Manufacturing jobs, though, now aren't manufacturing jobs that are less skill-based than what they were before. In fact, the skill base of many manufacturing jobs now requires advanced training, training beyond high school, and those are the kind of jobs that will bring kids back if they go off to school.

Those are the kind of jobs that will bring kids back here to Steubenville or to our region.

Technology jobs, advanced energy and fuel cell, biomass, wind energy, those kinds of jobs, both on the manufacturing side as well as the implementation side, are critical to our area and we certainly have the expertise in the area to do that. We have a tremendous history in this entire region for manufacturing expertise.

You mentioned Mansfield. Mansfield has the same thing in brass and other kinds of industries. [Inaudible] Lake right next to Cleveland, exactly—it is the same thing again, small manufacturers as well as large manufacturers. So Ohio has a tremendous tradition and history of manufacturing expertise, and I would say advanced manufacturing expertise.

Some of the other kinds of technology jobs that we train our young people for, and essentially we train them to leave—gaming, advanced computer animation. We train people at OU, at Shawnee State, which is not too far from here, Tuscarawas County, at Kent State University-Tuscarawas. We graduate 150 kids a year probably from those three institutions in advanced gaming, computer animation, and we have maybe ten or 15 jobs in this region for those 150 that we graduate. Consequently, they go someplace else.

That is one of the reasons for the RLF and building in Central Ohio is a major one that we have been able to create is to provide capital for those students who have graduated to not come back, but to stay here and be entrepreneurs, start businesses here, because we believe that entrepreneurial business startups are more likely to stay in the region than to go someplace else. So if you are raised here, grew up here, and are educated here, and if you start a business here, then you start a family here, it is more likely that you are going to continue to grow that business and create jobs, retain jobs and create jobs, than if we educate you and send you someplace else.

The other—as I mentioned, advanced manufacturing, I think, is critical to all of those as well as to information technology jobs. We have tremendous capabilities in this area because we are a rural area to house information technology jobs, and those, frankly, are very high-paying, very clean jobs that many of our young students that are graduating from institutions like Jefferson Community College would be, frankly, that would be perfect for them.

Senator BROWN. Talk a little more directly on infrastructure spending, on broadband and other ways. If the Federal Government is going to spend X-number of dollars on a stimulus package and part of it was infrastructure, that would mean X-number of dollars for Eastern Ohio. Where would that best be spent to create jobs immediately and create jobs longer term?

Mr. EADON. Well, certainly broadband is critical. The area of the State that you come from, you have got enormous resources for broadband compared to many rural areas. We are fortunate in Tuscarawas County to be close enough to the super-computer network that we have broadband [inaudible] in Philadelphia and in Dover that is not just broadband, it is tremendous broadband. It is, in fact, the fastest, broadest connection that exists currently.

But there are many others. As I drove from Tuscarawas County to Jefferson County today, most of the areas that I passed don't

have that same capability. So to put rural Ohio on the same basis as the other more urban areas of Ohio, broadband is critical to be able to support businesses like advanced energy businesses, advanced manufacturing businesses, information technology businesses, computer animation, advanced gaming businesses. All of those are going to need significant resources of broadband.

So you are exactly right, and I understand the farm bill addresses some of those issues for the rural U.S., and hopefully we will grab some of those dollars for rural Ohio.

Senator BROWN. Thank you. Thank you very much.

Mr. Shaffer, do you live on Mount Victory yourself?

Mr. SHAFFER. I do not live there any longer. I lived there 18 years and I moved from there to another——

Senator BROWN. Most people who live there have been there for generations?

Mr. SHAFFER. Yes, family farms. Their kids want to build houses on their farms.

Senator BROWN. Are most of the 152 families farmers? Or do they produce some of their——

Mr. SHAFFER. Probably half that or somewhere in that——

Senator BROWN. Full-time farmers?

Mr. SHAFFER. Not full time. Most of our farmers in our area are farmers and they have other jobs.

Senator BROWN. That pays for their health care and——

Mr. SHAFFER. Right. They have to go elsewhere to get it, and it is mostly part-time.

Senator BROWN. Do most of the 152 families have some farming operation, either a few beef cattle or some chickens——

Mr. SHAFFER. Right——

Senator BROWN [continuing]. Or big gardens——

Mr. SHAFFER. Or some form of livestock, if you understand what I am saying.

Senator BROWN. I assume it has been figured what this would cost to bring water to these 152 families.

Mr. SHAFFER. This figure is down to somewhere around $2.5 million, I believe, at this point. I could be—give me a little bit of leeway there, but it is close to $2.5 million, I think. They have done some downsizing on some of the project and tried to adjust it a little more.

Senator BROWN. What are local residents doing to try to change this? I want them to have a very aggressive Township Trustee, but what else are they doing?

Mr. SHAFFER. As far as——

Senator BROWN. Just in organizing and——

Mr. SHAFFER. We have organized committee. I spent 10 years with commission meetings, attending every meeting. We have a group down there that goes out into the community and talks to the people and tries to communicate with them, you know, what is happening. Is that the direction you are going?

Senator BROWN. Yes.

Mr. SHAFFER. Yes. We have just the group of individuals. That is how we started this. Two of us started this. We got a petition together, and we go out and talk to our political officials. I have knocked on doors to help people get elected to try to——

Senator BROWN. And you have been doing this for 10 years?

Mr. SHAFFER. Ten years, yes, so I am still working on it, and I have had to work on it—I promised—I had two older ladies come to me. We were promised water. This is what they told me. They said, "We were promised water 40 years ago." Well, funding ran out in the 1980's, I believe it was. They looked at me and said, "Frank, you can get us water. I know you can." How you think I can get you water, I have no clue. That is what I told them. But I looked at it. I felt bad. I said, fine, I will take it on and we will see. I got another person. We went through the petition, drove people over. I have done everything. I have sent letters to different political officials, didn't get the good response I needed. I helped campaign for others. Whatever it takes to get this job done, I promised these people I would do it, and if it takes me the rest of my life, I am going to get these people water and that is it.

Senator BROWN. Are there other places in Belmont County that don't have access to water?

Mr. SHAFFER. There are very few. This is probably the last major section. There is one in the western end. They are looking at putting a tri-county deal together on that, up in the Piedmont Lake area. There are actually two big sections in Belmont County.

Senator BROWN. When you talk to the county commissioners, what do they say about—well, first of all, what do they say generally when you——

Mr. SHAFFER. They are willing to do this project. They were willing—we were fine. We have an infrastructure fund that is based—and they were willing to go forth with the whole project. Then the floods came and devastated and we needed up-front cash for FEMA and other projects to get these—to recuperate from the flood, basically. Now, there is no money. It has depleted our infrastructure fund. They are willing to come up with their share, and up until this point, we have paid for all this, all the water projects. Now, we are finally having to come to the Federal Government and ask, or the State, whoever would be glad to help us, is where we are at.

Senator BROWN. Do you have an estimate on, when you cost this out to this point, you cost this $2.5 million project out, have you figured an estimate on what people would pay for their water and sewer if they had this system built?

Mr. SHAFFER. This would be water. There would be no sewage coming through there.

Senator BROWN. Just water, okay; so——

Mr. SHAFFER. This would just be water, and we are probably looking at somewhere around the $40 to $50——

Senator BROWN. A month.

Mr. SHAFFER [continuing]. A month, which is probably in the neighborhood of—they are probably paying more for this when they have to haul their water.

Senator BROWN. That is not an additional cost growing for them——

Mr. SHAFFER. Right. It is not an additional cost for them. They may be paying—some people are probably paying more for your water. Once you have to purchase bottled water, haul water, you have got to pay for that water and you have got to haul it in your

truck. You have got wear and tear on your vehicle, because these are all dirt roads, back country roads.

Senator BROWN. Are these 150 families mostly pretty elderly or not?

Mr. SHAFFER. Some are, some aren't. Some have inherited their family farms.

Senator BROWN. What is the size of these family farms, 50 acres? A hundred acres?

Mr. SHAFFER. Ranging probably from 50 to 100 acres, depending on the farm.

Senator BROWN. Thank you. One other question. You mentioned fire. Have there been major problems with fire there?

Mr. SHAFFER. There have been fires, and it is a total loss to the house.

Senator BROWN. So if a house catches on fire, there is no way the township fire department gets out there fast enough——

Mr. SHAFFER. They can get there. There is no place to pump the water from. Unless you can get possibly there are a couple ponds there, if they go to pumping ponds, or you bring in buffaloes where you have those tanker trucks that drive all the miles to get there.

Senator BROWN. There is no fire department tanker truck near enough to help in time?

Mr. SHAFFER. Not in time. There is no way that you can get a house without—some people have put in and use their cisterns and they have actually pumped the water from their cisterns to put the fire out, if they are capable. If you are lucky and it has been a rainy season and you have got some water in your cistern, you might be able to get some water from your cistern, but that is 1,500 gallons. How long will that last in the fire? At the most, it isn't a large house.

Senator BROWN. Let me ask you a question, the last question, and I will ask the same question to each of you. I will start with you, Mr. Eadon, and then Mr. DiPietro and Shaffer, you have time to think about it, too. If out of this hearing came one thing that the Federal Government could do to improve the lives of people in Eastern Ohio, what should it be? It is a hard question. Sorry.

Mr. EADON. I can't pass for another question?

[Laughter.]

Senator BROWN. That is the only question.

Mr. EADON. I think probably the key thing would be to put dollars or make dollars available to regional efforts and let the folks that are living there every day figure out exactly how those dollars should be put to use to the best effect to create jobs and opportunities for our regions. Just an example would be infrastructure that the Columbus District Court order, which just recently opened up another section, which is a good thing for the State of Ohio for their foresight there, that when this order would open up a tremendous area that was not currently open to economic development because there is no infrastructure there. We need the dollars, and put those dollars in the region and we will figure out how to spend them correctly.

Senator BROWN. Mr. Shaffer? I know what your answer might be.

Mr. SHAFFER. It is going to be simply a two-part answer. I think there needs to be some money set aside and readily available for families that are in desperate need of water, sewage, that you can come up front. But you also need to set up a separate fund in order to bring in infrastructure, in order to bring in jobs into the area, because some of our, in my opinion, as far as jobs go in Belmont County and this local area, is the fact that there is no infrastructure available. Whether that means water, sewage, roads, bridges, you know, broad band, or whatever, there needs to be a separate fund set up for that. And you need to get that money here first.

Right now, I believe that the money for infrastructure is set up if you have got the business to come in. We need to set the environment up in order to attract that business into this area.

Senator BROWN. Those are good answers.

Mr. DiPietro.

Mr. DIPIETRO. They have touched on the areas, jobs, education, and the infrastructure. If the government could help to entice companies to come into our area, it would be a big boon. Naturally, you need the infrastructure to bring the companies here, which we currently don't have. Jefferson County is lacking. There is talk of improvements, but there are two bridges that connect with West Virginia that are going to come down and be closed and that is going to hurt the area. Naturally, you need to put money into education. That is the key to the future.

Senator BROWN. Thank you, all three of you. You did very well. Thank you all, and thanks for being here. Certainly feel free to stay if you would like for the second panel. We will have a short break between the two panels, and if you have anything else you want to add, submit it. Call Joe Schultz in our office or Jean Wilson in the back here.

Joe told me, because they need the audio transcript, to make sure you speak directly into the microphones. I probably should have said that at the beginning here. I am sorry. But I think you all spoke clearly enough that it is recorded well and we are counting on you to make sure that it was recorded well, right? So thank you.

[Applause.]

Senator BROWN. On our second panel, we have Charles Fluharty, Director of the Rural Policy Research Institute in Columbia, Missouri. He is based out of the Harry Truman School of Public Affairs at the University of Missouri-Columbia. He was born right here in Steubenville, still has family here, so thank you for coming back.

Gary Ricer is CEO of Guernsey, Monroe, and Noble Tri-County Community Action Corporation. It is located in—is your office located in Caldwell?

Mr. RICER. Based in Caldwell.

Senator BROWN. It is based in Caldwell in Noble County. It is nonprofit committee to reducing poverty in the Tri-county area.

And Debra Martin is Director of the Great Lakes Rural Community Assistance Program located in Fremont. You had to leave early today, didn't you? I know that drive. Ms. Martin's organization assists low-income individuals in rural and other under-served areas.

Mr. Fluharty, why don't you start? Thank you.

STATEMENT OF CHARLES W. FLUHARTY, VICE PRESIDENT FOR POLICY PROGRAMS, RURAL POLICY RESEARCH INSTITUTE, TRUMAN SCHOOL OF PUBLIC AFFAIRS, UNIVERSITY OF MISSOURI-COLUMBIA

Mr. FLUHARTY. Thank you, Senator. First of all, welcome to my home county. It is great to be back.

Senator BROWN. Welcome back to my home State.

Mr. FLUHARTY. Thank you. I will be here soon for good.

I would like to start by commending Chairman Harkin and you for doing this hearing here in Steubenville. You honor us with this hearing and we thank you for that.

Just an aside, relating to our prior panel, I just came back from Cyprus, got off the 767, flew into Columbus, got to the farm late last night, and do you know what the first thing I did was? I went on the back porch and checked the cistern to see if there was enough water to have a bath to come and be with you today, and that is indeed a true story. Since the strip mining came through our area, we have been without water on our farm ever since then, and so it is a rather ubiquitous problem.

Senator BROWN. Where is your farm?

Mr. FLUHARTY. In Smithfield.

Senator BROWN. Pretty country.

Mr. FLUHARTY. It is. Our farm has been in the family 150 years. We came to the valley over West Virginia in about 1780, and when my ancestors left Ireland, something bad had to have happened because you didn't leave Ireland in 1780, but we have been in this valley forever and we appreciate you being here.

I would like to also thank Dr. Meeks. In RUPRI, we work closely with the Rural Community College Alliance and I do believe our community colleges really are building an extension service for the knowledge age and I just think it is great that we are here.

I would like to just say that it is 40 years since I graduated from the College of Steubenville, and in that 40 years, the indicators in our valley vis-a-vis the rest of Ohio have deteriorated, as you know. It is a challenge.

As I said in my testimony, I would just like to say that I think we are entering into a public discussion about the relationship between the public and private sector in America, and I just hope, Senator, that your witness for the rural differential challenge in that will be carried forward.

We are in a valley where extraction industries have been as the "company store", be it mining, manufacturing, steel, and it is transitioning. Our rural conservative community banks have great assets. They have not gone the way of our major investment banks, hedge funds, and large banks because of their conservative nature and that is fantastic. But that same conservative dynamic is now going to mean boards and leaders in banks with capital that have been patient are going to be less willing to lend in the current crisis. It is going to really point to a need for leveraging and public sector investment to scale those and also to look at community foundations and equity capital. I think there are opportunities under your committee to do some of that.

I would just like to say three or four things. First of all, in my testimony, I talk about some ideas. I want to share those quickly with you and then close with some thoughts about the valley.

First of all, we really are going to rethink regional scale. I think our valley now is uniquely positioned. We are going to build regional, distributed energy systems. We are going to build regional sewage systems. We are going to build regional transportation systems. Ohio is uniquely positioned between rural and urban, and we have a settlement pattern which advantages all of this.

Second, if you look at CDBG and CSBG, it is very interesting. We have the potential to really think about changing that $500 per capita rural disadvantage, which I talk to your committee about all the time-Federal investments for urban versus rural. If we would think about a renewable Rural Development Community Block Grant—to look at distributed energy, distributed food systems, linking institutional buying programs with local farmers through distributed transportation, we could create a very interesting dynamic to advantage the micropolitan regional centers in Ohio.

We have a chance in RCIP, the Rural Collaborative Investment Program, in the committee. Our chairman brought that forward with a billion dollar commitment, which unfortunately did not get funded. Every program we are going to talk about here today could be funded under that kind of an investment from the Federal Government.

The other important thing is, there is a Community Development Revolving Loan Fund in there that is now authorized. We have huge equity in rural America. We are sitting on ninety percent of free capital in rural America. It has just not been able to be channeled into entrepreneurship and innovation. I would hope that in the future, we could think about this when we look at how we change institutional investments as we move forward.

In my testimony, I talked about the EU advantages that currently our rural competitors in the European Union have that we don't. It is not that they are better than we are. It is just that their Federal system positions them better than we, and there are two types of rural development. There is the broad rural development in the sectors, and in everything from health care to equity capital, we have to think about the rural differential disadvantage. But the key issue is the Rural Development Programs that you have statutory authority over. Hopefully, we can talk about what the EU does that we don't do right now to really target those and prioritize them.

I was honored this summer to take 25 of our nation's CEOs from agricultural organizations to Europe for a two-week tour to look at what is going on in Europe that we aren't doing to lift agriculture in rural America. At the end of that trip, Don Villwock, who is President of the Indiana Farm Bureau, in our final session asked an interesting question. He said, why is every rural town we have looked at in Europe so much better than my rural town? The reason is public sector-private sector linkage in ways that we aren't currently doing in the United States. I think there are huge opportunities there in the future. I think a Senator that can champion this from an urban-rural State, such as Ohio, has a unique opportunity to advance this understanding.

I just commend you for coming here for this hearing and I look forward to the Q and A session.

[The prepared statement of Mr. Fluharty can be found on page 37 in the appendix.]

Senator BROWN. Thank you very much for your testimony.

Mr. Ricer.

STATEMENT OF GARY W. RICER, CHIEF EXECUTIVE OFFICER, GUERNSEY, MONROE, AND NOBLE TRI-COUNTY COMMUNITY ACTION CORPORATION, CALDWELL, OHIO

Mr. RICER. Thank you for this opportunity to address the panel. My name is Gary Ricer, CEO for Guernsey, Monroe, and Noble Tri-County Community Action Corporation.

We currently implement close to 40 public service programs encompassing a 1,500 square mile radius. Our mission is to serve the impoverished, less fortunate of Appalachia Ohio and offer a hand up as opposed to a handout. Our services include but are not limited to workforce development and retraining, housing and weatherization, teen prevention services, operation of three senior citizens' centers, seven Head Start schools, the Healthy Smiles dental clinic, home energy assistance programs, two broadband connectivity centers, and a myriad of other initiatives.

In 2003, GMN Tri-County became the first and only Community Action in the Nation to receive a Federal High Speed Connectivity Grant. In 2007, we received our second Federal Broadband Grant. Funds provided by the USDA Rural Development were $383,284 in 2003 for Woodsfield, the Monroe County seat, and $316,840 in 2007 for Graysville, southern Monroe County. Funds provide for a two-phase broadband initiative, first being the establishment of a broadband connectivity center, whereas higher learning is offered in a library-type setting.

For the first time in the history of Monroe, students can receive a college accredited degree from an institution of higher learning without having to travel long distances. We further are pursuing collaboration with local government, whereas a common pleas court judge can arraign prisoners, alleviating exorbitant transportation costs and eliminating security threats to the general public. The possibilities of utilization of our federally funded broadband connectivity centers are endless. It has been a win-win situation met with overwhelming success by local government and the general public alike.

The second piece of our Federal funds allow for the providing of high-speed internet to our subscribers through the strategic placement of a tower grid and repeater with back haul stations. The average cost is $29.95 per month, making broadband not only affordable, but leveling the playing field globally for conducting business from these rural remote locations. Due to the geographically rough, rugged, hilly terrain of Appalachia, most subscribers have no other opportunity to receive high-speed broadband. Critical end users, or CEUs, police, fire, EMS, et cetera, receive our service at no charge.

From helping a student electronically research homework, to a grandmother swiftly receiving anticipated family pictures, to the rural business entrepreneur downloading critically important large files in record time, to an emergency squad paramedic researching

medical information when seconds count, rural America desperately needs broadband connectivity. Needless to say, our waiting list is long and impatient.

In closing, in representing those we serve, I am respectfully requesting future funding be constant, far-reaching, and if at all possible, increased. One means this might be accomplished is shifting a mere 10 percent from the hundreds of millions in broadband loan programs, which in my opinion are underutilized, to broadband grant programs. This approach would serve tens of thousands more of your rural constituents in record time reaching measurable objectives without the time-consuming fight for increased appropriations.

Our Federal Field Monitor, Ron Mellon, has referred to GMN Broadband as the poster child for rural broadband in America. We are successfully operating a broadband program that would normally cost several millions of dollars to build and maintain on a shoestring budget of a fraction of that. I have a full-time staff of only two who climb the towers, answer the phones, complete the billing, conduct free seminars, public presentations, install the radios, and so on.

We have close to 400 square miles coverage area currently, have grown in subscribership by over 500 percent in 2 years, and have literally dozens on a waiting list, not to mention our constant battle with the peaks and valleys of Appalachia limiting our wireless penetration. We have repeaters in farmers' fields on grain silos, water system storage tanks, and everything in between.

To our Federal representatives, agencies, and its members, thanks so much for the vision to grasp the importance of broadband for rural America. Please continue to fight to provide Appalachians an on ramp to the information superhighway of the 21st century. Thank you.

[The prepared statement of Mr. Ricer can be found on page 54 in the appendix.]

Senator BROWN. Thank you.

Ms. Martin.

STATEMENT OF DEBRA MARTIN, DIRECTOR, GREAT LAKES RURAL COMMUNITY ASSISTANCE PROGRAM, FREMONT, OHIO

Ms. MARTIN. Well, thank you, Senator Brown, for the opportunity to be here today, and I would just like to say that we applaud the committee's efforts to look at the current economic crisis in the context of how it affects rural America and to ensure that our small communities aren't overlooked as you look for solutions to stimulate the economy. As you had mentioned, small communities frequently are overlooked and I think that in the current climate, that it would be very easy for that to happen.

I work with the Great Lakes—I am the Director of the Great Lakes RCAP. RCAP is a program that nationwide provides assistance to small communities to help them deal with their water, wastewater, and other community development needs. In Ohio, we serve over 100 communities a year, including the project Mr. Shaffer was here to talk about, and most of the projects that you mentioned in your opening statement. So we do work all over the State. Unfortunately, the issues that Mr. Shaffer talked about are

not unique to his area but are a common thing that we see all over the State.

You know, I know that we are facing a severe infrastructure, if not crisis, we are close to that in this country, and I think that as our cities' infrastructure crumbles and as State and local revenues and budgets continue to shrink and revenues shrink and credit gets tighter, it gets very difficult for small communities to compete in that kind of environment. So one of the things I wanted to point out is that USDA Rural Development is one of the only programs that exist that is available exclusively to small rural communities.

Unfortunately, if you look at what has happened with Rural Development's funding over the last, well, since 2003, funding, whether it is for housing or the water and sewer programs, their business lending, community facilities, all that funding has decreased somewhere between 25 and 35 percent during that time period. And if you look at the administration's proposed government 2009 budget, it is slashed from those already decreased levels.

Another thing that has happened in that same time period is in 2003, the grant funds as a percentage of the overall Rural Development allocation were at about 39 percent, speaking about the water and the sewer program now. The grant funds now are allocated at a percentage that is under 25 percent. Unfortunately, in the smaller communities, without the grant funds, it becomes very, very difficult to develop projects that are affordable.

Most of the sewer systems that we are working with communities to develop today in rural areas, those are usually paying somewhere around $60 to $65 for sewer service. They are already paying usually in the neighborhood of $40 to $45 for water. If you look at EPA statistics, they estimate that users in rural areas are paying three to four times what their urban counterparts are paying for those same services.

So I think it is really critical as we move forward that Rural Development's funding be restored to a level that will allow them to help small communities. I mean, infrastructure forms the basis of any future development in terms of job creation and those kinds of things. I would hope that as an economic stimulus package is considered, that there will be some consideration given to setting aside part of those funds for infrastructure and specifically for infrastructure in rural areas.

Statistics show that for every million dollars that is invested in infrastructure, 30,000 jobs are created. So not only do we have the opportunity to create jobs and stimulate the economy, but we have the opportunity to also make an investment in our future and to do so in a way that fixes another serious problem that our country is facing.

So I just urge you that as you consider ways to stimulate the economy that infrastructure be a part of that equation, and I know it may seem counterintuitive to say we need to spend more money at a time when it appears that we are already spending a lot of money, but in fact, a number of leading economists in the last couple of weeks have come out and said exactly that, that this is not the time to worry about deficits or those kinds of things but this is the time that the Federal Government really needs to step up and get the economy moving. So I hope that you will consider infra-

structure and particularly infrastructure for small communities as one way of doing that.

We thank you for the opportunity to talk about what is important to small communities.

[The prepared statement of Ms. Martin can be found on page 45 in the appendix.]

Senator BROWN. Thank you, Ms. Martin, and I think that most economists are saying that now about spending, including some conservative economists and conservative elected officials know that this is a time you don't focus on balanced budgets. You focus on putting people to work.

Mr. Fluharty, again, thank you for being here. I know it was not directly, so thank you.

Mr. FLUHARTY. I wouldn't have missed it for the world, Senator.

Senator BROWN. Thanks.

Mr. FLUHARTY. Thank you for being here.

Senator BROWN. Talk to me about the Farm Bureau guy from Indiana and his comments. Give us some more details about European rural areas. Is it partly transportation, their train system? Is it partly just more focus? What do they do?

Mr. FLUHARTY. Much more than that, and I am honored to currently serve as a German Marshall Fund Transatlantic Fellow, so I realized after my fifth farm bill that we would never secure sufficient funding for Rural Development unless American agriculture believed it was in their best interest. I spent 10 years as an Ag association executive. My family has been in farming for 125 years. After this farm bill, it became clear to me that we are already rewriting the 2013 bill as Europe is rethinking their common Ag policy and moving forward to do one in 2013.

I just want to commend you for being on the Ag Committee. It is absolutely critical that states like Ohio begin to weigh in on the urban impact of a dynamic rural economy. Ag producers in the United States secure 90 percent of their household income off the farm—90 percent. Both the EU and the US are moving away from farm maintenance. This is our last farm bill like the last one. But it is going to be critical that we retain these investments in this rural geography.

I wish we had time to talk about the EU, because they have essentially been much smarter with public sector investments, and I took these 20 CEOs and presidents to Europe to show them how agriculture is supported in Europe at the same time rural economies are. And what you learn is three things. There is an integrated strategic planning and evaluative framework. You know, your work on the committee, there is no evaluation of your Rural Development Programs. We have a lot of programs. It is the vision we lack. Therefore, we don't integrate Governor Strickland's investment with the county's investments, with the CDBG and CSBG grants, and with your R&D monies. In Europe, they do all that.

Second, they target monies to prioritizations coming out of that. And as we think about what we will do in the future, we really do need to think about where agriculture moves. Those ladies and gentlemen came away from that realizing there is a different model that they need to consider. Those folks are going to stay together.

We are building a coalition of agriculture for rural development and these are the leading CEOs of all of our Ag groups.

The real question is, why did we add a billion dollars in mandatory funding in the 2002 bill for the RSIP we worked on and that is all gone today? RUPRI has a cooperative agreement with USDA RD to help them. There is no doubt leveraging federal money helps. In B&I, we put $340 million in outlays out in the most recent year and we got $6 billion in return, and 137,000 jobs.

The problem with moving fully to a market approach is there are market anomalies and there are market failures and there are areas that will never compete for that because they start out research and resource poor. In Europe, they divide that much better. Now, neither side of the coin has it right, but I would definitely argue we are going to have to think about greater grants commitments from the Federal Government, and it may come in a stimulus rather than in the R&D jurisdiction. If we simply go with leveraging, we will fully continue the suburban homogeny that is grabbing that and areas like rural Appalachia in Ohio will be disadvantaged.

The RCIP program that was passed would allow everything you talked about today to be built regionally, to be locally flexible, to be leveraged, and it creates a community foundation IRP to create endowments to let rural wealth come in. There are models we could use. My concern very much is we are at 3 percent of our Ag bill in this country for rural America. It is at 17 in Europe and growing. Our competitors are not Columbus and Detroit, it is the rural regions of Europe that are competing with us and they are doing a much wiser job of investing public sector funds in disadvantaged areas.

And I would love to visit further about that because there are things this committee has to do because you have the statutory jurisdiction, and I think a leader from Ohio who sees the urban-rural link in regional systems, I would like to ask you to be our champion for——

Senator BROWN. How is a rural area in Ohio competing with a rural area in Germany?

Mr. FLUHARTY. We are a global economy.

Senator BROWN. Is it vis-a-vis manufacturing or——

Mr. FLUHARTY. It is absolutely everything, and if you ask any of the businesses that these ladies and gentlemen are working with, they are thinking about global customers right now. You know, it is interesting and it is instructive. My father came back here. He was a reporter for AP in Columbus in the 1940's. He came back to the valley in 1946 to help start the College of Steubenville, now Franciscan University. I think he spent his whole life there. It was really a community college then.

These two institutions have meant a huge, a huge deal to this valley and I watched dad all through high school. He would come home every night and the mills are going, the mines are going, everything is fine. One of God's graces is as we grow older, he exchanges our experience for a little wisdom. I said 1 day, Dad, why are you doing this for? And he said, "Someday, the mills and the mines will be gone." The history of our valley is we extract what is richest and take it somewhere else and we don't invest in our

people. I learned later that is because his father had three or four newspapers in West Virginia that he lost in the boon of the oil in the 1930's and 1940's.

We need to realize 90 percent of the new jobs in our valley are going to come from entrepreneurship and innovation. I loved the earlier comment about cellulosic ethanol and natural resources. Here we sit with Columbus, Akron, Charleston, Pittsburgh in this wonderful area right here in the middle of it. We need to be thinking about human capital and social capital, like what JCC does, and building small businesses.

Now, those small businesses don't compete with Cleveland. They compete globally. And so thinking about how we link regional assets wherever they are so that an advanced manufacturing firm can sell in Japan, that is really our future and we are not doing it nearly as well. We lack integration in our rural development services for regions and we lack focus. Europe invests 6 percent of their money on community capacity technical assistance so that if someone wants to start something here, it is part of their program.

As you asked, what is going on for that man who is going through a pension situation, a community college has to find him. There really are ways to think rethink how organizations like these that are doing really strong regional work can be given flexible dollars to do it more smartly. I am absolutely convinced we can do that.

Senator BROWN. Thank you. Thanks again.

Mr. Ricer, you mentioned that to move 10 percent—a 10 percent shift from loans to grants for broadband. Give me, if you would, sort of the three steps that we should follow that we can do together to extend broadband to this part of the State and to rural areas. What should the Federal Government be doing with Community Action Agencies and others to progress as fast as we should?

Mr. RICER. Well, I think the beginning would be to increase funding, heighten education and awareness, two of the success stories and how rural communities, in particular Appalachia, have struggled, and then perhaps third being to leverage State and local dollars in any way, shape, or form. I know in order for our small agency to make this happen, we had—for instance, we needed a small match for some State project monies we were going for. We had the county commissioners come up with $2,500 in an impoverished, double-digit unemployment county and the present commissioner said, "If I have to sell cookies on the steps of the courthouse, we want broadband."

So I think the more that you look, I feel that infrastructure is the key. It is something that sometimes you don't see immediate results. People, the general public, taxpayers are a little hesitant sometimes. They would rather see—and not that they are not important, but new affordable housing or new colleges or new schools or new industry. But the beginning starts with infrastructure. You don't see it, but I agree with Mr. Shaffer, what he said earlier when they were talking about what businesses are you going to serve if we get water. What business do you have? Well, infrastructure, in his case water, would bring increased stimulus for businesses to come in.

But I think broadband is not only the new wave, it is here to stay. It is a necessity. It is a shock that some of the third-world countries—I was blown away by some of the other countries that are actually ahead of America, especially the rural pockets in some of these other areas as opposed to America and the rural areas.

I think with anything, it starts with funding, and then leveraging that funding and squeezing. Get a dollar out of a dime. Squeeze it as far as you can and then show the measurable objectives to show that it is successful and then you will become more supportive.

In our area, we are the only game in town, for the most part. The so-called big brother doesn't want to come in, and when talking to some of these larger investors in AT&T or whatever, the lady told me, we have shareholders. Our shareholders won't let us invest. Now, would you rather go to an area where you can serve 1,000 in a month or 50 in a month in hookups? But with Community Action, we have boards of directors that are willing to take that risk of whatever corporate money we need to leverage with that. That is our mission. That is our purpose.

Senator BROWN. You got $2,500 from Monroe. What did you get other places? How did you do?

Mr. RICER. It depends. A lot of it is from in kind, for instance, we went on a lady's property that was roughly—she probably had a $50,000–an-acre piece of ground in a really beautiful area, prime, ripe for development, and——

Senator BROWN. This was where?

Mr. RICER. Graysville. This is our second Federal project. And we were able to secure this entire knob, one of the highest elevations in Monroe County, erect a 180–foot tower, which in a population that has 118 people in it—and, of course, we have got a 25–mile radius, range, with the Motorola canopies that we are using. But Mrs. Harman said, we put this 200–foot tower right in the middle of town on my property, on the highest point, I want my grandson to have this Internet. He loves these games and stuff. You give me—so the tradeoff was, we gave her free service forever, as long as GMN is there, she will never pay for high-speed wireless. She gave us a premium spot. We are going to have hundreds of customers. We have got 69 on the waiting list right now.

Senator BROWN. Is broadband the most important single thing to keep young people in communities like that?

Mr. RICER. Senator, I am not sure it is the most important, but I would think, especially today, it is in the top three. It is really critical. It is what keeps—you level the playing field. I mean, if you can operate a business and get an education in a rural area like this, in the old days, years ago, you had to go to the cities if you wanted certain things, certain types of education, certain types of incomes, and certain types of malls and so forth, where electronically and wirelessly now it may not be—they may not have a mall next to them if you are in Monroe County or Noble County, but you have the opportunity to create a business that can be very lucrative and very successful and stimulate the local economy and hire people from—like the saying says, if you want to sit at your roll-top desk in your pajamas, you can operate a very profitable business. Thank you.

Senator BROWN. Ms. Martin, how many [inaudible] roads are there around the State?

Ms. MARTIN. Oh, you know, I can't say what the exact number is, but I can tell you that they are everywhere. I mean, certainly the Southern Ohio area, anywhere you move away from the river, water becomes difficult to find, so all of the Southern Ohio, at least in areas that aren't currently served by public water systems, you are going to find that same problem.

On the sewer side, the problem literally is everywhere around the State. I mean, there are just countless areas that are being mandated by EPA to install sewers. We are working on a project right now right here in Jefferson County that there are issues, there have been issues for a number of years. The septic systems are failing, there is no question about that, because they overflow into the streets where kids are riding their bikes. But there just isn't enough money.

I mean, Rural Development has already offered $7.5 million to sewer the area and it still isn't enough. You know, I mean, the choice for residents that live in that area is to either pay a $25,000 assessment so that they can make their bill only $50 a month or to pay $145 or so a month in their monthly rate. So those types of projects are—you know, that is one. I could probably off the top of my head tell you ten more just like it.

I know we work with about 100 communities or so every year, and I can tell you that we still have not, even though we have got ten people in the field working around the State, we actually have more people in Ohio working on the RCAP program than any State in the country because we have been very aggressive in trying to get funding to help small communities, and despite that, we still are not able to address the demand. We still have communities that are on a waiting list right now that need water or sewer that we just are not able to get to. So I don't know exactly how many there are, but I know that it is too many for us to be able to address.

Senator BROWN. Tell me a success story. Tell me one of the best success stories you can come up with to deal with what Mr. Shaffer is working so hard on.

Ms. MARTIN. OK. Well, I will tell you one that I worked on personally, because I used to work in the field. There was a project very much like the one that he described, except that it was in Noble County, but same thing. People were hauling their water in the wintertime, having to go into the laundromats to get water. There just wasn't any water available. All the things that he mentioned have brought back memories of that project, as he said, trying to ration water between the livestock and your kids and trying to figure out how you do that.

So this was a project that they had been working on for about 10 years, trying to get it done, just had not had any success. I think part of the problem was, you know, in small systems, the only way to really get a project done today, because of the expense, is to put together multiple sources of funding. So Rural Development alone, there just isn't enough money there, so we have to look at Rural Development and CDBG and come to legislators for STAG grants [ph.] and look at just a number of funding sources to try to

make this thing feasible, and so that is what we were doing in that project, is trying to figure out how we put all these sources together.

The biggest problem that a lot of communities run into is you get into this chicken or egg thing where nobody wants to be the first to commit their funds because they are not sure if the other funds will be there, and so they had sort of gone around in circles for about 10 years. And so we were able to step in and put together a package that we thought would be reasonable and then work with all the different agencies to say, you know, we need to try to make this come together at the same time.

Ultimately, it did, and you don't realize how much you take water for granted when you live in a city. But I remember as we had the ceremony to celebrate the fact that the water lines were going in, I remember one woman coming up and just hugging me. I had never seen her in my life and she came up and just hugged me and said, "You have no idea what this means to us." Until you haul water—she said, "I have six kids, and until you haul laundry down the ridge in the middle of winter to try to get it to a laundromat or figure out how you are going to get enough water for your kids and your livestock at the same time in the summer," she said, "you couldn't possibly know what this means," so——

Senator BROWN. The burden is greater on women than men, is that right?

Ms. MARTIN. It probably is.

Senator BROWN. There was a wonderful passage in a Robert Caro book many years ago. He had done a three-part biography of Lyndon Johnson, and in the first part for about ten pages early in the book he explained what life in the hill country was like in Texas before electrification, and it was especially difficult for women. It is hard on everybody, but especially difficult for women.

But just to close, the last question I asked the first panel, give me—try to keep it to 2 minutes—if we could do one thing. I will start and just go left to right. If we could do one thing, the Federal Government could do one thing in the next year to answer the concerns that you have and your commitments to communities around this country and around this State, what would it be? Two minutes.

Mr. FLUHARTY. First of all, understand it is not a rural problem, it is not an Appalachian problem, it is an American problem. Fifty-three percent of the rural people in Ohio live in metropolitan areas. So funding for Rural Development is important to them, but they are not able to access that right now.

The rural-urban dependency is a great opportunity to assure that urban decisionmakers begin to commit to rural America. We know what to do. It is a matter of political will, Senator, and you know that. It made great sense to pass RCIP. We could not secure the funds.

So I think the most critical thing you and your colleagues could do in this crisis is to continue to make the case that thinking about the small rural impacts of large sector programs must be part of our elected officials' thinking. It scares me greatly that the rural differential that is going to be a huge challenge in every sector will be missed, and I just urge you as a champion for disadvantaged

folks everywhere to think about your role on the Ag Committee and begin to say rural and urban America are linked and need to think about one another. Thank you.

Senator BROWN. Thank you.

Mr. Ricer.

Mr. RICER. I would say, again, to continue efforts in funding in rural America for infrastructure would be my wish or hope. When I feel you see the trend now and in the future, there are a lot of times we are seeing from the urban areas, they are coming into the rural areas for the cost of living. It is cheaper. The crime rate is lower. Areas are more sparsely populated. And I know if you look all the way up along the Ohio River, all the 29 counties of Appalachia, I feel that you see a lot of absentee landowners and you see, whereas years ago it may have been fourth and fifth generation agriculture, farming, mining, factories, you have got a lot of people coming in that perhaps have made their money somewhere else and are wanting to invest where they can leverage it and that is in rural America, or in our case, rural Appalachia in Southeastern Ohio and Eastern Ohio.

So I think if the Federal Government will continue to invest in the rural areas, they will see tenfold the economic stimulus and growth in a short timeframe. I think it is the best bang for the buck. It is a wise use of the money.

Senator BROWN. Thank you.

Ms. Martin.

Ms. MARTIN. Well, I would just echo what has already been said in terms of making an investment in infrastructure and particularly making an investment in rural areas. I think the need for a comprehensive rural policy, as you mentioned, is great, something we haven't really had and something that definitely is needed. And I think that, as I said, I don't think we are going to see any future development in rural areas, not just in water and sewer infrastructure but in all of our infrastructure. It is really something that is reaching crisis proportions in this country and not just in rural areas but in urban areas, as well. And so I would like to see increased infrastructure investment and just urge that we don't leave out the smaller rural communities out of that equation as we move forward looking at that.

Senator BROWN. Thank you. Thanks to all three of you. As I said to the first panel, if you have additional comments or written statements you would like to submit to the committee, you work through Joe Schultz or Jean Wilson, and I thank you all. Mr. Eadon, thank you for being here, and thank you very much, Mr. Shaffer, and Mr. DiPietro. I thank the three of you very much.

The committee is adjourned, and I thank Jefferson Community College again and the mayor for joining us. The committee is adjourned. Thank you.

[Applause.]

[Whereupon, at 12 p.m., the committee was Adjourned]

APPENDIX

October 22, 2008

John Dipietro
Testimony to the Senate Committee on Agriculture, Nutrition & Forestry
October 22, 2008
Steubenville, Ohio

Good morning, my name is John DiPietro. I am fifty-nine years old and I have worked for Severstal Wheeling, formerly known as Wheeling-Pittsburgh Steel, for 37.5 years. I am married and my wife and I have raised three children.

What has happened at my company over this decade has affected my family, my job, my pension and my retirement savings, and my community. The elimination of steel jobs has depressed the local economy and caused a steady drop in employment which in turn has affected our population and our tax base. My children have moved from the Ohio Valley due to better employment opportunities elsewhere.

With the most recent shutdown of the Steubenville Cold Strip Department, my job as a wastewater treatment plant operator servicing the pickling line has been eliminated. I no longer have a specific work area.

The company is calling it a temporary shutdown but no one believes the pickler will be restarted. After 37.5 years, I am a weekly assignee. This leads to frustration, anxiety, and loss of personal wages. The shut down of the Cold Strip Department is a result of a lack of orders reflective of the poor national economy and the fact that the mill is outdated.

We are told that Severstal Wheeling needs to inject $11 million dollars in repairs to make the pickling line viable. Severstal is a global company that owns other facilities that can fill their

orders. This leaves me and my co-workers in limbo wondering if money will be invested at the Steubenville North Plant so that we can return to our jobs and a stable production schedule.

Prior to the cold strip shutdown, I worked as a blast furnace recycle operator servicing the #1 Blast furnace in Steubenville. The blast furnace operation was permanently closed in 2004. Many jobs were eliminated hurting not only our workers but our local economy as well. Those of us affected had to acquire new skills in new work areas.

Another aspect that has affected me is in the lack of stability within the mill. Despite the increase in production at our mill, our employment is down. Currently, different areas of the mill are working one week, shut down the next week, and then return to operations the following week. Some areas of the mill are training workers for new assignments while other area managers have chosen not to train dedicated employees who may have transferred into their areas. The instability in the production units and the uncertainty in the job assignments have lead to turmoil and anxiety, and this is where I find myself today.

My pension is another problem area. I am 2.5 years away from eligibility for retirement. Recent downward trends in the stock market have eroded my 401K plan. Greed and deregulation have touched us all.

Unfortunately for me, this is the second hit to my retirement plan. The first hit was in 2003 when the Pension Benefit Guarantee Corporation froze my pension plan which and my pension plan was eventually terminated. Under the former PBGC plan, I was guaranteed $40 per year for every year of service. With this multiplier at age 62 my monthly pension would have been $1600 per month for 40 years of service. Because of the termination of my pension plan

the value of my pension plummeted to $780 per month, less than half of the previous contractual benefit. What I thought was a fact became a myth. How do you plan for something like this?

Because of the decline in the steel industry our educational systems have experienced a negative effect. Severstal Wheeling pays property taxes to two area school districts and with the loss of wages and decline in tax base our schools receive less funding. The school districts, administrations, faculty, and students suffer. As we all know, the children are the future of any community. If they aren't afforded a solid education along with job opportunities after graduation, the community will surely erode.

On a personal note, I find myself wondering if our plant will ever return to normal operations. I wonder if our plant has a limited future due to the perils of our economic policies, the global economy and consolidation within the steel industry. We at Severstal Wheeling are fighting for our very survival.

TUSCARAWAS COUNTY PORT AUTHORITY

Statement of Harry A. Eadon Jr., TCPA President and Executive Director, before the Senate Committee on Agriculture, Nutrition and Forestry.

Mr. Chairman and Members of the Committee, thank you for this opportunity to present testimony regarding the USDA Rural Development programs and how they may be utilized in the current economic crisis. My focus today will be on the USDA Rural Development Intermediary Relending Program (IRP), however, each of the Economic Development financing tools available through Rural Development are important.

The Tuscarawas Valley Region may be considered a typical rural area however it is quite diverse, with each county facing unique challenges. Consequently, the counties, as they are able, create economic development strategies that address their particular needs. These strategies should encompass these basic focuses: infrastructure improvement, business assistance, education and training, amenity-based development, and community development.

The execution of these strategies usually depends on funding assistance from Federal and State governments. An example of the importance of such Federal support can be found in testimony given on April 1, 2008 by Mr. Thomas Dorr, USDA Under Secretary for Rural Development, before the Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies. Mr. Dorr stated "The FY 2009 Budget request seeks a $49 million budget authority to support $738 million in direct and guaranteed loans and grants for Rural Business and Cooperative Programs. The budget proposes to fund the Business and Industry Guaranteed Loan Program, the Intermediary Relending Program, and the Rural Cooperative Development Grant Program. We anticipate that in FY 2009 these programs will assist approximately 700 small businesses and create or save more than 34,000 jobs in rural communities." The reported affect of these programs is to leverage every Federal dollar with fifteen dollars of private capital.

The diversity of the Tuscarawas Valley region can be characterized by the population and business density of each county. Examples of the diversity are Harrison and Tuscarawas Counties.

Harrison County hosts 360 businesses and has a population just under 16,000 compared to Tuscarawas County with 2,315 businesses and a population over 91,000. A further distinction is the types and diversity of businesses in each of these counties. But for all of the differences one thing is the same, not only in this rural area but across the country – the current economic crisis has exacerbated the ability of businesses, large and small, to borrow money to fund current and future needs. The credit crunch is not a phenomenon only of Wall Street it has come to Main Street.

To help drive the implementation of Business Development strategies in each of the counties and to create a local response to small business funding needs, the TCPA has applied for a $500,000 IRP Loan to seed a $585,000 Revolving Loan Fund (RLF). The proposed service area for the RLF includes the following counties: Belmont, Carroll, Guernsey, Harrison, Holmes, and Tuscarawas (see basic demographic and loan indicators attached).

The purpose of a strong RLF is to provide funding alternatives to the region's existing businesses and to provide a tool to help

create new business opportunities. This equates to the both the retention and creation of jobs. Based upon the USDA's 15 times multiplier the Economic Development effect of the TCPA's Revolving Loan Fund to the region will be to induce the investment of more than $8 million dollars of private capital. This is a regional solution to a regional challenge.

The TCPA encourages Congress to act with due deliberation and speed to authorize the USDA Rural Development's budget request for funding these important Economic Development tools.

This concludes my testimony, and I will be happy to respond to your questions. Thank you.

IOWA STATE UNIVERSITY • UNIVERSITY OF MISSOURI • UNIVERSITY OF NEBRASKA

Written Statement for the Record

Charles W. Fluharty
Vice President for Policy Programs
Rural Policy Research Institute
Truman School of Public Affairs
University of Missouri-Columbia

Before the

Field Hearing
United States Senate Committee on Agriculture,
Nutrition and Forestry

Steubenville, OH

October 22, 2008

The Rural Policy Research Institute provides objective analysis and facilitates public dialogue concerning the impacts of public policy on rural people and places.

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Good morning, Senator Brown. It is again an honor to appear before your Committee.

I am Charles W. Fluharty, Vice President for Policy Programs of the Rural Policy Research Institute, a Research Professor in the Harry S Truman School of Public Affairs at the University of Missouri-Columbia, and a German Marshall Fund Transatlantic Fellow. RUPRI is a multi-state, interdisciplinary policy research consortium jointly sponsored by Iowa State University, the University of Missouri, and the University of Nebraska.

RUPRI conducts research and facilitates dialogue designed to assist policy makers in understanding the rural impacts of public policies. Continual service is currently provided to Congressional Members and staff, Executive Branch agencies, state legislators and executive agencies, county and municipal officials, community and farm groups, and rural researchers. Collaborative research relationships also exist with numerous institutions, organizations and individual scientists worldwide. To date, over 250 scholars representing 16 different disciplines in 100 universities, all U.S. states and 25 other nations have participated in RUPRI projects.

I am particularly pleased to appear before you in my home county, to discuss the unique needs of Appalachian Ohio, and the implications of our experiences for broader U.S. rural development policy. Forty years ago next spring, I graduated from the College of Steubenville, another excellent educational institution serving the Ohio Valley. My father returned here in the late 1940s to assist in the design, development, of nurture of this college, and spent his entire working life within leadership capacities there. At that time, the "College" served as what we would today characterize as a community college – grounded in the local culture and economy, with a mission to lift up and advance the region's young men and women, in the place they choose to raise families and call home. Today, this hearing occurs in another outstanding institution, serving this mission. The Ohio Valley is tremendously blessed to have these two institutions, continuing to address this very critical mission.

Unfortunately, in the forty years since I left what is today Franciscan University, the Ohio Valley's social and economic indicators, vis-à-vis Ohio in general, have deteriorated. As you well know, Appalachian Ohio, proud and resilient, continues to struggle. While these dynamics are particularly challenging, they are not solely unique to our region, but reflect the continuing rural differential disadvantage within the United States.

Senator Brown, in testimony before the House and Senate Agriculture Committees in 2001, I offered seven recommendations to build a more relevant rural policy framework in the 2002 Farm Bill. In my ensuing testimonies since then, including testimonies before both Committees last year regarding our new Farm Bill, I continued to highlight these policy recommendations:

1. *Develop a comprehensive national rural policy, driven by specific federal policy goals and outcomes measures.*
2. *Sustain existing categorical program and funding support.*
3. *Build rural community capacity, collaboration, and leadership.*
4. *Develop a more integrative, cross-sectoral, place-based policy approach.*
5. *Address the lack of rural venture and equity capital.*

6. *Support approaches which exploit the interdependency of agriculture and the broader rural economy.*
7. *Support rural entrepreneurship, in both the public and private sector.*

While progress has been made in each of these areas, much remains undone. This morning, I would like to reflect upon specific opportunities which result from the passage of the 2008 Farm Bill, and address several specific concerns for rural America, relating to the current global crisis in capital markets.

Last week at this time, I was in Limassol, Cyprus, where I was honored to address the plenary session of the European Commission's biennial Rural Development Conference. This was a gathering of over 1,000 statesmen, government leaders, researchers, and rural development practitioners, focused upon crafting a new framework to advantage Europe's rural regions. As an American, it was a great privilege to address this body, but the nature of my comments caused me great pause. I was asked to reflect upon the current state of rural policy in Europe, with recommendations for future policy development, from a U.S. perspective.

We do share much in common with our European counterparts. We have generally similar socio-economic, demographic, and geographic dynamics. Most importantly, we both must now address the very same structural shifts with which we will both struggle in our respective policy arenas. And, in that regard, we both stand at the same historic point of departure. Rural development and agricultural policy makers on both sides of the Atlantic are challenged by an increasingly urban public policy arena, and an electorate demanding clearer answers to questions regarding the public benefits of rural and agricultural funding. Climate change and bio-energy dynamics heighten, not lessen, this urgency.

In the U.S., the new Farm Bill has re-aligned many of the historic constituencies competing around this title, and forced a re-examination of the relationship between ag and commodity organizations and the broader rural development and environmental constituencies. As you know, leaders of both Congressional Committees realize this will be the last Farm Bill of this type. A new search is beginning, a search for context, rationale, and constituency. As we begin to implement this Farm Bill, our European colleagues also are completing a "Health Check" of their Common Agricultural Policy. Over the next five years, we will both be progressing, in a quite similar manner, cadence, and timeline, toward major ag and rural policy reform in 2013:

- We are each reassessing the relationship between ag and rural policy.
- We are each attempting to rationalize and integrate regional and rural development policies, funding, and programs.
- We are each challenged by growing rural/urban conflicts, driven by environmental, energy, and food safety concerns.
- And, all this is not only in flux, but morphing before our eyes.

Sadly, our European colleagues, who are also our most immediate competitors, are far ahead of us in reaching an acceptable, and do-able "modus vivendi" regarding these challenges. In my speech I suggested to them that several key components of their European rural development policy framework were of huge advantage, vis-à-vis the United States. I list these elements

below, as each of these better position Europe's rural regions. Sadly, these are all policies, programs, and perspectives which we continue to lack and badly need, in the U.S.

1. First, the EU has an integrative strategic planning acting and evaluative framework for all Rural Development investments.

   We lack both the planning and technical assistance commitments which the EU centers their funding around and support their national, regional, and local programs through. Consequently, we have great challenge in complementarity and coherence across and among rural development programs, and no instrumentality to utilize in achieving either. In Europe, there are detailed strategic priorities for EU, national, and local rural policy funding and programs. These drive prioritization processes and evaluative measures to assure public sector funds are being efficiently and effectively utilized. We lack all such structures.

2. Secondly, the EU rural development approach is singularly different from ours in the centrality which agriculture holds within their policy framework.

   While there are obvious challenges with such a design, there are three advantages with this approach. One, it enables policymakers to link climate change, renewable energy, and energy price imperatives more directly to rural development initiatives. As regional approaches to build distributed energy, regional food and regional transportation systems emerge, these policy linkages are of tremendous benefit. It also enables the innovations which must occur to exploit entrepreneurial opportunities in the bio-economy, to be directly aligned with broader rural development policies. Secondly, the European Union does a much better job of integrating regional and rural policy programs. We are singularly lacking in this regard. Finally, our European colleagues recognize that rural development may indeed be a new vehicle for agricultural policy transition, as they move away from direct subsidy payments to an "investment" framework for policy commitments to future of rural regions. This will occur, it is only a matter of time, and language may be our last major challenge here.

3. Third, the EU places tremendous importance upon "new rural governance," both through a major program, LEADER, and elsewhere throughout their policy and program design.

   Three percent of all European Union rural development funds are allocated for technical assistance and capacity building. Furthermore, the LEADER program commits $6 billion Euros over the next five years to regional collaboration, in a bottom-up, collaborative effort designed to build regionally appropriate scale for multi-sectoral collaboration between the public, private, and philanthropic sectors.

   As you are aware, our Farm Bill created a major new program, the Rural Collaborative Investment Program (RCIP), which would create such a program to advantage rural people and places. Unfortunately, no mandatory funding was committed to this program. If I were to do one thing to increase U.S. rural competitive advantage, given the diversity

of need and circumstance throughout our nation, it would be to fund this program, at a very significant level.

4. Finally, EU Rural Development grant specifically target commitments to identified policy priorities, while also assuring specific attention to the multiple forms of disadvantage and inequality which exist across the European geography.

   These differences are directly addressed through EU Cohesion Funds, but also within their rural development framework. In the U.S., we have moved most Rural Development grants to a guaranteed loan framework over the last decade. This approach has significant benefits, but also costs. In a study which RUPRI conducted last year, we found that in FY05 the USDA Rural Development guaranteed loan programs leveraged $304 million in federal outlays to fund nearly $6 billion in program delivery, resulting in 137,000 full time equivalent jobs, with an annual contribution to rural GDP of over $8.5 billion. This was a phenomenal 28 to 1 GDP contribution per program cost.

   While this is a significant leveraging of public sector funds, and is to be celebrated, the reduction of specific grant funds within the USDA RD portfolio lessens the ability of our nation's most disadvantaged rural regions in competing with those areas that are experiencing economic growth.

   I would argue that the appropriate balance has not yet been struck on either side of the Atlantic. However, as we begin to deal with the severe economic challenges and dislocations which will result from our current recession, attention to prioritized grant funding should be re-examined by USDA RD.

While I was pleased to highlight, and celebrate, these European structural advances in rural development policy, I mention them because they are emblematic of public policy opportunities we are failing to utilize here to advantage rural people and places. In summary, our European Union competitors are answering five critical questions through the policy instruments outlined above:

1. Do we know where we want to get? (Strategic prioritization and planning)
2. Are we working together to get there? (Rural governance)
3. Are we using the assets we have? (Ag/natural resource linkages – innovation/entrepreneurship based)
4. Are we putting our money where we say we want to be? (Targeting/granting)
5. Are we trying to work smart, and help one another achieve? (Evaluative frameworks)

This Field Hearing occurs at a very difficult time for our nation and world, in a region which has been disadvantaged for decades, as you know. Over the past several weeks, we have come to realize our nation's citizens have been the victims of massive institutional malaise and malfeasance, and we are now in the early stages of a serious reassessment of the structural relationship between the public and private sectors. Americans today are asking serious questions about the nature of the body politic. Our nation's social contract is badly frayed, and change will be demanded. Following this election, we will enter into a national conversation

regarding the role and scope of our federal government, which, at its core, is central to our democratic experiment and federal republic. Values will be re-examined and assumptions re-assessed.

As you know, Senator Brown, my testimonies before your Committee, and my counsel to you, your colleagues, and staff, have altered very little over the past two decades. All public policies and budget are ultimately about visions and values. We do not lack a basic understanding of rural need or rural opportunity. What we lack is the political will to act upon these understandings.

I would hope, in the policy debates which are about to ensue regarding approaches to address our global financial crises, that this Committee would better consider the rural implications of alternative policy considerations. Because of their conservative nature, our nation's rural financial institutions have not fallen prey to the arcane and complicated instruments which have resulted in the downfall of many of our nation's most famous investment banks, financial institutions, and hedge funds. However, it is also true that the conservative values which have sustained these institutions may also lessen their willingness for risk in the business climate which will exist over the next several years. Furthermore, many of these institutions will lack sufficient scale to advantage the rural regions in which such great stress will be placed.

Consequently, I would suggest this Committee should immediately re-examine existing opportunities within your statutory jurisdiction, to address opportunities for enhanced rural capital formation and innovation/entrepreneurship development. As you know, the Farm Credit System has recently initiated an experimental program called Mission Related Investments, which has been used in a number of rural regions to leverage existing investments through and across local community banking institutions, to provide better scale and reach for capital investments by these institutions. This program was designed to target rural financial needs beyond the primary sector, agriculture. However, since 90 percent of farm household income in the United States is generated in the broader rural economy, such an approach merits careful consideration. I fear none of us yet realize the very real rural disadvantage which will result from the current financial crisis. Unique policy options should be explored by this Committee, with the statutory mandate to ensure the future of rural America. Now is the time for creative and courageous public policy decision makers to force these considerations. Otherwise, rural concerns will maintain a residual, and silent, concern.

Appalachian Ohio offers a unique microcosm of the structural, geographic, and cultural dynamics which continue to confront rural policy makers. I want to commend you again, Senator Brown, for holding this hearing in Steubenville. As you may recall, when I testified before your Committee in early 2007, I presented a series of detailed analyses and maps regarding the unique and growing interdependency between urban and rural areas. I also attempted to highlight the current challenge with existing rural definitions. As you know, during the Farm Bill process, all these were called into serious question. However, I would urge thoughtful consideration be given to the risks inherent in any rush to judgment regarding using these definitions for across the board funding criteria. I have included as an appendix to this testimony two RUPRI documents which we believe highlight this challenge. We meet in Steubenville, in Jefferson County, in a Metropolitan Statistical Area. However, if you were to

drive with me the fifteen miles from here to our family farm in Smithfield, you would realize you are in a very rural place.

Furthermore, while there is great need in urban Ohio, our state's rural citizens suffer unique, and often hidden, challenges. This is particularly true in Appalachian Ohio. Throughout my lifetime, those of us who live in Appalachian Ohio have often felt a closer tie to Pennsylvania and West Virginia than to Columbus. Fortunately, this has changed in recent years, and the very fact that this hearing is occurring here indicates a growing appreciation for the economic impact all of Ohio experiences as Appalachian Ohio continues to struggle. As you will note in the enclosed RUPRI documents:

- The rural Ohio per capita income remains at 76.6 percent of metro. In 2006, the per capita income in nonmetropolitan areas was about $8,000 less than in metro areas in Ohio.
- From 2000 to 2007, 41 counties in Ohio lost population, and the majority of them were nonmetropolitan. From 2006 to 2007, 49 counties lost population, again the majority of them nonmetropolitan counties.
- 81 counties in Ohio had unemployment rates higher than the U.S. average, and the majority of these counties were nonmetropolitan. 15 Ohio counties (14 of them nonmetropolitan) experienced unemployment rates more than 1 ½ times the U.S. rate.
- Seven Ohio counties (6 of them nonmetropolitan) had poverty rates over 20 percent in 2005.

These rural needs are very real, but so are the rural opportunities within Ohio. What we need are political leaders such as yourself, willing to acknowledge and act upon a realization that these are not rural, or Appalachian, challenges, these are American challenges. We are all coming to realize that, in the final analysis, the future of our planet lies every bit as much at its periphery as it does in its urban centers. Such an approach is preferable, of course, not only because it reveres the past, and is sustainable, but also because it honors our common debts and obligations to one another and our planet – as persons, communities, cultures, and nations.

This past summer, I was honored to coordinate a European Union Rural Development Study Tour, organized by RUPRI and the German Marshall Fund, and sponsored by the Farm Foundation and the W.K. Kellogg Foundation. The delegation was comprised of over 25 of our nation's leaders from agricultural and commodity organizations, associations of government, and USDA Rural Development, including Undersecretary Tom Dorr. The purpose of this 10 day exchange was to highlight for CEOs and Presidents of our nation's major ag and rural development organizations the unique collaboration which exists within Europe to advantage agricultural producers, rural citizens, and rural regions.

The intent of the organizing and sponsoring organizations was to begin a Trans-Atlantic dialogue between senior principals in both political cultures, to better appreciate and understand one another's problems, challenges, and opportunities, and to craft a more enlightened framework for ag and rural policy in the next Farm Bills on both continents. Our U.S. delegation will meet again in mid-December, to continue this journey together. Change is difficult, but reflective leaders everywhere are recognizing the increased importance of rural regions, and are beginning

to act in concert to rethink failed policies and craft new and innovative approaches to better link rural and urban futures.

Senator Brown, as you know, Appalachian Ohio, like much of rural America, is in dire need of such leadership. I applaud you for holding this Field Hearing, and I look forward to working with you and your colleagues, to assure these opportunities are captured.

Testimony to the Committ e on Agricultur , Nutrition, and Forestry of the Unit d States Senate

Debra Martin
Great Lakes Rural Community Assistance Program (RCAP)

October 22, 2008, Steubenville, Ohio

Thank you, Chairman Harkin and Ranking Member Chambliss, for the opportunity to address the committee. Today's hearing to explore the impact of the economic crisis in rural America and the role of the federal government's USDA rural development programs to address these issues is particularly timely.

My name is Debra Martin, and I am the director of the Great Lakes Rural Community Assistance Program (RCAP) serving the states of Ohio, Illinois, Indiana, Kentucky, Michigan, West Virginia, and Wisconsin. The Great Lakes RCAP is part of a national network of six regional service providers that work to help small, rural communities address water, wastewater, and other community development needs. The Great Lakes regional RCAP is administered by WSOS Community Action, based in Fremont, Ohio. The RCAP network provides training and technical assistance to build the capacity and sustainability of small systems, and to assist small communities with the development of needed water and wastewater facilities. The Great Lakes RCAP serves over 100 communities in Ohio every year with its direct technical assistance and provides training to more than 500 local officials annually. Throughout the Great Lakes region, we provide assistance to more than 400 communities every year.

Mr. Chairman, we applaud the efforts of you and your colleagues to examine the impact of the current financial crisis on rural communities and businesses,

and to ensure that they are not ov rlooked in the rush to find solutions to address the critical issues our nation faces today.

The infrastructure needs alone in this country are staggering, with 2005 estimates from the American Society of Civil Engineers placing the total pricetag at $1.6 trillion. Of the total infrastructure reviewed in its Infrastructure Report Card, the lowest grades issued were for drinking water and wastewater, both of which received a score of D-. The most recent needs surveys by EPA estimate the funding needs in small systems and rural areas at $34 billion for drinking water and nearly $69 billion for wastewater over the next 20 years.

Small systems nationwide comprise approximately 83% of all public drinking water systems and 70% of public wastewater facilities, though they account for a much smaller share of the total population served. Small communities face unique challenges in developing, upgrading, and operating their water and wastewater facilities. They serve significantly smaller numbers of users to spread their capital and operating costs among, and typically serve fewer customers per mile of pipe than larger systems, making it impossible to achieve the economies of scale found in larger systems. In addition, they generally lack the larger commercial, industrial, and institutional users that help spread the costs in more urban and suburban areas.

As a result, users in small systems pay, on average, three to four times more than their urban counterparts for water and wastewater services according to EPA data. To cite one example, the Appalachian Ohio community of Corning, with a population of 593 and a median income of $27, 868 recently developed a new sewer system. Despite utilizing RCAP assistance to obtain every possible source

of f deral and state grant funding available, village residents ar paying approximately $65 per month for their sewer service. Coupled with the $45 per month average bill for public water service, community residents are paying nearly 5% of their income for these utilities. According to Ohio EPA's most recent water and sewer rate survey, there are virtually no major cities in the state whose residents are paying comparable rates.

Great Lakes RCAP is committed to educating local officials about the importance of maintaining infrastructure investments, encouraging local responsibility, and ensuring that residents are paying their fair share for these services. RCAP offers training to utility boards on topics such as financial management, budgeting, asset management and rate-setting. However, there is a point at which the cost of projects is simply beyond the ability of local residents to bear. Assistance from the federal government is vital to these small communities in developing needed infrastructure. Without federal grants and subsidized, long-term loan funds, the vast majority of projects in rural America, many of which are only marginally affordable even with these grants, are simply unaffordable.

While it is difficult to speculate on how the current credit crisis will impact future infrastructure funding, it is not difficult to envision a scenario in which small communities are at a more pronounced disadvantage. With infrastructure crumbling in our nation's cities, credit tightening, and state and local government revenues and budgets shrinking, cities may be more likely to turn to government sources of infrastructure funding, making these sources even more competitive. In such an environment, it could become very difficult for small communities to

compete. We have recently heard that some state agencies in Ohio are having difficulty selling bonds, even those that carry AAA ratings. While it is hoped that this situation will be temporary, it further complicates the issue of allocating limited resources.

Moreover, in light of the many competing priorities in the federal budget, the pressure to cut existing federal programs will be greater, which could have a detrimental impact on small communities. In the development of infrastructure projects, most small communities must rely on multiple sources of funding, both federal and state, in order to make their projects financially feasible. Some of these sources may disappear or face severe cuts as the federal government and states seek to cut spending. Already, the State of Virginia has indicated its intent to eliminate a $1.5 million annual program designed to help install indoor plumbing in low-income households and help them connect to public water systems.

For many years, USDA Rural Development has served as the "lender of last resort" for rural communities. The USDA's Water and Waste Disposal Loan and Grant Program is one of the few programs that funds water and sewer facilities that is available exclusively for small communities. Rural Development is also the lead federal agency for improving housing, community facilities, and providing economic opportunity in rural areas. Thus, it is imperative that Rural Development be adequately funded if small communities are going to have any opportunity to develop the projects that are critical to public health, the environment, and their future development.

For the past several years, Rural Development has seen its funding for rural water and wastewater, business, community facilities and housing steadily decrease, as shown in Figure 1 below. Since 2003, funding has been reduced by 25% for water and sewer, 35% for rural business funding, 28% for rural community facilities, and 33% for rural housing loans and grants.

Figure 1. USDA Rural Community Development and Housing Budget Authority FY 03 - FY08 Final, FY 09 Budget ($ in millions)

PROGRAM	FY03	FY04	FY05	FY06	FY07	FY 08	FY 09
Rural Development							
- Water/Sewer	723.2	605	552.1	530.1	554	539	269
-Business	87.7	76.5	74.1	89.2	51	57	44
-Community Facilities	96.8	75.9	89.1	82.6	77	69	23
Rural Housing							
Direct 502	202.3	126.1	133.1	129	113	105	0
Guaranteed 502	32.6	46	33.6	41	41	50	13#
515	54	50.1	47.1	45	45	29	0
538	4.5	5.9	3.5	5	7	12	2
504	10.9	9.6	10	10	11	10	5
Others	1.2	.7	.7	.7	.7	0	0
Rental Assistance	726	580.5	592	653.1	616	479	997

Balance financed by fees

During this same period, Rural Development grant funding for water and sewer projects, as a percentage of overall loan-grant allocations, has declined from 39% in 2003 to 26% as of 2006. As previously indicated, these grant funds are critical to small communities to help defray the enormous costs of their infrastructure development.

Recomm ndations to assist rural America

Solving the problems facing rural communities will require a multi-pronged approach that includes adequate funding, along with steps to ensure that grant funding is available only to the most needy communities, that there is sufficient technical assistance available to ensure that the funds are distributed where they are most needed, and that alternative approaches to solving their problems are explored.

Specifically, RCAP offers the following recommendations:

1) Overall funding for Rural Development programs needs to be increased. There is currently still a backlog of nearly $2 billion in the water and wastewater program, even after the additional $120 million allocated by the most recent Farm Bill. As previously noted, funding for other Rural Development programs that support rural businesses, community facilities and housing has decreased significantly and needs to be restored.

2) Improve the grant-to-loan ratio in Rural Development's Water and Waste Disposal Program. The new Farm Bill approved lower interest rates for Rural Development, which will indeed help make projects affordable for many communities while requiring a smaller federal investment. However, these reduced interest rates will further reduce grant funding to cover the additional loan subsidy, and many communities simply cannot develop feasible projects without these grants, as previously noted.

3) Consider eliminating the "similar systems rule" in the Water and Waste Disposal Program. Currently, Rural Development can only invest grant funding in systems to the extent necessary to subsidize user rates to a "reasonable" level.

This generally is based on user rat s as a percentage of median household income. However, the similar systems rule is essentially a loophole that allows consideration of the rates paid by similar systems in the same geographic area instead of rates as a percentage of income. This rule allows some systems to maintain rates that are too low, based simply on what nearby systems are paying (who often have resisted raising rates despite the ability and the need), thereby allowing already-limited grant funds to be spent in areas where low-interest loans might have worked. The idea of rates as a percentage of median income is one that is equitable and should be the sole means of determining grant funding.

3) Strengthen provisions that require communities to consider regionalization/collaboration. Too often, these options are given a cursory examination and dismissed because of a lack of support by the community. In order to stretch limited resources, communities need to realistically examine whether operating their own facilities is cost effective. Many state and local offices have not forced communities to consider these alternatives because they are not politically popular. Therefore, such a provision should be part of the law. While there are often legitimate reasons for communities not to consider regionalization, the burden of proof should be on the community.

4) Increase technical assistance funding that will allow RCAP and other providers to keep pace with the growing demand. Currently, in Ohio and other Great Lakes RCAP states, there is far more demand for assistance, particularly with new sewer projects, than can be met with existing technical assistance funding. These projects tend to be very time and labor-intensive, as they are typically the smallest (hence most difficult to fund) communities.

In addition to technical assistance for water and wastewater, a broader technical assistance program to help rural communities access needed funds for community facilities, safety and security, park improvements, community planning, and economic development should be considered. During the course of our water and wastewater work, we are frequently approached to provide this assistance by rural communities because they have nowhere else to turn for help and have no full-time staff or expertise to access funds that might be available to them. In the last two years, we have received over 60 requests for such assistance in the Great Lakes region alone.

5) Expand the Household Water Well Program under USDA to include the replacement of septic systems or other similar on-lot sewage treatment options as an eligible activity. As Ohio and other states update their outdated home sewage treatment rules, many rural residents will be hard-pressed to comply due to the cost of upgrading these systems, many of which were poorly sited or installed at a time when standards were far more lax than today, and many of which have not been properly maintained. Funding is needed for the education of homeowners, contractors and installers, and septage haulers.

6) We strongly recommend that any new economic stimulus bill under consideration should contain provisions for critical water and sewer infrastructure, and further, that such a package include funding specifically available to rural communities. The logical vehicle for such funding is USDA Rural Development. Many leading economists have called for additional government spending on infrastructure as a means of stimulating our economy, and statistics show that every $1 billion invested in infrastructure creates approximately 30,000

jobs. Thus, we can invest in our future by providing critically needed funding while providing jobs in rural areas.

We thank the Committee for considering our testimony on these issues and thank you for your commitment to meeting the needs of rural America's communities.

Debra Martin, Director
Great Lakes RCAP
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October 22, 2008

FEDERAL TESTIMONY FOR HIGH SPEED CONNECTIVITY FUNDING

Thank you for this opportunity to address the panel.

My name is Gary Ricer, CEO for Guernsey, Monroe, and Noble Tri County Community Action Corporation.

We concurrently implement close to 40 public service programs encompassing a 1,500 square mile radius.

Our mission is to serve the impoverished, less fortunate of Appalachia Ohio and offer a hand up as opposed to a hand out! Our services include but are not limited to: Workforce Development and Retraining, Housing and Weatherization, Teen Prevention Services, operation of 3 Senior Citizens Centers, 7 Head Start Schools, Healthy Smiles Dental Clinic, Home Energy Assistance Programs, 2 Broad Band Connectivity Centers, and a myriad of other initiatives.

In 2003 GMN Tri County became the first and only Community Action in the nation to receive a Federal High Speed Connectivity Grant. In 2007 we received our second Federal Broad Band Grant. Funds provided by the USDA (Rural Development) were $383,284 in 2003, for Woodsfield (Monroe County seat) and $316,840 in 2007 for Graysville (Southern Monroe County).

Funds provide for a 2 phase Broad Band initiative. First being the establishment of a Broad Band Connectivity Center whereas higher learning is offered in a library type setting.

For the first time in the history of Monroe students can receive a college accredited degree from an institution of higher learning without having to travel long distances. We further are pursuing collaboration with local government whereas a Common Pleas Court Judge can arraign prisoners alleviating exorbitant transportation costs and eliminating security threats to the general public. The possibilities of utilization of our federally funded Broad Band Connectivity Centers are endless. It has been a win-win situation met with overwhelming success by local government and the general public alike!

Page Two

The second piece of our federal funds allow for the providing of high speed internet to our subscribers through the strategic placement of a tower grid and repeater (back haul) stations. The average cost is $29.95 per month making Broad Band not only affordable but leveling the playing field globally for conducting business from these rural, remote locations.

Due to the geographically rough, rugged hilly terrain of Appalachia, most subscribers have no other opportunity to receive high speed broad band. Critical end users (CEU's) Police, Fire, EMS, etc. receive our service at no charge.

From helping a student electronically research homework to a grandmother swiftly receiving anticipated family pictures to the rural business entrepreneur downloading critically important large files in record time, to an emergency squad paramedic researching medical information when seconds count, rural America desperately seeks Broad Band Connectivity. Needless to say our waiting list is long and impatient!

In closing, in representing those we serve, I'm respectfully requesting future funding be constant, far reaching, and if at all possible, increased. One means this might be accomplished is shifting a mere 10% from the hundreds of millions in Broad Band Loan Programs, which in my opinion are underutilized, to Broad Band Grant Programs. This approach would serve tens of thousands more of your rural constituents in record time reaching measurable objectives without the time consuming fight for increased appropriations.

Our Federal Field Monitor, Ron Mellon has referred to GMN Broad Band as the "poster child for rural broadband in America". We are successfully operating a Broad Band Program that would normally cost several millions of dollars to build and maintain on a shoe string budget a fraction of that!

I have a full time staff of only two, who climb the towers, answer the phones, complete the billing, conduct free seminars, public presentations, install the radios, and so on.

We cover close to 400 square miles, have grown in subscribership by over 500% in two years, and have literally dozens on a waiting list. Not to mention our constant battle with the peaks and valleys of Appalachia limiting our wireless penetration. We have repeaters in farmers fields on grain silos, water system storage tanks and everything in between.

To our federal representatives, agencies and its members, thanks so much for the vision to grasp the importance of Broad band for Rural America.

Please continue the fight to provide Appalachians an "on ramp" to the information superhighway of the 21st century!

Respectfully Yours,

Gary W. Ricer
Executive Director

GWR/lc

Franklin C. Shaffer Jr.
Testimony to the Senate Committee on Agriculture, Nutrition & Forestry
October 22, 2008
Steubenville, Ohio

I lived on Mt. Victory Road for 18 years. Mt. Victory Road is located in the State of Ohio, Belmont County, and Village of Powhatan Point which is situated in the Southeastern portion of Ohio just a few miles from a great water source, The Ohio River. More than One Hundred Fifty-Two families live along 28 miles of rural road. A multitude of problems arise within their water sources, one of which includes wells that have to be drilled at no less than 50 feet and no deeper than 100 feet to tap a good water source. If drilled any further the well could be lost into a mine or sulfur from the mine could make the water unbearable to drink. Most of the wells will not sustain a family of three or more adequately. The families have to use the local laundromat several miles down the road, cut down daily toilet flushing, being unable to take daily showers, having to choose between bathing your children or watering your animals, being unable to water gardens or lawns, using the local car wash to wash cars, limiting the amount of water usage within the home, i.e. doing dishes, running dishwasher, etc. just to name a few. These also cause additional expenses to the families.

There has been E. Coli bacteria found in some wells exposing people to illness and hospitalization thus creating a loss of jobs in families. This is a major health risk.

The second source of water for the homes is a cistern (an artificial reservoir, tank or container for storing or holding water, especially for catching and storing rainwater). These cisterns are mostly used for bathing, washing clothes and flushing toilets. Due to the lack of water sources and low economic area some families have resorted to using this water for drinking which is definitely a health hazard. These people cannot afford to purchase bottled water and have no choice but to drink cistern water that is unsafe. Most families must own a utility trailer or truck with a water tank in order to haul water that is miles from their homes. Some farms have to haul multiple loads daily in order to water livestock. This is also an additional cost to the families due to the fact the local village and county charge for this water.

There is also a major fire and safety issue. If a house catches on fire, usually this leads to the complete loss of the home, animals and sometimes lives. The water to extinguish the fire has to be hauled miles in tanker trucks or the use of water buffalos must be set up.

The cost of this project is in the millions of dollars. Our local officials are willing to take on the project but simply do not have near the funding needed to do this project without Federal Assistance.

If any person would like to get a slight feeling of what it is like to have to live without water, just take a shower, lather up and shut off the water and think about how to get the lather off your body without water. Or, just imagine what it is like to turn on the faucet and nothing come out at all, or what comes out of the faucet is not healthy to drink or use for cooking, or the water is black, yellow and smells bad, that is, if there is water at all. Or just imagine loading the wash machine with clothes and the machine has to be stopped mid cycle, all the clothes have to be removed and hauled heavy and wet to the laundromat to finish. This is <u>not</u> a temporary water loss; this is <u>every day of every life in this area</u>. People who are fortunate enough to have municipal water do not have a clear understanding of what it feels like to live this way every day. Remember when your water may be shut down temporarily for a few hours or a day how inconvenient it is, well these people live this way every single day.

In summary this area is in desperate need for a municipal water source and it cannot be accomplished without the help of Federal Assistance.

DOCUMENTS SUBMITTED FOR THE RECORD

OCTOBER 22, 2008

DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20250

October 20, 2008

The Honorable Tom Harkin
Chairman
Committee on Agriculture, Nutrition, and Forestry
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

I write to inform you that USDA cannot agree to your request that Randall Hunt, Rural Development's State Director in Ohio, testify during Committee field hearings in Steubenville and Chillicothe, Ohio on October 22nd and 23rd regarding "the impact of the economic crisis on rural America and the role of the federal government, in particular USDA rural development programs, in addressing these problems.

Mr. Hunt is an appointee of the President and would be expected to discuss the Administration's response to the current economic situation. I am concerned that sending a political appointee into the heart of two closely contested Congressional districts in the most hotly contested Presidential battleground state for such a purpose just days before the election could be perceived by some citizens as using taxpayer dollars to affect the results of an election. In the days leading up to the election, it is especially imperative that our officials remain free from even the appearance of attempting to influence the results. Under the circumstances surrounding these hearings, I have directed Mr. Hunt to not appear on the requested dates.

Although USDA cannot accommodate your request during the next two weeks, I wholeheartedly agree with you that the impact of the economic crisis on rural America is a vital topic which needs to be discussed and is worthy of public hearings. As rural America's primary source of economic development funding, USDA has much to lend to this discussion. I am extremely appreciative that the Committee thought to include a USDA official in this discussion. In this spirit, the Department would be most pleased to have Mr. Hunt or another official testify at similar hearings at any time and place of your choosing following the election. If the Committee does proceed with the hearings as planned, I request that you include in the record the attached fact sheet.

As always, please do not hesitate to call me if you would like to discuss this or any other matter.

Sincerely,

Edward T. Schafer
Secretary

United States Department of Agricultur
Rural Development
Columbus, Ohio

RURAL DEVELOPMENT

USDA Rural Development is the economic and community development arm of U.S. Department of Agriculture. Its mission is to increase economic opportunity and improve the quality of life in rural communities. Rural Development achieves its mission by providing both technical and financial assistance through more than 40 programs to assist rural businesses, small communities, and individuals seeking housing.

For USDA Rural Development's Ohio State Office, 2007 and 2008 have been record breaking years, with over $500 million invested each year in the form of grants, loans, and loan guarantees in Ohio's rural communities. The cumulative total since 2001 exceeds $3.7 billion. These programs touch rural America in many ways.

Program Overview: Ohio Rural Development

- **Business & Cooperative Development Programs** -- This includes business and industry guaranteed loans and grants to help stimulate local economies and create/preserve local jobs in rural areas and generally in towns with populations of 50,000 or less.
  - **Business & Industry Loan Guarantee Program** – Rural Development will guarantee up to 80% of a lenders loan for business expansion or business start up. Project must have a positive economic impact and create or retain jobs.
  - **Intermediary Relending Program** – The IRP program makes low interest loans to intermediaries to finance business facilities and community development projects in rural areas (program limited to 25,000 or less population).
  - **Renewable Energy Systems/Energy Loans and Grant** – These target small business or agricultural producers to help them purchase renewable energy systems or make energy efficiency improvements in rural areas.
  - **Rural Business Enterprise Grants** – RBEG grants are designed to help develop small and emerging business enterprises in rural areas.
  - **Rural Business Opportunity Grants** – RBOG grants are designed to promote sustainable economic development in rural areas.
  - **Rural Economic Development Loans/Grants** – The REDLG program provides zero interest loans to local utilities to establish revolving funds, which in turn make loans to local businesses for projects that will create or retain employment in rural areas. **Rural Cooperative Development Grants** – This funding helps establish and operate centers for rural cooperative development
  - **Value-Added Agricultural Producer Grants** – These target independent producers, farmer cooperatives, agricultural producer groups, producer-based business ventures to help promote added income. Funding helps develop feasibility studies or business plans or provide working capital to add value to agricultural products.

- **Rural Housing Program** – Single Family and Multi-Family housing loans and grants assist rural residents in acquiring safe, decent housing.
  - **502/504 – Home ownership and repair programs**. Eligibility is income based and includes loans made to low and very low income applicants in rural areas with populations of 10-20,000 or less.
  - **Rural Rental Housing Loans** – Loans are directed to rural areas to provide housing options for persons 62 and older with low and moderate incomes, disabled or handicapped.
  - **Rural Rental Housing Guaranteed Loan Program** – Loans are guaranteed to area lending institutions to help increase the supply of affordable rural rental housing.
  - **Self-Help Technical Assistance Grants** – Self-help grants support self-help housing projects organized and managed by public or private nonprofit groups.
  - **Housing Preservation Grants** – These funds are available to rehabilitate housing owned or occupied by low income rural residents in areas with populations of 10-20,000 or less

- **Community Facilities and Utilities Programs** – These programs include the Water and Waste Disposal Loan and Grants, Community Facilities Loan/Grants, Distance Learning and Telemedicine, Broadband Loans/Grants, Solid Waste Management Grants and Electric and Telecommunications
  - **Water and Waste Programs** – Loans and grants are provided to ensure that communities with populations less than 10,000 have the capability to develop essential infrastructure to support present and future residents (ex: community water systems, sewage systems, solid waste disposal systems, etc.)
  - **Community Facilities** – This funding provides essential community facilities, equipment, operating costs for health care, public safety, libraries, day care, fire and rescue, hospitals, etc.
  - **Distance Learning and Telemedicine** – The DLT program awards loans and grants to rural communities to help provide access to education, training and health care resources. Technologies supported by this program include the use of telecommunications and computer networks, as well as academic and medical applications.
  - **Broadband Loans/Grants** – The broadband program provides loans for funding the costs of construction, improvement, and acquisition of facilities to provide broadband service to eligible rural communities.
  - **Community Connect -** The Community Connect Program is an annually competitive grant program. Program provides financial assistance to eligible applicants who will provide currently unserved areas with broadband service that fosters economic growth and public safety services. Program includes provisions to create a community center which offers free public access to residents. Free broadband service is also provided to critical facilities (fire, police, emergency response, etc.)
  - **Solid Waste Management Grants** provide technical assistance and training to help rural communities reduce solid waste, pollution of water sources, improvement of management of solid waste facilities.

- **Electric and Telecommunications** funding helps with generation, bulk transmission facilities and distribution of electric power.

Current Issues: Ohio Rural Development:
How the Current Credit Market Has Affected Rural Development Programming

Housing
The current credit crunch has had a dramatic affect on Rural Development programming in Ohio, as well as nation-wide. The tightening of available credit has caused private lenders to seek and utilize credit enhancements such as the guaranteed loan programs offered by Rural Development.

The most dramatic impact has been in the Guaranteed Single Family Housing (GSFH) Program. When credit was easy to access, the GSFH program was underutilized. As the credit crisis started, GSFH loan volume increased as banks looked for Government guaranteed loans. This has occurred statewide including in the Appalachian Region.

The GSFH program increased by over 20% from 2006 to 2007 and more than doubled from 2007 to 2008. This increase is also very apparent in the Appalachia region. As the chart below indicates, all Rural Development Housing Programs in Ohio have had an increase in fund usage since 2007. The GSFH program has in Ohio has seen a 107% increase in funding usage from 2007 to 2008.

Ohio Housing Program Fund Usage

	2006	2007	2008	% Growth 2007 - 2008
All Housing Fund Usage	$155	$158	$273	73%
GSFH state-wide	$80	$99	$205	107%
GSFH Appalachia	$23	$33	$55	67%
All Appalachia Housing	$52	$48	$79	64%

Note - all $ in Millions

Business and Cooperative Develoment Programs
The Ohio Rural Development Business Programs area has also experienced increased demand. Rural Development's largest Business Program is the Business and Industry (B&I) Loan Guarantee Program. The B&I loan guarantee is similar to some of the new bank incentives recently announced as part of the economic stimulus plan. The guarantee is an incentive to any bank to make a commercial loan in rural Ohio and creates both a safety net for the lender as well as the opportunity for increased profits for the lender and better rates and/or terms for the borrowing business.

Program volume levels in 2006 and 2007 were low when compared to an all time high of $79 Million in B&I programming in 2004 (see chart below). The period of time between 2004 and 2007 saw a steady decrease in lenders usage of the B&I guarantee product. This in part was due to a regional economic decline in overall business expansions and economic activity. The decline in B&I guarantee usage can also be attributed to lenders having an increase in liquidity during this period which negated a need for credit enhancement tools. In fact, many banks were competing for business expansion projects without using any guarantee products at all.

However, the recent dramatic increase in Ohio's B&I program usage from a low of $19 million in 2007 to nearly $50 million in 2008 is a reflection of lenders having lower liquidity levels, tighter access to credit and an overall desire for additional security in their lending practices. Finally, it is important to note that Rural Development has experienced a cooling of B&I activity in September and October of this year. This is due to the overall credit crunch brought on by uncertainty in the credit markets. It appears that lenders are currently in a wait-and-see mode in anticipation of the "Rescue Plan" recently enacted by Congress and signed by the President.

Ohio Business Program Fund Usage

	2004	2005	2006	2007	2008	% Growth 2007 - 2008
All Business Fund Usage	$86	$41	$28	$20	$54	170%
B&I Guarantee	$79	$38	$26	$19	$49	163%

Note - all $ in Millions

In terms of Business Program activity in Appalachia Ohio, Rural Development in 2008 approved four B&I projects totaling $9,040,000. These four projects helped create 421 jobs in the Appalachian Region. In total, 1,196 jobs were created or retained in Ohio with the assistance of Rural Development's Business Programs.

The Renewable Energy and Energy Efficiency programs have continued to grow in Ohio as well. In 2008 Ohio received 21 energy related applications for financing. Projects compete on a national level and Ohio received approval of 12 energy projects totaling $2.2 million. These projects included one solar, one wind, an Anaerobic Digester and nine Energy Efficiency Projects. The Energy Title of the 2008 Farm Bill expands funding for Renewable Energy and Energy Efficiency projects (and renames the program the Renewable Energy for America Program (REAP))

Community Programs
In the Community Program area, which includes financing for Water and Sewer Systems, Community Facilities, rural electric and telephone service, and high speed internet (broadband) projects, the impact of the current credit crisis is much different that in the Housing and Business program areas. A majority of financing in the Community Programs area is in the form of direct lending (subsidized loans) and some grants and some loan guarantees. These program dollars (with the exception of Broadband projects) are utilized by local governments and special districts or authorities such as Rural Water and Sewer systems. Direct borrowing from Rural Development to these entities has not been dramatically impacted by the overall credit market.

It is important to note that State programs such as the Ohio Water Development Authority and the Ohio Public Works Commission -- whose funding is often a leveraged partner with Rural Development in financing water and sewer systems -- access their capital through the issuance of State Bonds. The current credit market has had an impact on the State's ability to market and sell these bonds. Some bond sales have been delayed, and if this situation persists, there could be a negative impact on local government's ability in Ohio to access State funds to leverage federal resources such as Rural Development for infrastructure improvements.

The Rural Broadband Access programs continue to grow in Ohio. In 2008, there were two Broadband loans approved for service in Ohio. The first was Open Range Communications headquartered in Denver, Colorado. Open Range received a $267 million loan to serve 518 communities in 17 states. They will provide Wi-Max technology that transmits wireless data in areas not serviced by cable or DSL. The Ohio portion of this loan is $24 million and the project will serve 51 Ohio Communities. The second loan was to Wabash Mutual Telephone. This was a $12 million project to provide fiber to the home in Mercer County, Ohio.

In addition to these loans, Ohio received two Community Connect Grants in 2007. These grants are extremely competitive at the National level. Horizon Telecom-Chillicothe Telephone was awarded $603,200 in grant funds to serve Darbyville in Pickaway County with fiber to the home. GMN Tri-county Community Action was awarded $316,840 to provide wireless service to the Graysville community.

Ohio Rural Development: Fiscal Years 2001-2008 Obligations* (Selected Programs/2008 Figures are Preliminary)

[See attached spreadsheet]

State		2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Actual	2006 Actual
Ohio	1 502 direct	$37,114,210	$39,252,100	$34,170,350	$36,723,854	$32,544,425	$39,284,982
Ohio	2 502 guarnt.	$93,024,640	$96,938,020	$115,574,670	$115,354,010	$95,681,041	$80,067,359
Ohio	3 515 direct	$4,163,180	$3,823,640	$3,640,990	$3,413,250	$2,110,000	$4,703,000
Ohio	4 R A	$12,969,311	$14,720,541	$21,526,958	$13,622,231	$13,412,832	$11,964,312
Ohio	5 CF direct	$10,636,000	$11,441,000	$9,806,000	$19,217,000	$10,828,000	$9,197,000
Ohio	6 CF guarnt.	$8,542,000	$6,767,000	$3,680,000	$4,450,000	$5,000,000	$3,000,000
Ohio	7 CF grants	$355,000	$597,800	$1,394,000	$525,000	$1,924,000	$1,778,825
Ohio	8 W&W dir.	$39,994,000	$42,836,000	$32,080,000	$31,254,000	$37,352,000	$32,351,000
Ohio	9 W&W grant	$18,612,000	$26,467,700	$18,564,060	$13,303,000	$16,584,790	$10,997,000
Ohio	11 B&I guarnt.	$41,768,050	$46,306,900	$72,980,300	$78,740,500	$38,050,000	$26,431,418
Ohio	12 RBEG	$1,531,000	$1,031,000	$1,261,000	$1,742,000	$1,259,999	$948,000
Ohio	12 IRP	$750,000	$500,000	$1,250,000	$2,000,000	$0	$0
Ohio	13 MFH guarnt	$0	$11,658,000	$30,224,110	$8,295,825	$20,364,175	$17,634,743
Ohio	14 504 Ins&grts	$1,819,770	$1,897,430	$1,782,540	$1,666,453	$1,849,779	$1,716,256
Ohio	15 514&516	$175,000	$0	$0	$0	$0	$0
Ohio	16 Electric	$266,936,000	$45,705,000	$83,269,000	$33,231,000	$303,190,000	$191,796,000
Ohio	17 Telecom	$468,000	$3,991,048	$3,603,026	$1,348,336	$0	$7,173,686
Ohio	18 Value Added	$0	$0	$850,000	$235,450	$0	$630,471
Ohio	19 RnwEngyGts&Lns			$2,043,612	$1,000,000	$512,415	$64,006
Ohio	20 523 SelfHelp	$0	$0	$30,000	$788,150	$265,640	$883,360
Ohio	21 REDLG	$0	$0	$0	$0	$300,000	$0
TOTALS		$538,858,161	$353,933,179	$437,730,616	$366,910,059	$581,229,096	$440,621,418

2007 Actual	2008 Actual	FY 2001-2008 Total
$35,802,213	$33,819,243	$288,711,377
$99,042,848	$197,689,133	$893,371,721
$950,000	$1,770,000	$24,574,060
$10,134,009	$11,295,401	$109,645,595
$8,910,000	$8,386,000	$88,421,000
$2,558,565	$3,430,475	$37,428,040
$679,000	$1,105,475	$8,359,100
$33,224,000	$27,853,000	$276,944,000
$11,658,000	$11,942,146	$128,128,696
$18,461,000	$48,662,000	$371,400,168
$950,000	$1,091,000	$9,813,999
$500,000	$1,058,790	$6,058,790
$9,268,000	$17,435,563	$114,880,416
$1,798,634	$1,752,286	$14,283,148
$549,491	$0	$724,491
$304,200,000	$120,396,000	$1,348,723,000
$1,104,823	$13,616,299	$31,305,218
$300,000	$471,000	$2,486,921
$212,984	$2,986,361	$6,819,378
$280,000	$601,230	$2,848,380
$0	$0	$300,000
$540,583,567	$505,361,402	$3,765,227,498

How Rural Is My State Series
Kathleen Miller, Program Director

rupri
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How rural is OHIO?

Introduction

Though it seems like a simple question, the answer to *what is rural* is not so easily answered. There are probably as many different definitions of rural as there are people describing them. In our federal government, there are over 15 different definitions currently being used in federal programs, and between each federal agency the definitions of what is rural vary greatly.

The *How Rural is My State* series helps readers understand various rural definitions and how the population is classified under each definition. The most common definitions of rural are the Office of Management and Budget's Core Based Statistical Areas, and the U.S. Census Bureau's designation of urban and rural areas. There are many other definitions of rural, but as many utilize these two as the basis, these will be the focus of this report.

Common Definitions of Rural

There are two sets of definitions that are the most common definitions of rural. The first is the U.S. Census Bureau's definition of urban areas. The second is the classification of metropolitan and nonmetropolitan areas. These are defined by standards set by the Office of Management and Budget.

With the 2000 Census, the Census Bureau revised their definition of urban, and divided the nation's urban territory into two groups – urbanized areas and urban clusters. Both are similarly defined, but differ in their population thresholds. The Census Bureau defines urban as densely settled territory at the block and block group levels. Urban areas with populations over 50,000 are called urbanized areas, and those with populations between 2,500 and 49,999 are called urban clusters. Once these are defined, all territory and population outside of these areas are rural. Based on the 2000 Census population counts, 79 percent of the nation's population is urban, and 21 percent is rural.

These urban areas form the basis for the other major classification system – the Office of Management and Budget's Core Based Statistical Areas. Metropolitan areas is not a new concept; metropolitan areas have been defined since the 1940s, but with the 2000 Census and the definitions of urban areas described above, a completely revised set of standards were developed for designation metropolitan areas, and nonmetropolitan areas were divided for the first time into two categories: micropolitan areas and noncore areas.

These Core Based Statistical Areas are based on county boundaries. Metropolitan areas have a core county with an urbanized area of 50,000 or more population. Surrounding counties are included in the

metropolitan area if they have strong commuting ties to that core. Micropolitan areas have a core county with an urban cluster between 10,000 and 49,999 population, and surrounding counties are included in the micropolitan area based on strong commuting ties. All other counties in the U.S. are considered noncore counties.

Rural and Nonmetropolitan Are Not the Same

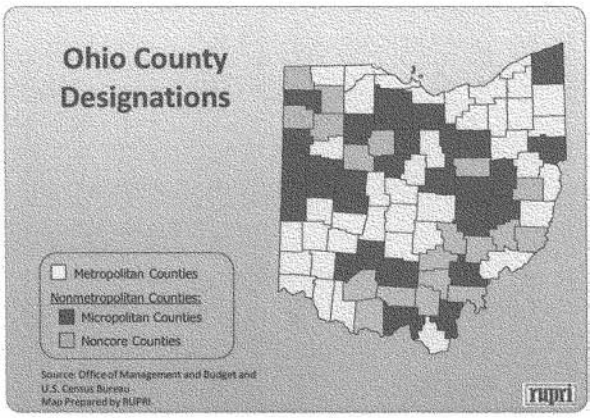
Often times, the terms *rural* and *nonmetropolitan* are used interchangeably, but these are very different concepts. Metropolitan areas contain rural places, and nonmetropolitan areas contain urban places. The nation's nonmetropolitan population is 48.8 million, but 41 people of these people are residing in urban areas. There are nearly 60 million rural residents in the U.S., and over half of them are living in metropolitan areas. While both the county level designations of metropolitan and nonmetropolitan and the Census defined rural and urban areas are useful designations, it is important to keep in mind that these are very different concepts. The part of the criteria that pertains to commuting in some places results in very rural counties being included in metropolitan areas, because residents of those counties commute to neighboring urban centers for employment.

More rural people live in metropolitan counties than in nonmetropolitan counties!

In Ohio, Monroe County is the most rural county in terms of the percent of the population that is rural – 97.8% of the 15,180 people in Monroe County live in Census defined rural areas. In terms of the number of rural people, Portage County has the most rural people at 62,992. This represents 41.4 percent of the county's total population, and Portage County is defined as a metropolitan county in the Akron Metropolitan Area.

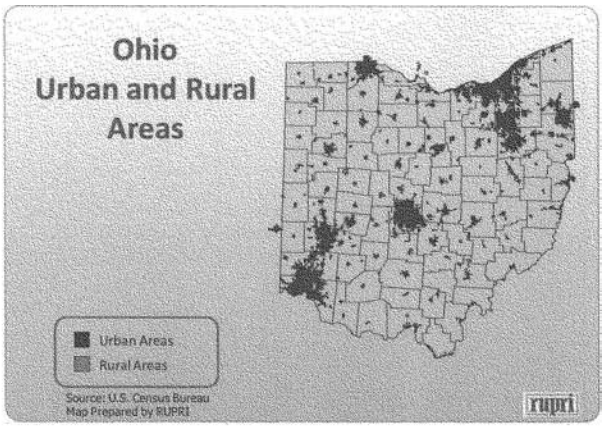
Ohio: Core Based Statistical Areas

Based on the county level core based statistical area designations, Ohio has 40 metropolitan counties, 29 micropolitan counties, and 19 noncore counties. Based on these designations, the population of Ohio is 80.5 percent metropolitan and 19.5 percent nonmetropolitan.



Ohio: Urban and Rural Areas

As described above, the Census Bureau defines urban areas at the block and block group level. The map to the right shows the urban areas of Ohio in black. The remaining areas in the state are rural. 77.3 percent of Ohio's population reside in the urban areas, and 22.7 percent reside in the rural areas.



Rural People in Metropolitan Areas

Combining the two designations shows a very interesting picture. The majority of Ohio's rural people (52.7 percent) are living in metropolitan areas. The map below shows both the urban areas (in black) and the county level designations. There is significant territory that is rural in the metropolitan areas (shown in yellow). The population of Morrow County in the Columbus Metropolitan Area is 88.9 percent rural; and the population of Preble County in the Dayton Metropolitan Area is 81.4 percent rural.

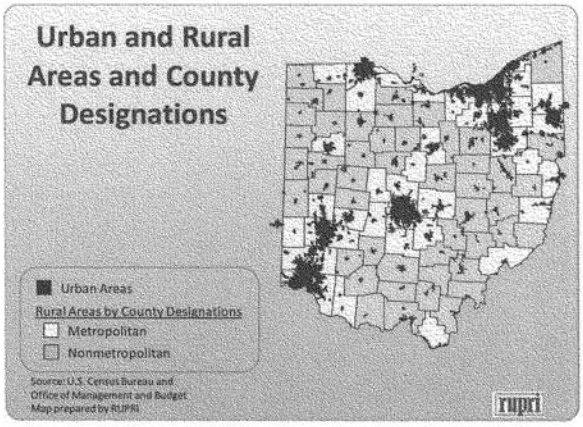


Table 1. Ohio Population by Urban and Rural and CBSA Designations

Distribution of Population in Ohio				
	Urbanized Area	Urban Cluster	Rural	Total
Metropolitan	7,301,916	481,910	1,356,980	9,140,806
Micropolitan	7,938	863,165	837,289	1,708,392
Noncore	-	125,308	378,634	503,942
Total	7,309,854	1,470,383	2,572,903	11,353,140

Table 2. Percent of Population that is Rural by Congressional District, 110th Congress, Ohio

Distribution of Population in Congressional Districts, 110th Congress, Ohio				
District Number	**Total Population**	**Percent in Urbanized Areas**	**Percent in Urban Clusters**	**Percent in Rural Areas**
1	630,730	94.9%	0.0%	5.1%
2	630,730	62.9%	10.0%	27.0%
3	630,730	77.7%	7.1%	15.2%
4	630,730	24.4%	34.3%	41.3%
5	630,730	8.2%	40.6%	51.2%
6	630,730	29.0%	21.1%	49.8%
7	630,730	52.7%	18.6%	28.7%
8	630,730	64.0%	13.9%	22.0%
9	630,730	82.4%	3.6%	14.0%
10	630,730	99.5%	0.0%	0.5%
11	630,730	100.0%	0.0%	0.0%
12	630,730	81.8%	6.3%	11.9%
13	630,730	92.7%	0.0%	7.3%
14	630,730	63.0%	11.0%	25.9%
15	630,730	85.0%	6.3%	8.7%
16	630,730	50.5%	23.1%	26.4%
17	630,730	83.8%	0.5%	15.7%
18	630,730	6.7%	36.7%	56.6%
State Total	**11,353,140**	**64.4%**	**13.0%**	**22.7%**

Source: U.S. Census Bureau, Census 2000 data retabulated for the 110th Congress

Table 3. Percent of Population that is Rural by County, Ohio

County	CBSA Type	Percent Rural	County	CBSA Type	Percent Rural
Adams	*Noncore*	90.22	Licking	*Metro*	39.36
Allen	*Metro*	26.62	Logan	*Micro*	55.59
Ashland	*Micro*	54.11	Lorain	*Metro*	16.32
Ashtabula	*Micro*	45.75	Lucas	*Metro*	5.52
Athens	*Micro*	41.23	Madison	*Metro*	48.47
Auglaize	*Micro*	40.79	Mahoning	*Metro*	14.36
Belmont	*Metro*	47.85	Marion	*Micro*	31.04
Brown	*Metro*	80.64	Medina	*Metro*	33.95
Butler	*Metro*	11.39	Meigs	*Noncore*	78.92
Carroll	*Metro*	68.81	Mercer	*Micro*	60.11
Champaign	*Micro*	70.20	Miami	*Metro*	31.81
Clark	*Metro*	23.76	Monroe	*Noncore*	97.78
Clermont	*Metro*	28.75	Montgomery	*Metro*	4.63
Clinton	*Micro*	55.19	Morgan	*Noncore*	82.12
Columbiana	*Micro*	43.21	Morrow	*Metro*	88.87
Coshocton	*Micro*	59.21	Muskingum	*Micro*	46.24
Crawford	*Micro*	33.62	Noble	*Noncore*	65.34
Cuyahoga	*Metro*	0.76	Ottawa	*Metro*	52.99
Darke	*Micro*	65.76	Paulding	*Noncore*	82.41
Defiance	*Micro*	47.55	Perry	*Noncore*	73.38
Delaware	*Metro*	32.13	Pickaway	*Metro*	45.07
Erie	*Metro*	26.45	Pike	*Noncore*	80.40
Fairfield	*Metro*	39.01	Portage	*Metro*	41.43
Fayette	*Micro*	48.29	Preble	*Metro*	81.38
Franklin	*Metro*	1.84	Putnam	*Noncore*	84.94
Fulton	*Metro*	57.04	Richland	*Metro*	29.62
Gallia	*Micro*	77.14	Ross	*Micro*	58.20
Geauga	*Metro*	63.11	Sandusky	*Micro*	41.56
Greene	*Metro*	16.51	Scioto	*Micro*	50.59
Guernsey	*Micro*	59.39	Seneca	*Micro*	45.80
Hamilton	*Metro*	2.45	Shelby	*Micro*	57.25
Hancock	*Micro*	32.03	Stark	*Metro*	13.77
Hardin	*Noncore*	54.41	Summit	*Metro*	4.30
Harrison	*Noncore*	82.38	Trumbull	*Metro*	26.49
Henry	*Noncore*	68.21	Tuscarawas	*Micro*	41.73
Highland	*Noncore*	71.61	Union	*Metro*	60.42
Hocking	*Noncore*	69.02	Van Wert	*Micro*	51.39
Holmes	*Noncore*	91.95	Vinton	*Noncore*	92.68
Huron	*Micro*	46.16	Warren	*Metro*	22.50
Jackson	*Noncore*	61.77	Washington	*Metro*	64.83
Jefferson	*Metro*	39.71	Wayne	*Micro*	51.90
Knox	*Micro*	58.47	Williams	*Noncore*	66.68
Lake	*Metro*	7.86	Wood	*Metro*	32.56
Lawrence	*Metro*	47.88	Wyandot	*Noncore*	56.39

Source: U.S. Census Bureau, Census 2000, Office of Management and Budget

Data Note

All population figures are from the 2000 Census. The county-level designations are based on the December 2005 release of Core Based Statistical Areas.

Sources

U.S. Census Bureau:

Census 2000
http://www.census.gov/main/www/cen2000.html

Urban and Rural Areas
http://www.census.gov/geo/www/ua/ua_2k.html

Core Based Statistical Areas
http://www.census.gov/population/www/estimates/metrodef.html

Office of Management and Budget

Statistical Programs and Standards
http://www.whitehouse.gov/omb/inforeg/statpolicy.html

Additional Resources

Rural Assistance Center, Information Guide on *What is Rural?*
http://www.raconline.org/info_guides/ruraldef/

The Economic Research Service, United States Department of Agriculture Briefing Room on Measuring Rurality: http://www.ers.usda.gov/Briefing/Rurality/

Questions or for Additional Information

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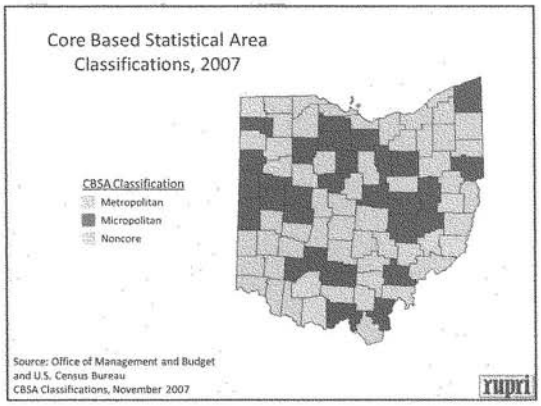
Ohio

Introduction

This profile report provides updated statistics and trends for Ohio. The most recent classifications of core based statistical areas, November 2007, are utilized throughout the report in comparisons of metropolitan and nonmetropolitan areas. This report includes updated data on population trends and racial and ethnic composition of the population (2007), updated estimates of county poverty rates (2005), county unemployment rates (2007), and per capita income data (2006). The report also includes some new indicators of entrepreneurship, classifications of health professional shortage areas, and infant mortality rates.

Metro and Nonmetro Counties

Based on county Core Based Statistical Area classifications, there are 40 metropolitan counties in Ohio, 29 micropolitan counties, and 19 noncore counties. Based on population estimates for 2007, 81 percent of Ohio residents live in metropolitan areas, 15 percent live in micropolitan areas, and 4 percent live in noncore areas.



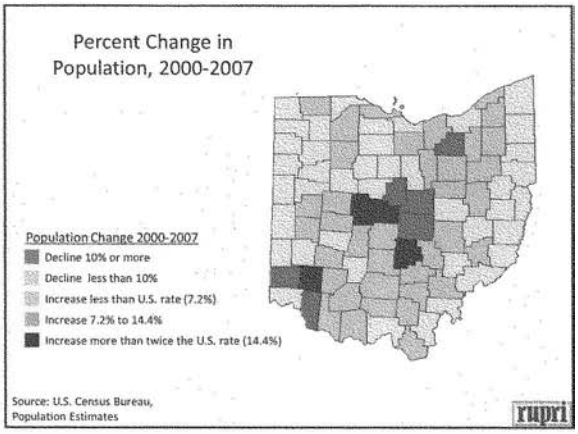
Population Change

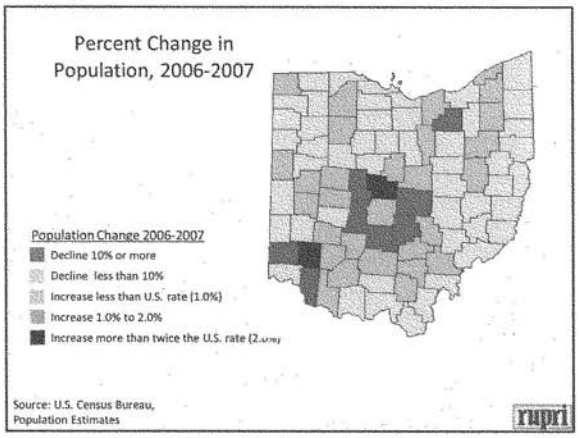
Since the 2000 Census, population increased 7.2 percent in the U.S., and 1.0 percent in Ohio. Within Ohio, the fastest growth was in the metropolitan areas. From 2006 to 2007, the U.S. population grew by one percent, while the Ohio population showed only a very small population increase (0.03%).

Percent Change in Population		
	2000-2007	2006-2007
U.S.	**7.2%**	**1.0%**
Ohio	**1.0%**	**0.0%**
Metropolitan	1.2%	0.0%
Micropolitan	0.1%	0.0%
Noncore	0.6%	-0.1%

source: U.S. Census Bureau

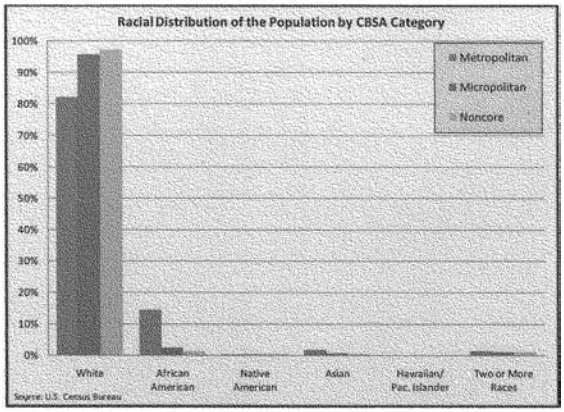
From 2000 to 2007, 41 counties in Ohio lost population, the majority of them nonmetropolitan counties. From 2006 to 2007, 49 Ohio counties lost population, again the majority of them nonmetropolitan counties.. The fastest growth during both time periods was in Delaware County, part of the Columbus Metropolitan Area.





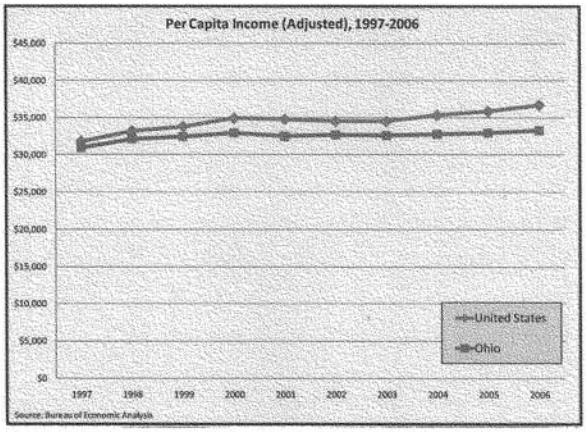
Racial and Ethnic Composition of the Population

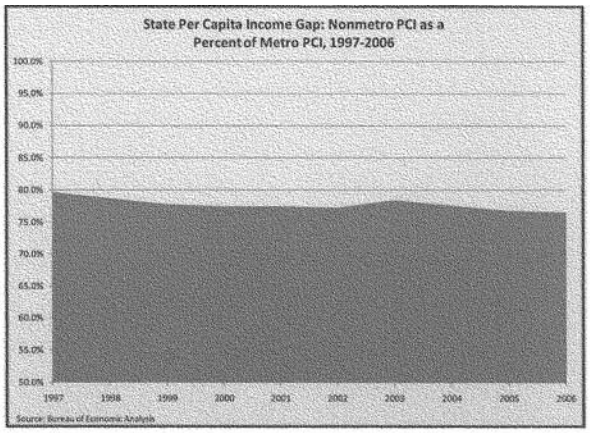
The racial composition of the population is shown in the bar chart to the right. It is important to note that the population of any given race includes those of Hispanic ethnicity. Each racial category presented in the chart includes both Hispanics and non Hispanics of that race. The population of Ohio is 85 percent white, and is also 2.5 percent Hispanic.



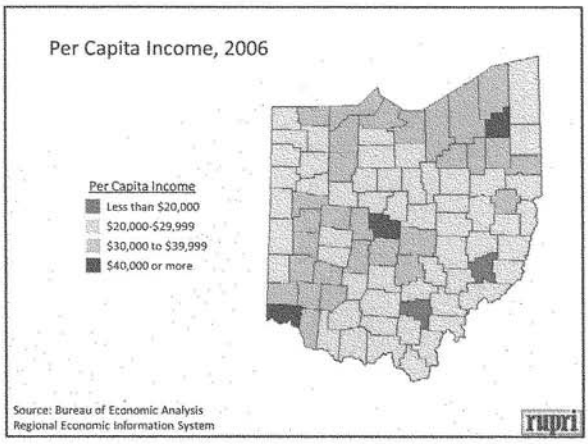
Per Capita Income

Per capita income in Ohio has followed a similar trend as the nation over the past 10 years, with Ohio's income lagging slightly behind the U.S. income. In 2006 per capita income was $36,714 in the U.S. and $33,320 in Ohio. The per capita income gap in Ohio has also persisted over the past 10 years. In 2006, nonmetropolitan per capita income was 76.6 percent of metro per capita income in Ohio. The per capita income in nonmetro areas was about $8,000 less than in metro areas ($26,728 compared to $34,901).



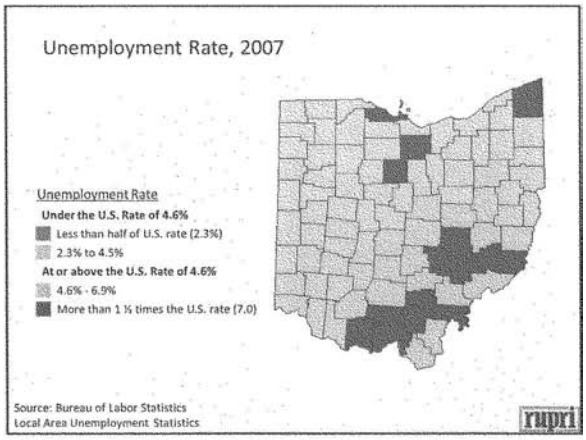


Within Ohio, per capita income ranged from $18,366 in Noble County to $44,651 in Geauga County. Two Ohio counties had per capita income less than $20,000 in 2006, while 3 Ohio counties had income exceeding $40,000.



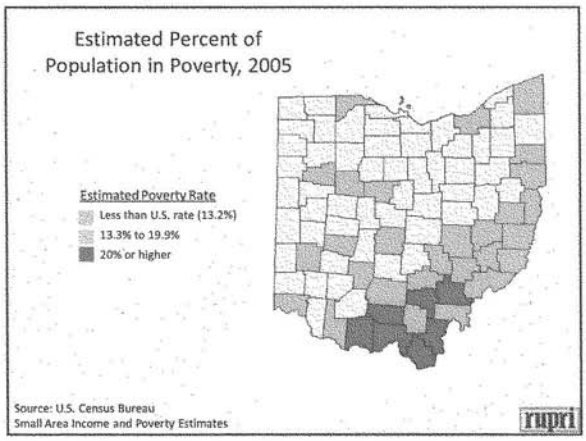
Unemployment

The 2007 unemployment rate was 4.6 percent in the U.S. and 5.6 percent in Ohio. 81 counties in Ohio had unemployment rates higher than the U.S. average, and the majority of these counties were nonmetropolitan. 15 counties (14 of them nonmetropolitan) experienced unemployment rates more than 1 ½ times the U.S. rate.



Poverty

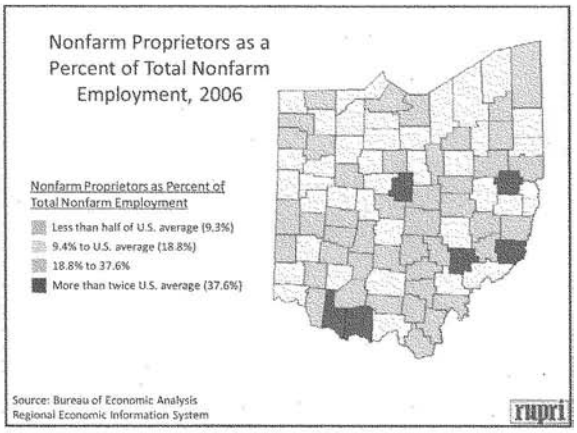
Poverty estimates for 2005 show that the poverty rate in the U.S. in 2005 was 13.3 percent, compared to 13.0 percent in Ohio. Within Ohio, poverty rates ranged from 4.5 in Delaware county to 31.5 in Athens County. Seven Ohio counties (6 of them nonmetro) had poverty rates over 20 percent in 2005.

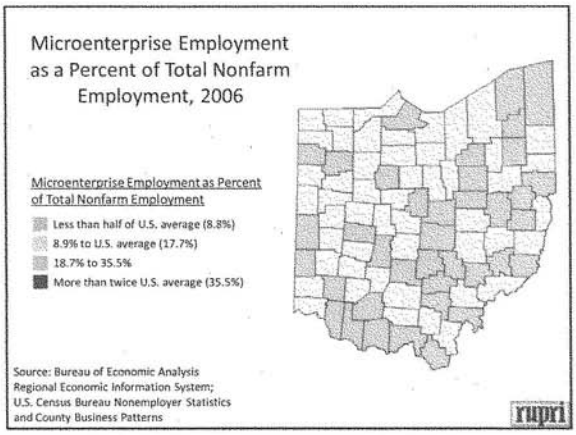


Entrepreneurship Indicators

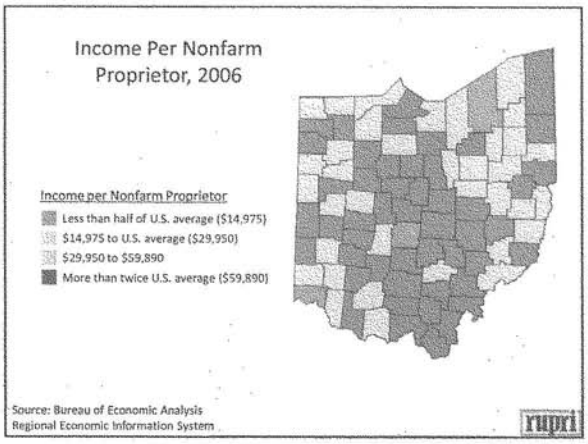
Entrepreneurship plays a key role in the economic development of communities, but entrepreneurship is a difficult concept to measure. Four indicators of entrepreneurship are presented here: (1) nonfarm proprietors as a proportion of total nonfarm employment and (2) microenterprise employment (calculated as the number of self employed individuals plus the number of employees in establishments with less than 5 employees) as a proportion of total nonfarm employment; (3) income per nonfarm proprietor; and (4) nonfarm proprietors income as a proportion of county total personal income.

Nationally, nonfarm proprietor employment accounts for 18.8 percent of total nonfarm employment. In Ohio, this figure is 17.3 percent, and within Ohio, this figure ranges from 10 percent to 46 percent. Microenterprise employment represents 17.7 percent of U.S nonfarm employment and 15 percent of Ohio nonfarm employment. Within Ohio, this ranges from 11 percent to 33 percent.

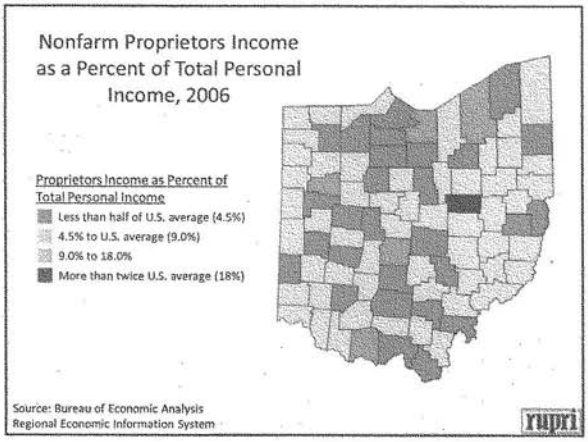




Average income per proprietor in the U.S was $29,950, compared to $22,106 in Ohio. Within Ohio, this ranged from $9698 per proprietor to over $37,561 per proprietor.



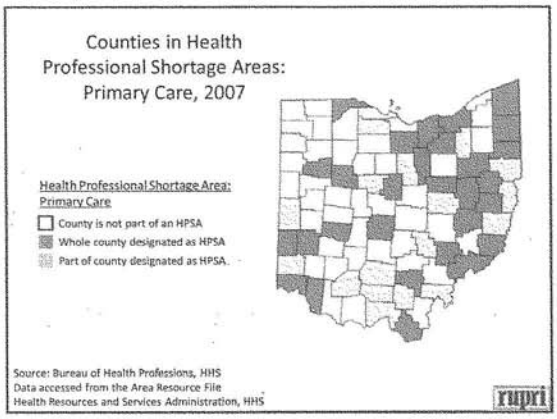
Nationally, nonfarm proprietors income accounted for 9 percent of total personal income. In Ohio, this figure was 6.8 percent, and ranged from 2.8 percent to 21.8 percent in Ohio counties.

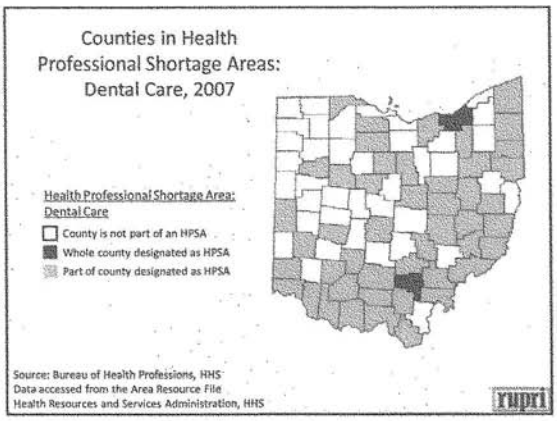


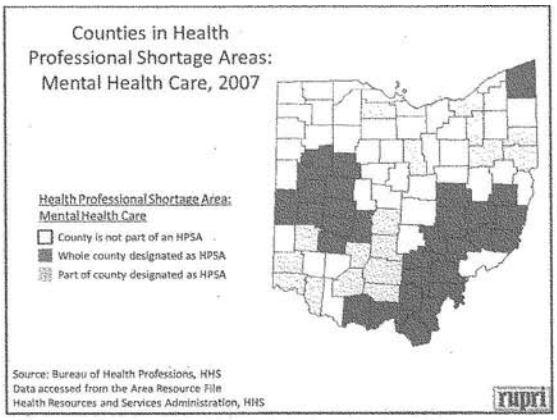
Health Professional Shortage Areas

Health Professional Shortage Areas (HPSAs) are designated for primary medical care, dentists, and mental health professionals. The designations are made by the Bureau of Health Professions within the Department of Health and Human Services. The maps below present the status of counties as being whole or in part designated as part of an HPSA.

Within Ohio, 46 counties were either whole or in part designated as a primary care HPSA; 49 counties were designated whole or part of a dental care HPSA, and 48 counties were designated whole or in part of a mental health care HPSA.

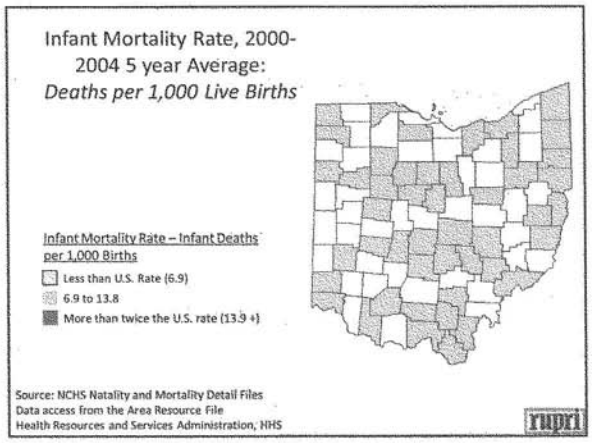






Infant Mortality

The infant mortality rates are a 5 year average of infant deaths per 1,000 live births. The infant mortality rate is 6.9 for the U.S. and 7.7 for Ohio. 46 counties in Ohio had an infant mortality rate higher than the U.S. average.



Data Sources:

Bureau of Economic Analysis, Regional Economic Information System
http://www.bea.gov/bea/regional/reis/

Bureau of Labor Statistics, Local Area Unemployment Statistics
http://www.bls.gov/lau/home.htm

Department of Health and Human Services , Health Resources and Services Administration Area Resource File
http://www.arfsys.com/

U.S. Census Bureau

Population Estimates
http://www.census.gov/popest/estimates.php

Metropolitan and Micropolitan Area Classifications
http://www.census.gov/population/www/estimates/metrodef.html

Nonemployer Statistics
http://www.census.gov/epcd/nonemployer/

County Business Patterns
http://www.census.gov/epcd/cbp/index.html

Small Area Income and Poverty Estimates
http://www.census.gov/hhes/www/saipe/saipe.html

For questions and comments, please contact:

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Visit the RUPRI website at

http://www.rupri.org

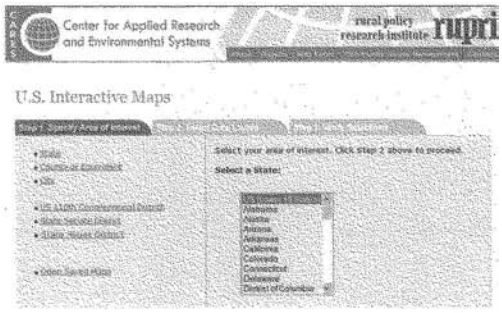
Make Your Own Maps with the CARES/RUPRI Interactive Map Room

A national level interactive mapping application jointly developed by the Center for Applied Research and Environmental Systems (CARES) and RUPRI is available at

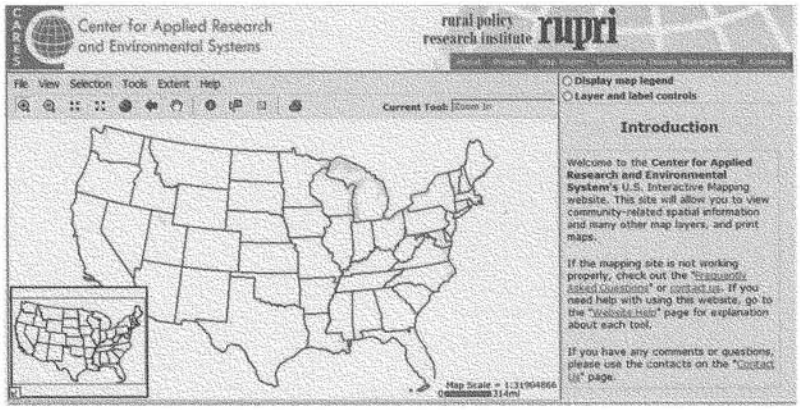
http://ims2.missouri.edu/step1.AOI/Ohiolist.asp

This three step map-making process allows you to select from over 500 GIS layers and create custom maps for your Ohio or the whole U.S.

Step 1: In the first step, select your Ohio of interest or the whole U.S.



Step 2: Select the indicators you would like to see mapped. Included are over 500 data layers, including demographic and economic indicators, health and human services indicators, health and education facility locations, emergency preparedness, and many others. We are working constantly to keep these data sets as up to date as possible.

Step 3: Verify your selections and make your map.

Once you have created your map, you can utilize a variety of tools to analyze or modify your map image, and you may print your map or download it to use in your own reports and presentations. The **help** section includes a series of frequently asked questions and a website help section that explains each tool available in the toolbar.