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AMENDMENTS TO THE RURAL DEVELOPMENT ACT

GOVERNMENT

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HEARING

BEFORE THE

SUBCOMMITTEE ON RURAL DEVELOPMENT

OF THE

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY UNITED STATES SENATE

NINETY-SIXTH CONGRESS

FIRST SESSION

ON

S. 670

A BILL TO AMEND THE RURAL DEVELOPMENT ACT OF 1972

AND

S. 892

A BILL TO EXTEND THE AUTHORIZATION OF APPROPRIATIONS FOR CARRYING OUT RURAL DEVELOPMENT RESEARCH, SMALL FARM RESEARCH, AND SMALL FARM EXTENSION PROGRAMS

APRIL 9, 1979

Printed for the use of the Committee on Agriculture, Nutrition, and Forestry



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CONTENTS

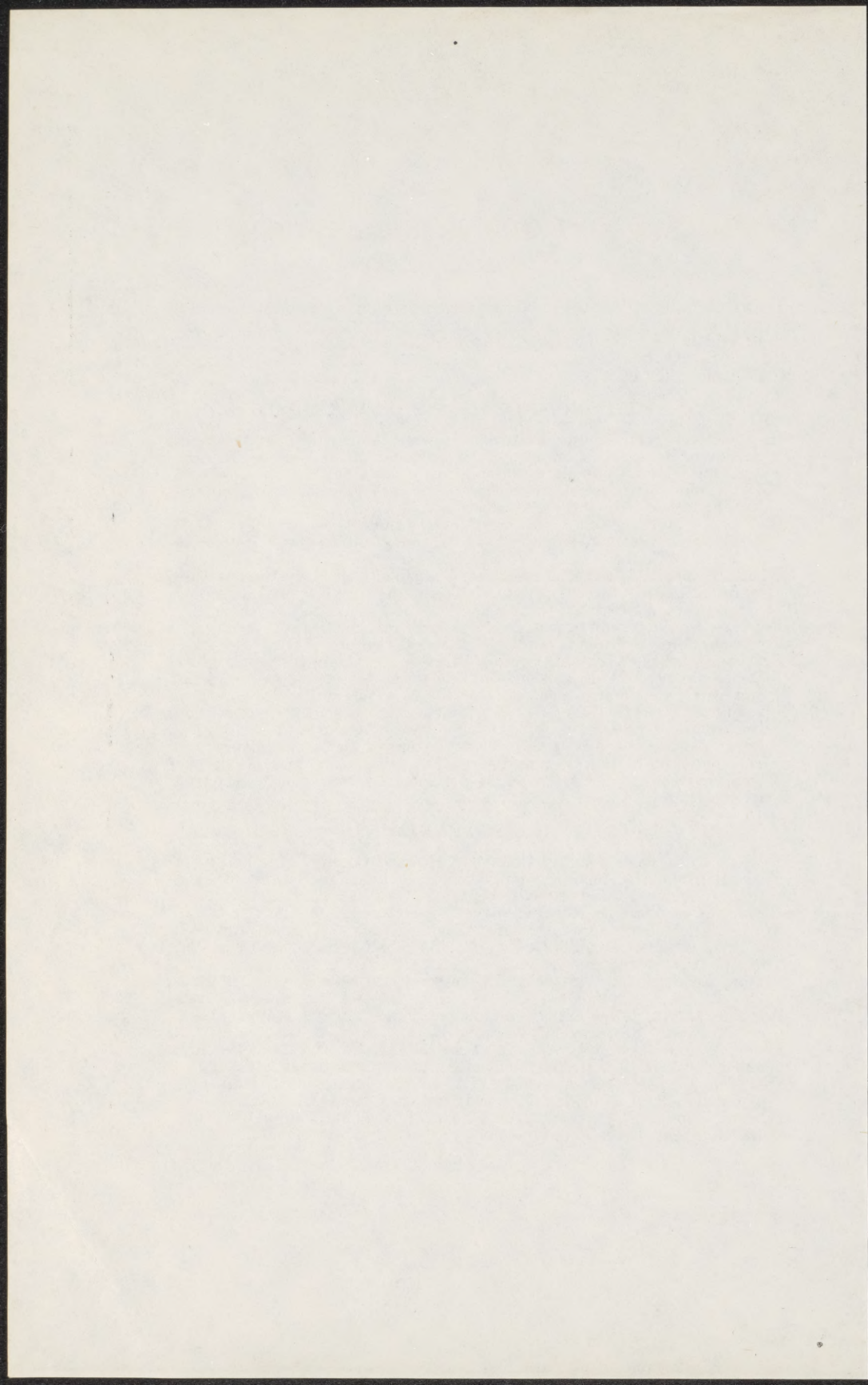
	Page
Leahy, Hon. Patrick J., a U.S. Senator from Vermont, opening statement.....	1
Text of S. 670.....	3
Staff explanation of S. 670.....	13
Text of S. 892.....	14
Staff explanation of S. 892.....	16

CHRONOLOGICAL LIST OF WITNESSES

Keeton, Ruth, chair, County Council of Howard County, Md., and member, Baltimore Regional Planning Council, on behalf of the National Association of Regional Councils; accompanied by Lee Gainer, staff member.....	16
Murray, William E., legislative specialist for rural development, National Rural Electric Cooperative Association.....	23
McNichols, Robert, administrator, Pulaski County, Va., and Francis L. Kuntz, commissioner, Elk County, Pa., representing the National Association of Counties.....	31
Wilson, Leonard U., research associate, Council of State Governments, also representing the Council of State Planning Agencies, National Governors Association, Waitsfield, Vt.....	36
Raphael, David, acting executive director, Rural America.....	39
Cornman, John M., president, National Rural Center.....	42
Bottum, John S., Assistant Deputy Director for Community and Rural Development, SEA, Extension; and Edward O. Moe, principal sociologist and rural development coordinator, SEA, Cooperative Research, on behalf of David G. Unger, Deputy Assistant Secretary for Conservation, Research and Education, U.S. Department of Agriculture.....	43
Shimel, William A., director, Vermont Extension Service, University of Vermont, Burlington, Vt., and Gerald A. Donovan, dean, College of Resource Development, University of Rhode Island, South Kingston, Rhode Island.....	47

APPENDIX

Keeton, Ruth, chair, County Council of Howard County, Md., and member, Baltimore Regional Planning Council, on behalf of National Association of Regional Councils, statement.....	53
Resolution of National Rural Electric Cooperative Association.....	55
McNichols, Robert, administrator, Pulaski County, Va., and Francis L. Kuntz, commissioner, Elk County, Pa., on behalf of National Association of Counties, statement.....	55
Wilson, Leonard U., Waitsfield, Vt., research associate, Council of State Governments, statement.....	58
Raphael, David, acting executive director, Rural America, statement.....	62
Cornman, John M., president, National Rural Center, statement.....	66
Unger, David G., Deputy Assistant Secretary for Conservation, Research and Education, U.S. Department of Agriculture, statement.....	69
Donovan, Gerald A., dean, College of Resource Development, University of Rhode Island, Kingston, Rhode Island, statement.....	71
Powers, Ronald C., director, North Central Regional Center for Rural Development, Iowa State University, Ames, Iowa, statement.....	73



AMENDMENTS TO THE RURAL DEVELOPMENT ACT (S. 670 and S. 892)

MONDAY, APRIL 9, 1979

U.S. SENATE,
SUBCOMMITTEE ON RURAL DEVELOPMENT OF THE
COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY,
Washington, D.C.

The subcommittee met, pursuant to notice, at 1:04 p.m., in room 324, Russell Senate Office Building, Hon. Patrick J. Leahy (chairman of the subcommittee) presiding.

Present: Senators Leahy and Stewart.

STATEMENT OF HON. PATRICK J. LEAHY, A U.S. SENATOR FROM VERMONT

Senator LEAHY. Good afternoon. The Subcommittee on Rural Development of the Committee on Agriculture, Nutrition, and Forestry will come to order. The purpose of today's hearing is to hear testimony on the Rural Development Policy and Coordination Act and reauthorization of title V of the Rural Development Act of 1972. The first part of this hearing will be on the Rural Development Policy and Coordination Act, and the remaining hour will deal with the reauthorization of title V.

Each of the witnesses will be allowed 15 minutes to give their testimony and to answer any questions of subcommittee members who may be here. I would ask each witness, to the extent they can, to submit their statements for the record and summarize their statements; I would rather use the time to be saved by that to go into additional questions.

I introduced S. 670, the Rural Development Policy and Coordination Act, because of comments I hear daily about the problems that local and State governments face in trying to deal with the Federal Government. I hear this every week when I go back to my own State of Vermont, and these smaller governments are extremely frustrated when trying to make sense of and coordinate the fragmented, uncoordinated, and disjointed Federal programs that are supposed to serve their needs.

Now, it seems to me that there are three major reasons for this frustration. First, the Federal Government has no consistent means of assessing rural development needs or setting goals to meet these needs and measuring progress toward reaching these goals.

Second, nobody in the Federal Government has the effective responsibility to coordinate and integrate Federal rural development programs. Finally, even if the Federal house were in order, State and

nonmetropolitan local governments simply do not have the expertise and capacity to deal with the complexities of today's intergovernmental system.

What all this adds up to is a need to establish a process whereby private citizens, the private sector, local, State, area, regional, and national officials can take part in the formulation and implementation of rural developmental policy. A process like this is necessary, and the perspectives and differences of individual rural areas are to be nurtured, but at the same time certain national values like civil rights, fair labor practices and environmental concerns are to be preserved; S. 670 would provide that process.

At the present time, we have no systematic way of knowing what conditions exist throughout rural America. Consequently, we cannot rank our priorities to meet the most pressing needs. It is almost as if, if you cannot show it on a graph, there must not be a problem.

As I look around at a number of people who are in this room, they are painfully aware of the ills of rural America. We understand the poor housing, the inadequate transportation, and bad health suffered by rural areas. But to change this and to address these needs, we must have sound, systematic information. S. 670 would provide that information.

Currently, State and local governments are woefully inadequate to address their rural needs. They cannot address these needs themselves and they are without the expertise and capacity to move the Federal Government to assist them in an equitable manner. S. 670 would provide that capacity and expertise.

The Rural Development Policy and Coordination Act is by no means the perfect vehicle to address all rural concerns. If it were, there would be no reason for today's hearings. I am hopeful that you can tell us how the subcommittee can make S. 670 better to serve the coordination, data, and capacity needs of rural America.

Some have asked why the witness list for today's hearing does not include someone from the Department of Agriculture. The reason is that Secretary Mercure testified on S. 670 a week ago today. In general, he supported the legislation; he liked the new coordinating responsibilities of the Secretary of Agriculture. He liked the new reporting requirements; he liked the new State responsibilities.

It seemed that the only aspect of S. 670 that he was uncomfortable with was the money it authorized. As oftentimes happens in rural programs, or programs that would aid rural areas, everybody likes them very much so long as they do not cost anything.

He believed that the States could and would carry out their responsibilities without section 111 planning grants. I would like to hear what the State and local governments have to say about that, and hear them address whether indeed those functions would be carried out without the money.

Secretary Mercure also said that the new reporting and coordinating responsibilities of the Secretary of Agriculture could be done without the \$3 million provided in S. 670 for those purposes. Now, that was an interesting comment that I can assure you we will keep in mind during markup of the bill.

At this point in the record I will insert S. 670 and S. 892 with accompanying staff explanations of each bill.

[S. 670 and S. 892 with accompanying staff explanations follow:]

96TH CONGRESS
1ST SESSION

S. 670

To amend the Rural Development Act of 1972.

IN THE SENATE OF THE UNITED STATES

MARCH 15, (legislative day, FEBRUARY 22), 1979

Mr. LEAHY introduced the following bill; which was read twice and referred to the Committee on Agriculture, Nutrition, and Forestry

A BILL

To amend the Rural Development Act of 1972.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Rural Development
4 Policy and Coordination Act of 1979".

5 SEC. 2. (a) Congress finds that:

6 (1) Rural development was given the highest pri-
7 ority in the Agricultural Act of 1970 (title IX, section
8 901(a)) as a means of achieving a sound balance be-
9 tween rural and urban America which Congress

1 termed so essential to the peace, prosperity, and wel-
2 fare of all our citizens.

3 (2) Congress passed the Rural Development Act
4 in 1972 as a manifestation of this commitment to rural
5 development.

6 (3) In section 603(4)(b) Congress assigned the
7 mission for rural development to the Secretary of Agri-
8 culture authorizing and directing him to provide leader-
9 ship and coordination within the executive branch of all
10 Federal rural development efforts and programs as well
11 as assigning him the "responsibility for coordinating a
12 nationwide rural development program utilizing the
13 services of executive branch departments and agencies,
14 bureaus, offices, and services of the Department of Ag-
15 riculture in coordination with rural development pro-
16 grams of State and local governments."

17 (4) Congress finds that this mandate has yet to be
18 implemented and that the need for coordination of rural
19 development programs is even more pressing today
20 than in 1972.

21 (5) Congress finds that the programs of many
22 Federal departments and agencies impact on rural
23 areas.

24 (6) Congress finds that this lack of coordination is
25 resulting in wasteful duplication of efforts, conflicts

1 among Federal programs, and excessive bureaucratic
2 redtape and confusion which is hindering effective de-
3 livery of services and assistance to rural areas.

4 (7) It is therefore the purpose of this Act to pro-
5 vide for effective implementation of the congressional
6 mandate of the Rural Development Act of 1972.

7 SEC. 3. (a) Section 526 of the Revised Statutes (7
8 U.S.C. 2204), as amended, is amended by striking out the
9 last two sentences in subsection (b) and inserting in lieu
10 thereof the following: "In carrying out this responsibility the
11 Secretary of Agriculture shall establish and maintain a rural
12 development policy management process involving local and
13 State governments and all executive branch departments and
14 agencies and major private sector institutions having policies
15 and programs affecting the quality of life in rural (nonmetro-
16 politan) areas. The elements of this policy management proc-
17 ess shall include—

18 "(1) the development, collection, and assessment
19 of data and information to determine and compare rural
20 and nonmetropolitan conditions, problems, needs, and
21 opportunities at the national, multistate, State, and
22 substate levels, and the impact of governmental poli-
23 cies and program actions thereupon;

24 "(2) the formulation of broad, long-range rural de-
25 velopment goals, policies, and strategies, at the nation-

1 al, multistate, State, and substate levels that are con-
2 sistent with the balanced growth and development of
3 the Nation;

4 “(3) the establishment of short-range rural devel-
5 opment strategies, plans, and program objectives by
6 Federal, State, and local agencies that are consistent
7 with the long-range strategies and support long-range
8 goals; and

9 “(4) the periodic reporting of progress towards
10 meeting the broad long-range national goals and specif-
11 ic short-range program objectives and the identification
12 of needed changes in program emphasis.

13 SEC. 4. (a) Section 901 of the Agricultural Act of 1970,
14 is amended by—

15 (1) striking out the last sentence in subsection (b);
16 and

17 (2) striking out subsections (c), (d), (e), and (f) in
18 their entirety.

19 (b) Section 603(c) of the Rural Development Act of
20 1972, is amended by—

21 (1) amending paragraph (2) to read as follows:

22 “(2) The Secretary shall make an appraisal every five
23 years of rural conditions, needs, problems, and opportunity in
24 rural areas of the United States. The Secretary’s report of
25 this appraisal shall be delivered to the Speaker of the House

1 of Representatives, the President of the Senate, the chairman
2 of the House Committee on Agriculture, and the chairman of
3 the Senate Committee on Agriculture, Nutrition, and Forest-
4 ry on the first day after Congress convenes in 1981 and on
5 that day every five years thereafter. Each appraisal shall in-
6 clude—

7 “(A) broad, long-range national rural development
8 goal statements that reflect national policy with re-
9 spect to the quality of life in rural areas and that are
10 consistent with the balanced growth and development
11 of the Nation;

12 “(B) an inventory of specific problems, needs, and
13 opportunities for development as they relate to national
14 rural development goals;

15 “(C) recommended long- and short-range strate-
16 gies needed to address the problems, needs, and oppor-
17 tunities identified in the inventory; and

18 “(D) recommended policy, program, and budget
19 changes needed to implement the proposed develop-
20 ment strategies.”; and

21 (2) adding new paragraphs (3) and (4) to read as
22 follows:

23 “(3) The Secretary shall make a biennial report on
24 progress toward attaining national rural development goals.

25 This report shall be submitted to the Speaker of the House of

1 Representatives, the President of the Senate, the chairman of
2 the House Committee on Agriculture, and the Senate Com-
3 mittee on Agriculture, Nutrition and Forestry on the first day
4 after Congress convenes in 1979 and on the day every two
5 years thereafter except in those years in which the five-year
6 rural development progress appraisal is submitted. Each bi-
7 ennial report shall include—

8 “(A) a section that compares rural and metropoli-
9 tan employment, income, and population conditions and
10 trends;

11 “(B) a section that identifies and discusses the
12 problems, needs, and opportunities of those rural areas
13 that differ significantly in terms of employment,
14 income, and population experience from metropolitan
15 standards;

16 “(C) a section that appraises the current status of
17 housing in rural areas, analyzes conditions affecting
18 rural housing, analyzes Federal rural housing action,
19 and provides information on the Federal program strat-
20 egies to be employed over the next succeeding two
21 years to address the Nation’s rural housing problems.
22 In addition, this section shall identify specific rural
23 areas and population groups having the greatest hous-
24 ing needs and provide information on the short-range

1 strategies to be employed by the Federal Government
2 to address those needs;

3 “(D) a section on rural community facilities and
4 services. This section shall contain data and informa-
5 tion reflecting the needs of rural (nonmetropolitan)
6 America for selected community facilities and services
7 and a statement of the Federal strategy to be em-
8 ployed to meet those needs. The specific community
9 facilities and services to be assessed in each biennial
10 report shall be selected after consultation with the
11 House Committee on Agriculture and the Senate Com-
12 mittee on Agriculture, Nutrition, and Forestry and in
13 consideration of the availability of current data;

14 “(E) a section of the needs of disadvantaged rural
15 people. This section shall review the needs and prob-
16 lems of selected population groups and describe the
17 Federal strategy for addressing their problems; and

18 “(F) a section analyzing Federal outlays in rural
19 areas as contrasted with those in metropolitan areas.

20 “(4) The Secretary is authorized to initiate new and
21 expand ongoing research and development efforts related to
22 the solution of rural development, economic, technology, and
23 social problems.”.

24 SEC. 5. There is authorized to be appropriated annually
25 not to exceed \$3,000,000 for the development of a rural de-

1 velopment policy management process which shall include
2 both an appraisal every five years of rural conditions, needs,
3 problems, and opportunities, and a biennial report on prog-
4 ress toward attaining national rural development goals.

5 SEC. 6. (a) Section 111 of the Rural Development Act
6 of 1972 is amended to read as follows:

7 "SEC. 111. RURAL DEVELOPMENT POLICY MANAGE-
8 MENT GRANTS.—Section 306(a) of the Consolidated Farm-
9 ers Home Administration Act of 1961 is amended by adding
10 at the end thereof a new paragraph as follows:

11 "(11) The Secretary may make grants, not to exceed
12 \$20,000,000 annually, to State government and State gov-
13 ernment-designated area planning bodies to assist in estab-
14 lishing and maintaining the rural development policy man-
15 agement process provided for in subsection (b) of section 526
16 of the Revised Statutes (7 U.S.C. 2204), as amended, at the
17 State and substate levels. Such grants are to be used to es-
18 tablish and maintain a process to—

19 "(A) collect data and information needed to
20 assess area and State rural conditions, needs, prob-
21 lems, and opportunities;

22 "(B) establish local and State government rural
23 development policies, strategies and program objectives
24 to address these conditions, needs, problems, and op-
25 portunities;

1 “(C) enable participation by the grantees in the
2 Federal, State, and local rural development policy
3 management process;

4 “(D) design, in conjunction with other levels of
5 government, programs needed to implement rural de-
6 velopment goals, objectives, and strategies; and

7 “(E) provide for a flow of rural development in-
8 formation among the citizens, local governments, des-
9 ignated substate planning bodies, State governments,
10 and the Federal Government.’”.

11 SEC. 7. As used in this title the term “rural (nonmetro-
12 politan) area” means all the territory of a State, the Com-
13 monwealth of Puerto Rico, the Virgin Islands of the United
14 States, American Samoa, or Guam that (1) is not within the
15 boundary of any standard metropolitan statistical area, as
16 designated by the Office of Management and Budget, and (2)
17 in addition, all territory within any such standard metropoli-
18 tan statistical area that is also within counties, parishes,
19 towns, plantations (in Maine), and townships having a popu-
20 lation density of less than two hundred persons per square
21 mile, as determined by the Secretary of Agriculture accord-
22 ing to the latest census of the United States.

23

SEPARABILITY

24 SEC. 8. If any provisions of this Act or the application
25 thereof to any person or circumstance is held invalid, neither

1 the remainder of this Act nor the application of such provi-
2 sions to other persons or circumstances shall be affected
3 thereby.

STAFF EXPLANATION OF S. 670

S. 670, the Rural Development and Coordination Act of 1979, requires the Secretary of Agriculture to establish and maintain a rural development policy management process. The process would (1) involve local and State governments and all executive branch agencies and major private institutions having policies and programs affecting the quality of rural life, and (2) establish long- and short-term rural development strategies, plans, and program objectives.

The bill requires the Secretary to make an appraisal every five years of rural conditions, needs, problems, and opportunities. The first appraisal would be delivered to Congress on the day after Congress convenes in 1981 and every five years thereafter. The appraisal would contain broad, long-range national rural development goal statements that reflect national policy and are consistent with the balanced growth and development of the Nation; an inventory of specific problems, needs, and opportunities for development; recommended long- and short-range rural development strategies; and recommended policy, program, and budget changes needed to implement the proposed development strategies.

The Secretary would be required to submit to Congress a biennial report on the progress made toward attaining national rural development goals.

The bill authorizes annual appropriations of not more than \$3 million for the development of the rural development policy management process, which is to include the five year appraisals and biennial progress reports.

The bill provides that the Secretary may make grants—not to exceed \$20 million annually—to State government and State government-designated area planning bodies to assist in establishing and maintaining the rural development policy management process required by the bill.

The bill also repeals the requirements in existing law for four annual reports to Congress from the Executive branch on certain aspects of rural development.

96TH CONGRESS
1ST SESSION

S. 892

To extend the authorization of appropriations for carrying out rural development research, small farm research, and small farm extension programs.

IN THE SENATE OF THE UNITED STATES

APRIL 5 (legislative day, FEBRUARY 22), 1979

Mr. LEAHY (for himself and Mr. STEWART) introduced the following bill; which was read twice and referred to the Committee on Agriculture, Nutrition, and Forestry

A BILL

To extend the authorization of appropriations for carrying out rural development research, small farm research, and small farm extension programs.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 503 of the Rural Development Act of 1972 (86
4 Stat. 672, as amended; 7 U.S.C. 2663) is amended by—

5 (1) amending subsection (a) to read as follows:

6 “(a) There are hereby authorized to be appropriated to
7 carry out the provisions of this title, except subsections (c)
8 and (d) of section 502, not to exceed \$20,000,000 for each of

1 the fiscal years ending September 30, 1980, September 30,
2 1981, and September 30, 1982.”; and

3 (2) amending subsection (c) to read as follows:

4 “(c) There are hereby authorized to be appropriated to
5 carry out subsections (c) and (d) of section 502 of this title
6 not to exceed \$20,000,000 for each of the fiscal years ending
7 September 30, 1980, September 30, 1981, and September
8 30, 1982.”.

9 SEC. 2. The provisions of this Act shall become effective
10 October 1, 1979.

STAFF EXPLANATION OF S. 892

S. 892 extends for three fiscal years (through fiscal year 1982) the authorizations for appropriations for rural development extension programs, rural development research, small farm research, and small farm extension programs contained in section 503 of the Rural Development Act of 1972.

The rural development extension programs provide information, including technical services and educational activities, to facilitate and encourage the use and practical application of rural development information.

The rural development research program consists of research, investigations, and basic feasibility studies in any field or discipline that may develop principles, facts, scientific and technical knowledge, new technology, and other information that may be practical and useful in achieving increased rural development.

The small farm research and extension programs consist of programs to develop new approaches for upgrading small farmer operations through management techniques, agricultural production techniques, new marketing techniques, new products, farm machinery technology, and small farm finance.

Senator LEAHY. Our first witness today will be Ruth Keeton from the Howard County, Md., County Council. Ms. Keeton will be testifying as a representative of the National Association of Regional Councils.¹

Why don't you come up here?

Ms. KEETON. Lee Gainer of our staff, may she come, too?

Senator LEAHY. Certainly.

STATEMENT OF RUTH KEETON, CHAIR, COUNTY COUNCIL OF HOWARD COUNTY, MD., AND MEMBER, BALTIMORE REGIONAL PLANNING COUNCIL, ON BEHALF OF THE NATIONAL ASSOCIATION OF REGIONAL COUNCILS, ACCOMPANIED BY LEE GAINER, STAFF MEMBER

Ms. KEETON. Senator Leahy, we want to thank you for initiating the legislation that we have before us today, and I also want to express my appreciation for you joining Senator Magnuson in sponsoring S. 795.

Senator LEAHY. Thank you.

Ms. KEETON. That is a whole area I have worked on in Howard for 4 years now.

Senator LEAHY. I know you have, and both Senator Magnuson and I hope it can be successful. Similar legislation, as you know, has been introduced by my colleague in the House.

Ms. KEETON. I know; he lives in our county and he serves on our local farm preservation board. We are very appreciative of Vermont.

Senator LEAHY. Thank you.

Ms. KEETON. As you know, I am Chair of the County Council in Howard County, Md., and I am also a member of the Baltimore Regional Planning Council. I am here today to speak on behalf of the National Association of Regional Councils.

Just to make it briefly clear, the National Association of Regional Councils represents 350 of the 600 existing regional councils, and over two-thirds of these are rural councils. In our case, we include both Baltimore and the rural counties around the periphery of that. A great number of councils have rural constituents.

¹ See p. 53 for the prepared statement of Ms. Keeton.

Regional councils are public organizations encompassing a regional community in which local governments have opportunities to meet together. Frankly, I find that I have much better odds if I can work directly with the State people or with my neighbors on solving things than if I attempt to stand alone, so it has been a very productive relationship for our county.

We participate, as you know, in many different, major service areas that impact our urban residents and rural residents. The National Association of Regional Councils, as an association representing both rural and urban areas, has long seen the need for rural development strategy.

I think that as we did the general development plan for our region, we focused on concentrated urban growth, and then we agreed that we must also try to do a similar plan for the rural part of our region. While we were able to deal with some components of that, I think there has been a real differential in focusing on the capacity of people who live in rural areas to have their comprehensive needs addressed, so I really welcome what you have before us today.

I think we feel the same way at the Federal level; that it is urgent that we formulate a comprehensive rural policy before it is too late, in a sense, so that our focus on urban policy is balanced and integrated with what must happen in rural areas, also. While there has been some initial movement in that direction, it just sort of pokes along, from our point of view.

I think it would be fair to say that the administration's movement toward this comprehensive rural development strategy has been sluggish, and the Department of Agriculture needs additional guidance from Congress so that it can more vigorously pursue its responsibilities.

In my experience in testifying for farmland preservation, the Department frequently assures us they have all of the data and the kinds of things you are talking about here, but it does not fit in terms of where we live and how we work. While we appreciated their services and their data, I think what we have come to tell you today is that we think we need a bottom-up approach, so that the planning and the knowledge that is put together is done from the base of the communities that it is meant to serve and not left up here at Federal level.

So we are very encouraged by your legislation, and we particularly want to speak in support of section 111.

Senator LEAHY. Do I understand by that you think with this legislation, it would be easier for your local and your regional governments to coordinate Federal rural development programs?

Ms. KEETON. Yes.

Senator LEAHY. Do you see the same problem that I do? So often, programs are put together in Washington, probably with the best of intentions, with some idea of having them developed for an average rural area, whatever that might be.

Ms. KEETON. That is what I am talking about; you are right.

Senator LEAHY. An average rural area in Maryland is different than Vermont, which is different than one in Oklahoma.

Ms. KEETON. Even in Maryland, where we go to the tip of Garrett County, and then go to the Eastern Shore; those are two very different communities. In one area, you have coal; in the other, you raise chickens and do seafood, and all of those kinds of things.

I think the resources need to be based on a comprehensive understanding of what is right for the people there. Rural people are scattered broadly, and even trying to put together data on the underemployed or the low income in a rural area is difficult—they are not altogether and they are scattered out. The whole strategy of identifying needs and issues and what makes sense to try has to really be localized.

Senator LEAHY. Our home in Vermont is at the end of several miles of dirt road and we had somebody from outside of the State tell us what a lovely rural road it was. After they left, one of my kids asked me, "Dad, I did not realize this was a rural road; I thought the rural road was the one where it was so narrow that you had to stop and pull off into the bushes when another car came." We have two lanes on that road.

Ms. KEETON. That is civilized.

Well, my family still farms in Iowa where I grew up, and they are fussing, on the other hand, about an interstate that is going diagonally across their farmland. The roads in both extremes are a real component of what would need to be in a comprehensive plan.

Senator LEAHY. What do you think about a county no longer being an eligible direct recipient of section 111 funds?

Ms. KEETON. I wanted particularly to talk about my personal experience with regional bodies in relation to that kind of question. I think counties have varying degrees of capacity to do this themselves. But the A-95 agency that we would strongly recommend be designated as a regional entity to do this has also the responsibility for 208, which has particular emphasis on nonpoint pollution and rural water quality; for transportation; for housing, including rural housing, so that we incorporate small municipalities as well as the rural and the urban counties.

Every single part of that region—and I happen to chair that committee—has access, then, to the resources they need from the pool. If they were trying to work their way through all of the regulations and considerations and data base, and what have you, on their own, the odds for success are not nearly as great as if you have an opportunity to have a regional entity where there is professional staff to back up local staff and where there can be subcontracts and agreements for local counties to do what they want in a cooperative relationship.

But the mechanics of the whole grant and research process and the overall basic data can be coordinated by a council and put together in a way that enhances the capacity of the local jurisdiction to do its job well.

We have no objections to counties being eligible, but I do not think that in my experience it has not been a disadvantage to counties to also have the alternative structure.

Senator LEAHY. The reason I asked is I was just looking at some statistics we have here; there are roughly 2,500 nonmetropolitan counties in the Nation.

Ms. KEETON. And do you know how many—I am not sure we know how many of those are incorporated in—

Senator LEAHY. Well, let us say they were direct recipients of section 111 funds. If they were, could the Secretary of Agriculture effectively coordinate all of their rural development activities through the rural development management process?

Ms. KEETON. Well, do you think he is going to do that?

Senator LEAHY. Well, I am asking you if you think it could be done?

Ms. KEETON. I beg your pardon.

Senator LEAHY. I am serious; do you think it could be done?

Ms. KEETON. I guess I am not quite sure how far all this is going to go. I am very much in favor of setting the policy framework, and I think that to the extent locals can coordinate, and choose to coordinate—you see, we make choices, in some cases, to go collectively because it seems to add up and make sense.

I have also heard counties that were involved in transportation issues speak up in our meetings about the value they have had in terms of being able to communicate not only at the Federal level but with the State agencies through a coordinated vehicle.

So I guess my suggestion would be that in some cases where counties are the only resource or where they represent a significant rural area, it makes sense to give them the choice. We have no problem with counties participating. However, we feel that regional councils should be the preferred entities for section 111.

Senator LEAHY. Otherwise, you would go through State and regional governments?

Ms. KEETON. Yes. By region, there is always the question of what that is. Without re-creating the wheel, the A-95 designated body may be an appropriate one for that.

Senator LEAHY. I will yield to Senator Stewart for questions.

Senator STEWART. I hope this is the first witness, because this is the first statement I have read, so if you are not she, I am asking the wrong person.

Ms. KEETON. I am she.

Senator STEWART. Ruth Keeton?

Ms. KEETON. Yes; thank you.

Senator STEWART. There were a few statements on page 2 of your testimony that I was fairly interested in; Senator Leahy may have covered them.

Ms. KEETON. Go right ahead.

Senator STEWART. In the fourth paragraph down, you think it would be fair to say that the administration's movement toward a comprehensive national rural development strategy has been sluggish. What do you mean by that? Are you telling us they have not done a whole heck of a lot in that area?

Ms. KEETON. They are committed to doing it, but the product does not come forth very fast.

Senator STEWART. Why is that? I have been trying to find that out for the last 1½ months. Pat has been trying to find out; I have not been here as long as he has.

Senator LEAHY. I would like to hear it myself.

Ms. KEETON. Well, let me just give you a specific example. I have been following very carefully the efforts to explore an Executive order on farmland preservation as one of the cornerstones of rural development policy. I know that that material is now ready to go to the White House. They keep telling us that they will make a major rural development statement within the next few months.

Senator STEWART. Who keeps telling you they are going to make a major rural development statement?

Ms. KEETON. I have talked to Jack Watson about this, and that is my direct conversation on that.

Senator STEWART. That there will be a major rural development statement coming from the administration? How long have you been looking for that statement to be forthcoming?

Ms. KEETON. Well, we all have been looking for a while, and I think their efforts on reducing redtape in terms of the various kinds of program resources that are available have been a very positive step. If that model can be repeated in other ways, that will be very helpful.

Senator STEWART. I was impressed by Mr. Watson's statement the other day at a meeting that Senator Leahy got together; I was very much impressed by that.

Ms. KEETON. I think their efforts to look at rural transportation, which is moving—they are building some of the pieces of this, so I think there is definitely movement.

Senator STEWART. You say the progress is slow progress?

Ms. KEETON. Yes.

Senator STEWART. Not as fast as you would want it to be?

Ms. KEETON. Let me say that I am increasingly conscious of how many things go together to affect a rural community.

Senator STEWART. What about USDA now? You hit them pretty hard on that page, and I was interested in what you would have to say about that. You say:

To date, USDA appears to have done little in the way of coordinating the programs and resources of other Federal agencies to develop a comprehensive strategy for rural development.

Are you telling us again that they are not really concerned about rural development and are not doing anything about it?

Ms. KEETON. No; I think they are discovering, as many of us are, that policies that impact the rural community are often transportation policies; they are financial resources and loan capacity—they are water quality things. Heaven only knows that many of us are related to EPA in many different ways at this point.

Secretary Bergland did an Executive order about 4 months ago, asking that the impact of other Federal actions be increasingly looked at in setting a set of priorities in that directive for prime and productive land, and for the quality of life in rural communities, more focused on the lives of rural people. So that, I think, has been one kind of step that has been taken.

It is very difficult, as you know, to put together different turfs within any government, whether it be a local government or a Federal Government.

Senator STEWART. I think you put your finger on the problem. The President of the United States is committed to doing something about rural development; Senator Leahy and Senator Stewart are interested in it. Secretary Bergland is interested in it, and I think all of rural America is interested in it.

I do not know where the hamstrings are, but it seems that we have an awfully difficult time implementing policy because of some gaps that are there.

Senator LEAHY. I think one of the problems that exists is the inertia that has been built up over decades of neglect of rural America. I think a lot of it came about politically and historically from the fact that urban areas represented large blocks of votes that were easily identifiable and easy to go after by administrations of both parties.

I do not think there was any malice toward rural America, but it has the same results. The problems of the 1960's really demonstrated themselves graphically in the cities. The national news media, especially those that have to get television material put together in time for the evening news, grow increasingly lazy.

Senator STEWART. I did not mean to imply that newsfolks were lazy.

Senator LEAHY. Well, I think that some of the national ones are; they tend to go around and interview each other. Of course, in urban areas, a lot of them have their stations right there, or their apparatus right there. It is a lot easier to go and cover an urban story, to get out there at 10 in the morning and be back at 3 in the afternoon, and get the film developed and get it on the air.

Whereas, if you have to go out into the rural area, it is a lot more difficult; you have got to work for the story. So, instead, rural America is seen in "Charles Kurault on the Road," the kind of bucolic image of rural America where you do not have an awful lot of problems and everything looks very nice; the air is clean, the apples are red, and you can walk out at night without getting mugged.

Well, it does not show the fact that maternal death rates are a lot higher than in urban America; it does not show the fact that so many chronic illnesses are worse and more often fatal in rural America because there is a lack of primary health care. It does not show what happens if you have an energy crisis and the people have no transportation, and it does not show the fact that incomes are lower and housing is dilapidated, or anything else.

What we have been trying to do in the last 2 or 3 years is try to refocus that, and not in a way of saying we should neglect the cities by any means, but saying that it does not have to be an either/or thing; have your urban policy, but realize that an urban policy just cannot be grafted on a rural area simply by making it smaller.

Senator STEWART. The thing I get concerned about is that we make the same mistake, Senator Leahy, in the rural areas in development as we did in the urban areas, and you keep mentioning one of those mistakes, in my opinion, humble though it may be.

You talk about planning; are you talking about spending a good deal of money in planning? Today, I would like to have \$11.5 million for a 5-year rural health program in Alabama; I do not want it to go to a university down there.

Ms. KEETON. Why would it go to a university? What we are really proposing is not that at all, sir.

Senator STEWART. Well, let me finish my statement and then you can comment on it.

Ms. KEETON. Sure.

Senator STEWART. I do not want it to go to a planning agency either, because I do not think these folks at the local level, many times, know what to do about some of these health care problems; they just do not have the wherewithal to do it.

We have got, as he mentioned, a real problem in infant mortality; the second highest in the country. That is a figure I am not proud of. Stu Eizenstat said the other day that they were trying to fill the policy gap. I am trying to keep folks from dying in Alabama; that is what I am trying to do, working with our people down there.

You are not talking about spending a lot of money with the planning agency, are you?

Ms. KEETON. Well, let me say that in my experience, the planning agency is also increasingly an implementing agency. One of the things that has been wrong in the rural areas—if you have ever filled out any application for Federal money, you do not get it unless you get all of the data down.

Senator STEWART. Are we not talking about just increasing that kind of activity at the State level, though, when you set up a planning agency?

Ms. KEETON. I guess that those of us who are in counties who are at the bottom of the government structure feel that we are the ones that have daily contact with people, and we feel that our gut reactions and our knowledge of the kinds of things you are talking about are the bottom input that needs to go into identifying what is most important; we see the tools that regional planning bodies have.

I chair a county council, but in my experience the capacity to get the regional structure to deal with things that cut across county lines has really been an asset for both our rural and our urban areas.

Senator STEWART. I hate to be critical, but ours started out with about 2 or 3 folks working for it, and now it is up to about 120 people in a small regional area. Actually, what they do, as I understand it, is sort of a grantsmanship type of thing; they fill out the applications and that type of thing. That might be a good service for them to offer small communities, but I get concerned about putting another obstacle in the way of getting the money to where it is needed.

Ms. KEETON. I think that we deal with the delivery patterns that now exist, or else we try to create the ones that are most effective for the individual communities. So I would really urge you to take a look at whether this may not be an asset for that.

Senator STEWART. I want to get that \$11.5 million and try to fill that policy gap first that Stu was talking about. Once we do that, then we can work on the other things.

Ms. KEETON. I guess what I am trying to say is that the mechanisms for getting the money and the opportunity for the people who are there to say what the needs are and how they would like it delivered are the positive values of working from the bottom up.

Senator STEWART. I think they are. I just get worried sometimes about why, when we are working so hard up here—and I am johnny-come-lately; Senator Leahy has been doing it for 2 years now, almost, on this particular kind of thing. We have still got a problem out there. The administration came over and spoke with us about how they have been working on it.

Ms. KEETON. I guess we are impatient, like you; we would like to see it move.

Senator STEWART. I am as impatient as heck; I really am.

Ms. KEETON. And if I sound negative, it is because I am impatient.

Senator LEAHY. At least we got someone down at the other end of Pennsylvania Avenue to admit that things are not as rosy as everybody would think.

Senator STEWART. I did not mean any criticism toward the administration.

Senator LEAHY. I think that is a good start.

Senator STEWART. I am just trying to find the problem.

Senator LEAHY. I think that to the extent they have been moving away from the complexity of forms and grant applications that have to be filled out is another good step. I always worry that the more I look at those darned grant forms—and I realize the rationale for them, but I think that many times we get way beyond the rationale and it is no longer just cutting out fraud, and so on.

I think I would rather risk some of that money going to the wrong place than to see several times that amount of money used in the administration of programs, so that by the time they filter all the way down—well, we have gone over the time that we set-aside for Ms. Keeton. I appreciate you being here.

Unfortunately, like so many of these things, when we have these hearings I wish we could take each person who testifies and spend the whole time with them.

Ms. KEETON. Well, I have appreciated the opportunity to talk to both of you. Just in summary, we do feel, as you know, that many, many combinations of local jurisdictions are saying, "We need this kind of help to equip us to define our action items." We would urge you to support section 111 and we feel the regional structures can often be a way to facilitate that.

Senator LEAHY. Thank you very much.

Ms. KEETON. Good luck on it.

Senator LEAHY. Thank you.

The next witness is William Murray, counsel for the Rural Electric Cooperative Association. Mr. Murray, you are not a stranger to this table; you will notice that we changed the color of the top, though, since your last trip here.

**STATEMENT OF WILLIAM E. MURRAY, LEGISLATIVE SPECIALIST
FOR RURAL AREA DEVELOPMENT, NATIONAL RURAL ELECTRIC
COOPERATIVE ASSOCIATION**

Mr. MURRAY. Yes; I noticed that; it makes me feel so old. I have been in the rural development vineyard, I guess, for nearly 20 years. It has been a privilege to have appeared before this committee on numerous occasions.

Senator LEAHY. You appeared before this committee before I was old enough to vote.

Mr. MURRAY. Well, I would hardly say that.

Senator LEAHY. You have; I could not vote until I was 21 in Vermont.

Mr. MURRAY. Well, it was not this committee until the early 1970's, when the late, great Senator Humphrey served as its first chairman.

I am William E. Murray, incidentally, for the record. I would like to read my statement, Mr. Chairman, if I may. It is very brief and it says what I want to say, and I think I can get through it in good time.

Senator LEAHY. Excuse me. Senator Stewart?

Senator STEWART. Senator Leahy, I have got to testify before an appropriations subcommittee in regard to water projects.

Senator LEAHY. Would you like to ask some questions?

Senator STEWART. I would like, a little later on, to just pose some questions to Mr. Murray. I have not had the opportunity to take a look at his statement. I did not want him to think I was leaving for reasons other than I had been.

Mr. MURRAY. Well, before you go, I might mention, Senator, while we support the concept of this bill—we have been working, trying to solve this problem of coordination for about 20 years now, and while we commend this subcommittee for introducing this kind of a bill, it is our opinion that it would not achieve what I think you want to achieve.

It seems to us that the primary purpose of the bill is to create a coordinating mechanism that would work, and I do not think that the one you set up in this bill would do that job, and we have an alternative that we would suggest. So, in a nutshell, that is what we have to recommend.

Senator LEAHY. As I noted in the opening statement, one of the reasons for the hearing was to use the bill as a vehicle to get reactions from everybody, realizing that from the time the bill came here to the time we actually have markup on it, there very definitely could be changes.

Senator Stewart, I appreciate your coming here. I left space in the transcript at the beginning, if there was anything further you wanted to add; there is an area in the transcript for that purpose. Of course, any member of the subcommittee will be allowed to submit questions for the record.

Senator STEWART. I will be more than glad to do both. Mr. Murray, I want to check with you further about your suggestions, because as Senator Leahy said, that is what the purpose of the meeting is all about. I do not think that either he or I have all the answers; as a matter of fact, we are looking for the answers, and that is the reason for introducing the legislation.

Mr. MURRAY. You will give me credit for these 2 or 3 minutes, I hope.

Senator LEAHY. It will come out of my questioning time.

Mr. MURRAY. I think I can manage this very nicely. I would be very happy, Senator, to meet with you anytime.

Senator STEWART. Well, you are going to hear from me.

Mr. MURRAY. Good; thank you.

Well, I think I did briefly mention that this committee has a very fine record with respect to rural development. It was this subcommittee that gave birth to the Rural Development Act and, over the years, performed some very important oversight which I think resulted in the administration implementing rural development legislation a great deal more energetically than it would have if you had not had this oversight.

In respect to S. 670, I think it is very closely related to this matter of implementation, particularly of the Rural Development Act, as well as other rural development legislation. If the executive branch—and I think you mentioned this in your opening statement, Mr. Chairman—had been willing to carry out the intent of section 603 as Congress expected, then you would not have to be considering a bill such as S. 670 today.

For several years prior to the passage of the Rural Development Act, no one department or agency had been assigned the mission for rural development. In our opinion, one of the significant things about the Rural Development Act was that it assigned the mission for rural development, for the first time, to a single department, plus the authority to implement it, and this was, of course, the USDA.

We were very much involved in the evolution of the Rural Development Act, Mr. Chairman, and believe that section 603 was perhaps the most important section of the bill. We do take some pride in recalling that it was NRECA's recommendations which became the basis for section 603 authorities regarding coordination, leadership, and goal setting, so you can blame it on us to some extent, I suppose.

It is also understandable that we are interested in the Rural Development Policy and Coordination Act, the principal thrust of which is to provide a more effective coordinating mechanism for the Federal Government's rural development efforts.

In 1972, it was assumed that when Congress directed the executive branch to do something, whether the executive branch liked it or not, it would go ahead and do it. Therefore, we believe that Congress did not feel it necessary to write into the Rural Development Act specific instructions as to what kind of machinery should be set up to carry out the coordination assignment.

Unfortunately, however, as we have pointed out, no administration, either Republican or Democratic, has done very much to implement this congressional mandate. Under the Nixon and Ford administrations, the task was given to USDA's Rural Development Service, a very small agency which really could not be expected to do the job.

In fact, RDS had a very difficult time getting cooperation from its brother agencies at USDA, and did not always succeed in doing that. So by placing this authority that Congress gave the USDA in a very small agency, even though that agency did some fine work, it could only mean that it would not be possible to carry out the congressional intent. Of course, last year, RDS was folded into the Farmers Home Administration, where it has even less leverage to do this job than it did before.

We certainly agree with the findings of S. 670 and its objectives, which are enumerated in detail in section 2. Certainly, we would say that we have to know a great deal more about the dimensions of rural problems before we can develop an effective strategy. The provisions of section 3 would supply this essential information and data.

We do not believe, however, that the coordinating mechanism which S. 670 establishes, referred to as a "management process," would achieve the effective coordination which is the primary objective of the bill. In fact, we feel that it is even less explicit than the existing language in section 603. It seems to us that we should have learned from our experience with section 603 that if we expect the executive branch to follow instructions, we must be as explicit as possible.

Therefore, to remedy this deficiency, we would suggest that the subcommittee adopt the same kind of coordinating mechanism contained in the House version of S. 670, known last year as the Rural Development Policy Act. The number then was H.R. 10885, and we understand that this bill will be reintroduced in the House within a few weeks.

In our opinion, there is unanimous agreement that there must be a high degree of coordination among Federal departments and agencies, involving also the State and local governments and institutions, for rural development to accomplish the sound rural/urban balance which Congress committed itself to in the Agricultural Act of 1970.

This view dates back to the early 1960's when USDA Secretary Orville Freeman launched USDA's national rural development program. Several abortive attempts were made to supply needed coordination, beginning with a cabinet-level committee set up by President John Kennedy. Unfortunately, nothing very much came of that. Then, in 1972, Congress assigned the mission for rural development and the responsibility for coordinating it to the Secretary of Agriculture in the Rural Development Act.

This could and should have worked, and still might, if the administration gave it energetic backing. But we do not feel that this is likely and assume that this subcommittee shares that evaluation. Moreover, the proposals which the administration is recommending with respect to reorganization as it affects USDA would serve to reinforce the view that it does not intend to implement section 603. On the contrary, the proposed transfer of the Farmers Home Administration's business and industrial loan program would substantially diminish the Secretary of Agriculture's ability to direct and coordinate rural development.

S. 670 is yet another attempt to solve the elusive coordination problem, and for that this subcommittee is to be commended. However, it is our opinion that in its present form, S. 670 has no more chance of succeeding than section 603 which, we believe, it fragments and weakens.

The objective of the legislation is one we strongly support, but we seriously doubt that the bill would achieve it. The belief that the executive branch, through the White House, can coordinate rural development is one that we have held for many years. Experience with the Rural Development Act has caused us to change our opinion. The extensive oversight of the Rural Development Act performed by this subcommittee over the years reinforces that conclusion, notwithstanding the positive results your oversight has produced.

The alternative which has the best prospect, in our opinion, for achieving coordination among Federal agencies and departments is for Congress to assume the lead role. In section 603, Congress directed the Secretary of Agriculture to coordinate the Federal establishment's rural development efforts, but it failed to require the departments and agencies involved to cooperate.

Congress expected the executive branch to develop the machinery and the method, and so did we. But this did not happen, save for the token effort of the Rural Development Service. At the present moment, we are doubtful that even if the executive branch wanted to, it could carry out the section 603 mandate. It has just got too many things on its plate which have a higher priority than rural development. Daily, the White House is facing some major crisis, so they have all they can do to handle these things.

This alternative approach is contained in the House version of S. 670. Under it, Congress would establish a coordinating mechanism in the form of a Council made up of high level officials of the Department and agencies that have major rural development impact. There are approximately 14 of these. The existing Assistant Secretaries working group could be designated as the coordinating mechanism. Its purpose would be to assist the Secretary of Agriculture, who would chair the Council, in carrying out the directions of section 603 including developing a national rural development plan and long and short

term strategies, coordination of Federal programs, research, data collection, involvement of States and local governments and non-governmental institutions, and many of the other important assignments detailed in both S. 670 and H.R. 10885.

We believe that since each Federal department or agency represented on the Council would have a voice in the decisionmaking, a high degree of cooperation could be expected. Further, funds would be provided to permit the Secretary of Agriculture to finance the work of the Council as well as reimburse the participating Federal departments and agencies for their costs.

The Council would be a creature of the Congress. As such, Congress, through its oversight, could insure that its instructions would be implemented.

In respect to involving States and their subdivisions, again we prefer the approach taken in H.R. 10885 to the one in S. 670. As we interpret the language of S. 670 relating to this matter, we think it could result in serious weakening and fragmentation of Federal and State coordination, and could be duplicative. The language would seem to encourage 50 rural development plans, which could make it impossible to have a meaningful national rural development plan. The State plans, it seems to us, should be developed in the context of the national plan but geared to the specifics of how each State intended to implement the overall strategy.

Incidentally, the NRECA membership at its 1978 annual meeting unanimously endorsed the approach followed in H.R. 10885. A copy of that resolution is attached.¹

In summary, Mr. Chairman, we again wish to commend you and the subcommittee for giving this critical problem of coordination your attention and consideration. It is the vital missing link in rural development. Our recommendations have been made in the spirit of being as helpful as we can to your subcommittee as it proceeds to develop legislation that we are sure you hope, as we do, will result in the kind of effective and practical coordination which has eluded all of us for the past two decades.

Senator LEAHY. Let me ask you some questions here. You talked about the Rural Development Coordinating Council, How does this differ from the Secretary's Working Group on Rural Development?

Mr. MURRAY. Well, you could designate the Assistant Secretary's working group as that council.

Senator LEAHY. But you do not see it as being any different than the one that already exists?

Mr. MURRAY. Well, it would be a creature of Congress, though. That is an unofficial kind of a group; under your legislation, you would designate it.

Senator LEAHY. But if we designate it, does that mean that it is going to be any more or less effective than it being done unofficially?

Mr. MURRAY. Yes; they would have to report to you.

Senator LEAHY. Well, we have a number of things that are designated that are supposed to work and report to the Congress, and they are ineffective as heck. We could go down through them alphabetically and spend the next half hour just listing agencies, departments, and everything else that have been created explicitly by the Congress which have proved to be very, very ineffective.

¹ See p. 55 for the resolution referred to by Mr. Murray.

We can also look at some of the more effective things that were done in the administration that were done by fiat, such as the Inter-agency Coordinating Council that Jack Watson has put together. Does something mandated by us have to work better or worse than that?

Mr. MURRAY. Well, the group that Jack Watson has put together is another attempt by the White House to try to coordinate, and as I mentioned in my statement, the White House is not in a position to coordinate. We thought it could, and it cannot; it cannot really serve as a referee among Cabinet officers.

Senator LEAHY. You do not think they can referee among Cabinet Secretaries better than a committee or subcommittee of the Congress could?

Mr. MURRAY. I do not think so. I think experience has shown that they cannot, and if you set up a coordinating mechanism, and call it what you like, and you give instructions as to what it is supposed to do, which are contained in your bill and in the House version of your bill, and you supply the money to them—right now, most of these departments do not get reimbursed for any of this effort they make in respect to coordination—it should work.

If you have a council with each one of these departments—there are about 14 of them—having a voice in the decisionmaking and you have clear instructions in your bill as to what it is they are supposed to do, they establish a national plan and they develop strategies. You are the ones that control the purse strings, so you have a lot of ways of seeing to it that they implement what you are telling them to.

Senator LEAHY. I am concerned that we are getting sidetracked to looking at the name for this, rather than what they are supposed to do. You were talking about the money being available; we are talking about agencies now that have literally billions of dollars available to them, primarily to carry out the functions that we are talking about in this bill.

Why would appropriating more money be any assurance that it is going to get done? You say that they are not reimbursed, for example, for any of the coordinating work they do now. Well, of course, they are reimbursed for it; they have got multibillion-dollar budgets to carry out the functions that they are working together to coordinate.

Mr. MURRAY. Well, it really is not in their job description that they are coordinating, as per the instructions of this bill. The Secretary of Agriculture could have brought them all together before, which he did.

Senator LEAHY. But that is a bureaucratic thing to say that it is not within their job description. The reason we are having these programs is to get aid to rural areas. How much more of a job description do you need than that?

If I were the Secretary of an agency, for example, I would want no job descriptions on any of those departments so that I would have the flexibility to do what is needed to be done.

Mr. MURRAY. Apparently, in the Federal bureaucracy, unless it is in your job description, you are not obligated to do much about it, because that is how you get promoted and rewarded.

Senator LEAHY. It is a good thing there is no job description to be a Member of the Senate; I do not think I ever would have gotten here.

Mr. MURRAY. Well, I am glad you do not have job descriptions. But, in any case, we have tried this other way, Mr. Chairman, and it has not worked. We tried it under President Kennedy; we tried it under President Nixon and President Ford.

Certainly, the Secretary has all the authority right now in section 603 to do everything that is needed to be done, but it does not work that way. The last best hope, I guess, is for Congress to take the reins and say, "We will create this mechanism and you will report to us; we will provide the funds to provide the manpower and give the Secretary of Agriculture the authority to be the chairman and to set rules and regulations," and then the blueprint for what the coordinating mechanism does is contained in your legislation. It involves not only coordinating at the Federal level, but coordinating at the State and local levels.

Senator LEAHY. In that regard, my legislation does not require 50 State plans, but rather asking for cooperation and coordination between the Federal, State, and local governments. How would your coordinating council handle that problem; the fact that we are not asking for individual State plans, but asking for cooperation?

Mr. MURRAY. Well, that part of your bill appeared to me as a bit unclear. Now, maybe I misinterpreted it, but I felt that you could have as many as 50 rural development plans, and that these State plans should be developed in the context of the national plan. You certainly ask for a national plan in section 603, and we are still waiting for it. Certainly, that would be one of the primary things that this council or working group, or whatever you want to call it, performs.

Then the State plans would be in the context of this national plan, geared to the specifics of how the States are going to carry this out. I think to just dole it out to 50 States and hope that they do it themselves would fragment any real efforts to achieve effective coordination.

We already have a lot of this in place under the Farmers Home Administration; they have a very fine delivery system. They have district offices that are coterminous with the substate districts, and a lot of this machinery is already in place.

Senator LEAHY. The Rural Development Policy and Coordination Act is going to replace the current five reports on rural conditions. These five reports are on location of Federal facilities in rural areas, distribution of Federal outlays in the rural/urban split, levels of information and technical assistance to rural areas, levels of HUD money and Farmers Home Administration assistance available to rural areas, and an annual goals report by the Secretary of Agriculture.

Do you see problems with these current reports and, if so, are those problems alleviated at all by S. 670?

Mr. MURRAY. Well, that is a lot of question. I mean, you put the goals in the Agricultural Act of 1970 when you committed yourself to a sound rural/urban balance and said that rural development had to have a high priority, and the Rural Development Act was the manifestation of that. You included all these reports.

Senator LEAHY. That was one of the greatest preambles I have ever read, but I am not sure that an awful lot came out of it.

Mr. MURRAY. To date, I do not think those reports have been of very much value, and I think they do—I am not talking about all of them—impose a lot of work on the executive branch.

Senator LEAHY. Would S. 670 help that?

Mr. MURRAY. Well, I cannot recall exactly what part of S. 670—I think you repeal some of that, do you not? Do you not repeal some of the provisions of the Agricultural Development Act of 1970?

Mr. PIERCE. Senator, we repeal some of it.

Mr. MURRAY. Well, I would think so; yes. I think if you have a coordinating mechanism that you are providing oversight for, you are going to keep in close touch with what they are doing. Maybe the Federal Establishment cannot cooperate with each other. On the surface, it looks like it would be a very simple, logical thing to do, but even as you provide oversight over these White House initiatives, I think you will discover that they will not live up to the expectations because of lack of coordination, even though you have to give the White House a lot of credit for starting them. I think they are on the right track, but for somebody over at the White House to tell Mr. Califano that he is supposed to do this with Mr. Cavanaugh of Farmers Home, and so on, is not the easiest thing in the world.

The White House has so many other problems that it must use its influence and ingenuity on high-priority matters. It may consider that the rural health initiative does not fit into that high-priority category.

Senator LEAHY. So the argument can be made that if they cannot do it, who can?

Mr. MURRAY. The rural health initiative is not working as the press report said it was going to work, but it is still a very good idea. The rural transportation thing—on the one hand, you are doing away with the railroad lines, and they are talking about doing something for rural transportation.

Senator LEAHY. I have had more than a few comments about that recently. The only train going through Vermont was one of the ones cut out; not that I allowed any parochial interest to cloud my thinking whatsoever.

Mr. MURRAY. That is very statesmanlike; I want to commend you for that.

Senator LEAHY. I was able to rise above principle on it and look purely at the facts. Actually, it was a very interesting thing, because they took it out in typical fashion, without bothering to have any hearings to get any input from the people who were using it, or even getting correct figures. But we are digressing a bit.

I would ask you, would you be in favor of tying sections 603 and 111 functions together?

Mr. MURRAY. Well, section 111 is the planning, which probably ought to be clarified a little; it is pretty general. I do not see any reason why they should not be tied together. But unless we have a coordinating mechanism there is no guarantee that it is going to work. But I think this is the last best hope.

Senator LEAHY. But S. 670 could provide that coordinating mechanism.

Mr. MURRAY. Yes; but not in a fashion as it is presently written, it seems to me. Since this is the bill that would go to conference, I assume, with the House version, and the House version already has these things in it, it might be helpful to both the Senate and the House at this point to make them more alike. I do not know whether making that recommendation is out of order or not.

Senator LEAHY. I appreciate the recommendation. We will, of course, wait to see how the subcommittee and the full committee feels about it. We have, in the past, gone to conference with differences and been able to work them out, and we will at least get the benefit of discussion from both sides of the Hill.

Mr. MURRAY. I agree, but still the basic thrust is quite different, I think.

Senator LEAHY. I understand. That is why we wanted to get as much testimony as we could.

We are going to take a 5-minute break now.

Mr. MURRAY. Mr. Chairman, I appreciate this opportunity, and whatever I said was said in the spirit of being as helpful as possible.

Senator LEAHY. The main reason for the diverse people who are testifying today, those who have testified in the past, and those who are submitting material, is to try to get as many different views as possible.

Mr. MURRAY. Thank you very much.

Senator LEAHY. Our next witnesses are Robert McNichols and Francis Kuntz, on behalf of the National Association of Counties. Gentlemen, I appreciate your being here and any statement will be placed in the record in full.¹ To the extent that you can, I would like you to give me your summary position on S. 670 and then we will go into questions.

I understand from the floor that we are going to have votes this afternoon. We had not anticipated them, but now we are going to have them. As a result, the hearings will be shortened, unfortunately, and I want to get as many questions in here as we can. Who is going to start?

STATEMENT OF ROBERT McNICHOLS, ADMINISTRATOR, PULASKI COUNTY, VA., AND FRANCIS L. KUNTZ, COMMISSIONER, ELK COUNTY, PA., REPRESENTING THE NATIONAL ASSOCIATION OF COUNTIES

Mr. McNICHOLS. I am Robert McNichols, acting county administrator for Pulaski County, Va. It is good to see you again; I recall seeing you at the White House in early December. I commend you on your efforts with the National Rural Development Bank bill and I wish you every success with those efforts.

Senator LEAHY. Thank you very much. You have been helpful with that, and I think the interest that has been shown by rural areas is one of the reasons that that meeting came about. I think that in itself is a very, very good sign that people like yourself and myself who have been talking in these areas are finally being heard.

Mr. McNICHOLS. Well, we are most proud that you are having a voice in getting policy for rural America. I will summarize some of our concerns that we have concerning Senate bill 670. We commend the coordinating efforts of the bill. We would hope that more coordinating language could be written into the law so that the Department of Agriculture would be sure to implement the full policies that this committee desires.

¹ See p. 55 for the prepared statement of Mr. McNichols and Mr. Kuntz.

Senator LEAHY. Would you feel a lot more comfortable with Congress spelling out the specifics, rather than leaving it as something that could change from administration to administration and in the philosophy of secretary to secretary?

Mr. McNICHOLS. We have seen during the last 8 years many points of progress by the Department of Agriculture. However, there is a great deal that needs to be done in rural America that is not being done. We do appreciate their advocacy. However, we need more advocacy and we would feel far more comfortable as rural counties if Congress would take the initiative and spell out the desires that Congress wants implemented.

If I may, as concerns section 111, the National Association of Counties' position is that it has been a very good program and has been of outstanding assistance to those counties that have qualified for those planning moneys. We would like to see counties continue to have eligibility to apply for those moneys. We would not like to see limitations placed in the bill that would curtail counties which have the authority and power to implement the policies that planning would permit. That is what the bill provides, that we would not have the eligibility to apply.

Senator LEAHY. So you think that without specific language, section 111 moneys would not be able to go to counties?

Mr. McNICHOLS. The program, as presently implemented, accords eligibility to all groups. It is the language proposed in S. 670 to change the program that troubles me. It would provide funds only to sub-regional planning councils or sub-State councils or to the States themselves. I do not know of any rural planning school in the Nation that teaches people how to be rural planners. We have many urban planning schools, but no rural planning schools.

Senator LEAHY. That is an interesting fact that I had not considered in this, but I will. You may find yourself being quoted in some of my speeches.

Mr. McNICHOLS. It would indeed be a privilege. I would further note that the counties today certainly have much of the sophistication that our urban brothers have, or sisters. We have learned a great deal in recent years and have learned that we can plan for our own destiny and that we can implement what we plan.

I am not suggesting that all counties can, but many can, and we would like to have the opportunity to determine what our destiny would be.

Senator LEAHY. Go ahead.

Mr. KUNTZ. My name is Francis Kuntz from Elk County, Pa. I am here, Senator, in somewhat of a dual role, not only as a county commissioner but also as a board member and a former chairman of a local development district. I would like to highlight just a couple of points in the testimony that we have presented to you.

Section 6(a) of the bill proposes to limit the eligibility of this program to State and regional planning boards. Speaking as one who has seen both sides of the issue in terms of representing local government and also representing a regional planning and development district, I can say that without the local input, I am afraid that on occasion, in the bureaucracy of government, local people seem to get lost in the shuffle, in that people at the local level feel very strongly that they know what their needs are.

Unfortunately, when levels of government, from regional to State on up, start to dictate and to mandate services, there becomes a situation whereby a lot of dollars and a lot of effort is spent in planning, but very little ends up in implementation, simply because there is a difference of opinion as to what is best for whom.

Another item I would like to highlight in our testimony is the section that deals with the staffing of Farmers Home Administration county offices. In my opinion, the local county or district offices are perhaps the most successful and hardest working units of the Federal Government that I have ever seen. Unfortunately, they are tremendously understaffed just because of their close contact with the local people on a day-to-day basis. So many items that could be accomplished and so many things that could be done have sometimes been given a lesser priority, simply because there are not enough staff to do the work.

Senator LEAHY. I would like to underscore your testimony on that point about five times in the record, because Farmers Home programs have really been one of my concerns. I am starting my fifth session of the Congress now, and the first duty I had in the first Congress I served in was to deal, with some members of this committee, with some of the problems of Farmers Home.

I recall sitting in a temporary office we had, 4 or 5 days after I was sworn in; there were still packing crates around. The first legislative matter we were considering was the Farmers Home Administration. We went down the list of things that Farmers Home Administration is supposed to do, such as matters that this committee and others had set out, and then looked at what they had available to do it with. It was no wonder they were unable to do it.

I agree with you as to how hard working they are and how extremely important they have been to this country. But they have had to move so far away from those things that they were set up to do from lack of personnel; I hope that that word gets across.

Mr. KUNTZ. Well, your comments about the roads in your home area of Vermont were very interesting to me. I come from a county in north-central Pennsylvania that is 800 square miles and we have 42,000 people, so I can appreciate your comment about the roads. I hope that you can appreciate my comments about the traveling that our local Farmers Home Administration people do.

Our agricultural extension people out at Penn State University are spending more time traveling than they are really being of effective service to the people.

Senator LEAHY. Exactly; let us go into the rural counties particularly, because this is going to be one of the major parts of S. 670. If you have the counties as direct recipients of section 111 funds, could the Secretary of Agriculture effectively coordinate all of the rural development activities through a rural development management process or, conversely, would it be better to coordinate it at either the State or regional level and then allow them to send the money on to the counties? Let me be the devil's advocate a little bit in that question.

Mr. McNICHOLS. The Rural Development Act of 1972 provided that the Secretary of Agriculture would provide a mechanism for county and local input to the Department of Agriculture. To this date, that has not been fully implemented. Section 111 would provide a tool, through its planning process, to provide input to the Department of Agriculture.

So it would be a meaningful method of carrying out what you suggest.

Senator LEAHY. Can we get that kind of input from 2,500 non-metropolitan counties? I come from a very small State with very small communities, and there is a desire to have them do it on their own. Let me raise some of the questions that have been raised by some other Senators to me.

We run the risk of having the rural input so fragmented by the time you divide it by 2,500, however you divide that, as compared to having it coming from a much smaller number of either States or regional councils within the States. How do you answer that point?

Mr. McNICHOLS. Can I answer that particular point?

Senator LEAHY. Sure.

Mr. McNICHOLS. Turning your illustration around somewhat and starting with the State level and then spreading out the programing from the State to the local rural counties, if there were a direct pipeline to and from, then I would say it could be effective.

Unfortunately, it has been my experience that coming from the State umbrella, so to speak, to the local area, somewhere in between the State and local areas, it gets bound up in bureaucratic redtape; it gets bound up in logistics; it gets bound up in who is going to do what.

As a result, the end effect is that nothing gets done down at the local level. There are too many levels of administration in between. I would concede this, that the regional planning and development districts could be an effective tool in relaying this information back.

However, I am concerned about the gathering of this information being done strictly by that local development district, rather than inviting the local people to have direct input into what is finally relayed back upstairs to a higher level.

Senator LEAHY. Does it have to be either/or, or are you saying it could be both?

Mr. KUNTZ. It can be a combination of both, realistically. But I think there needs to be some directive, whether it be in the legislation itself or otherwise, that mandates that certain things be done so that they can effectively be done. So many times, we hear of all sorts of well-intentioned ideas, but unfortunately they do not get to fruition.

Bob here was involved in a study that was done a couple of years ago in developing a white paper on rural America and NACo's commitment to rural America, and I would just like to refer you to that cartoon in that particular issue which I think states the case very well. You have got millions and millions of dollars going into the top of the hopper, but when it comes out, it is 50 cents' worth. Unfortunately, too often that is the truth, because the levels of bureaucracy and administrative levels between the actual allocation of dollars and the final apportionment of dollars at the lower end are two different situations. I think a combination of both could be effective, but I would be concerned if there were not direct local input into the process.

Senator LEAHY. Thank you. That one light up there means we have a vote on the floor and I am going to have to leave in a couple of minutes.

Mr. McNICHOLS. If I could say one other thing, Senator Leahy, fragmentation could be termed by some as pluralism of interests, and it depends on your perspective. I would simply note one other thing, and that is that some counties do, in fact, have the sophistication and the concern and the need to plan for their own destiny.

However, we do respect the position of planning councils and other regional bodies as being better able to do it for other counties. We would simply like to see the Secretary of Agriculture have the discretion to award grants to counties if they have the means of doing it.

Senator LEAHY. Again, using the example of my own State, we have 14 counties in Vermont. We have no standard metropolitan area in the whole State. Our counties go from a county of 2,500 to a county which is now about 110,000, one of the fastest growing counties in New England. We also do not have a county form of government, as such; it is more of geographical location.

Aside from that, you can see the vast difference in counties' ability to handle things. A county of 40,000 people in 800 square miles is a lot different than a county of 100 square miles with 40,000 people. Then we get to the problem in Washington when they try to design these rural programs around an average rural area. Well, Vermont is not an average rural area, and Pennsylvania is not either.

Mr. McNICHOLS. I do not think there is an average rural area.

Senator LEAHY. There absolutely is none. I do not think there is any question of Congress' desire to help rural areas. I think the frustrating thing is that not enough people have tried to grapple with it. Once they do grapple with it, they are admitting there are problems with everything from housing to health care, and how best to get it and avoid the problem that both you gentlemen have talked about; the problem that is pointed out in this cartoon of the money being so clogged up in the administration of the program that by the time you get to the rural recipient, there is nothing left.

Mr. KUNTZ. I would like to offer one comment, Senator, if I might, relative to the remarks you just made. We feel very good that an effort is now being made, whereas in the past, there was a complete, callous ignoring of the total problem. I think the problem is now being recognized.

We recognize as county officials that it is not going to happen overnight. We are dedicated to working with you, with members of your committee and others who will listen to us and solicit our input. We are certainly willing to give that input.

Senator LEAHY. Well, I think your organization and the number of other organizations that have been represented at these hearings are one of the reasons that people are paying attention. I appreciate your being here.

Mr. McNICHOLS. Thank you very much.

Senator LEAHY. We will stand in recess until this vote is over. It will give me a chance to go and vote, and I will be right back.

[Whereupon, a brief recess was taken.]

Senator LEAHY. We have another vote on. We talk about organizing and planning, but for the U.S. Senate to tell anyone how to plan their time or anything else—our inability to tell when we are going to have votes or anything else is an example why we probably should not be in the business of telling others how to plan their time.

Mr. Wilson, you have been waiting patiently. Why do we not begin with your testimony and go until such time as the 5-minute warning bells go, and I will leave for that and then come back for the question period. I apologize for the interruptions, but I think this is probably the first, at least since we have been in session, that we have had votes in the afternoon.

The Chair is particularly pleased to have Leonard Wilson here. In my capacity, first, as a State's attorney of one of Vermont's counties and, earlier than that, as a private citizen in Vermont and, since then, as Senator from Vermont, I have been well aware of Mr. Wilson's work not only on behalf of the State of Vermont, but on behalf of New England. It is work that is a matter of pride to all Vermonters. It has been singled out for praise by both Republican and Democratic administrations in the State. It is a special pleasure having you here before the committee this afternoon.

STATEMENT OF LEONARD U. WILSON, RESEARCH ASSOCIATE, COUNCIL OF STATE GOVERNMENTS, ALSO REPRESENTING THE COUNCIL OF STATE PLANNING AGENCIES, NATIONAL GOVERNORS ASSOCIATION, WAITSFIELD, VT.

Mr. WILSON. Thank you very much for those kind words, Senator. I have extensive testimony, which I will not read. I do summarize it on the first page, so I will read the first page.¹

Senator LEAHY. Please do.

Mr. WILSON. These remarks will focus on three principal points. One, we need to improve the rural development policy management process, with particular emphasis on the role of State and local government. And in that respect, Senator, I speak to the question of partnership as opposed to coordination—coordination which is too often perfunctory and talk rather than any real working relationship based on shared roles and responsibilities. And I propose a minor change in language in one section that would insert “in partnership with State and local government” in lieu of “involving State and local government.”

Second, I speak of the need and justification for expanding section 111 funding to strengthen State and local planning capacity, and discuss the current process going on in Vermont, which I think you are aware of, that section 111 in part funds, along with Commerce funds—a process that I think, if some of the previous speakers and the Senator from Alabama had a chance to look at, they would see was productive; it involves local people and it focuses on public investment and the planning and management of public investment as the key to rural development, both negative and positive; that the point of this planning is to try to get a grip on State and Federal funding of programs and projects that shape the rural community.

Third, and as a matter of great personal concern, I emphasize the need that agriculture be recognized as the critical factor in rural development. Agricultural policy and rural development policy should be regarded as inseparable. I have been doing for the last few months a study of agricultural land issues across the country, and it becomes clear that you cannot separate agricultural land issues from agricultural economic issues; that the problem of the loss of land through erosion, through water problems, in the West, through urban encroachment is becoming serious; that we are also losing a lot of our family farms, and these two problems together are causing real serious problems in rural development that can only be approached through looking at the agricultural problem itself. And this is a problem,

¹ See p. 58 for the prepared statement of Mr. Wilson.

finally, that has not involved the States; the States have generally ignored agriculture as an issue. I think there is much that States can do and are now beginning to do to strengthen their agricultural economies to help their family farmers and, thus, to play a role critical to rural development, and I think that S. 670 is a bill that is going to promote that process.

Senator LEAHY. Let us go into a little bit more detail on that last part, Mr. Wilson; that bothers me a great deal. You say that the States—well, let me backtrack a bit. You say there is a direct corollary between agricultural land use, or the issue of it, and agricultural economic issues; and yet you say that the States have not recognized agriculture as essential to rural areas.

Is this something of recent vintage, this moving away, or have they ever paid that much attention to it?

Mr. WILSON. Well, I think the problem, Senator, is that when Government first got into agricultural issues in a big way in the Depression, in the New Deal years, that a whole structure of institutions, Federal institutions, was established, reaching right down to the local level. In part, it was there through the land-grant colleges, the Extension Service that was greatly strengthened during the Depression years, so that now we have a total institutional structure that is separate from local and State governments that preempts the ground, so to speak.

I think that, in part, States have got to establish much closer working relations with these institutions, and the institutions themselves have to move toward much closer cooperation with the States. In this regard, the FmHA agreement with North Carolina perhaps cuts some new ground—a partnership agreement. They are writing one with Vermont now. I think that is a very encouraging move in the right direction—toward really putting the working people of the State and local government together with the working people of the hierarchy of USDA institutions.

Senator LEAHY. But no matter how much USDA does, the State itself is going to have to handle a number of the land issues, is it not?

Mr. WILSON. That is right.

Senator LEAHY. Everything from land use, taxation, to zoning, to environmental concerns, and so forth.

Mr. WILSON. But they cannot do that alone, because FmHA puts the money into housing developments, into sewers which are critical to the patterns of land development. These are problems that are inseparably intergovernmental.

Senator LEAHY. I understand.

I want to recess for a couple of minutes; we are on the 5-minute bell now. I will be right back.

[Whereupon, a brief recess was taken.]

Senator LEAHY. Back on the record.

Last week, Secretary Mercure told the subcommittee that States could carry out rural development planning and take part in S. 670's rural development policy management process without the provision of section 111 funds. Do you think that can be done; is that accurate? Or, do you think the sense of fiscal responsibility that is flying around here is clouding reality?

Mr. WILSON. Well, I presume that the answer has to be yes, they could. I think the question might be framed in a somewhat different way—should they—and I think the answer to that question is that

in great part, the planning that is being done in the rural areas is planning for Federal program implementation, is planning related to Federal projects and lands. Certainly through a great part of the West, Federal presence dominates the rural scene, and even in a lot of the East, the problems being dealt with, the forces at work are forces set forth by the Federal Government. And I think it perfectly appropriate for the Federal Government to substantially fund the kind of planning that your bill envisions as necessary.

Senator LEAHY. Do you think the Farmers Home Administration section 111 grants encourage States to use some State funds for rural development planning or programs? Section 111 requires no matching funds from the States. I want to know if the States provide any kind of matching funds or not in an informal fashion for rural development.

Mr. WILSON. Well, to take that paragon and leader among States, Senator, Vermont—

Senator LEAHY. Oh, yes.

Mr. WILSON. I believe that currently we are spending \$2 for every Federal dollar of support for our regional planning commissions; that is to say, they are predominately funded by the State, and they are rural, because everything in Vermont is rural. I think it would be difficult to say what matches what. On the other hand, I think in most instances where 111 money has been used, there has also been a requirement for a match. I know that in the valley in which I live, we have a 111 planning project and each town has committed money and the State has committed money.

So I think, in fact—and I cannot speak for the rest of the country—if Vermont is any kind of an example, a lot of State money is matching Federal dollars.

Senator LEAHY. But then you also have the situation that you described before, and that is that the States have, at least in the past, in the recent past, ignored agricultural problems and that these have affected economic issues, land issues, and so forth.

Mr. WILSON. Yes. I think States have been much more active in rural development insofar as its roads and facilities, and much less active when it is dealing directly with the problems of farmers, with the possible exception of farm-to-market roads.

Senator LEAHY. Sometimes the roads and facilities can actually go against agricultural use, can they not?

Mr. WILSON. Exactly; I think that is one of the great dangers of some of the planning that I have seen that would introduce, in the name of employment and jobs, substantial industrial employment in rural areas, because a factory will employ enough people to eat up a great deal of agricultural land for their housing, and that needs to be thought about.

Senator LEAHY. Has this kind of planning often gone on in a vacuum as far as agricultural usages are concerned?

Mr. WILSON. I believe it has, Senator.

Senator LEAHY. An integral part of the rural development policy management process set up by S. 670 is the States. Currently, States have many planning responsibilities incumbent upon them through Federal planning programs. At the State level, how would the expanded section 111 planning grants work in conjunction with other Federal planning programs, like HUD's 701 or EDA's 301 or 302? Do you have any feelings on that, or would you like to answer that one for the record?

Mr. WILSON. 701 is a dying program; it has diminished funding every year; it is becoming hardly consequential. I think 302 economic development planning and 111 rural development planning are compatible programs. Vermont has used the two directly together; a lot of other States, I think, have also. I see no problem there.

I think that insofar as 111 planning money goes to State planning offices, that it will be used in conjunction with other Federal planning money, and certainly the objective of State planning offices is to get a single system of planning grants, a single set of requirements and a single basic format for using Federal money in planning, and even though it may come from separate streams, that the guidelines be compatible and that they can use the money collectively, so that you can plan comprehensively.

Senator LEAHY. If you had one thing that you would like the subcommittee to remember when we were going through this legislation and deciding what to recommend to the full committee what would that be?

Mr. WILSON. Well, let us see if I can answer the "one thing" by saying three things. I would like emphasis on the State role and responsibility for agriculture and rural development; the emphasis on capacity building at the State level, and the encouragement of exercise of State responsibility in agriculture and rural development.

Senator LEAHY. Thank you.

Mr. WILSON. That is not one; I am sorry.

Senator LEAHY. They are good points. Mr. Wilson, I appreciate very much having you here, and I am just sorry that the schedule on the floor has been such this afternoon that we have run as late as we did.

Mr. WILSON. I very much appreciate the opportunity to be here. Thank you.

Senator LEAHY. Our next witness is David Raphael, acting director of Rural America. It is good to see you again.

Mr. RAPHAEL. Thank you, Senator; it is good to be here.

Senator LEAHY. Like some of our other witnesses, this room is a rather familiar one to you.

Mr. RAPHAEL. Yes.

Senator LEAHY. You have been either a participant, observer, or a witness on many occasions. We are delighted to have you here.

STATEMENT OF DAVID RAPHAEL, ACTING EXECUTIVE DIRECTOR, RURAL AMERICA

Mr. RAPHAEL. Thank you. I am glad to be here, and it is nice to have you here as the chairman of the subcommittee, also.

Senator LEAHY. Thank you.

Mr. RAPHAEL. I have taken great pleasure in that.

For the record, my name is Dave Raphael, and I am the acting director of Rural America. I have taken my written remarks and summarized them, but I think in the interests of time, I ought to pass over some of the pleasing pros that I left in there; our danger is we often like what we write and our own pros. Let me just read the fairly brief section specifically on S. 670, if you will.¹

¹ See p. 62 for the prepared statement of Mr. Raphael.

The proposed Rural Development Policy and Coordination Act, S. 670, speaks to the need for a management and coordination process, and we have a very positive reaction to this proposal. In our view, the bill does an outstanding job of laying out the dimensions of the policy management process and the subject jobs to be done. We find the rationalization of the reporting requirements sensible and commendable, and feel that the specification of what they should cover represents a substantial improvement over the present reporting requirements.

The specific requirement, for example, of a biennial analysis of comparative Federal outlays, as would be the case under the amended language of S. 603, would give statutory status to what is potentially a very important rural policy tool. We would hope that in addition to giving that data base a statutory mandate, you would push the Office of Management and Budget and all of the executive agencies and departments to upgrade the quality of the outlay data, so that it is no longer dependent on prorations and projections which frequently assume in advance the answer to the basic question of where program impacts are felt.

We would recommend two changes in the policy management process as spelled out in S. 670. One would be an addition and the other is a modification. Taking the latter first, we are concerned about the rewriting of section 111 of the Rural Development Act. We are in complete agreement that increased funding is necessary for this program to enable the policy process to expand to the grassroots and to secure the maximum participation of State and local governments and people in the process. We do not feel that it is wise, however, to restrict that assistance and input to State government and State-designated planning agencies. Those are very important actors in the process, but they should not be the only actors, nor even the chosen vehicle through which input from all other actors must flow.

We must prefer the present section 111 language giving the Secretary of Agriculture flexibility to support the work of other agencies both public and private. In our view, a pluralistic approach to the planning and decisionmaking process is not only desirable, but is essential.

Capacity building at the local level is essential if we are to maintain the basic qualities of rural community and, at the same time, deal with issues of economic growth and development. But that capacity building should include a wide variety of social institutions—community based organizations and community based development corporations, as well as local governments and their areawide planning agencies.

Second, while we support the broadly based planning process that S. 670 envisions, we also feel that the process needs to be strengthened at the top. It is for that reason that we have supported and continue to support the idea of giving legislative recognition to the Assistant Secretaries' Working Group for Rural Development, or some similar Cabinet-level policy group, and providing it with a full-time and adequate staff. In our view, the establishment of such an ongoing secretariat is critical to the ongoing policy management process and should be included in your legislation.

The reporting requirements in S. 670 are surely sufficient responsibilities to occupy such a staff on a regular basis. In addition, the job of actually coordinating Federal programs that impact on rural areas and/or are relevant to rural policy requires ongoing staff and support if it is to be done well. We think this would strengthen the present bill.

With those changes, we would have no reservations about the desirability of S. 670. I know that the administration is taking the position that the structure you are proposing is not needed and arguing that they are already doing these things without any legislation. My comments would be that if that is true, they should not really object to having legislation endorsing what they claim they are doing.

Senator LEAHY. The committee, in looking around, has not found substantiation for the claim that they are doing it. In your work, have you found that these things have been reported?

Let me backtrack. The administration claims that they are doing this anyway. Do you find that to be so?

Mr. RAPHAEL. No; certainly not in any systematic way, such as your legislation proposes.

Senator LEAHY. One of the difficulties time and time again as we are trying to get programs through that affect rural America—we are just hamstrung because of these deficiencies. I use the word “systematic”—I think probably that is the best thing; without a systematic procedure, the urban bias that we see in so many rural programs will continue.

Mr. RAPHAEL. We share your view on that.

That really completes those remarks. I hope the pros that we find pleasing—I hope you get a chance to look at them.

Senator LEAHY. I will.

Mr. RAPHAEL. Our intent in the rest of the statement was really to try to put rural policy issues and principles into perspective, out of which this planning and coordination process makes more sense, and that was the purpose of it.

Senator LEAHY. I think you will find some of those additional pros working their way into some of my speeches as I go around.

Mr. RAPHAEL. We would be delighted.

Senator LEAHY. I will give proper credit when I do, however. Thank you very much.

Mr. RAPHAEL. Thank you.

Senator LEAHY. Our next witness is Mr. Cornman from the National Rural Center. We are glad to have you here with us today. The full statement, of course, will be part of the record.¹ You are going to be speaking both on title V and on S. 670, is that correct?

Mr. CORNMAN. Right.

Senator LEAHY. Again, because they have called for another vote on the same issue that we have voted on several times already today, I will have to leave.

Maybe I could ask you this: On the point that you are making in your statement—all of which will be part of the record—when the day comes that this committee is marking up these issues, what are the points that you want to be foremost in not only my mind, but everybody else's mind, on the committee?

¹ See p. 66 for the prepared statement of Mr. Cornman.

STATEMENT OF JOHN M. CORNMAN, PRESIDENT, NATIONAL RURAL CENTER

Mr. CORNMAN. Well, I guess there are four or five points that you might want to keep in mind. First, I believe that S. 670 and S. 892 are really talking about the same thing; they are talking about a process which can help rural people, at whatever level, and Federal policymakers and State policymakers get the information they need to make better decisions.

So my first recommendation would be that you work very hard at getting a Federal investment in what I would call the essential process for development. It makes sense to make S. 670 and S. 671 part of the same process.

No. 2, one of the things, I think, that we have heard today from most of the witnesses is that it is not that nobody cares about rural development; it is just that nobody gets around to doing very much about it. I think that comes out of either a lack of understanding or commitment to the importance of rural development, of rural issues to the Nation as a whole. I urge that you use the vehicle of these two bills to articulate what I would call a pervasive and persuasive reason why the Nation should have an interest in rural development. I would use the President's hoped-for statement on a rural development policy maybe as a beginning point; if that were not satisfactory, I would go beyond and make your own. I have a sneaking suspicion that until there is wider spread interest and understanding of the importance of rural problems, all the acts that you pass and all the coordinating moves you make will not be fully effective. So I would urge you to think broader than just these two bills.

I think also you have to be concerned about the reorganization, or the nonreorganization, of rural development activities within the Department of Agriculture. If, indeed, you are going to establish a process for the collection, analysis, and dissemination of a lot of information, you really better make sure that the agency that collects it knows what to do with it and has some ideas about how to respond to the problems that it identifies.

Senator LEAHY. And understand that rural America is different from urban America.

Mr. CORNMAN. Yes; part of my speech is also that you really need a process which recognizes the great diversity you find in rural areas, not just diverse from urban areas or nonrural areas; rural areas themselves are very diverse—geography, resources, political will; status and trends of development, and so forth. So you need to recognize, I think, that a process is what is needed to help any kind of Federal rural strategy respond to the diversity you find in rural areas, and that process should include collecting information and giving out the information to people in order to help them make better decisions.

But I also would not let the opportunity go, when you are talking about establishing a process, to be concerned about assigning a higher priority to rural development within our Government; and if it is going to be within the Department of Agriculture, where I think it should be, I would like to see you join hands, perhaps, with a bill on the House side that would name an Under Secretary for Rural Development, who should have responsibility for this process.

I think that if, indeed, it is going to take a little while to pass S. 670, because you are dealing with a new animal and a broader concept, I would urge very strongly that title V be reauthorized immediately for the 2-year period to allow you to have some more time to look at that bill, that program, and to see how it might relate to a broader process.

Senator LEAHY. In 1977, you published an evaluation of the title V program. It has been 2 years now since that evaluation was completed. Do you have any additional comments on title V that were not in the 1977 evaluation?

Mr. CORNMAN. We have not looked at title V since then in any systematic way. We have kept in touch in an anecdotal or episodic way. We are still convinced that it is potentially a very useful approach to providing a process. As we said in our evaluation, it ought not to be automatically limited to the land-grant universities; it could be opened up in a number of different ways.

Senator LEAHY. Do you think opening it up might allow for competition, competition of ideas that is not available now?

Mr. CORNMAN. Yes. Well, two things—I do not think competition for funds is ever a very bad thing. The second is that in some areas where a land grant may not want to do it, that State should not be made to suffer because that particular institution does not want to respond to that problem.

Senator LEAHY. And that has happened?

Mr. CORNMAN. Yes. It has happened, I think, for a number of reasons. One reason was that in certain States only little money was made available, so they had a legitimate excuse for not doing anything. We also recommend you give each State enough money to take that excuse away.

Senator LEAHY. I concur with both those sentiments. I hear the 5-minute bell has rung. I will go to vote and come back with our three remaining witnesses.

[Whereupon, a brief recess was taken.]

Senator LEAHY. We will complete the hearings now. Mr. Unger is not here. Who is?

Dr. BOTTUM. John Bottum and Edward Moe.

Senator LEAHY. Please come up. Secretary Unger had to go to a meeting at the White House and his statement will be placed in the record as though read.¹

Gentlemen, if you had a couple of points that you wanted us to remember when we were marking up this bill, what would they be?

STATEMENT OF JOHN S. BOTTUM, ASSISTANT DEPUTY DIRECTOR FOR COMMUNITY AND RURAL DEVELOPMENT, SEA, EXTENSION; AND EDWARD O. MOE, PRINCIPAL SOCIOLOGIST AND RURAL DEVELOPMENT COORDINATOR, SEA, COOPERATIVE RESEARCH, ON BEHALF OF DAVID G. UNGER, DEPUTY ASSISTANT SECRETARY FOR CONSERVATION, RESEARCH, AND EDUCATION, U.S. DEPARTMENT OF AGRICULTURE

Dr. BOTTUM. Thank you Mr. Chairman. We appreciate the opportunity to appear before your committee.

¹ See p. 69 for the prepared statement of Secretary Unger.

In response to your question, I will emphasize just a couple of points from Mr. Unger's statement. The first point is that the administration has no objection to the reauthorization of title V of the Rural Development Act of 1972. We believe that these have been useful authorities. However, the lack of administration objections to the reauthorization of the program should not be construed as administration support for funding the programs. I think you can understand that.

Because of the budget constraints, the administration did not propose specific funding of the programs in fiscal year 1980.

Senator LEAHY. Actually, as a practical matter, while they have no objection to it, the administration is really not in favor of it.

Dr. BOTTUM. Budgetary constraints prohibit requesting funds for title V in fiscal 1980.

Senator LEAHY. If these are not being funded, there is really no way they can say that they are in favor of them. It is a bit of shell game if it comes up and the administration says, "We like them, but we will not put any money in them; we are going to be fiscally conservative this year. Of course, if you guys want to slip some money in, that is OK. We are fiscally conservative and you are spendthrifts; we get the program we want." Or they do not want it at all; I mean, it has got to be one or the other.

Dr. BOTTUM. I think the administration has viewed it as a useful program, and as we go through the budgetary process for fiscal 1981, this will be considered. However, at this point we are not able to determine how we will come out.

Senator LEAHY. I understand, and I do not mean to take it out on you. These are the same things I would say to Secretary Bergland, and I understand the constraints involved with OMB. But you realize that there is a certain concern, and even cynicism, that might creep to members of the committee when we see programs that everybody loves, as long as they do not cost anything.

Dr. MOE. I would think, Senator, that there are two things that are extended by the reauthorization of title V. One is the rural development research and extension programs; the second is the small farm research and extension program, subtitle (F) of the Food and Agricultural Act of 1977.

Senator LEAHY. Who decided not to ask for money for title V; was it USDA or OMB?

Dr. BOTTUM. USDA had it in its original budget request.

Senator LEAHY. So it was OMB?

Dr. BOTTUM. Yes.

Senator LEAHY. Somebody should have told OMB that it was an urban program and we probably would have gotten the money without any problem at all. If they had people at OMB that had either lived or worked somewhere in a rural situation, who think of rural America as something other than memories of seeing a Norman Rockwell painting on the Saturday Evening Post, we would be a lot further along. That is giving them the benefit of the doubt, I want to assure you.

Go ahead, sir.

Dr. BOTTUM. Another key point we would make is that we do feel that extension and research are essential components of any rural development program regardless of whether they are funded under

title V or whether they are part of the Smith-Lever and Hatch programs. These are important components and we believe we need a closer integration of these with the grant and loan programs.

Senator LEAHY. Has USDA formed a committee to rewrite title V?

Dr. BOTTUM. Yes; Assistant Secretaries Cutler and Mercure have named a committee, and that committee is just now getting started.

Senator LEAHY. Who is on the committee?

Dr. BOTTUM. I chair the committee; Ed Moe, Howard Tankersley, Marvin Konyha and Carl Carlson of SEA serve on it. The other members are representatives from the Soil Conservation Service, Farmers Home Administration, ASCS, the Forest Service, REA, ESCS, and the Secretary's office.

Senator LEAHY. So we have a situation where the Department obviously feels that title V is worth expending time and effort on, and I commend you for that. Obviously, they thought it was worthwhile enough to request money for it in your first go-around, but OMB does not share that feeling.

Dr. BOTTUM. This particular year, and given the budget constraints; yes.

Senator LEAHY. I am not asking you to defend OMB at all.

Dr. BOTTUM. That is right.

Senator LEAHY. I just want to make sure we understand, when we go charging out of here, who we are supposed to be charging at. Go ahead, sir.

Dr. BOTTUM. Those are the key points that we wanted to make.

Senator LEAHY. Let me ask you a question, and this has sort of worked its way into the testimony of a number of people here today. We have talked about the land-grant systems and have talked about the fact that most title V money stays within the land-grant system.

Do you know, offhand, what percentage of title V activities are carried out by non-land-grant organizations?

Dr. MOE. It is a little difficult at this point to come up with an exact figure as to how much goes outside.

Senator LEAHY. Even an approximation.

Dr. MOE. There are about 100 non-land-grant institutions who are involved in one way or another with title V activities. States like North Carolina, Pennsylvania, and Michigan spend about \$20,000 to \$30,000 of their funds in either cooperative agreements or contract arrangements with non-land-grant institutions. They have made very significant contributions to the program.

Senator LEAHY. Does the bulk of the money still go to land-grant institutions?

Dr. MOE. The bulk of the money remains within the land-grant institutions which are the administering institutions.

Senator LEAHY. Eighty-five percent?

Dr. MOE. Yes; 85 percent certainly would remain.

Dr. BOTTUM. I think the point to be made here is that, at the current level of funding, \$4 million, the amount going to any one State is quite small, ranging from approximately \$20,000 to \$140,000. That makes it somewhat difficult to spread the money over very many institutions in any one State.

Dr. MOE. For example, Pennsylvania gets an allocation of about \$80,000 and has been reallocating about \$20,000 of that to Indiana University in Indiana County, Pa., a regional State institution

located right in the center of the area that the title V programs are attempting to serve. It has proved to be very advantageous both to Penn State and to Indiana University, and to the people of the area that we are serving.

Senator LEAHY. If we do not override OMB, it becomes a moot point anyway.

Dr. MOE. It becomes a moot point.

Senator LEAHY. I want to talk about the National Rural Center's evaluation of title V, the one they did in 1977; I had mentioned that with one of the earlier witnesses. Are you familiar with that evaluation?

Dr. MOE. Yes.

Senator LEAHY. Other than the fact that everything positive from the evaluation comes to naught if no money is spent here, do you have anything that you would want to add to that evaluation today in 1979 that was not there in 1977?

Dr. BOTTUM. Do you mean in terms of things that the evaluation looked at?

Senator LEAHY. Yes; we are looking at that evaluation as one of our touchstones for work on title V. Is there something new that we should be aware of? If you would like to think on that one a little bit and submit it for the record, I would be happy.

Dr. BOTTUM. This evaluation, as well as others, needs to look for more tangible evidence of social and economic consequences. These are very hard to get for educational programs, but we feel the need for them. That would certainly be one area.

Dr. MOE. I think there is another area, Senator, that is important, and it comes out of nearly 6 years of experience under title V. It clearly emphasizes that part of the problem in development is increasing capacity at the local level, and the evaluation, as it was done by Penn State, centered on what communities, counties and substate planning districts were able to do with a very modest amount of money.

What was neglected was the other part of development; that is, the increased capacity on the part of the Department and other Federal agencies to deliver assistance that makes those local efforts effective. We did not get as good a measure of this in the initial evaluation. Part of that comes out of the fact that the evaluation was done after the programs had been underway for about 3 years. We had hoped to be able to build those evaluations in from the start so that the kind of cost benefit and social benefit data could have been accumulated as the programs developed. We would certainly do that if we had the opportunity to do so.

Senator LEAHY. What are some of the areas of title V that your committee will be looking at?

Dr. MOE. One of the areas that we will emphasize very much is making the objectives of title V clearer and sharper, to coincide with both the Department's and the administration's goals as they relate to rural areas. We stress these: Increasing income and employment, including the programs for small farmers with a clear emphasis on the jobs problem in rural areas.

A second would be the quality and availability of local services which have been there; the whole problem of increasing the capacity of small municipalities, rural counties and substate districts; improving the quality and quantity of housing, and making that very explicit is not mentioned, except indirectly now; improving the

management of natural resources, as they are impacted upon by small communities and developing communities in rural areas.

The last thing we would emphasize is strengthening the data base for decisionmaking at the local, State and national levels as being a critical consideration that has been underrecognized all the way along and ought to be more clearly and more explicitly provided for.

Senator LEAHY. I agree with you, especially on that point.

Dr. BOTTUM. We have not, as a committee, gotten very far into it, but obviously we will look at things that the Land Grant Association recommended for modification, and that the National Rural Center recommended. For example, the Land Grant Association recommended \$75,000 as a minimum allocation per State; the National Rural Center recommended \$100,000 minimum per State. Both recommended closer coordination between the 1862 and 1890 land-grant institutions with regard to the program.

Senator LEAHY. Which is something we heard last year during our hearings, the question of closer coordination, with some having no coordination at all.

Thank you very much.

Dr. Shimel, the director of the Vermont Extension Service at the University of Vermont, is our next witness. I want to point out that I am not the only patient Vermonter here today; Dr. Shimel is, too.

Dr. SHIMEL. I was going to become impatient in about a half an hour if I missed my flight home, but I will make it now.

Senator LEAHY. What time is your flight?

Dr. SHIMEL. Seven, so I am in good shape.

Senator LEAHY. We will get you out of here.

Let us go off the record.

[Discussion off the record.]

Senator LEAHY. Back on the record. Dr. Shimel, please go ahead, sir.

STATEMENTS OF WILLIAM A. SHIMEL, DIRECTOR, VERMONT EXTENSION SERVICE, UNIVERSITY OF VERMONT, BURLINGTON, VT., AND GERALD A. DONOVAN, DEAN, COLLEGE OF RESOURCE DEVELOPMENT, UNIVERSITY OF RHODE ISLAND, SOUTH KINGSTON, R.I.

Dr. SHIMEL. Thank you, Senator. I thought that the most useful thing for me to do today might be to review a few specifics of what has happened with some title V funding in Vermont, rather than to dwell on general aspects of the title V activities, because I felt that those would be adequately covered by others who were here. I thought I might make the best contribution to your deliberation by talking about some specifics.

Needless to say, but for the record, I came to the extension service in Vermont on September 1, so I was not a part of the decision process at the time that title V activity began in Vermont. But I am sharing with you the perceptions that I have gathered about that activity since the time I have been there.

I would like very briefly to do three things in my comments. One, I would like to certainly encourage favorable action on reauthorization. I would like to talk about a few of what I consider to be the merits of title V, as I perceived it to operate in Vermont. Finally, I would suggest

a couple of provisions that might be taken into consideration in any future thought about title V changes.

First of all, low funding has certainly been a fact of life in title V in Vermont. The average annual funding has been about \$23,000. This is divided between funding for extension activities and research activities, and so we are talking about what can be done with a very small amount of money.

A decision to direct an educational and research program toward the needs of people dealing with handcraft was made with a good deal of involvement by the Agency of Development and Community Affairs of the State of Vermont, the Vermont State Department of Agriculture, the arts and crafts service, the department of education, and the Governor's Interagency Craft Council. All of those organizations, with representatives of the crafters themselves, were involved in the decision and the selection of the target of trying to make an effort to improve income of those individuals in Vermont who were living in rural areas and had a skill and a craft that they wished to sell to supplement their income.

Primarily, I think the view was that there were craftsmen and that for the most part, the sale of crafts is a supplementary income activity, with a few professionals who see themselves doing that on a full-time basis. It is a very compatible activity economically in Vermont, with a strong tourist industry, and tourists and the sale of crafts are very compatible activities.

The problem of lack of income and employment opportunity in rural areas has always been a focus of rural development, and the crafts program is clearly an effort directed toward responding to that need.

The research component was one designed, first of all, to identify what kinds of support activity that crafts people needed and to design and test some self-study units that crafts people could use. I will just cite a couple of the titles: Business Organization; Designing Handcrafts for the Market; Furniture Design; Handcraft Promotions; Pricing Your Crafts; the Small Craftsperson and the Law; Tax Tips to Craftspersons, Both General and Depreciation.

Material was individualized so that the materials could be used by an individual; they had merely to come to one of our county extension offices and get the material and the equipment, and could, as an individual, study the material. It was found that rural residents, and particularly crafts people, did not often participate in some of the regularly available activities designed to assist them.

Senator LEAHY. Was that because of the individuals themselves or because the programs that were designed to assist them were really kind of missing the boat, the way they were designed?

Dr. SHIMEL. I am sure it is some of both, Senator. I suspect that remoteness due to geographic distance and the difficulty of getting to centers where these kinds of things are taught makes it difficult. I am sure that on occasion, certainly a semester length course might not be in the interest of a craftsperson; they really do not want to know that much about it. So I think both of those are true.

A number of other activities were developed. At the time that the title V activity was getting underway, the State of Vermont discontinued its coordinating role with the crafts industry. Under the title V funding, a quarterly newsletter, of which I have some copies

along if you would like to see them, was generated, and continues under the title V funding. It goes to crafts people, with the design of providing specific information on sources of materials, wholesale outlets, and places where they can get more information.

Probably the most successful single effort of the title V program is what we call the BUCKS program; that is an acronym for Business Understanding and Crafts Knowledge School. It began as a 20-hour instructional program designed jointly with crafts people. It is an interagency activity, in that the courses are taught jointly by extension specialists and Small Business Administration representatives.

To date, about 1,000 Vermonters have graduated from this course. I say it is successful, in that a large number of people in addition to just those concerned with craft production have wished to attend, and have attended, to the point where the BUCKS program at this time has just about totally spun off title V funding and currently, budgetarily, maintains just a small amount of title V support and is primarily conducted under regular extension funding with some small student fees.

Senator LEAHY. By "small amount," what do you mean?

Dr. SHIMEL. Five dollars. It is out-of-pocket costs for the printed material, and there is room rent and coffee; those are all of the costs.

However, I think that its beginning is directly attributable to the catalytic effect of title V funding, and I think title V deserves the full credit for its beginning. I would just cite one example. In the St. Albans area, there have been four courses that have run there; it has been repeated four times. I was provided with some data from the first one that was run, with 19 individuals enrolled. Five of them were in business at the time they enrolled; the other 14 were considering going into business.

Following the course, 7 of those 14 chose not to go in at all; 3 of the remaining ones applied for SBA loans to implement their businesses and they are currently in business. Mal Bevins, who is one of our economists who teaches this course, tells me that he sometimes feels that his greatest success is those seven who chose not to go into business. If they have a business idea that is unlikely to be economically sound, he thinks that some of his best educational work is when they decide that and do not expend both their money and emotional commitments to something that has little chance to succeed.

A crafts directory has been developed; I have a copy along. This is of assistance to crafters in identifying supplies and markets. Craft fairs have been involved, and these have been generally tied to the farmers markets. I wanted to make specific mention of that, because there are small farm interests in title V.

I would want to point out that there have been about 18 farmers markets in Vermont that have been generated with the support of title V funded extension activities. Craft sales are an excellent companion item.

Senator LEAHY. In all of these, you are utilizing some of the better aspects of land-grant colleges. One thing that concerns me, though, is that more and more in colleges and universities, I hear this publish or perish philosophy. One of the things we want to do is attract the best of the academic profession, but can we do that? Is the publish or perish syndrome one that is not going to attract somebody into any kind of work that is connected with title V; is it rewarding enough, in other words, to encourage participation in it?

Dr. SHIMEL. Perhaps Dean Donovan, who is going to follow me, can speak to that more fully.

Senator LEAHY. Dean Donovan, why do you not come up and join us here, because we are going to have to put your statement in the record.¹ When we have the 5-minute bell, I know I am going to get stuck back there and I am not going to be cruel enough to keep you here that much longer.

Dr. SHIMEL. I would respond to that. The research aspects of title V are clearly consistent with the need for a person on campus to do research and publish the research. In fact, I would see that it would be an ideal way for a researcher who was concerned with rural issues, to link his research interests with educational interests and, in fact, satisfying his need to do research and to publish that research.

Senator LEAHY. Dean Donovan, do you think there is room to publish so that you do not perish? Do you like the title V initiatives?

Dr. DONOVAN. We utilize title V, and I agree that there are opportunities. It is difficult for some of our faculty to participate in title V because of the type of program it is. We have been particularly pleased that we have been able to have this coordination and effective planning between research and extension, and some of those, specifically in the research areas, have been able to publish. It does present some problem, but it is a challenge to us, as I see it.

Senator LEAHY. When we start giving the type of attention to rural areas that I would like to see given, I think we are going to find a whole new area of publishing of publications that are going to be extremely valuable, certainly to the government, but also to those who have to develop our rural policies in the next century.

I really think we are at a very, very critical spot in our country today and if we do not give the kind of attention to rural policy that we should, we are going to make a shambles of it in just a very short time, during the next 20 years, and by the year 2000 we are not going to be able to reverse a lot of our mistakes.

Prime agricultural land that is turned into development does not turn back into prime agricultural land. A town with a strong identity that suddenly gets changed by unchecked development never goes back to that identity. Finally, when the development runs its course, then it is lost and becomes a ghost town or a slum area for a larger area.

You gentlemen could give 100 other examples, I am sure, but these are the things which, if we do not focus on them now and have this administration and subsequent administrations focus on them—the kind of work you do and the kind of work I like to think I do is going to be for naught.

Dr. SHIMEL. I think the research tends to be a very applied research and one that is quickly and easily linked to an extension activity. I think there are more and more outlets for research publishing and a growing interest in the applied aspects of research. I think that makes this compatible, and for the research person who wants to do it, it will be done and he will not perish by doing it.

Dr. DONOVAN. One statement I would like to make along that line is that we have encouraged very good and effective faculty members to become involved in rural development through the incentive of title V. Even though the funding in a State like Rhode Island has been very meager, we have tried to utilize other resources along with it.

¹ See p. 71 for the prepared statement of Dr. Donovan.

The problem is that because of the lack of enthusiasm of the Department of Agriculture and the executive branch, and losing the funding each year because OMB removes the funding and then it comes back in, it is a discouraging situation. My concern is that unless we follow up with your plan to really strengthen title V, we will lose the impetus that the universities have been willing to put in up to now.

Senator LEAHY. I agree with you completely. This on-again, off-again thing not only makes it difficult for USDA to do any planning, but it is impossible for anyone else to do any planning.

I am going to leave for that vote. We will now recess these hearings for today, but I would point out that if either of you want to put further matters on the record, feel free to do so in my absence.

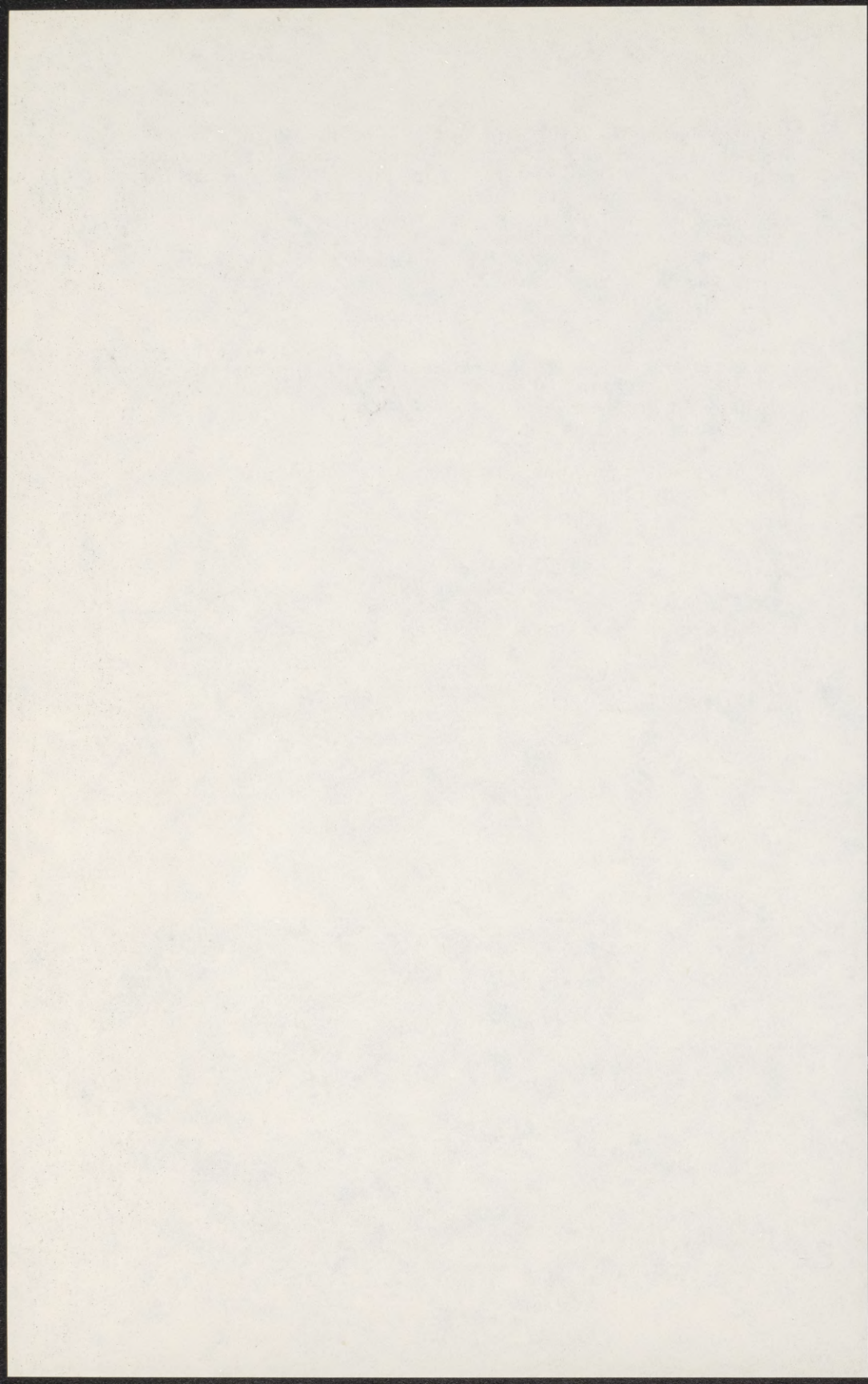
Dr. DONOVAN. I have left my statement.

Senator LEAHY. I have got to go.

Dr. DONOVAN. Thank you, Senator.

Senator LEAHY. Thank you.

[Whereupon, at 5:30 p.m., the subcommittee adjourned, subject to call of the Chair.]



APPENDIX

STATEMENT OF RUTH KEETON, CHAIR, COUNTY COUNCIL OF HOWARD COUNTY, MD., AND MEMBER, BALTIMORE REGIONAL PLANNING COUNCIL ON BEHALF OF NATIONAL ASSOCIATION OF REGIONAL COUNCILS

Mr. Chairman, I am Ruth Keeton; I presently chair the County Council of Howard County, Maryland, and am a member of the Baltimore Regional Planning Council. I am here today on behalf of the National Association of Regional Councils. I appreciate the opportunity to testify before the Subcommittee on S. 670, the Rural Development Policy and Coordination Act of 1979.

The National Association of Regional Councils represents approximately 350 of the 600 existing regional councils currently in operation in the United States. Regional councils are public organizations encompassing a regional community—founded, sustained and tied directly to local governments through local and/or state government actions. Through communication, planning, policymaking, coordination and technical assistance, councils serve the local governments and citizens in a region by dealing with issues and needs which cross city, county and, in some instances, state boundaries. The basic responsibility of a regional council is to be an umbrella agency which provides comprehensive areawide policy planning, coordinates regional functional planning and operational agencies, and arranges for the implementation of regional policies.

NARC, as an association representing both rural and urban units of local government through their regional councils, has long seen the need for a national rural development strategy. We have repeatedly urged the present Administration—and past Administrations—to formulate such a comprehensive strategy as a part of a total national development policy. Up to now, although we have seen initial movement in that direction, we are still uncertain about the scope of the Administration's rural development efforts.

Several months ago, President Carter established a rural development task force, composed of the Assistant Secretaries of various cabinet-level departments, to examine ways of improving the quality of life in our nation's rural areas. The task force has announced some "initiatives" to provide rural communities with easier access to federal resources, primarily in the areas of water and sewer, health and telecommunications.

In addition, the President is expected to make a statement on rural development later this year.

The Department of Agriculture, through Section 603 of the Rural Development Act of 1972, was charged with rural development coordination responsibilities, but that mandate has yet to be implemented. To date, USDA appears to have done little in the way of coordinating the programs and resources of other federal agencies to develop a comprehensive strategy for rural development.

I think that it would be fair to say that the Administration's movement toward a comprehensive national rural development strategy has been sluggish. It is clear that USDA needs some additional guidance from the Congress so that it can more vigorously pursue its rural development responsibilities. However, any national rural development policy or strategy must be a joint effort of Congress and the Administration, and reflect the concerns of both.

NARC believes that the proposed legislation now before this Subcommittee is a sound attempt to more clearly define and strengthen USDA's position in encouraging the cooperation of other federal agencies in the development of a comprehensive approach to the problems of rural areas. S. 670 restates and emphasizes Congress' intent that USDA take the lead but that other agencies cooperate in rural development efforts.

S. 670 also recognizes the important local role in the development of any national rural strategy. The proposed legislation would direct the Agriculture Secretary to establish and maintain a rural development management process involving local and state governments, as well as federal agencies.

NARC believes that any successful national rural development strategy must come from the bottom up. It must include better utilization of existing substate districts and local governments in the planning and implementation of rural development strategies. However, we also recognize that the statewide interest and perspective must be an integral part in formulating a successful rural development effort. Therefore, we would hope the state interest would be articulated so those concerns can be reflected in local and regional policies.

Section 6 of the legislation recognizes the importance of the "bottom up" approach. The single most important tool provided for that approach, through the Rural Development Act, is the Section 111, area development assistance planning grants program.

Local rural development strategies developed by areawide planning bodies under Section 111 will become the foundation of the state and national strategies. Thus, areawide planning bodies would be the link between federal, state, and local activities in rural areas.

To enable states and substate districts to deal with these increased responsibilities, Section 6 of S. 670 would increase the authorization level of the Section 111 program from its current figure of \$10 million to \$20 million.

Increasing the authorization level encourages the "bottom up" approach by giving rural areas the necessary funding to develop their own growth strategies and to work toward implementation of those locally-conceived strategies. After working out their development strategies, local communities are better able to target scarce federal, state and local resources to where they are most needed.

Rural communities have enthusiastically participated in the rural planning program, which was funded at \$5 million in both fiscal years 1978 and 1979. Many regional councils are now using Section 111 funds to formulate comprehensive development strategies, or to plan for orderly growth in their communities by assessing their needs in areas like water and sewer, fire protection, and housing.

In short, the need for the program is evidenced by the number of rural communities that seek program funding. In fiscal year 1978, when Congress appropriated the first \$5 million for the program, grant requests totalling approximately \$24 million were received by FmHA. In fiscal year 1979, FmHA estimates that funding requests will exceed the \$24 million level reached in fiscal year 1978.

This is a unique and important program for the nation's rural areas. Unlike many federal planning programs, it is directly linked to "hardware" assistance. Section 111 ties planning to implementation, since recommendations made through the planning process help direct and target the expenditure of Farmers Home "action" funds.

This program is also the only federal planning program which exclusively serves a rural constituency. Assistance under the program is limited to communities under 10,000 population.

Already Section 111 funds are being used to develop the kinds of data that will feed into a state development strategy and a national strategy. Moreover, it is clear that if S. 670 becomes law, a strengthened Section 111 program would be the single most important tool for moving toward the establishment and maintenance of a national strategy.

Therefore, we propose that Section 6 of S. 670 be modified to specifically state that the area planning bodies noted in that section should be areawide organizations designated by state governors as the official substate clearinghouses under OMB Circular A-95. We suggest A-95 clearinghouses as appropriate for this purpose because these organizations—in almost every case—participate in federal planning and coordination programs already. Moreover, the circular itself requires that—in as far as is practicable—such agencies be composed of at least a majority of local elected officials. Since virtually every clearinghouse complies with this provision, a direct link with decision-makers at the local is present.

We believe this approach is consistent with the original intent of Congress in the 1972 Act. At that time, and in the conference report accompanying the Act, Senator Herman Talmadge made remarks which reflected the intent of Congress to encourage multi-jurisdictional substate areawide general-purpose planning and development agencies under the Section 111 program.

We see these agencies as important links in the bottom-up approach to a national rural development strategy. We see Section 111 funding as the vehicle for encouraging the development of these areawide strategies which in turn will feed into the state and ultimately the national strategy.

S. 670 is, wisely, aiming for this bottom-up approach. For this reason we think it presents a sound approach to achieving a long-overdue national rural development strategy.

[The following resolution was supplied by Mr. Murray of the National Rural Electric Cooperative Association, see p. 23 for his oral statement.]

RESOLUTION ADOPTED AT 1978 ANNUAL MEETING

RURAL DEVELOPMENT POLICY ACT

In the Rural Development Act of 1972, Congress expanded the duties of the Secretary of Agriculture by specifying that he provide for and maintain the nation's "rural development" in addition to the nation's agriculture.

Further, Congress assigned the responsibility for coordinating all of the Federal government's rural development efforts to the Secretary and directed him to launch a comprehensive nationwide program.

This mandate implied the establishment of a coordinating mechanism by the Executive Branch. The U.S. Department of Agriculture designated as this mechanism the Rural Development Service, a small agency without the resources or stature to implement effectively the congressional intent of the law. Recently, USDA announced it would abolish the Rural Development Service, leaving the Department without any mechanism at all to continue even the previous modest coordinating efforts.

In recognition of the critical need for a vehicle by which USDA can discharge its responsibilities for coordination and leadership of all Federal rural development, the Rural Development Policy Act would establish a mechanism in the form of a Federal Rural Development Council, made up of members of the President's Cabinet and heads of major independent agencies, permanently chaired by the Secretary of Agriculture.

The Council, with representatives of all agencies that have programs affecting rural areas, would assist the Secretary in developing and coordinating a multi-year, nationwide rural development program in addition to monitoring progress, eliminating gaps, overlaps, and conflicts among existing Federal programs and reducing bureaucratic and administrative problems that hamper delivery of assistance to rural America.

The bill would authorize the Secretary of Agriculture to provide staff and administrative support to the Council. It would also create the position of Under Secretary of Rural Development within USDA to insure department-wide cooperation. Moreover, the bill would authorize funds to assist rural communities in the planning and preparation of applications for Federal assistance.

We urge Congress to pass this or similar legislation which could significantly strengthen the Department of Agriculture in performing the lead-role in rural development and, at the same time, vastly improve the delivery of Federal programs to rural areas.

STATEMENT OF ROBERT McNICHOLS, ADMINISTRATOR, PULASKI COUNTY, VA.,
AND FRANCIS L. KUNTZ, COMMISSIONER, ELK COUNTY, PA., ON BEHALF OF
THE NATIONAL ASSOCIATION OF COUNTIES

Mr. Chairman, and distinguished members of the Agriculture, Nutrition, and Forestry Subcommittee on Rural Development, we are most pleased for this opportunity to testify before you today on S. 670, the Rural Development Policy and Coordination Act of 1979. We are testifying on behalf of the National Association of Counties.¹

I am Robert McNichols, county administrator of Pulaski County, Virginia. Testifying with me is Francis L. Kuntz from Elk County, Pennsylvania. We both serve on the NACo Community Development Steering Committee and the Rural Affairs Committee. These committees are responsible for establishing rural development policy for the national organization.

¹ The National Association of Counties is the only national organization representing county government in the United States. Through its membership, urban, suburban and rural counties join together to build effective, responsive county government.

The goals of the organization are to:

Improve county government;

Serve as the national spokesman for county government;

Act as a liaison between the nation's counties and other levels of government; and

Achieve public understanding of the role of counties in the federal system.

I would like to thank your subcommittee for conducting these hearings on this bill which addresses these most critical concerns of rural county officials. We are honored to be able to appear before you today and present our views. We particularly want to thank the Senators on this subcommittee for taking the initiative and quickly moving forward with these hearings.

Mr. Chairman, the rural county officials of this Nation are strongly committed to rural development and we support an active Federal role in this regard. Rural counties experience problems very similar in scope to those of urban areas, though far less visible. This lack of visibility, I am sorry to say, has often worked to the detriment of rural America.

When people ride through a depressed inner city area, the problems of poverty, unemployment, lack of services, to name a few, are readily apparent, and people react immediately to it.

When those same people travel through a rural community, their reaction is quite different. It appears quaint, or conjures up a feeling of nostalgia of times long gone.

Mr. Chairman, the sad fact is that while the times may be long gone, many of the problems are not. They are very real to each and every resident of a rural community. What people do not see, or cannot see, are the lack of water and waste disposal systems, the unavailability of housing, the lack of employment opportunities. These problems continue on in rural America. Far too many Americans regard them as out of sight and out of mind.

The rural people of this Nation look to the Farmers Home Administration (FmHA) as the one agency truly dedicated to aiding rural communities. Under the leadership of Assistant Secretary of Agriculture Alex Mercure and Farmers Home Administration Administrator Gordon Cavanaugh, the agency has taken significant steps to fulfill its promise to rural Americans.

For the first time in this decade, funding levels are being recommended and moneys increased for rural development through the Farmers Home Administration. Four short years ago I devoted all my efforts to defeat the threatened termination of all rural development programs. Now, local government input is being solicited, not just by Congress, but also in the White House to determine how best to serve rural communities.

It is for these reasons that I am most pleased to be here today to comment on Senate bill 670, "the Rural Development Policy and Coordination Act of 1979." I would like to address my comments to a number of components of this legislation and would like to take this opportunity to note a number of other concerns as well. Let me just state for the record that our organization strongly supports the concepts embodied in S. 670, and that any comments we make are only meant to be constructive.

1. The National Association of Counties strongly endorses section III of the Rural Development Act of 1972. We supported the section when the act was implemented and worked long and hard to insure that this section was funded. Prior to fiscal year 1978, no money had ever been appropriated for this important program. As a rural county official, I was deeply troubled because the rural communities of this Nation had no other source of planning funds. As you are well aware, the HUD "701" funds are primarily targeted to urban areas and large cities.

Our concern over the lack of planning funds in rural areas focus not just on the existence or nonexistence of local government planning offices. Our concerns go directly to the efficient and adequate use of Federal moneys on the local level and how best to serve our citizens. We too are Federal taxpayers. In light of efforts to reduce local and Federal spending, we want to insure that every cent of Federal aid directed to rural America is spent as efficiently as possible.

In 1977 and 1978 the Carter administration increased funding for water and waste systems, rural housing, and related programs such as public works. It became apparent that there was a need to coordinate spending of these funds and implementation of these programs. It was precisely for this reason that the National Association of counties accorded such a high priority to the funding of section III.

County officials believe the section III planning program is a vital tool in rural development, and we strongly endorse efforts to increase the authorized level of funds to \$20 million annually.

2. Mr. Chairman, there is one major concern in this regard that I cannot over-emphasize. If my testimony succeeds in making one point here today, let it be this. The rural counties of this Nation play a vital role in rural development. It

is county government that provides water and sewer, housing, social services, health and medical care, and education in many of our rural areas. We strongly believe that counties must be eligible to continue receipt of section III funds.

Section 6(a) of your bill proposes to limit the eligibility of this program to State and regional planning boards. It then proceeds to set targets for "local rural development policy" and "local needs." We submit to you that if this is the continued goal of this bill, then local governments must be permitted to remain eligible.

Let me go one step further. Government and the provision of services in rural areas is extremely complex, involving different levels of government. As a rural county official, I am directly responsible for the provision of specific services. I also recognize the important role in rural development exercised by rural cities, towns, villages, and the contribution to services made by community based organizations as well as that to be made by States and regional planning boards. We urge this committee to amend the language in this proposed legislation to extend eligibility to all applicants, as envisioned in the original legislation and regulations. The sole criteria for funding should be the quality of the application and project to be funded. The only concern should be the successful implementation of the project, not who is to perform the task. A poor rural farmer is not concerned whether improved housing is planned by a county, a community organization, a regional planning body, or the State. His only concern is to see the efficient utilization of Farmers Home Administration funds to provide the units that are so desperately needed.

Pulaski County, Virginia, was awarded a section III planning grant. This grant has been enormously helpful to our county and will enable us to improve the standard of living of the low income residents in our rural county.

Initially, it has enabled our county planning board to begin developing a comprehensive plan for our county. This effort will include housing, transportation, economic development, all extremely important to the rural poor.

Mr. Chairman, I want to emphasize that Pulaski County's section III program will have a direct, practical, immediate application, it is not merely a planning exercise. The portion of our program that deals with mapping is already reaping benefits in public services. It is enabling police, fire, ambulance, and rescue squads to reach the homes of all of our rural residents in less time than ever before. This will save untold numbers of lives and greatly reduce property damage in the years to come. Another benefit is that it will save the Federal Postal Service time and money. By enabling us to eventually remove the system of rural post office box numbers, the post office will no longer be required to constantly alter the system with all its costs. I firmly believe that the other rural counties of this Nation should also have the opportunity to participate in the section III program.

I would now like to turn to Mr. Francis L. Kuntz of Elk County, Pennsylvania, to comment on other areas of the legislation.

3. Mr. Chairman, we share many of the views expressed in regard to section 603 of the Rural Development Act of 1972. County officials viewed section 603 with great promise and anticipation. It was our hope that it would coordinate all the rural development programs of the Federal Government under the umbrella of the Secretary of Agriculture. Unfortunately, this provision has never been implemented. Let me hasten to add that this is through no fault of the incumbent Secretary, Mr. Bob Bergland, who has continued his deep commitments to rural America.

We believe that renewed emphasis should be given to fulfilling this mandate of section 603. Initially, it will ensure coordination and planning of the Federal rural development effort. More importantly, it will project the Secretary of Agriculture into the leadership position of advocate for rural development for all Federal agencies.

The Department of Housing and Urban Development has become the strong advocate of urban America. The economic development administration within the Commerce Department has also been exercising its resolve as provider of urban assistance. The Department of Agriculture must serve the role of advocate for rural America.

Mr. Chairman, I sincerely hope that the development of a "management process" is the mechanism to accomplish this objective. However, I am concerned that we might need a stronger directive.

From 1972 through 1976 there was not even an attempt to implement this section. This may have been a response to the difficult and sensitive situation of having the Secretary of Agriculture or an assistant secretary place requests or directives upon an equal in another agency. There is no guarantee that such coordination would be voluntarily honored.

For this reason, we suggest that this committee consider the mandate of a Secretary's "working group" on rural development. Such a group could be composed of the Assistant Secretaries of Agriculture, Justice, Commerce, HEW, HUD, Interior, Labor, DOT, Treasury, ACTION, CSA, EPA, SBA, and any other agencies impacting on rural development.

4. I want to take this opportunity to note the continued need of Farmers Home Administration for increased staffing. FmHA has historically been under staffed. It has been required to provide increased services and responsibilities to rural people with a small but hard working and dedicated staff. County governments have, in the past, placed staff in FmHA county offices to help alleviate this situation. Moreover, any time the Federal Government places a ceiling on overall hiring, it affects FmHA in exactly the same manner as those agencies which have never had staffing problems. I would be happy to provide this committee with detailed information regarding the staffing needs and urge the committee to look into the problem.

In summary, rural county officials urge the following legislative action:

1. We strongly support an increase in section III authorization from \$10 million to \$20 million.

2. We urge the committee to amend the proposal to maintain the broad eligibility of all applicants to participate in the section III planning program. We would be forced to oppose any language that did not recognize the role of counties in rural development and which excluded counties from eligibility.

3. We support the mandate of a section 603 "management process" for coordinating all rural development programs. We also suggest that consideration be given to the creation of a Secretaries' "working group" on rural development.

4. Attention should be accorded the continuing problem of inadequate FmHA staffing levels in light of the agency's expanding and vital role to rural communities.

I would again like to thank this committee for permitting us to testify before you. We would be happy to answer any questions you may have.

STATEMENT OF LEONARD U. WILSON, WAITSFIELD, VT., RESEARCH ASSOCIATE,
COUNCIL OF STATE GOVERNMENTS

I wish to speak in strong support of S. 670, the Rural Development Policy and Coordination Act of 1979.

These remarks will focus on three principal points:

1. The need to improve the rural development policy management process with particular emphasis on the role of state and local government;

2. The need and justification for expanding Section 111 funding to strengthen state and local planning capacity; and

3. A point of great personal concern—the need to emphasize that agriculture should be recognized as the critical factor in rural development. That is to say, agricultural policy and rural development policy should be regarded as inseparable.

S. 670 directly addresses the first two of these points. The third I will stress as a compelling reason for passage of this legislation.

The legislation proposes a consolidation of reporting requirements for the Secretary of Agriculture in his assigned federal leadership role in rural development policy management within the Executive Branch. These reporting requirements are, in fact, a prescription for comprehensive policy planning and coordination.

The required content of the five-year appraisal and the biennial progress reports will provide the necessary framework for government-wide strategy and program coordination and, moreover, for intergovernmental cooperation. Furthermore, the reports will give the Congress the means to keep executive feet to the fire in carrying out coherent rural development policy in partnership with state and local government.

The concept of federal-state partnership is important to emphasize. Partnership is more than cooperation and coordination. Partnership recognizes shared responsibilities and powers. Federal officials and state and local officials must do more than talk together, they must work together.

In this regard, it is encouraging to find that the Farmers Home Administration is aggressively pursuing cooperative agreements with states. The first of these has been formally executed in a Memorandum of Understanding between FmHA and the State of North Carolina. The agreement describes "a cooperative working relationship."

Among its purposes: "To stimulate development in accordance with North Carolina Balanced Growth Policy and subsequent enabling legislation and in accordance with local and regional plans."

State and local planning is to guide federal investment.

Again I quote from the purposes: "To participate jointly as partners in determining who the recipients of financial and technical resources will be."

State officials will have a voice in resource allocation. As partners.

In Vermont, state officials and FmHA are negotiating a similar instrument. It is very close to completion. Again, recognition is given to the imperative that federal strategies, programs and projects are in accord with state, regional and local development policies and plans to the greatest possible extent consistent with national objectives.

The Vermont-FmHA agreement will help FmHA target its investment in rural development to the areas of greatest need and in such a way as to support state and local economic, environmental and social goals.

This is heartening evidence of one federal department's desire to enter into partnership with the states.

Mr. Chairman, having illustrated what I mean by partnership, I would like to suggest a possible change in S. 670 for your consideration.

You have proposed amending the language of Section 526(b) of the Rural Development Act of 1972. I'm referring to Section 3(a) of S. 670. In the initial sentence that you propose to insert I would suggest that the words "in partnership with" be substituted for the word "involving" and that the word "involving" be inserted before the words "all executive branch" later in the phrase.

The revised language would then read as follows:

"In carrying out this responsibility the Secretary of Agriculture shall establish and maintain a rural development policy management process in partnership with local and state governments and involving all executive branch departments and agencies. * * *

This may seem only symbolic, even simply cosmetic. To me, it is a significant change. It is a change that should tell the Secretary that he should seek more than evidence that federal officials have held perfunctory meetings in state capitals to inform governors of federal agency intentions.

Partnership suggests the kind of formal working agreements that FmHA is pioneering. Partnership requires recognition by federal agencies that states must play a central role in the rural development policy management process.

In this regard, I would like to quote from a passage from the National Governors' Association policy on Urban and Rural Community Development:

"Rational community development policies cannot become a reality unless states provide the vital link between various community development and planning programs. Congress and the Administration should adopt a program which provides broad block grants to the states for community development, comprehensive planning, and management activities. These grants should allow the states to develop and operate their own systems for setting and implementing community development priorities."

Perhaps this legislation does not propose the kind of broad block grant for comprehensive planning and management the Governors envision. However, it can be an important step in that direction. In rural development, it can provide a transition between fragmented, narrow-scope project planning and funding and a consolidated policy and program approach that recognizes that the states, as the governors declare, must provide the vital link.

Section 111, adequately funded, is the key to accomplishing this transition. Substantially greater funding, as called for in S. 670, is needed to support the Section 111 planning process. That process is well-defined in the language S. 670 would add to the Section.

The kind of process now going forward in Vermont illustrates what should be happening under the Rural Development Act. A couple of years ago, assisted by a planning grant from the Commerce Department, Vermont initiated a state economic development planning process.

A draft plan was completed this year. A Section 111 grant provided resources for the state's regional planning commissions to review, with broad public participation, the proposed plan.

Innumerable and well-attended meetings have been held throughout the state. They have focused on the goals and strategies of the draft as these related to real needs and problems at the local level.

To no one's surprise, the planners have been sent back to the drawing board. With that mixture of humor and fury that characterizes Vermont's town meetings, the state's citizens have told the planners what sins of omission and commission must be corrected.

When a satisfactory revised draft has been prepared, the process will again move to the regional level. A second 111 grant will be requested to assist the regional commissions in translating the broad state goals and policies into regional development strategies.

These strategies will be used to direct public investment—state and federal—to achieve specific regional and local development goals and priorities.

At the same time, the statewide economic development policies and strategies in the plan will be incorporated into the five-year operating plans of the state agencies and will be reflected in administration policy decisions, capital and operating budgets and, as appropriate, the allocation of federal grants and other resources.

This Vermont planning process reflects a new awareness among the states of the significance of public investment planning.

There is growing appreciation that government itself is a shaper of patterns of growth and settlement. Government policies and actions, by design and inadvertently—usually the latter—significantly affect where and when development will take place.

State and federal capital spending has an enormous impact on a state's economic health as well as its environmental quality. The timing and location of investment—in roads, airports, recreational facilities, colleges, sewer and water systems—strongly influence patterns of settlement and economic activity.

Public capital investment is critical in determining land use patterns and resource management opportunities, and in directing private investment.

The creation of the policy framework and management capacity required to comprehensively plan and direct public developmental spending is a tough challenge for state government and few states have fully come to grips even with the necessity of doing it.

However, with their states reeling from the jolts of energy, economic and environmental crisis, most state governors realize that it is imperative that they manage their scarce resources to achieve the greatest possible economy in development while avoiding the unnecessary costs of scattered, unplanned settlement.

States and their local communities are generally quite aware of the degree to which disorderly growth patterns are responsible for land waste, public service inefficiency and community decline as well as for environmental pollution.

Major public works programs of the type to which I refer have typically been funded by federal agencies to serve national objectives. Through federal programs, states have received funding to achieve specific purposes. Unfortunately, states have been bound by narrow and inflexible directives that are blind to the secondary consequences of public investment.

As a result, we continue to get very disorderly and costly patterns of rural development—costly in terms of burden on public services, and in energy consumption and other resource waste. Costly—particularly—in conversion of land from essential agricultural and forest uses.

My understanding of the intent of S. 670 is that these problems of rural development will be illuminated and that a management process will be initiated that will coordinate federal strategies and link them more coherently to state and local objectives and programs.

State and regional planning will receive increased support in recognition that this management process places additional burdens on state and local government, the levels of government where the problems and needs of rural people can best be analyzed and appropriate responses developed.

This legislation, with its increased funding authorization, is vital.

It is vital to establish a real working, federal-state partnership in rural development.

It is vital to build state and local capacity in rural development planning.

It is vital to strengthen the hand of the Secretary of Agriculture in his leadership role in rural development.

In this latter respect, and this is my final point, I feel strongly that the Secretary of Agriculture should have this assignment because agriculture is the critical factor in rural development.

Recently Brian Burns, the Vermont and New Hampshire FmHA state director said the following:

"In coordination with federal, state, regional and local agencies, Farmers Home Administration is placing emphasis on a rural development strategy which will act as a catalyst, not only for channeling federal funds to where they are most needed, but for preserving prime agricultural land and sustaining the small farm as an integral unit of our national economy.

"As we work for economic development and industrial growth and more jobs to sustain a growing population, the bottom line always remains our ability to feed and sustain our growing population."

Mr. Chairman, I am currently engaged in a research project on agricultural land problems across the country. Our particular concern—that is, the Council of State Governments—is with the role of states in this area of agricultural land.

From the beginning of the study, it has been apparent to me that agricultural land issues cannot be considered apart from broader agricultural economic issues and particularly the problems of the farm owner-operator, that is, the problems of the family farm. And these, in turn, force consideration of the problems of rural communities.

The number of farms in the United States steadily declines as smaller units are absorbed by larger, by corporations and by non-farm uses. In many instances, the cause is economic failure or the irresistible lure of easier alternative employment. In others, however, inability of a succeeding generation to pay death taxes, difficulties in borrowing money needed to expand or modernize, or the isolation of a farm in an urbanizing area are the key factors.

Increasingly, farms are being sold to speculators, including foreign investors, who offer prices well beyond the productive value of the land. As the number of farm families in an area decreases, rural communities wither and the quality of rural life deteriorates.

At the same time, the availability of good crop and grazing land in the United States is being steadily diminished by soil erosion, groundwater depletion, energy development and urban expansion. Meanwhile, demand for the nation's food and fiber production is accelerating as the world's population grows. There is increasing uncertainty about the continuing adequacy of agricultural land to meet domestic needs and sustain agricultural exports.

The closely interrelated problems of instability in the agricultural economy, loss of productive agricultural land and decline of family farming signals possible serious trouble for American agriculture and rural communities in future years. There is growing national recognition that new strategies are critically needed both to assist agricultural producers and to protect agricultural land reserves. Sustained agricultural abundance is a social, economic and national security imperative. As a world power committed to peace, the United States must continue to provide food and fiber to meet international needs, both to sustain the national economy and to prevent international conflict over critically scarce resources.

Agricultural policy has been dominantly federal from the earliest moment that government became involved with farming. The states have generally been detached and passive except in regulatory activity. When state officials have become involved with agricultural issues, it has usually been as petitioners to the federal government on behalf of constituent farmers. Farmers in trouble have asked federal help and their state governments have backed them in seeking national solutions to agricultural problems.

While a dominant federal role in agricultural policy appears inevitable, there are a number of areas of emerging concern in which states have traditionally maintained strong interest and responsibility, notably land use and water management. In other areas, such as taxation, farm financing, marketing, and transportation, states share significant powers with the federal government. Having taken on heavy responsibility for environmental management in the last decade, states are now caught in the crossfire between farmers and federal lawmakers on issues of air and water pollution, weed and predator control, and public lands policy.

There is much that states can do—and many are doing—to develop state responses to farm problems to prevent their escalation to the national crisis level. States can design their own innovative programs in support of their farmers.

This will require an intensive look at state policies from an agricultural perspective, including policies in environmental protection, water development, land use, transportation, energy, housing and urban development, recreation and industrial development.

Mr. Chairman, I see in S. 670 an opportunity to encourage stronger state planning for agricultural development and problem solving and for state participation in national agricultural policy management. I see that as critical to rural development.

STATEMENT OF DAVID RAPHAEL, ACTING EXECUTIVE DIRECTOR, RURAL AMERICA

My name is David Raphael and I am the Acting Executive Director of Rural America, a national membership organization seeking to improve human opportunity in small towns and rural areas. Over the last ten years we have sought to ensure equity for rural people in the distribution of services and the allocation of public resources. One of our primary objectives is to support and assist rural individuals and organizations struggling for social change.

Mr. Chairman, I want to thank you for the invitation to appear here today, and to comment on proposed rural development legislation.

We have heard a lot in the last two or three years about the need to develop a comprehensive rural policy. Currently, there is much discussion around this town about the coordination of existing rural programs, the need for legislative and administrative actions to correct overlap and fragmentation in existing program authorities, and ways to improve rural delivery systems. Rural planning and coordination are words that have found their way into the White House, the Federal Agencies and the Congress. While a lot of these plans are still on the drawing table, we are at least encouraged by some of the efforts. After all it wasn't long ago that rural concerns were excluded entirely from the national agenda.

While all this talk about rural policy is a hopeful sign, we want to urge that the policy makers don't become so bogged down in process and management issues that they lose sight of some very essential ingredients of a sound rural policy.

BASIC PRINCIPLES

A policy can be "rural" in the sense that it focuses geographically on rural areas^s as distinguished from urban areas, but we would argue that a policy is not truly rural unless it focuses on those factors which give to "rural" areas their special character—things like human scale, a sense of community, a feeling of individual responsibility and efficacy. A policy that fails to keep those essentials of the quality of rural life as its focus is really only a sort of sectional policy. At its worst it becomes a policy that implicitly assumes that eventually what is now "rural" will be equal (in the sense of identical) to "urban" society. It may achieve greater equity—and this is not to be scoffed at—but it will do so at the cost of losing some very important values and will miss the opportunity to seek a new social synthesis—one that tries to blend the best of both urban and rural societies.

From this perspective, it is to be hoped that Secretary Bergland's recent speech before the National Farmers Union convention in Kansas City represents the beginning of the Administration's evolving rural policy. Secretary Bergland didn't claim answers, but he asked the right questions. He asked if we really want to continue farm policies that put a premium on large-scale commercial farming. We believe that the principles Secretary Bergland was enunciating—the need to consider human values and social costs when we are evaluating farm policies—can be extended to all aspects of economic life. We believe that the long decline of rural America which may at last be ending, was the result of the triumph of bigness not only in farming but in virtually all aspects of our economy. We believe that the enemy of rural life is concentration of power not only in agriculture but in industry and trade as well—a concentration that looks only at the benefits to the corporate unit in market terms and fails to consider the human and social costs with which those market profits may be purchased.

In other words, we would argue that those programs and policies that discriminate against rural areas do so because they discriminate in favor of large-scale and concentrated institutions. This is the case with most of our farm programs and policies and it is also the case with our tax policies, our transportation programs, our health delivery system, and on and on and on.

A rural policy that is meaningful will have to deal with our tendency to favor large-scale operations. It will have to assure equity in that light as well as equity in the geographic sense. This means it will have to emphasize not just rural access but small-scale access to credit, to capital, and to economic opportunity. It will have to purge the regressive aspects that run all through our tax structure. It will have to emphasize support for community-based organizations in the various aspects of policy development so as to assure small-scale access to political as well as economic power. It will have to first and foremost adopt from the appropriate technology movement and from all great systems of ethics the basic principle that it is people who matter.

PUBLIC RESPONSIBILITY

A sound rural policy requires not only just and equitable principles underlying it, but a process for developing its details, spelling out programmatic implications and monitoring its implications. It also requires acceptance of some basic public responsibilities.

We believe that it is a public responsibility to ensure that people's fundamental needs are met including adequate shelter, jobs, food and health care. If it is our economic system that produces poverty, then it is the responsibility of that system to pay for the redress of that injustice. It is the Federal Government's responsibility to ensure equity in the distribution of services, the allocation of public resources and the protection of basic rights. If these are the goals of a responsible Federal Rural Development policy, as we believe they should be, then it has failed rather dismally.

Just as race, sex and age should not be barriers to opportunity, including access to public assistance, neither should geography. Where someone chooses to live or in many cases is forced to live, should not affect the exercise of his or her rights. This kind of discrimination is ubiquitous in our society. For decades, the overwhelming weight of our thought and action has been urban oriented. The fact remains. There is no coordinated and clear rural development policy coming out of Washington.

It is not as though Congress has not mandated a Federal Rural Economic Development policy in the past. Section 603 of the Rural Development Act authorizes and directs the Secretary of Agriculture to:

"Provide leadership and coordination within the executive branch and assume responsibility for coordinating a nationwide rural development program utilizing the services of executive branch departments and agencies and the agencies, bureaus, offices and services of the Department of Agriculture in coordination with rural development programs of state and local governments."¹

Once and for all, we must stop running away from hard realities. The fact is that poverty in rural America remains pervasive and persistent. The studies, exposes and rhetorical public promises have left unsolved the problems of many low income rural people. With only a third of the nation's population, nearly half the nation's poor are living in rural America. In any area we turn, the need is great:

Over half of the nation's substandard housing is located in rural America.

Despite the higher levels of infant mortality and a higher incidence of chronic disease, rural America has the services of only 12% of the doctors and 18% of the nurses in the country. As recently as 1975, some 135 rural counties had no resident physician at all. Rural people comprise nearly 60% of all persons living in areas designated by HEW as being medically underserved.

Unemployment in rural areas is at least as widespread as in metropolitan areas, yet the Labor Department has acknowledged that its programs designated to generate jobs have failed to give equitable treatment to rural areas in the past. For women, the elderly and minorities living in rural America, the needs are compounded:

A 1970 study showed that 60% of the minority people living in "totally rural counties" had incomes below the poverty level.

In 1977, 81% of the rural elderly had annual incomes under \$4,000.

In 1970, 44% of all non-metro poor families were headed by females. Median earnings for non-metro women were 50% below non-metro men.

Our farmers have also had to endure their own special problems:

In 30 years, 60% of our farms have disappeared.

Consolidation and control of the food and fiber production has become so centralized that recent estimates indicated only 5.5% of all farm operators accounted for over half (54.4%) of all land in farms.

Without a comprehensive Federal rural development policy, needs will increase and we will continue to witness a low standard of living for the people living in rural America. Without Federal initiatives to plan and control the efficient use of the land, the coal and timber companies, the developers and speculators will continue to ravage resources. Unless substantial housing and health programs are developed or a concerted effort is made to meet the needs of the rural elderly, rural people will continue to receive only the left-overs.

One thing is certain. The unorganized don't have a chance. We only have to look at the Federal response to rural needs today:

¹ Revised guide to the Rural Development Act of 1972, Senate Subcommittee on Rural Development, March 25, 1976, page 37.

Rural America receives only 18.4% of the Federal dollars being spent to provide or improve housing.

Just 23% of the CSA anti-poverty money goes to rural areas.

Rural America receives just 22.7% of HEW Social Services funds.

12% of FmHA's water and sewer and grant funds are going to families with incomes below \$5,000 although they constitute 44% of the population in areas served by the agency.

In 1974, Congress authorized an expansion of Federal programs for public transportation, but less than 5% of the additional money was earmarked for use outside urban areas.

BASIC DATA UNAVAILABLE

Mr. Chairman, I do not have to tell you just how hard it is to find the figures I have mentioned. In many instances, either the figures are not available or they are unreliable. Occasionally, they are downright misleading! Very little effort has been made to develop a comprehensive data base for rural development.

Without a comprehensive data base, there is no objective procedure to establish human need. Without this critical information there is no way that our elected representatives can design legislation to address human need. And without this data base, there is absolutely no way to measure impact of Federal and State programs upon those for whom programs are designed. As critically, we see no integration of a consistent data base with the fundamental components of a rural development policy.

Consider:

No systematic information exists as to land ownership in this country. How can we address land use policy unless we know who owns the land?

No accurate estimates of unemployment and under-employment for small towns and rural areas currently exist. How can we design a reasonable policy to address rural unemployment?

Detailed information concerning the 20% of America's smallest farmers is simply non-existent. How can we even begin to address rural economic development without such critical data?

The National Center for Educational Statistics doesn't issue reports or compile data on the current status of rural education. Without such information, it is impossible to correct deficiencies or foster improvements in rural educational delivery.

SERVICE DELIVERY GAPS

The misallocation of Federal expenditures for rural America and the absence of a decent data base are but two symptoms of a non-existent Federal rural policy. Another is the confusion in the way programs are designed and implemented. Rural development programs as they are now administered display a horrifying array of deficiencies.

Often whole segments of the rural population fall through unexplained and indefensible gaps in the delivery mechanisms of programs. The clearest example is the Community Action Program, administered by the Community Services Administration. The rural poor urgently need services offered by CAP agencies which operate on a county basis as the local delivery arm of the agency. But many counties do not have CAP agencies, and rural people bear an inequitable burden of this program shortfall. Of the total number of counties without CAP agencies 709 or 84% are rural counties.²

Other service gaps result from unworkable program designs. Laws and programs that are written for the cities are expected to work in rural areas. Section 330 of the Public Health Services Act, for example, provides money for health care facilities but limits expenditures to the acquisition and refurbishing of existing structures only. In many instances suitable structures do not exist in rural areas. Since new construction funds are not available under the Act, rural areas find it difficult to participate in that part of the program.

A final type of service gap found in rural development programs is discrimination. Frequently legislative authority is granted to meet a human need in metropolitan areas. Yet, companion authorities for nonmetropolitan citizens are absent or delayed for years.

In 1965 metropolitan areas received a Congressionally approved rent supplement program. Not until 1974 was a similar authority enacted for families in rural America where the per capita incidence of need was always greater.³

² Statement applies to all counties except those in New England because metro/nonmetro (SMSA) organization is not applicable.

³ Housing and Urban Housing Act of 1965.

NATIONAL LEADERSHIP NEEDED

I do not want to overload this Committee with problems they are already aware of. I would like to say that in each case I have mentioned, we believe a central, purely rural, adequately staffed and properly empowered federal agency for rural development planning and coordination would go a long way in helping to correct this present intolerable state of affairs. We have for some time proposed that a Federal Dept. of Rural Affairs be established within the government. Additionally we have called for a Congressional Select Committee on Rural Development. We still believe that both proposals have merit and deserve serious consideration. Knowing we are some distance from this, we will continue to push for the better bits and pieces as they come along.

S. 670 RURAL DEVELOPMENT POLICY AND COORDINATION ACT

The proposed Rural Development Policy and Coordination Act, S. 670, speaks to the need for process and we have a very positive reaction to this proposal at least for the most part. In our view, the bill does an outstanding job of laying out the dimensions of the policy process and the subject jobs to be done. We find the rationalization of the reporting requirements sensible and commendable, and feel that the specification of what they should cover represents a substantial improvement over the present reporting requirements.

The specific requirement, for example, of a biennial analysis of comparative federal outlays (as would be the case under the amended language of 603(c)(3)(f) of the Rural Development Act), would give statutory status to what is potentially a very important rural policy tool. We would hope that in addition to giving that data base a statutory mandate, you would push the Office of Management and Budget and all of the executive departments and agencies to upgrade the quality of the outlay data so that it is no longer so dependent on prorations and projections which frequently assume in advance the answer to the basic question of where program impacts are felt.

We would recommend two changes in the policy management process as spelled out in S. 670. One would be an addition and the other a modification. Taking the latter first, we are concerned about the rewriting of Section 111 of the Rural Development Act. We are in complete agreement that increased funding is necessary for this program to enable the policy process to extend to the grass roots and to secure the maximum participation of state and local governments and people in the process. We do not feel that it is wise, however, to restrict that assistance and input to state government and state-designated area planning agencies. Those are very important factors in the process, but they should not be the only factors, nor even the chosen vehicle through which input from all other factors must flow. We must prefer the present Section 111 language giving the Secretary of Agriculture flexibility to support the work of other agencies both public and private. In our view, a pluralistic approach to the planning and decision-making process is not only desirable, but is essential. Capacity-building at the local level is essential if we are to maintain the basic qualities of rural community and at the same time deal with issues of economic growth and development. But that capacity-building should include a wide variety of social institutions—community-based organizations and community-based development corporations as well as local governments and their area-wide planning agencies.

Secondly, while we support the broadly-based planning process that S. 670 envisions, we also think that the process needs to be strengthened at the top. It is for that reason that we have supported and continue to support the idea of giving legislative recognition to the Assistant Secretaries' Working Group for Rural Development—or some similar cabinet level policy group—and providing it with a full-time and adequate staff. In our view, the establishment of such an ongoing secretariat is critical to an ongoing policy management process and should be included in your legislation. The reporting requirements in S. 670 are surely sufficient responsibilities to occupy such a staff on a regular basis. In addition, the job of actually coordinating federal programs that impact on rural areas and/or are relevant to rural policy requires ongoing staff support if it is to be done well.

With those two changes, we would have no reservations about the desirability of S. 670. I know that the Administration is taking the position that the structure you are proposing is not needed and arguing that they are doing these things without any legislation. My comments would be that if that is true, they shouldn't really object to having legislation endorsing what they claim they are doing. Their opposition to such legislation indicates to me that they are less than certain that they really are doing all that your bill would require.

Mr. Chairman, this concludes my prepared statement. I would be pleased to respond to any questions that you or other members of the Subcommittee may have.

STATEMENT OF JOHN M. CORNMAN, PRESIDENT, NATIONAL RURAL CENTER¹

Mr. Chairman, Thank you for the invitation to testify on S. 670, the Rural Development Policy and Coordination Act, and S. 671, a two-year extension of Title V of the Rural Development Act of 1972.

Let me begin by admitting that preparation of these remarks turned out to be one of the more frustrating tasks I've pursued recently. The effort was frustrating because an intelligent discussion of the importance of both bills requires discussion of a host of related rural issues. Even if I were tempted to pretend I had something useful to say about all these issues, and even if I were wise enough to do so in a way that made logical sense—as opposed to nonsense—neither you nor I would or should have the time or patience to sit through such a lengthy discourse.

So, recognizing that discretion is the better part of valour, I have resisted the temptation to deliver a definitive discourse on rural policy but, unhappily, not the temptation to discuss the bills in relation to three broader issues.

These broader issues are: The need for a national rural development strategy; government reorganization and responsibility for implementing a federal rural development strategy; the inadequacy of the rural data base; and the basis for a federal rural strategy.

Passage of these bills would, or at least should, have implications for each of these issues. Equally important, actions on those issues should affect the final form of each of these bills. Therefore, I will organize my thoughts on S. 670 and S. 671 as the bills relate to those issues. Before doing that, it might be helpful if I made several general remarks to explain the value system and experiences on which my remarks are based.

First, here are some definitions. The word "development" means different things to different people. When used in connection with a national rural strategy, I believe development should mean increasing access to public services and facilities; protection or enhancement of natural and environmental resources; economic development where desired by local people and where possible; and increased capacity of rural people, communities, and institutions to interact effectively to identify and attain goals. That definition also means that development is a fluid concept, as concerned about trends as about finite measurements and goals.

And because development is a fluid concept, I find it is useful to talk about a national rural "strategy." The purpose of a national rural strategy should be to ensure that broad national goals benefit all rural people and that rural people are assured access to basic human needs and to options for achieving their full potential. Those broad goals include decent housing, full employment, equal opportunity, etc.

A national rural strategy, in turn, consists of the following elements:

1. Specific goals, including those set by rural people, communities, states, and Congress, which define improvements in the quality of life sought by a rural strategy;
2. Action programs, public and private, which provide money to achieve tangible end products; and
3. Process, which provides information which rural people and policymakers alike need to identify problems, prioritize goals, select sound solutions and achieve goals.

It is the lack of process which today may be the most serious barrier preventing attainment of national goals in rural areas. If I am correct about the importance of and the lack of process for rural development, then it is easy to understand why I consider S. 670 and S. 671 important, for they both seek to establish two versions of the essential process. S. 670 would establish a process primarily to assist policymakers at the state and federal levels; while S. 671 would primarily assist practitioners at the local level and, if designed correctly, provide information for policymakers.

Finally, my views on this subject have been formed by the National Rural Center's (NRC's) evaluation of Title V of the Rural Development Act, by reading a number of articles, including two by senior policymakers in the current administration (I hope they will follow their own advice), and by the work of members of NRC's staff which has prepared material we hope will be useful to efforts to

articulate a national rural strategy. At least one important concern ran through each of these efforts—the process must begin with the meaningful involvement of local people and their representatives * * * which brings me to those broader issues and S. 670 and S. 671.

The justification for the two bills must rest on the contention that a successful national rural strategy is in the broad national interest, particularly at a time of increasing conflicting, but legitimate, claims on relatively shrinking resources. The case for a national rural strategy, therefore, must be pervasive to be persuasive.

The case cannot rest on the issue of equity alone, though that is part of the argument. An equity argument could lead us to ask for a fair share of programs that don't work in urban areas, could lead to widening the rural-urban split, and could founder on the question of where to spend limited resources most efficiently.

The case should not be based only on the claim of urban bias in federal programs for many of the reasons noted above.

Neither of these arguments does much to advance the contention that the general public has a stake in the setting of a national rural strategy. Without such an understanding, all the rural development acts, all the rural policy coordination acts, all the information collection requirements, all the commitments to providing a rural development process will continue to be honored more in rhetoric than in resources—more in frustration than in well-directed efforts.

The point I am trying to make is that consideration of these bills should not go forward in a vacuum, but must be part of an effort to articulate both the need for and the substance of a national rural strategy. If the current effort at the White House to develop such a statement comes up with a satisfactory product, that statement should be made part of the deliberations affecting the S. 670 and S. 671. If that effort is not satisfactory, then this subcommittee ought to develop and advocate a better statement as part of its work on these bills.

I suggest that any such statement note not only the public stake in ensuring that basic national goals such as jobs, non-discrimination, housing, access to health care, etc. apply to every kind of community and every person, but also note that:

Migration for poor people, urban or rural, from one kind of poverty to another serves no public good;

In a society which draws much of its vitality from people's freedom of choice, government ought to increase rather than limit the opportunities people have for a decent life in the kind of community in which they want to live; and

The opportunity for innovation, particularly new ideas based on small scale approaches to production, may increasingly exist in rural areas.

The strategy must also designate a lead federal agency to carry out federal responsibilities under the strategy. The choice of such an agency continues to be a matter of debate. If it is to remain the U.S. Department of Agriculture, does it make sense to transfer certain business development programs to another department? On the other hand, does it make sense to give the U.S. Department of Agriculture a major responsibility to collect much-needed rural development data without also taking steps to upgrade rural development within the department and making sure the department has the capability to analyze, disseminate and, most importantly, be able to use the information to make programs more responsive to real problems? As one observer has commented, "You are really asking for trouble if you create a system to better identify problems but not a system to deal better with the problems identified." In short, I would hesitate to enact S. 670 without also making decisions about how the information was to be used and by whom.

A related major concern is to make certain the information is collected and reported in a useful manner. There is growing recognition, if indeed not general agreement, on the inadequacies of the rural data base. However, the usefulness of a data base will not be increased automatically by the addition of more information. Before enactment of S. 670, I think the committee should come up with at least some guidelines to ensure the credibility, relevance, timeliness, and coverage of the information collected. Also, considerable thought must be given to how the determination of need will be made. Absent such guidelines, there is considerable danger of the results reflecting the needs of program managers rather than the needs of rural people.

To help structure some of the guidelines, I suggest the subcommittee work with the special committee being formed by the National Academy of Sciences to study rural data needs. I would hope any legislation dealing with the collection of data would reflect at least some of the recommendations of that committee, and that the academy's recommendations would be responsive to rural data needs of Congress. Both efforts should recognize the critical importance of generating the

information from rural people, rather than to them—which brings me to my final issue—the nature of a federal rural strategy.

Any federal rural strategy must begin with the recognition of the great diversity found in rural areas—not only diversity of geography, resources, and size; but also diversity of conditions, trends, goals, and political will. As we have come to learn, diversity often results in legitimate, but conflicting claims on the resources in question; it seldom results in easy “right” answers. We should have learned by now that in such instances the more prudent answers are those reached after informed consideration of as many of those conflicting claims and their trade-offs as possible. These trade-offs cannot be dealt with adequately in the articulation of broad national goals or in the writing of national action programs. That shortcoming, however, does not mean that national goals and national programs should be avoided. Rather, it emphasizes the need for strategy which allows those conflicts and trade-offs to be accurately identified and prudently weighed in determining how a particular goal or program relates to a particular community or program, and *vice versa*. It is my contention, of course, that it is the availability of process that will enable a national rural strategy to respond to the diversity found in rural areas.

At the risk of appearing to be less than humble, I would like to quote from a piece in which Dr. Patrick Madden, of Pennsylvania State University, and I took a crack at describing the characteristics of that essential process. We wrote the process should be:

Constructive in building the capacity of rural citizens, leaders, and local governments to identify their own problems and opportunities, and to organize effectively the various resources and actions needed for the attainment of their goals. It should also be constructive in building the capacity of various local, state, and federal agencies and various institutions and private organizations to support the effort of rural people to achieve their goals. The process should be constructively cumulative so that development efforts over time are mutually supportive and complementary.

Comprehensive in the scope of social, economic, physical, and environmental problems and opportunities addressed.

Inclusive in that it is open ended, available to the full range of people affected by the public and private resources and initiatives. Conversely, exclusive processes serve only selected segments of the population, and/or utilize only very specialized agencies and resources, to the exclusion of others who could contribute or who would be affected.

Rational in that it should be integrated, responsive, and cumulative. It should be integrated in that it provides a responsive relationship among the people and agencies involved, and it recognizes the interactions and interdependencies among the various parts as well as the various problems, opportunities, and resources of agencies and communities. Isolated processes ignore the relationships existing among the various parts, and deal with each part in isolation from all the others. It should be responsive in that it provides timely, useful, and credible information which can help rural people make more informed decisions in selecting their local goals, in setting their own priorities, and in devising ways to achieve these goals. It should also be cumulative in design by including a systematic and scientifically credible evaluation system, so that the experiences of the past and the present may be used to build more predictably effective strategies in the future.

That description comes from a policy statement based on NRC's evaluation of Title V. We recommended changes in the Title V program to reflect those characteristics. If process with those characteristics was in place, it could be a major generator of information from the people for a federal rural development policy and coordination system through its “systematic and scientifically credible evaluation system.”

All of which brings me to my recommendations on S. 670 and S. 671 which are:

1. The federal government must help establish a process to generate the kinds of information and options S. 670 and S. 671 seek to provide.
2. To generate credible information from the people which federal policymakers need to make prudent decisions, and to generate credible kinds of information rural people need to help them set and attain development goals, S. 670 and S. 671 should become parts of a coordinated process with the characteristics outlined above.
3. For the process to be useful at the federal level, however, the process must be part of a rural strategy which enjoys broad public support and is the responsibility of a committed and adequately financed lead agency.

4. In designing the process, the subcommittee should work with the National Academy of Sciences and be prepared to accept or change the administration's articulation of a national rural strategy.

5. And finally, Title V should be reauthorized for two years immediately, with the commitment that during those two years an effort be made to expand the process to encompass the goals of S. 670 as well as to make the Title V program more effective by opening it to institutions other than the land grant universities.

At the proper time, I will be pleased to outline some of the changes we recommend in Title V as a result of NRC's evaluation of the process.

Just for the record, one of our recommendations calls for the careful expansion of the program. (You can imagine our frustration when the U.S. Department of Agriculture decided to kill the process even before reading our evaluation, which was paid for by the department.)

Let me briefly explain why I think it is important to reauthorize Title V immediately. Title V, with very little money, was an attempt to encourage extension and research at the land grant universities to cooperate on assisting rural people and communities attain development goals. For many people at a number of the universities, that meant change—change in emphasis, change in approach, change in goals. Change does not happen easily at institutions such as universities and usually entails some risk for those who advocate it. To allow Title V to expire will strengthen the hand of those at the land grant universities who did not take the effort seriously and discourage those who sought to direct the institutions back to one of the purposes for which they were created.

In short, by letting Title V expire, Congress may be foreclosing meaningful participation by the land grant universities in the process needed to make a national rural strategy work. After further deliberations, you may want to make that decision, though I doubt it; but prudence dictates you keep the options open until some final determinations are made on how to provide the essential process.

STATEMENT OF DAVID G. UNGER, DEPUTY ASSISTANT SECRETARY FOR CONSERVATION, RESEARCH AND EDUCATION, U.S. DEPARTMENT OF AGRICULTURE

Mr. Chairman, we appreciate this opportunity to briefly review what has been done under Title V of the Rural Development Act of 1972, and to clarify our position on the two year extension of the Rural Development Research and Extension programs, and the Small Farm Research and Extension programs in Title V. The authorization of these programs expires September 30, 1979.

The Administration has no objection to the reauthorization of these programs. We believe these have been useful authorities. However, lack of Administration objection to the reauthorization of these programs should not be construed as Administration support for funding them. Because of budget constraints the Administration did not propose specific funding for these programs in Fiscal 1979.

The Rural Development Act of 1972 and its six Titles represented an attempt by the Congress and the Executive Department to improve the economy, the living conditions and the overall level of well being of people in rural America. It built on the commitment of Congress in the Agricultural Act of 1970 which was expressed in these words:

Sec. 901(a)—The Agricultural Act of 1970—

COMMITMENT OF CONGRESS

"The Congress commits itself to a sound balance between rural and urban America. The Congress considers this balance so essential to the peace, prosperity and welfare of all our citizens that the highest priority must be given to the revitalization and development of rural areas."

The purpose of Title V as set forth in Section 501 of the Rural Development Act is:

"To encourage and foster a balanced national development that provides opportunities for increased numbers of Americans to work and enjoy a high quality of life dispersed throughout our Nation by providing essential knowledge necessary for successful programs of rural development."

More specifically, Title V provides categorical authority for building a research and education component into programs to improve employment opportunities, incomes and public services. It provides for research, investigations and educational programs useful to those planning, conducting, managing or investing

in activities, both public and private, that contribute to these ends. It also is to enhance the capabilities of colleges and universities in each State to perform their public service roles of research and practical application of knowledge in support of rural development.

The administrative requirements of the legislation and the accompanying regulations were demanding. They called for:

A Memorandum of Understanding between the administering institution, the Land Grant University of 1862 and the Secretary of Agriculture;

The appointment of a Coordinator to oversee the planning, conducting and evaluating of the States' Title V programs.

The appointment of a broadly based State Rural Development Advisory Council to advise on and approve a State Plan of Work;

An Annual State Plan of Work was to be developed and approved by the State Advisory Council and the Secretary of Agriculture. It was to include a plan for evaluation;

The research and education components of the State plan were to be administered in cooperation with the Hatch research and Smith-Lever educational programs;

There was to be close integration of research and educational activities;

An annual progress report was to be submitted to the Secretary of Agriculture.

These are the procedures and the structure through which Title V programs in the States and Puerto Rico were to be designed and conducted. The legislation authorized \$10,000,000 to be appropriated in the first year, \$15,000,000 the second year, and \$20,000,000 in the third and succeeding years. Congress appropriated \$3,000,000 annually in fiscal years 1974-1977, and \$4,000,000 in fiscal years 1978 and 1979.

The funds were distributed among the States by a formula included in the legislation. Under the formula State allocations for fiscal year 1974 through 1977 ranged from \$14,238 in Rhode Island to \$105,186 in North Carolina. Twelve States received less than \$25,000 and only six States received more than \$90,000.

SOME RESULTS OF TITLE V PROGRAM

Title V provides an impetus to rural development research and education. State^s used the small Title V allocations as part of a pool of resources from institutional, State and other Federal sources to develop significant programs in a few communities and/or counties in each State.

The Title V programs have been and are being evaluated by the States and by the Extension Service (ES) and Cooperative Research (CR) units of the Science and Education Administration (SEA). In addition, these programs have also been evaluated by the National Rural Center under a Cooperative Agreement with SEA. Their findings are the same as ours. We will use their findings in summarizing results.

Data are available on the results of the programs through fiscal year 1977. Some 1,300 projects had been initiated. These projects are summarized in a Directory of State Title V. Rural Development Programs prepared by the National Rural Center, Washington, D.C., November 15, 1977.

As of November, 1977 about 900 projects had been completed.

About 200 of these projects resulted in improvement in water, sewage, solid waste, health, and recreation facilities and services.

About 300 projects resulted in improved economic planning capacity in more than 100 rural communities, increased number of jobs available in about 100 communities (instances show a range of new jobs made available of from 18 to more than 200 in different communities); expanded community economic bases; development of 6 cooperatives; expansion of existing firms in 6 communities; job skill training programs in operation in 23 communities.

136 of these 900 projects focused on improving or maintaining the natural environment. Resulting from this work were improvements in the management of streams, woodlands and irrigation systems and modifications in land and water use plans. One soil modification project alone produced knowledge that could greatly increase the agricultural productivity of more than 100 million acres of farmland in various parts of the country, while decreasing the pollution potential from agricultural enterprises.

66 projects resulted in improved management and operating practices by local governments in small rural communities.

75 projects resulted in improved regional/community planning capability in small rural communities.

43 projects resulted in improved housing for citizens of rural communities. For example, the Rural Housing project in Maine assisted more than 300 of the lowest income level rural families to upgrade or replace substandard housing during a 2-year period. This project was designed as a cooperative project with Farmers Home Administration.

Although these findings show progress more analysis is needed reflecting quantitative cost and social benefit data. An evaluation of the Extension Service is required by Section 1459 of the Food and Agriculture Act of 1977. This evaluation is now underway, and is designed to identify a mechanism which will provide such data.

Our experience under Title V convinces us that we can make our development programs more effective. The Department's partnership with the States provides the framework. Rural Development, as we now see it, requires increased capacity at two levels:

1. Capacity at the local level (community, municipality, town, county, sub-state district levels) to initiate, support and sustain development of people and their agencies, institutions and governments to solve community problems, and to make continuing adjustments to the larger environment.

2. Capacity on the part of federal and state agencies and programs to provide the assistance and resources needed by local people and local institutions to help make their efforts effective.

It follows that creation of new capacity at these two levels requires both within each level of government and between levels new ways of working, new tools, new linking mechanisms, and new systems. These are what we are trying to devise and invent.

The Department's current rural development activities need to be more specific and to be focused on:

1. Increasing income and employment—including programs for small farmers, small businesses, and rural youth;

2. Improving the quality and availability of essential community facilities and services;

3. Improving the problem-solving capacity and effectiveness of local governments and local officials, institutions, communities, and community leaders; and the capacity of the Department to deliver whatever services it provides;

4. Improving the quantity and quality of rural housing;

5. Improving the management of natural resources; and

6. Improving the data base for rural development decision-making at local, state, and national levels.

This new set of objectives would help to clarify the meaning of the term "rural development." It would center attention on issues, specific goals, and activities that are more clearly understood. It would explicitly link research and extension activities to the major rural development concerns, would incorporate small farm programs into the broader concern for improvement of rural income and employment, provide a direct link to other related Departmental policies and programs, and provide a stronger research and education base to help guide rural development policies and programs.

The Department recognizes that Congress views the reauthorization of Title V as an interim action. Therefore, we have initiated studies which address rural development needs and planning alternatives. We are looking at the relationships and functions of relevant planning programs, including Title V, the Hatch and Smith-Lever formula and special grant funds, health planning funds, housing funds, and community development programs. Our studies along these lines have not been in progress for a sufficient period of time to enable us to share our ideas with you at this hearing. However, we are working with groups both inside and outside the Department and would appreciate receiving your own ideas.

This concludes my remarks. I would be glad to answer any questions you may have.

STATEMENT OF GERALD A. DONOVAN, DEAN, COLLEGE OF RESOURCE DEVELOPMENT, UNIVERSITY OF RHODE ISLAND, SOUTH KINGSTON, R.I.

Mr. Chairman and Members of the Committee: Rural America, because of its very nature, has for many years been beset with social problems relating to employment, income, housing, transportation, and social services. Congress through the years has endeavored to assist in overcoming these problems with the development of new programs. Yet, there is a general dissatisfaction with the rate of progress.

Congress attempted a major step forward with the passage of the Rural Development Act of 1972 in which is stated:

"The Congress commits itself to a sound balance between rural and urban America. The Congress considers this balance so essential to the peace, prosperity, and welfare of all our citizens that the highest priority must be given to the revitalization and development of rural areas."

The social problems of our rural communities are diverse in nature and affect the entire country from Rhode Island to Oregon. They constitute a persistent and detrimental impediment to the high quality of life that should be and is attainable for our rural citizens.

The detrimental impact of social problems on rural communities, the food producing areas of our nation, is difficult to quantify and conceptualize. It is not highly visible and identifiable as is the impact of insect and pest damage on crop production.

The enormity and diversity of these social problems caused Congress to seek the assistance of the Land Grant colleges, which is a unique, diverse but coordinated system of higher education, research and out reach created by Congress in partnership with the individual states.

Title V of the Rural Development Act of 1972 was the manner in which Congress endeavored to utilize the Land Grant system. It authorized rural development extension and research and charged the system to: "Develop and provide the best available scientific, technical, economic, organization, environmental and management information relating to effective development in rural America."

The Land Grant community enthusiastically supported the concept of a unified research and extension approach to help eradicate the human degradation associated with the social problems of rural areas. Yet, as Deputy Assistant Secretary Unger has just testified, Title V authorized a meaningful level of funding but actually only a pittance was allocated.

Every Land Grant university accepted the challenge out of concern for the people affected. The universities developed fifty-one innovative and creative programs designed to be effective and yet overcome the grossly inadequate funding levels plus the, at times, lack of enthusiasm by the U.S. Department of Agriculture, our coordinating and the liaison agency with Congress. The result is our approach worked. This is stated in the evaluation report of Title V by the National Rural Center. We had a positive impact:

Conclusions from the evaluation of our efforts indicate that information collected from the 50 states and Puerto Rico show that Title V was effective in helping rural people identify and attain a wide range of goals. Services were improved, employment opportunities increased and improved environmental protection has emerged. The report goes on to say: "Though not all the efforts undertaken by Title V programs have succeeded, the high incidence of positive outcome indicates that the basic approach of Title V is valid."

How have we in the Land Grant community been able to reach such a level of success considering the obstacles?

First, we accepted the challenge and then with "Yankee" ingenuity and fortitude charged ahead. There was excellent cooperation from state agencies and USDA offices within each state along with community groups. Each federal rural development dollar invested was stretched to the equivalent of many dollars.

Diversity could, if well coordinated between the participating units, be the cornerstone for Title V. If not coordinated it could lead to ineffectual dabbling. Thus, the five regional rural development centers were created by joint efforts of the office of the Cooperative State Research Service/USDA and the Agricultural Experiment Station directors. Coordination was further enhanced by regional and national extension and research committees. For example, there is the Rural Development Program Steering Committee in the northeast, composed of USDA and university scientists, which is integrated with the National Planning Committee.

Still, the morale of the scientist and extension educators involved in rural development is low primarily due to the apparent lack of enthusiastic support of the Executive Branch and the annual uncertainty of program funding.

I believe a quote from the "Report to the Committee on the Budget" from the Committee on Agriculture, Nutrition, and Forestry United States Senate dated March 15, 1978 well reflects the basis for our pessimism.

"Over a quarter of our population is in rural America, but we have never seen commensurate efforts to support the economic and social development of this area. The Rural Development Act of 1972 continues to be largely neglected

by the administration's budget officers. The intent of Congress in enacting the provision was to give all of our citizens equal opportunity. The Committee wishes to reiterate this intent with needed funding."

The suggested needed funding year after year never seemed to materialize.

The Land Grant community supports an extension of Title V and that it be strengthened with meaningful funding into which is incorporated a minimum level for any state.

We are pleased with Senator Leahy's efforts to instill new life into Congress' effort to address our rural social problems with S. 892 the Bill introduced by him and Senator Stewart to extend Title V for three years.

We are also very encouraged with the new interest for Title V by the Department of Agriculture as indicated in Mr. Unger's statement.

STATEMENT OF RONALD C. POWERS, DIRECTOR, NORTH CENTRAL REGIONAL CENTER FOR RURAL DEVELOPMENT, IOWA STATE UNIVERSITY, AMES, IOWA

My name is Ronald C. Powers. I am Director of the North Central Regional Center for Rural Development at Iowa State University, Ames, Iowa. I also serve as Assistant Director of the Iowa State University Cooperative Extension Service and the Agriculture and Home Economics Experiment Station. All three of these roles entail direct contact with research and extension efforts related to rural development.

The purpose of this statement is to express support for S. 671, a proposed two-year extension of Title V of the Rural Development Act of 1972. The results achieved through research and education programs funded by Title V have been significant. The substance and scope of these achievements have been documented through the evaluation of Title V by the National Rural Center, the individual state progress reports and, more importantly, the testimony of those who have been involved in and served by the programs. The four Regional Centers which are partially supported by Title V funds, have also assisted states in several ways. This includes training for staff, rural leader training, public policy programs related to such topics as land use, and research and extension programs related to topics such as housing, financing of community services and solid waste resource recovery for nonmetropolitan power plants.

Title V also addressed several dimensions of the rural community development process, a process essential to local people participating in the solution of problems important to them. The process included the formation and use of a State Title V Advisory Council (as well as local advisory committees where appropriate), the overt linking of research and extension, and the opportunity for a wide range of institutions of higher education to participate in the program. All of these processes have been useful means for achieving rural development.

The number one limitation of Title V from the beginning has been limited funding. Most of the other concerns that have been expressed about Title V are directly related to that reality. There are, however, some modifications which could be made in Title V thereby enhancing the potential of the program and responding to previous concerns. At this time, however, I would urge support of S. 671 as proposed and pledge to work with others in fashioning useful modifications during the next two years. The imminent termination of Title V in September, 1979, unless extended, combined with the question of funding for FY 80, suggests the need for prompt action on S. 671. Moreover, there is a need for several groups, working with the Congress and the Administration, to carefully consider the possible modifications. It seems unrealistic to do that in a few weeks.

There are some modifications which have been discussed by persons who have worked closely with Title V. Among those which I believe should be considered are the following:

1. The base funding for any state should be set at no less than \$75,000, with a hold harmless clause for states presently receiving more than that, until total funds would permit increases for all states. The rationale for this change is quite simple. Under the present funding there are many states unable to mount a significant program because of limited funds.

2. States should have some options regarding the State Advisory Council. One option would be to continue as is. Another would be to merge the Title V Advisory Council with the State USDA Rural Development Committee as defined in the revised Secretary's Memorandum 1667. The size limitation, now set at 15, should also be discarded, or set as a minimum.

3. Clarify the role and relationship of the 1890 universities to the 1862 universities in Title V.

4. Considers ways to strengthen the relationship between Section 11 of the Rural Development Act of 1972 and Title V. This could be achieved at the state level, most likely through the USDA Rural Development Committees as defined in the revised memorandum.

In closing, I would simply observe that Title V has stimulated substantial effort in the service of rural community needs. Failure to extend the program will not only shortchange the citizens of rural communities, it will kill the momentum that has been achieved and make it much more difficult to engage the research and extension expertise when and if this, or a similar program, is initiated at a later time.



