

Rural America's Stake in the Stimulus Package

By Matt L. Barron

An item in my local paper last week on the rising job losses drove home the point that rural communities are often hit hardest by unemployment rates because of the small number of jobs available within the area and the general inability for rural folks to travel far for other positions.

In Huntington, MA (pop. 2,193), the town south of mine, the unemployment rate jumped 2.1 percent, from 6.3 percent in November 2008 to 8.4 percent in December, with 108 residents out of work at the end of last year. To the north of me in Cummington (pop. 974), the jobless rate rose by 2.3 percentage points to 6.8 percent, with 35 residents out of work in December. These numbers only count those actively seeking work.

Compounding the rural employment outlook is the reality of outdated community facilities, lack of water and sewer systems and the absence of broadband Internet access in wide swaths of rural America. Added to these woes are falling commodity prices and rising input costs.

So as Congress tackles the \$800 billion-plus stimulus package, much is riding on this infusion of funds to help jolt rural areas out of their economic doldrums. The bill passed last week in the House is a good start but the Senate must do better by rural people.

The House included \$6 billion for broadband and wireless services in underserved areas to strengthen the economy and provide business and job opportunities in every section of America with benefits to e-commerce, education, and healthcare. For every dollar invested in broadband the economy sees a ten-fold return on that investment. The Senate bill has increased rural broadband funds to \$9 billion.

Other highlights of the House-passed bill include:

Agricultural Research Service: \$209 million for agricultural research facilities across the country. ARS has a list of deferred maintenance work at facilities of roughly \$315 million.

Rural Business-Cooperative Service: \$100 million for rural business grants and loans to guarantee \$2 billion in loans for rural businesses at a time of unprecedented demand due to the credit crunch. Private sector lenders are increasingly turning to this program to help businesses get access to capital.

Rural Water and Waste Disposal: \$1.5 billion to support \$3.8 billion in grants and loans to help communities fund drinking water and wastewater treatment systems. In 2008, there were \$2.4 billion in requests for water and waste loans and \$990 million for water and waste grants went unfunded.

Rural Housing Insurance Fund: \$500 million to support \$22 billion in direct loans and loan guarantees to help rural families and individuals buy homes during the credit crunch. Last year these programs received a record number of applications.

Self-Help and Assisted Homeownership Program: \$10 million for rural, high-need areas to undertake projects using sustainable and energy-efficient building and rehabilitation practices. Funds will be awarded by competition to projects that can begin quickly.

Rural Community Facilities: \$200 million to support \$1.2 billion in grants and loans to rural areas for critical community facilities, such as for healthcare, education, fire and rescue, day care, community centers, and libraries. There are over \$1.2 billion in applications pending.

The House bill's \$30 billion for infrastructure is clearly too small given the backlog of crumbling roads, bridges, dams, levees and transit systems across the country. In their new 2009 'Report Card', the American Society of Civil Engineers assigns the nation's infrastructure a grade of D and puts the price tag at fixing 15 categories of public works at \$2.2 trillion, up from \$1.6 trillion in 2005.

If rural America is to reap the benefits of the stimulus package it will fall to the Senate to come through with flying colors. The Senate is where the power of the small states resides and we can thank the framers for that. Already, Sen. Kent Conrad (D-ND) and Sen. Blanche Lincoln (D-AR) have introduced the "Rural Revitalization Act of 2009" to up the ante for rural priorities in the stimulus.

"We have important plans for America's small towns," Senator Conrad said. "As we work to revitalize our national economy, we must also remember the important role our rural communities play. They are the backbone of our nation. It is time that we renew America's commitment to help them succeed and thrive."

Among the provisions of the Conrad-Lincoln bill are:

Ethanol pipelines: Amends the Energy Independence and Security Act of 2007 to provide a \$5 billion authorization for loan guarantees (covering up to 90% of the eligible cost) for the construction of renewable fuel pipelines or the modification of existing pipelines to transport renewable fuels. Increases the number of eligible projects for Department of Energy's Renewable Fuel Infrastructure Grants program from 10 to 20.

Rural Microentrepreneur Assistance Program: Provides an additional \$84M for this program, which assists rural business startups.

Farm Bill Energy programs: Provides \$1 billion in additional funding for USDA programs that support investments in advanced biofuel production, as well as expanding investments in rural renewable energy and energy efficiency.

National Health Service Corps programs: Includes \$300M for each FY 2009 and FY 2010 above any other appropriated funds for the National Health Service Corps program, which helps to place health care providers in rural and underserved areas.

Improved access to ambulance services: Increases the rural bonus payment to 6 percent in FY 2009 and extends the 6 percent add-on through FY 2010. Moreover, the bill extends the "super rural" bonus of roughly 26 percent through FY 2010. Many rural ambulance services are volunteer and are having a hard time maintaining services in tight economic times.

Medicare Home Health: Includes a 5% increase in Medicare payment to rural home health providers. Many rural home health facilities operate on a negative Medicare margin because it is costly to deliver care to seniors in rural areas. This increase would help cover those costs and improve care to seniors in rural areas.

The Conrad-Lincoln proposal also adds more money for USDA's community facilities grants and loans, water and sewer programs, Rural Business Enterprise Grants and rural housing loans.

It was precisely these initiatives that President Obama supported during his campaign and which he outlined in his *Obama Rural Plan*. Four of the nation's 10 most rural states (ME, MS, AL and KY) are represented by Republicans in the Senate. This week's debate in the upper chamber will reveal if the minority party will step up to address the deep recession that has whacked rural America disproportionately hard or whether small towns and rural communities fall victim to partisan rancor.