



RURAL DEVELOPMENT

Sustainable Agriculture Agenda for the 2007 Farm Bill

Background:

Spurring innovation and job creation in rural communities is the key to ensuring the long-term future of rural America. Over half of all new jobs created in the most rural regions of the nation come from small, non-farm business ventures. There is a developing broad agreement among researchers, policy advocates, and grassroots workers that the traditional economic development models of industrial and business recruitment simply do not meet the needs of rural communities.

Entrepreneurship has been lifted up as an economic development model that will better serve rural people and rural places by adding jobs, raising incomes, creating wealth, improving the quality of life of citizens. Federal rural policy should begin to recognize the importance of entrepreneurship as a rural development strategy and provide the resources necessary for rural people and rural communities to leverage the spirit, creativity, and opportunities entrepreneurship creates.

Specific Policy Recommendations:

To revitalize our rural areas, the Rural Development Title of the 2007 Farm Bill should focus on entrepreneurial development and asset and wealth-building for rural people and communities. The following proposals create a sound policy framework in which to pursue these twin goals:

- ***Rural Entrepreneurs and Micro-Enterprise Program*** -- Most new jobs in predominantly rural areas come from small non-farm proprietorships. Micro-enterprises are businesses that employ five or fewer individuals and do not have access to the commercial banking sector. Congress nearly passed a rural micro-enterprise program in the last farm bill; the 2007 Farm Bill should authorize the program and fund it at no less than \$50 million a year.
- ***Community-based Entrepreneurial Development Program*** -- The 2007 Farm Bill should create a \$75 million a year Community Entrepreneurial Development Program based on four pillars of rural economic and community development: mobilizing local leaders; capturing local wealth; energizing entrepreneurship; and attracting youth.
- ***Rural Entrepreneurship Education and Enterprise Facilitation Program*** -- A new Rural Entrepreneurship Education and Enterprise Facilitation Program should be authorized in the 2007 Farm Bill, with at least \$20 million in annual mandatory funding to be administered through competitive grants by the four USDA Regional Rural Development Centers. The program will provide resources and services to rural areas with the stated goal of creating jobs, spurring community innovation in all sectors of the rural economy, and increasing the start-up rate and reducing the failure rate of small businesses.

Talking Points:

- Increasing rates of child poverty, population loss, and lack of economic opportunity are even bigger problems in rural America than in our nation's urban areas. U.S. Bureau of Economic Analysis data for 2004 revealed that 226 of the 250 lowest income counties in the U.S. are rural. In spite of this, the current federal investment in programs that help rural America lags far behind the federal dollars going to urban areas. Each year since 1994, federal dollars funded two to five times as much per capita to urban community development when compared to rural community development, an annual \$16.5 billion annual funding disadvantage since 1994. This is a dramatic shortfall, and rural America deserves better in the next Farm Bill.
- Encouraging the development of successful small businesses is the single best way to create lasting jobs in rural America. Spurring innovation and job creation in rural communities is the key to ensuring the long-term future of rural America, and entrepreneurship is the key to innovation and job creation. In the most rural farm-dependent counties, nearly 70 percent of new jobs are non-farm proprietorships – people creating their own job by starting a small business. Small-scale entrepreneurship is the one development strategy that consistently works in these communities.
- However, there is currently only one limited micro-entrepreneur program, overseen by the Small Business Administration, and it almost exclusively serves urban areas. The ***Rural Entrepreneurs and Micro-Enterprise Program***, outlined in a bill recently introduced by Senators Nelson of Nebraska and Salazar of Colorado, would target grants and loans to rural entrepreneurs, and provide the education and training to ensure success.
- Entrepreneurship is a strategy to reverse the depopulation and aging of many rural communities, a strategy that has the capacity to attract young people and young families to rural communities. Surveys of rural youth demonstrate that half would like to own their own farm or business. Communities and regions need help with providing resources that will allow would-be entrepreneurs create their own opportunities. The ***Community Entrepreneurial Development Program*** would provide grants to towns and communities with the aim of establishing regional partnerships that promote leadership, youth retention, community education, intergenerational business planning, and community-based philanthropy.
- Extension and non-profit organizations have found an extraordinary level of expressed demand and interest in issues associated with rural entrepreneurial research, education and training. Rural clusters of innovation are emerging, but education and facilitation needs are high. The Research title of the farm bill should respond with a regional, competitive grants program -- ***Rural Entrepreneurship Education and Enterprise Facilitation Program*** -- to meet these needs through community-based organizations, universities, extension, and agencies.
- The solutions to the challenges facing rural America can be found in rural America. They reside in the hearts and minds of our rural citizens, and we need a farm bill that recognizes and supports the innovation and entrepreneurship that will continue to strengthen our rural communities.

For more information about this and other 2007 Farm Bill policy priorities of the **Sustainable Agriculture Coalition**, please contact Aimee Witteman at (202) 547-5754 or visit the Farm Bill Action Center at: www.sustainableagriculturecoalition.org

