



**Oral Comments Accompanying Testimony
Before the
United States Senate
Committee on Agriculture, Nutrition, and Forestry**

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by

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Good morning, Chairman Roberts, Ranking Member Stabenow and committee members.

I am honored to offer testimony today. I hope you will find it useful as you develop the Rural Development Title of the Farm Bill.

I would like to begin with four fundamental structural realities that drive the future of rural America and its farm economy. These are discussed in greater depth in my written testimony.

#1 The incomes of farm families -- and thus the health of the agricultural sector -- are very dependent on the economic health of rural communities. This is because most farms get most of their income from off the farm

#2 Each rural community is unique, with a diverse set of nonfarm sectors providing the primary economic base for most rural counties.

#3 The health of rural communities is very tied to urban centers, and rural economic health requires increasingly strong connectedness to urban centers

#4 Rural communities face inherent structural challenges due to their small populations, low-density and remoteness. This committee and Congress have long recognized this as you developed a remarkable set of programs specifically tailored to address these challenges.

My colleagues here have discussed the structural challenges in the current agricultural economy and how farm programs address the challenges facing farms. I would like to discuss the structural challenges facing the rural economy and how rural development programs address these inherent challenges. The takeaway is that place-based Federal rural investments stimulated income and job growth and reduced poverty in rural areas.

Several recent studies support this conclusion:

- USDA economists Pender and Reeder recently analyzed the impact of rural development projects funded by the Delta Regional Authority (DRA) in distressed Mississippi Delta counties. They found that income and earnings grew more rapidly in DRA counties than in similar non-DRA counties.¹
- In some of my ongoing research projects, there is preliminary evidence that spending by the USDA Rural Development agency on RD Business and Economic Development Loans increased employment and reduced poverty. A colleague at the University of Missouri and I are finding that counties that received more in these loans during the 2000-2009 decade had lower poverty rates in 2009, controlling for other factors that might affect poverty.
- Research currently underway with colleagues at Pennsylvania State and Texas A&M Galveston also shows a positive effect of RD program spending on employment growth over time.

In closing, I would suggest some specific examples of rural investments that I believe are important for rural people and places based on my 40 years of studying rural economies:

- Accessible and affordable high-speed broadband connections are now essential for rural economic development and are a critical infrastructure investment for rural areas.
- Food assistance is a different kind of investment in rural America that not only provides a safety net for vulnerable people but also provides a significant boost to rural and urban economies. ERS research on the impacts of SNAP, for example, suggest that \$1 billion in SNAP payments generates over \$100 million in *farm income* and 3300 farm jobs, as well as \$1.8 billion in total output in the economy.
- And finally, as the Pender and Reeder study shows, regional approaches that use Federal place-based investments to leverage other public and private sources of funds can increase income and jobs in rural counties.

¹ Isserman and Repahn (1995) found a similar result for ARC programs on 391 counties within the region. The major finding is that Appalachia grew significantly faster than did its control group in income, earnings, population, and per capita income.

Chairman Roberts, Ranking Member Stabenow and members of this Committee, the rural development programs you have developed over many decades have a significant positive impact on America's rural communities. Many of these programs are currently at grave risk. This is a critical moment for Senate to exercise leadership in ensuring that rural communities have the supports they need to thrive as they face the future.

Thank you for the opportunity to testify before you today. I would be pleased to answer any questions you may have.