



United States Department of Agriculture

**Oregon House Committee on Higher Education, Innovation,
and Workforce Development**

HB 2434

Vicki L. Walker, State Director

United States Department of Agriculture (USDA), Rural Development

Hearing Room D, Oregon State Capitol

8:00 AM, Friday, February 13, 2015

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Good afternoon, Chair Read and members of the Committee. Thank you for inviting me to testify today.

Many of you know me as a former State Senator. For the past six years, however, I have served as the Oregon State Director for the Rural Development programs administered by the United States Department of Agriculture (USDA). In this capacity, I oversee the Oregon operations of three USDA agencies:

- The Rural Housing Service,
- The Rural Utilities Service, and
- The Rural Business and Cooperative Service.

Together, these agencies comprise USDA's Rural Development mission area, which is dedicated to improving the quality of life and economy in rural America. In all, USDA Rural Development administers more than 40 programs, including a number of important funds to finance rural business development and expansion, support the adoption of new technologies, and invest in new approaches to rural economic development.

Since President Obama took office in 2009, USDA Rural Development has invested over \$3.5 billion in rural Oregon through our housing, infrastructure, community, and business programs.

While this funding is significant, it should be no surprise to you that needs in rural Oregon are much greater than what the Federal government can provide. Through my work with USDA, I have gained a new perspective on how the success of Federal programs depends on the enabling leverage provided through State agencies, our nonprofit partners, and the private sector.

This morning, I'd like to share with you a few specific ways State programs have helped 'turn on the faucet' for our funds. In particular, I will focus on ways USDA Rural Development and State agencies have leveraged our joint resources to advance innovative strategies and approaches within Oregon's natural resource economy and how that may be relevant to House Bill 2434.

For instance, USDA and the State of Oregon both recognize the historic economic opportunities through the bioeconomy, which includes the production of renewable biological resources and their use as food, feed, bio-based products and bioenergy using innovative technologies.

I'm sure you are all aware of the ongoing work in Eastern Oregon through the Western Juniper Alliance. USDA Rural Development's involvement in this effort began in 2009, with a \$500,000 to Sustainable Northwest to develop economic development solutions across the Dry Forest Zone. The funding allowed Sustainable Northwest and their partners to support forest-based small business development and emerging collaborative groups at multiple scales. These collaboratives were the genesis of a broad-based partnership working to address environmental and economic challenges through what is now known as the Western Juniper Alliance.

The unchecked expansion of Western Juniper on public and private lands in Eastern Oregon contributes to the spread of invasive weeds, increased wildfire risks, reduced water supplies, poor livestock grazing, and reduced habitat for sensitive species like the sage grouse. All of these outcomes can have significant negative impacts on rural economies. Without viable harvesting techniques and markets for the wood, however, removing juniper on these remote landscapes is prohibitively expensive.

A number of partners and funders stepped up to contribute to the development of solutions, including Sustainable Northwest, the Oregon State Legislature, Oregon Solutions, Business Oregon, the Oregon Community Foundation, USDA Rural Development and many others. Together, we have been able to incentivize the harvest of juniper while creating supply and market chains across the state in partnership with harvesters, millers, manufacturers, engineers, retailers, and consumers. This work has resulted in increased harvest, sales and use of juniper as a non-toxic alternative to pressure-treated lumber for landscaping, school play areas, guard-rails, sign, and porch posts.

Most recently, USDA Rural Development provided a grant of just less than \$65,000 – which was matched with funds through the Oregon Department of Transportation and Business Oregon – to certify the durability, strength, aesthetics, and best applications for Western Juniper in a variety of applications. Once the studies are complete, engineering design values will be available for the commercial use of juniper in larger construction projects, which may include bridges and buildings.

The creation and expansion of local and regional food systems is another arena in which we are collaborating and innovating to support economic development. USDA has a Department-wide goal of helping support the creation of new markets for local and regional foods through financing, partnerships and continued education. To be successful, these food systems require rigorous planning and research

activities, infrastructure build-out, distribution networks, and supply chain coordination. While USDA offers a number of programs to support this work through its 17 agencies, USDA alone cannot address the range of needs. It is imperative that we collaborate at all levels.

Among USDA Rural Development's large body of work in this arena, our financial support for the Food Hub website operated by Ecotrust shows how collaborations have increased economic opportunity for farmers, ranchers and other food businesses across Oregon and the Northwest. If you are not familiar with Food Hub, it is an online marketplace that connects farmers, ranchers, fishers, dairies, food processors and others directly with the buyers who are seeking fresh, local and regional options. Overall, the project helps keep more of our food dollars in the region and helps local producers maximize their income.

Beginning in 2007, USDA Rural Development provided Ecotrust with a series of grants for initial planning, ongoing development and, most recently, expansion across the five Western states. Our total investment exceeds \$275,000. This funding was leveraged by support through the Oregon Department of Agriculture and others. Today, there are more than 5,700 registered buyers and sellers doing commerce through the site. In fact, even Oregon's Farm to School program has incorporated Food Hub into their program to help school food service directors source and serve healthy local foods for school meals.

In addition, the FoodHub technology has been adopted by other networks in the region. For example, the Clackamas County OneStop project, an Oregon Solutions project designed to enhance farm viability, job retention, and job creation within the county's agriculture sector, is being built on the FoodHub platform. Other networks building web portals using the technology include the Northwest Food Buyers' Alliance and Oregon Harvest for Schools. By becoming the foundational platform for these networks, the investment in FoodHub is leveraging significant economic development activity, while greatly minimizing the costs to farmers who want to participate in any of these systems.

Another terrific example is the combined State and Federal resources that allowed Face Rock Creamery to open its doors in Bandon, Oregon, in 2013. The manufacturing and retail facility was built with the help of \$250,000 in USDA Rural Development loan funds administered by the Port of Bandon Economic Development fund. This support leveraged a \$256,000 loan from Business Oregon and other financing from the nonprofit community development financial institution Craft3. The operation created 10 initial jobs and today has 20 employees.

By working together, we can help rural, natural resource-based industries and entrepreneurs explore new business models, conduct market and feasibility studies, and expand the commercialization of new technologies. In fact, the longer I serve as the State Director for Rural Development, the more I am convinced that our collective ability to support sustainable rural economies is dependent upon the continued and enhanced coordination across Federal and State programs, and also among many other local agencies, nonprofits, foundations and private entities. It is imperative that we use all of our collective tools to support innovation and public-private financing for natural resource enterprises, including the proposal before you in HB 2434—as well as for other economic development, infrastructure, and community projects. By doing so, we can help rural Oregon make sustainable

progress—progress to build on in the future—and become empowered to plan and develop effective and sustaining community and economic development initiatives.

For more information, about USDA Rural Development’s work, please feel free to contact our State Office:

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