

Will Rural America Be On The ‘Roadmap To Recovery?’

Some Small Towns Struggle To Use The Economic Stimulus Funds That Administration Officials Are Trying To Push Out The Door



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Shortly after President Bar-ack Obama signed the new \$787 billion economic stimulus package into law, Agriculture Secretary Tom Vilsack predicted that “You’re going to see a major effort, starting with the stimulus package and continuing

through the implementation of the Farm Bill, to rebuild and revitalize rural communities in this country.”

Speaking at USDA’s Annual Outlook conference, Vilsack promised an “aggressive effort on the part of USDA to provide diverse opportunities for farmers and ranchers to succeed. We’re going to have to rebuild the infrastructure, the basic infrastructure of rural America, starting with wastewater treatment facilities and working in concert with the Department of Transportation and Department of Commerce to rebuild roads and rail systems so we’re able to transport crops, products, more quickly and less expensively.”

Three months later, the Administration is still pushing hard to prove that the Recovery and Reinvestment Act (ARRA) is working, but finding out that spending massive amounts of federal money is a little tougher than they first bargained for.

Of the \$878 billion available, the White House has committed a total of \$135 billion in ARRA funds thus far, but only \$44 billion of that has been released, according to a progress report at: www.recovery.gov Some of that delay is due to bureaucratic delays, rulemaking and some states’ inability to process the necessary paperwork.

“We’re going to get more dollars out the door, more shovels into the ground and more money into the pockets of workers and families who need it most,” Vice President Joe Biden recently announced. Hardly a day goes by without some Cabinet official announcing that more funds are being distributed.

For example, in early June, Secretary Vilsack announced how funding from the Recovery Act is potentially going to affect communities across the country:

- USDA is providing nearly \$1.2 billion for building and repairing community facilities including childcare centers, hospitals, medical clinics, fire and rescue stations, police stations and community centers. USDA is also providing \$3.6 billion to repair drinking water, sanitary sewer, solid waste and storm drainage facilities. This funding will revitalize and improve the quality of living in the rural communities where many of America’s autoworkers make their homes;

- USDA distributing \$11.2 billion to help families purchase or repair their homes.

- USDA is working to distribute \$9.1 billion to help bring broadband access to rural communities.

- The Recovery Act provides nearly \$20 billion in increased benefits for the Supplemental Nutrition Assistance Program (SNAP). In addition to helping American families maintain a nutritious and healthy diet in these difficult economic times, it’s estimated that for every \$5.00 spent through SNAP, \$9.20 of local economic activity is generated;

- In addition, USDA is providing nearly \$300 million in administrative assistance to the states to distribute SNAP benefits, and \$150 million for the Emergency Food Assistance Program to purchase commodities for organizations that help the needy such as local food banks and soup kitchens.

Too many strings attached

Given all of these pending investments from the American Recovery and Reinvestment Act (ARRA), you might think that funds would be warmly received by many cash-starved rural communities. But some small town officials say the funds are simply replacing dollars that they were already lined up to receive under different programs and now have several costly “strings” attached.

Case in point: The city-owned Knapp Haven nursing home in Chetek, WI, population 2,259, was already in line for a USDA Rural Development loan – long before the President signed the economic stimulus bill into law this past February. But with a presidential directive to unleash billions in stimulus funding, USDA Rural Development officials in Wisconsin switched to stimulus funding for Knapp Haven’s loan, according to Chetek officials.

Armed with over \$1 billion in new stimulus funding for rural facilities, the switch seemed logical to many. But stimulus dollars require that any firms working on the project pay prevailing union-scale wages, as required under the Davis-Bacon Act, and buy all American steel, wiring, and other building supplies – even if it is more expensive.

Worried about potentially higher costs that could be incurred because of these requirements and loan repayment, local officials scaled down the nursing home remodeling project to \$1.8 million, rather than the \$2.8 million they originally requested.

“It’s kind of a joke as far as I’m concerned,” explained Carmen Newman, the city treasurer. “All it did was transfer money from one pocket to another, while making it less affordable.”

Chetek officials also complained that the focus on getting stimulus funds out has slowed other help, such as street and sidewalk repair the city is awaiting from federal highway officials, according to a report in the Milwaukee Journal Sentinel.

In Perkins, OK, some residents in this town of 2,500 are wondering why their sewer rates will be increased, even though they received a federal grant linked to the ARRA to pay for a new wastewater treatment plant. City Manager Pete Seikel says that rates still have to be increased because a majority of the project funding is from a loan, not a grant and that ARRA stipulations are expected to increase project costs by about 25 percent to \$5.875 million. Oklahoma received about \$31 million in ARRA funds for water and sewer projects. State officials connected the federal dollars to the Oklahoma Water Resource Board’s (OWRB) revolving loan program in a 70 percent loan/30 percent grant arrangement.

Changes needed

USDA should consider changing regulations to make it easier for small communities to access stimulus funds because many can’t afford professional grant writers, says Chuck Hassebrook, Executive Director of the Center for Rural Affairs, in Lyons, Nebraska.

He says USDA should allow small communities to work together to submit one larger proposal to benefit several towns undertaking similar projects. Second, a small percentage of rural development grant funds should be set aside to fund organizations to assist small towns in applying for grants.

“That approach has been used in USDA water and sewer programs for years. And it has worked. It should be expanded to grant programs for community facilities, broadband and value-added agriculture.”

Report highlights 100 worst examples of stimulus spending

U.S. Senator Tom Coburn, M.D., released an oversight report, “100 Stimulus Projects: A Second Opinion,” that discloses some of the worst examples of waste in the American Recovery and Reinvestment Act, or stimulus bill. The projects included in the report – worth \$5.5 billion – include two that were mentioned in our accompanying article.

“Rather than growing our economy, the overall impact of stimulus spending may prove to be harmful to our economy. For example, Washington’s efforts to ‘stimulate’ the economy are increasing utility costs, repairing bridges nobody uses, building tunnels for turtles, and renovating extravagant train stations in remote areas while widely-used bridges and roads in poor shape are passed over,” Dr. Coburn said.

Although many of the projects will get some people working again, many are questioning whether or not they represent the best types of taxpayer investments. For example, the report points out that Montana’s state-run liquor warehouse will receive \$2.2 million in stimulus cash to install skylights. The project is part of the \$27.7 million the state has been awarded for energy programs.

In Memphis, TN, the city plans to use \$1.5 million in Community Development Block Grant Recovery funds to demolish Libertyland amusement park and replace it with soccer and baseball fields surrounding a 170-acre property. It also plans to spend \$250,000 on rebuilding a “dilapidated laundromat.”

Ten examples of wasteful stimulus projects in the report include:

1. \$1.5 million in “free” stimulus money for a new wastewater treatment plant results in higher utility costs for residents of Perkins, Oklahoma.

2. \$1 billion for FutureGen in Mattoon, Illinois is the “biggest earmark of all time” for a power plant that may never work.

3. \$15 million for “shovel-ready” repairs to little-used bridges in rural Wisconsin are given priority over widely used bridges that are structurally deficient.

4. \$800,000 for little-used John Murtha Airport in Johnstown, Pennsylvania airport to repave a back-up runway; the ‘Airport for Nobody’ Has Already Received Tens of Millions in Taxpayer dollars.

5. \$3.4 million for a wildlife “eco-passage” in Florida to take turtles and other animals safely under a busy roadway.

6. Nevada non-profit gets \$2 million weatherization contract after recently being fired for same type of work.

7. \$1.15 million for installation of a new guard rail for the non-existent Optima Lake in Oklahoma.

8. Nearly \$10 million to renovate an abandoned train station that hasn’t been used in 30 years.

9. 10,000 dead people get stimulus checks, but the Social Security Administration blames a tough deadline.

10. Town of Union, New York, encouraged to spend a \$578,000 grant it did not request for a homelessness problem it claims it does not have.

For the full report, go to:

http://coburn.senate.gov/public/index.cfm?FuseAction=Files.View&FileStore_id=59af3ebd-7bf9-4933-8279-8091b533464f

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