

ORAL HISTORY WITH JILL LONG THOMPSON
UNDER SECRETARY, RURAL DEVELOPMENT

00:00:21:16 Q: Today is December 5th of the year 2000, I'm Larry Quinn with the Office of Communications at the U.S. Department of Agriculture in Washington and today we're visiting with Under Secretary of Agriculture, Jill Long Thompson and her area of specialty is for rural development.

00:00:36:21 Madam Secretary I think that you brought to the Department a tremendous background in agriculture you were raised on a farm in Indiana and work in 4-H as a youth. Tell us a bit about the background that brought to the Department.

00:00:51:27 A: Well I feel very fortunate that I have a rural and agriculture background. I grew up on a farm in Northern Indiana, we raised corn, soy beans, wheat, had dairy cows and in the early days even had sheep and hogs. So I had a pretty good exposure to a diverse agriculture background when I got here.

00:01:15:04 But I also have been active in rural issues prior to coming to Washington, DC. I served on a city council

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in a small town in Indiana that was in the heart of good production agriculture, very strong production agriculture. And then served as you know in the United States Congress and was fortunate there to serve on the House Agriculture Committee.

00:01:42:28 And the combination of having grown up on a farm and my husband and I currently live on a farm in Marshal County, Indiana, I commute out here to work. That combination with what I was able to do in the United States Congress where I learned more about agriculture across the country and around the world through my responsibilities there, I think have served me very well for the position here as Under Secretary of Rural Development.

00:02:08:11 Q: And you've served in some special areas there in the House Agriculture Committee that focused on rural development environment credit, things like that.

00:02:16:05 A: Yes I did, I was on the Subcommittee on, that subcommittee title have changed but the subcommittee that dealt with rural development and the rural

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utilities services issues and also the environment.

But I also worked on the... or served on the committee that dealt with grain production and so I really did have exposure to what's going in rural communities and in production agriculture across the country, not just in Indiana, not just in the Midwest.

00:02:47:00 Q: And when did you come to the USDA?

00:02:49:13 A: I came here in 1995 in the spring of 1995 and I was sworn into this position officially in August of 1995.

00:02:58:14 Q: What kind of issues did you face at that time?

00:03:01:18 A: Well we were in the middle of a reorganization back in 1995, a reorganization that has made us a leaner and meaner and much more effective Department of Agriculture and certainly in the area that I have responsibility for, rural development. We have become a much leaner and much more effective and cost efficient sub-organization of the Department of Agriculture.

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00:03:23:11 We have had a reduction in our, a number of employees by about 28 percent and at the same time that we've had that reduction we have had quite an increase in our program funding. So we're delivering more program dollars with fewer people.

00:03:40:12 And one of the ways that we have been able to accomplish that reduction in number of employees administering larger program dollars, is we have used computer technology and state-of-the-art technology to make it possible for employees to do more and have the resources to do more.

00:04:03:06 I've also... I also have to say that I have been very, very impressed with the resilience and the adaptability of the career employees as USDA and particularly the employees that I've had the opportunity to work with in USDA rural development.

00:04:19:13 Q: I recall that Congress was looking at rural development and how to fund rural development and there were some issues related to block granting that you had a vital role in commenting on.

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00:04:31:03 A: As a matter of fact shortly after I took this position, there was move among some members of Congress to block grant our programs which would have resulted in simply taking the dollars and giving them to the various states and allowing the states to administer the programs. And I fought that pretty strongly.

00:04:51:22 I think block granting works very effectively for some kinds of programs, but for the kinds of initiatives that are important not just to individual communities, but to all of us as a nation to keep us strong as a nation. For example, programs like the rural utilities water and waste water program.

00:05:11:24 It's important to all of us across this nation for individual rural communities to have safe and affordable drinking water and adequate environmentally sound waste disposal. And if we were to block grant those dollars then we would lose the control at the federal level to ensure that there are opportunities for good, sound water management and water availability across the country and waste management.

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00:05:41:20 And so I felt it was very, very important that while we have control at the local level through our field office structure where our employees that administer our programs live in the communities and work in those communities, we have that local control, at the same time we need to have some kind of assurance that these federal tax dollars are going to be doing good across the country meeting a federal or a national mission if you will, at the same time.

00:06:11:27 Q: So obviously your arguments were successful?

00:06:14:18 A: I was very pleased that we were successful and I think that one of the reasons that we were successful, I like to take some credit for it, but I think that people across the country who have had the opportunity to tap into the federal programs, whether they be rural utility service programs including water and waste water or rural telephone or rural electricity or housing, multi-family, single family housing or a business programs in the rural business cooperative service.

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00:06:45:25 People all across the country who became aware that there was this move to block grant the dollars came forward and said, no we think it works better when we have more of a balance between some local control, but federal objectives that serve the interest of the whole country.

00:07:04:23 Q: Here at the beginning of the 21st century it seem strange that we talk about people who still do not have water and utility services. But there's still pioneer areas aren't there?

00:07:17:06 A: There are and people are surprised often when I talk about the fact that we still have several hundred thousand people in this country who do not have running water in their homes. And it's not because they are doing inappropriate or incorrectly, it's not that they are are deficient, it's that they happen to live in generally highly rural parts of the country where access to safe water is just a challenge.

00:07:46:24 And one of the initiatives of the Clinton/Gore

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administration and here at the Department of Agriculture has been the Water 2000 initiative, where we worked, our goal which was a very ambitious goal was to work with communities to get running water into every home across this country by the year 2000.

00:08:07:22 We didn't succeed at getting it in every home, but we substantially reduced the number of homes that did not have running water. And we also reduced the number of homes that had unsafe water. And so we're very, very proud of that accomplishment and we're just going to continue working until every last home at the end of the last road is able to have safe running water.

00:08:28:16 It's a very basic necessity and if we're serious about families not being on welfare roles and if we're serious about children getting a good quality education and growing into productive and healthy adults, then we need to insure that we work on accomplishing that objective of working with communities and families to get running water into their homes.

00:08:52:28 Q: This being the Internet age, do rural areas have a

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little bit of a challenge in this area too because what has emerged is somewhat of a digital divide?

00:09:03:14 A: There is a digital divide and the divide is not exclusively between urban and rural. The divide exists between some rural communities that are close to urban, areas and other rural communities that are not. The most rural communities are the ones that are really experiencing the shortcomings of that divide.

00:09:28:16 And so we have worked to, we've worked to get our program dollars into those rural communities to improve access for example in telemedicine and distance learning, to get schools connected to institutions of higher education, to get the local public schools connected. But also to get rural clinics connected with the large hospitals and the teaching universities that teach medicine and health care.

00:09:56:11 So we have worked in that regard, but we've also worked with the providers in various communities and various states to see how we can better partner what we have in the federal government including USDA rural

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development, rural utility service to try to partner our resources and make the dollars that we have go further to get people connected.

00:10:23:21 Q: And a strong rural economy affects the agricultural economy, vice versa, you can't have really one without the other?

00:10:30:04 A: You really cannot and sometimes I get the question from people why do you have a rural housing service in the Department of Agriculture? Why do you have a water and sewer program in the Department of Agriculture? Why do you have rural business programs in the Department of Agriculture because those aren't production agriculture matters are they?

00:10:48:26 But in fact production agriculture is tied into the rural economy and the rural community. And when we can strengthen other resources in rural communities, it takes some of the burden off of the farmers who are doing the producing. I think a prime example of that is in most states across the country, farmers because they own substantial real estate for production

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agriculture purposes, tend to pay more than their fair share in supporting the local school systems.

00:11:21:17 When you can do things in rural communities to strengthen the overall economy then there are others that can share in the funding through the taxes that they are paying into those local communities in supporting the local schools. So farmers benefit from having a strong rural economy, though economy in the rural community benefits from having a strong farm economy.

00:11:46:01 And they really are very much intertwined.

00:11:47:01 Q: And this is where technology ties those communities together as well so that the farmers can stay out in the remote areas and produce the food and fiber we need, we still need access to medical services, to education services and a lot of the work you've done has been in that area.

00:12:03:05 A: It has been, yes farmers need health care and education and other services in their communities as

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well as anybody else. And sometimes it's more difficult and more expensive to try to provide those services in the rural communities. And even those there's others, there's a strong will and a strong commitment in a rural community, sometimes there has to be some kind of partnership or assistance coming from the federal government.

00:12:28:21 We seem to have always understood that well when it comes to urban centers that are large population centers, but I'm not sure that it's always been as widely accepted that there has to be this relationship between federal resources and federal programs and rural communities.

00:12:47:02 And also rural communities while they face the same challenges as urban communities and those challenges include safety and good law enforcement and good health care and good education and so forth. How we achieve those kinds of things is different in rural communities because people are spread further apart.

00:13:12:29 And so sometimes you just have greater challenges in

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getting those services made available to the families that live in rural communities.

00:13:19:17 Q: Many of the things you're talking about are quality of life issues for rural Americans.

00:13:21:29 A: They are quality of life issues, but they are very much tied into economic issues and when the quality of life and the economy is strong in rural America, then we are stronger in overall America.

00:13:35:20 Q: I know that you've been interested in agricultural concentration from a slightly different viewpoint and ways to help solve that. Talk about that.

00:13:42:26 Q: Well over the years we have seen industrialization in agriculture and while that industrialization has occurred we have still remained very competitive on the production side or the supply side, but we've become highly concentrated on the buying and the processing side.

00:14:01:25 And that puts farmers at a real disadvantage. If

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you're one of a couple million farmers here in the country selling to one or two buyers, then you really don't have much leverage to negotiate a very price and each farmer tends to work individually with the buyer or the processor.

00:14:20:25 And I believe that the... that part of the solution to empowering farmers to get a fair price is through the use of associations and co-ops that are farmer-owned and controlled. And so we have been pretty aggressive at USDA Rural Development in the rural business cooperative service in trying to encourage and provide incentives for farmers to use associations and co-ops to become more effective and more powerful in the food chain.

00:14:49:22 Q: And I believe your business loan program, business and industry loan program has supported that notion?

00:14:56:04 A: It has, the business and industry loan guarantee program is a program that can be used for rural businesses to borrow money from local lending institutions but then we at USDA Rural Development will

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guarantee a portion of that loan.

00:15:12:06 So it makes it possible for businesses to get loans in their community that they might not otherwise be able to because they may be borrowing from a small bank that would be going beyond its lending limit for example. It's not a risk reduction program, it is a program that expands opportunity in rural communities.

00:15:30:03 But the business and industry loan guarantee program we have worked to encourage farmers to use that program for not production agriculture, but for value-added and for marketing purposes. And we've also used that program for farmers to buy co-op stocks so that they can borrow money to buy the stocks that make them owners of a co-op and then we guarantee a portion of that loan.

00:15:57:03 Q: As Under Secretary for Rural Development you've discovered a few policies that you wanted changed. One had to do with how Native Americans were able to get involved in some of your programs.

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00:16:09:22 A: Yes, I felt it was very important that when we are working with Native American communities that if there is some kind of construction that's taking place for example of a water system or a sewer system, that Native Americans have the ability to contract and to be a part of that construction.

00:16:33:10 Because that then creates jobs in the private sector and so I implemented TARO or USDA rural development which gives the Native American community basically the same rights as any other local government, whether it be a small town or a county or whatever.

00:16:52:25 And I'm very, very proud of that. I'm also very proud of other accomplishments in the area of USDA rural development working with Native American communities. We have substantially increased our partnering with Native American communities all across the country.

00:17:09:23 And as a result of that we are seeing real growth and sustainable kind of growth taking place in communities that simply felt forgotten and left out for many years.

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- 00:17:21:23 Q: While you were in Congress you looked at areas of government waste and you began to practice some of the things you learned when you came to the Department. One of those was a centralization of loan servicing.
- 00:17:35:01 A: Yes, I'm also very proud of our accomplishment of centralizing the servicing of our single family housing loans and we now have state-of-the-art equipment and technology that allows us to service loans that are made through our field offices across the country by...
- 00:17:53:02 The loans are made by our employees that work in rural communities, their offices are in rural communities, but when it comes to servicing the loans, we are much more efficient and cost effective because the loans are serviced from a centralized center located in St. Louis.
- 00:18:13:12 And we have had tremendous success, not only have we reduced the cost of servicing, we have reduced the delinquencies of the loans to an all time low in the history of the program. And I am just so proud of how our employees have been so innovative and have worked

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to make this new approach work effectively.

00:18:36:25 And it works effectively for the borrowers who are now homeowners and it's also working effective for the taxpayers because we're saving money.

00:18:44:15 Q: And it does take some time to accomplish things like you're talking about and having been here for five years now, as you look back at some of the goals you had coming in, are you still working on some of those, are you pretty much up to the top of the grade in some of the scorecards you set for yourself?

00:19:02:23 A: I'm never satisfied and I think that's probably not a bad thing. I think that we can continue to work to improve to be more efficient and to ensure that our employees have the technology that they need to do their jobs to the best of their ability.

00:19:21:05 But probably the one area where I am quite proud of what we've accomplished but believe that there is a long way to go is in the area of farmer-owned co-ops and associations. And so I want to make sure that at

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the Department of Agriculture that we have some things institutionalized so that we can continue to work with farmers across the country to help them through providing technical assistance and other assistance that allows them to truly take better control of the marketplace.

00:19:55:28 Q: So it is a continual growth situation you see for them?

00:19:58:02 A: I do see this continual growth, I think there is much more that we can do today, but I also think that the future of production agriculture, the success of individual farmers really does rest on a number of factors including their ability to work together and to become more powerful as co-op and association entities dealing with this highly concentrated buying and processing side of the food chain.

00:20:27:12 Q: I suspect in some of the things you wanted to do, you engaged in a certain amount of resistance from both employees and Congress and that sort of thing. How did you deal with that, I guess your job becomes much of

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a negotiator?

00:20:39:04 A: Well do you know that I think that probably the best way to convince people of something is to make sure the lines of communication are open and to give everybody an opportunity to express what their concerns are, that what their reservations are.

00:20:53:19 And then often times you find that they have concerns that are so valid and were overlooked or not recognized as major even though they can be. And so when you open those lines of communication that's when you get your best input on how to resolve the differences.

00:21:11:27 And so I've think we've been, I think we've been quite successful.

00:21:14:17 Q: Continuing to live in a rural community must give you some unusual feedback?

00:21:20:14 A: It does and I live, as I said, my husband and I live on a farm in Northern Indiana. My husband just finished up spending four years on our local school

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board and so between what he has done there and what I do here and our being on the farm together, at least on weekends, I do here from people in various walks of life in rural communities.

00:21:47:03 Some in agriculture, some not directly involved in agriculture that has really been of value. But I've also learned a lot from people all across the country and in particular I have been very impressed by local elected officials and business people in small towns and rural communities across the country.

00:22:06:26 Because that's where I have found some of the greatest ideas, the newest innovative ideas come from in terms of how we can better serve the rural communities of our country.

00:22:20:03 Q: Building partnerships with them?

00:22:22:09 A: Partnerships are critical. The days of believing that the federal government can come into any community whether it's rural or urban or suburban and tell that community this is what you need to do and this is how

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you need to get to this objective, those days are well behind us.

00:22:38:24 I think our programs can only be successful when there are partnerships that are built between us and state and local governments and the private sector for a number of reasons, but in particular you have to have buy-in from the people who are utilizing a program.

00:22:56:18 And if they don't believe something's going to work and they're the ones who are responsible for making sure it works, well then it's not going to. And frankly they are much more knowledgeable about how to make something work in their community than we could ever be from our posts here in Washington, DC.

00:23:11:01 Q: Is it possible for you to highlight one or two really critical accomplishments that you feel have been done during your tenure here?

00:23:20:28 A: Well I think the reorganization and the re-invention of government at USDA including what we've done at Rural Development, I think that is one of my proudest

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accomplishments because I also come from a business background and I think that while government is different then the private sector because you have different objectives and different goals, that you can use very sound business principles to better manage our programs in the federal government.

00:23:45:23 And I'm very proud of that. I'm very proud of what we've done with the centralized servicing center of our single-family housing loans and I'm also proud of what we've accomplished through the rural business cooperative service and the work that we've done with farmers to provide information and technical assistance and encourage at least the thinking of forming farmer owned co-ops and associations.

00:24:12:15 And I'm also proud of the work we've done to actually make some of those come to fruition. It takes awhile from the point of thinking about putting a co-op together and actually getting that co-op up and running. I've been here only five years and generally it's going to take five years or more to go from the idea stage to the actual implementation stage.

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00:24:31:28 But we have a number of farmers who are somewhere between thinking about and actually getting something implemented. And I think that's going to make a huge difference in production agriculture in rural communities across the country.

00:24:41:27 Q: During this time here any special memories that you'll take with you?

00:24:46:28 A: Well I think probably the special memory is more of a general kind of memory if you will. And it is I will always remember the local elected officials and business people across the country and our employees across the country who have provided me with so much insight and have made me a much more knowledgeable person.

00:25:15:21 And I think that even the way I think has changed as a result of the people that I have encountered through this job.

00:25:23:18 Q: Thank you very much Jill Long Thompson, Under

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Secretary for Rural Development for being with us to
talk about your tenure today.

00:25:30:00 A: Thank you.

00:25:30:16 Q: I'm Larry Quinn with the Office of Communications at
the U.S. Department of Agriculture in Washington.

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