



***USDA Rural Development
Kentucky
2002 Annual Report***



Single Family Housing



Multi-Family Housing Project

Logan-Todd Regional Water Commission



Wolfe County Public Library



Paducah Preservation-B&I



Rural Development
771 Corporate Drive
Lexington, KY 40503

Table of Contents

Comments	1
Rural Utilities Service	4
Rural Housing Service	8
Rural Business Cooperative Service	12
Office of Community Development	14
Outreach	16
Civil Rights	17
Office Locations	18

www.rurdev.usda.gov/ky

**Ann M. Veneman
Secretary of Agriculture**



This past year the Bush Administration continued a strong commitment to expanding jobs and bringing renewed economic opportunities to rural America through strong leadership and strengthened programs.

One of the President's top priorities is to create new jobs and help spark economic growth. The tax relief package that the President signed into law in 2001 continues to help families throughout America and USDA's Rural Development programs are also creating new opportunities. In 2002, for example, economic grants and loans provided by USDA helped create or protect more than 150,000 rural jobs. As well, rural development programs provided more than \$12 billion in economic infrastructure grants and loans, helping improve education, healthcare, telecommunications, water treatment facilities, fire protection efforts, and other community centers.

However, USDA's commitment to improving rural America didn't stop there. Employees worked with local communities to provide homeownership financing for more than 42,000 families. These efforts are helping move closer to reaching the President's goal of increasing minority homeownership by fifty percent in five years.

The Farm Security and Rural Investment Act of 2002 signed by the President last May provides new resources and programs aimed at making continued progress in rural America. This includes new grant programs to assist in the development of renewable energy sources; funding to expand the availability of information technologies; and financing for community water and wastewater improvements.

As we embark upon a new year, we have a strong agenda and many opportunities to strengthen America's rural communities. The Administration will continue to build upon the principles outlined in our policy publication, *"Food and Agricultural Policy: Taking Stock for the New Century"*. Our team at USDA will continue working with all interested parties and build new coalitions to help families, create jobs and invest in America's rural sectors.

**Thomas C. Dorr, Under Secretary for
U.S. Department of Agriculture
Rural Development**



A strong and vibrant economy in rural America serves as the cornerstone of President Bush's economic agenda. USDA Rural Development is working hard to expand economic opportunities and improve the quality of life for all of the 59 million Americans living in rural communities. Through the efficient and effective delivery of Rural Development initiatives, new jobs have been created, home ownership has increased and families and businesses have been strengthened. New investments and entrepreneurial spirit will continue to grow, bringing increased opportunity to rural areas.

I know and understand that rural Americans are resilient and share a pioneering spirit that will once again forge new frontiers in the future. In this same spirit, USDA Rural Development's challenge is to look beyond today and to envision a better way to work with America's rural communities to improve existing partnerships, and forge new ones.

In looking back over the last year, we have begun to build an economic foundation, shaped like what President Bush advocates. I am proud of the aggressive efforts by USDA Rural Development employees to quickly turn many of the 2002 Farm Bill provisions into new economic hope for America's farmers, ranchers and rural families. These efforts ensured the delivery of \$703 million to finance 377 communities water and wastewater infrastructure projects. Additionally, \$37 million helped support the development of 231 agricultural value-added ventures that will bring new opportunities for increased revenues to our American farmers and ranchers. In total, over \$12 billion was invested through USDA Rural Development programs in rural America in Fiscal Year 2002.

From fire hydrants to fiber optic cable -- from sewers to symphonies -- USDA Rural Development financial and technical assistance is making a positive difference. In Fiscal Year 2002 alone -- 42,000 rural residents became first time homeowners, nearly 7,000 homeowners received loan and grant funding to make needed repairs and improvements, and 1,400 loans and grants were provided to assist communities finance essential community facilities. Electricity, telephone, water and wastewater infrastructure funding totaled over \$6.8 billion. Distance learning and telemedicine funding helped communities in 37 states gain access to modern technologies. Over 1,100 rural areas have clean drinking water and sanitary waste systems.

I am proud of what we have been able to accomplish. However, to meet ongoing and future challenges, USDA Rural Development will focus in 2003 on four critical areas of economic opportunity: Housing; Broadband; Bio-Mass; and Equity Capital.

Housing -- Rural Development has created a Five Star commitment to improving single-family housing lending to rural minority families as part of the President's minority homeownership initiative.

Broadband -- Rural Development will implement approximately \$1 billion in Broadband programs, including a one-time "Community Connect" grant program to help small communities obtain access and training related to broadband services.

Bio-Mass -- Rural Development will assist in the development of alternative energy combustibles to replace petroleum-based products through value-added grants and business and industry loan guarantees.

Equity Capital -- The Farm Bill provides \$44 million in operational assistance grants and \$280 million in debenture guarantees for the Rural Business Investment Program (RBIP). The RBIP will increase the amount of capital available for investment in rural businesses and will provide technical assistance to these businesses.

Again, we have accomplished much in fiscal year 2002. I commit USDA Rural Development to administer all our programs and policies fairly, equitably, and honorably. It is the right thing to do, it is what I believe, and I will tolerate nothing less. Through our collective hard work we will continue to increase the economic opportunities in rural communities and improve the quality of life for all rural Americans.



Kenneth Slone
Kentucky State Director

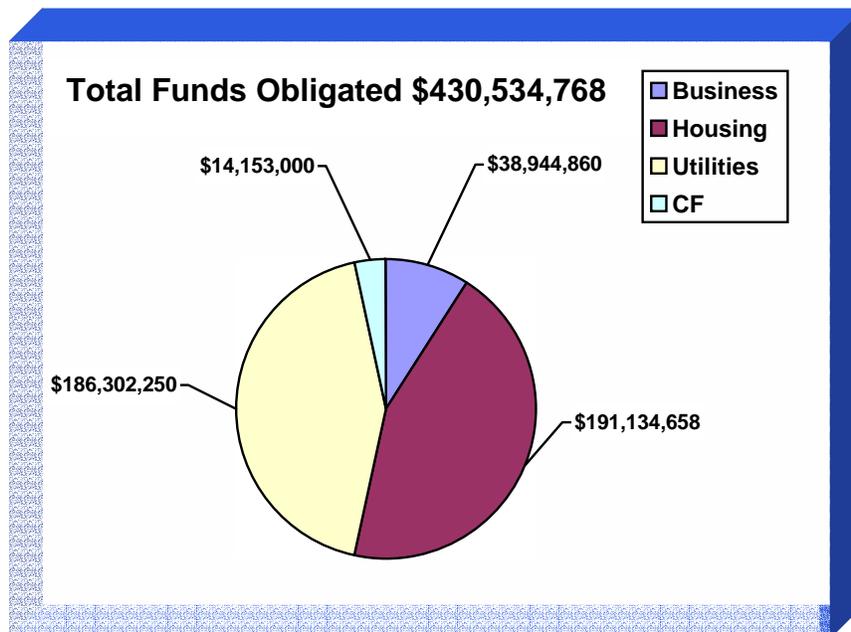


From President George W. Bush and Secretary of Agriculture Ann M. Veneman to Under Secretary Thomas C. Dorr, we strive to expand economic opportunities and improve the quality of life in rural communities. Our goal as USDA Rural Development employees in Kentucky is to distribute funding to utilize the triad of USDA agencies: Rural Business Service, Rural Housing Service and Rural Utilities Service.

The chart below shows the funds obligated for rural communities in our Commonwealth by the dedicated employees of Rural Development in Kentucky.

Throughout this Annual Report you will discover how we truly made 2002 a better year for so many rural Kentuckians. We assisted with employment opportunities through the Rural Business and Cooperative Service programs; improved the quality of life with water and waste projects, child care, emergency vehicles, hospitals and other facilities in the Rural Utilities Service; and provided housing assistance in single family and multi-family programs through the Rural Housing Service.

Rural Development in Kentucky will continue to work with our many partners, non-profit organizations and other federal and state agencies to continue the progress we made in Fiscal Year 2002 and to rise to the challenge for Fiscal Year 2003.



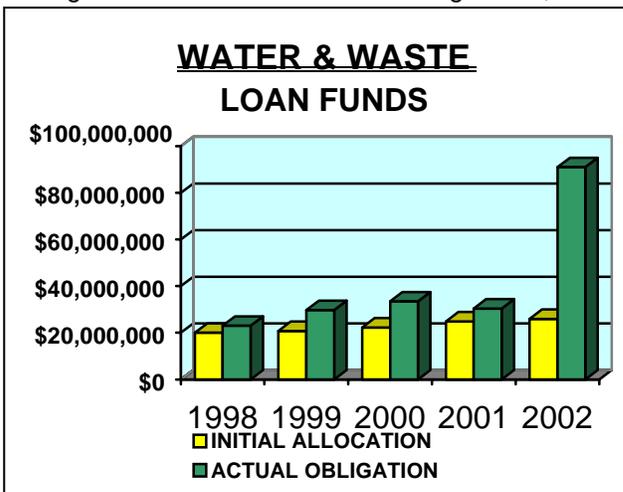
Rural Utilities Service (RUS)

“Record Setting Year”

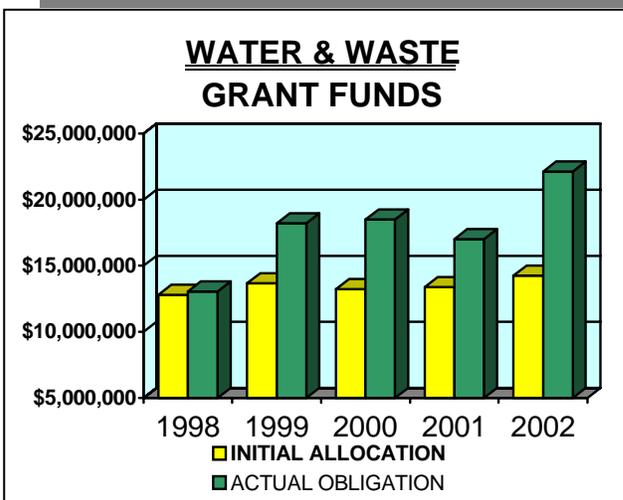
The Rural Utilities Service (RUS) is a multi-service agency providing infrastructure assistance to rural areas for electricity, water, wastewater, and telecommunications. RUS plays a critical leadership role in lending and technical guidance for rural utilities across the nation. The Distance Learning and Telemedicine program, which strives to meet the educational and health needs of rural communities, is also administered through RUS nationwide. In Kentucky, RUS is also responsible for administering Community Facilities CF loans, grants, and loan guarantees under Rural Housing Service (RHS) regulations. Additionally, through an agreement with the Appalachian Regional Commission (ARC), RUS administers ARC grants processed under the authorities provided in RUS and RHS regulations.

WATER AND WASTE DISPOSAL (WWD)

RUS provides loans, grants and loan guarantees to public bodies, non-profit organizations, and recognized Indian tribes for drinking water, sanitary sewer, solid waste and storm drainage facilities in rural areas and cities and towns of 10,000 or less.



The difference between the Initial Allocation and Actual Obligation represents additional funds obtained from the National Office Reserve.



This past fiscal year 42 rural communities in Kentucky received Water and Waste Disposal (WWD) loan and grant assistance under the RUS programs, improving the quality of life for approximately 68,755 rural citizens. Notably, funds were awarded to two regional water systems in western and eastern Kentucky, which will serve a large number of rural users in multi-county areas. A total of 40 loans for \$91,010,600 and 43 grants for \$22,134,300 were awarded to fund new, expanding, or improved rural water and wastewater systems throughout the State.

Fiscal year 2002 was exceptionally busy for RUS in Kentucky. WWD loan funds “towered” over previous years, largely due to the award of a loan for a regional water system in western Kentucky. Moreover, during the year additional funds were requested from the National Office Reserve to award several water and waste projects.

On May 13, 2002, President Bush signed the 2002 Farm Bill, which governs federal farm programs for the next six years. Traditionally, states have more applications on hand than they are able to fund in a given fiscal year, creating a “backlog” of applications for water and waste disposal loan and grant assistance.

The Farm Bill allowed for a one-time reduction in this backlog. RUS in Kentucky was able to award 12 additional projects, totaling \$22,961,200, in WWD loan and grant funds (almost double our initial allocation) that would probably have had to wait at least another year before funds became available.

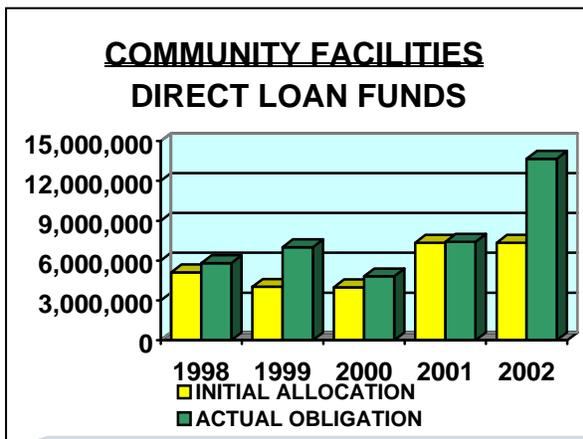


PRIDE

The **Personal Responsibility In a Desirable Environment (PRIDE)** Initiative is U.S. Congressman Hal Rogers' answer to addressing the serious challenge of cleaning up Kentucky's rivers and streams of sewage and garbage, eliminating illegal trash dumps, and promoting environmental awareness and educational programs. RUS has entered into an agreement with PRIDE to administer certain wastewater construction projects in the 40-county PRIDE region of Southern and Southeastern Kentucky. The efforts made through this initiative to clean up the targeted areas of Kentucky will help to instill and rekindle a sense of pride and community in the region's residents, as well as improving the surface and ground water quality in the area.

COMMUNITY FACILITIES

Community Facilities (CF) loans and grants provide financial assistance for health care, public safety and public services to rural America. Kentucky has always been very active in providing assistance to our rural communities, particularly for hospitals, medical clinics, fire stations, fire trucks, police stations, jails, community buildings, courthouses, and day care centers, to mention a few.



The difference between the Initial Allocation and Actual Obligation represents additional funds obtained from the National Office Reserve.

This past year Kentucky obligated ten direct CF loans for a total of \$13,666,000 and eight grants for a total of \$487,000. This assistance comprised a wide range of essential community services for approximately 120,920 citizens in 14 rural communities. Funds were awarded to improve or expand health clinic and hospital facilities, provide a building to accommodate an Early Head Start Program and child care facility, and to fund a natural gas distribution system. Six communities received loan and/or grant assistance to purchase fire trucks, an ambulance, and a police cruiser, thereby affording the citizens in these rural communities improved public safety and fire protection services.

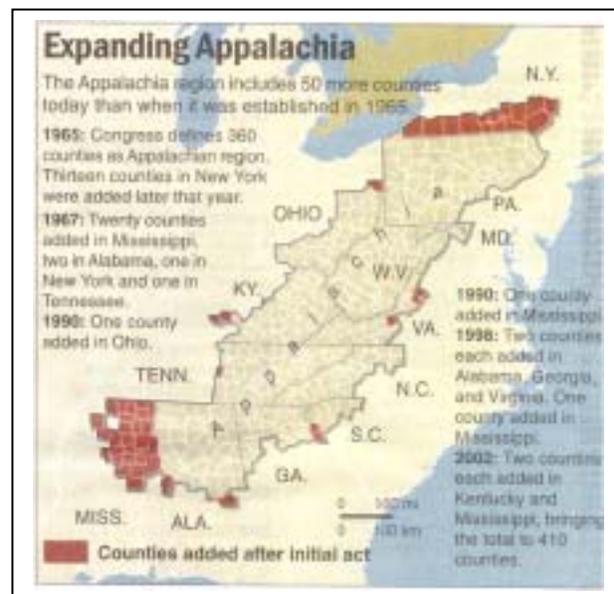
One of the projects funded during the past fiscal year was The James B. Haggin Memorial Hospital in Harrodsburg, Kentucky. The original facility, constructed in 1949 with subsequent additions in 1964, 1971 and 1978, is the only hospital located in the community. Residents would otherwise have to travel up to 35 miles to major medical regional hospitals in the Lexington, Frankfort and Danville Areas. Rural Development awarded a \$7,000,000 loan to construct a new two-story addition. The first level will include a new emergency department with ambulance entry and canopy, new surgery suite with support areas, registration and waiting areas, and new imaging department. The second level will be developed at a later date. These improvements will allow the hospital to continue to deliver quality patient care to the approximately 7,335 families in Harrodsburg and surrounding areas in Mercer County.

Another project awarded this past fiscal year involved grant funds under the Economic Impact Initiative. This CF grant program was established for rural communities with extreme unemployment and severe economic depression. Rural Development awarded a \$200,000 Economic Impact Initiative grant, along with a \$1,000,000 CF direct loan, to the Lee County Medical Scholarship Fund in Beattyville, Kentucky. The funds will be used to construct a building to house medical, dental and mental health services, as well as patient education areas. Future plans for this 24-hour clinic include a pharmacy, night clinic/urgent care center, wellness center, and other supporting services. The clinic will provide medical coverage to an extremely rural area of Kentucky with a population of approximately 7,500.

Appalachian Regional Commission

The Appalachian Regional Commission (ARC) was established by Congress in 1965 and is composed of the thirteen Appalachian states and a federal co-chairman appointed by the President. Rural Development, as one of its federal partners, administers these ARC grant funds when requested. The Commission funds projects such as education and workforce training programs, highway construction, water and sewer system construction, leadership development programs, small business start-ups and expansions, and development of health-care resources.

Kentucky has 51 counties, primarily in the eastern portion of the State, which are designated as ARC counties.



During FY 2002, Kentucky administered \$7,340,919 in ARC grant funds for the expansion or improvement of 20 water and waste disposal projects and four ARC grants under Community Facilities authorities totaling \$1,700,000. The projects administered under CF authorities included an early child-care center in Hazard, an adult education center in Jackson County, the creation of a life skills center located in the historic Jefferson Hotel in downtown Jackson (Breathitt County), and the installation of natural gas distribution lines to serve over 265 customers in Jamestown (Russell County).

EZ/EC

Kentucky Highlands Empowerment Zone (KHEZ) is one of the few designated rural empowerment zones in the nation. Kentucky proudly participates in the Empowerment Zone/Enterprise Community (EZ/EC) Initiative begun in 1994. The initiative strives to encourage

communities within specially designated areas (zones) to create new jobs and promote the revitalization of economically distressed areas.

In Fiscal Year 2002, Kentucky committed \$1,240,000 in RUS loan and grant funds for one project in the Empowerment Zone and one project in an Enterprise Community. Three WWD projects were awarded in Champion Communities located throughout the State. Additionally, Kentucky committed \$2,700,000 in CF loan funds for one project in the Empowerment Zone.

Wayne County Hospital, located in Monticello, Kentucky, received the \$2,700,000 CF loan for additions to their existing facility. The project includes four new semi-private patient rooms and a new nurse's station, as well as patient wing support functions. Existing semi-private rooms will be converted to private rooms to meet current State of Kentucky space requirements, public corridors will be upgraded, and a new conference room will be added for staff, training and community meetings. The hospital serves all of Wayne County's approximately 20,000 residents, as well as meeting the medical needs for tourists frequenting the Lake Cumberland and near-by recreational facilities.

Delta Regional Authority

In July 1998 the Secretary of Agriculture announced a new partnership with nine other federal agencies to provide economic assistance to seven states located in the Mississippi Delta region of the United States. This region includes all of Mississippi, Louisiana and Arkansas and portions of Tennessee, Missouri, Illinois and Kentucky, and has historically been one of the most economically disadvantaged areas of the country. There are 21 counties in Kentucky encompassing the Mississippi Delta Region.



DISTANCE LEARNING AND TELEMEDICINE LOAN AND GRANT PROGRAM

The Distance Learning and Telemedicine (DLT) loan and grant program provides financial assistance to meet the educational and health care needs of rural America. It is a program about rural America, for rural America, and delivered to rural America. The DLT program enables citizens of the most isolated communities to have access to the same education and specialized medical technology as the citizens in urban and suburban cities.

Saint Joseph Health Care was the recipient selected to receive a grant award during Fiscal Year 2002 under the Distance Learning and Telemedicine Grant program.

In collaboration with the St. Claire Medical Center in Morehead and Appalachian Regional Healthcare (ARH) hospital in West Liberty, Saint Joseph HealthCare operates a mobile health service from a 40-foot self-contained coach, which travels to five extremely rural and remote communities in Lawrence, Morgan, and Wolfe Counties. Grant funds were requested and awarded in the amount of \$90,300 to obtain the necessary equipment for a teleconference/telemedicine link to the St. Claire Medical Center Network. All five remote sites can be connected, via St. Claire Medical Center Telecare, to the Appalachian Regional Healthcare facility in West Liberty and the St. Joseph Hospital in Lexington. The mobile health service can then link to physicians in a regional medical center as well as a metropolitan hospital via a telemedicine connection, providing primary care services and referrals to specialty health care for residents of three counties in rural Eastern Kentucky. The mobile health coach travels weekly to the communities of Ezel, Cannel City, and Crockett in Morgan County, Hazel Green in Wolfe County, and Blaine in Lawrence County.

ELECTRIC AND TELECOMMUNICATIONS PROGRAMS

The Electric and Telecommunications Program authorities are handled by the RUS National Office in Washington, D.C. Kentucky received \$73,157,350 in funding through these programs in FY 2002. A telephone cooperative received in excess of \$16 million in financial assistance to allow the cooperative to become a full service network provider. This will enable them to offer voice, video and data services to their customers, with virtually no limitations. Their project is the first of it's kind in Kentucky, and one of the first in the entire nation. Over \$56 million was provided to assist electric cooperatives within the Commonwealth.

Rural Housing Service (RHS)

*"#1 in Loan Making in
2002 for
Second Straight Year"*

SINGLE FAMILY HOUSING DIRECT PROGRAM

Rural Housing just ended another exciting year with 494 loans, awarding \$28,365,664 for the purchase of homes by eligible families in rural areas of Kentucky. Partnering with state agencies, non-profit organizations and private sector lenders allowed us to increase homeownership opportunities at a time when funding levels were being reduced. As a result of Kentucky allying with 23 Rural Home Loan Partners, an additional \$6.5 million above regular allocated funds was utilized for homeownership. Our partners in the Direct Homeownership Program provided more than \$3.5 million in matching funds.

One very important partner was the Kentucky Housing Corporation (KHC) which made funds available to leverage with the Single Family Housing Direct Homeownership Program through an initiative called HOMESTART, now entering its third year. Up to \$14,999 is provided toward the purchase of new and existing homes for families qualifying for a home loan from RHS. The funds are provided on a five-year forgivable basis with the remaining funds made available with a Direct Loan from RHS. The applicant only has to complete one application, attend one loan closing and make one payment. Kim Cornette (pictured at right) was one of the participants in the HOMESTART Program. With the help of Kentucky Heartland Outreach of Campbellsville, a not-for-profit housing provider, leveraged funds from KHC and a Direct loan from RHS, Kim was able to demolish a leaky inadequate house and construct a new home. At the closing Kim said, "Thanks to USDA Rural Development, my payments are affordable." During FY 2002, 68 direct RHS loans were awarded in partnership with HOMESTART.



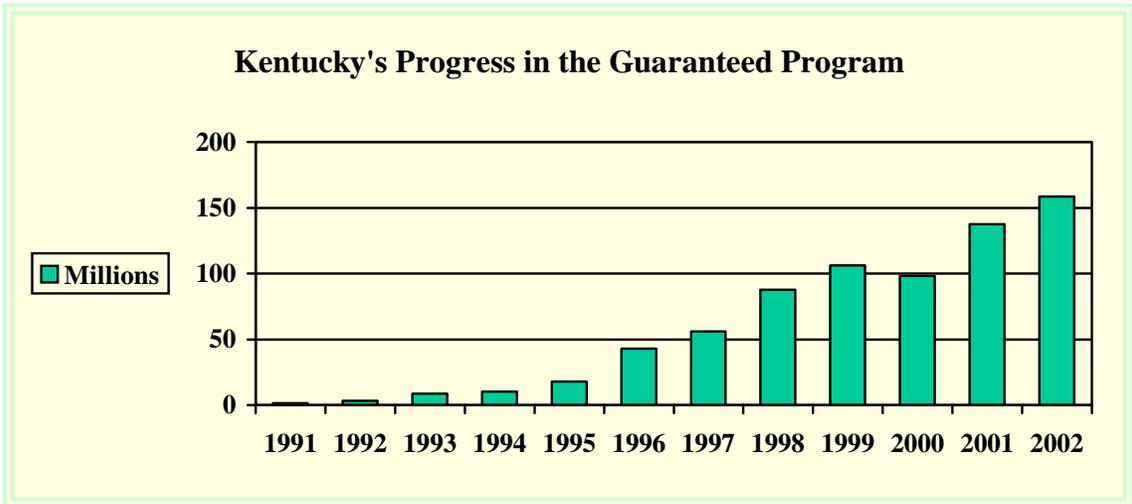
The Federation of Appalachian Housing Enterprises (FAHE) which consists of eight nonprofit entities is considered a very important partner in leveraging funds in both the homeownership

and repair loan/grant programs. During FY 2002, FAHE Nonprofits provided homeownership counseling and participating funds of \$1,728,00 for 72 new homes. Through the FAHE partnership, Rural Housing Service utilized leveraged funds from sources such as HOME, CHDO Proceeds, Appalachian Regional Commission and revolving loan funds provided by the FAHE Affiliates. A significant portion of the leverage funds was in the form of grants and forgivable loans to very low-income applicants.



SINGLE FAMILY HOUSING GUARANTEED PROGRAM

This year marked the 11th Anniversary for the Rural Housing Guaranteed Loan Program, which experienced the best year ever, approving 2010 loans and utilizing \$158,466,781 of private sector funds, including funds provided by the following major investors: Kentucky Housing Corporation (KHC), Chase Manhattan Mortgage Corporation, Countrywide Home Loans, and Wells Fargo Mortgage. This program, very popular with mortgage brokers, experienced a 15% growth rate during the year just ended. Qualifying applicants must have an income not exceeding 115% of the US Median Income for the county where the subject property is located. Since the guarantee covers the full amount of the loan, neither a downpayment nor private mortgage insurance is required. One hundred and one approved lenders and numerous originators/brokers utilized the Guaranteed Housing Program for homeownership loans in Kentucky during the 2002 Fiscal Year.



SECTION 504 LOAN & GRANT PROGRAM – REPAIR LOAN PROGRAM

Rural Housing assisted 582 families with loan and grant funds for home repairs in Fiscal Year 2002. These funds were used to enable very low-income homeowners to remove health and safety hazards, make needed repairs and provide accessibility for family members with disabilities. This program continues to make it possible for many families to replace leaking roofs, have safe drinking water, install central heat and air, and eliminate unsanitary outdoor privies with the installation of indoor plumbing and septic systems. The maximum loan for repairs is \$20,000, and grants not exceeding \$7,500 are available to applicants at least 62 years of age who cannot show repayment ability for a 1% loan.

In Fiscal Year 2002, the HouseWorks Initiative, which is a partnership with Kentucky Housing Corporation (KHC), was made available in connection with the Section 504 Repair Loan and Grant Program. With HouseWorks, up to 50% of the needed funds for repairs, not to exceed \$10,000, is provided by KHC as a forgivable loan on a five-year basis. The new program combines funds from RHS Section 504 Program and the Affordable Housing Trust Funds administered by KHC. Anna J. Doan's house (pictured below) was improved with the HouseWorks Initiative. Insulation work, a new heating and cooling system, electrical upgrades and minor plumbing work were among the repairs completed at the Doan residence. Also, funds from the Personal Responsibility in a Desirable Environment (P.R.I.D.E.) Program were utilized to improve the septic system. A total of 88 families were assisted with the HouseWorks Initiative from February through September 2002.



MULTI-FAMILY HOUSING (MFH)

Rural Rental Housing

At the close of Fiscal Year 2002, Kentucky's RRH portfolio numbered 458 properties with over 12,000 units. These units provide affordable housing opportunities to low income households throughout rural Kentucky.

Although funding for additional new complexes is scarce, Kentucky managed to secure funds for a new 24 unit family complex in Whitley City. This is the first new construction funding Kentucky has received in three years.



The preservation of existing units continues to be a main focus. In FY 2002, RHS made two loans to rehabilitate properties in Barbourville and Eminence. This assistance will ensure that these sources of affordable housing will be viable well into the future.

Site Manager of the Year Award

In May, three site managers were recognized for the excellent job they have done in managing their complex. Margaret Ann Dixon of Parkview Manor in Williamstown, was presented the "Site Manager of the Year" award for elderly complexes from Rural Housing Service in Kentucky.



Gloria and Henry Margison of Park Ridge Apartments in McKee, were presented the "Site Manager of the Year" award for family complexes from Rural Housing Service in Kentucky.



Several nominations were received from all over the state. Criteria such as tenant satisfaction, curb appeal and action above-and-beyond what is expected were factors used in

the nomination and selection process. All nominees were outstanding and went the extra mile in performing day-to-day operations of the apartment complexes. Both Ms. Dixon and Mr. and Mrs. Margison were spoken of very highly by the tenants and their respective management companies. The records and the property were maintained in compliance with RHS requirements.

Housing Preservation Grant Program

During Fiscal Year 2002, Kentucky obligated \$229,878 in funds for the Housing Preservation Grant (HPG) program. The money was awarded to three grantees who will use the money to assist very low-income families through rehabilitation and preservation of their existing housing.

TOTALS FOR RURAL HOUSING IN KENTUCKY, DURING FY 2002

	<u>Loans Grants</u>	<u>Funds Used</u>	<u>Percent of Allocation</u>
<i>502 Homeownership</i>	494	\$ 28,365,664	127.15%
<i>504 Repair loans/grants</i>	582	2,618,715	160.99%
<i>Guaranteed</i>	2010	158,466,781	258.62%
<i>Housing Preservation Grants</i>	3	229,878	
<i>Multi-Family Housing</i>	1	921,670	
<i>Rehab 515</i>	2	531,950	
Totals	3092	\$191,134,658	

Rural Business-Cooperative Service (RBS)

*“Another
Great
Year”*



BUSINESS AND INDUSTRY GUARANTEED LOAN PROGRAM

Kentucky approved 12 Business and Industry (B&I) Guaranteed loans, totaling \$36,665,000. Those guaranteed loans will create or save over 1400 jobs for rural Kentucky.

This year, loan purposes included providing assistance to a nursing home, tool and die operation, restaurant, automobile parts manufacturer, corrugated box manufacturer, natural gas utility, and commercial greenhouse and nursery (pictured below).



This nursery provides vegetable plants, flowering baskets, annuals, seasonal plants and holiday specials to 15 states, including some major chain stores such as Wal-Mart, K-Mart, Lowes and Home Depot.

INTERMEDIARY RELENDING LOAN PROGRAM

One Intermediary Relending Program loan was made totaling \$500,000. This loan, to a non-profit corporation, will establish a revolving loan fund, relending money to small businesses and creating additional jobs. Kentucky has 26 closed loans, totaling over \$23 Million.

RURAL COOPERATIVE DEVELOPMENT GRANT PROGRAM

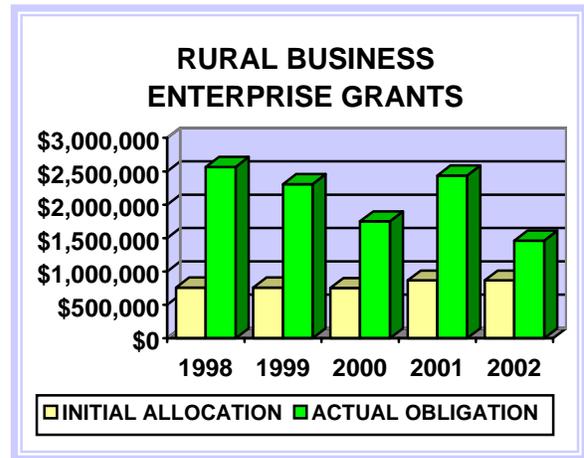
Kentucky received \$269,500 to assist the Kentucky Center for Cooperative Development's continued efforts to improve economic conditions of rural Kentucky by promoting new cooperatives and improving existing farmer cooperatives. The Center coordinates, strengthens and expands existing activities and resources by providing expanded access to capital, technical

support, education and training linkages through direct interaction and modern technology to underserved or economically distressed rural areas.

RURAL BUSINESS ENTERPRISE GRANTS

The Rural Business Enterprise Grant program was established to finance and aid in the development of small and emerging private business enterprises in rural areas.

In Fiscal Year 2002, Kentucky approved eight grants totaling \$1,462,000. Funds were committed for a variety of services, including technical assistance, revolving loan funds, business incubator, community kitchen and an export trading corporation.



RURAL BUSINESS OPPORTUNITY GRANT PROGRAM

The purpose of this program is to promote sustainable economic development in rural communities with exceptional needs. This is accomplished by providing assistance to organizations for economic development planning, technical assistance, or training.

In FY 2002, Prestonsburg Community College was awarded a Rural Business Opportunity Grant (RBOG) to be used within the five-county region locally known as the Big Sandy Area of the Appalachian Coal Fields. The proposal seeks to stimulate economic and workforce development through concentrated business recruitment, marketing, cooperating with existing private and governmental agencies and identifying training opportunities for existing or expanding businesses within the region.

RURAL ECONOMIC DEVELOPMENT LOAN AND GRANT PROGRAM

Due to the very limited amount of funding available for FY 2002, Kentucky was not awarded assistance under this initiative. The Rural Economic Development Loan and Grant Program promotes projects that will result in sustainable economic resources and thereby lead to a higher income level for rural citizens.

VALUE-ADDED AGRICULTURAL PRODUCT MARKET DEVELOPMENT GRANT PROGRAM

This program was established to assist agricultural producers interested in developing business plans to establish a viable marketing opportunity for their value-added product or to acquire capital to establish a value-added business venture or alliance that will allow improved competition in domestic and international markets. Kentucky submitted 12 applications for funding and received 4 obligations for \$597,922.

Office of Community Development (OCD)

The Office of Community Development is a part of the United States Department of Agriculture's Rural Development mission area. Unlike, the Rural Housing Service, Rural Utilities Service, and Rural Business-Cooperative Service, the OCD does not have program funds; however, OCD plays a very vital role in rural communities.

OCD provides leadership in the delivery of community development support to rural communities across the Commonwealth of Kentucky and operates special community initiatives including: Empowerment Zones (EZ), Enterprise Communities (EC) Champion Communities (CC), Rural Community Advancement Program (RCAP), Rural Economic Area Partnership (REAP), and National Centers for Excellence (NCE).

A few of the responsibilities of the Kentucky OCD are as follows:

- ◆ Identifying emerging, state and local rural issues and needs;
- ◆ Designing, maintaining and monitoring a rural development strategy formulation for communities;
- ◆ Supporting communities participating in the Community Empowerment Program; which includes the Kentucky Highlands Empowerment Zone (KHEZ) ; Scott-McCreary Area Revitalization Team (SMART) EC; the City of Bowling Green EC; six CCs and a NCE;
- ◆ Disseminating information including brochures on USDA Rural Development Programs, a Guide to Strategic Planning for Rural Communities, sharing web sites and providing Community Development (CD) Technotes, which are brief pamphlets about effective community development practices;
- ◆ Promoting networking among rural communities and rural development partners and stakeholders;
- ◆ Monitoring the community development activities of field offices in the state; and
- ◆ Day to day management operations of Rural Development's Community Development mission in the Commonwealth.

The benefits of being a part of the Office of Community Development are very rewarding when you can share best practices from one community with another, assisting with overcoming barriers/adversities, and being able to see small steps taken toward achieving the vision in the community's strategic plan...IT'S A WONDERFUL FEELING!!!

A Short Trip Down Memory Lane...The Background of the Rural EZ/EC Program

The Empowerment Zone and Enterprise Community program is designed to afford communities real opportunities for growth and revitalization. The framework of the program is embodied in four key principles:

- 1. Economic Opportunity**
- 2. Sustainable Community Development**
- 3. Community-Based Partnerships**
- 4. Strategic Vision for Change**

Round I

Community Empowerment Program was enacted into law in August 1993. In January 1994, the opening of competition for Round I designations was announced. To be eligible, communities had to have high rates of poverty. Applications from these communities consisted of comprehensive strategic plans that were developed with the active participation of low-income residents.



In December 1994, three rural Empowerment Zones (EZ) and 30 rural Enterprise Communities (EC) were named. The rural EZs received grants of \$40 million and the rural ECs received special EZ/EC grants of just under \$3 million from the Social Services Block Grants (SSBG) program administered by the Department of Health and Human Services. The Commonwealth of Kentucky was fortunate to have two designations:

1. Kentucky Highlands Empowerment Zone (KHEZ) which includes: Clinton, Jackson and two census tracts in Wayne County; and
2. Scott-McCreary Area Revitalization Team (SMART) EC which is a collaborative effort between two states--Tennessee and Kentucky.



Round II

Round II was enacted into law by the Taxpayer Relief Act of 1997. The Act established 15 new urban and 5 new rural EZs. In October 1998 Congress appropriated first year grants of \$2 million to each of the 5 rural Zones and authorized an additional 20 rural ECs, providing each with \$250,000 in first year funding. USDA Rural Development administers the Round II EZ/EC grants, which have now been approved for Year 4. Once again, Kentucky was successful in being awarded another EC, the City of Bowling Green, which included three census tracts.

Round III

The Consolidated Appropriations Act of 2001 was signed on December 2, 2000 and included provisions relating to the Empowerment Zone and Enterprise Community Program. Among the provisions was the creation of two rural Round III Empowerment Zones. Fifty-five applications were received prior to the October 1, 2001 deadline. Three applications for areas in Kentucky were submitted for Round III. On January 11, 2002, USDA Secretary Ann Veneman announced the Aroostook County Empowerment Zone (Maine) and the FUTURO Empowerment Zone (Texas) as the two new Round III Zones.

This quote by Joel Barker, author & visionary, is one we like to use when working with communities:

"Vision without action is merely a dream. Action without vision just passes the time. Vision with action can change the world."



During Board Training sessions, as pictured above, the Commonwealth of Kentucky's Motto was used:
"United we Stand, Divided we Fall"



Outreach

USDA Rural Development in Kentucky ensures the success of our mission by providing complete access of our program services to all rural communities. This is accomplished through day-to-day 'reaching out,' as well as through interagency partnerships.

The Kentucky State Outreach Council (SOC) sponsors Listening Sessions to determine concerns of the general public and to increase awareness of the assistance available through the agencies represented. The SOC is comprised of USDA and other federal, state, and local agencies—all working together to assist citizens in the underserved communities of Kentucky. Employees participated in the Kentucky Women in Agriculture Conference in Owensboro. As a result of the networking with women involved in different facets of agriculture, 152 informational packets were mailed to attendees. Kentucky USDA Rural Development displayed an outreach booth at the



Participation in the Cherokee Nation Heritage Demonstration was an excellent opportunity to see cultures and crafts demonstrated by the Cherokee nation.

Kentucky State Fair, August 15-25. Informational brochures and pamphlets were displayed in English and Spanish for the 618,954 in attendance. Employees participated in 'Career Day' with various elementary, middle school and high school programs.

Civil Rights-EEO

Civil Rights/EEO Performance Accomplishments for FY 2002:

The Rural Development programs were reviewed for overall Civil Rights compliance by conducting 238 compliance reviews; approving 91 Affirmative Fair Housing Marketing Plans; and completing 26 Civil Rights Impact Analyses. All Civil Rights and EEO policy statements were revised. The Federal Equal Opportunity Recruitment Plan and Affirmative Employment Program were monitored.

USDA State Offices observed Black History Month with their annual Black History Luncheon. The guest speaker was S.T. Roach, the former basketball coach of Paul Lawrence Dunbar High School (previously an all black school). A record number of employees were in attendance.

Career Days participation was successful at Morehead State University, Alice Lloyd College and the University of Louisville. Students, numbered 42, 23 and 28 respectively, were contacted by Kentucky State Office employees to discuss career opportunities with USDA Rural Development.

The EEO Committee created an action committee to develop a recruitment bulletin. This one-page, tri-fold bulletin is very informative and a useful aide in recruitment and outreach.

Civil Rights Compliance Training was presented to 150 staff members of Winterwood, a multi-family housing complex management company.

A presentation on the employment process was given to the State Department of Rehabilitation Cabinet employees. Emphasis was placed on the USDA goal of hiring persons with disabilities.

The National Office was given assistance during their review of Kentucky on Title VI and Section 504 of the Rehabilitation Act. This gave opportunity to receive "hands on" training in Civil Rights.

To provide effective communication with persons with disabilities, each Rural Development Office has established a list of interpreters.

Breakout sessions on Civil Rights were conducted for all employees during the Kentucky State Meeting. Displays and brochures of special emphasis areas were available.

The display for the Kentucky State Fair booth represented all areas of service provided by Rural Development. This was great exposure for the agency.

Kentucky Rural Development joined with other Agricultural Agencies and Kentucky State University to participate in the Small, Limited Resource Minority Farmer Conference.

Kentucky EEO Committee members and Special Emphasis Managers



Area and Local Offices and the Counties Served

* - State Office
 O - Area Offices
 X - Local Offices

Area III—Shelbyville

502/633-3294

- New Castle Local Office 502/845-4700
- Nicholasville Local Office 859/887-2461
- Williamstown Local Office 859/824-7171
- Winchester Local Office 859/744-5561

Area IV – Morehead

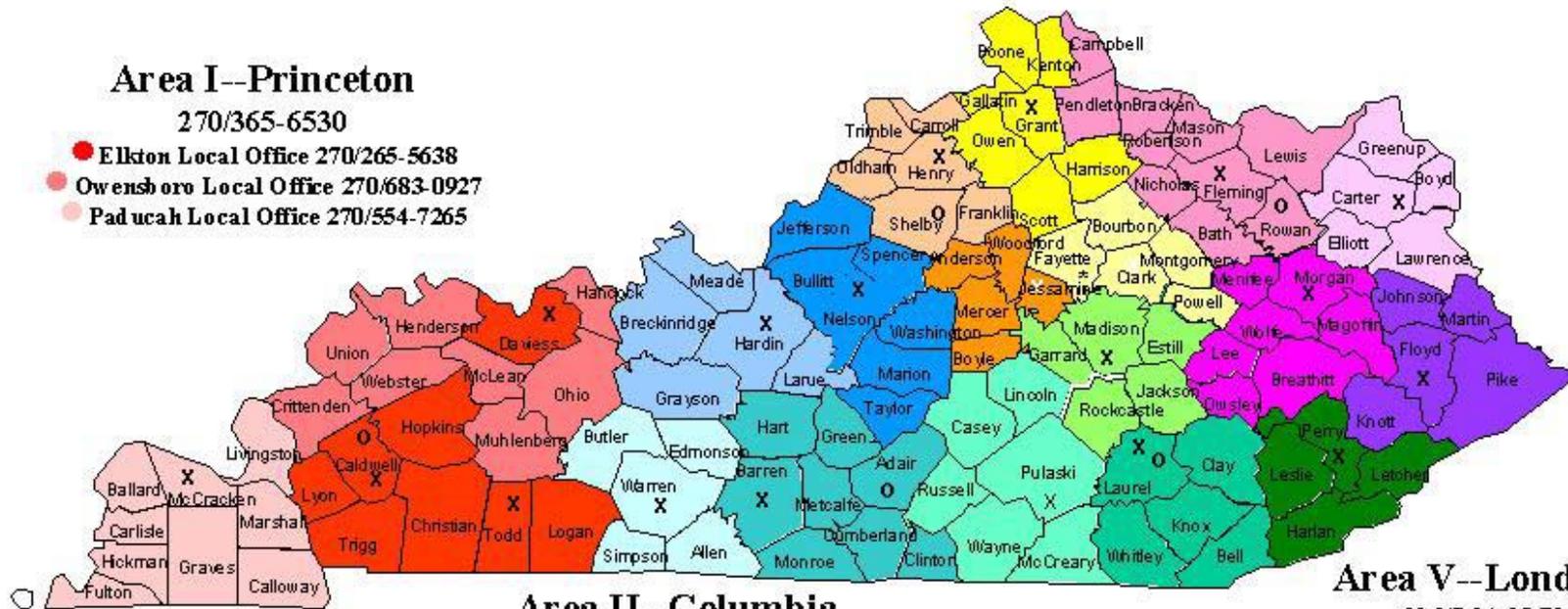
606/784-6447

- Flemingsburg Local Office 606/845-2851
- Grayson Local Office 606/474-5185
- Prestonsburg Local Office 606/886-9545
- West Liberty Local Office 606/743-3193

Area I—Princeton

270/365-6530

- Elkton Local Office 270/265-5638
- Owensboro Local Office 270/683-0927
- Paducah Local Office 270/554-7265



Area II—Columbia

270/384-6431

- Bardstown Local Office 502/348-3024
- Bowling Green Local Office 270/842-1146
- Elizabethtown Local Office 270/769-1555
- Glasgow Local Office 270/678-2636

Area V—London

606/864-2172

- Hazard Local Office 606/439-1378
- London Local Office 606/864-2172
- Richmond Local Office 859/624-1982
- Somerset Local Office 606/678-4842

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, sex, religion, age, disability, political beliefs, sexual orientation, and marital or familial status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at 202-720-2600 (voice and TDD). To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Ave, SW, Washington, DC 20250-910 or call 202) 720-5964 (voice or TDD). USDA is an equal opportunity provider and employer. Visit our web site: www.rurdev.usda.gov/ky

Office Locations

State Office: 771 Corporate Dr., Suite 200, Lexington, KY 40503 (859) 224-7300

Area Offices:

Princeton--320B Traylor St., Princeton, KY 42445 (270) 365-6530
(Area: Ballard, Caldwell, Calloway, Carlisle, Christian, Crittenden, Daviess, Fulton, Graves, Hancock, Henderson, Hickman, Hopkins, Livingston, Logan, Lyon, Marshall, McCracken, McLean, Muhlenberg, Ohio, Todd, Trigg, Union, & Webster)

Columbia--957 Campbellsville Rd., Columbia, KY 42728 (270) 384-6431
(Area: Adair, Allen, Barren, Breckinridge, Bullitt, Butler, Clinton, Cumberland, Edmonson, Grayson, Green, Hardin, Hart, Jefferson, Larue, Marion, Meade, Metcalfe, Monroe, Nelson, Simpson, Spencer, Taylor, Warren, & Washington)

Shelbyville--90 Howard Drive, Suite 3, Shelbyville, KY 40065 (502) 633-3294
(Area: Anderson, Boone, Bourbon, Boyle, Carroll, Clark, Fayette, Franklin, Gallatin, Grant, Harrison, Henry, Jessamine, Kenton, Mercer, Montgomery, Oldham, Owen, Powell, Scott, Shelby, Trimble, & Woodford)

Morehead--220 West First Street, Morehead, KY 40351 (606) 784-6447
(Area: Bath, Boyd, Bracken, Breathitt, Campbell, Carter, Elliott, Fleming, Floyd, Greenup, Johnson, Knott, Lawrence, Lee, Lewis, Magoffin, Martin, Mason, Menifee, Morgan, Nicholas, Owsley, Pendleton, Pike, Robertson, Rowan, & Wolfe)

London--95 S. Laurel Rd., Suite #A, London, KY 40744 (606) 864-2172
(Area: Bell, Casey, Clay, Estill, Garrard, Harlan, Jackson, Knox, Laurel, Leslie, Letcher, Lincoln, Madison, McCreary, Perry, Pulaski, Rockcastle, Russell, Wayne, & Whitley)

Local Offices:

Bardstown--512 E. Stephen Foster Ave., Bardstown, KY 40004 (502) 348-3024
(COUNTIES SERVED -Nelson, Marion, Washington, Spencer, Jefferson, Bullitt, Taylor)

Bowling Green--925 Lovers Lane, Bowling Green, KY 42103 (270) 842-1146
(COUNTIES SERVED -Warren, Allen, Edmonson, Simpson, Butler)

Elizabethtown--587 Westport Road, Elizabethtown, KY 42701 (270) 769-1555
(COUNTIES SERVED -Hardin, Larue, Meade, Grayson, Breckinridge)

Elkton--101 Elk Fork Road, Elkton, KY 42220 (270) 265-5638
(COUNTIES SERVED -Todd, Logan, Christian, Hopkins, Trigg, Caldwell, Lyon)

Flemingsburg--Hwy 11 So., RT. 2 Box 27A, Flemingsburg, KY 41041 (606) 845-2851
(COUNTIES SERVED -Fleming, Nicholas, Rowan, Robertson, Bath, Mason, Lewis, Campbell, Pendleton, Bracken)

Glasgow--108 Reynolds Rd., Glasgow, KY 42141 (270) 678-2636
(COUNTIES SERVED - Barren, Hart, Adair, Green, Metcalfe, Monroe, Clinton, Cumberland)

Grayson--526 East Main Street, Suite A, Grayson, KY 41143 (606) 474-5185
(COUNTIES SERVED -Carter, Greenup, Boyd, Elliott, Lawrence)

Hazard--625 Memorial Drive, Suite 101, Hazard, KY 41701 (606) 439-1378
(COUNTIES SERVED -Perry, Leslie, Letcher, Harlan)

London--95 S. Laurel Rd., Suite #B, London, KY 40744 (606) 864-2172
(COUNTIES SERVED - Laurel, Clay, Knox, Bell, Whitley)

New Castle--1125 Campbellsburg Rd., New Castle, KY 40050 (502) 845-4700
(COUNTIES SERVED -Henry, Oldham, Franklin, Shelby, Trimble, Carroll)

Nicholasville--800-A South Main, Nicholasville, KY 40356 (859) 887-2461
(COUNTIES SERVED -Jessamine, Anderson, Woodford, Mercer, Boyle)

Owensboro--3032 Alvey Park Dr West, Ste. 3, Owensboro, KY 42303 (270) 683-0927
(COUNTIES SERVED -Daviess, Hancock, Ohio, McLean, Henderson, Union, Webster, Muhlenberg, Crittenden)

Paducah--2715 Olivet Church Road, Paducah, KY 42001 (270) 554-7265
(COUNTIES SERVED -McCracken, Ballard, Graves, Carlisle, Hickman, Fulton, Livingston, Calloway, Marshall)

Prestonsburg--214 So Central Ave, Ste 101, Prestonsburg, KY 41653 (606) 886-9545
(COUNTIES SERVED -Floyd, Pike, Martin, Johnson, Knott)

Richmond--2150 Lexington Road, Suite C, Richmond, KY 40475 (859) 624-1982
(COUNTIES SERVED -Madison, Estill, Jackson, Garrard, Rockcastle)

Somerset--100 Parkway Drive, Ste 1, Somerset, KY 42503 (606) 678-4842
(COUNTIES SERVED -Pulaski, McCreary, Casey, Lincoln, Russell, Wayne)

West Liberty--955 Prestonsburg St., Suite #1, West Liberty, KY 41472 (606) 743-3193
(COUNTIES SERVED -Morgan, Magoffin, Menifee, Wolfe, Lee, Breathitt, Owsley)

Williamstown--486 Helton Street, Williamstown, KY 41097 (859) 824-7171
(COUNTIES SERVED -Grant, Owen, Gallatin, Boone, Kenton, Harrison, Scott)

Winchester--30 Taylor Ave., Winchester, KY 40391 (859) 744-5561
(COUNTIES SERVED - Clark, Montgomery, Bourbon, Fayette, Powell)