

May 23, 2019

2018 Farm Bill Primer: Rural Development Programs

Title VI of the enacted 2018 farm bill (Agriculture Improvement Act of 2018, P.L. 115-334) includes provisions that address rural and regional development issues. While other legislation has significant implications for rural areas and rural residents (e.g., transportation initiatives, environmental regulation, finance and taxation, Medicare, Social Security), Congress has used periodic omnibus farm bills to address emerging rural issues as well as to reauthorize a wide range of rural programs administered by the U.S. Department of Agriculture's (USDA) rural development mission agencies: Rural Utilities Service, Rural Business-Cooperative Service, and Rural Housing Service. Although the extent of overlap between federal agencies and programs targeting rural areas has been of concern to some rural policy observers, USDA Rural Development has primary federal statutory responsibility for rural development and has the largest number of programs providing assistance to rural areas.

The Rural Development title of the 2018 farm bill (Title VI) provides assistance for rural business creation and expansion and for rural infrastructure along with traditional assistance for housing, electrical generation and transmission, broadband, water and wastewater, and economic and institutional capacity in local communities. In previous farm bills, Congress has also supported innovative and alternative business development (e.g., bioenergy, value-added production, local food production) and innovative mechanisms to finance it (e.g., the Rural Microentrepreneur Assistance Program). The 2018 farm bill amends and reauthorizes a wide variety of existing rural business programs, rural infrastructure development, housing and community facilities and authorizes several new initiatives.

What Is Rural?

The 2002 farm bill (P.L. 107-171, Section 6020) amended the Consolidated Farm and Rural Development Act of 1972 (the ConAct; 7 U.S.C. §1926 *et seq.*) to define *rural* and *rural area* as any area other than a city or town with a population of more than 50,000 and the urbanized area contiguous and adjacent to such a city or town. Eligibility for some programs have statutory population limits much less than 50,000 (e.g., Water and Waste Water loans and grants—10,000; Community Facilities—20,000). In awarding loans and grants, regulations may also prioritize rural areas with even smaller populations and/or household income limits. The 2018 farm bill amends this definition of *rural* to exclude from population thresholds individuals incarcerated on a long-term or regional basis. The enacted bill also amends the definition to exclude the first 1,500 individuals residing in on-base military housing. The enacted bill further amends the Housing Act of 1949 to

permit any area defined as rural between 1990 and 2020 to remain so classified until publication of the 2030 decennial census.

New Rural Development Provisions

The 2018 farm bill generally reauthorizes or amends long-standing programs under the ConAct and the Rural Electrification Act of 1936 (7 U.S.C. §901 *et seq.*). New programs are also authorized under these statutes.

Rural Access to High-Speed Broadband

- The bill authorizes a new grant program for rural broadband deployment in addition to loans and loan guarantees. Increases broadband minimum speed to 25 megabits per second (Mbps) downstream and 3 Mbps upstream speed. Establishes buildout requirements and makes rural areas with an incorporated city of 20,000 or more eligible for direct broadband loans and grants (§6201).
- Other broadband provisions provide incentives to bring broadband service to hard-to-reach areas by establishing a method for calculating service points per road mile as a density measure (§6201).
- Prioritizes broadband loans and grants to unserved rural areas with no residential broadband service, rural communities with fewer than 10,000 permanent residents, rural communities experiencing outmigration that have developed a strategic community investment plan, communities with high percentage of low-income families, and applications that provide the maximum level of broadband service to the greatest proportion of rural households in a proposed service area (§6201).
- Increases annual appropriated funding for broadband deployment from \$25 million in FY2019 to \$350 million in FY2023 (§6201).

The bill also reauthorizes the Rural Gigabit Network Pilot Program—and renames it the Innovative Broadband Advancement Program (§6203)—establishes a Rural Broadband Integration Working Group (§6214), and creates a Task Force for Reviewing the Connectivity and Technology Needs of Precision Agriculture (§12516). The enacted bill also authorizes a new Middle Mile Infrastructure Program (§6201), with authorized appropriations of \$10 million annually (FY2019-2023), to construct, improve, or acquire infrastructure connecting rural Internet service provider networks with broadband Internet backbone networks (§6202).

The 2018 farm bill also reauthorizes the Community Connect Broadband Program (§6204), providing grants to underserved areas to support enhanced delivery of health care, education, and public services. Authorized annual appropriations are \$50 million (§6204).

The 2018 farm bill further directs USDA to coordinate with the assistant secretary of the National Telecommunications and Information Administration for assessment and mapping capabilities (§6212). This same provision requires USDA to coordinate with the Federal Communications Commission (FCC) to ensure that loans or grants do not conflict with universal service high-cost support provided by FCC.

Rural Health Issues

The 2018 enacted farm bill authorizes USDA, in consultation with public health officials, to announce a temporary reprioritization on a national or multistate basis of assisting rural communities in responding to a “significant public health disruption” (§6101). Up to 20% of funds for rural development programs may be targeted toward responding to such a public health disruption.

The 2018 farm bill redirects program funds of existing rural development programs to target a range of rural health issues. Focusing on rural substance abuse, the provision directs USDA to set aside 20% of the Distance Learning and Telemedicine Program to support projects that provide treatment for substance abuse disorders and increases appropriated funding for the program to \$82 million annually from \$75 million (§6101). The 2018 farm bill also gives priority to applications for Community Facilities funding to provide services for rural residents designed to prevent, treat, and assist in the recovery from substance abuse disorders (§6101). Under the Rural Health and Safety Education Program grants, the 2018 farm bill also directs USDA to prioritize treatment projects aimed at substance abuse disorder (§6101). These programs and funding carve-outs are to remain in force until FY2025.

Other 2018 farm bill provisions that address rural health issues are to permit the refinancing of certain debt obligations of rural hospitals if the assistance would help preserve access to a health service in a rural community or improve the financial position of the hospital (§6103). A provision in the 2018 farm bill’s Research title authorizes a Farm and Ranch Stress Assistance Network (§7412). The provision authorizes training and workshops for affected farmers and ranchers and also permits the network to enter into contracts with community-based direct service organizations to initiate and expand programs for farmers and ranchers.

Other Rural Development Title Provisions

The 2018 farm bill also includes other provisions to reauthorize and/or amend loan and grant programs that provide assistance for rural water and wastewater infrastructure, business development and retention, and community and regional development. The maximum amount of project financing for water projects is raised

from \$100,000 to \$200,000 (§6403). The enacted law increases appropriations for rural water and wastewater technical assistance (§6404) and prioritizes training to address contaminated drinking water and surface water supplies. The 2018 farm bill also modifies the Rural Business Investment Program concerning business investment companies controlled by Farm Credit System institutions (§6427). Also, under the Rural Economic Development Loan and Grant Program, the 2018 farm bill terminates the deposit authority of “cushion of credit” borrower accounts and, changes the interest paid on the accounts to the applicable one-year Treasury rate after FY2021 rather than a 5% rate established in the original statute (§6503).

The bill also does the following:

- Authorizes **Rural Business-Cooperative Service Programs Technical Assistance and Training** to help rural communities better access programs administered by the Rural Business-Cooperative Service. Gives priority to persistent-poverty counties and other high-poverty communities. Authorizes appropriations of up to \$5 million annually (§6419).
- Establishes the **Rural Innovation Stronger Economy Grant Program** for a “rural jobs and accelerator partnership” that is designed to organize key community and regional stakeholders to focus on shared goals and needs of industry clusters that are existing, emerging, or declining. USDA is authorized to provide grants (\$500,000 to \$2 million) for job accelerators in at least 25 states (§6424).
- Establishes the **Council on Rural Community Innovation and Economic Development** to coordinate federal programs directed at rural communities, maximize federal investments, and promote innovation to resolve rural and regional issues. Council membership is to be composed of the heads of 26 federal departments, agencies, and offices (§6306).
- Authorizes the **Rural Electrification Act** to permit loan guarantees to be issued for cybersecurity and grid security improvements (§6507).
- Eliminates the **Northern Great Plains Regional Authority**, which had developed regional plans for infrastructure and economic development in five Great Plains states.
- Directs USDA to reestablish the **Undersecretary of Agriculture for Rural Development** position as a permanent mandatory position, reversing the Trump Administration’s 2017 reorganization plan that created a Special Assistant to the Secretary for Rural Development.

Tadlock Cowan, Analyst in Natural Resources and Rural Development

IF11225

Disclaimer

This document was prepared by the Congressional Research Service (CRS). CRS serves as nonpartisan shared staff to congressional committees and Members of Congress. It operates solely at the behest of and under the direction of Congress. Information in a CRS Report should not be relied upon for purposes other than public understanding of information that has been provided by CRS to Members of Congress in connection with CRS's institutional role. CRS Reports, as a work of the United States Government, are not subject to copyright protection in the United States. Any CRS Report may be reproduced and distributed in its entirety without permission from CRS. However, as a CRS Report may include copyrighted images or material from a third party, you may need to obtain the permission of the copyright holder if you wish to copy or otherwise use copyrighted material.