



February 9, 2022

Farm Bill Primer: Rural Development Title

The rural development title of the farm bill reauthorizes, amends, and creates programs administered by the U.S. Department of Agriculture (USDA) Rural Development agency. The rural development title also addresses emerging issues affecting rural communities.

The Agriculture Improvement Act of 2018 (2018 farm bill, P.L. 115-334) extended authorization for most of the programs in the rural development title from FY2019 through FY2023, meaning the authorization for appropriations for these programs will expire after September 30, 2023. This In Focus provides background information on the rural development title of the 2018 farm bill, selected provisions within it, and issues that Congress may consider if it drafts a future farm bill.

Background

Since 1973, omnibus farm bills have included a rural development title, which has included USDA Rural Development programs focused on rural utility systems (i.e., water, waste disposal, electricity, broadband), rural business, and rural housing. These programs are administered by the USDA Rural Business-Cooperative Service, USDA Rural Utilities Service, and USDA Rural Housing Service. For additional information on USDA Rural Development programs, see CRS Report R46912, *USDA Rural Broadband, Electric, and Water Programs: FY2022 Appropriations*.

Most USDA Rural Development programs rely on discretionary funding, which Congress authorizes in farm bills and funds through the annual appropriations process. One exception is the Value Added Producer Grant Program, which is part of the Local Agriculture Market Program (LAMP). LAMP received \$50 million per year in mandatory funding starting in FY2019 in the horticulture title (Title X) of the 2018 farm bill.

2018 Farm Bill Provisions

Below is a description of selected provisions in the rural development title of the 2018 farm bill pertaining to rural broadband, rural water and waste disposal, and rural business, along with other selected provisions.

Rural Broadband

The 2018 farm bill added a grant component to the Rural Broadband Program. This program provides assistance to help construct, improve, and acquire facilities and equipment needed to provide broadband service to rural areas. Prior to the 2018 farm bill, the program was limited to direct loans and loan guarantees. To date, Congress has provided funding for direct loans and loan guarantees but not for grants. For grants, the 2018 farm bill required that at least 90% of households within the proposed service area

lack sufficient broadband access. For direct loans, the law required that at least 50% of households in the proposed service area lack sufficient broadband access. The law increased the threshold for sufficient broadband access from 4 megabits per second download, 1 megabit per second upload (4/1 Mbps) to 25/3 Mbps. In the 2018 farm bill, Congress raised the authorization of annual appropriations to \$350 million from FY2019 to FY2023.

The 2018 farm bill also codified the Community Connect Program. The Community Connect Program offers grants to eligible entities to help provide broadband service to rural, economically challenged communities where service does not exist. Congress authorized annual appropriations of \$50 million for the program from FY2019 to FY2023. Previously, the Community Connect Program had been a pilot program authorized through annual appropriations bills.

The Distance Learning and Telemedicine Program provides grants to help rural communities gain the technology and training necessary to connect educational and medical professionals with students, teachers, and patients in rural areas. In the 2018 farm bill, Congress increased authorizations for annual appropriations to \$82 million from FY2019 to FY2023. The 2018 farm bill set aside not less than 20% of the funding for the Distance Learning and Telemedicine Program for telemedicine projects that provide treatment services for substance use disorder from FY2019 to FY2025 (which is two years longer than most programs and initiatives that are reauthorized until FY2023).

The 2018 farm bill also directed USDA to consult with the National Telecommunications and Information Administration (NTIA) to verify applicant eligibility for USDA broadband programs using broadband assessment and mapping data provided by NTIA. In addition, the 2018 farm bill directed USDA to coordinate with the Federal Communications Commission (FCC) to ensure no duplication across USDA and FCC programs.

Rural Water and Waste Disposal

The 2018 farm bill raised the maximum amount of project financing for the Water and Waste Disposal Revolving Loan Fund from \$100,000 to \$200,000 per project. The fund provides grants to nonprofit organizations to start revolving funds that provide loans for the pre-development costs of water and wastewater treatment projects and short-term capital improvement projects not part of the regular operations and maintenance of the systems in rural areas.

The 2018 farm bill also increased the maximum loan amount for certain projects under the Emergency and

Imminent Community Water Assistance Program from \$500,000 to \$1 million per project. This program provides grants to help communities prepare for or recover from an emergency that threatens the availability of safe drinking water. The law authorizes appropriations of \$50 million per year from FY2019 to FY2023.

The 2018 farm bill also reauthorized the Household Water Well Systems Program under a new name: Rural Decentralized Water Systems Program. The program provides grants to intermediaries to create revolving funds that facilitate increased access to clean, reliable water and septic systems for rural households. Congress also provided the authority for intermediaries to offer subgrants, in addition to subloans, to eligible homeowners in rural areas.

Rural Business

The 2018 farm bill authorized USDA to make grants to entities that provide technical assistance and training to support applications for Rural Business-Cooperative Service programs. Eligible grant purposes include assisting communities in identifying economic development needs and preparing required reports and surveys.

USDA's Intermediary Relending Program provides direct loans at 1% interest to intermediaries that finance business facilities and community development projects in rural areas. The 2018 farm bill limited the maximum amount of a loan made by the intermediary to the lesser of \$400,000 or 50% of the amount that USDA loaned to the intermediary.

The 2018 farm bill established the Rural Innovation Stronger Economy (RISE) Program to create job accelerators to assist distressed rural communities in creating high-wage jobs and accelerating the formation of new businesses. The 2018 farm bill directed USDA to provide grants for job accelerators in no fewer than 25 states and establish a state matching requirement of 20% of the project cost.

Selected 2018 Farm Bill Rural Development Programs

Rural broadband programs help deploy broadband to rural areas and encourage the use of rural broadband.

- Community Connect Program, Distance Learning and Telemedicine Program, Rural Broadband Program

Rural water and waste disposal programs help develop drinking water and waste disposal systems in rural communities.

- Emergency and Imminent Community Water Assistance Program, Rural Decentralized Water Systems Program, Water and Waste Disposal Revolving Loan Fund

Rural business programs enhance business creation and growth in rural communities.

- Intermediary Relending Program, Rural Innovation Stronger Economy (RISE) Program

- Amended the definitions of *rural* and *rural area* used to determine eligibility in many USDA rural development programs (7 U.S.C. §1991(a)(13)). *Rural* and *rural area* are areas in which the population fits within a certain population threshold (e.g., areas of 50,000 or fewer residents). The 2018 farm bill states that when determining whether an area is “rural,” the following persons are to be excluded: (1) incarcerated populations on a long-term or regional basis, and (2) the first 1,500 of people living in housing on military bases.
- Authorized USDA to refinance electric and telephone loans made by USDA's Rural Utilities Service.
- Prioritized Community Facilities Program direct loans and grants for entities to develop essential community facilities that provide substance use disorder prevention services, treatment services, and recovery services from FY2019 to FY2025.

Considerations for Congress

ReConnect Program

Congress provided the underlying authority for USDA to establish a new broadband loan and grant pilot program through the passage of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2018 (P.L. 115-141). Since then, Congress has reauthorized this pilot program, known as the ReConnect Program, through annual appropriations acts. Congress might consider to what extent it may address the ReConnect Program in a future farm bill.

Program Duplication

The ReConnect Program and Rural Broadband Program have similar goals—providing support for broadband service deployment in rural areas. Some stakeholders believe the programs are duplicative and should be combined. Others contend that the two programs should remain separate but that Congress could consider further defining their roles to make the two programs more distinct. As Congress considers a future farm bill, it could evaluate the extent of any duplication between these two programs and possible ways to address it.

Rural Health Challenges

A 2020 USDA Economic Research Service report found that underlying conditions in rural areas make rural populations more vulnerable to severe illness or death from Coronavirus Disease 2019 (COVID-19) than metro populations. These conditions include age (older populations), underlying health problems, lack of health insurance, and distance from hospitals with intensive care units. As Congress debates another farm bill, it may consider whether USDA Rural Development programs could play a role in facilitating health services for rural populations facing health challenges, such as COVID-19.

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Selected Other Rural Development Provisions

The rural development title in the 2018 farm bill also includes the following three provisions, among others.

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