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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 programs in the rural development title through FY2023, meaning the programs expired on September 30, 2023. Congress enacted a one-year extension of the 2018 farm bill through P.L. 118-22 (§102, Division B), which extended authorization for programs through FY2024. As a result, the programs in the rural development title are set to expire on September 30, 2024. 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 as it drafts the next farm bill.

Background

Since 1973, omnibus farm bills have included a rural development title. In the 2018 farm bill, the rural development title is Title VI. The rural development title impacts programs administered by USDA Rural Development through its agencies: the Rural Business-Cooperative Service, Rural Housing Service, and Rural Utilities Service.

Most USDA Rural Development programs fall within the rural development title of farm bills, including the rural infrastructure programs, rural business development programs, and community facilities programs. However, single-family programs and multifamily programs administered by the Rural Housing Service are not usually included in the rural development title or other titles of the farm bill. Energy programs administered by the Rural Business-Cooperative Service usually fall within the energy title (Title IX in the 2018 farm bill). The Value-Added Producer Grant Program administered by the Rural Business-Cooperative Service typically falls within the horticulture title (Title X of the 2018 farm bill).

Congress provides discretionary funding for most of the programs in the rural development title through annual appropriations acts. One exception is the Rural Economic Development Loan and Grant Program. Congress provided \$5 million of mandatory funding for the program for each of FY2022 and FY2023 in the 2018 farm bill.

2018 Farm Bill Provisions

Congress made the following changes to USDA Rural Development programs through the rural development title in the 2018 farm bill, which were extended to FY2024 by the one-year extension.

Substance Abuse and Rural Health Care

Congress prioritized funding for certain USDA Rural Development programs to address substance abuse in rural communities through FY2025. Congress required USDA to set aside at least 20% of the funding for the Distance Learning and Telemedicine Program for telemedicine projects that provide substance abuse treatment services. Congress increased the authorization of appropriations from \$75 million to \$82 million annually through FY2024 for the program. The Distance Learning and Telemedicine Program provides grants to help rural communities gain the technology and training necessary to engage in telemedicine and distance learning (7 U.S.C. §950aaa-2).

Congress directed USDA to prioritize funding for Community Facilities Program loans and grants for projects that develop facilities for substance abuse prevention, treatment, and recovery services. Congress also required that applicants receiving prioritized funding employ staff that have the expertise and training to identify and treat people dealing with substance abuse. The Community Facilities Program provides grants, loans, and loan guarantees to help rural communities build and renovate essential community facilities (7 U.S.C. §1926(a)).

Congress also required USDA to prioritize funding for the Rural Health and Safety Education Competitive Grant Program, a program administered by the USDA National Institute of Food and Agriculture. Congress directed USDA to prioritize funding for projects that provide substance abuse education, treatment, and prevention. The program provides grants for community-based outreach education projects focused on health and safety (7 U.S.C. §2662(i)).

Congress directed the Secretary of Agriculture not to make any national reprioritizations for Community Facilities Program direct loans and grants, the Distance Learning and Telemedicine Program, and the Rural Health and Safety Education Competitive Grants Program through FY2025. However, Congress provided the Secretary with the authority to temporarily reprioritize USDA Rural Development program loan and grant applications that assist rural communities in responding to public health disruptions (7 U.S.C. §2204b-2). Congress required the Secretary to consult with the appropriate public health officials as needed and restricted reprioritization to a maximum of 20% of the program's annual funding.

Congress also included a provision that allows rural hospitals to use USDA Rural Development loans and loan guarantees to refinance existing debt if it would (1) help retain access to health services in a rural community, (2) improve the financial position of the hospital, and (3) meet

the financial feasibility and security requirements of USDA Rural Development (7 U.S.C. §1990a).

Rural Broadband

Congress codified the Community Connect Grants Program. Congress authorized appropriations of \$50 million annually for the program through FY2024. The program provides grants to deploy broadband to rural, economically challenged communities and their essential community facilities (7 U.S.C. §950bb-3).

Congress added a grant component to the Rural Broadband Program, which supports broadband deployment to rural communities (7 U.S.C. §950bb). Prior to the 2018 farm bill, the program authority was limited to loans and loan guarantees. To date, Congress has provided funding for loans and loan guarantees but not for grants. Congress directed USDA to prioritize funding for projects that serve rural communities that do not have broadband service of at least 10 megabits per second download, 1 megabit per second upload (10/1 Mbps). Congress raised the authorization of appropriations for the program from \$25 million to \$350 million annually through FY2024.

Congress established a new program to provide grants, loans, and loan guarantees for middle mile broadband infrastructure projects in rural areas (7 U.S.C. §950bb-1). Congress defined *middle mile infrastructure* as “any broadband infrastructure that does not connect directly to end-user locations (including anchor institutions) and may include interoffice transport, backhaul, internet connectivity, data centers, or special access transport to rural areas” (7 U.S.C. §950bb-1). Congress provided authorization of appropriations for the program of \$10 million annually through FY2024.

Congress also directed the Secretary to make available to the public a searchable database on the Rural Utilities Service website (7 U.S.C. §950cc). The database is to include information on applications submitted to USDA broadband programs that provide broadband to end users, such as homes and businesses.

Rural Water and Waste Disposal

Congress 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. Congress provided authorization of appropriations for the program of \$50 million annually through FY2024. The Emergency and Imminent Community Water Assistance Program provides grants to help communities prepare for or recover from an emergency that threatens the availability of safe drinking water (7 U.S.C. §1926a).

Congress also reauthorized the Household Water Well Systems Program under a new name: the Rural Decentralized Water Systems Program. Congress provided the authority for intermediaries to offer subgrants, in addition to subloans, to eligible homeowners in rural areas. Congress increased the authorization of appropriations for the program from \$5 million to \$20 million annually through FY2024. The program provides grants to intermediaries to create revolving funds that help rural

households carry out well and septic system projects (7 U.S.C. §1926e).

Rural Business Development

Congress restricted the amount of loans issued through the Intermediary Relending Program. Congress limited the maximum amount of a loan made by an intermediary to the lesser of \$400,000 or 50% of the amount that USDA loaned to the intermediary. The program provides 1% interest rate loans to intermediaries that provide loans to eligible entities for business facilities and community development projects in rural areas (7 U.S.C. §1936b).

Congress established the Rural Innovation Stronger Economy Program to provide grants to create high-wage jobs, help form new businesses, and support industry clusters (7 U.S.C. §2008w). Congress provided authorization of appropriations for the program of \$10 million annually through FY2024.

Updating Rural Definitions

Congress amended the definitions of a *rural area* included in statute used to determine eligible service areas in many of the USDA Rural Development programs (7 U.S.C. §1991(a)(13)). The definitions include a population maximum that rural areas cannot exceed. Congress directed USDA to exclude incarcerated populations and the first 1,500 people living in housing on military bases when calculating the population of an area, when determining whether an area is rural.

Considerations for Congress

ReConnect Program

Congress established the ReConnect Program as a pilot in the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2018 (P.L. 115-141) under the general statutory authority provided to USDA through Title 7, Chapter 31, Sections 901 et seq. of the *U.S. Code*. Congress might consider the advantages and disadvantages of codifying the ReConnect Program in the next farm bill.

Program Oversight

Since 2018, Congress has allocated more than \$4 billion to the ReConnect Program and other USDA programs to deploy broadband to rural communities through annual appropriations acts and supplemental funding bills such as P.L. 117-58. Congress might consider requiring USDA to publicly post annual reports on the progress of projects funded through USDA broadband programs.

Rural Health

A 2021 Government Accountability Office (GAO) report found that more than 100 rural hospitals closed from January 2013 to February 2020 (GAO-21-93). GAO found that the impacted residents have reduced access to health care services as a result of the closures. Congress might consider whether and how much USDA Rural Development programs support rural health care in the next farm bill.

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