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Updated October 22, 2026

Farm Bill Primer: Rural Development Title

The rural development title of the farm bill reauthorizes, amends, and creates programs administered by agencies within the U.S. Department of Agriculture (USDA) Rural Development (RD) mission area. These programs focus on rural broadband, rural utilities, business development, and community facilities. The rural development title also addresses issues affecting rural communities, such as substance abuse across rural areas.

The Agriculture Improvement Act of 2018 (2018 farm bill; P.L. 115-334) amended, reauthorized, and codified many RD programs through FY2023. Congress enacted three one-year extensions of the 2018 farm bill, most recently through FY2026 in P.L. 119-37, Division E, Section 5002. The House-passed Farm, Food, and National Security Act of 2026 (H.R. 7567) and the Senate committee-reported Agricultural Act of 2026 (S. 5526) would amend and reauthorize some of the RD programs in the 2018 farm bill and create new programs.

Congress typically provides discretionary funding for RD programs through annual appropriations acts. For instance, while the 2018 farm bill provided authorizations of appropriations for many RD programs, funding for RD programs has been provided in annual appropriations acts for FY2018-FY2026. Appropriated levels may be different from levels of appropriation authorizations.

Background

Since 1973, each omnibus farm bill has included a rural development title. The rural development title impacts programs administered by RD through its agencies: the Rural Business-Cooperative Service, the Rural Housing Service, and the Rural Utilities Service. In one case, it impacts the USDA National Institute of Food and Agriculture (NIFA) under the Research, Education, and Economics mission area.

Most RD programs fall within the rural development title of farm bills. However, some RD housing programs fall under the jurisdiction of the Senate Committee on Banking, Housing, and Urban Affairs and the House Committee on Financial Services, and most RD energy programs fall within the energy title (Title IX in the 2018 farm bill).

Selected 2018 Farm Bill Provisions

The rural development title of the 2018 farm bill included provisions focused on rural health care, rural utilities, and rural business development. It also included provisions focused on rural broadband (for more, see CRS In Focus IF12041, *Farm Bill Primer: Rural Broadband Provisions*).

Substance Abuse and Rural Health Care

Congress prioritized funding for three RD programs to address substance abuse, including opioid 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. The 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 authorized appropriations for the program of $82 million annually through FY2026. In FY2026, Congress appropriated $41 million for the program.

Congress directed USDA to prioritize funding for the Community Facilities Direct Loan and Grant Program for projects that develop facilities for substance abuse prevention, treatment, and recovery services. The program provides grants and loans to help rural communities build and renovate essential community facilities (7 U.S.C. §1926(a)). Congress also required that applicants receiving prioritized funding employ staff who have the expertise and training to identify and treat people dealing with substance abuse. FY2026 appropriations for the program were $659 million for congressionally directed projects and $5 million for competitive grants.

Congress also required USDA to prioritize funding for projects that address substance abuse for the Rural Health and Safety Education Competitive Grants Program, which is administered by NIFA. The program provides grants for community-based outreach education projects focused on health and safety (7 U.S.C. §2662(i)). FY2026 appropriations for the program were $3 million.

Congress provided authority to the Secretary of Agriculture to temporarily reprioritize RD program loan and grant applications that assist rural communities in responding to public health disruptions (7 U.S.C. §2204b-2). Congress required that the Secretary consult with the appropriate public health officials as needed. Congress also restricted reprioritization to a maximum of 20% of an RD program's annual funding.

Congress included a provision that allows rural hospitals to use RD 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 a hospital, and (3) meet the fiscal feasibility and security requirements established by RD (7 U.S.C. §1990a).

Rural Water and Waste Disposal

Congress increased the maximum grant amount from $500,000 to $1 million per project for the Emergency Community Water Assistance Program, which provides grants to help communities prepare for or recover from emergencies that threaten the availability of safe, reliable drinking water (7 U.S.C. §1926a). Congress authorized

appropriations of $50 million annually through FY2026 for the program. FY2026 appropriations for the program were $7 million.

Congress reauthorized the Household Water Well Systems Program under a new name: the Rural Decentralized Water Systems Grant Program. The program provides grants to intermediaries to create funds that issue sub-loans to rural households to carry out well and septic system projects (7 U.S.C. §1926e). Congress expanded the authority for the program to allow intermediaries to offer sub-grants, in addition to sub-loans, to eligible homeowners in rural areas. Congress increased the authorization of appropriations for the program from $5 million to $20 million annually through FY2026. FY2026 appropriations for the program were $5 million.

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). FY2026 appropriations for the program were $2.5 million for a loan subsidy to support $9 million in loan authority.

Analyses of Selected Proposed Farm Bill Provisions

Below, selected 2026 proposals within H.R. 7567 and S. 5526 are compared with current law. For a comprehensive overview of rural development title provisions in the bills, see CRS Report R48918, *The 2026 Farm Bill: Comparison of the House and Senate Bills with Current Law*.

Rural Health Care

H.R. 7567 and S. 5526 would expand the prioritization of funding for rural health care in selected RD programs such as the Community Facilities Direct Loan and Grant Program and the Distance Learning and Telemedicine Program. H.R. 7567 sets priorities through FY2027 and includes projects that address behavioral, maternal, and mental health services in addition to projects that address substance abuse. S. 5526 sets priorities through FY2031 and includes projects that address substance use disorder, mental health, and behavioral health. These provisions could expand access to certain specialized health care services in rural areas. Prioritization could also reduce funding for other types of rural projects that could be funded through the RD programs.

H.R. 7567 and S. 5526 would also expand the types of health care institutions eligible to refinance debt using RD loans under certain circumstances. The bills would expand eligibility from rural hospitals to also include rural health care facilities, which would include psychiatric hospitals, critical care hospitals, religious nonmedical health care institutions, and community health centers. This provision could help maintain health services provided to rural communities through a wide range of health-related facilities. It could also reduce the amount of RD loan and loan guarantees available for other projects.

Meat Processing and Supply Chain

Congress directed USDA to address food-supply-chain disruptions caused by the COVID-19 pandemic in the American Rescue Plan Act of 2021 (ARPA; P.L. 117-2, Title 1, §1001). Congress provided USDA $4 billion through ARPA to carry out the provision. USDA used the ARPA funding to create programs in RD that supported the development of food supply chains, such as the Meat and Poultry Processing Expansion Program (MPPEP) and the Food Supply Chain Guaranteed Loan Program (FSCGLP). MPPEP provides grants to expand meat and poultry processing. Grants range from $50,000 to $2 million. Grants can fund renovating processing facilities, purchasing equipment, and certifying processing facilities. Congress has also provided some additional funding to this program through annual appropriations from FY2024 to FY2026. FSCGLP provided loan guarantees to eligible entities for projects that increased capacity of certain parts of the supply chain, including aggregation, processing, transportation, and distribution.

H.R. 7567 and S. 5526 would establish a new meat processing and rendering capacity grant program at USDA similar to MPPEP. The new program would award grants for new processing facilities, including mobile processing facilities, of up to $500,000 for a term of three years. It would prioritize grants for small establishments (i.e., 10-500 employees) or very small establishments (i.e., fewer than 10 employees or annual sales of less than $2.5 million). H.R. 7567 would authorize appropriations of $3 million annually through FY2031, while S. 5526 would authorize appropriations of $25 million annually through FY2031. S. 5526 would also set some additional requirements, such as that grant recipients would need to be in operation less than two years and have the financial viability and managerial capacity to carry out the project. H.R. 7567 would also codify FSCGLP. The program would offer guarantees for individual loans of up to $40 million. The bill would require USDA to submit quarterly reports to Congress evaluating the outcomes of the assistance, a description of any debt recovery made with respect to the loan guarantees issued through the program, and recommendations regarding program implementation.

These programs could help bring meat and other food processing to more remote, rural locations. These remote areas are less likely to be near a processing facility. In some cases, the programs may be duplicative of existing RD business programs that could fund the development of processing facilities, such as the Business and Industry Guaranteed Loan Program and the Value-Added Producer Grant Program.

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IF13249

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