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Appropriations for Rural Development Programs: Proposals for FY2027

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SUMMARY

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Appropriations for Rural Development Programs: Proposals for FY2027

The U.S. Department of Agriculture's (USDA's) Rural Development (RD) mission area supports projects that invest in rural communities in the United States. RD programs are administered through three USDA agencies: the Rural Business-Cooperative Service (RBCS), Rural Utilities Service (RUS), and Rural Housing Service (RHS).

RBCS administers a variety of programs that provide grants, loans, loan guarantees, and technical assistance to support rural businesses. RUS administers water and waste disposal programs and rural electric, telecommunications, and broadband programs. RUS programs provide grants, loans, loan guarantees, and technical assistance to ensure rural communities have safe and reliable drinking water and electric, telecommunications, and broadband infrastructure. RHS administers community facilities programs that offer grants, loans, loan guarantees, and technical assistance to help construct, repair, or modernize essential community facilities.

Many RD programs have been amended or codified through rural development titles of farm bills. Farm bills provide authorizations of appropriations for RD programs, and Congress funds most RD programs through annual appropriations acts. (This report does not discuss appropriations for rural housing programs that are not authorized in the farm bill.)

Congress appropriated funding for RD programs for FY2026 through the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2026 (P.L. 119-37, Division B). For FY2027, the House passed the Agriculture, Rural Development, Food and Drug Administration, and Related Agency Appropriations Act, 2027 (H.R. 8646). To date, the Senate has not passed an Agriculture appropriations bill for FY2027.

Appropriations and loan authority for rural business programs administered by RBCS increased between FY2025 ($69.5 million with $1.8 billion in loan authority) and FY2026 ($81.6 million with $1.9 billion in loan authority). The President's FY2027 budget request does not include funding for RBCS programs. H.R. 8646 would increase total appropriations and loan authority ($93.8 billion and $2.1 billion, respectively) for rural business programs compared with FY2026. An issue Congress may consider regarding RBCS programs is whether any of them may duplicate the activities of Small Business Administration programs.

Appropriations for water and waste disposal programs administered by RUS decreased between FY2025 ($478.5 million) and FY2026 ($445.9 million). Loan authority for these programs increased from FY2025 ($910 million) to FY2026 ($1.1 billion). The President's FY2027 budget request proposes lower levels of appropriations and loan authority ($202.5 million and $866.9 million, respectively) than in FY2026. H.R. 8646 would decrease overall appropriations for rural water programs in FY2027 ($385.3 million) compared with FY2026 ($445.9 million) and keep loan authority at FY2026 levels. Some issues Congress may consider regarding RUS programs are the roles of Community Project Funding/Congressionally Directed Spending (CPF/CDS) in the selection of projects and cost-share requirements generally.

Appropriations for rural electric, telecommunications, and broadband programs administered by RUS decreased between FY2025 ($150 million) and FY2026 ($108.5 million). Loan authority for these programs increased from FY2025 ($7.6 billion) to FY2026 ($8.5 billion). The President's FY2027 budget requests lower levels of appropriations and loan authority ($30 million and $7.6 billion, respectively) than in FY2026. H.R. 8646 would decrease FY2027 appropriations for rural electric, telecommunications, and broadband programs ($88.2 million) compared with FY2026 levels and increase the loan authority ($8.9 billion). An issue Congress may consider regarding RUS programs is the range of technologies used to provide broadband services.

Appropriations and loan authority for community facilities programs administered by RHS increased between FY2025 ($29.1 million with $1.6 billion in loan authority) and FY2026 ($677.2 million with $1.9 billion in loan authority). The President's FY2027 budget request does not include appropriations for community facilities programs but requests $1.9 billion in loan authority. H.R. 8646 would decrease appropriations for rural community facilities programs ($423 million) compared with FY2026 levels and maintain FY2026 loan authority levels. An issue Congress may consider regarding RHS programs is the role of CPF/CDS in the selection of projects.

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Introduction

The U.S. Department of Agriculture (USDA's) Rural Development (RD) mission area supports projects that invest in rural communities and businesses in the United States. RD programs are administered by three agencies: the Rural Business-Cooperative Service (RBCS), Rural Housing Service (RHS), and Rural Utilities Service (RUS). The Under Secretary for RD leads and coordinates this mission area.[1] RD programs are administered through a national office in Washington, DC, and field offices throughout the country.

Many RD programs are authorized, reauthorized, or amended through the rural development title of farm bills.[2] In previous farm bills, the rural development title has focused on rural business programs administered by RBCS, community facilities programs administered by RHS, and rural utilities programs administered by RUS (referred to as RD farm bill programs in this report). Farm bills generally do not reauthorize or address rural housing programs, and those programs are not discussed in this report except for RHS community facilities programs.

Congress has passed farm bills about every five years for nearly a century.[3] The most recent farm bill was the Agriculture Improvement Act of 2018 (2018 farm bill; P.L. 115-334).[4] Farm bill reauthorization has been debated in the 119th Congress. The House passed the Farm, Food, and National Security Act of 2026 (H.R. 7567), and the Senate Committee on Agriculture, Nutrition, and Forestry reported the Agriculture Act of 2026 (S. 5526).[5]

The farm bill authorizes appropriations for RD programs. Congress funds most of these programs with discretionary appropriations through annual Agriculture appropriations acts. A limited number of RD programs receive mandatory funding through the farm bill.[6]

Most RD programs fund projects through a competitive process in which recipients are typically required to submit a series of documents to USDA, such as a project proposal, work plan, and budget. The agency then selects the projects that are to receive funds. In some cases, certain priorities, such as project characteristics or recipient circumstances, are considered in the competitive process.[7]

Funding for certain RD programs is allocated noncompetitively by Congress and benefits a specific entity or locality, which is sometimes referred to as a *congressional earmark*.[8] The House

[1] 7 U.S.C. §6941.

[2] CRS In Focus IF12047, *Farm Bill Primer: Overview and Status*.

[3] For an overview of the farm bill, see CRS In Focus IF12047, *Farm Bill Primer: Overview and Status*.

[4] For an overview of provisions in the 2018 farm bill, the Agriculture Improvement Act of 2018 (P.L. 115-334), see CRS Report R45525, *The 2018 Farm Bill (P.L. 115-334): Summary and Side-by-Side Comparison*.

[5] For more information on farm bill issues in the rural development (RD) title, see CRS In Focus IF13249, *Farm Bill Primer: Rural Development Title*, and CRS In Focus IF13248, *Farm Bill Primer: Rural Broadband Provisions*. For more on how proposals in the 119th Congress compare with current law, see CRS Report R48918, *The 2026 Farm Bill: Comparison of the House and Senate Bills with Current Law*.

[6] For example, the U.S. Department of Agriculture (USDA) Value-Added Producer Grant Program receives mandatory funding from the farm bill (7 U.S.C. §1627c).

[7] For example, in the emergency and imminent community water assistance grant program, statute directs USDA to give priority to projects addressing contamination that poses a threat to human health or the environment and was caused by circumstances outside the control of the recipient.

[8] "For the purpose of this clause, the term 'congressional earmark' means a provision or report language included primarily at the request of a Member, Delegate, Resident Commissioner, or Senator providing, authorizing or recommending a specific amount of discretionary budget authority, credit authority, or other spending authority for a (continued...)

Committee on Appropriations refers to congressional earmarks as Community Project Funding (CPF), and the Senate Committee on Appropriations refers to them as Congressionally Directed Spending (CDS). CPF/CDS can affect account funding differently. In some accounts, funding may remain relatively flat or at similar totals across multiple fiscal years, and CPF/CDS will be used to displace funding within that total.[9] In other accounts, the amounts for CPF/CDS will be additive to the total funding for the account.[10]

The most recent Agriculture appropriations act was the Agriculture, Rural Development, Food and Drug Administration, and Related Agency Appropriations Act, 2026 (P.L. 119-37, Division B). P.L. 119-37 funded RD agencies and selected programs in their jurisdictions for FY2026. In the 119th Congress, the House passed an FY2027 Agriculture appropriations bill (H.R. 8646). To date, an FY2027 Agriculture appropriations bill has not been introduced in the Senate.[11]

This report provides an overview of appropriations in FY2025 and FY2026. The report also discusses the FY2027 President's budget request for RD farm bill programs, and FY2027 appropriations for RD farm bill programs proposed in the House-passed Agriculture appropriations bill (H.R. 8646). Additionally, the report discusses policy issues pertaining to RD farm bill programs for consideration by Congress.

RBCS Rural Business Programs

USDA RBCS administers a variety of programs that provide grants, loans, loan guarantees, and technical assistance to support rural businesses.[12] **Table 1** shows the nominal appropriations and loan authority for RBCS programs for FY2025 and FY2026. **Table 1** also shows the appropriations and loan authority proposed in the President's request for FY2027 and in House-passed H.R. 8646.

Table 1. Appropriations for USDA Rural Business Programs

dollars in millions

Program	FY2025 (P.L. 119-4)	FY2026 (P.L. 119-37)	FY2027 Request	FY2027 House-Passed Bill (H.R. 8646)
Budget Authority				
Agriculture Innovation Center Program	1.5	1.0	—	1.0

contract, loan, loan guarantee, grant, loan authority, or other expenditure with or to an entity, or targeted to a specific State, locality or Congressional district, other than through a statutory or administrative formula-driven or competitive award process." See Rule XXI, clause 9(e), in U.S. Congress, House Committee on Rules, *Rules of the House of Representatives*, 119th Cong., January 16, 2025, https://rules.house.gov/sites/evo-subsites/rules.house.gov/files/documents/houserules119thupdated.pdf. For more on congressional earmarks in agriculture appropriations, see CRS Report R48471, *Agriculture Appropriations: Earmarks Disclosed from FY2022 to FY2024*.

[9] See for example USDA water and wastewater disposal grant programs between FY2025 and FY2026 in **Table 2**.

[10] See for example USDA community facilities grant programs between FY2025 and FY2026 in **Table 4**.

[11] CRS Report R49343, *Agriculture and Related Agencies: FY2027 Appropriations*.

[12] For additional details on selected RD programs supporting rural businesses and other federal programs that support businesses, see CRS Report R47438, *Federal Credit Assistance and Grant Programs for Rural Businesses*. For information on RD business programs, see USDA, RD, "Business Programs," https://www.rd.usda.gov/programs-services/business-programs.

Program	FY2025 (P.L. 119-4)	FY2026 (P.L. 119-37)	FY2027 Request	FY2027 House-Passed Bill (H.R. 8646)
Appropriate Technology Transfer for Rural Areas	2.8	3.0	—	2.8
Business and Industry Loan Guarantee Program	3.3	15.6	—	38.6
Delta Regional Authority	8.0	10.0	—	7.0
Healthy Food Financing Initiative	0.5	0.05	—	—
Intermediary Relending Program	7.9	7.0	—	7.1
Rural Business Development Grant Program	20.5	25.0	—	18.0
Rural Cooperative Development Grant Program	5.8	5.0	—	4.3
Rural Economic Development Loan Program	—	—	—	—
Rural Energy for America Program	—	—	—	1.9
Rural Microentrepreneur Assistance Program	4.6	4.0	—	3.6
Socially Disadvantaged Producer Grant Program	3.0	3.0	—	3.0
Value-Added Producer Grant Program	11.5	8.0	—	6.5
Total Budget Authority	**69.5**	**81.6**	**—**	**93.8**
Loan Authority				
Business and Industry Loan Guarantee Program	*1,663.0*	*1,750.0*	—	*2,000.0*
Intermediary Relending Program	*10.0*	*9.0*	—	*9.0*
Rural Economic Development Loan Program	*50.0*	*50.0*	*50.0*	*50.0*
Rural Energy for America Program	*50.0*	*100.0*	—	*50.0*
Rural Microentrepreneur Assistance Program	*12.7*	*17.0*	—	*15.0*
Total Loan Authority	***1,785.7***	***1,926.0***	***50.0***	***2,124.0***

Sources: Compiled by CRS from P.L. 119-4, P.L. 119-37, H.R. 8646, and associated explanatory statements and committee reports; and U.S. Department of Agriculture (USDA), *2027 USDA Explanatory Notes – Rural Business-Cooperative Service*, https://www.usda.gov/sites/default/files/documents/FY-2027-Chapter-32-RBCS.pdf.

Notes: *Budget Authority* includes grants, loan subsidies, and administrative expenses. Loan subsidies are the cost of making loans, including administrative expenses, interest rate subsidies, and anticipated losses from loan delinquencies. *Loan Authority* is the amount of loans that USDA is authorized to issue. The table excludes mandatory funding for Value-Added Producer Grants. Some values may not add to totals because of rounding.

Congress increased total appropriations and loan authority for USDA rural business programs between FY2025 and FY2026. Appropriations increased from $69.5 million in FY2025 to $81.6 million in FY2026. Loan authority increased from $1.8 billion in FY2025 to $1.9 billion in FY2026. In FY2025 and FY2026, the RBCS program that received the highest appropriation was the Rural Business Development Grant Program (over $20 million in each of FY2025 and FY2026). Congress increased the appropriation for the loan subsidy for the Business and Industry (B&I) Loan Guarantee Program from $3.3 million in FY2025 to $15.6 million in FY2026. The loan authority for the B&I Loan Guarantee Program increased from $1.7 billion in FY2025 to $1.8 billion in FY2026.

The President's FY2027 request would terminate or not fund many rural business programs.[13] For example, the President recommends terminating the B&I Loan Guarantee Program because "applicants can access the private market to obtain financing for projects funded under this authority." In addition, the President's request proposes the termination of the Rural Business Development Grants program because "it is duplicative and overlaps with similar business development programs operated by other Federal agencies."[14]

The House-passed bill (H.R. 8646) proposes to increase appropriations for the rural business programs from $81.6 million in FY2026 to $93.8 million in FY2027. This increase in appropriations reflects the proposed increase in the loan subsidy for the B&I Loan Guarantee Program (from FY2026 levels of $15.6 million to $38.6 million in H.R. 8646). H.R. 8646 proposes to decrease appropriations for most other rural business programs (e.g., the Rural Business Development Grant Program from $25 million in FY2026 to $18 million in FY2027). The bill also proposes to increase the loan authority for rural business programs from $1.9 billion in FY2026 to $2.1 billion in FY2027. H.R. 8646 would increase the loan authority for the B&I Loan Guarantee Program, specifically, to $2 billion in FY2027.

As Congress continues to deliberate appropriations for rural business programs, Members may consider the distribution of funds across these programs and whether they would prioritize any efforts. Congress may consider whether USDA rural business programs are duplicative with other programs in the federal government that support businesses, such as those offered through the Small Business Administration. Alternatively, Congress may determine that rural businesses should have access to dedicated funding sources for business development or that the programs serve different intents and interests from other federal programs. Another consideration might be whether rural business programs should be consolidated; a reduction in the number of programs may ease some administrative requirements of the programs and require fewer federal staff.

RUS Rural Water and Waste Disposal Programs

USDA RUS administers a variety of water and waste disposal programs that provide grants, loans, loan guarantees, and technical assistance to ensure rural communities have safe and reliable drinking water.[15] **Table 2** shows the nominal appropriations and loan authority for RUS rural water and waste disposal programs for FY2025 and FY2026. **Table 2** also shows the President's request for FY2027 and the proposed appropriations and loan authority in House-passed H.R. 8646.

[13] USDA, *2027 USDA Explanatory Notes – Rural Business-Cooperative Service*, https://www.usda.gov/sites/default/files/documents/FY-2027-Chapter-32-RBCS.pdf.

[14] USDA, *2027 USDA Explanatory Notes – Rural Business-Cooperative Service*.

[15] Additional information on water programs across the federal government can be found in CRS Report R46471, (continued...)

Table 2. Appropriations for USDA Water and Waste Disposal Programs

dollars in millions

Program	FY2025 (P.L. 119-4)	FY2026 (P.L. 119-37)	FY2027 Admin Request	FY2027 House-Passed Bill (H.R. 8646)
Budget Authority				
Circuit Rider Program	21.8	23.9	24.0	24.0
Emergency Community Water Assistance Grant Program	10.0	7.0	—	7.0
Grants for Colonias, Tribes, Hawaiian Homelands, and Alaska Native Villages[a]	65.0	60.0	20.0	20.0
High Energy Cost Grant Program[b]	8.0	8.0	—	—
Persistent Poverty One Percent Loan Program for Distressed Communities	2.7	3.9	—	4.2
Revolving Fund Program	1.0	1.0	—	1.0
Rural Decentralized Water Systems Grant Program	5.0	5.0	—	5.0
Solid Waste Management Grant Program	4.0	4.0	—	4.0
Water and Waste Disposal Program: CPF/CDS	—	110.5	—	135.5
Water and Waste Disposal Program: Grants	238.0	140.0	100.0	78.0
Water and Waste Disposal Program: Guaranteed Loans	—	—	—	—
Water and Waste Disposal Program: Loans	88.0	47.6	58.5	71.6
Water and Waste Disposal Technical Assistance and Training Grant Program	35.0	35.0	—	35.0
Total Budget Authority	**478.5**	**445.9**	**202.5**	**387.3**[c]
Loan Authority				
Persistent Poverty One Percent Loan Program for Distressed Communities	*8.5*	*15.0*	—	*15.0*
Water and Waste Disposal Program: Guaranteed Loans	*50.0*	*50.0*	*50.0*	*50.0*
Water and Waste Disposal Program: Loans	*851.5*	*1,000.0*	*816.9*	*1,000.0*
Total Loan Authority	***910.0***	***1,065.0***	***866.9***	***1,065.0***

Federally Supported Projects and Programs for Wastewater, Drinking Water, and Water Supply Infrastructure. For more information on RD wastewater programs, see USDA, RD, "Water and Environmental Programs," https://www.rd.usda.gov/programs-services/water-environmental-programs.

Sources: Compiled by CRS from P.L. 119-4, P.L. 119-37, H.R. 8646, and associated explanatory statements and committee reports; and U.S. Department of Agriculture (USDA), *2027 USDA Explanatory Notes – Rural Utilities Service*, https://www.usda.gov/sites/default/files/documents/FY-2027-Chapter-33-RUS.pdf.

Notes: *Budget Authority* includes grants, loan subsidies, and administrative expenses. Loan subsidies are the cost of making loans, including administrative expenses, interest rate subsidies, and anticipated losses from loan delinquencies. *Loan Authority* is the amount of loans that USDA is authorized to issue. *CPF/CDS* refers to Community Project Funding/Congressionally Directed Spending. Short descriptions on most of these programs can be found in the "Rural Utilities Service" section in CRS Report R46471, *Federally Supported Projects and Programs for Wastewater, Drinking Water, and Water Supply Infrastructure*.

a. *Grants for Colonias, Tribes, Hawaiian Homelands, and Alaska Native Villages* include funding for the Grants for Rural and Native Alaskan Villages Program, Water and Waste Facility Loans and Grants to Alleviate Health Risks on Tribal Lands Program, and Water and Waste Facility Loans and Grants to Alleviate Health Risks for Colonias Program.

b. Although the High Energy Cost Grant Program provides funding for electricity and is not a water and waste disposal program, it is in this table because its funding is included in water and waste disposal accounts.

c. The values in the column sum to $385.3 million, the amount in the committee-reported bill and report. An amendment subsequently passed on the House floor redirected $2 million from the Office of the Chief Information Officer to the Water and Waste Disposal Program account without further direction for its use.

Congress decreased total appropriations and increased total loan authority for USDA water and waste disposal programs between FY2025 and FY2026. Appropriations decreased to $445.9 million in FY2026 from FY2025 levels of $478.5 million. Loan authority increased from $910 million in FY2025 to $1.1 billion in FY2026. The grant funding in the Water and Waste Disposal Program received the highest appropriation in FY2025 and FY2026, and the total appropriation for this program increased from $238 million in FY2025 to $250.5 million in FY2026. In FY2025, all USDA water and waste disposal grant funding was for competitive grants; in FY2026, $110.5 million (approximately 44%) of the grants were distributed through CPF/CDS. The loan subsidy for the Water and Waste Disposal Program decreased to $47.6 million in FY2026 from FY2025 levels of $88 million. The loan authority for the program increased from $851.5 million in FY2025 to $1 billion in FY2026.

The President requests $202.5 million in appropriations and $866.9 million in loan authority for FY2027.[16] The Administration proposes to provide a loan subsidy of $58.5 million for direct water and waste disposal loans with $816.9 million in loan authority.[17] The Administration proposes $100 million for water and waste disposal grants. The Administration does not request funding for the Rural Decentralized Water Systems Grant Program.

The House-passed bill (H.R. 8646) proposes to decrease the overall appropriation for rural water programs to $387.3 million and maintain loan authority at $1.1 billion in FY2027. This overall decrease primarily reflects a decrease in appropriations for Grants for Colonias, Native American lands, and Alaska Native villages to $20 million from $60 million in FY2026 and a decrease in appropriations for water and waste disposal grants to $78 million from FY2026 levels of $140 million. H.R. 8646 proposes to increase appropriations for other water programs. These include increasing the loan subsidy for direct water and waste disposal loans from FY2026 levels of $47.6 million to $71.6 million in FY2027, though this amount is lower than FY2025 levels of $88 million.[18] Additionally, H.R. 8646 proposes to increase the amount appropriated through

[16] USDA, *2027 USDA Explanatory Notes – Rural Utilities Service*, https://www.usda.gov/sites/default/files/documents/FY-2027-Chapter-33-RUS.pdf.

[17] USDA requested a loan authority of $816.9 million for FY2027.

[18] H.R. 8646 proposes to increase the loan authority for water and waste direct loans from the $1 billion in loan authority in FY2026 to $1.015 billion in FY2027.

CPF/CDS to water and waste disposal programs from FY2026 levels of $110.5 million to $135.5 million in FY2027.

As Congress continues to deliberate appropriations for rural water programs, Members may consider the distribution of funds across water programs and whether they prioritize any efforts. Additionally, Congress may consider the share of water and waste disposal projects that are to be funded through CPF/CDS. H.R. 8646 would increase from FY2026 levels the amount appropriated through CPF/CDS for water and waste disposal programs. The share of the total appropriation would also increase from the FY2026 share of 25% to 35% in FY2027. An increase in the share of CPF/CDS would lower the funding share for water and waste disposal projects funded through competitive grants. On the one hand, a lower funding share for competitive grants may lead to some projects not receiving funding. On the other hand, an increase in the share of CPF/CDS may allow Members of Congress to better identify projects that they believe would be most beneficial to their home districts or states. However, if appropriations occur through a continuing resolution, these earmarked projects may not receive funding.

Another potential consideration for Congress is the extent to which cost-share requirements for water and waste disposal projects may impact participation. Some programs, such as the Water and Waste Disposal Grant Program, set cost-share requirements on the basis of the income level of the rural community.[19] Cost-share requirements are generally seen as a mechanism to encourage funding recipients to invest their own resources to leverage federal funding and establish long-term interest in the outcome of a project. Cost-share requirements may disincentivize grant recipients that do not have adequate resources to meet the requirements from applying for federal programs. In some cases, a rural community that has lower income may be less able than a community with higher income to afford a cost-share requirement. Congress may consider the effects of cost-share requirements, the ramifications of removing match requirements for certain communities, and the consequences of allowing for flexibility on what can qualify as a cost-share requirement. Congress may choose to leave cost-share requirements as they are or to expand them to ensure that recipients are investing their own resources into the success of the project.

RUS Rural Electric, Telecommunications, and Broadband Programs

RUS administers programs that provide loans, loan guarantees, and grants to support the development of rural electric, telecommunications, and broadband infrastructure.[20] **Table 3** shows the nominal appropriations for RUS rural electric, telecommunications, and broadband programs for FY2025 and FY2026. **Table 3** also shows the President's request for FY2027 and the proposed appropriations and loan authority in House-passed H.R. 8646.

[19] For more on cost-share provisions in federal grant programs, see the "Cost-Share Provisions" section in CRS Report R47928, *Considerations for Creating a New Federal Grant Program: In Brief*.

[20] For more information on broadband programs at USDA and other federal agencies, see CRS Report R47883, *Federal Funding for Broadband Deployment: Agencies and Considerations for Congress*. For more on the Rural Utility Service electric programs, see USDA, RD, "Electric Programs," https://www.rd.usda.gov/programs-services/electric-programs. For more on rural telecommunications and broadband programs, see USDA, RD, "Telecom Programs," https://www.rd.usda.gov/programs-services/telecommunications-programs.

Table 3. Appropriations for USDA Rural Electric, Telecommunications, and Broadband Programs

dollars in millions

Program	FY2025 (P.L. 119-4)	FY2026 (P.L. 119-37)	FY2027 Admin Request	FY2027 House-Passed Bill (H.R. 8646)
Budget Authority				
Administrative Expenses	33.3	33.3	33.3	33.3
Community Connect Grant Program	20.0	17.0	—	15.0
Distance Learning and Telemedicine Grant Program	40.0	30.0	30.0	30.0
Distance Learning and Telemedicine Grant Program: CPF/CDS	—	10.8	—	3.2
Electric Infrastructure Program: Guaranteed Underwriting Loans	—	—	—	—
Electric Infrastructure Program: Loans	—	—	—	—
ReConnect Program	90.0	50.0	—	40.0
	—			
ReConnect Program: CPF/CDS		0.8	—	—
Rural Energy Savings Program	3.6	4.2	—	4.5
Telecommunications Infrastructure Program: Treasury Rate Loans	1.7	3.6	—	3.2
Telecommunications Infrastructure Program: Federal Financing Bank Loans	—	—	—	—
Total Budget Authority	**188.6**	**149.7**	**63.3**	**129.2**
Loan Authority				
Electric Infrastructure Program: Guaranteed Underwriting Loans	*900.0*	*910.0*	—	*910.0*
	6,500.0		*7,400.0*	
Electric Infrastructure Program: Loans		*7,000.0*		*7,400.0*
Rural Energy Savings Program	*17.7*	*25.0*	—	*25.0*
Telecommunications Infrastructure Program: Treasury Rate Loans	*155.0*	*350.0*	—	*350.0*
Telecommunications Infrastructure Program: Federal Financing Bank Loans	—	*200.0*	*200.0*	*200.0*
Total Loan Authority	***7,572.7***	***8,485.0***	***7,600.0***	***8,885.0***

Sources: Compiled by CRS from P.L. 119-4, P.L. 119-37, H.R. 8646, and associated explanatory statements and committee reports; and U.S. Department of Agriculture (USDA), *2027 USDA Explanatory Notes – Rural Utilities Service*, https://www.usda.gov/sites/default/files/documents/FY-2027-Chapter-33-RUS.pdf.

Notes: *Budget Authority* includes grants, loan subsidies, and administrative expenses. Loan subsidies are the cost of making loans, including administrative expenses, interest rate subsidies, and anticipated losses from loan delinquencies. *Loan Authority* is the amount of loans that USDA is authorized to issue. *CPF/CDS* refers to Community Project Funding/Congressionally Directed Spending.

Congress decreased appropriations for rural electric, telecommunications, and broadband programs from $188.6 million in FY2025 to $149.7 million in FY2026 and increased the loan authority from FY2025 levels of $7.6 billion to $8.5 billion in FY2026. In FY2025 and FY2026, the ReConnect Program received the highest level of funds. Funding for this program decreased to $50 million in FY2026 from $90 million in FY2025. The Distance Learning and Telemedicine Grant Program also saw a decrease in appropriations in FY2026.

Loan authority increased for multiple rural electric, telecommunications, and broadband programs. For example, between FY2025 and FY2026, loan authority for the electric infrastructure program increased by $500 million, and total loan authority for the telecommunications infrastructure program increased by $395 million.

The President requests $63.3 million in appropriations and $7.6 billion in loan authority for rural electric, telecommunications, and broadband programs. The President's request is for the Distance Learning and Telemedicine Grant Program.

H.R. 8646 would decrease appropriations for distance learning, telemedicine, and broadband programs to $129.2 million from FY2026 levels of $149.7 million. The bill would increase the loan authority for these programs from FY2026 levels of $8.5 billion to $8.9 billion. CPF/CDS for distance learning and telemedicine programs would decrease from FY2026 levels of $10.8 million to $3.2 million. Additionally, H.R. 8646 proposes to decrease the appropriation for the ReConnect Program to $40 million from $50 million in FY2026. The bill would keep loan authority at FY2026 levels for most programs and increase the loan authority for the Electric Infrastructure Program to $7.4 billion in FY2027.

As Congress continues to debate appropriations for rural electric, telecommunications, and broadband programs, Members may consider the distribution of funds across programs and whether they would like to prioritize any efforts. Additionally, Congress may consider the range of technologies to deliver broadband services under USDA programs. For example, in some remote or rural areas, low Earth orbit (LEO) satellite technologies may better provide broadband service than other technologies (e.g., fiber or cable) due to cost or geographical limitations.[21] Not all technologies provide equal reliability; for example, weather conditions or heavily forested terrain may cause interruptions in LEO service.

RHS Community Facilities Programs

RHS administers programs that offer grants, loans, loan guarantees, and technical assistance to help construct, repair, or modernize essential community facilities (e.g., fire stations, community centers, senior centers, and health clinics).[22] Other community facilities programs include the Rural Community Development Initiative and the Tribal College Grant Program. The Rural Community Development Initiative provides grants for certain qualified organizations to provide technical assistance to private, public, and nonprofit organizations working on housing, community facility, and RD improvement projects.[23] The Tribal College Initiative provides grants

[21] See CRS Report R46896, *Low Earth Orbit Satellites: Potential to Address the Broadband Digital Divide*.

[22] USDA defines an *essential community facility* as a public improvement necessary for "the beneficial and orderly development of a community that is operated on a nonprofit basis." These facilities must provide a public service typically offered by local governments, help develop rural communities, and be in rural areas. Essential community facilities are defined in 7 C.F.R. §3570.53. For more on these types of programs, see CRS Report R48462, *Rural Community Facilities: A Guide to Programs*.

[23] For more on the Rural Community Development Initiative, see USDA, RD, "Rural Community Development Initiative," https://www.rd.usda.gov/programs-services/community-facilities/rural-community-development-initiative-grants.

to 1994 land-grant institutions (Tribal Colleges and Universities) to make capital improvements to their educational facilities and purchase equipment.[24] **Table 4** shows the actual nominal appropriations and loan authority for RHS rural community facilities programs for FY2025 and FY2026. **Table 4** also shows the President's request for FY2027 and the proposed appropriations and loan authority in House-passed H.R. 8646.

Table 4. Appropriations for USDA Community Facilities Programs

dollars in millions

Program	FY2025 (P.L. 119-4)	FY2026 (P.L. 119-37)	FY2027 Admin Request	FY2027 House-Passed Bill (H.R. 8646)
Budget Authority				
Community Facilities Program: CPF/CDS	—	659.2	—	398.5
Community Facilities Program: Grants	5.0	5.0	—	11.5
Community Facilities Program: Loans	11.1	—	—	—
Community Facilities Program: Guaranteed loans	—	—	—	—
Rural Community Development Initiative	5.0	5.0	—	5.0
Tribal College Initiative	8.0	8.0	—	8.0
Total Budget Authority	**29.1**	**677.2**	**—**	**423.0**
Loan Authority				
Community Facilities Program: Loans	*989.3*	*1,250.0*	*1,250.0*	*1,250.0*
Community Facilities Program: Guaranteed loans	*650.0*	*650.0*	*650.0*	*650.0*
Total Loan Authority	***1,639.3***	***1,900.0***	***1,900.0***	***1,900.0***

Sources: Compiled by CRS from P.L. 119-4, P.L. 119-37, H.R. 8646, and associated explanatory statements and committee reports; and U.S. Department of Agriculture (USDA), *2027 USDA Explanatory Notes – Rural Housing Service*, https://www.usda.gov/sites/default/files/documents/FY-2027-Chapter-31-RHS.pdf.

Notes: *Budget Authority* includes grants, loan subsidies, and administrative expenses. Loan subsidies are the cost of making loans, including administrative expenses, interest rate subsidies, and anticipated losses from loan delinquencies. *Loan Authority* is the amount of loans that USDA is authorized to issue. *CPF/CDS* refers to Community Project Funding/Congressionally Directed Spending.

Congress increased total appropriations and loan authority for USDA community facilities programs between FY2025 and FY2026. Appropriations for community facilities programs increased from FY2025 levels of $29.1 million to $677.2 million in FY2026. Loan authority

[24] A list of Tribal Colleges and Universities can be found at USDA, National Institute of Food and Agriculture, *1994 Land Grant Institutions Directory*, March 2023, https://www.nifa.usda.gov/sites/default/files/2024-10/1994-Land-Grant-Institutions-Directory-2023.pdf. Additional information on 1994 land-grant universities can be found in CRS In Focus IF12009, *1994 Land-Grant Universities: Background and Selected Issues*. More on the Tribal College Initiative Grants program can be found at USDA, RD, "Tribal College Initiative Grants," https://www.rd.usda.gov/programs-services/community-facilities/tribal-college-initiative-grants.

increased from FY2025 levels of $1.6 billion to $1.9 billion in FY2026. The increase in appropriations reflects the increase in CPF/CDS community facilities grants from no funding in FY2025 to $659.2 million in FY2026. The increase in loan authority reflects the increase for community facilities loans from $989.3 million in FY2025 to $1.3 billion in FY2026.

The President's budget for FY2027 does not request funding for the rural community facilities grant programs.[25] In the case of community facilities grants, the Administration stated that funding "has been overtaken" by CPF/CDS.[26] In FY2026, Congress allocated $5 million to community facilities competitive grants and $659.5 million to CPF/CDS. The Administration requested the same loan authorization levels for community facilities direct loans and community facilities guaranteed loans as FY2026.

H.R. 8646 would decrease the appropriation for rural community facilities programs from FY2026 levels of $677 million to $423 million. Most of the reduction in appropriations reflects a lower amount proposed for CPF/CDS spending for community facilities grants ($659 million to $399 million). H.R. 8646 would increase the level of funding for competitive community facilities grants from $5 million to $11.5 million. The bill would maintain FY2026 levels for the loan authorization for community facilities direct loans and guaranteed loans.

As Congress continues to deliberate funding levels for rural community facilities programs, Members may consider the distribution of funding levels across programs. Additionally, Congress may consider the role of CPF/CDS and the share of community facilities grants that are to be competitive. Although FY2027 proposals would decrease both appropriations and the share of CPF/CDS for community facilities programs, CPF/CDS remains the primary mechanism that would fund these programs. CPF/CDS provide opportunities for Members of Congress to identify the projects in their districts that they believe are most in need of funds. A reliance on this funding mechanism may indicate that the competitive grants process has not been as effective at identifying under-resourced projects. Community facilities grants might also be impacted by whether FY2027 appropriations take the form of an Agriculture appropriations act or a continuing resolution. In FY2025, for example, no CPF/CDS were included in continuing resolutions.

[25] USDA, *FY2027 USDA Explanatory Notes – Rural Housing Service*, https://www.usda.gov/sites/default/files/documents/FY-2027-Chapter-31-RHS.pdf.

[26] USDA, *FY2027 USDA Explanatory Notes – Rural Housing Service*.

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