

U.S. Department of Agriculture

Rural Development

REPORT ON THE DEFINITION OF “RURAL”

Office of the Secretary

United States Department of Agriculture
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United States Department of Agriculture

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Addenda

1. USDA Rural Development Program Authorities
2. February 15, 2011, Testimony on Rural Definition
3. Questions and Answers to February 15, 2011 Hearing on Rural Definition
4. Filtering Criteria Examples
5. Requests For Rural In Character Determinations

Abbreviations and Acronyms

ANPR – Advanced Notice of Proposed Rulemaking
BIP – Broadband Initiatives Program
ConAct – Consolidated Farm and Rural Development Act
EPA – Environmental Protection Agency
ERS – Economic Research Service
HHS – United States Department of Health and Human Services
HRSA – U.S. Health Resources and Services Administration
HUD – United States Department of Housing and Urban Development
NOFA – Notice of Funding Availability
PDA – Pennsylvania Department of Agriculture
RD – USDA Rural Development
RBS – Rural Business – Cooperative Service
REAP – Rural Energy for America Program
RHS – Rural Housing Service
RUCC – Rural/Urban Continuum Codes
RUCA – Rural/Urban Commuting Area
RUS – Rural Utilities Service
SEARCH – Special Evaluation Assistance for Rural Communities and Households
USDA – United States Department of Agriculture

Introduction

The impetus for Rural Development (RD) programs is that equivalent National programs and private investors and lenders shut out rural areas due to lack of capacity and the need for highest returns. To address the unmet needs of rural America, Congress authorized and targeted funds to rural areas by limiting eligibility based on total population.

As population and economies continue to shift within and between states, eligibility criteria based on total population warrant a second look. In an effort to identify alternatives, Section 6018(b) of the Food, Conservation, and Energy Act of 2008 (2008 Farm Bill) required the Secretary of Agriculture to report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate responding to four specific areas. Per that directive, this document —

1. Assesses the various definitions of the term “rural” and “rural area” that are used with respect to programs administered by the Secretary;
2. Describes the effects that the variations in those definitions have on those programs;
3. Makes recommendations for ways to better target funds provided through rural development programs; and
4. Determines the effect of the amendment made by subsection (a) on the level of rural development funding and participation in those programs in each State.

While this report emphasizes programs authorized through the Farm Bill process, the reporting requirement is not exclusive to those programs, which are under the jurisdiction of the House Committee on Agriculture and the Senate Committee on Agriculture, Nutrition and Forestry. Accordingly, as appropriate, programs administered by the Secretary but authorized in the Housing Act of 1949 under the jurisdiction of the House Committee on Financial Services and the Senate Committee on Banking are discussed.

Authorizing statutes currently rely almost exclusively on total population as measured in the most recent decennial census as the sole indicator rural. With the Census Bureau having released all necessary data, USDA has determined that it will begin to use 2010 figures for total population beginning on March 28, 2013.

1. Assessment of Various Definitions of the Term “Rural” And “Rural Area” That Are Used With Respect To Programs Administered By the Secretary

Of the many programs administered by the Secretary of Agriculture across the Department's seven Mission Areas, only those of the Rural Development Mission Area¹ have geographic limitations that restrict eligibility in most cases to "rural areas". Rural Development staff never reach analysis of an application's benefits, the management skill of a business owner, the repayment ability of a home mortgage applicant, or the economic feasibility of a project unless an eligibility determination can be made first.

In testimony before the House Agriculture Subcommittee on Rural Development, Research, Biotechnology, and Foreign Agriculture on February 15, 2011, USDA provided the Subcommittee a matrix of current definitions for the 40-plus Rural Development programs (Addendum 1 of this report), as well as the actual statutory language for all programs in the Rural Development mission area. This matrix provides a comprehensive understanding of the complexities associated with determining individual program eligibility. The February 15, 2011 testimony (Addendum 2), follow-up questions and answers from Members of the Subcommittee (Addendum 3), and the above referenced matrix are attached to this report as Addenda. The various program definitions also are summarized below.

In addressing the definitions and role of rurality in the 2008 Farm Bill, Congress took three concrete steps:

- For the first time, a "default" definition commonly used in business development programs was added to the Consolidated Farm and Rural Development Act, or ConAct applying to any new programs unless Congress specifically provided a different definition;
- For the first time, the Under Secretary for Rural Development was authorized to allow eligibility for business development programs in places that otherwise would not be eligible because of their proximity to municipalities of larger than 50,000 population if he determined them to be "rural in character"; and
- Following a precedent set in the 2002 Farm Bill for cooperatives of agricultural producers hoping to establish value-added processing of their commodities, Congress either provided no "rural area" eligibility requirement or waived such requirements for certain high-priority areas in renewable energy and underserved communities in terms of their limited access to fresh healthy food and lack of food security or high rates of poverty, commonly called "food deserts".

Default Definition

Section 6018(a) of the 2008 Farm Bill provided a general "default" definition of the term "rural area" for programs authorized by the ConAct. The default definition is the one commonly used for most business development programs, such as the Business & Industry Loan Guarantee

¹ Rural Business – Cooperative Service (RBS), Rural Housing Service (RHS), and Rural Utilities Service (RUS)

Program or the Rural Business Enterprise Grant Program². It then articulated two different rules for Water and Wastewater Disposal and Community Facilities programs, as follows:

SEC. 6018. DEFINITIONS.

(a) RURAL AREA.—Section 343(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a)) is amended by striking paragraph (13) and inserting the following:

“(13) RURAL AND RURAL AREA.—

“(A) IN GENERAL.—Subject to subparagraphs (B) through (G), the terms ‘rural’ and ‘rural area’ mean any area other than—

“(i) a city or town that has a population of greater than 50,000 inhabitants;

And “(ii) any urbanized area contiguous and adjacent to a city or town described in clause (i).

“(B) WATER AND WASTE DISPOSAL GRANTS AND DIRECT AND GUARANTEED LOANS.—For the purpose of water and waste disposal grants and direct and guaranteed loans provided under paragraphs (1), (2), and (24) of section 306(a), the terms ‘rural’ and ‘rural area’ mean a city, town, or unincorporated area that has a population of no more than 10,000 inhabitants.

“(C) COMMUNITY FACILITY LOANS AND GRANTS.—For the purpose of community facility direct and guaranteed loans and grants under paragraphs (1), (19), (20), (21), and (24) of section 306(a), the terms ‘rural’ and ‘rural area’ mean any area other than a city, town, or unincorporated area that has a population of greater than 20,000 inhabitants.

Exceptions to the default definition

Section 6018(a) of the 2008 Farm Bill further amended Section 343(a)(13) of the ConAct with new subparagraphs (D) and (E), which provide administrative exception authority to the Under Secretary. This authority extends only to programs that employ the default definition of “rural area” which, in addition to excluding applications from cities or towns with greater than 50,000 population also excludes communities adjacent and contiguous to those cities or towns regardless of those communities’ own total population. In certain cases, those otherwise excluded areas still might be eligible rural areas. The results of this flexibility are discussed in greater detail in report Section 4 and Addendum 5.

² One notable exception in RBS is the Intermediary Relending Program, where an application can be accepted from anywhere except a city or town greater than 25,000 total population.

Because exclusion by reason of proximity to a larger city or town applies only to the default definition, which is used solely by Rural Business – Cooperative Service (RBS) for most of its programs, the exceptions to exclusion also are limited in practice to RBS programs. There is no administrative exception authority for the 10,000 threshold in the Water and Waste Disposal Program administered by Rural Utilities Service (RUS) or the 20,000 threshold in the Community Facilities Program administered by Rural Housing Service (RHS).

The exceptions fall into two categories. There is statutory language limiting exclusion of whole municipalities when there are areas that appear as narrow “strings” of development at the outskirts of urbanized areas, often extending along highways. And, there is statutory language retaining eligibility for areas that remain “rural in character”.

For the “strings” exception, Section 6018(a) of the 2008 Farm Bill provided: “Notwithstanding any other provision of this paragraph, in determining which census blocks in an urbanized area are not in a rural area . . . , the Secretary shall exclude any cluster of census blocks that would otherwise be considered not in a rural area only because the cluster is adjacent to not more than 2 census blocks that are otherwise considered not in a rural area under this paragraph.” In other words, once a string of development narrows to the point that it is only two census blocks wide, the string should be “snipped”, allowing areas beyond it to be considered eligible for business development programs even if adjacent and contiguous.

For the “rural in character” exception, Section 6018(a) of the 2008 Farm Bill provided:

AREAS RURAL IN CHARACTER.—

(i) APPLICATION.—This subparagraph applies to—

(I) an urbanized area described in subparagraphs (A)(ii) and (F) that—
(aa) has 2 points on its boundary that are at least 40 miles apart; and
(bb) is not contiguous or adjacent to a city or town that has a population of greater than 150,000 inhabitants or an urbanized area of such city or town; and

(II) an area within an urbanized area described in subparagraphs (A)(ii) and (F) that is within 1/4-mile of a rural area described in subparagraph (A).

(ii) DETERMINATION.—Notwithstanding any other provision of this paragraph, on the petition of a unit of local government in an area described in clause (i) or on the initiative of the Under Secretary for Rural Development, the Under Secretary may determine that a part of an area described in clause (i) is a rural area for the purposes of this paragraph, if the Under Secretary finds that the part is rural in character, as determined by the Under Secretary.

(iii) ADMINISTRATION.—In carrying out this subparagraph the Under Secretary for Rural Development shall—

(I) not delegate the authority to carry out this subparagraph;

(II) consult with the applicable rural development State or regional director of the Department of Agriculture and the governor of the respective State;

(III) provide to the petitioner an opportunity to appeal to the Under Secretary a determination made under this subparagraph;

(IV) release to the public notice of a petition filed or initiative of the Under Secretary under this subparagraph not later than 30 days after receipt of the petition or the commencement of the initiative, as appropriate;

(V) make a determination under this subparagraph not less than 15 days, and not more than 60 days, after the release of the notice under subclause (IV);

(VI) submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate an annual report on actions taken to carry out this subparagraph; and

(VII) terminate a determination under this subparagraph that part of an area is a rural area on the date that data is available for the next decennial census conducted under section 141(a) of title 13, United States Code.

In other words, the law recognizes that there might be very limited instances in which pockets of rurality still exist within a municipality that otherwise would be excluded because of being adjacent and contiguous to a city or town greater than 50,000. But, those cases are limited to two fact patterns: one for large urbanized areas that could encompass multiple municipalities, but is not proximate to any city larger than 150,000 total population; the other for places within an urbanized area that are within one-quarter mile of an eligible rural area. The decisions, and the disposition of any appeals of the decisions, are made solely by the Under Secretary for Rural Development who is expressly precluded from delegating the matter to anyone else.

The “rural in character” concept also appears outside of the ConAct in the Housing Act of 1949. In general, programs authorized by Title V are available in any town, village, city, or place (including the immediately adjacent densely settled area) that is not part of or associated with an urban area, and that:

- Is rural in character with a population of less than 10,000; or
- Is not contained within a Metropolitan Statistical Area (MSA) and has a serious lack of mortgage credit with a population between 10,000 and 20,000.

A “grandfather” clause allows communities with populations greater than 10,000 but not more than 25,000 to remain eligible after becoming part of an MSA if they are still “rural in character”. In the Housing Act programs, the determination of “rural in character” is made by the respective state director for Rural Development, who is tasked by regulation with looking at population changes and eligibility impacts at least every five years, and every three years in rapid growth areas. By contrast, the “rural in character” provisions of the 2008 Farm Bill limit the determination to the Under Secretary for Rural Development.

No “rural in character” or other administrative flexibility exists for the Water & Waste Disposal Program of RUS or the Community Facilities Program of RHS. If a municipality or unincorporated area exceeds the 10,000 or 20,000 threshold respectively by even one person, it is not eligible absent further action by Congress. Historically, this further action has taken the form of a general provision in appropriations legislation declaring the municipality an eligible rural area until the Agency adopts data of the next decennial census.

For the Telecommunications Program, Section 201 of the Rural Electrification Act of 1936 gives preference to applicants operating in rural areas, defined in Section 203(b) as anywhere except an incorporated or unincorporated area with a total population in excess of 5,000. An updated definition reflecting current market conditions for these larger utility loans was included in the American Recovery and Reinvestment Act for broadband loans, grants, and loan guarantees, as follows:

For an additional amount for the cost of broadband loans and loan guarantees, as authorized by the Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.) and for grants (including for technical assistance), \$2,500,000,000: Provided, That the cost of direct and guaranteed loans shall be as defined in section 502 of the Congressional Budget Act of 1974: Provided further, That, notwithstanding title VI of the Rural Electrification Act of 1936, this amount is available for grants, loans and loan guarantees for broadband infrastructure in any area of the United States: Provided further, That at least 75 percent of the area to be served by a project receiving funds from such grants, loans or loan guarantees shall be in a rural area without sufficient access to high speed broadband service to facilitate rural economic development, as determined by the Secretary of Agriculture: Provided further, That priority for awarding such funds shall be given to project applications for broadband systems that will deliver end users a choice of more than one service provider: Provided further, That priority for awarding funds made available under this paragraph shall be given to projects that provide service to the highest proportion of rural residents that do not have access to broadband service (Emphasis added.)

Section 13 of the Rural Electrification Act defines “rural” for the Electric programs of RUS by linking to the ConAct’s definition for the Community Facilities program of RHS and preserving eligibility of existing borrowers, as follows:

(3) RURAL AREA.—Except as provided otherwise in this Act, the term “rural area” means the farm and nonfarm population of—
(A) any area described in section 343(a)(13)(C) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a)(13)(C)); and

(B) any area within a service area of a borrower for which a borrower has an outstanding loan made under titles I through V as of the date of enactment of this paragraph.

Thus, while any new Rural Electric Cooperative activity would be subject to the 20,000 population cap, existing co-ops follow a “once rural, always rural” standard that allows for new lending to maintain generation, distribution and transmission facilities. Further, Section 6108 of the 2008 Farm Bill, in an effort to encourage adoption of renewable energy technologies, authorized the sale of renewable energy financed by RUS into urban as well as rural markets, opening the door to placing infrastructure and equipment into non-rural areas.

No “Rural Area” Requirement

In amendments to Title IX of the Farm Security and Rural Investment Act of 2002 (the 2002 Farm Bill) contained in Title IX of the 2008 Farm Bill, Congress placed no statutory rural area eligibility requirement in the newly-authorized programs, recognizing that proximity to transportation hubs and consumer markets very well could make projects far more successful and far more beneficial to farmers, rural entrepreneurs, and consumers than siting projects solely in rural locations. RBS’ rulemaking for the Biorefinery Assistance Program (Section 9003, interim final rules were effective March 16, 2011), Repowering Assistance Program (Section 9004, interim final rules were effective March 14, 2011), and the Bioenergy Program for Advanced Biofuels (Section 9005, interim final rules were effective March 14, 2011) was consistent with legislative intent that there not be a “rural area” eligibility criterion.

The original renewable energy program authorized in 2002, the Rural Energy for America Program (Section 9007, or REAP, interim final rules effective April 14, 2011), does have rural area eligibility definition requirements for non-farm rural businesses and RBS has chosen to apply the general definition for rural area applicable to business programs under the Con Act. However, the 2008 bill amended that requirement to allow agricultural producers to be eligible irrespective of where their operations are located.

RUS also received new authority to reach beyond rural areas with renewable energy. Section 6108 of the 2008 Farm Bill amended Section 317(b) of the Rural Electrification Act, authorizing RUS loans for electric generation from renewable energy resources for resale to rural and non-rural residents.

Congress addressed “food deserts” in Section 6015 of the farm bill, which amended Section 310B of the ConAct to create a target for local and regional food systems³ within the Business & Industry Loan Guarantee Program. The target provided for at least five percent of available budget authority to be used for such purposes, reserving funds for the first six months of a fiscal year. Within the target, priority was given to local and regional food system applications that would benefit rural, tribal, or urban underserved communities.

³ Local or regional food systems are defined by Section 6015 as within a 400-mile radius or within the same state.

Giving priority to projects benefiting food deserts wherever they are follows on the heels of a provision of the 2002 Farm Bill, which for the first time allowed certain businesses whose lenders were seeking a Business & Industry Loan Guarantee to site their projects in metropolitan areas under certain conditions. The applicants must be farmer-owned cooperatives whose members are from within an 80-mile radius of the proposed site, the purpose of the project must be adding value to agricultural commodities, and the jobs created must go primarily to rural people. *See* Section 7 USC 310B(g)(3)(A)(i) of the Con Act. Staying in the labor vein, RHS programs to assist migrant and seasonal farm workers with finding decent housing also provide flexibility in where projects are constructed.

2. Description of Effects Various Definitions Have on Rural Development Programs

Every loan, grant, or loan guarantee application received by Rural Development staff undergoes three initial tests: whether the individual or entity applying is eligible for a particular program; whether the activity proposed is an eligible purpose for that particular program; and whether the location of the activity proposed in the application is eligible for that particular program. After an eligibility analysis is done, staff can begin to evaluate the merits of the application and the applicant's ability to repay any financing.

Applicant eligibility is relatively simple. The Community Facilities Program, for example, is available only to municipalities, tribal governments, and non-profit organizations. Direct loans for single family home mortgages are available only to those whose income is below 80% of county median income.

Similarly, eligible purposes are articulated in statutes and regulations. For example, the Business and Industry Loan Guarantee Program generally cannot finance agricultural production.

The focus of this report is on the relatively complex question of whether the location of the proposed activity is eligible for a grant or loan. The many different population thresholds have the following effects:

- Arbitrary barriers to regional strategies, perpetuating community isolation and less cost-effective economic and community development practices;
- Inability of RD to provide comprehensive, integrated program delivery in any community or group of communities larger than the smallest population threshold;
- State-defined municipalities complicating nationwide definitions relying on “cities,” “towns,” and “unincorporated areas”; and

- Periods of uncertainty and disruption of program delivery following each decennial census.

Arbitrary barriers to regional strategies, perpetuating community isolation and less cost-effective economic and community development practices

Both of the last two Farm Bills and section 725 of the 2012 Appropriations law included provisions attempting to reposition Rural Development to work on a more multi-jurisdictional basis rather than making every decision in the isolation of the particular municipality from which an application arises.

In some places, multi-jurisdictional planning and development requires acknowledging the role of more populous areas in providing market opportunities for goods and services provided by rural people and job opportunities for rural people willing to commute. For example, regional food systems to regional transportation systems depend on fully understanding and taking advantage of the interface between rural and more urban communities. Being limited to lending solely in “rural areas” which are defined in multiple ways makes putting these strategies into practice far more difficult.

To be sure, some state offices of Rural Development have had success with regional approaches to services like public water and sewer, but only when every community in the regional project was under the cap for that program. If a regional sewer project encounters a municipality of greater than 10,000 population, for example, that community cannot be part of the Rural Development financing application no matter how much sense it might make to project engineers geographically and no matter what the impact of including the larger community might have had on end user rates as fixed costs got spread over a larger number of end users.

Many times Rural Development programs have been implemented without regard to regional planning. The result is individual communities applying for financing for their own sewage treatment plants, their own critical access hospitals, their own emergency services, and so forth, rather than partnering with neighboring communities.

Inability of RD to provide comprehensive, integrated program delivery in any community or group of communities larger than the smallest population threshold

The real art in what Rural Development’s staff do is how they do it – through a distributed network of state and area offices providing comprehensive “one-stop” service for technical and financial assistance in community and economic development.

Rural communities often are led by volunteer local elected officials who have few if any paid staff beyond perhaps a road supervisor. They do not have professional grant writers or professional engineers on staff to write their applications for them, and they rely on Rural Development loan officers, engineers, architects, and partners receiving Rural Development’s technical assistance financing, such as the National Rural Water Association or the Rural

Community Assistance Partnership, for help through an application's life cycle. Over time, the authorities have been approached on an individual ad hoc basis. Communities and individuals apply for assistance on a program by program basis. If population definitions were broader, rural communities would have the ability to approach the programs in a more coordinated way.

With multiple "rural area" eligibility standards, Rural Development employees are challenged to provide comprehensive financial assistance beyond communities of 10,000 or less, the general threshold for housing and water and sewer programs. Instead, they also must be able to bring other Federal and state agencies to a project to fill in the gaps left by varying eligibility standards for Rural Development's programs.

State-defined municipalities complicating nationwide definitions relying on "cities", "towns", and "unincorporated areas"

Section 6018(a) of the 2008 Farm Bill provides Section 343(a)(13)(G) of the ConAct making special provisions for Puerto Rico and Hawaii where the standards established earlier in that section simply do not fit their municipal structures. Use of the words "city" or "town" can create certain challenges elsewhere, too. Common sense suggests that "city" or "town" could be interpreted as any incorporated municipality, but had Congress intended to mean any incorporated municipality, the statutory language also simply could have said so. A literal interpretation could exclude nearly all of Pennsylvania, with its 1,000 boroughs and 1,400 townships in addition to its 57 cities and exactly one town, even though a large majority of those boroughs and townships have fewer than 10,000 residents.

While the majority of states began as unincorporated territories now dotted with incorporated municipalities, many Colonial states are entirely incorporated but are dotted with unincorporated population clusters within otherwise incorporated municipalities. Several northeastern states – notably, Massachusetts, New York, and Pennsylvania – still recognize in state law the concept of a "village", an unincorporated population cluster lying wholly within an incorporated municipality. In MA and NY, villages lie within incorporated towns. In PA, villages lie within incorporated townships.

Through the 1990s, these unincorporated population centers within incorporated municipalities in the northeast region were treated the same as completely unincorporated areas elsewhere in the country – namely, if a water or sewer project actually would serve fewer than 10,000 people, or the fire department would serve fewer than 20,000 people, the respective Water & Waste Disposal or Community Facilities application could proceed. Thus, a village of fewer than 10,000 people, where centralized services like water or sewer were more necessary than in the outlying farmland, could apply for financing even if the total population of the town or township in which the village was located exceeded 10,000.

In the 2002 Farm Bill, Congress adjusted the definitions of "rural area" in a manner suggesting that congressional intent was to change this result. The same language was retained in 2008. Current practice looks past the unofficial borders of the unincorporated village and instead limits eligibility to places where the entire town or township in which the village is sited meets the respective eligibility threshold – 10,000 for the Water & Waste Disposal program and 20,000 for

the Community Facilities program. Since 2002, an applicant is the municipality rather than a population cluster within a municipality or even a single-purpose sewer or water district. Unlike truly unincorporated areas in states like Texas or Iowa, where the standard is still to evaluate the total population to be served by the project, unincorporated population clusters in states like Massachusetts or New York that lie within incorporated municipalities now are eligible only if the total population of the entire municipality falls below the eligibility standard.

Periods of uncertainty and disruption of program delivery following each decennial census

Most Rural Development programs have a “rural area” requirement as a fundamental test of program eligibility. The test is defined by total population based on the most recent decennial census, irrespective of population density, the predominant types of economic activity and local land uses, the extent to which the area might have become a “bedroom community” for a neighboring metropolitan area, or any other factors. RD has no authority to waive these requirements with the exception of most business programs.

In the absence of administrative waiver authority, Congress historically has created its own flexibility on a case-by-case basis by adopting general provisions on USDA appropriations legislation declaring communities that otherwise would be over the population limit still rural for purposes of a specific program. This has been true particularly with regard to the ConAct’s Water & Waste Disposal Program of RUS and the Community Facilities program of RHS.

Like “rural in character” exceptions made under the provisions of the last Farm Bill, existing general provisions from prior appropriations laws expire with the adoption of 2010 Census figures, which will happen March 28, 2013. There may be extenuating circumstances reviewed on a case-by-case basis in which it would be in the best interests of the taxpayers to continue using 2000 Census data, such as a multi-phase sewer project in which an overall project plan was approved based on 2000 figures, a majority of phases have been completed, and declaring the area ineligible now would leave the project unfinished and the community less able to repay existing indebtedness.

In general, though, hundreds of communities now face exclusion from one or more Rural Development programs either because the general provision they relied upon to remain eligible after the 2000 Census results were adopted is expiring⁴ or because the increase in their population from 2000 to 2010 has placed them for the first time above one or more population thresholds. Among them are:

- Municipalities like Pleasant Grove, AL, Batesville, AR, Garden Acres, CA, Sebring, FL, Chatham, IL, Waggaman, LA, Alexandria, MN, and Guthrie, OK⁵, which increased in population from slightly under 10,000 to slightly over 10,000. Without considering whether any other characteristics of those communities changed between 2000 and 2010,

⁴ No new general provisions providing exceptions to the 2000 Census figures were enacted in fiscal year 2011 continuing resolutions or in the 2012 appropriations legislation.

⁵ Pleasant Grove’s population increased from 9,983 in the 2000 Census to 10,110 in the 2010 Census; Batesville increased from 9,445 to 10,248; Garden Acres increased from 9,747 to 10,648; Sebring increased from 9,667 to 10,491; Waggaman increased from 9,435 to 10,015; and Guthrie increased from 9,925 to 10,191 in that time.

they will no longer be eligible for the Water & Waste Disposal Program even though public water and sewer are exactly the types of infrastructure investments that could attract new employers to those areas;

- Municipalities like Fountain, CO, Darien, CT, Junction, KS, Independence, KY, Arnold, MO, Brandon, MS, West Fargo, ND, Odessa, TX, and Waynesboro, VA⁶, which increased in population above 20,000, making them no longer eligible for the Community Facilities Program after October 1, 2012 even though Congress raised the direct loan program level four-fold this fiscal year because the subsidy rate has dropped to zero and the only cost to taxpayers are for staff salaries and related costs to administer the program; and
- Holt, MI, which saw its population more than double from 11,315 to 23,973. If local elected officials were considering meeting the needs of this growing community by applying for long-term, fixed rate Community Facilities Program financing for new schools, expanded access to health care, expanded emergency services or perhaps a new municipal airport, they would find the community is no longer eligible solely because it exceeds 20,000 total population.

Of course, the opposite effect occurs when a community loses population and falls below the arbitrary total population threshold of a particular program. Owego, NY, for example, dropped from 20,366 residents in the 2000 Census to 19,883 residents in the 2010 Census. Nothing else has changed about Owego, but under the ConAct, it will become an eligible rural area for purposes of Community Facilities financing on October 1, 2012. Similarly, the 2000 Census revealed that Harrisburg, Pennsylvania's capital, had decreased in population below 50,000, making that city eligible for business programs. Nothing else about the City of Harrisburg changed to suggest it actually had become rural, but that did not matter. Total population standards are a blunt instrument, overlooking other factors that perhaps do a better job of indicating when an area is rural, such as population density or the prominence of natural resource based businesses in the local economy. Perhaps more significantly, when Harrisburg became eligible for business programs financing following the 2000 Census, the much smaller municipalities adjacent and contiguous to Harrisburg became eligible, too.

3. Recommendations for Ways to Better Target Funds Provided Through Rural Development Programs

The current state of the law puts an inordinate amount of emphasis on the location from where an application can be received, while comparatively little statutory attention is paid to the larger question of which applications (wherever and whoever their source) get funded by Rural

⁶ Fountain's population increased from 15,197 in the 2000 Census to 25,846 in the 2010 Census; Darien increased from 19,607 to 20,732; Junction increased from 18,886 to 23,353; Independence increased from 14,982 to 24,757; Arnold increased from 19,965 to 20,808; Brandon increased from 16,436 to 21,705; Odessa increased from 17,799 to 22,707; and Waynesboro increased from 19,520 to 21,006.

Development. With about \$2.4 billion of appropriated budget authority to the Mission Area and its constituent agencies leveraging over \$37 billion in grants, loans, and loan guarantees available to the public this fiscal year, Rural Development's work is a bargain.

Still, both Members of Congress and the Secretary of Agriculture must be able to assure taxpayers and constituents that funds were well invested in projects that helped as many rural residents as possible as efficiently and effectively as possible. Complete reliance on arbitrary "one-size-fits-all" total population eligibility standards in the definitions section of the ConAct needs to give way to a more robust analysis of each application based on a variety of factors that lead to the greatest benefit for rural people and places. Such factors also should be flexible enough to assist in analyzing applications under authorities beyond the ConAct and should facilitate the streamlining of program applications and processes among like types of applicants, specifically rural individuals and communities on the one hand and entrepreneurs on the other. Finally, such factors should be more transparent and comprehensible to applicants and employees than the current system that has grown up over seven decades.

Note that the recommendations below apply only to those programs that are under the jurisdiction of the Committee on Agriculture for the House of Representatives and the committee on Agriculture, Nutrition, and Forestry.

Recommendation #1: Utilize a common population threshold.

Common population threshold

The current default definition of "rural area" in the ConAct begins at 50,000 total population. We recommend that Rural Development accept as location eligible an application for any program from anywhere with a total population of less than 50,000, which would allow staff to move quickly into more substantive review of the application's merits and whether it should be funded. This would require amending the ConAct, as well as the Rural Electrification Act of 1936, the Farm Security and Rural Investment Act of 2002.

This common starting point allows communities to come together on more regional infrastructure projects. It allows the Mission Area to market programs in a simple streamlined fashion, facilitating staff sharing outreach responsibilities. The common definition would also substantially reduce the number of communities affected by the decennial census, thus reducing confusion and increasing the predictability of RD programs.

Critics of this approach may suggest that the change would move the focus of some programs away from serving the most rural communities. Furthermore, some may say that the most programs are already oversubscribed, so by broadening eligibility, those communities that are currently eligible would be less likely to receive RD program support. With these concerns in mind, this proposal suggests that the definition provides the Secretary the discretion to serve areas of greatest need and where the resources can make the greatest economic impact.

Competitive application scoring to target funds

Every application should be considered on a variety of factors that drive available funding to the most rural people and places, investing where there is both greatest need for Federal resources and greatest opportunity for economic or community development.

Section 306 of the ConAct basically authorizes community-based programs in Rural Housing Service (Community Facilities loans in Section 306(a)(1) and Rural Utilities Service (Water & Waste Disposal in Section 306(a)(2)). Currently, this section of law does include targeting language for both that places the greatest emphasis for funding on the smallest communities. The section also includes consideration of poverty indicators for determining both the interest rate offered on loans and the degree to which grant funds might be made available in combination with loans to keep the total project cost affordable. Unfortunately, while trying to accomplish the same things using the same indicators, Section 306 actually uses slightly different iterations of these standards that treat these two basic community-based programs differently, needlessly adding complexity for applicants and staff.

Instead, we recommend amending Section 306 to provide Rural Development the ability to evaluate a common range of factors for all community-based applications, taking into consideration total population and awarding higher scores to less populated areas. The Secretary should also have the ability to consider in regulation:

- Population density, with higher scores awarded to less densely populated areas (see map below for examples);
- Economic conditions, comparing project area incomes to statewide or national data, with lower loan interest rates and higher grant levels awarded to projects serving those with least capacity to help themselves, as per current law;
- The degree to which the project is consistent with local or regional economic strategies;
- The degree to which the project serves a geographic area or demographic group that historically has been underserved by Rural Development;

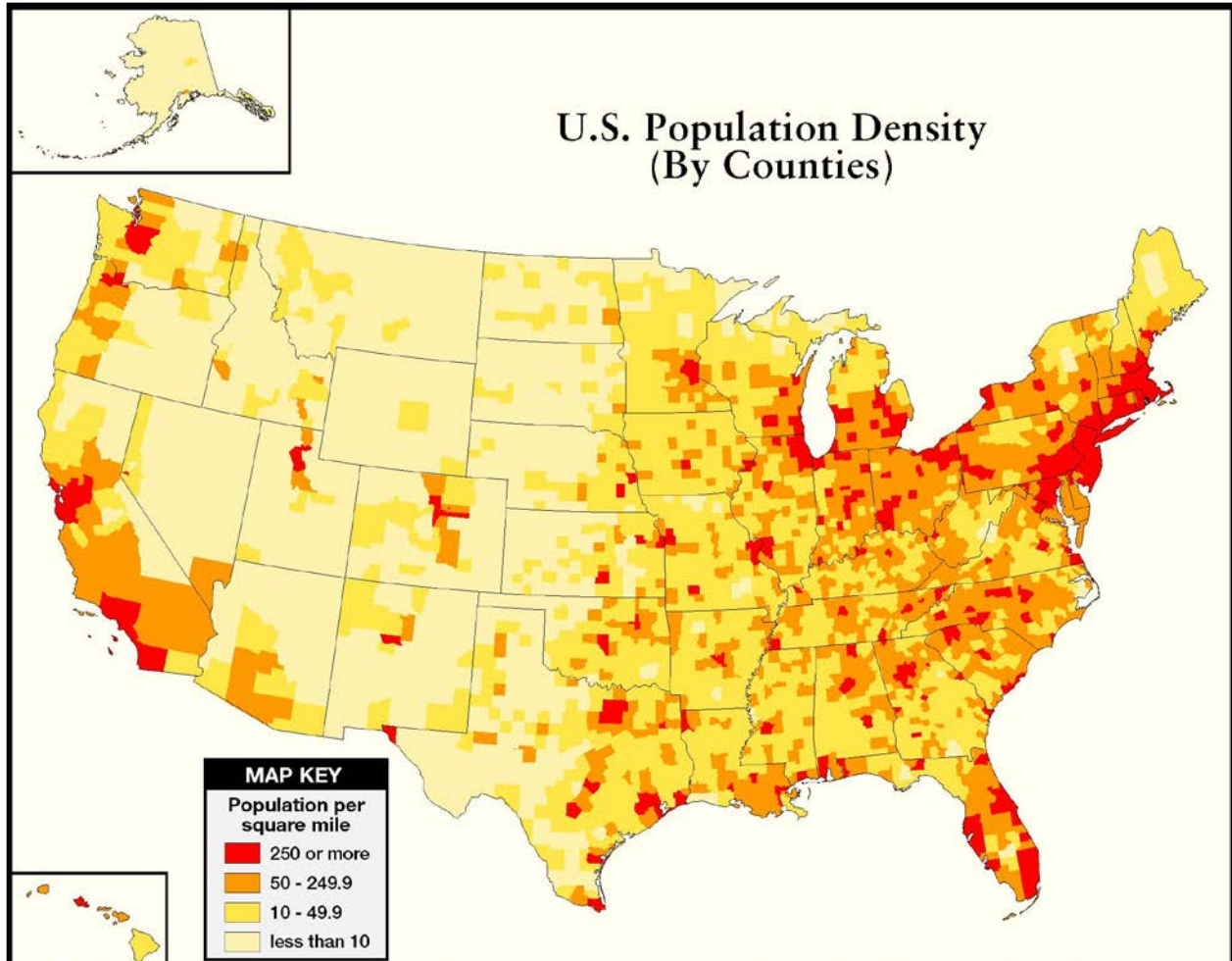
Targeting could also look to commuting patterns, which provide a more objective yardstick than the “adjacent and contiguous urbanized area” for identifying when a community has lost its independent identity. (See map below for details). Authority could also be provided to consider ecological impacts of projects, with higher scores awarded to projects that address threats to air or water quality, or redevelop existing sites rather than convert prime farmland.

RUS developed a successful model for utilizing such criteria in their application review criteria developed under the second Notice of Funds Availability (NOFA) for the Broadband Initiative Program (BIP). The first NOFA provided the highest levels of grant funding to the most remote rural areas that had been hardest to reach with prior programs that offered solely loan funds. While that objective certainly was worthwhile, reaching it required defining not just “rural” but also “remote”. By contrast, the second NOFA offered greater flexibility by considering a variety of factors to drive the greatest level of subsidy to the communities most in need. For instance by applying additional criteria such as population density, median household income and unemployment, a community could become eligible for a greater amount of grant funds. Feedback on this second approach was very supportive compared to the feedback received on the

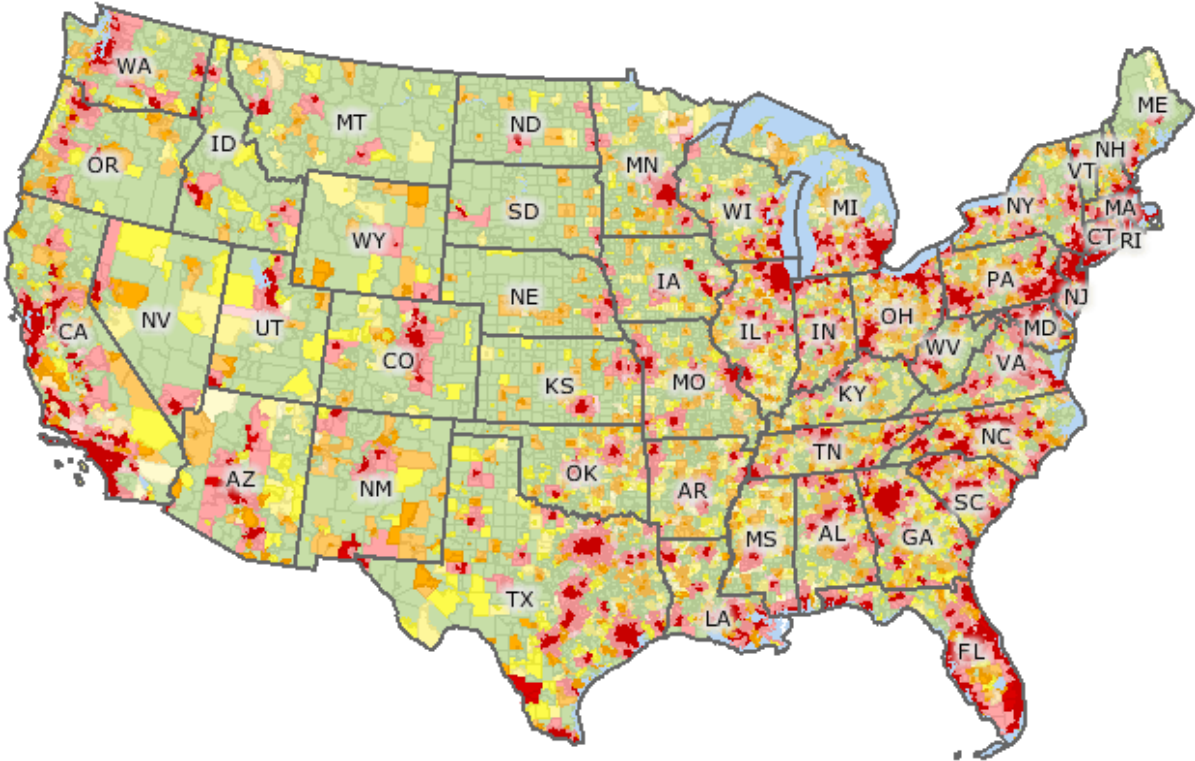
first NOFA. This same type flexibility can be applied to this recommendation to ensure the greatest support to those most in need of any Rural Development assistance.

Similarly, we recommend amending Section 310B of the ConAct to provide a single set of targeting tools for supporting job creation and entrepreneurship in rural areas. RD could be provided the flexibility to consider factors in regulation such as:

- Areas with lower total population;
- Economic conditions, including unemployment rates in the project area compared to statewide rates;
- General economic impacts of a project, creating high quality jobs; and
- The project's consistency with local and multi-regional strategic objectives.



Example of Rural-Urban Commuting Areas
 (provided through the Center for Applied Research and Environmental Systems)



Map Scale = 1:28326228
 0 275mi

- State Boundaries**
- Rural-Urban Commuting Areas (RUCAs) - Census Tract**
- Urban Core**
- High Commuting to Urban Core**
- Low Commuting to Urban Core**
- Large Town**
- High Commuting to Large Town**
- Low Commuting to Large Town**
- Small Town**
- High Commuting to Small Town**
- Low Commuting to Small Town**
- Rural Areas**

Recommendation #2: Further remove barriers to regional strategies by retaining the ability of by standardizing policies Congress has adopted in past Farm Bills with regard to occasionally siting a project in a metropolitan area when proximity to transportation or other infrastructure and consumer markets are needed to ensure the best results for consumers and rural applicants. For example:

- Farmers markets, food hubs, and other types of value-added agricultural activities that facilitate increasing total farm income opportunities should be permitted in metropolitan areas, whether owned by a farmer-owned cooperative as current law provides, or owned by a single farmer, farm partnership, or other farm business type. Such permission should continue to hinge on rural people benefiting from job creation, as Section 310B currently provides.

Additional clarity is needed on language in Section 6015 of the 2008 Farm Bill providing that within the process of providing Business & Industry Loan Guarantee Program funds to local and regional food system projects, “the Secretary shall give priority to projects that have components *benefitting* underserved communities.” An underserved community is defined to include urban, rural, or tribal communities that the Secretary has determined have both limited access to affordable healthy foods and a high rate of hunger or poverty. Additional language clarifying whether “benefitting” these types of urban areas includes being able to site a project in an urban area or is limited to instances such as financing a refrigerated truck to transport fresh foods produced in a rural area into an urban community.

Recommendation #3: Remove barriers to providing comprehensive, integrated program delivery by deleting the provisions of Section 6018(a)(D) and (E) of the 2008 Farm Bill. The language provides exceptions to areas “adjacent and contiguous” to cities and towns greater than 50,000 being excluded from eligibility along with the larger community. The language is sometimes difficult for applicants to follow, and all but requires that they retain some type of legal or other professional assistance to comply with the process of requesting an exception from the Under Secretary.

To ensure communities and residents in the most rural and areas of greatest need are provided priority funding consideration under the 50,000 population threshold, USDA proposes incorporating a series of scoring criteria for evaluating the merits of applications into relevant statutes and regulations (*see* Addendum 4 for additional information).

Recommendation #4: Amend Section 343(a)(13) of the ConAct replacing the words “city or town” with “any incorporated municipality”. With each state and territory defining its own municipal structure, words like “city or town” can be unintentionally limiting if taken literally. Taken with Recommendation #1, the default definition of “rural area” would become, “anywhere except an incorporated municipality or unincorporated area greater than 50,000 total population”.

4. Effect of the Amendment Made by Subsection (a) on the Level of Rural Development Funding and Participation in Those Programs in Each State

Section 6018(a) provided certain exceptions to allow Business & Industry Loan Guarantees to be made on projects in urbanized areas that might otherwise be excluded as “adjacent and contiguous” to cities and towns greater than 50,000 total population.

USDA Rural Development implemented the discretionary portion of the 2008 Farm Bill known as the “rural in character” provisions. A determination under this provision allows an area to be considered eligible for rural businesses programs, provided that the area is determined to be “rural in character” and is within: (1) an urbanized area that has two points on its boundary that are at least 40 miles apart, which is not contiguous or adjacent to a city or town that has a population of greater than 150,000 inhabitants or the urbanized area of such a city town; or (2) an area within an urbanized area contiguous and adjacent to a city or town of greater than 50,000 population that is within ¼ mile of a rural area.

Rural Development also implemented language requiring that exclusions of adjacent and contiguous urbanized areas be limited as they diminish beyond two census blocks in width. Referred to as “strings,” this provision recognized that development often follows the major road out of an urban area, without extending much beyond the road frontage as the road extends into the surrounding countryside. To date, there have been 219 approved uses of this language with 33 additional requests that were not statutorily eligible. Attached is a listing of determinations made under these provisions since their adoption received to date (Addendum 5).

Conclusion

The USDA Rural Development mission area provides financial and technical assistance through 40-plus programs to support economic and community development for rural residents and their communities. Simplifying the eligibility determination for these communities is a key step in streamlining program implementation and providing a more transparent process for accessing financial and technical assistance from the Mission Area. Having a 50,000 population limit for all programs would remove confusion over what constitutes a rural area and would encourage more multi-jurisdictional collaboration. The convergence of new 2010 Census data adoption and new Farm Bill development offer a unique opportunity for a long-term solution on how best to ensure that resources appropriated to Rural Development are appropriately targeted to rural people and places of greatest opportunity and greatest need.

Submitted February 2013

Addenda

1. USDA Rural Development Program Authorities
2. February 15, 2011, Testimony on Rural Definition
3. Questions and Answers to February 15, 2011 Hearing on Rural Definition
4. Filtering Criteria Examples
5. Request For Rural In Character Determinations

September 23, 2010

**USDA RURAL DEVELOPMENT PROGRAM AUTHORITIES
QUICK REFERENCE GUIDE
FY2010**

Important Budget Note: This spreadsheet is a "snapshot in time". The Budget columns are sourced from a ProSum Spreadsheet dated April 7, 2010. Since then a great deal of reprogramming, rescissions or other adjustments have occurred that are reflected in the edits received from individual program reviewers over the past 4 weeks (late August, early Sept 2010). Program edits that reflect MAJOR differences from the April source document are noted in ITALICS. Additional changes to FY2010 Funding numbers are being made as this worksheet goes to press at FY 2010 year end. The regulation and legislative columns are updated through September 15, 2010. All column entries are subject to change throughout the fiscal year. General Provision special earmarks are not listed. The FY2010 Available Funding Column is not intended to be additive. Where earmarks are included in other totals we have attempted to note this. Finally, "carryover" is the catch-all term used in ProSum to capture all categories of availability other than FY2010 appropriations, including de-obligations; it is not necessarily "true" carryover. In most cases, relevant obligation entries had yet to be processed, and, accordingly, the "carryover" numbers are higher than would otherwise be the case. The "Quick Reference Guide" was last edited by Robin Meigel and reflects contributions from Ivor Lunking and Jeff McWilliams in RUS. It has not been reviewed by OGC. Please notify Robin Meigel of corrections or additions at 202.720.9452. Links to external web pages are provided as a convenience but may not be current, or accurate, versions of the law.

BUSINESS PROGRAMS

Index	Program	Regulation Citation	Legislative Citation	Eligibility (Entitites)	Eligible Areas (Population)	Eligible Purposes	Funding Limits Per Request	Loan Terms, if Applicable	FY2010 Available Funding	Budget Authority
RURAL DEVELOPMENT BUSINESS PROGRAMS AUTHORITIES http://offices.sc.egov.usda.gov/locator/app?state=us&agency=rd										

Index	Program	Regulation Citation	Legislative Citation	Eligibility (Entities)	Eligible Areas (Population)	Eligible Purposes	Funding Limits Per Request	Loan Terms, if Applicable	FY2010 Available Funding	Budget Authority
1	Business and Industry (B&I) Guaranteed Loan Program	7 CFR 4279 RD Instructions 4279-A , 4279-B , and 4287-B CFDA 10.768	E-page 34: § 310B(a) CONTACT 7 USC 1932(a)	Most legal entities engaged in rural business and industry.	Any area outside the boundaries of a city or town of more than 50,000 population and the urbanized area contiguous and adjacent to such city or town. E-page 93: § 343(a)(13)(C) CONTACT	For real estate, buildings, equipment, supplies, working capital, and some debt refinancing.	\$10 million; exception may be granted by Administrator for up to \$25 million. In the case of rural coop orgs that process value added agricultural commodities only, the Secretary may make an exception up to \$40 million.	30 years for real estate, 15 years for machinery and equipment, and 7 years for working capital.	\$ 1.3 Billion + 1.5 Billion (stimulus) = 2.8 Billion -plus- \$163 MM 2008 Disaster Emerg. Supp Note: available program level can change depending on fees and % of gtee for loans under Pub. L. 111-5 (2/17/2009)	\$ 70.8 Million 122.5 Million \$ 8.7 Million
2	North American Development Bank Guaranteed Loans	MOU dated June 23, 1997	1993 NAFTA Implementation Act	Most legal entities engaged in rural business and industry	Businesses in communities with significant levels of workers adversely impacted by NAFTA-related trade as designated by NADBank and areas outside the boundaries of a city or town of more than 50,000 population and urbanized area contiguous and adjacent to such city or town.	For real estate, buildings, equipment, supplies, working capital, and some debt refinancing.	\$10 million; exception may be granted by Administrator for up to \$25 million. In the case of rural coop orgs that process value added agricultural commodities only, the Secretary may make an exception up to \$40 million.	30 years for real estate, 15 years for machinery and equipment, and 7 years for working capital.	\$ 4.4 Million (carryover only) Assumes 1% gtee fee plus .25% annual fee	\$351,000

Index	Program	Regulation Citation	Legislative Citation	Eligibility (Entitites)	Eligible Areas (Population)	Eligible Purposes	Funding Limits Per Request	Loan Terms, if Applicable	FY2010 Available Funding	Budget Authority
3A	Rural Business Enterprise Grants (RBEG)	7 CFR 1942.301 (Subpart G) RD Instruction 1942-G [Editor QUERY – No NOFAs found other than a 2009 ARRA grant announcement] Included in Omnibus NOFA for ARRA Stimulus Monies published 7/23/2009 at 74 FR 36448 CFDA 10.769 CFDA 10.783 (ARRA-Stimulus)	E-page 35: § 310B(c) CONACT 7 USC 1932(c)	Public bodies, private non-profits, and Indian Tribes.	Any area outside the boundaries of a city or town of more than 50,000 population and the urbanized area contiguous and adjacent to such city or town. E-page 93: § 343(a)(13)(C) CONACT	Establish revolving loan programs, technical assistance, working capital loans, equipment, real estate, and refinancing.	Based on funding availability, funding priority, and national goals and objectives.	N/A	\$35.2 Million -plus- \$ 3.1 MM carryover \$ 4.1 MM stimulus carryover \$140,000 2008 Disaster carryover	\$ 35.2 MM \$ 3.1 MM \$ 4.1 MM \$ 140,000
3B	Rural Business Enterprise Grants (RBEG) Congressional mandates	See 3A above for regulations Congressional RBEG mandates: <ul style="list-style-type: none"> Tech Assist Transportation Grants Mississippi Delta Native American Tribes Native American-Transportation See also the Anticipatory NOFA published 10/13/2009 (for FY 2010) at 74 FR 52445 FR Search	Pub L. 111-8 FY2009 Omnibus Appropriations §310B(c)(2) CONACT	Qualified national organization Delta Regional Authority See 3A above See 3A above		To provide tech assistance for rural transportation See 3 A above Must benefit tribe(s) Transport tech assist to tribe(s)	Typically \$500,000 or less Typically \$250,000 or less	N/A	\$ 500,000 plus \$2,100 carryover \$ 300,000 carryover \$ 2.76 MM plus \$699,000 carryover \$ 250,000	\$ 502,100 \$ 300,000 \$ 3.45 Million \$ 250,000

Index	Program	Regulation Citation	Legislative Citation	Eligibility (Entities)	Eligible Areas (Population)	Eligible Purposes	Funding Limits Per Request	Loan Terms, if Applicable	FY2010 Available Funding	Budget Authority
4	Delta Regional Authority Grant FY 2009 Performance Report	MOA dated Feb. 14, 2003	Delta Regional Authority Act of 2000 E-page 144: § 382A CONACT 7 USC 2009aa et seq. 42 USC 3121 note	Lower Mississippi region as defined by the Delta Development Act, plus Alabama (Mississippi River border states from southern Illinois to New Orleans, plus areas in Alabama)					\$ 2.98 Million grant	\$ 2.98 Million
5	Intermediary Relending Program (Rural Development Loan Fund)	7 CFR Part 4274 Subpart D RD Instructions 4274-D and 1951-R CFDA 10.767	§ 1323 of the Food Security Act of 1985, Pub L. 99-198 7 USC 1932 note see also 42 USC 9812	Private non-profit corporations; public agencies; Indian Groups; or cooperatives having the legal authority to carry out proposed loan purposes and for obtaining, giving security for, and repaying the proposed loans.	Areas outside the boundaries of a city or town of 25,000 or more.	Business acquisitions, purchase of land, equipment, leasehold improvements, machinery; intermediaries must establish or capitalize revolving loan funds and relend to rural business for startup operating costs, working capital, feasibility studies, debt refinancing, reasonable fees and charges, educational institutions, hotels, motels, and tourist and recreational facilities.	Maximum original loan to intermediary lenders is \$2MM; subsequent loans will not exceed \$1 MM each. The total outstanding IRP indebtedness not to exceed \$15 million at any time. Maximum loans from IRP funds to ultimate recipients not to exceed \$250,000 or 75% of the total cost of the ultimate recipient's project. An administrative limitation of \$750,000 per initial or subsequent application was placed on this program in FY2002.	30-year term for loans to the intermediaries. The term of a loan to the ultimate recipient is set by intermediary.	\$ 19.1 Million Plus \$ 14.4 MM of reserved mandates: \$ 2.1 MM available to REAP entities \$4.1 MM available to Tribes 8.2 MM available to Delta Miss region	\$ 4.85 MM \$531,000 \$ 1.03 MM \$ 2.07 MM

Index	Program	Regulation Citation	Legislative Citation	Eligibility (Entities)	Eligible Areas (Population)	Eligible Purposes	Funding Limits Per Request	Loan Terms, if Applicable	FY2010 Available Funding	Budget Authority
6	Rural Economic Development Loans and Grants (REDLG)	7 CFR 4280 , Subpart A A Notice Inviting Preapplications for FY 2010 was published 10/14/2010 at 74 FR 52736 (it sets forth quarterly deadlines for applications with the last being 6/30/2010) FR Search	E-page 30 : §313 of the Rural Electrification Act of 1936 7 USC 940c	RUS electric and telephone borrowers and persons eligible to be RUS borrowers (not delinquent on any Federal debt or in bankruptcy proceeding) and certain electric utilities that have prepaid. § 722 of the Ag Division of the 2009 Omni Approps (GPO access not avail – link is to the enrolled version): As enrolled	Any rural area for which the RUS borrower, or RUS-eligible entity, elects to submit an application with priority to those of 2,500 or less.	Revolving loan programs, community development, technical assistance, construction, capital improvements, purchase of machinery and equipment, and working capital.	<u>Loans:</u> \$740,000 <u>Grants:</u> \$300,000	<u>Loans:</u> Maximum 10 years with zero percent interest. (20% cost share req.) <u>Grants:</u> N/A	<u>Loans</u> \$ 33.1 MM plus \$ 5 MM carryover <u>Grants</u> \$10.0 MM	<u>Loans</u> \$4.3 MM plus \$652,000 <u>Grants</u> BA negated by Cushion of Credit rescission offset

Index	Program	Regulation Citation	Legislative Citation	Eligibility (Entitites)	Eligible Areas (Population)	Eligible Purposes	Funding Limits Per Request	Loan Terms, if Applicable	FY2010 Available Funding	Budget Authority
7	Rural Microentrepreneur Assistance Program (Loans and Grants)	Interim Final Rule published 5/28/2010 at 75 FR 30114, subsequently corrected on 7/19/2010 at 75 FR 41695 7 CFR Part 4280 Notice inviting applications published 6/3/2010 at 75 FR 31413, corrected on 7/29/2010 at 75 FR 44757 FR Search	E-page 133: § 379E CONACT 7 USC 2008s	Microenterprise Development Organizations	Any area outside the boundaries of a city or town of more than 50,000 population and the urbanized area contiguous and adjacent to such city or town. E-page 93: § 343(a)(13)(C) CONACT	Loans and grants to microenterprise dev. orgs(MDOs) as intermediaries which in turn provide loans, tech assistance and capacity building assistance to micro entrepreneurs	<u>Loans:</u> \$ 50,000 minimum \$ 500,000 maximum <u>Grants:</u> \$130,000 maximum	<u>Loans:</u> Max 20 years, fixed rate where rate not to be less than 1% ≥15% matching fund requirement	<u>Loans</u> \$ 29.3 MM <u>Grants</u> \$ 6.8 MM Note: ProSum differs from NOFA dated 6/3/2010 The NOFA provided as follows: Loans \$ 36.2 MM Grants \$8.9 MM Micro TA grants: \$ 7.6 MM TA only grants: \$ 1.3 MM	\$ 6.19 MM \$ 6.8 MM

Index	Program	Regulation Citation	Legislative Citation	Eligibility (Entities)	Eligible Areas (Population)	Eligible Purposes	Funding Limits Per Request	Loan Terms, if Applicable	FY2010 Available Funding	Budget Authority
8	BioRefinery Assistance Program	<p>Proposed Rule published 4/16/2010 at 75 FR 20047</p> <p>7 CFR 4279 Subpart C</p> <p>7 CFR 4287 Subpart D</p> <p>NOFA published 3/12/2010 at 75 FR 11840 (deadline for applications is 6/1/2010) seeking to deploy the balance of FY 2009 funds</p> <p>NOFA published 5/6/2010 at 75 FR 25075 for FY 2010 funds (deadline for applications is 8/4/2010)</p> <p>FR Search</p> <p>CFDA 10.865</p>	<p>§9003 of the 2002 Farm Bill as amended, restated and renumbered by §9001 of Pub L. 110-246 (2008 Farm Bill)</p> <p>Pub L. 110-246 7 USC 8103</p> <p>E-page 2072: 2008 Farm Bill</p>	<p>Individual, Entity, Indian tribe, unit of State or local gov't (including a corp), farm cooperative, farmer coop org, assoc of ag producers, National Lab, Institution of higher education, rural electric cooperative, public power entity, or consortium of any of those entities</p> <p>Per Proposed Rule – majority foreign ownership not allowed</p>	<p>Per Proposed Rule: Project must be located in any area outside the boundaries of a city or town of more than 50,000 population and the urbanized area contiguous and adjacent to such city or town.</p> <p>E-page 93: § 343(a)(13)(C) CONACT</p>	<p>Guaranteed Biorefinery Loans for the development and construction of commercial scale biorefineries or retrofitting of existing facilities</p>	<p>Grant assistance not to exceed 30 percent of eligible project costs [Not appropriated in FY 2010]</p> <p>Max loan amount \$250 million</p> <p>Amount of guarantee will not exceed 80 percent of total eligible project costs. The percentage of guarantee ranges from 60 to 80 percent.</p>	<p>Term to be lesser of 20 years or 85% of useful life</p>	<p><u>Grants</u></p> <p>[Not appropriated in FY 2010]</p> <p><u>Gteed Loans</u></p> <p>\$691 Million</p> <p>-plus- \$ 112 Million Carryover</p> <p>\$803 MM total</p>	<p>\$ 245 Million</p> <p>\$ 40 Million</p> <p>\$ 285 million Total</p> <p><i>cf.</i> (NOFA dated 5/6/2010 provides up to \$150 Million in BA)</p>

Index	Program	Regulation Citation	Legislative Citation	Eligibility (Entitites)	Eligible Areas (Population)	Eligible Purposes	Funding Limits Per Request	Loan Terms, if Applicable	FY2010 Available Funding	Budget Authority
9	Repowering Assistance	<p>Proposed rule published 4/16/2010 at 75 FR 20073</p> <p>7 CFR 4288</p> <p>NOFA published 3/12/2010 at 75 FR 11841 seeking to deploy balance of FY 2009 funds</p> <p>NOFA dated 5/6/2010 at 75 FR 24873 for FY 2010 funds (deadline is 7/20/2010)</p> <p>FR Search</p> <p>CFDA 10.866 [Pending]</p>	<p>§9004 of the 2002 Farm Bill as amended, restated and renumbered by §9001 of Pub L. 110-246 (2008 Farm Bill)</p> <p>Pub. 110-246 7 USC 8104</p> <p>E-page 2075: 2008 Farm Bill</p>	<p>Biorefineries in existence when the 2008 Farm Bill was enacted</p> <p>Per proposed rule: majority foreign ownership excluded</p>	<p>Per Proposed Rule:</p> <p>Refinery must be located in a rural area (outside a city or town with 50,000 population or otherwise in an area determined to be rural in character by the Secretary.)</p>	<p>Repowering Assistance.</p> <p>Rural Repowering replaces fossil fuels used to produce heat or power to operate the biorefineries</p>	<p>Lesser of \$5 million or 50% of eligible costs</p>	<p>Not applicable</p>	<p>\$ 35 million carryover only</p> <p>Cf. \$8 million authorized in FY 2010 per NOFA dated 5/6/2010</p>	<p>\$ 35 million</p>

Index	Program	Regulation Citation	Legislative Citation	Eligibility (Entities)	Eligible Areas (Population)	Eligible Purposes	Funding Limits Per Request	Loan Terms, if Applicable	FY2010 Available Funding	Budget Authority
10	Advanced Biofuel Payment Program	<p>Proposed rule published 4/16/2010 at 75 FR 20085</p> <p>7 CFR Part 4288 Subpart B</p> <p>NOFA published 3/12/2010 at 75 FR 11836 seeking to deploy balance of FY 2009 funds</p> <p>Notice of Contract Proposal published May 6, 2010 at 75 FR 24865</p> <p>However, NOTE:</p> <p>Notice published August 18, 2010 at 75 FR 50986 allows applications from majority owned foreign entities and non-rural projects (previously excluded)</p> <p>FR Search</p> <p>CFDA 10.867 [Pending]</p>	<p>§9005 of the 2002 Farm Bill as amended, restated and renumbered by §9001 of Pub L. 110-246 (2008 Farm Bill)</p> <p>Pub. 110-246 7 USC 8105</p> <p>E-page 2075: 2008 Farm Bill</p>	<p>Producers of advanced biofuels</p> <p>One producer per refinery</p> <p>Per proposed rule majority foreign ownership would not be allowed, however, trade press indicates expectation that the Final Rule will allow foreign ownership]</p>	Rural as well as urban	Payments to support and ensure an expanding production of advanced biofuels	<p>Payments to be based on: Quantity & Duration of Production; net nonrenewable energy content; plus other factors as determined by the Secretary</p> <p>One payment – to follow after the year is over. Amount of payment to be a function of how many eligible participants there are.</p> <p>For a FY, not more than five percent of the funds shall be made available to eligible producers with a refining capacity exceeding 150,000,000 gallons of Advanced Biofuel per year.</p>	Not applicable	<p>\$ 55 Million</p> <p>-plus-</p> <p>\$ 55 MM <u>Carryover</u></p> <p>\$ 110 Million</p> <p>Cf. NOFA dated 5/6/2010 states \$40 MM authorized as available</p> <p>(\$25 MM remaining from FY 2009 plus \$15 MM from FY 2010)</p> <p>FY2010 payments will be after the end of the fiscal year but once the rule is final, payments are expected to be quarterly based on actual production using a quarter of the FY allocation each quarter</p>	\$ 110 Million

Index	Program	Regulation Citation	Legislative Citation	Eligibility (Entities)	Eligible Areas (Population)	Eligible Purposes	Funding Limits Per Request	Loan Terms, if Applicable	FY2010 Available Funding	Budget Authority
11	Rural Energy for America (REAP) (successor to the "9006" program") Grants	7 CFR 4280 Subpart B Notice Inviting applications for renewable energy systems and energy efficiency improvements published 4/26/2010 at 75 FR 21584 The NOFA inviting applications for energy audits and renewable energy development assistance grants published 5/27/2010 at 75 FR 29706 also confirms the intent of the Agency to publish a proposed rule that will revise current program to conform to 2008 Farm Bill amendments, to be followed by a final rule in FY 2011 The NOFA inviting grant applications for Renewable Energy Feasibility Studies was published 8/6/2010 at 75 FR 47525. FR Search CFDA 10.868	§9007 of the 2002 Farm Bill (Title IX) as amended, restated and renumbered by §9001 of the 2008 Farm Bill (Title IX) E-page 2077 in the following hyperlink: 2008 Farm Bill • <u>Grants:</u> §9007(c)(1) • <u>Feasibility Studies:</u> §9007(c)(3) • <u>Energy Audits & Tech Assistance:</u> §9007(a)(1)	For energy audits and renewable energy development assistance: units of State, tribal or local government, land-grant colleges, universities, or other institutions of higher education (including 1994 Land Grant (Tribal Colleges) and 1890 Land Grant Colleges and Historically Black Universities), rural electric cooperatives, and public power entities For feasibility studies and regular REAP: agriculture producers and rural small businesses	Project must be located in any area outside the boundaries of a city or town of more than 50,000 population and the urbanized area contiguous and adjacent to such city or town. E-page 93: § 343(a)(13)(C) CONACT	Grants may be for: energy audits, development assistance, energy efficiency improvements, purchase renewable energy systems; fund advisory services use of grant for feasibility study	\$100,000 per 5/27/2010 NOFA for energy audits and renewable assistance not to exceed 25% of eligible project costs per 7 CFR 4280.110 \$2,500 - \$500,000 for renewable system grants \$1,500 – \$250,000 energy efficiency grants \$-0- to \$50,000 feasibility studies	Not applicable	<u>Grants</u> * \$ 24.9 Million -plus- \$ 33 million <u>mandatory</u> \$ 57.9* million total <u>Feasibility Studies</u> \$-0- MM -plus- \$ 3.0 MM <u>Mandatory</u> \$ 3.0 *million total* <u>Energy Audits & Tech Assist</u> \$2.4 Million *Note – these numbers differ from the April 2010 ProSum foundation doc per edits from program areas as of August 2010	\$ 50 million* \$ 3.0 million * \$ 2.4 million

Index	Program	Regulation Citation	Legislative Citation	Eligibility (Entities)	Eligible Areas (Population)	Eligible Purposes	Funding Limits Per Request	Loan Terms, if Applicable	FY2010 Available Funding	Budget Authority
12	Rural Energy for America (REAP) (successor to the "9006" program") Guaranteed Loans	7 CFR 4280 Subpart B NOSA published 4/26/2010 at 75 FR 21584 announcing a FY 2010 application window FR Search CFDA 10.868	§9007 of the 2002 Farm Bill (Title IX) as amended, restated and renumbered by §9001 of the 2008 Farm Bill (Title IX) E-page 2077 in the following hyperlink: 2008 Farm Bill <u>Gteed Loans:</u> §9007(c)(1)	Ag producers and rural small businesses	Project must be located in any area outside the boundaries of a city or town of more than 50,000 population and the urbanized area contiguous and adjacent to such city or town. E-page 93: § 343(a)(13)(A) CONACT	Guaranteed Loans to purchase renewable energy systems, including electric output, and to make energy efficiency improvements	\$ 5,000 to \$ 25 million [combined loan + grant award may not exceed 75% of project cost] Max loan gtee = 60% where loan ≥ \$10 MM	See: 7 CFR Sect.4280.125 (7 yrs working cap, up to 30 years for real estate)	\$ 105.7 MM (Assumes gtee fee of 1% plus annual fee = 0.25%) -plus- \$ 158.6 MM Carryover \$264.3 MM total Per edits received from RBS Program: \$105.7 is discretionary \$158.6 should be labeled as mandatory	\$ 14.4 MM \$ 21.6 MM \$ 36.0 MM total
OTHER AUTHORIZED PROGRAMS:										
13	Health Care Services	No RBS activity at this time	§6024 of the 2008 Farm Bill E-page 136: § 379G CONACT 7 USC 2008u	Consortium of regional institutions of higher education, academic health and research institutes, and economic development entities located in the Delta region that have experience in addressing the health care issues in the region	Lower Mississippi region and Alabama	To provide: Health care services, health education programs, and health care job training programs and to develop and expand public health related facilities in the Delta region	To be determined	N/A		

Index	Program	Regulation Citation	Legislative Citation	Eligibility (Entities)	Eligible Areas (Population)	Eligible Purposes	Funding Limits Per Request	Loan Terms, if Applicable	FY2010 Available Funding	Budget Authority
14	Rural Energy Self-Sufficiency Initiative Grants	To be determined	§9009 of the 2008 Farm Bill (Title IX) 2008 Farm Bill	Rural Communities, preferably in collaboration with university, fed or state agency, local utility or gov't entity with responsibility for water or natural resources		Grants to conduct an energy assessment, formulate a plan to reduce conventional energy use, develop & install an integrated renewable energy system	To be determined	To be determined	-0-	
15	Rural Business Investment Program	7 CFR 4290 See SBA website at: RBIP CFDA 10.860	E-page 169: Subtitle H CONACT 7 USC 2009cc <i>et seq.</i>	Smaller and small enterprises primarily located in rural areas that have raised \$10 MM in equity	Outside a SMSA or within a community having a population of 50,000 or less	Enables each Rural Business Investment Company to make developmental venture capital investments in smaller enterprises	Up to 3 entities \$20MM debentures each \$1 MM grant each	To be Determined jointly by USDA & SBA	-0-	
16	Business and Industry (B&I) Direct Loan Program	7 CFR 1980 RD Instructions 1980-A and E	E-page 34: § 310B CONACT 7 USC 1932(a)	Most legal entities engaged in rural business and industry.	Areas outside the boundaries of a city or town of more than 50,000 population and urbanized area contiguous and adjacent to such city or town.	For real estate, buildings, equipment, supplies, working capital, and some debt refinancing.	\$10 million;	30 years for real estate, 15 years for machinery and equipment, and 7 years for working capital.	-0-	

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RURAL DEVELOPMENT COOPERATIVE SERVICES PROGRAM AUTHORITIES CONTACTS: Washington, DC: 202.690.4730; State: http://offices.sc.egov.usda.gov/locator/app?state=us&agency=rd										
1	Rural Cooperative Development Grant (RCDG)	7 CFR Part 4284 Subparts A & F See NOFA dated 6/25/2010 at 75 FR 36349 FR Search CFDA 10.771	E-page 37: § 310(B)(e) CONTACT	Non-profit corporations or Institutions of Higher Learning	United States in Rural Areas	To establish or operate a Center to assist individuals or entities in the startup, expansion, or operational improvement of cooperative business. This can also include training, education and research.	\$225,000 2008 Farm Bill language allows up to 3 years of funding for grantees with proven record Matching funds are required = 25% of total project cost; they may be other fed funds	N/A	\$ 7.9 MM -plus- Mandates and reservations listed in Rows 1A-2B	\$ 7.9 MM
1A	Appropriate Technology Transfer for Rural Areas (ATTRA)		E-page 44: § 310B(i) CONTACT (First USDA funding authorized in the Food Security Act of 1985) (Note: authorization is separate from RCDG)	National Center for Appropriate Technology (NCAT) See www.ncat.org	United States	Promotion of sustainable agricultural practices	Determined with appropriation act	1- year cooperative agreement earmark	\$ 2.8 MM	\$ 2.8 MM

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1B	Research on National Economic Impact of Cooperatives (RCDG Mandate)	Request for Proposals published 8/4/2010 at 75 FR 46904 FR Search CFDA 10.778	E-page 40: § 310B(e)(10) CONACT	Qualified academic institution	United States	Research on issue of determining the national economic impact of cooperative organizations.	\$500,000 (Authorized to be appropriated)	N/A	\$ 300,000	\$ 300,000
1C	Small Socially Disadvantaged Producer Grant (RCDG mandate)	See NOFA dated 4/28/2010 at 75 FR 22358 FR Search CFDA 10.771	E-page 40: § 310B(e)(11) CONACT	Minority Cooperatives or Minority Associations of Cooperatives.	Areas outside towns having a population greater than 50,000 and any adjacent urbanized area, or, an urbanized area that is nevertheless rural in character.	Technical assistance to members or to other socially-disadvantaged producers.	\$ 200,000	N/A	\$ 3.46 Million	\$ 3.46 Million
2	Value-added Agricultural Market Development Producer Grants (VAPG)	Proposed Rule published 5/28/2010 at 75 FR 29920 7 CFR Part 4284 Subpart J RD Instruction 4284-A and 4284-J FR Search CFDA 10.352	§231(b) of the Ag Risk Protection Act of 2000, as amended by § 6202 of the 2008 Farm Bill E-page 1967: 2008 Farm Bill 7 USC 1632a See 7 USC 1621 note	Independent agriculture producers, farmer and rancher cooperatives, agriculture producer groups and majority controlled producer based business groups	United States	Planning or Working Capital to establish a value-added agricultural marketing venture	\$500,000 Matching funds ≥ \$ requested grant amount	Grant for planning studies or for working capital, but not both. No buildings or equipment to be funded. One for One match requirement. New Farm Bill language includes the addition of a streamlined process for grants under \$50,000.	\$ 19.3 MM -plus- \$ 18.9 MM in carryovers \$ 38.2 MM total Plus Reserved mandates listed in line 2B	

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2A	Value-added Agricultural Market Development, Ag Marketing Resource Center Grant	NOFA for pilot was published March 6, 2001 at 66 FR 13487 FR Search CFDA not established	§231 of the Ag Risk Protection Act of 2000 7 USC 1632a(c)(1)	Consortium of universities	United States	Development of an electronic library of information concerning value-added agricultural product marketing	Ongoing funding for established center see: www.agmrc.org	Up to 5% of the annual VAPG funds made available	\$ 1 million	\$ 1 million
2B	Value-added Agricultural Market Development Producer Grants (VAPG) Reservation of funds	CFDA 10.352	§231(b) of the Ag Risk Protection Act of 2000, as amended by §6202 of the 2008 Farm Bill E-page 1967: 2008 Farm Bill 7 USC 1621 note	Beginning farmers or ranchers and/or; Socially disadvantaged producers Entities that propose to develop Mid-Tier Value Chains					\$ 386,700 -plus- \$ 1.5 MM carryover for Beginning & disadvantaged farmers & ranchers \$ 386,700 -plus- \$ 1.5 MM carryover for mid tier value chain projects	\$ 1.9 MM \$ 1.9 MM

Index	Program	Regulation Citation	Legislative Citation	Eligibility (Entities)	Eligible Areas (Population)	Eligible Purposes	Funding Limits Per Request	Loan Terms, if Applicable	FY2010 Available Funding	Budget Authority
3A	Rural Business Opportunity Grants (RBOG)	7 CFR 4284 Subparts A & G RD Instruction 4284-G See NOFA published 3/29/2010 at 75 FR 15406 FR Search CFDA 10.773	E-page 93: § 306(a)(11) CONACT 7 USC 1926(a)(11)	Public bodies, non-profits, Indian Tribes, and cooperatives.	Any area outside the boundaries of a city or town of more than 50,000 population and the urbanized area contiguous and adjacent to such city or town.. E-page 93: § 343(a)(13)(C) CONACT	Technical assistance for business development and economic development planning.	\$250,000 per application (this funding limit does not apply to Tribes or REAPs per 3/29/2010 NOFA)	N/A	\$1.5 MM -plus- \$ 146,000 Carryover Cf. The 2010 NOFA states \$ 7.48 MM in total funding in contrast to funding listed in ProSum dated 4/7/2010	\$ 1.5 MM -plus- \$ 146,000 Carryover
3B	Rural Business Opportunity Grants (RBOG) Congressional mandates	See 3A above for regulations Congressional RBOG mandates: Native American Tribes Mississippi Delta	Pub L. 111-8 FY2009 Omnibus Appropriations E-page 93: § 306(a)(11) CONACT	See 3A Delta Regional Authority		See 3A above See 3A above			\$ 990,000 -plus- \$9,000 carryover \$ 32,000 carryover only	\$ 999,000 \$ 32,000
4	Empowerment Zones and Enterprise Communities	7 CFR Part 25 THIS PROGRAM SUNSETTED ON DECEMBER 31, 2009 CFDA 10.772	Original legislation: P.L. 103-66 107 Stat. 543 26 USC 1391	Communities designated by the Secretary having high poverty rates or outmigration rates. Currently no applications are being accepted; there is no expectation that additional designations will be authorized by Congress.	Cannot exceed 30,000 population in aggregate, nor 1000 square miles	Most community development and social development activities		N/A	\$ 499,000 -plus- \$ 13,000 <u>carryover</u> \$512,000 total	\$ 512,000

Index	Program	Regulation Citation	Legislative Citation	Eligibility (Entities)	Eligible Areas (Population)	Eligible Purposes	Funding Limits Per Request	Loan Terms, if Applicable	FY2010 Available Funding	Budget Authority
5	Grant Program for Employment Opportunities for People with Disabilities in Rural Areas	<p>New Program -- in the process of promulgating regulations</p> <p>Public Meeting held 1/26/2009 to hear comments & suggestions for implementation. See Notice published 1/21/2009 at 74 FR 3550 FR Search</p>	<p>E-page 136: § 379F CONACT</p> <p>7 USC 2008t</p>	<p>Non-profit organizations or consortium of same (see above) with a significant focus on serving the needs of individuals with disabilities; demonstrated knowledge and expertise in employment of [the disabled]; advising private entities on accessibility issues involving [the disabled]; expertise in removing barriers to employment for [the disabled] and self employment and entrepreneurship for people with disabilities</p>	<p>Any area outside the boundaries of a city or town of more than 50,000 population and the urbanized area contiguous and adjacent to such city or town.</p> <p>E-page 93: § 343(a)(13)(C) CONACT</p>	<p>Grants May be used to expand or enhance employment opportunities for individuals with disabilities in rural areas by developing national technical assistance and education resources to assist small businesses in a rural area to recruit, hire, accommodate, and employ individuals with disabilities; and self employment and entrepreneurship opportunities for individuals with disabilities in rural areas</p>	TBD	<p><u>Grants:</u> N/A</p>		
6	1890 Land-Grant Institutions Rural Entrepreneurial Outreach and Development Initiative	<p>This is more accurately characterized as an initiative rather than a formal program; there are no program specific regulations</p> <p>NOFAs are no longer issued for this initiative; the institutions are contacted directly</p> <p>FR Search</p> <p>CFDA 10.856</p>	<p>Section 607(b)(4) of the Rural Development Act of 1972, as amended by § 759A of the 1996 Farm Bill (P.L. 104-127)</p> <p>7 USC 2204b(b) and E.O. No. 13256 (Feb. 12, 2002)</p>	<p>1890 Land Grant Universities and Tuskegee University</p>	<p>Small rural American communities that have the most economic need.</p>	<p>Outreach to small rural communities and to develop programs that will develop future entrepreneurs and businesses in rural America. To create a working partnership between the 1890 Institutions and RBS</p>	<p>Set by NOFA. FY 2008 limit = \$115,000</p>	<p>Competitive cooperative agreement program with a minimum of 25 % match.</p>	S & E Availability	S & E Availability

Index	Program	Regulation Citation	Legislative Citation	Eligibility (Entitites)	Eligible Areas (Population)	Eligible Purposes	Funding Limits Per Request	Loan Terms, if Applicable	FY2010 Available Funding	Budget Authority
7	Agriculture Innovation Center	7 CFR 4284 Subpart K	Authorized by §6402 of the 2002 Farm Bill Reauthorized by §6203 of the 2008 Farm Bill E-page 426: 2002 Farm Bill 7 USC 1621 note						\$ 16.5 MM -carryover-	\$ 16.5 MM
8	Technical Advisory Service to Cooperatives	N/A CFDA 10.350	Cooperative Marketing Act of 1926 7 USC 453	Agricultural Cooperatives	United States	To make surveys and analyses of the accounts and business practices of cooperatives upon their request.	N/A	N/A	S & E Availability	S & E Availability
9	Technical Advisory Service to Producers Desiring to Form a Cooperative	N/A CFDA 10.350	Cooperative Marketing Act of 1926 7 USC 453	Agricultural Producers	United States	To confer & advise with groups of producers and make economic survey and analysis of the facts surrounding the production and marketing of the agricultural product(s) the association would handle or market.	N/A	N/A	S & E Availability	S & E Availability

Index	Program	Regulation Citation	Legislative Citation	Eligibility (Entitites)	Eligible Areas (Population)	Eligible Purposes	Funding Limits Per Request	Loan Terms, if Applicable	FY2010 Available Funding	Budget Authority
10	Cooperative Education	N/A CDFA 10.350	Cooperative Marketing Act of 1926 7 USC 453	N/A	World	To promote the knowledge of cooperative principles and practices and to cooperate, in promoting such knowledge, with educational and marketing agencies, cooperative associations, and others.	N/A	N/A	S & E Availability	S & E Availability
11	International Assistance	N/A	Cooperative Marketing Act of 1926 7 USC 453	N/A	World	To acquire and disseminate information and findings as may be useful in the development and practice of cooperation	N/A	N/A	Donor funding availability	Donor funding availability

Index	Program	Regulation Citation	Legislative Citation	Eligibility (Entitites)	Eligible Areas (Population)	Eligible Purposes	Funding Limits Per Request	Loan Terms, if Applicable	FY2010 Available Funding	Budget Authority
12	Provide Technical Assistance to rural communities	Community Development Technical Assistance Handbook	Pub. L. 92-419, Rural Development Act of 1972 7 USC 2204b	Non-metropolitan communities in the 50 States including the Commonwealth of Puerto Rico, the Virgin Islands of the United States, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and, to the extent the Secretary determines it to be feasible and appropriate, the Freely Associated States and the Federated States of Micronesia.	Less than 50,000	Community development plans, programs and activities	No limit	N/A		
13	Coordination within the Executive Branch for community development	Community Development Technical Assistance Handbook	Pub. L. 92-419, Rural Development Act of 1972 (7 U.S.C. 2204b)	Non-metropolitan communities	Less than 50,000	Community development plans, programs and activities	No limit	N/A		

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14	National Rural Development Partnership	CFDA 10.353	E-page124: § 378 CONTACT 7 USC 2008m [§ 6019 of the 2008 Farm Bill mandates that the Secretary continue the NRDP. The NRDP was originally an executive initiative funded by S&E]	Eligible SRDCs must meet the following requirements: 1) Be composed of representatives of Federal, State, local and tribal governments, nonprofit organizations, regional organizations, the private sector, and other entities committed to rural advancement; 2) Operate with a nonpartisan and nondiscriminatory membership that is broad and representative of the economic, social, and political diversity of the state;	The 50 States including the Commonwealth of Puerto Rico, the Virgin Islands of the United States, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and, to the extent the Secretary determines it to be feasible and appropriate, the Freely Associated States and the Federated States of Micronesia.	As specified in the 2002 Farm Bill, upon entering into a recognition agreement with the USDA, the SRDC must: 1) Facilitate collaboration among federal, State, local,, and tribal governments and the private and nonprofit sectors in the planning and implementation of programs and policies that have an impact on rural areas of the State 2) Monitor, report, and comment on policies and programs that address, or fail to address, the needs of the rural areas of the State;	Recognition by the Secretary does not guarantee that a SRDC will automatically receive funding from the USDA or any other Federal agency, but will enable Federal agencies to make grants, gifts, contributions, provide technical assistance, or enter into contracts or cooperative agreements with the SRDC, in addition to making the SRDC automatically a part of the recomprised National Rural Development Partnership	N/A		

Index	Program	Regulation Citation	Legislative Citation	Eligibility (Entitites)	Eligible Areas (Population)	Eligible Purposes	Funding Limits Per Request	Loan Terms, if Applicable	FY2010 Available Funding	Budget Authority
14 (cont.)	National Rural Development Partnership (continued)			<p>3) Have a structure such that the membership is responsible for the governance and operations of the SRDC; and</p> <p>4) Provide matching funds, or in-kind goods or services, to support the activities of the SRDC, as more fully described below.</p>		<p>3) In conjunction with the NRDCC, facilitate the development of strategies to reduce or eliminate conflicting or duplicative administrative or regulatory requirements of Federal, State, local, and tribal governments;</p> <p>4) Provide to the NRDCC an annual plan with goals and performance measures; and</p> <p>5) Submit to the NRDCC an annual report on the progress of the SRDC in meeting the goals and measures established in the annual plan</p>				

HOUSING PROGRAMS

Index	Program	Regulation Citation	Legislative Citation	Eligibility (Entities)	Eligible Areas (Population)	Eligible Purposes	Funding Limits Per Request	Loan Terms, if Applicable	FY 2010 Available Funding	Budget Authority
<p>NOTE: ON MARCH 4, 2010 at 75 FR 9867 RURAL HOUSING PUBLISHED A NOTICE SAYING THAT NOFA PUBLICATIONS WOULD BE DISCONTINUED FOR CERTAIN (UNIDENTIFIED) PROGRAMS</p> <p style="text-align: center;">RURAL DEVELOPMENT COMMUNITY FACILITIES PROGRAM AUTHORITIES</p> <p style="text-align: center;">CONTACTS: Washington, DC: 202.690.1533; State: http://offices.sc.gov.usda.gov/locator/app?state=us&agency=rd</p>										

Index	Program	Regulation Citation	Legislative Citation	Eligibility (Entities)	Eligible Areas (Population)	Eligible Purposes	Funding Limits Per Request	Loan Terms, if Applicable	FY 2010 Available Funding	Budget Authority
1	Community Facilities Direct Loan Program	<p>7 CFR 1942</p> <p>RD Instruction 1942-A</p> <p>RD Administrative Announcement (AN) No. 4356 applicable to 7 CFR 1942-A, 3570-B and 3575-A (Definition of Rural and Rural Area for Community Facilities Loans and Grants)</p> <p>Included in Omnibus NOFA for ARRA Stimulus Monies published 7/23/2009 at 74 FR 36448</p> <p>FR Search</p> <p>CFDA 10.776</p>	<p>E-page 10: § 306(a)(1) CONACT</p> <p>7 USC 1926(a)(1)</p>	Public bodies, nonprofits, and Federally recognized Indian tribes	<p>Rural Areas with a population up to 20,000</p> <p>E-page 93: § 343(a)(13)(C) CONACT</p>	Funds may be used to construct, enlarge, or improve community facilities for health care, public safety, and public services	Based on project cost and availability of funds.	The maximum loan term is lesser of 40 years, state statute or regulatory limit, or the useful life of the facility	<p>\$881.6 Million</p> <p>plus</p> <p>\$931.8 Million Stimulus</p> <p>plus</p> <p>\$609.6 Million in various disaster supps.</p> <p>\$2.42 Billion Total</p>	<p>\$32.1 Million Total</p>

Index	Program	Regulation Citation	Legislative Citation	Eligibility (Entities)	Eligible Areas (Population)	Eligible Purposes	Funding Limits Per Request	Loan Terms, if Applicable	FY 2010 Available Funding	Budget Authority
2	Community Facilities Guaranteed Loan Program	7 CFR 3575 RD Instruction 3575-A CFDA 10.776	E-page 10: § 306(a)(1) CONACT 7 USC 1926(a)(1)	Public bodies, nonprofits, and Federally recognized Indian tribes	Rural Areas with a population up to 20,000	Funds may be used to construct, enlarge, or improve community facilities for health care, public safety, and public services	Based on project cost and availability of funds.	Maximum term is Terms are set by guaranteed lender, The maximum loan term is lesser of 40 years, state statute or regulatory limit, or the useful life of the facility	\$265.5 Million plus \$88.4 Million in various disaster supps. \$353.9 Million Total	\$11.4 Million Total
3	Community Facilities Grant Program	7 CFR 3570 RD Instruction 3570-B CFDA 10.776	E-page 16: § 306 (a)(19) CONACT 7 USC 1926(a)(19)	Public bodies, nonprofits, and Federally recognized Indian tribes	Rural Areas with a population up to 20,000	Funds may be used to construct, enlarge, or improve community facilities for health care, public safety, and public services	Up to 75% of eligible project cost (based on need and funding availability)	N/A	\$23.3 Million plus \$71.1 Million Stimulus plus \$16.36 Million in various disaster carryover supps \$110.8 Million Total	\$110.8 Million Total
4	Rural Community Development Initiative Grant Program (RCDI)	NOFAs The most recent NOFA was published 6/26/2009 at 74 FR 30510 (FY2009) FR Search CFDA 10.446	RCAP earmark FY2009 Approp P.L. 111-8 RCAP earmark under §306(a)(19) CONACT Page H1684 Congressional Record 2/23/2009	Public bodies, for profits, private nonprofits, and Indian Tribes.	Areas outside the boundaries of a city of 50,000 or more and its immediately adjacent urbanized area	To build capacity and provide technical assistance to undertake projects in areas of housing, community facilities, or community and economic development	\$50,000-\$300,000 Matching fund requirement equal to amount of grant	N/A	\$6.26 Million plus \$6.67 Million "carryover" which is now gone as of 8/16/2010 \$12.9 Million Total	\$12.9 Million Total

Index	Program	Regulation Citation	Legislative Citation	Eligibility (Entities)	Eligible Areas (Population)	Eligible Purposes	Funding Limits Per Request	Loan Terms, if Applicable	FY 2010 Available Funding	Budget Authority
5	Rural Coop Home Based Health Care Demo	The most recent NOFA was published 12/15/03 at 68 FR 69649 FR Search CFDA 10.446	The Home Care demo pilot first appeared as a \$1MM earmark within RCDI for FY2003. RCDI is itself an earmark within RCAP P.L. 108-7 117 Stat. 27						\$327,227 Carryover only	\$327,227 Carryover
6	Tribal College Grant Program	RD Instruction 3570-B 7 CFR 3570 Subpart B RD Administrative Announcement (AN) No. 4356	E-page 19: § 306 (a) (25) CONACT 7 USC 1926(a)(25)	31 Tribal Colleges under the Equity in Education Act of 1994	31 Tribal Colleges under the Equity & Education Act of 1994	Eligible CF projects for Tribal Colleges which include schools, education equipment, libraries, and dorms	\$250,000 per land grant institution (up to 95% of project cost) Application deadline was June 1, 2010 – funds have been allocated to the states	N/A	\$3.97 Million plus \$350,000 Carryover \$4.32 Million Total	\$4.32 Million Total

Index	Program	Regulation Citation	Legislative Citation	Eligibility (Entities)	Eligible Areas (Population)	Eligible Purposes	Funding Limits Per Request	Loan Terms, if Applicable	FY 2010 Available Funding	Budget Authority
7	Economic Impact Initiative Grant Program	RD Instruction 3570-B RD Administrative Announcement (AN) No. 4356	FY2010 Approp Pub. L. 111-80 RCAP earmark under §306(a)(19) §306E(d)(1) CONACT	Public bodies, nonprofits, and Federally recognized Indian tribes	Rural areas with a population up to 20,000 that have a not-employed rate greater than 19.5%	Funds may be used to construct, enlarge, or improve community facilities for health care, public safety, and public service.	Up to 75% of eligible project cost (based on need and funding availability)	N/A	\$13.9 Million plus \$2.5 Million Carryover \$16.4 Million Total	\$16.4 Million Total
RURAL DEVELOPMENT MULTI-FAMILY HOUSING PROGRAM AUTHORITIES CONTACTS: Washington, DC: 202.690.1533; State: http://offices.sc.gov.usda.gov/locator/app?state=us&agency=rd										
1	Rural Rental Housing Direct Loan Program	7 CFR 3560 See NOFA dated 4/14/2010 at 75 FR 19348 for new construction set aside info FR Search CFDA 10.415	§ 515 of the Housing Act of 1949 42 USC 1485	Individuals, trusts, associations, partnerships, limited partnerships, For-profit organizations, nonprofit organizations, limited equity cooperatives, Native American tribes, public agencies	Eligible rural communities of populations of 20,000 or less.	New construction of multi-family rental housing for very-low, low, and moderate income families, the elderly, and persons with disabilities. Funds may also be used for rehabilitation of existing Section 515 units and to facilitate sales of 515 properties in receivership	\$1 million in FY 2010 Repair funds: No maximum; availability based on need and funding levels.	Maximum of 30 years with a 50-year amortization.	\$69.5 Million plus \$1.4 Million 2007 Disaster Carryover \$72.35 Million Total Plus: \$ 1.45 MM Credit Sales [\$ 18.9 MM of total is set aside for new construction]	\$18.9 Million plus \$382,155 \$19.8 Million Total \$ 556,000

Index	Program	Regulation Citation	Legislative Citation	Eligibility (Entities)	Eligible Areas (Population)	Eligible Purposes	Funding Limits Per Request	Loan Terms, if Applicable	FY 2010 Available Funding	Budget Authority
2	Rural Rental Housing Guaranteed Loan Program	<p>7 CFR 3565</p> <p>Proposed Rule published 1/29/2010 at 75 FR 4707 proposes one gtee to cover construction plus permanent</p> <p>Final Rule is expected to be published September 2010</p> <p>Notice of \$10MM demo for continuous gtee published 5/10/2010 at 75 FR 25829 – corrected at 75 FR 33573</p> <p>NOFA for FY 2010 published 2/26/2010 at 75 FR 8896</p> <p>FR Search</p> <p>CFDA 10.438</p>	<p>§ 538 of the Housing Act of 1949</p> <p>42 USC 1490p-2</p>	Individuals, nonprofit organizations, public agencies, American Indian tribes, for-profit corporations, partnerships	Eligible rural communities of 20,000 population or less.	Development of affordable rental housing for low to moderate-income households with incomes up to 115 percent of the area median income.	No maximum.	Minimum 25 year term; up to 40-year amortization. Rates must be fixed and are negotiated between lender and borrower, within the RHS maximum	<p>\$129.1 Million</p> <p>plus \$737,032</p> <p>No Year (subject to adjustment)</p> <p>plus \$6.2 Million</p> <p>2008 Disaster Emer. Supp Carryover</p>	<p>\$1.5 Million</p> <p>plus \$142,000</p> <p>plus \$1.2 Million</p>

Index	Program	Regulation Citation	Legislative Citation	Eligibility (Entities)	Eligible Areas (Population)	Eligible Purposes	Funding Limits Per Request	Loan Terms, if Applicable	FY 2010 Available Funding	Budget Authority
3	Farm Labor Housing Loan and Grant Program	<p>7 CFR 3560</p> <p>See NOFA published May 10, 2010 at 75 FR 25833, as corrected per notice published 6/17/2010 at 75 FR 34421</p> <p>FR Search</p> <p>CFDA 10.405</p>	<p>§§ 514 and 516 of the Housing Act of 1949</p> <p>42 USC 1484</p> <p>42 USC 1486</p>	<p>Loans are made to farmers, associations of farmers, family farm corporations, Native American tribes, nonprofit organizations, limited partnerships with a nonprofit general partner, public agencies, associations of farmworkers. Grants are made to farmworker associations, nonprofit organizations, Indian tribes, and public agencies.</p>	<p>No population limit. Farm Labor Housing funds may be used in urban areas to house nearby farm workers.</p>	<p>To build affordable rental housing and related facilities for both migrant and year-round farm workers. Units may be off-farm housing available to eligible farm workers of any farming operation or on-farm housing for farm employees.</p> <p>Funds may also be used for repair of existing program units.</p>	<p>New construction: \$3 million total loan and grant request for FY 2010. Funding limits are announced annually in the Notice of Funds Availability (NOFA).</p> <p>Repair funds: No maximum. Availability based on need and funding levels.</p>	<p>Loans are 33 years at 1 percent interest. Grants may cover up to 90 percent of development costs.</p>	<p>Loans: \$29.3 Million</p> <p>Grants: \$9.9 Million</p> <p>Natural Disaster Direct Loans \$1.5 Million (Carryover)</p> <p>2003/2004 Hurricane Supp Grants \$1.1 Million (Carryover)</p> <p>Processing Workers Housing Grants \$3.2 Million (Carryover)</p> <p>NOTE: NOFA published 5/10/2010 provides a different breakdown than the ProSum dated 4/7/2010</p>	<p>\$10.6 Million</p> <p>\$9.9 Million</p> <p>\$536,000</p> <p>\$1.1 Million</p> <p>\$3.2 Million</p>

Index	Program	Regulation Citation	Legislative Citation	Eligibility (Entities)	Eligible Areas (Population)	Eligible Purposes	Funding Limits Per Request	Loan Terms, if Applicable	FY 2010 Available Funding	Budget Authority
4	Rental Assistance	7 CFR 3560 FR Search CFDA 10.427	§ 521 of the Housing Act of 1949 See also §502 of the Housing Act of 1949 (Single Family) 42 USC 1490a	Available with the Section 515 Rural Rental Housing Program and the Section 514 and Section 516 Farm Labor Housing Program		Provides a project-based rental subsidy for qualifying tenants.	Applicants may request Section 521 Rental Assistance with their application to develop Rural Rental Housing units or off-farm Farm Labor Housing units.		\$ 969 Million -plus- \$5.4 MM in rental assistance related to sections 514, 515, 516	\$969 Million -plus- \$5.4 MM
5	Multifamily Voucher Demo Program	See NOFA published 4/14/2010 at 75 FR 19353 – as corrected by Notice published 8/25/2010 at 75 FR 52303 FR Search See “Rural Development Voucher Program Guide” available via State Offices Applicable HUD regs at 24 CFR, Vol. 4, Part 982 See also interagency agreement dated March 1, 2006	Earmark under FY 2010 Ag Approp Pub.L. 111-80 (10/21/2009) § 542 of the Housing Act of 1949 (w/out regard to § 542(b)) 42 USC 1471 et seq	Low Income families residing in 515 properties where the loan is prepaid after 9/30/05	See Section 515	Tenant-based rental assistance only	Voucher amount may not exceed comparable market rent Cannot be used when other subsidies are present Cannot be used in combination with RD rental assistance (See Line #3)		\$ 16.4 MM -plus- \$8.2 MM <u>Carryover</u> \$ 24.6 Subtotal Plus \$1.9 MM 2008 Disaster Supp \$26.5 MM Total	\$ 26.5 MM

Index	Program	Regulation Citation	Legislative Citation	Eligibility (Entities)	Eligible Areas (Population)	Eligible Purposes	Funding Limits Per Request	Loan Terms, if Applicable	FY 2010 Available Funding	Budget Authority
6	Multifamily Demo for Preservation and Revitalization/ Restructuring 515 Properties	7 CFR 3560 7 CFR 3015 (grants)	Earmark under FY 2010 Ag Approp Pub.L. 111-80 (10/21/2009) § 542 of the Housing Act of 1949	Owners of property financed under Section 515	See Section 515	Debt service forbearance – the savings to be invested in physical rehab of 515 properties	Up to \$5,000 grant	Up to 20 year debt deferral on 1% loans	<u>0% Loans</u> \$30.9 MM plus \$ 2.6 MM Carryover 2008 disaster supp \$ 33.5 MM <u>Soft 2nd loans</u> \$8.4 MM plus 3.7 MM 2008 disaster supp <u>Grants</u> \$ 8 MM plus \$159,711 2008 disaster	\$ 1 million \$ 8.8 million \$8.16 MM
7	Multifamily Preservation Demo Revolving Loan Fund	NOFA is expected to be published in September 2010 See NOFA published Aug. 19, 2008 at 73 FR 48368 FR Search	Earmark under FY 2010 Ag Approp Pub.L. 111-80 (10/21/2009)	Qualified financial intermediaries	See Section 515	Loans to financial intermediaries for on lending to Section 515 owners for the preservation and revitalization of 515 properties	\$15 million cap on total MPDRL indebtedness per intermediary	1 percent cap; 30 years	\$ 6.4 MM plus 14.5 MM carryover \$ 20.9 MM total	\$ 5.8 MM

Index	Program	Regulation Citation	Legislative Citation	Eligibility (Entities)	Eligible Areas (Population)	Eligible Purposes	Funding Limits Per Request	Loan Terms, if Applicable	FY 2010 Available Funding	Budget Authority
8	Housing Preservation Grants	RD Instruction 1944-N See NOFA published 4/27/2010 at 75 FR 22096 as corrected 5/21/2010 at 75 FR 28542 FR Search CFDA 10.433	§ 533 of the Housing Act of 1949 42 USC 1490m	Nonprofits, local governments, and Native American tribes.	Rural areas of 20,000 population or less.	Repair or renovate deteriorating homes and rental properties for very-low and low income residents.	Based on funding levels and State allocation.		\$ 9.4 MM -plus- \$ 747,000 carryover of which \$ 75,000 is set aside for Rural Econ Area Partnership Zones	\$ 10.1 MM
9	Processing Labor Demo Housing Grants FY 2001 processing worker housing FY 2004 processing worker housing	NOFAs See NOFA published Feb. 12, 2001 at 66 FR 9820 See NOFA published April 6, 2004 at 69 FR 18040	Earmark in the FY2001 Appropriations Act, P.L. 106-387 Earmark in the FY 2004 Appropriations Act, P.L. 108-199	Private and public nonprofit agencies, nonprofit cooperatives, state and local governments and tribal organizations (same for both NOFAs)	FY2001 Demonstration was limited to Arkansas and Mississippi FY2004 Demonstration project was limited to AK, MS, UT and WI (not limited to rural areas)	Development of affordable rental housing for agriculture, aquaculture, or seafood processing and/or fishery workers. Processing workers are not eligible to live in Farm Labor Housing (same for both NOFAs)	FY2001- \$1.5 Million per request FY2004- \$1.0 Million per request	Maximum 75% grant of total development cost Maximum 80% of total development cost	\$3.17 MM carryover	\$ 3.17 MM

Index	Program	Regulation Citation	Legislative Citation	Eligibility (Entities)	Eligible Areas (Population)	Eligible Purposes	Funding Limits Per Request	Loan Terms, if Applicable	FY 2010 Available Funding	Budget Authority
10	Labor Force Grants (Section 14204 of 2008 Farm Bill)	Note: Per the USDA Delegation of Authority published July 23, 2010 this grant program is administered by the Director, Office of Advocacy and Outreach 75 FR 43390	Section 14204 of the 2008 Farm Bill						\$ 4 Million	\$ 4 Million

Index	Program	Regulation Citation	Legislative Citation	Eligibility (Entities)	Eligible Areas (Population)	Eligible Purposes	Funding Limits Per Request	Loan Terms, if Applicable	FY 2010 Available Funding	Budget Authority
RURAL DEVELOPMENT SINGLE FAMILY HOUSING PROGRAM AUTHORITIES CONTACTS: Washington, DC: 202.690.1533; State: http://offices.sc.gov.usda.gov/locator/app?state=us&agency=rd										
1	Section 502 Direct Loans	7 CFR Part 3550 Proposed Rule published 3/5/2010 at 75 FR 10194 Included in Omnibus NOFA for ARRA Stimulus Monies published 7/23/2009 at 74 FR 36448 CFDA 10.410 and 10.445	§ 502 of the Housing Act of 1949 42 USC 1472	Very-low & low income households	Eligible rural areas, cities, and towns of less than 20,000 population.	Purchase, build or improve modest home for personal residence. Also, 100% financing. No down payment required. Also, funds may be used for rehabilitation of existing Section 502 units and to facilitate sales of 502 properties in receivership	Up to 100% of the market value of the home (plus eligible closing costs) not to exceed the Area Loan Limit. .	Presently 4.25% (Sept 2010) for 33 (low income) or 38 years VL income). Payment Subsidy typically reduces the effective interest rate – to as low as 1 % for very-low income households.	\$ 1.2 Billion Annual Approp + 1.3 Billion ARRA Stimulus + 910 MM Various disaster & emerg supp carryovers (Sept program edits struck out the \$910MM) -plus- \$ 10 MM Credit Sales \$ 3.3 Billion Total	\$ 40.7 MM \$ 47.0 MM \$ 33.0 MM \$ 120.7 MM Total

Index	Program	Regulation Citation	Legislative Citation	Eligibility (Entities)	Eligible Areas (Population)	Eligible Purposes	Funding Limits Per Request	Loan Terms, if Applicable	FY 2010 Available Funding	Budget Authority
2	Section 502 Guaranteed Loans	<p>7 CFR Part 1980</p> <p>Final Rule published 8/26/2010 at 75 FR 52429</p> <p>RD Instruction 1980-D</p> <p>Included in Omnibus NOFA for ARRA Stimulus Monies published 7/23/2009 at 74 FR 36448 Notice dated 11/2/2009 at 74 FR 56571 prioritizes \$400 MM for refinancing of existing borrowers – both direct & gteed – with gteed loans</p>	<p>§ 502(h) of the Housing Act of 1949</p> <p>42 USC 1472(h)</p>	Low and moderate income households	Eligible rural areas, cities and towns of less than 20,000 population.	<p>Purchase new or existing SF residence.</p> <p>No mortgage insurance required.</p> <p>A 3.5% guarantee fee for purchase transactions is charged the lender (may be passed to the borrower)</p> <p>Refinance transactions are permissible in limited cases</p> <p>Guarantee fee for refinance transactions will increase to 2.25% in FY 2011</p>	<p>For purchase transactions up to 103.6269% loan-to-value is allowed if the entire 3.5% guarantee fee is financed.</p> <p>For refinance transactions up to 100.5% loan-to-value is allowed if the .5% (FY 2010) guarantee fee is financed.</p> <p>2.25% guarantee fee for refinance transactions in FY 2011</p> <p>For refinance transactions up to 102.3% loan-to-value is allowed if the 2.25% guarantee fee is financed in FY 2011</p>	<p>Interest rate is negotiated with approved lender but is capped at the higher of the published VA rate with no points or the Fannie Mae 30-year fixed rate Actual/Actual for a 90 day execution plus 60 basis points rounded up to the nearest quarter of one percent.</p> <p>This is a 30 year fixed rate program</p>	<p><u>Purchase</u></p> <p>\$12.3 Billion -plus- \$1.0 Billion Carryover Stimulus</p> <p>\$ 13.3. Billion</p> <p><u>Refinance</u></p> <p>\$ 200.6 Million -plus- \$63.8 million carryover Stimulus</p> <p>\$ 264 Million</p> <p>-plus- \$ 767 MM in various disaster & emergency supp</p> <p>\$ 14.3 Billion Total</p> <p>(Sept 2010 program edits read as follows:</p> <p>\$12 Billion Purchase</p> <p>Plus \$200 Million Refinance</p> <p>Plus \$2 Billion in various disaster & emergency supps and carryovers including ARRA)</p>	<p>\$ 192 Million (\$178 Million)</p> <p>\$ 4.5 Million</p> <p>\$ 11.1 Million</p> <p>\$ 15.8 Million Total</p>

Index	Program	Regulation Citation	Legislative Citation	Eligibility (Entities)	Eligible Areas (Population)	Eligible Purposes	Funding Limits Per Request	Loan Terms, if Applicable	FY 2010 Available Funding	Budget Authority
3	Section 502 Payment Assistance	7 CFR Part 3550.68	§ 502(c)(5)(D) of the Housing Act of 1949 42 USC 1472						\$ 6 million	\$ 6 million
4	Section 504 Housing Repair Direct Loans	7 CFR Part 3550 Subpart C Proposed rule under development that amends budget requirement – clearance expected in Spring of 2011 CFDA 10.417 and 10.444	§ 504 of the Housing Act of 1949 42 USC 1474	Very-low income households	Eligible rural areas, cities and towns of less than 20,000 population.	Make general repairs and improvements to modest residence or remove health and safety hazards.	\$20,000	1% interest, up to 20 years. Security interest required for loans over \$7,500.	\$ 34.4 MM -plus \$41.4 MM in various hurricane and other emergency supp (carryovers)	\$ 4.4 MM - Plus \$ 5.3 MM
5	Section 504 Housing Repair Grants	7 CFR Part 3550 Subpart C Proposed Rule published 3/5/2010 at 75 FR 10194 Proposed rule under development that amends budget requirement – clearance expected in Spring of 2011 CFDA 10.417 and 10.444	§ 504 of the Housing Act of 1949 42 USC 1474	Elderly (age 62 or older) Very-low income households.	Eligible rural areas, cities and towns of less than 20,000 population.	Make essential repairs and improvements to remove health & safety hazards or to make property accessible and useable for household members with disabilities.	Lifetime maximum of \$7,500	Grant – recoverable if property sold within 3 years.	\$ 31.6 MM -plus- \$16.4 MM in various hurricane & other emergency supp (carryovers)	\$ 31.6 MM \$ 16.4 MM

Index	Program	Regulation Citation	Legislative Citation	Eligibility (Entities)	Eligible Areas (Population)	Eligible Purposes	Funding Limits Per Request	Loan Terms, if Applicable	FY 2010 Available Funding	Budget Authority
6	Section 509 Construction Defect Compensation	RD Instruction 1924-F CFDA 10.442	§ 509 of the Housing Act of 1949 42 USC 1479(c)	Section 502 Direct loan borrowers who built new homes and file a claim within 18 months of final inspection.	Eligible rural areas, cities and towns of less than 20,000 population.	Compensate Section 502 borrower for structural defects which the contractor will not correct.	Government provides direct assistance to cover the costs of correcting structural defects.	Grant	\$ 578,628	\$ 576, 628
7	Section 523 Mutual and Self-Help Grants & Technical Assistance	RD Instruction 1944-I See Proposed Rule published 5/18/2007 at 72 FR 27988 FR Search NOTE: No final rule found but: See Notice of Intent to hold public forum published 2/2/2010 at 75 FR 5281; extension of deadline to 7/15/2010 for written comments was published 4/19/2010 at 75 FR 20325 CFDA 10.420	§ 523 of the Housing Act of 1949 42 USC 1490c	State, political subdivision, public non-profit or private non-profit.	Eligible rural areas, cities and towns of less than 20,000 population.	Provide technical assistance to low- and very low-income families who are building homes in rural areas by the self-help method.	Grant amounts are limited to the amount of previous grant.	Two year grant cycle.	\$ 41.8 Million -plus- \$ 14.5 MM (carryover) \$ 56.3 MM Total	\$ 56. 3 MM
8	Section 523 Self-Help Site Loans	RD Instruction 444.8 CFDA 10.411	§ 523 of the Housing Act of 1949 42 USC 1490c(b)	Public or private non-profit organizations.	Eligible rural areas, cities and towns of less than 20,000 population.	To buy and develop building sites, including construction of roads, streets, and utilities. (Limited to mutual self-help participants.)	Loans require approval of National Office.	3%, 2 yrs.	\$ 4.97 MM	(negative subsidy)

Index	Program	Regulation Citation	Legislative Citation	Eligibility (Entities)	Eligible Areas (Population)	Eligible Purposes	Funding Limits Per Request	Loan Terms, if Applicable	FY 2010 Available Funding	Budget Authority
9	Section 524 Site Development Loans	RD Instruction 444.8 CFDA 10.411	§ 524 of the Housing Act of 1949 42 USC 1490d	Private or public non-profit organizations	Eligible rural areas, cities and towns of less than 20,000 population.	To buy and develop building sites, including construction of roads, streets, and utilities for any low- or moderate-income family.	Loans require approval of National Office.	Market rate, 2 yrs.	\$ 5.0 MM	(negative subsidy)
10	Section 525 Technical & Supervisory Assistance	RD Instruction 1944-K CFDA 10.441	§ 525 of the Housing Act of 1949 42 USC 1490e	Public & private non-profits, agencies, institutions, Indian tribes and other associations	Eligible rural areas, cities and towns of less than 20,000 population.	To help low-income rural residents obtain or maintain adequate housing and provide counseling and outreach to reduce delinquency for applicants and RD borrowers.	Up to \$100,000	Grant, 2 yrs.		

UTILITIES PROGRAMS

Index	Program	Regulation Citation	Legislative Citation	Eligibility (Entities)	Eligible Areas (Population)	Eligible Purposes	Funding Limits Per Request	Loan Terms, if Applicable	FY 2010 Available Funding	Budget Authority
RURAL DEVELOPMENT ELECTRIC PROGRAM AUTHORITIES CONTACTS: Washington, DC: 202.720.9540; State: http://offices.sc.egov.usda.gov/locator/app?state=us&agency=rd										
1	Hardship Loan Program	7 CFR 1710 7 CFR 1714 7 CFR 1717 CFDA 10.850	E page 16: §305(c)(1) of the Rural Electrification Act 1936, As Amended, 7 USC 901 et. seq. (RE Act) 7 USC 935(c)(1)	Corporations, States, Territories, and Subdivisions and Agencies, Municipalities, People's Utility Districts, and Distribution Cooperatives, non-profit and limited-dividend, Or Mutual Associations	Service to rural areas where rural area = area outside the boundaries of a city or town of more than 20,000 population and the urbanized area contiguous and adjacent to such city or town. E-page 8: RuralElectrificationAct E-page 93: § 343(a)(13)(C) CONTACT	Electric distribution and sub-transmission facilities	Not Applicable	Up to 35 years, based on the expected useful life of the facilities financed by the loan	\$ 100 million	
2	Municipal Rate Loan Program	7 CFR 1710 7 CFR 1714 7 CFR 1717 CFDA 10.850	E page 16: §305(c)(2) RE Act 7 USC 935(c)(2)	Corporations, States, Territories, and Subdivisions and Agencies, Municipalities, People's Utility Districts, and Cooperatives, non-profit and limited-dividend, Or Mutual Associations	Service to rural areas where rural area = area outside the boundaries of a city or town of more than 20,000 population and the urbanized area contiguous and adjacent to such city or town. E-page 8: RuralElectrificationAct E-page 93: § 343(a)(13)(C) CONTACT	Electric distribution and sub-transmission facilities	Not Applicable	Up to 35 years, based on the expected useful life of the facilities financed by the loan	-0-	

Index	Program	Regulation Citation	Legislative Citation	Eligibility (Entities)	Eligible Areas (Population)	Eligible Purposes	Funding Limits Per Request	Loan Terms, if Applicable	FY 2010 Available Funding	Budget Authority
3	Treasury Rate Loans	7 CFR 1710 7 CFR 1714 7 CFR 1717 CFDA 10.850	E-page 4: §2(a) RE Act 7 USC 902	Corporations, States, Territories, and Subdivisions and Agencies, Municipalities, People's Utility Districts, and Cooperatives, non-profit and limited-dividend, Or Mutual Associations	Service to rural areas where rural area = area outside the boundaries of a city or town of more than 20,000 population and the urbanized area contiguous and adjacent to such city or town. E-page 8: Rural Electrification Act E-page 93: § 343(a)(13)(C) CONACT	Electric distribution and sub-transmission facilities	Not Applicable	Up to 35 years, based on the expected useful life of the facilities financed by the loan	-0-	
4	FFB Guaranteed Loan Program	7 CFR 1710 7 CFR 1714 7 CFR 1717 CFDA 10.850	E page 21: §306 RE Act 7 USC 936	Corporations, States, Territories, and Subdivisions and Agencies, Municipalities, People's Utility Districts, and Cooperatives, non-profit and limited-dividend, Or Mutual Associations	Service to rural areas where rural area = area outside the boundaries of a city or town of more than 20,000 population and the urbanized area contiguous and adjacent to such city or town. E-page 8: Rural Electrification Act E-page 93: § 343(a)(13)(C) CONACT	Electric distribution, sub-transmission, bulk transmission, and generation facilities, energy efficiency investments and renewable energy systems	Not Applicable	Up to 35 years, based on the expected useful life of the facilities financed by the loan	\$6.5 Billion	Negative subsidy

Index	Program	Regulation Citation	Legislative Citation	Eligibility (Entities)	Eligible Areas (Population)	Eligible Purposes	Funding Limits Per Request	Loan Terms, if Applicable	FY 2010 Available Funding	Budget Authority
5	Renewable Loan Program	Draft Workplan for OMB under program review	E page 34: §317 RE Act 7 USC 940g	Corporations, States, Territories, and Subdivisions and Agencies, Municipalities, People's Utility Districts, and Cooperatives, non-profit and limited-dividend, Or Mutual Associations	No rural restriction	For electric generation from renewable resources for resale		Tax-exempt equivalent muni rate		
6	Bond and Note Guarantee Program for publicly issued securities	7 CFR 1720 Final Rule published 7/22/2010 at 75 FR 42571	E page 30: §313A RE Act 7 USC 940c-1	Bank or other lending institution organized as a private, not-for-profit coop or otherwise non profit	N/A	Proceeds to be used to make loans to electric or telephone borrowers for eligible purposes under Part 1720 or to refinance bonds or notes previously issued for such purposes	None	20 years In practice, this program relates to FFB loans only. The guarantee fee paid by issuer funds the RBS RDLG program	\$500 Million	Negative subsidy

Index	Program	Regulation Citation	Legislative Citation	Eligibility (Entities)	Eligible Areas (Population)	Eligible Purposes	Funding Limits Per Request	Loan Terms, if Applicable	FY 2010 Available Funding	Budget Authority	
7	High Energy Cost Grants & Loans Programs <ul style="list-style-type: none"> High Energy Cost Grants Denali Commission Grants Grants to State Revolving Funds for Bulk Fuel Purchases 	7 CFR 1709 Most recent NOFA was published August 9, 2010 at 75 FR 47756 FR Search	E page 9: Section 19 RE Act	Persons, For Profit and Not For Profit Businesses, State & Local Governments, and Federally-Recognized Indian Tribes & Tribal entities	Extremely high energy cost communities – where avg. residential expenditure is 275% of national average	Energy distribution, transmission and energy generation facilities (including energy efficiency & renewable energy) serving eligible communities	Minimum Per Grant \$75,000 Maximum Per Grant \$5 Million Admin costs may not exceed 4%	Not Applicable	\$ 17.5 MM	\$ 17.5 MM	
		CFDA 10.859	7 USC 918a(1)	Denali Commission	Extremely high energy cost communities in Alaska	Energy distribution, transmission and energy generation facilities (including energy efficiency & renewable energy) serving eligible communities	Not Applicable	Not Applicable			
		Memoranda of Understanding on file CFDA 10.858	7 USC 918a(2)	State Entity existing as of 11/9/2000	Rural areas where fuel cannot be shipped by surface means	Fuel Purchasing Revolving Fund	Maximum Per Grant \$5 Million	Not Applicable			

Index	Program	Regulation Citation	Legislative Citation	Eligibility (Entities)	Eligible Areas (Population)	Eligible Purposes	Funding Limits Per Request	Loan Terms, if Applicable	FY 2010 Available Funding	Budget Authority
RURAL DEVELOPMENT WATER AND ENVIRONMENTAL PROGRAM AUTHORITIES CONTACTS: Washington, DC: 202.720.9540; State: http://offices.sc.egov.usda.gov/locator/app?state=us&agency=rd										

Index	Program	Regulation Citation	Legislative Citation	Eligibility (Entities)	Eligible Areas (Population)	Eligible Purposes	Funding Limits Per Request	Loan Terms, if Applicable	FY 2010 Available Funding	Budget Authority
1	Water and Waste Disposal Direct Loans and Grants	7 CFR Part 1780 Included in Omnibus NOFA for ARRA Stimulus Monies published 7/23/2009 at 74 FR 36448 FR Search CFDA 10.760	E-page 10: § 306 CONACT E-page 93: § 343(a)(13)(C) CONACT 7 USC 1926(a)	Public body, not-for-profit organization, and Indian tribes	Rural areas and towns with a population of 10,000 or less. E-page 93: § 343(a)(13)(C) CONACT	Construct and improve water and waste facilities	None	40 years	<u>Loans</u> \$ 1 Billion -plus- \$ 759 Million carryover -plus- \$ 3.4 Billion (1.27 Billion – after reprogramming) Stimulus carryover -plus- \$ 62 Million (3.6 million only – the rest was rescinded by the Jobs Bill, PL 111-226, Aug 10, 2010) Disaster carryover \$ 3 Billion Loan Total <u>Grants</u> \$ 352 Million -plus- \$ 127 Million carryover -plus- \$ 500.5 Million (544.4 million) Stimulus carryover -plus- \$ 6.7 Million Disaster Carryovers \$ 986.1 Million Grant Total	\$ 77 Million \$ 57 Million \$ 255 Million (96 Million) \$ 4.6 Million \$227 Million (273 Million) \$ 986.1 Million

Index	Program	Regulation Citation	Legislative Citation	Eligibility (Entities)	Eligible Areas (Population)	Eligible Purposes	Funding Limits Per Request	Loan Terms, if Applicable	FY 2010 Available Funding	Budget Authority
2	Water and Waste Disposal Guaranteed Loans	7 CFR 1779 CFDA 10.760	E-page 10: § 306 CONACT 7 USC 1926(a)	Public body, not-for-profit organization, and Indian tribes	Rural areas and towns with a population of 10,000 or less.	Construct and improve water and waste facilities	None	40 years	\$ 75 Million	Negative subsidy
3	Emergency Community Water Assistance Grants (ECWAG)	7 CFR 1778 CFDA 10.763	E-page 20: § 306A CONACT 7 USC 1926a	Public body, not-for-profit organization, and Indian tribes	Rural areas and towns with a population of 10,000 or less with acute water problems; up to 50% of funds targeted to areas 3,000 and under.	Improve quantity or quality of water supply	\$500,000 to mitigate a significant decline in water quality; \$150,000 where used for op & maintenance type items	N/A	\$ 13 Million -plus- \$ 5.2 Million <i>(Unobligated funds were rescinded by Jobs Bill PL 111-226, Aug 10, 2010)</i> Emergency Supp carryovers \$ 18.1 MM Total	\$ 18.1 MM total
4	Water and Wastewater Revolving Fund Grants	7 CFR 1783 See Notice published November 5, 2008 at 73 FR 65826 FR Search CFDA 10.864	E-page 11 §306(a)(2)(B) CONACT 7 USC 1926(a)(2)(B)	Private, not-profit organizations	Rural areas and towns with a population of 10,000 or less	Establish a revolving loan fund to make loans to eligible entities serving eligible areas for predevelopment costs and small capital improvement projects.	None	N/A	\$ 497,000	\$ 497,000

Index	Program	Regulation Citation	Legislative Citation	Eligibility (Entities)	Eligible Areas (Population)	Eligible Purposes	Funding Limits Per Request	Loan Terms, if Applicable	FY 2010 Available Funding	Budget Authority
5	Solid Waste Management Grants	7 CFR 1775 Subpart J CFDA 10.762	E-page 34 §310B(b) CONACT 7 USC 1932	public body, private nonprofit organizations and Indian tribes	Rural areas and towns with a population of 10,000 or less	technical assistance to local and regional governments for reducing or eliminating water pollution and planning or mgmt of solid waste disposal facilities	None	N/A	\$ 3.4 Million	\$ 3.4 Million
6	Section 306C Water and Waste Disposal Grants to alleviate health risks	7 CFR Part 1777 CFDA 10.770	E-page 22 §306C CONACT 7 USC 1926c	Colonias and Native American Indian tribes	Colonias and tribal lands	Construct or improve water and waste facilities		N/A	\$ 16.0 Million earmark for Native Americans plus \$ 509,000 carryover \$ 24.5 Million earmark for Colonias plus \$ 3.1 MM carryover \$ 5 Million earmark for Hawaiian Homelands -plus- \$ 9.7 MM various disaster supps (Program edits state the \$9.7 should be removed)	\$ 58.8 Million
7	Section 306D Water and Waste system Grants for Alaskan Villages, incl. technical assistance	7 CFR 1780	E-page 23 §306D CONACT 7 USC 1926d	State of Alaska for rural or native villages	Rural or native Alaskan villages	Development and construction of water and waste facilities to improve health and sanitation conditions	None 25% in matching funds from state of Alaska from non federal sources	N/A	\$ 24.5 Million Earmark for Alaskan Villages plus \$ 74.4 MM carryover	\$98.9 Million

Index	Program	Regulation Citation	Legislative Citation	Eligibility (Entities)	Eligible Areas (Population)	Eligible Purposes	Funding Limits Per Request	Loan Terms, if Applicable	FY 2010 Available Funding	Budget Authority
8	Section 306E Grants for the Construction, Refurbishment and Servicing of Low or Moderate Income Household Water Well Systems	7 CFR Part 1776 NOFA published March 26, 2010 at 75 FR 14559 FR Search CFDA 10.862 & 10.864 [Editor query as to duplicate CFDA entries]	E-page 24 §306E CONACT 7 USC 1926e	Private, non-profit organizations that are tax exempt.	Projects must be located in rural areas with population of 50,000 or less.	Development of revolving loan funds for construction, refurbishing, and servicing of individual household water well systems in eligible rural areas.	Organization must contribute 10% of grant amount to capitalize the fund Individual homeowner loans capped at \$ 11,000	N/A	\$993,000	\$ 993,000
9	Technical Assistance and Training Grants for Rural Waste Systems	7 CFR Part 1775 CFDA 10.761 See NOFA published 12/10/2009 at 74 FR 65509 (ARRA Stimulus) FR Search	E-page 15 §306(a)(14) CONACT 7 USC 1926(a)(14)	Public, private, and non-profit organizations	Rural areas and towns with population of 10,000 or less.	Provide technical assistance and training	Pre-determined percentages of annual allocation	N/A	\$ 19.5 Million -plus- \$ 5 Million Stimulus carryover	\$ 24.5 Million
10	Circuit Rider – Technical Assistance for Rural Water Systems	Terms established in service contract issued through RD Procurement Included in Omnibus NOFA for ARRA Stimulus Monies published 7/23/2009 at 74 FR 36448	E-page 15 §306a(14) CONACT 7 USC 1926(a)(14)	Public, private, and non-profit organizations	Rural areas and towns with population of 10,000 or less	Provide technical assistance and training		N/A	\$ 15 million -plus- \$ 407,000 Carryover -plus- \$ 10.2 million Stimulus carryover	\$ 25.6 Million

Index	Program	Regulation Citation	Legislative Citation	Eligibility (Entities)	Eligible Areas (Population)	Eligible Purposes	Funding Limits Per Request	Loan Terms, if Applicable	FY 2010 Available Funding	Budget Authority
11	Predevelopment Planning Grants	7 CFR Part 1780 See staff instruction 1780-5 for more detail	E-page 10: §306(a) CONACT 7 USC 1926(a) (Prior to FY2005 this purpose was the object of express earmarks)	Rural communities that do not have resources to pay predevelopment expenses	Rural area must be either below the poverty line or below 80 percent of the statewide non-metropolitan median house-hold income.	Costs associated with the development of a complete application	\$25,000 or 75 percent of the project costs (whichever is smaller)	N/A	States may use up to the greater of one half of one percent or \$25,000 from their initial water & waste disposal grant allocation	
12	SEARCH Grants	7 CFR Part 1774 Final rule published on June 24, 2010 at 75 FR 35962 CFDA 10.759	E-page 11 §306(a)(2)(C) CONACT 7 USC 1926(a)(2)(C)	Public body such as a municipal, county, district, authority, state or commonwealth Not for profit organization Native American Tribe	Rural areas with population of 2,500 or fewer inhabitants Must also be financially stressed as well as rural	To fund pre-development planning grants for feasibility studies, design assistance & tech assistance for water & waste disposal projects	May fund up to 100% of eligible costs, not to exceed \$30,000		States may convert regular grants to search grants	

Index	Program	Regulation Citation	Legislative Citation	Eligibility (Entities)	Eligible Areas (Population)	Eligible Purposes	Funding Limits Per Request	Loan Terms, if Applicable	FY 2010 Available Funding	Budget Authority
RURAL DEVELOPMENT TELECOMMUNICATIONS PROGRAM AUTHORITIES CONTACTS: Washington, DC: 202.720.9540; State: http://offices.sc.egov.usda.gov/locator/app?state=us&agency=rd										
1	Telecom Hardship Loan Program (Direct)	7 CFR Part 1735 CFDA 10.851	E-page 16 § 305 (d)(1) of the Rural Electrification Act 1936, as Amended, 7 USC 901 et. seq 7 USC 935(d)(1)	For-profit and nonprofit corporations that do or will provide voice and data telecom service	Areas outside incorporated or unincorporated cities with population over 5,000	To build, acquire, extend, improve and refinance telephone infrastructure	Minimum loan amount: \$50,000. Maximum loan amount: none.	5% fixed interest rate; up to 35 year amortization, determined by the life of facilities financed.	\$ 145 Million	Negative Subsidy
2	Telecom Treasury Rate Loan Program	7 CFR Part 1735 CFDA 10.851	E-page 16 § 305(d)(2) Rural Electrification Act 7 USC 935	For-profit and nonprofit corporations that do or will provide voice and data telecom service	Areas outside incorporated or unincorporated cities with population over 5,000	To build, acquire, extend, improve and refinance telephone infrastructure	Minimum loan amount: \$50,000. Maximum loan amount: none.	Treasury interest rate at date of advance; up to 35 year amortization, determined by the life of facilities financed.	\$ 250 Million	Negative Subsidy
3	Telecom Guaranteed Loan Program (FFB)	7 CFR Part 1735 CFDA 10.851	E-page 21 § 306 Rural Electrification Act 7 USC 936	For-profit and nonprofit corporations that do or will provide voice and data telecom service	Areas outside incorporated or unincorporated cities with population over 5,000.	To build, acquire, extend, improve and refinance telephone infrastructure.	Minimum loan amount: \$50,000. Maximum loan amount: none.	Treasury interest rate plus 1/8 percent; up to 35 year amortization, determined by useful life of facilities financed.	\$ 295 Million	Negative Subsidy

Index	Program	Regulation Citation	Legislative Citation	Eligibility (Entities)	Eligible Areas (Population)	Eligible Purposes	Funding Limits Per Request	Loan Terms, if Applicable	FY 2010 Available Funding	Budget Authority
4	Distance Learning and Telemedicine Loans	7 CFR 1703 Subparts D and G CFDA 10.855	§704 of the Federal Agriculture Improvement Act of 1996 (Pub. L. 104-127, April 4, 1996), as amended 7 USC 950aaa et seq.	Public body, Indian tribe, cooperative, nonprofit, limited dividend or mutual association, municipality, libraries, corporations and other legally-organized entities.	Areas outside incorporated or unincorporated cities with population over 20,000.	In addition to the DLT Combination Loan-Grant Program purposes, loans may be used for certain broadcasting and operational costs, except salaries and administrative expenses	Minimum loan-grant amount: \$50,000 Maximum amount: \$10 Million	Loan interest rate is the Treasury interest rate at date of advance; up to 10 year amortization, determined by useful life of facilities financed	\$ 5.7 Million (carryover)	\$ 157,624
5	Distance Learning and Telemedicine Grant Program	7 CFR 1703 NOFA published March 19, 2010 at 75 FR 13245 FR Search CFDA 10.855	§704 of the Federal Agriculture Improvement Act of 1996 (Pub. L. 104-127, April 4, 1996), as amended 7 USC 950aaa et seq.	Public body, Indian tribe, cooperative, nonprofit, limited dividend or mutual association, municipality, libraries, corporations and other legally-organized entities. RUS electric and Telephone Loan borrowers not eligible.	Areas outside incorporated or unincorporated cities with population over 20,000. Smaller communities receive more points.	To provide end-user equipment and programming that delivers distance learning and telemedicine services into eligible areas.	Minimum grant amount: \$50,000. Maximum grant amount: \$500,000.	15% matching funds required	\$ 30.26 Million -plus- \$ 2.1 Million carryover	\$ 32.36 Million

Index	Program	Regulation Citation	Legislative Citation	Eligibility (Entities)	Eligible Areas (Population)	Eligible Purposes	Funding Limits Per Request	Loan Terms, if Applicable	FY 2010 Available Funding	Budget Authority
6	Distance Learning and Telemedicine Combination Loan-Grant Program	7 CFR Part 1703 Subparts D and F CFDA 10.855	§704 of the Federal Agriculture Improvement Act of 1996 (Pub. L. 104-127, April 4, 1996), as amended 7 USC 950aaa et seq.	Public body, Indian tribe, cooperative, nonprofit, limited dividend or mutual association, municipality, libraries, corporations and other legally-organized entities. RUS electric and Telephone Loan borrowers not eligible.	Areas outside incorporated or unincorporated cities with population over 20,000.	In addition to the DLT Grant Program purposes, loans may provide DLT across a single facility, may provide new building space, including land, buildings, and building construction, and telecommunications transmission facilities.	Minimum loan-grant amount: \$50,000 Maximum amount: \$10 Million	Loan interest rate is the Treasury interest rate at date of advance; up to 10 year amortization, determined by useful life of facilities financed	See 4 & 5 above	See 4 & 5 above
7	Public Television Digital Transition Grant Program (Part of the larger DLT Program appropriation))	7 CFR 1740 NOFA published April 26, 2010 at 75 FR 21579 FR Search CFDA 10.861	Annual appropriation earmarks since 2003 Earmark in Pub. L. 111-8 Omnibus FY2009 Appropriations	Public digital television stations that serve rural areas	Areas outside incorporated or unincorporated cities with population over 20,000 – station applicants must demonstrate core rural coverage	Grant funds may be used to acquire, lease, and/or install facilities and software necessary for transition to digital signal	Maximum amount: \$ 750,000 per applicant per year	N/A	\$ 4.5 Million	\$ 4.5 Million

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8	Delta Health Care Services Grant Program (Part of the larger DLT Program appropriation)		Pub. L. 111-80 2010 Ag Approps E-page 136 §379G CONACT 7 USC 2008u	Consortium of regional institutions of higher education, academic health and research institutes and economic development entities located in the Delta region	The distinct northwest section of the state of Mississippi, known as the Delta Region, consisting of 18 counties Further limited to include only those areas in the Delta Region (a) not included within the boundaries of any incorporated or unincorporated city, village, or borough having a population greater than 50,000 and (b) any urbanized area contiguous and adjacent to a city or town described in (a).	The development of health care services, health education programs, health care job training programs and the development and expansion of public health-related facilities	Minimum Grant amount: \$50,000	N/A	\$ 3 million	\$ 3 million

Index	Program	Regulation Citation	Legislative Citation	Eligibility (Entities)	Eligible Areas (Population)	Eligible Purposes	Funding Limits Per Request	Loan Terms, if Applicable	FY 2010 Available Funding	Budget Authority
9	Rural Broadband Access Loan and Loan Guarantee Program (as established by the 2002 Farm Bill)	<p>7 CFR 1738</p> <p>A revision to this regulation is currently in the clearance process; publication of an interim rule is expected by the end of calendar year 2010</p> <p>FR Search</p> <p>CFDA 10.886</p>	<p>E-page 47 §601 Rural Electrification Act</p> <p>[Initially enacted May 13, 2002, Title VI of Pub. L. 107-171</p> <p>Earmark in Pub. L. 111-8 Omnibus FY2009 Appropriations</p> <p>7 USC 950bb</p>	<p>RUS makes broadband loans and loan guarantees to legally organized entities providing, or proposing to provide, broadband services in eligible rural communities. Types of eligible entities include: cooperative, nonprofit, limited dividend or mutual liability companies, Indian tribes and tribal organizations, and commercial organizations. Individuals or partnerships are not eligible.</p>	<p>An eligible rural area means any area, as confirmed by the latest decennial census of the Bureau of the Census, which is not located within</p> <p>(1) a city, town, or incorporated area that has a population of greater than 20,000 inhabitants; or</p> <p>(2) an Urbanized Area contiguous and adjacent to a city or town that has a population of greater than 50,000 inhabitants.</p> <p>The proceeds of a loan may be used to carry out a project only if, as of the date on which the application is submitted</p> <p>(i) not less than 25 percent of the households in the proposed service territory is offered broadband service by not more than 1 incumbent service provider; and</p> <p>(ii) broadband service is not provided in any part of the proposed service territory by 3 or more incumbent service providers.</p>	<p>Finance the construction, improvement, and acquisition of facilities and equipment to provide broadband service in eligible rural communities;</p> <p>Finance broadband facilities leased under the terms of a capital lease, as defined in generally accepted accounting principals; financing will be limited to 5 years of lease costs;</p> <p>Finance the acquisition by an eligible entity of another system, lines or facilities if the acquisition is necessary and incidental to furnishing or improving rural broadband service (can not exceed 50 percent of requested loan amount); and</p> <p>Refinance an outstanding obligation on another telecommunications loan made under the RE Act. The refinancing cannot exceed 40 percent of the loan amount.</p>	<p>Minimum loan amount: \$100,000.</p> <p>Maximum loan amount: none.</p> <p>Maximum 4% loans are limited by the NOFA</p>	<p>Interest rates:</p> <p>4%</p> <p>treasury rate at date of advance</p> <p>private lender -set rate for guaranteed loans.</p> <p>(Amortization determined by life of the facilities)</p>	<p>Direct loans:</p> <p>-0- @ 4%</p> <p>\$ 400 Million -plus- \$ 216 Million <u>Carryover</u> \$ 616 Million @ Treasury Rate</p> <p>\$ -0- Gteed</p>	\$ 44.5 Million

Index	Program	Regulation Citation	Legislative Citation	Eligibility (Entities)	Eligible Areas (Population)	Eligible Purposes	Funding Limits Per Request	Loan Terms, if Applicable	FY 2010 Available Funding	Budget Authority
10	Broadband Initiatives Program (STIMULUS)	<p>FIRST ROUND NOFA (Joint with NTIA) Published 7/9/2009 at 74 FR 33104</p> <p>SECOND ROUND NOFA (RUS only) Published 1/22/2010 at 75 FR 3820</p> <p>Request for Proposals: [Satellite & Libraries & Tech Assist] Published 5/7/2010 at 75 FR 25185</p>	<p>Pub. L. 111-5, Feb. 17, 2009 Recovery Act supplemental appropriations (Stimulus)</p>	Eligibility is listed in the NOFAs	<p>Generally speaking, a rural area that lacks service at 5 Mbps (upstream and downstream)</p> <p>Distinct requirements are listed in each NOFA</p> <p>The relevant statutory language is as follows:</p> <p><i>[At least 75 percent of the area to be served by a project receiving funds from such grants, loans or loan guarantees shall be in a rural area without sufficient access to high speed broadband service to facilitate rural economic development, as determined by the Secretary of Agriculture]</i></p>	Please see various NOFAs for eligible purposes	<p>FIRST ROUND: 50% grant, 50% loan</p> <p>SECOND ROUND: 75% grant, 25% loan</p> <p>≤ \$10,000 per premises passed</p>	Loan terms are set forth in the NOFAs	<p>FIRST ROUND: \$2.4 Billion</p> <p>SECOND ROUND Plus Satellite NOFA::</p> <p>Approximately \$2.2 Billion as follows:</p> <p>Up to \$ 1.7 Billion [loans, loan grant combos] for last Mile Projects</p> <p>Up to \$ 300 Million [loans, loan grant combos] for Middle Mile Projects</p> <p>Up to \$ 100 million [grants] plus First and Middle remainder unobligated funds for Satellite Projects</p> <p>Up to \$ 5 million [grants] for Rural Library and Tech Assist Projects</p> <p>Up to \$ 95 million for a Reserve</p>	<p>NOTE: Stimulus funding sunsets on 9/30/2010</p> <p>Total BA: \$2.5 Billion</p>

Index	Program	Regulation Citation	Legislative Citation	Eligibility (Entities)	Eligible Areas (Population)	Eligible Purposes	Funding Limits Per Request	Loan Terms, if Applicable	FY 2010 Available Funding	Budget Authority
11	Weather Radio Transmitter Grant Program	NOFA published on April 4, 2001 at 66 FR 17857 FR Search See also a clarification Notice published Oct. 16, 2001 at 66 FR 52571 CFDA 10.766	E page 132: Section 379B CONACT	non-profit corporations or associations, units of local or state government, Federally-recognized Indian tribes	city, town, or unincorporated area that has a population of 50,000 inhabitants or less, other than an urbanized area immediately adjacent to a city, town, or unincorporated area that has a population in excess of 50,000 inhabitants	To purchase and install NOAA Weather Radio transmitters and antennas	Max grant: \$80,000 per site 75% of project costs in area of 12,000 or less; 65% of project costs in area of 20,000 or less 55% of project costs in areas of 50,000 or less	N/A	\$231,161 Carryover only	\$231,161 Carryover only
12	Community Connect Grant Program	7 CFR Part 1739 FY 2009 NOFA published 4/20/2009 at 74 FR 17941 FY 2010 NOFA not yet published FR Search CFDA 10.863	Historically appeared as an annual earmark in appropriations bills.	Public body; an Indian tribe; a cooperative, nonprofit, limited dividend or mutual association; municipality; corporations and other legally organized entities	A single community outside incorporated or unincorporated cities with population over 20,000 which does not have broadband	To build broadband infrastructure and establish a community center which offers free public access to broadband for two years.	Min \$50,000 Max \$1,000,000 Amounts are published in NOFAs and may vary	N/A	\$ 3 Million (Note - \$24 Million per program edits dated Sept 2010)	\$ 3 Million (\$24 Million)

Statement of
Cheryl Cook
Deputy Undersecretary for Rural Development

Subcommittee on Rural Development, Research,
Biotechnology, and Foreign Agriculture
February 15, 2011

Rural Definition

Chairman Johnson, Ranking Member Costa and Members of Subcommittee, it is my pleasure to be with you today to discuss one of the most fundamental, and vexing questions we face in USDA Rural Development –how “rural” is defined, and what role rurality should play in how we function on behalf of the U.S. Department of Agriculture.

These are fundamental questions for USDA , as we exist to provide economic and community development to overcome obstacles based on rurality. Rural areas have experienced economic stress from long-term poverty and decades of population decline. Federal assistance from USDA is essential to these communities as they often don’t have access to private capital markets and have limited access to assistance from other departments in the Federal Government. Moreover, they do not have the total population to support repayment of a bond to finance critical infrastructure needs or their population is so widespread that such a system would be prohibitively expensive.

These questions are vexing because, under current law, rurality is used to determine a project’s basic eligibility for most of our programs and is defined almost solely in terms of total population thresholds. As a result, a single standard for program eligibility is applied equally in New Jersey and New Mexico, in Alabama and Alaska, in Virginia and the Virgin Islands. Given that each state has the right to determine its own municipal structures, a single standard that may sound simple in theory can be difficult to apply in practice. For example, Congress added language in the 2002 Farm Bill limiting the universe of eligible applicants for the Water and Waste Disposal program of Rural Utilities Service (RUS) and the Community Facilities program of Rural Housing Service (RHS) to “cities, towns, and unincorporated areas” whose populations did not exceed the previously established population limits. Such language does not properly account for the variety of local forms of government including townships, boroughs, and other municipalities that in many states describe the very less-populated municipalities those programs are intended to reach. It also overlooks some of the structural uniqueness of several of the original colonies – in the role of a town and the status of a village, for example – dating back to the original Plymouth settlement in the 17th Century.

Further, relying almost solely on total population as the definition of rural leaves out other obvious characteristics of a rural area compared to a metropolitan area. Those characteristics might help direct USDA Rural Development’s resources to areas of greatest need and opportunity. Every state and territory have areas that are more rural than others, certainly based on total population, but also based on other factors such as population density, the presence of

natural assets like lakes and forests, zoning regulations and land uses that might be covered in local ordinances, the prevalence of production agriculture and its infrastructure in the area's gross domestic product and workforce, whether a community qualifies for its own share of Community Development Block Grant funds from the Department of Housing and Urban Development or Community Services Block Grant funds from the Department of Health and Human Services or has to compete for some of the remainder after urban centers have taken their share, and so forth. USDA's Economic Research Service (ERS) has done extensive work on rurality, as have the other witnesses you will hear from today. Much of ERS' work is available on line through virtual briefing rooms found at <http://www.ers.usda.gov/Briefing/>. ERS also is about to release a new interactive atlas looking at many characteristics of rural areas. I believe it will be a very useful tool for Congress, USDA, and our private sector partners in rural economic and community development. Mr. Chairman, I'm sure that my colleagues in ERS would gladly do a demonstration of the new atlas for Subcommittee Members and staff.

Applying a single standard to determine rural eligibility along with the variety of standards that exist in current law has been challenging for Rural Development staff and exasperating for applicants and lenders.

Apparently, it also has been a source of frustration for Members of Congress. In recognition of the problems created by the rural area definitions, the 2008 Farm Bill provided the Under Secretary with limited authority to determine areas that do not meet the rural area definition as "rural in character" and thus an eligible rural area. While helpful, this authority has proven far too limited to fix the problems with the current definitions of rural area. In addition, each year Congress adds a series of general provisions to the agriculture appropriations legislation declaring that a certain municipality is deemed to be rural even though its population exceeds the statutory eligibility standard for that program.

Given that those general provisions largely expire with the release of new decennial census data, the timing of today's hearing is even more important. Many communities that have been eligible by reason of a general provision will not be after the new 2010 census data is released. Further, the census data will show that other communities no longer are eligible rural areas for certain programs, while still others that have experienced population loss might become eligible for the first time in decades. Now is an incredibly important time to review rurality and begin determining the best way to achieve our shared objectives of helping to create economic opportunities for rural citizens and helping them improve their quality of life. Mr. Chairman, I congratulate you and the other members of the Committee for digging into these questions now.

USDA Rural Development administers over 40 different programs through its three agencies – Rural Utilities Service, Rural Housing Service, and Rural Business – Cooperative Service – delivered through 47 Rural Development state offices and nearly 500 area offices. These programs were authorized by several different laws. A complete set of all of our statutory "rural area" definitions is attached to my testimony as Appendix 1. I would like to focus the balance of my testimony today on three of those laws: the Consolidated Farm and Rural Development Act, or CONTACT; the Rural Electrification Act; and the Farm Security and Rural Investment Act, which was amended by the Energy title of the 2008 Farm Bill.

Section 343(a)(13) of the CONACT defines “rural” and “rural area” for programs of USDA Rural Development authorized therein, principally business programs and community-based programs. In general, the Act provides a definition of “rural” or “rural area” that is, “any area other than – (i) a city or town that has a population of greater than 50,000 inhabitants; and (ii) any urbanized area contiguous and adjacent to a city or town described in clause (i)”. This definition would act as a default definition for new CONACT programs, and is historically the definition applied to the business programs of Rural Business – Cooperative Service (RBCS).

The CONACT provides separate definitions for two additional program areas. For the Water and Waste Disposal direct loans, guaranteed loans, and grants of Rural Utilities Service, the Act defines “rural” and “rural area” as a, “city, town, or unincorporated area that has a population of not more than 10,000 inhabitants”. For the Community Facilities direct loans, loan guarantees, and grants of Rural Housing Service, the Act defines “rural” and “rural area” as a, “city, town, or unincorporated area that has a population of not more than 20,000 inhabitants”.

The Rural Electrification Act’s definition of eligible “rural area” for Rural Utilities Service’s electric loan and loan guarantee programs was changed in the 2008 Farm Bill from “any area of the United States not included within the boundaries of any city, village, or borough having a population exceeding 1500”, to instead align with the Community Facilities program definition in Rural Housing Service, i.e. municipalities with a total population not more than 20,000. However, those Rural Electric Cooperatives which still had an outstanding loan with RUS at the time and had been eligible under the prior definition retained their eligibility – once rural, always rural.

With the exception of Section 9007, the Rural Energy for America Program, the portions of Title IX of Farm Security and Rural Investment Act of 2002 assigned to Rural Development do not have a statutory requirement that projects be financed in a rural area. Proposed rules nonetheless including a “rural area” eligibility requirement comparable to other business programs were published by Rural Business – Cooperative Service (RBCS) for the Biorefinery Assistance Program (§9003), the Repowering Assistance Program (§9004), and the Bioenergy Program for Advanced Biofuels (§9005) on April 16, 2010 with a 60-day public comment period. Our intent was to have these programs mirror other types of business financing programs available from RBCS. Interim final rules for all three programs have been published.

Rural Development staff administering these loans, loan guarantees, and grants must ensure that funds are invested only in eligible areas. Once basic eligibility is determined, both the CONACT and agency regulations provide additional tools for targeting resources, particularly grant funds, to communities with the smallest populations and the lowest median household incomes. For examples:

- The RUS Special Evaluation Assistance for Rural Communities and Households (SEARCH) program makes predevelopment planning grants for feasibility studies, design assistance, and technical assistance, to financially distressed communities in rural areas with populations of 2,500 or fewer inhabitants for water and sewer projects (§306).

- The RUS technical assistance grants for water and sewer projects provide highest priority to communities with fewer than 5,500 residents (§306).
- The RHS Community Facilities Grant program directs the Secretary to provide higher Federal grant shares for facilities in communities that have lower community population and income levels, and creates a separate grant program for rural communities with extreme unemployment and severe economic depression (§306).
- The RBCS Rural Business Enterprise Grant program gives highest priority to projects in communities with fewer than 5,000 residents (§310B).

These additional priorities are applied as applications are scored or evaluated by Rural Development staff. Our success in targeting in loans, loan guarantees, and grants was one of several things discussed in Economic Information Bulletin Number 65 published by ERS in April 2010. This study found, among other things, that USDA's rural development programs provide more funding per capita to totally rural areas (non-metro counties with less than 2,500 census-defined urban residents) and to distressed non-metro areas (persistent poverty, low employment, and population loss counties) than to non-metro areas in general. The study is available on line at www.ers.usda.gov/Briefing/ruraldevelopment/eib65.

The Rural Development Mission Area is often asked why USDA offers programs that offer assistance for home ownership, business and community development, public and waste water projects and electrical and biofuel ventures given that there are a number of other agencies that provide similar services. USDA provides these services specifically to rural communities that might not otherwise receive this funding. Moreover, our field structure allows our applicants to rely on Rural Development staff in state and area offices and assist them in the application process. However, the problem is that we only have the ability to bring our entire tool box to municipalities of fewer than 10,000 residents that are not adjacent to an urbanized area. Elsewhere, our role involves helping to find other partners to do what we are prevented from doing ourselves because of eligibility standards.

Rural Development also plays a somewhat unique role as the primary economic development arm of the Department of *Agriculture*. Eligibility standards for our loan, grant, and loan guarantee programs can lead to conflict with the Department's other priorities and missions, particularly in states that have been grappling with significant urban sprawl. By eliminating from the CONACT eligibility definition for business programs not just those cities and towns larger than 50,000 inhabitants but also the adjacent urbanized areas, Rural Development focuses financing in projects outside the incorporated area on surrounding farmland and open spaces. Prior to returning to USDA in March 2009, I served for six years as Deputy Secretary for Marketing and Economic Development in the Pennsylvania Department of Agriculture (PDA). One of my duties was to chair the Agricultural Lands Condemnation Approval Board, whose approval was required before State or local government entities could condemn preserved farmland for road improvements or other public uses. Our standard was to allow the conversion of farmland only when there was no reasonable and prudent alternative.

My PDA experience now stands in stark contrast to an eligible rural area standard for USDA's business programs that makes conversion of farmland the attractive first choice rather than the last resort for siting a business project. In several states, rapid sprawl has created urbanized areas in locations that were rural by anyone's measure only a decade ago. Congress took its first steps towards acknowledging sprawl problems in the 2008 farm bill by creating the potential for exceptions in the business programs. Projects could be sited in urbanized areas if, on a case-by-case basis, the Under Secretary for Rural Development determined that the site remained "rural in character". Attached to my testimony as Appendix 2 is a spreadsheet showing how RBCS has administered that new flexibility in fiscal years 2009 and 2010.

Finally, Mr. Chairman, Congress has acknowledged that there are circumstances in which the best economic opportunities for rural people – no matter how "rural" is defined – can be realized by financing projects located in urban areas with access to infrastructure and markets. The CONACT, for example, allows cooperatives to finance agricultural value-added processing ventures in urban areas through the Business & Industry Loan Guarantee program, provided the purpose of the co-op is help producers within an 80-mile radius of the facility and that jobs created would go primarily to rural residents.

The 2008 farm bill added three additional examples. In addition to the new programs in the Energy title, Section 6015 created a carve-out in the CONACT of at least five percent of funding in the Business & Industry Loan Guarantee program for local and regional food systems, with priority for projects that benefit urban, rural, or tribal underserved areas, often called food deserts. Also, section 6108 amends the Rural Electrification Act to authorize electric loans for renewable energy (solar, wind, hydropower, biomass, or geothermal sources) for resale to rural and non-rural residents.

Just as Congress has recognized in these programs that people in rural communities sometimes benefit from the economic activity that occurs in neighboring non-rural areas, USDA has been working with its current programs to respond to many rural communities' efforts to organize on a more regional basis. This work recognizes that USDA has the responsibility to utilize our programs in such a way that best supports the hard work and ingenuity of those who live in rural communities. As this work progresses, we believe that it may also inform this important discussion around rural definition.

Mr. Chairman, we look forward to receiving new census information over the coming months and with it a clear view of how rural America has changed over the last decade. We also look forward to continued discussions with this Subcommittee as to how best to meet evolving needs of rural citizens, helping them seize opportunities for economic growth that will help rural communities thrive. Thank you for holding today's hearing, and I would be happy to address any questions at this time.

**SUPPLEMENTAL QUESTIONS FOR THE RECORD TO:
MS. CHERYL COOK, DEPUTY UNDER SECRETARY, RURAL
DEVELOPMENT, U.S. DEPARTMENT OF AGRICULTURE, WASHINGTON,
D.C.**

**HEARING TO REVIEW THE VARIOUS DEFINITIONS OF RURAL
APPLIED UNDER PROGRAMS OPERATED BY THE U.S.
DEPARTMENT OF AGRICULTURE
February 15, 2011**

Committee on Agriculture Staff

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Questions Submitted by:

Chairman Timothy V. Johnson, Illinois

Q: Ms. Cook, your testimony indicates you feel USDA should have more flexibility in deciding where rural development projects are deployed, and that the current definitions are too prescriptive. Yet, the results of the 2008 Farm Bill debate on this topic are due in large part to projects being cited near urban areas. What is unique about the flexibility you are contemplating that would address concerns this Committee might have about funds being used near urban areas?

Response: The provisions of Section 343(a)(13) of the Consolidated Farm and Rural Development Act (CONACT) address simply the area considered eligible to apply for Rural Development's community and business programs. Other sections of that law, specifically Sections 306 – 306E and 310B address congressional priorities in funding applications received, and target our funds – particularly grant funds – to the smallest, poorest areas. Changes made to the former would not affect the latter.

For example, the Rural Business Enterprise Grant program is subject to the eligible rural area standard of 343(a)(13)(A) – anywhere except a city or town greater than 50,000 and adjacent urbanized areas. However, Section 310B provides that priority consideration be given to applications for this program from municipalities, tribes, or non-profit organizations in communities of under 5,000. Similarly, a municipality of 9,500 residents would be eligible to apply for Water & Waste Disposal funding since they would be below the standard in Section 343(a)(13)(B) of 10,000; however, priority for grant funds and technical assistance goes to applicants with fewer than 5,000 residents under Section 306.

Changing standards for eligibility to apply for Rural Development programs to provide commonality for our customers or to account for features beyond total population does

not affect prioritization provided elsewhere in the Act for the smallest, neediest communities.

The Food, Conservation, and Energy Act of 2008 (2008 Farm Bill) made no changes with respect to areas eligible to apply for community-based programs. The Water & Waste Disposal program and the Community Facilities program remain at 10,000 and 20,000 respectively. The flexibility in Section 6018(a) of the farm bill, which provided for areas remaining “rural in character”, applies only to 50,000 population definition of rural that predominately applies to the business programs, like the Rural Business Enterprise Grant program described above. . What is unique about the possibilities discussed during the hearing and in my written testimony is the broader applicability to all programs in terms of the places from which an application could be accepted.

Representative Collin C. Peterson, Minnesota

Q: Ms. Cook, in your testimony you note that some communities currently eligible for USDA rural development programs because they currently meet the population thresholds may not be eligible in the future depending on the results of the next Census. If a multi-year loan award was made when the recipient fit within the population limit pre-Census, does that loan stay active post-Census? Can you elaborate on any other effects the Census would have on active borrowers?

Response: Rural Development generally does not make multi-year loan awards, though once obligated, appropriations law generally allows a period of five years from the end of the fiscal year in which funds were awarded to fully use the funding. In the few cases where a multi-year grant can be awarded, e.g., the Rural Business Opportunity Grant and the Rural Cooperative Development Grant, both of which allow for two-year grants, the entire amount is obligated the first year. If an applicant was in an eligible rural area at the time the loan or grant was obligated, that status would continue as the project moves forward and funds are drawn down.

In prior years, new census data created challenges for applicants with large community-based projects that required a series of applications in order to fund multiple project phases over multiple fiscal years. When the only standard for eligibility is total population, a change in that population could affect eligibility for later project phases.

Q: Ms. Cook, can you describe your points system when evaluating applicants? What criteria are used, and what do you place the highest value on?

Response: Currently, each program regulation identifies the exact evaluation process for that program, drawing from statutory requirements and priorities where provided. Additionally, programs administered by a single nationwide competition normally identify scoring criteria in their regulation or in the body of a Notice of Funds Availability, or NOFA.

In the case of most loan programs under the jurisdiction of this Subcommittee, once the applicant and the area in which the applicant wishes to receive financial assistance are determined eligible, evaluating an application generally turns to: (1) the strength of the idea for which financial assistance is being sought; and (2) whether a particular application is entitled to priority consideration.

With regard to the former, most regulations evaluate various aspects of feasibility. Does the idea use proven technologies? Does the applicant have the management experience to operate successfully (and, if not, do we have technical assistance programs that could be brought to bear)? Does the applicant have a reasonable chance of repayment ability based on financial projections? Is there a market study to suggest sufficient demand for the goods or services to be financed? Is the applicant also financially invested in the project or is the Federal Government being asked to shoulder all the risk? Is the workforce able to meet the needs of this project without jeopardizing the success of others? In the case of community-based programs, does the project as proposed lead to a reasonable end user rate for public services?

With regard to the latter, statutory language in the CONACT especially provides additional prioritization for certain applications in certain programs based on total population size and median household income. Other statutes, such as the Farm Security and Rural Investment Act of 2002, also articulate evaluation criteria and provide priorities for funding for projects offering the best energy “bang for the buck”.

My testimony suggested that perhaps other factors could be considered in this evaluation process to ensure that Rural Development’s programs benefit the rural people who need them most. In so doing, perhaps Congress could reevaluate the single eligibility standard of total population to also consider other factors that lead to higher priority applications. The model I had in mind was the second NOFA under the Broadband Initiatives Program, or BIP.

The first BIP NOFA, issued in 2009, attempted to invest the largest share of grant funds in those most isolated communities that we had been unable to reach with the regular Broadband program created in the 2002 farm bill, and that were the hardest for the private sector to reach alone. That program offers only loan funds, and applicants generally have come from more populous, economically stronger areas that can afford the debt service rather than sparsely populated isolated communities. In the Water & Waste Disposal program, where projects regularly exceed \$10 million in cost, Rural Utilities Service has been able to assist smaller, poorer communities by supplementing loans with grant funds. In the Broadband program, where projects have exceeded \$100 million, no grant funds are available. The American Recovery and Reinvestment Act authorized the BIP program, and for the first time enabled the Agency to pair loan and grant funds together to arrive at more affordable subscription rates. In the first NOFA, applicants generally could expect to receive up to 50% grant and 50% loan toward their total project, but remote rural areas could receive 100% grant funds.

While the policy objective of the first BIP NOFA was sound, the implementation of a NOFA that limited availability of full grant funding to applicants in remote rural areas proved challenging. As if defining “eligible rural area” weren’t difficult enough, then we had to define “remote”. By contrast, the second BIP NOFA offered most applicants a mix of up to 75% grant, 25% loan, but considered a range of factors and took a more flexible approach in determining when the Administrator could waive that general rule and fully fund a project with grant funds. The NOFA provided that:

The Administrator may grant a request for waiver for a larger grant component based on the following factors:

1. Distance From Non-Rural Areas – The Administrator will consider the distance from the focus of the proposed funded service areas from the closest non-rural area.
2. Rural Area Targeting – The Administrator will consider the percentage of the proposed funded service area that is above the 75 percent [of the service area being rural] requirement.
3. Density – The Administrator will consider the density of the proposed funded service area, calculated from the population and area totals of all proposed funded service areas taken from the mapping tool.
4. Median Household Income – The Administrator will consider the median household income of the proposed funded service area, comparing the county median household income to that of the State median income level. For applications serving multiple counties, the Administrator will weigh the percentages of all counties.
5. Unemployment – The Administrator will consider the state unemployment level compared to the National Unemployment Level in the state of the proposed funded service area. For applications serving multiple states, the Administrator will weigh the percentages in each State.

Using this multi-faceted methodology, the Administrator was able to target remaining BIP grant funds to the most rural areas with the greatest need. Again, the CONACT already provides for some of these types of priority considerations in some, but not all, of our programs. I think this sort of potential exists throughout Rural Development, and look forward to further discussion with the Subcommittee as to how this sort of prioritization could be incorporated to consistently target our resources.

Q: Ms. Cook, what is the reasoning for the “once rural, always rural” policy as it relates to rural electric cooperatives with a long, continuous borrowing history in some programs? Are there any such borrowers that now primarily serve urban or suburban areas?

Response: The policy you mention is a statutory requirement of the Rural Electrification Act of 1936. While Rural Development seeks to protect taxpayers’ investments by enabling borrowers to meet their existing obligations, our mission is to ensure that the program benefits the rural borrowers who need them most.

Rural electric cooperatives were established to deliver electric power to rural areas because there was no profit for investor-owned utilities to deliver service. The business structure of these cooperatives in many cases precludes their use of the financing available to investor-owned utilities.

Fewer than 10 percent of the consumers served by RUS' electric borrowers could be considered nonrural based on a study completed in 2005 using census bureau delineations. The business structure that rural electric cooperatives employ to provide reliable and affordable power to rural consumers is also a consideration in Rural Development's mission.

Representative Larry Kissell, North Carolina

Q: Ms. Cook, within Rural Development programs both Grants and Loans are often available for our Rural Communities. It is my understanding that if a community does not qualify for a grant, they often can be considered for a loan. Many of the Rural Communities in my district are not eligible for grants, and pursue Rural Development loans. Is my assumption correct that part of your evaluation for some loan programs is the ability of the applicant to pay back the loan? If so, does this mean you would prioritize a rural area that might be in a more secure economic condition versus another? Do you feel that USDA’s approach is consistent with the goal of assisting those communities most in need?

Response: USDA’s approach is consistent with the goal of assisting those communities most in need. Independent of the discussion of a lack of consistency in the standards for eligible rural areas, which apply equally to loans and grants, applicants from the smallest, poorest communities receive priority for grant funds and the lowest interest rate for loan funds. This is true both for the Water & Waste Disposal program and the Community Facilities program. The Rural Business Enterprise Grant also is targeted by Congress to the smallest areas, providing priority to applications from municipalities, tribes, and non-profit organizations in communities below 5,000.

Further, in our community programs, especially the Water & Waste Disposal program, communities, normally, receive a combination of loans and grants for a particular project. The mix of loan and grant is generally determined on the ability of the community to

support the repayment of the loan. Communities that have a stronger economic foundation will receive a higher loan to grant mix than communities that are in a more fragile economic state. By targeting the loan/grant mix in this manner, Rural Development is able to extend its budget authority to serve more communities while still prioritizing assistance to those communities with the greatest need.

Representative Joe Courtney, Connecticut

Madame Secretary,

As you are aware Connecticut, like other Northeastern states, is unique in that we lack unincorporated areas. Additionally, we have townships, villages and other community designations which inhibit our ability to be eligible for and receive funding for community facilities or water and waste projects.

As you know, in 2009, an opinion issued by the office of general counsel, which overturned a long standing practice at the department to recognize the unique challenges we in the northeast face when determining eligibility for rural development. This opinion suspended the long standing practice of recognizing villages, townships and boroughs common to Northeast states as separate identifiable communities whom are eligible for rural development funds based on their own populations, not that of the town in which they are encompassed. It should be noted that this was a policy that was in place for more than 40 years.

As you know, I sent a letter in October 2009 cosigned by 17 of my colleagues seeking Sec. Vilsack's support for reversing the decision of the general counsel which he did. I have submitted a copy of that my letter and the secretary's response for the record.

However I still have some concerns that I would like to ask you about.

Q: In a letter dated November 12, 2009, Secretary Vilsack wrote that "Rural Development will be soliciting public comments through an Advanced Notice of Proposed Rulemaking on defining "rural" in an equitable manner across the nation in the near future." It is my understanding that no such proposed rule has been released yet. When does USDA expect to release that proposed rule?

Response: Please see below.

Q: Also included in that letter was a statement from Secretary Vilsack indicating that "Municipalities may be considered separate cities or towns for purposes of population thresholds for program eligibility provided that they meet characteristics one might expect to find in a municipality, such as separately identifiable village name, a post office, or other indicators of a community that will last through the life of the loan that is being requested." Does this remain the policy of USDA in determining eligibility for rural development funds for communities in Connecticut today?

While the majority of states began as unincorporated territories now dotted with incorporated municipalities, most states in the Northeast are entirely incorporated. However, several northeastern states – notably, Massachusetts, New York, and Pennsylvania – recognize in state law the concept of a “village”, an unincorporated population cluster lying wholly within an incorporated municipality. In MA and NY, villages lie within incorporated towns. In PA, villages lie within incorporated townships.

When I was a state director in Pennsylvania during the 1990s, the general rule in the northeast region was that if a water or sewer project actually would serve fewer than 10,000 people, the project could proceed. Thus, a village of fewer than 10,000 people, where centralized services like water or sewer were more necessary than in the outlying farmland, could be considered even if the total population of the township in which the village was located exceeded 10,000.

In the 2002 Farm Bill, Congress added the words “city, town, or unincorporated area” to the pre-existing eligibility standards of not more than 10,000 for the Water & Waste Disposal program and 20,000 for the Community Facilities program. The legislative history of that addition suggests that Congress specifically intended to curb what had been common practice in Pennsylvania and other northeastern states. With the new language, an applicant is the municipality rather than a portion of a municipality or even a single-purpose sewer or water district. The entire population of the municipality therefore would be applied to the eligibility standard, even if less than the total population would be served. This language was unchanged by the 2008 Farm Bill.

In 2009, the Office of General Counsel determined that instructions given its Northeast regional office in 2004 with respect to this issue had not been fully implemented, and addressed that with additional staff instructions. In the same timeframe, policy leaders in Rural Development determined that additional guidance for state offices was warranted to ensure that we would follow the law as Congress enacted it in 2002 and again in 2008. An Administrative Notice was issued to the northeastern state offices explaining the current state of the law yet recognizing that an “unincorporated area” in the Northeast was something entirely different than in other states. We determined that in using the words “city or town” Congress meant any incorporated municipality. We also acknowledged that, even though states might not have any unincorporated geographic areas, an unincorporated population center within an incorporated municipality might be able to apply in its own right if it met the characteristics of a municipality aside from formal incorporation, such as providing other services or having a separate zip code or separate recognition as a census-designated place.

That Administrative Notice does remain in effect pending regulatory action on the definition of “city, town, or unincorporated area”. The Advanced Notice of Proposed Rulemaking (ANPR) mentioned in the Secretary’s 2009 letter was placed on hold until final determination was reached on whether a rural area eligibility standard comparable to other business programs of Rural Business – Cooperative Service would or would not be included for the new energy programs authorized in title IX of the farm bill. The

statutory language does not apply a rural eligibility standard to the Section 9003, 9004, or 9005 programs of the Farm Security and Rural Investment Act of 2002. In an effort to gain consistency across the Agency with its CONACT programs, proposed rules including that requirement were published in April 2010. Interim final rules reflecting public comment in favor of removing the eligibility standard were published in February 2011, clearing the path to resume work on the ANPR for other programs.

Q: In 2009, the same year USDA overturned the long standing policy of rural development eligibility in my state of Connecticut and others, the Pennsylvania state rural development office also issued a contradictory opinion (PA AN No. 1238) regarding the state of Pennsylvania. The language in that exemption is as follows “In consultation with the National Office, we have determined that areas in townships in should not be considered as being “in a city or town.” Therefore all townships in Pennsylvania should be considered as rural areas regardless of the population of the township.” I recognize that this was a state office opinion but the fact that it was done so in consultation with the “national office” concerns me. Can you explain why USDA issued this opinion in January 2009 for Pennsylvania and then issued a contradictory opinion later that year for Connecticut and other states? Furthermore, if this was a state office determination, why did the office of general counsel not overrule this decision when they issued a contradictory decision on Connecticut’s eligibility?

Response: In 2009, the new Pennsylvania State Director was asked by his staff to reissue a specific state Administrative Notice that his predecessor had developed in 2003 in response to the “city, town, or unincorporated area” language Congress adopted in the 2002 Farm Bill. That document attempted to declare all Pennsylvania townships as eligible rural areas. Upon my learning of that document in November 2009, it was rescinded. Nevertheless, it underscores some of the challenges in trying to have a single nationwide eligibility standard when that standard is applied to municipal structures created by each state and territory.

PA has about 100 cities of the 1st through 4th class, with class being determined by total population. A few cities of the 4th class would meet the eligible rural area standard of the Community Facilities program (20,000) but generally not the Water & Waste Disposal program (10,000). Further, Pennsylvania has 2,500 incorporated municipalities, exactly one of which is incorporated as a town, the Town of Bloomsburg, a college town whose population is about 12,700. Pennsylvania has no unincorporated geography whatsoever, just the “village” concept of an unincorporated population center within an incorporated township. Pennsylvania has 1,000 boroughs and 1,400 townships, but Congress only mentioned “city or town” in the revised eligibility standard. The State Director in place at that time interpreted “city or town” literally, and knowing that Pennsylvania had one of the largest rural populations not served by public water or sewer, attempted to address townships through an Administrative Notice.

Of the 1,400 townships in Pennsylvania, 1,297 have 10,000 or fewer residents. Assuming that Congress simply listed “city” or “town” as examples of incorporated municipalities rather than literally meaning only municipalities incorporated as cities or

as towns could apply, those 1,297 PA townships would meet eligibility standards for the Water & Waste Disposal program and the Community Facilities program. The problem was with the 103 whose populations are over 10,000 and particularly with the 23 in sprawl-affected areas whose populations are over 20,000. A blanket declaration of rurality for all townships was inappropriate, and that Administrative Notice is no longer in effect.

Filtering Criteria to Drive RD Funds to the Most Rural Areas Community Infrastructure Programs (Points are cumulative)				
Factor			Points	Explanatory Comments
1	Total Population			Basic eligibility would be extended to any city, town, or unincorporated area except those greater than 50,000 in total population (unless Congress has specifically adopted an exception allowing a certain type of project to be sited in an urban area). As with current provisions in §306 of the ConAct and Agency regulations found at 7 CFR §§1780.17, 1942.17(f), 1942.305(a) and (b), 3570.63(b), preference is given through higher point scores for smaller communities.
	1	4,999	10	
	5,000	10,000	5	
	10,001	20,000	3	
	21,000	34,999	2	
	35,001	50,000	1	
2	Population Density			In addition to total population, population density can be an indicator of rurality. This filtering criterion relies on Census Bureau statistics.
	Less than 10 people per square mile		5	
	Less than 50 people per square mile		3	
	Less than 250 people per square mile		1	
3	Rural/Urban Commuting Areas			Based on Rural/Urban Commuting Area Codes developed by USDA Economic Research Service and HHS. This coding system offers a more transparent view of places that have become simply ancillary bedroom communities for nearby metropolitan areas than is available currently from provisions of §343(a) of the ConAct regarding exclusion of "adjacent urbanized areas and the exceptions to those exclusions created in the 2008 Farm Bill.
	Coded as "rural area"		5	
	Coded as "small town" or "commuting to small town"		3	
	Coded as "low commuting to large town"		1	
4	Economic Conditions - Poverty			Compares Median Household Income of service area to the higher of statewide non-metro Median
	Project MHI ≤	60%	5	

Addendum 4

Filtering Criteria

	Project MHI ≤	70%	4	Household Income or poverty threshold for a family of four. This is similar to current Agency regulations found at 7 CFR §§1780.13, 1780.17, 1942.17, 1942.305(b)(3), 3570.61. Those regulations will be based on a rolling five-year average of data from the American Community Survey, since the Decennial Census no longer collects this data.
	Project MHI ≤	80%	3	
	Project MHI ≤	90%	2	
	Project MHI ≤	100%	1	
	More than 25% of children in the school district where the project is sited receive free or reduced cost lunches		5	
	More than 15% of children in the school district where the project is sited receive free or reduced cost lunches		3	
5	Economic Conditions - Unemployment			This filtering criterion compares the unemployment rate of the project service area to the statewide unemployment rate, awarding preference through higher points to applicants from areas where unemployment exceeds the statewide average by more than 25%. The concept is drawn from existing Agency regulations found at 7 CFR §1942.305(b)(3) and, while it generally has not been applied to community projects in the past, community development can lead to economic development and job creation.
	Project area rate is ≥ 125% of statewide rate		5	
	Project area rate is 100% - 124% of statewide rate		3	
	Project area rate is < statewide rate		0	
6	Economic Impacts			Like filtering criterion #5, this measure also recognizes the economic impact of community development projects, attempting to give preference through higher points to projects that can drive job creation. As examples, a Community Facilities application to make capital improvements at a fairgrounds allowing the site to be used year-round for tourism activities that bring new revenues to the community could receive extra points, as could a
	Project contributes to development of local or regional food systems, or improves access to food in under-served rural, tribal, or urban areas		5	

Addendum 4

Filtering Criteria

	Project can demonstrate entrepreneurial support through new or emerging small business development	4	municipal airport, a farmers market, or other facility that allows local entrepreneurs to have a venue by which to reach area consumers.
	Project creates construction or other jobs on a temporary basis	2	
	Project can lead indirectly to creation of jobs at other sites	1	
	Community Impacts		
	Project addresses a threat to public health or safety	5	This factor is drawn from existing Agency regulations found at 7 CFR §§1780.13, 1780.17, 1942.17(f).
	Project contributes to lifelong learning opportunities for service area residents	4	
7	Project contributes to lifelong residency options in the service area, including municipal or non-profit dependent care and assisted living	3	
	Project facilitates making the service area more attractive to employers	2	
	Project facilitates an improved quality of life for residents of the service area	1	

Addendum 4

Filtering Criteria

8	Environmental Impacts		
	Project addresses water quality or air quality problems in the service area	5	Compare to existing Agency regulations found at 7 CFR §§1780.13, 1780.17.
	Project reuses developed site	5	
	Project promotes use of renewable energy or energy conservation	5	
	Project does not develop land in Soil Classes I - IV	3	
	Project consistent with state or local efforts to protect agricultural land uses	3	
	Project does not negatively impact water quality or air quality in the service area	1	
9	Need for RD financing		
	Project has other financial partners contributing 50% or more of the total project cost	5	Evaluates both the availability of other credit and the potential to leverage RD funds with others' funds Compare to existing Agency regulations found at 7 CFR §§1780.17, 1942.17(f), 1942.305(b)(3), 3570.63(b).
	Project has no other financial partners because there are no other sources of credit at reasonable rates and terms	5	
	Project has other financial partners contributing 25% or more of the total project cost	3	

Addendum 4

Filtering Criteria

	Project could access financing from another source, but at less favorable terms	1	
	Consistency with strategic objectives		
10	Project sited in a county declared a disaster area by the President or the Secretary	5	Compares project location/purpose to regional or local planning objectives or USDA/Mission Area objectives for rural economic and community development
	Project demonstrates progress toward serving historically underserved geographic areas or demographic groups	5	There is some regulatory precedent for this concept in 7 CFR §1942.305(b)(3). More directly, though, this criterion makes real §14218 of the 2008 Farm Bill. Congress directed Rural Development to create the position of Coordinator for Chronically Underserved Rural Areas in order to identify and implement strategies to better serve populations and places of high need and high poverty.
	Project demonstrates progress toward objectives of regional or local development plans	3	
	Project furthers achievement of USDA strategic plans at the Department, Mission Area, Regional, or State levels	1	

Filtering Criteria to Drive RD Funds to the Most Rural Areas – Entrepreneurship Support Programs (Points are cumulative)				
Factor		Points	Explanatory Comments	
1	Total Population		Basic eligibility would be extended to any city, town, or unincorporated area except those greater than 50,000 in total population. Comparable to current provisions in §306 of the ConAct and Agency regulations found at 7 CFR §§1780.17, 1942.17(f), 1942.305(a) and (b), 3570.63(b), preference is given through higher point scores for smaller communities.	
	1	4,999		10
	5,000	10,000		5
	10,001	20,000		3
	21,000	34,999		2
	35,001	50,000		1
2	Economic Conditions - Unemployment		Compares unemployment rate of the project service area to statewide unemployment rate. This is comparable to current Agency regulations found at 7 CFR 1942.305(b)(3).	
	Project area rate is ≥ 125% of statewide rate			5
	Project area rate is 100% - 124% of statewide rate			3
	Project area rate is < statewide rate			0
3	Economic Impacts - General		Evaluates the quality and quantity of jobs created or saved by the project, along the lines of criteria used in the B&I Recovery Act Notice of Funds Availability.	
	Project demonstrates likelihood to create or save high quality permanent jobs within 2 years			5
	Project can demonstrate entrepreneurial support through new or emerging small business development, including cooperatives			4
	Project creates construction or other jobs on a temporary basis			2

Addendum 4

Filtering Criteria

	Project can lead indirectly to creation of jobs at other sites	1	
4	Economic Impacts - Promoting Energy Independence		<p>This filtering criterion builds on provisions of the several Notices of Funds Availability issued for energy programs like the Rural Energy for America Program, Biorefinery Assistance Program, etc. By applying this filter to all economic development applications, programs like the Business & Industry Loan Guarantee Program would have the ability to give additional weight to applications that advance America's energy agenda.</p>
	Project purpose leads to increased domestic production of renewable power	5	
	Project purpose leads to increased domestic production of renewable fuels meeting the RFS 2 standard	5	
	Project leads to increased domestic production of renewable alternatives to heating oil	5	
	Project is itself energy independent	3	
	Project builds capacity for energy audits for farmers and other rural business owners	3	
5	Economic Impacts - Supporting Agricultural Entrepreneurs		<p>American agriculture in the 20th Century is the greatest success story of increasing productivity in history. But, as the average age of America's farmers and ranchers rose over the last few decades, so has the average age of seed and equipment dealers, feed mill and grain elevator operators, fertilizer manufacturers and dealers, livestock auction operators and local butchers, etc. For American agriculture to remain strong in the 21st Century, Rural Development needs to focus more of its efforts on the infrastructure surrounding agricultural producers</p>
	Project (re)develops infrastructure and service providers so agricultural producers can get equipment, livestock feed, seed, fertilizer, or other inputs needed to produce agricultural commodities	5	

Addendum 4

Filtering Criteria

	Project (re)develops infrastructure needed to move agricultural commodities (food, fiber, or fuel) beyond the farm gate for processing, distribution, or retailing to consumers	5	
	Project contributes to development of local or regional food systems, including direct marketing from farmers to consumers	5	Compare these two filtering criteria to §6015 of the 2008 Farm Bill, which directed RBS to target at least 5% of available budget authority to local or regional food system projects until April 1 of each year. Within that current target, preference is given to projects that benefit rural, tribal, or urban under-served areas.
	Project contributes to alleviating food availability challenges in rural, tribal or urban under-served areas	5	
	Project alleviates regional shortages in critical goods and services needed for farmers and ranchers to thrive	3	Examples might include regional shortages in large/food animal veterinarians, irrigation equipment manufacturers or dealers, sawmills, rendering plants, a wide variety of regional needs are facing greater urgency in finding new entrants
	Project is consistent with state or local efforts to protect agricultural land uses	3	
6	Economic Impacts - Building on Broadband Infrastructure		This criterion recognizes that the full potential of increasing rural broadband infrastructure won't be realized until businesses and institutions in rural areas actually use it.
	Project purpose(s) includes e-commerce start-up or expansion	5	
	Project purpose is primarily focused on using broadband technologies	3	

Addendum 4

Filtering Criteria

	Project purpose(s) includes purchasing new equipment that can use broadband technologies	1	
7	Community Impacts		
	Project contributes to workforce development opportunities for service area residents	5	Compare to current Agency regulations found at 7 §§CFR 1780.13, 1780.17, 1942.17(f).
	Project purpose(s) includes development or expansion of an employee-owned cooperatively run business	5	
	Project facilitates making the service area more attractive to additional employers	3	
	Project contributes to lifelong residency options in the service area, including for-profit dependent care or assisted living	1	
8	Environmental Impacts		
	Project improves water quality or air quality issues	5	
	Project reuses developed site	5	
	Project complies with available “green” building standards or commercializes products that help other businesses and home owners adopt green building standards	4	

Addendum 4

Filtering Criteria

	Project does not develop land in Soil Classes I – IV	3	
	Project does not negatively impact water quality or air quality in the service area	1	
9	Promoting Rural Capital Formation		This filtering criterion evaluates the potential to leverage RD funds with others' funds and attract equity as well as debt investment vehicles to rural America
	Project has other financial partners contributing 50% or more of the total project cost	5	
	Project purpose is to create or expand availability of venture capital in rural areas	5	
	Project leverages Federal or State tax credit opportunities	3	
	Project purpose is to capitalize a Revolving Loan Fund	1	
10	Consistency with strategic objectives		
	Project sited in a county declared a disaster area by either the President or the Secretary	5	
	Project demonstrates progress toward serving historically underserved geographic areas or demographic groups	5	There is some regulatory precedent for this concept in 7 CFR §1942.305(b)(3). More directly, though, this criterion makes real §14218 of the 2008 Farm Bill. Congress directed Rural Development to create the position of Coordinator for Chronically Underserved Rural Areas in order to identify and implement strategies to better serve populations and places of high need and high poverty.

Addendum 4

Filtering Criteria

	Project demonstrates progress toward objectives of regional or local development plans	3	
	Project furthers achievement of USDA strategic plans at the Department, Mission Area, Regional, or State levels	1	Compares project location/purpose to regional or local planning objectives or USDA/Mission Area objectives for rural economic and community development

Rural Area Exceptions Requests

2/28/2013

State	Town	Outcome	Date of	
			Request	Response to State
TX	Corpus Christi (Deannexation)	Approved by Under Secretary under the RIC 1/4 mile from rural area provision.	12/16/2008	1/16/2009
PA	Scranton	Approved by Under Secretary under the RIC 1/4 mile from rural area provision.	12/17/2008	6/18/2010
PA	Reading	Approved by Under Secretary under the RIC 1/4 mile from rural area provision.	1/26/2010	7/19/2010
IA	Grimes	Approved by Under Secretary under the RIC 1/4 mile from rural area provision.	2/3/2010	7/19/2010
RI	North Smithfield	Reconsideration Request Approved by the Under Secretary under the RIC 1/4 mile provision	3/22/2010	10/22/2010
TN	Church Hill	Approved by Under Secretary under the RIC 1/4 mile from rural area provision.	10/19/2010	3/14/2011
NY	Wading River	Approved by Under Secretary under the RIC 1/4 mile from rural area provision.	6/3/2011	12/5/2011
NC	Spring Lake	Approved by Under Secretary under the RIC 1/4 mile from rural area provision.	12/1/2011	2/2/2012
FL	Homestead	Approved by Under Secretary under the RIC 1/4 mile from rural area provision.	2/6/2012	11/1/2012
TN	Hendersonville	Approved by Under Secretary under the RIC 1/4 mile from rural area provision.	2/13/2012	5/17/2012
KY	Henderson	Eligible String	9/10/2008	3/24/2009
MI	Buchanan	Eligible String	1/14/2009	3/24/2009
NC	Canton/Clyde	Eligible String	2/19/2009	3/24/2009
OR	White City	Eligible String	2/27/2009	4/2/2009
OR	Jacksonville	Eligible String	2/27/2009	4/2/2009
OR	Ashland	Eligible String	2/27/2009	4/2/2009
OR	Coburg	Eligible String	2/27/2009	4/2/2009
OR	Turner	Eligible String	2/27/2009	4/2/2009
OR	Wilsonville	Eligible String	2/27/2009	4/2/2009
OR	Butteville	Eligible String	2/27/2009	4/2/2009
OR	Boring	Eligible String	2/27/2009	4/2/2009
OR	Pleasant Home	Eligible String	2/27/2009	4/2/2009
AR	West Memphis	Eligible String	3/2/2009	4/2/2009
MO	Pevely	Eligible String	3/5/2009	4/2/2009
IL	East Dubuque	Eligible String	4/7/2009	5/7/2009
IL	Beecher	Eligible String	4/7/2009	5/7/2009
IL	Winnebago	Eligible String	4/7/2009	5/7/2009
IL	Belvidere	Eligible String	4/7/2009	5/7/2009
IL	Sugar Grove	Eligible String	4/7/2009	5/7/2009
IL	Yorkville	Eligible String	4/7/2009	5/7/2009
IL	Elburn	Eligible String	4/7/2009	5/7/2009
NE	Plattsmouth	Eligible String	4/14/2009	5/7/2009
NE	South Sioux City	Eligible String	4/14/2009	5/7/2009
NE	Dakota City	Eligible String	4/14/2009	5/7/2009
TN	Gallatin	Eligible String	4/15/2009	5/7/2009
TN	Springfield	Eligible String	4/15/2009	5/7/2009
RI	South Kingstown	Eligible String	4/24/2009	6/12/2009
CT	North Grosvenordale	Eligible String	4/27/2009	6/12/2009
PA	Mahoning Township	Eligible String	5/7/2009	6/12/2009
PA	Lehigton Borough	Eligible String	5/7/2009	6/12/2009
PA	Parryville Borough	Eligible String	5/7/2009	6/12/2009
PA	Towamensing Township	Eligible String	5/7/2009	6/12/2009
PA	Franklin Township	Eligible String	5/7/2009	6/12/2009

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PA	East Penn Township	Eligible String	5/7/2009	6/12/2009
PA	Bowmanstown Borough	Eligible String	5/7/2009	6/12/2009
PA	Palmerton Borough	Eligible String	5/7/2009	6/12/2009
PA	Lower Towamensing Township	Eligible String	5/7/2009	6/12/2009
MT	Bonner	Eligible String	5/14/2009	6/12/2009
MT	West Riverside	Eligible String	5/14/2009	6/12/2009
RI	Burrilville	Eligible String	5/14/2009	6/12/2009
NV	Johnson Lane	Eligible String	6/15/2009	8/14/2009
NV	Moundhouse	Eligible String	6/15/2009	8/14/2009
NJ	Newton	Eligible String	6/25/2009	8/14/2009
NJ	Flemington	Eligible String	6/25/2009	8/14/2009
RI	Exeter	Eligible String	7/20/2009	9/28/2009
MA	Southbridge	Eligible String	7/22/2009	9/28/2009
NJ	Clayton	Eligible String	7/24/2009	9/28/2009
OR	Talent	Eligible String	N/A	9/28/2009
OR	Cornelius	Eligible String	N/A	9/28/2009
OR	Forest Grove	Eligible String	N/A	9/28/2009
MA	Amesbury	Eligible String	N/A	9/28/2009
MI	Romeo	Eligible String	9/23/2009	11/18/2009
MI	Washington Township	Eligible String	9/23/2009	11/18/2009
CA	Alpine	Eligible String	10/21/2009	1/13/2010
CA	Auburn	Eligible String	10/21/2009	1/13/2010
CA	Healdsburg	Eligible String	10/21/2009	1/13/2010
CA	Galt	Eligible String	10/21/2009	1/13/2010
CA	Exeter	Eligible String	10/21/2009	1/13/2010
CA	Durham	Eligible String	10/21/2009	1/13/2010
CA	Gilroy	Eligible String	10/21/2009	1/13/2010
CA	Cherry Valley	Eligible String	10/21/2009	1/13/2010
CA	Beaumont	Eligible String	10/21/2009	1/13/2010
CA	Banning	Eligible String	10/21/2009	1/13/2010
CA	Graton	Eligible String	10/21/2009	1/13/2010
CA	Sebastopol	Eligible String	10/21/2009	1/13/2010
CA	Atwater	Eligible String	10/21/2009	1/13/2010
CA	Anderson	Eligible String	10/21/2009	1/13/2010
IL	Morton	Eligible String	11/9/2009	1/13/2010
AR	Bryant	Eligible String	11/20/2009	1/13/2010
AR	Benton	Eligible String	11/20/2009	1/13/2010
AR	Jacksonville	Eligible String	11/20/2009	1/13/2010
AR	Cabot	Eligible String	11/20/2009	1/13/2010
OH	Xenia	Eligible String	11/23/2009	1/13/2010
OH	Troy	Eligible String	11/24/2009	1/13/2010
OH	Tipp City	Eligible String	11/24/2009	1/13/2010
PA	New Kensington	Eligible String	9/24/2009	1/25/2010
PA	Green Lane	Eligible String	9/24/2009	1/25/2010
PA	Pennsburg	Eligible String	9/24/2009	1/25/2010
PA	Red Hill	Eligible String	9/24/2009	1/25/2010
PA	East Greenville	Eligible String	9/24/2009	1/25/2010

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MA	Boxford	Eligible String	11/24/2009	1/25/2010
MA	Byfield	Eligible String	11/24/2009	1/25/2010
MA	Georgetown	Eligible String	11/24/2009	1/25/2010
MA	Ipswich	Eligible String	11/24/2009	1/25/2010
MA	Topsfield	Eligible String	11/24/2009	1/25/2010
MA	Essex	Eligible String	11/24/2009	1/25/2010
MA	Gloucester	Eligible String	11/24/2009	1/25/2010
MA	Manchester	Eligible String	11/24/2009	1/25/2010
MA	Rockport	Eligible String	11/24/2009	1/25/2010
MA	Ayer	Eligible String	11/24/2009	1/25/2010
MA	Groton	Eligible String	11/24/2009	1/25/2010
MA	Shirley	Eligible String	11/24/2009	1/25/2010
MA	Upton	Eligible String	11/24/2009	1/25/2010
MA	Carver	Eligible String	11/24/2009	1/25/2010
MA	Lakeville	Eligible String	11/24/2009	1/25/2010
MA	Middleboro	Eligible String	11/24/2009	1/25/2010
MA	Paxton	Eligible String	11/24/2009	1/25/2010
MA	Rutland	Eligible String	11/24/2009	1/25/2010
MA	Charlton	Eligible String	11/24/2009	1/25/2010
MA	Leicester	Eligible String	11/24/2009	1/25/2010
MA	Spencer	Eligible String	11/24/2009	1/25/2010
MA	Northbridge	Eligible String	11/24/2009	1/25/2010
MA	Uxbridge	Eligible String	11/24/2009	1/25/2010
MA	Whitinsville	Eligible String	11/24/2009	1/25/2010
MA	Fairhaven	Eligible String	11/24/2009	1/25/2010
MA	Mattapoisett	Eligible String	11/24/2009	1/25/2010
MA	Acushnet	Eligible String	11/24/2009	1/25/2010
MA	East Freetown	Eligible String	11/24/2009	1/25/2010
MA	Monson	Eligible String	11/24/2009	1/25/2010
MA	Palmer	Eligible String	11/24/2009	1/25/2010
MA	Three Rivers	Eligible String	11/24/2009	1/25/2010
MA	Southwick	Eligible String	11/24/2009	1/25/2010
MA	Westfield	Eligible String	11/24/2009	1/25/2010
MA	Easthampton	Eligible String	11/24/2009	1/25/2010
MA	Northampton	Eligible String	11/24/2009	1/25/2010
MA	Hadley	Eligible String	11/24/2009	1/25/2010
MA	Hatfield	Eligible String	11/24/2009	1/25/2010
RI	Parts of Smithfield	Eligible String	11/24/2009	1/25/2010
RI	Parts of North Smithfield	Eligible String	11/24/2009	1/25/2010
RI	Parts of North Kingstown	Eligible String	11/24/2009	1/25/2010
RI	Tiverton	Eligible String	11/24/2009	1/25/2010
RI	Portsmouth	Eligible String	11/24/2009	1/25/2010
RI	Middletown	Eligible String	11/24/2009	1/25/2010
RI	Newport	Eligible String	11/24/2009	1/25/2010
RI	Jamestown	Eligible String	11/24/2009	1/25/2010
CT	Durham	Eligible String	11/24/2009	1/25/2010
CT	Thomaston	Eligible String	11/24/2009	1/25/2010

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CT	Plymouth	Eligible String	11/24/2009	1/25/2010
CT	Tolland	Eligible String	11/24/2009	1/25/2010
CT	Crystal Lake	Eligible String	11/24/2009	1/25/2010
CT	Westbrook	Eligible String	11/24/2009	1/25/2010
CT	Essex	Eligible String	11/24/2009	1/25/2010
CT	Deep River	Eligible String	11/24/2009	1/25/2010
CT	Woodbury	Eligible String	12/3/2009	1/25/2010
CT	Southbury	Eligible String	12/3/2009	1/25/2010
NJ	Hackettstown	Eligible String	12/14/2009	1/25/2010
NJ	Lebanon	Eligible String	12/14/2009	1/25/2010
NJ	Clinton	Eligible String	12/14/2009	1/25/2010
NJ	Annandale	Eligible String	12/14/2009	1/25/2010
NJ	High Bridge	Eligible String	12/14/2009	1/25/2010
MI	Mason	Eligible String	1/5/2010	1/25/2010
MN	St. Joseph	Eligible String	1/29/2010	3/1/2010
MN	Dilworth	Eligible String	1/29/2010	3/1/2010
MN	La Crescent	Eligible String	1/29/2010	3/1/2010
IL	Lebanon	Eligible String	1/29/2010	3/1/2010
MI	Sparta	Eligible String	2/9/2010	3/1/2010
PA	Shavertown	Eligible String	3/1/2010	5/27/2010
PA	Dallas	Eligible String	3/1/2010	5/27/2010
MO	Wentzville	Eligible String	3/11/2010	5/27/2010
PA	Robesonia	Eligible String	3/16/2010	5/27/2010
NJ	Bloomsbury	Eligible String	3/24/2010	5/27/2010
FL	Gulf Breeze	Eligible String	3/30/2010	5/27/2010
FL	Pensacola Beach	Eligible String	3/30/2010	5/27/2010
FL	Cantonment	Eligible String	3/30/2010	5/27/2010
FL	Pace	Eligible String	3/30/2010	5/27/2010
FL	Milton	Eligible String	3/30/2010	5/27/2010
FL	Bagdad	Eligible String	3/30/2010	5/27/2010
FL	Green Cove Springs	Eligible String	3/30/2010	5/27/2010
FL	St. Cloud	Eligible String	3/30/2010	5/27/2010
FL	Campbell	Eligible String	3/30/2010	5/27/2010
FL	Loughman	Eligible String	3/30/2010	5/27/2010
MA	Millis	Eligible String	4/6/2010	5/27/2010
IN	Alexandria	Eligible String	4/20/2010	5/27/2010
TN	Lenoir City	Eligible String	4/21/2010	5/27/2010
NJ	Andover Borough	Eligible String	4/15/2010	6/15/2010
NJ	Andover Township	Eligible String	4/15/2010	6/15/2010
NJ	Sparta Township	Eligible String	4/15/2010	6/15/2010
NJ	Lake Mohawk	Eligible String	4/15/2010	6/15/2010
OH	Perry	Eligible String	4/16/2010	6/15/2010
OH	Madison	Eligible String	4/16/2010	6/15/2010
OH	North Madison	Eligible String	4/16/2010	6/15/2010
WI	Milton	Eligible String	4/23/2010	6/15/2010
OH	Oberlin	Eligible String	5/3/2010	6/15/2010
OH	South Amherst	Eligible String	5/3/2010	6/15/2010

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OH	Wadsworth	Eligible String	5/3/2010	6/15/2010
NC	Weaverville	Eligible String	5/13/2010	6/15/2010
PA	Mountain Top	Eligible String	5/19/2010	6/15/2010
PA	Bath	Eligible String	5/26/2010	6/15/2010
PA	Nazareth	Eligible String	5/26/2010	6/15/2010
PA	Wind Gap	Eligible String	5/26/2010	6/15/2010
PA	Pen Argyl	Eligible String	5/26/2010	6/15/2010
PA	Bangor	Eligible String	5/26/2010	6/15/2010
CA	Nipomo	Eligible String	6/22/2010	8/9/2010
WA	Gleed	Eligible String	7/12/2010	8/9/2010
WA	Selah	Eligible String	7/12/2010	8/9/2010
WA	the area west of West Valley	Eligible String	7/12/2010	8/9/2010
WA	Moxee	Eligible String	7/12/2010	8/9/2010
WA	the area south of Union Gap	Eligible String	7/12/2010	8/9/2010
WA	Brush Prairie	Eligible String	7/12/2010	8/9/2010
WA	Buckley	Eligible String	7/12/2010	8/9/2010
WA	Monroe	Eligible String	7/12/2010	8/9/2010
WA	Duvall	Eligible String	7/12/2010	8/9/2010
WA	Gig Harbor	Eligible String	7/12/2010	8/9/2010
WA	Sudden Valley	Eligible String	7/12/2010	8/9/2010
MI	Rockford	Eligible String	7/19/2010	10/13/2010
NM	Anthony	Eligible String	10/12/2010	11/15/2010
MA	Bellingham	Eligible String	11/5/2010	12/15/2010
MA	Freetown	Eligible String	11/5/2010	12/15/2010
NC	Hendersonville	Eligible String	11/15/2010	12/15/2010
MA	Granby/Ludlow	Eligible String (one string in request was not a string)	11/16/2010	12/15/2010
TN	Louisville	Eligible String	11/22/2010	12/15/2010
NC	Raeford	Eligible String	12/7/2010	2/3/2011
NH	Londonderry	Eligible String	2/23/2011	4/6/2011
FL	Edgewater	Eligible String	3/29/2011	6/17/2011
NM	Santa Teresa	Eligible String	5/31/2011	6/17/2011
NM	Sunland Park	Eligible String	5/31/2011	6/17/2011
NH	Exeter	Eligible String	5/31/2011	6/17/2011
CA	Boulder Creek	Eligible String	5/26/2011	8/5/2011
NC	Fuquay-Varina	Eligible String	7/7/2011	8/5/2011
MI	Freeland	Eligible String	9/30/2011	11/10/2011
PA	Clarks Summit	Eligible String	11/8/2011	12/16/2011
CT	East Windsor	Eligible String	1/19/2012	2/13/2012
OH	Newton Falls	Eligible String	2/7/2012	3/22/2012
RI	Coventry	Eligible String	3/6/2012	3/22/2012
LA	Central	Eligible String	3/27/2012	4/23/2012
TN	Southern Area of Robertson Co.	Eligible String	4/9/2012	4/23/2012
MT	Billings	Eligible String	5/3/2012	6/5/2012
PA	New Holland	Eligible String	10/19/2012	12/21/2012
NC	Swannanoa	Eligible String	11/6/2012	12/3/2012