

CENTER FOR RURAL AFFAIRS

RURAL BRIEF

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RURAL DEVELOPMENT IN THE HOUSE FARM BILL

On July 27, 2007, the House of Representatives approved the *Farm, Nutrition, and Bioenergy Act of 2007* HR 2419, the House version of the 2007 Farm Bill.

PROGRAM AUTHORIZATIONS

HR 2419 authorized a total of \$456 million annually for Farm Bill authorized rural development programs. However, only \$30 million of that authorized spending (about seven percent) is mandatory spending, or spending that must be included in the annual federal budget through the appropriations process. The rest of the authorized spending is discretionary spending, inclusion of which in the federal budget is at the annual discretion of Congressional appropriators. Because of this, it is conceivable that the \$426 million in Farm Bill discretionary spending will never be appropriated, and that the programs listed below with discretionary funding will either terminate or never be implemented.

The vast majority of the rural development title in HR 2419 reauthorizes existing programs and sets annual authorized appropriation levels. Rural Development programs included in HR 2419 and authorized annual spending levels are (amounts in millions of dollars; new programs are *italicized*,) :

Program	Annual Authorized Appropriation FY 2008 through FY 2012 (in millions)
Water or Waste Disposal Grants	\$30
Rural Business Opportunity Grants (RBOG)	\$15
Rural Water and Wastewater Circuit Rider Program	\$25 (increased from \$15)
Tribal College and University Essential Community Facilities	\$10
Emergency Imminent Community Water Assistance Grant Program	\$35
Water Systems for Rural and Native Villages in Alaska	\$30
Water Well Systems for Low and Moderate Income Households	\$10
Rural Cooperative Development Grants	\$50
National Sheep Industry Improvement Center	\$10
National Rural Development Partnership	\$10

Only \$30 million of the \$456 million the House authorized for rural development programs is mandatory spending.

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Program	Annual Authorized Appropriation (FY 2008 through 2012) in millions
Historic Barn Preservation	As necessary
NOAA Weather Transmitters	As necessary
Delta Regional Authority	\$30
Northern Great Plains Authority	\$30
Rural Strategic Investment Program	\$25
Value-Added Producer Grant Program	\$30 (mandatory)
Telemedicine and Distance Learning	Reauthorized and extended only
Agricultural Innovation Center Demonstration Program	\$6
Expansion of 911 Access	Reauthorized and extended only
Appropriate Technology Transfer for Rural Areas Program (ATTRA)	\$5
<i>Grants to Improve Technical Infrastructure and Improve Quality of Rural Healthcare Facilities</i>	<i>\$30</i>
<i>Rural Entrepreneur and Microenterprise Assistance Program</i>	<i>\$20</i>
<i>Access to Broadband Telecommunication Services in Rural Areas</i>	<i>As necessary</i>
<i>Community Connect Grant Program</i>	<i>\$25</i>
<i>Rural Firefighters and Emergency Medical Service Assistance Program</i>	<i>\$30</i>

It is important to note that the Farm Bill does not authorize or reauthorize every program within the portfolio of USDA Rural Development. Some USDA Rural Development programs are authorized under different legislation. For example, several USDA housing programs are authorized and reauthorized pursuant to specific housing legislation, and several USDA utility and infrastructure programs under the Rural Utilities Service (RUS) are authorized and reauthorized pursuant to the Rural Electrification Act of 1936.

NEW POLICY INITIATIVES

HR 2419 also contains several rural development policy initiatives in both existing USDA programs and proposed new programs.

Locally Produced Agricultural Products:

The Rural Development Title in HR 2419 contains a new initiative in the existing Business and Industry Guaranteed Loan (B&I) Program, the *Healthy Food Enterprise Loan Guarantee* program. This would provide guaranteed loans for infrastructure projects to support the aggregating, processing or marketing of locally or regionally produced agricultural products and instructs USDA to provide more favorable treatment to applications under the B&I Program for such projects. The B&I program receives a healthy annual appropriation and, in fact, in many years has money left over at the end of the year. Therefore, if included in the final farm bill, this new financing feature could become operational relatively easily and quickly.

The House also added the *Healthy Food Urban Enterprise Development Program* amendment to the Nutrition Title of HR 2419. It would provide grants for feasibility studies for the establishment of processing and distribution facilities, and give special priority to projects that support socially disadvantaged farmers and ranchers, increase employment in underserved communities, advance small and mid-sized farm and ranch viability, and maintain sound environmental and labor standards.

Rural Heritage and History:

A provision was added to the proposed Rural Strategic Investment Program that would allow for the inclusion to regional plans initiatives to preserve and promote “rural heritage.” These “rural heritage” initiatives would also be eligible to be included in regional strategic planning grants under the proposed Rural Strategic Investment Program. “Rural heritage” was defined to include historic sites, structures, districts (such as downtowns) and landscapes.

Value-Added Producer Grant Program:

The Value-Added Producer Grant Program (VAPG) received two major changes from House Agriculture sub-committee draft to final action on HR 2419. First, program funding was reduced from \$40 million annually to \$30 million annually, but annual funding was changed from discretionary to mandatory (the only mandatory rural development funding in HR 2419). Secondly, HR 2419 contains a 10 percent set-aside in the VAPG Program for applications that propose to develop “mid-tier value chains” – local and regional supply networks that link farmers and ranchers with businesses and cooperatives that market value-added agricultural products.

Rural Public Television:

HR 2419 contains a new provision that authorizes USDA to provide grants to public television stations that serve rural areas to develop digital facilities, equipment and infrastructure. No funding was provided.

Guaranteed Bonds for Electrification and Telephone Purposes:

HR 2419 contains a new provision that authorizes USDA to guarantee payments issued by non-profit cooperatives or other lenders if the bonds or notes are used for any electrification or telephone purposes.

Railroad Issues:

HR 2419 contains an authorization for USDA and the Department of Transportation to conduct a study and report to Congress on railroad issues concerning movement of agricultural products, renewable fuels and resources for the production of electricity in rural America.

DEFINITION OF RURAL

HR 2419 maintained policy statements on the definition of “rural” that were adopted during sub-committee discussions. HR 2419 contains a provision that requires USDA to assess the numerous definitions of “rural”, describe the effect of the varying definitions on program administration and recommend ways Congress can better target rural development funding. In addition, HR 2419 contains a provision that would require USDA to consider rural development funding applications “more favorably” if the application is for an area where median household incomes are less, the area is less densely populated, and the seasonal population increase is less.

WHAT’S NEXT?

Farm Bill action now moves on to the U.S. Senate. The Senate Agriculture Committee is scheduled to begin discussion of its Farm Bill proposal in early September with an eye to completing its action and beginning a full Senate Farm Bill debate before the end of September.

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