



Oppose Downgrading of Rural Development Mission Area, Agencies, and Under Secretary to an “Office”

The USDA Reorganization Plan announced last week to do away with the Rural Development (RD) Mission Area, agencies, and Under Secretary is unnecessary and unwise:

- **As a matter of law**, there is absolutely no legal need to eliminate the RD Mission Area, its three agencies, and its Senate-confirmed Under Secretary in order to create the position of Under Secretary for Trade and Foreign Agricultural Affairs.
- **As a practical matter**, administering the rural housing, rural water, rural electric, rural renewable energy, rural cooperatives, and rural business and community development programs (delivered today via three unique agencies) through a single office is completely unrealistic. Therefore, one must assume that most or all of the functions and programs managed by those agencies will be eliminated along with them, which would be devastating to rural communities.
- **As a political matter**, demoting the agency that handles non-farm rural American issues from its current position in the USDA Subcabinet is short sighted and a slap in the face to the over 40 million Americans who live in rural communities but are not in the agricultural trades.

There has been some misinformation about the legal framework for USDA reorganization. Attached please find a summary of USDA's current legal authority, which makes clear there is no legal reason for the elimination of the RD Mission Area and Under Secretary. If there was a legal misunderstanding, we hope the Administration will rectify the situation by reversing the move to downgrade RD.

For basic information on rural issues and the importance of USDA RD, we are also attaching an RD fact sheet. A quick preview:

- RD's rural investment portfolio is \$216 billion. If RD were a bank, it would be the nation's 14th largest!
- The business and cooperative programs of the Rural Business Cooperative Service (RBCS) created or saved over 52,000 rural jobs in 2015.
- RD has been working efficiently for years and doing more with fewer people. RD has grown its outreach and impact supporting rural jobs and community infrastructure while reducing its total staff by nearly 3,000 FTEs in the past two decades.

Read on!

USDA Has the Authority to Add Under Secretary for Trade while Retaining Under Secretary for Rural Development

POINT #1 – The 2014 Farm Bill directs the Secretary to establish an Under Secretary for Trade and Foreign Agricultural Affairs, but does NOT direct the Secretary to eliminate any existing mission areas or Under Secretaries. In fact, the 2014 Farm Bill requires the Secretary to take into consideration the implications of any reorganization on domestic programs.

2014 FARM BILL PROVISION

SEC. 3208. [U.S.C. 6935] UNDER SECRETARY OF AGRICULTURE FOR TRADE AND FOREIGN AGRICULTURAL AFFAIRS.

(a) DEFINITION OF AGRICULTURE COMMITTEES AND SUBCOMMITTEES.—In this section, the term “agriculture committees and subcommittees” means—

- (1) the Committee on Agriculture of the House of Representatives;
- (2) the Committee on Agriculture, Nutrition, and Forestry of the Senate; and
- (3) the subcommittees on agriculture, rural development, food and drug administration, and related agencies of the Committees on Appropriations of the House of Representatives and the Senate.

(b) PROPOSAL.—

(1) IN GENERAL.—The Secretary, in consultation with the agriculture committees and subcommittees, shall propose a re- organization of international trade functions for imports and exports of the Department of Agriculture.

(2) CONSIDERATIONS.—In producing the proposal under this section, the Secretary shall—

(A) in recognition of the importance of agricultural ex- ports to the farm economy and the economy as a whole, include a plan for the establishment of an Under Secretary of Agriculture for Trade and Foreign Agricultural Affairs;

(B) take into consideration how the Under Secretary described in subparagraph (A) would serve as a multi- agency coordinator of sanitary and phytosanitary issues and nontariff trade barriers in agriculture with respect to imports and exports of agricultural products; and

(C) take into consideration all implications of a reorganization described in paragraph (1) on domestic programs and operations of the Department of Agriculture. *(emphasis added)*

(3) REPORT.—Not later than 180 days after the date of enactment of this Act and before

the reorganization described in paragraph (1) can take effect, the Secretary shall submit to the agriculture committees and subcommittees a report that—

(A) includes the results of the proposal under this section; and

(B) provides a notice of the reorganization plan.

(4) IMPLEMENTATION.—Not later than 1 year after the date of the submission of the report under paragraph (3), the Secretary shall implement a reorganization of international trade functions for imports and exports of the Department of Agriculture, including the establishment of an Under Secretary of Agriculture for Trade and Foreign Agricultural Affairs.

(c) CONFIRMATION REQUIRED.—The position of Under Secretary of Agriculture for Trade and Foreign Agricultural Affairs established under subsection (b)(2)(A) shall be appointed by the President, by and with the advice and consent of the Senate.

POINT #2 – USDA has long-standing statutory authority to organize the Department into any number of mission areas led by Under Secretaries. The 2014 Farm Bill did nothing to remove this authority. The 1994 USDA Reorganization Act actually REAFFIRMED this authority.

Because there is NO CAP ON THE NUMBER OF UNDER SECRETARIES, the creation of the Trade Under Secretary can be achieved **WITHOUT** doing away with the Rural Development Mission Area and Under Secretary.

REORGANIZATION PLAN NO. 2 OF 1953 [5 USC App.; 7 USC 2201 note]

Prepared by the President and transmitted to the Senate and to the House of Representatives in Congress assembled, March 25, 1953, pursuant to the provisions of the **Reorganization Act of 1949**, approved June 20, 1949, as amended [[5 USCS §§ 901 et seq.](#)].

Effective June 4, 1953, [18 Fed. Reg. 3219](#), [67 Stat. 633](#), as amended Act Oct. 15, 1982, [P.L. 97-325](#), [§ 8\(d\)](#), [96 Stat. 1606](#); Oct. 13, 1994, [P.L. 103-354](#), Title II, Subtitle A, [§ 218\(e\)\(1\)](#), [108 Stat. 3213](#).

Sec. 4. Delegation of functions

(a) The Secretary of Agriculture may from time to time make such provisions as he shall deem appropriate authorizing the performance by any other officer, or by any agency or employee, of the Department of Agriculture of any function of the Secretary, including any function transferred to the Secretary by the provisions of this reorganization plan. *(emphasis added)*

(b) To the extent that the carrying out of subsection (a) of this section involves the assignment of major functions or major groups of functions to major constituent organizational units of the Department of Agriculture, now or hereafter existing, or to the heads or other officers thereof, and to the extent deemed practicable by the Secretary, he shall give appropriate advance public notice of delegations of functions proposed to be

made by him and shall afford appropriate opportunity for interested persons and groups to place before the Department of Agriculture their views with respect to such proposed delegations. (*emphasis added*)

(c) In carrying out subsection (a) of this section the Secretary shall seek to simplify and make efficient the operation of the Department of Agriculture, to place the administration of farm programs close to the State and local levels, and to adapt the administration of the programs of the Department to regional, State, and local conditions.

USDA REORGANIZATION ACT OF 1994

The 1994 Act had a section terminating most of the reorganization authority previously to the Secretary, but it specifically preserved the authority in the 1953 Act.

SEC. 296. [7 U.S.C. 7014] TERMINATION OF AUTHORITY.

(a) **IN GENERAL.**—Subject to subsection (b), the authority delegated to the Secretary by this title to reorganize the Department shall terminate on the date that is 2 years after the date of enactment of this Act.

(b) **FUNCTIONS.**—Subsection (a) shall not affect:

(1) The authority of the Secretary to continue to carry out a function that the Secretary performs on the date that is 2 years after the date of enactment of this Act.

(2) The authority delegated to the Secretary under Reorganization Plan No. 2 of 1953 (5 U.S.C. App.; 7 U.S.C. 2201 note). (*emphasis added*)

(3) The authority of an agency, office, officer, or employee of the Department to continue to perform all functions delegated or assigned to the entity or person as of that termination date.

(4) The authority of the Secretary to establish in the Department the position of Under Secretary of Agriculture for Marketing and Regulatory Programs under section 285.

(5) The authority of the Secretary to establish within the Department the position of Assistant Secretary of Agriculture for Civil Rights, and delegate duties to the Assistant Secretary, under section 218.

(6) The authority of the Secretary to establish in the Department, under section 251—

- the position of Under Secretary of Agriculture for Research, Education, and Economics;
- the Research, Education, and Extension Office; and (C) the National Institute of Food and Agriculture.

USDA RURAL DEVELOPMENT

Some Basic Facts

- About 15 percent of the population – 46 million people – live in rural America; including 42 million not involved in agriculture.
- Nearly 85 percent of America’s persistent poverty counties are in rural areas.
- Rural childhood poverty rates are at their highest point since 1986. One in four rural children live in poverty.
- Rural areas continue to lag behind urban areas in employment; the rural poverty rate in 2015 was 18.1 percent, compared to 15.1 percent for urban areas.
- Rural communities are less likely to have quality healthcare facilities and less access to high speed broadband than in urban areas.
- Because of higher, more persistent levels of poverty and limited access to affordable mortgage credit, rural communities often struggle to meet residents’ housing needs.
- 20 percent of rural areas are food deserts; these areas include more than a half million elderly residents that lack adequate access to transportation.
- Nonmedical prescription opioid misuse remains a growing public problem and is concentrated in areas with large rural populations, such as Kentucky, West Virginia, Alaska, and Oklahoma. Additionally, the number of rural pregnant women abusing opioids is 70 percent greater than that of urban expectant mothers, a difference due in part to lack of access to treatment.
- Rural America has started to see an overall decline in population levels for the first time in history. As outmigration has outpaced the natural growth rate, nearly 300 rural counties have lost population in recent years.

How USDA Rural Development Addresses these Issues

USDA Rural Development delivers grant, loan, and technical assistance that:

- Creates prosperity in rural communities by providing financial and technical assistance to rural residents, businesses, and private and public entities for a broad range of purposes.
- Helps bring rural America into the 21st century economy by supporting needed improvements to housing, renewable energy, essential community facilities, high-speed broadband, water systems, and electric lines; as well as by providing business development and cooperative training.

- Responds to the heroin and prescription opioid crisis by: making transitional housing available to rural Americans in recovery, funding telemedicine projects to improve access to treatment in remote areas, and supporting healthcare facilities (including mental healthcare centers).
- Invests in infrastructure and renewable energy to help rural America grow; growth that in turn contributes to the prosperity of the entire nation.

About USDA's Rural Development Mission Area

The USDA RD Mission Area includes three agencies:

1. **Rural Business-Cooperative Service (RBS)**, which provides assistance for the development of business and industry, including small businesses, and renewable energy and energy improvement projects.
 - RBS alone **created or saved over 52,000 rural jobs** through grants, loans, and technical assistance in FY 2015.
2. **Rural Utilities Service (RUS)**, which provides assistance for water and waste disposal, rural electric and telecommunications, including broadband access.
 - RUS helped 5.5 million subscribers receive new or improved electric facilities, 95,000 receive improved telecommunications, and 2.4 million receive new or improved water facilities in FY 2015.
3. **Rural Housing Service (RHS)**, which provides assistance for home ownership, multi-family housing, and essential community facilities such as health and public safety infrastructure.
 - RHS provided over 140,000 new home ownership opportunities in FY 2015.

RD provides direct and guaranteed loans, grants, technical assistance, and other payments. Some programs provide assistance to intermediaries that make loans or provide technical assistance to the ultimate beneficiaries. Many RD programs require or encourage recipients to contribute their own resources or obtain third-party financing to support the total cost of projects, thereby leveraging Government support with private sector financing.

RD delivers its programs through a network of approximately 400 area offices and 47 State offices, a centralized servicing center and finance office in St. Louis, Missouri, and a national office in Washington, D.C. In FY 2016, Rural Development as a whole had a budget of \$2.9 billion and 5,026 full time staff equivalents, including nearly 3,500 field staff. **The number of staff has declined precipitously over the past two decades, from nearly 8,000 to just over 5,000.**

USDA Rural Development's investment portfolio is almost \$216 billion – roughly equal to that of the Nation's 14th largest bank.

- At the end of FY 2016, RD's Total Direct Loan Portfolio included 327,743 borrowers and over \$91 billion in loan volume.

- The Total Guaranteed Portfolio at the end of FY 2016 included 980,615 borrowers and nearly \$125 billion in loans.
- In FY 2016, USDA Rural Development built upon its tradition of investing in tribal communities throughout **Indian Country and Alaska**. Rural Development invested more than \$365 million through housing, community facilities, utilities, business, and cooperative programs to support American Indians and Alaska Natives.

Rural Business and Cooperative Service

RBS is on the front line of the fight against rural poverty, helping rural businesses through loan and grant programs, supporting job creation, and assuming lead roles in place-based and poverty-targeting initiatives.

To support rural economies, RD's rural business and cooperative service programs in FY 2016:

- Invested roughly 60 percent of its nearly \$1.3 billion portfolio in high poverty areas.
- Helped more than 15,000 rural businesses through \$1.8 billion in loans, loan guarantees, and grants.
- Created or saved roughly 37,190 jobs across rural America.

Through the **Rural Energy for America Program (REAP)**, RBS helps farmers, ranchers, and rural business owners save money on their energy bills, cut carbon pollution, and convert to cleaner, more sustainable sources of energy. RBS's REAP provides guaranteed loan financing and grant funding to agricultural producers and rural small businesses for renewable energy systems or to make energy efficiency improvements.

RBS invests in cooperatives through the **Rural Cooperative Development Grant (RCDG)** program, providing technical assistance in creating and expanding rural cooperatives of all kinds.

RBS's **Value-Added Producer Grant (VAPG)** program supports independent farmers and farmer cooperatives in developing value-added enterprises that create jobs, improve farm income, and broaden the regional food economy.

As authorized under Section 6025 of the 2014 Farm Bill, RBS funds **multi-jurisdictional or regional development project plans** helping high-poverty rural communities gain access to Rural Development funding opportunities. In 2016, 114 applicants were given this "Regional Development Priority" consideration, and received a combined total of about \$86 million in assistance.

Rural Utilities Service

The primary mission of RUS is to provide the investments in infrastructure that will enable rural America to thrive. Recent priorities include the expansion of broadband access and modernizing infrastructure projects through increased public-private partnerships.

RUS's **Water and Environmental Programs (WEP)** provided a record \$1.65 billion in funding for clean and reliable drinking water systems, sanitary sewage disposal, sanitary solid waste disposal, and

storm water drainage benefiting millions of rural Americans and their communities. Without RUS's Water and Environmental Programs (WEP), many small rural communities nationwide would lack access to safe water.

The **Rural Energy Savings Program** (RESP) helps rural energy providers fund energy efficiency improvements for residential and business customers. RESP borrowers finance loans at zero percent interest for up to 20 years. Their customers repay the loans at an interest rate of up to 3 percent for up to 10 years through their electric bills.

Each year, RUS's **Distance Learning and Telemedicine** (DLT) Program helps more rural communities improve their access to healthcare and educational services. Broadband is fundamental to expanding economic opportunity and job creation in rural America. Improved connectivity means rural communities can offer robust business services, expand access to quality health care, and improve education. The Distance Learning and Telemedicine Grant Program is designed specifically to assist rural communities that would otherwise be without access to learning and medical services over the Internet.

Rural Housing Service

USDA's Rural Housing Service (RHS) offers a variety of programs to build or improve housing and essential community facilities in rural areas. They offer loans, grants and loan guarantees for single- and multi-family housing, child care centers, fire and police stations, hospitals, libraries, nursing homes, schools, first responder vehicles and equipment, housing for farm laborers and much more.

In FY 2016, RHS invested \$17.3 billion to help more than 132,000 families with modest incomes buy, refinance, or repair their homes through direct and guaranteed single-family housing loan programs; including 33,900 low- and very low-income borrowers.

This year was also the 25th anniversary of the Single-Family Housing Home Loan Guarantee Program. USDA has helped more than 1.5 million people buy homes through traditional lenders since the inception of the program.

In FY 2016, RHS served more than 26.4 million rural residents through \$2.5 billion in Community Facilities direct loans, guaranteed loans, and grants. This funding helped to develop essential community facilities such as hospitals, healthcare clinics, schools, police and fire stations, food banks, and community centers.

In 2016, RD launched a new public/private partnership providing \$400 million in low-interest loans to high-poverty rural communities through its Community Facilities program. The innovative approach with local and national partners, private-sector financial institutions, and philanthropic organizations provides another tool to help reduce poverty in some of the country's poorest rural communities. These partnerships leveraged funds to enable economically distressed rural places to build more essential community facilities like schools and healthcare centers.