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SPECIAL REPORT ON 2008 FARM BILL CONFERENCE REPORT: AN ANALYSIS OF USDA RURAL DEVELOPMENT PROGRAMS

On June 18, Congress completed work on the $289 billion Food, Conservation and Energy Act of 2008 (HR 6124, HRpt 110-627, Public Law 110-246), also known as the 2008 Farm Bill. The five-year authorization bill covers most programs within the U.S. Department of Agriculture (USDA) through FY2012.

While the measure is primarily focused on income and commodity price supports for farmers and agricultural producers, it also includes funding for trade, conservation, forestry, energy, nutrition and rural development programs.

> **The conference report reserves $150 million in mandatory spending over the next five years for three Rural Development programs. While this is an increase over the amount provided in the House version of the bill, it is significantly less than the $1.03 billion in mandatory dollars provided for Rural Development programs in the 2002 Farm Bill.**

The bill's long march toward completion encompassed nearly five months of behind-the-scenes and public conference negotiations, a Presidential veto, a veto-override and then a clerical error that threatened to undo the entire process.

The centerpiece and most controversial section of the 2008 Farm Bill are reforms to price supports for commodity subsidies. The measure bars farmers making more than $750,000 in annual adjusted gross farm-related income from receiving federal subsidies. It also prevents anyone making more than $500,000 in non-farm-related income from receiving such subsidies. Currently, farmers earning more than $2.5 million cannot receive federal farm subsidies.

The agreement authorizes an additional $10.4 billion for nutrition programs over current spending and renames the Food Stamp program the "Secure Supplemental Nutrition Assistance Program." The bill authorizes nearly $25 billion for conservation programs, accounting for nearly nine percent of the measure's total spending, and provides $1 billion for programs in the Energy title.

A new $3.8 billion disaster assistance program is created to assist farmers who lose their crops, livestock, or suffer losses due to disasters such as floods or drought. The program is intended to complement the crop insurance program by providing additional assistance to farmers based on loss of crop revenue for their whole farm operation.

The conference report allocates $150 million in new mandatory spending over the next five years for three USDA Rural Development programs. While this is an increase over the amount provided in the House version of the bill, it is significantly less than the $1.03 billion in mandatory funding provided for Rural Development programs in the 2002 Farm Bill. It is also

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far below the $400 million level of mandatory spending that was contained in the original Senate version.

The final bill also authorizes over $50 billion in discretionary spending for Rural Development programs. However, this funding is subject to the annual appropriations process.

The following is an analysis of the rural community and economic development provisions in the 2008 Farm Bill.

***(EDITOR'S NOTE:** Even though the 2002 Farm Bill earmarked more than $1 billion in new mandatory money for seven Rural Development initiatives, Congress later blocked USDA – through policy riders attached to USDA's annual appropriations bills– from using its salaries and expense money to fully implement most of the mandatory programs, including the Rural Strategic Investment Program, Rural Business Investment Program, Broadband Services in Rural America program and the Rural Firefighter and Emergency Personnel program.*

In effect, Congress used this procedural move to free up the mandatory funding under Rural Development to fund higher priorities within others areas of USDA as part of the annual appropriations processes since FY2003.

It is important to understand the terminology used in this report. Many USDA Rural Development programs are included in law and remain on the books as official programs. However, many of these programs lack the annual appropriations or program funding to become operational. While programs may be "authorized for appropriations" under the final 2008 Farm Bill, they still require Congress to provide actual program funding through the annual appropriations bill for USDA.

Key terms used in this report include:

***Authorization –** Provides the authority for a program or agency to exist and determines its policy. It also recommends spending levels to carry out the defined policy, but these levels are not binding.*

***Appropriations –** Provides the legal authority needed to spend or obligate U.S. Treasury funds. There are 12 annual appropriations bills that cover the operations and programs of discretionary federal programs.*

***Mandatory funding** – Refers to funds not controlled by annual decisions of Congress. These funds are automatically obligated by virtue of previously-enacted laws. In the case of the Farm Bill, most mandatory money is allocated through the Commodity Credit Corporation.*

***Discretionary funding –** Refers to spending set by annual appropriation levels made by decision of Congress. This spending is optional, and in contrast to entitlement programs for which funding is mandatory.)*

Rural Development Programs Receiving Mandatory Spending

Funding for Backlog of Rural Development Water and Waste Disposal Systems	**$120 million**
Rural Micro Entrepreneur Assistance Program	**$15 million**
Value-Added Agriculture Market Development Grants	**$15 million**

MANDATORY FUNDING RESOURCES LIMITED FOR RURAL DEVELOPMENT PROGRAMS

A total of $150 million in new mandatory funding is provided for USDA Rural Development programs as part of the final 2008 Farm Bill. The bulk of it, $120 million, is reserved to help alleviate the estimated $2 billion backlog of pending water system, waste disposal system and emergency water assistance loan and grant applications. Under the terms of the final bill, these resources will only be available once all fiscal 2007 water and sewer funds have been exhausted and priority will be given to pending applications for water systems.

The bill authorizes $15 million in mandatory funding, along with an additional $40 million annually in discretionary funding through 2012, to support loans and grants through a new Rural Micro Entrepreneur Assistance program.

The program authorizes USDA to provide loans to intermediaries to support microenterprise development and entrepreneurship. Intermediaries, who must repay USDA loans over 20 years at an annual interest rate of one percent, may use funds to make loans up to $50,000. Loans can be used to provide fixed interest rate micro-loans for startup and growing rural businesses.

The program also authorizes USDA to make grants to non-profit entities to offer technical assistance and support to entrepreneurs. Grants are available to support training, operational support, business planning and market development assistance. They carry a 25 percent match rate and cannot be more than 25 percent of the total loans made by microenterprise development organizations.

The final bill includes a NADO-championed provision extending eligibility for microenterprise development organizations to include all non-profit organizations, including regional development organizations structured as public non-profits.

Microenterprise development organizations must also demonstrate a track record of providing assistance to entrepreneurs in rural areas, facilitating access to capital for small businesses in rural areas and delivering services to small business owners.

The remaining $15 million in mandatory funds within USDA Rural Development is allocated to the Value-Added Agriculture Market Development Grant program, a competitive grant program that assists producers and farm cooperatives in developing business plans and strategies for value-added agriculture products.

The bill requires UDSA to reserve 10 percent of these funds for projects that benefit beginning farmers or ranchers or socially disadvantaged farmers or ranchers and 10 percent of funds for projects developing local and regional supply networks that link independent producers with businesses and cooperatives. USDA is required to give priority consideration to projects that increase opportunities for beginning farmers and ranchers, socially disadvantaged farmers or ranchers and operators of small and medium-sized farms and ranches that are structured as family farms. Funding for the Value-Added program also includes $40 million in discretionary money annually through 2012.

RURAL COLLABORATIVE INVESTMENT PROGRAM INCLUDED IN FARM BILL

A total of $135 million in discretionary funding through fiscal 2012 is provided for the Rural Collaborative Investment Program (RCIP). The program is based upon a renamed and amended Rural Strategic Investment Program (RSIP) established in the 2002 Farm Bill with $100 million in mandatory funding. Congress blocked USDA's implementation of the programs through the appropriations process.

The revised RCIP initiative, which requires congressional appropriations to become operational, enhances the USDA Rural Development portfolio to help local officials, business leaders and community representatives work regionally and across program sectors.

RCIP is designed to help make rural regions more competitive in today's rapidly changing global economy. It provides new incentives and resources for communities to work regionally to leverage and coordinate their limited resources. In addition, it builds upon existing comprehensive strategic planning processes to prioritize and shape project investments, with the goal of attracting and leveraging additional public, private and philanthropic resources.

In a two-part funding process, RCIP first provides support for self-defining, sub-state regions to develop regional strategies, a comprehensive analysis of an area's economy, and then awards grants for regions to implement specific projects outlined in those strategies. Projects would be locally-driven and crafted to address specific needs of a rural region.

The program establishes a National Rural Investment Board responsible for providing advice to the USDA Secretary and newly formed Regional Rural Investment Boards. The National Board would also review regional strategies and make funding recommendations to the USDA Secretary.

The National Board will be made up of 14 multi-sector members appointed by the Secretary to serve staggered four-year terms. Board members must include representatives of nationally recognized entrepreneurship organizations, regional strategy and development organizations, community-based organizations and elected officials.

RCIP requires the formation of Regional Rural Investment Boards, which are multi-jurisdictional, multi-sectoral, regional entities broadly representative of the long-term economic, community and cultural interests of a region. The boards must include representatives of:

- units of local, multi-jurisdictional and state governments
- non-profit community-based development organizations
- regional development organizations
- private business organizations
- workforce and job training organizations
- other rural development stakeholder groups

Under the program's guidelines, a regional board must have a membership of which not less than 25 percent, nor more than 40 percent, represents the three sectors of local governments, non-profit community and economic development organizations and private sector businesses. A regional board must encompass an area with a population of at least 25,000. In regions with a population density of less than two persons per square mile, the population threshold is lowered to at least 10,000.

In an effort to assure local accountability, NADO successfully secured language requiring each regional board "select a non-federal organization (such as a regional development organization) that has previous experience in the management of federal funds to serve as fiscal manager of any funds of the Regional Board."

Once a Regional Rural Investment Board is certified by USDA, it becomes eligible for grant funding of up to $150,000 for the development, implementation and maintenance of a Regional Investment Strategy. Investment strategy grants require a 60 percent local match.

Regional Investment Strategies will provide an assessment of the region's competitive advantage, an analysis of the region's economic and community development challenges, opportunities and resources, a plan of action to implement the goals of the strategies identified and performance measures by which to evaluate project implementation. Strategies will be reviewed by the National Board and then submitted to USDA Secretary for final review and approval.

In October 2008, depending on appropriations provided by Congress, USDA is slated to provide Regional Innovation Grants, on a competitive basis, to certified Regional Boards to implement projects and programs identified in Regional Investment Strategies. Funding priority will be given to projects identified in strategies that demonstrate significant leverage of capital, quality job creation and asset-based development. Regional Boards are eligible to receive up to $6 million in Regional Innovation Grants during any five-year period.

RCIP authorizes USDA to provide long-term loans to community foundations to assist in the implementation of regional investment strategies. Loans must be repaid over 20 years at a one percent annual interest rate and are only available to community foundations located in an area covered by a regional investment board or a regional investment strategy.

BROADBAND PROGRAM REVISED

In an effort to expand the deployment of broadband to rural areas, the bill modifies eligibility, application and reporting criteria for the USDA Rural Utility Service's (RUS) broadband loan and loan guarantee programs.

The definition of "incumbent service provider" is amended to mean a loan applicant that provides broadband service to more than five percent of the households in the service area outlined in an application.

The measure prohibits USDA from making loans in areas where more than three incumbent service providers exist unless the loan is for a provider upgrading service in an existing territory, the loan serves an area where more than 25 percent of the households are offered service by only one provider, or the applicant is not eligible for any other broadband funding sources.

DEFINING "RURAL" WITHIN USDA

The final measure revises the definition of "Rural" and "Rural Area" used for USDA loan and grant programs to mean any area *other* than a city or town that has a population greater than 50,000 and any urbanized area contiguous or adjacent to that city or town.

Exceptions are made for USDA Water and Waste Disposal Grants, Loans and Loan Guarantees and Community Facility Loans and Grants, which will maintain their maximum population criteria at 10,000 and 20,000, respectively.

To address urbanized area mapping complications, the USDA Undersecretary for Rural Development is given the authority to determine a place to be of "rural character" if it is located in an urbanized area with localities at least 40 miles apart and not located next to a city of more than 150,000 people, or it is within one-quarter mile of a rural/non-rural boundary.

USDA is directed to conduct a rulemaking to develop additional restrictions on areas that consist of any collection of contiguous census blocks with a housing density of 200 housing units per square mile that is adjacent to a city of 50,000 or adjacent to an urbanized area.

In addition, once every two years USDA is required to report on the definitions of ''rural'' and ''rural area'' that are used with respect to USDA programs, the effects the definitions have on those programs and recommendations on how to better target funds provided through rural development programs.

Priority is given to applicants offering service to the greatest proportion of households currently without service. Applicants will be required to complete build out of the broadband service within three years.

The bill prohibits those loan applicants currently providing telecommunications or broadband services to at least 20 percent of the households in the United States from receiving more than 15 percent of funds available for the broadband loan program during any fiscal year.

USDA is required to annually report on the types of loans it has made, communities served and proposed to be served, speed of service offered, types of services offered by the applicants and recipients, length of time taken to approve applications submitted and outreach efforts undertaken by USDA.

A total of $25 million in discretionary funding is authorized annually through fiscal year 2012.

NEW FEDERAL-STATE REGIONAL COMMISSIONS AUTHORIZED

Similar to legislation (HR 3246) passed by the House in October 2007, the final 2008 Farm Bill authorizes three new federal-state regional commissions: Northern Border Regional Commission (serving northern tiers of Maine, Vermont, New Hampshire and New York), Southeast Crescent Regional Commission (serving portions of Alabama, Georgia, Mississippi, North Carolina, South Carolina, Virginia and Florida), and the Southwest Border Regional Commission (serving portions of Arizona, California, New Mexico and Texas along the U.S.-Mexico border).

Modeled after the highly successful Appalachian Regional Commission (ARC), these new commissions are targeted federal-state-local partnerships formed to address unique economic development needs and to overcome chronic distress within specific multi-state regions of the country.

Under the final bill, each regional commission is authorized at $30 million annually through 2012. Although it is important to remember that Congress must still provide the actual appropriations for the new commissions to become operational and function, as part of annual appropriations process. The President must also appoint, and the Senate confirm, a Federal Co-Chair for each commission.

A standardized board structure is established for each commission, with a federal co-chairperson and the governor of each participating state serving as the governing policy board. The affirmative vote of the federal co-chairperson, along with a majority of state members, is required to approve any action or policy.

The bill also requires the new commissions to allocate at least 40 percent of their project funding transportation, basic public infrastructure and telecommunications/technology improvements.

Remaining funds can be used for projects focused on business development, job skill services, resource conservation and renewable/alternative energy sources and other projects.

NADO successfully championed the requirement that each of the three new federal-state regional commissions use the existing network of EDA-designated economic development districts to serve as their local development districts.

At least 50 percent of each commission's project resources is reserved for programs and projects in "distressed counties" and "isolated areas of distress" within a region. Limited project dollars can be spent on multi-county projects and for projects in "attainment counties" that bring significant benefit to distressed areas and counties within a region or are multi-jurisdictional in scope.

Local development districts are designated as the lead organizations for commission services and activities at the grassroots level. These multi-county planning and development organizations also serve as liaisons between state and local officials, non-profit organizations and businesses within the regions.

During final negotiations of the 2008 Farm Bill, NADO successfully championed the requirement that each of the three new federal-state regional commissions use the existing network of EDA-designated economic development districts to serve as their local development districts.

NORTHERN GREAT PLAINS REGIONAL AUTHORITY OVERHAULED

The Northern Great Plains Regional Authority (NGPRA) is reauthorized at $30 million annually through fiscal year 2012. Although NGPRA received an initial appropriation of $1.5 million in fiscal 2005, this funding was never spent, namely because the administration failed to nominate a Federal Co-chair for the Authority.

Established in the 2002 Farm Bill, NGPRA is a federal-state regional commission aimed at promoting economic development in the five-state region of Iowa, Minnesota, Nebraska, North Dakota and South Dakota. The 2008 Farm Bill expands the NGPRA footprint by adding all counties in Missouri not already served by the Delta Regional Authority (DRA).

The bill expands the project focus of the authority to include renewable energy development and transmission, movement of freight and individuals within the region, and conservation land management. The bill allows the authority to organize and operate if a federal co-chair is not confirmed by the Senate within 180 days of the bill's final enactment. The lack of a federal co-chair has prevented the authority from convening its inaugural meeting or initiating any grant activities.

The measure lowers the amount of funding the authority must allocate to projects in "distressed counties" from 75 percent to 50 percent. It also removes language prohibiting assistance to counties designated as "non-distressed."

NGPRA is directed to develop a regional transmission system plan and establish a Northern Great Plains Regional Transportation Working Group and a Regional Working Group on Agriculture Development and Transportation.

During conference committee negotiations, NADO worked with the House and Senate Agriculture Committee to ensure that, "generally," local development districts will operate as the lead organizations "serving multi-county areas in the region at the local level." The Senate version of the legislation removed provisions requiring local development districts to serve as the lead organizations delivering NGPRA resources at the grassroots level.

However, the final bill does change existing law regarding the definition of a local development district. While EDA-designated economic development districts are still eligible to serve as NGPRA local development districts, the LDD definition is streamlined to also include:

- Non-profit organizations "chartered under the law of the State in which the entity is located"
- A non-profit agency or instrumentality of a state or local government
- A public organization established under state law "for creation of multijurisdictional, area-wide planning organizations"
- A non-profit agency or instrumentality of a state established "for the purpose of assisting with multistate cooperation"

COORDINATOR FOR UNDERSERVED AREAS

The 2008 Farm Bill includes a new provision that authorizes the establishment of a ***Coordinator for Chronically Underserved Rural Areas*** within the USDA Rural Development mission area. The Coordinator will be responsible for directing USDA resources to high need, high poverty rural areas. The Coordinator will also consult with other USDA offices in directing technical assistance, strategic planning and developing rural economic strategies that leverage the resources of state and local governments and non-profit and community development organizations.

INDEX OF RURAL DEVELOPMENT PROVISIONS IN THE 2008 FARM BILL CONFERENCE REPORT (HOUSE REPORT 110-627)

EDITOR'S NOTE: Special footnotes are used below to delineate (1) new program, (2) major policy change or (3) mandatory spending. Some programs may fall into more than one category.

SUBTITLE A – CONSOLIDATED FARM AND RURAL DEVELOPMENT ACT (CON ACT)

SEC. 6001 Water, Waste Disposal and Wastewater Facility Grants: Extends authorization through FY2012 at $30 million annually in discretionary spending.

SEC. 6002 Special Evaluation Assistance for Rural Communities and Households (SEARCH) Grants (1): Repeals former SEARCH (Special Environmental Assistance for the Regulation of Communities and Habitat) Grant for Small Communities program. Revised program will make predevelopment planning grants to financially distressed communities in rural areas with populations of 2,500 or fewer inhabitants for water and waste disposal projects. A community will meet the definition of ''financially distressed'' if the median household income of the area to be served by the proposed project is either below the poverty line or below 80 percent of the statewide non-metropolitan median household income. Bill allows for four percent of funds available for water, waste disposal and essential community facilities to be used to carry out the program, up from current limit of two percent.

SEC. 6003 Rural Business Opportunity Grants (RBOG): Extends the program authorization through FY2012 at $15 million annually.

SEC. 6004 Child Day Care Facility Grants (2): Extends current 10 percent set-aside of community facility funds availability from April 1 to June 1.

SEC. 6005 Community Facility Grants to Advance Broadband (2): Makes technical changes to Community Facility Grants for state agencies for use by regulatory commissions in states with rural communities.

SEC. 6006 Rural Water and Wastewater Circuit Rider (2): Increases the program authorization for the rural water and wastewater circuit rider program to $25 million annually through FY2012, up from the current $15 million funding level.

SEC. 6007 Tribal Colleges and University Essential Community Facilities (2): Amends the Con Act by prohibiting USDA from requiring non-federal financial support greater than five percent of the total cost of developing essential community facilities at tribal colleges and universities. Also extends program authorization through FY2012.

SEC. 6008 Emergency and Imminent Community Water Assistance Grant Program (2): Authorizes grants to assist residents in rural areas and small communities in complying with the Water Pollution Control Act or the Safe Drinking Water Act. The program authorization remains at $35 million annually and the program is extended through FY2012.

SEC. 6009 Water Systems for Rural and Native Villages in Alaska (2): Extends the program authorization through FY2012. Authorizes an additional $1.5 million annually through FY2012 for the Denali Commission to provide assistance to municipalities in Alaska.

SEC. 6010 Grants to Finance Water Well Systems in Rural Areas: (2): Extends the authorization of the program through FY2012 at $10 million annually. Also increases the limitation on the amount that can be spent on each well from $8,000 to $11,000.

SEC. 6011 Interest Rates for Water and Waste Disposal Facilities Loans (2): Amends water and sewer loan rates to ensure that interest rates for intermediate and poverty rate loans are tied to the current market rate. The poverty rate is set at 60 percent of the market rate and the intermediate rate is set at 80 percent of the market rate. Previously approved loans are exempt from this provision.

SEC. 6012 Cooperative Equity Security Guarantee (2): Allows Business and Industry guarantees for loans made for the purchase of preferred stock or similar equity issued by a cooperative organization or a fund that invests primarily in cooperative organizations.

SEC. 6013 Rural Cooperative Development Grants (2): Extends current program authorization through FY2012 and makes substantial changes to implementation of the program.

Amends the current program to allow USDA to give preference to grant applications that demonstrate a proven track record in administering activities to promote and assist in the development of cooperatively and mutually owned businesses, an expertise in providing technical assistance in rural areas to promote and assist in the development of cooperatively and mutually owned businesses and demonstrate the ability to assist in the retention of businesses.

Preference will be given to applications that demonstrate a commitment to generating employment opportunities that will improve the economic conditions in rural areas, providing technical assistance and other services to underserved and economically distressed areas in rural areas, and networking with and sharing the results of efforts with other cooperative development centers and other organizations involved in rural economic development efforts.

Implements a 25 percent matching contribution requirement that may be met with private funds and in-kind contributions.

Allows USDA to award one-year grants to cooperative centers that have not received prior funding. USDA may evaluate programs that receive grant funding. USDA is also given the discretion to award grants for a period of more than one year, but not more than three years, to programs it determines meet the criteria of the program.

Authorizes USDA to reserve 20 percent of appropriated funds for grants for cooperative development centers, individual cooperatives, or groups of cooperatives serving socially disadvantaged communities.

SEC. 6014 Grants to Broadcasting Systems: Extends authorization of program at $5 million annually through FY2012.

Sec. 6015 Locally or Regionally Produced Agricultural Food Products (2): Amends Business and Industry (B&I) Loan Program to set aside at least five percent of total B&I funding for loans that support locally or regionally produced food.

SEC. 6016 Appropriate Technology Transfer (1): Authorizes $5 million annually through FY2012 for a national technology transfer program for rural areas to assist agricultural producers that are seeking information to help them reduce input costs, conserve energy costs, diversify operations through new energy crops and energy generation facilities, and expand markets for agricultural commodities through the use of sustainable farming practices. Program eligibility is to national non-profit agricultural assistance organizations.

SEC 6017 REAP Zones (2): Requires USDA to continue servicing existing Rural Economic Area Partnerships (REAP) zones in New York, North Dakota and Vermont.

SEC. 6018 Definitions (2): Revises definition of "Rural" and "Rural Area" to mean any area other than a city or town that has a population greater than 50,000 and any urbanized area contiguous or adjacent to that city or town. Exceptions are made for USDA Water and Waste Disposal Grants, Loans and Loan Guarantees and Community Facility Loans and Grants. (*See related side bar on page 5)*

SEC. 6019 National Rural Development Partnership: Authorizes $10 million annually through FY2012 for the activities of the NRDP.

SEC. 6020 Historic Barn Preservation (2): Extends program authorization through FY2012. Such sums as necessary are provided. Requires USDA to give the highest priority to funding projects that identify, document and conduct research on historic barns and that develop and evaluate appropriate techniques or best practices for protecting historic barns.

SEC. 6021 Grants for NOAA Weather Radio Transmitters: Extends program authorization of such sums as necessary through FY2012. Program provides grants to public and non-profit entities for acquiring radio transmitters to increase the coverage of rural areas by the all hazards weather radio broadcast system of the National Oceanic and Atmospheric Administration.

SEC. 6022 Rural Micro Entrepreneur Assistance Program (1) (3): Authorizes $15 million in new mandatory funding, along with an additional $40 million annually in discretionary funding, through FY2012 to support loans and grants through a new Rural Micro Entrepreneur Assistance Program. Authorization of funds begins in FY2009. *(See related article on page 3.)*

SEC. 6023 Grants for Expansion of Employment Opportunities for Individuals with Disabilities in Rural Areas (1): Authorizes $2 million annually through FY2012 for a new grant program to non-profit organizations to expand employment opportunities for individuals with disabilities in rural areas. To be eligible to receive funding, applicants must have a significant focus on serving the needs of individuals with disabilities, a demonstrated knowledge and expertise in employment of and advising on accessibility issues for individuals with disabilities, expertise in removing barriers to employment for individuals with disabilities, and existing relationships with national organizations focused on the needs of rural areas.

SEC. 6024 Health Care Services (1): Authorizes $3 million annually through FY2012 for healthcare services in the Delta Region to be provided by a "consortium of regional institutions."

SEC. 2025 Delta Regional Authority (2): Extends authorization through FY2012. Adds parishes in Louisiana (Beauregard, Bienville, Cameron, Claiborne, DeSoto, Jefferson Davis, Red River, St. Mary, Vermillion and Webster) and counties in Mississippi (Jasper and Smith).

SEC. 6026 Northern Great Plains Regional Authority (2): Extends authorization through FY2012 and makes significant modifications to structure and operations of Authority (S*ee article on page 7*).

SEC. 6027 Rural Business Investment Program (2): Extends the Rural Business Investment Program authorization through FY2012 with the following modifications: debentures may be prepaid at any time, distributions may be made to cover tax liability, USDA fees are limited to a $500 application fee, and USDA will not be required to operate the program with other federal agencies. $50 million annually is authorized.

SEC. 6028 Rural Collaborative Investment Program (1): Authorizes $135 million in discretionary funds through FY2012 (beginning in FY2009) for new regional strategic planning and implementation program. Authorizes up to $150,000 for Regional Collaborative Investment Boards to develop regional investment strategies and up to $6 million for each regional board to implement project priorities outlined in their strategies. *(See article on page 3).*

SEC. 6029 Funding Pending Rural Development Loan and Grant Applications (4): Provides $120 million in mandatory funds to address the backlog of pending water systems, waste disposal system and emergency community water assistance grant and loan applications under USDA Rural Development. Pending applications for water systems will take priority. *(See related article on page 3.)*

SUBTITLE B – RURAL ELECTRIFICATION ACT OF 1936

SEC. 6101 Energy Efficiency Programs (2): Extends rural electrification loans to include energy efficiency and conservation.

SEC. 6102 Reinstatement of Rural Utility Services Direct Relending (2): Makes technical changes to allow for direct lending from the U.S. Department of Treasury for RUS financing.

SEC. 6103 Deferment of payments to allow loans for improved energy efficiency and demand reduction (2): Amends REA by requiring USDA to allow borrowers to defer payment of principal and interest on any direct loan to enable the borrower to make loans to residential, commercial and industrial consumers to install energy efficient measures or devices that reduce the demand on electric systems for 60 months.

SEC. 6104 Rural Electrification Assistance (2): Amends RUS definition of "Rural Area" to mean an area that excludes a city or town of 20,000 or more.

SEC. 6105 Substantially Underserved Trust Areas (2): Defines Native American trust lands, where more than 20 percent of the population does not have electric, telecommunications, broadband or water service as substantially underserved trust areas and allows USDA to make programs administered by RUS available to such areas at lower loan rates and waive non-duplication requirements.

SEC. 6106 Guarantees for bonds and notes issued for electrification or telephone purposes (2): Rural Economic Development Loan and Grant program funding assistance eligibility is extended to include guarantees for telephone installation purposes. Funds available for guarantees are increased to $1 billion.

SEC. 6107 Expansion of 911 Access (2): Expands 911 loan eligibility to include emergency communications providers, state or local governments, Indian tribes or other public entities for facilities and equipment to expand or improve 911 access, interoperable emergency communications, homeland security communications, transportation safety communication and location technologies used outside urbanized areas. Funds made available for telephone or broadband loans are authorized to be used for the program.

SEC. 6108 Electric Loans for Renewable Energy (2): Allows USDA to make loans to rural electric cooperatives for purposes of electricity generation and transmission of renewable energy. The definition of renewable energy source is redefined to mean ''an energy conversion system fueled from a solar, wind, hydropower, biomass, or geothermal source of energy.''

SEC. 6109 Bonding Requirements (2): Requires USDA to review bonding requirements for all programs administered by RUS.

SEC. 6110 Access to Broadband Telecommunications Services in Rural Area (2): Amends USDA Rural Utility Service (RUS) Broadband programs to provide grants to finance broadband transmission in rural areas to currently unserved rural communities. Also requires USDA to submit to the President and Congress a report describing a comprehensive rural broadband strategy. *(See related article on page 5.)*

SEC. 6111 National Center for Rural Telecommunications Assessment (1): Authorizes $1 million annually through FY2012 for a new National Center for Rural Telecommunications Assessment to assess the effectiveness of programs aimed at increasing broadband penetration and purchase in rural areas. The center will also work with existing rural development centers to identify policies and initiatives at the federal, state and local levels that have increased broadband purchase and penetration in rural areas and provide recommendations on effective strategies to bring affordable broadband services to residents of rural areas.

SEC. 6112 Comprehensive Rural Broadband Strategy (1): Instructs the Chairman of the Federal Communications Commission (FCC), in coordination USDA, to submit a report to Congress describing a comprehensive rural broadband strategy. The plan will outline methods to promote interagency coordination; improve and streamline policies, programs and services; coordinate existing broadband or rural initiatives; address short- and long-term solutions and needs for a rapid build-out of rural broadband solutions and applications for federal, state, regional and local government policy makers; and identify how programs and resources can best respond and overcome obstacles that currently impede rural broadband deployment.

SEC. 6113 Study on Rural Electric Power Generation (1): Instructs USDA to conduct a study on the electric power generation needs in rural areas of the country including an examination of power generation, particularly by rural electric cooperatives, and financing availability. Report on study findings is to be submitted to Congress 60 days after enactment of final bill.

SUBTITLE C – MISCELLANEOUS

SEC. 6201 Distance Learning and Telemedicine (2): Extends program authorization through FY2012 and expands program eligibility to include libraries.

SEC. 6202 Value-Added Agriculture Market Development Program Grants (1): Authorizes $15 million in mandatory funding, along with $40 million in discretionary money annually, through FY2012 for competitive grant program that assists producers and farm cooperatives in developing business plans and strategies for value-added agriculture products. *(See related article on page 3.)*

SEC. 6203 Agriculture Innovation Center Demonstration Program: Reauthorizes $6 million annually through FY2012 for innovation centers to provide producers with technical assistance, marketing and development assistance for value-added agricultural businesses**.**

SEC. 6204 Rural Firefighters and Emergency Services Assistance Program (2): Provides $30 million in discretionary spending annually through FY2012 to hire, recruit and train Emergency Medical Services personnel in rural areas. Administrative expenses are limited to five percent of total funding.

SEC. 6205 Insurance of Loans for Housing and Related Facilities for Domestic Farm Labor (2): Amends the Housing Act of 1949 by extending the definition of ''domestic farm labor'' to include any person who receives a substantial portion of their income from the processing of agricultural or aquaculture commodities.

SEC. 6206 Study of Rural Transportation Issues (1): Authorizes USDA, in coordination with the U.S. Department of Transportation, to conduct a study examining the movement of agricultural products, domestically produced renewable fuels and domestically produced resources for the production of electricity. Report on study findings to be submitted to Congress within one year of enactment of final bill.

SUBTITLE D- HOUSING ASSISTANCE COUNCIL

Sec. 6301- 6305 Housing Assistance Council Authorization Act of 2008 (1): Authorizes $10 million annually from FY2009 to FY2011 for the Department of Housing and Urban Development (HUD) to provide financial assistance to the Housing Assistance Council (HAC) to support community-based housing development organizations' community development and affordable housing projects and programs.

For more details on the Rural Development Title of the Farm Bill, contact NADO Legislative Representative Amy Linehan at 202.624.8177 or alinehan@nado.org.

NADO News Special Report on the 2008 Farm Bill:
Funding Analysis of Sample USDA Rural Development Programs

		(Figures in Millions of Dollars)		
Program	**Bill Section**	**Annual Program Authorization Level under 2008 Farm Bill**	**Mandatory Funding Level Over 5 Years**	**FY2008 Actual Funding Level**
TITLE VI—RURAL DEVELOPMENT				
Subtitle A—Consolidated Farm and Rural Development Act				
Water, Waste Disposal and Wastewater Facility Grants	6001	$30	$0	$65
Rural Business Opportunity Grants	6003	$15	$0	$3
Child Day Care Facility Grants	6004	$1	$0	$0
Circuit Rider	6006	$25	$0	$14
Tribal Colleges and Unversity Facilities	6007	$10 over 5 years	$0	$4
Emergency and Imminent Water Assistance	6008	$35	$0	$0
Water Systems for Rural Alaska	6009	$30	$0	$25
Rural Well Systems	6010	$10	$0	$0
Rural Cooperative Development Grants	6013	$50	$0	$28
Grants to Broadcasting Systems	6014	$5	$0	$0
Appropriate Technology Transfer	6016	$5	$0	2.60 **(2)**
National Rural Development Partnership	6019	$10	$0	$0
Historic Barn Preservation	6020	sums necessary	$0	$0
NOAA Radio Transmitter Grants	6021	sums necessary	$0	$0
Rural Micro Entrepreneur	6022	$215 over 5 years **(3)**	**$15**	$0 **(1)**
Employment for Disabled	6023	$2	$0	$0 **(1)**
Health Care Services	6024	$3	$0	$0 **(1)**
Delta Regional Authority (Core Programs)	6025	$30	$0	$6
Northern Great Plains Regional Authority (NGPRA)	6026	$30	$0	$0 **(4)**
Rural Business Investment Program	6027	$50	$0	$0 **(5)**
Rural Collaborative Investment Program	6028	$135 over 5 years	$0	$0 **(1)**
Water and Waste Water Loan and Grant Backlog	6029	$120 over 5 years	**$120**	$0 **(5)**
Subtitle B—Rural Electrification Act of 1936				
Expansion of 911 Access	6107	sums necessary	$0	$0
Broadband Access	6110	$125 over 5 years	$0	$300
National Center for Rural Telecommunications Assessment	6111	$1	$0	$0 **(1)**
Comprehensive Rural Broadband Strategy	6112	$0	$0	$0 **(1)**
Rural Power Generation Study	6113	$0	$0	$0 **(1)**
Subtitle C—Miscellaneous				
Distance Learning and Telemedicine	6201	$100	$0	$35
Value-Added Agriculture Market Development Grants	6202	$215 total **(3)**	**$15**	$19 **(2)**
Agriculture Innovation Center	6203	$6	$0	$0
Rural Firefighters and Emergency Services	6204	$30	$0	$0 **(5)**
Study of Rural Transportation	6206	$0	$0	$0 **(1)**
Housing Assistance Council	6301	$10	$0	$3 **(1)**
TITLE XIV—MISCELLANEOUS				
Southeast Crescent Regional Commission	14217	$30	$0	$0 **(1)**
Southwest Border Regional Commission	14217	$30	$0	$0 **(1)**
Northern Border Regional Commission	14217	$30	$0	$0 **(1)**

Footnotes:

(1) New authorization, funding not included in previous spending cycle

(2) FY2008 funding inlcuded as set-aside within Rural Cooperative Development Grants

(3) Funding is combination of mandatory and discretionary funding

(4) NGRPA received $1.5 million in start up costs in FY2005. Funding was never spent and was recaptured

(5) Mandatory funding authorized in 2002 farm bill, but funding was blocked by Congress