

## 2020 USDA EXPLANATORY NOTES – RURAL DEVELOPMENT

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**AGENCY-WIDE**

**AVAILABLE FUNDS AND STAFF YEARS**

*Table RD-1. Available Funds and Staff Years (thousands of dollars, staff years (SY))*

Item	2017 Actual	SY	2018 Actual	SY	2019 Estimate	SY	2020 Budget	SY
Salaries and Expenses:								
Discretionary Appropriations.....	\$684,877	4,807	\$688,167	4,541	\$680,827	4,389	\$647,394	3,776
Rural Development Disaster Assistance Fund Account:								
Supplemental Appropriations .....	-	-	-	-	-	-	-	-
Rural Community Facilities Program Account:								
Discretionary Appropriations.....	47,100	-	48,627	-	48,627	-	60,000	-
Supplemental Appropriations .....	-	-	-	-	-	-	-	-
Rural Housing Insurance Fund Program Account:								
Discretionary Appropriations.....	97,638	-	71,462	-	71,462	-	-	-
Supplemental Appropriations .....	-	-	18,672	-	18,672	-	-	-
Rural Housing Assistance Grants:								
Discretionary Appropriations.....	33,071	-	40,000	-	40,000	-	-	-
Supplemental Appropriations .....	-	-	-	-	-	-	-	-
Rental Assistance Program:								
Discretionary Appropriations.....	1,405,033	-	1,345,293	-	1,345,293	-	1,407,000	-
Multi-Family Housing Revitalization Program:								
Discretionary Appropriations.....	41,400	-	47,000	-	47,000	-	-	-
Multi-Family Housing Revitalization Program GP Pilot:								
Discretionary Appropriations.....	1,000	-	1,000	-	1,000	-	-	-
Mutual and Self-Help Housing Grants:								
Discretionary Appropriations.....	30,000	-	30,000	-	30,000	-	-	-
Rural Water and Waste Disposal Program Account:								
Discretionary Appropriations.....	571,190	-	1,060,263	-	1,060,263	-	527,630	-
Mandatory Appropriations.....	-	-	-	-	-	-	-	-
Supplemental Appropriations .....	-	-	165,475	-	165,475	-	-	-
Rural Electrification and Telecommunications, including RESP:								
Discretionary Appropriations.....	11,071	-	8,863	-	8,863	-	1,933	-
Rural Electrification and Telecommunications, GP FFB Refinancing:								
Discretionary Appropriations.....	13,800	-	8,863	-	8,863	-	-	-
Distance Learning, Telemedicine, and Broadband Program Account, including GP for Opioids:								

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Item	2017 Actual	SY	2018 Actual	SY	2019 Estimate	SY	2020 Budget	SY
Discretionary Appropriations.....	65,600	-	87,000	-	87,000	-	73,600	-
Distance Learning, Telemedicine, and Broadband Program Account,GP Broadband Pilot Program:								
Discretionary Appropriations.....	-	-	600,000	-	600,000	-	200,000	-
High Energy Cost Grants:								
Discretionary Appropriations.....	-	-	-	-	-	-	-	-
Rural Business Program Account:								
Discretionary Appropriations.....	65,319	-	77,342	-	77,342	-	20,500	-
Supplemental Appropriations .....	-	-	-	-	-	-	-	-
Intermediary Relending Loan Program Account:								
Discretionary Appropriations.....	5,476	-	4,361	-	4,361	-	-	-
Rural Economic Development Loans Program Account:								
Discretionary Appropriations.....	[5,493]	-	[5,814]	-	[5,814]	-	-	-
Rural Economic Development Grants Rescission:								
Discretionary Appropriations.....	-132,000	-	-	-	-	-	-	-
Rural Microentrepreneur Assistance Program:								
Discretionary Appropriations.....	3,000	-	3,000	-	3,000	-	-	-
Biorefinery Assistance Program:								
Discretionary Appropriations.....	-	-	-	-	-	-	-	-
Energy Assistance Payments:								
Discretionary Appropriations.....	15,000	-	15,000	-	15,000	-	-	-
Rural Energy for America Program Account:								
Discretionary Appropriations.....	352	-	293	-	293	-	-	-
Mandatory Appropriations.....	50,000	-	50,000	-	50,000	-	50,000	-
Rural Cooperative Development Grants:								
Discretionary Appropriations.....	26,550	-	27,550	-	27,550	-	-	-
Mandatory Appropriations.....	-	-	-	-	-	-	-	-
Healthy Food Financing Initiative:								
Discretionary Appropriations.....	1,000	-	1,000	-	1,000	-	-	-
Rescission .....	-4,736	-	-	-	-	-	-144,200	-
Sequestration .....	-5,796	-	-5,532	-	-3,100	-	-	-
Temporary Sequestration Restoration.....	[1,117]	-	-	-	-	-	-	-
Total Available .....	3,025,945	4,807	4,393,699	4,541	4,388,791	4,389	2,843,857	3,776
Other Funding:								
Rural Economic Development Loans .....	5,894	-	5,814	-	5,814	-	-	-
Rural Economic Development Grants .....	10,000	-	10,000	-	10,000	-	-	-

2020 USDA EXPLANATORY NOTES – RURAL DEVELOPMENT

Item	2017 Actual	SY	2018 Actual	SY	2019 Estimate	SY	2020 Budget	SY
Total, Other Funding.....	15,894	-	15,814	-	15,814	-	-	-
Ob. Under Other USDA Appr.:								
Farm Service Agency.....	10,308	-	10,023	-	10,500	-	10,500	-
Natural Resources & Conservation Service.....	127	-	145	-	300	-	300	-
Office of the Chief Information Officer.....	16	-	16	-	16	-	16	-
Foreign Agricultural Service.....	2	-	2	-	2	-	2	-
Miscellaneous Reimbursements.....	1,200	-	1,200	-	1,200	-	1,200	-
Total, Other USDA.....	11,653	-	11,386	-	12,018	-	12,018	-
Total, Agriculture Appropriations.....	3,053,492	4,807	4,420,899	4,541	4,416,623	4,389	2,855,875	3,776
Other Federal Funds:								
ARC Program .....	-	-	-	-	-	-	-	-
NADBank.....	-	-	-	-	-	-	-	-
Small Business Administration.....	-	-	-	-	-	-	-	-
Federal Emergency Management.....	-	-	-	-	-	-	-	-
Department of Commerce.....	180	-	180	-	180	-	180	-
Total, Other Federal.....	180	-	180	-	180	-	180	-
Total, RD .....	3,053,672	4,807	4,421,079	4,541	4,416,803	4,389	2,856,055	3,776

**PERMANENT POSITIONS BY GRADE AND STAFF YEARS***Table RD-2. Permanent Positions by Grade and Staff Years*

Item	2017			2018			2019			2020		
	D.C.	Field	Actual Total	D.C.	Field	Actual Total	D.C.	Field	Estimate Total	D.C.	Field	Budget Total
SES.....	14	-	14	16	-	16	27	-	27	27	-	27
SL.....	3	-	3	2	-	2	2	-	2	2	-	2
GS-15.....	67	50	117	72	46	118	99	50	149	99	50	149
GS-14.....	126	7	133	117	8	125	151	2	153	151	2	153
GS-13.....	405	366	771	394	340	734	429	287	716	429	287	716
GS-12.....	221	1,042	1,263	198	1,068	1,266	206	987	1,193	206	987	1,193
GS-11.....	119	430	549	98	407	505	128	383	511	128	383	511
GS-10.....	1	-	1	1	-	1	1	-	1	1	-	1
GS-9.....	95	452	547	96	390	486	110	386	496	110	386	496
GS-8.....	15	65	80	59	11	70	56	9	65	56	9	65
GS-7.....	367	602	969	321	575	896	355	539	894	355	539	894
GS-6.....	25	76	101	32	53	85	57	37	94	57	37	94
GS-5.....	34	88	122	21	39	60	22	35	57	22	35	57
GS-4.....	11	50	61	11	22	33	26	49	75	26	49	75
GS-3.....	18	38	56	7	65	72	21	110	131	21	110	131
GS-2.....	2	1	3	2	1	3	-	2	2	-	2	2
Total Permanent	1,523	3,267	4,790	1,447	3,025	4,472	1,690	2,876	4,566	1,690	2,876	4,566
Unfilled, EOY	-18	-75	-93	-2	-	-2	-60	-40	-100	-250	-295	-545
Total Perm. FT EOY.....	1,505	3,192	4,697	1,445	3,025	4,470	1,630	2,836	4,466	1,440	2,581	4,021
Staff Year Est.	1,523	3,284	4,807	1,450	3,091	4,541	1,593	2,796	4,389	1,371	2,405	3,776

**VEHICLE FLEET****Motor Vehicle Fleet**

The passenger motor vehicles of Rural Development (RD) are used almost exclusively by RD State field office staff in order to provide program delivery to essential facilities, such as services for water and sewer systems, housing, health clinics, emergency service facilities, and electric and telephone services. In the course of their daily work, these personnel often need to travel to communities, individual farms, commercial firms, and State agricultural offices which are only accessible by vehicle.

**Table RD-3. Size, Composition, and Annual Costs of Motor Vehicle Fleet<sup>a</sup>**

<b>Fiscal Year</b>	<b>Sedans and Station Wagons</b>	<b>Lt. Trucks, SUVs, and Vans (4x2)</b>	<b>Lt. Trucks, SUVs, and Vans (4x4)</b>	<b>Medium Duty Vehicles</b>	<b>Ambulances</b>	<b>Buses</b>	<b>Heavy Duty Vehicles</b>	<b>Total Vehicles</b>	<b>Annual Operating Costs<sup>b</sup></b>
2017 .....	570	137	104	-	-	-	-	811	\$4,650
Change ..	-	-	-	-	-	-	-	-	-
2018 .....	570	137	104	-	-	-	-	811	4,650
Change ..	-21	+5	-6	-	-	-	-	-22	-250
2019 .....	549	142	98	-	-	-	-	789	4,400
Change ..	-	-	-	-	-	-	-	-	-
2020 .....	549	142	98	-	-	-	-	789	4,400

<sup>a</sup> Vehicle count include those owned by agency and leased from commercial sources or GSA.

<sup>b</sup> Excludes acquisition costs and gains from sale of vehicles as shown in FAST.

**SHARED FUNDING PROJECTS***Table RD-4. Shared Funding Projects (dollars in thousands)*

Item	2017 Actual	2018 Actual	2019 Estimate	2020 Budget
<b>Working Capital Fund:</b>				
Administration:				
Material Management Service.....	\$173	\$200	\$223	\$264
Mail and Reproduction Services.....	1,526	1,542	1,526	1,476
Integrated Procurement Systems.....	148	201	219	224
Procurement Operations Services.....	57	68	80	84
Human Resources Enterprise Management Systems.....	35	37	60	65
Subtotal.....	1,939	2,048	2,108	2,113
Communications:				
Creative Media & Broadcast Center.....	979	951	1,186	1,051
Finance and Management:				
National Finance Center.....	1,319	1,337	1,248	1,309
Internal Control Support Services.....	226	207	194	194
Financial Shared Services.....	2,643	2,529	2,589	5,552
Subtotal.....	4,189	4,073	4,031	7,055
Information Technology:				
Client Technology Services.....	31,468	28,806	36,413	36,962
Digital Infrastructure Services Center.....	23,214	22,887	21,511	21,511
Correspondence Management.....	266	239	229	227
Total, Working Capital Fund.....	62,055	59,004	65,478	68,919
<b>Department-Wide Shared Cost Programs:</b>				
1890's USDA Initiatives.....	178	-	-	-
Agency Committee Liaison Services.....	-	354	365	365
Classified National Security Information.....	25	-	-	-
Continuity of Operations Planning.....	98	-	-	-
Emergency Operations Center.....	113	-	-	-
Facility and Infrastructure Review and Assessment.....	22	-	-	-
Faith-Based Initiatives and Neighborhood Partnerships.....	19	-	-	-
Hispanic-Serving Institutions National Program.....	94	-	-	-
Honor Awards.....	-	1	3	3
Human Resources Self-Service Dashboard.....	28	28	28	31
Human Resources Transformation.....	80	42	-	-
Identity Access Management.....	323	-	-	-
Intertribal Technical Assistance Network.....	145	148	148	148
Medical Services.....	48	41	113	113
Office of Customer Experience.....	-	91	146	176
People's Garden.....	31	23	-	-
Personnel and Document Security.....	-	73	68	68
Personnel Security Branch.....	41	-	-	-
Security Detail.....	169	210	215	215
Security Operations.....	-	493	493	493
TARGET Center.....	70	62	54	54
USDA 1994 Program.....	38	-	-	-
USDA Enterprise Data Analytics Services.....	-	-	-	252
Virtual University.....	97	48	-	-
Total, Department-Wide Reimbursable Programs.....	1,620	1,613	1,633	1,917
<b>E-Gov:</b>				
Budget Formulation and Execution Line of Business.....	9	9	9	9
Disaster Assistance Improvement Plan.....	21	21	21	21
Enterprise Human Resources Integration.....	94	94	94	94
E-Rulemaking.....	23	28	24	-
Financial Management Line of Business.....	4	4	4	4

<b>Item</b>	<b>2017 Actual</b>	<b>2018 Actual</b>	<b>2019 Estimate</b>	<b>2020 Budget</b>
Geospatial Line of Business.....	38	38	38	38
GovBenefits.gov.....	73	75	76	76
Grants.gov.....	30	29	28	28
Human Resources Line of Business.....	13	14	14	14
Integrated Acquisition Environment.....	1,075	1,097	1,184	-
Total, E-Gov.....	1,380	1,409	1,491	284
Agency Total.....	65,054	62,028	68,603	71,112

**ACCOUNT 1: SALARIES AND EXPENSES**

**APPROPRIATIONS LANGUAGE**

The appropriations language follows (new language underscored; deleted matter enclosed in brackets):

Rural Development Salaries and Expenses (including transfers of funds):

For necessary expenses for carrying out the administration and implementation of programs in the Rural Development mission area, including activities with institutions concerning the development and operation of agricultural cooperatives; and for cooperative agreements; \$192,343,000; *Provided*, That notwithstanding any other provision of law, funds appropriated under this heading may be used for advertising and promotional activities that support the Rural Development mission area: *Provided further*, That the Secretary shall collect fees described in section 502(i)(1) of the Housing Act of 1949 (42 U.S.C. 1472(i)), and such collections shall be credited to this appropriation and shall remain available until expended for an additional amount for the purposes described in section 502(i)(2) of such Act: *Provided further*, That of the amount provided under this heading, \$1,000,000 shall be for the administration of the multifamily voucher program account: *Provided further*, That of the amount provided under this heading, not less than \$5,000,000 shall be for retiring the Program Loan Accounting System (PLAS); not less than \$3,000,000 shall be for retiring the Automated Multi-family Accounting System (AMAS); not less than \$5,000,000 shall be for an automated application intake system; and not less than \$3,000,000 shall be for the administration of the direct endorsement option for qualified lenders of the Single Family Loan Guarantee Program as authorized by section 502(h) of the Housing Act of 1949 (42 U.S.C. 1472(h)).

**Change Description**

The first change (lines 5 through 8 of paragraph 1) adds language to allow the collection of fees described in section 502(i)(1) of the Housing Act of 1949.

The second change (lines 8 through 10 of paragraph 1) adds language to move administrative funding of the multi-family voucher program account into the Rural Development Salaries and Expenses account.

The third change (line 10 to 15 of paragraph 1) adds language to specify certain uses of information technology funding.

**LEAD-OFF TABULAR STATEMENT**

*Table RD-5. Lead-Off Tabular Statement*

<b>Item</b>	<b>Amount</b>
2019 Annualized Continuing Resolution.....	\$680,827,000
Change in Appropriation.....	-33,433,000
Budget Estimate, 2020.....	<u>647,394,000</u>

**PROJECT STATEMENT**

*Table RD-6. Project Statement (thousands of dollars, staff years (SY))*

Item	2017		2018		2019		Inc. or Dec.	Chg Key	SY	2020	
	Actual	SY	Actual	SY	Estimate	SY				Budget	SY
Discretionary Appropriations:											
Salary and Expenses .....	\$225,835	1,650	\$230,835	1,501	\$230,835	1,488	-\$55,492		-208	\$175,343	1,280
CLP GP 70(b) available through 9/30/18.....	8,900	-	-	-	-	-	-		-	-	-
STEM Study GP 768 .....	500	-	-	-	-	-	-		-	-	-
Multifamily Voucher Program.....	-	-	-	-	-	-	1,000		-	1,000	-
Retire Program Loan Accounting System (PLAS) .....	-	-	-	-	-	-	5,000		-	5,000	-
Retire Automated Multifamily Accounting System (AMAS)..	-	-	-	-	-	-	3,000		-	3,000	-
RD Apply.....	-	-	-	-	-	-	5,000		-	5,000	-
502G Direct Endorsement Capabilities.....	-	-	-	-	-	-	3,000		-	3,000	-
Total Adjusted Appropriations .....	234,735	1,650	230,835	1,501	230,835	1,488	-38,492		-208	192,343	1,280
Rescissions, Transfers, and Seq. (Net) .....	450,142	3,157	457,332	3,040	449,992	2,901	5,059		-405	455,051	2,496
Total Appropriation .....	450,142	4,807	688,167	4,541	680,827	4,389	-33,433	(1)	-613	647,394	3,776
Transfers In:											
Transfer for Congressional Relations.....	150	-	140	-	-	-	-		-	-	-
Broadband Program Account.....	-	-	7,200	-	-	-	-		-	-	-
Rural Electrification & Telecommunications Loans.....	33,270	233	33,270	234	33,270	214	4,757		-	38,027	214
Community Facilities Program .....	-	-	-	-	-	-	147,591		810	147,591	810
Rural Housing Insurance Fund Program .....	412,254	2,892	412,254	2,774	412,254	2,658	-168,005		-	244,249	1,333
									1,325		
Water and Waste Disposal Program .....	-	-	-	-	-	-	18,149		100	18,149	100
Intermediary Relending Program.....	4,468	32	4,468	32	4,468	29	-4,468		-29	-	-
Rural Business Program .....	-	-	-	-	-	-	7,035		39	7,035	39
Subtotal.....	450,142	3,157	457,332	3,040	449,992	2,901	5,059		-405	455,051	2,496
Reimbursements.....	11,878	-	11,191	-	-	-	-		-	-	-
Bal. Available, SOY.....	23,550	-	15,537	-	15,000	-	-		-	-	-
Total Available	720,805	4,807	714,895	4,541	695,827	4,389	-33,433		-613	647,394	3,776
Rescinded Balances.....	-8,900	-	-	-	-	-	-		-	-	-
Lapsing Balances .....	-3,602	-	-844	-	-	-	-		-	-	-
Bal. Available, EOY.....	-15,537	-	-15,000	-	-	-	-		-	-	-
Total Obligations .....	692,766	4,807	699,051	4,541	695,827	4,389	-33,433		-613	647,394	3,776

The numbered justifications items are keyed to the Change Key (Chg Key) column on the Project Statement.

## **JUSTIFICATIONS**

### **Rural Development**

Rural Development (RD) is requesting \$647.4 million in funding to support salaries and administrative expenses, which is a decrease of \$33.4 million below the 2019 level. The requested level will support an onboard staff level of 3,776, a reduction of 613 staff from 2019. This decrease will be managed through the anticipated attrition rate of over 8 percent, as well using other hiring authorities, due to the proposed elimination of discretionary and mandatory funding in the Rural Business-Cooperative Service and a number of labor-intensive programs in the Rural Housing Service.

This request allows RD to continue to modify the existing organizational structure to support increased support for investment in infrastructure, partnerships and innovative projects; enhances IT capabilities to ensure customer service is not compromised; and ensures that USDA is investing taxpayer resources in the highest quality projects across the country. Through this request, RD is proposing to modernize the workforce by building capacity with an emphasis on customer service, and improving IT capabilities to both support a mobile workforce and improve customer interactions with RD.

RD prioritizes USDA Strategic Goal #1 to work efficiently, effectively, with integrity and a focus on customer service. To that end, two new centers have been established to streamline mission support functions and enable program resources to be truly focused on more coordinated and timely service to our rural customers. Specifically, these are the Innovation Center and the RD Business Center.

The Innovation Center (IC) provides cohesion between existing functions being performed across the mission area and supports synergies through coordinated data driven investment in rural communities. These coordinated activities bring together the following functions:

- Data analysis and program outcomes measurement;
- Capacity building at the community level;
- Partnership development such as interagency, interdepartmental, intergovernmental; and
- Regulatory development.

These activities will drive increased coordination across the three business lines within the RD mission area; infrastructure development, housing and community facilities, and business and cooperative programs, to ensure communities are well-equipped with a set of tools to address challenges and seize new opportunities in rural America.

The RD Business Center consolidates mission support functions; the Center increases operational efficiencies, maximizes collaboration among agencies that serve similar customers, enhance reporting relationships, and increase accountability of financial and human resources. By streamlining and strengthening and realigning several critical business functions, RD will have an agile workforce which is be able to respond quickly to the changing needs of our rural customers by both unifying processes and increasing our focus on infrastructure, partnership, and innovation. The realignment of these functions supports the OneRD approach and provides consistency in administrative operations across all of RD's operating structure. This approach changes the reporting line from the field to the Business Center, however, employees will still be living and working in the rural communities in which they reside.

The numbers and letters of the following listing relates to values in the Chg Key column of the Project Statement:

A net decrease of \$33,433,000 and 613 staff years for Salaries and Expenses (\$680,827,000 and 4,389 staff years available in 2019).

The funding change is requested for the following items:

- A) A decrease of \$60,324,000 for savings realized from reducing 613 staff.

The requested level will support a staff level of approximately 3,776 which represents support for RD's core operations and servicing responsibilities. To implement this reduction RD will comprehensively examine the size and scope of existing operations to ensure the agency's commitment to serving rural America is balanced against efficiencies that will streamline services provided. This staffing level is sustainable due to the proposed termination of a number of RBS and RHS programs. These program terminations will result in less staff needed for origination and loan making activities.

B) An increase of \$26,891,000 for Information Technology Enhancements and Upgrades.

RD requires an Information Technology Office with the ability to respond quickly to changes in industry regulations, business rules and federal policy. Investments will be made to upgrade automated systems and enhance information technology activities across the mission areas to achieve reductions in staff and operational efficiencies. The proposed IT investments will retire legacy accounting systems and modernized business operations to support the mission area's programs that deliver loan, loan guarantee, grants, payments and technical assistance funding to rural communities.

The funding assumes improvements for cyber security, system maintenance, and enhance data warehouse capabilities. The request includes dedicated funding for specific IT investments: retiring the Program Loan Accounting System (PLAS) and the Automated Multifamily Accounting System (AMAS), RD apply, and system upgrades to implement direct endorsement by lenders of the single family loan guarantee program. These IT investments are critical to moving RD in the 21<sup>st</sup> century for loan program accounting and customer service.

Within this increase, the following IT projects will be done with the requested funding in the FY2020 budget.

1) Requesting of \$2,891,000 for improvements to loan origination and servicing systems.

This increase will allow RD flexibility in funding improvements in its loan origination and servicing systems, allowing for minor enhancements to existing systems, and funding unanticipated IT requirements resulting from Farm Bill and other legislation.

2) Requesting \$3,000,000 for Cyber Security.

This increase will allow RD to strengthen its cyber security posture to guard against both present and increasing risks to our current public facing systems but also ensure the integrity, confidentiality and availability of future systems. Many of RD's web applications still rely on technologies identified as risks that must be mitigated promptly. The funds requested will enhance cyber security engineering and architecture capabilities such as secure coding toolkits, black box/white box testing, implementation of a web application firewall and logging protocols and policies, creation of a Security Operations Center (SOC) with cyber analytics tools to monitor RD applications in real time. RD needs the requested funds to directly target these issues to implement enterprise security risk mitigation strategies to safeguard citizen data.

3) Requesting \$5,000,000 to enhance data warehouse capabilities.

RD has a current data warehouse that helps support reporting and analytical analysis. Analytical analysis is becoming more prevalent in assisting with data-based decision making that identifies methods to target programmatic funding to the neediest rural areas. RD is requesting this funding to enhance and potentially redesign a data warehouse with robust financial and portfolio capabilities. These capabilities will allow for detailed analysis of program and portfolio data enhanced with predictive analytics to identify where the programs should target their resources and attention. These funds may also be used to enhance data sharing opportunities across Federal agencies.

4) Requesting \$5,000,000 for retiring the Program Loan Accounting System (PLAS).

PLAS is a COBOL-based system that is more than 25 years old. The system has been identified as a high risk for the agency due to the antiquated code base. This funding is critical to being able to replace PLAS and migrate the loan accounting data to new system.

5) Requesting \$3,000,000 for retiring the Automated Multi-family Accounting System (AMAS).

AMAS is a COBOL-based system that is more than 25 years old and support for the system is not expected to continue much longer. This funding is critical to being able to replace AMAS and migrate the accounting data to new systems. The AMAS allotment system has already been converted. These additional funds will allow for the conversion of the AMAS loan receivables to a new platform.

6) Requesting \$5,000,000 for an automated application intake system.

The requested increase is in support of the development of the initial phase of an automated application intake process. Several loan programs are currently utilizing outdated technology that does not allow for adequate review and approval of loan applications. This funding will provide initial support for enhancements to a single platform for all loan application intake.

7) Requesting \$3,000,000 for the administration of the direct endorsement option for qualified lenders of the Single Family Loan Guarantee Program.

The Housing Opportunity Through Modernization Act of 2016 (the Act) gave the Rural Housing Service (RHS) the authority to delegate loan approval authority to preferred lenders. Preferred lenders will be able to approve loan guarantees and obligate the loan guarantee on USDA's behalf, similar to how lenders already deliver the FHA and VA single family housing loan guaranteed programs. System enhancements and improvements are necessary to be able to delegate approval authority to preferred lenders in a practical manner. Lenders will need access to accounting and obligations data. RD will begin implementing this in 2020 utilizing the best practices from the VA and HUD IT systems, which already have a tenured direct endorsement option in place.

C) No change for the \$1,000,000 for Consolidated Administrative and IT Costs for the Voucher Program in the salaries and expenses account instead of the Program Account.

The consolidated administrative and IT costs accounts for the Voucher Program are more appropriately housed in the salaries and expenses account which is the administrative arm of the mission area.

**GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS***Table RD-7. Geographic Breakdown of Obligations and Staff Years (thousands of dollars, staff years (SY))*

State Territory	2017		2018		2019		2020	
	Actual Amount	SYs	Actual Amount	SYs	Estimate Amount	SYs	Pres Budget Amount	SYs
Alabama.....	\$8,063	85	\$8,007	81	\$7,798	78	\$7,415	67
Alaska.....	3,848	31	3,856	30	3,755	29	3,571	25
Arizona.....	5,402	50	5,577	50	5,432	48	5,165	42
Arkansas.....	7,036	71	6,821	66	6,643	64	6,317	55
California.....	13,199	114	13,166	110	12,823	106	12,193	91
Colorado.....	5,299	48	5,297	46	5,159	44	4,906	38
Connecticut.....	1,149	11	1,015	9	989	9	940	7
Delaware.....	3,591	32	3,730	33	3,633	32	3,454	27
District of Columbia.....	359,797	1,523	372,907	1,450	363,185	1,401	345,351	1,206
Florida.....	9,382	91	9,070	81	8,834	78	8,400	67
Georgia.....	10,852	101	10,540	94	10,265	91	9,761	78
Hawaii.....	3,601	28	3,414	28	3,325	27	3,162	23
Idaho.....	4,962	48	4,785	44	4,660	43	4,431	37
Illinois.....	8,473	89	8,083	81	7,872	78	7,486	67
Indiana.....	7,848	79	7,756	75	7,554	72	7,183	62
Iowa.....	8,629	86	8,186	77	7,973	74	7,581	64
Kansas.....	5,088	51	5,305	51	5,167	49	4,913	42
Kentucky.....	8,940	94	9,255	92	9,014	89	8,571	77
Louisiana.....	7,089	72	6,766	66	6,590	64	6,266	55
Maine.....	5,049	53	4,647	46	4,526	44	4,304	38
Maryland.....	1,115	10	1,139	10	1,109	10	1,055	8
Massachusetts.....	3,657	33	3,713	32	3,616	31	3,439	27
Michigan.....	11,208	115	11,022	110	10,735	106	10,208	91
Minnesota.....	8,472	80	8,327	76	8,110	73	7,712	63
Mississippi.....	10,516	106	10,211	101	9,945	98	9,456	84
Missouri.....	10,638	109	10,439	102	10,167	99	9,668	85
Montana.....	3,601	33	3,529	32	3,437	31	3,268	27
Nebraska.....	4,819	49	4,660	47	4,539	45	4,316	39
Nevada.....	2,774	26	2,717	24	2,646	23	2,516	20
New Hampshire.....	1,860	18	2,033	17	1,980	16	1,883	14
New Jersey.....	3,512	32	3,066	28	2,986	27	2,839	23

2020 USDA EXPLANATORY NOTES – RURAL DEVELOPMENT

State Territory	2017		2018		2019		2020	
	Actual Amount	SYs	Actual Amount	SYs	Estimate Amount	SYs	Pres Budget Amount	SYs
New Mexico .....	4,682	41	4,380	39	4,266	38	4,056	32
New York .....	8,927	92	8,455	84	8,235	81	7,830	70
North Carolina.....	13,346	137	13,021	129	12,682	125	12,059	107
North Dakota .....	4,392	42	4,142	38	4,034	37	3,836	32
Ohio .....	9,195	97	8,993	91	8,759	88	8,328	76
Oklahoma .....	6,794	66	6,539	61	6,369	59	6,056	51
Oregon .....	5,215	52	5,235	50	5,099	48	4,848	42
Pennsylvania.....	7,866	84	8,156	82	7,943	79	7,553	68
Puerto Rico .....	5,633	58	5,471	53	5,328	51	5,067	44
Rhode Island.....	392	4	281	3	274	3	260	2
South Carolina.....	8,387	80	7,750	73	7,548	71	7,177	61
South Dakota .....	5,652	56	5,348	50	5,209	48	4,953	42
Tennessee .....	11,000	109	10,506	99	10,232	96	9,730	82
Texas .....	13,326	138	13,246	133	12,901	129	12,267	111
Utah .....	3,693	36	3,875	37	3,774	36	3,589	31
Vermont.....	3,229	33	3,203	35	3,119	34	2,966	29
Virginia.....	7,790	78	7,981	75	7,773	72	7,391	62
Washington.....	6,800	65	6,645	61	6,472	59	6,154	51
West Virginia.....	5,105	52	5,085	51	4,952	49	4,709	42
Wisconsin .....	7,462	78	7,511	74	7,315	72	6,956	62
Wyoming .....	2,727	26	2,431	22	2,368	21	2,251	18
Western Pacific Areas.....	1,368	13	1,439	9	1,401	9	1,333	7
Virgin Islands .....	316	3	319	3	311	3	295	2
Obligations .....	692,766	4,807	699,051	4,541	680,827	4,389	647,394	3,776
Rescinded Balance.....	8,900	-	-	-	-	-	-	-
Lapsing Balances.....	3,602	-	844	-	-	-	-	-
Balance Available, EOY.....	15,537	-	15,000	-	15,000	-	-	-
Total, Available or Estimate .....	720,805	4,807	714,895	4,541	695,827	4,389	647,394	3,776

**CLASSIFICATION BY OBJECTS***Table RD-8 Classification by Objects (thousands of dollars)*

Item No.	Item	2017 Actual	2018 Actual	2019 Estimate	2020 President's Budget
<b>Personnel Compensation:</b>					
<b>Washington, D.C.</b>		\$121,039	\$130,738	\$136,992	\$119,395
Field		248,373	243,924	219,545	181,287
11.0	Total personnel compensation.....	369,412	374,662	356,537	300,682
12.0	Personnel benefits.....	128,942	131,811	124,211	105,238
13.0	Benefits for former personnel.....	151	-	-	-
	Total, personnel comp. and benefits.....	498,505	506,473	480,748	405,920
<b>Other Objects:</b>					
21.0	Travel and transportation of persons.....	10,605	10,675	12,000	12,000
22.0	Transportation of things.....	75	102	300	700
23.1	Rental payments to GSA.....	21,007	19,594	20,050	20,351
23.2	Rental payments to others.....	20,248	17,901	18,000	18,000
23.3	Communications, utilities, and miscellaneous charges.....	470	500	500	500
24.0	Printing and reproduction.....	2,061	827	1,000	1,000
25	Other contractual services.....	-	-	-	-
25.1	Advisory and assistance services.....	14,720	11,795	12,000	12,000
25.2	Other services from non-Federal sources.....	1,171	606	1,000	1,000
25.3	Other goods and services from Federal sources.....	2,951	2,725	5,729	3,550
25.4	Operation and maintenance of facilities.....	37,818	45,084	55,000	57,073
25.5	Research and development contracts.....	78,538	78,861	85,000	111,800
25.7	Operation and maintenance of equipment.....	903	925	1,000	1,000
26.0	Supplies and materials.....	1,804	1,667	2,500	1,500
31.0	Equipment.....	1,403	1,220	1,000	1,000
42.0	Insurance claims & indemnities.....	487	96	-	-
	Total, Other Objects.....	194,261	192,578	215,079	241,474
99.9	Total, new obligations.....	692,766	699,051	695,827	647,394
	DHS Building Security Payments (included in 25.3).....	\$2,951	\$2,725	\$2,950	\$2,995
<b>Position Data:</b>					
	Average Salary (dollars), ES Position.....	\$146,947	\$150,312	\$150,312	\$150,312
	Average Salary (dollars), GS Position.....	\$56,967	\$58,049	\$76,320	\$76,320
	Average Grade, GS Position.....	11.3	11.4	12.7	12.7

**ACCOUNT 2: DISASTER ASSISTANCE FUNDS**

**PROJECT STATEMENT**

*Table RD-9 Project Statement (thousands of dollars, staff years (SY))*

Item	2017 Actual	2018 Actual	2019 Estimate	Inc. or Dec.	Chg Key	2020 Budget
Transfers In:						
Rural Business Programs.....	-	\$230	-	-		-
Rural Community Facility Programs.....	-	2,029	-	-		-
Rural Water and Waste Disposal Programs	-	9,206	-	-		-
Rural Housing Insurance Fund Programs...	-	496	-	-		-
Rural Housing Assistance Grants .....	-	144	-	-		-
Total .....	-	12,105	-	-		-
Transfers Out:						
Rural Water and Waste Disposal Programs	-	-1,000	-	-		-
Subtotal .....	-	-1,000	-	-		-
Bal. Available, SOY .....	-	-	\$11,105	-		\$11,105
Total Available.....	-	11,105	11,105	-		11,105
Bal. Available, EOY.....	-	-11,105	-11,105	-		-11,105
Total Obligations.....	-	-	-	-		-

***RD-WIDE PERFORMANCE*****SUMMARY OF PERFORMANCE**

USDA Rural Development (RD) is committed to improving the economy and quality of life in rural America. RD mission area includes three agencies with unique missions to bring prosperity and opportunity to rural areas:

- Rural Housing Service
- Rural Business-Cooperative Service
- Rural Utilities Service

RD offers direct loans, grants and loan guarantees to help create jobs and support economic development and essential services such as housing, health care, first responder services and equipment, and water, electric and communications infrastructure. RD provides technical assistance to help communities undertake community development programs.

RD's programs support the Secretary's Strategic Goal 4: Facilitate rural prosperity and economic development. RD serves a leading role in facilitating rural prosperity and economic development by financing investments in rural utilities, housing, and business investments.

**Table RD- 10 KPI**

<b>KPI</b>	<b>2017 Actual</b>	<b>2018 Actual</b>	<b>2018 Target</b>	<b>2018 Result</b>	<b>2019 Target</b>	<b>2020 Target</b>
Percent of RD commercial/infrastructure investments that leverage non-Federal funding.....	74%	77%			78%	79%
Program Dollars (billions).....	\$11.9	\$6			\$10.3	\$10.3
Leverage Dollars (billions).....	\$8.8	\$7.9			\$8	\$8.1

**SELECTED PAST ACCOMPLISHMENTS TOWARD THE ACHIEVEMENT OF THE KPI OUTCOMES**

Leverage is now defined as “the total dollar amount of financial contributions from both the applicant and other non-Federal sources contributed alongside an RD grant, direct loan, or loan guarantee during time of obligation. For guarantees, leverage includes the total dollar amount of the guaranteed loan.”<sup>1</sup>

**SELECTED ACCOMPLISHMENTS EXPECTED AT THE 2020 PROPOSED RESOURCE LEVEL**

- In aggregate, this cost-share definition of leverage is a financial proxy for RD partnerships and a measure of the efficient and effective use of taxpayer dollars to facilitate rural prosperity. As such, targets established under the Leverage Key Performance Indicator (KPI) are based on the understanding that there are still opportunities to strengthen or expand RD partnerships leading to an even higher percentage of RD investments being leveraged by private sector funds. The programs that contribute to this KPI are Electric, telecom (including Broadband), Water and Waste disposal programs and Community Facilities.
- Given the already high-performance level of RD leveraging private sector funds, targets established for 2019 and 2020 show modest but meaningful gains of one percent annually, which would still be a significant increase of \$179 million in leveraged funds over the course of two years.<sup>2</sup>

<sup>1</sup> The programs that contribute to this KPI are: Business and Industry Guaranteed Loans, Rural Energy for America Program (REAP), Value Added Producer Grants (VAPG), Rural Cooperative Development Grants (RCDG), Intermediary Relending Program (IRP), Rural Economic Development Loans and Grants (REDLG), Rural Business Development Grants (RBDG), Rural Microentrepreneur Assistance Program (RMAP), Biorefinery Assistance Guaranteed Loan Program, Telecom/Broadband Direct Loans, Water and Waste Grants, Direct Loans and Guarantees, Federal Financing Bank Loan Guarantee Program, Section 313A Program (Guaranteed Underwriting), Rural Energy Savings Program (RESP), Community Facilities Grants, Direct Loans and Guarantees, and Multifamily Housing Direct Loans and Guarantee Programs.

<sup>2</sup> Assumes the obligation rate will be the same as 2018. Actual obligation rates will be determined after the end of the fiscal year, but regardless of actual obligation rates, we still expect one percent increases in leverage for 2019 and 2020.

**Table RD- 11 KPI**

<b>KPI</b>	<b>2017 Actual</b>	<b>2018 Actual</b>	<b>2018 Target</b>	<b>2018 Result</b>	<b>2019 Target</b>	<b>2020 Target</b>
Percent of overall RD funds that are being invested in distressed communities .....	9%	11%	N/A	11%	12%	13%
Program Dollars (billions).....	\$33.4	\$30.9	N/A	\$30.9	\$30	\$30
RD Investments in Distressed Communities (thousands).....	\$3.2	\$3.4	N/A	\$3.4	\$3.6	\$3.9

This KPI is designed to promote and capture RD strategic investment for rural prosperity by focusing on distressed communities. There are currently 626 distressed counties and nearly 90 percent of these counties have fewer than 50,000 people making them overwhelmingly rural – underlining that quality of life and economic outcomes break sharply along the urban-rural divide.

Selected Accomplishments Expected at the 2020 Proposed Resource Level:

- When RD strategically targets communities of greatest need, these investments achieve sustained development for these communities.
- As such, RD is looking to increase investment in distressed communities by one percent annually with the goal of reaching 15 percent by 2022. While a one percent increase annually may seem modest, reaching the 15 percent target by 2022 would mean over \$4.5 billion of RD investments will support distressed communities.<sup>3</sup>

<sup>3</sup> Assumes an obligation rate of at least \$30 billion for 2022