

2021 CONGRESSIONAL JUSTIFICATIONS – RURAL DEVELOPMENT-SALARIES AND EXPENSES

2021 USDA CONGRESSIONAL JUSTIFICATIONS – RURAL DEVELOPMENT

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AVAILABLE FUNDS AND STAFF YEARS (dollars in thousands)

Item	2018 Actual	SYs	2019 Actual	SYs	2020 Estimate	SYs	2021 Budget	SYs
Salaries and Expenses								
Discretionary Appropriations.....	\$688,167	4,541	\$686,827	4,313	\$697,827	4,600	\$761,480	4,600
Mandatory Appropriations.....	-		3,000		3,000		3,000	
Rural Development Disaster Assistance Fund Account								
Discretionary Appropriations.....	-	-	-	-	-	-	-	-
Rural Community Facilities Program Account								
Discretionary Appropriations.....	48,627	-	50,063	-	49,000	-	60,000	-
Supplemental Appropriations.....	-		150,000	-	-	-	-	-
Rural Housing Insurance Fund Program Account								
Discretionary Appropriations.....	71,462	-	98,062	-	126,684	-	40,000	-
Supplemental Appropriations.....	18,672	-	18,672	-	-	-	-	-
Rural Housing Assistance Grants								
Discretionary Appropriations.....	40,000	-	45,000	-	45,000	-	45,000	-
Rental Assistance Program								
Discretionary Appropriations.....	1,345,293	-	1,331,400	-	1,375,000	-	1,450,000	-
Multi-Family Housing Revitalization Program								
Discretionary Appropriations.....	47,000	-	51,500	-	60,000	-	-	-
Multi-Family Housing Revitalization Program GP Pilot								
Discretionary Appropriations.....	1,000	-	1,000	-	-	-	-	-
Mutual and Self-Help Grants								
Discretionary Appropriations.....	30,000	-	30,000	-	31,000	-	-	-
Rural Water and Waste Disposal Program Account								
Discretionary Appropriations.....	1,060,263	-	623,690	-	659,480	-	614,070	-
Supplemental Appropriations.....	165,475	-	165,475	-	-	-	-	-
Rural Electrification and Telecommunications, including RESP								
Discretionary Appropriations.....	8,863	-	11,725	-	15,795	-	4,554	-
Rural Electrification and Telecommunications, GP FFB Re financing								
Discretionary Appropriations.....	13,800	-	5,000	-	-	-	-	-
Distance Learning, Telemedicine, and Broadband Program Account, including GP for Opioids								
Discretionary Appropriations.....	67,000	-	69,830	-	87,000	-	74,000	-
Distance Learning, Telemedicine, and Broadband Program Account, GP Broadband Pilot Prog.								
Discretionary Appropriations.....	600,000	-	125,000	-	300,000	-	250,000	-
High Energy Cost Grants								
Discretionary Appropriations.....	10,000	-	10,000	-	10,000	-	-	-
Rural Business Program Account								
Discretionary Appropriations.....	77,342	-	65,040	-	66,500	-	7,400	-
Intermediary Relending Loan Program Account								
Discretionary Appropriations.....	4,361	-	4,157	-	5,219	-	-	-

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Item	2018 Actual	SYs	2019 Actual	SYs	2020 Estimate	SYs	2021 Budget	SYs
Rural Economic Development Loans Program Account								
Mandatory Appropriations.....	[5,814]		[6,661]	-	[6,282]	-	-	-
Rural Economic Development Grants Recission								
Discretionary Appropriations.....	-	-	-	-	-	-	-	-
Rural Microentrepreneur Assistance Program								
Discretionary Appropriations.....	3,000	-	3,000	-	6,000	-	-	-
Biorefinery Assistance Program								
Mandatory Appropriations.....	0	-	50,000	-	25,000	-	25,000	-
Energy Assistance Payments								
Mandatory Appropriations.....	15,000	-	7,000	-	107,000	-	7,000	-
Discretionary Appropriations.....	0		0		0		100,000	
Rural Energy for America Program Account								
Discretionary Appropriations.....	293	-	334	-	335	-	-	-
Mandatory Appropriations.....	50,000	-	50,000	-	50,000	-	50,000	-
Rural Cooperative Development Grants								
Discretionary Appropriations.....	27,550		29,100	-	26,600	-	3,000	-
Mandatory Appropriations.....	-		19,021		19,021		19,021	
Healthy Food Financing Initiative								
Discretionary Appropriations.....	1,000	-	2,000	-	5,000	-	-	-
Rescission.....	-	-	-	-	-15,073	-	-	-
Sequestration.....	-5,532	-	-3,942	-	-7,298	-	-	-
Total Available.....	4,387,773	4,541	3,544,029	4,313	0	4,600	3,644,472	4,600
Other Funding								
Rural Economic Development Loans.....	5,814	-	6,661	-	6,282	-	-	-
Rural Economic Development Grants.....	10,000	-	10,000	-	10,000	-	-	-
Total, Other Funding.....	15,814	0	16,661	0	16,282	0	0	0
Obligations Under Other USDA Appropriations								
Farm Service Agency.....	10,023	-	9,064	-	9,064	-	9,064	-
Natural Resources & Conservation Service.....	145	-	8	-	8	-	8	-
Office of the Chief Information Officer.....	16	-	1	-	1	-	1	-
Foreign Agricultural Service.....	2	-	3	-	3	-	3	-
Miscellaneous Reimbursements.....	1,200	-	353	-	353	-	353	-
Total, Other USDA.....	11,386	0	9,429	0	9,429	0	9,429	0
Total, Agriculture Appropriations.....	4,414,973	4,541	3,559,843	4,313	3,644,472	4,600	3,644,472	4,600
Other Federal Funds								
Federal Emergency Management Agency.....	-	-	226	-	226	-	226	-
Department of Commerce.....	180	-	-	-	-	-	-	-
Total, Other Federal.....	180	0	226	0	226	0	226	0
Total, RD.....	4,415,153	4,541	3,560,023	4,313	3,644,652	4,600	3,644,652	4,600

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PERMANENT POSITIONS BY GRADE

Item	2018			2019			2020			2021		
	Actual			Actual			Enacted			Budget		
	HQ	Field	Total	HQ	Field	Total	HQ	Field	Total	HQ	Field	Total
SES	16	-	16	22	-	22	27	-	27	27	-	27
SL	2	-	2	2	-	2	2	-	2	2	-	2
GS-15	72	46	118	124	-	124	99	50	149	99	50	149
GS-14	117	8	125	145	1	146	151	2	153	151	2	153
GS-13	394	340	734	462	284	746	435	287	722	435	287	722
GS-12	198	1,068	1,266	274	923	1,197	206	987	1,193	206	987	1,193
GS-11	98	407	505	117	356	473	128	383	511	128	383	511
GS-10	1	-	1	1	-	1	1	-	1	1	-	1
GS-9	96	390	486	119	384	503	113	388	501	113	388	501
GS-8	59	11	70	53	9	62	56	9	65	56	9	65
GS-7	321	575	896	314	482	796	359	544	903	359	544	903
GS-6	32	53	85	23	61	84	57	37	94	57	37	94
GS-5	21	39	60	19	69	88	29	42	71	29	42	71
GS-4	11	22	33	19	31	50	26	49	75	26	49	75
GS-3	7	65	72	6	30	36	21	110	131	21	110	131
GS-2	2	1	3	2	1	3	-	2	2	-	2	2
Total Permanent	1,447	3,025	4,472	1,702	2,631	4,333	1,710	2,890	4,600	1,710	2,890	4,600
Unfilled, EOY	-2	-	-2	-45	46	1	-60	-40	-100	-60	-40	-100
Total Perm. FT EOY	1,445	3,025	4,470	1,657	2,677	4,334	1,650	2,850	4,500	1,650	2,850	4,500
Staff Year Est	1,450	3,091	4,541	1,598	2,715	4,313	1,704	2,896	4,600	1,704	2,896	4,600

SIZE, COMPOSITION, AND ANNUAL COSTS OF VEHICLE FLEET

Fiscal Year	Number of Vehicles by Type *							Total Number of Vehicles	Annual Operating Costs (\$000)
	Sedans and Station Wagons	Light Trucks, SUVs, and Vans		Medium Duty Vehicles	Ambulances	Buses	Heavy Duty Vehicles		
		4x2	4x4						
2018	570	137	104					811	\$4,650
Change	-34	-1	-1					-36	-1,450
2019	536	136	103					775	3,200
Change	-109	-34	-22					-174	-400
2020	427	102	81					601	2,800
Change	-	-	-					-	-330
2021	427	102	81					601	2,470

* Numbers include vehicles owned by the agency and leased from commercial sources or GSA. 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.

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EXPENSES

SHARED FUNDING PROJECTS (dollars in thousands)

Item	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
Working Capital Fund:				
Administration:				
Material Management Service.....	\$200	\$216	\$182	\$180
Mail and Reproduction Services.....	1,542	1,387	1,493	1,530
Integrated Procurement Systems.....	201	219	212	212
Procurement Operations Services.....	68	77	73	56
Human Resources Enterprise Management Systems.....	37	60	48	50
Subtotal.....	2,048	1,959	2,007	2,028
Communications:				
Creative Media & Broadcast Center.....	951	1,049	161	558
Finance and Management:				
National Finance Center.....	1,337	1,289	1,193	1,135
Internal Control Support Services.....	207	144	211	171
Financial Management Support Services.....	2,529	2,513	2,629	2,608
Subtotal.....	4,073	3,946	4,032	3,914
Information Technology:				
National Finance Center.....	-	-	-	-
Client Technology Services.....	28,806	27,812	33,435	32,613
Department Administration Information Technology Office.....	-	-	1,616	1,615
Enterprise Network Services.....	-	949	2,918	3,433
Digital Infrastructure Services Center.....	22,887	20,531	22,483	21,358
Subtotal.....	51,693	49,292	60,452	59,019
Correspondence Management.....	239	229	230	247
Total, Working Capital Fund.....	59,004	56,475	66,883	65,766
Department-Wide Shared Cost Programs:				
Agency Partnership Outreach.....	354	358	341	341
Honor Awards.....	1	-	-	1
Human Resources Self-Service Dashboard.....	28	28	26	-
Human Resources Transformation.....	42	-	-	-
Intertribal Technical Assistance Network.....	148	148	140	140
Medical Services.....	41	82	26	-
Office of Customer Experience.....	91	121	130	130
People's Garden.....	23	-	-	-
Personnel and Document Security.....	73	67	65	65
Physical Security.....	-	-	256	185
Security Detail.....	210	201	202	202
Security Operations.....	493	489	253	277
TARGET Center.....	62	57	50	50
USDA Enterprise Data Analytics Services.....	-	-	236	236
Virtual University.....	48	-	-	-
Total, Department-Wide Reimbursable Programs.....	1,613	1,550	1,724	1,626
E-Gov:				
Budget Formulation and Execution Line of Business.....	9	9	9	11
Disaster Assistance Improvement Plan.....	21	21	21	21
Enterprise Human Resources Integration.....	94	94	-	-
E-Rulemaking.....	28	24	29	29
Financial Management Line of Business.....	4	4	4	4
Geospatial Line of Business.....	38	38	38	38
GovBenefits.gov.....	75	76	72	72
Grants.gov.....	29	28	36	36
Human Resources Line of Business.....	14	14	14	14
Integrated Acquisition Environment.....	1,097	1,184	799	799
Total, E-Gov.....	1,409	1,491	1,022	1,024
Agency Total.....	62,026	59,517	69,628	68,416

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SALARIES AND EXPENSES

LEAD-OFF TABULAR STATEMENT

2020 Enacted.....	\$697,827,000
Change in Appropriation.....	63,653,000
Budget Estimate, 2021.....	<u>761,480,000</u>

APPROPRIATIONS LANGUAGE

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

Salaries and Expenses

(including transfers of funds)

For necessary expenses for carrying out the administration and implementation of Rural Development programs, including activities with institutions concerning the development and operation of agricultural cooperatives; and for cooperative agreements; [\$247,835,000]

\$483,480,000: Provided, That notwithstanding any other provision of law, funds appropriated under this heading may be used for advertising and promotional activities that support Rural Development programs: Provided further, That in addition to any other funds appropriated for purposes authorized by section 502(i) of the Housing Act of 1949 (42 U.S.C. 1472(i)), any amounts collected under such section, as amended by this Act, will immediately be credited to this account and will remain available until expended for such purposes: 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 \$5,000,000 shall be for retiring the Automated Multi-family Accounting System (AMAS); and not less than \$5,000,000 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)): Provided further, That of the amount provided under this heading, \$40,000,000, to remain available until expended, shall be for relocation of the Goodfellow facility in St. Louis, Missouri.

The first change includes funding for administrating the multi-family voucher program in the Salaries and Expenses account.

The second change includes three individual set-asides for the retirement of the legacy systems (PLAS & AMAS), as well as the continuation of developing direct endorsement that will enhance the delivery of Section 502 loans guaranteed single family housing loans.

The third change includes language requesting funding for the relocation of the Goodfellow facility located in St. Louis. This change will facilitate the multi-year process of building out and renovating a facility, and furnishings as well as vacating the Goodfellow facility.

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PROJECT STATEMENT (dollars in thousands)

Program Activity	2018		2019		2020		2021		Chg Key	Change from	
	Actual		Actual		Enacted		Budget			2020 Enacted	
	BA	SY	BA	SY	BA	SY	BA	SY		BA	SY
Discretionary Appropriations:											
Salary and Expenses	\$230,835	1,501	\$236,835	1,462	\$247,835	1,763	\$427,480	2,994		\$179,645	1,231
Goodfellow.....	-	-	-	-	-	-	40,000	-		40,000	-
Multifamily Voucher Program.....	-	-	-	-	-	-	1,000	-		1,000	-
Retire Program Loan Accountability System (PLAS).....	-	-	-	-	-	-	5,000	-		5,000	-
Retire Automated Multifamily Accounting System (AMAS).	-	-	-	-	-	-	5,000	-		5,000	-
Administration of Direct Endorsement Option.....	-	-	-	-	-	-	5,000	-		5,000	-
Total Adjusted Appropriations.....	230,835	1,501	236,835	1,462	247,835	1,763	483,480	2,994		225,645	1,231
Rescissions, Transfers, and Seq. (Net)	457,332	3,040	474,552	2,851	452,992	2,837	281,000	1,606		-171,992	-1,231
Total Appropriation.....	688,167	4,541	711,387	4,313	700,827	4,600	764,480	4,600	(1)	53,653	-
Transfers In:											
Transfer for Congressional Relations.....	140	-	140	-	-	-	-	-		-	-
Broadband Program Account.....	7,200	-	21,420	-	-	-	-	-		-	-
BioBased Market Program.....	-	-	3,000	-	3,000	-	3,000	-		-	-
Rural Electrification & Telecommunications Loans.....	33,270	234	33,270	210	33,270	210	38,000	220		4,730	10
Rural Housing Insurance Fund Program	412,254	2,774	412,254	2,612	412,254	2,598	240,000	1,386		-172,254	-1,212
Intermediary Relending Program.....	4,468	32	4,468	29	4,468	29	-	-		-4,468	-29
Subtotal.....	457,332	3,040	474,552	2,851	452,992	2,837	281,000	1,606		-171,992	-1,231
Reimbursements.....	11,191	-	9,654	-	-	-	-	-		-	-
Bal. Available, SOY.....	15,537	-	15,000	-	6,063	-	-	-		-6,063	-
Total Available	714,895	4,541	736,041	4,313	706,890	4,600	764,480	4,600		47,590	-
Lapsing Balances.....	-844	-	-1,589	-	-	-	-	-		-	-
Bal. Available, EOY.....	-15,000	-	-6,063	-	-	-	-	-		-	-
Total Obligations.....	699,051	4,541	728,389	4,313	706,890	4,600	764,480	4,600		47,590	-

SALARIES AND EXPENSES

Rural Development (RD) provides direct and guaranteed loans, grants, payments, and technical assistance to support essential economic development in rural areas. RD's 2021 budget requests will continue to provide funding to strategically support housing, infrastructure, and business development needs across rural America.

The 2021 budget request includes \$3.3 billion in budget authority (BA) to support a total program level (PL) of \$39.8 billion, including \$761.5 million in salaries and expenses.

Administrative funding supports the following operational and lending activities:

- **Origination:** Origination is primarily done at the State and County level. Without staff in these locations, RD would be unable deliver its programs. Also requested are increases for IT development to support an excellent customer experience, including \$7 million for Broadband application intake.
- **Servicing:** After loans and grants are provided to the borrowers, servicing starts by monitoring lending activity to ensure that regulations are followed by auditing lending records to ensure fair practices to rural borrowers. This includes monitoring payments, escrows, foreclosures, and portfolio performance. Additionally, functions required by the Federal Credit Reform Act of 1990 are performed including tracking and evaluation of cohort assumptions and development of models that are used to estimate the subsidy rates for origination of new loans as well as re-estimate the cost of RD's existing credit portfolio. As of 2019, RD's portfolio was \$227 billion and will increase by 5 percent over the next two years based on historical obligations.
- **Marketing and Outreach:** These functions are delivered through a field structure of 477 state, and local offices. All these functions cannot be accomplished without a cadre of highly motivated and trained employees that live and work in these communities.
- **Special Assets Unit:** RD is developing a mission-wide Special Assets Unit (SAU) to handle borrowers with delinquencies over 90 days. The SAU will focus on developing standards for underwriting loans to be more consistent with commercial loan underwriting standards and will work to develop standardized risk mitigation tools designed to ensure the highest recovery of debt for the American taxpayer.

JUSTIFICATION OF INCREASES/DECREASES

(1) Rural Development Salaries and Expenses (S&E) account: A net increase of \$63,653,000 million from the FY 2020 Appropriations

Rural Development (RD) proposes changes to the 2020 enacted level which are designed to strategically align staff and resources and modernize RD's IT platforms that are essential to accomplishing the operational activities such as; origination, servicing, marketing and outreach, and the Special Assets Unit.

RD's administrative budget will fund FTEs and general operating costs in support of agency programs that include direct and guaranteed loans, grants, and technical assistance for rural community and economic development needs such as housing, business development/

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expansion, community facilities, and Broadband. These programs facilitate economic development, prosperity, and enhanced quality of life by assisting rural residents with improved:

- Access to capital
- Infrastructure
- Broadband access and connectivity
- Support for workforce availability

Throughout the year, RD staff interacts with its customers in-person in many places in rural America. To support of the staff working directly with borrowers and lending institutions, the RD administrative budget provides funding to the entire mission area which includes three agencies with unique missions to bring prosperity and opportunity to rural areas through a multitude of services.

RD administrative priorities in the 2021 budget request fall into three categories: 1) maintaining FTE levels and operating expenses to support program increases in three agency programs; 2) request funding for the Goodfellow facility relocation in St. Louis; 3) increase funding for several IT initiatives, including funding for retiring RD IT legacy systems, implementation of direct endorsement and starting the transition from RD IT unique systems to the USDA's CFO's financial system, FMFI.

RD's primary focus is to provide quality customer service to rural America. RD needs personnel in remote counties to support the needs of small communities that don't have access to a variety of credit offers in addition to their tax base being too low to support their community's needs. RD works with state, county and municipal borrowers as well as individuals seeking affordable mortgages and safe, clean rental properties.

A funding change is requested for the following items:

a. An increase of \$4,946,000 for pay costs (\$2,265,000 for annualization of the 2020 pay increase and \$2,681,000 for the 2021 pay increase).

This increase will allow Rural Development to continue to meet its objective to deliver RD programs across rural America. This critical increase is needed to support and maintain current staffing levels to meet the demands of additional program level and support for servicing the portfolio. Without this increase, RD would not be able to support the delivering of about \$39 billion in program level and maintaining the proper servicing of about \$231 billion outstanding debt in the portfolio. Approximately 63 percent of our budget supports personnel compensation and benefits. The 2021 budget requests salaries and benefits to fund 4,600 positions. Their efforts will support economic activities for 60 million rural Americans that live in 3,142 counties across the country.

b. An increase of \$3,574,000 for performance awards.

This increase will support a 1 percent increase in awards spending, consistent with objectives outlined in the President's Management Agenda, to enhance workforce

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development. Without this additional funding, RD will be unable to absorb these costs in 2021, resulting in reductions to planned hiring levels, eroding RD's ability to meet key Administration priorities contained in this Budget.

c. An increase of \$4,508,000 for RD's increased contribution to the Federal Employees Retirement System (FERS).

This increase will cover the mandated increase of RD's contribution to FERS for 2021. In 2020, the Office of Personnel Management announced a FERS annuity increase of 2.6 percent and 1.3 percent in 2021.

d. An increase of \$40,000,000 for the Goodfellow facility relocation.

In 2019 the General Service Administration (GSA) recommended that all the agencies occupying the Goodfellow facility in St. Louis, Missouri, be relocated. RD has 1,000 RD employees housed in this facility. The relocation cost will include funding to renovate a facility, update cabling and connectivity, and the purchasing of new furniture as required. The budget request that these funds be available until expended.

e. A net increase of \$48,516,000 for the modernization of the RD IT systems which provides for the following IT projects totaling \$55,516,000 that is offset by \$7,000,000 which is funded through the ReConnect program.

UNIFI Modernization +\$4 million: This increase will allow RD to continue the project to replace the UNIFI Commercial off the Shelf (COTS) product with an application on a modern platform for Single Family Housing Direct. Replacement is critical, as current COTS support for UNIFI will end on 3/31/2021.

OneRD Guaranteed Project + \$7 million: This increase will provide RD with the flexibility to better respond to the 2018 Farm Bill and other legislative requirements by funding improvements throughout loan origination and servicing systems and to combine guaranteed loan programs into a single regulation. These include: 1) Water and Waste Disposal; 2) Community Facilities; 3) Business and Industry; 4) Rural Energy for America Program; and 5) Telecom. It also enables completion of automating application intake, underwriting, review and award functions at an enterprise level.

Reconnect + \$7 million: Continues automation and expands development of the end to end origination and servicing process for Reconnect applications. Assuming functionality has been completed, this funding will allow RUS to standardize processes and completion of Construction Progress Reporting functionality can be achieved. RD is requesting funding to continue the ReConnect pilot, which includes the authority to use up to 3 percent for technical assistance and 4 percent for administration of the program. This funding is available in the program account and will be transferred to S&E for deployment.

Salesforce +\$2.5 million: This increase is requested to ensure funding for all required software licenses, through the Salesforce platform, at FY 2021 rates, plus the addition of readily available Salesforce resources and expertise, reducing dependency on outside

resources available at a higher rate last year.

IT Planning Improvements +\$894,000: This increase will be used to identify and define business IT requirements and to help establish long-term technology roadmaps; improve cybersecurity posture by addressing technological weaknesses and deficiencies; perform analysis and design activity for the Electronic Document Management Publish function; and upgrades for the infrastructure of Automated Mail to incorporate intelligent mail barcode and other automated processes to increase opportunities for postage discounts.

Enhance Data Warehouse Capabilities +\$3 million: Allows completion of the development to enhance/redesign the data warehouse with robust financial and portfolio capabilities, allowing for detailed analysis of program and portfolio data enhanced with predictive analytics to identify where the programs should target their resources. These funds may also be used to enhance data sharing opportunities across federal agencies.

Retirement of Program Loan Accounting System (PLAS) +\$5 million: Allows RD to continue work begun in FY 2020 to replace the legacy PLAS and migrate the loan accounting data to new systems. This effort will culminate in transferring all documentation and transactions to FMFI.

Retirement of Automated Multifamily Accounting System (AMAS) +\$5 million: Allows RD to continue work begun in FY 2020 to replace the legacy AMAS and migrate the loan accounting data to new systems. This effort will culminate in transferring all documentation and transactions to FMFI.

Single Family Direct Endorsement +\$5 million: Allows RD to enhance systems necessary to delegate approval authority to preferred lenders in a practical manner, per the Housing Opportunity Through Modernization Act of 2016, using the best practices from the VA and HUD IT systems.

Consolidated Administrative & IT Cost for the Voucher Program: + \$1 million: Moves the administrative and IT request from the Voucher Program to the Salaries and Expenses account.

Funding to migrate financial legacy system to the USDA financial system FMFI +\$15 million: The funding is provided to migrate financial transactions that are housed and done in AMA and PLAS for RD loans and grants into the Chief Financial Officer of the Department. This will improve transparency, monitoring and reporting of financial data.

f. A decrease of \$37,891,000 of non-IT and IT contracts from the 2020 enacted Appropriations

In order to increase FTEs to the level mandated by Congress, RD will need to reduce non-IT professional services contracts and IT contracts and improvements. These contracts were originally set up to manage the loan and grant program and to service the portfolio, which is expected to be \$231 billion in 2021. The reduction will not have a significant impact in the operation of the agency.

2021 CONGRESSIONAL JUSTIFICATIONS – RURAL DEVELOPMENT-SALARIES AND
EXPENSES

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS (thousands of dollars)

State/Territory/Country	2018 Actual	SY	2019 Actual	SY	2020 Enacted	SY	2021 Budget	SY
Alabama	8,007	81	7,245	71	7,001	76	7,574	76
Alaska	3,856	30	3,296	25	3,185	27	3,446	27
Arizona	5,577	50	5,082	44	4,911	47	5,313	47
Arkansas	6,821	66	5,921	56	5,722	60	6,190	60
California	13,166	110	12,473	101	12,053	108	13,039	108
Colorado	5,297	46	4,294	37	4,150	39	4,489	39
Connecticut	1,015	9	1,137	11	1,099	12	1,189	12
Delaware	3,730	33	3,072	26	2,969	28	3,211	28
District of Columbia	372,907	1,450	436,654	1,598	421,971	1,702	456,458	1,702
Florida	9,070	81	7,783	72	7,521	77	8,136	77
Georgia	10,540	94	8,863	77	8,565	82	9,265	82
Hawaii	3,414	28	3,154	24	3,048	26	3,297	26
Idaho	4,785	44	4,483	40	4,332	43	4,686	43
Illinois	8,083	81	7,400	74	7,151	79	7,736	79
Indiana	7,756	75	6,651	63	6,427	67	6,953	67
Iowa	8,186	77	7,319	68	7,073	73	7,651	73
Kansas	5,305	51	4,865	45	4,701	48	5,086	48
Kentucky	9,255	92	8,102	78	7,829	83	8,469	83
Louisiana	6,766	66	5,889	57	5,691	61	6,156	61
Maine	4,647	46	3,733	36	3,607	38	3,902	38
Maryland	1,139	10	1,129	10	1,091	11	1,180	11
Massachusetts	3,713	32	3,410	29	3,295	31	3,565	31
Michigan	11,022	110	10,249	97	9,904	103	10,714	103
Minnesota	8,327	76	7,535	67	7,282	71	7,877	71
Mississippi	10,211	101	9,715	94	9,388	100	10,156	100
Missouri	10,439	102	9,245	86	8,934	92	9,664	92
Montana	3,529	32	3,305	30	3,194	32	3,455	32
Nebraska	4,660	47	4,167	40	4,027	43	4,356	43
Nevada	2,717	24	2,448	22	2,366	23	2,559	23
New Hampshire	2,033	17	2,097	25	2,026	27	2,192	27
New Jersey	3,066	28	2,691	26	2,600	28	2,813	28
New Mexico	4,380	39	3,533	29	3,414	31	3,693	31
New York	8,455	84	7,233	72	6,990	77	7,561	77
North Carolina	13,021	129	12,249	117	11,837	125	12,805	125
North Dakota	4,142	38	3,281	30	3,171	32	3,430	32
Ohio	8,993	91	7,631	79	7,374	84	7,977	84
Oklahoma	6,539	61	5,349	51	5,169	54	5,592	54
Oregon	5,235	50	4,445	41	4,295	44	4,647	44
Pennsylvania	8,156	82	7,183	69	6,941	74	7,509	74
Puerto Rico	5,471	53	5,082	52	4,911	55	5,313	55
Rhode Island	281	3	116	2	112	2	121	2
South Carolina	7,750	73	7,264	68	7,020	73	7,593	73
South Dakota	5,348	50	4,634	42	4,478	45	4,844	45
Tennessee	10,506	99	9,441	90	9,123	96	9,869	96
Texas	13,246	133	12,823	128	12,392	137	13,405	137
Utah	3,875	37	3,430	31	3,315	33	3,586	33
Vermont	3,203	35	2,721	19	2,629	20	2,844	20
Virgin Islands	319	3	358	3	346	3	374	3
Virginia	7,981	75	7,012	64	6,776	68	7,330	68
Washington	6,645	61	5,927	55	5,728	59	6,196	59
West Virginia	5,085	51	4,864	47	4,700	50	5,085	50
Wisconsin	7,511	74	6,819	64	6,590	68	7,128	68
Wyoming	2,431	22	2,127	20	2,055	21	2,223	21
Western Pacific Areas	1,439	9	1,460	11	1,411	12	1,526	12
Obligations	699,051	4,541	728,389	4,313	703,890	4,600	761,428	4,600
Lapsing Balances	844	-	1,589	-	-	-	-	-
Bal. Available, EOY	15,000	-	6,063	-	-	-	-	-
Total, Available	714,895	4,541	736,041	4,313	703,890	4,600	761,428	4,600

2021 CONGRESSIONAL JUSTIFICATIONS – RURAL DEVELOPMENT-SALARIES AND
EXPENSES

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS (thousands of dollars)

State/Territory/Country	2018	2019	2020	2021
	Actual	Amount	Enacted	Budget
District of Columbia.....	-	\$2,489	\$3,000	\$3,000
Obligations.....	-	2,489	3,000	3,000

CLASSIFICATION BY OBJECT - Discretionary (thousands of dollars)

Item No.	Item	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
Personnel Compensation:					
	Washington D.C.	\$130,738	\$147,391	\$157,802	\$162,242
	Personnel Compensation, Field	243,924	207,787	218,149	224,287
11	Total personnel compensation	374,662	355,178	375,951	386,529
12	Personal benefits	131,811	125,801	133,466	135,917
13.0	Benefits for former personnel	-	468	-	-
	Total, personnel comp. and benefits	506,473	481,447	509,417	522,446
Other Objects:					
21.0	Travel and transportation of persons	10,675	11,099	12,000	12,000
22.0	Transportation of things	102	117	700	2,700
23.1	Rental payments to GSA	19,594	19,120	19,856	20,650
23.2	Rental payments to others	17,901	14,164	15,500	16,895
23.3	Communications, utilities, and misc. charges	500	4,719	500	500
24.0	Printing and reproduction	827	1,553	1,000	1,000
25	Other contractual services	-	-	-	-
25.1	Advisory and assistance services	11,795	10,098	12,000	12,000
25.2	Other services from non-Federal sources	606	1,758	1,000	1,000
25.3	Other goods and services from Federal sources	2,725	2,841	2,954	36,072
25.4	Operation and maintenance of facilities	45,084	97,106	57,073	59,073
25.5	Research and development contracts	78,861	79,600	68,390	70,592
25.7	Operation and maintenance of equipment	925	493	1,000	1,000
26.0	Supplies and materials	1,667	1,273	1,500	1,500
31.0	Equipment	1,220	2,706	1,000	4,000
33.0	Investments and loans	-	252	-	-
42.0	Insurance claims & indemnities	96	39	-	-
43.0	Interest and Dividends	-	4	-	-
	Total, Other Objects	192,578	246,942	194,473	238,982
99.9	Total, new obligations	699,051	728,389	703,890	761,428
	DHS Building Security Payments (included in 25.3).....	\$2,725	\$2,841	\$2,954	\$3,072
Position Data:					
	Average Salary (dollars), ES Position	\$150,312	\$160,107	\$164,270	\$167,555
	Average Salary (dollars), GS Position	\$58,049	\$58,049	\$76,320	\$76,320
	Average Grade, GS Position	11.4	11.4	12.5	12.5

2021 CONGRESSIONAL JUSTIFICATIONS – RURAL DEVELOPMENT-SALARIES AND EXPENSES

CLASSIFICATION BY OBJECT - Mandatory (thousands of dollars)

Item					
No.	Item	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
Personnel Compensation:					
	Washington, D.C.	-	\$44	\$50	\$50
	Field	-	-	-	-
11.0	Total personnel compensation.....	-	44	50	50
12.0	Personnel benefits.....	-	10	10	10
	Total, personnel comp. and benefits.....	-	54	60	60
Other Objects:					
21.0	Travel and transportation of persons.....	-	2	3	3
25	Other contractual services.....	-	377	400	400
25.1	Advisory and assistance services.....	-	577	600	600
25.4	Operation and maintenance of facilities.....	-	1,248	1,684	1,684
25.5	Research and development contracts.....	-	229	250	250
26.0	Supplies and materials.....	-	2	3	3
	Total, Other Objects.....	-	2,435	2,940	2,940
99.9	Total, new obligations.....	-	2,489	3,000	3,000

2021 CONGRESSIONAL JUSTIFICATIONS – RURAL DEVELOPMENT-SALARIES AND
EXPENSES

DISASTER ASSISTANCE FUND
PROJECT STATEMENT (thousands of dollars)

Item	2018 Actual	2019 Actual	2020 Enacted	2021 Budget	Change from 2020 Enacted
Transfers In:					
Rural Business Programs.....	\$230	-	-	-	-
Rural Community Facility Programs.....	2,029	-	-	-	-
Rural Water and Waste Dipsosal Programs.....	9,206	-	-	-	-
Rural Housing Insurance Fund Programs.....	496	-	-	-	-
Rural Housing Assistance Grants.....	144	-	-	-	-
Total.....	12,105	-	-	-	-
Transfers Out:					
Rural Water and Waste Dipsosal Programs.....	-1,000	-	-\$1,000	-	\$1,000
Rural Business Development Grants.....	-	-	-2,000	-	+2,000
Guaranteed Business and Industry Loans.....	.	-	-1,000	-	+1,000
Community Facilities Grants.....	-	-	-1,000	-	+1,000
Section 523 Mutual Self-help.....	-	-	-4,000	-	+4,000
Subtotal.....	-1,000	-	-9,000	-	+9,000
Bal. Available, SOY.....	-	\$11,105	11,105	\$2,105	-9,000
Total Available.....	11,105	11,105	11,105	2,105	-9,000
Bal. Available, EOY.....	-11,105	-11,105	-2,105	-2,105	-
Total Obligations.....	-	-	-	-	-

SUMMARY OF PERFORMANCE

USDA Rural Development (RD) is committed to improving the economy and quality of life in rural America. RD offers direct and guaranteed loans and grants 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 in rural areas. RD provides technical assistance to help communities undertake community empowerment programs.

The programs operated by RD 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. To more effectively track program performance to meet Strategic Goal 4, RD implemented a revised Key Performance Indicator (KPI) on leverage and introduced a new KPI on distressed communities in FY19.

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

The Distressed Communities KPI uses the Distressed Communities Index developed by Economic Innovation Group (EIG) that combines seven complementary economic indicators into a single holistic and comparative measure of community well-being. This KPI is designed to promote and capture RD strategic investment for rural prosperity by focusing on distressed communities. The KPI will be measured by percentage of overall RD funds that are being invested in distressed communities.

Table RD – New RD-level Key Performance Indicators

KPI	2018 Actual	2019 Actual	2020 Target	2021 Target
RD commercial/infrastructure investments that leverage non-Federal funding	77%	83%	79%	80%
RD funds (overall) that are being invested in distressed communities	11%	11%	13%	14%

SELECTED PAST ACCOMPLISHMENTS TOWARD THE ACHIEVEMENT OF THE KPI OUTCOMES

The FY 2019 leverage target was exceeded by 5 percent points; 83 percent of RD commercial/infrastructure investments being were leveraged with non-Federal funding. This accounted for \$9.2 billion of additional investments in rural communities.

The FY 2019 distressed communities target of 12 percent was not met, but RD investments were maintained at 11 percent, which accounted for over \$3.2 billion of support in rural communities

of greatest need. Furthermore, 70 percent of RD programs met or exceeded the 12 percent distressed communities target.

SELECTED ACCOMPLISHMENTS EXPECTED AT THE 2021 PROPOSED RESOURCE LEVEL

Targets established under the Leverage 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 non-Federal funds. Given the already high-performance level of RD leveraging non-Federal funds, targets established for FY 2020 and FY 2021 show modest but meaningful gains of 1 percent annually over the FY 2018 baseline. If the FY 2021 leverage target of 80 percent is met or exceeded, this would mean at least \$8.8 billion of additional investments in rural communities (assumes an obligation rate of at least \$11 billion for FY 2021 of RD commercial/infrastructure investments).

When RD strategically targets communities of greatest need (e.g. high poverty), these investments achieve sustained community impact. The Distressed Communities KPI provides a more nuanced depiction of these communities and further efforts to target these communities should achieve similar results. As such, RD is looking to increase investment in distressed communities by 1 percent annually with the goal of reaching 15 percent by FY 2022. While a 1 percent increase annually may seem modest, reaching the 15 percent target by FY 2022 would mean over \$4.5 billion of RD investments to support distressed communities (assumes an obligation rate of at least \$30 billion for FY 2022).