

2027 USDA EXPLANATORY NOTES - RURAL DEVELOPMENT

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PREFACE

This publication summarizes the fiscal year (FY) 2027 Budget for the U.S. Department of Agriculture (USDA). Throughout this publication any reference to the “Budget” is in regard to the 2027 Budget, unless otherwise noted. All references to years refer to fiscal year, except where specifically noted. The budgetary tables throughout this document show actual amounts for 2024 and 2025, Working Families Tax Cut Act; Agriculture, Rural Development, Food and Drug Administration, and Related Agency Appropriations Act, 2026; and the President’s Budget request for 2027. Amounts for 2026 estimated levels include: non-enacted amounts such as Full-Time Equivalent levels, fleet levels, information technology investment levels, recovery levels, transfers in and out, balances available end of year, and obligation levels.

Throughout this publication, the Working Families Tax Cut Act is used to refer to the Public Law 119-21.

Pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985, sequestration is included in the numbers for mandatory programs in 2024, 2025, 2026 and 2027.

In tables throughout this document, amounts equal to zero (0) are displayed as dashes (-). Amounts less than 0.5 and greater than zero are rounded and shown as a zero (0). This display treatment is used to prevent the masking of small non-zero amounts that do not round up to one (1). Due to rounding, some tables may not sum exactly.

AGENCY-WIDE

OIG AND GAO REPORTS

Table RD-1. Closed, Implemented OIG Reports

ID	Date Opened	Date Closed	Title	Result
85401-0014-11	11/8/2023	2/8/2025	Rural Development’s Financial Statements for Fiscal Years 2023 and 2022	RD is at historically low staffing levels compared to its loan and grant portfolio, which is likely to grow. RD is concerned about the ability to meet mission responsibilities and customer expectations if it cannot increase the number of staff in State and local offices. RD is working across the mission area and Department to realign vacant administrative Full-Time Equivalency (FTE) from Headquarters organizations to the State and Field Offices operations. These realignments will take time but will eventually meet the staffing needs of the State Offices and address the operating effectiveness of the Unliquidated Obligations Reviews. RD is also assessing staffing levels as part of its strategic planning process and review of its Administrative Operating Plan. The planning process enables senior

ID	Date Opened	Date Closed	Title	Result
				leadership to make informed decisions based on its annual appropriation levels that will support State Office FTE positions. These discussions have highlighted the significant increase in staffing levels needed to support RD’s multiple loan and grant making and servicing requirements.

AVAILABLE FUNDS AND FTEs

Table RD-2. Available Funds and FTEs (thousands of dollars, FTEs)

Item	2024		2025		2026		2027	
	Actual	FTEs	Actual	FTEs	Estimated	FTEs	Estimated	FTEs
Salaries and Expenses:								
Discretionary Appropriations	\$351,087	1,442	\$351,087	1,533	\$312,000	1,043	\$264,761	1,043
Mandatory Appropriations	2,829	-	-	-	-	-	-	-
Offsetting Collections	490,948	2,969	553,980	2,922	468,965	2,015	464,497	2,014
Total Discretionary Appropriations ...	351,087	1,442	351,087	1,533	312,000	1,043	264,761	1,043
Total Mandatory Appropriations	2,829	-	-	-	-	-	-	-
Total Supplemental Appropriations ..	-	-	15,000	-	-	-	-	-
Total Offsetting Collections	490,948	2,969	553,980	2,922	468,965	2,015	464,497	2,014
Total Adjusted Appropriation	844,864	4,411	920,067	4,455	780,965	3,058	729,258	3,057
Balance Available, SOY	86,646	-	56,282	-	95,238	-	12,264	-
Balances Interchanges	6,000	-	-	-	-	-	-	-
Recoveries, Other	1,193	-	-	-	-	-	-	-
Total Available ..	938,703	4,411	976,349	4,455	876,203	3,058	741,522	3,057
Lapsing Balances ..	-1,006	-	-1,689	-	-	-	-	-
Balance Available, EOY	-56,282	-	-95,238	-	-12,264	-	-7,238	-
Total Obligations	881,415	4,411	879,422	4,455	863,939	3,058	734,284	3,057
Total Obligations, RD	881,415	4,411	879,422	4,455	863,939	3,058	734,284	3,057

PERMANENT POSITIONS BY GRADE AND FTEs

Table RD-3. Permanent Positions by Grade and FTEs

Item	2024 Actual			2025 Actual			2026 Estimated			2027 Estimated		
	HQ	Field	Total	HQ	Field	Total	HQ	Field	Total	HQ	Field	Total
SES	16	9	25	16	8	24	12	4	16	12	4	16
SL	-	2	2	1	1	2	1	1	2	1	1	2
GS-15	20	74	94	30	58	88	25	28	53	25	28	53
GS-14	19	272	291	30	246	276	25	163	188	25	163	188
GS-13	52	980	1,032	98	890	988	86	675	761	86	675	761
GS-12	16	1,393	1,409	29	1,361	1,390	23	1,048	1,071	23	1,048	1,071
GS-11	3	566	569	8	511	519	7	349	356	7	349	356
GS-10	1	-	1	-	-	-	-	-	-	-	-	-
GS-9	8	595	603	9	594	603	6	366	372	6	366	372
GS-8	3	15	18	5	7	12	5	6	11	5	6	11
GS-7	10	449	459	10	405	415	9	199	208	9	199	208
GS-6	7	48	55	7	50	57	6	21	27	6	21	27
GS-5	1	79	80	1	65	66	-	15	15	-	15	15
GS-4	-	9	9	1	8	9	1	2	3	1	2	3
GS-3	-	1	1	-	1	1	-	1	1	-	1	1
GS-2	-	-	-	-	-	-	1	1	2	1	1	2
GS-1	-	-	-	-	-	-	-	-	-	-	-	-
Other Graded	-	-	-	-	-	-	-	-	-	-	-	-
Ungraded	-	-	-	-	-	-	-	-	-	-	-	-
Total Permanent.	156	4,492	4,648	245	4,205	4,450	207	2,879	3,086	207	2,879	3,086
Unfilled, EOY	-	-	-	-	-	-	-	-	-	-	-	-
Total Perm. FT EOY	156	4,492	4,648	245	4,205	4,450	207	2,879	3,086	207	2,879	3,086
FTE	150	4,306	4,456	245	4,210	4,455	205	2,855	3,060	205	2,855	3,060

VEHICLE FLEET

Motor Vehicle Fleet

The passenger motor vehicles of Rural Development (RD) are used almost exclusively by RD State and field office staff to provide program delivery to essential facilities, such as services for water and sewer systems, housing, emergency service facilities, and electric and telephone services. In the course of their daily work, these personnel often need to travel to rural communities, individual farms, commercial firms, and State offices that are only accessible by vehicle. Number of vehicles by type include vehicles leased from commercial sources or GSA. Annual Operating Costs exclude acquisition costs and gains from sale of vehicles as shown in FAST.

Replacement Criteria

RD replaces vehicles in accordance with Title 41, CFR §102–34.270, Table of Minimum Replacement Standards. RD replaces and disposes of vehicles using data on utilization, age, condition, and funding availability. The average age of RD’s vehicle fleet is five years. Vehicle replacements will be determined and approved on a case-by-case basis for 2027 by the Enterprise Operations Division Director and the Fleet Manager.

Reductions to Fleet

Reductions to Fleet RD ended in 2025, and current fleet inventory is 518 leased vehicles, which is a reduction of 67 vehicles from 2024. The projected number of vehicles for 2026 will remain at the optimal fleet size. Fleet additions are determined and approved on a case-by-case basis by the Deputy Chief Operating Officer and Chief Enterprise Officer of the Enterprise Office. For 2027, RD is expecting to maintain its current level of vehicles meeting minimum replacement standards.

Table RD-4. Size, Composition, and Annual Costs of Motor Vehicle Fleet

Item	Sedans and Station Wagons		SUVs	Light Trucks 4X2	Light Trucks 4X4	Medium Duty Vehicles	Buses	Heavy Duty Vehicles	Total Vehicles	Annual Operating Costs
	Wagons	Vans								
2018 End of Year Operating Inventory	526	53	200	4	2	-	-	-	785	\$3,200,000
2024 End of Year Operating Inventory	282	32	228	25	18	-	-	-	585	3,406,330
2025 Actual Acquisitions	29	-	17	-	-	-	-	-	46	
2025 Actual Disposals.....	73	-	40	-	-	-	-	-	113	
2025 End of Year Operating Inventory	169	22	273	28	26	-	-	-	518	3,657,691
2026 Planned Acquisitions.....	3	2	28	2	2	-	-	-	37	
2026 Planned Disposals.....	13	3	31	-	-	-	-	-	47	
2026 End of Year Operating Inventory	163	21	270	28	26	-	-	-	508	3,934,272
2027 Planned Acquisitions.....	8	2	5	3	2	-	-	-	20	
2027 Planned Disposals.....	16	3	5	2	2	-	-	-	28	
2027 End of Year Operating Inventory	155	20	270	29	26	-	-	-	500	4,524,413

Table RD-5. Statement of Proposed Acquisition of Passenger Motor Vehicles

Fiscal Year	Net Active Fleet, SOY	Disposals	Replacements	Additions	Total Acquisitions	Net Active Fleet, EOY
2024	589	95	91	-	91	585
2025	585	113	46	-	46	518
2026	518	47	37	-	37	508
2027	508	28	20	-	26	500

Table RD-6. Shared Funding Projects (thousands of dollars)

Item	2024 Actual	2025 Actual	2026 Estimated	2027 Estimated
Working Capital Fund:				
Administrative Services:				
AskUSDA Contact Center	\$1,552	\$1,471	-	-
General Counsel Legal Compliance.....		80	\$991	\$991
Human Resources Enterprise System Management ...	674	736	637	637
Integrated Procurement Systems.....	185	151	122	122
Mail and Reproduction Management Division	942	803	610	608
Materiel Management Service Center	152	95	41	41
Personnel and Document Security.....	240	283	247	-
Procurement Operations Division	-	-	24	24
Subtotal	3,745	3,619	2,672	2,423
Communications				
Creative Media and Broadcast Center	659	637	526	529
Subtotal	659	637	526	529
Finance and Management				
Financial Shared Services	3,133	3,360	2,315	2,307
Internal Control Support Services	300	361	191	191
National Finance Center.....	1,451	1,348	1,238	1,238
Subtotal	4,884	5,069	3,744	3,736
Information Technology				
Client Experience Center	27,044	25,960	19,567	18,642
Departmental Admin Information Technology Office.....	1,667	1,217	244	-
Digital Infrastructure Services Center.....	41,428	35,807	40,657	41,012
Enterprise Cybersecurity Services.....	2,788	3,183	3,136	3,136
Enterprise Data and Analytics Services	1,439	1,299	1,020	1,062
Enterprise Network Services.....	3,088	5,305	3,657	3,657
Subtotal	77,454	72,771	68,281	67,509
Correspondence Management Services				
Office of the Executive Secretariat	333	531	425	425
Subtotal	333	531	425	425
Total, Working Capital Fund	87,075	82,627	75,648	74,622
Department-Wide Shared Cost Programs:				
Agency Partnership Outreach	326	328	-	-
Advisory Committee Liaison Services	-	-	-	-
Agency Partnership Outreach	326	328	184	194
America's Agricultural Heritage.....	-	-	29	22
Diversity, Equity, Inclusion and Accessibility	116	25	-	-
Employee Experience	165	127	14	-
Intertribal Technical Assistance Network.....	159	-	-	-
Medical Service	95	-	-	-
National Capital Region Interpreting Services	38	24	20	20
OCFO Shared Services Branch.....	-	-	33	58
Office of Customer Experience.....	133	64	5	-
Physical Security	209	266	131	133
Security Detail	237	359	785	794
Security Operations	331	312	358	358
Talent Group.....	147	153	19	-
TARGET Center	72	73	61	61
Total, Department-Wide Reimbursable Programs ...	2,028	1,731	1,639	1,640
Agency Total	89,103	84,358	77,287	76,262

ACCOUNT 1: SALARIES AND EXPENSES

APPROPRIATIONS LANGUAGE

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

Salaries and Expenses

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; [~~\$312,000,000~~]\$264,761,000: *Provided*, That of the amount made available under this heading, no less than \$75,000,000, to remain available until expended, shall be used for information technology expenses: *Provided further*, 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 made available under this heading, \$2,000,000, to remain available until expended, shall be for the Secretary of Agriculture to carry out a pilot program that assists rural hospitals to improve long-term operations and financial health, including strategies to expand and sustain access to maternal health care services, by providing technical assistance through analysis of current hospital management practices], in addition to any other funds appropriated for purposes authorized by section 501(e) of the Housing Act of 1949 (42 U.S.C. 1471(e)), from any interest or income held in the escrow account or accounts established under such subsection in excess of the State-required interest payments made to individuals, up to \$4,000,000 shall be deposited into this account and shall remain available until expended for administrative expenses of escrow, including expenses associated with the management of tax and insurance escrow payments, except that the Secretary shall retain within the escrow account or accounts such reserves as are necessary, but in no case less than \$5,000,000, to ensure the availability of funds for disbursement in accordance with such subsection and to meet the requirements of the financial institution at which the escrow account or accounts are established.

The first change deletes language that provides funding for the rural hospital program pilot. Funding is not being requested for this program in the 2027 Budget.

The second change adds language to allow the agency access to the interest accrued in the privately held, single family housing direct loan escrow account. This funding will be used solely to support the escrow contracts held by the Service Office and will provide necessary financial resources to effectively manage and support the escrow functions.

LEAD-OFF TABULAR STATEMENT

Table RD-7. Lead-Off Tabular Statement (in dollars)

Item	Amount
Estimate, 2026	\$312,000,000
Change in Appropriation	-47,239,000
Budget Estimate, 2027	<u>264,761,000</u>

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PROJECT STATEMENTS

Table RD-8. Project Statement on Basis of Appropriations (thousands of dollars, FTEs)

Item	2024		2025		2026		2027		Inc. or Dec.	FTE Inc. or Dec.	Chg Key
	Actual	FTEs	Actual	FTEs	Estimated	FTEs	Estimated	FTEs			
Discretionary Approp:											
Salaries and Expenses	\$274,587	1,442	\$244,770	1,524	\$185,000	1,029	\$184,753	1,043	-\$247		+14
IT Cost.....	75,000	-	106,317	9	125,000	14	80,008	-	-44,992		-14
Rural Partners Network	1,500	-	-	-	-	-	-	-	-		-
Rural Healthcare	-	-	-	-	2,000	-	-	-	-2,000		-
Subtotal Disc. Approps.....	351,087	1,442	351,087	1,533	312,000	1,043	264,761	1,043	-47,239		- (1)
Mandatory Approp:											
Biobased Market Program (Farm Bill) ..	2,829	-	-	-	-	-	-	-	-		-
Subtotal Mand. Approps	2,829	-	-	-	-	-	-	-	-		-
Supplemental Approp:											
DAF	-	-	15,000	-	-	-	-	-	-		-
Subtotal Mand. Approps.....	-	-	15,000	-	-	-	-	-	-		-
Offsetting Collections:											
Salaries & Expenses (RHIF, IRP, RET)..	449,992	2,885	449,992	2,809	449,992	1,962	445,524	1,962	-4,468		-
Local Agriculture Marketing Program ...	-	2	-	3	-	1	-	-	-		-1
Broadband Reconnect Admin. Cost.....	6,786	12	1,361	3	-	-	-	-	-		-
Broadband RED and Reconnect TA	8,963	57	9,435	50	8,073	38	8,073	38	-		-
BIL Broadband TA	17,575	13	24,712	-	-	-	-	-	-		-
Return of Div N	-	-	(2,300)	16	-	3	-	3	-		-
Interchange.....	-	-	53,915	-	-	-	-	-	-		-
DAF	-	-	15,000	-	-	-	-	-	-		-
Reimbursable.....	-	-	15,751	38	10,000	10	10,000	10	-		-
Other programs	7,632	-	1,114	3	900	1	900	1	-		-
Subtotal Off. Collections.....	490,948	2,969	553,980	2,922	468,965	2,015	464,497	2,014	-4,468		-1
Total Adjusted Approp	844,864	4,411	920,067	4,455	780,965	3,058	729,258	3,057	-51,707		-1
Add back:											
Transfers In and Out, Rescissions	-493,948	-	-568,980	-113	-468,965	-	-464,497	-	+4,468		-
Sequestration	171	-	-	-	-	-	-	-	-		-
Total Appropriation.....	351,087	4,411	351,087	4,342	312,000	3,058	264,761	3,057	-47,239		-1
Transfers In:											
Appropriations Interchange	-	-	53,915	-	-	-	-	-	-		-
Local Agriculture Marketing Program ...	-	-	-	3	-	-	-	-	-		-
Biobased Market Program (Farm Bill) ..	3,000	-	-	-	-	-	-	-	-		-
Broadband/Reconnect Admin.....	6,786	-	1,361	3	-	-	-	-	-		-
Broadband/Reconnect TA	8,963	-	9,435	50	8,073	-	8,073	-	-		-
BIL Broadband TA	17,575	-	24,712	-	-	-	-	-	-		-
Reimbursable.....	-	-	15,751	38	10,000	-	10,000	-	-		-
Division N Technical Assistance.....	-	-	-2,300	16	-	-	-	-	-		-
DAF	-	-	15,000	-	-	-	-	-	-		-
Other programs	7,632	-	1,114	3	900	-	900	-	-		-

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Item	2024 Actual	FTEs	2025 Actual	FTEs	2026 Estimated	FTEs	2027 Estimated	FTEs	Inc. or Dec.	FTE Inc. or Dec.	Chg Key
Rural Electrification and Telecommunications Loans.....	33,270	-	33,270	-	33,270	-	33,270	-	-	-	-
Rural Housing Insurance Program	412,254	-	412,254	-	412,254	-	412,254	-	-	-	-
Intermediate Relending Program.....	4,468	-	4,468	-	4,468	-	-	-	-4,468	-	-
Total Transfers In	493,948	-	568,980	113	468,965	-	464,497	-	-4,468	-	-
Sequestration	-171	-	-	-	-	-	-	-	-	-	-
Balances Interchange	6,000	-	-	-	-	-	-	-	-	-	-
Recoveries, Other	1,193	-	-	-	-	-	-	-	-	-	-
Bal. Available, SOY.....	86,646	-	56,282	-	95,238	-	12,264	-	-82,974	-	-
Total Available	938,703	4,411	976,349	4,455	876,203	3,058	741,522	3,057	-134,681	-1	-
Lapsing Balances.....	-1,006	-	-1,689	-	-	-	-	-	-	-	-
Bal. Available, EOY	-56,282	-	-95,238	-	-12,264	-	-7,238	-	+5,026	-	-
Total Obligations	881,415	4,411	879,422	4,455	863,939	3,058	734,284	3,057	-129,655	-1	-

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Table RD-9. Project Statement on Basis of Obligations (thousands of dollars, FTEs) ¹

Item	2024		2025		2026		2027		Inc. or Dec.	FTE Inc. or Dec.
	Actual	FTEs	Actual	FTEs	Estimated	FTEs	Estimated	FTEs		
Discretionary Obligations:										
Salaries and Expenses (Direct Approp.)	\$248,399	1,442	\$242,449	1,524	\$185,000	1,029	\$184,753	1,043	-\$247	+14
IT Cost	114,697	-	100,010	9	151,785	14	80,008	-	-71,777	-14
Rural Healthcare.....	-	-	-	-	2,000	-	-	-	-2,000	-
Rural Partners Network	2,045	-	-	-	-	-	-	-	-	-
Goodfellow	84	-	-	-	-	-	-	-	-	-
Interchange	20,038	-	27,221	-	32,009	-	-	-	-32,009	-
Subtotal Disc Obligations	385,263	1,442	369,680	1,533	370,794	1,043	264,761	1,043	-106,033	-
Mandatory Obligations:										
Biobased Market Program (Farm Bill).....	2,590	-	-	-	-	-	-	-	-	-
Subtotal Mand Obligations	2,590	-	-	-	-	-	-	-	-	-
Supplemental Obligations:										
DAF.....	-	-	-	-	14,500	-	-	-	-14,500	-
Subtotal Supp Obligations.....	-	-	-	-	14,500	-	-	-	-14,500	-
Offsetting Collections:										
Salaries and Expenses (RHIF, IRP, RET).....	449,992	2,885	449,992	2,809	449,992	1,962	445,524	1,962	-	-
Local Agriculture Marketing Program (LAMP)	1,040	2	1,879	3	885	1	-	-	-	-1
American Rescue Plan - LAMP COVID.....	4	-	-	-	-	-	-	-	-	-
Broadband Reconnect Admin. Cost.....	6,750	12	1,360	3	-	-	-	-	-	-
Broadband Reconnect TA.....	-	-	7,435	50	8,073	38	8,073	38	-	-
RED Broadband Reconnect TA.....	8,896	57	529	-	-	-	-	-	-	-
BIL Broadband TA	17,575	13	24,462	-	-	-	-	-	-	-
Division N Technical Assistance	2,237	-	2,802	16	998	3	998	3	-	-
Reimbursables.....	-	-	16,107	38	15,819	10	12,222	10	-3,597	-
Other Programs	7,068	-	5,176	3	2,878	1	2,706	1	-172	-
Subtotal Offsetting Collections.....	493,562	2,969	509,742	2,922	478,645	2,015	469,523	2,014	-9,122	-1
Total Obligations.....	881,415	4,411	879,422	4,455	863,939	3,058	734,284	3,057	-129,655	-1
Add back:										
Lapsing Balances	1,006	-	1,689	-	-	-	-	-	-	-
Balances Available, EOY:										
IT Cost	18,942	-	26,785	-	-	-	-	-	-	-
LAMP	2,764	-	885	-	-	-	-	-	-	-
Interchange	5,314	-	32,009	-	-	-	-	-	-	-
Division N Admin TA.....	10,370	-	5,271	-	4,273	-	3,275	-	-998	-
Reimbursables.....	7,855	-	8,041	-	2,222	-	-	-	-2,222	-
Other programs.....	11,037	-	22,247	-	5,769	-	3,963	-	-1,806	-
Total Bal. Available, EOY	56,282	-	95,238	-	12,264	-	7,238	-	-5,026	-

¹ This table does not match MAX Schedule X due to reimbursables.

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Item	2024 Actual	FTEs	2025 Actual	FTEs	2026 Estimated	FTEs	2027 Estimated	FTEs	Inc. or Dec.	FTE Inc. or Dec.
Total Available.....	938,703	4,411	976,349	4,455	876,203	3,058	741,522	3,057	-134,681	-1
Less:										
Total Transfers In.....	-493,948	-	-568,980	-113	-468,965	-	-464,497	-	+4,468	-
Sequestration.....	171	-	-	-	-	-	-	-	-	-
Balances Interchange.....	-6,000	-	-	-	-	-	-	-	-	-
Recoveries, Other	-1,193	-	-	-	-	-	-	-	-	-
Bal. Available, SOY	-86,646	-	-56,282	-	-95,238	-	-12,264	-	+82,974	-
Total Appropriation	351,087	4,411	351,087	4,342	312,000	3,058	264,761	3,057	-47,239	-1

JUSTIFICATION OF CHANGES

When rural people thrive, America thrives. RD programs empower rural residents, businesses, and communities through grants, loans, and technical assistance for essential infrastructure, housing, and community facilities. These programs provide rural Americans access to safe, sanitary, and low-cost housing opportunities, quality healthcare, jobs, and capital to begin and grow businesses.

A key priority for RD is to fully fund Rental Assistance and Single Family Housing Direct loans to ensure rural Americans continue to have access to safe, sanitary, and affordable housing opportunities. RD will also continue its focus on key program areas such as Water and Waste Environmental programs, Electric and Telecommunication programs, and Community Facilities programs because these programs support building infrastructure in rural areas.

Second, this budget prioritizes the implementation on the following Executive Orders: "Restoring Common Sense to Federal Office Space Management", "Restoring Common Sense to Federal Procurement," "Stopping Waste, Fraud, and Abuse by Eliminating Information Silos." It also supports the Presidential Action "Implementing the President's "Department of Government Efficiency: Workforce Optimization Initiative."

Third, the 2027 budget continues to prioritize RD's ongoing efforts to modernize its loan and accounting systems. Upgraded systems, including automation, will enable RD to process loans and grants faster, create a more bank-like environment, and deliver products and services that align with their customers' needs. The upgrades will improve customer experience by making it possible to apply for services online and access loan information directly. These changes will eliminate paper applications and allow RD to more readily streamline funding requests and eliminate manual processes. RD will seek funding through the NEF for this effort. With additional upgrades to RD's IT systems, RD will be able to continue originating and servicing loan and grants, while maintaining the reduced staffing levels realized in 2026.

RD will accomplish its mission by focusing efforts on:

- a) Loan Origination and Underwriting: The budget request includes critical staff who can originate loans and ensure the proper underwriting of program funds for guaranteed programs.
- b) Servicing: An essential function of RD is to service the loans and grants for which it obligates funds. After a borrower receives a grant or loan, RD manages payments and escrow accounts, processes foreclosures, and conducts an overall evaluation of portfolio performance. Staff service loans and grants by monitoring lending activity for guaranteed loans to ensure that borrowers follow regulations and by auditing lending records to ensure fair practices to rural borrowers. As of the end of 2024, RD's portfolio was almost \$235 billion, with more than 1.1 million guaranteed and direct loans. Because RD's portfolio increases by five percent each year, by 2026, the portfolio is estimated to be more than \$270 billion in outstanding debt, excluding IRA funding.
- c) Risk Management and Mitigation: RD's Risk Office provides a formal framework that assists RD's senior leadership to assess mission area risks that may negatively affect RD across its functional areas. These mission area risk assessments are data driven and inform RD's budget process, internal control assessments, strategic planning, IT investments, and other key decision-making processes.

Additionally, in accordance with administration policy announced in the Budget, RD mission area including Rural Housing Service, Rural Business-Cooperative Service and Rural Utilities Service will follow new government-wide grants guidance prohibiting the use of Federal funds to pay for subscriptions to academic journals, as well as for the publication of research results that are not specifically required by Federal statute or approved in advance by a Federal agency. This policy preserves funds to support actual research by ensuring that the American taxpayer does not pay for

the research, publication, and access to that research, essentially triple-charging the public for the same product.

RD activities contribute to the success of USDA's overall mission to provide leadership on food, agriculture, natural resources, rural development, nutrition, and related issues based on public policy, the best available science, and effective management. USDA is currently developing the FY 2026 – 2030 Strategic Plan. A detailed FY 2027 performance plan, including Key Performance Indicators, can be found at <https://www.usda.gov/our-agency/about-usda/performance>.

The numbers and letters of the following listing relate to values in the Change (Chg) Key column of the Project Statement:

1. A decrease of \$47,239,000 in funding and one less FTE for salaries and expenses (\$312,000,000 and 3,058 FTEs available in 2026).

RD's 2027 Budget request reflects a realignment of its core operations and program delivery mechanisms to ensure that RD funding is delivered in the most cost-effective way to rural communities, with a focus on achieving greater efficiency and eliminating potentially duplicative spending while supporting investments in infrastructure.

To implement this reduction, RD will critically and 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. RD will cut operational costs wherever possible, including staff, the field office structure, and program delivery mechanisms. Some RD loan and grant origination activities will be terminated. This operational shift will substantially drive down staffing requirements in the associated programs.

Office of Homeland Security proposed to consolidate department-wide funding for Homeland Security related expenses. Thus, RD's budget is reduced to reflect the transfer of resources, resulting in a net zero impact as expenses are realigned to the new funding location. This includes the elimination of the Working Capital Fund Personnel and Document Security Activity Center in 2027.

RD has an outstanding loan portfolio that exceeds \$235 billion and has over 1.1 million outstanding loans and loan guarantees, making it one of the largest "banks" in the country. The RD Mission Area priority is to maintain the portfolio quality and protect the American public's interests in the loans outstanding. Meeting that responsibility requires constant vigilance in servicing and overseeing those loans.

The funding changes requested are as follows:

- a) A reclassification of \$109,585 for FERS Agency Contributions.

This decrease reflects the lower amount of FERS Agency Contribution by 0.5 percentage points. These funds will be reallocated to offset the increased salary costs the agency will incur due to employees' career ladder promotions and within-grade increases.

- b) Maintain funding for IT improvement at no less than \$75 million.

The 2027 Budget includes funding for IT to support the continuation of the final implementation of the RD General Ledger system into the Financial Management Modernization Initiative (FMMI) and continuance of the RD Loan Modernization Initiative. Transferring to the FMMI platform will interface RD general ledger and accounting data with all USDA agency data allowing for streamlined reporting. IT improvements will enhance RD capacity for providing funding and fulfilling Congressional reporting requirements faster. RD has aging IT systems that need to be transferred to a new platform that can be served with a modern system. This unifies the accounting and reporting of RD processes with the USDA system providing more transparency for management decisions.

c) Maintain funding for general support contracts

The budget will continue to support “must pay” contracts essential for program delivery. Many of the functions that RD must accomplish are performed by contractors because of staffing limitations and because of the specialized skills needed for some activities, including Credit Reform modeling.

The following contracts are considered in this request:

- In 2027 RD will need to support a contract that will help the agencies to fully implement Build America, Buy America Act (BABAA). USDA’s goal is to meet the requirements of BABAA without significant harm to USDA program delivery, relationships with constituents, and deployment of critical infrastructure and service in USDA service areas. USDA requires contract support to perform market research on product availability, analyze requests for waivers, assist with informational site visits, and as a result prepare a process evaluation and workforce plan for USDA. RD has been the main agency using these contract services and the Department requested RD to cover contract costs. If contract funding is unavailable, RD awarding will slow down significantly as staffing levels cannot absorb the extra steps to support the vast number of applicants.
- Multi-family Housing inspection contract inspects Section 515 units to ensure the project owners comply with regulations and maintain their properties safe, sanitary and hazard free. This contract is essential as some of these buildings are above 30 years old and require maintenance to continue being feasible for housing rural residents.
- Servicing Office contracts that support the continuations of a customer service contract to augment the services provided by the Federal employees servicing the Single-Family Housing loans, responsible for collecting payments, and large communication center to contact borrowers on several servicing issues, such as late payments.
- Innovation Center contract supports the continuation of the Innovation Center, the flagship of information analytics at RD. The center brings together a group of functions critical to creating an environment in which rural communities can prosper. Functions include:
 - Policy and trend analysis
 - Data analysis and program outcomes measurements
 - Strategic planning
 - Capacity building at the community level
 - Partnership development: interagency, interdepartmental, intergovernmental

These activities will drive synergy across the three business lines in the RD mission area: utility infrastructure development, housing and community facilities, and business and cooperative programs, to ensure communities have the tools to address challenges and seize new opportunities in rural America.

Within the budget funding, RD will continue to support Evidence and Evaluations:

- **Enable Open Data and Transparency:** The funding will support the maintenance of the Rural Data Gateway, a web site with embedded dashboards that includes geospatial capabilities and makes more than a decade of Rural Development’s recent investment history instantly accessible to the public online. The Rural Data Gateway utilizes the Department’s Open Data Platform to integrate over 20 new integrated Rural Investment Dashboards and Tableau visualizations. The Gateway opens a new chapter in USDA

communications and transparency with RD investment partners, program stakeholders, and the rural communities RD serves.

- Enable Data Skilled Workforce:** For RD to continue to build its use of evidence and data driven management in program implementation, the mission area needs to continue investment in workforce training focused on data skill capacity and the core competencies of data literacy.

Visualization is RD’s primary tool for disseminating data analysis and maximizing decision making from a transparent source. RD’s primary tool for data visualization is Tableau. The Innovation Center within RD has developed a robust training curriculum for all levels of Tableau users. This enhances the capability of RD staff to both build visualizations to convey data insights and utilize the data insights in decision making and program implementation. Workforce training development and delivery needs to be an area RD continues to invest in.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND FTEs

Table RD-10. Geographic Breakdown of Obligations and FTEs for Discretionary (thousands of dollars, FTEs)

State/Territory/Country	2024		2025		2026		2027	
	Actual	FTEs	Actual	FTEs	Estimated	FTEs	Estimated	FTEs
Alabama	\$10,093	79	\$10,819	80	\$9,737	57	\$9,690	57
Alaska	7,340	28	5,998	37	5,398	19	5,373	19
Arizona	7,095	50	7,602	53	,841	32	6,809	32
Arkansas.....	8,080	64	8,963	69	8,067	41	8,028	41
California	16,272	108	18,586	119	16,727	83	16,647	83
Colorado	9,115	61	10,920	69	9,828	40	9,781	40
Connecticut.....	1,766	16	1,944	16	1,750	9	1,741	9
Delaware	5,401	35	5,842	40	5,258	25	5,233	25
District of Columbia.....	284,465	170	253,559	168	301,489	208	227,106	208
Florida	16,695	120	18,370	130	16,533	87	16,454	87
Georgia.....	15,326	115	15,658	111	14,091	85	14,024	85
Hawaii	5,832	29	4,403	26	3,963	17	3,944	17
Idaho	5,851	43	6,719	47	6,047	26	6,018	26
Illinois	30,612	240	27,575	201	24,816	91	24,698	91
Indiana	8,643	67	9,345	67	8,410	47	8,370	47
Iowa.....	11,566	88	12,550	89	11,295	68	11,241	68
Kansas.....	7,312	53	7,716	53	6,944	31	6,911	31
Kentucky	10,956	94	11,385	90	10,246	76	10,198	76
Louisiana	9,830	75	10,868	76	9,781	60	9,734	60
Maine	6,440	48	7,276	50	6,548	30	6,517	30
Maryland.....	28,963	171	28,572	161	25,714	52	25,591	52
Massachusetts	6,467	43	6,831	45	6,148	31	6,118	31
Michigan	13,920	102	14,261	101	12,834	68	12,773	68
Minnesota	9,766	75	10,018	75	9,016	47	8,973	47
Mississippi.....	10,866	85	12,360	96	11,124	54	11,071	54
Missouri	89,801	598	96,980	604	87,279	476	86,862	476
Montana	6,529	46	6,276	46	5,648	29	5,621	29
Nebraska	5,113	39	5,814	43	5,232	34	5,207	34
Nevada	4,784	34	5,523	39	4,971	27	4,947	27
New Hampshire	2,363	17	3,065	19	2,759	14	2,746	14
New Jersey.....	5,444	37	5,777	36	5,200	24	5,175	24
New Mexico.....	7,560	48	7,155	52	6,439	40	6,409	40
New York	10,144	85	11,535	89	10,381	68	10,331	68
North Carolina	16,357	122	18,063	124	16,256	97	16,178	97
North Dakota.....	4,193	31	4,241	29	3,817	19	3,799	19
Ohio	10,038	81	10,736	79	9,662	47	9,616	47
Oklahoma	8,176	59	8,878	66	7,990	44	7,952	44
Oregon	7,220	52	7,624	54	6,862	34	6,829	34
Pennsylvania	12,781	93	14,227	97	12,804	76	12,743	76

State/Territory/Country	2024		2025		2026		2027	
	Actual	FTEs	Actual	FTEs	Estimated	FTEs	Estimated	FTEs
Puerto Rico.....	6,503	57	6,874	58	6,187	54	6,157	54
Rhode Island	490	5	873	8	786	4	782	4
South Carolina.....	10,012	78	10,666	82	9,599	55	9,553	55
South Dakota	6,900	51	7,423	54	6,681	36	6,649	36
Tennessee.....	13,975	109	14,964	108	13,467	84	13,403	84
Texas	26,775	204	28,209	197	25,387	140	25,266	140
Utah.....	4,530	35	5,124	39	4,612	29	4,590	29
Vermont	3,586	20	2,851	21	2,566	8	2,554	8
Virgin Islands	510	4	518	4	466	3	464	3
Virginia.....	32,396	199	31,764	188	28,587	73	28,450	73
Washington	9,251	66	9,314	62	8,382	39	8,342	39
West Virginia.....	7,696	60	8,259	62	7,432	40	7,397	40
Wisconsin.....	11,110	84	11,549	85	10,394	54	10,344	54
Wyoming	2,995	22	3,527	26	3,174	18	3,159	18
Distribution Unknown ...	1,588	14	1,591	13	1,432	7	1,425	7
Obligations	877,492	4,409	877,542	4,452	863,054	3,057	785,991	3,057
Lapsing Balances.....	632	-	-	-	-	-	-	-
Bal. Available, EOY	54,034	-	-	-	-	-	-	-
Total, Available	932,158	4,409	877,542	4,452	863,054	3,057	785,991	3,057

Table RD-11. Geographic Breakdown of Obligations and FTEs for Mandatory (thousands of dollars, FTEs)

State/Territory/ Country	2024		2025		2026		2027	
	Actual	FTEs	Actual	FTEs	Estimated	FTEs	Estimated	FTEs
California	\$178	1	\$270	1	\$180	1	-	-
Colorado	-	-	7	-	-	-	-	-
Delaware	-	-	1	-	-	-	-	-
District of Columbia...	3,555	-	1,239	-	706	-	-	-
Florida	-	-	1	-	-	-	-	-
Hawaii	2	-	4	-	-	-	-	-
Illinois	1	-	2	-	-	-	-	-
Iowa.....	-	-	1	-	-	-	-	-
Maine	1	-	-	-	-	-	-	-
Maryland.....	1	-	-	-	-	-	-	-
Michigan	-	-	1	-	-	-	-	-
Mississippi.....	1	-	6	-	-	-	-	-
Montana	-	-	3	-	-	-	-	-
Nebraska	-	-	8	-	-	-	-	-
New Mexico.....	2	-	24	-	-	-	-	-
New York	-	-	9	-	-	-	-	-
Ohio.....	-	-	1	-	-	-	-	-
Oregon	1	-	9	-	-	-	-	-
South Carolina.....	1	-	18	-	-	-	-	-
Tennessee.....	-	-	4	-	-	-	-	-
Texas	-	-	1	-	-	-	-	-
Virginia	-	-	3	-	-	-	-	-
Wisconsin.....	179	1	266	1	-	-	-	-
Wyoming	1	-	2	-	-	-	-	-
Obligations	3,923	2	1,880	3	885	1	-	-
Lapsing Balances.....	371	-	-	-	-	-	-	-
Bal. Available, EOY	5,314	-	32,009	-	-	-	-	-
Total, Available	9,608	2	33,889	3	885	1	-	-

OBJECT CLASSIFICATION

Table RD-12. Classification by Objects – Discretionary Funding (thousands of dollars)

Item No.	Item	2024 Actual	2025 Actual	2026 Estimated	2027 Estimated
Personnel Compensation:					
	Washington D.C.	\$22,781	\$15,525	\$20,954	\$20,953
	Personnel Compensation, Field	416,154	450,132	278,603	278,603
11	Total personnel compensation	438,935	465,657	299,557	299,557
12	Personal benefits	172,054	187,675	161,138	161,138
13.0	Benefits for former personnel.....	84	127		
	Total, personnel comp. and benefits....	611,073	653,459	460,695	460,694
Other Objects:					
21.0	Travel and transportation of persons.....	12,435	5,886	6,193	6,193
22.0	Transportation of things	488	225	1,725	1,725
23.1	Rental payments to GSA.....	16,633	15,775	17,000	17,000
23.2	Rental payments to others.....	14,908	15,916	18,029	18,029
	Communications, utilities, and misc. charges.....	1,607	3,469	6,325	6,325
24.0	Printing and reproduction	809	462	465	465
25.1	Advisory and assistance services	80,125	65,842	165,644	71,233
25.2	Other services from non-Federal sources	48,903	27,351	69,908	36,440
25.3	Other goods and services from Federal sources	7,946	16,341	23,500	23,500
	Operation and maintenance of equipment.....	75,557	72,306	71,000	71,000
26.0	Supplies and materials	1,455	348	350	350
31.0	Equipment.....	3,818	125	152	152
32.0	Land and structures	1,485	36	5,700	5,700
42.0	Insurance Claims and Indemnities	254	1	500	500
43.0	Interest and Dividends	-	1	50	50
	Total, Other Objects.....	266,420	224,084	386,540	258,662
99.9	Total, new obligations.....	877,493	877,543	847,235	719,356
DHS Building Security Payments					
	(included in 25.3).....	\$2,585	\$2,546	\$2,546	\$2,546
	Average Salary (dollars), ES Position	\$202,472	\$209,673	\$208,329	\$208,329
	Average Salary (dollars), GS Position	\$97,529	\$101,124	\$104,168	\$104,168
	Average Grade, GS Position	11.2	11.2	11.5	11.5

Table RD-13. Classification by Objects – Mandatory Funding (thousands of dollars)

Item No.	Item	2024 Actual	2025 Actual	2026 Estimated	2027 Estimated
Personnel Compensation:					
	Washington D.C.....	\$457	-	-	-
	Personnel Compensation, Field	-	\$521	\$133	-
11	Total personnel compensation	457	521	133	-
12	Personal benefits	144	122	47	-
	Total, personnel comp. and benefits	602	642	180	-
Other Objects:					
21.0	Travel and transportation of persons	27	3	3	-
22.0	Transportation of things.....	2	-	-	-
23.3	Comm., utilities, and misc. charges.....	-	-	223	-
25.1	Advisory and assistance services	1,110	1,234	480	-
25.2	Other services from non-Federal sources	2,182	0	-	-
	Total, Other Objects	3,321	1,237	705	-
99.9	Total, new obligations.....	3,922	1,879	885	-

ACCOUNT 2: RURAL DEVELOPMENT DISASTER ASSISTANCE FUND

PROJECT STATEMENTS

Table RD-14. Project Statement on Basis of Appropriations (thousands of dollars)

Item	2024 Actual	2025 Actual	2026 Estimated	2027 Estimated
Supplemental Approp:				
Disaster Assistance Fund - American Relief Act...	-	\$21,314	-	-
Total Adjusted Approp.....	-	21,314	-	-
Add back:				
Transfers In and Out, Rescissions.....	-	341,186	-	-
Total Appropriation	-	362,500	-	-
Transfers Out:				
Intermediary Relending Program (12X2069)	-	-341	-	-
Rural Business Programs (12X1902)	-	-8,000	-	-
Rural Electrification and Telecommunication (12X1230).....	-	-13,437	-	-
Rural Development Salaries and Expenses (12X0403).....	-	-15,000	-	-
Rural Economic Development Program (12X3108).....	-	-594	-	-
Rural Economic Development Grants (12X3105).	-	-4,000	-	-
Rural Cooperative Development Programs (12X1900).....	-	-3,000	-	-
Community Facilities Program (12X1951).....	-	-69,085	-	-
Rural Housing Insurance Fund Program (12X2081).....	-	-939	-	-
Rural Housing Assistance Grants (12X1953)	-	-47,208	-	-
Rural Water and Waste Disposal Program (12X1980).....	-	-179,582	-	-
Total Transfers Out.....	-	-341,186	-	-
Balances Interchange	-\$7,000	-	-	-
Bal. Available, SOY.....	7,105	105	\$21,420	\$21,420
Total Available	105	21,420	21,420	21,420
Bal. Available, EOY.....	-105	-21,420	-21,420	-21,420
Total Obligations	-	-	-	-

Table RD-15. Project Statement on Basis of Obligations (thousands of dollars)

Item	2024 Actual	2025 Actual	2026 Estimated	2027 Estimated
Supplemental Obligations:				
Disaster Assistance Fund.....	-	-	-	-
Total Obligations	-	-	-	-
Add back:				
Balances Available, EOY:.....				
Disaster Assistance Fund	\$105	\$21,420	\$21,420	\$21,420
Total Bal. Available, EOY	105	21,420	21,420	21,420
Total Available	105	21,420	21,420	21,420
Less:				
Total Transfers Out.....	-	341,186	-	-
Balances Interchange	7,000	-	-	-
Bal. Available, SOY.....	-7,105	-105	-21,420	-21,420
Total Appropriation	-	362,500	-	-

USDA EVIDENCE PLAN

Rural Development's contribution to FY 2027 Evidence Plan will focus on rural prosperity. The key questions RD' evidence-building activity will answer are:

1. How have RD investments improved the economic well-being of rural communities?
2. How can RD work with other partners to drive greater investment in rural communities?

These activities will be supported by five FTEs in the Data Analytics Division of the Innovation Center.