

2021 USDA EXPLANATORY NOTES – RURAL BUSINESS-COOPERATIVE SERVICE

Purpose Statement..... 32-3

Status of Programs..... 32-7

Rural Business Programs Account 32-13

 Lead-Off Tabular Statement 32-13

 Appropriations Language 32-13

 Project Statement..... 32-14

 Justifications 32-15

 Geographic Breakdown of Obligations 32-16

 Classification by Objects 32-19

Intermediary Relending Program 32-20

 Lead-Off Tabular Statement 32-20

 Appropriations Language 32-20

 Project Statement..... 32-21

 Justifications 32-22

 Geographic Breakdown of Obligations 32-22

 Classification by Objects 32-23

Rural Economic Development Direct Loans..... 32-24

 Lead-Off Tabular Statement 32-24

 Appropriations Language 32-24

 Project Statement..... 32-25

 Justifications 32-26

 Proposed Legislation..... 32-26

 Geographic Breakdown of Obligations 32-27

 Classification by Objects 32-27

Rural Economic Development Grants 32-28

 Lead-Off Tabular Statement 32-28

 Project Statement..... 32-29

 Justifications 32-30

 Geographic Breakdown of Obligations 32-30

 Classification by Objects 32-30

Rural Microenterprise Investment Program Account 32-31

 Lead-Off Tabular Statement 32-31

 Appropriations Language 32-31

 Project Statement..... 32-32

 Justifications 32-33

 Geographic Breakdown of Obligations 32-33

 Classification by Objects 32-35

Biorefinery Assistance Program Account	32-36
Project Statement.....	32-36
Geographic Breakdown of Obligations	32-37
Classification by Objects	32-37
Energy Assistance Payments.....	32-38
Lead-Off Tabular Statement	32-38
Appropriations Language	32-38
Project Statement.....	32-38
Justifications	32-39
Geographic Breakdown of Obligations	32-40
Classification by Objects	32-41
Rural Energy for America Program	32-42
Lead-Off Tabular Statement	32-42
Appropriations Language	32-42
Project Statement.....	32-43
Justifications	32-44
Proposed Legislation	32-44
Geographic Breakdown of Obligations	32-45
Classification by Objects	32-47
Rural Cooperative Development Grants.....	32-48
Lead-Off Tabular Statement	32-48
Appropriations Language	32-48
Project Statement.....	32-49
Justifications	32-50
Geographic Breakdown of Obligations	32-51
Classification by Objects	32-55
Healthy Foods Financing Initiative	32-56
Lead-Off Tabular Statement	32-56
Project Statement.....	32-56
Justifications	32-56
Geographic Breakdown of Obligations	32-56
Classification by Objects	32-56

PURPOSE STATEMENT

USDA Rural Development's (RD) Business and Cooperative Programs provide loans, loan guarantees, grants, and payments designed to increase economic opportunity in rural America.

All the programs administered by the RBS support USDA Strategic Goal 4: Facilitate rural prosperity and economic development; Objective 4.1: Expand rural business opportunity and rural quality of life with access to capital; improved infrastructure; broadband access and connectivity; and support for workforce availability. These programs also support several priorities in the report from the Task Force on Agriculture and Rural Prosperity, chaired by Secretary Perdue, including: providing access to debt capital, incentivizing private investment, modernizing rural utilities, rebuilding rural infrastructure, contributing to e-connectivity, supporting rural workforce through apprenticeship programs, and harnessing technological innovation.

Business and Industry Guaranteed Loan Program – Authorized by section 310B of the Consolidated Farm and Rural Development Act, 7 U.S.C 1921. The guaranteed loan program supports financing for business and industrial acquisition, construction, conversion, enlargement, repair or modernization outside a town or city with a population of less than 50,000.

Rural Business Development Grants (RBDG) – The Agricultural Act of 2014, P.L. 113-79, consolidated the rural business enterprise grant and rural business opportunity grant programs under the RBDG. This grant program is designed to benefit small and emerging private businesses and cooperatives in rural areas by providing grant and technical assistance for economic and community development. This grant program will assist a wide range of recipients, including economic development organizations, business and community intermediaries, universities, and Indian tribes.

Intermediary Relending Program (IRP) – Authorized by section 1323, Food Security Act of 1985. Revolving loan programs, such as the IRP, address the lack of available credit and financial market conditions, which exist in many rural communities, especially for smaller entities, service businesses and start-up activities. These conditions often limit the ability of rural economies to create jobs, enhance amenities, and increase incomes to enable rural families to prosper.

Rural Economic Development Loans and Grants (REDLG) – Authorized by section 313 Rural Electrification Act of 1936, as amended, 7 U.S.C. 940C. This program provides zero-interest loans and small grants to electric and telephone utilities eligible for financing through the RD utilities programs, which in turn use the funding to promote sustainable rural economic development and job creation projects and to capitalize revolving loan funds for economic development and job creation purposes.

Rural Business Investment Program (RBIP) – Authorized by section 6029 of the Farm Security and Rural Development Investments Act of 2002, P.L. 107-171 and reauthorized under the Agricultural Act of 2014, P.L. 113-79. RBIP is designed to promote economic development and create wealth and job opportunities among individuals living in rural areas and help meet the equity capital investment needs primarily of smaller enterprises located in such areas. Under the RBIP, for-profit Rural Business Investment Companies (RBIC) make venture capital investments in rural areas with the objectives of fostering economic development in such areas and returning maximum profits to the RBIC's investors.

Rural Energy for America Program (REAP) – Authorized by section 9007 of the 2002 Farm Bill, P.L. 107-171, as amended by the 2008 Farm Bill, P.L. 110-246, and the Agricultural Act of 2014, P.L. 113-79. Section 9007 guaranteed loan and grant programs help farmers, ranchers and rural small businesses purchase and install renewable energy systems and make energy efficiency improvements. Renewable energy projects benefit agricultural producers and rural small businesses with new and sustainable, income streams; reduced reliance on fossil fuels; and an improved environment. Energy efficiency projects also reduce the cost of production and business operations. Grants may also be used for energy audits.

Biobased Market Program— Authorized by Section 9002 of the Farm Security and Rural Development Investments Act of 2002, P.L. 107-171 and reauthorized under the Agricultural Act of 2014, P.L. 113-79. The purpose of the Biobased Market Program is to increase the purchase and use of biobased products to spur economic development, create new jobs and provide new markets for farm commodities. The two major parts of the program are: mandatory purchasing requirements for federal agencies and their contractors; and, a voluntary “BioPreferred” labeling initiative for producers for biobased products.

Rural Cooperative Development Grants (RCDG) – Authorized by section 310B(e) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932(e)). RCDGs improve the economic condition of rural areas by promoting a range of cooperative development activities. Grants are made to nonprofit corporations and institutions of higher education to operate centers for cooperative development.

Value-Added Producer Grant (VAPG) – Authorized by section 213 of the Agricultural Risk Protection Act of 2000, P.L. 106-224, as amended. Value-added agricultural market development grants enable producers of agricultural commodities to participate in the economic returns found in the value-added market. Grants may be used to develop business plans and strategies for creating marketing opportunities.

Small Socially-Disadvantaged Producers Grants – Authorized by section 310B(e) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932(e)). Grants to assist small, minority agricultural producers in rural areas provide funding for cooperative development centers, cooperatives or associations of cooperatives whose primary focus is to provide assistance to such producers, and whose governing board and/or membership is comprised of

at least 75 percent socially disadvantaged members. Grants may be used for developing business plans, conducting feasibility studies, or developing marketing plans for farmers, ranchers, loggers, agricultural harvesters, and fishermen.

Cooperative Research Agreements – Authorized by the Cooperative Marketing Act of 1926, (7 U.S.C. 453). Cooperative agreements are used to encourage research on critical issues vital to the development and sustainability of cooperatives as a means of improving the quality of life in America's rural communities. Research proposals are solicited from institutions of higher education or non-profit organizations interested in applying for competitively awarded cooperative agreements for research related to agricultural and nonagricultural cooperatives serving rural communities.

Cooperative Education and Research Program – Authorized by the Cooperative Marketing Act of 1926, (7 U.S.C. 453). The cooperative program conducts applied research on practical issues and problems facing cooperatives and disseminates information to farmers and the general public on dealing with these issues. A range of educational activities and materials are developed to increase public awareness of cooperative strategies that can increase rural economic activity.

Technical Assistance to Cooperatives Program – Authorized by the Cooperative Marketing Act of 1926, (7 U.S.C. 453). The cooperative program is authorized to provide advice and assistance to existing cooperatives and groups of farmers contemplating the formation of cooperatives. Technical assistance studies are provided at the request of a cooperative or steering committee at no fee and may cover a range of business operational, organizational, financial, or developmental topics and problems.

Appropriate Technology Transfer for Rural Areas (ATTRA) Program – Authorized by section 310(c) of the Consolidated Farm and Rural Development Act of 2008. ATTRA provides information to farmers and other rural users on a variety of sustainable agricultural practices that include both crop and livestock operations. The program encourages agricultural producers to adopt sustainable agricultural practices, which allow them to maintain or improve profits, produce high quality food and reduce adverse impacts to the environment.

Rural Microentrepreneur Assistance Program – Authorized under Section 379E(d) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2008s). The purpose of the program is to support the development and ongoing success of rural microentrepreneurs and microenterprises. Direct loans and grants are provided to microentrepreneurs development organizations with the skills necessary to establish new rural microenterprises and continuing technical and financial assistance related to the successful operation of rural microenterprises.

Biorefinery Assistance Program – Reauthorized under Title IX of the Agricultural Act of 2014, P.L. 113-79. The purpose of the section is to assist in the development of new and emerging technologies for the production/manufacture of advanced biofuels, renewable chemicals, and

biobased products. The program will increase energy independence, promote resource conservation, diversify markets for agricultural and forestry products, create jobs, and enhance economic development in rural economies.

Repowering Assistance Program – Reauthorized under Title IX of the Agricultural Act of 2014, P.L. 113-79, the program provides financial incentives to biorefineries in existence on June 18, 2008, to replace the use of fossil fuels used to produce heat or power at their facilities by installing new systems that use renewable biomass, or to produce new energy from renewable biomass. This program has been repealed in the 2018 Farm Bill.

Bioenergy For Advanced Biofuels Program – Reauthorized under Title IX of the Agricultural Act of 2014, P.L. 113-79, the program makes payments to eligible producers to support and ensure an expanding production of advanced biofuels. Advanced biofuels are defined as “fuel derived from renewable biomass other than corn kernel starch” in the 2008 Farm Bill. To receive a payment, an eligible producer shall enter into a contract with the Secretary of Agriculture for production of advanced biofuels.

RD is comprised of three programs: Housing and Community Facilities, Utilities, and Business and Cooperative Development. RD’s headquarters is located in Washington, DC. As of September 30, 2019, there were 4,194 permanent full-time employees, including 1,607 in the headquarters office and 2,587 in the field offices.

For 2019, there are no OIG or OGC reports open for RBS.

STATUS OF PROGRAMS

The Rural Business-Cooperative Service (RBCS) programs provide direct loans, loan guarantees, grants, and technical assistance for development of cooperatives to increase economic opportunity in rural America. Rural Development (RD) State and field office staffs work collaboratively with political and business leaders to leverage RD resources.

RBCS promotes economic development by supporting loan guarantees to businesses through commercial lenders. Direct loan and grant programs support local and regional economic development organizations who provide guidance to established businesses or business start-ups, to conduct feasibility studies and develop business plans, technical assistance, training and other activities leading to the development or expansion of small and emerging private businesses.

Business and Industry (B&I) Guaranteed Loan Program

Current Activities:

The B&I Guaranteed Loan Program is one of the major tools that RD employs to facilitate business growth in rural areas. The B&I Guaranteed Loan Program provides funding through small or regional scale lenders to ensure rural communities have access to capital. In 2019, RD issued 337 B&I loan guarantees totaling \$1.3 billion assisting 378 rural businesses and creating or saving 10,890 jobs.

Selected Examples of Recent Progress:

Caribbean Crane & Rigging LLC (CCR), is a newly formed entity owned by Mr. Patrick Vivot. CCR was awarded \$5 million in B&I guaranteed funds to purchase equipment to serve its contract with Limetree Bay Refinery (LBR). LBR is currently undergoing a \$1.3 billion refurbishment of the refinery. The project will create 40 jobs and save 484 jobs for the community. The combined employment from Mr. Vivot's companies is well over 400. These companies have a substantial job impact on the island which has seen a lot of economic turmoil over the years.

Rural Energy for America Program (REAP)

Current Activities:

In 2019, REAP funded 200 projects totaling \$215.1 million (\$8.8 million in grants and \$206.3 million in loan guarantees) with \$42.9 million in budget authority from mandatory funding. Mandatory funds of \$1.87 million supported 21 grants for the REAP's Energy Audit and Renewable Energy Development Assistance Program. The remaining \$41 million of mandatory funds provided grants for 1,306 Renewable Energy System and Energy Efficiency Improvement projects.

Selected Examples of Recent Progress:

Edgehill Farms, an ag tourism center in Oakland, KY, received a \$34,596 loan guarantee to install a 34.8-kilowatt photovoltaic array system on the roof of its ham processing facility. The

system will generate approximately 45,000 kilowatt hours (kWh) annually that will be sold directly to the local utility, earning \$4,448 for the firm annually.

In Magnolia, NC, Optima KV received a \$6.5 million loan guarantee for an anaerobic digester that will help hog producers dispose of waste by converting it to energy. The resulting natural gas is then transported via pipeline to a power plant to generate electricity. The digester produces additional revenue for hog producers and a cleaner environment.

Intermediary Relending Program (IRP)

Current Activities:

The IRP lends money to economic development intermediaries (non-profits and public bodies) who re-lend it to rural businesses (ultimate recipients) that might not otherwise be able to obtain such financing. In 2019, IRP issued 24 loans totaling \$17.7 million to intermediaries to establish and recapitalize revolving loan funds. The IRP financing for 2019 resulted in 238 rural businesses being assisted, thereby creating and saving 1,041 jobs.

Selected Examples of Recent Progress:

Southeastern Development Foundation in Sioux Falls, South Dakota received a \$1 million IRP loan in 2019 to re-capitalize their revolving loan fund. The Foundation made a small business loan of \$108,733 in June 2019 to Chuck's Foodland, Inc., a small grocery store in Beresford, South Dakota to purchase machinery, equipment and supplies. This grocery store is in a town of 2,005 residents and provides access to fresh fruits and vegetables. The IRP loan will save 22 jobs at this business.

Rural Microentrepreneur Assistance Program (RMAP)

Current Activities:

The RMAP program supports the development and ongoing success of rural microentrepreneurs and microenterprises that consist of 10 or less employees. Direct loans and technical assistance grants are made to select Microenterprise Development Organizations. In 2019, a total of \$2.6 million in loans was obligated to seven RMAP applicants. The RMAP program awarded \$3.5 million in grants to 69 existing RMAP awardees to support their ongoing development of successful rural microenterprises.

Selected Examples of Recent Progress:

Kentucky Highlands Investment Corporation (KHIC) used their 2019 RMAP loan of \$500,000 to re-capitalize a Rural Microloan Revolving Fund which makes microloans to rural microentrepreneurs and microenterprises. The KHIC service areas encapsulate 22 counties which have been designated as Persistent Poverty. This project will create 12 rural small businesses and save one existing business.

Rural Economic Development Loan and Grant (REDLG) Program

Current Activities:

In 2019, REDLG issued 41 loans totaling \$48.5 million creating or saving 1,893 jobs. In addition, 37 grants totaling \$10 million were made to qualifying utilities, assisting 33 businesses and creating or saving 1,290 jobs.

Selected Examples of Recent Progress:

In Georgia, the Slash Pines Electric Membership Corporation received a \$1 million loan to assist Clinch Memorial Hospital in the expansion of current medical services at the hospital. This included recruiting additional primary care providers, implementing a Behavioral Health Crisis Medical Stabilization Program and a Behavioral Health Intensive Outpatient Program. The project created four new full-time jobs.

Corn Belt Power Cooperative and Prairie Energy Cooperative both secured REDLG funds to support a \$7.4 million renovation project to the Hancock County Health System (HCHS) at their campus in Britt, Iowa. The project will allow HCHS to relocate and expand Surgical Services to house two major operating rooms, two procedure rooms, and four same-day surgery rooms and expand its Emergency Department. It is expected that these completed improvements will create 14 new jobs. Corn Belt Power Cooperative received a \$640,000 loan, while the Prairie Energy Cooperative was awarded a \$300,000 REDLG grant for this project.

Rural Business Development Grant (RBDG) Program

Current Activities:

The RBDG program support towns, communities, State agencies, etc. by providing targeted technical assistance, training, and other activities leading to the development or expansion of small and emerging private businesses in rural areas that have fewer than 50 employees and less than \$1 million in gross revenues. Programmatic activities are separated into enterprise or opportunity type grant activities. RBDG awarded 540 grants totaling \$45.9 million in 2019. These grants assisted 8,247 businesses in creating or saving 15,499 jobs.

Selected Examples of Recent Progress:

In Oregon, the Klamath Tribes received a \$89,605 RBDG grant to develop a life skills and food preservation incubator. This project will also provide computer literacy and technical assistance. The facility will allow tribal entrepreneurs to have access to a space to produce value-added goods and services. This project assisted five businesses with the creation and retention of 19 jobs.

In Arizona, the San Xavier District of the Tohono O'odham Nation received a \$299,991 RBDG grant to continue the development of the local food marketplace, which includes the engineering and architectural design of the facility plus development of a market study and business plan. The RBDG proceeds will also provide technical assistance and training to businesses that will potentially locate in the marketplace. This project will assist five businesses and create 37 new jobs.

Value Added Producer Grant (VAPG) Program

Current Activities:

The VAPG program helps agricultural producers grow their businesses by turning raw commodities into value added products, expanding marketing opportunities and developing new uses for existing products. In 2019, the VAPG Program funded seven grants for a total of \$1.6 million. These grants created or saved 31 jobs.

Selected Examples of Recent Progress:

BEEpothecary in Ohio, will use a \$148,396 working capital grant to expand the market for Beepothecary's Propolis dietary supplements which are created from beehive by-products. The grant will allow them to increase sales threefold in the near term.

Seely Family Farm, Inc., in Oregon will use a \$250,000 working capital grant to pay labor costs for processing raw mint leaf and produce mint tea bags, designing and printing marketing materials and packaging, labor costs of packaging and labeling tea tins, and marketing expenses to expand their products in new markets.

Agricultural Marketing Resource Center (AgMRC)

Current Activities:

AgMRC provides funding to maintain electronic national information on value added agriculture for producers, processors and service providers, as well as tools to assist with developing feasibility studies and business plans and strategies and analysis for developing a successful business. AgMRC also provides a wealth of information on commodities and products including: agriculture-tourism, aquaculture, energy, forestry, fiber, grains and seeds. Funding for 2019 was approximately \$375,000, with 4,000 unique visits per day supporting over 100 different commodities and products.

Rural Cooperative Development Grant (RCDG)

Current Activities:

These centers work with and support new cooperative businesses. RCDGs are awarded to non-profit groups and higher education institutions. The recipients will use the funds to operate centers to develop or expand cooperatives and mutually-owned businesses. The funding can be used to conduct feasibility studies, create and implement business plans, offer technical assistance, establish low-interest loans, and help rural businesses develop new markets for their products and services. In 2019 these centers assisted more than 800 small businesses and cooperatives created and/or saved more than 858 jobs. In 2019, grants totaling approximately \$5.8 million were made to 30 centers.

Selected Examples of Recent Progress:

Cooperative Development Services, Inc., a non-profit organization, received a \$200,000 grant to provide business planning and assistance to cooperatives across rural areas of Wisconsin and Minnesota. Services target areas of value-added/sustainable agriculture and forestry and

community development, which includes rural senior housing and rural food co-ops. An estimated 55 cooperatives, groups or businesses will be assisted.

Democracy at Work Institute is a cooperative center in California that has a national reach. They received \$200,000 to assist projects that help develop rural worker cooperatives and support coop conversions, focusing efforts in Maine, New York, and western North Carolina.

Appropriate Technology Transfer to Rural America (ATTRA)

Current Activities:

The ATTRA program, also called the National Sustainable Agriculture Information Service, provides sustainable agriculture information to those engaged in or serving commercial agriculture, such as farmers, ranchers, extension agents, farm organizations, farm-based businesses, and small-scale, beginning, limited-resource, and returning veteran farmers. Created in the 1985 Farm Bill, the ATTRA program is managed by the National Center for Appropriate Technology (NCAT) through a cooperative agreement with USDA/RD. In 2019, \$2.8 million was obligated to fund ATTRA.

Selected Examples of Recent Progress:

One of the innovative programs funded through the ATTRA program is the Armed to Farm project which connects veterans and other beginning farmers to educational, hands-on training in week-long workshops in various locations around the country. Five trainings have been conducted in 2019 with over 150 veterans attending. NCAT agriculture specialists, along with Natural Resources Conservation Service, Farm Service Agency, and RD staff, participated in the training sessions. The NCAT Armed to Farm Facebook page provides an additional avenue for sharing education resources, training opportunities, and connecting veterans with service providers. The page currently has more than 500 followers. The Veterans in Agriculture Listserv (<http://lists.ncat.org/mailman/listinfo/vetsinag>) is also open to veterans who are interested in farming.

Socially-Disadvantaged Group Grant (SDGG) Program

Current Activities:

The SDGG program provides technical assistance grants to socially-disadvantaged groups (cooperatives, groups of cooperatives, and cooperative development centers) for the purpose of developing cooperatives. Socially-disadvantaged groups include members who have been subjected to racial, ethnic, or gender prejudice because of their identity as members of a group without regard to their individual qualities. In 2019, the SDGG program awarded \$3 million in grants to 22 organizations that assisted 532 businesses and 161 farmers.

Selected Examples of Recent Progress:

United Farmers USA in Mississippi received a SDGG grant of \$68,273 to help provide training and technical assistance for socially-disadvantaged African American farm cooperatives in Clarendon, Lee and Williamsburg Counties. These counties are persistent poverty counties with

the median household income of \$26,878. Farmers in these counties will be provided access to education, training and mentoring in areas such as farm management, record keeping, marketing and specialty crops. It is anticipated that as many as 54 jobs will be saved and 60 small agricultural businesses will be assisted.

The Cooperative Development Foundation, based in Washington, D.C, received a SDGG of \$175,000, which is being used to provide technical assistance to help rural cooperative homecare agencies remain profitable, expand operations and serve more rural residents in need. The team will focus on technical assistance to five rural cooperatives and organizing groups including the Cooperative Care of Wautoma, WI. This worker-owned, homecare cooperative, consists of 37 employees, of whom 92 percent are women.

RURAL BUSINESS PROGRAM ACCOUNT

LEAD-OFF TABULAR STATEMENT

	Grants	Loan Level	Subsidy
2020 Appropriations.....	\$46,000,000	\$1,000,000,000	\$66,500,000
Change in Appropriation.....	-46,000,000	500,000,000	-59,100,000
2021 Budget Estimate.....	0	1,500,000,000	7,400,000

APPROPRIATIONS LANGUAGE

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

For gross obligations for the principal amount of loan guarantees for rural business development programs authorized by section 310B and described in subsections (a) and (g) of section 310B of the Consolidated Farm and Rural Development Act, \$1,500,000,000.

For the cost of loan guarantees [and grants,] for the rural business development programs authorized by section 310B and described in subsections (a), (c), (f) and (g) of section 310B of the Consolidated Farm and Rural Development Act, [~~\$66,500,000~~] \$7,400,000, to remain available until expended: *Provided*, That [of the amount appropriated under this heading, not to exceed \$500,000 shall be made available for one grant to a qualified national organization to provide technical assistance for rural transportation in order to promote economic development and \$9,000,000 shall be for grants to the Delta Regional Authority (7 U.S.C. 2009aa et seq.), the Northern Border Regional Commission (40 U.S.C. 15101 et seq.), and the Appalachian Regional Commission (40 U.S.C. 14101 et seq.) for any Rural Community Advancement Program purpose as described in section 381E(d) of the Consolidated Farm and Rural Development Act, of which not more than 5 percent may be used for administrative expenses: *Provided further*, That \$4,000,000 of the amount appropriated under this heading shall be for business grants to benefit Federally Recognized Native American Tribes, including \$250,000 for a grant to a qualified national organization to provide technical assistance for rural transportation in order to promote economic development:] such costs, including the cost of modifying such loans, shall be defined in section 502 of the Congressional Budget Act of 1974: *Provided further*, That sections 381E–H and 381N of the Consolidated Farm and Rural Development Act are not applicable to funds made available under this heading.

The first change adds language to provide the program level for the Guaranteed Business and Industry loan program.

The second change removes the reference and funding for rural business development grants.

The third change adds language that clarifies that modification costs are included.

2021 CONGRESSIONAL JUSTIFICATIONS – RURAL BUSINESS-COOPERATIVE SERVICE

PROJECT STATEMENT

Program/Activity	2018 Actual		2019 Actual		2020 Enacted		2021 Budget Request		Chg Key	Change from 2020 Enacted	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.		P.L.	B.A.
Direct Appropriations:											
Business and Industry (B&I) guaranteed loans 80% Guaranteed a/.....	\$919,754	\$37,342	\$950,000	\$22,040	\$1,000,000	\$20,500	\$1,250,000	0	(1)	\$250,000	-\$20,500
Business and Industry (B&I) guaranteed loans 1% fee.....	0	0	0	0	0	0	250,000	\$7,400	(1)	250,000	7,400
Rural business development grants (RBDG).....	29,500	29,500	30,500	30,500	32,500	32,500	0	0	(2)	-32,500	-32,500
RBDG Native American Tribes.....	3,750	3,750	3,750	3,750	3,750	3,750	0	0	(2)	-3,750	-3,750
RBDG Technical assistance transportation.....	500	500	500	500	500	500	0	0	(2)	-500	-500
RBDG Native American tribes transportation.....	250	250	250	250	250	250	0	0	(2)	-250	-250
Delta Regional Authority grants & Appalachian Reg Comm.....	6,000	6,000	8,000	8,000	9,000	9,000	0	0	(3)	-9,000	-9,000
Subtotal, Direct Appropriations	959,754	77,342	993,000	65,040	1,046,000	66,500	1,500,000	7,400		454,000	-59,100
General Provisions:											
Section 781: RISE grants, Section 6424, PL 115-334	0	0	0	0	5,000	5,000	0	0	(4)	-5,000	-5,000
Transfers In:											
Business and Industry (B&I) guaranteed loans b/.....	0	0	0	0	48,780	1,000	0	0		-48,780	-1,000
Rural business development grants (RBDG) c/.....	0	0	0	0	2,000	2,000	0	0		-2,000	-2,000
Carryover from Prior Years:											
Business and Industry (B&I) guaranteed loans 80% Guaranteed	309,283	12,557	423,513	9,826	369,076	7,566	238,549	7,061		-130,527	-505
Business and Industry (B&I) guaranteed loans 2008 Disaster	113	5	0	0	0	0	0	0		0	0
Rural business development grants (RBDG).....	4,302	4,302	2,225	2,225	3,141	3,141	2,713	2,713		-428	-428
RBDG Native American Tribes.....	481	481	1,149	1,149	1,178	1,178	299	299		-879	-879
RBDG Technical assistance transportation.....	0	0	456	456	0	0	0	0		0	0
RBDG Native American tribes transportation.....	250	250	250	250	0	0	0	0		0	0
RBDG 2008 Disasters.....	226	226	0	0	0	0	0	0		0	0
Delta Regional Authority grants & Appalachian Reg Comm.....	3,136	3,136	6,021	6,021	2,667	2,667	234	234		-2,433	-2,433
Offsetting Collections.....	0	0	115	115	128	128	128	128		0	0
Subtotal, Carryover	317,791	20,957	433,729	20,042	376,190	14,680	241,923	10,435		-134,267	-4,245
Transferred Balances d/	-338	-230	0	0	0	0	0	0		0	0
Recoveries, Other	198,378	13,185	265,498	9,945	319,273	8,700	210,735	8,295		-108,538	-405
Total Available.....	1,475,585	111,254	1,692,227	95,027	1,797,243	97,880	1,952,658	26,130		206,195	-68,750
Total Obligations	\$1,264,903	\$91,212	\$1,358,992	\$80,347	\$1,449,427	\$87,445	\$1,703,784	\$14,172		\$305,137	-\$70,273

a/ For 2021, a proposed fee increase (which will require legislative action) will result in a 0 percent subsidy rate -requiring no budget authority.

b/ A transfer of unobligated balances in the amount of \$1,000,000, from the Rural Development Disaster Assistance Fund, Treasury Symbol 12X0405.

c/ A transfer of unobligated balances in the amount of \$2,000,000, from the Rural Development Disaster Assistance Fund, Treasury Symbol 12X0405.

d/ A transfer of unobligated balances in the amount of \$230,156.21, pursuant to section 702 of Public Law 111-80, to the Rural Development Disaster Assistance Fund, Treasury Symbol 12X0405.

JUSTIFICATIONS OF INCREASES/DECREASES

All programs administered by RBS support USDA Strategic Goal 4. They also support several priorities in the report from the Task Force on Agriculture and Rural Prosperity, chaired by Secretary Perdue, including: providing access to debt capital, incentivizing private investment, modernizing rural utilities, rebuilding rural infrastructure, contributing to e-connectivity, supporting rural workforce through apprenticeship programs, and harnessing technological innovation.

(1) Business and Industry Guaranteed Loans: An increase of \$500,000,000 in program level from the FY 2020 Appropriations

The budget proposal separates the subsidy rate of the Business and Industry (B&I) Guaranteed Loan program into two cohorts with separate loan costs for each cohort – a base or standard program cohort with increased fee authority up to 5.04 percent and a reduced-fee program cohort down to 1 percent. Establishing two cohorts for B&I with separate loan costs for each cohort will enable the program to support a market-driven program at a zero percent subsidy rate as a base or standard program and utilize the one percent fee at a 2.96 percent subsidy rate to continue to serve high-impact businesses in distressed and high-priority communities.

Rural businesses and rural communities face barriers accessing capital and not all rural markets are equally served. In some rural communities, and for some borrowers, the range of available financial services and institutions is too few to ensure an efficient allocation of resources. The B&I guaranteed loan program promotes the creation of rural businesses to secure start-up capital, finance business expansion, and create jobs, which helps to diversify the rural economy and supports such sectors as local and regional food and bioenergy/ bioeconomy. This program supports the USDA Strategic Goal 4: facilitate rural prosperity and economic development by financing businesses and innovators and supports the full life cycle of infrastructure and economic development through job creation. If the program request is not funded, then eligible applicants can seek funding through similar business development programs operated by other Federal agencies.

(2) Rural Business Development Grants: A decrease of \$37,000,000 from the FY 2020 Appropriations

This program is duplicative and overlaps with similar business development programs operated by other Federal Agencies, hence, funding for this program is not requested.

(3) Delta Regional Authority and Appalachian Regional Commission Grants: A decrease of \$9,000,000 from the FY 2020 Appropriations

This program is duplicative and overlaps with similar business development programs operated by other Federal Agencies, hence, funding for these programs is not requested.

(4) Rural Innovation Stronger Economy (RISE) grants: A decrease of \$5,000,000 from the FY 2020 Appropriations

The administration is not requesting funds for this program in 2021.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS

Rural Business and Industry Guaranteed Loans (thousands of dollars)

State/Territory/Country	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
Alabama	\$14,243	\$19,144	-	-
Alaska	21,200	4,840	-	-
Arizona	26,663	34,669	-	-
Arkansas	19,879	3,242	-	-
California	45,874	63,944	-	-
Colorado	23,826	4,200	-	-
Connecticut	-	15,000	-	-
Delaware	-	2,300	-	-
Florida	72,763	37,033	-	-
Georgia	20,298	47,674	-	-
Hawaii	-	13,500	-	-
Idaho	41,426	23,533	-	-
Illinois	20,211	12,223	-	-
Indiana	19,242	7,960	-	-
Iowa	22,007	16,123	-	-
Kansas	10,195	28,331	-	-
Kentucky	15,700	47,790	-	-
Louisiana	109,634	109,327	-	-
Maine	-	1,496	-	-
Maryland	-	19,000	-	-
Massachusetts	960	1,100	-	-
Michigan	17,592	42,517	-	-
Minnesota	16,696	34,901	-	-
Mississippi	11,000	27,279	-	-
Missouri	58,027	41,985	-	-
Montana	6,432	10,000	-	-
Nebraska	4,674	9,855	-	-
Nevada	6,891	3,990	-	-
New Jersey	1,420	-	-	-
New Mexico	12,916	14,861	-	-
New York	18,847	31,064	-	-
North Carolina	116,014	62,671	-	-
North Dakota	6,999	5,642	-	-
Ohio	20,636	36,991	-	-
Oklahoma	15,869	63,520	-	-
Oregon	38,284	33,621	-	-
Pennsylvania	24,284	25,725	-	-
Puerto Rico	2,284	4,644	-	-
Rhode Island	-	9,500	-	-
South Carolina	59,728	49,801	-	-
South Dakota	8,200	12,442	-	-
Tennessee	20,821	39,085	-	-
Texas	106,049	70,291	-	-
Utah	14,272	28,132	-	-
Vermont	4,100	-	-	-
Virgin Islands	8,100	18,200	-	-
Virginia	22,215	2,500	-	-
Washington	15,308	29,873	-	-
West Virginia	10,748	36,473	-	-
Wisconsin	54,398	39,415	-	-
Wyoming	36,435	7,199	-	-
Distribution Unknown ^a	-	-	\$1,341,707	\$1,703,784
Obligations	1,223,360	1,304,606	1,341,707	1,703,784

^a Totals cannot be distributed at this time for 2020 and 2021.

Rural Business Development Grants (RBDG) (thousands of dollars)

State/Territory/Country	2018	2019	2020	2021
	Actual	Actual	Enacted	Budget
Alabama	\$1,179	\$1,430	-	-
Alaska	262	181	-	-
Arizona	478	498	-	-
Arkansas	733	698	-	-
California	1,134	987	-	-
Colorado	345	333	-	-
Connecticut	199	193	-	-
Delaware	134	132	-	-
Florida	954	821	-	-
Georgia	1,385	1,317	-	-
Hawaii	122	121	-	-
Idaho	276	266	-	-
Illinois	922	750	-	-
Indiana	771	729	-	-
Iowa	293	304	-	-
Kansas	330	320	-	-
Kentucky	1,217	1,085	-	-
Louisiana	730	717	-	-
Maine	418	397	-	-
Maryland	329	315	-	-
Massachusetts	242	232	-	-
Michigan	1,201	1,121	-	-
Minnesota	571	546	-	-
Mississippi	998	951	-	-
Missouri	1,034	1,050	-	-
Montana	340	263	-	-
Nebraska	327	222	-	-
Nevada	148	110	-	-
New Hampshire	257	257	-	-
New Jersey	232	228	-	-
New Mexico	363	339	-	-
New York	1,648	1,024	-	-
North Carolina	1,566	1,375	-	-
North Dakota	617	828	-	-
Ohio	1,114	1,053	-	-
Oklahoma	663	650	-	-
Oregon	411	438	-	-
Pennsylvania	1,128	1,067	-	-
Puerto Rico	350	735	-	-
Rhode Island	98	97	-	-
South Carolina	1,102	954	-	-
South Dakota	588	462	-	-
Tennessee	1,203	1,147	-	-
Texas	1,120	1,375	-	-
Utah	161	168	-	-
Vermont	1,296	1,655	-	-
Virgin Islands	50	-	-	-
Virginia	924	876	-	-
Washington	554	532	-	-
West Virginia	705	550	-	-
Western Pacific	-	64	-	-
Wisconsin	687	646	-	-
Wyoming	156	136	-	-
Distribution Unknown ^a	-	-	\$34,928	-
Obligations	34,065	32,745	34,928	-

^a Totals cannot be distributed at this time for 2020 and 2021.

Rural Business Development Grants Native American Tribes (thousands of dollars)

State/Territory/Country	2018	2019	2020	2021
	Actual	Actual	Enacted	Budget
Arizona	\$1,086	\$1,048	-	-
California	50	64	-	-
Minnesota	-	328	-	-
Montana	-	352	-	-
Nebraska	1,490	1,922	-	-
Nevada	154	66	-	-
New Mexico	67	499	-	-
North Dakota	59	-	-	-
Oklahoma	344	-	-	-
Oregon	248	140	-	-
Tennessee	72	-	-	-
Washington	169	-	-	-
Wisconsin	68	105	-	-
Wyoming	423	-	-	-
Distribution Unknown ^a	-	-	\$4,829	-
Obligations	4,230	4,524	4,829	-

^a Totals cannot be distributed at this time for 2020.

Rural Business Dev. Grants Technical Assistance Transportation (thousands of dollars)

State/Territory/Country	2018	2019	2020	2021
	Actual	Actual	Enacted	Budget
Maryland	-	\$956	-	-
Distribution Unknown ^a	-	-	\$500	-
Obligations	-	956	500	-

^a Totals cannot be distributed at this time for 2020.

Rural Business Dev. Grants Native American Tribes Transportation (thousands of dollars)

State/Territory/Country	2018	2019	2020	2021
	Actual	Actual	Enacted	Budget
Maryland	\$250	\$500	-	-
Distribution Unknown ^a	-	-	\$250	-
Obligations	250	500	250	-

^a Totals cannot be distributed at this time for 2020.

Delta Regional Auth. and Appalachian Regional Commission Grants (thousands of dollars)

State/Territory/Country	2018	2019	2020	2021
	Actual	Actual	Enacted	Budget
Kentucky	\$3,000	\$4,758	-	-
Mississippi	-	5,688	-	-
New Hampshire	-	2,667	-	-
New York	-	131	-	-
North Carolina	-	200	-	-
Ohio	-	250	-	-
Pennsylvania	-	472	-	-
Tennessee	-	500	-	-
West Virginia	-	995	-	-
Distribution Unknown ^a	-	-	\$11,433	-
Obligations	3,000	15,661	11,433	-

^a Totals cannot be distributed at this time for 2020.

Rural Innovation Stronger Economy Grants (thousands of dollars)

State/Territory/Country	2018	2019	2020	2021
	Actual	Actual	Enacted	Budget
Distribution Unknown ^a	-	-	\$5,000	-
Obligations	-	-	5,000	-

^a Totals cannot be distributed at this time for 2020.

Disaster Assistance Fund Transfer to Rural B&I Guar. Loans (thousands of dollars)

State/Territory/Country	2018	2019	2020	2021
	Actual	Actual	Enacted	Budget
Distribution Unknown ^a	-	-	\$48,780	-

^a Totals cannot be distributed at this time for 2020.

Disaster Assistance Fund Transfer to Rural Business Dev. Grants (thousands of dollars)

State/Territory/Country	2018	2019	2020	2021
	Actual	Actual	Enacted	Budget
Distribution Unknown ^a	-	-	\$2,000	-

^a Totals cannot be distributed at this time for 2020.

CLASSIFICATION BY OBJECTS (thousands of dollars)

Item No.	Item	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
Other Objects:					
41.0	Grants, subsidies, and contributions	\$91,212	\$80,347	\$87,445	\$14,172
	Total, Other Objects	91,212	80,347	87,445	14,172
99.9	Total, new obligations	91,212	80,347	87,445	14,172

INTERMEDIARY RELENDING PROGRAM

LEAD-OFF TABULAR STATEMENT

	Loan Level	Budget Authority	Administrative Expenses
2020 Appropriations.....	\$18,889,000	\$5,219,000	\$4,468,000
Change in Appropriation.....	-18,889,000	-5,219,000	-4,468,000
2021 Budget Estimate.....	0	0	0

APPROPRIATIONS LANGUAGE

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

[For the principal amount of direct loans, as authorized by the Intermediary Relending Program Fund Account (7 U.S.C. 1936b), \$18,889,000.]

[For the cost of direct loans, \$5,219,000, as authorized by the Intermediary Relending Program Fund Account (7 U.S.C. 1936b), of which \$557,000 shall be available through June 30, 2020, for Federally Recognized Native American Tribes; and of which \$1,072,000 shall be available through June 30, 2020, for Mississippi Delta Region counties (as determined in accordance with Public Law 100–460): *Provided*, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974.]

[In addition, for administrative expenses to carry out the direct loan programs, \$4,468,000 shall be transferred to and merged with the appropriation for “Rural Development, Salaries and Expenses”.]

This change deletes the appropriations language for this program. The 2021 budget is not requesting funding for this program.

PROJECT STATEMENT

**Rural Business Service
Intermediary Relending Program
(Dollars in Thousands)**

Program/Activity	2018		2019		2020		2021		Chg Key	Change from		Subsidy Rates		
	Actual		Acutal		Enacted		Budget Request			2020 Enacted		2019	2020	2021
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.		P.L.	B.A.			
Direct Appropriations:														
Intermediary Relending Program.....	\$18,887	\$4,361	\$18,887	\$4,157	\$18,889	\$5,219	\$0	\$0	(1)	-\$18,889	-\$5,219	22.01%	27.63%	15.56%
Administrative Expenses.....	0	4,468	0	4,468	0	4,468	0	0		0	-4,468			
Total, Discretionary Funding.....	18,887	8,829	18,887	8,625	18,889	9,687	0	0		-18,889	-9,687			
Total Available.....	18,887	8,829	18,887	8,625	18,889	9,687	0	0		-18,889	-9,687			
Lapsing Balances.....	0	0	-1,227	0	0	0	0	0		0	0			
Total Obligations	\$18,887	\$8,829	\$17,660	\$8,625	\$18,889	\$9,687	\$0	\$0		-\$18,889	-\$9,687			

JUSTIFICATIONS OF INCREASES/DECREASES

All the programs administered by the RBS support USDA Strategic Goal 4. These programs also support several priorities in the report from the Task Force on Agriculture and Rural Prosperity, chaired by Secretary Perdue, including: providing access to debt capital, incentivizing private investment, modernizing rural utilities, rebuilding rural infrastructure, contributing to e-connectivity, supporting rural workforce through apprenticeship programs, and harnessing technological innovation.

(1) Intermediary Relending Program: A decrease of \$18,889,000 in program level from the FY 2020 Appropriations

This program is duplicative and overlaps with similar business development programs operated by other Federal Agencies, hence, funding for this program is terminated. Further, applicants can access the private market to obtain financing for projects funded under this authority.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS

Intermediary Relending Program (thousands of dollars)

State/Territory/Country	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
California	\$2,702	\$2,000	-	-
Colorado	1,000	-	-	-
Georgia	603	2,000	-	-
Idaho	1,900	1,000	-	-
Illinois	1,900	-	-	-
Indiana	500	-	-	-
Iowa	-	500	-	-
Kentucky	-	1,000	-	-
Maryland	282	240	-	-
Massachusetts	-	1,000	-	-
Missouri	-	1,000	-	-
Montana	1,850	0	-	-
Nebraska	400	-	-	-
Nevada	1,000	-	-	-
New York	-	500	-	-
North Carolina	1,750	1,500	-	-
Oklahoma	750	-	-	-
Pennsylvania	1,250	1,115	-	-
South Dakota	1,750	2,805	-	-
Vermont	1,250	2,250	-	-
West Virginia	-	750	-	-
Distribution Unknown a/ Obligations	-	-	\$18,889	-
	18,887	17,660	18,889	-

a/ Total cannot be distributed at this time for 2020

CLASSIFICATION BY OBJECTS (thousands of dollars)

Item No.	Item	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
25.3	Other goods and services from Federal sources	\$4,468	\$4,468	\$4,468	0
41.0	Grants, subsidies, and contributions	4,361	4,157	5,219	0
	Total, Other Objects	8,829	8,625	9,687	0
99.9	Total, new obligations	8,829	8,625	9,687	0

RURAL ECONOMIC DEVELOPMENT DIRECT LOANS

LEAD-OFF TABULAR STATEMENT

Rural Economic Development Loans	Amount
2020 Appropriations.....	\$50,000,000
Change in Appropriation.....	-50,000,000
2021 Budget Estimate.....	0

APPROPRIATIONS LANGUAGE

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

[For the principal amount of direct loans, as authorized under section 313B(a) of the Rural Electrification Act, for the purpose of promoting rural economic development and job creation projects, \$50,000,000.]

[The cost of grants authorized under section 313B(a) of the Rural Electrification Act, for the purpose of promoting rural economic development and job creation projects shall not exceed \$10,000,000.]

This change eliminates the program.

PROJECT STATEMENT

Rural Business Service
Rural Economic Development Loans
(Dollars in Thousands)

Program/Activity	2018		2019		2020		2021		Chg Key	Change from		Subsidy Rates		
	Actual		Actual		Enacted		Budget Request			2020 Estimate		2019	2020	2021
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.		P.L.	B.A.			
Direct Appropriations:														
Rural economic development direct loans.....	0	0	0	0	0	0	0	0		0	0	13.35%	16.78%	9.55%
Subtotal, Direct Appropriations	0	0	0	0	0	0	0	0		0	0			
Carryover from Prior Years:														
Rural Economic development loans	\$13,428	\$1,735	\$1,711	\$228	\$2,032	\$341	\$12,063	\$1,152		\$10,031	\$811			
Subtotal, Carryover	13,428	1,735	1,711	228	2,032	341	12,063	1,152		10,031	811			
Recoveries, Other	8,235	379	831	111	3,045	511	8,063	770		5,018	259			
Total Available.....	21,662	2,114	2,542	339	5,077	852	20,126	1,922		15,048	1,070			
Offsetting collections paid from rural development program account.....	42,031	7,316	48,539	6,480	50,000	8,390	0	0	(1)	-50,000	-8,390			
Balances, Available End of Year.....	-7,065	-228	-2,543	-341	-6,865	-1,152	-20,126	-1,922		-13,260	-770			
Total Obligations	\$56,628	\$9,202	\$48,539	\$6,479	\$48,212	\$8,090	\$0	\$0		\$1,788	\$300			

JUSTIFICATIONS OF INCREASES/DECREASES

All the programs administered by the RBS support USDA Strategic Goal 4. These programs also support several priorities in the report from the Task Force on Agriculture and Rural Prosperity, chaired by Secretary Perdue, including: providing access to debt capital, incentivizing private investment, modernizing rural utilities, rebuilding rural infrastructure, contributing to e-connectivity, supporting rural workforce through apprenticeship programs, and harnessing technological innovation.

(1) Rural Economic Development Loans: A decrease of \$50,000,000 in program level from the FY 2020 Appropriations

This program has been deemed duplicative and overlaps with similar business development programs operated by other Federal Agencies, hence, funding for this program is terminated. Further, applicants can access the private market to obtain financing for projects funded under this authority.

PROPOSED LEGISLATION

Rural Economic Development Loans

Proposal: Eliminate the statutory authority of the program and rescind the mandatory funds.

This program is duplicative and overlaps with similar business development programs operated by other Federal Agencies, hence, funding for this program is terminated. Further, applicants can access the private market to obtain financing for projects funded under this authority. The mandatory funding provisions for the Rural Economic Development loan program are only for fiscal years 2022 and 2023. There is no mandatory funding in fiscal year 2021 and no impact on the 2021 budget due to rescinding the mandatory funds.

(thousands of dollars)

	2021	2022	2023	2024	10 Year
Item					Total
Budget Authority.....	0	\$5,000	\$5,000	0	\$10,000
Outlays.....	0	-1,000	-5,000	-\$4,000	-10,000

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS

Rural Economic Development Loans (thousands of dollars)

State/Territory/Country	2018	2019	2020	2021
	Actual	Actual	Enacted	Budget
Alabama	\$1,000	\$1,000	-	-
Arizona	375	607	-	-
Georgia	2,000	3,000	-	-
Illinois	11,750	3,280	-	-
Indiana		2,000		
Iowa	13,641	12,447	-	-
Kansas	1,000	3,190	-	-
Kentucky	5,750	2,000	-	-
Michigan		1,200		
Minnesota	300	300	-	-
Mississippi		2,000	-	-
Missouri	2,250	4,250	-	-
Montana		588		
Nevada	1,000		-	-
New Mexico	475		-	-
North Carolina	8,052	3,466	-	-
North Dakota	2,000	1,000	-	-
Ohio		2,000	-	-
South Carolina		-	-	-
South Dakota	2,780	400	-	-
Tennessee	2,360	4,811	-	-
Texas	1,000	-	-	-
Virginia	0	-	-	-
Wisconsin	895	1,000	-	-
Distribution Unknown a/	0		\$48,212	-
Obligations	56,628	48,539	48,212	-

a/ Totals cannot be distributed at this time for 2020.

CLASSIFICATION BY OBJECTS (thousands of dollars)

Item No.	Item	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
41.0	Grants, subsidies, and contributions	\$9,202	\$6,479	\$8,090	0
	Total, Other Objects	9,202	6,479	8,090	0
99.9	Total, new obligations	9,202	6,479	8,090	0

RURAL ECONOMIC DEVELOPMENT GRANTS

LEAD-OFF TABULAR STATEMENT

Rural Economic Development Grants	Amount
2020 Appropriations.....	\$10,000,000
Change in Appropriation.....	<u>-10,000,000</u>
2021 Budget Estimate.....	<u>0</u>

PROJECT STATEMENT

**Rural Business Service
Rural Economic Development Grants
(Thousands of dollars)**

Program/Activity	2018	2019	2020	2021	Change from
	Actual B.A.	Actual B.A.	Enacted B.A.	Budget Request B.A.	2020 Estimate B.A.
Direct Appropriations:					
Rural economic development grants.....	0	0	0	0	0
Subtotal, Direct Appropriations	0	0	0	0	0
Transfers In:					
Rural Electrification and Telecomm Liquidating Acct CoC a/.....	\$205,324	\$210,846	\$233,053	\$211,000	-\$22,053
Rural Electrification and Telecomm electric underwriter loan fees.....	17,360	18,000	17,360	17,000	-360
Subtotal, Transfers In.....	222,684	228,846	250,413	228,000	-22,413
Total, Discretionary Funding.....	222,684	228,846	250,413	228,000	-22,413
Carryover from Prior Years:					
Rural Economic development grants	240,300	21,680	404,131	210,694	
Broadband Pilot Reconnect b/.....	0	425,000	255,000	0	
Subtotal, Carryover	240,300	446,680	659,131	210,694	-448,437
Broadband Pilot Reconnect offsetting collections	0	0	0	0	0
Sequestration c/.....	-1,044	-1,034	-1,085	0	1,085
Recoveries, Other	549	900	130	390	260
Total Available.....	462,489	675,392	908,589	439,084	-469,505
Lapsing Balances.....	0	0	0	0	0
Offsetting collections paid to rural development program account	-5,810	-6,261	-7,895	0	7,895
Balances, Available End of Year.....	-446,680	-659,131	-210,694	-439,084	-228,390
Total Obligations	\$10,000	\$10,000	\$690,000	\$0	-\$697,895

Note: Table may not add due to rounding.

a/ Amounts represent earnings generated by the interest differential on voluntary cushion of credit payments made by Rural Utilities Service borrowers.

b/ GP 779 of Public Law 115-141, \$425 million available funding in FY 2019 and \$255 million available in FY 2020 as offsetting collections from rural electrification and telecommunications program account.

c/ Amounts represent sequestration of the rural economic development loan subsidy and rural economic development grant funding.

JUSTIFICATIONS OF INCREASES/DECREASES

(1) Rural Economic Development Grants: A decrease of \$10,000,000 from the FY 2020 Appropriations

This program is duplicative and overlaps with similar business development programs operated by other Federal agencies, hence, funding for this program is terminated.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS

Rural Economic Development Grants (thousands of dollars)

State/Territory/Country	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
Alabama	-	\$244	-	-
Arizona	\$182	-	-	-
Illinois	300	-	-	-
Indiana	-	300	-	-
Iowa	3,000	2,830	-	-
Minnesota	-	210	-	-
Missouri	1,073	600	-	-
Nebraska	738	1,144	-	-
North Carolina	3,467	2,718	-	-
Ohio	137	-	-	-
Oregon	300	-	-	-
South Carolina	-	300	-	-
South Dakota	503	1,354	-	-
Wisconsin	300	300	-	-
Distribution Unknown ^a	-	-	\$10,000	-
Obligations	10,000	10,000	10,000	-

^a Totals cannot be distributed at this time for 2020.

Broadband Pilot Reconnect (thousands of dollars)

State/Territory/Country	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
Distribution Unknown ^a	-	-	\$680,000	-

^a Totals cannot be distributed at this time for 2020.

CLASSIFICATION BY OBJECTS (thousands of dollars)

Item No.	Item	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
	Other Objects:				
41.0	Grants, subsidies, and contributions	\$10,000	\$10,000	\$690,000	0
	Total, Other Objects	10,000	10,000	690,000	0
99.9	Total, new obligations	10,000	10,000	690,000	0

RURAL MICROENTERPRISE INVESTMENT PROGRAM

LEAD-OFF TABULAR STATEMENT

	Grants	Loan Level	Subsidy
2020 Appropriations.....	\$4,000,000	\$13,440,860	\$2,000,000
Change in Appropriation.....	-4,000,000	-13,440,860	-2,000,000
2021 Budget Estimate.....	0	0	0

APPROPRIATIONS LANGUAGE

[For the cost of loans and grants, \$6,000,000 under the same terms and conditions as authorized by section 379E of the Consolidated Farm and Rural Development Act (7 U.S.C. 2008s): *Provided*, That such costs of loans, including the cost of modifying such loans, shall be defined in section 502 of the Congressional Budget Act of 1974.]

This change is to delete the appropriation language for this program. The 2021 budget does not request funding for this program.

2021 CONGRESSIONAL JUSTIFICATIONS – RURAL BUSINESS-COOPERATIVE SERVICE

PROJECT STATEMENT

Program/Activity	2018		2019		2020		2021		Change from	
	Actual		Actual		Enacted		Budget Request		2020 Estimate	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Direct Appropriations:										
Microenterprise Loans.....	0	0	\$10,504	\$1,000	\$13,441	\$2,000	0	0	-\$13,441	-\$2,000
Microenterprise Grants	0	0	2,000	2,000	4,000	4,000	0	0	-4,000	-4,000
Subtotal, Direct Appropriations	0	0	12,504	3,000	17,441	6,000	0	0	-17,441	-6,000
Transfers In:										
Commodity Credit Corporation	\$9,765	\$3,000	0	0	0	0	0	0	0	0
Subtotal, Transfers In.....	9,765	3,000	0	0	0	0	0	0	0	0
Total, Discretionary Funding.....	9,765	3,000	12,504	3,000	17,441	6,000	0	0	(1) -17,441	-6,000
Mandatory Funds:										
Microenterprise Loans.....	7,019	701	0	0	0	0	0	0	0	0
Microenterprise Grants	2,102	2,102	0	0	0	0	0	0	0	0
Subtotal, Mandatory Funds	9,121	2,802	0	0	0	0	0	0	0	0
Carryover from Prior Years:										
Mandatory Direct Microenterprise loans	1,398	140	2,598	247	1,146	171	\$9,379	\$295	8,233	124
Mandatory Microenterprise Grants to Assist Micro. Devlp. Org	180	180	549	549	171	171	329	329	158	158
Subtotal, Carryover	1,579	320	3,147	796	1,317	341	9,708	623	8,391	282
Transferred Balances	-9,121	-2,802	0	0	0	0	0	0	0	0
Sequestration	-644	-198	0	0	0	0	0	0	0	0
Recoveries, Other	3,976	796	1,642	310	991	282	3,080	211	2,088	-71
Total Available.....	14,676	3,918	17,293	4,106	19,749	6,623	12,788	834	-6,961	-5,789
Lapsing Balances a/.....	0	0	-9,142	0	0	0	0	0	0	0
Balances, Available End of Year.....	-6,355	-796	-1,965	-341	-2,308	-623	-12,788	-834	-10,480	-211
Total Obligations	\$8,321	\$3,122	\$6,186	\$3,765	\$17,441	\$6,000	\$0	\$0	-\$17,441	-\$6,000

a/ In 2019, \$962 in budget authority was transferred from Discretionary Direct Microenterprise Loans to Discretionary Microenterprise Grants. This removed \$9,142 in program level availability.

JUSTIFICATION OF INCREASES AND DECREASES

All the programs administered by the RBS support USDA Strategic Goal 4. These programs also support several priorities in the report from the Task Force on Agriculture and Rural Prosperity, chaired by Secretary Perdue, including: providing access to debt capital, incentivizing private investment, modernizing rural utilities, rebuilding rural infrastructure, contributing to e-connectivity, supporting rural workforce through apprenticeship programs, and harnessing technological innovation.

(1) Rural Microenterprise Investment Account: A decrease of \$6,000,000 from the FY 2020 Appropriations

This program is duplicative and overlaps with similar business development programs operated by other Federal agencies, hence, funding for this program is terminated.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS

Mandatory Rural Microentrepreneur Assistance Program Direct Loans (thousands of dollars)

State/Territory/Country	2018	2019	2020	2021
	Actual	Actual	Enacted	Budget
California	\$875	-	-	-
Colorado	950	-	-	-
Florida	500	-	-	-
Illinois	500	-	-	-
Kentucky	-	\$500	-	-
Maine	500	-	-	-
Montana	200	-	-	-
Nevada	500	-	-	-
New Hampshire	-	500	-	-
North Carolina	750	-	-	-
Pennsylvania	500	775	-	-
South Carolina	500	-	-	-
West Virginia	-	500	-	-
Obligations	5,775	2,275	-	-

Mandatory Rural Microentrepreneur Assistance Program Grants (thousands of dollars)

State/Territory/Country	2018	2019	2020	2021
	Actual	Actual	Enacted	Budget
Arizona	\$34	-	-	-
California	164	\$424	-	-
Colorado	238	-	-	-
Delaware	27	-	-	-
Florida	105	-	-	-
Georgia	3	-	-	-
Idaho	39	-	-	-
Illinois	52	-	-	-
Kentucky	30	-	-	-
Maine	187	-	-	-
Maryland	155	-	-	-
Massachusetts	105	-	-	-
Michigan	40	-	-	-
Minnesota	63	-	-	-
Montana	72	-	-	-
Nebraska	181	-	-	-
New Hampshire	-	100	-	-
New Jersey	54	-	-	-
North Carolina	243	-	-	-
North Dakota	19	-	-	-
Ohio	43	-	-	-
Oklahoma	56	-	-	-
Oregon	34	-	-	-
Pennsylvania	127	-	-	-
South Carolina	185	-	-	-
South Dakota	66	24	-	-
Washington	49	-	-	-
West Virginia	55	-	-	-
Wisconsin	119	-	-	-
Obligations	2,546	548	-	-

Discretionary Rural Microentrepreneur Assistance Loans (thousands of dollars)

State/Territory/Country	2018	2019	2020	2021
	Actual	Actual	Enacted	Budget
California	-	\$400	-	-
Distribution Unknown ^a	-	-	\$13,441	-
Obligations	-	400	13,441	-

^a Totals cannot be distributed at this time for 2020.

Discretionary Rural Microentrepreneur Assistance Grants (thousands of dollars)

State/Territory/Country	2018	2019	2020	2021
	Actual	Actual	Enacted	Budget
Arizona	-	\$94	-	-
Delaware	-	42	-	-
Georgia	-	23	-	-
Idaho	-	61	-	-
Illinois	-	86	-	-
Kentucky	-	99	-	-
Maine	-	341	-	-
Maryland	-	184	-	-
Massachusetts	-	171	-	-
Michigan	-	71	-	-
Minnesota	-	71	-	-
Montana	-	160	-	-
Nebraska	-	289	-	-
Nevada	-	95	-	-
New Jersey	-	86	-	-
North Carolina	-	266	-	-
North Dakota	-	115	-	-
Ohio	-	104	-	-
Oregon	-	29	-	-
Pennsylvania	-	30	-	-
South Carolina	-	126	-	-
South Dakota	-	83	-	-
Vermont	-	43	-	-
Washington	-	60	-	-
West Virginia	-	60	-	-
Wisconsin	-	175	-	-
Distribution Unknown ^a	-		\$4,000	-
Obligations	-	2,964	4,000	-

^a Totals cannot be distributed at this time for 2020.

CLASSIFICATION BY OBJECTS (thousands of dollars)

Item No.	Item	2020			
		2018 Actual	2019 Actual	Enacted	2021 Budget
41.0	Grants, subsidies, and contributions	\$3,122	\$3,765	\$6,000	0
99.9	Total, new obligations	3,122	3,765	6,000	0

BIOREFINERY ASSISTANCE PROGRAM ACCOUNT

PROJECT STATEMENT

Program/Activity	2018 Actual		2019 Actual		2020 Enacted		2021 Budget Request		Change from 2020 Enacted	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Transfers In:										
Commodity Credit Corporation.....	\$110,186	\$23,403	0	0	0	0	0	0	0	0
Commodity Credit Corporation a/ b/	92,279	19,600	407,166	50,000	167,448	25,000	0	0	-167,448	-25,000
Total, Mandatory Funding.....	202,465	43,003	407,166	50,000	167,448	25,000	0	0	-167,448	-25,000
Mandatory Funds:										
Guaranteed biorefinery loans	202,465	43,003	407,166	50,000	157,569	23,525	0	0	-157,569	-23,525
Carryover from Prior Years:										
Guaranteed biorefinery loans	431,411	91,632	1,697,594	263,125	1,794,583	267,931	1,523,244	246,156	-271,339	-21,775
Sequestration	0	0	0	0	-9,879	-1,475	0	0	9,879	1,475
Recoveries, Other	1,243,722	170,763	212,700	48,669	0	0	0	0	0	0
Total Available.....	1,877,598	305,398	2,317,460	361,794	1,952,151	291,456	1,523,244	246,156	-428,908	-45,300
Balances, Available End of Year.....	-1,697,594	-263,125	-1,942,460	-267,931	-1,648,736	-246,156	-1,123,183	-181,506	525,553	64,650
Total Obligations	\$180,004	\$42,274	\$375,000	\$93,863	\$303,415	\$45,300	\$400,061	\$64,650	\$96,646	\$19,350

a/ Mandatory funding provided by section 9003 of the Agricultural Act of 2014, Public Law 113-79, dated February 7, 2014. The Act provides funds from the Commodity Credit Corporation of \$100,000,000 for 2014, and \$50,000,000 for both 2015 and 2016, to remain available until expended.

b/ Mandatory funding provided by section 9003 of the Agriculture Improvement Act of 2018, Public Law 115-334, dated December 20, 2018. The Act provides funds from the Commodity Credit Corporation of \$50,000,000 for 2019 and \$25,000,000 2020, to remain available until expended.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS

Mandatory Guaranteed Biorefinery Loans (thousands of dollars)

State/Territory/Country	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
California	-	\$125,000	-	-
Florida	\$42,740	-	-	-
Georgia	4,564	-	-	-
Louisiana	-	250,000	-	-
Texas	132,700	-	-	-
Distribution Unknown /a	-	-	\$303,415	\$400,061
Obligations	180,004	375,000	303,415	400,061

/a Total cannot be distributed at this time for 2020

CLASSIFICATION BY OBJECTS (thousands of dollars)

Item No.	Item	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
41.0	Grants, subsidies, and contributions	\$42,274	\$93,863	\$45,300	\$64,650
	Total, Other Objects	42,274	93,863	45,300	64,650
99.9	Total, new obligations	42,274	93,863	45,300	64,650

ENERGY ASSISTANCE PAYMENTS

LEAD-OFF TABULAR STATEMENT

2020 Appropriations.....	\$0
Change in Appropriation.....	\$100,000,000
2021 Budget Request.....	100,000,000

APPROPRIATIONS LANGUAGE

For grants and contracts that are consistent with Section 9007 of the Farm Security and Rural Investment Act of 2002, as amended (7 U.S.C. 8107), \$100,000,000, to remain available until expended, to support a higher biofuel blends infrastructure incentive program, notwithstanding limitations on eligibility and funding set forth in such section and notwithstanding limitations set forth in Section 9001(16)(C) of said Act, as amended (7 U.S.C. 8101(16)(C)): *Provided, That of the amounts made available under this heading, up to 3 percent shall be for administrative expenses for activities funded under this heading, which shall be transferred to and merged with the appropriation for “Rural Development, Salaries and Expenses.”*

PROJECT STATEMENT

<u>Program/Activity</u>	<u>2018 Actual</u>	<u>2019 Actual</u>	<u>2020 Enacted</u>	<u>2021 Budget Request</u>	<u>Change from 2020 Enacted</u>
Direct Appropriations:					
Higher Blends Infrastructure Incentive Program	\$0	\$0	\$0	\$100,000 (1)	\$100,000
Transfers In:					
Commodity Credit Corporation.....	\$15,000	\$7,000	\$107,001	\$7,000	-100,001
Mandatory Funds:					
Bioenergy program for advanced biofuel payments a	14,010	7,000	6,587	7,000	413
High Blends Infrastructure Incentive Program c/.....	0	0	100,001	0	-100,001
Subtotal, Mandatory Funds	14,010	7,000	106,588	7,000	-99,588
Carryover from Prior Years:					
Bioenergy program for advanced biofuel payments .	9,422	9,358	7,558	1,145	-6,413
Repowering Assistance Grants.....	5,018	1,018	3,018	3,018	0
High Blends Infrastructure Incentive Program.....	0	0	0	0	0
Subtotal, Carryover	14,440	10,376	10,576	4,163	-6,413
Sequestration	-990	0	-413	0	413
Recoveries, Other	5	2,000	0	0	0
Total Available.....	28,454	19,376	117,164	111,163	-6,001
Balances, Available End of Year.....	-10,376	-10,576	-4,163	-4,163	0
Total Obligations	\$18,079	\$8,800	\$113,001	\$107,000	-\$6,001

a/ Mandatory funding provided by section 9005 of the Agricultural Act of 2014, Public Law 113-79, dated February 7, 2014. The Act provides funds from the Commodity Credit Corporation of \$15,000,000 for 2014 through 2018, to remain available until expended.

b/ Mandatory funding provided by section 9005 of the Agriculture Improvement Act of 2018, Public Law 115-334, dated December 20, 2018. The Act provides funds from the Commodity Credit Corporation of \$7,000,000 for 2019 through 2023, to remain available until

c/ HBIP is funded through the Commodity Credit Corporation Charter authority. FY 2021 Budget is requesting discretionary funds to

JUSTIFICATION OF INCREASES/DECREASES

(1) Higher Blends Infrastructure Incentive Program (HBIIP): An increase of \$100,000,000 from FY 2020 Appropriations

In April 2017, President Donald J. Trump established the Interagency Task Force on Agriculture and Rural Prosperity to identify legislative, regulatory and policy changes that could promote agriculture and prosperity in rural communities. On October 4th, 2019, the Administration announced an agreement to expand domestic ethanol and biodiesel use. As part of this agreement, USDA committed to seeking opportunities to consider infrastructure projects to facilitate higher biofuel blends. Biofuels, which contribute to energy security, reduce air pollution, and support rural economic development, are an important market for U.S. farmers. Infrastructure constraints and other barriers currently limit the market for biofuels and thereby the commodities used to produce them, contributing to lower commodity prices.

In FY 2020, USDA will invest \$100 million through the Commodity Credit Corporation (CCC) to expand retail renewable fuel infrastructure. For FY 2021, the President's Budget requests \$100 million in appropriated funds for grants and incentives to promote domestic ethanol and biodiesel infrastructure and consumption. This funding will build on Rural Development's experience gained through the Biofuels Infrastructure Partnership (BIP) which USDA operated from 2016-2019 and supported retail E15, E85, and biodiesel infrastructure, as well as USDA's experience in FY 2020 using CCC resources. Providing additional biofuels infrastructure across rural America will help improve the distribution of higher blends of ethanol and biodiesel and increase the domestic consumption of agricultural commodities. The request also includes authority to use up to 3 percent of the program funds for administrative cost that will be transferred and merged with the Rural Development "Salaries and Expenses" account. The funding and authority for this program started in 2020 through Section (5) and Section (11) of the CCC Charter Act (15 USC 714c).

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS

Mandatory Bioenergy Program for Advanced Biofuels Payments (thousands of dollars)

State/Territory/Country	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
Alabama	\$73	\$17	-	-
Alaska	0	0	-	-
Arkansas	216	61	-	-
California	1,122	215	-	-
Connecticut	546	844	-	-
Florida	72	2	-	-
Georgia	96	14	-	-
Hawaii	64	5	-	-
Idaho	30	2	-	-
Illinois	723	176	-	-
Indiana	504	99	-	-
Iowa	2,052	1,046	-	-
Kansas	407	711	-	-
Kentucky	1,042	58	-	-
Maine	7	2	-	-
Maryland	-	0	-	-
Massachusetts	289	92	-	-
Michigan	51	21	-	-
Minnesota	483	113	-	-
Mississippi	56	13	-	-
Missouri	390	160	-	-
Nebraska	746	588	-	-
New Hampshire	5	-	-	-
New York	2	-	-	-
North Carolina	5	1	-	-
Ohio	1,023	1,567	-	-
Oklahoma	903	284	-	-
Oregon	150	74	-	-
Pennsylvania	200	650	-	-
Rhode Island	250	92	-	-
Tennessee	98	24	-	-
Texas	2,230	1,847	-	-
Vermont	3	3	-	-
Virginia	181	3	-	-
Washington	16	7	-	-
West Virginia	5	1	-	-
Wisconsin	40	6	-	-
Distribution Unknown /a	-	-	\$13,000	\$7,000
Obligations	14,078	8,800	13,000	7,000

a/ Totals cannot be distributed now for 2020 and 2021

Mandatory Repowering Assistance Grants (thousands of dollars)

State/Territory/Country	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
Minnesota	\$4,000	-	-	-
Obligations	4,000	-	-	-

Higher Blends Infrastructure Incentive Program (thousands of dollars)

State/Territory/Country	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
Distribution Unknown a/	-	-	\$100,001	\$100,000
Obligations	-	-	100,001	100,000

a/ Total cannot be distributed now for 2020 and 2021.

CLASSIFICATION BY OBJECTS (thousands of dollars)

Item No.	Item	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
41.0	Grants, subsidies, and contributions	\$18,079	\$8,800	\$113,001	\$107,000
	Total, Other Objects	18,079	8,800	113,001	107,000
99.9	Total, new obligations	18,079	8,800	113,001	107,000

RURAL ENERGY FOR AMERICA PROGRAM

LEAD-OFF TABULAR STATEMENT

Rural Energy for America Program	Loan Level	Subsidy
2020 Appropriations.....	\$20,000,000	\$706,000
Change in Appropriation.....	-20,000,000	-706,000
2021 Budget Request.....	0	0

APPROPRIATIONS LANGUAGE

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

[For the cost of a program of loan guarantees, under the same terms and conditions as authorized by section 9007 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8107), \$706,000: *Provided*, That the cost of loan guarantees, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974.]

This change eliminates the program.

2021 CONGRESSIONAL JUSTIFICATIONS – RURAL BUSINESS-COOPERATIVE SERVICE

PROJECT STATEMENT

Program/Activity	2018 Actual		2019 Actual		2020 Enacted		2021 Budget Request		Change from 2020 Enacted	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Direct Appropriations:										
Guaranteed renewable energy loans	\$7,571	\$293	\$7,500	\$335	\$20,000	\$706	0	0 ⁽¹⁾	-\$20,000	-\$706
Subtotal, Direct Appropriations	7,571	293	7,500	335	20,000	706	0	0	-20,000	-706
Transfers In:										
Mandatory Appropriations	559,216	50,000	365,217	50,000	405,272	50,000	\$583,218	\$50,000	177,947	0
Subtotal, Transfers In.....	559,216	50,000	365,217	50,000	405,272	50,000	583,218	50,000	177,947	0
Mandatory Funds:										
Guaranteed renewable energy loans.....	494,755	19,147	309,476	13,803	346,544	12,233	546,218	13,000	199,675	767
Renewable energy grants b.....	25,685	25,685	31,221	31,221	32,935	32,935	35,000	35,000	2,065	2,065
Renewable energy audits and technical assistance.....	1,868	1,868	1,876	1,876	1,882	1,882	2,000	2,000	118	118
Subtotal, Mandatory Funds	522,308	46,700	342,573	46,900	381,361	47,050	583,218	50,000	201,858	2,950
Carryover from Prior Years:										
Guaranteed renewable energy loans.....	67,860	2,634	190,542	8,498	306,370	10,815	37,011	881	-269,359	-9,934
Renewable energy grants b.....	10,065	10,065	7,195	7,195	6,017	6,017	5,919	5,919	-98	-98
Subtotal, Carryover	77,925	12,700	197,737	15,693	312,387	16,831	42,930	6,799	-269,457	-10,032
Sequestration	-36,908	-3,300	-22,643	-3,100	-23,911	-2,950	0	0	23,911	2,950
Recoveries, Other	43,566	8,564	14,853	6,028	29,475	6,710	40,447	6,649	10,972	-61
Total Available.....	651,369	68,257	562,663	68,955	743,222	71,297	666,595	63,448	-76,627	-7,849
Lapsing Balances.....	-334	-13	-2	0	0	0	0	0	0	0
Balances, Available End of Year.....	-335,199	-15,693	-248,502	-16,831	-30,872	-6,799	-41,822	-6,758	-10,950	41
Total Obligations	\$315,837	\$52,551	\$314,158	\$52,124	\$712,350	\$64,498	\$624,773	\$56,690	-\$87,577	-\$7,808

JUSTIFICATIONS OF INCREASES/DECREASES

All the programs administered by the RBS support USDA Strategic Goal 4. These programs also support several priorities in the report from the Task Force on Agriculture and Rural Prosperity, chaired by Secretary Perdue, including: providing access to debt capital, incentivizing private investment, modernizing rural utilities, rebuilding rural infrastructure, contributing to e-connectivity, supporting rural workforce through apprenticeship programs, and harnessing technological innovation.

(1) Rural Energy for America: A decrease of \$20,000,000 in program from the FY 2020 Appropriations

The budget is not requesting discretionary funding for this program. The 2018 Farm Bill provides \$50 million for loans and grants.

PROPOSED LEGISLATION

Proposal: Eliminate the statutory authority of the program and rescind the mandatory funds.

This program is duplicative and overlaps with similar business development programs operated by other Federal Agencies, hence, funding for this program is terminated. Further, applicants can access the private market to obtain financing for projects funded under this authority.

(thousands of dollars)

Item	2021	2022	2023	2024	2025	10 Year Total
Budget Authority.....	-\$50,000	-\$50,000	-\$50,000	-\$50,000	-\$50,000	-\$500,000
Outlays.....	-5,000	-35,000	-45,000	-48,000	-49,500	-432,500

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS

Discretionary Rural Energy for America Program Guaranteed Loans (thousands of dollars)

State/Territory/Country	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
Massachusetts	\$1,313	-	-	-
New York	5,925	-	-	-
North Carolina	-	\$4,155	-	-
Rhode Island	-	3,343	-	-
Distribution Unknown ^a	-	-	\$20,000	-
Obligations	7,238	7,498	20,000	-
Lapsing Balances	334	2	-	-
Total, Available	7,571	7,500	20,000	-

^a Totals cannot be distributed at this time for 2020.

Mandatory Rural Energy for America Program Guaranteed Loans (thousands of dollars)

State/Territory/Country	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
California	\$6,937	\$6,400	-	-
Connecticut	1,113	-	-	-
Florida	6,252	-	-	-
Kentucky	96	-	-	-
Massachusetts	3,253	-	-	-
Minnesota	46,886	21,031	-	-
Missouri	50	-	-	-
Montana	1,987	-	-	-
Nevada	41	-	-	-
New Jersey	351	-	-	-
New York	2,700	23,304	-	-
North Carolina	107,421	97,564	-	-
Ohio	2,975	-	-	-
Oregon	48,200	6,750	-	-
Pennsylvania	5,000	-	-	-
Rhode Island	-	5,040	-	-
South Carolina	21,000	34,788	-	-
Tennessee	-	1,100	-	-
Texas	8,937	-	-	-
Vermont	-	1,050	-	-
Virgin Islands	3,250	-	-	-
Washington	-	1,745	-	-
West Virginia	200	72	-	-
Distribution Unknown ^a	-	-	\$651,558	\$392,351
Obligations	266,648	198,844	651,558	392,351

^a Totals cannot be distributed at this time for 2020 and 2021.

Mandatory Rural Energy for America Program Grants (thousands of dollars)

State/Territory/Country	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
Alabama	\$928	\$553	-	-
Alaska	472	150	-	-
Arizona	575	796	-	-
Arkansas	698	968	-	-
California	1,242	1,285	-	-
Colorado	798	432	-	-
Connecticut	486	269	-	-
Delaware	694	651	-	-
Florida	833	699	-	-
Georgia	1,149	1,706	-	-
Guam	250	-	-	-
Hawaii	491	241	-	-
Idaho	651	509	-	-
Illinois	749	748	-	-
Indiana	1,357	1,246	-	-
Iowa	923	804	-	-
Kansas	589	135	-	-
Kentucky	903	470	-	-
Louisiana	595	484	-	-
Maine	588	607	-	-
Maryland	274	327	-	-
Massachusetts	515	321	-	-
Michigan	970	773	-	-
Minnesota	2,306	1,109	-	-
Mississippi	685	635	-	-
Missouri	867	1,576	-	-
Montana	524	318	-	-
Nebraska	1,559	925	-	-
Nevada	365	66	-	-
New Hampshire	516	577	-	-
New Jersey	492	156	-	-
New Mexico	414	244	-	-
New York	894	1,104	-	-
North Carolina	1,224	530	-	-
North Dakota	459	605	-	-
Ohio	894	756	-	-
Oklahoma	589	315	-	-
Oregon	631	678	-	-
Pennsylvania	899	757	-	-
Puerto Rico	794	453	-	-
Rhode Island	376	280	-	-
South Carolina	764	405	-	-
South Dakota	998	388	-	-
Tennessee	930	793	-	-
Texas	1,266	1,066	-	-
Utah	454	334	-	-
Vermont	489	484	-	-
Virginia	1,488	908	-	-
Washington	645	515	-	-
West Virginia	657	534	-	-
Wisconsin	733	593	-	-
Wyoming	442	339	-	-
Other Countries	-	54	-	-
Distribution Unknown ^a	-	-	\$38,910	\$40,550
Obligations	40,084	31,672	38,910	40,550

^a Totals cannot be distributed at this time for 2020 and 2021.

Mandatory Rural Energy for America Program Energy Audits and Technical Assistance
(thousands of dollars)

State/Territory/Country	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
Alabama	\$98	\$60	-	-
Alaska	160	100	-	-
California	75	50	-	-
Connecticut	45	88	-	-
Indiana	-	25	-	-
Kentucky	75	100	-	-
Louisiana	100	-	-	-
Maine	64	-	-	-
Michigan	-	100	-	-
Minnesota	100	100	-	-
Missouri	-	42	-	-
Nevada	100	100	-	-
North Carolina	99	200	-	-
Ohio	50	99	-	-
Oregon	200	180	-	-
Pennsylvania	99	100	-	-
Rhode Island	42	-	-	-
South Carolina	100	-	-	-
Tennessee	100	-	-	-
Texas	-	133	-	-
Vermont	60	99	-	-
Washington	100	200	-	-
West Virginia	100	-	-	-
Wyoming	100	100	-	-
Distribution Unknown ^a	-	-	\$1,882	\$2,200
Obligations	1,868	1,876	1,882	2,200

^a Totals cannot be distributed at this time for 2020 and 2021.

CLASSIFICATION BY OBJECTS (thousands of dollars)

Item No.	Item	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
41.0	Grants, subsidies, and contributions	\$52,551	\$52,124	\$64,498	\$56,690
	Total, Other Objects	52,551	52,124	64,498	56,690
99.9	Total, new obligations	52,551	52,124	64,498	56,690

RURAL COOPERATIVE DEVELOPMENT GRANTS

LEAD-OFF TABULAR STATEMENT

Rural Cooperative Development Grants	Amount
2020 Appropriations.....	\$26,600,000
Change in Appropriation.....	-23,600,000
2021 Budget Estimate.....	3,000,000

APPROPRIATIONS LANGUAGE

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

For rural cooperative development grants authorized under section 310B(e) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932), [~~\$26,600,000, of which \$2,800,000 shall be for cooperative agreements for the appropriate technology transfer for rural areas program: *Provided*, That not to exceed] \$3,000,000 which shall be for grants for cooperative development centers, individual cooperatives, or groups of cooperatives that serve socially disadvantaged groups and a majority of the boards of directors or governing boards of which are comprised of individuals who are members of socially disadvantaged groups; and of which \$15,000,000, to remain available until expended, shall be for value-added agricultural product market development grants, as authorized by section 210A of the Agricultural Marketing Act of 1946, of which \$3,000,000 to remain available until expended, shall be for Agriculture Innovation Centers authorized pursuant to section 6402 of Public Law 107–171].~~

The first change eliminates the appropriation language provided for cooperative agreement, and the Appropriate Technology Transfer to Rural Areas. The 2021 requests funding for the grants to assist minority producers.

The second change eliminates the funding provided for the value-added producer grants. The 2021 budget is not requesting funding for this program.

2021 CONGRESSIONAL JUSTIFICATIONS – RURAL BUSINESS-COOPERATIVE SERVICE

PROJECT STATEMENT

**Rural Business Service
Rural Cooperative Development Grants
(Dollars in Thousands)**

<u>Program/Activity</u>	<u>2018 Actual B.A.</u>	<u>2019 Actual B.A.</u>	<u>2020 Enacted B.A.</u>	<u>2021 Budget Request B.A.</u>	<u>Chg Key</u>	<u>Change from 2020 Enacted B.A.</u>
Direct Appropriations:						
Rural cooperative development grants	\$5,800	\$5,800	\$5,800	0	(1)	-\$5,800
Appropriate technology transfer for rural areas agreements.....	2,750	2,800	2,800	0	(2)	-2,800
Grants to assist minority producers	3,000	3,000	3,000	\$3,000		0
VAPG Ag marketing development grants	11,250	11,250	8,250	0	(3)	-8,250
Agricultural marketing resource center grants	750	750	750	0	(3)	-750
VAPG beginning & socially disadvantaged farmers & ranchers.....	1,500	1,500	1,500	0	(3)	-1,500
VAPG marketing development mid-tier chains.....	1,500	1,500	1,500	0	(3)	-1,500
Agriculture Innovation Demonstration Grants.....	1,000	2,500	3,000	0	(3)	-3,000
Subtotal, Direct Appropriations	27,550	29,100	26,600	3,000		-23,600
Transfers In:						
Commodity Credit Corporation.....	0	19,022	19,022	19,022		0
Total, Mandatory Funding.....	0	19,022	19,022	19,022		0
Mandatory Funds:						
Local Agriculture Market Program VAPG	0	17,500	16,468	17,500		1,033
Local Agriculture Market Program VAPG Admin	0	1,522	1,432	1,522		90
Subtotal, Mandatory Funds	0	19,022	17,899	19,022		1,122
Carryover from Prior Years:						
VAPG Ag marketing development grants	14,758	3,784	19,445	23,395		3,950
Agricultural marketing resource center grants	703	1,453	2,047	2,047		0
Agriculture Innovation Demonstration Grants.....	0	1,000	3,500	6,500		3,000
Local Agriculture Market Program VAPG	0	0	17,500	8,468		-9,033
Mandatory agricultural marketing resource center	0	0	128	128		0
Mandatory VAPG	8,865	1,591	3,580	4,530		950
Subtotal, Carryover	24,326	7,829	46,201	45,068		-1,133
Sequestration	0	0	-1,122	0		1,122
Recoveries, Other	3,742	5,014	2,850	0		-2,850
Total Available.....	55,618	60,964	93,550	67,090		-26,460
Balances, Available End of Year.....	-7,829	-46,201	-45,068	-37,568		7,500
Total Obligations	\$47,789	\$14,763	\$48,482	\$29,522		-\$18,960

JUSTIFICATIONS OF INCREASES/DECREASES

All programs administered by RBS support USDA Strategic Goal 4. They also support several priorities in the report from the Task Force on Agriculture and Rural Prosperity, chaired by Secretary Perdue, including: providing access to debt capital, incentivizing private investment, modernizing rural utilities, rebuilding rural infrastructure, contributing to e-connectivity, supporting rural workforce through apprenticeship programs, and harnessing technological innovation.

(1) Rural Cooperative Development Grants: A decrease of \$5,800,000 from the FY 2020 Appropriations

This program is duplicative and overlaps with similar business development programs operated by other Federal agencies, hence, funding for this program is terminated.

(2) Appropriate Technology Transfer for Rural Areas Agreements: A decrease of \$2,800,000 from the FY 2020 Appropriations

This program is duplicative and overlaps with similar business development programs operated by other Federal agencies, hence, funding for this program is terminated.

(3) Value Added Producers Grants and Agriculture Innovation Centers: A decrease of \$15,000,000 from the FY 2020 Appropriations

The 2018 Farm Bill provides \$17.5 million in mandatory funding under Section 10102, Local Agriculture Market Program. This proviso includes funding for activities for value-added producer grants. This funding will be sufficient to cover demand for the programs.

The Administration is not requesting funding for the Agriculture Innovation Centers program. Projects funded under this program can be funded with mandatory funding from Section 10102.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS

Rural Cooperative Development Grants (thousands of dollars)

State/Territory/Country	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
Alabama	\$200	\$200	-	-
Alaska	178	170	-	-
California	400	400	-	-
Colorado	200	200	-	-
Hawaii	200	200	-	-
Illinois	200	200	-	-
Indiana	200	200	-	-
Kentucky	200	200	-	-
Massachusetts	200	200	-	-
Minnesota	402	800	-	-
Mississippi	200	82	-	-
Montana	400	400	-	-
Nebraska	200	200	-	-
North Carolina	300	200	-	-
North Dakota	200	200	-	-
Ohio	319	200	-	-
Pennsylvania	200	200	-	-
South Dakota	200	149	-	-
Tennessee	200	-	-	-
Texas	-	200	-	-
Virginia	400	400	-	-
Washington	400	400	-	-
Wisconsin	400	400	-	-
Distribution Unknown /a	-	-	\$5,800	-
Obligations	5,800	5,800	5,800	-

a/ Total cannot be distributed at this time for 2020.

Appropriate Technology Transfer Grants (thousands of dollars)

State/Territory/Country	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
Montana	\$2,750	\$2,800	\$2,800	-
Obligations	2,750	2,800	2,800	-

Grants to Assist Minority Producers (thousands of dollars)

State/Territory/Country	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
Alabama	\$174	\$175	-	-
Arizona	-	240	-	-
California	350	350	-	-
Georgia	175	59	-	-
Hawaii	175	175	-	-
Massachusetts	175	175	-	-
Minnesota	82	-	-	-
Mississippi	175	175	-	-
Montana	-	69	-	-
Nebraska	-	122	-	-
New Mexico	275	187	-	-
Oklahoma	156	156	-	-
Pennsylvania	-	175	-	-
Puerto Rico	175	-	-	-
South Carolina	328	243	-	-
Texas	175	175	-	-
Virginia	175	175	-	-
Washington	236	350	-	-
Wisconsin	175	-	-	-
Distribution Unknown /a	-	-	\$3,000	\$3,000
Obligations	3,000	3,000	3,000	3,000

a/ Totals cannot be distributed at this time for 2020 and 2021.

Value-Added Ag. Product Marketing Dev. Grants – Discretionary (thousands of dollars)

State/Territory/Country	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
Alabama	\$129	\$142	-	-
Alaska	175	-	-	-
Arizona	369	-	-	-
Arkansas	106	-	-	-
California	1,693	250	-	-
Colorado	300	-	-	-
Connecticut	75	-	-	-
Delaware	50	-	-	-
Florida	250	-	-	-
Georgia	1,780	-	-	-
Hawaii	5	-	-	-
Idaho	246	-	-	-
Illinois	90	-	-	-
Indiana	48	-	-	-
Iowa	361	250	-	-
Kansas	24	-	-	-
Kentucky	1,631	-	-	-
Louisiana	250	-	-	-
Maine	254	-	-	-
Maryland	550	250	-	-
Massachusetts	154	-	-	-
Michigan	46	250	-	-
Minnesota	248	250	-	-
Mississippi	250	-	-	-
Missouri	370	-	-	-
Montana	30	-	-	-
Nebraska	1,012	-	-	-
Nevada	50	-	-	-
New Hampshire	182	-	-	-
New Mexico	643	-	-	-
New York	1,539	-	-	-
North Carolina	1,018	-	-	-
Ohio	148	-	-	-
Oklahoma	50	-	-	-
Oregon	1,692	-	-	-
Pennsylvania	70	-	-	-
Puerto Rico	1,500	-	-	-
South Carolina	1,830	-	-	-
South Dakota	500	-	-	-
Tennessee	512	-	-	-
Texas	755	-	-	-
Virginia	1,535	-	-	-
Washington	2,048	250	-	-
Wisconsin	325	-	-	-
Other Countries	3	-	-	-
Distribution Unknown /a	-	-	\$9,950	-
Obligations	24,892	1,642	9,950	-

a/ Total cannot be distributed at this time for 2020.

Value-Added Ag. Product Marketing Dev. Grants – Mandatory (thousands of dollars)

State/Territory/Country	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
Arizona	\$65	-	-	-
Colorado	118	-	-	-
Hawaii	150	-	-	-
Illinois	703	-	-	-
Indiana	29	-	-	-
Iowa	608	-	-	-
Kansas	602	-	-	-
Maine	507	-	-	-
Michigan	49	-	-	-
Minnesota	75	-	-	-
Missouri	49	-	-	-
Montana	16	-	-	-
New Hampshire	247	-	-	-
New Jersey	449	-	-	-
New York	797	-	-	-
Oklahoma	20	-	-	-
Pennsylvania	310	-	-	-
Vermont	500	-	-	-
Virginia	2,034	-	-	-
Wisconsin	1,538	-	-	-
Obligations	8,864	-	-	-

Value-Added Agricultural Product Market Development Grants – Beginners and Socially Disadvantaged Farmers and Ranchers - Discretionary (thousands of dollars)

State/Territory/Country	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
California	\$264	-	-	-
Nebraska	41	-	-	-
New Mexico	5	-	-	-
North Carolina	250	-	-	-
Oregon	250	-	-	-
Puerto Rico	250	-	-	-
South Carolina	300	-	-	-
Washington	94	-	-	-
Obligations	1,454	-	-	-

Value-Added Ag. Product Market Dev. Grants – Mid-Tier Chains - Discretionary (thousands of dollars)

State/Territory/Country	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
Massachusetts	\$249	-	-	-
Oregon	250	-	-	-
Tennessee	30	-	-	-
Virginia	250	-	-	-
Wisconsin	250	-	-	-
Obligations	1,029	-	-	-

Local Agriculture Market Program – Admin. Expenses - Mandatory (thousands of dollars)

State/Territory/Country	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
District of Columbia	-	\$1,522	\$1,432	\$1,522
Obligations	-	1,522	1,432	1,522

Local Agriculture Market Program Value Added Producers Grants –Mandatory (thousands of dollars)

State/Territory/Country	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
Distribution Unknown /a	-	-	\$25,500	\$25,000
Obligations	-	-	25,500	25,000

a/ Totals cannot be distributed at this time for 2020 and 2021.

CLASSIFICATION BY OBJECTS (thousands of dollars)

Item No.	Item	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
41.0	Grants, subsidies, and contributions	\$47,789	\$14,763	\$48,482	\$29,522
	Total, Other Objects	47,789	14,763	48,482	29,522
99.9	Total, new obligations	47,789	14,763	48,482	29,522

HEALTHY FOODS FINANCING INITIATIVE

LEAD-OFF TABULAR STATEMENT

2020 Appropriations.....	\$5,000,000
Change in Appropriation.....	-5,000,000
2021 Budget Estimate.....	0

PROJECT STATEMENT

Program/Activity	2018 Actual	2019 Actual	2020 Enacted	2021 Budget Request	Change from 2020
Direct Appropriations:					
Healthy Foods Financing Initiative	\$1,000	\$2,000	\$5,000	0 (1)	-\$5,000
Total, Discretionary Funding.....	1,000	2,000	5,000	0	-5,000
Carryover from Prior Years:					
Healthy Foods Financing Initiative	1,000	0	2,000	\$2,000	0
Subtotal, Carryover	1,000	0	2,000	2,000	0
Total Available.....	2,000	2,000	7,000	2,000	-5,000
Balances, Available End of Year.....	0	-2,000	-2,000	-2,000	0
Total Obligations	\$2,000	\$0	\$5,000	\$0	-\$5,000

JUSTIFICATIONS OF INCREASES/DECREASES

(1) A decrease of \$5,000,000 for healthy foods financing initiative from the FY 2020 Appropriations

This program is not requested in the budget.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS

Healthy Foods Financing Initiative (thousands of dollars)

State/Territory/Country	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
Pennsylvania	\$2,000	-	-	-
Distribution Unknown /a	-	-	\$5,000	-
Obligations	2,000	-	5,000	-

a/ Total cannot be distributed at this time for 2020

CLASSIFICATION BY OBJECTS (thousands of dollars)

Item No.	Item	2018 Actual	2019 Actual	2020 Enacted	2021 Budget
41.0	Grants, subsidies, and contributions	\$2,000	0	\$5,000	0
	Total, Other Objects	2,000	0	5,000	0
99.9	Total, new obligations	2,000	0	5,000	0