

CENTER FOR RURAL AFFAIRS

RURAL ACTION BRIEF

VOLUME 1, ISSUE 5 JUNE 2005

HOUSE OF REPRESENTATIVES PROTECTS RURAL DEVELOPMENT AND RURAL ASSET-BUILDING PROGRAMS AND REJECTS SACI

The appropriations process begins in the House of Representatives and 13 Appropriations sub-committees. Sub-committee action is then referred to the entire House Appropriations Committee, then to the entire House and then to the Senate (with the same sub-committee and committee structure).

To date, the House has adopted appropriations bills for the Departments of Agriculture and Commerce and sent it on to the Senate. Other appropriations bills are at various stages of consideration in the House.

STRENGTHENING AMERICA'S COMMUNITIES INITIATIVE

The major economic and community development policy initiative in the President's FY2006 budget proposal is the "Strengthening America's Communities Initiative" (SACI). SACI would eliminate 18 economic and community programs – including many rural development programs and the Community Development Block Grant (CDBG) program – and consolidate their activities into the new SACI program. The President's proposal would also cut funding from \$5.6 billion for the 18 programs combined to \$3.7 billion for SACI.

Several House Appropriations sub-committees rejected the SACI proposal. The Transportation, Treasury and Housing and Urban Development sub-committee (which has jurisdiction over the Department of Housing and Urban Development and CDBG) "did not agree to the proposal to eliminate the CDBG program, consolidate its functions and transfer the implementation to the Department of Commerce" as SACI proposed (H. Rept. 109-153; Sub-committee highlights, <http://appropriations.house.gov>). The House Commerce, Justice and Science sub-committee specifically stated that the sub-committee's recommendation does not adopt the SACI program; the sub-committee's recommendation was agreed to by the entire House. The Senate Commerce, Justice and Science Appropriations sub-committee has also excluded SACI from its recommendation.

In addition, programs placed on the SACI chopping-block were fully funded by the Agriculture and Labor, Health and Human Services and Education sub-committees.

SACI is not being viewed favorably by Congress. However, the U.S. Department of Commerce has appointed a SACI Advisory Committee that continues to meet and develop program details. Therefore, SACI may reappear in some form and the effort to eliminate rural economic and community development programs may continue.

INSIDE THIS ISSUE

THIS ISSUE OF THE
*RURAL ACTION
BRIEF* PROVIDES

- UPDATED INFORMATION ON THE CONGRESSIONAL APPROPRIATIONS PROCESS
- HOW RURAL DEVELOPMENT AND RURAL ASSET-BUILDING PROGRAMS ARE BEING TREATED



FISCAL YEAR 2006 APPROPRIATIONS

Below is an examination of program appropriations to date in the House of Representatives. USDA and Department of Commerce programs listed are final funding levels approved by the entire House and now under consideration by the Senate. Other programs are funding levels recommended by appropriation sub-committees.

The "FY06 Proposed" is the amount proposed by President Bush.

All figures are in millions of dollars unless noted otherwise. Programs designated with * in the FY06 Proposed column are those programs included in SACI.

Value-Added Producer Grant Program

<i>Authorized</i>	<i>FY 05 Appropriation</i>	<i>FY 06 Appropriation</i>	<i>House</i>
\$40.0	\$15.5	\$15.5	\$55.5

SBA Microenterprise Development Programs

<i>Program</i>	<i>FY 05 Appropriation</i>	<i>FY 06 Proposed</i>	<i>House</i>
Microloan Technical Assistance	\$14.0	\$0	\$10.0
Microloan Program	\$15.0	\$0	\$9.7
Program for Investment in Microenterprise (PRIME)	\$5.0	\$0	\$0

USDA Rural Development (programs from various USDA agencies)

<i>Program</i>	<i>FY 05 Appropriation</i>	<i>FY 06 Proposed</i>	<i>House</i>
Rural Community Advancement Program: Business Cooperative ¹	\$74.18	\$44.22	\$88.2
Rural Community Advancement Program: Community Facilities ²	\$89.18	\$27.8	\$38.0
Rural Cooperative Development Grants	\$24.0	\$21.0	\$24.0
Appropriate Technology Transfer for Rural Areas (ATTRA)	\$2.0	\$0	\$2.5
Rural Economic Development Grants	\$10.0	\$10.0	\$10.0
Enterprise Zone/Enterprise Community/Rural Economic Area Partnership Program (EZ/EC/REAP)	\$22.16	\$13.37	\$21.36

¹Includes the Rural Business Enterprise Grant and Rural Business Opportunity Grant programs that are also listed separately.

²Includes the Rural Community Development Initiative (RCDI) program that is also listed separately.

USDA Rural Development (programs from various USDA agencies), continued

<i>Program</i>	<i>FY 05 Appropriation</i>	<i>FY 06 Proposed</i>	<i>House</i>
Rural Community Development Initiative Grants (RCDI)	\$6.3	\$0	\$6.2
Resource Conservation and Development Program (RC&D)	\$51.64	\$25.6	\$51.36
Rural Business Enterprise Grant (RBEG)	\$39.68	\$0*	\$40.0
Rural Business Opportunity Grant Program (RBOG)	\$3.0	\$0*	\$3.0
Rural Enterprise Zone/ Enterprise Community Round II	\$12.50	\$0*	\$10.0
Intermediate Re-Lending Program (IRP)	\$34.21	\$34.0	\$34.0
Northern Great Plains Regional Authority	\$1.49	\$0	\$0

Community and Social Services

<i>Program</i>	<i>FY 05 Appropriation</i>	<i>FY 06 Proposed</i>	<i>House</i>
Community Services Block Grants (HHS)	\$631.0	\$0*	\$320.0
Rural Community Facilities (HHS)	\$7.0	\$0*	\$7.24
Individual Development Accounts (HHS)	\$25.0	\$25.0	\$24.7
Community Economic Development (HHS)	\$32.73	\$0	\$32.73

Community Development and Housing Programs

<i>Program</i>	<i>FY 05 Appropriation</i>	<i>FY 06 Proposed</i>	<i>House</i>
Community Development Block Grant (CDBG— 29.7% non-entitlement share)	\$1,2332.559 (\$1.23 billion)	\$0*	\$1,1462.0 (\$1.14 billion)
Rural Housing and Economic Development Program (HUD)	\$24.0	\$0*	\$10.0
Economic Development Administration (Commerce)	\$257.42	\$26.58 (Salaries and expenses only)*	\$227.6

Community Development and Housing Programs, continued

<i>Program</i>	<i>FY 05 Appropriation</i>	<i>FY 06 Proposed</i>	<i>House</i>
§502 Single Family Loans (USDA)	\$4,459.3	\$4,681.03	\$4,821.80
§504 Repair Loans (USDA)	\$35.0	\$36.0	\$35.9
§515 Rental Loans (USDA)	\$100.0	\$27.0	\$100.0
§523 Land Development (USDA)	\$10.0	\$5.0	\$5.0
§524 Site Loans (USDA)	\$5.05	\$5.0	\$5.0
§538 Multi-Family Loans (USDA)	\$100.0	\$200.0	\$100.0
Rental Assistance Grants (USDA)	\$592.0	\$650.0	\$650.0
§523 Mutual and Self-Help Grants (USDA)	\$34.0	\$34.0	\$34.0
Rural Housing Assistance Grants (USDA)	\$44.0	\$41.0	\$41.0
§504 Repair Grants and Payments (USDA)	\$31.0	\$30.0	\$31.0

ANALYSIS

President Bush's effort to reverse the federal government's economic and community development policy appears to have fallen on deaf ears in the House of Representatives. To date, all appropriations committees that have considered the "Strengthening America's Communities Initiative" have rejected it, and instead have continued funding for the programs that SACI would have eliminated.

This is particularly welcome for rural economic and community development programs. SACI would have ended the unique rural niche that many programs occupy. Rural economic and community development is different from urban development, and the current programs recognize that. SACI does not recognize that fact, instead proposing to lump rural and urban together in a competition for fewer resources. While rural development programs could likely be streamlined, a proposal like SACI ultimately eliminates rural development rather than improving it.

To date, the House has treated fairly most rural development and rural asset-building programs. Some programs – particularly the Small Business Administration microenterprise programs – have witnessed some cuts. While preferable to elimination, these cuts will still limit the programs' reach. Reducing the amount of capital and technical assistance available to entrepreneurs does not serve rural America well. These are the businesses that exist in most rural communities and the creators of most jobs in rural America. Most state, regional and local rural economic development initiatives are focusing on entrepreneurship as the key strategy to a rural economic revitalization. Reducing federal resources to those efforts is counter-productive and short-sighted.

USDA rural development programs have generally received steady funding levels from the House. Some programs have witnessed small cuts, but some – such as the Value-Added Producer Grant Program – received significant increases.

In general, funding for rural development and rural asset-building programs successfully passed the appropriations hurdle in the House of Representatives. Consideration of these programs and their funding levels now moves to the Senate.

WHAT CAN I DO?

You can do the following to make the case for funding rural development and rural asset-building programs.

◦ **Contact your U.S. Senators and U.S. Representative** and educate them on the benefits of federal rural development and rural asset-building programs for your community and your state.

◦ **Write letters to your local newspapers** about federal rural development and rural asset-building programs and their benefits to your community and all rural communities.

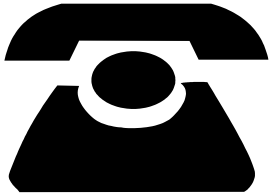
◦ **Speak to local Chambers of Commerce and business associations, local service clubs, and other local groups** about federal rural development and rural asset-building programs and their benefits to your community and to all rural communities.

◦ **Contact local economic development and community development groups and organizations** and ask them to oppose decreased funding for federal rural development and rural asset-building programs and communicate that support to your U.S. Senators and Representative.

◦ **Contact your Governor** and ask him or her to oppose decreased funding for federal rural development and asset-building programs and to communicate that support to Congress.

◦ **If you live in a metro area**, contact rural people you know for examples of how federal rural development and rural asset-building programs benefit rural communities and then **contact your U.S. Senators and U.S. Representatives**.

◦ **In all your efforts use local examples** of how federal rural development and rural asset-building programs have benefited individuals, families and communities in your area.



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The *Rural Action Brief* is a publication of the Rural Research and Analysis Program of the Center for Rural Affairs. The *Rural Action Brief* will be published quarterly and on special occasions, and will analyze Federal Executive, Legislative and Administrative action concerning rural development and asset-building programs and initiatives.

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If you or anyone you know wish to receive the *Rural Action Brief*, please contact **Jon Bailey** at jonb@cfra.org or **Kim Preston** at kimp@cfra.org, or the Center for Rural Affairs at the phone number or address above. There is no charge for a subscription to the *Rural Action Brief*. Past copies of *The Rural Action Brief* are available on our website, <http://www.cfra.org/>

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Established in 1973, the Center for Rural Affairs is a private, non-profit organization working to strengthen rural communities through action oriented programs addressing social, economic, and environmental issues.