

NATIONAL RURAL HOUSING COALITION

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May 15, 2017

The Honorable John Hoeven
Chairman
Appropriations Subcommittee on Agriculture, Rural Development, FDA and Related Agencies
Committee on Appropriations
U.S. Senate
Washington, DC

Dear Mr. Chairman:

We write to express our concern about recent Administration proposals that, if approved, will significantly downgrade the Rural Development mission area of the United States Department of Agriculture (USDA) and its programs.

For more than 50 years, USDA rural development programs have improved housing, utilities and community facilities, and economic opportunity for rural America. In Fiscal Year 2016 alone USDA made available over \$29 billion in loans, guarantees, grants, and related assistance to over 157,000 individuals, businesses cooperatives, and governments. USDA's total loan portfolio includes over 1.3 million loans that amount to over \$215 billion.

This assistance is delivered through a network of some 400 regional offices and 40 state offices located in rural America. These offices are staffed with career employees who are experts in rural development and work every day with rural people and communities.

Yet, there is still more to be done: rural communities, and the people who live in them, have higher poverty and unemployment rates as well as a higher incidence of substandard housing and rent overburden when compared to metropolitan areas. Virtually every community in the country with inadequate drinking water has a population of 3,300 or less. Although much of the country has seen recovery from the financial crisis, rural America still lags behind. For many rural families and communities, the assistance offered by USDA is an essential tool for improving housing conditions, achieving adequate water and wastewater facilities and providing patient flexible capital to small rural businesses. Funding for these programs, which makes up a very small share of federal domestic discretionary spending, will increase rural homeownership, maintain and preserve affordable rental housing, accelerate improvements to rural community facilities and utilities, and increase economic opportunity.

However, the Administration apparently has a different view. In March, the Administration released the so-called "skinny" budget that call for the elimination of both water and waste loans and grants and the entire Rural Business and Cooperative Service. This proposal will result in a loss of more than \$2 billion in financing for essential community facilities and rural businesses.

That budget also forecast a 20 percent reduction in USDA discretionary appropriations, which will no doubt fall on rural housing and rural development programs.

On May 11, Secretary Perdue proposed a departmental reorganization that among other things, proposes to eliminate the position of Under Secretary for Rural Development. While this is described as a way to elevate rural development, it is anything but that. The elimination of the Under Secretary for Rural Development indicates that rural development is no longer a core mission for USDA, and will reduce the necessary oversight and attention to the large and important federal investment in rural America.

We urge the Committee to carefully examine the Administration proposal for reorganization in regard to rural development. It should be viewed in the context of budget proposal and seen for what it is: a proposal degrade rural development as a vital function for USDA. For that reason, the Committee should reject the USDA plan for rural development.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Robert A. Rapoza". The signature is written in a cursive, flowing style.

Robert A. Rapoza