Rural Development[1]

INTRODUCTION

The purpose of this backgrounder is to educate readers about the history, context, and content of the farm bill's Rural Development Title. The first section summarizes the programs included in the Rural Development Title (Title VI) of the Agricultural Act of 2014 (2014 Farm Bill).[2] The second section briefly introduces the establishment and evolution of federal rural development programs in order to lay the foundation for a broader policy discussion. The final section summarizes current issues within and critiques of the Rural Development Titles in contemplation of the next farm bill.

The Rural Development Title first appeared in the 1973 Farm Bill, the first omnibus farm bill.[3] The provisions within the Rural Development Title aim to support rural economic and community development.[4] The title generally supports 1) utilities, such as water and broadband systems, 2) basic community infrastructure, and 3) the establishment and growth of rural businesses.[5] Specifically, most provisions in the Rural Development Title reauthorize and/or amend programs in the Consolidated Farm and Rural Development Act of 1972 or Rural Electrification Act of 1936.[6] The evolution of the Rural Development Title reflects Congress' response to emerging issues in rural America.[7]

Though farming was the predominant industry in rural areas during the first half of the twentieth century, today the service sector dominates, representing 57% of rural employment.[8] The manufacturing sector accounts for 11% of rural employment, and the agricultural sector less than 8%.[9] Further, even families living on farms, in the aggregate, earn more than 90% of their income from sources outside of the farm.[10] As rural communities have moved away from farming, the scope of rural development programs has shifted from solely supporting agriculture to investing in a more diverse range of sectors and economic opportunities.[11]

Despite the federal government's decades-long effort to support rural economies, unemployment and poverty persist in rural areas. Rural areas were hit particularly hard by the financial crisis in 2008, with the unemployment rate reaching 10%.[12] While the employment rate seems to be recovering at comparable pace in urban and rural areas,[13] USDA reports suggest this trend is misleading. Rather than an increase in

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[2] Agricultural Act of 2014, Pub. L. No. 113-79, 128 Stat. 649.
[3] Tadlock Cowan, Cong. Research Serv., R43718, Rural Development Provisions in the 2014 Farm Bill (P.L. 113-79) 1 (2014).
[4] *See id.*
[5] *Id.*
[6] *Id.*
[7] Tadlock Cowan, Cong. Research Serv., RL31837, An Overview of USDA Rural Development Programs 2 (2016).
[8] *Rural Employment and Unemployment*, U.S. Dep't of Agric. Econ. Research Serv., http://www.ers.usda.gov/topics/rural-economy-population/employment-education/rural-employment-and-unemployment.aspx (last updated Oct. 19, 2016).
[9] *Id.*
[10] Cowan, *supra* note 3, at 1.
[11] Cowan, *supra* note 3, at 1.
[12] U.S. Dep't of Agric. Econ. Research Serv., *supra* note 8.
[13] In 2015, unemployment declined to 5.8% in rural areas and to 5.2% in urban areas, both about 4.5% below their peak rates. *See* U.S. Dep't of Agric. Econ. Research Serv., *supra* note 8.

employment in rural areas, rising employment rates are likely the result of a net migration of adult populations toward urban centers.[14] At the same time, the rural poverty rate was 18.1% in 2014, 3% higher than in urban areas, with most areas showing only modest recovery after 2008.[15] In recognition of these continued challenges, recent Rural Development Titles seek to provide more effective and sustainable support for rural communities.[16]

I. HISTORY

The evolution of federal rural development programs has occurred in four phrases. The first phase (pre-1930) took place before the Great Depression. The second phase (1930-1960) began in the New Deal era and focused primarily on the poverty of rural farmers through the provision of basic social infrastructure and technical and financial support for agriculture. As rural areas experienced rapid out-migration and the decline of agriculture during the second phase, the third phase (1961-2001) was marked by a shift from primarily supporting farmers and agriculture to overall rural economic and community development. In the last phrase (2002-present), Congress increasingly invested in regional planning and non-traditional investment programs for sustainable rural development.

A. Phase 1: Pre-Great Depression

The federal government's efforts to improve the living and economic conditions of rural areas began more than a century ago, and focused mainly on physical infrastructure.[17] President Theodore Roosevelt issued the Report of the Country Life Commission in 1909, the first nationwide study on rural farm living conditions.[18] At the time of the report, 54% of the national population was living in rural areas and over one-third was living on farms.[19] The report laid the foundation for federal efforts to build "farm-to-market" and post roads in rural areas to end rural isolation.[20] Federal efforts also included programs addressing the basic needs of rural farmers, such as extending bank credit and providing technical assistance for farming.[21]

B. Phase 2: Federal Efforts to Aid Impoverished Farmers

Today's rural development programs, which focus on rural poverty, began in the 1930s after the Great Depression.[22] Rural communities in America struggled in the 1920s as the price of produce dropped

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[14] The actual employment has not grown after 2010 in rural areas. Compared to 20,224,000 in the fourth quarter of 2011, the rural employment decreased to 20,165,000 in the fourth quarter of 2013. THOMAS HERTZ ET AL., U.S. DEP'T OF AGRIC., *Rural Employment Trends in Recession and Recovery* 13, 15 (2014), http://www.ers.usda.gov/webdocs/publications/err172%5C48731_err172.pdf.
[15] U.S. DEP'T OF AGRIC., ECON. RES. SERV., RURAL AMERICA AT A GLANCE 2015 EDITION 3 (Revised Jan. 2016), http://www.ers.usda.gov/media/1952235/eib145.pdf.
[16] *See* S. REP. NO. 113-88, at 16 (2013); COWAN, *supra* note 7, at 5-7.
[17] Wayne D. Rasmussen, *90 Years of Rural Development Programs*, RURAL DEV. PERSP., Oct. 1985, at 2.
[18] *Id.*
[19] *Id.* at 6.
[20] *Id.* at 2.
[21] SANDRA S. OSBOURN, CONG. RESEARCH SERV., 88-487 GOV, RURAL POLICY IN THE UNITED STATES: A HISTORY 16 (1988).
[22] *See* COWAN, *supra* note 7, at 1; Timothy Collins, *40 Embattled Years of Rural Development*, DAILY YONDER (Aug. 28, 2012), http://www.dailyyonder.com/40-embattled-years-rural-development/2012/08/28/4369/.

dramatically after World War I.[23] These challenges were only exacerbated by the Great Depression[24] and a series of natural disasters, including droughts and insect infestations.[25] In response, President Franklin Roosevelt initiated federal programs to restore farmers and agriculture to pre-WWI conditions.[26] The Agricultural Adjustment Act,[27] the first Farm Bill, was enacted in 1933 and sought to stabilize the agricultural sector by restricting production and fixing the prices of certain commodity crops.[28] The federal government also established other programs to support poor farmers through the Resettlement Administration (RA), the predecessor to the Farmers Home Administration (FmHA) and today's Rural Development Administration.[29] The Rural Electrification Act of 1936 (REA),[30] a backbone statute of the Rural Development Title, sought to provide electricity and transform the living environment of rural farm households, since 90 percent of farms were without electricity at that time.[31]

After World War II, rural poverty continued.[32] In 1955, President Eisenhower launched the Rural Development Program to address the problems of small and low-income farmers by targeting the education and employment needs of the rural population, particularly the younger generation.[33] For example, the Program provided vocational training and nonfarm job opportunities for young people. Although the federal government had broadened the scope of its rural policy, the focus remained on combatting poverty among farmers, since agriculture still dominated the rural economy.[34]

C. Phase 3: Rural Revitalization Beyond Agriculture

Throughout the entire post-WWII era through the 1960s, rural communities experienced constant and rapid structural changes, such as the decline of agriculture and the dislocation of small farmers to cities.[35] From 1950 to 1960, the farm population plummeted from 25 million to 15.6 million.[36] As traditional agriculture-centric programs no longer met the needs of rural communities, the federal government began to shift its attention to the revitalization of rural communities, further broadening the scope of its rural policies and programs.[37] For example, eligibility for FmHA's water and housing loan programs was extended to nonfarm families.[38]

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[23] OSBOURN, *supra* note 21, at 22-23.
[24] *Id.* at 23.
[25] *Id.*
[26] *Id.* at 24.
[27] Agricultural Adjustment Act, Pub. L. No. 73-10, 48 Stat. 31 (1933).
[28] OSBOURN, *supra* note 21, at 24.
[29] *Id.* at 26-27.
[30] Rural Electrification Act of 1936, Pub. L. No. 74-605, 49 Stat. 1363 (codified as amended at 7 U.S.C. §§ 901-918c).
[31] Rasmussen, *supra* note 17, at 3.
[32] COWAN, *supra* note 7, at 1.
[33] OSBOURN, *supra* note 21, at 29-31.
[34] *See* COWAN, *supra* note 7, at 1.
[35] Charles Fluharty, *Why Rural Policy Now Matters to Agriculture: Rural Development, Regional Innovation, and the Next Farm Bill*, 16 DRAKE J. AGRIC. L. 31, 33 (2011).
[36] Rasmussen, *supra* note 17, at 4. As of July 2012, only 14.6% of the U.S. population lived in rural areas, and farming accounted for less than 8% of the total rural employment. Further, farm households now earn more than 90% of their income from off-farm sources. The service sector became the major source of job opportunities in rural areas, with manufacturing accounting for only 11% of all rural employment. COWAN, C *supra* note 7, at 1.
[37] COWAN, *supra* note 7, at 1; Fluharty, *supra* note 35, at 33.
[38] OSBOURN, *supra* note 21, at 35.

Despite these efforts, rural poverty and unemployment rates remained high.[39] In the late 1960s and 1970s, both the Nixon Administration and Congress agreed on the need for a national rural development policy to achieve balanced economic growth between urban and rural areas.[40] In 1972, Congress passed the Consolidated Farm and Rural Development Act (CON Act).[41] Rather than focusing on agriculture, the CON Act sought to drive rural economic development more broadly, and authorized various business and community development programs, many of which can be still found in the Rural Development Title.[42] The Act also directed the Secretary of Agriculture (the Secretary) to coordinate national rural development programs across the federal government, working with state and local governments.[43] A year later, the 1973 Farm Bill (the first omnibus farm bill) became the first to include the Rural Development Title, which reauthorized the CON Act and the REA of 1936.[44] The farm bill thus became the main piece of legislation for rural development issues.

During this period, the farm bill continuously expanded support for rural businesses and community infrastructure. The Rural Development Title (Title XXIII) of the Rural Economic Development Act of 1990 (1990 Farm Bill) reinforced federal investments in rural businesses, establishing revolving funds and investment funds for rural businesses.[45] It also authorized various community water and waste facility programs, and provided for access to advanced telecommunications service.[46] The Rural Development Title (Title VI) of the Federal Agriculture Improvement and Reform Act of 1996 (1996 Farm Bill) included funding for telemedicine and distance learning.[47]

With the growth of rural development programs, Congress also augmented USDA's power over rural development and reorganized the Department's internal structure. The Rural Development Policy Act of 1980 explicitly designated USDA as the lead agency for rural development programs at the federal, state, and local levels.[48] The 1990 Farm Bill established the USDA's Rural Development Administration (RDA), which succeeded nonfarm functions of the FmHA.[49] Lastly, the Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994 authorized the creation of the Under Secretary of Agriculture for Rural Economic and Community Development and established the current structure of Rural Development agencies under USDA: the Rural Housing Service, the Rural Business-Cooperative Service, and the Rural Utilities Service.[50]

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[39] *Id.* at 43; Rasmussen, *supra* note 17, at 5.
[40] OSBOURN, *supra* note 21, at 45.
[41] Consolidated Farm and Rural Development Act of 1972, Pub. L. No. 92-419, 86 Stat. 657 (codified as amended in scattered sections of 7 U.S.C.).
[42] OSBOURN, *supra* note 21, at 50-51; COWAN, *supra* note 7, at 3.
[43] COWAN, *supra* note 7, at 3.
[44] *Id.* at 1.
[45] The 1990 Farm Bill established the Rural Partnership Investment Board to extend credit for rural economic development revolving funds, the Rural Business Investment Fund, and Rural Incubator Funds to channel capital into rural regions and stimulate growth. Rural Economic Development Act of 1990, Pub. L. No. 101-624, 104 Stat. 3979; *id.* at 3.
[46] COWAN, *supra* note 7, at 4.
[47] Federal Agriculture Improvement and Reform Act of 1996, Pub. L. 104–127, 110 Stat. 888; *id.* at 5.
[48] Rural Development Policy Act of 1980, Pub. L. No. 96-355, 94 Stat. 1171. Prior to this Act, the USDA was designated as the "lead coordinator" of rural development, as opposed to the "lead agency." COWAN, *supra* note 7, at 3.
[49] *Id.* at 3.
[50] Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994, Pub. L. No. 103-354, 108 Stat. 3178. In this Act, Congress abolished the Rural Electrification Administration and replaced it with the Rural Utilities Service. *See id.* at 4.

D. Phase 4: Sustainable and Effective Rural Economic Development

While maintaining the same basic structure and purpose, the Rural Development Title has continued to evolve to provide more effective programs for the changing and diversifying needs of rural communities. More recent titles have sought, for example, to promote regional planning and public-private partnerships. The Rural Development Title (Title VI) of the Farm Security and Rural Investment Act of 2002 (2002 Farm Bill) introduced the Rural Strategic Investment Fund (RSIF), providing grants for regional planning and innovation.[51] The Rural Development Title (Title VI) of the Food, Conservation, and Energy Act of 2008 (2008 Farm Bill) replaced RSIF with the new Rural Collaborative Business Investment Program, which retained the goal of supporting the "self-identified needs" of rural areas in their self-defined regions.[52] Further, the Title established three separate regional economic development commissions to undertake comprehensive infrastructure development for high-need counties in their respective regions.[53]

Recent Rural Development Titles have also sought to encourage innovative and alternative ways to support rural agriculture and business development. The 2002 Farm Bill began to provide funds for equity investments in small companies through the Rural Business Development Investment Program.[54] It also introduced the Value-Added Agricultural Product Market Development Grant Program, which helps small, rural farmers increase the value of their agricultural products.[55] The 2008 Farm Bill created a new program that supports micro-enterprises, businesses that are too small to qualify for traditional loans and other supports.[56] Additionally, it established loans and loan guarantees for local and regional foods in order to strengthen rural food systems.[57]

During this phase, farm bills have also broadened the definition of "rural." The 2008 Farm Bill modified the definition of "rural" to include "areas rural in character," which gave the Under Secretary for Rural Development discretion to extend rural development programs to certain areas that would have otherwise been ineligible.[58] Lastly, adjusting to rapid technology development, more recent Farm Bills have supported broadband access under utility programs.[59]

II. THE 2014 FARM BILL

In enacting the Rural Development Title (Title VI) of the 2014 Farm Bill, lawmakers sought to encourage programs and initiatives which would support long-term and sustainable rural development.[60] They were also concerned with helping rural communities compete in a global economy.[61] In addition, Title VI

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[51] Farm Security and Rural Investment Act of 2002, Pub. L. No. 107-171, 116 Stat. 134; COWAN, *supra* note 7, at 5.
[52] Food, Conservation, and Energy Act of 2008, Pub. L. No. 110-246, 122 Stat. 1651; Beth Honadle, *Rural development policy in the United States: a critical analysis and lessons from the "still birth" of the rural collaborative investment program*, 42 COMMUNITY DEV. 56, 56, 64 (2011).
[53] The three commissions are Northern Border Regional Commission, Southeast Crescent Regional Commission, and Southwest Border Regional Commission. COWAN, *supra* note 7, at 6, 35.
[54] *Id.* at 5.
[55] *Id.* at 5.
[56] 7 U.S.C. § 2008s(2); *id.* at 6.
[57] COWAN, *supra* note 7, at 6.
[58] *Id.* at 6.
[59] *Id.* at 5.
[60] S. REP. NO. 113-88, at 16 (2013).
[61] COWAN, *supra* note 3, at 1.

responded to recurring concerns about the effectiveness of the USDA's rural development loans and grant programs.[62]

In order to measure program effectiveness, the Title includes data collection and reporting requirements. USDA must collect data on economic activities generated by rural development loans and grants, including the short and long-term viability of award recipients.[63] It also directs the Secretary to submit a comprehensive report on rural development programs to the House and Senate agriculture committees within four years of the enactment of the law, and every two years thereafter; the report must include information such as revenue increases among recipients and overall employment and business growth.[64]

The Title once again emphasizes regional development. Title VI authorizes a new Strategic Economic and Community Development Initiative, which empowers the Secretary to prioritize projects that support "strategic community and economic development plans on a multijurisdictional basis."[65] The provision seeks to encourage long-term regional planning and development by bringing together expertise and investments from local and regional governments, nonprofits, and private entities.[66]

Other new and reauthorized programs of Title VI can be categorized into four main areas: (1) broadband and telecommunications, (2) rural water and wastewater infrastructure, (3) business and community development, and (4) regional development.[67] All of these programs receive discretionary funding, with the exception of pending water and wastewater applications which receive mandatory funding.[68]

A. *Broadband and Telecommunications Programs*

The Rural Electrification Act of 1936, which traditionally provided electricity and telephone lines to rural areas, now provides funding for broadband, distance education, and telemedicine services. Despite the importance of broadband in creating economic opportunities, rural areas have limited access due to the higher cost of serving sparsely populated areas.[69] In 2008, only 41% of adults in rural areas had broadband access, compared to 55% for the entire U.S.[70] Over the past 14 years, the federal government has focused on increasing broadband access and quality.[71] For example, Title VI adds a new Rural Gigabit Network Pilot Program, incentivizing network providers to provide "ultra-high speed service" to more rural residents through grants, loans, or loan guarantees.[72]

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[62] *Id.* at 4.
[63] Agricultural Act of 2014, Pub. L. No. 113-79, § 6209, 128 Stat. 649, 861-62.
[64] *Id.*
[65] The Secretary may reserve up to 10% of the funds available for certain Rural Community Facilities, Rural Utilities, and Rural Business and Cooperative Development programs for multijurisdictional projects. *See id.* at § 6025.
[66] *Id.*; U.S. DEP'T OF AGRIC., STRATEGIC ECONOMIC AND COMMUNITY DEVELOPMENT 1, http://www.usda.gov/documents/community-economic-development-background.pdf.
[67] COWAN, *supra* note 3, at 5.
[68] *Id.* at 6.
[69] PETER STENBERG ET AL., U.S. DEP'T OF AGRIC. ECON. RESEARCH SERV., *Broadband Internet's Value for Rural America* 14 (2009), https://www.ers.usda.gov/webdocs/publications/46200/9335_err78_1_.pdf?v=41056.
[70] *Id.* at 5.
[71] *See* RURAL DEVELOPMENT, U.S. DEP'T OF AGRIC. (Oct. 19, 2016), https://www.ers.usda.gov/agricultural-act-of-2014-highlights-and-implications/rural-development/.
[72] Agricultural Act of 2014, Pub. L. No. 113-79 § 6106, 128 Stat. 649, 856.

The Title also reauthorizes the Distance and Telemedicine Loan Program, offering loans and grants for telemedicine and distance learning facilities and systems to provide better healthcare and educational opportunities to rural communities.[73] Title VI authorizes funding of up to $75 million for this program, but it received only $22 million and $20 million in FY2015 and FY2016, respectively.[74]

B. Rural Water and Wastewater Infrastructure Programs

Title VI contains various provisions to support water and waste disposal systems.[75] These programs support construction of and improvements to rural water and waste disposal systems, such as drinking water and wastewater systems, solid waste facilities, and storm drainage.[76] For example, the Emergency and Imminent Community Water Assistance Grant Program provides financial support to communities whose potable water supply is at risk and Water Systems for Rural and Native Villages in Alaska provides grants to rural Native villages in Alaska.[77]

C. Business and Community Development Programs

The Rural Development Title seeks to ensure that all rural communities are equipped with "essential community facilities"[78] and includes several loan and grant programs to develop these facilities in rural communities with populations of 20,000 or less.[79] The funds are available for facilities that provide health care, education, and public safety;[80] these facilities include hospitals, healthcare clinics, schools, police and fire stations, food banks, and community centers.[81] Farmers markets, school or community kitchens, and community gardens may also be eligible for grants.[82] The 2014 Farm Bill also includes a new program which expands the scope of Essential Community Facility programs to include technical assistance, such as identifying community needs or preparing and applying for grant and loan programs.[83] In total, Congress appropriated $3.5 million for direct and guaranteed loans for community facilities and $13 million for community facilities grants both in FY2015 and FY2016.[84]

With the declining role of agriculture in rural economies, the farm bill strives to stimulate economic development of rural areas through the creation and growth of rural businesses. Title VI reauthorizes and adds various loans, grants, and other investment programs to support rural businesses and foster

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[73] *Id.* at § 6201.
[74] COWAN, *supra* note 7, at 28.
[75] U.S. DEP'T OF AGRIC., RURAL DEVELOPMENT TITLE 2, http://www.usda.gov/documents/RURAL_DEVELOPMENT_TITLE.pdf.
[76] COWAN, *supra* note 7, at 30.
[77] Agricultural Act of 2014, Pub. L. No. 113-79, § 6007, 128 Stat. 649, 842.
[78] U.S. DEP'T OF AGRIC., *supra* note 75.
[79] COWAN, *supra* note 7, at 17.
[80] *Community Facilities Programs*, U.S. DEP'T OF AGRIC., http://www.rd.usda.gov/programs-services/all-programs/community-facilities-programs (last visited Oct. 10, 2016).
[81] RURAL DEV., U.S. DEP'T OF AGRIC., USDA RURAL DEVELOPMENT 2015 PROGRESS REPORT 9 (2016), http://www.rd.usda.gov/files/USDARDProgressReport2015.pdf.
[82] RENÉE JOHNSON ET & TADLOCK COWAN, CONG. RESEARCH SERV., R43950, LOCAL FOOD SYSTEMS: SELECTED FARM BILL AND OTHER FEDERAL PROGRAMS 16 (2016).
[83] Agricultural Act of 2014, Pub. L. No. 113-79, § 6006, 128 Stat. 649, 842-43.
[84] COWAN, *supra* note 7, at 17.

entrepreneurship.[85] For example, the Title introduces Rural Business Development Grants, which combine the previous Rural Business Enterprise Grant program and the Rural Business Opportunity Grant program.[86] These grants are available to governmental entities, Indian tribes, and nonprofit entities for a broad range of activities to create and develop rural businesses.[87] The 2014 Farm Bill authorizes annual funding of up to $65 million, which is significantly higher than the previous two grant programs combined.[88] Annual appropriations for this program, however, have been between $24 million to $26.6 million for FY2014-FY2016.[89]

Title VI also reauthorizes support for a loan program that supports local and regional agriculture.[90] First introduced in the 2008 Farm Bill, the program seeks to create economic opportunities in both rural and urban areas and meet the rapidly growing demand for local food.[91] Despite the popularity of local foods, the lack of distribution systems has prevented local farmers from entering mainstream markets.[92] The program supports food infrastructure projects, such as food hubs,[93] that aggregate, process, store, and distribute local foods, opening up new channels for local farmers.[94] Priority is given to projects in areas with limited access to healthy foods and poverty or high food insecurity.[95] Funding for the program is carved out of the Business and Industry Loan and Loan Guarantee Program (B&I Program); at least 5% of appropriations are reserved for this program,[96] also known as the Local and Regional Food Enterprise set-aside.[97] The B&I Program was, notably, home to the first federal definition of "local food" in the 2008 Farm Bill.[98] Under the B&I Program, locally or regionally produced agricultural food products were defined as those that are "transported [] less than 400 miles from the origin of the product or the State in which the product is produced."[99] The Local and Regional Food Enterprise set-aside totaled $46 million in FY2015 and FY2016.[100]

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[85] Business programs also include grants supporting formation of rural cooperatives (Section 6013) and investments in small rural firms through venture capitals (Section 6028). Agricultural Act of 2014, Pub. L. No. 113-79, §§ 6013, 6028.
[86] *Id.* at § 6012.
[87] *Id.*
[88] COWAN, *supra* note 3, at 5.
[89] COWAN, *supra* note 7, at 25.
[90] 7 U.S.C. § 1932(g)(9); Agricultural Act of 2014, Pub. L. No. 113-79, § 6014, 128 Stat. 649, 845.
[91] *USDA Announces $78 Million Available for Local Food Enterprises*, U.S. DEP'T OF AGRIC.: NEWS RELEASE (May 8, 2014), http://www.usda.gov/wps/portal/usda/usdamediafb?contentid=2014/05/0084.xml&printable=true&contentidonly=true.
[92] JAMES MATSON ET AL., U.S. DEP'T OF AGRIC. RURAL DEV., THE ROLE OF FOOD HUBS IN LOCAL FOOD MARKETING 5 (2013), http://www.rd.usda.gov/files/sr73.pdf.
[93] *Id.* The USDA's defines food hubs as "…a business or organization that actively manages the aggregation, distribution and marketing of source-identified food products, primarily from local and regional producers to strengthen their ability to satisfy wholesale, retail and institutional demand." Errol Bragg and Jim Barham, U.S. DEP'T OF AGRIC. AGRIC. MARKETING SERV., REGIONAL FOOD HUBS: LINKING PRODUCERS TO NEW MARKETS (Apr. 2012), http://ngfn.org/resources/ngfn-database/knowledge/RFHub%20Presentation_complete%20version_5.24.pdf.
[94] 7 U.S.C. § 1932(g)(9); Agricultural Act of 2014, Pub. L. No. 113-79, § 6014, 128 Stat. 649, 845.
[95] 7 U.S.C. § 1932(g)(9).
[96] *Id.*; COWAN, *supra* note 7, at 23.
[97] *B&I Loan Guarantee Program and Local and Regional Food Enterprise Provision*, NAT'L SUSTAINABLE AGRIC. COALITION (Oct. 2016), http://sustainableagriculture.net/publications/grassrootsguide/local-food-systems-rural-development/local-food-enterprise-loans/#action.
[98] Marne Coit, *Support for Local Food in the 2014 Farm Bill*, 20 DRAKE J. AGRIC. L. 1, 2 (2015).
[99] 7 C.F.R. § 4284.902.
[100] NAT'L SUSTAINABLE AGRIC. COALITION, *supra* note 97.

D. Regional Development Programs

In Title VI, Congress again emphasized regional planning and cooperation as a tool for rural economic development. The Title reauthorizes regional authorities such as the Delta Regional Authority and the three regional development commissions introduced in the 2008 Farm Bill. The Delta Regional Authority is a partnership between federal and state government to serve 252 economically impoverished counties and parishes in eight states.[101] In 2008-2015, the Delta Regional authority received around $3 million in annual appropriations;[102] $4,385,600 is available for FY2016.[103] The three regional development commissions are in charge of developing comprehensive infrastructure plans for their respective regions (North, Southeast, and Southwest) and implementing these plans in partnership with state and local governments.[104] While the Title authorizes up to $30 million in annual funding for these commissions,[105] appropriations have been nominal: the Northern Border Regional Commission and the Southeast Crescent Regional Commission received $1.5 million and $250,000, respectively, in FY 2010.[106]

III. Key Issues

Unlike other titles in the Farm Bill, experts generally agree on the key aims for the Rural Development Title: encouraging regional development and supporting small businesses in rural areas.[107] Any criticisms of the Title have focused on program ineffectiveness and a lack of political will on the part of the federal government.

A. Are Rural Development funding levels sufficient?

One frequent criticism of the Rural Development Title is the shortage of overall funding for rural development programs. Several rural policy groups and experts have criticized the federal government for not making meaningful investments in rural development programs.[108] The situation has been exacerbated by federal budget cuts across all agencies during the past decade.[109] It is estimated that federal investments in small towns and rural businesses has decreased by half during this period.[110] This has

[101] Agricultural Act of 2014, Pub. L. No. 113-79, § 6026, 128 Stat. 649, 850; COWAN, *supra* note 7, at 26.
[102] The Delta regional Authority also has other funding sources. COWAN, *supra* note 7, at 26.
[103] Inviting Applications for the Delta Health Care Services Grant Program, 81 Fed. Reg. 177 (proposed Sept. 13, 2016), https://www.gpo.gov/fdsys/pkg/FR-2016-09-13/pdf/2016-21982.pdf.
[104] COWAN, *supra* note 7, at 35.
[105] COWAN, *supra* note 3, at 8.
[106] COWAN, *supra* note 7, at 36.
[107] *See The Importance of Regional Strategies in Rural Economic Development: Joint Hearing Before the S. Comm. on Agric., Nutrition and Forestry and the Subcomm. on Jobs, Rural Econ. Growth and Energy Innovation*, 113th Cong. 40 (2014) (written statement of Charles W. Fluharty, President and CEO, Rural Policy Research Institute), a*vailable at* http://www.rupri.org/Forms/Fluharty_Testimony_May2014.pdf; Bruce Knight, *2018 Farm Bill-simplifying rural development*, AGRI-PULSE (last visited Oct. 17, 2016), http://www.agri-pulse.com/2018-Farm-Bill-simplifying-rural-development-04282016.asp; Beth Honadle, *Rural development policy in the United States: a critical analysis and lessons from the "still birth" of the rural collaborative investment program*, 42 COMMUNITY DEV. 56, 64 (2011).
[108] *Energy and Economic Growth for Rural America: Hearing Before the S. Comm. on Agric., Nutrition and Forestry*, 112th Cong. 93 (2012) (written statement of Charles W. Fluharty, President and CEO, Rural Policy Research Institute), *available at* http://www.rupri.org/Forms/Fluharty_Testimony_Feb152012.pdf; Traci Bruckner, *Farm Bill 2014: This Is Not Reform*, CTR. FOR RURAL AFF. (Feb. 25, 2014, 9:34 AM), http://cfra.org/news/140225/farm-bill-2014-not-reform.
[109] Adell Brown Jr. and Susan E. Nelson, *Farm Bill Trends and Food Insecurity: Impacts on Rural and Urban Communities*, 2 PROF. AGRIC. WORKERS J., Sept. 4, 2014, at 1.
[110] Traci Bruckner, *supra* note 108.

resulted in a significant disparity in federal community and economic development funding between urban and rural areas.[111] In 2010, rural areas received only $929 per capita for these programs, while metropolitan counties enjoyed $1,519 per capita.[112] In the lead up to the 2014 Farm Bill, the Center for Rural Affairs sought at least $500 million, over five years, to fund existing rural development programs.[113] The Campaign for a Renewed Rural Development, a coalition of 32 national organizations, also asked for "significant enhancement" in rural development programs, calling for a strong Rural Development Title in the 2014 Farm Bill.[114]

Similarly, rural advocacy groups find that many programs go unfunded. Professor Honadle at University of Cincinnati points to the Rural Strategic Investment Program (RSIP) in the 2002 Farm Bill and the Rural Collaborative Investment Program (RCIP) in the 2008 Farm Bill as examples of the Farm Bill's "stillborn" programs.[115] Despite their original ambition to address the regions' "self-identified" needs through innovative program structure, both programs ultimately failed to obtain actual funding.[116]

Considering rural individuals and businesses' susceptibility to federal budget cuts and the lack of alternatives in many of these communities, the Rural Development Title should increase overall funding levels – and include mandatory funding for key programs – to ensure that programs meet their promise.

B. *Is agriculture over-represented at the expense of rural community development?*

Some groups have challenged the idea of housing rural development programs in the farm bill,[117] claiming that the priorities of USDA and the farm bill, which are primarily focused on agriculture, sometimes conflict with the Rural Development Title, which covers the overall needs of rural communities.[118] Critics argue that agriculture, often represented by corporate interests, is overrepresented in the farm bill at the expense of the needs of rural communities.[119] But since both are contained within the farm bill, policy makers erroneously equate agricultural policy with rural policy, assuming that what is good for agriculture is good for rural America.[120] Even as other programs have seen severe budget cuts under the farm bill, farm programs and crop insurance have continued to grow.[121] While changing the legislative home of rural development programs may not be realistic in the short-term, Professor Honadle suggests requiring impact assessments of major federal policies on rural communities, with measures to prevent any unintentional harm to rural communities.[122]

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111 Charles W. Fluharty, supra note 108.
112 *Id.*
113 *Center for Rural Affairs 2012 Farm Bill Platform*, CTR. FOR RURAL AFF. (last visited Oct. 17, 2016), http://www.cfra.org/2012-farm-bill-platform.
114 *National Leaders Call for Renewed Federal Commitment to Rural Development as Part of 2012 Farm Bill*, RURAL COMMUNITY ASSISTANCE PARTNERSHIP (Sept. 28, 2011), http://rcap.org/national-leaders-call-for-renewed-federal-commitment-to-rural-development-as-part-of-2012-farm-bill/.
115 Honadle, *supra* note 107, at 60.
116 *Id.*
117 *Id.* at 57.
118 *See id.* at 60-64.
119 *Id.* at 64.
120 *See id.* at 57, 66.
121 Dan Neal, *Farm Bill shuns rural development in Wyoming*, EQUALITY ST. POL'Y CTR. (Apr. 25, 2012), http://equalitystate.org/2012/04/25/1661/.
122 Honadle, *supra* note107, at 67.

C. Is the current structure of the Rural Development Title efficient?

The Rural Development Title has generated numerous programs with each successive farm bill. In 2015, more than $30 billion was invested in over 170,000 rural development projects across the nation.[123] However, this proliferation of programs has resulted in a patchwork framework, making it difficult for rural farmers and entrepreneurs to identify the programs most relevant to their needs.[124] As a result, organizations applying for these programs often need a third party's assistance.[125] Those who advocate for consolidation and simplification assert that it would benefit both rural communities and the USDA, as it would improve transparency, convenience, and administration of the programs.[126] The Senate version of the 2014 Farm Bill reorganized and consolidated various community infrastructure programs and business programs under broader categories.[127] However, this proposal was not reflected in the House version and did not make it into the final bill.[128]

CONCLUSION

In the wake of the 2016 election, rural communities and economies are receiving renewed attention. The Rural Development Title of the farm bill, the legislative home of federal rural development programs, deserves close scrutiny in this new political climate. As discussed in this memo, the Title has changed significantly over time, evolving to reflect the realities of rural communities and their needs. Yet, rural poverty and unemployment has persisted. While more recent Titles have sought to address these challenges through an increased emphasis on regional development, entrepreneurship, community infrastructure, and outcomes-oriented monitoring and evaluation, many programs have also been underfunded – or gone unfunded. The next farm bill should continue to make sustainable, holistic investments in rural infrastructure and communities, earmarking key programs for mandatory funding. In addition, the next farm bill should streamline the Rural Development Title to ensure that its programs are readily accessible and identifiable for eligible individuals, organizations, and businesses.

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[123] This statistics includes both Farm-Bill and non-Farm Bill programs. Knight, *supra* note107.
[124] *Id.*
[125] *Id.*
[126] *See id*.
[127] RALPH CHITE, CONG. RESEARCH SERV., R43076, THE 2013 FARM BILL: A COMPARISON OF THE SENATE-PASSED (S. 954) AND HOUSE-PASSED (H.R. 2642, H.R. 3102) BILLS WITH CURRENT LAW 13 (2013).
[128] Knight, *supra* note107.