

## **Amendment 2288—To establish new eligibility criteria for participation in Rural Development programs.**

USDA's Rural Development agency administers numerous programs for economic development, telecommunications, health care, education, housing, energy, and more.

FDR originally created the agency to relocate displaced families in the Great Depression era. **Now, more than half of the \$70 billion in assistance since 2001 that the agency has handed out has gone to metropolitan areas or nearby suburban communities and beach resorts.**<sup>1</sup>

One report revealed, "More than three times as much money went to metropolitan areas with populations of 50,000 or more (\$30.3 billion) as to poor or shrinking rural counties (\$8.6 billion). Recreational or retirement communities alone got \$8.8 billion."

**Current law says those eligible to receive assistance from this agency must be located in a "rural" area, according to USDA.** For most Rural Development programs, "rural" is currently defined in statute as "any area other than a city or town with a population greater than 50,000 and the urbanized area contiguous and adjacent to such a city or town."

This Senate farm bill changes the definition of "Rural" for purposes of determining which areas are eligible for receiving funding from the Rural Development agency: (1) it changes the current definition for water and wastewater projects to mirror the definition mentioned above. Eligibility for these projects requires that a city or town cannot exceed 20,000 in population.

**(2) Another criteria for eligibility was established in 2008 and reauthorized by this bill. It gives the Secretary of USDA the authority to designate an area as "rural *in character*,"** thus qualifying a location for federal assistance.

For example, a single road may cause a rural town to be included within an urbanized area. To receive this determination, a local government must

---

<sup>1</sup> [http://www.washingtonpost.com/wp-dyn/content/article/2007/04/05/AR2007040502033\\_5.html](http://www.washingtonpost.com/wp-dyn/content/article/2007/04/05/AR2007040502033_5.html)

petition the Secretary of USDA and request a special decision. The Senate farm bill modifies this criterion by establishing priorities in making their determinations.

**Conversely, this amendment would give the Secretary the authority to use his discretion in the opposite manner—to make a determination that a location does not qualify as “rural” despite meeting the current requirements in law.**

Rather than mandating a strict definition or a reduction in funding, this amendment appeals to the Secretary’s discretion to ensure the spirit of the law is followed and avoid the following examples:

- In Martha’s Vineyard—one of the wealthiest beach towns in the United States—Rural Development provided a \$1.95 million loan to refurbish a municipal dock, \$3 million in grants and loans to add gallery space and renovate a historic sea captain’s house, and a \$4.5 million loan for a popular tavern.<sup>2</sup>
- \$30 million loan for an “Adventure Center”<sup>3</sup> in New York, which includes a water park, ski lift, “Alpine Coaster,” four zip lines, and a hotel<sup>4</sup>
- “An Internet provider in Houston got \$23 million in loans to wire affluent subdivisions, including one that boasts million-dollar houses and an equestrian center.”<sup>5</sup>

This amendment would serve as a good government tool that would help guard against any potential mischaracterization of funding applications. It would also counter some instances in the past where grants and loans were given to areas known for their wealth despite smaller populations or low year-round median income.

---

<sup>2</sup> [http://www.washingtonpost.com/wp-dyn/content/article/2007/04/05/AR2007040502033\\_5.html](http://www.washingtonpost.com/wp-dyn/content/article/2007/04/05/AR2007040502033_5.html)

<sup>3</sup> <http://theoutdooradventurecenter.com/>

<sup>4</sup> <http://www.rurdev.usda.gov/STELPRD4011030.html>

<sup>5</sup> [http://www.washingtonpost.com/wp-dyn/content/article/2007/04/05/AR2007040502033\\_5.html](http://www.washingtonpost.com/wp-dyn/content/article/2007/04/05/AR2007040502033_5.html)