

Agricultural Outlook Forum
U.S. Department of Agriculture

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Defining "Rural" in the Next Farm Bill

Tadlock Cowan

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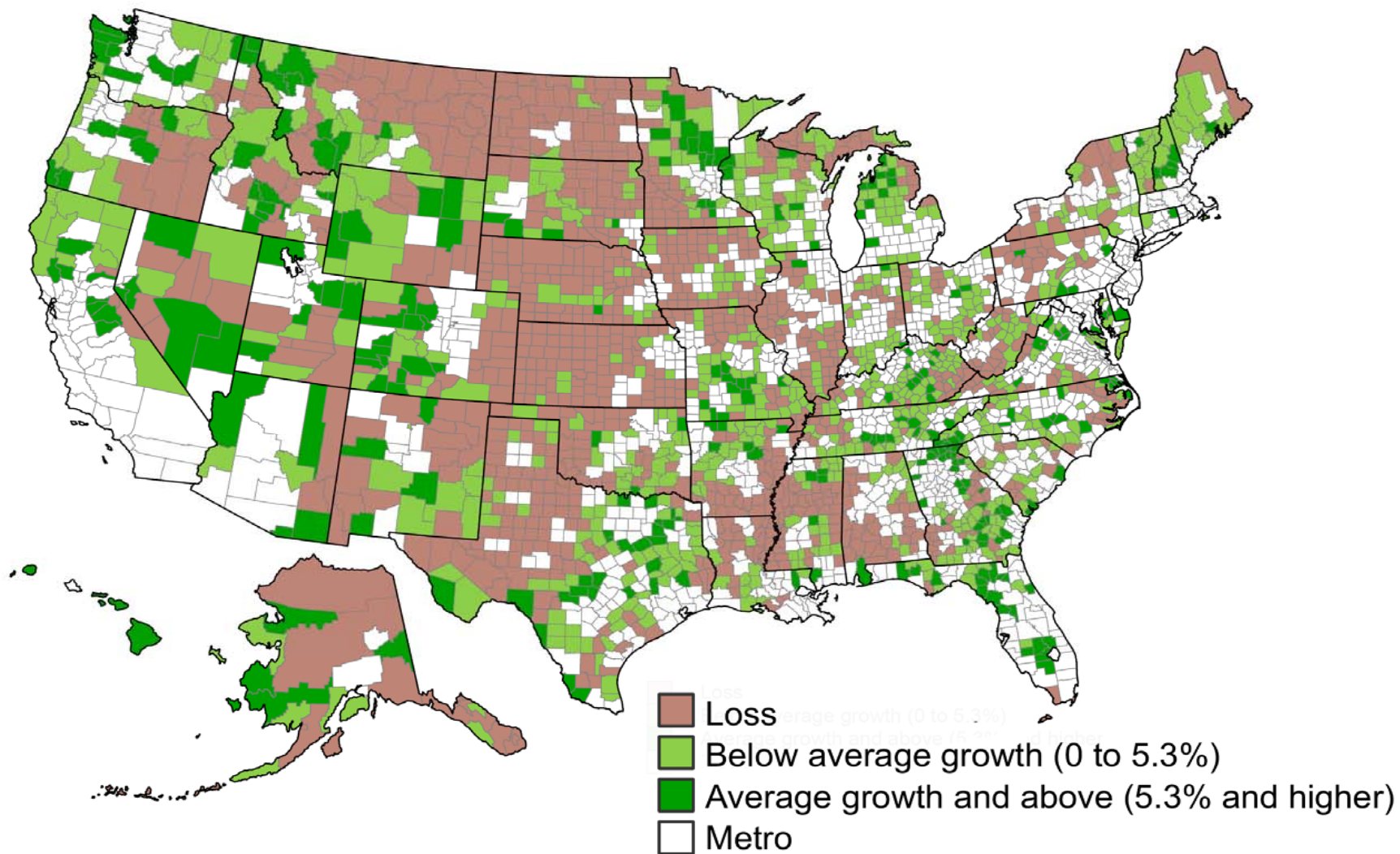
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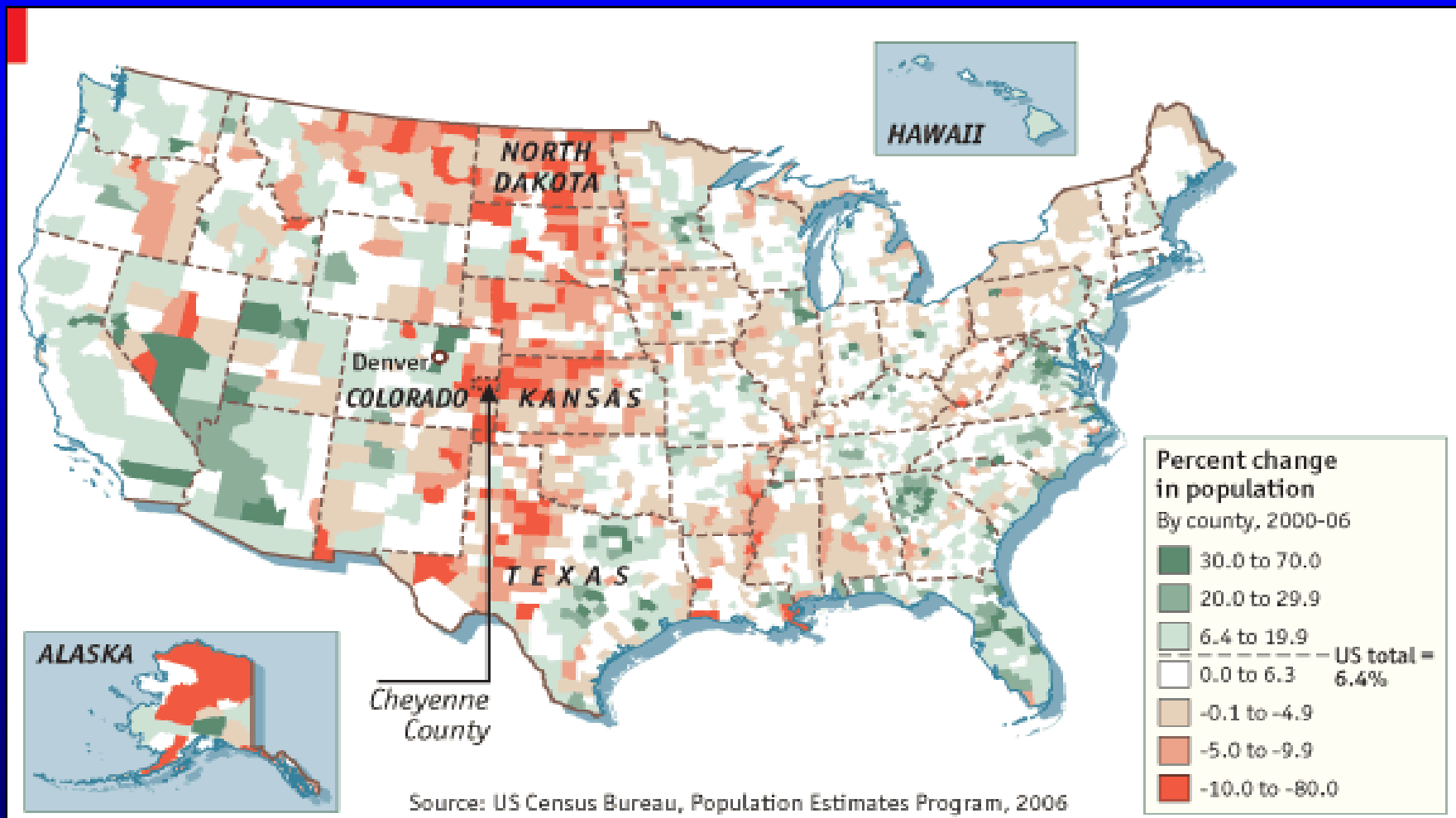
Why Is the Definitional Issue Important?

- Resource distribution and access to many services are affected by how people are counted and classified
- Spatial organization more complex
- Non-metro counties are frequently regarded as synonymous with rural
- A metro county's residents are often mistakenly assumed to be urban as well

Non-Metro Population Change, 2000-2005



Population Loss in the Great Plains, 2000-2006



Key Questions for the Rural Development Title in the Farm Bill

- How effective are current federal programs in improving the competitive position of rural areas?
- Can broad-based federal rural programs be better targeted to the critical needs of particular rural areas?
- How might regional funding approaches be better integrated into federal policy for rural areas?
- How can federal policies better assist entrepreneurial efforts in rural communities?

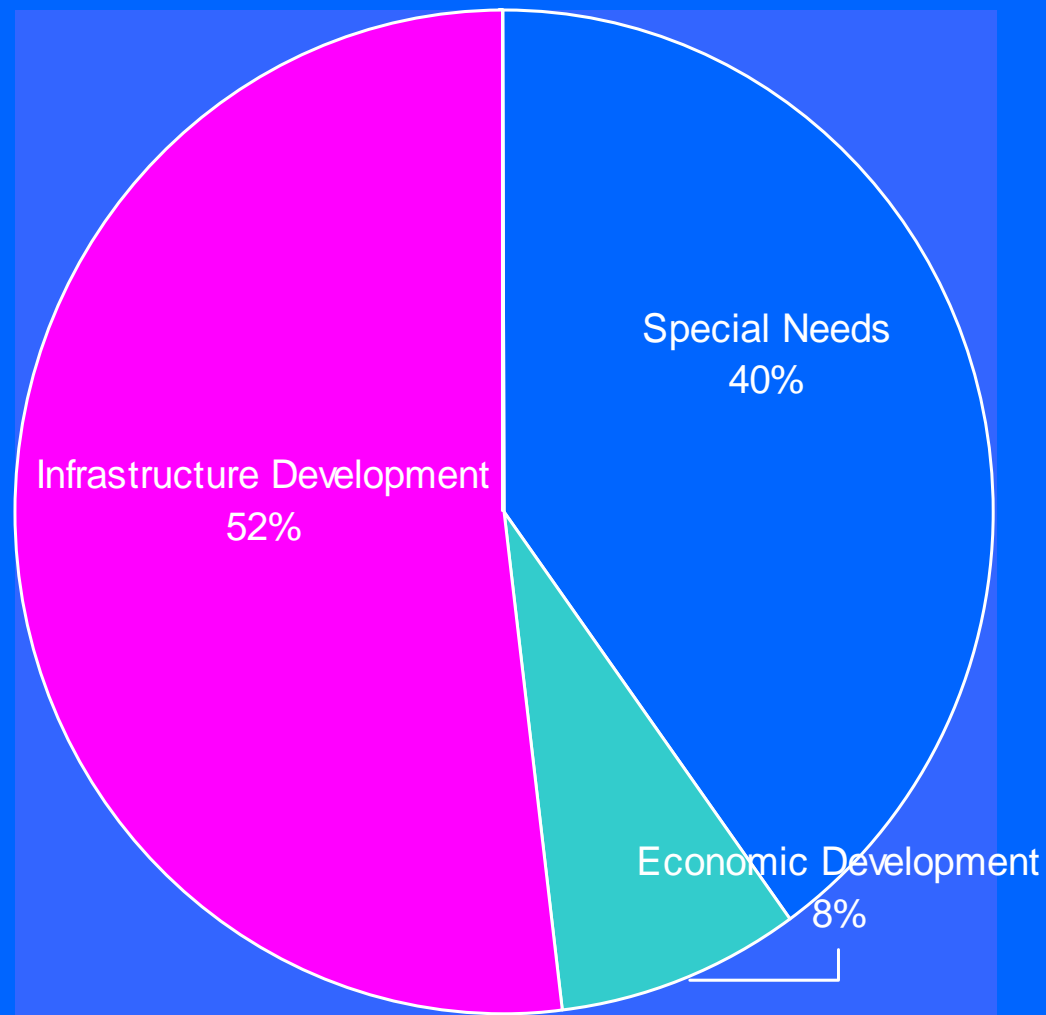
What Does Congress Want Rural Development Programs to Accomplish?

- Essential community facilities in rural areas
- Multiorganizational and multistate approaches to cooperative and economic development needs
- Appropriate technology transfer
- Expansion of employment opportunities
- Capital investment

What Does Congress Want Rural Development Programs to Accomplish?

- Addressing economic distress
- Community development and affordable housing projects
- Local and regional entrepreneurial systems
- Export promotion issues based on new transportation strategies
- Economic diversification in rural areas
- Technical assistance and support to communities in rural areas
- Education to rural areas.

Categories of USDA Rural Development Financial Assistance, FY 2008



Source: U.S. Department of Agriculture

Proposed Mandatory Rural Development Budget Authority in the 2007 Farm Bill

- **House Bill:** \$150 over 5 years (\$30 million annually)
Value-Added Product Development Grants
- **Senate Bill:** \$400 million over 5 years
 - Rural Hospital Loans: \$50 million
 - Microenterprise Assistance Program: \$40 million
 - Rural Collaborative Investment Program: \$135 million
 - Child Day Care Facility Grants: \$40 million
 - Backlog of Water/Waste Water Grants: \$135 million

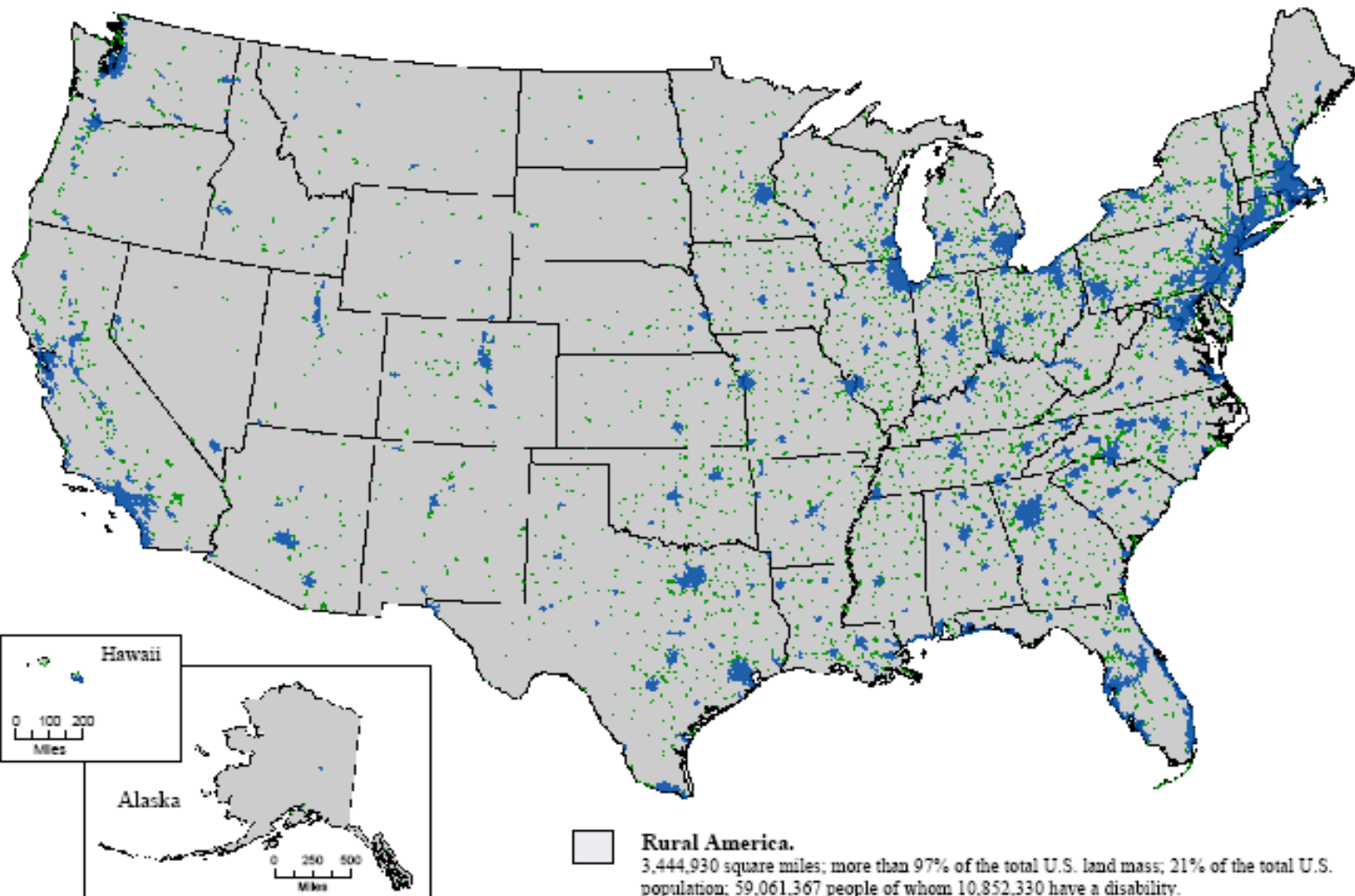
What is Rural?

Section 6020 of 2002 Farm Bill:

“IN GENERAL. -- Except as otherwise provided in this paragraph, the terms “rural” and “rural areas” mean any area other than ---

- (i) a city or town that has a population of greater than 50,000 inhabitants; **and**
- (ii) the urbanized area contiguous and adjacent to such a city or town.

Population Distribution by Urbanized Areas and Urban Clusters



Data Source: Census 2000 DVD Summary File 1, American Fact Finder Summary Files 1 & 3, Census 2000 TIGER Cartographic Boundary Files. Prepared by Brandt and Enders, copyright RTC: Rural, 2005.

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House-Passed 2007 Farm Bill: Rural Definitions

Section 6001:

- Directs the Secretary to assess the various definitions of “rural” currently used by USDA and to:

Describe the effects these different definitions have on USDA programs.

Make recommendations for ways to better target USDA Rural Development funds.

House-Passed Rural Definitions, cont'd.

Section 6014: Requires the Secretary to:

Review income, seasonal population increases, and other factors of eligible communities

Issue regulations to establish applicable limitations that a rural area cannot exceed to remain eligible.

Senate-Passed 2007 Farm Bill: Rural Definitions

Section 6020: Rural Re-Defined

- (i) a city or town that has a population of greater than 50,000 inhabitants;
- (ii) any Urbanized Area contiguous and adjacent to such a city; and
- (iii) any collection of census blocks contiguous to each other that
 - (1) is adjacent to a city or town of 50,000 or more and
 - (2) has a housing density greater than 200 units per square mile.

Senate Section 6020, cont'd.

AREAS RURAL IN CHARACTER:

- the Undersecretary for Rural Development **may determine** that an Urbanized Area contiguous and adjacent to a city or town of 50,000 and any collection of census blocks contiguous to each other is a rural area, if the Undersecretary determines that the area is rural in character.

Senate Section 6020, cont'd.

EXCLUSIONS:

In determining which census blocks are not in a rural area, the Secretary **shall** exclude any cluster of census blocks that would otherwise be considered not in a rural area only because the cluster is adjacent to not more than 2 census blocks that are otherwise considered not in a rural area.

Senate-Passed Bill, cont'd.

- Directs the Secretary to
 - (1) assess the various definitions of the term “rural” and “rural area”
 - (2) describe the effects that the variations in those definitions have on rural development programs;
 - (3) make recommendations for ways to better target funds;
 - (4) describe the effects the changes to the definitions of the terms `rural' and `rural area' in the 2002 farm bill had on those programs and eligible areas
 - (5) determine what effects the changes had on the level of rural development funding and participation in those programs in each State.

Rural Broadband

Rural Electrification Act of 1936:

Rural area shall be deemed any area not included within the boundaries of a census-defined “Urbanized Area.”

This is the rural eligibility criterion under the House bill Section 6024 “**Community Connect**” grant program.

House-Passed Bill: Access to Rural Broadband

- Section 6023:

Defines an “eligible rural community” as any area of the United States that is not

(1) included within the boundaries of any city, town, borough, or village, whether incorporated or unincorporated, with a population of more than 20,000, **or**

(2) the Urbanized Area” contiguous and adjacent to such a city or town.

Senate-Passed Bill: Access to Rural Broadband

Section 6110:

Amends Section 601 of the Rural Electrification Act and eliminates the 2002 definition of “eligible rural community” as any area of the U.S. not within an incorporated town or city with a population of 20,000 or more.

During consideration of a loan, the Secretary shall (1) provide a description and geographical representation of the proposed area of broadband service and (2) a geographical representation and numerical estimate of the households that have no terrestrial broadband service.

Senate Bill Section 6110, cont'd.

- Allocation of funds: A national reserve for loans and loan guarantees of \$25 million each year FY2008-2012.
- The state allocation formula is the ratio of:
 - ▶ (1) the number of communities with a population of 2,500 or fewer in the state to
 - ▶ (2) the number of communities with a population of 2,500 or fewer in all the states (determined by most recent decennial census).

Rural Collaborative Investment Program: Senate-Passed Bill, Section 6032

- Provides a flexible investment vehicle for “rural regions”
- Resources to develop and implement strategies for achieving regional competitiveness
- Foster multisector community and economic development collaborations
- Uses USDA and other resources to leverage with private, nonprofit, and philanthropic investments

Regional Economic and Infrastructure Development Act of 2007 (H.R.3246)

Would establish 5 Regional Commissions:

- The Delta Regional Commission
- The Northern Great Plains Regional Commission
- The Southeast Crescent Regional Commission
- The Southwest Border Regional Commission
- The Northern Border Regional Commission

Policy Targets for Regional Commissions

- Assistance to severely economically distressed and underdeveloped areas of its region that lack financial resources for improving basic health care and other public services
- Resource conservation, tourism, recreation, and preservation of open space consistent with economic development goals
- Development of renewable and alternative energy sources

Policy Targets for Regional Commissions

- Transportation infrastructure of its region
- Basic public infrastructure of its region
- Telecommunications infrastructure of its region
- Job skills training and employment-related education, entrepreneurship, technology, and business development

What Might We Eventually See in a Rural Development Title?

- The definitional issue is complex and contentious, and likely to remain so.
- Continued use of population thresholds for many infrastructural programs to better target rural funding to particular communities
- Continued emphasis on expanding equity capital to rural areas
- More specific targeting of broadband technologies to rural areas
- Supporting entrepreneurship in rural areas
- An increasing emphasis on regional approaches to rural policy