

Rural Community Facilities: A Guide to Programs

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Rural Community Facilities: A Guide to Programs

The U.S. Department of Agriculture (USDA) administers programs that support essential community facilities. USDA defines *essential community facilities* as public improvements necessary for “the beneficial and orderly development of a community that is operated on a nonprofit basis.” These facilities must provide a public service typically offered by local governments, help develop rural communities, and be located in rural areas.

USDA administers seven Community Facilities Programs through the Rural Housing Service. Four of these programs provide grants, loans, loan guarantees, and technical assistance to construct or repair essential community facilities. Some of these programs also pay for equipment and vehicles associated with essential community facilities. These programs are the Community Facilities Direct Loan and Grant Program, Community Facilities Guaranteed Loan Program, Community Facilities Relending Program, and Community Facilities Technical Assistance and Training Program. The three other programs provide grants for similar expenses targeted to specific types of essential community facilities. The Economic Impact Initiative provides grants to support essential community facility projects in rural communities with extreme unemployment and severe economic depression. The Rural Community Development Initiative provides grants for projects involving community facilities, housing developments, child care facilities, and other projects that lead to economic development. The Tribal College Initiative provides grants for community facilities projects on the campus of 1994 land-grant institutions, also known as tribal colleges.

From FY2015 to FY2024, Congress appropriated approximately \$2.197 billion in inflation-adjusted 2024 dollars for Community Facilities Programs. Between FY2015 and FY2020, Congress provided an average of \$55 million each fiscal year (in inflation-adjusted 2024 dollars) for Community Facilities Programs. Congress designated all of the funding for competitive applications for Community Facilities Programs. Between FY2021 and FY2024, Congress provided more funding each year for Community Facilities Programs compared to the funding it provided each year from FY2015 to FY2020.

The increase in funding from FY2021 to FY2024 for the programs reflects Congress providing supplemental funding for the programs and Congress funding specific community facility projects requested by Members. In FY2021, Congress provided \$500 million in nominal dollars (\$574 million in inflation-adjusted dollars) in supplemental funding to support rural health care facilities in response to the COVID-19 pandemic. In FY2023, Congress provided \$75 million in nominal dollars (\$77 million in inflation-adjusted dollars) in supplemental funding to repair facilities impacted by presidentially declared disasters in calendar years 2022 and 2023. From FY2021 to FY2024, Congress also provided \$1.013 billion in nominal dollars (\$1.036 billion in inflation-adjusted dollars) of cumulative funding for projects requested by Members, referred to as Community Project Funding (CPF) and Congressionally Directed Spending (CDS).

Congress may choose to leave the Community Facilities Programs as they currently stand. If Congress decides to make changes to the programs, it may consider, among other options, whether to (1) reduce or eliminate the programs; (2) amend the programs to pay for certain rural health care expenses, such as increasing staffing and reimbursing hospitals for lost revenues; (3) adjust funding for competitive applications for the programs; or (4) allow non-rural facilities that support rural communities to be funded through the programs.

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Introduction

The U.S. Department of Agriculture (USDA) administers programs that support essential community facilities. USDA defines *essential community facilities* as public improvements necessary for “the beneficial and orderly development of a community that is operated on a nonprofit basis.”¹ These facilities must provide a public service typically offered by local governments, help develop rural communities, and be located in rural areas.²

USDA administers seven Community Facilities Programs through the Rural Housing Service. These programs support projects that construct or repair essential community facilities and pay for the equipment and vehicles associated with the facilities. Examples of essential community facilities are police departments, fire stations, libraries, health clinics, and community gardens. Equipment and vehicles associated with these facilities include fire trucks, ambulances, and farming equipment.

From FY2015 to FY2024, Congress appropriated approximately \$2 billion for USDA Community Facilities Programs. Congress provided \$1.48 billion of the funding through annual appropriations acts and \$575 million through two supplemental acts: the American Rescue Plan Act of 2021 (P.L. 117-2) and the Disaster Relief Supplemental Appropriations Act, 2023 (P.L. 117-328, Division N). During this time, Congress provided program funding to support rural health care facilities, the repair of facilities damaged from natural disasters, and projects requested by Members.

This report provides an overview of USDA Community Facilities Programs, including the authorizing legislation, activities supported through the programs, and funding. The report details funding that Congress provided to support specific initiatives. The report also discusses policy issues of potential congressional interest, including whether to reduce or eliminate the programs, expand the programs to pay for rural-health-care-related expenses, adjust funding for competitive applications for the programs, and allow program funding to support non-rural facilities that are used by rural communities.

Community Facilities Programs

The USDA Rural Housing Service administers seven programs that support essential community facilities. These programs help to construct, repair, or modernize such facilities. Some of the programs also help rural communities identify and plan for the needs of essential community facilities in their areas. These programs are

- Community Facilities Direct Loan and Grant Program,
- Community Facilities Guaranteed Loan Program,
- Community Facilities Relending Program,
- Community Facilities Technical Assistance and Training Program,
- Economic Impact Initiative,
- Rural Community Development Initiative, and
- Tribal College Initiative.

¹ 7 C.F.R. §3570.53, “Essential community facilities.”

² 7 C.F.R. §3570.53, “Essential community facilities.”

Some of the USDA Community Facilities Programs support all types of facilities, while others target funding to certain types of essential community facilities. Below is a description of each of the programs.

Community Facilities Direct Loan and Grant Program

The program provides grants, loans, and loan-grant combinations for essential community facility projects. Funds can be used to construct, enlarge, or otherwise improve essential community facilities, purchase equipment related to those community facilities, and pay related project expenses in rural areas.³ Congress statutorily defined rural areas for this program as those with 20,000 or fewer people.⁴ Applicants must demonstrate that they are unable to finance the proposed project from their own resources or through commercial credit at reasonable rates and terms.⁵

USDA does not set a minimum and maximum for grants or loans issued through this program. The funding terms depend on whether funding is through a grant or loan. Grants can cover between 15% and 75% of project costs.⁶ The portion of grant coverage depends on the population and median household income of the rural community, with lower populations and median household incomes qualifying for grants covering a higher percentage of project costs. Loans can cover 100% of projects costs. Loan interest rates are set by USDA and depend on the median household income and population of the rural area where the project is located.⁷

For FY2024, Congress appropriated \$5 million for the Community Facilities Direct Loan and Grant Program for grants and the loan subsidy to support \$2.8 billion in loans.⁸ In addition, Congress appropriated \$505 million for grants requested by Members.⁹ For more information on the program, see **Table A-1**. To learn more about grants requested by Members of Congress, see the section “Community Project Funding and Congressionally Directed Spending.”

Community Facilities Guaranteed Loan Program

The program provides loan guarantees to eligible lenders for essential community facility projects in rural areas. Through the program, USDA provides a guarantee to eligible lenders that it will pay for a specified percentage of any loss that the lenders incur by making loans to borrowers that would be unable to qualify for loans with reasonable terms on their own. Lenders can issue loans to qualified borrower to construct, enlarge, or otherwise improve essential community facilities, purchase equipment related to those community facilities, and pay related project expenses in rural areas.¹⁰ Congress defines *rural areas* for this program as those with 50,000 or fewer people and not adjacent to cities of more than 50,000 people.¹¹

³ 7 C.F.R. §3570.62.

⁴ 7 U.S.C. §1991(a)(13)(C).

⁵ 7 C.F.R. §3570.61(c).

⁶ 7 C.F.R. §3570.63(b).

⁷ 7 C.F.R. §1942.17(f).

⁸ Explanatory statement for Division B, Agriculture, of the Consolidated Appropriations Act, 2024 (P.L. 118-42), *Congressional Record*, vol. 170, no. 39 (March 5, 2024), p. S1290.

⁹ *Congressional Record*, vol. 170, no. 39 (March 5, 2024), p. S1290.

¹⁰ 7 C.F.R. §5001.103.

¹¹ 7 U.S.C. §1991(a)(13)(A).

The principal amount of the guaranteed loan cannot exceed \$100 million.¹² The percentage of the loss covered and the fees associated with loan guarantees are set annually by USDA and announced in the *Federal Register*.¹³ There is an 80% loan guarantee for the Community Facilities Guaranteed Loan Program for FY2025.¹⁴ In other words, USDA will reimburse participating lenders 80% of losses that occur from borrowers defaulting on their loans during FY2025.

A percentage of the program funds are reserved for facilities serving communities with a population of 20,000 or fewer residents: 100% of the first \$200 million of loan guarantees provided by the program, 50% of the next \$200 million, and 25% of all amounts exceeding \$400 million.¹⁵

For FY2024, Congress authorized USDA to issue \$650 million in community facility loan guarantees.¹⁶ No loan subsidy was required to support the loan authority (i.e., the cost to USDA to administer the program taking into account loan defaults and fees, interest, and principal paid by borrowers). For more information on the program, see **Table A-2**.

Community Facilities Relending Program

Through this program, USDA makes loans to qualified lenders that, in turn, make sub-loans to applicants for essential community facility projects in or serving persistent poverty counties or high poverty areas that are also rural areas.¹⁷ USDA is to define “persistent poverty counties” and “high poverty areas” in an annual notice published in the *Federal Register*.¹⁸ The latest annual notice was issued in 2016.¹⁹ The notice defines a *high poverty area* as a census tract with a poverty rate greater than or equal to 20% and *persistent poverty counties* as areas where 20% or more of county residents are poor as measured in the U.S. Census Bureau’s last three decennial censuses and the most recent American Community Survey five-year average.²⁰ The projects must take place in rural areas, which Congress defined for this program as those with 20,000 or fewer people.²¹

USDA does not set a minimum and maximum for loans or sub-loans issued through this program. Eligible lenders must demonstrate that at least 30% of their existing portfolio is for projects located in or serving high poverty areas or persistent poverty counties.²² The lenders must also

¹² 7 C.F.R. §5001.406(a).

¹³ 7 C.F.R. §5001.10.

¹⁴ USDA Rural Development, “OneRD Annual Notice of Guarantee Fee Rates, Periodic Retention Fee Rates, Loan Guarantee Percentage and Fee for Issuance of the Loan Note Guarantee Prior to Construction Completion for Fiscal Year 2025,” 89 *Federal Register* 53041, June 25, 2024, <https://www.govinfo.gov/content/pkg/FR-2024-06-25/pdf/2024-13895.pdf>.

¹⁵ 7 C.F.R. §5001.316(e).

¹⁶ Explanatory statement for Division B, Agriculture, of the Consolidated Appropriations Act, 2024 (P.L. 118-42), *Congressional Record*, vol. 170, no. 39 (March 5, 2024), p. S1290.

¹⁷ 7 C.F.R. §1942.30.

¹⁸ 7 C.F.R. §1942.30(a)(3).

¹⁹ USDA Rural Development, “Community Facility Loans,” 81 *Federal Register* 43927, July 6, 2016, <https://www.govinfo.gov/content/pkg/FR-2016-07-06/pdf/2016-16005.pdf>.

²⁰ USDA Rural Development, “Community Facility Loans,” 81 *Federal Register* 43927, July 6, 2016.

²¹ 7 U.S.C. §1991(a)(13)(C).

²² USDA Rural Development, “Community Facility Loans,” 81 *Federal Register* 43927, July 6, 2016.

provide documentation that they can obtain an irrevocable letter of credit from a financial institution covering principal and interest payments for the first five years of the loan.²³

Congress does not appropriate funding for the Community Facilities Relending Program. The program uses funds that Congress appropriates for loans for the Community Facilities Direct Loan and Grant Program, as needed. In FY2024, Congress authorized USDA to issue \$2.8 billion for loans for the Community Facilities Direct Loan and Grant Program. No loan subsidy was required to support the loan authority. For more information on the program, see **Table A-3**.

Community Facilities Technical Assistance and Training Program

This program provides grants to eligible entities that, in turn, provide training and technical assistance to associations. The associations then assist rural communities, Indian Tribes, and nonprofit corporations in identifying and planning for essential community facility needs in rural areas. Congress defines *rural areas* for this program as those of 20,000 or fewer people.²⁴

The maximum grant is \$150,000. Technical assistance grants can be used to help communities to identify and plan community facility needs, identify public and private resources to fund community facility needs, prepare reports and surveys necessary to request financial assistance to develop community facilities, and prepare applications for financial assistance.²⁵

Congress does not appropriate funding specifically for the Community Facilities Technical Assistance and Training Program. Not less than 3% and not more than 5% of funds annually appropriated for the Community Facilities Direct Loan and Grant Program and the Community Facilities Guaranteed Loan Program are reserved annually for the Community Facilities Technical Assistance and Training Program.²⁶ For more information on the program, see **Table A-4**.

Economic Impact Initiative

This program provides grants for essential community facilities projects in rural areas with extreme unemployment and severe economic depression. Congress statutorily defined *rural areas* for this program as those with 20,000 or fewer people.²⁷ Areas are considered to have extreme unemployment if greater than 19.5% of individuals over the age of 18 are ready, willing, and able to work but are unable to find employment.²⁸ Areas are categorized as having severe economic depression if the median household income is below 90% of the state nonmetropolitan household income.²⁹

²³ The latest notice of funding opportunity, issued on July 6, 2016, states that an *irrevocable letter of credit* is a “firm commitment by an issuing bank to pay the Agency a specified sum in a specified currency, provided the conditions included in the Letter of Credit document are met within a specified timeframe. This Letter of Credit cannot be canceled without the agency’s prior written approval” (81 *Federal Register* 43987).

²⁴ 7 U.S.C. §1991(a)(13)(C).

²⁵ 7 C.F.R. §3570.263.

²⁶ 7 U.S.C. §1926(a)(26)(C).

²⁷ 7 U.S.C. §1991(a)(13)(C).

²⁸ 7 U.S.C. §1926(a)(20)(B) states that the unemployment rate must be “greater than the lesser of 500[%] of the average national unemployment rate on November 9, 2000, as determined by the Bureau of Labor Statistics; or 200[%] of the average national unemployment rate during the Great Depression, as determined by the Bureau of Labor Statistics.” USDA states on its website that the unemployment rate must be greater than 19.5% (<https://www.rd.usda.gov/programs-services/community-facilities/economic-impact-initiative-grants>).

²⁹ USDA Rural Housing Service, “Announcement of Funding to Develop Essential Community Facilities in Rural (continued...) ”

USDA does not set a minimum and maximum for grants issued through this program. Funds can be used to construct, enlarge, or otherwise improve essential community facilities, purchase equipment related to those community facilities, and pay related project expenses in rural areas.³⁰

Grants can cover between 15% and 75% of project costs.³¹ The portion of grant coverage depends on the population and median household income of the rural community, with lower populations and median household incomes qualifying for grants with a higher percentage of covered project costs.

Congress last appropriated funding for the Economic Impact Initiative for FY2021. For more information on the program, see **Table A-5**.

Rural Community Development Initiative

This program provides grants to qualified organizations that in turn provide financial and technical assistance to certain entities to carry out housing, community facilities, and economic development projects in rural areas. These entities include nonprofit housing and community development organizations, low-income rural communities, or federally recognized Tribes. Congress statutorily defined *rural areas* for this program as those of 50,000 or fewer people that are not adjacent to cities of more than 50,000 people.³²

Grants range from \$50,000 to \$500,000. Matching funds are required equal to the amount of the grant. Examples of projects include providing training on home ownership and minority business entrepreneurship or providing technical assistance on strategic plan development and accessing alternative funding sources.

For FY2024, Congress appropriated \$5 million for the Rural Community Development Initiative.³³ For more information on the program, see **Table A-6**.

Tribal College Initiative

The Tribal College Initiative provides grants to 1994 land-grant institutions (also known as tribal colleges) to help them improve their education facilities and purchase equipment.³⁴ Funds can be used for projects for school buildings, libraries, dorms, educational equipment, and vehicles. Grants can be up to \$250,000 per institution. Grants can cover up to 95% of project costs. Matching funds in the amount of 5% of the total cost of the facility are required.

Communities for Eligible Public Entities, Nonprofit Corporations, and Tribal Governments with Extreme High Unemployment and Severe Economic Depression,” 67 *Federal Register* 17044, April 9, 2002, <https://www.govinfo.gov/content/pkg/FR-2002-04-09/pdf/02-8527.pdf>.

³⁰ 7 C.F.R. §3570.62.

³¹ USDA Rural Housing Service, “Announcement of Funding to Develop Essential Community Facilities in Rural Communities for Eligible Public Entities, Nonprofit Corporations, and Tribal Governments with Extreme High Unemployment and Severe Economic Depression,” 67 *Federal Register* 17044.

³² 7 U.S.C. §1991(a)(13)(A).

³³ Explanatory statement for Division B, Agriculture, of the Consolidated Appropriations Act, 2024 (P.L. 118-42), *Congressional Record*, vol. 170, no. 39 (March 5, 2024), p. S1290.

³⁴ Tribal colleges are listed in Section 7402 of the Agricultural Act of 2014 (P.L. 113-79). See CRS Report R45897, *The U.S. Land-Grant University System: Overview and Role in Agricultural Research*, by Eleni G. Bickell.

For FY2024, Congress appropriated \$8 million for the Tribal College Initiative.³⁵ For more information on the program, see **Table A-7**.

Funding

From FY2015 to FY2024, Congress appropriated approximately \$2.197 billion in inflation-adjusted 2024 dollars for Community Facilities Programs (**Figure 1**). During that time, Congress provided the following funding for Community Facilities Programs (in inflation-adjusted 2024 dollars):

- \$1.036 billion for Community Project Funding (CPF)/Congressionally Directed Spending (CDS) through annual appropriations acts,
- \$574 million for rural health care grants through a supplemental act,
- \$509 million for competitive applications through annual appropriations acts, and
- \$77 million for disaster recovery grants through a supplemental act.

Congress provided supplemental funding for Community Facilities Programs through the American Rescue Plan Act of 2021 (P.L. 117-2) and Disaster Relief Supplemental Appropriations Act, 2023 (P.L. 117-328).

Between FY2015 and FY2020, Congress provided an average of \$55 million each fiscal year (in inflation-adjusted 2024 dollars) for Community Facilities Programs. Congress designated all of the funding for competitive applications for Community Facilities Programs. Between FY2021 and FY2024, Congress provided additional funding each year for Community Facilities Programs. The increase in funding was due to CPF/CDS, and supplemental funding provided for the programs for rural health care grants and disaster recovery grants.

In FY2021, Congress provided a total of \$659 million for Community Facilities Programs. Congress increased funding \$85 million compared to the previous fiscal year for competitive applications. Congress also provided \$574 million for rural health care grants.

In FY2022, Congress provided a total of \$257 million for Community Facilities Programs. Congress decreased funding \$60 million for competitive applications compared to the previous fiscal year. Congress also provided \$197 million for CPF/CDS.

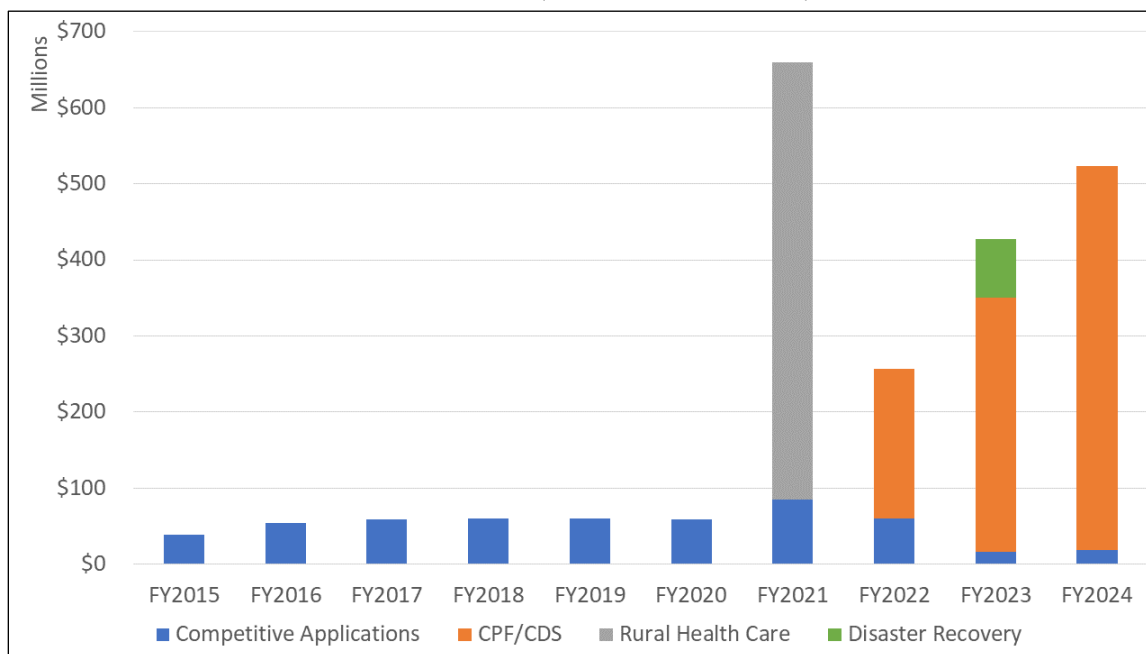
In FY2023, Congress provided a total of \$428 million for Community Facilities Programs. Congress decreased funding \$17 million for competitive applications compared to the previous fiscal year. Congress increased funding \$334 million for CPF/CDS compared to the previous fiscal year. Congress also provided \$77 million for disaster recovery grants.

In FY2024, Congress provided a total of \$523 million for Community Facilities Programs. Congress increased funding \$18 million for competitive applications and \$505 million for CPF/CDS compared to the previous fiscal year.

³⁵ Explanatory statement for Division B, Agriculture, of the Consolidated Appropriations Act, 2024 (P.L. 118-42), *Congressional Record*, vol. 170, no. 39 (March 5, 2024), p. S1290.

Figure 1. Funding for USDA Community Facilities Programs

FY2015-FY2024 (in constant 2024 dollars)



Source: Annual appropriations acts from FY2015-FY2024, American Rescue Plan Act of 2021 (P.L. 117-2), and the Consolidated Appropriations Act, 2023 (P.L. 117-328), Division N, Disaster Relief Supplemental Appropriations Act, 2023.

Notes: CRS adjusted the values in this figure for inflation using the gross domestic product (GDP) price deflator (Office of Management and Budget, “Historical Tables, Table 10.1, Gross Domestic Product and Deflators” in *FY2025 Budget*). Funding for competitive applications for Community Facilities Programs is included in annual appropriations acts. Community Project Funding/Congressionally Directed Spending (CPF/CDS) for Community Facilities Programs is included in annual appropriations acts. Supplemental funding for rural health care grants is provided through the American Rescue Plan Act of 2021. Supplemental funding for grants to support disaster recovery is provided through the Disaster Relief Supplemental Appropriations Act, 2023.

A discussion of the funding Congress provided to support rural health care, disaster recovery, and CPF/CDS is provided below.

Rural Health Care

Congress provided \$574 million in inflation-adjusted dollars (\$500 million in nominal dollars) for FY2021 to USDA to support rural health care through the enactment of the American Rescue Plan Act of 2021 (P.L. 117-2, §1002). Congress required USDA to create an emergency pilot program that provided grants to support rural health care needs related to the COVID-19 pandemic.³⁶ Congress also required USDA to issue grants to applicants eligible for the Community Facilities Direct Loan and Grant Program for community facility projects that would help expand rural health services and food assistance. These grants could pay for expenses allowed under the Community Facilities Direct Loan and Grant Program, such as constructing facilities to provide health care services and paying for equipment to expand health care services. The grants could also pay for expenses that are not allowed under the program, such as reimbursing lost health-care-related revenue for hospitals and supporting staffing needs for testing or vaccine administration. In response, USDA established the Emergency Rural Health

³⁶ P.L. 117-2 §1002, 7 U.S.C. §2204b-2 note.

Care Grant Program.³⁷ The pilot program issued two types of grants: recovery grants to address immediate needs caused by the COVID-19 pandemic and impact grants to address long-term regional health care problems.³⁸ According to USDA, the Emergency Rural Health Care Grant Program awarded 779 grants for a total of \$484 million in FY2022 and FY2023.³⁹ The grants ranged from \$10,100 to \$10 million each.

Disaster Recovery

Congress provided \$77 million in inflation-adjusted dollars (\$75 million in nominal dollars) of supplemental funding for FY2023 for Community Facilities Programs to help rural communities recover from natural disasters through Disaster Relief Supplemental Appropriations Act, 2023 (P.L. 117-328, Division N).⁴⁰ Congress designated \$50 million for grants to repair community facilities damaged by presidentially declared disasters in calendar year 2022 and allowed those grants to cover 75% of the project costs.⁴¹ Congress subsequently amended the law to allow grants to be issued to repair community facilities that were damaged by presidentially declared disasters in calendar years 2022 or 2023.⁴²

USDA issued a notice of funding opportunity in August 2023 for up to \$2.5 million in grants for technical assistance projects to help rural community identify and plan for community facilities damaged by presidentially declared disasters in calendar year 2022.⁴³ USDA awarded 10 grants totaling \$1.3 million in FY2023.⁴⁴ Awards ranged from \$50,000 to \$150,000.

USDA also issued a notice of funding opportunity in July 2024 for up to \$38 million in grants to repair community facilities damaged by presidentially declared disasters in calendar years 2022 or 2023, and other disasters in calendar year 2023.⁴⁵ USDA awarded 558 grants totaling \$23 million in FY2023 and FY2024.⁴⁶ Awards ranged from \$1,000 to \$281,000 each.

³⁷ USDA Rural Housing Service, “The American Rescue Plan Act Emergency Rural Health Care Grant Program,” 86 *Federal Register* 44332, August 12, 2021.

³⁸ USDA Rural Housing Service, “The American Rescue Plan Act Emergency Rural Health Care Grant Program,” 86 *Federal Register* 44332, August 12, 2021.

³⁹ CRS searched the USDA Rural Data Gateway (<https://www.rd.usda.gov/rural-data-gateway/rural-investments/data>) for Community Facilities Program awards issued in FY2021-FY2024.

⁴⁰ The Disaster Relief Supplemental Appropriations Act, 2023, is Division N of the Consolidated Appropriations Act, 2023 (P.L. 117-328).

⁴¹ Consolidated Appropriations Act, 2023 (P.L. 117-328), Division N, Disaster Relief Supplemental Appropriations Act, 2023.

⁴² Section 774 of the Consolidated Appropriations Act, 2024 (P.L. 118-42), amended Title I of the Disaster Relief Supplemental Appropriations Act, 2023 (Division N of the Consolidated Appropriations Act, 2023; P.L. 117-328).

⁴³ USDA Rural Housing Service, “Announcement of the Availability of Fiscal Year 2023 Disaster Relief Supplemental Grant Funds for the Community Facilities Technical Assistance and Training Grant Program for Fiscal Year 2023,” 88 *Federal Register* 60177, August 31, 2023.

⁴⁴ CRS searched the USDA Rural Data Gateway (<https://www.rd.usda.gov/rural-data-gateway/rural-investments/data>) for Community Facilities Program awards issued in FY2023 and FY2024.

⁴⁵ USDA defined *other disasters* as “events that occurred in [calendar year] 2023 that were caused by a natural catastrophe, technological accident, or human-caused event that results in severe property damage, deaths, multiple injuries, and/or severe environmental harm.” The events must meet other qualifying factors. USDA Rural Housing Service, “Announcement of the Availability of Community Facilities Program Disaster Grants,” 89 *Federal Register* 60856, July 29, 2024.

⁴⁶ CRS searched the USDA Rural Data Gateway (<https://www.rd.usda.gov/rural-data-gateway/rural-investments/data>) for Community Facilities Program awards issued in FY2023 and FY2024.

Community Project Funding and Congressionally Directed Spending

For FY2022 through FY2024, Congress funded 855 CPF/CDS projects for grants through the Community Facilities Direct Loan and Grant program totaling \$1.036 billion in inflation-adjusted dollars (\$1.014 billion in nominal dollars) through annual appropriations acts. **Table 1** provides an overview of the CPF/CDS funding provided for FY2022, FY2023, and FY2024 in nominal dollars through these acts. During this time, funding for CPF/CDS projects increased each year. CPF/CDS funding in nominal dollars in FY2022 was \$183 million, \$325 million in FY2023, and \$505 million in FY2024.

Table 1. Community Project Funding (CPF) and Congressionally Directed Spending (CDS) for Community Facilities Programs

FY2022-FY2024 (in nominal dollars)

Fiscal Year	Number of CPF/CDS Projects	CPF/CDS Funding
2022	174	\$183,449,000
2023	241	\$325,490,000
2024	440	\$505,023,927
Total	855	\$1,013,962,927

Source: CRS analysis of CPF/CDS tables in the explanatory statements accompanying P.L. 118-42, P.L. 117-328, and P.L. 117-103.

Notes: Total program funding for competitive applications and CPF/CDS for Community Facilities Programs is provided in annual appropriations acts.

For FY2022 through FY2024, CPF/CDS projects ranged from \$17,000 to \$10 million, with the median at \$859,000. The three projects with highest amount of funding were the Yuut Elitnaurviat Campus expansion project (\$10 million, FY2023, Alaska), the Montrose County Courthouse renovation project (\$8 million, FY2022, Colorado), and the Zebulon Fire Station/Wake County Emergency Management Services project (\$8 million, FY2023, North Carolina).

For FY2022 through FY2024, Congress funded CPF/CDS projects in 46 states and three U.S. territories. The states that received the most cumulative aggregate funding across these three years were Wisconsin (\$70 million), Maine (\$67 million), and Alaska (\$54 million). The states with the most projects funded during that time were Maine (51), Pennsylvania (50), and New Mexico (43).

Policy Considerations for Congress

Congress may choose to leave the Community Facilities Programs as they currently stand. If Congress decides to make changes to the programs, it may consider whether to (1) reduce or eliminate the programs; (2) amend the programs to pay for certain rural health care expenses, such as increasing staffing and reimbursing hospitals for lost revenues; (3) adjust funding for competitive applications for the programs; or (4) allow non-rural facilities that support rural communities to be funded through the programs, among other options.

Eliminate or Reduce Programs

Congress may determine that the Community Facilities Programs do not provide sufficient value to justify their costs or that other appropriation priorities outweigh their value. Savings realized by reducing or eliminating these programs could be redirected to other priorities or used to reduce the deficit.

Rural Health Care

A 2023 Government Accountability Office (GAO) report stated that rural residents have fewer health care providers, travel longer distances to access health care, and have more limited broadband access, which limits access to telehealth services, than urban residents.⁴⁷ In 2021, Congress established the Rural Emergency Care Grant as a pilot program to address rural health care needs. Congress allowed grants issued through the pilot program to pay for some expenses that were not allowable under the Community Facilities Direct Loan and Grant Program, such as reimbursing hospitals for revenue losses and supporting staffing. USDA awarded \$484 million from FY2022 through FY2023. Congress may consider codifying the Rural Emergency Health Care Grant Program to support the expansion of rural health care services. Alternatively, Congress might achieve similar goals by expanding the allowable expenses for the Community Facilities Direct Loan and Grant Program to include reimbursing hospitals for revenue loss and supporting staff. One consideration of this policy strategy is that such expansion may reduce available funding for other goals of the program unless Congress also increases program funding.

Competitive Application Funding

Congress may consider whether to adjust the funding appropriated for competitive applications for Community Facilities Programs. Between FY2015 and FY2021, Congress provided an average of \$59 million each fiscal year (in inflation-adjusted dollars) for competitive applications for Community Facilities Programs. In FY2022 and FY2023, Congress appropriated \$16 million and \$18 million, respectively. If Congress contemplates increasing funding for competitive applications for Community Facilities Programs, a consideration for this policy strategy is that increasing funding for competitive applications for the programs may decrease the funding available for CPF/CDS if Congress does not increase the funding allocated to Community Facilities Programs.

Rural Versus Urban

Community Facilities Programs require the facilities to be in rural areas. Some stakeholders argue that certain facilities located in urban or suburban areas may be helpful to rural communities and should be eligible for funding. For example, state fair facilities are often located in suburban or urban areas but provide useful services to rural communities. Congress may consider whether to allow the Community Facilities Programs awards to be issued for projects in urban or suburban areas that provide critical services to rural communities. One consideration of this policy strategy is that expanding eligibility of the Community Facilities Programs to non-rural areas may increase the competition for the program, and projects in suburban and urban areas may outcompete projects in rural areas.

⁴⁷ Government Accountability Office (GAO), *Health Care Capsule: Accessing Health Care in Rural America*, GAO-23-106651, May 16, 2023.

Appendix.

The tables below provide the following basic information about each of the U.S. Department of Agriculture (USDA) Community Facilities Programs:

- a brief program description,
- funding terms,
- FY2023 obligations,
- FY2024 funding,
- authorization of appropriations,
- statutory authority and *U.S. Code* citation, and
- program regulation citation.

Information for the appended tables is drawn from annual appropriations acts and associated explanatory statements, the *U.S. Code*, the *Code of Federal Regulations*, USDA Congressional Justification reports, notices of funding opportunity published in the *Federal Register*, and program websites. Further information about these programs may be found on the USDA Community Facilities Programs website at <https://www.rd.usda.gov/programs-services/community-facilities>.

Table A-1. Community Facilities Direct Loan and Grant Program

Program description	The program provides loans and grants to eligible applicants to purchase, construct, or improve essential community facilities, purchase equipment, and pay related project expenses in rural areas. Eligible applicants include public bodies (such as local governments in towns), community-based nonprofit corporations, and federally recognized Tribes. USDA can issue loans, grants, or a combination of loans and grants. Rural areas are areas with 20,000 or fewer people.
Terms	<p>Loans</p> <ul style="list-style-type: none"> • Maximum repayment term is 40 years or the useful life of the facility, whichever is less. • Loan interest rates are set by USDA Rural Development. Once the loan is approved, the interest rate is fixed for the entire term of the loan and is determined by the median household income of the service area and the population of the community. <p>Grants</p> <ul style="list-style-type: none"> • Maximum amount is \$10 million. • Grants can cover between 15% and 75% of project costs. The portion of grant coverage depends on the population and median household income of the rural community, with smaller populations and lower median household incomes qualifying for grants covering a higher percentage of project costs.
FY2023 Obligations	<p>\$4 million for 108 competitive grants, \$145 million for 118 Community Project Funding/Congressionally Directed Spending (CPF/CDS) grants, and \$1.08 billion for 308 loans.</p> <p>The states that received the highest total amounts of obligations for competitive grants were Georgia (\$587,000), Pennsylvania (\$511,000), and Virginia (\$299,000). The states that received the highest total amounts for CPF/CDF grants were Wisconsin (\$43 million), Alaska (\$24 million), and Maine (\$20 million). The states that received the highest total amount of loans were Iowa (\$112 million), Pennsylvania (\$110 million), and California (\$101 million).</p>
FY2024 Funding	<p>\$2.8 billion in loan authority. No loan subsidy was required to support the loan authority (i.e., the cost to USDA to administer the program taking into account loan defaults and fees, interest, and principal paid by borrowers). The loan authority is the amount USDA is authorized to issue in loans.</p> <p>\$5 million for competitive grants.</p> <p>\$505 million for CPF/CDS grants.</p>
Authorization of appropriations	Such sums as are necessary.
Statutory authority	The Rural Development Act of 1972 (P.L. 92-419, §104) amended the Consolidated Farmers Home Administration Act of 1961 (P.L. 87-128, §306) and renamed it the Consolidated Farm and Rural Development Act. 7 U.S.C. §1926(a)(1).
Program regulations	<p>Loans: 7 C.F.R. Part 1942, Subpart A.</p> <p>Grants: 7 C.F.R. Part 3570, Subpart B.</p>

Table A-2. Community Facilities Guaranteed Loan Program

Program description	<p>USDA guarantees loans issued by qualified lenders to help qualified borrowers purchase, construct, and improve essential community facilities in rural areas. Lenders that demonstrate they have the legal authority, experience, and capability to operate a successful lending program are eligible to apply. Areas are considered eligible if they are rural, meaning they have 50,000 or fewer people and are not adjacent to cities with populations of more than 50,000 people.</p> <p>A percentage of the program funds are reserved for facilities serving communities with a population of 20,000 or fewer residents: 100% of the first \$200 million provided for the program, 50% of the next \$200 million, and 25% of all amounts exceeding \$400 million.</p>
Terms	<ul style="list-style-type: none"> • Loan guarantees of up to \$100 million, which includes the guaranteed and unguaranteed portions of the loan, and the balance of any existing Community Facilities Program guaranteed loans and the new Community Facilities Program guaranteed loan request. • The percentage of the guarantee is set annually by the Rural Housing Service and announced in the <i>Federal Register</i>. The loan guarantee for FY2024 is 80%, which means that the Rural Housing Service will reimburse lenders 80% of losses from borrowers defaulting on their loans. • Maximum loan term is 40 years. • Interest rates are negotiated between the intermediary lenders and borrowers.
Other Program considerations	<p>The program is part of the OneRD Guarantee Loan Initiative. The initiative created a streamlined process for intermediary lenders to participate in multiple loan guarantee programs administered through USDA Rural Development agencies. The initiative, which created a standard application for all loan guarantee programs, sends out a single annual notice that includes information about guarantee percentages and fee requirements for the loan guarantee programs. More information is available at https://www.rd.usda.gov/onerdguarantee.</p>
FY2023 Obligations	<p>\$183 million in loan guarantees. The states that received the highest levels of obligations were Alabama (\$49 million), Washington (\$40 million), and Montana (\$34 million).</p>
FY2024 Funding	<p>\$650 million in loan guarantee authority. No loan subsidy was required to support the loan authority (i.e., the cost to USDA to administer the program, taking into account loan defaults and fees, interest, and principal paid by borrowers). The loan authority is the amount USDA is authorized to issue in loan guarantees.</p>
Authorization of appropriations	<p>Such sums as are necessary.</p>
Statutory authority	<p>The Farm Security and Rural Investment Act of 2002 (P.L. 107-171, §6007) amended the Consolidated Farm and Rural Development Act (P.L. 87-128, §306). 7 U.S.C. §1926(a)(24).</p>
Program regulations	<p>7 C.F.R. Part 5001.</p>

Table A-3. Community Facilities Relending Program

Program description	<p>The program makes loans to qualified intermediary lenders through the Community Facilities Direct Loan and Grant Program so they can make sub-loans to applicants for projects in or serving persistent poverty counties or high poverty areas. Sub-loan applicants must also be eligible for loans under the Community Facility Direct Loan and Grant Program. For this program, counties are defined as having persistent poverty if 20% or more of their residents are poor as measured in the last three decennial censuses and the latest American Community Survey five-year average. The program defines <i>high poverty areas</i> as census tracts with a poverty rate of 20% or above.</p> <p>Sub-loans can be used to purchase, construct, or improve essential community facilities, purchase equipment, and pay related project expenses in rural areas. <i>Rural areas</i> are those with 20,000 or fewer people.</p> <p>To be eligible, intermediary lenders must demonstrate that at least 30% of the loans in their existing loan portfolios were made in rural high-poverty areas or persistent poverty areas. The lenders must also provide documentation that they can obtain a letter of credit from a financial institution covering principal and interest payments for the first five years of the loan.</p>
Terms	<ul style="list-style-type: none"> • Fixed interest rates for the loans to the intermediary lenders. • Maximum repayment term is 40 years. • Terms of the loans between the intermediary lenders and the applicants are negotiated between the two parties.
FY2023 Obligations	Data are not available.
FY2024 Funding	Congress does not appropriate funding for the Community Facilities Relending Program; the program uses funds Congress appropriates for loans for the Community Facilities Direct Loan and Grant Program. In FY2024, Congress authorized USDA to issue \$2.8 billion in loans through the Community Facilities Direct Loan and Grant Program. No loan subsidy was required to support the loan authority (i.e., the cost to USDA to administer the program, taking into account loan defaults and fees, interest, and principal paid by borrowers). The <i>loan authority</i> is the amount USDA is authorized to issue in loans.
Authorization of appropriations	Such sums as are necessary.
Statutory authority	Administratively created. In 2016, the Rural Housing Service amended the Community Facilities Direct Loan and Grant Program regulations to allow USDA to make loans to qualified intermediary lenders that, in turn, make sub-loans to applicants for projects in or serving (1) persistent poverty counties or (2) high poverty areas that are eligible under the Community Facility Loan Program. USDA Rural Housing Service, "Community Facility Loans," 81 <i>Federal Register</i> 43927, July 6, 2016. 7 C.F.R. §1942.30.
Program regulations	7 C.F.R. Part 1942, Subpart A.

Table A-4. Community Facilities Technical Assistance and Training Program

Program description	<p>The program provides grants to eligible entities that offer technical assistance and training to associations that assist communities, Indian Tribes, and nonprofit corporations in identifying and planning for community facility needs in their areas. The technical assistance grants can be used to identify public and private resources to finance community facility needs, prepare reports and surveys necessary to request financial assistance to develop community facilities, and improve the financial management related to the operation of community facilities.</p> <p>According to statute, 3% to 5% of funding appropriated each fiscal year for Community Facilities Program grants, direct loans, and loan guarantees is to be used for technical assistance and training grants. Any reserved funds that have not been obligated by July 31 of each fiscal year are to be used to fund Community Facilities Program grants, direct loans, and loan guarantees.</p> <p>Public bodies, nonprofit organizations, and federally recognized Tribes are eligible applicants. Projects must be in rural areas that contain 20,000 or fewer residents according to the latest U.S. decennial census.</p>
Terms	<ul style="list-style-type: none"> • Grants of up to \$150,000. • Matching funds are not required, but preference is given to applications that include cash matching funds.
FY2023 Obligations	Data are not available. USDA did not disclose FY2023 obligations for this program in its report titled <i>2025 USDA Explanatory Notes-Rural Housing Service</i> (https://www.usda.gov/sites/default/files/documents/31-RHS-2025-ExNotes.pdf).
FY2024 Funding	Congress does not appropriate funding specifically for the Community Facilities Technical Assistance and Training Program; 3% to 5% of funds annually appropriated for the Community Facilities Direct Loan and Grant Program and the Community Facilities Guaranteed Loan Program are reserved annually for the Community Facilities Technical Assistance and Training Program.
Authorization of appropriations	Such sums as are necessary.
Statutory authority	The Agricultural Act of 2014 (P.L. 113-79, §6006) amended the Consolidated Farm and Rural Development Act (P.L. 87-128, §306). 7 U.S.C. §1926(a)(26).
Program regulations	7 C.F.R. Part 3570, Subpart F.

Table A-5. Economic Impact Initiative

Program description	<p>The program provides grants for community facilities projects in rural areas with fewer than 20,000 people, extreme unemployment, and severe economic depression. Areas are considered to have extreme unemployment if 19.5% or more of individuals over the age of 18 are ready, willing, and able to work but are unable to find employment. Areas are considered to have severe economic depression if the median household income is below 90% of the state nonmetropolitan household income.</p> <p>Grants can be used to construct, enlarge, or improve community facilities that provide health care services, support public safety, or provide other public services.</p> <p>The program provides grants on a graduated scale, with more grant assistance going to communities with smaller populations, lower median household incomes, and higher financial needs. Grants for this program can be used in combination with Community Facilities Program direct loans or loan guarantees.</p>
Terms	Grants up to 75% of eligible project costs based on need and funding availability.
FY2023 Obligations	Congress did not appropriate funding for the program in FY2023.
FY2024 Funding	Congress did not appropriate funding for the program in FY2024.
Authorization of appropriations	Such sums as are necessary.
Statutory authority	The Grain Standards and Warehouse Improvement Act of 2000 (P.L. 106-472, Title III, §304) amended the Consolidated Farm and Rural Development Act (P.L. 87-128, §306). 7 U.S.C. §1926(a)(20)(B).
Program regulations	7 C.F.R. Part 3570, Subpart F.

Table A-6. Rural Community Development Initiative

Program description	<p>The program helps to develop the capacity and ability of nonprofit housing and community development organizations and low-income rural communities to implement projects to improve housing, community facilities, and community and economic development projects in rural areas.</p> <p>The program provides grants to qualified intermediary organizations that, in turn, provide financial and technical assistance to recipients to develop their capacity to implement housing, community facilities, and community development projects in rural areas. <i>Rural areas</i> are those of 50,000 or fewer people that are not adjacent to cities of more than 50,000 people.</p> <p>Projects include providing training on home ownership and minority business entrepreneurship and providing technical assistance on strategic planning or developing successful child care facilities.</p>
Terms	<ul style="list-style-type: none"> • Grants up to \$500,000. • A nonfederal match equal to 100% of the amount of the grant is required.
FY2023 Obligations	<p>\$8 million for 21 grants.</p> <p>The states that received the highest amounts of total obligations were Maryland (\$939,000), Tennessee (\$866,000), and South Dakota (\$820,000).</p>
FY2024 Funding	\$5 million.
Authorization of appropriations	None.
Statutory authority	The Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2000 (P.L. 106-78, Title III).
Program regulations	2 C.F.R. Part 200.

Table A-7. Tribal College Initiative

Program description	The program provides grants to 1994 land-grant institutions (aka tribal colleges) to help them develop essential community facilities, purchase equipment, and make capital improvements to their education facilities. The 1994 land-grant institutions are listed in Section 7402 of the Agricultural Act of 2014 (P.L. 113-79). Examples of essential community facilities are dorms, libraries, and school buildings.
Terms	<ul style="list-style-type: none"> • Grants of up to \$250,000 per land-grant institution. • Grants can pay up to 95% of the project costs. Nonfederal match of 5% of the total cost of the facility and equipment is required.
FY2023 Obligations	<p>\$12 million in grants for 35 projects.</p> <p>The states that received the highest amounts of total obligations were Montana (\$3 million), North Dakota (\$2 million), and South Dakota (\$1 million).</p>
FY2024 Funding	\$8 million.
Authorization of appropriations	\$10 million per fiscal year through FY2025.
Statutory authority	The Farm Security and Rural Investment Act of 2002 (P.L. 107-171, §6008) amended the Consolidated Farm and Rural Development Act (P.L. 87-128, §306). 7 U.S.C. §1926(a)(25).
Program regulations	7 C.F.R. 3570, Subpart B.

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