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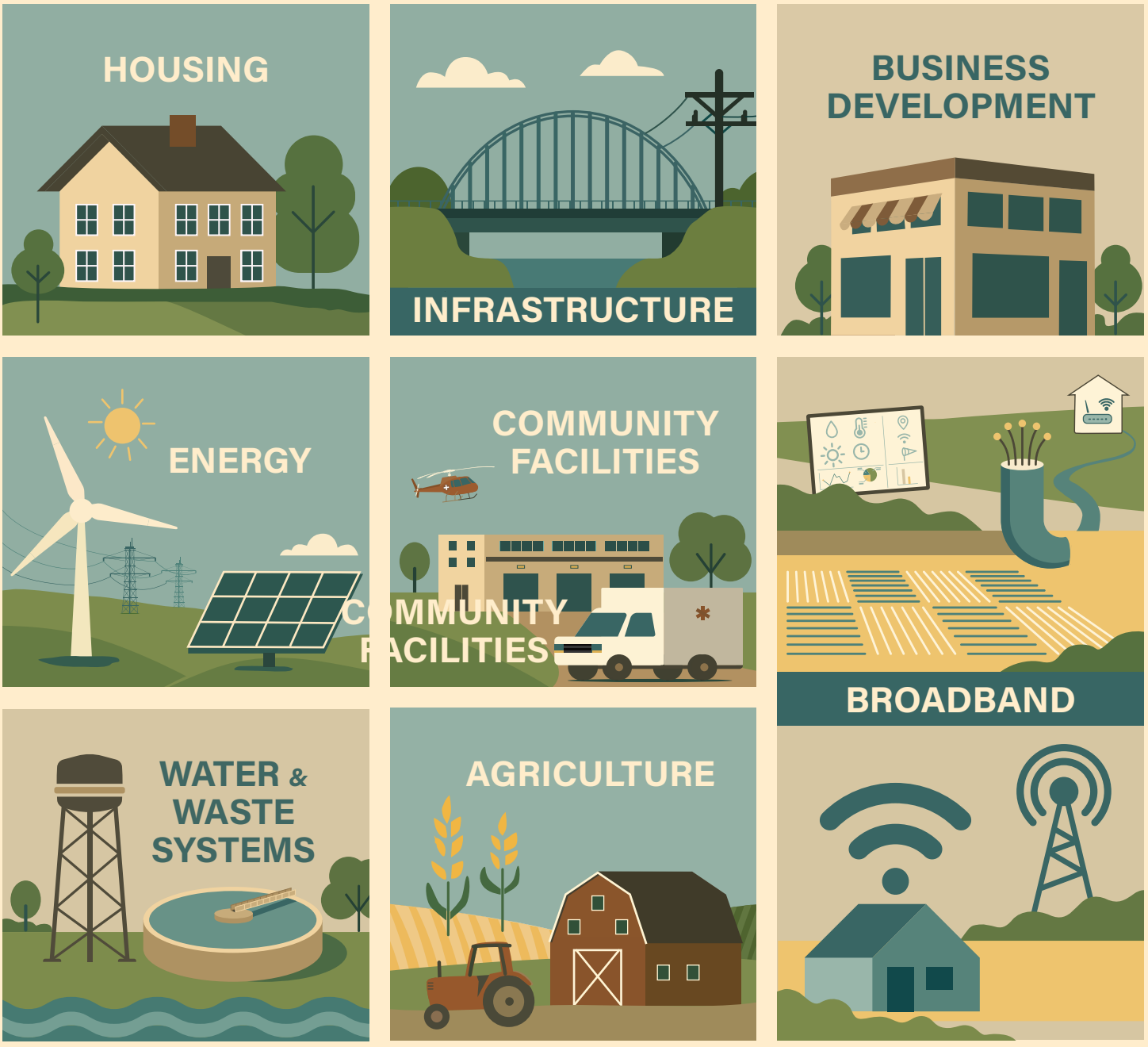
Exploring USDA Rural Development Programs

Anil Rupasingha, James Davis, and Robert Dinterman



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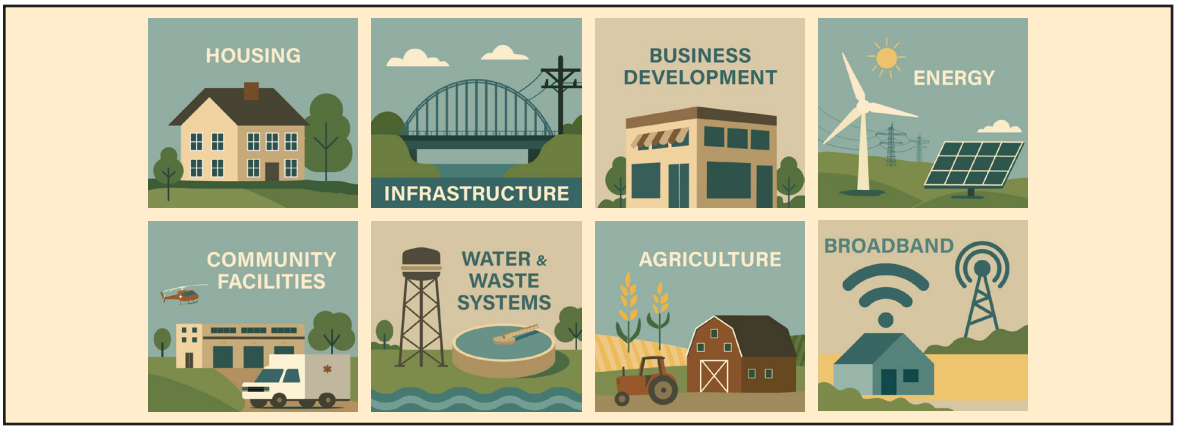

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Abstract

This report examines Federal investment for rural areas of the United States administered by USDA, Rural Development (RD) Mission Area funding obligations, including programs authorized by the Farm Bill. The report provides an overview of USDA, RD programs, highlighting their objectives, funding mechanisms, regional distribution, and association with economic outcomes. The funding structure of USDA, RD programs rely heavily on guaranteed and direct loans, with grants playing a smaller role. USDA, RD funding trends between 2000 and 2024 show major fluctuations during the Great Recession and Coronavirus (COVID-19) pandemic. These funding obligations peaked during the Great Recession and COVID-19 and declined in the recovery periods. Analysis of funding trends also revealed shifts in USDA, RD investment priorities. The Single Family Housing program consistently received the largest share, followed by electric, water, and business development programs. Overall program participation varied by region, and regions differed in focus for specific USDA, RD programs. Nonmetropolitan farming-dependent counties had the highest USDA, RD program participation, followed by mining-dependent and manufacturing-dependent counties. USDA, RD funding was positively correlated with county income growth, with higher investment associated with stronger growth. Single Family Housing investment was also positively associated with homeownership in rural areas.

Keywords: Rural development, rural development programs, Rural Housing Service, Rural Utilities Service, Rural Business-Cooperative Service

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Contents

Acronyms

ARPA — American Rescue Plan Act (ARPA)

ARRA — American Recovery and Re-Investment Act

BEA — U.S. Department of Commerce, Bureau of Economic Analysis

BIP — Broadband Initiatives Program

B&I — Business and Industry Loan Guarantees

CF — Community Facilities

ConAct — Consolidated Farm and Rural Development Act of 1972

ERS — U.S. Department of Agriculture, Economic Research Service

FACT Act — Food, Agriculture, Conservation, and Trade Act of 1990

Farm Bill — Agriculture Improvement Act of 2018

IIJA — Infrastructure Investment and Jobs Act

IRA — Inflation Reduction Act

MFH — Multifamily Housing

OMB — Office of Management and Budget

RBCS — Rural Business-Cooperative Service

RD — U.S. Department of Agriculture, Rural Development

REAP — Rural Energy for America Program

RHS — Rural Housing Service

RISE — Rural Innovation Stronger Economy

RUS — Rural Utility Service

SFH — Single Family Housing

USDA — U.S. Department of Agriculture

VAPG — Value-Added Producer Grants

WEP — Water and Environmental Program

Exploring USDA Rural Development Programs

Introduction

Residents of rural areas often face greater challenges compared to individuals living in urban areas in accessing markets, essential services, and employment opportunities. These areas may also lack adequate infrastructure, such as broadband internet, reliable transportation, and modern utilities. The cost of building and maintaining infrastructure in rural areas like roads, bridges, and broadband internet can be prohibitively high for private businesses. Rural regions often experience a lack of healthcare providers as well as a scarcity of schools, higher education institutions, and related educational resources. Rural economies are susceptible to output price variability, particularly those reliant on farming, mining, or manufacturing. Rural communities are also often more vulnerable to natural disasters like floods, droughts, and wildfires, which can devastate local economies. Many rural areas experience outmigration, particularly among young people seeking opportunities elsewhere (Johnson & Lichter, 2019). It is these unique challenges that Federal assistance aims to address.

By implementing place-based programs, the Federal Government allocates resources to rural communities through investments in infrastructure, education, healthcare, and economic development. These programs may include support for economic diversification through the development of new industries, technologies, and tourism amenities to reduce reliance on specific sectors. Federal programs also invest in rural clinics, hospitals, schools, and workforce training initiatives. Federal investments work to close funding gaps in rural communities, making them more attractive to businesses and improving residents' quality of life.

Federal policies and programs related to the agricultural sector and rural areas are in part governed by the Farm Bill which is an omnibus bill renewed about every 5 years. The Farm Bill plays a critical role in rural development as it provides the legislative framework and funding for various programs that support rural communities. The rural development title of the Farm Bill reauthorizes, amends, and creates programs administered by USDA, Rural Development (RD). Most USDA, RD programs are covered under a combination of the Consolidated Farm and Rural Development Acts of 1961 and 1972 and the rural development titles of farm bills, including rural infrastructure, business development, and community facilities initiatives. Many Rural Housing Service (RHS) programs are covered by the Housing Act of 1949 and Title I Section 119 of the 1972 Rural Development Act, with funding overseen by the Senate Banking, Housing, and Urban Affairs Committee and the House Financial Services Committee. USDA energy programs are managed by the Rural Business-Cooperative Service (RBCS) and typically fall under the Farm Bill's energy title (Benson, 2024).

Rural Development (Title VI) in the 2018 Farm Bill included several key programs. Rural Utility Service (RUS) programs provided funding to expand broadband services, improve water and waste disposal systems, and develop rural electric and telecommunication infrastructure. The Distance Learning and Telemedicine Program improved access to education and healthcare services through telecommunications. Community Facilities Programs offered financial support for facilities like healthcare clinics, schools, and public safety buildings in rural areas. RBCS programs included initiatives such as Rural Business Development Grants, which supported small business growth and job creation; the Rural Microentrepreneur Assistance Program, which provided loans and grants to microenterprises; and Value-Added Producer Grants, which helped agricultural producers engage in value-added activities. Rural energy programs like the Rural Energy for America Program (REAP) supported renewable energy projects and energy efficiency improvements. The Strategic Economic and Community Development

initiative encouraged regional planning and collaboration to boost economic development in rural areas. Lastly, the Rural Innovation Stronger Economy (RISE) program promoted economic growth and job creation through rural jobs accelerator partnerships.

Many rural development programs are authorized under the Rural Electrification Act of 1936; National Housing Act of 1949; Consolidated Farm and Rural Development Act of 1972 (the ConAct, Public Law 87–128); Food, Agriculture, Conservation, and Trade Act of 1990 (FACT Act); and multiple farm bills. While USDA, RD programs regularly depend on annual appropriations for funding, farm bills also provide mandatory funding for certain programs. The Agriculture Improvement Act of 2018 (Farm Bill) reauthorized or modified existing USDA, RD programs and created new ones by amending relevant laws. Table 1 provides a summary of USDA, RD programs authorized by the 2018 Farm Bill.

Table 1
Rural Development provisions in Title VI of the 2018 Farm Bill

Program and appropriations per fiscal year (FY) for FY2019–FY2023 ($1.1 billion total funding)
Telecommunications/broadband programs
• Telemedicine and Distance Learning Services (reauthorizes and increases from $75 million to $82 million)
• Rural Broadband Access Program (reauthorizes and increases from $25 million to $350 million)
• Middle Mile Broadband Infrastructure (new; authorizes $10 million)
• Rural Gigabit Network Pilot Program (reauthorizes $10 million)
• Community Connect Grant Program (codifies the program in the Farm Bill; authorizes $50 million)
Water and Environmental Programs
• Rural Decentralized Water Systems (increases authorization to $20 million)
• Water, Waste Disposal, and Wastewater Facility Grants (authorizes $15 million)
• Rural Water and Wastewater Circuit Rider Program (authorizes $25 million)
• Emergency and Imminent Community Water Assistance Program (increased authorization to $50 million)
• Water Systems for Rural and Native Villages in Alaska (reauthorizes $30 million)
• Solid Waste Management Grants (reauthorizes $10 million)
Business Programs
• Rural Business Development Grants (reauthorizes $65 million)
• Rural Cooperative Development Grants (reauthorizes $40 million)
• Intermediary Relending Program (reauthorizes $25 million)
• RBCS Programs Technical Assistance and Training (new; authorizes $5 million)
• Rural Microentrepreneur Assistance Program (decreased authorization from $40 million to $20 million)
• Rural Business Investment Program (reauthorizes $20 million)
• Rural Economic Development Loan and Grant Program (authorizes $10 million and provides mandatory funding of $5 million per year)
Other programs
• Rural Energy Savings Program (reauthorizes $75 million)
• Three Regional Economic and Infrastructure Development Commissions (increases authorization from $30 million to $33 million for each commission)
• Appropriate Technology Transfer for Rural Areas (reauthorizes $5 million)
• National Rural Development Partnership (reauthorizes $10 million)
• Tribal College and University Essential Community Facilities (reauthorizes $10 million)
• Strategic Economic and Community Development (authorizes $5 million)
• Health Care Services (reauthorizes $3 million)
• Rural Innovation Stronger Economy Grant Program (new; authorizes $10 million)
• Delta Regional Authority (reauthorizes $30 million)

Source: USDA, Economic Research Service using information from the Agriculture Improvement Act of 2018 Public Law 115-334, U.S. Government Publishing Office, December 2018 and Rural Development Provisions in the 2018 Farm Bill, Congressional Research Service, Report R46235, February 2020.

This report provides a brief overview of USDA, Rural Development (RD) programs including those authorized by the 2018 Farm Bill. Most USDA, RD programs are funded by annual appropriations, but some are also required to be funded by omnibus Farm Bill legislation (Casey, 2020). We rely on annual obligation data provided by USDA, RD for all the programs that USDA, RD administers and make no distinction between Farm Bill rural development programs versus non-Farm Bill programs. Further, the funding USDA, RD received or is appropriated does not equate to the obligations made in a given fiscal year. USDA, RD receives no per-year money and does not consistently obligate all appropriations it receives. This is, in part, because multi-year lending and loan guarantees authorized under legislation and congressional appropriations are managed under the Rural Development Insurance Fund as established in the 1972 Rural Development Act. For example, USDA issued notes through the U.S. Treasury become part of the Insurance Fund.

USDA, Rural Development Programs

The objectives of USDA, RD programs are centered on improving the quality of life, fostering economic growth, and ensuring sustainable development in rural areas. These programs are focused on developing and modernizing essential services like drinking water and waste disposal systems, electric infrastructure, and broadband to improve rural living conditions and make rural areas more attractive for people and businesses. They also provide financial support to small businesses, cooperatives, and agricultural producers to create jobs and stimulate economic growth. USDA, RD programs offer affordable housing options to low- and moderate-income families through loans and grants and help improve community facilities, such as schools, healthcare facilities, libraries, and emergency services.

Funding for these programs is provided through three major USDA, RD agencies: Rural Housing Service (RHS), Rural Utilities Service (RUS), and Rural Business-Cooperative Service (RBCS). RHS provides a range of initiatives to construct or upgrade houses and other critical community infrastructure in rural regions. In addition to single- and multifamily housing, RHS also provide grants, loans, and loan guarantees for childcare facilities, police and fire stations, hospitals, libraries, nursing homes, schools, first responder vehicles and equipment, farm worker housing, and more. RUS provides new or upgraded infrastructure to telecommunications services, electricity, and waste and water treatment in rural areas. The programs are administered through three major programs: Telecommunications Programs, Electric Programs, and Water and Environmental Programs (WEP). RBCS provides funding for starting and expanding rural businesses as well as job training for improving entrepreneurial skills for individuals. Some of the major RBCS programs include Business and Industry Loan Guarantees (B&I), energy programs including the Rural Energy for America Program (REAP), and Value-Added Producer Grants (VAPG).

Rural places are often less competitive for Federal assistance compared to larger urban areas, in part because urban areas have greater population density among beneficiaries and more resources to develop proposals (Pipa & Swarzenski, 2024). This, in part, motivated the establishment of USDA programs that limit eligibility and are tailored to support smaller rural areas (Cowan, 2008). By directing funding specifically at rural areas, USDA, RD programs help bridge the gap between rural and urban areas. This targeted support is essential for addressing inequities in resource allocation and ensuring that rural areas can achieve their development goals (Partridge et. al., 2009).

USDA, RD programs use several definitions of "rural" to determine eligibility for different initiatives, primarily based on population thresholds. These definitions originate from the Rural Electrification Act of 1936, the Housing Act of 1949, and the Consolidated Farm and Rural Development Acts of 1961 and 1974. USDA, RD programs use the most recent census data from the U.S. Department of Commerce, Bureau of the Census at the sub-county level to determine rural status. The definitions vary by program as detailed in the different statutes that create them and have often been implemented and presented to the public through lookup maps. For example, Single Family Housing (SFH) home loan guarantee applications must meet the household income guidelines[1] and the property to be purchased must be located in an eligible rural area with a population of no more than 20,000 people, as defined by property eligibility maps.[2] The Water and Waste Disposal Loan and Grant Program covers rural areas and towns with populations of 10,000 people or less, and based on this criteria have eligibility maps that cover a different set of Census places. The population thresholds vary depending on the program, with additional factors like proximity to urban areas sometimes playing a role. Exceptions such as "rural in character" exist to accommodate areas that might not meet the strict population criteria but still qualify for rural status. Congress also provides flexibility for communities through grandfathering and specific provisions for areas like Hawaii and Puerto Rico.[3] USDA, RD programs rely on the latest decennial census data from the Census Bureau to define rural. USDA, RD programs are designated for rural (nonmetropolitan) communities, businesses, and people, and as such many metropolitan areas are not eligible. However, when considered at the sub-county level, metropolitan counties can contain both densely populated urban centers and sparsely populated rural outlying areas. Therefore, a county classified as urban/metropolitan might have small towns or unincorporated communities with low population density that functionally operate as rural areas that may be eligible for USDA, RD investments.

USDA, Rural Development Program Funding—National Profile

Figure 1 displays annual total USDA, RD program obligations between 2000 and 2024. The largest program is Single Family Housing (SFH), also shown in the figure. Total USDA, RD program funding ranged from $10.8 billion in 2000 to $26.1 billion in 2024 dollars.[4] Total funding shows an overall upward trend from 2000 to 2010 and peaking at around $55 billion, followed by a sharp decline to around $38 billion in 2011. This decline likely coincided with recovery from the post-global financial crisis. Subsequently, total funding continued at a steady level with minor fluctuations until 2020. A sharp increase began again in 2020 up to around $47 billion due to increased funding at the time of the COVID-19 pandemic, followed by a continued downward trend in the post-pandemic years. Most of the pandemic era increase in USDA, RD funding was not driven by the Infrastructure Investment and Jobs Act (IIJA), American Rescue Plan Act (ARPA), and Inflation Reduction Act (IRA). Combined, these programs funded 0.3 percent of USDA, RD program award amounts in 2021, 3.9 percent in 2022, 12.4 percent in 2023, and 5.7 percent in 2024.[5] Given the peak in pandemic era USDA, RD funding occurred in 2020 and 2021 (as shown in figure 1) and funding had declined before the largest year of IIJA, ARPA,

[1] The SFH household income guidelines vary based on locality (State and county), household size, applicant age if 62 or older, disability, and number of children in the household.

[2] Eligibility maps are constructed using data from the Census Bureau's Decennial Census and are delineated for Census places (e.g., towns).

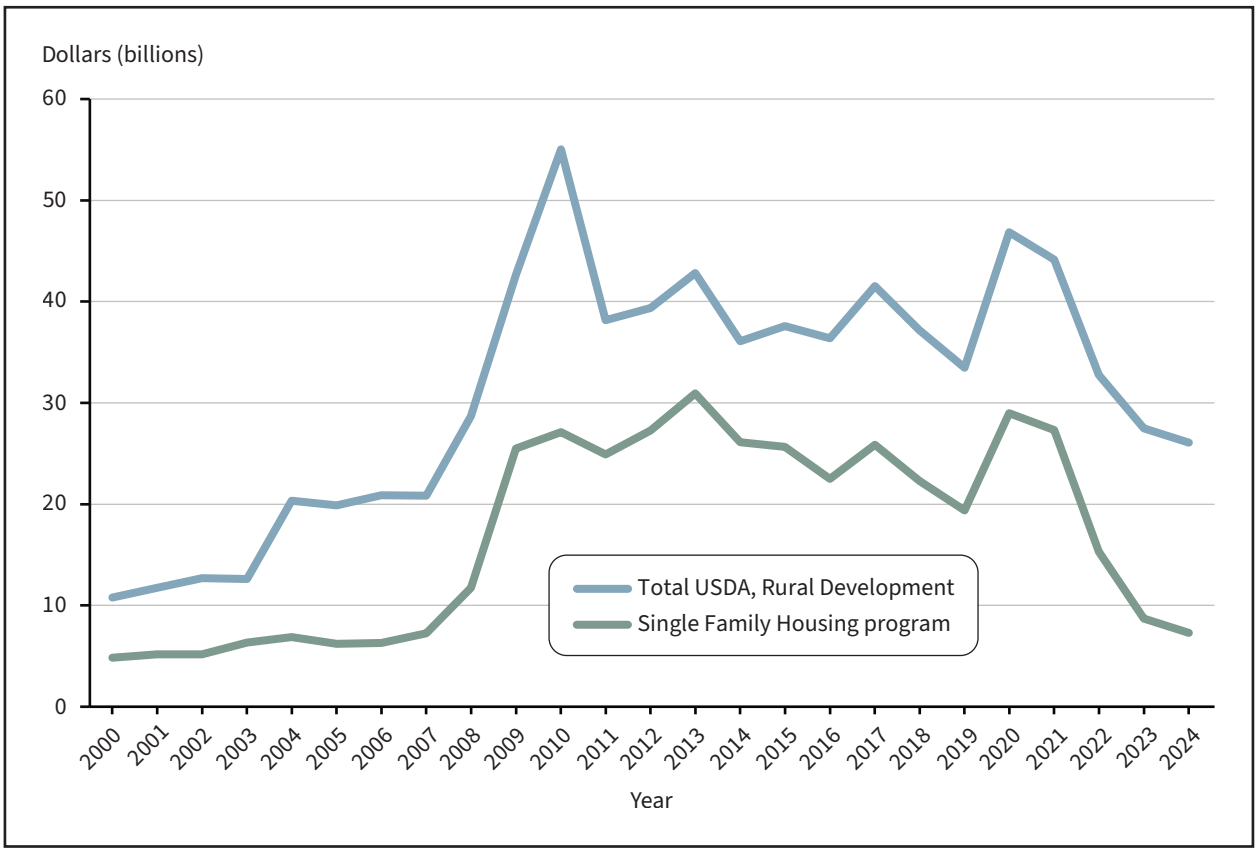
[3] Please refer to Benson et al. (2023) for a detailed discussion of how rural is defined for various USDA, RD programs.

[4] All USDA, RD obligation figures presented in this report are expressed in 2024 dollars unless otherwise mentioned, deflated using the Consumer Price Index (CPI).

[5] USDA, Economic Research Service calculations using USDA, Rural Development administrative data.

and IRA contributions in 2023, these pandemic era laws did not substantially change the trajectory of USDA, RD funding in the post-pandemic period.

Figure 1
USDA, Rural Development total and Single Family Housing program investment

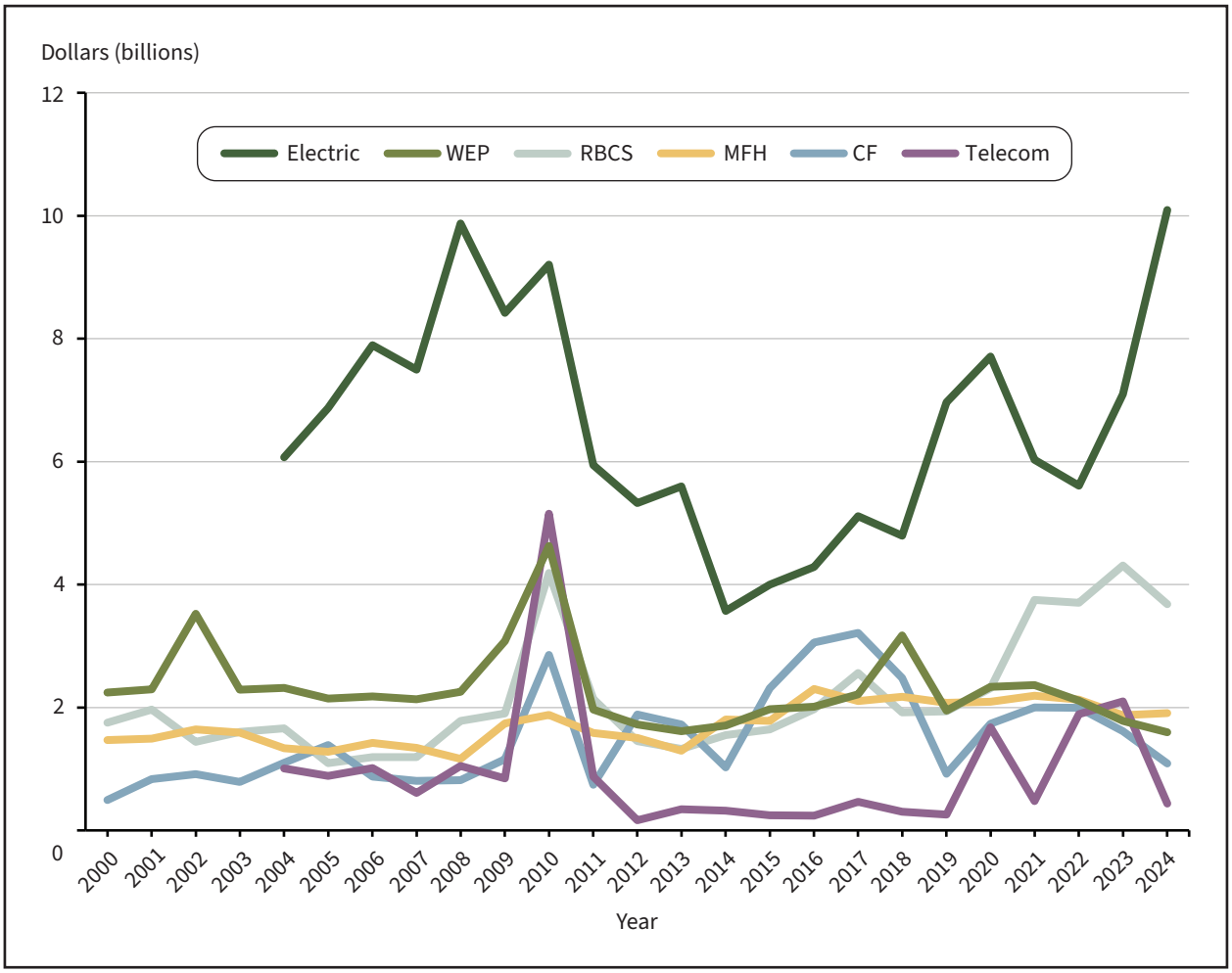


Source: USDA, Economic Research Service using USDA, Rural Development administrative data, 2000–24.

Single Family Housing (SFH) represents the largest USDA, Rural Development program in terms of obligation amount. SFH plays a critical role in providing affordable housing options for low- and moderate-income families in rural areas, and assists in purchasing, repairing, or improving homes. Figure 1 shows a gradual increase in SFH funding until 2013, reaching a peak of around $31 billion. After that, it declines, showing a similar pattern to that of total funding. The program saw a large drop in funding in the post-pandemic period after an increase during 2020 to around $29 billion. The sharp drop in total USDA, RD funding during the post-pandemic period appears to be mainly due to the drop in SFH funding.

Figure 2 shows the funding trends for other USDA, RD programs from 2000 to 2024, including the Rural Business Cooperative Service (RBCS), Community Facilities (CF), Electric Programs (Electric), Multifamily Housing (MFH), Telecommunications Programs (Telecom), and Water and Environmental Programs (WEP). RBCS programs offer financial assistance to businesses and cooperatives for expansion, job creation, and economic development initiatives in rural communities. Except for a sharp increase in 2010, figure 2 shows funding has remained relatively stable over the period studied, with moderate growth after 2021.

Figure 2
USDA, Rural Development investment by program



RBCS = Rural Business Cooperative Service, CF = Community Facilities, Electric = Electric Programs, MFH = Multifamily Housing, Telecom = Telecommunications Programs, and WEP = Water and Environmental.

Source: USDA, Economic Research Service using USDA, Rural Development administrative data, 2000–24.

Community Facilities programs support essential community facilities such as healthcare centers, educational institutions, and public safety services through grants and loans. There are periodic funding fluctuations, with funding peaking in 2017. Recent years (2020–23) show some stabilization or moderate increases in funding.

Electric Programs, the second-largest USDA, RD program in terms of obligated funding, offers financial assistance for the development and improvement of energy infrastructure. The funding line shows significant variation, with an increase between 2004 and 2010, followed by a gradual decline until 2014. The largest spike in funding between 2004 and 2010 may reflect stimulus investments during that period. Recent years (2017–20) show a gradual funding increase then decrease, followed by a sharp increase during 2023 and 2024.

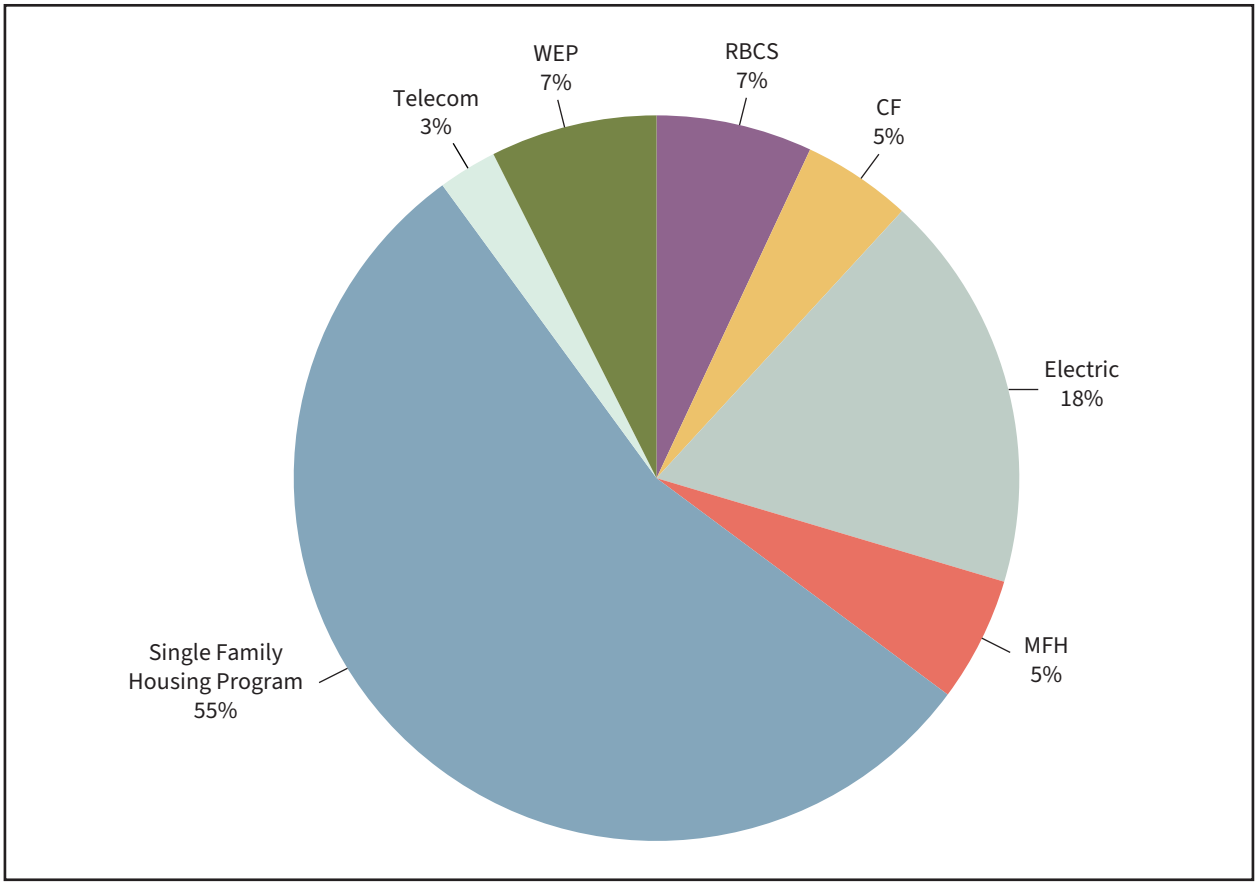
The Multifamily Housing (MFH) program provides financing for the development and preservation of affordable rental housing for low-income, older, and disabled individuals and families. This encompasses direct loans, loan guarantees, and rental assistance programs. Funding has remained relatively low compared to most other programs, with minor fluctuations over the period studied.

Telecommunications Programs provide funding to enhance broadband and telecommunications services in rural areas, promoting connectivity and economic development. Based on figure 2, Telecommunications Programs has consistently had the lowest amount of loan funding. Funding for telecommunications was generally stable in early years (2004–09) but showed a peak in 2010, mainly due to funding for the Broadband Initiatives program (BIP) through the American Recovery and Re-Investment Act (ARRA). BIP obligated about $3.6 billion (in 2020 dollars) in grants and loans (net of recissions) in fiscal year (FY) 2010 (Pender et al., 2023). Addressing the digital divide between rural and urban areas has become a high priority in recent years for the U.S. Government (Pender et al., 2023). To expand broadband connectivity in rural areas, Congress allocated $5.9 billion ($6.7 billion in 2024 dollars) for USDA broadband programs since 2018 and 89 percent of these funds were allotted to the ReConnect Program by Congress (Benson, 2024). Congress approved discretionary expenditures of $82 million per year until FY 2024 for the Distance Learning and Telemedicine Program under modifications in the 2018 Farm Bill's to the rural development title. Congress also approved appropriations of $50 million per year for the Community Connect Grants Program and codified the program in the 2018 Farm Bill as it was formerly a pilot program (Casey, 2020).

Water and Environmental Programs (WEP) support the development and improvement of water and waste disposal systems, ensuring access to clean water and sanitation services. This program showed a notable funding growth, particularly between 2005 ($2 billion) and 2010 ($4.6 billion), with a sharp peak during that period. Funding declined after 2010 but remained stable at around $2 billion a year except for an increase in 2018 ($3.2 billion).

Figure 3 shows the distribution of funding across major USDA, RD programs during the 2000–24 period, with each program represented as a percentage of the whole. The chart is dominated by the SFH segment (56 percent), highlighting a significant focus on SFH projects. The second largest amount of obligated funds (17 percent) went to electric programs. Smaller but significant portions were allocated to WEP (7 percent) and RBCS (7 percent) programs. Relatively smaller shares went to the remaining programs: CF (5 percent), MFH (5 percent), and Telecommunications (3 percent).

Figure 3
Funding shares across USDA, Rural Development programs

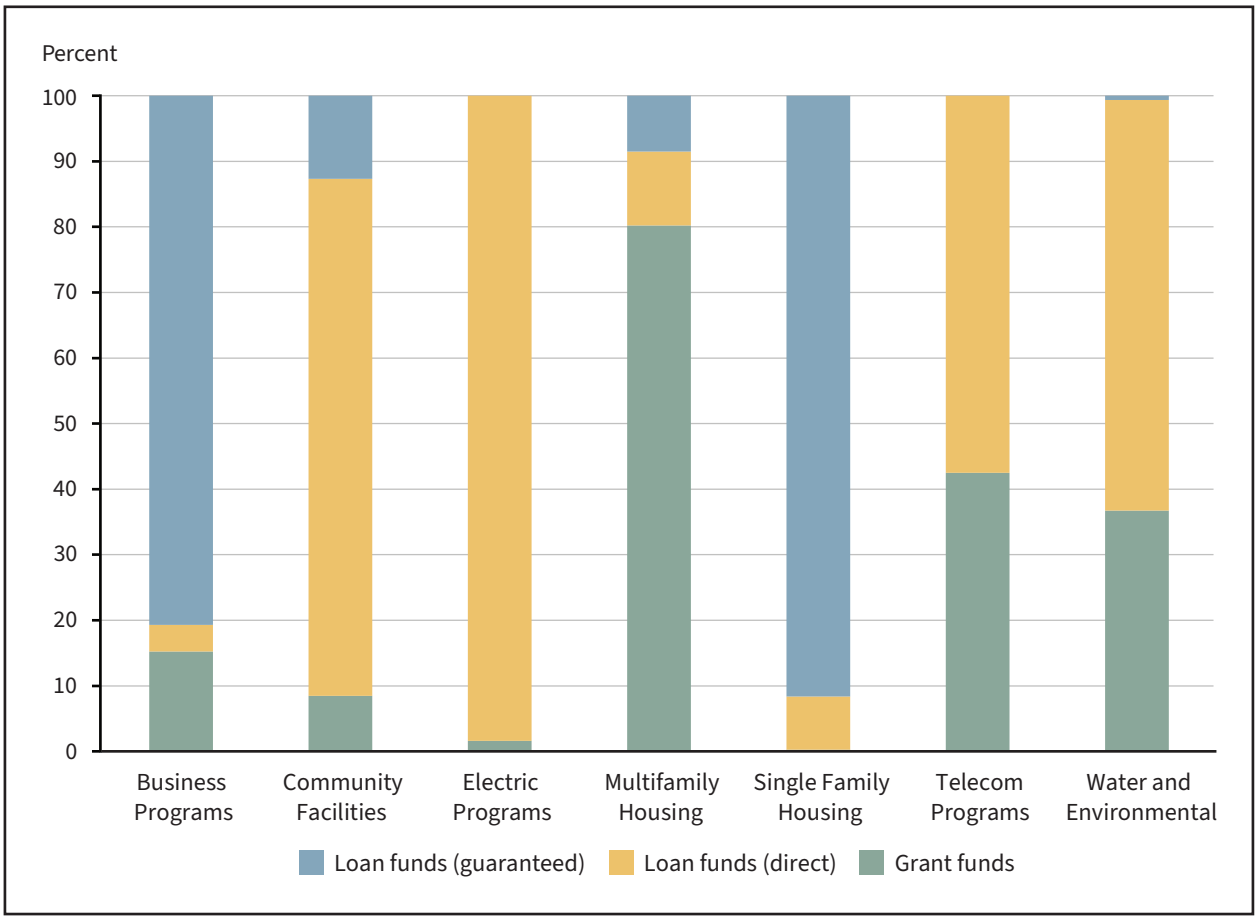


Note: RBCS = Rural Business Cooperative Service, CF = Community Facilities, Electric = Electric Programs, MFH = Multifamily Housing, Telecom = Telecommunications Programs, and WEP = Water and Environmental.

Source: USDA, Economic Research Service using USDA, Rural Development administrative data, 2000–24.

Figure 4 shows the distribution of funding among three types of financial assistance across the different USDA, RD program areas. The three types of financing are grant funds (not repaid by recipients), direct loan funds made directly by USDA, RD to borrowers, and guaranteed loan funds that are made by private lenders and guaranteed by USDA, RD. Business Programs funding was predominantly from guaranteed loan funds, with smaller proportions from grant funds and direct loan funds. Most funding for Community Facilities programs came from direct loan funds, with smaller proportions of guaranteed loan funds and grant funds. Like Community Facilities, Electric Program funding was dominated by direct loan funds, with a minimal share of grant funds and no guaranteed loan funds. The Multifamily Housing Program relied mostly on grant funds with smaller proportions of direct loan funds and guaranteed loan funds. Funding for the Single Family Housing Program was almost entirely from guaranteed loan funds, with a very small proportion from direct loan funds and almost no grant funds. Telecommunications Programs funding was mainly from direct loan funds, with a smaller share from grant funds and no guaranteed loan funds. Like Telecommunications, funding for the Water and Environmental Program came from direct loan funds and grant funds with no guaranteed loan funds. Overall, 57 percent of the obligated funds for all USDA, RD programs came from guaranteed loan funds mostly to individuals and businesses, followed by direct loan funds generally for infrastructure funding (33 percent) and grant funds (10 percent) during the period between 2000 and 2024.

Figure 4
Funding share by type by USDA, Rural Development program area



Source: USDA, Economic Research Service using USDA, Rural Development administrative data, 2000–24.

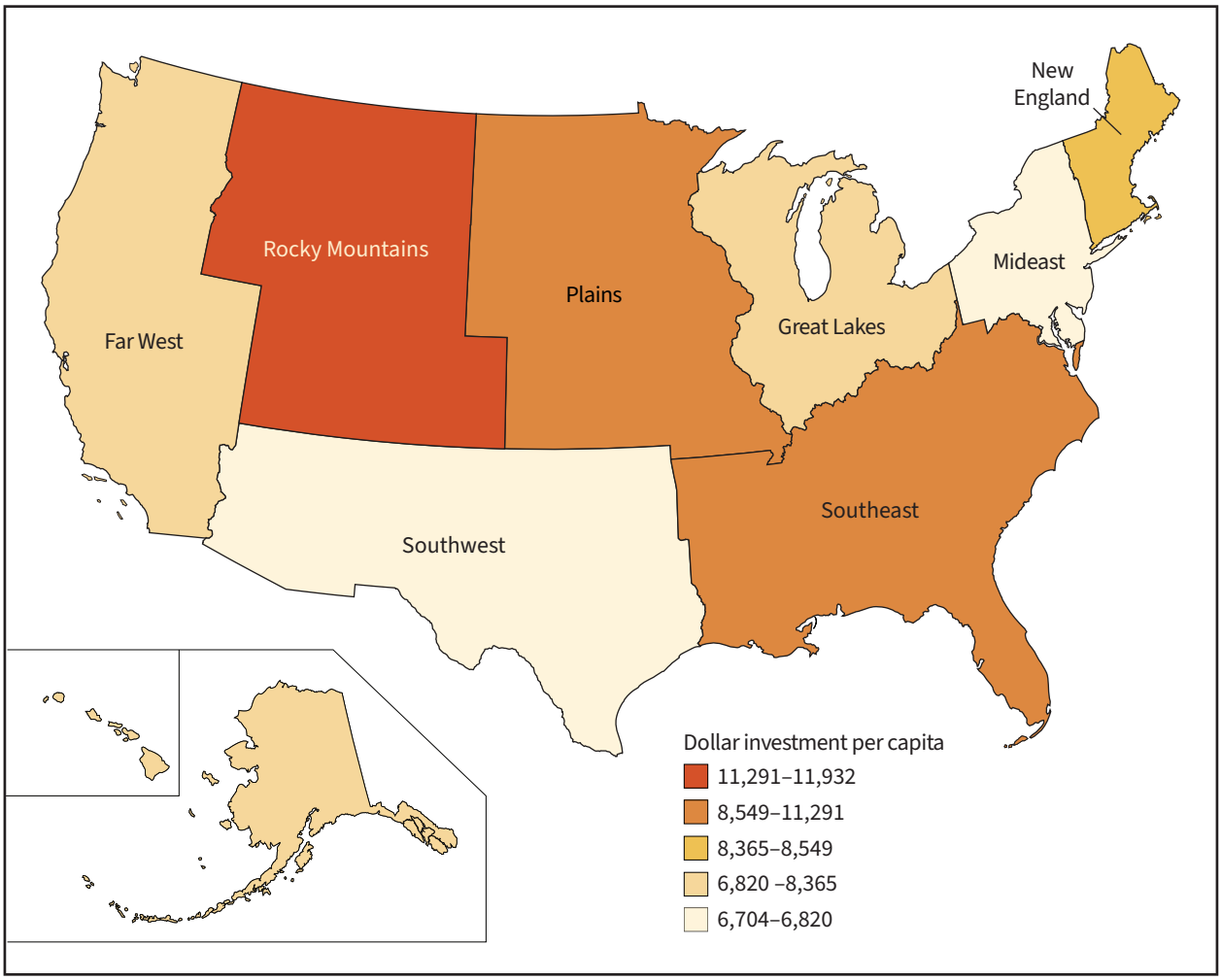
Regional Distribution of USDA, Rural Development Program Obligations

A regional breakdown based on the U.S. Department of Commerce, Bureau of Economic Analysis (BEA) classification[6] for all USDA, RD investments between 2000 and 2024 shows the Southeast Region received the largest share (39 percent) of investments, followed by the Plains (13 percent), Great Lakes (13 percent), Southwest (9 percent), and Far West (9 percent). Figure 5 details the geographic distribution of USDA, RD program obligations per capita across BEA economic regions. USDA, RD obligations by fiscal year were converted to 2024 real dollars using the Consumer Price Index (CPI) and summed over the years 2000 through 2024. Population data are from the Census Bureau's 2020 Decennial Census. The rural population for each BEA region is calculated as the sum of the 2020 nonmetropolitan population plus the rural population for metropolitan counties by aggregating the block-level rural population as defined in the 2020 Decennial Census. Thus, the map shows the per capita total USDA, RD investment by region across all programs in current dollars for the 25-year period. Though the Southeast region had the largest share of USDA, RD investment, the less densely populated Rocky

[6] Information on BEA regions (including States in each region) are available through the BEA's website.

Mountains region had the highest program participation on a rural per capita basis. USDA, RD investment per capita was also relatively higher in the Southeast and Plains regions. These regions include many farming and ranching communities including the Midwest and Mississippi Delta which may have developed more familiarity with USDA, RD programs given participation in other USDA programs such as farm operating and ownership loans and agriculture risk coverage. USDA, RD investment was also higher in northern rural New England. The Far West and Great Lakes regions had slightly higher participation per capita in USDA, RD programs than in the Mideast and Southwest regions.

Figure 5
USDA, Rural Development investment per capita by BEA region

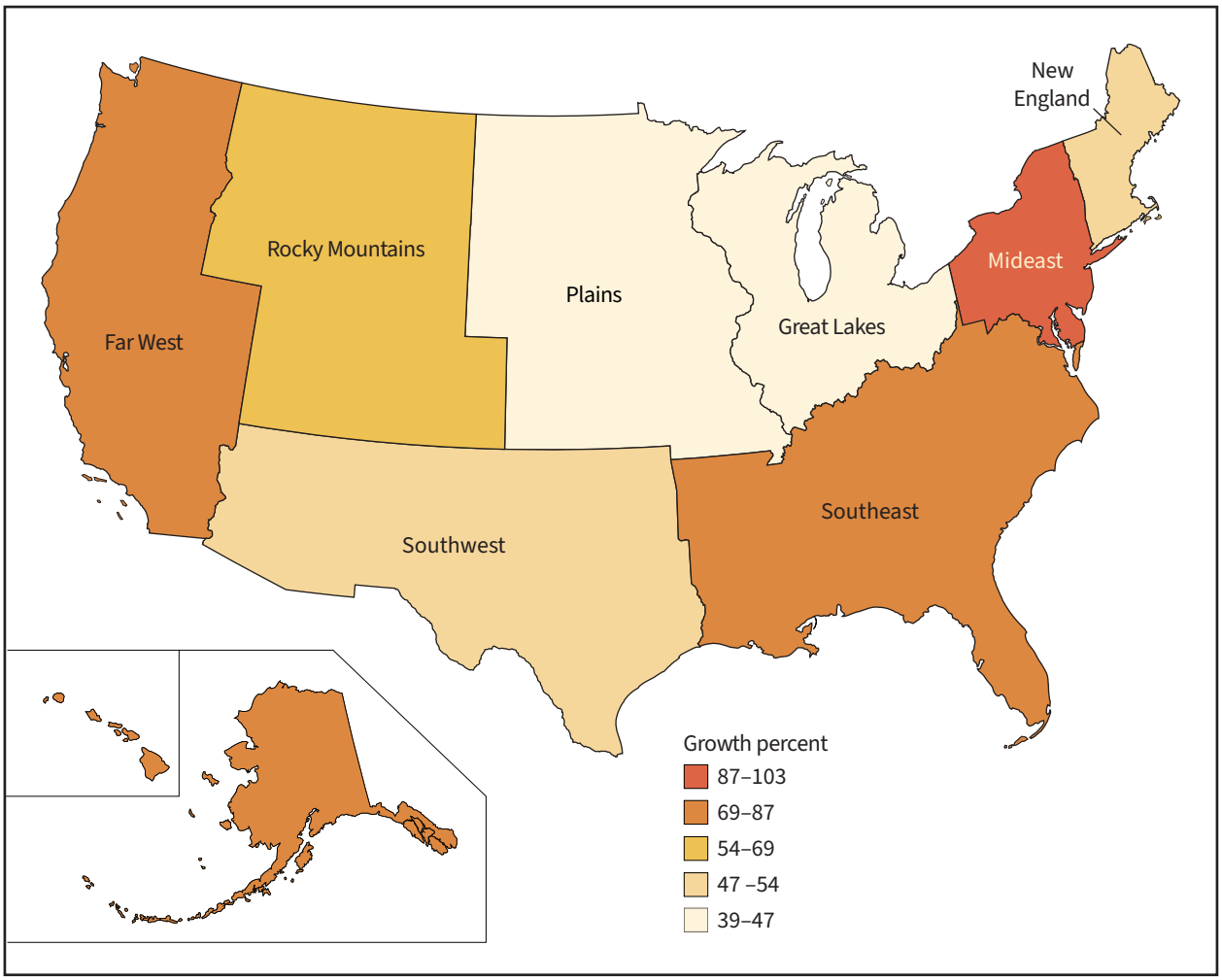


Note: USDA, Rural Development (RD) investment per rural person for the 25-year period from 2000 to 2024. USDA, RD program obligations were aggregated to U.S. Department of Commerce, Bureau of Economic Analysis (BEA) economic regions (Consumer Price Index deflated to 2024 dollars) and divided by the region's total rural population in 2020. Rural population is defined as the total nonmetropolitan population plus the total rural population for metropolitan counties where delineated by the U.S. Department of Commerce, Bureau of the Census at the block level for the 2020 Decennial Census. States in BEA regions include: (1) Far West: Alaska, California, Hawaii, Nevada, Oregon, Washington; (2) Great Lakes: Illinois, Indiana, Michigan, Ohio, Wisconsin; (3) Mideast: Washington, DC, Delaware, Maryland, New Jersey, New York, Pennsylvania; (4) New England: Connecticut, Massachusetts, Maine, New Hampshire, Rhode Island, Vermont; (5) Plains: Iowa, Kansas, Minnesota, Missouri, North Dakota, Nebraska, South Dakota; (6) Rocky Mountain: Colorado, Idaho, Montana, Utah, Wyoming; (7) Southeast: Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, West Virginia; and (8) Southwest: Arizona, New Mexico, Oklahoma, Texas.

Source: USDA, Economic Research Service using USDA, Rural Development administrative data, 2000–24; U.S. Department of Commerce, Bureau of the Census, 2020 Decennial Census; U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index (CPI-U); and 2013 U.S. Office of Management and Budget (OMB) metropolitan area definitions.

Some regions with less overall USDA, RD program participation did start to catch up when comparing the later years of the data to the earlier years. To construct figure 6, the data were split into two periods of 2000–2011 and 2012–2024. The map displays the percentage growth in USDA, RD program investment from the first period (2000–2011) to the second period (2012–2024). Participation in USDA, RD programs grew for all regions of the United States. The two regions with the smallest growth, Plains and Great Lakes, had at least 39 percent more USDA, RD investment per capita in the 2012–2024 period relative to the earlier 2000–2011 period. Comparing figure 6 to figure 5 shows that the Mideast region had low overall USDA, RD program participation. However, the region had the highest growth from the early period to the most recent period. The Southeast region had both high total USDA, RD investment per capita as well as a strong increase in participation over time.

Figure 6
Growth in USDA, Rural Development per capita investment



Note: Growth by region is calculated as the percentage change from the first 2000–2011 period total to the second period 2012–2024 total with USDA, Rural Development obligations deflated to 2024 dollars using the Consumer Price Index.

Source: USDA, Economic Research Service using USDA, Rural Development administrative data, 2000–24, and U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index (CPI-U).

Figure 7 shows USDA, RD investment per capita by program. The figure shows regional participation is widespread and dispersed throughout the country for each USDA, RD program.

Figure 7
USDA, Rural Development per capita investment by major program

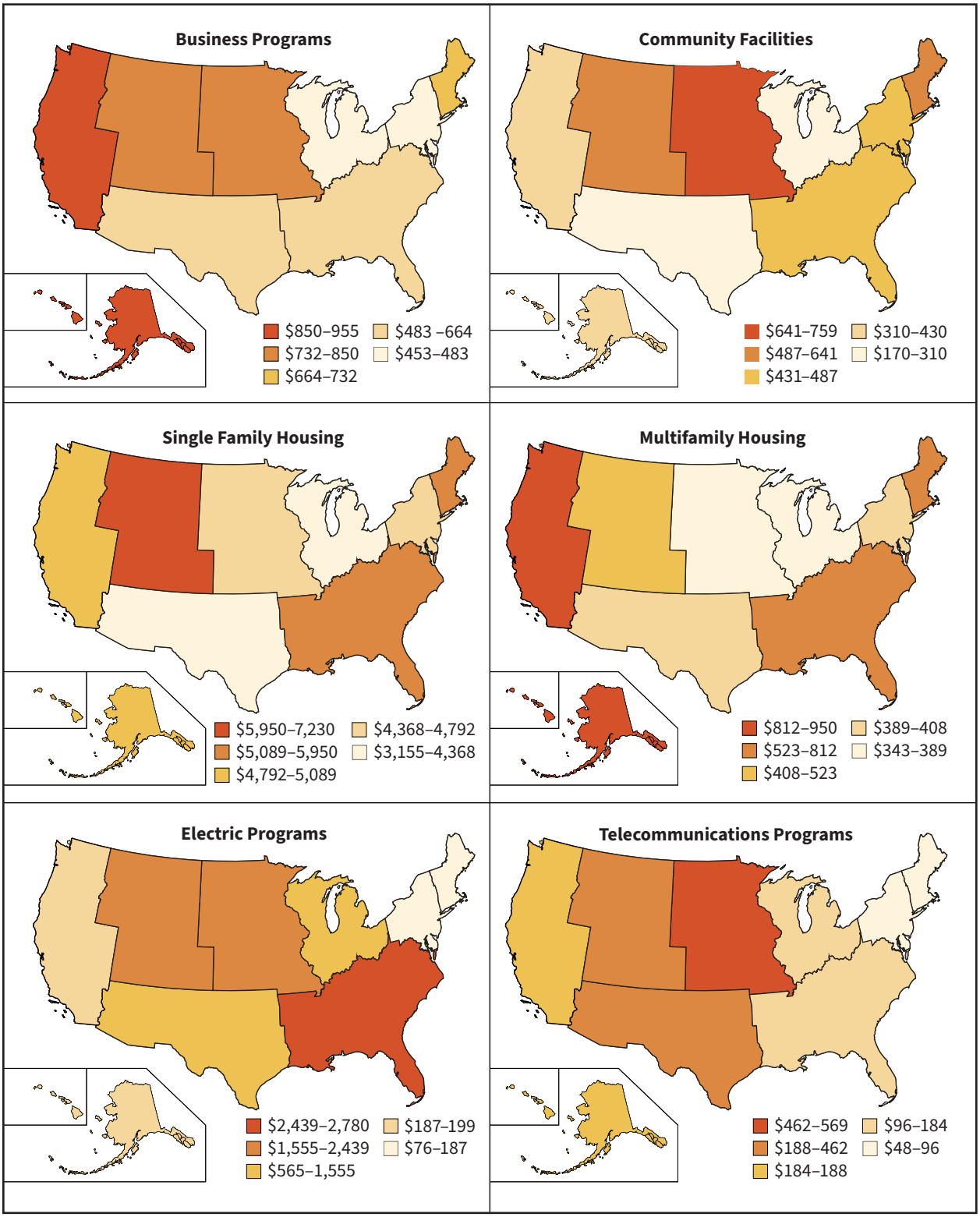


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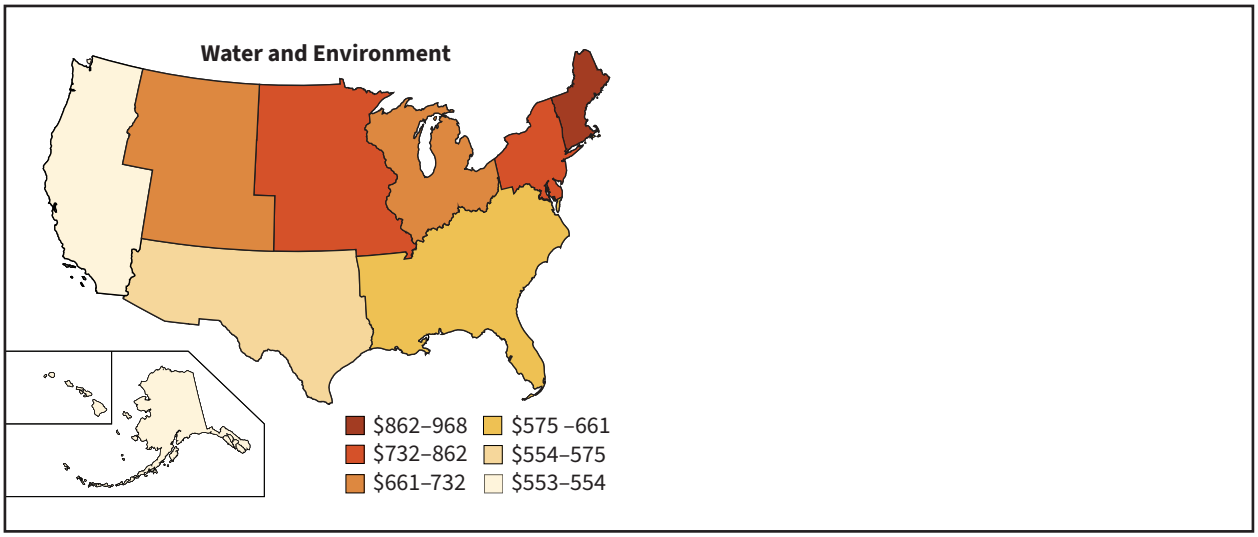
Figure 7
USDA, Rural Development per capita investment by major program



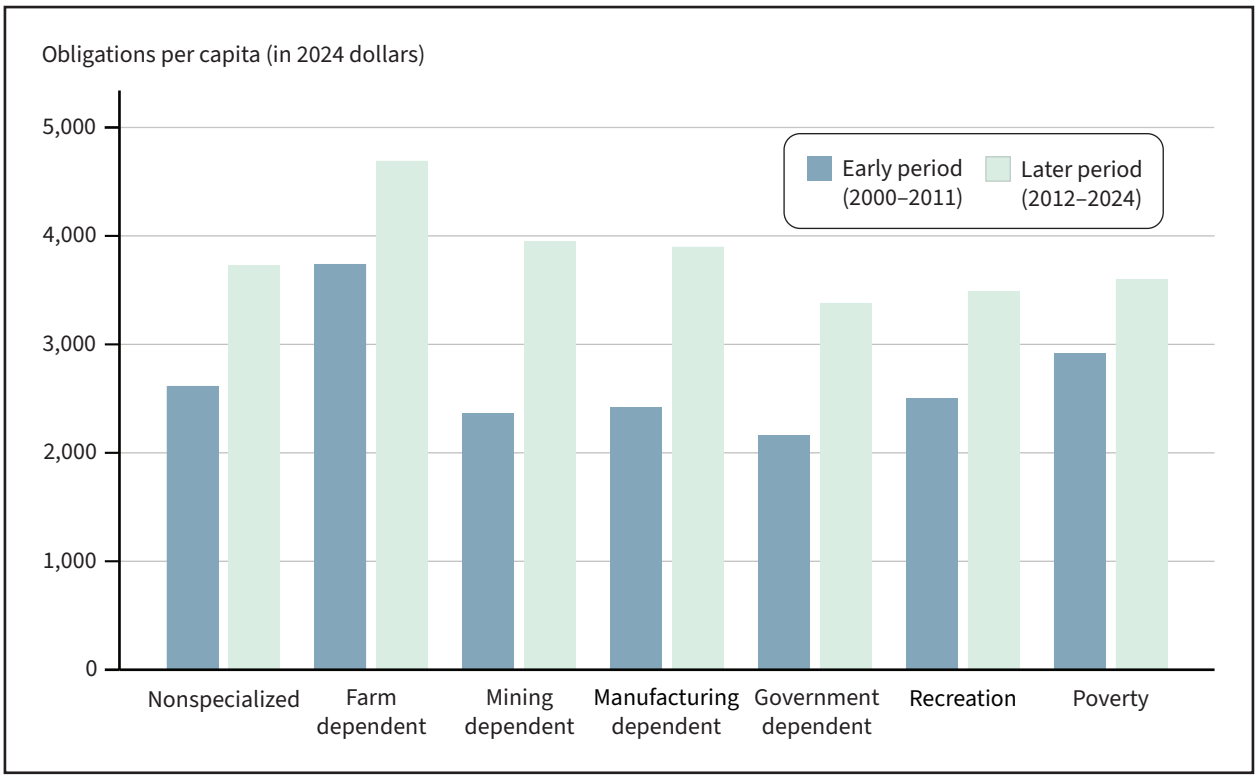
Note: USDA, Rural Development (RD) investment per rural person for the 25-year period from 2000 to 2024 separately for each of the seven USDA, RD program areas. USDA, RD program obligations (CPI deflated to 2024 dollars) were aggregated to U.S. Department of Commerce, Bureau of Economic Analysis (BEA) economic regions and divided by the region's total rural population in 2020. Population was defined as total nonmetropolitan population plus the total rural population for metropolitan counties where rural is as delineated by the U.S. Department of Commerce, Bureau of the Census at the block level for the 2020 Decennial Census.

Source: USDA, Economic Research Service using USDA, Rural Development administrative data, 2000–2024; U.S. Department of Commerce, Bureau of the Census, 2020 Decennial Census; U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index (CPI-U); and the 2013 Office of Management and Budget (OMB) metropolitan area definitions.

For any given region, however, the program level maps show differences across programs. For example, the Plains region participated heavily in Community Facilities and Telecommunications Programs but less so in USDA, RD housing programs. Comparisons across the seven maps demonstrate differences in program participation by region.

Figure 8 groups nonmetropolitan counties into types based on the USDA, Economic Research Service's (ERS) 2015 County Typology Codes. The highest per capita participation in USDA, RD programs were from producers in farming-dependent counties where the local economy was mostly driven by agricultural production. This finding is consistent with the geographies in figure 5 that show high USDA, RD participation in farming-dependent areas. Funding per capita in farm-dependent counties increased from $3,741 per person in 2024 real dollars for the first period of the data (2000 to 2011) to $4,693 per person for the second period (2012 to 2024). USDA, RD participation grew the most in manufacturing-dependent counties, climbing from $2,417 per capita in the first period to $3,900 per capita in the second. Participation also rose in mining-dependent counties from $2,368 to $3,947. USDA, RD program participation grew for every nonmetropolitan county type (figure 8).

Figure 8
USDA, Rural Development investment by nonmetropolitan county type and period



Note: USDA, Rural Development (RD) investment per rural person for the 25-year period from 2000 to 2024 separately for each nonmetropolitan county typology type. USDA, RD program obligations (CPI deflated to 2024 dollars) were aggregated to USDA, Economic Research Service typology groups and divided by the total nonmetropolitan population in 2020.

Source: USDA, Economic Research Service using USDA, Rural Development administrative data, 2000–24; U.S. Department of Commerce, Bureau of the Census, 2020 Decennial Census; U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index (CPI-U); and the 2013 Office of Management and Budget (OMB) metropolitan area definitions.

USDA, Rural Development Program Impact

USDA, Rural Development (RD) programs are designed to strengthen rural economies through support for business development, infrastructure, and community facilities. Several studies have examined the impacts of these programs on various outcomes.

Rupasingha et al. (2018) investigated the Value-Added Producer Grants (VAPG) program, which supports agricultural producers in processing and marketing value-added products. By comparing VAPG recipients with similar businesses that did not receive the grants, the study found that VAPG recipients had a lower risk of failure and created more jobs. Rupasingha et al. (2019) analyzed the USDA's Business and Industry (B&I) Guaranteed Loan Program, which provides loans to businesses in rural areas. Their study, covering 1990 to 2013, showed that businesses receiving B&I loans had a reduced risk of failure and slightly higher growth than similar businesses without such loans, with larger loans having a greater effect on reducing failure risk.

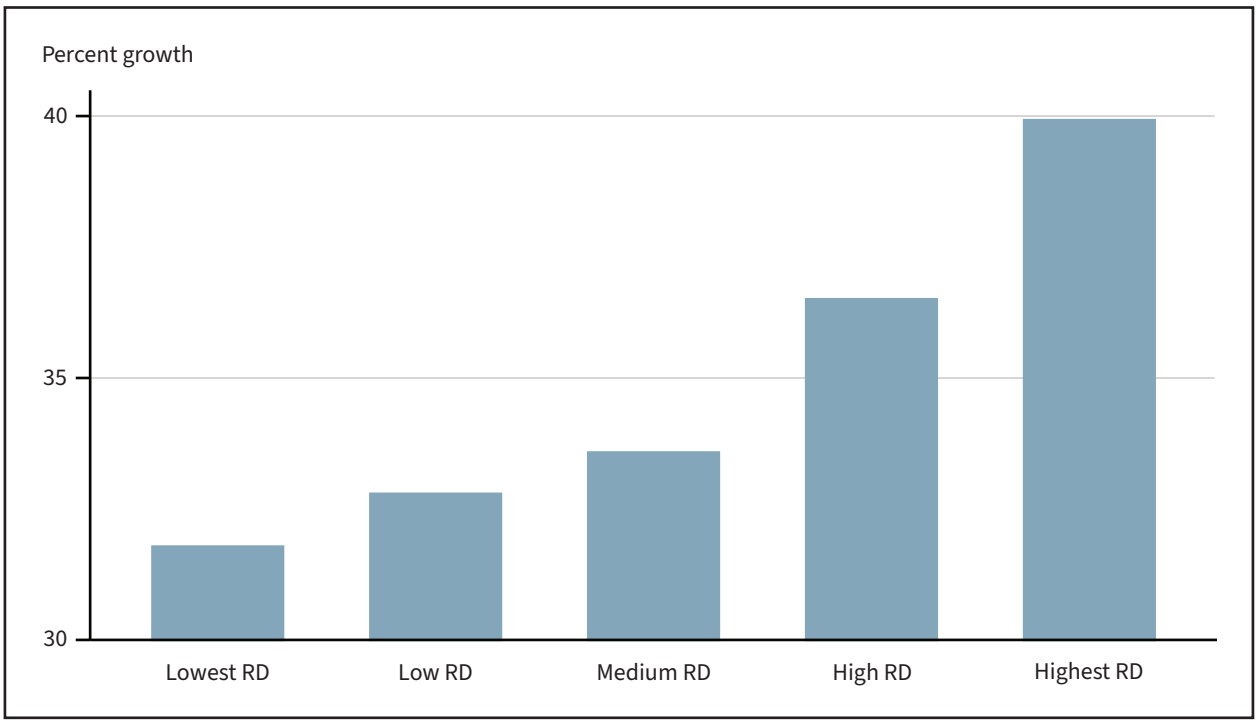
The Broadband Initiatives Program (BIP) has also been studied. Rupasingha et al. (2023) found that BIP investments positively impacted employment growth in BIP-recipient Census tracts, with micropolitan areas benefiting more than metropolitan or remote rural areas (particularly in the startup, information and communications technology, and goods-producing sectors). Rupasingha et al. (2024) found that businesses in BIP service areas had lower failure rates and fewer employment

losses compared to those outside the program areas. Pender et al. (2022) found that BIP significantly boosted broadband adoption, with varying effects based on geography, prior broadband availability, demographics, and economic structure. Earlier studies also focused on various impacts of the USDA Rural Broadband Loan Program (Dinterman & Renkow, 2017) and the Community Connect Grant program (Kandilov & Renkow, 2020) with similar findings.

Cho and Rupasingha (2021) examined the effect of the Community Facilities (CF) Program during the Coronavirus (COVID-19) pandemic. They found that rural counties receiving CF health-related funding had lower COVID-19 case and death rates, with even better outcomes in remote counties and those with persistent poverty. Rupasingha and Cho (2025) further explored the CF Program's impact on rural hospital closures, finding a significant link between CF funding and a reduced risk of closures, highlighting the program's role in supporting rural healthcare infrastructure.

Figure 9 divides counties into quintiles based on total county USDA, RD funding per capita from 2000 to 2024. Each year was converted to 2024 real dollars before summation. The average USDA, RD per capita investment for the lowest quintile is $997. For the second quintile the per capita average is $3,052, for the middle quintile $4,845, for the fourth quintile $6,985, and $15,475 in the highest quintile. Figure 9's vertical axis shows the percent growth in county real income per capita over 25 years from 2000 to 2024 (in 2024 dollars). Results show that county income growth per capita and USDA, RD per capita investment go hand in hand. As shown in figure 9, counties with higher levels of USDA, RD investment experienced higher growth. The lowest group of counties experienced 31.8 percent real income growth on average, the second quintile 32.8 percent, mid-quintile 33.6 percent, fourth quintile 36.5 percent, and the highest quintile 39.9 percent growth.

Figure 9
County income per capita growth by USDA, Rural Development investment quintile



Note: The horizontal axis is the average by quintile of county USDA, Rural Development (RD) investment (CPI deflated to 2024 dollars) for the 25-year period from 2000 to 2024 per capita (2020 county population). The vertical axis shows percent growth from 2001 to 2023 of the average of county real income (CPI deflated) by quintile.

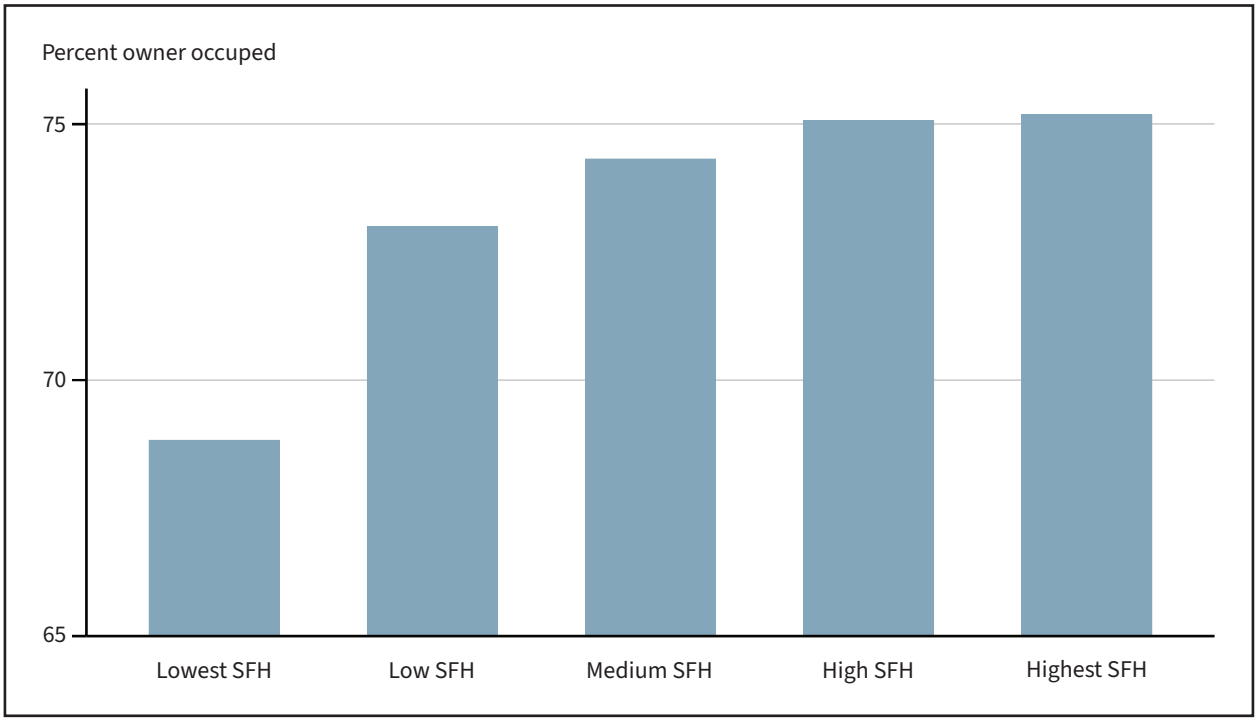
Source: USDA, Economic Research Service using USDA, Rural Development administrative data, 2000–24; U.S. Department of Commerce, Bureau of Economic Analysis, personal income by major component and earnings by NAICS industry (table CAINC5N); U.S. Department of Commerce, Bureau of the Census, 2020 Decennial Census; and U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index (CPI-U).

One caution on the interpretation of this result is that the research design is not causal. The data show that counties with higher USDA, RD participation had higher income growth. However, communities with higher political, administrative, and civic capacity that are better positioned to be successful tend to pursue Federal funds and are more likely to be awarded these funds (Hall, 2008; Lowe et al., 2016). Thus, the result in figure 9 doesn't necessarily mean that USDA, RD investment single handedly caused growth, however it suggests that USDA, RD grant and loan funding initiatives supported county growth.

Figure 10 focuses on the Single Family Housing (SFH) program, one of the largest USDA, RD programs. Counties are sorted into five quintiles based on SFH program participation per capita to explore the relationship between SFH investment and the share of owner-occupied housing in the county. As seen in figure 10, counties in the lowest quintile with the least participation in SFH were also counties with the lowest percentage of owner-occupied housing as a share of total housing. Similarly, the highest quintile of SFH counties had the largest share of owner-occupied housing, on average.

The share of owner-occupied housing increased for each successive SFH quintile group. Greater SFH investment is associated with a higher propensity of the population to own their homes.

Figure 10
Percent of owner-occupied housing by county, shown using USDA, Rural Development Single Family Housing (SFH) investment quintiles



Note: Horizontal axis is the average USDA, Rural Development (RD) Single Family Housing investment (CPI deflated to 2024 dollars) by quintile for the 25-year period from 2000 to 2024 per capita (2020 county population). The vertical axis is the 2023 American Community Survey (ACS) 5-year estimates for the owner-occupied percent of total housing units in the county.

Source: USDA, Economic Research Service using USDA, Rural Development administrative data, 2000–24; U.S. Department of Commerce, Bureau of the Census, 2023 5-year ACS data ; and U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index (CPI-U).

Conclusion

Individuals living in most rural areas of the United States face persistent challenges including geographic separation from markets and population centers, lack of access to adequate infrastructure, higher costs of production and marketing, greater economic risks associated with commodity market volatility, and demographic shifts that challenge population stability and growth (Perdue, 2017). Limited access to broadband, healthcare, education, and transportation weakens rural economies, while outmigration exacerbates labor shortages (Perdue, 2017). Federal investment, primarily through USDA, Rural Development (RD) programs, helps address these disparities by investing in economic development, infrastructure, and essential services (Rupasingha et al., 2018; Rupasingha et. al., 2024; Rupasingha & Cho, 2025). The Farm Bill serves as a legislative framework for USDA, RD programs that focus on rural infrastructure, business development, housing, and community facilities. This report presents an overview of USDA, RD investments including a national profile of programs, their spatial distribution, and an association of USDA, RD investment with several key economic indicators. Analysis of trends from 2000 to 2024 shows fluctuations driven by economic conditions and program priorities. SFH receives the largest share of USDA, RD funding, followed by electric, water, and business programs. USDA, RD obligations peaked during the Great Recession and the COVID-19 pandemic and declined during recovery periods. Most funding is allocated through guaranteed loans (57 percent), direct loans (33 percent), and grants (10 percent).

Spatial analysis reveals that 39 percent of USDA, RD obligations went to the Southeast region. However, on a per capita basis, USDA, RD program participation was highest for the Rocky Mountains region. Region-level analysis for total USDA, RD per capita funding for 2000–24 shows both widespread program participation with some geographic variations. Higher per capita USDA, RD investment was concentrated in regions like the Rocky Mountains, Plains, and Southeast. Lower investment occurred in regions such as the Mideast and Southwest. Farming-dependent nonmetropolitan counties had the highest USDA, RD program participation, in part perhaps due to awareness from participation in other USDA farm programs. USDA, RD participation grew the most in mining-dependent and manufacturing-dependent counties. These investments also varied across regions by different program types, such as business versus housing programs.

USDA, RD funding was positively correlated with county income growth. Counties with higher USDA, RD investment saw stronger income growth, though this does not imply causality. For the Single Family Housing (SFH) program, counties with higher participation had a larger share of owner-occupied homes. USDA, RD programs have provided support to rural economies, with levels of investments fluctuating according to regional and economic factors.

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