



Strategic Goal 3

Support Increased Economic Opportunities and Improved Quality of Life in Rural America

Rural America, home to one-fifth of the Nation's population, is a collage of people and economic activities. Today, seven out of eight rural counties are dominated by varying mixes of manufacturing, services and other non-farming activities. Of the 65 million people who live in rural America, only 2 million are engaged directly in production agriculture. While farm income is an important source of revenue for some rural families, most rural residents are not dependent on agriculture. Many family farmers rely on local, off-farm employment to supplement their farm income.

A diversity of other enterprises, including renewable energy and "place"-based opportunities, such as support services for agriculture, forestry and mining, recreation, and manufacturing, provide many of the jobs and income in rural America. USDA enhances economic opportunities and quality of life for rural residents by helping to provide local demographic information, financial and technical assistance for business and industry, water and waste disposal, community facilities, advanced telecommunications and broadband infrastructure, electric utilities, and housing. The Department strives to ensure that rural residents have equal opportunity to share in the Nation's prosperity and technological advancement. USDA is the leading advocate for rural America.

USDA facilitates the achievement of Presidential initiatives by encouraging, for example, minority homeownership and the production of renewable energy. The Department will continue to work with other Federal agencies, State and local governments, and private-sector interests to achieve a coordinated effort for the realization of Presidential initiatives as well as other activities important to rural America.

Strategic Result: Contribute to the Prosperity and Technological Advancement of Rural Residents

OBJECTIVE 3.1: EXPAND ECONOMIC OPPORTUNITIES BY USING USDA FINANCIAL RESOURCES TO LEVERAGE PRIVATE SECTOR RESOURCES AND CREATE OPPORTUNITIES FOR GROWTH

One of USDA's core missions is ensuring that rural residents enjoy economic opportunities equivalent to those of other Americans. Credit limitations and other market imperfections sometimes restrain the ability of rural economies to create the jobs and incomes that would allow rural families to thrive and rural youth to remain in their communities. USDA programs serve as capital enhancement tools for rural America by providing access to capital for investment in businesses and economic infrastructure. Through capital enhancement and by implementing energy-related provisions of the Farm Security and Rural Investment Act of 2002 (FSRIA), USDA will facilitate the expansion of economic opportunities in rural areas.

The development of the Internet-based economy provides unique opportunities for rural America. Broadband infrastructure greatly helps to mitigate the limitations on business development in rural areas caused by geographical distance and a limited customer base. USDA is providing capital to finance access to broadband service for rural communities. This access is critical to enable rural businesses to participate in the developing global economy.

- While the impact of USDA's investment, leveraged with private-sector funds, is significant in rural America, it is currently unmeasured. The Department will implement the Strategic Economic Benefit Analysis System (SEBAS) to measure the impact of USDA business-related programs on improving the rural economy.

Once available and developed, it is anticipated that SEBAS data will be a useful tool to Federal policymakers for enhanced strategic planning, policy development and program assessment. If successful, it is anticipated that it may be expanded to cover other programs.

Key Outcome: Enhanced Capital Formation for Rural Communities

Performance Measures

3.1.1 Rural jobs created/saved

Baseline 2003
88,000 jobs created or saved annually.
Target 2010
58,300 jobs created or saved annually.

Actionable Strategies

To improve the effectiveness of programs to increase economic opportunity, USDA will:

- Conduct the census of agriculture to provide detailed agricultural data at the national, state, county and local levels on the characteristics and demographics of America's agricultural sector;
- Implement SEBAS;
- Develop formal partnerships with other Federal departments and agencies to bring additional resources to rural areas more efficiently;
- Fully implement FSRIA's provisions, including energy programs and expanded assistance for broadband;
- Increase outreach and partnerships with financial institutions and non-traditional lenders to encourage an increase in the availability of capital to rural minority business owners;
- Focus on value-added activities in agriculture and other natural resource industries by encouraging the establishment and growth of locally owned and operated rural businesses;

- Concentrate efforts on States with high loan delinquency rates and provide additional training, as necessary, to minimize delinquencies;
- Analyze how investment, technology, employment opportunities and job training, Federal policies and demographic trends affect rural America's capacity to prosper in the global marketplace;
- Increase awareness throughout Government of the opportunities and limitations to economic growth in rural America; and
- Develop collaborative relationships with as many agencies as possible that can be, or may already be, involved in rural development activities to avoid duplication and excessive Government-sponsored overhead. This can occur simultaneously with USDA efforts to facilitate private sector, rural-based economic investment and growth.

OBJECTIVE 3.2: IMPROVE THE QUALITY OF LIFE THROUGH USDA FINANCING OF QUALITY HOUSING, MODERN UTILITIES, AND NEEDED COMMUNITY FACILITIES

If new businesses are to operate in a rural community, that community must possess the amenities that businesses require and employees desire. This includes access to such basic needs as clean water, adequate housing, reliable electricity and telecommunications, and such essential needs as quality education, health care, day care, public safety services and cultural activities. If a community cannot meet the public's essential needs, young people will neither stay in nor migrate to the rural community. USDA is an important source of credit and technical assistance for developing the economic infrastructure of rural America. These resources are essential if rural residents and communities are to improve their quality of life through increased economic opportunity.

Availability of adequate housing is critical to the well-being of a community. Ensuring that low-income families have access to decent and safe housing is a major concern in every area, whether urban or rural. USDA provides financing for low- and moderate-income rural families who cannot obtain credit from other sources to help them own homes. Owning a home provides stability for

families and gives them the opportunity to strengthen their financial condition through the accrual of equity. The President has expressed his desire to increase homeownership, particularly among minorities. He has established a major initiative to increase minority homeownership nationwide. USDA is implementing an action plan aggressively in support of the President's goal.

Key Outcome: Improved Rural Quality of Life Through Homeownership, New and/or Improved Water and/or Waste Disposal Facilities, New and/or Improved Electric Facilities and/or New or Improved Telecommunications Facilities

Performance Measures

3.2.1 Number of homes financed with Section 502 funds annually

Baseline 2003
45,000 households.
Target 2010
31,350 households.

3.2.2 Percentage of multi-family projects with unresolved maintenance and/or management violations

Baseline 2005
23 percent.
Target 2010
18 percent.

3.2.3 Increase percentage of minority homeowners

Baseline 2003
19.1 percent of all Section 502 direct and guaranteed loans were to minority households in rural areas to purchase affordable housing.
Target 2010
20.8 percent of all Section 502 direct and guaranteed loans are to minority households in rural areas to purchase affordable housing.

3.2.4 Subscribers receiving new or improved service from an agency-funded water facility

Baseline 2003
468,000 residential users benefited from water facilities receiving financing.
Target 2010
525,000 residential users will benefit from water facilities receiving financing.

3.2.5 Increase the percentage of the rural population who have improved health care

Baseline 2001
3.5 percent.
Target 2010
5.5 percent.

3.2.6 Increase the percentage of the rural population who have improved public safety services

Baseline 2001
2 percent.
Target 2010
3 percent.

3.2.7 Percentage of consumers receiving new or upgraded electric service

Baseline 2003
4 percent increase in the number of all electric program borrowers' consumers receiving new or upgraded electric service.
Target 2010
4 percent increase in the number of all electric program borrowers' consumers receiving new or upgraded electric service.

3.2.8 Annual percentage increase of subscribers receiving new or improved telecommunications services

Baseline 2003
6.42 percent of rural telecommunications subscribers serviced by Rural Development Utilities programs receiving new or improved service.
Target 2010
6.5 percent of rural telecommunications subscribers serviced by Rural Development Utilities programs receiving new or improved service.

Actionable Strategies

- Implement legislation to revitalize the multi-family housing portfolio to ensure that projects are maintained in good physical condition and committed to serving low-income families;
- Support the President's minority homeownership initiative by:
 - Doubling the number of self-help participants by 2010;
 - Increasing participation by minority lenders through outreach;
 - Promoting credit counseling and homeownership education; and
 - Tracking USDA's lending activity to promote an increase in minority homeownership.
- Increase the leveraging of outside funds by developing relationships with all potential sources of funding in rural communities for water, environmental and essential community facilities;
- Support the transition of rural hospitals from their traditional role of providing an average of five days of in-patient care to providing outpatient care;

- Conduct research to identify social and economic issues facing rural communities as they adjust to broad forces affecting their futures, such as welfare reform, increased foreign competition in low-wage industries, growing demand for highly-skilled labor, an aging population and rapid growth in communities near major cities; and
- Conduct research to better understand the role and effectiveness of investments in infrastructure, housing and business assistance for sustaining rural communities, particularly in areas characterized by rapid population growth or long-term population decline.

Key External Factors

The amount of loans that can be made with the budget authority appropriated will depend upon various factors that affect subsidy rates, including interest rates and program losses. USDA can maximize its resources by jointly funding projects with private lenders only if they participate and loan recipients can meet the higher payments normally required from joint funding. While the Department can reach out to rural communities, it cannot require them to apply for financial help. Applicants must compete for funding with other applicants and the recipient must demonstrate the ability to repay the Government loan. Significant fluctuations in interest rates or unemployment also impact the ability of many rural residents, communities and businesses to qualify. Additionally, the availability of credit from other lenders will affect the demand for USDA assistance. Availability may vary with overall economic conditions and the willingness of other lenders to serve rural areas.