



Vol. 17, No. 12

March 14, 2014

House Agriculture Appropriations Subcommittee Hearing

This morning, the House Agriculture Appropriations Subcommittee held a hearing to discuss the President's FY15 Budget Request. Subcommittee Chairman Aderholt (R-AL), Committee Chairman Rogers (R-KY), and Rep. Valadao (R-CA), criticized the Administration's proposed cuts to Rural Housing programs.

In this opening statement, Subcommittee Chairman Aderholt (R-AL) noted that Rural Housing programs have broad support and serve many low-income and elderly households.

Committee Chairman Hal Rogers (R-KY) used his opening statement to speak at length about Section 502 Direct Loans and Section 523 Mutual Self-Help Housing programs and their impact in his district. Specifically, he criticized USDA's cuts to these programs, while at the same time proposing new spending through new programs, citing the excellent successful work of NRHC

Member Kentucky Highlands and two families who participated in their Self-Help Housing program.

“We’ve seen this kind of smokescreen from this Administration where funding is cut for useful programs in order to make room for new spending and create the illusion of budget savings. The concern I have is that this shows a disrespect for our rural communities and the constituents who’ve made these programs successful...It seems to me that this is the sort of thing we should be encouraging, and there are a lot more hard-working people like these women who are more than happy to put in the time and effort to gain homeownership. I hope that you can begin to support this program with a little more emphasis than you have been in the budgets we have seen.” You can [read his entire statement here.](#)

Likewise, Rep. David Valadao (R-CA) asked about significant proposed cuts to the Rural Housing programs and Water/Waste Disposal Grants, which he said were crucial to encourage economic growth in rural communities. Rep. Valadao mentioned his recent visit to a Self-Help Housing development in Lamont, California. “It’s obviously an amazing program because people actually take the time, families get together, they build a community, they build their home. Actually, when you see a community get together like that, to work together on each others’ homes, gain some talent, some pride in ownership, some pride in their own efforts, and actually learn some new talents from coming from this or some new skills, it’s a very beneficial program...Obviously, [the proposed cuts are] something I’m disappointed with.”

In response to these criticisms, Secretary Vilsack touted the return on investment in the President’s Budget, which would allow 2.2 million families to have access to water/sewer services and would help 166,000 families become homeowners. Vilsack said that the FY15 proposed Section 502 Direct Loan Budget Authority is, in fact, higher than the FY14 budget, but that because interest rates and subsidy costs have increased, program levels are down. He also noted the increased need for Rental Assistance over the last few years. “If you want to not have a [budget] cap, fine. If you want to look at other aspects of the budget, if you want to reduce fire suppression and put 45 million homes at greater risk, okay. If you want to reduce WIC and the 8.7 million women, infants, and children who benefit from that program, fine. But the realities of our budget are that there are difficult choices to make.”

As for the Water/Waste Disposal Grants, Vilsack claimed that there is less need for the grant program because interest rates are low. He also noted that when faced with difficult choices, the Department focuses facilities of a certain size.

Vilsack also said that the Department needs to “right size” (as opposed to “downsize”) the Section 521 Rental Assistance program. The Budget Request

includes a number of changes to Rental Assistance, including minimum rents, less than one year contracts, greater discretion to USDA in renewing contracts and the elimination of cost-plus contracts. Today, Section 521 Rental Assistance comprises 89 percent of the total RHS Budget Authority for Rural Housing programs.

Vilsack was piqued over the questions Committee members asked him on Rural Housing reductions, as he hauled out the old 'cutting widows and orphans' chestnut. Is he really saying that Congress can have \$6.88 billion for the WIC program or \$25 million for Self-Help Housing? Or \$30 million in additional Budget Authority for Section 502 Loans? In a budget of \$24 billion, it is never really a choice between feeding babies and providing decent housing for people. USDA can do both!

In FY 13, Vilsack told NRHC and Congress that Section 502 Direct had to be cut because the subsidy rate had increased. In FY 14, the subsidy rate fell and Section 502 Direct still had to be cut...just because. Today, Vilsack said that the subsidy rate in FY15 had risen again and that this was the reason for the reduction in Section 502. What they are really saying is that the subsidy rate does not make a difference—USDA will only support a Section 502 Direct program at \$350 million.

Vilsack indicated that since he took office, USDA's discretionary spending has been reduced by \$500 million. This is just the same size as the reduction in the Rural Development Budget Authority over the same time period. The FY15 Budget Request cuts USDA discretionary spending by \$250 million, which is a little less than the overall cut in Rural Development in the budget. The fact is that under his leadership, Rural Housing funding has been reduced by \$300 million and Rural Development funding by well over \$500 million.

Thank you for your support,

Sarah Mickelson