

Rural Advocates Claim President's Budget Skewers Rural Development

WASHINGTON, April 15, 2013 /PRNewswire/ -- A letter issued by the [National Rural Housing Coalition](#) accuses the U.S. Department of Agriculture (USDA) of seeking to eliminate successful Rural Development programs, including [those that help low-income rural families access affordable housing](#) and [grants](#) that help small rural communities provide potable water and wastewater systems to residents.

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There is ample evidence that Rural Development programs rank low on USDA's list of priorities. Between 2010 and 2013, Rural Development programs were cut by at least \$750 million. This substantial and disproportionate cut represents 19 percent of all cuts made to USDA over the same period. The President's Fiscal Year 2014 (FY14) Budget piles on even further by proposing an additional \$200 million in reductions, despite the fact that the budget includes more than \$300 million in savings from USDA Loan programs.

"USDA should acknowledge that Rural Development is a low priority for the Department," said Bob Rapoza, Executive Secretary of the National Rural Housing Coalition. "And for that reason, it is obvious to me that these programs are the first on the chopping block and always available to offset increases for other programs and activities that are deemed more important."

If the President's Budget is approved, Rural Development programs will be cut by over \$1 billion in the past 4 years. Programs like [Section 502 Direct Loans](#), the single most cost-effective federal housing program, are particularly hard hit.

According to the FY14 Budget, each direct loan costs the government about \$3,000 over the entire lifetime of the loan, far less than the annual cost of many similar federal housing programs. And, despite serving families with limited economic means, the program performs on par or better than other loan portfolios, including Federal Housing Administration (FHA) loans, in terms of delinquency and foreclosure rates.

Above all, Section 502 Direct Loans are an important source of jobs in rural America. According to USDA estimates, over the past 5 years, the program created 103,637 jobs, amounting to \$5.2 billion in wages.

Likewise, the President's Budget dramatically cuts grants for small rural communities without adequate water or waste disposal facilities.

"While there are tight caps on discretionary spending, this is no excuse for the size and scope of the proposed reductions...It is simply one more gimmick to skewer Rural Development spending," Rapoza stated.

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