

2018 President's Budget
Rural Development
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RURAL DEVELOPMENT

Available Funds and Staff Years (SYs)
(Dollars in thousands)

	2015 Actual		2016 Enacted		2017 Estimate		2018 President's Budget	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
Rural Community Facility Program Account a/.....	\$30,278	--	\$42,278	--	\$42,278	--	--	--
Rural Housing Insurance Fund Program Account: Subsidy d/.....	95,843	--	87,713	--	87,713	--	--	--
Rural Housing Assistance Grants e/.....	32,239	--	32,239	--	32,239	--	--	--
Rental Assistance Program	1,088,500	--	1,389,695	--	1,389,695	--	\$1,345,293	--
Multi-Family Housing Revitalization Program f/.....	24,000	--	37,000	--	37,000	--	20,000	--
Mutual and Self-help Housing Grants g/.....	27,500	--	27,500	--	27,500	--	--	--
Rural Water and Waste Disposal Program Account b/i/.....	464,857	--	522,365	--	522,365	--	--	--
Rural Electrification and Telecommunications								
Program Account: Subsidy, including RESPA	--	--	8,104	--	8,104	--	863	--
Distance Learning, Telemedicine, and Broadband Program h/.....	36,872	--	36,872	--	36,872	--	4,521	--
Rural Business Program Account c/.....	74,000	--	62,687	--	62,687	--	--	--
Intermediary Relending Loan Program Account: Subsidy.....	5,818	--	5,217	--	5,217	--	--	--
Rural Economic Development Loans								
Program Account: Subsidy j/.....	[4,224]	--	[4,429]	--	[4,429]	--	--	--
Rural Economic Development Grants Rescission.....	-179,000	--	-179,000	--	-162,000	--	-176,000	--
Rural Microentrepreneur Assistance Program	--	--	--	--	--	--	--	--
Rural Energy for America Program.....	1,350	--	500	--	500	--	--	--
Rural Cooperative Development Grants k/.....	22,050	--	22,050	--	22,050	--	--	--
Rural Empowerment Zone/Enterprise Community Grants l/.....	--	--	--	--	--	--	--	--
Rural Economic Infrastructure Program	--	--	--	--	--	--	161,893	--
Rescission.....	--	--	--	--	[-4,308]	--	--	--
Sequestration.....	[-1,284]	--	[-1,117]	--	[-1,134]	--	--	--
Temporary Sequestration Restoration.....	[921]	--	[1,284]	--	[1,117]	--	[1,134]	--
Subtotal, Ongoing Programs.....	1,724,307	--	2,095,220	--	2,112,220	--	1,356,570	--
Farm Bill Authorities:								
Rural Microentrepreneur Assistance Program r/.....	3,000	--	3,000	--	3,000	--	3,000	--
Biorefinery Assistance Program s/.....	50,000	--	50,000	--	--	--	--	--
Energy Assistance Payments t/.....	15,000	--	15,000	--	15,000	--	15,000	--
Rural Energy for America Program u/.....	50,000	--	50,000	--	50,000	--	50,000	--
Rural Cooperative Development Grants m/.....	--	--	--	--	--	--	--	--
Sequestration.....	-8,614	--	-8,024	--	-4,692	--	--	--
Subtotal, Farm Bill Authorities.....	109,386	--	109,976	--	63,308	--	68,000	--
Salaries and Expenses n/.....	667,376	4,759	684,087	4,847	702,467	4,825	624,000	3,900
Total, Salaries and Expenses & Program Resources.....	2,501,069	4,759	2,872,572	4,847	2,877,995	4,825	2,048,570	3,900
<u>Obligations under other USDA Appropriations:</u>								
Reimbursements from:								
Farm Service Agency.....	8,530	--	10,383	--	10,500	--	10,500	--
Natural Resources & Conservation Service.....	43	--	543	--	500	--	500	--
Office of the Chief Information Officer.....	0	--	18	--	10	--	10	--
Foreign Agriculture Services.....	59	--	3	--	5	--	5	--
Miscellaneous Reimbursements.....	955	--	393	--	400	--	400	--
Total, Other USDA appropriations.....	9,587	--	11,340	--	11,415	--	11,415	--
Total, Agriculture Appropriations.....	4,234,963	4,759	4,979,132	4,847	5,001,630	4,825	3,416,555	3,900
Rural Economic Development Loans o/.....	4,224	--	4,429	--	4,429	--	0	--
Rural Economic Development Grants o/.....	10,000	--	12,000	--	12,000	--	0	--

Item	2015 Actual		2016 Enacted		2017 Estimate		2018 Estimate	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
<u>Other Federal Funds:</u>								
Appalachian Regional Commission Program p/.....	--	--	--	--	--	--	--	--
NADBank q/.....	--	--	--	--	--	--	--	--
Department of Commerce.....	181	--	--	--	--	--	--	--
Subtotal, Other Federal Funds.....	181	--	0	--	0	--	0	--
Total, Rural Development.....	4,249,368	4,759	4,995,561	4,847	5,018,059	4,825	3,416,555	3,900

- a/ Excludes \$15,795,296.05 of unobligated balances and \$4,175,217.44 in recoveries of prior year obligations available in 2015.
Excludes \$13,513,261.87 of unobligated balances and \$1,956,694.71 in recoveries of prior year obligations available in 2016.
Excludes \$6,414,129.14 of unobligated balances and \$2,745,000 in estimated recoveries of prior year obligations available in 2017.
Excludes \$7,699,000 of estimated unobligated balances and \$2,425,000 in estimated recoveries of prior year obligations available in 2018.
- b/ Excludes \$112,164,112.64 of unobligated balances and \$59,211,282.94 in recoveries of prior year obligations available in 2015.
Excludes \$92,375,768.23 of unobligated balances and \$53,760,794.75 in recoveries of prior year obligations available in 2016.
Excludes a rescission of unobligated balances in the amount of \$13,000,000 in 2016.
Excludes \$65,399,030.98 of unobligated balances and \$48,019,000 in estimated recoveries of prior year obligations available in 2017.
Excludes \$88,546,000 of estimated unobligated balances and \$46,813,000 in estimated recoveries of prior year obligations available in 2018.
- c/ Excludes \$20,573,634.61 of unobligated balances and \$18,006,351.89 in recoveries of prior year obligations available in 2015.
Excludes \$28,124,288.43 of unobligated balances and \$15,720,556.92 in recoveries of prior year obligations available in 2016.
Excludes \$26,975,150.55 of unobligated balances and \$12,542,000 in estimated recoveries of prior year obligations available in 2017.
Excludes \$25,660,000 of estimated unobligated balances and \$9,905,000 in estimated recoveries of prior year obligations available in 2018.
- d/ Excludes \$14,511,505.39 of unobligated balances and \$3,864,707.49 in recoveries of prior year obligations available in 2015.
Excludes \$21,656,993.95 of unobligated balances and \$117,677.83 in recoveries of prior year obligations available in 2016.
Excludes \$4,677,570.99 of unobligated balances and \$1,116,000 in estimated recoveries of prior year obligations available in 2017.
Excludes \$7,924,000 of estimated unobligated balances and \$1,005,000 in estimated recoveries of prior year obligations available in 2018.
- e/ Excludes \$3,692,486.45 of unobligated balances and \$1,625,131.65 in recoveries of prior year obligations available in 2015.
Excludes \$4,305,787.58 of unobligated balances and \$1,342,141.89 in recoveries of prior year obligations available in 2016.
Excludes \$3,345,967.47 of unobligated balances and \$473,000 in estimated recoveries of prior year obligations available in 2017.
Excludes \$3,144,000 of estimated unobligated balances and \$426,000 in estimated recoveries of prior year obligations available in 2018.
- f/ Excludes \$41,966,137.11 of unobligated balances and \$5,158,777.74 in recoveries of prior year obligations available in 2015.
Excludes \$23,929,619.23 of unobligated balances and \$2,947,674.42 in recoveries of prior year obligations available in 2016.
Excludes \$3,028,021.52 of unobligated balances and \$3,243,000 in estimated recoveries of prior year obligations available in 2017.
Excludes \$4,863,000 of estimated unobligated balances and \$2,742,000 in estimated recoveries of prior year obligations available in 2018.
- g/ Excludes \$18,558,290.31 of unobligated balances and \$1,306,845.44 in recoveries of prior year obligations available in 2015.
Excludes \$8,971,984.45 of unobligated balances and \$2,169,284.78 in recoveries of prior year obligations available in 2016.
Excludes \$10,112,681.83 of unobligated balances and \$1,478,000 in estimated recoveries of prior year obligations available in 2017.
Excludes \$10,938,000 of estimated unobligated balances and \$1,404,000 in estimated recoveries of prior year obligations available in 2018.
- h/ Excludes \$13,784,683.92 of unobligated balances and \$6,931,642.65 in recoveries of prior year obligations available in 2015.
Excludes \$22,172,401.57 of unobligated balances and \$14,926,412.55 in recoveries of prior year obligations available in 2016.
Excludes \$27,363,716.12 of unobligated balances and \$2,960,000 in estimated recoveries of prior year obligations available in 2017.
Excludes \$3,528,000 of estimated unobligated balances and \$2,592,000 in estimated recoveries of prior year obligations available in 2018.
- i/ Excludes \$17,494,259.37 of unobligated balances available in 2015.
Excludes \$19,010,006.37 of unobligated balances and \$128,140.40 in recoveries of prior year obligations available in 2016.
Excludes \$20,279,454.77 of unobligated balances and \$150,000 in estimated recoveries of prior year obligations available in 2017.
Excludes \$10,828,000 of estimated unobligated balances and \$127,000 in estimated recoveries of prior year obligations available in 2018.
- j/ Excludes \$1,019,761.88 of unobligated balances and \$570,212.36 in recoveries of prior year obligations available in 2015.
Excludes \$570,212.45 of unobligated balances and \$1,148,953.64 in recoveries of prior year obligations available in 2016.
Excludes \$443,350.93 of unobligated balances and \$579,000 in estimated recoveries of prior year obligations available in 2017.
Excludes \$468,000 of estimated unobligated balances and \$561,000 in estimated recoveries of prior year obligations available in 2018.
- k/ Excludes \$13,856,008.83 of unobligated balances and \$3,024,540.81 in recoveries of prior year obligations available in 2015.
Excludes \$3,565,013.68 of unobligated balances and \$1,873,970.68 in recoveries of prior year obligations available in 2016.
Excludes \$1,796,435.36 of unobligated balances and \$1,199,000 in estimated recoveries of prior year obligations available in 2017.
Excludes \$1,266,000 of estimated unobligated balances and \$1,102,000 in estimated recoveries of prior year obligations available in 2018.
- l/ Excludes \$33,456.33 in unobligated balances available in 2015, 2016, 2017, and 2018 estimated.
- m/ Excludes \$64,540,006.05 of unobligated balances and \$23,501.48 in recoveries of prior year obligations available in 2015.
Excludes \$41,964,807.09 of unobligated balances and \$72,010.13 in recoveries of prior year obligations available in 2016.
Excludes \$10,558,262.66 of unobligated balances and \$421,000 in estimated recoveries of prior year obligations available in 2017.
Excludes \$2,375,000 of estimated unobligated balances and \$263,000 in estimated recoveries of prior year obligations available in 2018.
- n/ Includes \$16,558,706.80 for IT Carryover in 2015. Includes \$23,300,000.00 for IT Carryover in 2016.
- o/ Section 313 of the Rural Electrification Act provides the authority to make grants with the earnings generated from the interest differential on voluntary cushion of credit payments made by RUS borrowers.
- p/ Excludes \$12,438,705.73 of unobligated balances available in 2015.

- Excludes \$2,749,167.86 of unobligated balances and \$1,133,342.33 in recoveries of prior year obligations available in 2016.
Excludes \$6,665,266.16 of unobligated balances in 2017.
- q/ Excludes \$138,077.48 of unobligated balances available in 2015.
Excludes \$37,665.53 of unobligated balances available in 2016.
Excludes \$915.44 of unobligated balances available in 2017.
- r/ Excludes \$2,511,635.77 of unobligated balances and \$551,415.10 in recoveries of prior year obligations available in 2015.
Excludes \$2,170,661.87 of unobligated balances and \$566,818.35 in recoveries of prior year obligations available in 2016.
Excludes \$566,881.22 of unobligated balances and \$420,000 in estimated recoveries of prior year obligations available in 2017.
Excludes \$494,000 of estimated unobligated balances and \$378,000 in estimated recoveries of prior year obligations available in 2018.
- s/ Excludes \$111,846,573.09 of unobligated balances available in 2015.
Excludes \$124,100,471.78 of unobligated balances and \$6,700,000.00 in recoveries of prior year obligations available in 2016.
Excludes \$174,150,471.78 of unobligated balances available in 2017.
Excludes \$149,160,000 of estimated unobligated balances available in 2018.
- t/ Excludes \$21,834,390.23 of unobligated balances and \$500,000 in recoveries of prior year obligations available in 2015.
Excludes \$9,298,036.28 of unobligated balances and \$1,958,591.92 in recoveries of prior year obligations available in 2016.
Excludes \$11,208,278.84 of unobligated balances and \$45,000 in estimated recoveries of prior year obligations available in 2017.
Excludes \$7,801,000 of estimated unobligated balances in 2018.
- u/ Excludes \$57,421,864.69 in unobligated balances and \$5,619,587.47 in recoveries of prior year obligations available in 2015.
Excludes \$10,688,306.57 of unobligated balances and \$5,958,425.53 in recoveries of prior year obligations available in 2016.
Excludes \$9,464,915.21 of unobligated balances and \$4,585,000 in estimated recoveries of prior year obligations available in 2017.
Excludes \$7,486,000 of estimated unobligated balances and \$4,127,000 in estimated recoveries of prior year obligations available in 2018.

RURAL DEVELOPMENT

SALARIES AND EXPENSES

Permanent Positions by Grade and Staff Year Summary

Item	2015 Actual			2016 Actual			2017 Estimate			2018 President's Budget		
	Wash.			Wash.			Wash.			Wash.		
	D.C.	Field	Total	D.C.	Field	Total	D.C.	Field	Total	D.C.	Field	Total
SES.....	18	-	18	18	-	18	18	-	18	18	-	18
SL.....	4	-	4	4	-	4	4	-	4	4	-	4
GS-15.....	68	42	110	68	42	110	68	42	110	68	42	110
GS-14.....	130	8	138	130	8	138	130	8	138	130	8	138
GS-13.....	398	380	778	398	380	778	404	385	789	404	385	789
GS-12.....	193	1,130	1,323	343	1,080	1,423	343	1,130	1,473	343	1,130	1,473
GS-11.....	96	455	551	108	455	563	108	455	563	108	455	563
GS-10.....	1	-	1	1	-	1	1	-	1	1	-	1
GS-9.....	91	506	597	91	506	597	91	506	597	91	506	597
GS-8.....	69	19	88	69	19	88	69	19	88	69	19	88
GS-7.....	347	635	982	357	635	992	357	635	992	357	635	992
GS-6.....	27	122	149	37	122	159	37	122	159	37	122	159
GS-5.....	76	144	220	76	144	220	76	144	220	76	144	220
GS-4.....	5	66	71	5	66	71	5	66	71	5	66	71
GS-3.....	2	9	11	2	9	11	2	9	11	2	9	11
GS-2.....	1	2	3	1	2	3	1	2	3	1	2	3
Ungraded Positions.....	3	-	3	3	-	3	3	-	3	3	-	3
Total Perm. Positions.....	1,529	3,518	5,047	1,711	3,468	5,179	1,717	3,523	5,240	1,717	3,523	5,240
Unfilled, EOY..	38	198	236	251	226	477	245	170	415	338	1,002	1,340
Total, Perm. Full-Time Employment, EOY.....	1,491	3,320	4,811	1,460	3,242	4,702	1,472	3,353	4,825	1,379	2,521	3,900
Staff Year Est...	1,472	3,287	4,759	1,479	3,368	4,847	1,472	3,353	4,825	1,379	2,521	3,900

RURAL DEVELOPMENT

MOTOR VEHICLE FLEET DATA

Size, Composition, and Annual Operating Costs of Vehicle Fleet
(in thousands of dollars)

Fiscal Year	Number of Vehicles by Type *							Annual Operating Costs (\$ in 000)	
	Sedans and Station Wagons	Light Trucks, SUVs, and Vans		Medium Duty Vehicles	Ambulances	Buses	Heavy Duty Vehicles		Total Number of Vehicles
		4x2	4x4						
FY 2015	570	137	104				811	\$4,650	
Change	-	-	-				-	-	
FY 2016	570	137	104				811	4,650	
Change	-	-	-				-	-	
FY 2017	570	137	104				811	4,650	
Change	-	-	-				-	-	
FY 2018	570	137	104				811	4,650	

* Numbers include vehicles owned by the agency and leased from commercial sources or GSA.

The passenger motor vehicles of Rural Development (RD) are used almost exclusively by RD State field office staff in order to provide program delivery to essential facilities, such as services for water and sewer systems, housing, health clinics, emergency service facilities, and electric and telephone services. In the course of their daily work, these personnel often need to travel to communities, individual farms, commercial firms, and State agricultural offices which are only accessible by vehicle.

RURAL DEVELOPMENT

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Rural Development Salaries and Expenses (including transfers of funds):

- For necessary expenses for carrying out the administration and implementation of programs in the Rural Development mission area, including activities with institutions concerning the development and operation of agricultural cooperatives; and for cooperative agreements; [\$225,835,000] \$186,076,000: [*Provided*, That no less than \$19,500,000 shall be for the Comprehensive Loan Accounting System:] *Provided* [*further*], That notwithstanding any other provision of law, funds appropriated under this heading may be used for advertising and promotional activities that support the Rural Development mission area[: *Provided further*, That any balances available from prior years for the Rural Utilities Service, Rural Housing Service, and the Rural Business-Cooperative Service salaries and expenses accounts shall be transferred to and merged with this appropriation].

The first change removes language for the Comprehensive Loan Accounting System.

The second change removes language which is no longer applicable to this account. The last year the individual agency salaries and expenses accounts were funded was in 2000 and those accounts have been closed out.

RURAL DEVELOPMENT

SALARIES AND EXPENSES

Lead-off Tabular Statement

Budget Estimate, 2018.....	\$624,000,000
2017 Annualized Continuing Resolution.....	681,567,000
Change in Appropriation.....	<u>-57,567,000</u>

Summary of Increases and Decreases

(Dollars in thousands)

Item of Change	2015 Actual	2016 Change	2017 Change	2018 Change	2018 President's Budget
Salary and Expenses.....	\$678,218	+\$4,646	-\$1,297	-\$57,567	\$624,000
Total.....	<u>678,218</u>	<u>+4,646</u>	<u>-1,297</u>	<u>-57,567</u>	<u>624,000</u>

Salaries and Expenses by Source of Funding

(Dollars in Thousands)

Item	Direct Approp.	RUS E&T	RUS DLTB	RHS RHIF	RHS CF	RBS IRP	Total
2017 Annualized CR.....	\$225,406	\$34,641	0	\$417,060	0	\$4,460	\$681,567
Pay Costs.....	2,482	507	\$107	3,257	\$1,968	0	8,322
GSA Rent.....	431	88	19	566	342	0	1,445
VERA/VSIP cost estimate for 600 Staff Years.....	4,473	914	194	5,871	3,548	0	15,000
Lump Sum Payment for Accrued Leave for 600 Staff Years.....	3,876	792	168	5,089	3,075	0	12,999
IT Expenses for Consolidation of Loan Originating and Servicing from Field Office to St. Louis.....	5,069	1,036	220	6,654	4,021	0	17,000
Reduction from the Comprehensive Loan Program.....	-19,500	0	0	0	0	0	-19,500
Reduction of 925 Staff Years and General Support.....	-36,160	48	7,350	-194,248	134,637	-4,460	-92,833
Change from 2017.....	<u>-39,330</u>	<u>3,386</u>	<u>8,057</u>	<u>-172,811</u>	<u>147,591</u>	<u>-4,460</u>	<u>-57,567</u>
Total, 2018 President's Budget.....	<u>186,076</u>	<u>38,027</u>	<u>8,057</u>	<u>244,249</u>	<u>147,591</u>	<u>0</u>	<u>624,000</u>

RURAL DEVELOPMENT

SALARIES AND EXPENSES

Project Statement

Adjusted Appropriations Detail and Staff Years (SYs)
(Dollars in thousands)

Program	2015 Actual		2016 Actual		2017 Estimate		Inc. or Dec.		2018 President's Budget	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
Discretionary Appropriations:										
Salary and Expenses.....	\$209,201	1,573	\$206,335	1,602	\$205,906	1,595	-\$19,830	-432	\$186,076	1,163
Comprehensive Loan Program.....	15,000	-	19,500	-	19,500	-	-19,500	-	-	-
Subtotal.....	224,201	1,573	225,835	1,602	225,406	1,595	-39,330	-432	186,076	1,163
Total Adjusted Appropriations.....	224,201	1,573	225,835	1,602	225,406	1,595	-39,330	-432	186,076	1,163
Rescissions, Transfers, and Seq. (Net)	454,229	3,186	457,241	3,245	456,161	3,230	-18,237	-493	437,924	2,737
Total Appropriation.....	678,430	4,759	683,076	4,847	681,567	4,825	-57,567 (1)	-925	624,000	3,900
Transfers In:										
Transfer for Congressional Relations.....	212	-	212	-	-	-	-	-	-	-
Rural Electrification & Telecommunications Loans.....	34,478	242	34,707	246	34,641	245	+3,386	-7	38,027	238
Distance Learning, Telemedicine and Broadband Program.....	-	-	-	-	-	-	8,057	+50	8,057	50
Community Facilities Program Account.....	-	-	-	-	-	-	147,591	+922	147,591	922
Rural Housing Insurance Fund Program Account.....	415,100	2,913	417,854	2,967	417,060	2,953	-172,811	-1,426	244,249	1,527
Intermediary Relending Program.....	4,439	31	4,468	32	4,460	32	-4,460	-32	-	-
Subtotal.....	454,229	3,186	457,241	3,245	456,161	3,230	-18,237	-493	437,924	2,737
Bal. Available, SOY.....	16,559	-	23,300	-	20,900	-	-	-	-	-
Total Available.....	694,989	4,759	706,376	4,847	702,467	4,825	-57,567	-925	624,000	3,900
Lapsing Balances.....	-4,313	-	-1,389	-	-	-	-	-	-	-
Bal. Available, EOY.....	-23,300	-	-20,900	-	-	-	-	-	-	-
Total Obligations.....	667,376	4,759	684,087	4,847	702,467	4,825	-57,567	-925	624,000	3,900

RURAL DEVELOPMENT
SALARIES AND EXPENSES
Project Statement
Obligations Detail and Staff Years (SYs)
(Dollars in thousands)

Program	2015 Actual		2016 Actual		2017 Estimate		Inc. or Dec.		2018 President's Budget	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
Discretionary Obligations:										
Salary and Expenses.....	\$198,147	1,573	\$207,346	1,602	\$226,806	1,595	-\$40,730	-432	\$186,076	1,163
Comprehensive Loan Program.....	15,000	-	19,500	-	19,500	-	-19,500	-	-	-
Subtotal.....	213,147	1,573	226,846	1,602	246,306	1,595	-60,230	-432	186,076	1,163
Rescissions, Transfers, and Seq. (Net)										
Transfer for Congressional Relations.....	212	-	212	-	-	-	-	-	-	-
Rural Electrification & Telecommunications Loans.....	34,478	242	34,707	246	34,641	245	+3,386	-7	38,027	238
Distance Learning, Telemedicine and Broadband Program.....	-	-	-	-	-	-	8,057	50	8,057	50
Community Facilities Program Account.....	-	-	-	-	-	-	147,591	922	147,591	922
Rural Housing Insurance Fund Program Account.....	415,100	2,913	417,854	2,967	417,060	2,953	-172,811	-1,426	244,249	1,527
Intermediary Relending Program.....	4,439	31	4,468	32	4,460	32	-4,460	-32	-	-
Subtotal.....	454,229	3,186	457,241	3,245	456,161	3,230	-18,237	-493	437,924	2,737
Total Obligations.....	667,376	4,759	684,087	4,847	702,467	4,825	-78,467	-925	624,000	3,900
Lapsing Balances.....	4,313	-	1,389	-	-	-	-	-	-	-
Bal. Available, EOY.....	23,300	-	20,900	-	-	-	-	-	-	-
Total Available.....	694,989	4,759	706,376	4,847	702,467	4,825	-78,467	-925	624,000	3,900
Transfers In.....	-454,229	-3,186	-457,241	-3,245	-456,161	-3,230	+18,237	+493	-437,924	-2,737
Bal. Available, SOY.....	-16,559	-	-23,300	-	-20,900	-	+20,900	-	-	-
Total Appropriation.....	224,201	1,573	225,835	1,602	225,406	1,595	-39,330	-432	186,076	1,163

Justification of Increases and Decreases

- (1) A net decrease of \$57,567,000 and 925 staff years for Salaries and Expenses (\$681,567,000 and 4,825 staff years available in 2017).

Rural Development's (RD) 2018 Budget request reflects a realignment of its core operations and program delivery mechanisms to ensure that RD funding is delivered in the most cost effective way to rural communities, with a focus on achieving greater efficiency and eliminating potentially duplicative spending while supporting investments in infrastructure. Included in this request are \$45 million in one-time expenses that will be needed to reduce the staff year level within RD commensurate with organizational realignments. The budget represents approximately a nine percent reduction from the annualized continuing resolution level in 2017 or, excluding the one-time expenses, a 15 percent reduction.

To implement this reduction RD will critically and comprehensively examine the size and scope of existing operations to ensure the agency's commitment to serving rural America is balanced against efficiencies that will streamline services provided. RD will cut operational costs wherever possible, including staff, the field office structure and program delivery mechanisms. Nearly all RD loan and grant origination activities will be terminated. This operational shift will substantially drive down staffing requirements in the associated programs.

The requested level will support an onboard staff level of 3,900, a reduction of 925 staff from 2017, which are associated with programs proposed to be eliminated. This reduction is expected to be achieved through methods such as natural attrition, offering Voluntary Early Retirement Authority (VERA) and Voluntary Separation Incentive Payments (VSIP). RD will examine the staffing distribution resulting from reductions. Since many RD field offices are collocated with the Farm Service Agency and Natural Resources Conservation Service, as well as other USDA agencies in some instances, RD will closely coordinate with these agencies to ensure USDA offices remain accessible to local residents and minimize negative financial impact on other agency occupants of affected shared leases and space.

RD has an outstanding loan portfolio that exceeds \$216 billion and has over 1.3 million outstanding loans and loan guarantees, making it one of the largest "banks" in the country. The RD Mission Area priority is to maintain the portfolio quality and protect the American public's interests in the loans outstanding. Meeting that responsibility requires constant vigilance in servicing and overseeing those loans.

The funding change includes the following items:

- a. An increase of \$8,322,000 for pay costs (\$2,594,000 for annualization of the 2017 pay increase and \$5,728,000 for the 2018 pay increase).

This increase will enable RD to support a staff level of 3,900. The pay cost increase will prevent a further reduction in general support and program operations which would hamper RD's capacity to effectively protect and manage its portfolio. Approximately 70 percent of RD's S&E budget is in support of personnel compensation. In 2018, the RD Mission Area will still emphasize portfolio maintenance to the extent possible to protect the government investments that have already occurred and the new investments in infrastructure and housing that will occur with the loan levels requested in the 2018 budget.

- b. An increase of \$1,445,000 for the GSA Rent and Security (\$22,221,000 GSA Rent and \$2,865,000 Security available in 2017).

This increase will cover the projected increase in GSA rent and DHS security costs and, therefore, will prevent a decrease in general support. The requested level provides funding to support prior year GSA rent and DHS security shortfalls and represents the amount estimated in 2018 to support rental obligations for the field and national office space.

- c. An increase of \$15,000,000 for Voluntary Early Retirement Authority (VERA) and Voluntary Separation Incentive Payments (VSIP) for staff working in programs that have been terminated.

This one-time increase is estimated to support VERA/VSIP for 600 staff in the 1165 and the 1101 occupational series. Staff working in the 1165 and 1101 job series are heavily involved in new loan, loan guarantee, and grant origination activities including: outreach, initiating required documentation, underwriting, obligation, inspections and compliance. Program terminations included in the 2018 request reduces the need for these activities. Further, RD would target administrative support functions, such as budget execution, Human Resources, IT and financial accounting that support new loan, loan guarantee and grant activities. It is estimated these functions would make up 10 percent of the required staff-year savings.

- d. An increase of \$13,000,000 for lump sum payments for accrued annual leave for 600 staff.

This one-time increase is requested to support lump sum payments for the estimated 600 staff accepting a VERA/VSIP. It is estimated that these employees are seasoned professionals in the latter part of their careers with fully matured annual leave balances.

- e. An increase of \$17,000,000 for IT expenses associated with the consolidation of loan servicing.

This one-time increase will support IT enhancements required to consolidate all loan servicing activities to RD's St. Louis, MO-based Customer Service Center and National Financial and Accounting Operations Center. The majority of the loan portfolio is currently serviced in the field, but as a result of the proposed staff reductions, this function will need to be consolidated to ensure portfolio management activities continue in a responsible and consistent manner. In addition, these enhancements will boost RD's capacity to serve as a shared service center to provide loan servicing to other USDA and Federal agencies.

This increase will support IT enhancements required to consolidate all loan servicing activities to RD's St. Louis, National Financial and Accounting Operations Center. Automated systems' investments such as the modernization of the escrow system would allow us to improve performance of RD's portfolio. In addition, developing a robust financial and portfolio dashboard capable of providing analytics and metrics related to customer need will give us the ability to complete trend analysis to improve our portfolio management.

- f. A decrease of \$19,500,000 for Comprehensive Loan Program development.

The decrease is associated with the completion of the ongoing capital investment required to develop the Comprehensive Loan Program (CLP). The completion of the full development scope of CLP occurred in 2016; however, project development will continue in 2018 with contracts awarded in 2017.

- g. A decrease of \$92,834,000 for the reduction of 925 staff years and related general support.

The decrease is a result of savings generated from the implementation of workforce authorities such as VERA/VSIP. These savings are a result of lower salaries and benefits for 925 fewer positions, general support and IT expenses related to these positions and corresponding reductions in working capital fund and green book charges for shared service activities from across the Department. To implement this reduction RD will critically and comprehensively examine the size and scope of existing operations to ensure the agency's commitment to serving rural America is balanced against efficiencies that will streamline services provided. RD will cut operational costs wherever possible, including staff, the field office structure and program delivery mechanisms. Nearly all RD loan and grant origination activities will be terminated. This operational shift will substantially drive down staffing requirements in the associated programs.

The requested level will support an onboard staff level of 3,900, a reduction of 925 staff from 2017. This reduction is expected to be achieved through methods such as natural attrition, offering Voluntary Early Retirement Authority (VERA) and Voluntary Separation Incentive Payments (VSIP).

RURAL DEVELOPMENT

SALARIES AND EXPENSES

Geographic Breakdown of Obligations and Staff Years

(Dollars in thousands and Staff Years (SYs))

State/Territory	2015 Actual		2016 Actual		2017 Estimate		2018 President's Budget	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
Alabama.....	\$7,706	81	\$8,212	84	\$8,433	85	\$7,491	64
Alaska.....	3,849	29	3,941	32	4,047	30	3,595	22
Arizona.....	4,978	47	5,159	48	5,298	50	4,706	37
Arkansas.....	7,590	81	7,789	82	7,998	71	7,105	53
California.....	12,970	112	13,314	117	13,672	113	12,145	84
Colorado.....	5,049	47	5,254	49	5,395	48	4,793	36
Connecticut.....	1,138	12	1,207	14	1,239	12	1,101	9
Delaware.....	3,663	33	3,608	33	3,705	33	3,291	25
District of Columbia.....	330,837	1,473	341,860	1,479	351,045	1,532	311,833	1,439
Florida.....	9,408	91	9,440	92	9,694	92	8,611	69
Georgia.....	10,708	101	11,053	103	11,350	100	10,082	75
Hawaii.....	3,627	31	3,769	31	3,870	31	3,438	23
Idaho.....	5,570	50	5,430	52	5,576	47	4,953	35
Illinois.....	8,874	93	9,005	95	9,247	90	8,214	67
Indiana.....	7,864	77	8,333	81	8,557	80	7,601	60
Iowa.....	8,746	86	8,792	88	9,028	86	8,020	64
Kansas.....	5,315	51	5,312	51	5,455	50	4,845	37
Kentucky.....	9,126	91	9,294	92	9,544	94	8,478	70
Louisiana.....	7,406	74	7,482	76	7,683	72	6,825	54
Maine.....	5,276	57	5,414	56	5,559	52	4,938	39
Maryland.....	1,341	11	1,155	10	1,186	10	1,054	7
Massachusetts.....	3,751	31	3,960	33	4,066	31	3,612	23
Michigan.....	11,358	114	11,018	114	11,314	116	10,050	87
Minnesota.....	8,353	82	8,864	86	9,102	80	8,085	60
Mississippi.....	10,762	113	10,960	111	11,254	106	9,997	79
Missouri.....	10,261	106	10,490	106	10,772	109	9,569	81
Montana.....	4,207	39	4,358	41	4,475	34	3,975	25
Nebraska.....	4,955	48	4,734	45	4,861	48	4,318	36
Nevada.....	2,688	23	2,581	23	2,650	25	2,354	19
New Hampshire.....	1,813	19	1,912	19	1,963	19	1,744	14
New Jersey.....	3,281	30	3,351	34	3,441	33	3,057	25
New Mexico.....	3,912	39	4,158	40	4,270	42	3,793	31
New York.....	9,291	97	9,448	99	9,702	93	8,618	70
North Carolina.....	13,307	134	13,943	140	14,318	137	12,718	102
North Dakota.....	4,658	43	4,681	43	4,807	43	4,270	32
Ohio.....	8,607	93	9,399	99	9,652	98	8,573	73
Oklahoma.....	6,682	64	6,793	65	6,976	66	6,196	49
Oregon.....	6,813	51	5,386	51	5,531	53	4,913	40
Pennsylvania.....	8,467	89	7,961	88	8,175	83	7,262	62
Puerto Rico.....	5,621	57	5,716	56	5,870	58	5,214	43
Rhode Island.....	318	3	376	2	386	2	343	1
South Carolina.....	8,144	77	8,260	80	8,482	81	7,534	61
South Dakota.....	5,938	57	5,916	60	6,075	57	5,396	43
Tennessee.....	11,134	110	11,584	117	11,895	109	10,567	81
Texas.....	13,107	136	13,750	139	14,119	139	12,542	104
Utah.....	3,698	37	3,704	35	3,804	35	3,379	26
Vermont.....	3,151	32	3,381	34	3,472	34	3,084	25
Virginia.....	7,521	72	8,265	83	8,487	78	7,539	58
Washington.....	7,009	64	7,096	68	7,287	66	6,473	49
West Virginia.....	5,397	53	5,208	53	5,348	52	4,751	39
Wisconsin.....	7,496	77	7,347	74	7,544	78	6,702	58
Wyoming.....	3,114	27	3,088	29	3,171	27	2,817	20
Western Pacific Areas.....	1,231	11	1,276	12	1,310	12	1,164	9
Virgin Islands.....	290	3	300	3	308	3	274	2
Obligations.....	667,376	4,759	684,087	4,847	702,467	4,825	624,000	3,900
Lapsing Balances.....	4,313	-	1,389	-	-	-	-	-
Balance Available, EOY.....	23,300	-	20,900	-	-	-	-	-
Total, Available or Estimate.....	694,989	4,759	706,376	4,847	702,467	4,825	624,000	3,900

RURAL DEVELOPMENT
SALARIES AND EXPENSES

Classification by Objects
(Dollars in thousands)

		2015	2016	2017	2018
		Actual	Actual	Estimate	President's Budget
Personnel Compensation:					
Washington, D.C.		\$115,319	\$120,805	\$132,173	\$113,703
Field		241,504	247,894	231,530	219,471
11.0	Total personnel compensation.....	356,823	365,703	363,703	333,173
12.0	Personnel benefits.....	120,516	127,584	125,900	105,560
13.0	Benefits for former personnel.....	190	185	-	-
	Total, personnel comp. and benefits.....	477,529	493,472	489,603	438,733
Other Objects:					
21.0	Travel and transportation of persons.....	14,748	13,218	14,500	14,500
22.0	Transportation of things.....	131	129	700	700
23.1	Rental payments to GSA.....	19,701	20,327	21,221	22,494
23.2	Rental payments to others.....	1,224	20,537	18,011	18,011
23.3	Communications, utilities, and miscellaneous charges.....	2,458	2,139	2,400	2,400
24.0	Printing and reproduction.....	2,178	1,942	2,100	2,100
25	Other contractual services.....	-	-	-	-
25.1	Advisory and assistance services.....	27,909	13,296	13,200	13,200
25.2	Other services from non-Federal sources.....	1,706	27,509	48,409	25,009
25.3	Other goods and services from Federal sources.....	5,249	53,139	53,139	47,669
25.4	Operation and maintenance of facilities.....	6,321	25,947	25,947	25,947
25.5	Research and development contracts.....	99,571	5,962	6,037	6,037
25.7	Operation and maintenance of equipment.....	1,562	1,232	1,200	1,200
26.0	Supplies and materials.....	3,379	3,284	3,000	3,000
31.0	Equipment.....	3,100	1,402	3,000	3,000
33.0	Investments and Loans.....	1	-	-	-
42.0	Insurance claims & indemnities.....	551	552	-	-
43.0	Interest and dividends.....	58	-	-	-
	Total, Other Objects.....	189,847	190,615	212,864	185,267
99.9	Total, new obligations.....	667,376	684,087	702,467	624,000
DHS Building Security Payments (included in 25.3).....		\$2,345	\$2,693	\$2,865	\$3,037
Position Data:					
Average Salary (dollars), ES Position.....		\$142,458	\$143,925	\$146,947	\$149,739
Average Salary (dollars), GS Position.....		\$55,079	\$55,795	\$56,967	\$58,049
Average Grade, GS Position.....		10.2	10.2	10.2	10.2

RURAL DEVELOPMENT

SALARIES AND EXPENSES

Shared Funding Projects
(Dollars in thousands)

	2015 Actual	2016 Actual	2017 Estimated	2018 Estimate
Working Capital Fund:				
Administration:				
HR Enterprise System Management.....	-	\$35	\$35	\$37
Mail and Reproduction Management.....	\$979	1,138	1,526	1,529
Material Management Service Center.....	92	121	173	195
Procurement Operations.....	80	44	57	68
Integrated Procurement System.....	129	148	148	187
Subtotal.....	1,279	1,486	1,939	2,016
Communications:				
Creative Media & Broadcast Center.....	1,044	1,054	979	1,065
Finance and Management:				
NFC/USDA.....	2,871	1,275	1,319	1,192
Financial Management Services.....	1,620	3,190	2,643	2,477
Internal Control Support Services.....	190	222	226	206
Subtotal.....	4,681	4,687	4,188	3,875
Information Technology:				
NITC/USDA.....	19,510	22,099	23,214	22,905
Client Technology Service.....	39,005	31,563	31,469	28,452
Subtotal.....	58,515	53,662	54,683	51,357
Correspondence Management.....	239	243	266	239
Total, Working Capital Fund.....	65,758	61,132	62,055	58,551
Department Shared Cost Programs:				
1890's USDA Initiatives.....	136	152	183	165
Classified National Security Information.....	49	24	23	23
Continuity of Operations Planning.....	98	96	103	93
Identity & Access Management HSPD-12.....	497	324	329	296
Emergency Operations Center.....	108	112	114	103
Facility and Infrastructure Review and Assessment.....	21	21	22	20
Faith-Based Initiatives and Neighborhood Partnerships.....	18	18	20	18
Hispanic-Serving Institutions National Program.....	92	84	97	87
Honor Awards.....	4	4	4	3
Human Resources Transformation.....	80	74	86	77
Intertribal Technical Assistance Network.....	143	147	149	134
Medical Services.....	41	52	63	56
People's Garden.....	34	31	33	29
Personnel Security Branch.....	38	37	41	37
Pre-authorizing Funding.....	176	179	181	163
Retirement Processor/Web Application.....	28	28	29	26
TARGET Center.....	65	69	71	64
USDA 1994 Program.....	36	33	38	34
Virtual University.....	92	95	97	87
Total, Department Shared Cost Programs.....	1,756	1,580	1,683	1,515
E-Gov:				
Budget Formulation and Execution Line of Business.....	5	9	9	9
Disaster Assistance Improvement Plan.....	15	19	21	21
Enterprise Human Resources Integration.....	98	94	95	95
E-Rulemaking.....	37	24	23	28
E-Training.....	129	117	-	-
Financial Management Line of Business.....	8	6	4	4
Geospatial Line of Business.....	-	25	38	38
GovBenefits.gov.....	51	67	73	75
Grants.gov.....	25	32	31	29
Human Resources Line of Business.....	13	13	13	14
Integrated Acquisition Environment.....	119	418	1,075	1,097
Total, E-Gov.....	497	824	1,382	1,410
Agency Total.....	68,011	63,536	65,120	61,476

2018 President's Budget
Rural Development
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RURAL DEVELOPMENT

RURAL ECONOMIC INFRASTRUCTURE GRANTS

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Rural Economic Infrastructure Grants:

For grants for very low-income housing repair made by the Rural Housing Service, as authorized by 42 U.S.C. 1474; for rural community facilities, as authorized by section 306 and described in section 381E(d)(1) of the Consolidated Farm and Rural Development Act; for grants for telemedicine distance learning services in rural areas, as authorized by 7 U.S.C. 950aaa et seq.; and for grants to finance broadband transmission in rural areas eligible for Distance Learning and Telemedicine Program benefits, as authorized by 7 U.S.C. 950aaa; \$161,893,000, to remain available until expended: Provided, That sections 381E-H and 381N of the Consolidated Farm and Rural Development Act are not applicable to the funds made available under this heading: Provided further, That for the purposes of determining eligibility or level of program assistance the Secretary shall not include incarcerated prison populations: Provided further, That any balances available for the very low-income housing repair grants in the "Rural Housing Assistance Grant" account; the rural community facilities grants in the "Rural Community Facilities Program Account"; and the telemedicine and distance learning grants and the broadband grants in the "Distance Learning, Telemedicine and Broadband Program" account shall be transferred to and merged with funds made available under this heading: Provided further, That of the amounts provided under this heading, not more than \$80,000,000 shall be made available through June 30, 2018, for jurisdictions in the Appalachian region, as defined by 40 USC 14102(a)(1).

This change would provide the Administration with the flexibility to place resources where significant impact can be made for economic infrastructure development.

RURAL DEVELOPMENT

RURAL ECONOMIC INFRASTRUCTURE GRANTS

Lead-off Tabular Statement

	<u>Amount</u>
Budget Estimate, 2018.....	\$161,893,000
2017 Annualized Continuing Resolution.....	-
Change in Appropriation.....	<u>+161,893,000</u>

Summary of Increases and Decreases

(Dollars in thousands)

Program	2015 Actual	2016 Change	2017 Change	2018 Change	2018 President's Budget
Rural Economic Infrastructure Programs.....	-	-	-	+\$161,893	\$161,893
Total.....	-	-	-	+161,893	161,893

RURAL DEVELOPMENT

RURAL ECONOMIC INFRASTRUCTURE GRANTS

Project Statement
Adjusted Appropriations Detail
(Dollars in thousands)

Program	<u>2015 Actual</u>	<u>2016 Actual</u>	<u>2017 Estimate</u>	<u>Inc. or Dec.</u>	2018 President's
	Amount	Amount	Amount	Amount	Budget Amount
Discretionary Appropriations:					
Rural Economic Infrastructure Programs.....	-	-	-	+\$161,893 (1)	\$161,893
Total Appropriation.....	-	-	-	+161,893	161,893
Total Available.....	-	-	-	+161,893	161,893
Total Obligations.....	-	-	-	+161,893	161,893

Project Statement
Obligation Detail
(Dollars in thousands)

Program	<u>2015 Actual</u>	<u>2016 Actual</u>	<u>2017 Estimate</u>	<u>Inc. or Dec.</u>	2018 President's
	Amount	Amount	Amount	Amount	Budget Amount
Discretionary Obligations:					
Rural Economic Infrastructure Programs.....	-	-	-	+\$161,893	\$161,893
Total Obligations.....	-	-	-	+161,893	161,893
Total Available.....	-	-	-	+161,893	161,893
Total Appropriation.....	-	-	-	+161,893	161,893

Justification of Increases and Decreases

- (1) An increase of \$161,893,000 for the rural economic infrastructure grants (\$0 available in 2017).

The fiscal year 2018 President's budget requests a new Rural Economic Infrastructure Grants account. This account combines the Rural Development grant programs into one account to provide the Administration with the flexibility to place resources where significant impact can be made for economic infrastructure development. Of the total available to these programs not more than \$80 million will be available through June 30, 2018, for the Appalachian Region. These programs are:

- The Distance Learning and Telemedicine (DLT) grant program is specifically designed to meet the educational and health care needs of rural America through the use of advanced telecommunications technologies. Advanced telecommunications services play a vital role in the economic development, education, and health care of rural Americans. The DLT program provides grants for the deployment of equipment utilized in providing distance learning and telemedicine services to rural schools, educational institutions and health care providers. The DLT program assists rural schools and learning centers in gaining access to improved educational resources, and assists rural hospitals and health care centers in gaining access to improved medical resources. Projects funded under the program are providing new and improved health care services and benefits to rural residents, many in medically underserved areas, by linking to urban medical centers for clinical interactive video consultation, distance training of rural health care providers, and access to medical expertise and library resources. Distance learning projects provide funding for internet-based educational services in schools and libraries and promote confidence in, and understanding of, the internet and its benefits to students and young entrepreneurs.
- The Community Connect grant program provides financial assistance in the form of grants to eligible applicants that will provide, on a "community-oriented connectivity" basis, broadband service that fosters economic growth and delivers enhanced educational, health care, and public safety benefits. The provision of broadband service is vital to the economic development, education, health, and safety of rural Americans. Priority is given to the most rural and economically challenged communities. Specific areas being addressed currently include communities and areas that are completely unserved by broadband. One major goal of the program is to provide all critical community facilities in a service area with free access to broadband internet for two years.
- The Section 504 Home Repair grant program funds home repairs and improvements with grants of up to \$7,500 that resolve health and safety hazards for very low-income elderly rural homeowners. In 2016, the program provided 5,010 grants totaling more than \$30.6 million, a six percent increase over 2015. More than 43 percent of the borrowers served by the Section 504 loan and grant programs were in high poverty areas.
- The Community Facility (CF) grant program offers competitive grants to help rural communities build or improve community infrastructure and essential community facilities for public use in rural communities of 20,000 or less. CF programs have the flexibility to finance more than 100 separate types of essential community facilities. Strengthening investment in rural community infrastructure is critical for spurring economic growth, creating jobs and improving access to healthcare, education, public safety and other critical facilities and services.
- The set-aside for the Appalachian region can provide education and job training, telecommunications, infrastructure, community development, housing, and transportation. These projects create thousands of new jobs; increase school readiness; expand access to health care; assist local communities with strategic planning; and provide technical and managerial assistance to emerging businesses.

RURAL DEVELOPMENT
Rural Economic Infrastructure Grants
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	<u>2015 Actual</u> Amount	<u>2016 Actual</u> Amount	<u>2017 Estimate</u> Amount	<u>2018 President's</u> Budget Amount
Undistributed.....	-	-	-	\$161,893 ^{a/}
Obligations	-	-	-	161,893

^{a/} Totals cannot be distributed at this time.

Classification by Objects
(Dollars in thousands)

	<u>2015</u> Actual	<u>2016</u> Actual	<u>2017</u> Estimate	<u>2018</u> President's Budget
41.0 Grants, subsidies, and contributions....	-	-	-	\$161,893
99.9 Total, new obligations.....	-	-	-	161,893