



Chairman Robert Aderholt

*Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies
House Committee on Appropriations*

**FY 2017 Budget Hearing
USDA's Rural Development Mission Area
March 15, 2016
Opening Statement As Prepared**

Good morning. The Subcommittee will come to order.

Thank you for joining us for our hearing to discuss USDA's FY 2017 budget request for the Rural Development mission area. I would like to welcome Ms. Lisa Mensah, Under Secretary for Rural Development; Mr. Sam Ridders, Administrator for the Rural Business-Cooperative Service; Mr. Tony Hernandez, Administrator for the Rural Housing Service; Mr. Brandon McBride, Administrator for the Rural Utilities Service; and Mr. Mike Young, USDA's Budget Director.

Ms. Mensah, Mr. Hernandez, Mr. Young welcome back. I would like to take the opportunity to welcome Mr. Ridders and Mr. McBride to the Subcommittee for the first time. We look forward to hearing about the challenges facing rural America and the actions Rural Development is taking to address them.

As I have mentioned in previous hearings, I have established four primary goals for this Subcommittee as we progress through the fiscal year 2017 appropriations process. The first goal is increasing oversight, efficiency, and the need for effective outcomes, the second is keeping rural America vibrant, the third is supporting American farmers, ranchers and producers, and the fourth is protecting the health of people, plants and animals.

This morning's hearing will explore the fiscal year 2017 budget request for Rural Development, or RD. Your budget request proposes \$2.9 billion for Rural Development in fiscal year 2017, an increase of \$58 million from the fiscal year 2016 enacted level. There are some questionable items in this request, including the creation of new, untested programs at the expense of other effective, popular and proven programs.

Investments in Rural Development programs support infrastructure development, business and job creation, and assist some our most vulnerable populations. Together, these programs strive to create a sustainable rural economy that will enable future generations to enjoy the way of life in rural America. The programs administered by Rural Development are committed to helping improve rural economies and quality of life through direct loans, loan guarantees, grants, and technical assistance that support essential public facilities and services. These may include water

and waste systems, housing opportunities, establishing health or community facilities, or providing infrastructure for electric, telephone, and broadband service. RD programs target those communities where financing options are limited or non-existent with the hope of empowering and growing rural areas.

The opportunities Rural Development programs provide cannot be emphasized enough. RD has a portfolio of loans exceeding \$200 billion and will administer nearly \$40 billion in loans, loan guarantees and grants this fiscal year. However, as everyone in this room understands, we are operating in a limited funding environment. While recognizing the many competing needs, responsibly managing those needs against fiscal realities results in difficult choices. As always, we are going to do our best to address the highest priority needs within this Subcommittee's jurisdiction and funding allocation. We need your help this morning to identify those priorities.

Today, I am sure we will discuss the proposed reductions to the Water and Waste Disposal Loan and Grant Programs, the Mutual and Self-Help Housing Program, the Business and Industry Loan Program, the direct broadband loans program, and the circuit rider program. These are established, effective programs that address the greatest needs of rural America. Proposals for new pilot programs, including the Rural Child Poverty Pilot and the Rural Corps Pilot program, raise questions about the funding priorities put forth in this budget request. My initial concern with these proposals is that the Rural Child Poverty Pilot appears duplicative of existing government programs, and the Rural Corps Pilot is supposed to accomplish what Rural Development seemingly should be doing every day. We should not be starting new programs, particularly when we have to work so hard to ensure there is sufficient funding to meet the basic needs of rural Americans for existing housing, water, business development, and electric and telecommunications systems.

To close, a growing percentage of Rural Development's budget is being consumed by the Rental Assistance account. While recognizing that the need for affordable rural housing is great, the current cost growth, 25 percent increase since fiscal year 2014, is not sustainable without considering reductions to other programs. We would like to discuss measures the Department can take to control costs within the Rental Assistance program. This Subcommittee understands the challenges Rural Development faces in trying to contain rental assistance costs while also finding tools to preserve the multifamily housing portfolio. We wish to work with Rural Development to find solutions that will control costs while serving those individuals with the greatest need and retaining a strong portfolio.

I would like to once again thank our witnesses for being here.

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