



USDA RURAL DEVELOPMENT

AMERICAN RECOVERY AND REINVESTMENT ACT IMPLEMENTATION PLAN

UPDATED MAY 15, 2010



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CHAPTER 1

EXECUTIVE OVERVIEW

1. INTRODUCTION:

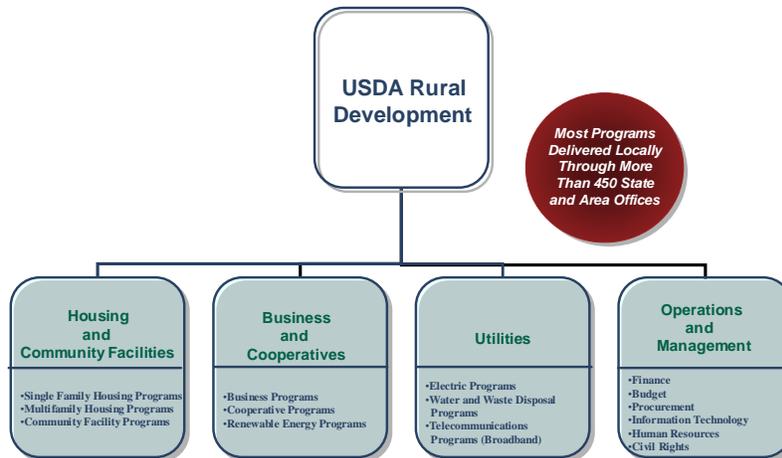
Rural Development is committed to helping improve the economy and quality of life in all of rural America. Through our programs, we touch rural America in many ways.

Our financial programs support such essential public facilities and services as water and sewer systems, housing, health clinics, emergency service facilities and electric and telephone service. We promote economic development by supporting loans to businesses through banks and community- managed lending pools. We offer technical assistance and information to help agricultural and other cooperatives get started and improve the effectiveness of their member services. And we provide technical assistance to help communities undertake community empowerment programs.

Rural Development achieves its mission by helping rural individuals, communities and businesses obtain the financial and technical assistance needed to address their diverse and unique needs. Rural Development works to make sure that rural citizens can participate fully in the global economy. Rural Development has three primary program areas, as well as a management support organization.



USDA Rural Development Organization Chart



Programs include loans, loan guarantees, grants, technical assistance, research, education and other services.

2. RECOVERY GOALS: Through our implementation of the Recovery Act, Rural Development is committed to achieving the following goals:

- Create or save jobs.
- Ensure that funds are available for communities hardest hit by the economic downturn.
- Give priority to projects that are ready to proceed.
- Deploy programs in a swift, transparent and merit-based manner.

Rural Development has significant responsibilities related to the Recovery Act. The Agency has been charged with deploying \$4.36 billion in recovery funds, that when implemented will deliver more than \$20 billion in loans and grants to improve economic opportunity and the quality of life in rural America. In addition to the goals set in the Recovery Act, deployment of these funds will further the Agency's strategic goals and objectives. (Go to <http://www.rurdev.usda.gov/rd/strategicplans/> to view Rural Development's Strategic Plan) Loans and grants will be awarded to build high speed broadband infrastructure, construct or improve rural water and waste disposal systems, finance home for rural families, build critical community facilities, such as rural hospitals, community centers and public safety facilities, and to fund new rural business ventures. All of the programs receiving funding in Recovery Act are listed in the chart below.

3. PROGRAM FUNDING: The chart below lists the program and administrative funding received under the Recovery Act.

| ARRA Citation | Program | Funding Received (Budget Authority) | Original Estimate (FY 2009 Program Level) | Current Estimate (FY 2009 – 2010 Program Level) | Percent Obligated as of May 5, 2010 |
|---------------------|--|-------------------------------------|---|---|-------------------------------------|
| Title I, Division A | Broadband Initiatives Direct Loans Grants | 72,400,000 2,352,600,000 | 9,100,000,000 (loan/grant mix) | 1,000,000,000 2,352,600,000 | 13.36% |
| Title I, Division A | B&I Guaranteed | 126,100,000 | 1,700,000,000 | 1,572,709,974 | 79.14% |
| Title I, Division A | Community Facilities Direct Loans Grants | 23,897,000 102,203,000 | 1,136,000,000 61,000,000 | 1,136,189,000 102,203,000 | 51.85% |
| Title I, Division A | Rural Business Enterprise Grants | 19,400,000 | 19,400,000 | 19,400,000 | 98.20% |
| Title I, Division A | Single Family Housing Direct Funding | 64,990,000 | 967,000,000 | 1,562,971,449 | 52.85% |
| Title I, Division A | Single Family Housing Guaranteed | 129,010,000 | 10,250,000,000 | 10,093,671,103 | 98.36% |
| Title I, Division A | Water and Waste Disposal Direct Loans Grants | 232,978,000 1,105,622,000 | 2,734,000,000 939,000,000 | 2,158,753,000 1,105,622,000 | 75.77% |
| Title I, Division A | Administrative Expenses | 130,800,000 | 130,800,000 | 130,800,000 | 48.88% |
| | TOTAL | 4.36 billion | 27 billion | 21.2 billion | 73.8% |

* Rural Broadband Loans & Grants \$3,352,600,000

Changed from previously announced funding of \$9,100,000,000 due to changes in the subsidy rate between FY2009 and FY2010 as well as reprogrammed amounts from loan to grant.

* Rural Business and Industry Guaranteed Loans \$1,572,709,974

Changed from previously announced funding of \$1,700,000,000 due to changes in the subsidy rate between FY2009 and FY2010.

* Rural Community Facilities Loans & Grants \$1,238,392,000

Changed from previously announced funding of \$1,197,000,000 due to changes in the subsidy rate between FY2009 and FY2010 as well as reprogrammed amounts from loan to grant.

* Single Family Housing Direct and Guaranteed Loans \$11,656,642,552

Changed from previously announced funding of \$11,217,000,000 due to changes in the subsidy rates between FY2009 and FY2010.

* Rural Water & Waste Disposal Loans & Grants \$3,264,375,000

Changed from previously announced funding of \$3,673,000,000 due to changes in the subsidy rate between FY2009 and FY2010 as well as reprogrammed amounts from loan to grant.

- 4. COLLABORATIVE APPROACH:** Rural Development has adopted a collaborative approach to implementing the American Recovery and Reinvestment Act. The Agency has established an ARRA Executive Team with key leadership from all program and support areas to ensure consistency of delivery and coordinate on implementation activities. Also, because many of the Rural Development programs are delivered through Rural Development field offices across the country, webinars, teleconferences and collaborative web-based work sites are being used to effectively communicate and coordinate with field staff. In addition, the Agency has formed the RD ARRA Rapid response team to respond quickly to data and other requests.
- **Reporting** – Rural Development has established processes to ensure timely reporting in compliance with the Recovery Act and OMB guidance.
 - **Major Communications** – A communications plan was developed and will guide the Agency’s outreach and communication with the potential applicants, industry representatives and the general public. In addition, Rural Development has created a web site to provide information on Rural Development ARRA activities.
 - **Tribal Outreach Plan** – Rural Development, in coordination with the USDA Native American Coordinator, has developed and will implement an outreach plan that ensures appropriate consultation with tribal entities on ARRA activities.

5. IMPLEMENTATION:

- Program Delivery
 - **Moving Quickly with Existing Programs.** Rural Development has demonstrated experience in effectively delivering assistance to rural communities. Wherever possible, we will deliver Recovery Act programs through existing programs and processes.

The Single Family Housing program funds will be allocated to Rural Development state offices using existing formulas. The formulas are based upon the latest Census data for rural population, rural poverty and rural unemployment.

The Water and Waste Disposal program, Community Facilities program, Business and Industry program, and the Rural Business Enterprise Grant program funds will be allocated to Rural Development state offices and disbursed as projects are approved. These funds will be used to award loans and grants to eligible projects. The Agency may consider pooling any unobligated ARRA funds and hold a national competition and distribute these funds accordingly.

The Broadband Initiative Program is administered in the National Office. Funds will not be distributed to the state offices. Rather, applications will be accepted on a first-come, first-served basis and evaluated on various factors developed through an inter-agency process.

- **Coordinating with other key agencies to implement the Broadband initiative.** The Recovery Act provides Rural Development funding for rural broadband infrastructure and its implementation requires the Agency to develop a new approach for awarding broadband loans and grants. The Agency worked in coordination with National Telecommunication and Information Agency and the Federal Communications Commission to define which entities will be eligible and where investment is most needed and ensure programs work together effectively.
- **Community based delivery.** All but one of the Rural Development programs implementing the Recovery Act is administered in State and Area Service Centers. Rural Development has staff in more than 450 service centers nationwide. As a result, potential borrowers and grantees are able to explore options for funding with a federal government loan officer or engineer who lives and works in their area. Community Program Specialists, engineers and other staff working in these offices are better able to identify areas of need and reach out to them as a result of this community-based approach.

Locate a service center near you by visiting our interactive service center locator web site at

<http://offices.sc.egov.usda.gov/locator/app>

- Ensuring that funds are available to rural communities that need them the most. In doing so, the agency will consider factors such as unemployment, outmigration, rural population, income level, areas of persistent poverty, lack of service, aging infrastructure and health issues.
- **Outreach and Transparency.** Rural Development will actively seek out communities, businesses and rural residents with critical needs that are eligible for Recovery Act funds. The Agency is also firmly committed to providing open and transparent access to information on our progress and where and how Recovery Act funds are invested. Among the methods we will use to let you know about available ARRA funding and to allow you to track our progress are:

- Workshops and application fairs across the country.
- Webinars and conference calls.
- Posting of information on the RD ARRA Web Site, Grants.gov and Recovery.gov.

6. MONITORING AND CORRECTION:

The agency will use existing resources and reporting mechanisms to monitor progress. Applications, obligations and servicing actions are processed and tracked through several automated tracking systems. Data from these systems is consolidated in the Agency's data warehouse and will be used as the basis for periodic reports on the progress of Recovery Act implementation.

Rural Development has recently rolled out a new system, the ARRA Project Reporting (APR) system, which allows field offices to provide supplemental information to report on the progress of projects. Reports can be generated from the APR that indicate the level of completion of each ARRA-funded project, providing the agency the ability to readily identify projects not advancing towards completion in a timely manner and to take quick action to further project development. These reports are particularly useful in presenting the status of construction-related projects.

Weekly reports are produced for senior managers and executives showing the number of dollars committed to eligible projects, the types of projects and service areas. These reports are used to identify low performing program areas and to work with program managers to discuss necessary course corrections.

7. SAVINGS AND COSTS:

Rural Development does not anticipate any Agency savings from deployment of funds. The Recovery Act does allow the Agency to use up to 3% of the program funds provided to cover administrative costs of implementing the Act, and Rural Development plans to use the full amount, \$130.8 million, to facilitate efficient delivery of program funding under the Act.

As part of the implementation process, Rural Development was required to develop a plan for the use of administrative funds under the Recovery Act and have that plan reviewed by the Office of Management and Budget. Rural Development submitted a plan on April 2, 2009 and received approval for its proposed use of administrative funding under the Recovery Act.

While we know that these costs are necessary, it is important that the American taxpayers know where these funds are proposed to be spent. Detailed information on the use of administrative funds is included in Chapter 2, Section 2-7 of this plan.

CHAPTER 2 PROGRAM SPECIFIC PLANS

2-1 BROADBAND INITIATIVES PROGRAM

A. DESCRIPTION: The Rural Development Broadband Initiatives Program (BIP) supports the expansion of broadband service in rural areas through loans, grants and loan/grant combinations that: (a) provide telecommunications infrastructure for access to high speed services, (b) facilitate economic development in locations without sufficient access to such service, and (c) target under and unserved rural areas.

B. RECOVERY GOALS:

Through the implementation of the ARRA, BIP will achieve the following goals:

1. Fund projects that will support economic development and job creation beyond the immediate construction/operations of the broadband facilities.
2. Ensure that broadband service is provided to rural areas lacking access, targeting under and unserved rural areas.
3. Consider impact on existing borrowers and prioritize their needs.
4. Implement in concert with the NTIA’s (Commerce’s) broadband program, and the FCC’s national broadband strategy.
5. Meet legislative obligation requirements by September 2010.
6. Establish appropriate monitoring and servicing of the investments at the outset to ensure the objectives are achieved.
7. Ensure fair and equitable program participation through civil rights compliance monitoring of programs.

C. PROGRAM FUNDING:

| ARRA Citation | Program | Funding Received (Budget Authority) | Current Estimate (Program Level) |
|---|-------------------------------|-------------------------------------|----------------------------------|
| Title 1, Division A, Distance Learning Telemedicine and Broadband Program | Broadband Initiatives Program | 72,400,000 | 1,000,000,000 |
| | Direct Loan Grant | 2,352,600,000 | 2,352,600,000 |

* Rural Broadband Loans & Grants \$3,352,600,000
 Changed from previously announced funding of \$9,100,000,000 due to changes in the subsidy rate between FY2009 and FY2010 as well as reprogrammed amounts from loan to grant.

Note: Program Level funding shown is an estimate based on the anticipated number of loans, grants and loan/grant combinations that may be awarded. This estimate is subject to change as the Program is implemented.

Implementation of funding for broadband loans, grants and loan/grant combinations was developed through an interagency process. Applicant, project and community eligibility was specified in a Notice of Funding Availability (NOFA) released jointly by the Rural Utilities Service (RUS) and National Telecommunications and Information Administration (NTIA) on July 1, 2009. The NOFA detailed funding for \$2.4 billion of the estimated \$3.3 billion in RUS' program level funding, and \$1.6 billion of NTIA's total broadband program funding of \$4.7 billion.

Outreach was then conducted through a series of ten workshops offered jointly by RUS and the NTIA in locations around the country during the month of July. RUS also staffed a Help Desk for its broadband program which responded to hundreds of e-mails and telephone calls from the public.

Under the first round of funding, NTIA and RUS received over 2,200 applications requesting over \$28 billion in funding, nearly seven times the amount of funds available in the first round. Among this total, 401 were BIP-only applications that requested \$4.974 billion; another 833 applications were joint applications to BIP and BTOP totaling \$12.791 billion.

Between December and March 2010, RUS announced a total of 68 awards under NOFA 1 totaling \$1.067 billion for broadband projects in 31 states and 1 territory.

On January 15, 2010, RUS and NTIA jointly announced separate but coordinated BIP and BTOP NOFAs for round two funding on www.broadbandusa.gov. The two NOFAs were published in the Federal Register on January 22, 2010. The BIP application window initially was to close on March 15, 2010, and was extended to March 29, 2010 to provide customers with an extended application window. RUS received 776 applications for BIP under the second funding notice totaling almost \$11.2 billion in loan and grant requests. Currently, all 776 applications are under review with the goal of announcing awards later this summer.

Similar to the applicant workshops held for the first NOFA, in January and February 2010, RUS and NTIA conducted nine joint workshops to help prospective applicants better understand the mission, scope, process and requirements of the BIP and BTOP programs.

RUS is in the process of evaluating applications received and all BIP funds will be obligated by September 30, 2010.

D. ACTIVITIES TO BE PERFORMED:

- Design and Construction of broadband systems and facilities.
- Manufacturing of consumer broadband devices for the home such as modems and routers.
- Provision of voice, video and data service to rural households, businesses, health institutions, public safety organizations, educational entities and others.

E. ANTICIPATED PUBLIC BENEFITS

Broadband funding is imperative not only to rural America but the nation's economy as a whole. In rural America many communities have limited or no broadband service. Small businesses may be marketing their goods and services through dial-up or less than high-speed service. Students living in rural communities without high-speed broadband are unable to take advantage of internet-based learning. Rural clinics and hospitals are unable to access new communications-based medical technology to care for their patients.

Providing broadband services in unserved and underserved rural communities will provide direct stimulus to the US economy, produce long-lasting socio-economic benefits, and mitigate the effects of global industry downturns in other market segments. Crucial to the US position in the global economy is a strong, seamless broadband network capable of delivering robust services on multiple technology platforms. Making broadband services available in rural communities ensures that the country uses to the fullest extent all of its available resources in both rural and urban America. Rural America is no longer a predominantly agricultural economy and broadband networks will provide the commerce avenues necessary for continued economic growth, as well as provide the platforms for improved education and health care. Job creation will depend on the ability of businesses and manufacturers to locate anywhere with the assurance that broadband services are available.

- a. Improving the Rural Quality of Life:** By implementing the Broadband Recovery funds, the public will benefit from:
- Businesses providing and receiving new/improved services
 - Residences benefitting from new and improved services
 - Increased and improved services to critical facilities such as:
 - Educational institutions
 - Healthcare Providers
 - Public service/safety
 - Local, state and Federal government
 - Increases in tax base

- b. Jobs Created or Saved:** Job growth will come from direct and indirect sources. Direct job growth will result from retention or creation of jobs in or supporting the broadband industry such as network planning, systems design, systems engineering, construction, operational management, and jobs at manufacturing and associated companies which supply the broadband industry. Indirect job growth will result from the ability of existing and new companies to utilize improved and new broadband access to operate more efficiently, to reach larger markets, to expand supplier and customer bases, and to create businesses which are made possible by high-speed Internet services. Having broadband access available is a significant factor in the ability of businesses and other organizations to locate in rural communities.

F. TYPE OF AWARDS

The charts below provide information on the types of awards that will be made under ARRA for this program area.

| Program | Type of Award | Estimated ARRA Funding | Anticipated Recipients | Beneficiaries |
|-----------|-------------------------|------------------------|--|----------------------------|
| Broadband | Grants | TBD | Service providers, Critical facilities operators | Rural residents/businesses |
| Broadband | Loan/Grant Combinations | TBD | Service providers, Critical facilities operators | Rural residents/businesses |
| Broadband | Loans | TBD | Service providers, Critical facilities operators | Rural residents/businesses |
| Broadband | All | \$3.352 billion (est.) | | |

ARRA Funding for Federal in-house Activities

| Activity | Estimated ARRA Funding | Anticipated Recipients | Selection Methodology |
|----------|------------------------|------------------------|-----------------------|
| | | | |

The Recovery Act allows the program to use up to 3% of the total funding provided for administrative purposes. Full information on the use of these funds is available in *Section 2-7 Use of Administrative Funds*.

G. DELIVERY SCHEDULE**BIP PROGRAM PHASES AND ANTICIPATED MILESTONES**

| Activity | Dates | Status |
|--|-----------------------------------|------------------|
| Phase 1: Program Design | February – June 2009 | Completed |
| Phase 2: Program Implementation | June 2009 – September 2010 | |
| NOFA 1 Published | July 9, 2009 | Completed |
| Outreach Workshops | July – August 2009 | Completed |
| Submission of Applications | July 31 – August 20, 2009 | Completed |
| NOFA 1 Funding Awards Announced | December 2009 – March 2010 | Completed |
| RFI Published and Comment Period | November 16 – November 30, 2009 | Completed |
| NOFA II Published | January 22, 2010 | Completed |
| Outreach Workshops | January – February 2010 | Completed |
| Submission of Applications | February 16 – March 29, 2010 | Completed |
| Publish RFP for Satellite, Technical Assistance and Rural Libraries programs | May 7, 2010 | Completed |
| NOFA II Funding Awards Announced | Before September 30, 2010 | |
| Phase 3: Final Program Audits and Shut-down | September 30, 2014 | |

H. ENVIRONMENTAL REVIEW COMPLIANCE AND CIVIL RIGHTS IMPACT

The Telecommunication Programs' implementation of ARRA will utilize existing environmental review compliance requirements in accordance with its statutory and regulatory obligations. The agency's environmental policies and procedures are codified in 7 CFR 1794, Rural Utilities Service Environmental Policies and Procedures. All relevant environmental compliance requirements are integrated in the above regulation, including the National Environmental Policy Act, National Historic Preservation Act and Endangered Species Act compliance processes.

All Telecommunication Program applicants are required to integrate environmental factors along with other technical and financial considerations into early project planning and design. The agency has guidance documents for applicants posted in the following webpage - <http://www.usda.gov/rus/water/ees/bulletin.htm>. The environmental review process must be complete including all public notice requirements prior to obligating any proposals.

The agency is negotiating agreements and establishing policies with environmental and historic preservation entities that will streamline specific environmental and historic preservation compliance processes. In addition, the agency is working with funding partners to minimize duplication of effort for all environmental review activities. These actions will supplement existing environmental policies and procedures; when complete these agreements and policies will be posted on the agency's environmental compliance websites.

Civil Rights Impact Analysis will be conducted in accordance with USDA DR 5600-2 and 7 CFR 2006-P civil rights impact analysis before conditional commitments are issued, and loan or grant approval.

I. SAVINGS OR COSTS

No direct cost savings are anticipated. Increases are expected in future operational costs as a result of the Recovery Act in this program area. Deploying these funds by September 2010 while maintaining the existing review standard will result in a significant increase in workload for current staff. Payment of overtime for additional staff time or temporary hiring will be incurred. Additional costs will be incurred for interagency coordination activities; training/outreach and Civil Rights activities; and field travel to complete inspections and/or site compliance reviews due to the increase in funding provided to broadband projects. There will be a significant increase in costs for application review, award, monitoring, tracking and reporting, including IT improvements in applications and monitoring systems and operations and management support.

J. PERFORMANCE MEASURES

The chart below provides information on the ways in which the Agency will measure its performance under ARRA.

| Program | Outcome | Output/Measure* | Results As of May 5, 2010* | Frequency of Measurement | Methodology | Public Access |
|----------------------------|-------------------------------------|--|---|--------------------------|---------------------------------|---------------------------------------|
| Broadband Loans and Grants | New Broadband Access | 39,325 households and businesses receiving new broadband access | Results will be available after the close of FY2010 | Annually | Recipient reporting requirement | Via www.Recovery.gov and www.usda.gov |
| Broadband Loans and Grants | Improved Broadband Access | 307, 450 households and businesses receiving improved broadband access | Results will be available after the close of FY2010 | Annually | Recipient reporting requirement | Via www.Recovery.gov and www.usda.gov |
| Broadband Loans and Grants | Improved Critical Facilities Access | 1, 950 anchor institution subscribers (educational, library, health care, and public safety providers) receiving new or improved access to broadband service | Results will be available after the close of FY2010 | Annually | Recipient reporting requirement | Via www.Recovery.gov and www.usda.gov |
| Broadband Loans and Grants | Economic Development | Jobs created or saved** | Results will be available after the close of FY2010 | Annually | Recipient reporting requirement | Via www.Recovery.gov and www.usda.gov |

*Output/measure is for FY 2010; results will be available after the close of fiscal year 2010.

**The jobs created or saved measure is estimated using traditional methods of forecasting direct jobs using an economic modeling tool; the jobs created/saved figure for broadband is under development.

K. MONITORING AND EVALUATION

The program will utilize a multi-faceted approach to accomplish project monitoring and evaluation.

- The program has existing internal monitoring and auditing processes, utilizing a combination of headquarters personnel and field staff.
- Projects will be required to report no less than quarterly after funds have been made available.
- Project benchmarks and performance will be tracked quarterly.
- Annual CPA audits will be required from all applicants.
- Rural Development field accountants will conduct loan/grant fund audits upon project completion.
- Outside contractors will be used to provide additional monitoring and evaluation.
- Pre Award and Post Award civil rights compliance reviews will be conducted using RD Form 400-8 "Compliance Review" in accordance with 7 CFR 1901-E. State Civil Rights Managers/Coordinators and General Field Representatives will provide reports as part of on-going program monitoring.

L. TRANSPARENCY

The website www.recovery.gov will be used as the repository for all information related to ARRA funding. Project descriptions, funding amounts, recipient information and other information of public interest will be made available. Outreach efforts, such as workshops, to inform the public of the economic opportunities available for their communities, will be hosted by Rural Development. Information on workshops as well as press events or videos produced for implementation of the Recovery Act will be posted on the Rural Development Recovery Act website. Reporting of all Recovery Act activity will comply with OMB guidance and be made publicly available on www.recovery.gov and www.broadbandusa.gov.

M. ACCOUNTABILITY

Program managers will be held accountable for performance and implementation.

- Performance plans will include standards for assessing managements' success in program implementation.
- Standards may include, but are not limited to:
 - Timely implementation of the program;
 - Timely processing of applications;
 - Implementation of safeguards to monitor use of funding;
 - Percentage utilization of funding by September 30, 2010;
 - Achievement of intended Outcomes established by performance measures;
 - Civil rights compliance. Participation rates among low income populations, minority populations and Native American Tribes will indicate and provide effective measurements of implementation.

N. BARRIERS TO EFFECTIVE IMPLEMENTATION

None perceived at this time.

O. FEDERAL INFRASTRUCTURE INVESTMENTS

Not applicable.

CHAPTER 2 PROGRAM SPECIFIC PLANS

2-2 BUSINESS AND INDUSTRY (B&I) GUARANTEED LOAN PROGRAM

A. DESCRIPTION: The purpose of the B&I Guaranteed Loan Program is to improve, develop, or finance business, industry, and employment and improve the economic and environmental climate in rural communities. This purpose is achieved by bolstering the existing private credit structure through the guarantee of quality loans which will provide lasting community benefits. It is not intended that the guarantee authority will be used for marginal or substandard loans or for relief of lenders having such loans.

B. RECOVERY GOALS: Through the implementation of the ARRA, the Business and Industry Guaranteed Loan Program will achieve the following goals:

1. Provide the guarantee of quality loans that provide lasting community benefits.
2. Create or save jobs in rural areas.
3. Provide assistance to small businesses and improve the local rural economy.

C. PROGRAM FUNDING:

| ARRA Citation | Program | Funding Received (Budget Authority) | Current Estimate (Program Level) |
|---------------|---|-------------------------------------|----------------------------------|
| Title I | Business and Industry Guaranteed Loan Program | \$126,100,000 | \$1,572,709,974 |

* Rural Business and Industry Guaranteed Loans \$1,572,709,974
 Changed from previously announced funding of \$1,700,000,000 due to changes in the subsidy rate between FY2009 and FY2010.

In order to ensure that funds are made available to targeted areas, such as rural counties suffering from persistent poverty, the program will partner with other Federal Agencies (U.S. Department of Commerce, Small Business Administration, etc.) community-based organizations, local governments, Congressional representatives, etc., to develop and distribute promotional pamphlets in these areas. The program also plans to solicit minority marketing firms to create messaging surrounding ARRA funding availability, including:

- Banners on Rural Development web sites;
- Multi-media advertising with messaging to targeted demographic (i.e., urban radio shows, minority centered media, i.e. Ebony, Black Enterprise, Afro American and Hispanic Placement Centered Media).
- Conducting outreach meetings in under-served areas and persistent poverty counties.

The program will develop sample outreach meeting presentations for widespread use, form a Minority Enterprise Small Business Investment Companies partnership, reach out to the Small Business Administration Senior Corp of Retired Executives, consult with Rural Development's Office of Civil Rights for compliance, contact State Business Development Corporations and Regional Development Centers, i.e. Tennessee Valley Authority.

D. ACTIVITIES TO BE PERFORMED: A borrower may be a cooperative organization, corporation, partnership, or other legal entity organized and operated on a profit or nonprofit basis; an Indian tribe on a Federal or State reservation or other Federally recognized tribal group; a public body; or an individual. Loan purposes must be consistent with the general purpose contained in the regulation. They include but are not limited to the following:

- a. Business and industrial acquisitions when the loan will keep the business from closing, prevent the loss of employment opportunities, or provide expanded job opportunities. This will only be done if the Business Plan is considered sound and the likelihood of default is small.
- b. Business conversion, enlargement, repair, modernization, or development.
- c. Purchase and development of land, easements, rights-of-way, buildings, or facilities.
- d. Purchase of equipment, leasehold improvements (improvements made to space leased by rural businesses to increase the value of the asset), machinery, supplies, or inventory.

E. ANTICIPATED PUBLIC BENEFITS:

- a. Improving the Rural Quality of Life: The public will benefit by having a stronger local economy. In the current economic environment, small businesses particularly in rural communities may not have access to commercial credit at competitive rates and terms. Without access to capital, rural entrepreneurs may not be able to start new or expand existing businesses. As a result, rural communities will have limited goods and services available to them.

The B&I Guaranteed Loan program encourages local banks or other lenders to provide loans to rural businesses when credit is hard to obtain by providing loan guarantees. With this availability of credit, products can be purchased and manufactured items can be made enabling rural businesses to succeed and grow.

- b. Jobs Created or Saved: Businesses that provide high-quality employment opportunities will be good candidates for these B&I funds. The Department of Labor defines high quality employment as jobs in long term, sustainable occupations that have career development ladders and will enable a worker to obtain livable wages. The sustainability of the employment opportunity is also an important factor. Rural Development state offices will document why a project's

jobs are considered high quality. The Quality of Jobs will be used as an application screening test for compliance that must be met to receive ARRA funding.

F. TYPE OF AWARDS:

The charts below provide information on the types of awards that will be made under ARRA for this program area. The program level below may change as a result of program modifications being considered by the agency

| Program | Type of Award | Estimated ARRA Funding | Anticipated Recipients | Beneficiaries |
|----------------|------------------|------------------------|------------------------|---|
| B&I Guaranteed | Guaranteed loans | \$1.572 billion | Rural lenders | Rural businesses; rural residents who will receive the products and services; and rural communities that will benefit from increased tax bases. |

ARRA Funding for Federal in-house Activities:

| Activity | Estimated ARRA Funding | Anticipated Recipients | Selection Methodology |
|----------|------------------------|------------------------|-----------------------|
| N/A | N/A | N/A | N/A |

The Recovery Act allows the program to use up to 3% of the total funding provided for administrative purposes. The 3% funding is not shown in this section, but is available in *Section 2-7 Use of Administrative Funds*.

G. DELIVERY SCHEDULE:

Planning Phase

- The program apportionment was approved by OMB on March 5, 2009.
- Funds will be available 5 days after Rural Development provides a detailed explanation on: how recovery funds will be allocated, if any criteria will be used to determine eligible projects in addition to the current regulations, and if there are any additional requirements recipients will need to fulfill.
- Funds will be allocated to the State Offices on a project-by-project basis.

Project Execution Phase

- Projects will be obligated as they are ready.

- There is no planned pooling of funds during fiscal year 2009. Loan guarantees will be issued until funds are fully utilized or September 30, 2010, whichever comes first. The Agency may consider pooling funds during fiscal year 2010, if necessary.
- Lender and community outreach will be conducted at the State and Local Office level. National Office assistance will be provided as necessary. Outreach includes meeting with rural lenders, attending and/or making presentations at conferences of National and State lending associations, etc. Some State Offices have conducted lender workshops in the past. All State Offices will be encouraged to conduct similar workshops.

H. ENVIRONMENTAL REVIEW COMPLIANCE: Business Program implementation of ARRA will utilize existing environmental review compliance requirements in accordance with its statutory and regulatory obligations. The Agency's environmental policies and procedures are codified in 7 CFR 1940-G, Environmental Program. All relevant environmental compliance requirements are integrated in the above regulation, including the National Environmental Policy Act, National Historic Preservation Act and Endangered Species Act compliance processes.

All Program applicants are required to integrate environmental factors along with other technical and financial considerations into early project planning and design. The environmental review process must be complete including all public notice requirements prior to funding any proposals.

The Agency is negotiating agreements and establishing policies with environmental and historic preservation entities that will streamline specific environmental and historic preservation compliance processes. In addition, the agency is working with funding partners to minimize duplication of effort for all environmental review activities. These actions will supplement existing environmental policies and procedures.

Civil Rights Impact Analysis will be conducted in accordance with USDA DR 5600-2 and 7 CFR 2006-P civil rights impact analysis before conditional commitments are issued, and loan or grant approval.

I. SAVINGS OR COSTS: Increases are expected in future operational costs as a result of implementation of the Recovery Act in this program area. Funding for guaranteed loans will be triple the amount of our typical annual allocations. Deploying these funds by September 2010 while maintaining the existing review and underwriting standards will result in a significant increase in workload for current staff. Payment of overtime for additional staff time or temporary hiring will be incurred. At this time, the program does not have an estimate of the costs involved. Additional costs may be incurred for field travel to meet with lenders and borrowers, due to the increase in project facilities. An increase in travel costs will be incurred for National Office staff for state field visits,

where states need assistance with the processing of a project to ensure that it meets ARRA requirements.

J. PERFORMANCE MEASURES:

The chart below provides information on the ways in which the Agency will measure its performance under ARRA.

| Program | Outcome | Output/ Measure | Results As of May 5, 2010 | Frequency of Measurement | Methodology | Public Access |
|----------------|---|---|-------------------------------|--|--|---|
| B&I Guaranteed | Create economic opportunity in rural America. | (1) Rural jobs created/saved* | (1) 25,274 | Status reports will be available on a quarterly basis. Staff will monitor funding and disbursement on a daily or weekly basis. | Program reports and GLS system-generated reports | Via www.Recovery.gov and www.usda.gov |
| | Provide assistance to small businesses. | (2) Percentage of loan guarantee recipients that are small business owners. | (2) 100% | | | |
| | | (3) Businesses remaining in existence 5 years after loan closing. | (3) Available after 2/17/2014 | | | |
| | | (4) Percentage of small businesses remaining in existence 5 years after loan closing. | (4) Available after 2/17/2014 | | | |

*The jobs created or saved measure is estimated using traditional methods of forecasting direct jobs using an economic modeling tool.

K. MONITORING AND EVALUATION: The Agency will monitor the weekly 205C report from the Finance Office and PFCS and GLS obligation reports to monitor funds usage. Monthly, the Agency will prepare a spreadsheet detailing the number of guaranteed loans obligated and amounts. This will be done more frequently if determined necessary. Existing management systems will be used to ensure that adequate controls are utilized in the distribution of funds. The Agency will monitor request for funds from recipients to ensure proper use of funding. The Agency will monitor and evaluate the program, in accordance with Section 504 of the Rehabilitation Act of 1973, and the Equal Credit Opportunity Act.

L. TRANSPARENCY: The website www.recovery.gov will be used as the repository for all information related to ARRA funding. Project descriptions, funding amounts, recipient information and other information of public interest will be made available. Outreach efforts, such as workshops, to inform the public of the economic opportunities available for their communities, will be hosted by Rural Development. Information on workshops as well as press events or videos produced for implementation of the Recovery Act will be posted on the Rural Development Recovery Act website. Reporting of all Recovery Act activity will comply with OMB guidance and be made publicly available on www.recovery.gov.

M. ACCOUNTABILITY: ARRA goals will be incorporated into existing manager and employee performance plans. Program performance measures are integrated into manager performance plans. Reports of progress in meeting the performance measures are provided in timely reports that allow for accountability discussions with managers. Monitoring will be done on a frequency that will allow implementation of corrective action as necessary.

N. BARRIERS TO EFFECTIVE IMPLEMENTATION:

It has been determined that the Davis-Bacon Act, regarding labor wage rates, applies to the B&I ARRA funds. This is likely to slow the utilization of ARRA funds as the cost of projects involving construction will increase. Lenders that have used the B&I program in the past are not used to these wage controls. Moreover, barriers to effectively implement ARRA funded B&I projects could include the Buy American requirements. Buy American provisions apply when ARRA funds are used to finance public buildings and public works, including the purchase of vehicles.

O. FEDERAL INFRASTRUCTURE INVESTMENTS: The B&I program will promote energy efficiency through the guarantees that it will offer. Energy efficiency projects are eligible under the B&I program. RD Instruction 4279-B, section 4279.108(a) (2), lists improving the economic or environmental climate as an eligible purpose. Section 4279.108(a) (4), lists as eligible, projects that “reduce reliance on nonrenewable energy resources by encouraging the development and construction of solar energy systems and other renewable energy systems (including wind energy systems, geothermal energy systems, and anaerobic digesters for the purpose of energy generation).” Energy projects and energy efficiency projects are reported on a monthly basis for B&I and the Rural Energy for America Program. Energy efficiency projects report kilowatt hours saved. Due to the significant amount of B&I funds available under ARRA, the Agency does not see the need for using priority scoring.

CHAPTER 2 PROGRAM SPECIFIC PLANS

2-3 COMMUNITY FACILITIES DIRECT LOAN AND GRANT PROGRAM

A. DESCRIPTION: The purpose of the program is to construct, enlarge, extend, or otherwise improve community facilities providing essential services to rural residents. USDA provides Community Facilities Direct Loans and Grants to cities, counties, political and quasi-political subdivisions of States; Indian tribes on Federal and State reservations and other federally recognized Indian tribes; and existing private corporations which are operated on a not-for-profit basis including faith based and neighborhood organizations performing community facility functions.

B. RECOVERY GOALS: The goals of the program are to provide funding for essential facilities related to health care, public safety, education, public services, transportation and cultural projects. The funding results in an improved quality of life for rural residents while creating and saving jobs in rural communities. The specific Recovery Act goals are:

- Ten percent of project funding for investment in persistent poverty counties.
- 24 million rural residents will have access to new or improved essential community services.
- 28,150 jobs created or saved (based on multiplier)

C. PROGRAM FUNDING:

| ARRA Citation | Program | Funding Received (Budget Authority) | Current Estimate (Program Level) |
|---------------|-----------------------------------|-------------------------------------|----------------------------------|
| Title 1 | Community Facilities Direct Loans | 23,897,000 | 1,136,189,000 |
| | Grants | 102,203,000 | 102,203,000 |

* Rural Community Facilities Loans & Grants \$1,238,392,000
 Changed from previously announced funding of \$1,197,000,000 due to changes in the subsidy rate between FY2009 and FY2010 as well as reprogrammed amounts from loan to grant.

All ARRA CF funds will be held in the National Office. Funds will be distributed to the State Office based upon project approval by the Secretary’s Office. Ten percent of total funds will be designated for projects to serve communities in persistent poverty counties.

D. ACTIVITIES TO BE PERFORMED: Eligible loan and grant project purposes include, but are not limited to, the following:

- a. Public safety projects including facilities for fire, police, and rescue organizations;
- b. Health care projects including hospitals, clinics, nursing homes, and mental health facilities;
- c. Education projects including libraries, child care and pre-school facilities, charter schools, primary and secondary schools, and community colleges;
- d. Public facilities including courthouses, administrative offices, jails, municipal garages, and community centers;
- e. Transportation projects including streets, sidewalks, and street lighting, and
- f. Cultural projects and facilities.

E. ANTICIPATED PUBLIC BENEFITS:

- a. **Improving the Rural Quality of Life:** Community facilities and services, such as hospitals, public safety services and educational institutions are vital to the sustainability of rural towns and the advancement of its residents. Many rural communities lack the funding to fully support their critical community facilities needs. In some cases rural residents must travel many miles from home to seek medical care; in other cases, the lack of a local library disadvantages rural students. Implementation of Recovery Act funds will improve public safety, health care, educational opportunities, transportation, public services, and cultural assets in rural communities. These improvements and additions will help rural communities remain attractive to businesses and potential employees. Educational opportunities will help create more productive employees for rural businesses. The projects will benefit rural residents, rural businesses, farmers and ranchers.
- b. **Jobs Created or Saved:** All of the projects create and save jobs, while enhancing the economic vitality of the community. Jobs may include engineering and design for construction of critical facilities such as hospitals and community centers. Secondary jobs may include teachers, doctors, medical technicians, facility managers and day care providers.

F. TYPE OF AWARDS

The charts below provide information on the types of awards that will be made under ARRA for this program area.

| Program | Type of Award | Estimated ARRA Funding | Anticipated Recipients | Beneficiaries |
|--|---------------|--------------------------------|---|--|
| Community Facilities Direct Loan and Grant Program | Direct Loans | \$1.136 billion in direct loan | Public bodies, not for profit organizations, and Native American tribes | Rural residents, rural business, farmers, ranchers |
| | Grants | \$102.2 million in grant | | |

ARRA Funding for Federal in-house Activities:

| Activity | Estimated ARRA Funding | Anticipated Recipients | Selection Methodology |
|----------|------------------------|------------------------|-----------------------|
| | | | |

The Recovery Act allows the program to use up to 3% of the total funding provided for administrative purposes. The 3% funding is not shown in this section, but is available in *Section 2-7 Use of Administrative Funds*.

G. DELIVERY SCHEDULE

Once the Community Programs (CP) staff receives the funding from the American Reinvestment and Recovery Act (ARRA), it will be held in the National Office account. State Offices will generate project templates and submit them to the National Office. A book of project templates will be developed on a scheduled basis and reviewed by the Rural Housing Service Administrator’s office, the Under Secretary’s office, the Secretary’s Office, and the Office of Management and Budget prior to approval. The National Office will then distribute funds to the states based upon the project template approvals. The field offices will work with the applicant to complete the necessary documentation for loan and grant obligation. The field offices will be provided guidance on ARRA funding procedures through a Notice of Funding Availability, an Administrative Notice, and a Community Program’s teleconference in April 2009.

Funds will be used for eligible projects until all ARRA funds have been depleted. CP will monitor the fund distribution to ensure that program goals are met. If we determine that a state is not fully utilizing the available ARRA funds, CP will hold a teleconference and/or provide an assistance visit to ensure that a particular state or states are aware of the

funding opportunities available through ARRA. Major efforts will be taken to ensure funds are obligated under the ARRA.

Planning Phase:

- March 2009 – Apportionment of funding completed
- March 2009 – Establishment of RD Recovery Act Web Page with Community Facilities Direct Loan and Grant Program information
- April 2009 – Administrative Notice to State and Area Offices on ARRA Implementation
- April 2009 – Community Programs Teleconference on ARRA Funding
- May 2009 – Submission of Agency and Program Specific Plans to OMB

Project Execution Stage

- April 2009 – RD State Offices will submit templates for ARRA CF project approval
- April 2009 – Notice of Funds Availability published for all Rural Development Programs implementing ARRA.
- May – September 2009 – Funding levels are monitored and teleconferences and assistance visits provided to ensure proper utilization of funds.
- September 2009 – Community Facilities ARRA funding may be pooled into National office account at the end of September.
- October 2009 – Approved Unobligated Community Facilities ARRA funding is redistributed, if necessary.

H. ENVIRONMENTAL REVIEW COMPLIANCE

The Community Facilities program implementation of ARRA will utilize existing environmental review compliance requirements in accordance with its statutory and regulatory obligations. The agency's environmental policies and procedures are codified in 7 CFR 1940-G, Environmental Program. All relevant environmental compliance requirements are integrated in the above regulation, including the National Environmental Policy Act, National Historic Preservation Act and Endangered Species Act compliance processes.

All Program applicants are required to integrate environmental factors along with other technical and financial considerations into early project planning and design. The environmental review process must be complete including all public notice requirements prior to funding any proposals and Civil rights Impact analysis in accordance with USDA DR 5600-2 and 7 CFR 2006-P prior to funding any proposals.

The agency is negotiating agreements and establishing policies with environmental and historic preservation entities that will streamline specific environmental and historic preservation compliance processes. In addition, the agency is working with funding partners to minimize duplication of effort for all environmental review activities. These actions will supplement existing environmental policies and procedures.

I. SAVINGS OR COSTS

Increases are expected in future operational costs as a result of implementation of the Recovery Act funds in this program area. Funding for Direct loans and Grants will be triple the amount of our typical annual allocations. Deploying these funds by September 2010 while maintaining the existing review and underwriting standards, will result in a significant increase in workload for current staff. Payment of overtime for additional staff time or temporary hiring will be incurred. Additional costs may be incurred for field travel to complete inspections and/or site/compliance reviews, due to the increase in project facilities. An increase in travel costs will be incurred for National Office staff for state field visits, where states need assistance with the processing of a project to ensure that it meets ARRA requirements. There will be a significant increase in costs for loan processing, closing, and construction monitoring activities. For example, most loan dockets will have to be reviewed by OGC in order to determine that the loan has been closed properly. Project monitoring and funds delivery during construction will be necessary due to the increase construction and renovation of facilities. The use and accountability of funds will also require monitoring.

J. PERFORMANCE MEASURES

The chart below provides information on the ways in which the Agency will measure its performance under ARRA.

| Program | Outcome | Output/Measure | Results As of May 5, 2010 | Frequency of Measurement | Methodology | Public Access |
|--|---|--|---------------------------|--|--|---|
| Community Facilities Direct Loans and Grants | Rural population with access to improved public safety services | The number of rural residents with access to improved public safety services. Number of public safety facilities approved. | 2,069,192 432 | Status reports will be available on a quarterly basis. Staff will monitor available data on a daily or weekly basis. | Program reports and GLS system-generated reports | Via www.Recovery.gov . and www.usda.gov |
| Community Facilities Direct Loans and Grants | Rural population with access to improved health care services | The number of rural residents with access to improved health care services. Number of health care facilities approved. | 2,451,014 112 | Status reports will be available on a quarterly basis. Staff will monitor available data on a daily or weekly basis. | Program reports and GLS system-generated reports | Via www.Recovery.gov . and www.usda.gov |
| Community Facilities Direct Loans and Grants | Rural population with access to improved educational opportunities and services | The number of rural residents with access to improved educational opportunities and services Number of educational facilities approved. | 1,601,652 101 | Status reports will be available on a quarterly basis. Staff will monitor available data on a daily or weekly basis. | Program reports and GLS system-generated reports | Via www.Recovery.gov . and www.usda.gov |
| Community Facilities Direct Loans and Grants | Rural population with access to other improved essential community services | The number of rural residents with access to other improved essential community services | 9,308,540 | Status reports will be available on a quarterly basis. Staff will monitor available data on a daily or weekly basis. | Program reports and GLS system-generated reports | Via www.Recovery.gov . and www.usda.gov |
| Community Facilities Direct Loans and Grants | Create economic opportunity in rural America | Number of jobs created or saved* (estimate based upon multiplier) | 15,161 | Status reports will be available on an as need basis. Staff will monitor available data on a daily basis. | Program reports and GLS system-generated reports | Via www.Recovery.gov . and www.usda.gov |
| Community Facilities Direct Loans and Grants | Improved community facilities in persistent poverty counties | Ten percent of project funding for investment in persistent poverty counties | 23.287% | Status reports will be available on an as need basis. Staff will monitor available data on a daily basis. | Program reports and GLS system-generated reports | Via www.Recovery.gov . and www.usda.gov |

*The jobs created or saved measure is estimated using traditional methods of forecasting direct jobs using an economic modeling tool.

K. MONITORING AND EVALUATION

USDA, Rural Development, Community Programs (CP) will monitor and evaluate the expenditure of the ARRA funds and program objectives. Our existing controls are sufficient to mitigate the risk of waste, fraud, and abuse adequately. CP will conduct a periodic review of the program's progress in order to identify areas of high risk and high and low performance. A State Office's performance will be monitored to determine if resources; such as employees, legal assistance, and any other contract services are sufficient to ensure that program objectives are achieved.

CP will monitor the State Office's ARRA fund usage. This will help ensure that all ARRA funds are utilized. If it is determined that a state or states are not fully utilizing the available ARRA funds, CP will provide additional assistance. CP will produce program reports at least monthly to monitor allocations, the number of jobs created and retained by project, and proper awards disbursement.

The Agency will complete compliance reviews in accordance with 7 CFR 1901-E to ensure activities comply with Title VI of the Civil Rights Act of 1964, title VIII of the Civil Rights Act of 1968, Executive Order 11246, and the Equal Credit Opportunity Act of 1974. Nothing herein shall be interpreted to prohibit preference to American Indians on Indian Reservations.

L. TRANSPARENCY

The website www.recovery.gov will be used as the repository for all information related to ARRA funding. Project descriptions, funding amounts, recipient information and other information of public interest will be made available. Outreach efforts, such as workshops, to inform the public of the economic opportunities available for their communities, will be hosted by Rural Development. Information on workshops as well as press events or videos produced for implementation of the Recovery Act will be posted on the Rural Development Recovery Act website. Reporting of all Recovery Act activity will comply with OMB guidance and be made publicly available on www.recovery.gov.

M. ACCOUNTABILITY

Performance goals for all State Directors, State Program Directors, and National Office management that have already been established will be utilized. States will need to obligate a percentage of their State allocated ARRA funds each month to ensure appropriate usage and expenditures prior to the funds expiring. On September 30, 2009, the National Office may consider pooling any unobligated ARRA funds and redistribute these funds based upon project approvals in the beginning of FY 2010.

N. BARRIERS TO EFFECTIVE IMPLEMENTATION

It is probable that CP will face barriers which may impede the effective implementation of Recovery Act activities. The following are statutory and regulatory requirements which may affect the pace of CP Recovery Act activities: (1) The Davis-Bacon Act; (2) Buy-American; (3) NEPA Compliance; and (4) Paperwork Reduction Act requirements combined with ARRA reporting requirements.

O. FEDERAL INFRASTRUCTURE INVESTMENTS

Based upon the regulation and statute, Community Facilities funds cannot be used to fund Federal infrastructure projects.

Energy efficiency projects are eligible under the Community Facilities Loan and Grant program. We can fund the development and construction of solar energy systems, wind energy systems, geothermal energy systems, and biomass energy generation for eligible essential community facilities with the sole purpose of displacing the amount of energy the facility is required to purchase on an annual basis.

CHAPTER 2 PROGRAM SPECIFIC PLANS

2-4 RURAL BUSINESS ENTERPRISE GRANT (RBEG)

A. DESCRIPTION: The RBEG program provides grants for rural projects that finance and facilitate development of small and emerging rural businesses, to help fund distance learning networks, and help fund employment related adult education programs. To assist with business development, RBEGs may fund a broad array of activities. The RBEG grants may be made to public bodies, private nonprofit corporations serving rural areas, and Indian Tribes on Federal and State reservations and other Federally-recognized Indian Tribal groups in rural areas. RBEG grants must finance or develop small and emerging private business enterprises.

B. RECOVERY GOALS: Through the implementation of the ARRA, the RBEG Program will provide grants to achieve the following goals:

1. Promote economic development in rural areas.
2. Assist businesses and create and/or save jobs in rural areas.

C. PROGRAM FUNDING:

| ARRA Citation | Program | Funding Received (Budget Authority) | Current Estimate (Program Level) |
|--|---------------------------------|-------------------------------------|----------------------------------|
| 310B(a)(2)(A) and 310B(c) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932) | Rural Business Enterprise Grant | \$19,400,000 | \$19,400,000 |

RBEGs can be used for a variety of different types of assistance such as technical assistance to assist local business startups and expansions, the development of business incubators to provide and assist new business owners with a location as well as technical support for accounting, payroll, and meeting hiring needs of these new businesses. A third frequently used purpose is to establish revolving loan funds. These funds are used to make small loans to new and existing businesses that may not be large enough to obtain credit from a commercial bank. The RBEG program grants are awarded based on: population, unemployment rate and median household income of area, the cost of creating and saving jobs and total cost of the project.

The RBEG program is designed to assist communities that have suffered from natural disasters, business closures, and general overall loss of community population due to younger generations moving away from the community to find work. The grant scoring and selection process for RBE grants is designed to assist these communities. These types of communities tend to have higher unemployment rates, lower household incomes,

and smaller population levels. These three criteria receive higher points and are generally the ones selected to receive RBEGs.

D. ACTIVITIES TO BE PERFORMED: RBEG funding will be used to develop new businesses, improve rural business districts, and assist with job related education. The ultimate goal is the creation and retention of jobs outside of cities and towns with populations of 50,000 or more and the immediately contiguous and adjacent urbanized areas. Historically, funds have been used for a wide variety of projects including business-based infrastructure such as sidewalks, downtown plazas, improved lighting for shopper safety, and parking; job specific training to improve worker skills; to establish rural revolving loan funds for small businesses, and so forth. While we will work within the regulatory guidelines in terms of eligible projects, we intend to concentrate the use of ARRA funding for training, job related education, business incubators, and capitalization of loan funds in order to ensure that ARRA-RBEG funds have short and long term effect on the economy.

E. ANTICIPATED PUBLIC BENEFITS: We expect benefits to the public to be evidenced in improvements in the quality of life in rural areas, job creation and retention, infrastructure improvement, improved worker skills.

- a. **Improving the Rural Quality of Life:** The public will benefit by having a stronger local economy. Economic development, as facilitated by these ARRA funds, will create and retain jobs.

One example of an economic development benefit would be the start up or expansion of a rural business incubator. Incubators are operated for the specific purpose of assisting new businesses through the start up and initial expansion phases of business operation. Often, incubators offer special services to the tenant businesses such as shared administrative services, shared advertising, below market rate rent, and so forth. They also often provide technical assistance and/or training to the incubator tenants building strengths in business management skills, management of accounts receivable, marketing skills, understanding tax requirements, understanding local ordinances, and other such skills to help ensure long term survival. The introduction of a business incubator to a small town can immediately create new businesses and the jobs that accompany them. Over time, tenants will outgrow the incubator and move to other commercial properties in the community, making way for new tenants.

Another example would be the capitalization of a Rural Revolving loan fund. Revolving loan funds assist with the availability of commercial capital when loans from traditional financial institutions may not be available. Loans made from such revolving funds may be used for any eligible project type. Thus, a grant to rural revolving loan fund may become a loan for an upgrade to a business, (improve visibility, increase energy efficiency, expand an assembly line, increase production) and save or create new jobs.

- b. **Jobs Created or Saved:** While the exact number and mix of jobs created by an RBEG will vary, we expect that most of the jobs will be above minimum wage and be sufficient to support a family. Jobs created in an incubator, for instance, could be of any variety from light manufacturing to software development. Jobs created or retained due to revolving fund activity will be in a wide variety of business types.

Construction:

We do not anticipate providing RBEG ARRA funding directly for construction purposes. However, an RBEG funded revolving fund could make a construction loan. The construction of a business incubator, for instance, would involve engineers and architects to design and oversee the construction; skilled and unskilled laborers to build the project; new and expanding businesses to be housed in the incubator; advertising, training, and business management experts to provide normal incubator services and so forth.

Secondary Support:

With job growth comes the need for secondary (support structure) jobs such as manufacturing jobs in materials supply, equipment provision. These would include jobs in sectors such as refineries and chemical plants; steel and iron works; heavy machinery; and transportation via rail, long haul trucking, and local delivery.

Other secondary jobs that may be created include those in the fields of medicine, retailing, and others such as doctors, nurses, technicians, and administrative support. Businesses that can be attracted to incubators include tool and die companies, utility manufacturers, modular building construction, leather manufacturing and signage and large fabric utilization; and other subsidiary businesses to support these companies.

Skills improvement as a result of funding:

Jobs created by growth as a result of an RBEG ARRA funding will vary widely. We expect a number of new jobs to require specific skills. For example, a food processing plant will require individuals to be trained in sanitation, ingredient handling, product distribution; information technology; quality control inspection; assembly line maintenance and repair, marketing; and public liaison work. We anticipate that funding used for worker training and adult job related training will support training as needed in the example above.

F. TYPE OF AWARDS:

The charts below provide information on the types of awards that will be made under ARRA for this program area.

| Program | Type of Award | Estimated ARRA Funding | Anticipated Recipients | Beneficiaries |
|---------------------------------|---------------|------------------------|---|---|
| Rural Business Enterprise Grant | Grant | \$19.4 million | Public bodies, private nonprofit corporations serving rural areas, and Indian Tribes on Federal and State reservations and other Federally recognized Indian Tribal groups in rural areas. RBEG grants must finance or develop small and emerging private business enterprises. | Private Small and emerging private business enterprises which will employ 50 or less new employees and have less than \$1 million in projected gross revenue. Ultimately this will assist with economic growth as increased products and services become available to rural residents. |

ARRA Funding for Federal in-house Activities:

| Activity | Estimated ARRA Funding | Anticipated Recipients | Selection Methodology |
|----------|------------------------|------------------------|-----------------------|
| | | | |

The Recovery Act allows the program to use up to 3% of the total funding provided for administrative purposes. The 3% funding is not shown in this section, but is available in *Section 2-7 Use of Administrative Funds*.

G. DELIVERY SCHEDULE: Upon receipt of ARRA funds, dollars will be allocated to Rural Development State Offices on a project-by-project basis. These funds will be used to award grants to eligible projects. On or after June 30, 2010, the National Office may consider pooling any unobligated ARRA funds and hold a national competition and distribute these funds accordingly.

An unnumbered letter is in clearance that will provide guidance to State Offices regarding recovery act funding procedures. Such procedures will include scoring requirements regarding the discretionary funding as noted in the chart above. State Offices have already begun marketing and outreach activities and applications for funding are in process.

Planning Phase

- March 2009 Announcement of RBEG funds availability posted to MAX.gov and Grants.gov
- April 2009 Apportionment of funding completed
- May 2009 Submission of Agency and Program Specific Plans to OMB

Project Execution Stage

- April 2009 Funds to be made available. State submissions to the National Office for ARRA funding will be reviewed for scoring correctness and applicability to ARRA goals.
- May 2009 –
June 2010 ARRA funds will be expended until depleted.
- June 30, 2010 Business Programs ARRA unobligated funds are pooled into National Office account
- October –
July 2010 If needed, a National Office competition is held and projects submitted from States will be reviewed, scored, prioritize and funded according to Priority score until National Office funds are depleted.

H. ENVIRONMENTAL REVIEW COMPLIANCE: The Business Programs implementation of ARRA will utilize existing environmental review compliance requirements in accordance with its statutory and regulatory obligations. The Agency's environmental policies and procedures are codified in 7 CFR 1940-G, Environmental Program. All relevant environmental compliance requirements are integrated in the above regulation, including the National Environmental Policy Act, National Historic Preservation Act and Endangered Species Act compliance processes.

All Program applicants are required to integrate environmental factors along with other technical and financial considerations into early project planning and design. The environmental review process must be complete including all public notice requirements prior to funding any proposals.

The Agency is negotiating agreements and establishing policies with environmental and historic preservation entities that will streamline specific environmental and historic preservation compliance processes. In addition, the agency is working with funding partners to minimize duplication of effort for all environmental review activities. These actions will supplement existing environmental policies and procedures.

Civil Rights Impact Analysis will be conducted in accordance with USDA DR 5600-2 and 7 CFR 2006-P civil rights impact analysis before conditional commitments are issued, and loan or grant approval.

I. SAVINGS OR COSTS: ARRA funds will be allocated to the Rural Development field offices on a project by project basis. State Offices will receive, review and provide initial scores for projects intended for ARRA funding. Such applications will be forwarded to the National Office for review and possible selection. Scoring will be in accordance with historical application and decision making regulations. We anticipate minimal additional implementation costs. As we use the existing RBEG regulations and distribution process as a basis for processing ARRA applications.

J. PERFORMANCE MEASURES:

The chart below provides information on the ways in which the Agency will measure its performance under ARRA.

| Program | Outcome | Output/Measure | Results As of May 5, 2010 | Frequency of Measurement | Methodology | Public Access |
|---------------------------------|---|---|--|--------------------------|---|---|
| Rural Business Enterprise Grant | Economic Development via the creation or retention of rural jobs and provision of assistance to rural businesses. | Provision of grants in the approximate amount of \$19.4 million to eligible entities to assist businesses and create or retain jobs in rural areas. Completion of benchmarks will include the number of completed projects within a three year period, as evidenced by the amount of grants fully disbursed. | \$19,050,070 187 total projects: 65 projects have received disbursements, 13 grants are fully disbursed (completed) | Monthly | Using Finance-Generated 205A report, Status of Loan/Grant Obligations, Allotments, or Distributions | Via www.Recovery.gov and www.usda.gov |

K. MONITORING AND EVALUATION: Rural Development Business Programs will monitor and evaluate the expenditure of the ARRA funds and program objectives. Our existing controls are sufficient to mitigate the risk of waste, fraud and abuse adequately.

Monthly reports will be generated that will track original amount of funds allocated, amount of funds obligated, number of businesses assisted, and the number of jobs created and/or saved. Reports will also indicate State by state performance levels including number and amounts of grants made. For grants funding building projects and revolving loan funds, post completion reports will be required every three years for buildings and quarterly/annually for revolving loan funds.

The Agency will complete compliance reviews in accordance with 7 CFR 1901-E to ensure activities comply with Title VI of the Civil Rights Act of 1964, title VIII of the Civil Rights Act of 1968, Executive Order 11246, and the Equal Credit Opportunity Act of 1974. Nothing herein shall be interpreted to prohibit preference to American Indians on Indian Reservations.

L. TRANSPARENCY: The website www.recovery.gov will be used as the repository for all information related to ARRA funding. Project descriptions, funding amounts, recipient information and other information of public interest will be made available. Outreach efforts, such as workshops, to inform the public of the economic opportunities available for their communities, will be hosted by Rural Development. Information on workshops as well as press events or videos produced for implementation of the Recovery Act will be posted on the Rural Development Recovery Act website. Reporting of all Recovery Act activity will comply with OMB guidance and be made publicly available on www.recovery.gov.

M. ACCOUNTABILITY: The Agency will apply existing performance goals for all Rural Development State Directors, State Program Directors, and National Office management to Recovery Act activities. The ability to meet performance goals are a part of the annual rating and review process. This encourages management to reach stated goals and personalizes program performance.

Rural Development states offices will be expected to obligate a part of their State allocated ARRA funds each month to ensure appropriate usage over time and ensure full expenditure prior to the expiration of funds. On, or shortly after, June 30, 2010, the National Office may consider pooling any unobligated ARRA funds and hold a national competition and distribute these funds accordingly. Based on advance outreach, and the results of same, we believe that funds will be fully expended before the expiration date.

N. BARRIERS TO EFFECTIVE IMPLEMENTATION: Barriers to effectively implement ARRA funded RBEG projects could include, if issues are not resolved, Buy American, Davis-Bacon, NEPA Compliance and the Paperwork Reduction Act requirements combined with ARRA reporting requirements. In particular, the cost of completing a building project under Davis-Bacon requirements could outweigh the value

of a grant. Thus, projects relying on grant assistance would be deterred from applying for funding and may not occur. Such a scenario would mean fewer ARRA dollars being distributed and higher costs for building projects. Additionally, the reporting burden will be significant should RBEG end user beneficiaries be required to report.

O. FEDERAL INFRASTRUCTURE INVESTMENTS: Statutory RBEG funds cannot be used to fund Federal Infrastructure. However, projects that are for construction using RBEG ARRA funds will be required, if possible, to comply with energy efficiency and green building requirements.

CHAPTER 2 PROGRAM SPECIFIC PLANS

2-5 SINGLE FAMILY HOUSING (SFH)

A. DESCRIPTION: The Single Family Housing program consists of Section 502 Direct and Guaranteed Housing Loans. The Direct and Guaranteed Loan Programs provides 100% financing to customers in rural areas for the purchase of a home. Eligible applicants may utilize the funds to purchase, construct, rehabilitate or refinance a residence located in a rural area.

Direct Loans are funded directly by the Government and are available for very low-income (below 50% of area median income), and low-income (between 50 & 80% of area median income) households. Mortgage payments are based on the household's adjusted income, and may be subsidized.

Guaranteed loans are made by Agency-approved lenders and losses are insured up to 90% with the Government's guarantee. Loans are available to applicants whose income does not exceed 115% of the area median income.

B. RECOVERY GOALS: The objective of the Single Family Housing Program is to provide 100% homeownership financing to credit- and income-eligible individuals for a residence located in a rural area. The Single Family Housing Program defines rural as an area with a population of not more than 10,000 if the area is located outside a metropolitan area.

The immediate priority for recovery funds is to address the backlog of approved applications on hand and waiting funding. This consists of approximately 14,200 guaranteed loan applications representing \$1.7 billion.

The secondary area of focus will be applications on hand that have yet to be approved. There are approximately 25,000 direct loan applications representing approximately \$2 billion in loan request and 1,500 guarantee loan requests representing \$180 million. To address the backlog of direct loan applications we plan to utilize contract services for packaging application and home inspections.

The Single Family Housing Programs will also continue to accept and process new loan request. Funds will be utilized for eligible loan purposes as describe in the program description.

The specific Recovery Act goals are:

1. Increase home ownership in rural areas.
2. Improve the quality of life for rural Americans.
3. Create and/or save jobs in rural areas.

C. PROGRAM FUNDING:

| ARRA Citation | Program | Funding Received (Budget Authority) | Current Estimate (Program Level) |
|------------------------|--|-------------------------------------|----------------------------------|
| Title I Section 104 | Single Family Housing Direct Funding | \$64,990,000 | \$1,562,971,449 |
| | Single Family Housing Guaranteed Purchase Funds | \$129,010,000 | \$10,093,671,103 |
| | Single Family Housing Guaranteed Refinance Funds | | |

* Single Family Housing Direct and Guaranteed Loans \$11,656,642,552
 Changed from previously announced funding of \$11,217,000,000 due to changes in the subsidy rates between FY2009 and FY2010.

D. ACTIVITIES TO BE PERFORMED: Single Family Housing Loan funds will be used for the purchase, repair, and construction or refinancing of single family dwellings.

E. ANTICIPATED PUBLIC BENEFITS:

- a. **Improving the Rural Quality of Life:** Communities will benefit from increased property tax revenues that will be generated when homes are purchased or constructed. Neighborhood property owners will also benefit from greater mortgage credit liquidity being available that will have the effect of stabilizing property values due to increased demand for housing in areas of high or vacant housing stock. Mortgage lenders will benefit as they seek the reduced risk exposure through providing loans that are backed with a government guarantee.
- b. **Jobs Created or Saved:** New construction and rehabilitation loans will provide employment opportunities to construction suppliers and contractors. In addition, Realtors, inspectors, appraisers, and title companies will see increased volume of work as a result of the recovery funds.

F. TYPE OF AWARDS:

The charts below provide information on the types of awards that will be made under ARRA for this program area.

| Program | Type of Award | Estimated ARRA Funding | Anticipated Recipients | Beneficiaries |
|---------------------------|---------------|--------------------------------|--|---|
| 502 Direct Loans | Loan | \$1 billion | Low and very-low income households in rural areas | Low and very-low income households in rural areas |
| Home Inspection Contracts | Contract | Included in the 3% S&E funding | Professional home inspectors that are licensed certified and/or approved by a State agency or recognized national organization | Low and very-low income households in rural areas |
| Loan Packaging Fees | Contract | Included in the 3% S&E funding | Public or Private non-profit organizations familiar with 502 Direct loans | Low and very-low income households in rural areas |
| 502 Guaranteed Loans | Loans | \$10 billion | Local and regional lenders offering housing loans to rural residents. | Individual homeowners |

ARRA Funding for Federal in-house Activities:

| Activity | Estimated ARRA Funding | Anticipated Recipients | Selection Methodology |
|---------------------------|------------------------|---|---|
| Home Inspection Contracts | TBD | Professional Home Inspectors meeting qualifications standards | We are considering competitive procurement or cooperative agreements. |
| Loan Packaging Fees | TBD | Public or Private non-profit organizations familiar with the 502 Direct loan program. | We are considering competitive procurement or cooperative agreements. |

The Recovery Act allows the program to use up to 3% of the total funding provided for administrative purposes. Full information on the use of these funds is available in *Section 2-7 Use of Administrative Funds*.

G. DELIVERY SCHEDULE:

Planning Phase

- March 27, 2009 Draft Detailed Outline of Single Family Housing Program Specific Plan.
- March 2009 Estimated date to establish the RD-Single Family Housing Recovery Act website (LAPAS).
- March 20, 2009 SFH initial release of funds to Rural Development State Offices.
- April 3, 2009 Statement of Work for Inspection and Packaging Services drafted.
- April 6, 2009 SFH Direct - Full Year Operating Guidance to State Offices for Administering Funds.
- April 8, 2009 Draft Single Family Housing Program Specific Plan due.
- April 15, 2009 Final Single Family Housing Specific Plan Due.
- April 20, 2009 Begin Final Clearance Process for Single Family Housing Program Plan.
- May 1, 2009 Submission of Agency and Program Specific Plans to OMB Procurement Activities.
- May 1, 2009 Solicitation for SFH Direct Loan Packaging and Inspection Services Procurement (2 separate solicitations).
- June 15, 2009 SFHDLDP Packaging and Inspection Services Contract Awards.

Project Execution

- March 20, 2009 Initial release of Section 502 Direct and Guarantee Single Family Housing funds to States.
- March 21, 2009 Guidance for processing funding requests to State Office and Agency Approved Lenders for Guaranteed and Direct funding requests.
- May 2009 Ongoing through September 2010. Performance measure monitoring of effectiveness of the Recovery Act implementation.

H. ENVIRONMENTAL REVIEW COMPLIANCE: The Single Family Housing Programs implementation of ARRA will utilize existing environmental review compliance requirements in accordance with its statutory and regulatory obligations. The Agency's environmental policies and procedures are codified in 7 CFR 1940-G, Environmental Program. All relevant environmental compliance requirements are integrated in the above regulation, including the National Environmental Policy Act, National Historic Preservation Act and Endangered Species Act compliance processes.

All Program applicants are required to integrate environmental factors along with other technical and financial considerations into early project planning and design. The environmental review process must be complete including all public notice requirements prior to funding any proposals.

The Agency is negotiating agreements and establishing policies with environmental and historic preservation entities that will streamline specific environmental and historic preservation compliance processes. In addition, the agency is working with funding partners to minimize duplication of effort for all environmental review activities. These actions will supplement existing environmental policies and procedures.

I. SAVINGS OR COSTS: Single Family Housing expects to incur costs through implementation of home inspection and loan packaging contracts. The cost is estimated at \$2 million dollars, which is based on the 3 percent in S&E funds of the \$65 million budget authority. However, these costs are not permanent and should end when these contracts expire. No long-term or permanent costs expected from Recovery Act investments.

J. PERFORMANCE MEASURES:

The chart below provides information on the ways in which the Agency will measure its performance under ARRA.

| Program | Outcome | Output/Measure | Results As of May 5, 2010 | Frequency of Measurement | Methodology | Public Access |
|--------------------------|--|---------------------------------|--------------------------------|--------------------------|--------------------------------|---|
| 502 Direct and Guarantee | Increase the number of homeowners. | Loan obligations | 87,147 | Monthly | Data warehouse and 205 Reports | Via www.Recovery.gov and www.usda.gov |
| 502 Direct | To increase the percentage of loans closed within 30 days of obligation from 69% to 95% by September 30, 2010. | Days from obligation to closing | 88.03% | Quarterly | Data warehouse | Via www.Recovery.gov and www.usda.gov |
| 502 Direct | To maintain the new loan delinquency rate for ARRA loans at the same or better level as loans funded with annual appropriated funds. | New loan delinquency rate | Annual – 3.17% ARRA – 1.14% | Monthly | Data warehouse | Via www.Recovery.gov and www.usda.gov |

K. MONITORING AND EVALUATION: The Single Family Housing Guaranteed Loan program will conduct compliance review of lender activity. The compliance reviews consist of reviewing the lenders underwriting standards and the lenders quality control review.

Single Family Housing Direct Loan program will monitor Recovery Act funds by producing/reviewing daily obligation reports. These reports will include specific loan information to ensure funds are used for the intended purposes, to identify potential problems and to develop corrective measures if needed.

In addition, the Direct program will use established control measures to monitor Recovery Act funds including loan underwriting reviews, unliquidated obligation reviews, and the State Internal Review (SIR) processes.

L. TRANSPARENCY: The website www.recovery.gov will be used as the repository for all information related to ARRA funding. Project descriptions, funding amounts, recipient information and other information of public interest will be made available. Outreach efforts, such as workshops, to inform the public of the economic opportunities available for their communities, will be hosted by Rural Development. Information on workshops as well as press events or videos produced for implementation of the Recovery Act will be posted on the Rural Development Recovery Act website. Reporting of all Recovery Act activity will comply with OMB guidance and be made publicly available on www.recovery.gov.

M. ACCOUNTABILITY:

Program performance measures, including civil rights compliance, will be incorporated into existing manager and employee performance plans. Reports of progress in meeting the performance measures are provided in timely reports that allow for accountability discussions with managers. Monitoring will be done on a frequency that will allow implementation of corrective action as necessary.

N. BARRIERS TO EFFECTIVE IMPLEMENTATION: For Single Family Housing Guaranteed Loans there are few statutory or regulatory requirements that will inhibit fund utilization. In isolated cases, the same Davis Bacon requirement described below for the Direct Loan program could present a barrier.

For the Direct Loan program, the following issues present possible barriers to effective implementation:

- **Davis-Bacon Requirement:** Recovery Act requires that all construction work financed with Recovery money must meet the wage determination established by the Davis-Bacon Act. The use of Recovery Act funds to finance projects involving construction work has been delayed pending additional guidance from OMB.
- **Low and Very-Low Income Requirement:** The Housing Act of 1949 requires that at least 40% of Section 502-Direct funds must be available for very-low income applicants. The SFHDLN needs clarification on when this requirement for Recovery Act purposes must be met. Some States are experiencing significant challenges to meet the low and very-low percentages. The Agency plans to consider total obligations (Annual and Recovery funds together) by Fiscal Year for the purposes of meeting the Very Low income requirements.
- **Resources Issues:** The field staff dedicated to the 502-Direct program has been declining for the past couple of years and timely delivery of the additional funds will represent a challenge for the area offices. We have proposed contracting for home inspection and loan packaging services using a portion of the S&E from recovery funds to assist field office staff with loan making activities.

O. FEDERAL INFRASTRUCTURE INVESTMENTS: The Single Family Housing programs do not finance infrastructure; however, the financing of energy efficient items is a permitted loan purpose.

CHAPTER 2 PROGRAM SPECIFIC PLANS

2-6 WATER AND WASTE DISPOSAL LOAN AND GRANT PROGRAM

A. DESCRIPTION:

Water and Environmental Programs (WEP) provides loans, grants and loan guarantees for drinking water, sanitary sewer, solid waste and storm drainage facilities in rural areas and cities and towns of 10,000 or less. Public bodies, recognized Indian tribes, non-profit organizations, including Faith-Based and Neighborhood organizations, performing water and waste disposal functions may qualify for assistance. WEP also makes grants to nonprofit organizations to provide technical assistance and training to assist rural communities with their water, wastewater, and solid waste problems.

B. RECOVERY GOALS: The goals of the program are to provide funding for water and waste disposal systems in rural areas. The funding results in an improved quality of life for rural residents while creating and saving jobs in rural communities. The specific Recovery Act goals are:

- Ten percent of project funding for investment in persistent poverty counties.
- 1.9 million customers receiving new or improved service.
- Reduce by 6%, rural people’s exposure to water-related health and safety hazards (based on projects funded that will remove an identified health and safety hazard).
- 56,000 jobs created or saved (based on multiplier).

These goals were reduced to reflect the reprogramming of funds from loan to grant that occurred after the start of fiscal year 2010. This reprogramming resulted in a reduced total program level. In addition, because of the availability of ARRA funding, the program experienced an increased request for funds for projects with higher total project costs than in a typical year. As a result, the number of projects able to be funded and the associated number of customers served are reduced.

C. PROGRAM FUNDING:

| ARRA Citation | Program | Funding Received (Budget Authority) | Current Estimate (Program Level) |
|---------------|--------------------------|-------------------------------------|----------------------------------|
| Title I | Water and Waste Disposal | | |
| | Direct Loans | 232,978,000 | 2,158,753,000 |
| | Grants | 1,105,622,000 | 1,105,622,000 |

* Rural Water & Waste Disposal Loans & Grants \$3,264,375,000

Changed from previously announced funding of \$3,673,000,000 due to changes in the subsidy rate between FY2009 and FY2010 as well as reprogrammed amounts from loan to grant.

The ARRA loan and grant funding will be provided to eligible applicants through the existing Water and Waste Disposal Loan and Grant Program (WWD) regulations and guidelines.

The Agency has a significant backlog of more than \$3 billion in WWD applications seeking loan and grant funding. Recovery funding will be targeted not only to backlogged applications, but to new applications in rural areas of significant need. After an initial phase of funding to address the existing backlog of completed applications, funds will be distributed to Rural Development State Offices based on existing allocation formulas, and using the most recent data on rural population, income level and unemployment. (see Chapter 3). Ten percent of total funds will be held in the National Office and designated for projects to serve communities in persistent poverty counties.

Rural Development will also encourage technical assistance providers to reach out to targeted areas with established needs, particularly those in areas with no public water or waste system, aging infrastructure or health issues resulting from inadequate water and waste service. The Agency will coordinate with its Office of Civil Rights and Tribal Coordinator on targeted outreach to minority and tribal stakeholder groups.

Applications filed with the Agency will be reviewed for completeness and priority points will be assigned based on a variety of criteria, such as:

- Population - Applications proposing to serve smaller communities. For example, populations under 5,000 receive the highest number of priority points.
 - Income Level - lower income communities receive more priority points;
 - Type of applicant - Public body or Indian Tribe
 - Projects that will correct a health or sanitation issue
 - Projects that will merge small facilities
 - Proposals that include funding from other sources
 - Agency targeted areas, such as persistent poverty which is defined as any county that has had a 20 percent or more of its population living in poverty over the past 30 years, as measured by the 1980, 1990, and 2000 decennial censuses
- Under ARRA, projects that are able to begin within 120 days will also be given priority in processing.

D. ACTIVITIES TO BE PERFORMED:

Loans and grants to rural water and waste systems will be used to construct, improve, rehabilitate or expand existing water and waste disposal systems to areas initially excluded because service was not economically feasible. Private engineering consultants and construction contractors will be hired by rural water systems to design and build systems.

In addition 1.3% of grant funding will be used to provide grants to nonprofit organization for technical assistance for rural water and waste systems. These technical assistance providers will help rural communities identify critical water and waste needs, develop operating plans, set rates and apply for financing.

E. ANTICIPATED PUBLIC BENEFITS

- **Improving the Rural Quality of Life:** The program investments will provide safe, affordable water, sewer, and waste disposal services to rural communities. Constructing new facilities or repairing and upgrading aging facilities will protect communities from waterborne illnesses. Modern drinking water systems and sanitary disposal of waste water will address serious long-term infrastructure needs. The basic water and waste water systems will provide infrastructure that will help communities sustain economic development. Reliable service will enable rural residents to participate in the global economy and improve their quality of life. The program investments will deliver technical assistance and construction financing, create and maintain rural jobs, and develop economic opportunity in rural communities.

These investments will improve drinking water distribution systems/treatment facilities, wastewater collection/treatment facilities, storm water facilities and solid waste handling systems. System designs will be adequate to meet existing capacity demands and reasonable growth. Designs will include effective energy efficiency and water conservation practices. Efficiency measures will include replacement of deteriorating pipes, reductions of water loss in drinking water systems and infiltration in wastewater systems, installation of modern monitoring systems and energy efficient equipment. Water quality in rural areas will be improved and water resources will be better managed.

- **Jobs Created or Saved:** While the exact number and mix of jobs created by a water or waste disposal project will vary, all of the jobs will be above minimum wage and be sufficient to support a family. Jobs created for a water or waste disposal infrastructure improvement project fall into one of four areas: construction; secondary support; operation and maintenance of the facility; and potential growth as a result of the infrastructure.

Construction:

Typical construction jobs created will be professional engineers to evaluation and present reasonable alternatives for the water and or waste disposal project or improvements to the existing system. Often projects are selected for funding to protect the public health and to meet the regulatory requirements of the Safe Drinking Water Act or the Clean Water Act. Environmental specialists job are created to identify, evaluate and mitigate any potential adverse effects caused by the proposed project. An Environmental Report, Environmental Impact Assessment, or an Environmental Impact Statement will result from this

evaluation. Professional engineers will design the alternative selected and prepare the project specifications. Other engineers will review the design and specifications and approve or recommend changes. Engineers or specialist will prepare bid documents; review bids; select the winning qualified bidder; take part in pre-construction conference(s); and monitor the actual construction of the projects. Specialists and construction inspectors will monitor the construction progress, and verify/authorize payment requests from the contractor. The engineer will review and authorize/deny change orders. The contractor will employ laborers, plumbers, pipe fitters, electricians, welders, heavy equipment operators, foremen, job superintendent, and other skilled personnel as needed. Also there will be administrative support jobs for the contractor to include bookkeeper, accountant, secretary, and others.

Secondary Support:

Secondary Jobs created include manufacturing jobs in supplying materials and equipment needed for the project. These include refinery and chemical plant jobs; steel and iron worker jobs; and heavy machinery jobs. Transportation jobs include rail, long haul trucking, and local delivery.

Operation and maintenance of the facility:

Once a project is completed, the facility and resultant utility system will employ water or wastewater treatment operators. These positions are skilled and require state certification in order to qualify. Also, the utility will typically employ a utility manager, a bookkeeper/accountant, a secretary/clerk, and technicians. Chemical plant jobs in support of water and wastewater treatment will be created. Transportation jobs in support of operations and maintenance will be needed. Specialized skill jobs such as electrician, plumbers, and heavy equipment will be needed for repairs beyond the ability of the utility system.

Growth as a result of the infrastructure:

Jobs created by growth as the result of the water and/or waste disposal infrastructure will vary widely. However, communities without the necessary infrastructure are very limited in their growth potential. Many project communities have a moratorium on new development until adequate infrastructure is completed. For example, without the necessary infrastructure, ethanol plants in rural areas would not be possible.

F. TYPE OF AWARDS

The charts below provide information on the types of awards that will be made under ARRA for this program area.

| Program | Type of Award | Estimated ARRA Funding | Anticipated Recipients | Beneficiaries |
|--|---------------|------------------------|--|---|
| Direct Water and Waste Disposal Loans | Loan | \$2.158 Billion | Eligible public bodies, tribal govt's and nonprofit corps. | Residents and businesses in rural areas 10,000 or less in population. |
| Water and Waste Disposal Grants | Grant | \$1.086 Billion | Eligible public bodies, tribal govt's and nonprofit corps. | Residents and businesses in rural areas 10,000 or less in population. |
| Technical Assistance and Training Grants | Grant | \$5 Million | Eligible Nonprofit organizations | Rural residents |
| Rural Water Circuit Rider Program | Contract | \$14.280 Million | National Rural Water Assn. | Rural Water Systems and the customers and communities they serve. |

ARRA Funding for Federal in-house Activities

| Activity | Estimated ARRA Funding | Anticipated Recipients | Selection Methodology |
|----------|------------------------|------------------------|-----------------------|
| | | | |

The Recovery Act allows the program to use up to 3% of the total funding provided for administrative purposes. The 3% funding is not shown in this section, but is available in *Section 2-7 Use of Administrative Funds*.

G. DELIVERY SCHEDULE (expand on existing timelines)

Planning Phase:

- March 2009 – Apportionment of funding completed
- March 2009 - Guidelines provided to State and Area Offices on ARRA Implementation
- April 2009 – Submission of Agency and Program Specific Plans to OMB

Project Execution Stage

- April 2009 – ARRA fund obligation for shovel ready projects.
- April 2009 – Notice of Funds Availability published for all Rural Development Programs implementing ARRA.
- May 2009 – Allocation of Funds to State Offices and National Circuit Rider Contract.
- May – September 2009 – State allocations are monitored and teleconferences and assistance visits provided to ensure proper utilization of funds.
- June 20, 2009 – Complete obligation of \$1.3 Billion of ARRA funding.
- December 30, 2009 – Complete cumulative obligation of \$2 Billion of ARRA funding.
- June 2009 to September 2010 - The Agency will manage funding to ensure the September 30, 2010 deadline for obligation is met. Funding will periodically be redistributed.
- May 2009 to August 2010 – Complete marketing of ARRA funding through outreach
- September 30, 2010 – Complete cumulative obligation of \$3.8 Billion of ARRA funding.

H. ENVIRONMENTAL REVIEW COMPLIANCE

The WEP Program's implementation of ARRA will utilize existing environmental review compliance requirements in accordance with its statutory and regulatory obligations. The agency's environmental policies and procedures are codified in 7 CFR 1794, Rural Utilities Service Environmental Policies and Procedures. All relevant environmental compliance requirements are integrated in the above regulation, including the National Environmental Policy Act, National Historic Preservation Act and Endangered Species Act compliance processes.

All WEP applicants are required to integrate environmental factors along with other technical and financial considerations into early project planning and design. The agency has guidance documents for applicants posted in the following webpage - <http://www.usda.gov/rus/water/ees/bulletin.htm>. The environmental review process must be complete including all public notice requirements and Civil rights Impact Analysis in accordance with USDA DR 5600-2 and 7 CFR 2006-P prior to funding any proposals.

The agency is negotiating agreements and establishing policies with environmental and historic preservation entities that will streamline specific environmental and historic preservation compliance processes. In addition, the agency is working with funding partners to minimize duplication of effort for all environmental review activities. These actions will supplement existing environmental policies and procedures; when complete these agreements and policies will be posted on the agency's environmental compliance websites.

I. SAVINGS OR COSTS

Future operational costs for the Agency will increase. Additional costs will be incurred for field travel to process applications, complete inspections and/or site/compliance reviews, due to the increase in funding provided to water facilities. There will be a significant increase in costs for loan processing, closing, and construction monitoring activities, including General Counsel Services. It is anticipated that the \$41.4 million available for salary and administrative costs will be adequate for initial implementation of funds.

J. PERFORMANCE MEASURES

The chart below provides information on the ways in which the Agency will measure its performance under ARRA.

| Program | Outcome | Output/Measure | Results As of May 5, 2010 | Frequency of Measurement | Methodology | Public Access |
|--|---|---|---------------------------|--------------------------|---|---|
| Direct Water and Waste Disposal Loans and Grants | Improved water systems in persistent poverty Counties. | Ten percent of project funding for investment in persistent poverty counties. | 9.55% | Monthly-Quarterly | Obligation data | Via www.Recovery.gov and www.usda.gov |
| Direct Water and Waste Disposal Loans and Grants | Customers receive new or improved water system service. | 1.9 million Customers receiving new or improved service. | 1,295,373 | Quarterly | Count the number of dwellings served by water and waste disposal projects. This information is provided by applicants in their project proposals and updated in post construction borrower reports. | Via www.Recovery.gov and www.usda.gov |
| Direct Water and Waste Disposal Loans and Grants | Reduce rural populations' potential for water borne illness. | Reduce by 6%, rural people's exposure to water-related health and safety hazards. | 4.70% | Monthly | Calculate the number of subscribers served by projects that address health or sanitary issues as a percentage of the total rural population. | Via www.Recovery.gov and www.usda.gov |
| Direct Water and Waste Disposal Loans and Grants | Create economic opportunity in rural America | 56,000 jobs created or saved* | 48,226.3 | Monthly | Based on obligation multiplier | Via www.Recovery.gov and www.usda.gov |
| Rural Water Circuit Rider Program | Improved water system operations through Technical assistance | Total of 3,000 visits per month | 3,324 | Monthly | Extract information from actual logs of technical assistance providers. | Via www.Recovery.gov and www.usda.gov |

*The jobs created or saved measure is estimated using traditional methods of forecasting direct jobs using an economic modeling tool.

K. MONITORING AND EVALUATION

- **Funds Oversight:** Fund usage will be monitored. Existing management systems will be utilized to ensure adequate controls are utilized in the distribution of funds. The Agency will monitor request for funds from recipients to ensure proper use of funding.
- **Performance Measures:** Monitoring of the established performance measures will be completed either monthly or quarterly as stated. Under performing recipients will receive information to assist in improving performance. Management control measures will ensure high risk areas are monitored to eliminate fraud, waste and abuse of the ARRA funding.
- **Long Term Evaluation:** The Water Programs has reporting systems in place to give quantifiable evidence about how the funds are being expended and to what extent communities are being served. Ongoing evaluation of the ARRA funding impact will be completed through the reporting requirements for fund recipients.
- **Civil Rights Compliance Reviews:** The Agency will complete compliance reviews in accordance with 7 CFR 1901-E to ensure activities comply with Title VI of the Civil Rights Act of 1964, Title VIII of the Civil Rights Act of 1968, Executive Order 11246, and the Equal Credit Opportunity Act of 1974. Program beneficiaries are measured to ensure they are in proportion to the population of the area. Nothing herein shall be interpreted to prohibit preference to American Indians on Indian Reservations.

L. TRANSPARENCY

The website www.recovery.gov will be used as the repository for all information related to ARRA funding. Project descriptions, funding amounts, recipient information and other information of public interest will be made available. Outreach efforts, such as workshops, to inform the public of the economic opportunities available for their communities, will be hosted by Rural Development. Information on workshops as well as press events or videos produced for implementation of the Recovery Act will be posted on the Rural Development Recovery Act website. Reporting of all Recovery Act activity will comply with OMB guidance and be made publicly available on www.recovery.gov.

M. ACCOUNTABILITY

Program performance measures, including civil rights compliance, are integrated into manager performance plans. Reports of progress in meeting the performance measures are provided in timely reports that allow for accountability discussions with managers. Monitoring will be done on a frequency that will allow implementation of corrective action as necessary.

N. BARRIERS TO EFFECTIVE IMPLEMENTATION

- Workload increase created from the funding provide through the ARRA is significant and will require additional investments. The three percent set aside for salary and expenses provided in the ARRA will be utilized for overtime, travel and related administrative expenses to allow more efficient processing and oversight. Additional technical assistance for the recipients will be provided through ARRA authorizations to improve recipient utilization of funding.
- The reporting requirements, Buy American and Davis-Bacon Wage Rate requirements that are part of the ARRA funding will create additional burden on recipients. The Agency will provide guidance to the recipients and monitor compliance to ensure the requirements are complied with and to provide for an efficient use of funding.

O. FEDERAL INFRASTRUCTURE INVESTMENTS

The Agency is committed to energy efficient, sustainable designs. Sustainability of facilities begins with eligibility criteria requiring projects to be modest and applicants to demonstrate they possess the financial, technical, and managerial capacity to take responsibility for their facilities. Project plans for compliance with design policies, including the requirement that designers consider cost effective, energy efficient, and environmentally sound products and services.

CHAPTER PROGRAM SPECIFIC PLANS

2-7 USE OF ADMINISTRATIVE FUNDS

The 2009 American Recovery and Reinvestment Act allows USDA to use up to 3% of the funds provided in the Act for Broadband, Community Facilities, Single Family Housing, Business and Industry Guaranteed, Rural Business Enterprise Grant and Water and Waste programs administrative costs to carry out loan, loan guarantee and grant activities related to the Act. USDA, Rural Development will be using the full 3% allowed, \$130.8 million, for these associated administrative costs related to implementation of the Act.

The Act requires Rural Development to implement more than \$20 billion in loans and grants by September 30, 2010. In doing so, the Agency is working to ensure that these funds are going to eligible entities for appropriate purposes. The Secretary of Agriculture has directed USDA program areas to “think critically and creatively about how to leverage the funds we have received through the Recovery Act to create the greatest impact with each dollar. We must think in new ways about job creation and quality, not just about job quantity. “

To do so in the time allowed under the Act, the Agency will need to use additional administrative resources. Administrative funds will be used for a variety of purposes, including:

- Temporary staff to process loan and grant applications.
- Overtime pay for Rural Development Staff who are working beyond their normal duty hours to assist potential applicants and process applications.
- Outreach to communities, tribes, economic development organizations, and other potential sources of eligible applications.
- Essential contracts to assist Rural Development programs with due diligence services for Recovery Act outlays.
- Critical IT infrastructure to support Recovery Act activities.

As part of the implementation process, Rural Development was required to develop a plan for the use of administrative funds under the Recovery Act and to have that plan reviewed by the Office of Management and Budget (OMB). Rural Development submitted its plan to OMB on April 2, 2009, and received approval for its proposed use of administrative funding under the Recovery Act.

In its plan, Rural Development explained how it would track and report on Recovery Act funds usage separately by implementing several processes. First, the Agency will use a unique Treasury Appropriation Funds Symbol (TAFS) and budget codes for Recovery Act administrative funds. By doing so, the Agency can ensure that the Recovery funds are easily identified and tracked independent of regular administrative funds. Also in the plan, Rural Development committed to accurately report on Recovery obligation and outlays at a detailed level.

The chart below depicts how the Agency intends to use the administrative funds provided through the Recovery Act:

RURAL DEVELOPMENT

**Stimulus Budget Estimate
Fiscal Year 2009 Through Fiscal Year 2010**

Dollars in Thousands

Data as of May 3, 2010

| | FY 2009 | FY 2010 | Total | Actual Obligations/ Outlays | Assumptions |
|--|-----------------|-----------------|------------------|--|--|
| Personnel Compensation: | | | | | |
| 11 Personnel compensation and overtime..... | \$1,592 | \$20,000 | \$21,592 | \$8,434 | Up to 250 Temporary Federal employees |
| 12 Personnel benefits..... | 114 | 5,000 | 5,114 | 692 | Benefits at 25% |
| Total pers. comp. & benefits..... | \$1,706 | \$25,000 | \$26,706 | \$9,126 | |
| Other Objects: | | | | | |
| 21 Travel and transportation of persons..... | \$328 | \$3,000 | \$3,328 | \$2,138 | Travel for permanent staff and temporary staff |
| 23 Rent, Communications, & Utilities | 2 | 1,800 | 1,802 | 0 | Phone lines, computer lines, utilities |
| 23.2 Communication Services | 0 | 500 | 500 | 0 | Cell phones, Blackberries |
| 23.4 Rents, Building | 0 | 2,000 | 2,000 | 45 | Temporary office space throughout the US and Territories |
| 23.5 Postage and Related Fees | 2 | 1,500 | 1,502 | 15 | Mailings, FedEx across the US and Territories |
| 24 Printing and reproduction | 28 | 1,000 | 1,028 | 60 | Materials |
| 25 Other contractual services | 29,330 | 19,270 | 48,600 | 42,809 | Appraisals, Underwriting, Legal, Professional Services, Servicing, Engineering and Feasibility Studies, Monitoring |
| 25.2 Other services –IT | 3,471 | 39,729 | 43,200 | 8,734 | Replacement and enhancement of IT systems to support the programs |
| 26 Supplies and materials | 85 | 500 | 585 | 177 | Supplies for additional staff and increase in program activity |
| 31 Equipment..... | 316 | 1,233 | 1,549 | 835 | Laptops, computers, printers, scanners |
| Total other objects | \$33,562 | \$70,532 | \$104,094 | \$54,813 | |
| Total direct obligations | \$35,268 | \$95,532 | \$130,800 | \$63,939 | |

Chapter 3

Distribution of ARRA Program Funding

ARRA Program Funding

| | Program Name | Allocate to States | Treasury Symbol | Program Level (\$ millions) | Budget Authority ¹ (\$ millions) |
|-----|--|--------------------|-----------------|-----------------------------|---|
| 1. | Broadband - direct loans | N | 12 9/0 1232 | 1,000 | 72.4 |
| 2. | Broadband - grants | N | 12 9/0 1232 | 2,352.6 | 2,352.6 |
| 3. | Single Family Housing - direct loans | Y | 12 9/0 2081 | 1,562 | 64.9 |
| 4. | Single Family Housing - guaranteed loans | Y | 12 9/0 2081 | 10,093 | 129 |
| 5. | Community Facilities - direct loans | N | 12 9/0 1951 | 1,136 | 23.8 |
| 6. | Community Facilities - grants | N | 12 9/0 1951 | 102.2 | 102.2 |
| 7. | Business & Industry - guaranteed loans | N | 12 9/0 1902 | 1,572 | 126.1 |
| 8. | Rural Business Enterprise Grants (RBEG) | N | 12 9/0 1902 | 19.4 | 19.4 |
| 9. | Water & Waste - direct loans | N | 12 9/0 1980 | 2,158.7 | 232.9 |
| 10. | Water & Waste - grants | N | 12 9/0 1980 | 1,105.6 | 1,105.6 |

Note 1: these amounts reflect a 3% reduction for administrative expenses, as allowed by ARRA.

Funding Distribution Methodologies

The Broadband programs listed in the table above will not allocate funds to the states. Applications will be evaluated based on the criteria provided in the Recovery Act on a competitive basis. Eligibility and feasibility requirements will be detailed in the program regulations. Applications proposing to serve rural communities that do not currently have access to broadband infrastructure will be given priority over applications proposing to serve rural communities that do have access to broadband infrastructure.

The Single Family Housing program funds will be allocated to Rural Development state offices using existing formulas. The formulas are based upon the latest Census data for rural population, rural poverty and rural unemployment.

The Community Facilities, Business and Industry, Rural Business Enterprise Grant, and Water and Waste Disposal program funds will be allocated to Rural Development state offices and disbursed as projects are approved. These funds will be used to award loans and grants to eligible projects. The Agency may consider pooling any unobligated ARRA funds and hold a national competition and distribute these funds accordingly.

CHAPTER 4

ACCOUNTABILITY AND TRANSPARENCY

Reporting Dates and Requirements

Key Dates

| When | What |
|----------|---|
| 03/03/09 | Beginning Tuesday, March 3, 2009, and on each Tuesday thereafter, all Agencies receiving Recovery Act funds are required to submit information to OMB for cumulative recovery activity. See Weekly Reports section. |
| 05/01/09 | Agency plans are due to OMB. See Agency-Wide Recovery Plan Reporting. |

There are eight (8) different levels of reporting necessary to meet accountability and transparency objectives of the Recovery Act and OMB Guidance. Only seven (7) of these reporting requirements impact Rural Development because one, formula block grant allocation reports, relates to types of grants which this Agency does not award.

1. Major Communications Reporting.

All Federal agencies receiving Recovery Act funds should determine which major communications are appropriate for posting to an “Announcements” section of www.recovery.gov. These materials will be presented in a press release format, including a clear hearing and short overview of the main communications points. Items are to be of interest to a broad cross-section of the American public, and focus on Presidential priorities and programs with a major impact.

In addition, agencies should provide notification of any major press events or videos produced for implementation of the Recovery Act. The Government-wide website will feature videos highlighting both major actions being taken by the Federal governments as well as the impact that the Recovery Act is having for the American people.

All communications materials must be cleared by the senior accountable official at the Agency, the Rural Development DART coordinator or his/her designee. Rural Development’s Legislative and Public Affairs Office serves as the lead staff to ensure Agency compliance with appropriate reporting of major communications. Please ensure that you coordinate any communications to be reported regarding the Recovery Act through the Office of Legislative and Public Affairs.

2. Weekly Reports.

Beginning Tuesday, March 3, 2009, and on each Tuesday thereafter, Rural Development began submitting the following information to OMB for cumulative recovery activity through the preceding Friday.

- By Treasury account, total appropriations, total obligations, and total expenditures, as recorded in Agency financial systems on a cumulative basis; and
- A short bulleted list of the major actions taken to date and major planned actions. “Major” actions include those of likely interest to senior government officials, Congress, and the public.

This information will be made publicly available on www.recovery.gov.

A group of Agency representatives throughout USDA serves to ensure compliance with the Weekly Report requirement. The Department of Agriculture will aggregate this information and supply it in the appropriate format to OMB and others. The Director, Rural Development Budget Division, will serve as the Agency contact to ensure financial reporting, as well as, the narrative responsibilities of explaining Rural Development’s planned actions and accomplished actions.

3. Funding Notification Reports

April 20, 2009, Rural Development submitted the Funding Notification Report to the Department. The report was prepared in accordance with OMB memorandum M-09-15 and cleared by Rural Development’s senior accountability officer. The Department will aggregate the report for posting to www.recovery.gov.

4. Award-Level Reporting (Consistent with Current Requirements for www.USASpending.gov).

During the first week of April 2009, Rural Development submitted to the Department the award-level report of ARRA direct and guaranteed loan and grant obligations made during March 2009. The Department will post the awards to www.recovery.gov. The report complied with the formats prescribed by OMB memorandum M-09-15. Rural Development will continue to submit award level reports for ARRA loan and grant obligations as required. The Department will report agency contracts awarded to support ARRA activities from the Department’s Integrated Acquisition System.

The Administrators of the Rural Development program areas and appropriate staff, are responsible for ensuring compliance with award-level reporting as outlined by the OMB Guidance, and for working with the Department to provide consistency of reporting.

5. Agency-Wide Recovery Plan Reporting.

The Agency Plan will be completed at the Department of Agriculture level, discussing broad Recovery Act goals and how different subcomponent agencies are coordinating efforts toward successful implementation and monitoring. The Agency must provide a summary table that lists each Recovery Act program and the amount of Recovery Act funds covered by the plan, broken out by appropriation title. Agency plans also should identify the expected savings and future costs related to implementing the ARRA.

Agency plans are due to OMB on May 1, 2009. Rural Development will work with the Department and the appropriate OMB representative to set an appropriate submission date and review process. Consistent with sound program management principles, each agency receiving funds under ARRA must develop formal documented plans for how the ARRA funds will be applied and managed.

Rural Development's Recovery Act Executive Team, including DART coordinator, will coordinate Rural Development's submission of information for the Agency-wide Recovery Plan. Members of the Recovery Act Executive Team and related working groups will continue working with appropriate Rural Development program and management staffs for appropriate information for the Agency-wide Recovery Plan.

Rural Development's Agency Plan information is outlined in Chapter 1 Executive Summary.

6. Program-Specific Recovery Act Plan Reporting.

Separate plans are required for each ARRA program specifically named in the legislation. Therefore, Rural Development will provide Program Plans for ARRA funds used for direct and guaranteed loans and grants. Rural Development program-specific plans are outlined in Chapter 2 of the Economic Recovery Accounts Spending Plan. These Program Plans are required to contain the following information:

- A. Funding Table: Agency funding listed by program, project, and activity categories, if possible. Funds returned to the program or any offsetting collections received as a result of carrying out recovery actions are to be specifically identified.
- B. Objectives: General Recovery Act description of the program's Recovery Act objectives and relationships with corresponding goals and objectives through on-going agency programs/activities. Expected public benefits should demonstrate cost-effectiveness and be clearly stated in concise, clear and plain language targeted to an audience with no in-depth knowledge of the program. To the extent possible, Recovery Act goals should be expressed in the same terms as programs' goals in Department Government Performance Results Act strategic plans.

- C. Activities: Kinds and scope of activities to be performed (e.g., construction, provision of services, conduct of research and development, assistance to governmental units or individuals, etc.)
- D. Characteristics: Types of financial awards to be used (with estimated amount of funding for each), targeted type of recipients, beneficiaries and estimated dollar amounts of total Recovery Act funding for Federal in-house activity, non-federal recipients, and methodology for award selection.
- E. Delivery Schedule: Schedule with milestones for major phases of the program's activities (e.g., the procurement phase, planning phase, project execution phase, etc., or comparable) with planned delivery date(s).
- F. Environmental Review Compliance: Description of the status of compliance with National Environmental Policy Act, National Historic Preservation Act, and related statutes.
- G. Savings or Costs: Expected increases or reductions in future operation costs (e.g., savings due to energy efficient facilities or increased operational costs as a result of having more buildings to manage and maintain).
- H. Measures: Expected quantifiable outcomes consistent with the intent and requirements of the legislation and the risk management requirements of Section 3.5, with each outcome supported by a corresponding quantifiable output(s) (in terms of incremental change against present level of performance of related agency programs or projects/activities specified in the plan) – agencies must specify the length of the period between measurements (e.g., monthly, quarterly), the measurement methodology, and how the results will be made readily accessible to the public. The measures currently used to report programs' performance in relationship to these goals (consistent with Administration policy) should be retained. In addition to reducing burden on grant recipients and contractors, use of existing measures will allow the public to see the marginal performance impact of Recovery Act investments.
- I. Monitoring/Evaluation: Description of the agency process for periodic review of program's progress to identify areas of high risk, high and low performance, and any plans for longer term impact evaluation.
- J. Transparency: Description of agency program plans to organize program cost and performance information available at applicable recipient levels.
- K. Accountability: Description of agency program plans for holding managers accountable for achieving Recovery Act program goals and improvement actions identified.

- L. Barriers to Effective Implementation: A list and description of statutory and regulatory requirements, or other known matters, which may impede effective implementation of Recovery Act initiatives and proposed solutions to resolve by a certain date.
- M. Federal Infrastructure Investments: A description of agency plans to spend funds effectively to comply with energy efficiency and green building requirements and to demonstrate Federal leadership in sustainability, energy efficiency and reducing the agency's environmental impact.

Rural Development's Recovery Act Executive Team, including DART coordinator, will coordinate Rural Development's submission of the Program Plans. Members of Rural Development's Recovery Act Executive Team and related working groups will continue working with staffs in Rural Development for appropriate information for the Program Plans.

7. Prime Recipient Reporting.

The ARRA and OMB's guidance require extensive reporting from recipients of Federal funding. The ARRA defines "recipient" as any entity that receives ARRA funds directly from the Federal Government (including ARRA funds received through grants, loans, or contracts) other than an individual, including States.

The reporting requirements apply to prime non-Federal recipients of Federal funding, and the subawards (i.e., subgrants, subcontracts, etc.) made by those prime recipients. They do not require each subsequent subrecipient to also report. For instance, a grant could be given from the Federal government to State A, which then gives a subgrant to City B within the State, which hires a contractor who hires a subcontractor. State A is the prime recipient, and would be required to report the subgrant to City B. However, City B does not have any specific reporting requirements.

The requirements apply to non-Federal recipients who receive funding provided through discretionary appropriations. The reports will include the following information:

- Total amount of recovery funds received;
- Amount of funds received that were expended/obligated to projects/activities;
- Detailed list of projects/activities for which funds were expended/obligated, including:
 - name of the project; description of the project or activity; evaluation of the completion status of the project or activity;
 - estimate of the number of jobs created and the number of jobs retained by the project or activity;

- for infrastructure investments made by State and local governments, the purpose, total cost, and rationale of the agency for funding the infrastructure investment with funds made available under this Act, and name of the person to contact at the agency if there are concerns with the infrastructure investment.

- Detailed information on any subcontracts or subgrants awarded by the recipient to include the data elements required to comply with the Federal Funding Accountability and Transparency Act, allowing aggregate reporting on awards below \$25,000 or to individuals, as prescribed by the Director of OMB.

See Chapter 5 Grants, Agreements, and Contracts for further instructions related to this requirement.

The final guidance issued by OMB will lay out in more detail specific reporting instructions and how the data collection for this reporting will work government-wide. OMB is actively pursuing options for collecting some of this information centrally. Uniform reporting requirements for estimates of job creation will be specified by OMB at a later time.

Accomplishment Reporting

Rural Development anticipates additional guidance on how accomplishment reporting will be performed. Specific information is provided in Chapter 2 regarding Measures and Monitoring. It is important to note that current OMB Guidance addressing the ARRA provides that Agencies should, to the extent possible, make use of current systems in place to measure performance. New measures may be developed, based upon work with the Department and OMB, which would provide more clarity on these accountability measures. Rural Development has identified each internal database that captures accomplishment information on projects which will be funded through the ARRA. However, Rural Development may need to develop additional data collection systems to capture and report accomplishments. A list is included with Chapter 2 Economic Recovery Accounts Spending Plan. This document tracks, by Budget Line Item (BLI), the system of record within Rural Development that captures information on the performance of ARRA-funded projects. It also lists the accomplishment name from the Rural Development's Performance Accountability System (PAS).

Rural Development is considering adding additional measures to track performance related to the specific goals of the ARRA. OMB and the Department are expected to provide guidance on this, and Rural Development will provide additional direction in the near future.

Reporting Requirements, Measures and Metrics

The specific reports required by the ARRA are listed in detail earlier in this Chapter. The staffs of Rural Development's Utilities Programs, Business and Cooperative Programs, Housing and Community Facilities Programs, Chief Financial Officer, Chief Information Officer, and Legislative and Public Affairs are instrumental in providing information and data to complete these reports in a timely measure. Leads have been established for the reports, and the staffs will be coordinating the necessary information to complete the reports or provide tracking for performance measures.

Additional information will be provided on this topic in the near future. OMB and the Department may provide more clarify on larger measures and metrics for success.

Instructions for Work Plan

Work Plan will be used to plan projects and report certain actual accomplishments associated with the American Recovery and Reinvestment Act (ARRA).

Refer to Chapter 3 Allocation and Funding Structure and other sections of this chapter for additional guidance.

It is critical that program areas follow this specific guidance so upward reporting requirements for the Agency are met.

Specific Workplan Guidance

The Agency will be guided by the program agency specific work plans approved by OMB. These plans are in Chapter 2 of this document. In addition, the paragraphs below generally describe program areas, ARRA funding delivery and evaluation criteria for applications seeking funding under ARRA.

Broadband Direct Loan and Grant Program

- Budget Authority provided for the Broadband Direct Loan and Grant Program under ARRA will be utilized to provide loans and grants to cities, counties, political and quasi-political subdivisions of States; Indian Tribes on Federal and State reservations and other federally recognized Indian tribes; and existing private corporations which are operated on a for-profit or not-for-profit basis. The Rural Development Broadband Program supports the expansion of broadband service in rural areas through financing and grants to projects that provide access to high speed service, facilitate economic development in locations without sufficient access to such service and target unserved rural areas. It is estimated that program level funding for these purposes will equal \$3.3 billion. The division of program level between loans and grants will be determined once the program is finalized.

- Program funding will be managed to meet the intent of the ARRA funding by: providing consistency, prudently using available funding, producing outcomes supported by program goals, and assisting in the economic recovery of rural America. The ARRA loan and grant funding will be provided to eligible applicants through a new program. Once the program is finalized, details will be available at the USDA website at: www.usda.gov/rus/telecom.
- The application process and deadline will be provided in a Notice of Funding Availability (NOFA) published in the Federal Register.
- Recipients of the ARRA funding will be notified by USDA, RD at the time funding is obligated for the proposed project. Recipients will receive instructions on how to proceed with proposed projects to ensure compliance with statutory and regulatory requirements.

Business Programs, Business and Industry Guaranteed Loan Program

- Budget Authority provided for the Business and Industry (B&I) Guaranteed Loan Program by the ARRA will be utilized to provide guaranteed loans. \$1 of budget authority creates \$13.45 of guaranteed loans as a program level under the current fiscal year subsidy rate assigned to program. Beginning with the start of Fiscal Year 2010 the subsidy rate will change and any remaining budget authority utilized for loan will create \$12.44 in loan program level.
- Program funding will be managed to meet the intent of the ARRA funding, including providing consistency and prudent use of available funding, produce outcomes supported by program goals, and assist in economic recovery of rural America. The ARRA guaranteed loan funding will be provided to eligible applicants through the existing USDA, Rural Development Business Programs, B&I Guaranteed Loan Program.
- Applications will be accepted on a rolling basis. There will not be a specified filing window. All lenders and borrowers will be required to submit an application for financial assistance as well as supporting documentation, such as historical and projected balance sheets and income statements.
- Applications are reviewed for completeness and priority points are assigned based on a variety of criteria, such as:
 - Population - Applications proposing to serve smaller communities. For example, populations under 25,000 receive the highest number of priority points.
 - Community priority – Priority is given to businesses located in areas of long-term population decline and job deterioration, communities that remain persistently poor over the last 60 years, rural communities that are experiencing trauma as a result of natural disaster or experiencing

- fundamental structural changes in its economic base, and cities or counties with an unemployment rate 125 percent of the statewide rate or greater;
- Empowerment Zone/Enterprise Community (EZ/EC) – Priority is given to businesses located in a designated EZ/EC and to a lesser degree to businesses located in Champion Communities.
 - Loan features – Priority is given if the interest rate is Prime + 1.5 percent or less, additional priority if the interest rate is Prime + 1.0 or less, if the loan is less than 50 percent of the total project cost and if the percentage of guarantee is 10 percent or more than the maximum allowed.
 - High impact business investment priorities – businesses that have 20 percent or more of its sales in international markets and if the industry is not already present in the community, businesses that offer high value, specialized products and services that command high prices, businesses that provide an additional market for existing local business, businesses that are locally owned and managed, and that will produce a natural resource value-added product, and businesses that create jobs with an average wage exceeding 125 percent of the Federal minimum wage. Additional priority is given to businesses that create jobs with an average wage exceeding 150 percent of the Federal minimum wage.
- Under ARRA, projects that are able to begin within 120 days will also be given priority in processing.
 - Information on the program and application forms can be obtained at local USDA Service Centers or online from the www.usda.gov website.
 - Applicants that have already applied for annually appropriated B&I funding will also be considered for ARRA funding. Applicants may apply at any time for assistance for a B&I loan. Loans must be obligated prior to September 30, 2010, to receive ARRA funding. All applications unfunded at the time the ARRA funding is no longer available, will be considered for annual appropriated funding available for the B&I program.
 - Recipients of the ARRA funding will be notified by USDA, RD at the time funding is obligated for the proposed project. B&I recipients will receive instructions on how to proceed with the proposed project and in complying with established regulations.

Community Facilities Direct Loan and Grant Program

- Budget Authority provided for the Community Facilities Direct Loan and Grant Program under ARRA will be utilized to provide loans and grants to cities, counties, political and quasi-political subdivisions of States; Indian Tribes on Federal and State reservations and other federally recognized Indian tribes; and existing private corporations which are operated on a not-for-profit basis. Project

funds will be used to construct, enlarge, extend, or otherwise improve community facilities providing essential services to rural residents. Program level funding for direct loans in the amount of \$1.1 billion and \$102 million in grants will be available for these purposes. Minor adjustments in program levels may be necessary.

- Program funding will be managed to meet the intent of the ARRA funding by: providing consistency, prudently using available funding, producing outcomes supported by program goals, and assisting in the economic recovery of rural America. The ARRA loan and grant funding will be provided to eligible applicants through the existing USDA, Rural Development Community Facilities Direct Loan and Grant Program. Consult your local Rural Development State Office listed on website address http://www.rurdev.usda.gov/recd_map.html for program information and application forms or obtain information from the <http://www.rurdev.usda.gov> website.
- Applicants may apply at any time for assistance through the Community Facilities Direct Loan and Grant Program. Applications received prior to September 30, 2010, will be considered for ARRA funding. Funds will be provided for eligible projects until all ARRA funds have been depleted. Once ARRA funding is no longer available all applications unfunded at that time will be considered for annual appropriated funding available in the Community Facilities Direct Loan and Grant Program.
- Recipients of the ARRA funding will be notified by USDA, RD at the time funding is obligated for the proposed project. Community Facilities Direct Loan and Grant Program recipients will receive instructions on how to proceed with proposed projects to ensure compliance with statutory and regulatory requirements.

Rural Business Enterprise Grant Program

- Budget Authority provided for the Rural Business Enterprise Grant (RBEG) Program under ARRA will be utilized to provide grants to non-profit entities, Indian Tribe, and state/local governments for projects that will assist small and emerging rural businesses and create or retain jobs. ARRA makes \$19.4 million available for this purpose.
- Program funding will be managed to meet the intent of the ARRA funding, including providing consistency and prudent use of available funding, produce outcomes supported by program goals, and assist in economic recovery of rural America. ARRA grant funding will be provided to eligible applicants through the existing USDA, Rural Development Business Programs, RBEG program delivery system.

- Applications will be accepted on a rolling basis at the State Office level until the middle of the first quarter, 2010. It is anticipated that funds will be used quickly. We anticipate setting a deadline for submission of applications to the states for the middle part of the first quarter. This deadline will be used to facilitate a National Office competition for any funding remaining after mid-November. We anticipate final awards being made in January of 2010.
- Applications are reviewed for completeness and priority points are assigned at the State Office level based on a variety of criteria including:
 - Population - Applications proposing to serve smaller communities. For example, populations under 5,000 receive the highest number of priority points.
 - Economic Conditions – Areas with high unemployment receive more points than areas with lower unemployment. And, areas with lower median household incomes receive more points than areas with higher median household incomes.
 - Experience- Applicants with a history of success in managing such projects are considered an asset, providing the Agency with entities that can accomplish program goals in an effective and efficient manner.
 - Other criteria include evidence that small business development will occur via start up or business expansion; evidence of the availability of private sector funding for leveraging purposes; the ability, if appropriate to the application, to manage a rural revolving loan fund; business creation or expansion to retain jobs or increase the number of jobs in a given service area; consistency with and non-duplication of economic development activities already underway; and, the level of assistance that will be provided to small and emerging private businesses.
- Applications for funding for “shovel ready” projects will be given processing priority at the State Offices.
- Information on the program and application forms can be obtained at local USDA Service Centers or online from the www.usda.gov website.
- Recipients of the ARRA funding will be notified by USDA, RD at the time funding is obligated for the proposed project. State Office personnel will provide grant recipients with grant closing, funding, and compliance instructions.

Single Family Housing Direct Loan Program

- Budget Authority provided for the Single Family Housing Direct Loan (SFHD) Program under ARRA will be utilized to provide direct housing loans to low- and very low- income rural residents to attain successful homeownership. ARRA makes \$1.562 billion available for this purpose.

- Program funding will be managed to meet the intent of the ARRA funding, including providing consistency and prudent use of available funding, produce outcomes supported by program goals, and assist in economic recovery of rural America. ARRA loan funding will be provided to eligible applicants through the existing USDA, Rural Development Single Family Housing Programs delivery system.
- Applicants that have already applied for annually appropriate SFHD funding will be considered for ARRA funding. Applicants may apply at any time. Applications received prior to September 30, 2010 will be considered for both annual appropriated and ARRA funding. All applications unfunded at the time ARRA funding is no longer available will be considered for annual appropriated funding. Funds will be managed with the goal of full utilization of annual appropriated funds before the end of the fiscal year and full utilization of ARRA funding at the earliest possible date.
- Information on the program and application forms can be obtained at local USDA Service Centers or online from the www.usda.gov website.
- Recipients of the ARRA funding will be notified by USDA, RD at the time funding is obligated for the proposed project. Local Office personnel will provide loan recipients with loan closing and other applicable instructions.

Single Family Housing Guarantee Loan Program

- Budget Authority provided for the Single Family Housing Guaranteed Loan Program (SFHGLP) under the ARRA will be utilized to provide guaranteed housing loans to low and moderate income rural resident for the purpose of obtaining successful homeownership. ARRA makes \$10 billion available for this purpose.
- SFHGLP loans are made by lenders that have been approved by the Agency for program participation. Each loan is reviewed by an Agency Official before issuing the Loan Note Guarantee to the lender. Program funds will be managed to meet the intent of the ARRA funding, including providing consistency and prudent use of available funding, produce outcomes supported by program goals, and assist in economic recovery of rural America. ARRA loan funding will be provided to eligible applicants through the existing USDA, Rural Development Single Family Housing Programs delivery system.
- SFHGLP first priority will be to approve loan request with ARRA funds when appropriate. Annual appropriated funds will be utilized for loan request that does not meet the ARRA funding requirements. Agency approved lenders may submit application request at any time. Funds will be managed with the goal of full utilization of ARRA funding prior to September 30, 2010.

- Information on the program can be obtained from Agency Approved Lenders, USDA Service Centers, or online from the www.usda.gov website.
- The Agency will notify Approved Lenders of ARRA funding at the time of obligation. After receipt of Agency approval, the lender will notify the recipient and provide instructions for closing the loan.

Water and Waste Disposal Loan and Grant Program

- Budget Authority provided for the Water and Waste Disposal Loan and Grant Program (WWD) by the ARRA will be utilized to provide loans and grants. \$1 of budget authority creates \$1 of grant as a program level. \$1 of budget authority creates \$6.84 of loan as a program level under the current fiscal year subsidy rate assigned to program. At the beginning of Fiscal Year 2010, the subsidy rate will change and any remaining budget authority utilized for loan will create \$13.26 in loan program level. Minor adjustments in the program level might be needed to meet the loan and grant needs of specific applicants.
- Program funding will be managed to meet the intent of the ARRA funding, including providing consistency and prudent use of available funding, produce outcomes supported by program goals, and assist in economic recovery of rural America. The ARRA loan and grant funding will be provided to eligible applicants through the existing USDA, WWD Rural Development Utilities Programs. Information on the program and application forms can be obtained at local USDA Service Centers or online from the www.usda.gov website.
- Applicants that have already applied for annually appropriated WWD funding will also be considered for ARRA funding. Applicants may apply at any time for assistance through the WWD. Applications received prior to September 30, 2010, will be considered for ARRA funding. All applications unfunded at the time the ARRA funding is no longer available will be considered for annual appropriated funding available in the WWD.
- Recipients of the ARRA funding will be notified by USDA Rural Development at the time funding is obligated for the proposed project. WWD recipients will receive instructions on how to proceed with the proposed project and in complying with established regulations.

Civil Rights Compliance

All federally funded programs, benefits and services have civil rights requirements and specific non-discrimination laws governing them. Rural Development programs to which civil rights laws pertain fall into two categories, *conducted* and *assisted* programs.

Conducted programs are those programs where the Agency makes a loan directly to an individual and that individual is also the recipient and beneficiary. A good example would be a housing loan. Assisted programs are those where the Agency provides funding to an entity (such as a municipality or non-profit), but the beneficiaries are users of the product or service developed with the funding. A good example would be a community center for a rural town, the beneficiaries are the residents who use the community center. Current systems are in place to monitor compliance with civil rights laws and ensure accountability and transparency in the all Rural Development programs.

The laws pertaining to assisted programs are:

- Title VI of the Civil Rights Act of 1964,
- Section 504 of the Rehabilitation Act of 1973,
- Title IX of the Education Amendments Act,
- and a number of Executive Orders (EO).

These laws and EO's are applicable to the following loan programs:

- Rural Business Enterprise Grants
- Community Facilities Direct Loan and Grant Programs
- Water and Waste Disposal Loan and Grant Programs
- Broadband Direct and Grant Program
- Distance Learning and Telemedicine Loan and Grant Program

The monitoring requirements and process for these programs is outlined in RD Instruction 7CFR 1901-E which include civil rights compliance reviews for these programs. Pre-award and post-award reviews are conducted before the loans and grants are approved, 90 days after full operation of the facility, and every three years thereafter.

The laws pertaining to the conducted Single Family Housing Direct Program are:

- Equal Credit Opportunity Act (ECOA) and
- Title VIII of the Fair Housing Act (FHA) of 1968 as amended.

Because this program makes primary residential loans, the ECOA and FHA requirements for data collection apply. Presently, all single family housing loans and Sections 504 loans and grants grant and loans have race, sex and national origin data collected and stored in an agency data collection system for evaluation to meet the compliance requirements of ECOA and FHA. Reports can be provided by state as requested. Agency program civil rights compliance is monitored through State Internal Reviews at the State level and by Management Control Reviews and program reviews performed by National Office Staff.

For Single Family Housing Guaranteed RD loans (SFHG), the Rural Development Civil Rights Office monitors actions of Agency staff who administers the program and ensure that they do not violate any requirement of ECOA as it relates to the lender or the

Borrower whose loans will be guaranteed. SFHG programs have the ability to generate reports by race, national origin and gender of the borrowers that receive guarantees.

The Business and Industry Guaranteed Loan Program is also required to collect data pursuant to ECOA. Rural Development Civil Rights Office monitors actions of Agency staff who administer the program and ensure that they do not violate any requirement of ECOA as it relates to the lender or the Borrower whose loan will be guaranteed. Business programs have the ability to generate reports by race, national origin, and gender of the business owner that receives guarantees.

A Civil Rights Impact Analysis (CRIA) is required on all Rural Development loan, grant, and guaranteed programs except Single Family Housing programs (direct and guaranteed). All other programs discussed in this section must have an analysis done to determine what environmental impact the project may have on minority or low-income persons/areas. The CRIA must comply with USDA's Departmental Regulations 5600-2, Environmental Justice and 4300-3 Civil Rights Impact Analysis and be completed prior to funding approval

Guidance on the Use of Funds

This chapter outlines general guidance on the use of funds provided by the American Recovery and Reinvestment Act. The major priorities of the Recovery Act funds are to **create jobs** and **promote economic recovery**, especially to those areas most affected by the recession. Rural Development is expected to manage and expend funds to accomplish these purposes while maintaining the mission of the agency.

Rural Development must ensure that project funding creates or retains jobs, helps build rural infrastructure, supports economic development, and expands home ownership.

The Administration and Congress are committed to spending Recovery dollars with an unprecedented level of transparency and accountability. Meeting these strictly defined goals will require sustained focus by managers as they plan, implement and oversee project funding.

As specified in the Recovery Act, oversight and audit of programs, grants, and activities funded by the Act will be performed by the Department's Office of Inspector General (OIG). In addition, Rural Development's Recovery Act Executive Team is responsible for ensuring internal agency audits are conducted once implementation of projects begin. Further direction about these procedures will be distributed, when available.

Availability of Funds - As 2-year appropriations, Recovery Act funds are available for obligation through September 30, 2010. The funds are unavailable for new obligations after fiscal yearend September 30, 2010. For the succeeding 5 fiscal years, 2011 through 2015, obligations are liquidated (paid off). As of September 30, 2015, the end of the 5-year period, both Recovery Act appropriations expire and Rural

Development releases the residual unobligated appropriations back to the Treasury as required by PL 101-510, National Defense Authorization Act.

Management and Oversight – the Recovery Act allows 3 percent of the funding to cover administrative and support costs associated with the implementation of activities authorized by the Act. Rural Development has established coding in the Department's financial information system that will allow for the separate tracking and reporting of ARRA administrative funds. Rural Development will be issuing further guidance to the various program and management staffs on availability of these funds and the appropriate purposes for which the funds can be used.

Use of Recovery Act funds in conjunction with other funds – OMB guidance restricts the co-mingling of Recovery Act and non-Recovery Act funds. However, the guidance acknowledges that agencies may need to use Recovery Act funds in conjunction with other funds to complete projects. Rural Development currently does not plan to co-mingle funds.

Personnel – Human resources needs have been identified and are being evaluated.

– The Recovery Act cautions agencies, “...*in staffing up to handle the increased, but temporary, workloads associated with funding provided in the bill, it is important that the agencies limit the permanent expansion of their workforces and utilize temporary, term or contract personnel as much as possible*

Contracts, Grants, Agreements – See Chapter 5 for specific guidance on Contracts, Grants and Agreements.

Chapter 5

GRANTS, AGREEMENTS AND CONTRACTS

Rural Development Procurement Management ARRA Guidance and Standard Operating Procedures

Overview

The Rural Development Procurement Management Division (PMD) staff will play the primary role in supporting the agreements and contracts needs of agency economic recovery projects. The PMD will acquire all goods and services associated with ARRA projects for all entities within Rural Development, and will be responsible for accountability and reporting of stimulus work.

Roles and Responsibilities

Director, PMD (GS-15)

- Overall responsibility for the execution of ARRA work
- Advise the Deputy Administrator for Operations and Management, and the Assistant Administrator for Procurement and Administrative Services, on acquisition matters relating to ARRA
- Work with USDA to secure necessary approvals and waivers in order to efficiently and effectively execute ARRA work

PMD Contract Operations Branch Chief and PMD Policy and Program Management Branch Chief (GS-14)

- Oversee procurement and agreements (G&A) operations, including award, administration and reporting of actions as required by OMB
- Coordinate with Rural Development Economic Recovery Executive
- Communicate with Rural Development State Directors
- Plan and implement appropriate internal controls/reviews of PMD ARRA operations
- Coordinate and communicate with customers
- Manage workload; assign work; supervise staff
- Monitor work; provide PMD Director with ongoing status reports
- Maintain advance acquisition and G&A plans
- Facilitate overall coordination between PMD and program offices
- Communicate issues and concerns with PMD Director
- Obtain Contracting Officer's Representatives (CORs) for projects
- Facilitate cooperation and communications between PMD and program offices

PMD Personnel (GS 7 — GS 13)

- Execute all required agreement and contract actions in accordance with all guidance contained in this standard operating procedure (SOP).
- Provide assistance to Program and Project Managers in requirements package preparation for agreements and contracts.

Workflow and Communications

PMD workflow and communications will continue to function as they did prior to ARRA.

PMD staff will assist program staffs with economic recovery project package preparation, whether the project is already approved or pending approval. For approved projects, PMD staff will make every effort to prioritize these projects and ensure an efficient acquisition process.

PMD staff performing ARRA work must:

- Assist local program staffs with the preparation, announcement, execution and monitoring of ARRA agreements and contracts.
- Account for the project appropriately in the Integrated Acquisition System (IAS) and Federal Procurement Data System-Next Generation (FPDS-NG), including identifying the project as stimulus work using specific project identifiers.
- Utilize clauses required for stimulus work, in accordance with direction provided by PMD Procurement Policy and Grants and Agreements policy.
- Capture needed data from contractors and/or partners with whom we do ARRA business (e.g. number of jobs created).

A two-pronged approach for delivering effective PMD solutions for Rural Development customers will be utilized. This approach includes requirements package preparation assistance and cradle-to-grave stimulus operations support provided by PMD.

(1) Requirements Package Preparation: Requirements (Statement of Work and Specifications) for stimulus projects will be generated by program staffs. PMD staff may be required to support this activity. This work will require the hiring of additional full-time equivalents (FTEs) and 1102 contractors to support the current PMD workforce.

(2) Economic Recovery Project Support will be provided by PMD and includes executing and managing the contracts, task orders, and agreements required to carry out the stimulus projects. The sections below include some key SOPs for PMD during the operations period.

Program personnel will provide PMD with lists of approved procurement and G&A projects. Once received, PMD Branch Chiefs will coordinate with customers on status of projects and the expected arrival. Depending on quantity and complexity of work, coordination may need to take place to determine priority order, if applicable. In addition, the PMD Contract Operations Branch Chief will assess the project list to determine if there are projects that can be grouped together for efficiency. The PMD

Policy and Program Management Branch Chief will evaluate G&A partnering opportunities and identify a lead G&A Specialist to work with each major partner.

The PMD Branch Chiefs will assign a G&A Specialist or Contract Specialist to each project. These personnel are expected to begin immediately working with the customers to convey expectations, answer questions, and perform the usual coordination that is expected in the G&A and procurement areas.

For procurements, a requisition must be created by the program requisitioner in IAS and routed to PMD. For agreements, the program user will identify the G&A needs to the PMD Policy and Program Management Branch Chief, who will then assign the work to Procurement Analysts as the new projects are identified. The Procurement Analysts will contact the customer to receive paperwork associated with the proposed instrument.

ARRA Key Acquisition Related Legal Provisions

The ARRA requires some differences in the normal way that the Agency handles agreements and contracts. One of the key differences is the requirement that a recipient of funds under the ARRA report back to the agency, who then posts the information, on very specific elements – such as evaluation of the completion status, estimated number of jobs created or retained, and total cost of infrastructure investments. Again, it is the recipient of the funds who reports on this information, but Rural Development must appropriately inform recipients of these requirements.

ARRA included the following acquisition-related provisions with which Rural Development PMD staffs must comply:

- **SEC. 1554. Special Contracting Provisions.** Requires, to the maximum extent possible, that contracts funded under the act be awarded as fixed-price contracts through the use of competitive procedures. A summary of any contract awarded with such funds that is not fixed-price and not awarded using competitive procedures shall be posted in a special section of the Recovery.gov Web site.
- **SEC. 1602. Preference for Quick-Start Activities.** Requires that funding recipients give preference to activities that can be started and completed expeditiously, including a goal of using at least 50 percent of the funds for activities that can be initiated not later than 120 days after enactment. Requires grant funds to be used in a manner that maximizes job creation and economic benefit.
- **SEC. 1603. Period of Availability.** Authorizes funding under the act to remain available for obligation until September 30, 2010, unless stated otherwise in the act.
- **SEC. 1605. Use of American Iron, Steel, and Manufactured Goods.** Requires the use of U.S.-made iron, steel, and manufactured goods, with certain exceptions.
- **SEC. 1606. Wage Rate Requirements.** Requires that all laborers and mechanics employed by contractors and subcontractors on projects funded directly by or assisted in whole or in part by and through the federal government pursuant to the act be paid not less than local prevailing wages for projects of similar character (Davis-Bacon Act).
- **SEC 1609. National Environmental Policy Act.** Requires that adequate resources within the act must be devoted to ensuring that applicable environmental reviews under the National Environmental Policy Act are completed on an expeditious basis and that the shortest existing applicable process under the National Environmental Policy Act shall be used.
- **SEC 1610. FAR Applicability.** Requires executive agencies to adhere to the Federal Acquisition Regulation (FAR), the Federal Property and Administrative Services Act (41 U.S.C. 253), and chapter 137 of title 10, United States Code, when using funding appropriated under the act, unless such a contract is otherwise authorized by statute to be entered into without regard to these statutes.

- **SEC 1526. Transparency Web Site.** Requires establishment of a Web site (www.Recovery.gov) that must provide detailed data on contracts awarded by the federal government that expend covered funds, including information about the competitiveness of the contracting process; information about the process that was used for the award of contracts; and for contracts over \$500,000, a summary of the contract. Among other things, the site must include estimates of the jobs sustained or created by the act, links to solicitations for contracts and announcements of grant competitions, and plans from each federal agency for using funds made available in the act.

Many of these legal provisions were further clarified in Office of Management and Budget (OMB) Memorandum 09-10, dated February 18, 2009. Detailed requirements for contracting done using ARRA funds are included in Chapter 06 of the OMB guidance, and detailed requirements for ARRA grants/agreements are included in Chapter 05 of the OMB guidance. The full text of the OMB guidance is posted at http://www.whitehouse.gov/omb/assets/memoranda_fy2009/m09-10.pdf.

The guidance that follows is provided for both Contracting Officers and Grants and Agreements Specialists. It is consistent with the most current direction received from OMB and the Department.

Recipient Reporting (All ARRA Acquisitions)

OMB has provided draft Recipient Reports (ARRA-Performance Progress Reports) and detailed draft instructions for recipients to complete these reports in a timely manner. The draft Recipient Report and instructions documents should be used at the current time. The documents should be provided as part of the contracting or grant/agreement process to ensure that any entity who is awarded a grant/contract/agreement or other method of fund delivery under the ARRA is fully aware of the Act's requirement that very specific information be reported. The mechanism for recipients to return the required reports is being developed by the Office of Management and Budget. At this point, it looks like recipients are likely to be required to post their reports to a Government-wide Web site, although that site is not yet active. Additional information on reporting requirements will be posted, once available, to the PMD ARRA website. Rural Development is working on how to assist recipients on the National Environmental Policy Act (NEPA) requirements of the report.

Contracting Requirements

Contracting Officers shall, in any award document funded by the Recovery Act, indicate that the award is being made under the Recovery Act, and indicate which products or services are funded under the Recovery Act. This includes, but is not limited to, contracts, modifications, purchase orders, delivery or task orders, blanket purchase agreements (BPAs), orders against BPAs, basic ordering agreements (BOAs), or orders under BOAs.

ARRA contracting requirements, as defined by OMB, are provided in the bulleted list on the next page. Indented bullets further explain how to implement OMB's requirements at Rural Development:

- In addition to the Federal Acquisition Regulation (FAR) Part 5 requirements for pre-solicitation and award notices, publish pre-solicitation and award notices of orders under task and delivery order contracts on FedBizOpps;
 - A Quick Reference explaining requirements for posting ARRA opportunities to the FedBizOpps Web site is available on the PMD ARRA Web site: <http://teamrd.usda.gov/rd/pmd/index.htm>.
- Include special formatting for pre-solicitation and award notices in FedBizOpps and award reporting in the Federal Procurement Data System (FPDS) to distinguish Recovery Act actions;
 - FedBizOpps and FPDS reporting requirements are described in the “Systems Standard Operating Procedures” section in Chapter 5 of this Program Direction, pages 5-8.
- Include terms and conditions in contract documents necessary for effective implementation of Recovery Act data collection and accountability requirements.
 - FAR cases and applicable clauses to use when advertising and awarding contracts/purchases orders under the American Recovery and Reinvestment Act funds include:
 - FAR Case 2009-008 Buy American Requirements for Construction Material clauses
 - FAR Case 2009-009 Reporting Requirements
 - Recipient Reporting Form & Instructions (see “Recipient Reporting (All ARRA Acquisitions), above)
 - FAR Case 2009-011 CG review clauses for Commercial Item, Sealed Bids & Negotiated procurement solicitations/awards
 - Additional ARRA FAR Cases that Contract Specialists should be aware of include:
 - FAR CASE 2009-010 Publicizing Contract Actions
 - FAR Case 2009-012 Whistleblower Protections.
 - All FAR cases are posted to: <http://teamrd.usda.gov/rd/pmd/index.htm>
- For each Government contract or order (or modification to an existing contract or order) over \$500,000, agencies should provide a summary of the contract or order (or modification to an existing contract or order), including a description of the required products and services, which will be made available publicly and linked to Recovery.gov; and
- A summary of any contract or order (or modification to an existing contract or order), including a description of the required products and services, using such funds shall be posted in a special section of the Web site Recovery.gov unless the contract or order is both fixed-price and competitively awarded.

Grants and Agreements' Requirements

Grants and Agreements Specialists shall in any award document funded by the Recovery Act, indicate that the award is being made under the Recovery Act by 1) using the terminology "Rural Development Recovery Act Agreement No." in the unique agreement number; and, 2) citing the American Recovery and Reinvestment Act authority in the first paragraph of each new award.

ARRA grants and agreements requirements, as defined by OMB, are provided in the bulleted list below:

- Request an expedited "Recovery Act" Catalog of Federal Domestic Assistance (CFDA) number for new Recovery Act programs or existing programs for which the Recovery Act provides for compliance requirements that are significantly different for the Recovery Act funding.
- Provide notification of existing CFDA program descriptions that will be modified during the next CFDA update cycle to reflect Recovery Act authorities, financial information, etc.
- Within twenty (20) days after enactment of the Recovery Act, agencies shall post funding opportunity announcements (i.e., "synopses") to Grants.gov.
- Within thirty (30) days of enactment, the Grants.gov synopsis shall link to the full announcement on the agency Web site.
- Include prominent labels and tags in funding opportunity synopses, full funding opportunity announcements, and award notices that clearly distinguish them as "Recovery Act" actions.
- All Rural Development grants and/or agreements have a unique identifying number that begins with the fiscal year (FY). **All ARRA funded awards shall begin with: "Rural Development Recovery Act Agreement No."**
- All Rural Development grants and/or agreements shall cite the American Recovery and Reinvestment Act authority in the first paragraph of each new award.
- Begin outreach efforts with potential applicants to create or update their profiles in Dun and Bradstreet Universal Numbering System (DUNS) and Central Contractor Registration (CCR)
- Include terms and conditions in award documents necessary for effective implementation of Recovery Act data collection and accountability requirements

- OMB has provided a draft grants and agreements provision that shall be inserted as the first provision in all grants and agreements award documents. This provision can be found at: http://www.whitehouse.gov/omb/assets/memoranda_fy2009/m09-10.pdf.
- OMB ARRA Recipient Reporting Form & Instructions are required for all Rural Development grants and/or agreements (see “Recipient Reporting (All ARRA Acquisitions), above).
- Identify opportunities to streamline data collection to help alleviate reporting burden on funding recipients.

ARRA Acquisition Work Standard Operating Procedures

In addition to legal and OMB guidance, additional SOPs were developed by USDA and Rural Development to meet accountability and reporting needs.

Contracting

- Any contract action obligating Recovery Act funds shall comply with the Federal Acquisition Regulation (FAR) and Agriculture Acquisition Regulation (AGAR).
- Contract actions shall comply with the competition requirements of the FAR. Use of existing Indefinite Delivery Indefinite Quantity contracts to place task orders is allowed if the contract was originally competed or awarded sole source pursuant to FAR Part 19 Socioeconomic Programs.
 - If placing an ARRA task order off a contract that was originally competed, but the contract does not include the ARRA FAR cases and reporting requirements, these items must be included in the ARRA task order.
- Noncompetitive procurements, excluding sole source awards made pursuant to FAR Part 19 Socioeconomic Program, at any dollar amount must be approved by the PMD Director.
 - All noncompetitive procurements, including those made using FAR Part 19, must comply with the additional reporting requirements for noncompetitive actions on Recovery.gov.
 - Use the applicable format from FAR Subpart 6.303-2 to submit your approval request.
- Use FAR Part 12 commercial items to the maximum extent practicable.
- AD-1205s required for full and open competition are to be approved by the Head of Contracting Activity Designee (HCAD) or the Competition Advocate. The requirement to obtain approval from Office of Small and Disadvantaged Business Utilization is waived.
- Source Selection Plans (SSP) are required for negotiated procurements per the FAR. SSPs must include the information required for Acquisition Strategies. There will be a template posted for SSPs.
- USDA is refining the ARRA procurement policy currently contained in AGAR Advisory 92, pertaining to the use of purchase cards, fleet cards and alternative payment methods, including convenience checks, for ARRA work. A policy on how to use these acquisition tools will be published to the PMD ARRA Web site once

finalized. See this Guidance on Use of Funds under Chapter 4 Accountability and Transparency of this Program Direction for current information on the use of these payment methods.

Grants & Agreements

- Grant and Agreement Recovery Act funded awards shall be made within an existing Rural Development authority. In the opening paragraph of any Grant and Agreement Recovery Act funded award, the existing Rural Development authority as well as the ARRA shall be cited.
- Grant and Agreement Recovery Act funded awards shall cite one of the unique Recovery Act CFDA numbers as cited above. Each Recovery Act CFDA number is linked to a unique ARRA Treasury Account Symbol.
- All awards including grants, cooperative agreements, participating agreements, challenge cost share agreements, joint ventures, and cost reimbursable agreements will be reported under the Recovery Act and require the use of a Recovery Act CFDA number.
 - If there is a question about reporting requirements or use of Recovery Act CFDA numbers, please contact the PMD Policy and Program Management Branch Chief.
- The ARRA anticipates the use of competition to enhance opportunities and reach the greatest number of potential candidates for an award. Competitions may be open or limited in nature. Non-competitive awards may also be awarded. However, whatever method that is used for determining the cooperator shall be documented in the award record.

Systems Standard Operating Procedures

Specific formats and other data entry requirements exist for grants, agreements and contracts awarded under ARRA, and must be used to ensure appropriate accountability and reporting of ARRA actions. These are outlined, by system, in the sections below.

IAS

As a USDA-owned system, updates to IAS to accommodate ARRA reporting requirements must be made at the Department level. Rural Development PMD will make every effort to communicate the IAS reporting requirements as they are known to us and available for use in the system.

Current IAS Requirements include:

- All ARRA contract delivery orders, purchase orders, BPAs and BOAs shall be executed, awarded and closed out in the Integrated Acquisition System (IAS), no matter what the dollar value. The only exceptions are “no-year money” and “escrow account” contracts, which are awarded outside of IAS.
- IAS currently includes the data fields necessary to transmit information to USASpending, via FPDS-NG, as required by OMB. Therefore, units must ensure

that they code their ARRA work appropriately in IAS using the appropriate Treasury Accounting Symbol.

- In **IAS**, when entering information in the **description of requirement field**, the Treasury Account Symbol (TAS) must appear first. This can be done on the requisition by the program manager or on the award document (purchase order or contract) by the Contracting Officer. The TAS code should be entered with TAS:: preceding the code and ::TAS following the code. For Rural Development, the TAS codes should be entered exactly as written here:
 - TAS::12 0403 XXX::TAS.
- Solicitations shall be developed in IAS using the IAS templates. Contracting Officers are required to add the ARRA specific provisions and/or clauses until such time as IAS includes them.
- Contracts shall be awarded from the applicable solicitation. The IAS contract shall contain all of the Sections that are included in the hard copy.
- Requisitioners who create requisitions in support of the ARRA will need to identify the requisition as funded by ARRA. Requisitioners should include the words “RECOVERY FUNDS” in the note to the buyer when they enter the requisition.
- If requisitions are established with the line item(s) created by dollar, contract line items with the specific bid items shall be included as Not Separately Priced line items.
- Insert the word “Recovery” in the main text description block of the solicitation and awards modules in IAS to ensure the action is flagged as ARRA by Federal Business Opportunities (FBO).
- Ensure that an appropriate signed date is entered for each award. When issuing BPA calls or Delivery Orders (DO), the signed date is the date of the BPA call or DO, not the date of execution of the original instrument. All awards using ARRA funds must have a signed date of February 2009 or later.
 - FPDS-NG copies the signed date of the base award. Therefore, the CO will have to change it in FPDS-NG to accurately reflect when the award was made.
- Close out all contracts in IAS by issuing a modification to deobligate any remaining funds.
- IAS contract specialists shall give FULL ACCESS in their IAS Profile to the Contract Operations Branch Chief and READ ONLY ACCESS to the Policy and Program Management Branch Chief. Other oversight individuals may be added later.

FedBizOpps

- A Quick Reference explaining requirements for posting ARRA opportunities to the FedBizOpps Web site is available on the PMD ARRA Web site:
<http://teamrd.usda.gov/rd/pmd/index.htm>.
- For FBO postings that are fed from PRISM to FBO, insert the word “Recovery” as the first word of the title/subject for pre-solicitation notices and award notices involving Recovery Act funds. This is not case sensitive. To accomplish this, insert the word “Recovery” in the main text description block of the solicitation and awards modules in PRISM.
- When creating a new notice, users will be required to identify whether or not the notice is a Recovery and Reinvestment Act action by selecting a yes/no radio button.
 - Existing notices can be modified to include this designation by creating an amendment / modification to the base notice and editing the notice details form.
- Pre-solicitation notices for delivery and task orders must also include the following statement in the “Description” field preceding the actual description: “THIS NOTICE IS PROVIDED FOR INFORMATION PURPOSES ONLY. THIS OPPORTUNITY IS AVAILABLE ONLY TO CONTRACTORS UNDER [contracting officer insert program name.]”

FPDS

Information will be reported to USASpending.gov through FPDS, keying primarily off of the unique, ARRA-only Treasury Accounting Symbol (TAS) entered into the description field in IAS. Since IAS feeds information to FPDS, the awarding Contracting Officer shall ensure that the information transfers to FPDS on any action (including modifications) funded by the Recovery Act.

Updates to this SOP

- Many PMD ARRA requirements are evolving. Changes to the SOP will occur, and may be frequent as external entities firm up accountability and reporting requirements.