



441 G St. N.W.  
Washington, DC 20548

B-327004

June 4, 2015

The Honorable Pat Roberts  
Chairman  
The Honorable Debbie Stabenow  
Ranking Member  
Committee on Agriculture, Nutrition, and Forestry  
United States Senate

The Honorable K. Michael Conaway  
Chairman  
The Honorable Collin C. Peterson  
Ranking Member  
Committee on Agriculture  
House of Representatives

Subject: *Department of Agriculture, Rural Business-Cooperative Service, Rural Housing Service, Rural Utilities Service, Farm Service Agency: Strategic Economic and Community Development*

Pursuant to section 801(a)(2)(A) of title 5, United States Code, this is our report on a major rule promulgated by the Department of Agriculture (USDA), Rural Business-Cooperative Service, Rural Housing Service, Rural Utilities Service, Farm Service Agency entitled “Strategic Economic and Community Development” (RIN: 0570-AA94). We received the rule on May 13, 2015. It was published in the *Federal Register* as an interim rule with public comment on May 20, 2015. 80 Fed. Reg. 28,807.

This interim rule implements section 6025, Strategic Economic and Community Development, of the Agricultural Act of 2014 (2014 Farm Bill).<sup>1</sup> Unless USDA provides otherwise, it will reserve up to 10 percent of the funds appropriated to certain Rural Development (RD) programs each fiscal year to fund projects that support the implementation of strategic economic and community development plans across multi-jurisdictional areas. The programs from which funds will be reserved are community facility programs, water and waste disposal programs, and rural business and cooperative development programs. To be eligible for the reserved funds, projects must be first eligible for funding under the programs from which the funds are reserved. In addition, projects must be carried out solely in rural areas. Any reserved funding that is not obligated by June 30 of the fiscal year in which the funds were reserved will be returned to the programs’ regular funding accounts.

The Congressional Review Act (CRA) requires a 60-day delay in the effective date of a major rule from the date of publication in the *Federal Register* or receipt of the rule by Congress,

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<sup>1</sup> 7 U.S.C. § 2008v.

whichever is later. 5 U.S.C. § 801(a)(3)(A). This interim final rule has a stated effective date of June 19, 2015. The rule was received by the Senate on May 14, 2015, received by the House of Representatives on May 15, 2015, and published in the *Federal Register* on May 20, 2015. 161 Cong. Rec. S3057 (May 19, 2015); 161 Cong. Rec. H3307 (May 18, 2015); 80 Fed. Reg. 28,807. Therefore, the final rule does not have the required 60-day delay in its effective date.

Enclosed is our assessment of USDA's compliance with the procedural steps required by section 801(a)(1)(B)(i) through (iv) of title 5 with respect to the rule. Our review of the procedural steps taken indicates that, other than the 60-day delay requirement, USDA complied with the applicable requirements.

If you have any questions about this report or wish to contact GAO officials responsible for the evaluation work relating to the subject matter of the rule, please contact Shirley A. Jones, Assistant General Counsel, at (202) 512-8156.

signed

Robert J. Cramer  
Managing Associate General Counsel

Enclosure

cc: Lisa Mensah  
Under Secretary, Rural Development  
Department of Agriculture

REPORT UNDER 5 U.S.C. § 801(a)(2)(A) ON A MAJOR RULE  
ISSUED BY THE  
DEPARTMENT OF AGRICULTURE,  
RURAL BUSINESS-COOPERATIVE SERVICE,  
RURAL HOUSING SERVICE,  
RURAL UTILITIES SERVICE,  
FARM SERVICE AGENCY  
ENTITLED  
"STRATEGIC ECONOMIC AND COMMUNITY DEVELOPMENT"  
(RIN: 0570-AA94)

(i) Cost-benefit analysis

The Department of Agriculture (USDA) analyzed the costs and benefits of this interim rule. In this analysis, USDA estimated the cost to the public for applying for and receiving reserved funding is approximately \$106,000 per year. With an estimated 374 applicants and 317 awardees per year, this equates to approximately \$285 per applicant. In terms of costs to the agency for administering and implementing this project, USDA estimated a cost of approximately \$121,200 for reviewing and scoring the applications assuming 12 hours per application. With regard to benefits, USDA expects that rural entities will access Rural Development programs in a manner that supports projects and initiatives that develop long-term community and economic growth strategies. USDA expects this priority will help to maximize the impact of resources available at all levels of government and ultimately help rural communities reach their full potential. According to USDA, aligning projects with regional economic and community development plans helps engage individuals, organizations, local governments, institutes of learning, and the private sector in a meaningful conversation about what capacity building efforts would best serve the community in terms of creating jobs, creating investments, and generating regional wealth. In addition, the alignment helps take into account and, where possible, leverage other regional planning efforts, including the use of other federal funds and resources that support a region's goals and objectives. USDA states this helps prevent duplication, while better harnessing and directing limited federal resources for implementation efforts.

(ii) Agency actions relevant to the Regulatory Flexibility Act (RFA), 5 U.S.C. §§ 603-605, 607, and 609

USDA certified that this interim rule will not have a significant economic impact on a substantial number of small entities.

(iii) Agency actions relevant to sections 202-205 of the Unfunded Mandates Reform Act of 1995, 2 U.S.C. §§ 1532-1535

USDA determined that this interim rule contains no federal mandates under the Act for state, local, and tribal governments or the private sector.

(iv) Other relevant information or requirements under acts and executive orders

Administrative Procedure Act, 5 U.S.C. §§ 551 et seq.

USDA published this rule as an interim rule. USDA has not previously published a proposed rule under this RIN and did not discuss the requirements of the Act in this interim rule. USDA requested comments on the interim rule.

Paperwork Reduction Act (PRA), 44 U.S.C. §§ 3501-3520

USDA determined that this interim rule contains information collection requirements under the Act. The form entitled “Strategic Economic and Community Development” has been submitted to the Office of Management and Budget (OMB) for review and has been given OMB Control Number 0570–NEW. USDA estimates that the total annual burden on recipients will be 3,348 hours.

Statutory authorization for the rule

USDA promulgated this interim rule under the authority of section 301 of title 5 and section 1989 of title 7, United States Code.

Executive Order No. 12,866 (Regulatory Planning and Review)

USDA determined this interim rule is economically significant under the Order and submitted it to OMB for review.

Executive Order No. 13,132 (Federalism)

USDA determined that this interim rule does not have any substantial direct effect on states, on the relationship between the national government and the states, or on the distribution of power and responsibilities among the various levels of government and does not impose substantial direct compliance costs on state and local governments.