



**3410-XV-P**

**DEPARTMENT OF AGRICULTURE**

**Rural Utilities Service**

**7 CFR Parts 1779 and 1780**

**Rural Housing Service**

**Rural Business-Cooperative Service**

**Rural Utilities Service**

**Farm Service Agency**

**7 CFR Chapter XVIII**

**Rural Housing Service**

**7 CFR Parts 3570 and 3575**

**Rural Business-Cooperative Service**

**Rural Utilities Service**

**7 CFR Parts 4279 and 4280**

**[Docket No. RBS-20-BUSINESS-31]**

**RIN 0570-AB04**

**Strategic Economic and Community Development**

**AGENCY:** Rural Business-Cooperative Service, Rural Housing Service, Rural Utilities Service, Farm Service Agency, Department of Agriculture (USDA).

**ACTION:** Final rule.

**SUMMARY:** The Rural Business-Cooperative Service, Rural Housing Service, and Rural Utilities Service, of the Rural Development (RD) mission area within the U.S. Department of Agriculture (USDA), hereinafter collectively referred to as the Agency, is issuing this final rule to implement statutory provisions found in Section 6401 of the Agricultural Improvement Act of 2018 (“2018 Farm Bill”) that amends Section 379H of the Consolidated Farm and Rural Development Act. The intent of this rule is to amend the existing regulations governing Strategic Economic and Community Development (SECD) to implement Section 6401 of the 2018 Farm Bill. Additionally, conforming changes are being made to other regulations as a result of the aforementioned statutory changes. Finally, we are removing Farm Service Agency from a chapter in the CFR as they no longer use any of the parts under that chapter.

**DATES:** This final rule is effective [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER].

**FOR FURTHER INFORMATION CONTACT:** Greg Batson, Strategic Engagement, Rural Development Innovation Center, U.S. Department of Agriculture; gregory.batson@usda.gov; (573) 239-2945.

**SUPPLEMENTARY INFORMATION:**

**Background and Discussion**

The Agency administers a multitude of Federal programs for the benefit of rural

America, ranging from housing and community facilities to infrastructure and business development. Its mission is to increase economic opportunity and improve the quality of life in rural communities by providing the leadership, infrastructure, capital, and technical support that enables rural communities to prosper. To achieve its mission, the Agency provides financial support (including direct loans, grants, and loan guarantees) and technical assistance.

Section 379H Strategic and Economic Community Development of the Consolidated Farm and Rural Development Act (7 U.S.C. 2008v) supports rural communities by promoting regional economic and community development. Reservation of targeted funds are available for covered Rural Development programs to encourage regional economic and community development. Section 6401 of the 2018 Farm Bill amended Section 379H, Strategic Economic and Community Development of the Consolidated Farm and Rural Development Act to state that projects must be part of both a multi-jurisdictional and multi-sectoral Strategic Community Investment Plan in order to receive consideration for the set-aside. Prior to the adoption of Section 6401 of the 2018 Farm Bill, projects only had to be part of a multi-jurisdictional plan in order to receive consideration for funding. Section 6401 of the Farm Bill provides RD an important mechanism to further our mission by leveraging projects that spur regional economic and community development while also focusing on multiple sectors. In addition, this will reward communities that demonstrate best practices for furthering sustainable regional and community prosperity by bringing together key local and regional stakeholders and using long-term planning that integrates targeted investments across communities and regions.

## **Discussion of the Rule**

A summary of changes to 7 CFR part 1980, subpart K, which implement Section 6401 of the 2018 Farm Bill follows:

### *§ 1980.1001 – Purpose*

In accordance with Section 6401 of the 2018 Farm Bill, this section has been updated to include that qualified plans must be both multi-jurisdictional and multi-sectoral, and the name of plans has been updated from “Strategic Economic Development and Community Development Plans” to “Strategic Community Investment Plans.”

### *§ 1980.1002 - Programs*

Previously, SECD was limited to certain Rural Development programs by statute. In accordance with Section 6401 of the 2018 Farm Bill, this regulation will include expansion of SECD to all programs covered by Title XIV of the Consolidated Farm and Rural Development Act (CONACT) or programs administered by the Secretary acting through the Rural Development mission area. This section is amended to update the list of eligible programs covered by Section 6401 of the 2018 Farm Bill and for which funds may be set-aside.

### *§ 1980.1004 – Funding*

Section 6401 of the 2018 Farm Bill increased the reservation amount for funding from up to 10 percent to up to 15 percent. This section has been revised to reflect the increase in the reservation amount and to clarify the amendments. This section has also been updated to revise the date by which unused set-aside funds will be returned to the regular program account for use by other projects.

In accordance with Section 379H of the CONACT (7 U.S.C. 2008v), all SECD reserved funds shall be reserved for the 1-year period beginning on the date on which funds were first made available, as determined by the Secretary. The Agency has determined that for non-annual and annually appropriated programs, SECD reserved funding will be available for obligation until deadlines established by covered programs. Covered programs' deadlines will be outlined in a SECD annual Federal Register publication. Reserved funds not obligated by September 30 will be reconciled according to applicable law. The Agency has settled on this process because program and procedural differences can present a hardship when one SECD obligation deadline is established. Covered programs have varying deadline and pooling dates. Further, covered programs have differing engineering and environmental review processes. Allowing programs to use their deadlines and/or pooling dates as the SECD funds obligation deadline offers flexibility in project review and award and provides adequate time for SECD reserved funds to be allocated to appropriate covered program accounts. In addition, programs are not mandated to hold SECD reserved funds until September 30, but can convert SECD reserved funds to regular program for funding non-SECD projects.

*§ 1980.1005 – Definitions*

The definitions section has been revised to include additional definitions and revise others to conform to the statutory provisions of the Section 6401 of the 2018 Farm Bill, as follows:

The term *Adopted* was revised to clarify the appropriate entities that may approve a Strategic Community Investment Plans in accordance with Section 6401 of the 2018 Farm Bill.

The term *Carried Out in a Rural Area* was updated to remove the term “solely” from the title of the definition and to clarify the meaning of the definition in accordance with Section 6401 of the 2018 Farm Bill.

The terms *Jurisdiction*, *Multi-Jurisdictional*, *Philanthropic*, and *Project* were revised to provide clarity in accordance with Section 6401 of the 2018 Farm Bill.

The term *Plan* is revised to update the name to a Strategic Community Investment Plan and to clarify the requirements that must be addressed in a plan as per language in Section 6401 of the 2018 Farm Bill.

New definitions for *Multi-sectoral*, *Sector*, and *Strategic partners* were added to implement changes from Section 6401 of the 2018 Farm Bill.

#### *7 CFR 1980.1010 – Project eligibility*

Section 1980.1010 is amended to include terminology from Section 6401 of the 2018 Farm Bill.

#### *7 CFR 1980.1015 – Applications*

The Agency has revised requirements of the application process to conform to statutory changes outlined in Section 6401 of the 2018 Farm Bill and to clarify application and plan requirements. Data collected on the application form has been removed from the list of information to be provided, and a reference to the required application form has been included. A plan should address multiple jurisdictions, and the plan should document that there is participation by multiple stakeholders. A plan should demonstrate leveraging of the applicable region’s assets and should document monetary and non-monetary contributions from strategic partners.

#### *7 CFR 1980.1020 – Scoring*

The scoring section has been revised to align to Section 6401 of the 2018 Farm Bill.

*7 CFR 1980.1025 – Award process*

The award process section has been revised to align to the requirements of Section 6401 of the 2018 Farm Bill.

*7 CFR 1980.1026 – Evaluation of Project Information*

*7 CFR 1980.1026 is removed and reserved.* Projects will be evaluated through the criteria established in the individual covered program’s notice for which the award was received, and additional reporting specific to the objectives in each plan is not required.

Additionally, conforming changes are made to 7 CFR parts 1779, 1780, 1942, 3570, 3575, 4279, and 4280 have been included to address the change in terms of “multi-sectoral” and “Strategic Community Investment Plans.”

Finally, the Farm Service Agency is being removed from title 7, chapter XVIII of the CFR as they no longer use any of the parts under this chapter. At one time, chapter XVIII was used by Rural Business-Cooperative Service, Rural Utilities Services, Rural Housing Service, and Farm Service Agency to codify policies and procedures. Due to reorganization within the Department of Agriculture, Farm Service Agency now codifies its policies and procedures in chapter VI of title 7 of the CFR. Chapter XVIII will now only be used to codify policies and procedures of the three agencies of the Rural Development Mission Area, Rural Business-Cooperative Service, Rural Utilities Services, and Rural Housing Service.

**Catalog of Federal Domestic Assistance**

RD programs affected by this rulemaking are shown in the Catalog of Federal Domestic Assistance (CFDA) with numbers as indicated:

10.760 – Water and Waste Disposal Systems for Rural Communities

10.766 – Community Facilities Loans and Grants

10.768 – Business and Industry Guaranteed Loan Program

10.351 – Rural Business Development Grants

10.863 – Community Connect Grant Program

10.855 – Distance Learning and Telemedicine Loans and Grants

10.868 – Rural Energy for America Program

10.446 - Rural Community Development Initiative Grant

10.222 - Tribal College Initiative Grants

10.854 - Rural Economic Development Loans and Grants

10.767 - Intermediary Relending Program

10.420 – Mutual Self-Help Housing Technical Assistance Grants

10.411 - Rural Housing Site Loans

10.433 - Housing Preservation Grants

10.405 - Farm Labor Housing Direct Loans and Grants

10.438 - Multi-Family Housing Loan Guarantees

10.751 - Rural Energy Savings Program (RESP)

10.352 – Value-Added Producer Grants

10.862 – Household Water Well System Grant Program

10.762 – Solid Waste Management Grant

All active CFDA programs can be found at <https://beta.sam.gov/>, which officially

replaced CFDA.gov.

### **Executive Order 12866, Classification**

This rule has been determined to be non-significant and therefore was not reviewed by the Office of Management and Budget (OMB) under Executive Order 12866.

### **Congressional Review Act**

Pursuant to the Congressional Review Act (5 U.S.C. 801 et seq.), the Office of Information and Regulatory Affairs designated this rule as not a major rule, as defined by 5 U.S.C. 804(2).

### **Executive Order 12372, Intergovernmental Review of Federal Programs**

The Programs listed in the Catalog of Federal Domestic Assistance under the following numbers are subject to the provisions of Executive Order 12372 which requires Intergovernmental Consultation with state and local officials:

10.760 – Water and Waste Disposal Systems for Rural Communities

10.766 – Community Facilities Loans and Grants

10.768 – Business and Industry Guaranteed Loan Program

10.351– Rural Business Development Grants

10.411 - Rural Housing Site Loans

10.433 - Housing Preservation Grants

10.438 - Multi-Family Housing Loan Guarantees

### **Executive Order 12988, Civil Justice Reform**

This rule has been reviewed under Executive Order 12988. The Agency has determined that this rule meets the applicable standards provided in section 3 of the Executive order. In addition, all state and local laws and regulations that are in conflict with this rule will be preempted. No retroactive effort will be given to this rule.

### **National Environmental Policy Act**

This document has been reviewed in accordance with 7 CFR part 1970, subpart A, “Environmental Policies.” RD has determined that this action does not constitute a major Federal action significantly affecting the quality of the environment. In accordance with the National Environmental Policy Act (NEPA) of 1969, 42 U.S.C. 4321, *et seq.*, an Environmental Impact Statement is not required.

### **Unfunded Mandates Reform Act**

This rule contains no Federal mandates (under the regulatory provisions of Title II of the Unfunded Mandates Reform Act of 1995) for state, local, and Tribal governments or the private sector. Thus, this rule is not subject to the requirements of sections 202 and 205 of the Unfunded Mandates Reform Act of 1995.

### **Regulatory Flexibility Act**

Under section 605(b) of the Regulatory Flexibility Act, 5 U.S.C. 605(b), RD certifies that this rule will not have a significant economic impact on a substantial number of small entities. The rule affects applicants across covered RD programs. Many

program applicants are small businesses. While this rule will affect small entities, RD has determined that the economic impact of the rule on these small entities will not be significant.

The rule does not make any changes to the programs from which funds will be reserved. The rule will require applicants to submit an additional form if seeking funding that is reserved for projects that support Strategic Community Investment Plans. Based on the data in the Paperwork Reduction Act (PRA) burden package, RD estimates that the cost to complete this form will, on average, be no more than \$300. Therefore, this rule will not have a significant impact on small entities.

#### **Executive Order 13132, Federalism**

The policies contained in this rule do 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. Nor does this rule impose substantial direct compliance costs on state and local governments. Therefore, consultation with states is not required.

#### **Executive Order 13175, Consultation and Coordination with Indian Tribal Governments**

This rule has been reviewed in accordance with the requirements of Executive Order 13175, “Consultation and Coordination with Indian Tribal Governments.” Executive Order 13175 requires Federal agencies to consult and coordinate with tribes on a government-to-government basis on policies that have tribal implications, including

regulations, legislative comments or proposed legislation, and other policy statements or actions that have substantial direct effects on one or more Indian Tribes, on the relationship between the Federal Government and Indian Tribes or on the distribution of power and responsibilities between the Federal Government and Indian Tribes.

Rural Development has assessed the impact of this rule on Indian Tribes and determined that the rule does not, to our knowledge, have tribal implications that require tribal consultation under E.O. 13175.

Rural Development plans to use an inclusive definition of “plans” so that a wide range of plans that Indian Tribes currently have adopted and implemented may be used, as long as certain minimum standards are met. For instance, the plan must be multi-jurisdictional, multi-sectoral and include:

- A variety of activities designed to facilitate the vision of a rural community for the future, including considerations for improving and expanding broadband services as needed;
- Participation by multiple stakeholders, including local and regional partners;
- Leverage of applicable regional resources;
- Investment from strategic partners, such as private organizations, cooperatives, other government entities, Indian Tribes and philanthropic organizations;
- Clear objectives with the ability to establish measurable performance metrics;
- Action steps for implementation: and

- Any other elements necessary to ensure that the plan results in a comprehensive and strategic approach to rural economic development, as determined by the Secretary.

These minimum criteria do not pose any unique or additional implications or challenges for Tribes. The rule incentivizes additional planning, partnering and strategies between Tribes and other units of government/jurisdictions, such as other Indian Tribes, states, counties, cities, townships, towns, boroughs, etc. If a Tribe requests additional consultation, Rural Development will work with the Office of Tribal Relations to ensure meaningful consultation is provided where changes, additions and modifications identified herein are not expressly mandated by Congress.

### **Paperwork Reduction Act**

The information collection requirements contained in this regulation have been approved by OMB and have been assigned OMB control number: 0570-0068. This final rule contains no new reporting and recordkeeping requirements that would require approval under the Paperwork Reduction Act of 1995 (44 U.S.C. Chapter 35).

### **E-Government Act Compliance**

RD is committed to complying with the E-Government Act, to promote the use of the internet and other information technologies, to provide increased opportunities for citizens to access Government information and services electronically.

### **Civil Rights Impact Analysis**

Rural Development has reviewed this rule in accordance with USDA Regulation 4300-4, Civil Rights Impact Analysis, to identify any major civil rights impacts the rule might have on program participants based on age, race, color, national origin, sex or disability. After review and analysis of the rule and available data, it has been determined that implementation of the rule will not adversely or disproportionately impact very low, low-, and moderate-income populations, minority populations, women or Indian Tribes by virtue of their race, color, national origin, sex, age, disability, or marital or familial status. No major civil rights impact is likely to result from this rule.

#### **Non-Discrimination Statement**

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Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at [http://www.ascr.usda.gov/complaint\\_filing\\_cust.html](http://www.ascr.usda.gov/complaint_filing_cust.html) and at any USDA office or write a letter addressed to USDA and provide in the letter all the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by:

- (1) Mail: U.S. Department of Agriculture  
Office of the Assistant Secretary for Civil Rights  
1400 Independence Avenue, SW.  
Washington, D.C. 20250-9410;
- (2) Fax: (202) 690-7442; or
- (3) E-mail: [program.intake@usda.gov](mailto:program.intake@usda.gov).

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### **List of Subjects**

#### **7 CFR Part 1779**

Loan programs, Waste treatment and disposal, Water supply.

#### **7 CFR Part 1780**

Community development, Community facilities, Grant programs-housing and community development, Reporting and recordkeeping requirements, Rural areas, Waste treatment and disposal, Water supply, Watersheds.

### **7 CFR Part 1806**

Agriculture, Flood insurance, Insurance, Loan programs-agriculture, Loan programs-housing and community development, Low and moderate income housing, Rural areas.

### **7 CFR Part 1810**

Agriculture, Loan programs-agriculture, Loan programs-housing and community development, Low and moderate income housing, Rural areas.

### **7 CFR Part 1822**

Loan programs-housing and community development, Low and moderate income housing, Nonprofit organizations, Rural areas.

### **7 CFR Part 1900**

Administrative practice and procedure, Authority delegations (Government agencies), Conflict of interests, Government employees, Grant programs-agriculture Grant programs-housing and community development, Loan programs-agriculture, Loan programs-housing and community development, Reporting and recordkeeping requirements, Rural areas.

### **7 CFR Part 1901**

Agriculture, Civil rights, Fair housing, Grant programs-agriculture, Grant programs-housing and community development, Grant programs-Indians, Historic preservation, Indians, Intergovernmental relations, Loan programs-agriculture, Loan programs-housing and community development, Loan programs-Indians, Low and moderate income housing, Marital status discrimination, Minimum wages, Religious discrimination, Reporting and recordkeeping requirements, Rural areas, Sex

discrimination.

**7 CFR Part 1902**

Accounting, Banks, banking, Grant programs-agriculture, Grant programs-housing and community development, Loan programs-agriculture, Loan programs-housing and community development, Reporting and recordkeeping requirements, Rural areas.

**7 CFR Part 1910**

Agriculture, Credit, Grant programs-agriculture, Grant programs-housing and community development, Loan programs-agriculture, Loan programs-housing and community development, Low and moderate income housing, Reporting and recordkeeping requirements, Rural areas.

**7 CFR Part 1924**

Administrative practice and procedure, Agriculture, Claims, Credit, Grant programs-agriculture, Grant programs-housing and community development, Housing standards, Loan programs-agriculture, Loan programs-housing and community development, Low and moderate income housing, Manufactured homes, Reporting and recordkeeping requirements, Rural areas.

**7 CFR Part 1925**

Agriculture, Loan programs-agriculture, Loan programs-housing and community development, Low and moderate income housing, Rural areas, Taxes.

**7 CFR Part 1927**

Agriculture, Loan programs-agriculture, Loan programs-housing and community development, Low and moderate income housing, Rural areas.

### **7 CFR Part 1930**

Fair housing, Grant programs-housing and community development, Loan programs-housing and community development, Low and moderate income housing, Reporting and recordkeeping requirements, Rural areas.

### **7 CFR Part 1940**

Agriculture, Environmental protection, Flood plains, Grant programs-agriculture, Grant programs-housing and community development, Loan programs-agriculture, Loan programs-housing and community development, Low and moderate income housing, Reporting and recordkeeping requirements, Rural areas, Truth in lending.

### **7 CFR Part 1942**

Business and industry, Community facilities, Fire prevention, Grant programs-business, Grant programs-housing and community development, Grant programs-Indians, Indians, Loan programs-agriculture, Loan programs-housing and community development, Loan programs-Indians, Loan programs-natural resources, Reporting and recordkeeping requirements, Rural areas, Soil conservation, Waste treatment and disposal, Water supply, Watersheds.

### **7 CFR Part 1944**

Administrative practice and procedure, Aged, Cooperatives, Fair housing, Grant programs-housing and community development, Home improvement, Individuals with disabilities, Loan programs-housing and community development, Low and moderate income housing, Manufactured homes, Migrant labor, Rent subsidies, Reporting and recordkeeping requirements, Rural areas.

### **7 CFR Part 1948**

Coal, Community facilities, Grant programs-housing and community development, Radioactive materials, Reporting and recordkeeping requirements, Rural areas.

#### **7 CFR Part 1950**

Accounting, Loan programs-agriculture, Loan programs-housing and community development, Military personnel, Rural areas.

#### **7 CFR Part 1951**

Accounting, Agriculture, Claims, Community facilities, Credit, Disaster assistance, Government employees, Grant programs-housing and community development, Housing, Income taxes, Loan programs-agriculture, Loan programs-housing and community development, Low and moderate income housing, Reporting and recordkeeping requirements, Rural areas, Wages.

#### **7 CFR Part 1955**

Agriculture, Drug traffic control, Government property, Loan programs-agriculture, Loan programs-housing and community development, Low and moderate income housing, Rural areas.

#### **7 CFR Part 1956**

Accounting, Business and industry, Claims, Loan programs-agriculture, Loan programs-business, Loan programs-housing and community development, Reporting and recordkeeping requirements, Rural areas.

#### **7 CFR Part 1957**

Loan programs-housing and community development, Low and moderate income housing, Rural areas.

### **7 CFR Part 1962**

Agriculture, Bankruptcy, Drug traffic control, Government property, Loan programs-agriculture, Loan programs-housing and community development, Rural areas,

### **7 CFR Part 1965**

Accounting, Drug traffic control, Grant programs-housing and community development, Loan programs-agriculture, Loan programs-housing and community development, Low and moderate income housing, Reporting and recordkeeping requirements, Rural areas.

### **7 CFR Part 1970**

Administrative practice and procedure, Buildings and facilities, Environmental impact statements, Environmental protection, Grant programs, Housing, Loan programs, Natural resources, Utilities.

### **7 CFR Part 1980**

Agriculture, Business and industry, Community facilities, Credit, Disaster assistance, Livestock, Loan programs-agriculture, Loan programs-business, Loan programs-housing and community development, Low- and moderate-income housing, Reporting and recordkeeping requirements, Rural areas.

### **7 CFR Part 2003**

Freedom of information, Organization and functions (Government agencies), Rural areas, Volunteers.

### **7 CFR Part 2018**

Administrative practice and procedure, Freedom of information.

### **7 CFR Part 2045**

Government employees, Volunteers.

**7 CFR Part 3570**

Administrative practice and procedure, Fair housing, Grant programs-housing and community development, Housing, Low- and moderate-income housing, Reporting and recordkeeping requirements, Rural areas.

**7 CFR Part 3575**

Loan programs-agriculture.

**7 CFR Part 4279**

Loan programs-business, Reporting and recordkeeping requirements, Rural areas.

**7 CFR Part 4280**

Business and industry, Energy, Grant programs-business, Loan programs-business, Rural areas.

For the reasons set forth in the preamble, chapters XVII, XVIII, XXXV, and XLII of title 7 Code of Federal Regulations are amended as follows:

**PART 1779 – WATER AND WASTE DISPOSAL PROGRAMS GUARANTEED LOANS**

1. The authority citation for part 1779 continues to read as follows:

*Authority:* 5 U.S.C. 301, 7 U.S.C. 1989, 16 U.S.C. 1005.

2. Section 1779.51 is revised to read as follows:

**§ 1779.51 Strategic economic and community development.**

Applicants with projects that support the implementation of Strategic Community Investment Plans are encouraged to review and consider 7 CFR part 1980, subpart K,

which contains provisions for providing priority to projects that support the implementation of Strategic Community Investments Plans on a multi-jurisdictional and multi-sectoral basis.

## **PART 1780 – WATER AND WASTE LOANS AND GRANTS**

3. The authority citation for part 1780 continues to read as follows:

*Authority:* 5 U.S.C. 301; 7 U.S.C. 1989; 16 U.S.C. 1005.

### **Subpart B – Loan and Grant Application Processing**

4. Section 1780.34 is revised to read as follows:

#### **§ 1780.34 Strategic economic and community development.**

Applicants with projects that support the implementation of Strategic Community Investment Plans are encouraged to review and consider 7 CFR part 1980, subpart K, which contains provisions for providing priority to projects that support the implementation of Strategic Community Investment Plans on a multi-jurisdictional and multi-sectoral basis.

5. Under the authority of 5 U.S.C 301, 7 U.S.C. 1926(a), 7 U.S.C. 1932(a), 7 U.S.C. 1989, and 7 U.S.C. 8107, the heading of chapter XVIII is revised to read as follows:

## **CHAPTER XVIII – RURAL HOUSING SERVICE, RURAL BUSINESS- COOPERATIVE SERVICE, AND RURAL UTILITIES SERVICE, DEPARTMENT OF AGRICULTURE**

### **PART 1942 – ASSOCIATIONS**

6. The authority citation for part 1942 continues to read as follows:

*Authority:* 5 U.S.C. 301; 7 U.S.C. 1989.

**Subpart A – Community Facility Loans**

7. Section 1942.10 revised to read as follows:

**§ 1942.10 Strategic economic and community development.**

Applicants with projects that support the implementation of Strategic Community Investment Plans are encouraged to review and consider 7 CFR part 1980, subpart K, which contains provisions for providing priority to projects that support the implementation of Strategic Community Investment Plans on a multi-jurisdictional and multi-sectoral basis.

**Subpart C – Fire and Rescue and Other Small Community Facilities Projects**

8. Section 1942.110 revised to read as follows:

**§ 1942.110 Strategic economic and community development.**

Applicants with projects that support the implementation of Strategic Community Investment Plans are encouraged to review and consider 7 CFR part 1980, subpart K, which contains provisions for providing priority to projects that support the implementation of Strategic Community Investment Plans on a multi-jurisdictional and multi-sectoral basis.

**PART 1980 – GENERAL**

9. The general authority citation for part 1980 continues to read as follows:

*Authority:* 5 U.S.C. 301; 7 U.S.C. 1989.

\* \* \* \* \*

## **Subpart K – Strategic Economic and Community Development**

10. Section 1980.1001 is revised to read as follows:

### **§ 1980.1001 Purpose.**

Projects that support the implementation of Strategic Community Investment Plans may receive priority funding from authorized programs found in § 1980.1002. The purpose of this subpart is to describe the process by which applications will be reviewed and selected to receive priority funding.

11. Section 1980.1002 is revised to read as follows:

### **§ 1980.1002 Programs.**

The Agency may elect to reserve funds from one or more programs for projects that support Strategic Community Investment Plans. The programs chosen for a given fiscal year will be announced annually in a notice published in the Federal Register. The authorized programs are:

- (a) Community Facility Loans (7 CFR part 1942, subpart A).
- (b) Community Facilities Grant Program (7 CFR part 3570, subpart B).
- (c) Community Programs Guaranteed Loans (7 CFR part 3575, subpart A).
- (d) Water and Waste Disposal Programs Guaranteed Loans (7 CFR part 1779).
- (e) Water and Waste Loans and Grants (7 CFR part 1780, subparts A, B, C, and D).
- (f) Business and Industry Guaranteed Loans (7 CFR part 4279, subparts A and B; 7 CFR part 4287, subpart B).
- (g) Rural Business Development Grants (7 CFR part 4280, subpart E).

- (h) Community Connect Grant (7 CFR part 1739).
  - (i) Rural Community Development Initiative Grant (2 CFR part 200).
  - (j) Tribal College Initiative Grants (7 CFR part 3570, subpart B).
  - (k) Intermediary Relending Program (7 CFR part 4274).
  - (l) Mutual Self-Help Housing Technical Assistance Grants (7 CFR part 1944, subpart I).
  - (m) Rural Housing Site Loans (7 CFR part 1822, subpart G).
  - (n) Housing Preservation Grants (7 CFR part 1994, subpart N; 7 CFR part 1970, subparts A and O).
  - (o) Farm Labor Housing Direct Loans and Grants (7 CFR part 3560, subparts L and M).
  - (p) Multi-Family Housing Loan Guarantees (7 CFR part 3565).
  - (q) Distance Learning and Telemedicine Loans and Grants (7 CFR part 1734).
  - (r) Rural Energy for America Program (7 CFR part 4280, subpart B).
  - (s) Rural Economic Development Loans and Grants (7 CFR part 4280).
  - (t) Rural Energy Savings Program (7 U.S.C. 8107a).
  - (u) Value-Added Producer Grants (7 U.S.C. 1632a).
  - (v) Household Water Well System Grant Program (7 CFR part 1776).
  - (w) Solid Waste Management Grant (7 CFR part 1775, subpart D).
12. Amend § 1980.1004 by revising paragraphs (b) and (c) to read as follows:

**§ 1980.1004 Funding.**

\* \* \* \* \*

(b) Percentage of funds. The Agency will reserve up to 15 percent of the funds made available in a fiscal year to each program identified in § 1980.1002. The percentage of funds to be set aside will be published in a notice in the Federal Register on an annual basis. The Agency may reserve the same or different percentages for each program in a single fiscal year.

(c) Unobligated funds. In accordance with 7 U.S.C. 2008v, all Strategic Economic and Community Development (SECD) reserved funds will be reserved for the 1-year period beginning on the date on which the funds were first made available. The Agency has determined that for both non-annual and annually appropriated programs, SECD reserved funding will be available for obligation until dates established by covered programs as specified in a SECD annual Federal Register publication. Reserved funds in annual programs not obligated by September 30 will be reconciled according to applicable law.

13. In §1980.1005:

a. Revise the definition of “Adopted;”

b. Remove the definition of “Carried Out Solely in a rural area;”

c. Add the definition of “Carried out in a rural area” in alphabetical order;

d. Revise the definition of “Jurisdiction”;

e. Remove the definition for “Multi-Jurisdictional” and add the definition for “Multi-jurisdictional” in its place;

f. Add the definition of “Multi-sectoral” in alphabetical order;

g. Revise the definitions of “Philanthropic organization,” “Plan,” and “Project;” and

h. Add the definitions of “Sector,” “Stakeholder,” and “Strategic partners” in alphabetical order.

The revisions and additions read as follows:

**§ 1980.1005 Definitions.**

\* \* \* \* \*

*Adopted* means appropriate entity has, or entities have, officially approved the plan for implementation. The appropriate entity or entities will vary among plans and may be, for example, a governing body or planning board.

\* \* \* \* \*

*Carried out in a rural area* means either:

- (1) The entire project is physically located in a rural area; or
- (2) The beneficiaries of the service(s) provided through the project must either reside in a rural area (in the case of individuals) or be located in a rural area (in the case of entities).

\* \* \* \* \*

*Jurisdiction* means a unit of government or other entity with similar powers, such as a city, county, district, special purpose district, township, town, borough, parish, village, state, Indian tribe, etc.

*Multi-jurisdictional* means more than one jurisdiction.

*Multi-sectoral* means intentional collaboration between two or more sectors (i.e., utility, health, housing, community services, etc.) to accomplish goals and achieve outcomes in communities and regions.

*Philanthropic organization* means an entity whose mission is to provide monetary, technical assistance, or other items of value for religious, charitable, community development, scientific, literary, or educational purposes.

*Plan* means a Strategic Community Investment Plan illustrating:

- (1) A variety of activities designed to facilitate the vision of a rural community for the future including considerations for improving and expanding broadband services as needed;
- (2) Participation by multiple stakeholders, including local and regional partners;
- (3) Leverage of applicable regional resources;
- (4) Investment from strategic partners, such as private organizations, cooperatives, other government entities, Indian tribes, and philanthropic organizations;
- (5) Clear objectives with the ability to establish measurable performance metrics;
- (6) Action steps for implementation; and
- (7) Any other elements necessary to ensure that the plan results in a comprehensive and strategic approach to rural economic development, as determined by the Secretary.

*Project* means the eligible proposed use(s) for which funds are requested as described in the application material submitted to the Agency for funding under the programs listed in §1980.1002.

*Sector* means stakeholders from areas such as business, health, education, and/or workforce; or from organization types such as public, private, non-profit, and/or philanthropy.

*Stakeholder* means an individual, group or organization with an interest in, or affected by, the plan.

*Strategic partner* means entities such as private organizations, cooperatives, other government entities, Indian Tribes, and philanthropic organizations.

15. Amend § 1980.1010 by revising paragraphs (b) and (c) to read as follows:

**§ 1980.1010 Project eligibility.**

\* \* \* \* \*

(b) The Project must be carried out in a rural area; and

(c) The Project must support the implementation of a Strategic Community

Investment Plans on a multi-jurisdictional and multi-sectoral basis.

16. Section 1980.1015 is revised to read as follows:

**§1980.1015 Applications.**

In addition to the application material specific to the applicable program identified in §1980.1002, each applicant seeking funding under this subpart must provide the information specified in paragraphs (a) through (f) of this section.

(a) A Strategic Economic and Community Development application form (Form RD 1980-88);

(b) A description of the jurisdiction or jurisdictions in which the Plan is to be implemented;

(c) Documentation that the Plan was developed through the collaboration of multiple stakeholders in the jurisdiction of the Plan, including the participation of combinations of stakeholders;

(d) Documentation that the Plan demonstrates leveraging of the applicable region's assets to support the Plan;

(e) Documentation indicating whether or not the Plan includes monetary or non-monetary contributions from strategic partners; and

(f) Documentation that the Plan contains:

(1) Clear, measurable performance objectives with action steps for implementation; and

(2) The ability to track progress toward meeting the Plan's objectives.

17. Amend § 1980.1020 by revising paragraphs (a) and (b) to read as follows:

**§ 1980.1020 Scoring.**

\* \* \* \* \*

(a) Program scoring. The Agency will score each application using the criteria for the applicable covered program, identified in § 1980.1002. The maximum number of points an application can receive under this paragraph (a) is based on the scoring criteria for the applicable program identified in § 1980.1002, including any discretionary points that may be awarded.

(b) SECD scoring. The Agency will score each application using the criteria identified in paragraphs (b)(1) and (2) of this section. The maximum number of points an application can receive under this paragraph (b) is 20 points.

(1) Objectives of the plan. The Agency will score how the project supports achieving the objectives of a plan which are identified in paragraphs (b)(1)(i) through (iii). Applicants must supply sufficient documentation that demonstrates to the Agency the criteria identified in paragraphs (b)(1)(i) through (iii) of this section are met. The maximum score under this paragraph (b)(1) is 10 points.

(i) If the project directly supports implementation of three or more of the plan's objectives, the application will receive 10 points.

(ii) If the project directly supports implementation of two of the plan's objectives, the application will receive 5 points.

(iii) If the project directly supports implementation of less than two of the plan's objectives, the application will receive no points.

(2) Characteristics of a plan. The Agency will score the plan associated with a Project based upon the characteristics of the plan, which are identified in paragraphs (b)(2)(i) through (v) of this section. Applicants must supply sufficient documentation that demonstrates to the Agency the criteria identified in paragraphs (b)(2)(i) through (v) of this section are met. The maximum score under this paragraph (b)(2) is 10 points.

(i) Variety of activities. If the plan contains a variety of activities which clearly show facilitation toward achieving the vision for the rural communities and/or region as expressed in the plan, two points will be awarded.

(ii) Regional resources leverage. If the plan demonstrates an understanding of the applicable regional asset resources and indicates leveraging of those resources to support the plan, including cultural resources, natural resources, human resources, infrastructure, and financial resources, two points will be awarded.

(iii) Strategic partner investments. If the Plan includes investments from strategic partners other than the U.S. Department of Agriculture, two points will be awarded.

(iv) Participation by multiple stakeholders. If the plan provides evidence of the involvement of multiple stakeholders from multiple jurisdictions and representing multiple sectors in the preparation, implementation, monitoring and/or evaluation of the plan, Rural Development (RD) will award two points.

(v) Objectives, performance measures, and action steps. If the plan contains clear, measurable objectives, the ability to track progress toward meeting the objectives and identifiable action steps for implementation, two points will be awarded.

\* \* \* \* \*

18. Section 1980.1025 is revised to read as follows:

**§ 1980.1025 Award process.**

(a) Unless RD indicates otherwise in a notice, the award process for the applicable program identified in § 1980.1002 will be used to determine which Projects receive funding under this subpart.

(b) Projects not receiving funding under this subpart are eligible to compete for funding under the applicable program identified in § 1980.1002. The scores for such Projects when competing for program funding will not include the score assigned to the application under § 1980.1020(b).

**§ 1980.1026 [Removed and Reserved]**

19. Remove and reserve § 1980.1026.

## **PART 3570 – COMMUNITY PROGRAMS**

20. The authority citation for part 3570 continues to read as follows:

*Authority:* 5 U.S.C. 301; 7 U.S.C. 1989.

### **Subpart B – Community Facilities Grant Program**

21. Section 3570.71 revised to read as follows:

#### **§ 3570.71 Strategic economic and community development.**

Applicants with projects that support the implementation of Strategic Community Investment Plans are encouraged to review and consider 7 CFR part 1980, subpart K, which contains provisions for providing priority to projects that support the implementation of Strategic Community Investment Plans on a multi-jurisdictional and multi-sectoral basis.

## **PART 3575 – GENERAL**

22. The authority citation for part 3575 continues to read as follows:

*Authority:* 5 U.S.C. 301, 7 U.S.C. 1989.

### **Subpart A – Community Program Guaranteed Loans**

23. Section 3575.51 revised to read as follows:

#### **§ 3575.51 Strategic economic and community development.**

Applicants with projects that support the implementation of Strategic Community Investment Plans are encouraged to review and consider 7 CFR part 1980, subpart K, which contains provisions for providing priority to projects that support the implementation of strategic community investment plans on a multi-jurisdictional and multi-sectoral basis.

## **PART 4279 – GUARANTEED LOANMAKING**

24. The authority citation for part 4279 continues to read as follows:

*Authority:* 5 U.S.C. 301; and 7 U.S.C. 1989; and Public Law 116-136, Division B, Title I.

### **Subpart B – Business and Industry Loans**

25. Section 4279.162 revised to read as follows:

#### **§ 4279.162 Strategic economic and community development.**

Applicants with projects that support the implementation of Strategic Community Investment Plans are encouraged to review and consider 7 CFR part 1980, subpart K, which contains provisions for providing priority to projects that support the implementation of Strategic Community Investment Plans on a multi-jurisdictional and multi-sectoral basis.

## **PART 4280 – LOANS AND GRANTS**

26. The authority citation for part 4280 continues to read as follows:

*Authority:* 5 U.S.C. 301; 7 U.S.C. 940c and 7 U.S.C. 1932(c).

### **Subpart E – Rural Business Development Grants**

27. Section 4280.428 revised to read as follows:

#### **§ 4280.428 Strategic economic and community development.**

Applicants with projects that support the implementation of Strategic Community Investment Plans are encouraged to review and consider 7 CFR part 1980, subpart K, which contains provisions for providing priority to projects that support the

implementation of Strategic Community Investment Plans on a multi-jurisdictional and multi-sectoral basis.

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