



Tom Harkin, U.S. Senator



MEMORANDUM

TO: Iowa Rural Leaders
FROM: Senator Tom Harkin (D-IA)
RE: **Analysis of House Budget Cuts on Rural Communities in Iowa – Major Proposed Cuts from Vital Conservation to Economic Development**
DATE: March 1, 2011

The U.S. House recently passed a budget proposal for Fiscal Year 2011 that would drastically cut funding for programs that help keep Iowa's rural communities safe, livable, and flourishing. **From vital water infrastructure to economic development programs, rural Iowa communities will be at a disadvantage if the House proposal is enacted.**

There is no question that the time has come for tough budget decisions, but **the smart way to bring down the deficit is for Congress to pursue a balanced approach of major spending cuts and necessary revenue increases, while continuing to make investments in education, infrastructure, and research.** That is the only way our country will remain competitive in the global economy and create good jobs that provide a sustained economic expansion in the years ahead.

Below are some specific cuts Iowa will face in rural communities if the House budget is enacted.

Community Development Block Grant (CDBG) program:

The House plan cuts more than half of the program, \$2.5 billion, which has helped many communities in rural Iowa provide housing, sewers, and other infrastructure, along with increasing economic opportunities, particularly for people of modest means.

➤ **Estimated Impact on Iowa: \$28 million eliminated in grants to local governments.**

EPA Clean Water and Drinking Water State Revolving Funds:

The House bill cuts \$2 billion from the two funds that help communities pay for sewage and wastewater treatment, watershed management, and other clean-up projects that ensure safe drinking water.

➤ **Estimated Impact on Iowa: \$28 million cut from needed waste water and drinking water improvements.**

Rural Development (RD) programs:

The House leadership's plan would cut almost \$500 million from the Department of Agriculture's Rural Development programs. These cuts include slashing \$35 million for the Rural Housing Service, which is used to make direct mortgages and guarantee rural home mortgages for those of modest means; \$48 million for business loans, loan guarantees, and grants in rural areas; and \$155 million for utility assistance, mostly for sewer and drinking water systems in small towns and rural areas. These programs are important in keeping rural areas with higher infrastructure costs competitive with urban areas.

➤ **Estimated Impact on Iowa: Rural communities could expect to see program funding slashed and would likely experience a significantly more competitive process for receiving funds.**

Harkin's full statement on the budget proposals before Congress can be found [here](#).

For a compilation of all outreach pieces on this issue, please click [here](#)