**Program:** Rural Electric Utility Loans and Guarantees  

**Agency:** Department of Agriculture  
**Bureau:** Rural Utilities Service

**Key Performance Measures**

<table>
<thead>
<tr>
<th>Year</th>
<th>Target</th>
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**Rating:** Results Not Demonstrated  
**Program Type:** Credit  
**Program Summary:**

The US Department of Agriculture's (USDA) Rural Utilities Service (RUS) provides direct and guaranteed loans to rural electric cooperatives and other utilities in rural areas for generating, transmitting, and distributing electricity. Originally the intent of the program was to provide electric service. Since most citizens have service, the goal has shifted to providing affordable and reliable service. In addition, since many communities have grown since RUS started giving electric loans and RUS does not recertify the rural status of borrowers' service areas, some RUS electric loan funds support some urban areas.

RUS's electric program is well designed with a clear purpose which resulted in a high purpose rating. In addition, RUS received a high management rating because the program is effectively managed. However, the analysis reveals a disconnect between USDA's strategic goals and RUS's performance goals and measures. The Department's plan and RUS's goals do not match up with each other. The PART analysis also highlighted the need for better performance measures. Specifically, we found:

1. One of USDA's goals is to provide support to rural areas of greatest need. Except for the hardship program, RUS electric loans are not provided in such a way that would focus the support to areas of greatest need and do not always go to rural areas. RUS goals and measures supposedly support USDA's rural development goals, but the link between the goals and measures is not readily apparent.
2. RUS strategic goals are very broad, and it is difficult to demonstrate the impact of program funding on rural economies. Due to this, RUS received low scores in the Strategic Planning and Program Results sections.

To address these findings, RUS will:

1. Target RUS electric loans to areas with high poverty rates.
2. Increase funding for hardship loans that can only be used in areas that are severely depressed (applicants must meet rate disparity thresholds and their consumers must fall below average per capita and household income thresholds).

(For more information on this program, please see the Department of Agriculture chapter in the Budget volume.)