

THE RURAL REPORT | MAR 24 2026

Updates on Federal Action and Funding Opportunities
Supporting Development in Rural Communities

Strait of Hormuz Disruptions Drive Fertilizer Crisis and Policy Scramble

Rising fertilizer prices, driven by the conflict involving Iran and disruptions in the Strait of Hormuz, are intensifying pressure on U.S. farmers and creating political challenges for President Trump and congressional Republicans ahead of the midterms. While the administration has taken steps such as easing sanctions on Venezuelan fertilizer imports and temporarily waiving Jones Act restrictions, lawmakers and industry experts say these measures offer only marginal relief. With a significant share of global fertilizer exports dependent on the strait, stakeholders argue that reopening the shipping route remains the only meaningful solution to stabilize supply and prices, leaving policymakers with limited short-term options.

The economic ripple effects are expected to extend well beyond the farm sector, with higher input and transportation costs likely to drive up consumer food prices, particularly for processed goods reliant on corn and other row crops. Republican lawmakers, already navigating voter concerns about affordability, are increasingly pushing for additional financial support, including proposals for up to \$15 billion in farm aid as part of a broader supplemental package. Industry groups, including the American Farm Bureau Federation, are urging further policy action, but uncertainty remains over whether Congress can deliver sufficient relief amid broader geopolitical tensions and fiscal debates.

Blue States Sue USDA Over Funding Conditions

A coalition of 21 Democratic attorneys general has sued the U.S. Department of Agriculture, challenging new funding conditions tied to policies advanced by the White House. The lawsuit argues that requirements imposed by Agriculture Secretary Rollins unlawfully attach political conditions to billions in federal funding for food, agriculture, and research programs, citing vague provisions related to gender, diversity, and immigration that raise enforceability concerns.

The states also contend the changes could disrupt essential public services and violate constitutional limits on federal spending authority. They allege the USDA has adopted an aggressive enforcement approach, including directing staff to monitor and report noncompliance, and are seeking to block the policy to prevent funding cuts that could impact nutrition assistance, agricultural research, and overall food system stability.

Funding Opportunities

[USDA Rural Economic Development Loan and Grant Program](#)

U.S. Department of Agriculture

USDA Rural Development supports zero-interest loans and grants for current and former eligible Rural Utilities Service borrowers who then use the funds to help local businesses finance projects that create/retain jobs or support community facility projects. **Application Deadline: 3/31/2026**

[Community Wood Grant Program](#)

U.S. Forest Service

U.S. Forest Service awards funding to shovel-ready projects to install a community wood energy system or build an innovative wood product facility. **Application deadline: 4/22/2026**

[Value-Added Producer Grants](#)

U.S. Department of Agriculture

USDA Rural Development helps U.S. agricultural producers enter into value-added activities. These grants support either: Planning activities (e.g., feasibility studies, business and marketing plans). Working capital needs (e.g., processing, packaging, advertising, inventory, and salaries). **Application deadline: 4/22/2026**

[Electric Infrastructure Loan & Loan Guarantee Program](#)

U.S. Department of Agriculture

USDA Rural Development provides insured loans and loan guarantees to nonprofit and cooperative associations, public bodies, and other utilities. Insured loans primarily finance the construction of electric distribution facilities in rural areas. **Application deadline: Open**

[Water & Waste Disposal Loan & Grant Program](#)

U.S. Department of Agriculture

USDA Rural Development provides funding for clean and reliable drinking water systems, sanitary sewage and solid waste disposal, and storm water drainage to households and businesses in eligible rural areas. **Application deadline: Open**

[Community Facilities Direct Loan Program](#)

U.S. Department of Agriculture

USDA Rural Development provides affordable funding to develop essential community facilities in rural areas. Projects include fire and rescue stations, town halls, health care clinics, and hospitals. **Application deadline: Open**

[Community Facilities Guaranteed Loan Program](#)

U.S. Department of Agriculture

USDA Rural Development provides loan guarantees to eligible lenders to develop essential community facilities (CF) in rural areas. Examples of community facilities include health care facilities, buildings like town halls, and public safety facilities such as fire departments. **Application deadline: Open**

[Timber Production and Expansion Guaranteed Loan Program \(TPEP\)](#)

U.S. Department of Agriculture

USDA Rural Development provides financial support to qualified lenders whose loan applicants want to establish, reopen, expand, or improve a sawmill or other wood processing facility that processes ecosystem restoration byproducts from USDA Forest Service National Forest System lands. **Application deadline: Accepted until funds are expended.**