



United States Department of Agriculture

Office of the Secretary
Washington, D.C. 20250

April 30, 2007

Dear Chairmen and Ranking Members:

I am pleased to share with you legislative language to implement the rural development provisions of the President's proposal for the 2007 farm bill. We have been asked by Members and staff to provide a draft for their consideration.

I believe that our comprehensive proposals can be the building blocks for a farm bill that is more equitable, predictable, and better able to withstand challenge. More specifically, the rural development proposals I am forwarding to you today are intended to streamline the Department of Agriculture's rural development activities to help rural America take advantage of new opportunities to create wealth and improve the quality of life.

Some rural communities struggle to maintain basic services including adequate drinking water, first responder services, and critical health care. These communities also have difficulty in attracting broadband services. To help address these needs, the Department proposes to allocate \$500 million to reduce the backlog of applications for Rural Development water and waste disposal grants and direct loans, emergency community water assistance grants, Community Facilities loan and grant programs that assist rural first responders, broadband access loans, and distance learning and telemedicine grants. The Department also proposes to invest \$85 million to support an estimated \$1.6 billion in guaranteed loans and \$5 million in grants to complete the reconstruction and rehabilitation of over 1,200 Rural Critical Access Hospitals.

Historically, when a problem develops in rural America, new programs have been developed with unique provisions to address them. The Consolidated Farm and Rural Development Act contains multiple provisions to authorize the same activity. The current legislative authorities for Rural Development's bioenergy grant programs create unnecessary difficulties for Rural Development to coordinate with the Department of Energy's bioenergy activities. As a result, it is very difficult for rural communities to understand the resources Rural Development has to help them. The Department proposes to consolidate certain legislative authorities into four platforms: a Multi-Department Energy Grants Platform, a Business Loan and Loan Guarantee Platform, a Business Grants Platform, and a Community Programs Platform. This grouping of authorities will reflect the customers that directly benefit from these programs.

I have consulted with the Office of Management and Budget and can represent that the attached proposal is in accordance with the program of the President.

I appreciate your consideration of the legislative language that correlates with our 2007 farm bill rural development proposals, and I would be happy to further discuss these proposals with you, or any Member of Congress, and to answer any questions you might have.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Johanns". The signature is written in a cursive, flowing style.

Mike Johanns
Secretary

Enclosures