

2008 Explanatory Notes
Rural Business-Cooperative Programs

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RURAL BUSINESS AND COOPERATIVE PROGRAMS

Purpose Statement

USDA Rural Development's Business and Cooperative Programs provides loans, loan guarantees and grants designed to increase economic opportunity in rural America. Business opportunities vary widely from one community to another, and all types of businesses are eligible for some level of support.

Authorization and Program Descriptions

Business and Industry Guaranteed Loan Program (B&I) - Section. 310B of CONACT, 7 U.S.C 1921. Access to capital is key to keeping and increasing the number and size of businesses operating in rural areas. For businesses of all sizes, commercial loans in rural areas are not as readily available, are perceived to be riskier, and tend to be more expensive than loans in metropolitan areas. Banking regulations, especially concentration of credit and lending limits, make large loans virtually impossible without the agency guarantee. These guaranteed loans can be sold or participated, further stimulating capital formation and offering rural banks opportunities to increase income and replenish capital. The guaranteed loan program supports financing for business and industrial acquisition, construction, conversion, enlargement, repair or modernization outside a town or city with a population of less than 50,000, including the urbanized area adjacent and contiguous to such town or city. Loan funds are used to finance the purchase and development of land, easements, rights-of-way, buildings, equipment, facilities, machinery, supplies and materials, and fund to pay startup costs and supply working capital. Individuals, as well as public, private, or cooperative organizations, Indian tribes, and corporations are eligible. The loan guarantee percentage drops from a maximum of 80 percent for loans of up to \$5 million to 60 percent for loans between \$10 million and \$40 million. The aggregate loan amount available to any one borrower under this program is limited to \$25 million. An exception to the limit is for cooperative organizations when the facility is located in a rural area and the facility provides value added processing of an agricultural commodity. The maximum amount in such cases is \$40 million.

Intermediary Relending Program (IRP) - Section 1323, Food Security Act of 1985. Revolving loan programs, such as the IRP, address the lack of available credit and financial market conditions which exist in many rural communities, especially for smaller entities, service businesses and start-up activities. These conditions often limit the ability of rural economies to create jobs, enhance amenities, and increase incomes to enable rural families to prosper.

Rural Economic Development Loans and Grants (REDLG) - Section 313 RE Act of 1936, as amended, 7 U.S.C. 940C. This program provides zero-interest loans and small grants to electric and telephone utilities financed by the Rural Development's Utilities Programs, which, in turn, use the funding to promote sustainable rural economic development and job creation projects and to capitalize revolving loan funds for economic development and job creation purposes.

Rural Business Investment Program (RBIP) - Section 6029 of the 2002 Farm Bill, Public Law 107-171. The rural business investment program is designed to promote economic development and create wealth, job opportunities and meet the equity capital needs of smaller enterprises in rural areas. USDA selects and licenses rural business investment companies, guarantees debentures, and makes grants to rural business investment companies. In turn, the rural business investment companies make venture capital investments in rural areas with the objective of fostering economic development and returning maximum profits to investors. As required by statute, day-to-day management and operation of the rural business investment program is carried out by the Small Business Administration through an interagency agreement.

Renewable Energy Systems and Energy Efficiency Improvement Program - Section 9006 of the 2002 Farm Bill, Public Law 107-171. Section 9006 loan and grant programs help farmers, ranchers and rural small businesses purchase and install renewable energy systems and make energy efficiency

improvements. Renewable energy projects benefit agricultural producers and rural small businesses with new and sustainable, income streams; reduced reliance on fossil fuels; and an improved environment. Energy efficiency projects also reduce the cost of production and business operations. Authorization for this program expires at the end of FY 2007.

Rural Cooperative Development Grants (RCDG) - Authorized by section 310B(e) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932 (e)). Regulations are found in 7 CFR part 4284, subparts A and F. Rural cooperative development grants improve the economic condition of rural areas by promoting a range of cooperative development activities. Grants are made to nonprofit corporations and institutions of higher education to operate centers for cooperative development. The centers address rural economic problems in two ways. First, a center brings together expertise in cooperative development and cooperative business operations that would otherwise be more difficult to obtain. Second, these experts in cooperative development facilitate new cooperative businesses and improve the operations of existing cooperatives through technical assistance and educational programs. Consequently, rural cooperative development grants promote the creation or retention of jobs in rural areas through the development of new rural cooperatives, value-added processing and other rural businesses.

Value-Added Agricultural Market Development Grant Program (VAPG) - Authorized by the Agricultural Risk Protection Act of 2000 and amended by Sections 6401 and 6402 of the Farm Security and Rural Investment Act of 2002, (Farm Bill). Value-added agricultural market development grants enables producers of agricultural commodities to participate in the economic returns found in the value-added market. Grants may be used to develop business plans and develop strategies for creating marketing opportunities. Grants may also be used for feasibility studies and to provide capital to establish alliances or business ventures allowing producers to better compete in domestic and international markets.

Grants to Assist Socially Disadvantaged Producers (GASDP) - Authorized and appropriated by P.L. 109-97. Grants to assist socially disadvantaged producers provides funding for cooperatives or associations of cooperatives whose primary focus is to provide assistance to small, socially disadvantaged producers whose governing board and /or membership is comprised of at least 75 percent socially disadvantaged members. Grants may be used for developing business plans, conducting feasibility studies, or developing marketing plans for farmers, ranchers, loggers, agricultural harvesters and fishermen. Grantees must have gross annual sales of not more than \$250,000, and engage in the production or harvesting of an agricultural product.

Cooperative Agreements for Research - Authorized by the Cooperative Marketing Act of 1926, (7 U.S.C. 453). Cooperative agreements are used to encourage research on critical issues vital to the development and sustainability of cooperatives as a means of improving the quality of life in America's rural communities. Research proposals are solicited from institutions of higher education or non-profit organizations interested in applying for competitively awarded cooperative agreements for research related to agricultural and nonagricultural cooperatives serving rural communities.

Cooperative Education and Research Program - Authorized by the Cooperative Marketing Act of 1926, (7 U.S.C. 453). The cooperative program conducts applied research on practical issues and problems facing cooperatives and disseminates information to farmers and the general public on dealing with these issues. A range of educational activities and materials are developed to increase public awareness of cooperative strategies that can increase rural economic activity. Research findings are disseminated through a range of publications, such as the Rural Cooperatives magazine, the Internet, and participation in a variety of research and professional organization events.

Technical Assistance to Cooperatives Program - Authorized by the Cooperative Marketing Act of 1926, (7 U.S.C. 453). The cooperative program is authorized to provide advice and assistance to existing cooperatives and groups of farmers contemplating the formation of cooperatives. Technical assistance is provided through a network of staff at the national and state offices. Technical assistance studies are provided at the request of a cooperative or steering committee on a no fee basis and may cover a range of

business operational, organizational, financial, or developmental topics and problems. Resources to support these important activities are provided from the general salaries and expense account appropriated to Rural Development.

1890 Land Grant Entrepreneurial and Outreach Program - Authorized through Section 607(b)(4) of the Rural Development Act of 1972, as amended by section 759A of the Federal Agriculture Improvement And Reform Act of 1996 and Executive Order 13256. The 1890 outreach program is supported by the general salaries and expense account appropriated to Rural Development. Under this program, Rural Development enters into cooperative agreements with 1890 land grant institutions to support Rural Development's outreach to and economic development activities in small, rural, and often underserved communities. The program strives to develop future entrepreneurs and businesses, including cooperatives, in those rural communities that have the most economic need. The 1890 Land Grant institutions can: sponsor business conferences and workshops; finance rural businesses; provide technical assistance to new and existing businesses; assist communities in leveraging other resources via State, local, private, and/or public funding; assist businesses through the application process; offer courses in business development; provide computer labs where community members can access other rural economic development sources on the Internet; and establish business incubator services.

Appropriate Technology Transfer for Rural Areas (ATTRA) Program - Authorized by P.L 104-37. The appropriate technology transfer for rural areas program provides information to farmers and other rural users on a variety of sustainable agricultural practices that include both cropping and livestock operations. The program encourages agricultural producers to adopt sustainable agricultural practices, which allow for them to maintain or improve profits, produce high quality food and reduce adverse impacts to the environment.

OIG Reports

OIG Audit Report No. 85001-01-HY Rural Business-Cooperative Service, Fiscal Year 2004 Rural Development [sic] Grant to the Shenandoah Valley Electric Cooperative.

OIG Audit Report No. 34601-4-KC Rural Business-Cooperative Service, Value-Added Agricultural Product Market Development Grant Program.

OIG Audit Report No. 34601-0004-Ch Rural Business-Cooperative Service Progress to Implement the Improper Payments Information Act of 2002.

GAO Reports

None

Geographic dispersion of offices and employees

Rural Development programs are administered by the three programs representing Rural Development: Housing and Community Facilities, Utilities, and Business and Cooperative Development. Rural Development headquarters is located in Washington, D.C. As of September 30, 2006, there were 6,344 permanent full-time employees, including 617 in the headquarters office and 5,727 in field offices.

RURAL BUSINESS-COOPERATIVE SERVICE

The estimates include appropriation language for this item as follows (new language underscored):

Rural Business Program Account (including transfer of balances)

For the costs of loan guarantees and grants, for the rural business and cooperative development programs as authorized by 7 U.S.C. 1926 and 1932 and described in sections 381E(d)(3) and 310B(f) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 note), \$43,200,000, to remain available until expended: *Provided*, That of the amount appropriated under this heading, not to exceed \$236,000 shall be available through June 30, 2008, for authorized empowerment zones and enterprise communities and communities designated by the Secretary of Agriculture as Rural Economic Area Partnership Zones for the rural business and cooperative development programs described in section 381E(d)(3) of such Act: *Provided further*, That sections 381E-H and 381N of the Consolidated Farm and Rural Development Act, are not applicable to funds made available under this heading: *Provided further*, That any prior balances in the "Rural Development, Rural Community Advancement Program" account for programs authorized by 7 U.S.C. 1926 and 1932 and described in section 381E(d)(3) and 310B(f) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 note) shall be transferred and merged with this account: *Provided further*, That the Secretary shall transfer and merge with this account any other prior balances from the "Rural Development, Rural Community Advancement Program" account that the Secretary determines is appropriate to transfer.

The FY 2008 budget reflects a change in the presentation of funding for programs that were previously combined under the Rural Community Advancement Program (RCAP). RCAP, which was created by the 1996 Farm Bill, provided for a single budget request to be distributed among three funding streams – rural utilities programs (water and waste loans and grants), rural community programs (direct and guaranteed loans and grants), and rural business and cooperative development programs (primarily business and industry loan guarantees and rural business enterprise grants); with specific limitations on the transferability of funds both within and among these streams. Recent appropriations language, however, provided for the transferability of funds only within streams. The appropriations language of the FY 2008 budget provides for a separate request for each stream. This change presents the budget in a simpler, more direct manner while achieving the same purpose as recent appropriations.

RURAL BUSINESS-COOPERATIVE SERVICE

Analysis of Change in AppropriationRURAL BUSINESS PROGRAM ACCOUNT

(On basis of loan level, subsidy, and grants)

	<u>Loan Level</u>	<u>Subsidy</u>	<u>Grants</u>
Estimate, 2007.....	\$685,756,000	\$29,899,000	\$43,555,000
Budget Estimate, 2008.....	<u>1,000,000,000</u>	<u>43,200,000</u>	<u>0</u>
Increase or Decrease in Appropriation.....	<u>314,244,000</u>	<u>13,301,000</u>	<u>-43,555,000</u>

PROJECT STATEMENT
(On basis of supportable loan levels and appropriated subsidies and grants)
(In thousands of dollars)

Item of Change	2006 Actual		2007 Estimated		Increase or Decrease		2008 Estimated	
	Program Level	Subsidy/BA	Program Level	Subsidy/BA	Program Level	Subsidy/BA	Program Level	Subsidy/BA
Rural Business Programs:								
Business and industry guaranteed loans.....	766,314	36,706	685,756	29,899	314,244 (1)	13,301 (3)	1,000,000	43,200
Business and industry guaranteed NADBank loans a/.....	0	0	0	0	0	0	0	0
Rural business enterprise grants.....	41,807	41,807	38,674	38,674	-38,674 (2)	-38,674	0	0
Rural business opportunity grants.....	3,140	3,140	2,901	2,901	-2,901 (2)	-2,901	0	0
Delta regional authority.....	1,980	1,980	1,980	1,980	-1,980 (2)	-1,980	0	0
Special Earmark.....	0	0	0	0	0	0	0	0
Total Available or Estimate.....	813,242	83,634	729,311	73,454	270,689	-30,254	1,000,000	43,200
Recovery of prior year obligations.....	-124,071	-10,282						
Unobligated balance available, start of year.....	-89,793	-5,099						
Unobligated balance available, end of year...	359,777	20,719						
Rescission b/.....	9,689	899						
Total Appropriation.....	968,844	89,870	729,311	73,454	270,689	-30,254	1,000,000	43,200

NOTE: Amounts reflected above are budget projections of use of funds within the Rural Community Advancement Program and the Rural Business Program Account. The justification of increases and decreases is based on the projected use of funds. Individual columns may not add down due to rounding.

a/ The North American Free Trade Agreement Implementation Act, P.L. 103-182, 107 Stat. 2057, authorizes the Rural Business-Cooperative Service to accept offsetting collections from the United States Commodity Adjustment and Investment Program for the purpose of making NADBank guaranteed business and industry loans. In FY 2006, an unobligated carryover balance of \$678,393.36 was available for this purpose. The FY 2006 loan subsidy rate was 10.47 percent.

b/ The amounts are rescinded pursuant to Section 3801 of Division B, Title III, of P.L. 109-148.

PROJECT STATEMENT
(On basis of obligations under available funds)
(In thousands of dollars)

Item of Change	2006 Actual		2007 Estimated		Increase or Decrease		2008 Estimated	
	Program Level	Subsidy/BA	Program Level	Subsidy/BA	Program Level	Subsidy/BA	Program Level	Subsidy/BA
Rural Business Programs:								
Business and industry guaranteed loans.....	766,314	36,706	1,096,282	47,798	-96,282	-4,598	1,000,000	43,200
Business and industry guaranteed NADBank loans a/.....	0	0	7,414	678	-7,414	-678	0	0
Rural business enterprise grants.....	41,807	41,807	39,905	39,905	-39,905	-39,905	0	0
Rural business opportunity grants.....	3,140	3,140	3,003	3,003	-3,003	-3,003	0	0
Delta regional authority.....	1,980	1,980	2,145	2,145	-2,145	-2,145	0	0
Special Earmark.....	0	0	644	644	-644	-644	0	0
Total Available or Estimate.....	813,242	83,634	1,149,392	94,173	-149,392	-50,973	1,000,000	43,200
Recovery of prior year obligations.....	-124,071	-10,282	0	0	0	0	0	0
Unobligated balance available, start of year.....	-89,793	-5,099	-420,082	-20,719	420,082	20,719	0	0
Unobligated balance available, end of year.....	359,777	20,719	0	0	0	0	0	0
Rescission b/.....	9,689	899	0	0	0	0	0	0
Total Appropriation.....	968,844	89,870	729,311	73,454	270,689	-30,254	1,000,000	43,200

NOTE: Amounts reflected above are budget projections of use of funds within the Rural Community Advancement Program and the Rural Business Program Account. The justification of increases and decreases is based on the projected use of funds. Individual columns may not add down due to rounding.

a/ The North American Free Trade Agreement Implementation Act, P.L. 103-182, 107 Stat. 2057, authorizes the Rural Business-Cooperative Service to accept offsetting collections from the United States Commodity Adjustment and Investment Program for the purpose of making NADBank guaranteed business and industry loans. In FY 2006, an unobligated carryover balance of \$678,393.36 was available for this purpose. The FY 2006 loan subsidy rate was 10.47 percent.

b/ The amounts are rescinded pursuant to Section 3801 of Division B, Title III, of P.L. 109-148.

JUSTIFICATION OF INCREASES AND DECREASE

- (1) An increase of \$314,244,000 for the guaranteed business and industry loan level (\$685,756,000 available in 2007).

A supportable loan level of \$1 billion for the guaranteed business and industry (B&I) loan program is requested for FY 2008, an increase of \$314.244 million from FY 2007. The proposed loan level of \$1 billion is estimated to create/save approximately 20,500 jobs and assist approximately 600 businesses.

The business and industry guaranteed loan program is an essential tool in financing business activity for a broad range of community needs. The goals of the program are to: help bring low-income rural residents into positions of higher and raising economic benefits through participation in the private sector economy as both workers and business owners, assist in the conversion of rural economic bases by funding alternatives to declining or terminating industries, help reduce the dependency of rural economies on single economic sectors, and help create new economic strengths to enhance local productivity and competitiveness.

The guaranteed business and industry loan level supports the President's budget by promoting the creation of stable rural businesses; by securing start-up capital; and financing for expansion, creating jobs, and helping diversify the rural economy. This investment will provide increased employment opportunities for rural communities and upgrade community infrastructure to improve the quality of life for rural residents.

To retain interest in the program, rural businesses and cooperatives, along with their lenders, require assurance that funds are available to fund their applications. The budget proposes \$1 billion for FY 2008. The agency strives to improve the quality of life in rural America by encouraging the establishment and growth of rural businesses and cooperatives, which ultimately increases the availability, stability, and quality of jobs in rural America. This is important because the unemployment rate is approximately 14 percent higher in rural areas than urban areas. The agency also strives to expand economic and trade opportunities for agricultural producers and other rural residents and build leveraging partnerships with State, local and private sources to expand the total amount of resources provided to rural areas.

- (2) A decrease of \$43,555,000 for the rural business grant programs (\$43,555,000 available in 2007).

We request elimination of the grant programs. These programs are of great value for rural America. However, funding can be provided by other business loans and grants programs within rural development.

- (3) An increase of \$13,301,000 in guaranteed loan subsidy for the guaranteed business and industry loans (\$29,889,000 available in 2007).

The requested subsidy amount is necessary to support the estimated loan obligations associated with the requested FY 2008 loan level for the guaranteed business and industry loans. The change is due to the annual technical assumption changes in addition to changes in the borrower rate and the discount rates.

RURAL BUSINESS-COOPERATIVE SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
2006 Actual and Estimated 2007 and 2008

Business and Industry Loan Program - Guaranteed

	2006	2007	2008
Alabama	\$11,150,000	\$26,562,000	\$24,229,000
Alaska	35,216,500	10,143,000	9,252,000
Arizona	11,027,500	14,327,000	13,069,000
Arkansas	4,825,000	20,243,000	18,465,000
California	104,747,600	24,812,000	22,633,000
Colorado	8,376,500	12,630,000	11,521,000
Connecticut	5,000,000	9,500,000	8,666,000
Delaware	-	8,301,000	7,572,000
Florida	10,137,506	21,501,000	19,613,000
Georgia	6,155,000	29,861,000	27,238,000
Hawaii	769,500	8,732,000	7,965,000
Idaho	7,785,000	12,256,000	11,180,000
Illinois	14,259,540	20,959,000	19,118,000
Indiana	3,765,543	21,257,000	19,390,000
Iowa	31,680,000	16,964,000	15,474,000
Kansas	4,445,000	13,875,000	12,656,000
Kentucky	5,074,000	27,786,000	25,346,000
Louisiana	17,000,000	20,654,000	18,840,000
Maine	13,881,811	13,987,000	12,759,000
Maryland	3,600,000	12,306,000	11,225,000
Massachusetts	6,891,000	10,531,000	9,606,000
Michigan	29,027,000	27,713,000	25,279,000
Minnesota	15,350,000	18,663,000	17,024,000
Mississippi	1,200,000	25,168,000	22,958,000
Missouri	15,225,989	23,393,000	21,338,000
Montana	26,775,790	11,827,000	10,788,000
Nebraska	26,645,000	11,532,000	10,519,000
Nevada	-	8,747,000	7,979,000
New Hampshire	1,535,000	10,685,000	9,747,000
New Jersey	3,400,000	10,772,000	9,826,000
New Mexico	5,970,000	13,958,000	12,732,000
New York	49,776,999	26,543,000	24,212,000
North Carolina	29,710,000	34,720,000	31,671,000
North Dakota	10,777,600	9,691,000	8,840,000
Ohio	26,431,418	28,086,000	25,619,000
Oklahoma	17,753,699	19,240,000	17,550,000
Oregon	21,104,055	14,948,000	13,635,000
Pennsylvania	55,870,000	29,551,000	26,956,000
Rhode Island	-	7,609,000	6,941,000
South Carolina	18,470,581	22,543,000	20,563,000
South Dakota	-	10,703,000	9,763,000
Tennessee	25,435,000	26,731,000	24,383,000
Texas	8,915,000	34,720,000	31,671,000
Utah	10,002,939	9,981,000	9,104,000
Vermont	7,740,000	10,230,000	9,331,000
Virginia	-	23,265,000	21,222,000
Washington	8,136,850	17,879,000	16,309,000
West Virginia	25,946,000	18,687,000	17,046,000
Wisconsin	10,815,000	20,671,000	18,855,000
Wyoming	3,685,000	9,026,000	8,233,000
Puerto Rico	-	14,988,000	13,672,000
Virgin Islands	-	6,934,000	6,325,000
W. Pacific Areas	4,828,380	6,934,000	6,325,000
Undistributed	-	172,957,000	157,767,000
Total Avail./Est.	<u>\$766,314,300</u>	<u>\$1,096,282,000</u>	<u>\$1,000,000,000</u>

Business and Industry Loans - Guaranteed
North American Development Bank

	2006	2007	2008
Total Avail./Est.	<u>-</u>	<u>\$7,414,000</u> ^{1/}	<u>-</u>

^{1/} Cannot be distributed by geographic area in advance.

RURAL BUSINESS-COOPERATIVE SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
2006 Actual and Estimated 2007 and 2008

Rural Business Enterprise Grants

	2006	2007	2008
Alabama	\$920,000	\$801,000	-
Alaska	383,965	173,000	-
Arizona	1,002,000	332,000	-
Arkansas	607,900	559,000	-
California	1,622,500	734,000	-
Colorado	316,615	268,000	-
Connecticut	148,000	149,000	-
Delaware	102,000	103,000	-
Florida	616,877	607,000	-
Georgia	1,691,154	927,000	-
Hawaii	630,000	119,000	-
Idaho	352,000	254,000	-
Illinois	1,203,400	587,000	-
Indiana	597,000	598,000	-
Iowa	531,999	434,000	-
Kansas	445,000	316,000	-
Kentucky	1,389,201	848,000	-
Louisiana	574,000	575,000	-
Maine	1,949,955	320,000	-
Maryland	1,497,500	256,000	-
Massachusetts	222,000	188,000	-
Michigan	844,000	845,000	-
Minnesota	696,999	499,000	-
Mississippi	1,393,000	744,000	-
Missouri	980,178	680,000	-
Montana	287,000	238,000	-
Nebraska	417,254	226,000	-
Nevada	60,580	120,000	-
New Hampshire	367,000	194,000	-
New Jersey	295,000	197,000	-
New Mexico	668,000	319,000	-
New York	696,799	800,000	-
North Carolina	1,187,000	1,113,000	-
North Dakota	771,430	156,000	-
Ohio	948,000	859,000	-
Oklahoma	2,409,689	521,000	-
Oregon	849,990	357,000	-
Pennsylvania	1,013,500	915,000	-
Rhode Island	75,000	76,000	-
South Carolina	1,270,296	647,000	-
South Dakota	516,756	195,000	-
Tennessee	1,604,000	807,000	-
Texas	1,111,999	1,113,000	-
Utah	415,344	167,000	-
Vermont	698,800	177,000	-
Virginia	1,014,930	675,000	-
Washington	609,990	469,000	-
West Virginia	599,000	500,000	-
Wisconsin	764,000	576,000	-
Wyoming	576,784	130,000	-
Puerto Rico	127,736	358,000	-
Virgin Islands	50,000	51,000	-
W. Pacific Area	100,000	51,000	-
Undistributed	-	15,982,000	-
Total Avail./Est.	<u>\$40,223,120</u>	<u>\$39,905,000</u>	<u>-</u>

Television Demonstration Grants

	2006	2007	2008
Maine	\$396,000	-	-
North Dakota	396,000	-	-
Vermont	396,000	-	-
Alaska	396,000	-	-
Total Avail./Est.	<u>\$1,584,000</u>	<u>-</u>	<u>-</u>

RURAL BUSINESS-COOPERATIVE SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
2006 Actual and Estimated 2007 and 2008

Rural Business Opportunity Grants

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Alabama	\$45,712	--	--
Alaska	49,304	--	--
Arizona	49,700	--	--
Arkansas	50,000	--	--
California	74,000	--	--
Georgia	50,000	--	--
Hawaii	50,000	--	--
Idaho	240,000	--	--
Illinois	50,000	--	--
Iowa	50,000	--	--
Kansas	36,000	--	--
Louisiana	50,000	--	--
Maine	311,400	--	--
Minnesota	90,000	--	--
Missouri	25,150	--	--
Montana	101,229	--	--
Nebraska	46,810	--	--
New Hampshire	49,000	--	--
New Jersey	50,000	--	--
New Mexico	47,360	--	--
New York	49,994	--	--
North Carolina	200,000	--	--
North Dakota	293,120	--	--
Oklahoma	36,749	--	--
Oregon	277,700	--	--
South Carolina	50,000	--	--
South Dakota	145,000	--	--
Utah	76,100	--	--
Vermont	155,145	--	--
Washington	50,000	--	--
West Virginia	50,000	--	--
Wisconsin	198,000	--	--
Wyoming	42,996	--	--
Total Avail./Est.	<u>\$3,140,469</u>	<u>\$3,003,000</u> ^{1/}	<u>--</u>

^{1/} Cannot be distributed by geographic area in advance.

RURAL BUSINESS COOPERATIVE SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
2006 Actual and Estimated 2007 and 2008

Delta Regional Authority Grants

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Mississippi	1,980,000	--	--
Total Avail./Est.	<u>\$1,980,000</u>	<u>\$2,145,000</u> ^{1/}	<u>--</u>

Rural Business Special Earmark

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Total Avail./Est.	<u>--</u>	<u>\$644,000</u> ^{1/}	<u>--</u>

^{1/} Cannot be distributed by geographic area in advance.

RURAL BUSINESS-COOPERATIVE SERVICE

RURAL BUSINESS PROGRAM ACCOUNT

Classification by Objects
2006 Actual and Estimates 2007 and 2008

	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Other Objects:			
41 Grants, subsidies, and contributions.....	<u>\$83,634,045</u>	<u>\$94,173,000</u>	<u>\$43,200,000</u>
Total direct obligations.....	<u><u>83,634,045</u></u>	<u><u>94,173,000</u></u>	<u><u>43,200,000</u></u>

RURAL BUSINESS-COOPERATIVE SERVICE

RURAL BUSINESS PROGRAM ACCOUNT

Classification by Objects
2006 Actual and Estimates 2007 and 2008

	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Other Objects:			
41 Grants, subsidies, and contributions.....	<u>\$83,634,045</u>	<u>\$94,173,000</u>	<u>\$43,200,000</u>
Total direct obligations.....	<u>83,634,045</u>	<u>94,173,000</u>	<u>43,200,000</u>

RURAL BUSINESS-COOPERATIVE SERVICE

The estimates include appropriation language for this item as follows (new language underscored):

Rural Development Loan Fund Program Account (including transfer of funds)

For the principal amount of direct loans, as authorized by the Rural Development Loan Fund (42 U.S.C. 9812(a)), \$33,772,000.

For the cost of direct loans, \$14,485,000, as authorized by the Rural Development Loan Fund (42 U.S.C. 9812(a)): Provided, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: Provided further, That of the total amount appropriated, \$880,000 shall be available through June 30, 2008, for the cost of direct loans for authorized empowerment zones and enterprise communities and communities designated by the Secretary of Agriculture as Rural Economic Area Partnership Zones.

In addition, for administrative expenses to carry out the direct loan programs, \$4,576,000 shall be paid to the appropriation for "Rural Development, Salaries and Expenses".

RURAL BUSINESS-COOPERATIVE SERVICE

Analysis of Change in AppropriationRURAL DEVELOPMENT LOAN FUND PROGRAM ACCOUNT

(On basis of supportable loan level, appropriated subsidy and administrative expenses)

	<u>Loan Level</u>	<u>Subsidy</u>	<u>Administrative Expenses</u>
Estimate, 2007.....	\$33,062,890	\$14,571,000	\$4,745,000
Budget Estimate, 2008.....	33,772,000	14,485,000	4,576,000
Increase or Decrease in Appropriations.....	<u>709,110</u>	<u>-86,000</u>	<u>-169,000</u>

PROJECT STATEMENT
(On basis of appropriated loan levels, subsidy and administrative expenses)
(In thousands of dollars)

Item of Change	2006 Actual		2007 Estimated		Increase or Decrease		2008 Estimated	
	Program Level	Subsidy/ BA	Program Level	Subsidy/ BA	Program Level	Subsidy/ BA	Program Level	Subsidy/ BA
Intermediary Relending Program								
Loans.....	\$33,870	\$14,571	\$33,063	\$14,571	\$709 (1)	-\$86 (2)	\$33,772	\$14,485
Total loans and subsidies.....	33,870	14,571	33,063	14,571	709	-86	33,772	14,485
Total Administrative expenses a/.....	0	4,745	0	4,745	0	-169 (3)	0	4,576
Total Available or Estimate.....	33,870	19,317	33,063	19,316	709	-255	33,772	19,061
Rescission b/.....	342	195	0	0	0	0	0	0
Total Appropriation.....	34,212	19,511	33,063	19,316	709	-255	33,772	19,061

Staff-years are reflected in the Salaries and Expenses Project Statement.

a/ In FY 2006, funding of \$4,745,070 was appropriated and transferred to the Rural Development Salaries and Expenses account. In FY 2007, funding of \$4,745,070 was estimated and will be transferred to the Rural Development Salaries and Expenses account. In FY 2008, \$4,576,000 is requested and shall be paid to the Rural Development Salaries and Expenses account.

b/ The FY 2006 amounts are rescinded pursuant to Section 3801 of Division B, Title III, Chapter 8, of P.L. 109-148.

JUSTIFICATION OF INCREASE AND DECREASES

- (1) An increase of \$709,000 in the intermediary relending direct loan level (\$33,063,000 available in 2007).

The President's budget requests an increase in the budget authority for the Intermediary Relending Program which will result in a small increase in the program level of funding. This increase is justified by the high level of job creation and retention impact provided by each dollar spent. Funding expended last year is expected to result in approximately 26,000 jobs being created or retained over the funding cycle. This program is historically over-subscribed. The increase will result in the creation or retention of approximately 550 jobs over the life of the loan. The increase will assist in meeting the demand for locally based revolving loan funds and increase access to capital for the rural business community.

- (2) A decrease of \$86,000 in the intermediary relending direct loan subsidy (\$14,571,000 available in 2007).

The requested subsidy amount is necessary to support the estimated loan obligations associated with the requested FY 2008 loan levels for the direct intermediary relending loan program. The change is due to the change in the discount rate.

- (3) A decrease of \$169,000 for administrative expenses (\$4,745,000 available in 2007).

Justification for administrative expenses in the amount of \$4,576,000 and the associated staff-years are reflected in the Rural Development Salaries and Expenses Project Statement.

RURAL BUSINESS-COOPERATIVE SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
2006 Actual and Estimated 2007 and 2008

Intermediary Relending Program Loans

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Alabama	\$500,000	--	--
Arkansas	750,000	--	--
California	500,000	--	--
Idaho	330,000	--	--
Illinois	2,750,000	--	--
Iowa	1,500,000	--	--
Kentucky	750,000	--	--
Michigan	750,000	--	--
Minnesota	250,000	--	--
Missouri	500,000	--	--
Montana	2,000,000	--	--
New Hampshire	1,029,874	--	--
New York	300,000	--	--
North Carolina	3,000,000	--	--
North Dakota	750,000	--	--
Oklahoma	3,300,000	--	--
Oregon	500,000	--	--
Pennsylvania	1,250,000	--	--
South Dakota	5,750,000	--	--
Texas	2,250,000	--	--
Utah	500,000	--	--
Vermont	2,000,000	--	--
Virginia	500,000	--	--
Washington	750,000	--	--
West Virginia	660,000	--	--
W. Pacific Areas	750,000	--	--
Total Avail./Est.	<u>\$33,869,874</u>	<u>\$33,063,000</u> ^{1/}	<u>\$33,772,000</u> ^{1/}

^{1/} Cannot be distributed by geographic area in advance.

RURAL BUSINESS-COOPERATIVE SERVICE

RURAL DEVELOPMENT LOAN FUND PROGRAM ACCOUNT

Classification by Objects
2006 Actual and Estimated 2007 and 2008

	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Other Objects:			
25 Other purchases of goods and services from government accounts.....	\$4,745,070	\$4,745,000	\$4,576,000
41 Grants, subsidies, and contributions.....	14,570,820	14,571,000	14,485,000
Total direct obligations.....	<u>19,315,890</u>	<u>19,316,000</u>	<u>19,061,000</u>

RURAL BUSINESS-COOPERATIVE SERVICE

Analysis of Change in AppropriationRURAL ECONOMIC DEVELOPMENT LOANS PROGRAM ACCOUNT

(On basis of loan level and subsidy)

	<u>Loan Level</u>	<u>Subsidy</u>
Estimate, 2007.....	\$22,601,000	\$4,936,000
Budget Estimate, 2008.....	33,077,000	0
Increase or Decrease in Appropriations.....	<u>10,476,000</u>	<u>-4,936,000</u>

PROJECT STATEMENT

(On basis of supportable loan levels and appropriated subsidy)
(In thousands of dollars)

Item of Change	2006 Actual		2007 Estimated		Increase or Decrease		2008 Estimated	
	Loan Level	Subsidy/BA	Loan Level	Subsidy/BA	Loan Level	Subsidy/BA	Loan Level	Subsidy/BA
Rural economic development direct loans.....	\$25,110	\$5,015	\$22,601	\$4,936	\$10,476 (1)	-\$4,936 (2)	\$33,077	\$0
Total Available or Estimate.....	25,110	5,015	22,601	4,936	10,476	-4,936	33,077	0
Unobligated balance available, end of year.....	-471	-94	0	0				
Recovery of prior year obligations.....	-418	-79	0	0				
Unobligated balance available, end of year.....	531	101	0	0				
Rescission a/.....	250	50	0	0				
Total Appropriation.....	25,002	4,993	22,601	4,936				

Staff years are reflected in the Salaries and Expenses Project Statement.

a/ The FY 2006 amounts are rescinded pursuant to Section 3801 of Division B, Title III, Chapter 8, of P.L. 109-148.

PROJECT STATEMENT

(On basis of available loan levels and subsidy)
(In thousands of dollars)

Item of Change	2006 Actual		2007 Estimated		Increase or Decrease		2008 Estimated	
	Loan Level	Subsidy/BA	Loan Level	Subsidy/BA	Loan Level	Subsidy/BA	Loan Level	Subsidy/BA
Rural economic development direct loans.....	\$25,110	\$5,015	\$23,063	\$5,037	\$10,014	-\$5,037	\$33,077	\$0
Total Available or Estimate.....	25,110	5,015	23,063	5,037	10,014	-5,037	33,077	0
Unobligated balance available, start of year.....	-471	-94	-463	-101	463	101	0	0
Recovery of prior year obligations.....	-418	-79	0	0	0	0	0	0
Unobligated balance available, end of year.....	531	101	0	0	0	0	0	0
Rescission a/.....	250	50	0	0	0	0	0	0
Total Appropriation.....	25,002	4,993	22,600	4,936	10,477	-4,936	33,077	0

Staff years are reflected in the Salaries and Expenses Project Statement.

a/ The FY 2006 amounts are rescinded pursuant to Section 3801 of Division B, Title III, Chapter 8, of P.L. 109-148.

JUSTIFICATION OF INCREASE AND DECREASE

- (1) An increase of \$10,476,000 in the rural economic development loan level (\$22,601,000 available in 2007).

The rural economic development loans are funded via a cushion of credit account that is partially made up of user contributions. Therefore, while we seek to increase the amount available for the program, there will be no funding request for the budget authority. The increase will ensure continued availability of development capital for rural communities. Under the rural economic development loan program, funds are provided for selected projects at zero interest requiring repayment over time. During FY 2006, slightly more than 100 jobs were created or retained for each rural economic development loan made. In addition, the rural economic development loan program is historically over-subscribed. This increase will assist in meeting the needs of rural communities and will result in the creation retention of approximately 2,000 rural jobs.

- (2) A decrease of \$4,936,000 in rural economic development loan subsidy (\$4,936,000 available in 2007).

The budget proposes to fund this program from mandatory funds instead of discretionary funds.

RURAL BUSINESS-COOPERATIVE SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
2006 Actual and Estimated 2007 and 2008

Rural Economic Development Loans

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Georgia	\$1,480,000	--	--
Iowa	3,070,000	--	--
Kansas	3,614,000	--	--
Kentucky	2,369,000	--	--
Minnesota	1,220,000	--	--
Mississippi	3,700,000	--	--
Missouri	2,220,000	--	--
North Carolina	1,277,000	--	--
Oklahoma	526,000	--	--
South Carolina	1,194,309	--	--
South Dakota	1,300,000	--	--
Tennessee	2,240,000	--	--
Wisconsin	900,000	--	--
Total Avail./Est.	<u>\$25,110,309</u>	<u>\$23,063,000</u> ^{1/}	<u>\$33,077,000</u> ^{1/}

^{1/} Cannot be distributed by geographic area in advance.

RURAL BUSINESS-COOPERATIVE SERVICE

RURAL ECONOMIC DEVELOPMENT LOANS PROGRAM ACCOUNT

Classification by Objects
2006 Actual and Estimated 2007 and 2008

	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Other Objects:			
41 Grants, subsidies, and contributions.....	\$5,014,529	\$5,037,000	\$0
Total direct obligations.....	<u>5,014,529</u>	<u>5,037,000</u>	<u>0</u>

RURAL BUSINESS-COOPERATIVE SERVICE

The estimates include appropriation language for this item as follows (new language underscored):

Rural Economic Development Grants (including rescission of funds)

Of the funds derived from interest on the cushion of credit payments, as authorized by section 313 of the Rural Electrification Act of 1936, \$34,000,000 is cancelled.

RURAL BUSINESS-COOPERATIVE SERVICE

Analysis of Change in Appropriation

RURAL ECONOMIC DEVELOPMENT GRANTS

Estimate, 2007.....	\$-78,514,000
Budget Estimate, 2008.....	<u>-34,000,000</u>
Decrease in Rescission.....	<u><u>44,514,000</u></u>

Analysis of Change in Funding

RURAL ECONOMIC DEVELOPMENT GRANTS

Estimate, 2007.....	\$10,000,000
Budget Estimate, 2008.....	<u>10,000,000</u>
No change.....	<u><u>0</u></u>

PROJECT STATEMENT
(On basis of obligations under available funds)

Item of Change	2006 Actual	2007 Estimated	Increase or Decrease	2008 Estimated
Rural economic development grant...	\$10,000,000	\$10,000,000	\$0	\$10,000,000
Total Available or Estimate.....	10,000,000	10,000,000	0	10,000,000
Unobligated balance available, start of year.....	-97,614,779	-7,150,222	7,050,386	-99,836
Recovery of prior year obligations.....	0	0	0	0
Transfer from Rural Electrification and Telecommunications Liquidating Account, Cushion of Credit <u>1</u> /.....	-89,106,402	-69,718,135	18,190,135	-51,528,000
Transfer from Rural Electrification and Telecommunications electric underwriter loan fees.....	-429,041	-11,745,479	11,745,479	0
Unobligated balance available, end of year.....	7,150,222	99,836	7,528,000	7,627,836
Total Appropriation.....	-170,000,000	-78,514,000	44,514,000	-34,000,000

1/ Amounts represent earnings generated by the interest differential on voluntary cushion of credit payments made by Rural Utilities Service borrowers.

JUSTIFICATION OF DECREASE

- (1) A decrease of \$44,514,000 in the rural economic development grants (\$78,514,000 rescinded in 2007).

A \$34,000,000 cancellation is proposed from the prior year balances from interest on cushion of credit payments to offset the budget funding request.

RURAL BUSINESS-COOPERATIVE SERVICE
 GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
 2006 Actual and Estimated 2007 and 2008

Rural Economic Development Grants

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Colorado	\$300,000	--	--
Georgia	300,000	--	--
Iowa	3,475,000	--	--
Kentucky	816,000	--	--
Minnesota	1,400,000	--	--
Mississippi	300,000	--	--
Missouri	300,000	--	--
Montana	300,000	--	--
Nebraska	300,000	--	--
North Carolina	500,000	--	--
South Carolina	300,000	--	--
South Dakota	300,000	--	--
Tennessee	600,000	--	--
Wisconsin	809,000	--	--
Total Avail./Est.	<u>\$10,000,000</u>	<u>\$10,000,000 1/</u>	<u>\$10,000,000 1/</u>

1/ Cannot be distributed by geographic area in advance.

RURAL BUSINESS-COOPERATIVE SERVICE

RURAL ECONOMIC DEVELOPMENT GRANTS

Classification by Objects
2006 Actual and Estimated 2007 and 2008

	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Other Objects:			
41 Grants, subsidies, and contributions.....	<u>\$10,000,000</u>	<u>\$10,000,000</u>	<u>\$10,000,000</u>
Total direct obligations.....	<u><u>10,000,000</u></u>	<u><u>10,000,000</u></u>	<u><u>10,000,000</u></u>

RURAL BUSINESS-COOPERATIVE SERVICE
RURAL BUSINESS INVESTMENT LOANS PROGRAM ACCOUNT

PROJECT STATEMENT

(On basis of appropriated/supportable loan level, subsidy, and administrative expenses)
(In thousands of dollars)

Item of Change	2006 Actual		2007 Estimated		Increase or Decrease		2008 Estimated	
	Program Level	Subsidy/ BA	Program Level	Subsidy/ BA	Program Level	Subsidy/ BA	Program Level	Subsidy/ BA
Mandatory:								
Guaranteed business investment loans a/.....	\$24,294	\$1,875	\$0	\$0	\$0	\$0	\$0	\$0
Rural business investment grants a/.....	1,000	1,000	0	0	0	0	0	0
Administrative Expenses a/.....	1,629	1,629	0	0	0	0	0	0
Total Available, Mandatory.....	26,923	4,504	0	0	0	0	0	0
Unobligated balance available, start of year.....	-69,766	-99,000	0	-94,496	0	94,496	0	0
Unobligated balance available, end of year b/.....	42,843	94,496	0	0	0	0	0	0
Rescission c/.....	0	0	0	94,496	0	-94,496	0	0
Total Appropriation.....	0	0	0	0	0	0	0	0

Staff-years are reflected in the Salaries and Expenses Project Statement.

a/ The Rural Business Investment Program was authorized and provided mandatory funding by section 6029 of the Farm Security and Rural Investment Act of 2002, Public Law 107-171, dated May 13, 2002. The Act provides \$100,000,000 to remain available until expended from the funds of the Commodity Credit Corporation.

b/ General Provisions section 753 of Division A - Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2005, P.L. 108-447, dated December 8, 2004, limits the amount of funding available during FY 2005 to \$10 million. General Provisions section 745 of Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2006, P.L. 109-97 dated November 10, 2005, limits the amount of funding available during FY 2006 to \$10 million.

c/ The authority to obligate funds previously made available for this program and unobligated as of October 1, 2006 was cancelled pursuant to section 1403 of the Deficit Reduction Act of 2005, P.L. 109-171, dated February 8, 2006.

RURAL BUSINESS-COOPERATIVE SERVICE

RURAL BUSINESS INVESTMENT PROGRAM

Classification by Objects
2006 Actual and Estimated 2007 and 2008

	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Other Objects:			
25 Other purchases of goods and services from government accounts.....	\$1,628,866	\$0	\$0
41 Grants, subsidies, and contributions.....	<u>2,875,497</u>	<u>0</u>	<u>0</u>
Total direct obligations.....	<u>4,504,363</u>	<u>0</u>	<u>0</u>

RURAL BUSINESS-COOPERATIVE SERVICE

The estimates include appropriation language for this item as follows (new language underscored):

Rural Cooperative Development Grants

For rural cooperative development grants authorized under section 310B(e) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932), \$20,928,000, of which not to exceed \$1,473,000 shall be for cooperatives or associations of cooperatives whose primary focus is to provide assistance to small, minority producers and whose governing board and/or membership is comprised of at least 75 percent minority; and of which \$15,000,000, to remain available until expended, shall be for value-added agricultural product market development grants, as authorized by section 6401 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 1621 note).

RURAL BUSINESS-COOPERATIVE SERVICE

Analysis of Change in Appropriation

RURAL COOPERATIVE DEVELOPMENT GRANTS

Estimate, 2007.....	\$29,443,000
Budget Estimate, 2008.....	<u>20,928,000</u>
Decrease in Appropriation.....	<u><u>-8,515,000</u></u>

PROJECT STATEMENT
(On basis of appropriation)

Item of Change	2006 Actual	2007 Estimated	Increase or Decrease	2008 Estimated
Discretionary:				
Rural Cooperative Development grants.....	\$4,357,312	\$4,455,000	\$0	\$4,455,000
Appropriate technology transfer for rural areas cooperative agreement.....	2,475,000	2,475,000	-2,475,000 (1)	0
Cooperative research agreements.....	495,000	495,000	-495,000 (2)	0
Grants to assist small minority producers.....	1,473,120	1,473,000	0	1,473,000
Special Earmarks General Provisions...	138,600	250,000	-250,000 (3)	0
Value-added agriculture product marketing development grants.....	33,036,160	19,280,000	-5,030,000 (4)	14,250,000
Agricultural marketing resource center grants.....	1,014,750	1,015,000	-265,000 (4)	750,000
Total Available or Estimate.....	42,989,942	29,443,000	-8,515,000	20,928,000
Recovery of prior year obligations.....	-598,369	0	0	0
Unobligated balance available, start of year.....	-13,506,009	0	0	0
Transfer to Working Capital Fund.....	97,688	0	0	0
Unobligated balance available, end of year.....	348,468	0	0	0
Rescission b/.....	296,280	0	0	0
Total Appropriation, Discretionary.....	29,628,000	29,443,000	-8,515,000	20,928,000
Mandatory: a/				
Value-added agriculture product marketing development grants.....	2,453,074	0	0	0
Agriculture Marketing Research Center.....	0	0	0	0
Total Available or Estimate.....	2,453,074	0	0	0
Transfer from Commodity Credit Corporation.....	0	-160,000,000	160,000,000	0
Recovery of prior year obligations.....	-1,222,711	0	0	0
Unobligated balance available, start of year.....	-1,441,717	-211,354	211,354	0
Unobligated balance available, end of year.....	211,354	0	0	0
Rescission a/.....		160,211,354	-160,211,354	0
Total Appropriation, Mandatory.....	0	0	0	0
Total Appropriation.....	29,628,000	29,443,000	-8,515,000	20,928,000

Staff years are reflected in the Salaries and Expenses Project Statement.

a/ Mandatory funding provided by sections 6401 and 6402 of the Farm Security and Rural Investment Act of 2002, Public Law 107-171, dated May 13, 2002. The Act provides \$40,000,000 from the funds of the Commodity Credit Corporation each fiscal year for FY 2002 through FY 2007, to remain available until expended. The authority to obligate funds previously made available under section 231(b)(4) of the Agricultural Risk Protection Act of 2000 (Public Law 106-224; 7 U.S.C. 1621 note) for a fiscal year and unobligated as of October 1, 2006, cancelled pursuant to section 1402 of the Deficit Reduction Act of 2005, P.L. 109-171, dated February 8, 2006.

b/ The FY 2006 amount is rescinded pursuant to Section 3801 of Division B, Title III, Chapter 8, of P.L. 109-14:

PROJECT STATEMENT
(On basis of obligations under available funds)

Item of Change	2006 Actual	2007 Estimated	Increase or Decrease	2008 Estimated
Discretionary:				
Rural Cooperative Development grants.....	\$4,357,312	\$4,457,299	-\$2,299	\$4,455,000
Appropriate technology transfer for rural areas cooperative agreement.....	2,475,000	2,475,000	-2,475,000	0
Cooperative research agreements.....	495,000	495,000	-495,000	0
Grants to assist [minority] socially disadvantaged producers.....	1,473,120	1,473,000	0	1,473,000
Spec. Earmarks General Provisions.....	138,600	250,000	-250,000	0
Value-added agriculture product marketing development grants.....	33,036,160	19,626,419	-5,376,419	14,250,000
Agricultural marketing resource center grants.....	1,014,750	1,014,750	-264,750	750,000
Total Available or Estimate.....	42,989,942	29,791,468	-8,863,468	20,928,000
Recovery of prior year obligations.....	-598,369	0	0	0
Unobligated balance available, start of year.....	-13,506,009	-348,468	348,468	0
Transfer to Working Capital Fund.....	97,688	0	0	0
Unobligated balance available, end of year.....	348,468	0	0	0
Rescission b/.....	296,280	0	0	0
Total Appropriation, Discretionary.....	29,628,000	29,443,000	-8,515,000	20,928,000
Mandatory: a/				
Value-added agriculture product marketing development grants.....	2,453,074	0	0	0
Agriculture Marketing Research Center.....	0	0	0	0
Total Available or Estimate.....	2,453,074	0	0	0
Transfer from Commodity Credit Corporation.....	0	-160,000,000	160,000,000	0
Recovery of prior year obligations.....	-1,222,711	0	0	0
Unobligated balance available, start of year.....	-1,441,717	-211,354	211,354	0
Unobligated balance available, end of year.....	211,354	0	0	0
Rescission a/.....	0	160,211,354	-160,211,354	0
Total Appropriation, Mandatory.....	0	0	0	0
Total Appropriation.....	29,628,000	29,443,000	-8,515,000	20,928,000

Staff years are reflected in the Salaries and Expenses Project Statement.

a/ Mandatory funding provided by sections 6401 and 6402 of the Farm Security and Rural Investment Act of 2002, Public Law 107-171, dated May 13, 2002. The Act provides \$40,000,000 from the funds of the Commodity Credit Corporation each fiscal year for FY 2002 through FY 2007, to remain available until expended. The authority to obligate funds previously made available under section 231(b)(4) of the Agricultural Risk Protection Act of 2000 (Public Law 106-224; 7 U.S.C. 1621 note) for a fiscal year and unobligated as of October 1, 2006, cancelled pursuant to section 1402 of the Deficit Reduction Act of 2005, P.L. 109-171, dated February 8, 2006.

b/ The FY 2006 amount is rescinded pursuant to Section 3801 of Division B, Title III, Chapter 8, of P.L. 109-148.

JUSTIFICATION OF DECREASES

- (1) A decrease of \$2,475,000 for appropriate technology transfer in rural areas (ATTRA) (\$2,475,000 available in 2007).

ATTRA provides information to farmers and other rural users on a variety of sustainable agricultural practices that include both cropping and livestock operations. Since much of this information is available through other public and private sector websites and through USDA outreach, ATTRA is no longer needed.

- (2) A decrease of \$495,000 for cooperative research agreements (\$495,000 available in 2007).

Cooperative research agreements were planned to be funded in 2006 and 2007. Further funding is not requested or anticipated, as the research envisioned will have been completed.

- (3) A decrease of \$250,000 for an earmark in General Provisions for Sheep Industry (\$250,000 available in 2007).

The budget does not request funding for the National Sheep Industry.

- (4) A decrease of \$5,030,000 for the value-added agricultural product market development grants and a decrease of \$265,000 for the agricultural marketing resource center grants (\$19,280,000 and \$1,015,000, respectively available in 2007).

This level of funding is sufficient to allow a substantial and valuable program to continue, providing funding for over 125 grants across the country.

RURAL BUSINESS-COOPERATIVE SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
2006 Actual and Estimated 2007 and 2008

Rural Cooperative Development Grants

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Alaska	\$185,363	--	--
California	224,816	--	--
Colorado	225,000	--	--
Georgia	225,000	--	--
Indiana	225,000	--	--
Kentucky	195,725	--	--
Massachusetts	225,000	--	--
Michigan	225,000	--	--
Minnesota	225,000	--	--
Mississippi	204,908	--	--
Missouri	225,000	--	--
Montana	225,000	--	--
New Hampshire	225,000	--	--
North Dakota	225,000	--	--
Pennsylvania	225,000	--	--
South Dakota	200,000	--	--
Texas	198,000	--	--
Virginia	225,000	--	--
Washington	223,500	--	--
Wisconsin	225,000	--	--
Total Avail./Est.	<u>\$4,357,312</u>	<u>\$4,457,000</u> ^{1/}	<u>\$4,455,000</u> ^{1/}

^{1/} Cannot be distributed by geographic area in advance.

RURAL BUSINESS-COOPERATIVE SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
2006 Actual and Estimated 2007 and 2008

Appropriate Technology Transfer

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Montana	\$2,475,000	--	--
Total Avail./Est.	<u>\$2,475,000</u>	<u>\$2,475,000</u> ^{1/}	<u>--</u>

Rural Cooperative Research Agreements

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Wisconsin	\$495,000	--	--
Total Avail./Est.	<u>\$495,000</u>	<u>\$495,000</u> ^{1/}	<u>--</u>

Grants to Assist Minority Producers Grants

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Colorado	\$117,121	--	--
Illinois	180,000	--	--
Mississippi	200,000	--	--
North Dakota	130,027	--	--
Oklahoma	173,100	--	--
South Dakota	200,000	--	--
Texas	99,922	--	--
Puerto Rico	200,000	--	--
Virgin Islands	172,950	--	--
Total Avail./Est.	<u>\$1,473,120</u>	<u>\$1,473,000</u> ^{1/}	<u>\$1,473,000</u> ^{1/}

Rural Cooperative Development Grants Special Project Earmarks

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Nevada	\$138,600	--	--
Total Avail./Est.	<u>\$138,600</u>	<u>\$250,000</u> ^{1/}	<u>--</u>

^{1/} Cannot be distributed by geographic area in advance.

RURAL BUSINESS-COOPERATIVE SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
2006 Actual and Estimated 2007 and 2008

Value-Added Agricultural Product Market Development Grants

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Arizona	\$30,050	--	--
Arkansas	51,000	--	--
California	2,631,705	--	--
Colorado	702,000	--	--
Connecticut	175,000	--	--
Delaware	172,000	--	--
Florida	340,957	--	--
Georgia	299,904	--	--
Hawaii	140,500	--	--
Idaho	377,715	--	--
Illinois	813,100	--	--
Indiana	561,500	--	--
Iowa	4,034,960	--	--
Kansas	273,366	--	--
Kentucky	235,480	--	--
Louisiana	103,900	--	--
Maine	33,937	--	--
Maryland	375,405	--	--
Massachusetts	238,351	--	--
Michigan	858,452	--	--
Minnesota	3,615,986	--	--
Mississippi	645,520	--	--
Missouri	3,873,066	--	--
Montana	59,998	--	--
Nebraska	2,266,632	--	--
New Hampshire	40,362	--	--
New Jersey	126,500	--	--
New York	1,203,800	--	--
North Carolina	468,621	--	--
North Dakota	300,000	--	--
Ohio	630,471	--	--
Oklahoma	150,000	--	--
Oregon	1,790,597	--	--
Pennsylvania	520,149	--	--
Rhode Island	70,500	--	--
South Carolina	375,000	--	--
South Dakota	523,150	--	--
Tennessee	171,435	--	--
Texas	1,066,696	--	--
Utah	105,806	--	--
Vermont	313,750	--	--
Virginia	285,500	--	--
Washington	20,492	--	--
Wisconsin	1,804,160	--	--
Wyoming	90,690	--	--
Puerto Rico	67,997	--	--
Total Avail./Est.	<u>\$33,036,160</u>	<u>\$19,626,000 1/</u>	<u>\$14,250,000 1/</u>

Agricultural Marketing Resource Center Grants

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Iowa	<u>\$1,014,750</u>	--	--
Total Avail./Est.	<u>\$1,014,750</u>	<u>\$1,015,000 1/</u>	<u>\$750,000 1/</u>

1/ Cannot be distributed by geographic area in advance.

RURAL BUSINESS-COOPERATIVE SERVICE
 GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
 2006 Actual and Estimated 2007 and 2008

Value-Added Agricultural Product Market Development Grants-Mandatory

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Florida	\$122,760	--	--
Iowa	86,183	--	--
Michigan	50,000	--	--
Texas	938,180	--	--
Washington	546,162	--	--
Wisconsin	509,789	--	--
Wyoming	<u>200,000</u>	--	--
Total Avail./Est.	<u><u>\$2,453,074</u></u>	<u><u>--</u></u>	<u><u>--</u></u>

1/ Cannot be distributed by geographic area in advance.

RURAL BUSINESS-COOPERATIVE SERVICE
RURAL COOPERATIVE DEVELOPMENT GRANTS

Classification by Objects
2006 Actual and Estimated 2007 and 2008

	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Other Objects:			
41 Grants, subsidies, and contributions.....	<u>\$45,443,015</u>	<u>\$29,792,000</u>	<u>\$20,928,000</u>
Total direct obligations.....	<u>45,443,015</u>	<u>29,792,000</u>	<u>20,928,000</u>

RURAL BUSINESS-COOPERATIVE SERVICE

The estimate include appropriation language for this item as follows (new language underscored):

Renewable Energy Program

For the cost of a program of direct loans, loan guarantees, and grants, under the same terms and conditions as authorized by section 9006 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8106), \$33,941,000 for direct and guaranteed renewable energy loans and grants: Provided, That the cost of direct loans and loan guarantees, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974.

RURAL BUSINESS-COOPERATIVE SERVICE

Analysis of Change in AppropriationRENEWABLE ENERGY PROGRAM

	<u>Loan Level</u>	<u>Subsidy</u>	<u>Grants</u>
Estimate, 2007.....	\$154,083,000	\$10,000,000	\$10,000,000
Budget Estimate, 2008.....	195,470,000	18,941,000	15,000,000
Increase in Appropriations.....	<u>41,387,000</u>	<u>8,941,000</u>	<u>5,000,000</u>

PROJECT STATEMENT
(On basis of appropriated/supportable loan levels and appropriated subsidy and grants)
(In thousands of dollars)

Item of Change	2006 Actual		2007 Estimated		Increase or Decrease		2008 Estimated	
	Program Level	Subsidy/ BA	Program Level	Subsidy/ BA	Program Level	Subsidy/ BA	Program Level	Subsidy/ BA
Discretionary:								
Guaranteed renewable energy loans a/.....	\$24,159	\$1,559	\$154,083	\$10,000	\$41,387 (1)	\$8,941 (3)	\$195,470	\$18,941
Renewable energy grants a/.....	21,209	21,209	10,000	10,000	5,000 (2)	5,000	15,000	15,000
Total Available or Estimate.....	45,368	22,768	164,083	20,000	46,387	13,941	210,470	33,941
Transfer to the Working Capital Fund	0	2	0	0	0	0	0	0
Rescission b/.....	1,898	230	0	0	0	0	0	0
Total Discretionary Appropriation.....	47,266	23,000	164,083	20,000	46,387	13,941	210,470	33,941
Mandatory:								
Transfer from Commodity Credit Corporation.....	0	0	-3,000	-3,000	3,000	3,000	0	0
Renewable energy grants.....	0	0	3,000	3,000	-3,000	-3,000	0	0
Total Appropriation, Mandatory.....	0	0	0	0	0	0	0	0
Total Appropriation.....	47,266	23,000	164,083	20,000	46,387	13,941	210,470	33,941

Staff-years are reflected in the Salaries and Expenses Project Statement.

a/ The subsidy rate for FY 2006 and FY 2007 is based on a 0.125 percent annual fee, which will increase to 0.25 percent in FY 2008.

b/ The FY 2006 amounts are rescinded pursuant to Section 3801 of Division B, Title III, Chapter 8, of P.L. 109-148.

JUSTIFICATION OF INCREASES

- (1) An increase of \$41,387,000 for guaranteed renewable energy loan level (\$154,083,000 available in 2007).

In its early years, the section 9006 guaranteed renewable energy loan program enjoyed a mandatory funding authorization. In FY 2008, mandatory funding will have expired. The section 9006 guaranteed renewable energy loan program provides loan guaranteed to farmers, ranchers, and rural small businesses to assist with purchasing renewable energy systems and making energy efficiency improvements to their physical plants. Since the first loan guarantees were provided in FY 2005, use of the program has increased dramatically, from two loans into nine times that many in FY 2006. Continued growth is expected. This increase in funding will allow us to meet demand.

- (2) An increase of \$5,000,000 for renewable energy grants (\$10,000,000 available in 2007).

The budget requests an increase in funding to continue the provision of renewable energy grants to farmers, ranchers, and rural small businesses to assist with the purchase of renewable energy systems or the installation of energy efficiency improvements at their physical plants. The funded projects are expected to reduce greenhouse gas emissions by approximately 0.97 metric tons, replace 8.21 million barrels of foreign oil, and generate approximately 1,960 million kilowatt hours of electricity on an annual basis; enough to serve 436,580 households. Continued funding of this program is supportive of the President's energy policy and the development of renewable, environmentally friendly energy supplies.

- (3) An increase of \$8,941,000 for renewable energy guaranteed loan subsidy (\$10,000,000 available in 2007).

The requested subsidy amount is necessary to support the estimated loan obligations associated with the requested FY 2008 loan levels for the guaranteed renewable energy loan program. The change is due to the increase in the annual fee from .125 percent in 2007 to 0.25 percent in 2008 and the increase in defaults.

RURAL BUSINESS-COOPERATIVE SERVICE
 GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
 2006 Actual and Estimated 2007 and 2008

Guaranteed Renewable Energy/Energy Efficiency Loans

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Iowa	\$10,520,560	--	--
Kansas	74,830	--	--
Nebraska	10,000,000	--	--
Oregon	2,385,000	--	--
Texas	<u>1,178,472</u>	<u>--</u>	<u>--</u>
Total Avail./Est.	<u><u>\$24,158,862</u></u>	<u><u>\$154,083,000</u></u> ^{1/}	<u><u>\$195,470,000</u></u> ^{1/}

^{1/} Cannot be distributed by geographic area in advance.

RURAL BUSINESS-COOPERATIVE SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
2006 Actual and Estimated 2007 and 2008

	2006	2007	2008
Alabama	\$795,562	-	-
Alaska	6,450	-	-
Arizona	146,211	-	-
California	18,347	-	-
Colorado	24,926	-	-
Florida	17,971	-	-
Hawaii	98,195	-	-
Idaho	19,250	-	-
Illinois	724,029	-	-
Indiana	500,000	-	-
Iowa	3,705,564	-	-
Kansas	186,830	-	-
Maine	75,006	-	-
Massachusetts	118,800	-	-
Michigan	403,582	-	-
Minnesota	4,125,377	-	-
Mississippi	906,815	-	-
Missouri	500,000	-	-
Montana	30,620	-	-
Nebraska	2,387,770	-	-
New Hampshire	498,901	-	-
New Jersey	149,695	-	-
New York	411,475	-	-
North Carolina	6,117	-	-
North Dakota	613,368	-	-
Ohio	64,006	-	-
Oklahoma	110,763	-	-
Oregon	579,000	-	-
Pennsylvania	784,100	-	-
South Carolina	82,735	-	-
South Dakota	15,140	-	-
Tennessee	72,395	-	-
Texas	500,000	-	-
Vermont	1,625,908	-	-
West Virginia	27,246	-	-
Wisconsin	666,244	-	-
Wyoming	211,037	-	-
Total Avail./Est.	<u>\$21,209,435</u>	<u>\$13,000,000</u> 1/	<u>\$15,000,000</u> 1/

1/ Cannot be distributed by geographic area in advance.

RURAL BUSINESS-COOPERATIVE SERVICE

RENEWABLE ENERGY PROGRAM

Classification by Objects
2006 Actual and Estimated 2007 and 2008

	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Other Objects:			
41 Grants, subsidies, and contributions.....	<u>\$22,767,682</u>	<u>\$23,000,000</u>	<u>\$33,941,000</u>
Total direct obligations.....	<u>22,767,682</u>	<u>23,000,000</u>	<u>33,941,000</u>

PROJECT STATEMENT
(On basis of obligations under available funds)

Item of Change	2006 Actual	2007 Estimated	Increase or Decrease	2008 Estimated
Mandatory: <u>a/</u>				
Biomass Research and Development grants.....	12,627	25,432	-25,432	0
Small Business Innovation Research Program.....	300	300	-300	0
Total Available or Estimate.....	12,927	25,732	-25,732	0
Recovery of prior year obligations.....	-956	0	0	0
Transfer form Community Credit Corporation.....	-12,000	-12,000	12,000	0
Unobligated balance available, start of year.....	-13,703	-13,732	13,732	0
Unobligated balance available, end of year.....	13,732			0
Rescission.....	0	0	0	0
Total Appropriation, Mandatory.....	0	0	0	0

Staff years are reflected in the Salaries and Expenses Project Statement.

a/ Mandatory funding provided by sections 9008 of the Farm Security and Rural Investment Act of 2002, Public Law 107-171, dated May 13, 2002. The Act provides \$14,000,000 from the funds of the Commodity Credit Corporation each fiscal year for FY 2002 through FY 2007, to remain available until expended. The authority to obligate funds previously made available under section 307 of the Biomass Research and Development Act (Public Law 106-224; 7 U.S.C. 1621 note).

RURAL BUSINESS-COOPERATIVE SERVICE
 GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
 2006 Actual and Estimated 2007 and 2008

Biomass Research and Development Grants

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Florida	\$2,576,525	--	--
Idaho	693,285	--	--
Iowa	1,853,996	--	--
Minnesota	1,896,493	--	--
Montana	990,500	--	--
New York	805,938	--	--
North Carolina	1,606,265	--	--
Oklahoma	670,166	--	--
Tennessee	1,083,770	--	--
Washington, DC	449,993	--	--
Total Avail./Est.	<u>12,626,931</u>	<u>\$25,732,272</u> <u>1/</u>	<u>--</u>

1/ Cannot be distributed by geographic area in advance.

RURAL BUSINESS-COOPERATIVE SERVICE
BIOMASS RESEARCH AND DEVELOPMENT GRANTS

Classification by Objects
2006 Actual and Estimated 2007 and 2008

	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Other Objects:			
41 Grants, subsidies, and contributions.....	<u>\$12,626,931</u>	<u>\$25,723,272</u>	<u>\$0</u>
Total direct obligations.....	<u>12,626,931</u>	<u>25,723,272</u>	<u>0</u>

RURAL BUSINESS COOPERATIVE SERVICE

NATIONAL SHEEP INDUSTRY IMPROVEMENT CENTERPROJECT STATEMENT

(On basis of appropriation)

(In thousands of dollars)

Project	2006 Actual	2007 Estimated	Increase or Decrease	2008 Estimated
National Sheep Industry				
Improvement Center.....	\$5,776	\$0	\$0	\$0
Adjustment.....	-262	0	0	0
Administrative Expenses.....	342	0	0	0
Total Available or Estimate.....	5,856	0	0	0
Unobligated balance available, start of year.....	-5,497	0	0	0
Recovery of prior year obligations.....	-7	0	0	0
Unobligated balance available, end of year.....	886	0	0	0
Rescission a/	12	0	0	0
Total Appropriation.....	1,250	0	0	0

PROJECT STATEMENT

(On basis of obligations under available funds)

(In thousands of dollars)

Project	2006 Actual	2007 Estimated	Increase or Decrease	2008 Estimated
National Sheep Industry				
Improvement Center.....	\$5,776	\$886	-\$886	\$0
Adjustment.....	-262	0	0	0
Administrative Expenses.....	342	0	0	0
Total Available or Estimate.....	5,856	886	-886	0
Unobligated balance available, start of year.....	-5,497	-886	886	0
Recovery of prior year obligations.....	-7	0	0	0
Unobligated balance available, end of year.....	886	0	0	0
Rescission a/	12	0	0	0
Total Appropriation.....	1,250	0	0	0

a/ The FY 2006 amount is rescinded pursuant to Section 3801 of Division B, Title III, Chapter 8 of P.L. 109-148.

b/ The National Sheep Industry Improvement Center was privatized on midnight of September 30, 2006, in accordance with the transition plan which is authorized pursuant to section 375(j) of the Consolidated Farm and Rural Development Act.

RURAL BUSINESS-COOPERATIVE SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
2006 Actual and Estimated 2007 and 2008

National Sheep Improvement Center

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Colorado	\$66,000	--	--
Florida	75,000	--	--
Illinois	75,000	--	--
Missouri	3,000	--	--
Oregon	32,200	--	--
Texas	21,000	--	--
Wyoming	30,000	--	--
<u>2/</u> New Entity	<u>5,474,284</u>	<u>886,153</u>	<u>--</u>
Total Avail./Est.	<u><u>\$5,776,484</u></u>	<u><u>\$886,153</u></u>	<u><u>--</u></u>

1/ Cannot be distributed by geographic area in advance.

2/ The National Sheep and Industry Center was privatized in accordance with the transition plan which is authorized pursuant to section 375 (j) of the Consolidated Farm and Rural Development Act, funding was transferred to the American Sheep and Goat Center.

RURAL BUSINESS-COOPERATIVE SERVICE
NATIONAL SHEEP INDUSTRY IMPROVEMENT CENTER

Classification by Objects
2006 Actual and Estimated 2007 and 2008

	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Other Objects:			
25 Other purchases of goods and services			
from government accounts.....	\$342,593	\$0	\$0
41 Adjustment.....	-263,251	0	0
41 Grants, subsidies, and contributions.....	<u>5,776,484</u>	<u>886,153</u>	<u>0</u>
Total direct obligations.....	<u><u>5,855,826</u></u>	<u><u>886,153</u></u>	<u><u>0</u></u>

RURAL BUSINESS-COOPERATIVE-SERVICE

RURAL EMPOWERMENT ZONES AND ENTERPRISE COMMUNITIES GRANTS

Estimate, 2007.....	\$11,088,000
Budget Estimate, 2008.....	<u>0</u>
Decrease in Appropriation.....	<u><u>-11,088,000</u></u>

RURAL BUSINESS COOPERATIVE SERVICE

RURAL EMPOWERMENT ZONES AND ENTERPRISE COMMUNITY GRANTSPROJECT STATEMENT

(On basis of appropriation)

(In thousands of dollars)

Item of Change	2006 Actual	2007 Estimated	Increase or Decrease	2008 Estimated
Rural empowerment zones and enterprise communities grants	\$11,892	\$11,088	-\$11,088	\$0
Total Available or Estimate.....	11,892	11,088	-11,088	0
Unobligated balance available, start of year.....	-3,819	0		
Recovery of prior obligations.....	0	0		
Unobligated balance available, end of year.....	3,014	0		
Rescission a/	112	0		
Total Appropriation.....	11,199	11,088		

PROJECT STATEMENT

(On basis of obligations under available funds)

(In thousands of dollars)

Item of Change	2006 Actual	2007 Estimated	Increase or Decrease	2008 Estimated
Rural empowerment zones and enterprise communities grants	\$11,892	\$14,102	-\$14,102	\$0
Total Available or Estimate.....	11,892	14,102	-14,102	0
Unobligated balance available, start of year.....	-3,819	-3,014	3,014	0
Recovery of prior obligations.....	0	0	0	0
Unobligated balance available, end of year.....	3,014	0	0	0
Rescission a/	112	0	0	0
Total Appropriation.....	11,199	11,088	-11,088	0

Staff years are reflected in the Salaries and Expenses Project Statement.

a/ The FY 2006 amount is rescinded pursuant to Section 3801 of Division B, Title III, Chapter 8, of P.L. 109-148.

JUSTIFICATION OF DECREASE

A decrease of \$11,088,000 for rural empowerment zones and enterprise communities grants (\$11,088,000 available in 2007).

These communities have demographics that make them highly competitive for regular funding through other USDA programs. Grant funding dedicated solely to the communities is not warranted.

RURAL BUSINESS-COOPERATIVE SERVICE
 GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
 2006 Actual and Estimated 2007 and 2008

Rural Empowerment Zone and Enterprise Community Grants

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Alaska	\$169,830	--	--
Arizona	193,303	--	--
California	1,913,946	--	--
Florida	169,830	--	--
Georgia	1,521,067	--	--
Hawaii	169,830	--	--
Illinois	1,360,680	--	--
Indiana	169,830	--	--
Kansas	169,830	--	--
Kentucky	359,963	--	--
Maine	669,830	--	--
Montana	169,830	--	--
North Dakota	1,360,680	--	--
Oklahoma	383,436	--	--
Pennsylvania	190,133	--	--
South Carolina	190,133	--	--
South Dakota	1,360,680	--	--
Tennessee	169,830	--	--
Texas	669,830	--	--
Washington	169,830	--	--
West Virginia	190,133	--	--
Wisconsin	169,830	--	--
Total Avail./Est.	<u>\$11,892,284</u>	<u>\$14,102,000</u> ^{1/}	<u>--</u>

^{1/} Cannot be distributed by geographic area in advance.

RURAL BUSINESS-COOPERATIVE SERVICE

RURAL EMPOWERMENT ZONES AND ENTERPRISE COMMUNITY GRANTS

Classification by Objects
2006 Actual and Estimated 2007 and 2008

	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Other Objects:			
41 Grants, subsidies, and contributions.....	\$11,892,284	\$14,102,000	\$0
Total direct obligations.....	<u>11,892,284</u>	<u>14,102,000</u>	<u>0</u>

RURAL BUSINESS COOPERATIVE SERVICE

ALTERNATIVE AGRICULTURAL RESEARCH AND
COMMERCIALIZATION CORPORATION REVOLVING FUNDPROJECT STATEMENT

(On basis of obligations under available funds)

(In thousands of dollars)

Project	2006 Actual	2007 Estimated	Increase or Decrease	2008 Estimated
Alternative Agricultural Research and Commercialization Revolving Fund..	\$0	\$0	\$0	\$0
Total Available or Estimate.....	0	0	0	0
Unobligated balance available, start of year.....	-66	-695	-30	-725
Royalties and fees.....	-637	-30	-3	-33
Collection from Federal Sources.....				
Unobligated balance available, end of year.....	8	725	33	758
Total Appropriation.....	0	0	0	0

Section 6201(a) of the Farm Security and Rural Investment Act of 2002, Public Law 107-71, dated May 13, 2002, repeals the AARCC authorization and section 6201(b) authorizes disposition of the assets.

RURAL BUSINESS & COOPERATIVE PROGRAM

STATUS OF PROGRAM

Business and Industry Guaranteed Loan Program

Current Activities: The Business and Industry guaranteed loan program is one of the tools that Rural Development employs to facilitate business growth in rural areas. Every rural community has unique challenges and natural resources. Rural Development State and field office staffs reflect those unique attributes and work collaboratively with political and business leaders to leverage Rural Development resources. With Rural Development guaranteeing up to 80 percent of the principal (\$25 million loans) lenders can serve local business development while reducing both actual risk and regulatory limits on size of loans or type of loans. In FY 2006 a new annual fee was instituted that enable the agency to guarantee more loans to businesses. As with any new condition the market responded with a predictable, but temporary, reduced demand.

Specific areas being addressed currently include:

1. Identifying development strategies in conjunction with State and regional leaders to address disaster conditions.
2. Facilitating projects that proactively replace traditional energy imports with domestic production.
3. Improving service to lenders and borrowers to minimize transaction expense.
4. Implementing an economic measurement model to gauge the overall impact of allocating scarce Federal resources.

Selected Examples of Recent Progress:

Delaware's First Biodiesel Plant opened in September 2006, and will produce over 6 million gallons per year. The plant was built at a cost of \$5 million, following a feasibility study partially financed using Rural Development grant funds. Rural Development also provided an 80 percent guarantee in order to mitigate bank regulators' concerns about special use assets. In addition to creating 20 jobs, the Delaware soybean farmers have a sure market for production and biodiesel is commercially available throughout the State.

In Ohio, Manufacturing Ventures added an additional 38 people to the existing workforce of 44. This expansion was made possible because of the reduced cost realized from factory modernization. Rural Development provided a loan guarantee to the local lender making the \$2 million, 20-year loan because the terms were beyond the banks normal standard.

Western New York Energy produces 50 million gallons of fuel-grade ethanol a year and has created a mini-economic boom in Western New York. The company supports more than the 850 construction jobs and 50 full-time jobs. In addition, a spin-off operation using the carbon dioxide produced when making ethanol created another 30 jobs. The \$25 million Rural Development guaranteed loan was a critical part of the financing package.

PART Assessments

The business and industry guaranteed loan program underwent a PART assessment for FY 2003 and the overall rating was "adequate." Efforts continue to meet OMB recommendations. The first ties program performance to budget results. Rural Development is currently testing an economic measurement model, the Socio-Economic Benefits Assessment System (SEBAS), which will gauge the overall impact of allocating scarce federal resources. SEBAS will also address a second recommendation of developing an improved long-term performance measurement tool. Rural Development has engaged a contractor to update and revise regulations.

Intermediary Relending Program

Current Activities: The intermediary relending program makes loans to intermediary borrowers (private nonprofit corporations, State or local government agencies, Indian tribes, and cooperatives) who, in turn, re-lend the funds to rural businesses, private nonprofit organizations and others that meet the criteria for ultimate recipients. Financial assistance from the intermediary to the ultimate recipient supports economic and community development projects, new businesses and/or expansion of existing businesses. Frequently the intermediary also provides business advice and counsel. The ultimate recipients create employment opportunities and/or save existing jobs in rural areas. Intermediary relending program funds are re-loaned three or four times by the intermediary.

Selected Examples of Recent Progress:

In FY 2006, there were 53 loans totaling \$33.869 million made to intermediaries. These funds impacted 166 businesses and created or saved an estimated 25,910 jobs.

The following recent examples demonstrate the use of over \$3 million of intermediary relending program funds provided to recipients in rural areas:

Headwaters RC&D Area, Inc. of Butte, MT received \$750,000 to assist businesses located across a seven- county area. Funding support will create 84 jobs and save 13.

The city of Kalispell, MT will receive \$750,000 to assist five businesses located within the city limits. A total of 104 jobs will be created or saved.

In Washington State, Shorebank Enterprise Pacific will receive a \$750,000 loan to provide assistance in six counties in Washington and one in Oregon, creating or saving 300 jobs.

Funding supports Oklahoma State University's Center for Innovation and Economic Development to assist rural business owners in 77 Oklahoma counties.

A \$75,000 loan to the City of Humboldt, Iowa was used to support business expansion in the central business district.

PART Assessments

A PART assessment was conducted in FY 2004 for the FY 2006 budget year. OMB determined results "adequate." OMB recommended establishing a new baseline and ambitious targets for the program. The Agency has developed new baseline targets that are under consideration by OMB.

Rural Economic Development Loan Program

Current Activities: The rural economic development loan program provides zero-interest loans to Rural Development utilities program borrowers who re-lend the funds at zero interest to rural businesses. The loan program provides low-cost capital to assist in attracting businesses and developing the economic base in rural areas which also creates new jobs and retains existing jobs. Rural areas are considered by bankers to be higher risk than metropolitan areas, which results in limited lending and higher borrowing costs to businesses. This zero-interest program is unique in that it is of no risk to the Government, as the borrowers guarantee repayment of the loan to the Government. For each dollar lent by Rural Development, these loans attract \$6 in additional capital.

Selected Examples of Recent Progress:

In FY 2006, a total of 46 loans with a combined value of more than \$25 million were made to qualifying utilities. These funds created or saved over 4,600 jobs. For example, a \$740,000 zero interest loan in Kansas allowed a Lyon County, Kansas implement company to expand sales and service.

Rural Economic Development Grant Program

Current Activities: Grant funds are used to establish loan fund programs by qualifying utilities to promote economic development in rural areas. The revolving loan funds provide needed capital to nonprofit entities and municipal organizations to finance community facilities in rural areas that promote job creation, education, and training to enhance marketable job skills or extend or improve medical care.

Selected Examples of Recent Progress:

In FY 2006, qualifying utilities received 36 grants totaling \$10 million. For example, Rural Development made a zero interest \$500,000 Rural Economic Development loan to the Tri-County Electric Membership Corporation of Lafayette, TN that was passed on to Stephens Manufacturing Company (Stephens) in Monroe County, KY. Stephens used the 10-year, low-interest loan to expand and renovate its existing structure and purchased additional manufacturing equipment. Forty-one jobs were created immediately in the Monroe County, KY area, and Stephens expanded its 126 member workforce to 166 employees. These livable wage jobs helped to lower the high unemployment rate for the area and stimulated economic growth. Similar examples of the Rural Economic Development grants benefiting rural areas were made through Highline Electric Association, CO; South Kentucky Rural Electric Cooperative Corporation; and Randolph Electric Membership Corporation, NC. These funds created or saved more than 1,500 jobs.

Renewable Energy Systems and Energy Efficiency Improvements Program

Current Activities: The renewable energy systems and energy efficiency improvements program provides loans and grants to rural small ranchers and farmers to increase energy efficiency and reduce pollution. Combined loan and grant funds are used to pay up to 50 percent of eligible project costs to purchase renewable energy systems or make energy improvements including those that derive energy from wind, solar, biomass or geothermal source, or hydrogen derived from biomass or water using wind, solar or geothermal energy sources.

Selected Examples of Recent Progress:

In FY 2006, 18 loans and 394 grants were made. Loans totaled more than \$24 million and grants amounted to \$21million. Loans produced/saved an estimated 49 million kwh while grants produced/saved an estimated 12 million kwh.

Specific uses of funds currently include an Energy Efficiency Guaranteed Loan of more than \$3 million helped with the financing of Clinton County (Iowa) Bio Energy, LLC's construction of a biodiesel production plant. This plant will produce ten million gallons of biodiesel using seven million bushels of Midwestern grown soybeans and create at least nine new jobs. Global Fuels, LLC received an Energy Efficiency Grant to develop an integrated production and marketing bio-fuels facility in Stoddard County, Missouri.

Rural Cooperative Development Grants

Current Activities: Rural cooperative development grants help to improve the economic condition of rural areas by creating or retaining jobs through the development of new rural cooperatives, value-added processing, and other rural businesses. These grants are made to rural development centers – nonprofit corporations including institutions of higher education – that provide technical assistance to organizations exploring the cooperative form of business entity and to existing cooperatives interested in improving their operations or expanding into new market areas.

Specific areas eligible for funding and financed include:

1. Conducting feasibility, marketing, and environmental studies;
2. Developing business plans and marketing strategies;
3. Collecting, interpreting, and disseminating business development information;
4. Providing board of director and other business development training; and
5. Providing developmental loans and grants to cooperatives.

Selected Examples of Recent Progress: In FY 2006, grants totaling \$4.3million were made to 20 centers. Among the successful applicants was the Rocky Mountain Farmers Union Cooperative Development Center of Colorado, which provides technical, financial and educational support for new cooperative ventures. The Indiana Cooperative Development Center will receive funding to continue to provide technical assistance and capacity building for cooperatives. The Massachusetts-based Cooperative Development Institute will receive funding to continue to assist rural communities throughout New England and New York State with cooperative business development ventures.

Value-Added Producer Grants (VAPG)

Current Activities: The value-added producer grants program assists agricultural commodity producers in adding value to their products by allowing them to capture a greater percentage of the consumer's food dollar. These grants are made to independent producers of agricultural commodities, agricultural producer groups, farmer and rancher cooperatives, and majority controlled producer-based business ventures to develop strategies and business plans that create viable marketing opportunities.

Specific areas being addressed currently include:

1. Conducting value-added business planning activities such as feasibility studies, business plans, and marketing plans; and
2. Providing working capital for operating expenses associated with marketing a value-added agricultural product.

Selected Examples of Recent Progress: In FY 2006, grants totaling more than \$21 million were made to 185 agricultural producers and businesses. A portion of the value added grant funds were designated for applicants requesting less than \$25,000. USDA Rural Development funded all 61 eligible project applications received in this category.

Recent examples of value-added grants include a grant of \$255,800 to Innovative Growers, LLC of Iowa to fund a unique, chemical-free way to process soybeans and market its soy product and a grant of \$107,520 to Lauren Farms, Inc. of Mississippi to develop promotional materials and commercial quantities of two ready-to-prepare prawn products. One of the largest peach orchards in Louisiana received a grant to finance development of a retail line including a website and storage capacity so the grower can market products year-round via the internet.

This program also funded a total of 41 energy related value-added grants with a combined funding level of \$4.7 million. Examples include an award of \$300,000 to the Midwest Biodiesel Producers, LLC of South Dakota for working capital to fund a start-up biodiesel plant and an award of \$299,900 to the Barton County Ethanol Producers, LLC of Missouri for working capital to run an ethanol facility in southwest Missouri.

PART Assessments

The value-added producer grants underwent a PART assessment for 2004 with “results not demonstrated” with the OMB recommendation to establish new baselines and ambitious targets. Program staff followed these recommendations. The VAPG program underwent a re-assessment during 2006 following the incorporation of added reporting requirements and gained an “adequate” PART rating.

RURAL BUSINESS & COOPERATIVE PROGRAM
Rural Development

Summary of Budget and Performance
 Statement of Goals and Objectives

Rural Business and Cooperative Programs has one strategic goal and one strategic objective that contribute to one of the Department's Strategic Goals and one of the Department's Strategic Objectives.

USDA Strategic Goal/Objective	Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcome
<p>USDA Strategic Goal 3: Support Increased Economic Opportunities and Improved Quality of Life in Rural America</p> <p>USDA Objective 3.1: Expand Economic Opportunities by Using USDA Financial Resources to Leverage Private Sector Resources and Create Opportunities for Growth</p>	<p>Agency Goal 1: Increase economic opportunity in Rural America</p>	<p><u>Objective:</u> <u>Objective 1.1:</u> Enhance capital formation and support the creation of diverse, sustainable businesses.</p> <p><u>Objective 1.3:</u> Provide new opportunities for agricultural producers</p>	<p>Intermediary Relending Program Rural Economic Development Loans Rural Economic Development Grants Guaranteed Renewable Energy Loans Renewable Energy Grants Guaranteed Business and Industry Loans</p> <p>Rural Cooperative Development Grants Cooperative Research Agreements Grants to Assist Minority Producers Value-Added Agricultural Product Market Development Grants (VAPG) Agricultural Marketing Resource Center Grant</p>	<p><u>RD Key Outcome 1:</u> Enhanced capital formation and opportunities provided to agricultural producers and rural businesses</p>

Strategic Objective and Funding Matrix

Rural Business and Cooperative Programs							
STRATEGIC OBJECTIVE 3.1: Expand Economic Opportunities by Using USDA Financial Resources to Leverage Private Sector Resources and Create Opportunities for Growth							
Strategic Objective and Funding Matrix							
(On basis of appropriation)							
	2006 Actual		2007 Estimated			2008 Estimated	
	Amount	Staff Years	Amount	Staff Years	Increase or Decrease	Amount	Staff Years
Strategic Objective 3.1							
Rural Business - Cooperative Service Program Level (000s)	1,145,477	46	999,340	47	+ 317,040	1,308,245	40
Total, Strategic Objective 3.1	1,145,477	46	999,340	47	+ 317,040	1,308,245	40
Total, Available	1,145,477	46	999,340	47	+ 317,040	1,308,245	40

Selected Accomplishments Expected at the FY 2008 Proposed Resource Level:

- The business & industry guaranteed loan program is Rural Development's flagship job creation and capital expansion business program. With a \$43.2 million budget authority in FY 2008, the business & industry program will continue to support a program level of approximately \$1 billion to provide funding to businesses of all types which create jobs and promote economic growth. This highly efficient program continues to achieve a multiplier of approximately "20-to-1."
- Intermediary Relending Program-- The requested FY 2008 funding level for the intermediary relending program will generate nearly \$33.8 million in program authority and more than 26,000 jobs will be created.
- Guaranteed Renewable Energy Loans-- The impact of a \$41.387 million increase in the program level for the renewable energy/energy efficiency improvements loan program will result in generating the equivalent of 1,800 million kWh, representing the energy needs of over 144,000 homes and reducing the need for importing 2.6 million barrels of oil. Further, this will save green house gas emissions equivalent to .318 million metric tons (MMTC).
- Renewable Energy Grants-- The \$5.0 million increase in the renewable energy grant program level and budget authority will increase energy savings. At the \$15.0 million program level, funds will

result in saving enough energy to meet the needs of about 43,000 homes, replace about 900,000 barrels of oil and reduce greenhouse gas emissions.

- Value-Added Agricultural Product Market Development Grants (VAPG)-- Each year the number of recipients of value-added producer grants varies, but based on previous years, it is estimated that a \$15.0 million program level in FY 2008 will support 125 grants.

Rural Business-Cooperative Service

Summary of Budget and Performance Key Performance Outcomes and Measures

Goal 1:

Key Outcome: Enhanced capital formation and opportunities provided to agricultural producers and rural businesses

Key Performance Measures:

- Measure #1: Number of jobs created and saved
- Measure #2: Number of small businesses assisted
- Measure #3: Million of kWh generated

Key Performance Targets:

Performance Measure	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Target	2008 Target
Performance Measure #1						
a. Jobs created/saved	87,619	81,030	73,617	73,072	65,100	45,695*
Performance Measure #2						
b. Small businesses assisted	12,180	11,669	12,349	12,896	10,000	1,200
c. Program Dollars (000s)	\$1,054,840	\$1,109,042	\$810,476	\$982,775	\$989,587	\$1,308,245
Performance Measure #3						
a. Million of kWh generated with alternative energy sources	100	286.4	289.0	1,607	1,400	1,960
b. Program Dollars (000s)						
- Loans			\$10,100	\$24,159	\$154,083	\$195,470
- Grants (in thousands)	\$21,707	\$22,692	\$22,237	\$21,209	\$10,000	\$15,000

* President's Budget for FY 2008 does not fund Rural Business Enterprise Grants and Rural Business Opportunity Grants resulting in significant declines in jobs created/saved and businesses assisted.

BUSINESS AND COOPERATIVE PROGRAMS				
Full Cost by Strategic Goal				
Strategic Objective 3.1: Expand Economic Opportunities by Using USDA Financial Resources to Leverage Private Sector Resources and Create Opportunities for Growth				
PROGRAM	PROGRAM ITEMS	2006 AMOUNT (\$000)	2007 AMOUNT (\$000)	2008 AMOUNT (\$000)
RDLF Intermediary Relending Program				
	Program Level	\$33,870	\$33,063	\$33,772
	Budget Authority	14,571	14,571	14,485
	S&E	1,604	1,427	1,768
	Total Costs	16,175	15,998	16,253
	FTEs	16	15	15
	Performance measure:			
	Jobs created/saved			
	Target:	25,910	25,200	18,295
	Cost per Unit	0.62	0.63	0.89
Rural Economic Development Loans				
	Program Level	\$25,110	\$22,600	\$33,076
	Budget Authority	5,015	4,936	0
	S&E	1,129	2,112	0
	Total Costs	6,144	7,048	0
	FTEs	11	23	0
	Performance measure:			
	Jobs created/saved			
	Target:	4,636	3,400	5,300
	Cost per Unit	1.33	2.07	0
Rural Economic Development Grants				
	Program Level	\$10,000	\$0	\$10,000
	Budget Authority	0	0	0
	S&E	475	0	0
	Total Costs	475	0	0
	FTEs	5	0	0
	Performance measure:			
	Jobs created/saved			
	Target:	1,515	0	1,600
	Cost per Unit	0	0	0
Guaranteed Renewable Energy Loans and Grants				
	Program Level	\$45,368	\$164,083	\$210,469
	Budget Authority	22,767	20,000	33,941
	S&E	13,840	6,510	8,064
	Total Costs	36,607	26,510	42,005
	FTEs	135	71	66
	Performance measure:			
	mKWH produced			
	Target:	1,575	1,430	1,960
	Cost per Unit	23.24	18.54	21.43

PROGRAM	PROGRAM ITEMS	2006 AMOUNT (\$000)	2007 AMOUNT (\$000)	2008 AMOUNT (\$000)
Rural Cooperative Development Grants, Appropriate Technology Transfer, Cooperative Research Agreements, and Grants to Assist Socially Disadvantaged Producers				
	Program Level	\$8,800	\$8,898	\$5,928
	Budget Authority	8,800	8,898	5,928
	S&E	238	228	283
	Total Costs	9,038	9,126	6,211
	FTEs	2	2	2
	Performance measure:			
	Groups assisted **			
	Target:	195	187	175
	Cost per Unit	46.35	48.80	35.49
Value Added Agricultural Product Market Development Grants and Agricultural Mtng. Res. Center Grants				
	Program Level	\$34,051	\$20,295	\$15,000
	Budget Authority	34,051	20,295	15,000
	S&E	713	1,085	1,344
	Total Costs	34,764	21,380	16,344
	FTEs	7	12	11
	Performance measure:			
	Number businesses assisted ***			
	Target***:	170	250	125
	Cost per Unit	204.49	85.52	130.75
National Sheep Industry Improvement Center				
	Program Level	\$5,776	\$0	\$0
	Budget Authority	5,776	0	0
	S&E	0	0	0
	Total Costs	5,776	0	0
	FTEs	0	0	0
	Performance measure:			
	Target:	0	0	0
	Cost per Unit	0	0	0
Rural Employment Zone & Enterprise Comm. Grants				
	Program Level	\$11,892	\$11,088	\$0
	Budget Authority	11,892	11,088	0
	S&E	0	0	0
	Total Costs	11,892	11,088	0
	FTEs	0	0	0
	Performance measure: Round II			
	Communities' Leverage Dollars			
	Target:	92,817	89,000	0
	Cost per Unit	0.13	0	0

PROGRAM	PROGRAM ITEMS	2006 AMOUNT (\$000)	2007 AMOUNT (\$000)	2008 AMOUNT (\$000)
Special Earmarks GPs 790 - 2006				
	Program Level	\$139	\$250	\$0
	Budget Authority	139	250	0
	S&E	0	0	0
	Total Costs	139	250	0
	FTEs	0	0	0
	Performance measure:			
	Target:	0	0	0
	Cost per Unit	0	0	0
Business and Industry Guaranteed Loans				
	Program Level	\$766,314	\$685,756	\$1,000,000
	Budget Authority	36,706	29,899	43,200
	S&E	41,405	45,730	59,276
	Total Costs	78,111	118,328	98,798
	FTEs	403	495	486
	Performance measure:			
	Jobs created/saved			
	Target:	14,837	14,300	20,500
	Cost per Unit	3.55	4.37	4.17
NADBank Guaranteed Business and Industry Loans				
	Program Level	\$0	\$0	\$0
	Budget Authority	0	0	0
	S&E	0	0	0
	Total Costs	0	0	0
	FTEs	0	0	0
	Performance measure:			
	Jobs created/saved			
	Target:	0	0	0
	Cost per Unit	0	0	0
Rural Business Enterprise Grants				
	Program Level	\$41,807	\$38,674	\$0
	Budget Authority	41,807	38,674	0
	S&E	0	0	0
	Total Costs	41,807	38,674	0
	FTEs	0	0	0
	Performance measure:			
	Jobs created/saved			
	Target:	19,707	19,800	0
	Cost per Unit	2.09	1.95	0

PROGRAM	PROGRAM ITEMS	2006 AMOUNT (\$000)	2007 AMOUNT (\$000)	2008 AMOUNT (\$000)
Rural Business Opportunity Grants, and Grants to Delta Regional Authority				
	Program Level	\$5,120	\$4,881	\$0
	Budget Authority	5,120	4,881	0
	S&E	0	0	0
	Total Costs	5,120	4,881	0
	FTEs	0	0	0
	Performance measure:			
	Jobs created/saved			
	Target:	5,110	2,400	0
	Cost per Unit	2.05	2.03	0
Total for Strategic Objective 3.1				
	Program Level	\$988,249	\$989,587	\$1,308,245
	Budget Authority	186,645	153,492	112,554
	S&E	59,404	57,092	70,735
	Total Costs	246,049	210,584	183,289
	FTEs	578	618	580
	Performance measure:			
	Target:	N/A	N/A	N/A
	Cost per Unit	N/A	N/A	N/A

* FY 2006 and 2007 Estimates and Performance Measures based on RCDG and GASDP programs only.

** Performance measure changed from coops assisted to groups assisted.

*** Measure and target changed from recipient revenues to businesses assisted.

**** FY 06 targets are based on appropriation.

*****FY 07 data based on a Full Year CR.

S&E and FTE figures for each program are based on calculations and a best estimate of the personnel involved. Actual staff time by program is not available at this time.