

2009 Explanatory Notes  
Rural Business-Cooperative Programs

Table of Contents

	<u>Page</u>
Purpose Statement.....	26-1
Rural Business Program Account:	
Appropriations Language.....	26-4
Project Statement.....	26-6
Justifications.....	26-8
Geographic Breakdown of Obligations.....	26-9
Classification by Objects.....	26-13
Rural Development Loan Fund Program Account:	
Appropriations Language.....	26-14
Project Statement.....	26-16
Justifications.....	26-17
Geographic Breakdown of Obligations.....	26-18
Classification by Objects.....	26-19
Rural Economic Development Loan Fund Program Account:	
Appropriations Language.....	26-20
Project Statement.....	26-22
Justifications.....	26-23
Geographic Breakdown of Obligations.....	26-24
Classification by Objects.....	26-25
Rural Economic Development Grants:	
Appropriations Language.....	26-26
Project Statement.....	26-28
Justifications.....	26-29
Geographic Breakdown of Obligations.....	26-30
Classification by Objects.....	26-31
Rural Business Investment Loans Program Account	
Project Statement.....	26-32
Rural Cooperative Development Grants:	
Appropriations Language.....	26-33
Project Statement.....	26-35
Justifications.....	26-37
Geographic Breakdown of Obligations.....	26-38
Classification by Objects.....	26-42
Renewable Energy Program:	
Appropriations Language.....	26-43
Project Statement.....	26-45
Justifications.....	26-46
Geographic Breakdown of Obligations.....	26-47
Classification by Objects.....	26-49

Biomass Research and Development Grants:	
Project Statement.....	26-50
Geographic Breakdown of Obligations.....	26-51
Classification by Objects.....	26-52
National Sheep Industry Improvement Center:	
Project Statement.....	26-53
Geographic Breakdown of Obligations.....	26-54
Classification by Objects.....	26-55
Rural Empowerment Zones and Enterprise Communities Grants:	
Appropriations Language.....	26-56
Project Statement.....	26-58
Justifications.....	26-59
Geographic Breakdown of Obligations.....	26-60
Classification by Objects.....	26-61
Alternative Agriculture Research and Commercialization Corporation Revolving Fund:	
Project Statement.....	26-62
Status of Programs.....	26g-1
Summary of Budget and Performance.....	26-63
Strategic Objectives and Funding Matrix.....	26-64
Key Performance Outcomes and Measures.....	26-66
Full Cost by Strategic Goal.....	26-68

## **RURAL DEVELOPMENT 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 various 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. An agency guarantee facilitates large loans where banking regulations on concentration of credit and lending limits can make the large loans difficult. These guaranteed loans can be sold to investors or others can participate in the funding of the guaranteed loan 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, P.L. 107-171. RBIP 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, P.L. 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.

Biomass Research and Development Initiative - Section 9008 of the 2002 Farm Bill, P.L. 107-171. The program also supports the Biomass Research Development Act of 2000, the Healthy Forest Restoration Act of 2003, and the Energy Policy Act of 2005. The Section 9008 grant program finances research and development of biomass based products, bioenergy, biofuels and related processes. The Program is intended to promote innovation and development related to biomass.

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. RCDGs 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) P.L. 107-171. 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.

Small Minority Producer Grants (SMPG) - Authorized and appropriated by P.L. 109-97. Grants to assist small, minority agricultural producers in rural areas provides funding for cooperatives or associations of cooperatives whose primary focus is to provide assistance to such producers, and 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.

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 nonprofit 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.

#### Geographic dispersion of offices and employees

Rural Development programs are administered by the three programs representing Rural Development: Housing and Community Facilities, Utilities, Business and Cooperative Development. Rural Development headquarters is located in Washington, D.C. As of September 30, 2007, there were 6,281 permanent full-time employees, including, 242 in the headquarters office and 6,048 in field offices.

#### 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 (open).

OIG Audit Report 34099-007-TE Request for Audit of Business and Industry Guaranteed Lender, Business Loan Express (open).

OIG Audit Report 34601-006-AT Rural Business Programs Intermediary Relending Program (open).

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

OIG Audit Report No. 85099-002-HY Survey – Oversight of the Rural Community Advancement Program (closed).

#### GAO Reports

GAO Audit Report No. 08-278T Comparison of RD Business Program Guaranteed Loan and SBA Loan Programs (open).

## RURAL BUSINESS-COOPERATIVE SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Rural Business Program Account (including transfer of balances)

- 1, 2 For the cost of [direct loans, ]loan guarantees[, and grants,] for the rural business development  
 3, 4 programs authorized by [sections 306 and]section 310B and described in section [310B(f) and  
 ]381E(d)(3) of the Consolidated Farm and Rural Development Act, [~~\$87,700,000~~]\$30,450,000, to  
 remain available until expended: *Provided*, That of the amount appropriated under this heading, not  
 5 to exceed [~~\$500,000~~] shall be made available for a grant to a qualified national organization to  
 provide technical assistance for rural transportation in order to promote economic development and  
 \$3,000,000 shall be for grants to the Delta Regional Authority (7 U.S.C. 1921 et seq.) for any Rural  
 Community Advancement Program purpose as described in section 381E(d) of the Consolidated  
 Farm and Rural Development Act, of which not more than 5 percent may be used for administrative  
 expenses: *Provided further*, That \$4,000,000 of the amount appropriated under this heading shall be  
 for business grants to benefit Federally Recognized Native American Tribes, including \$250,000 for  
 a grant to a qualified national organization to provide technical assistance for rural transportation in  
 order to promote economic development: *Provided further*, That not to exceed ~~\$8,300,000~~\$170,000  
 6 of the amount appropriated under this heading shall be available through June 30, [~~2008~~]2009, 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 the Consolidated Farm and  
 Rural Development Act: *Provided further*, That section 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 sections 306 and 310B and described in section 310B(f) and  
 381E(d)(3) of such Act be transferred and merged with this account and any other prior balances  
 from the Rural Development, Rural Community Advancement Program account that the Secretary  
 determines is appropriate to transfer.

The first change proposes to eliminate the language supporting funding the business and industry direct loan program.

The second change proposes to eliminate the language supporting funding the rural business program's grant programs.

The third change eliminates the reference to the Consolidated Farm and Rural Development Act, as amended, which covers the rural business enterprise grants and rural business opportunity grants.

The fourth change eliminates the reference to the Consolidated Farm and Rural Development Act, as amended, which covers the grants for broadcasting systems.

The fifth change eliminates the set-aside for the grant programs since the grants are being proposed to be eliminated.

The sixth change modifies the expiration date of set-aside funds for empowerment zones and enterprise communities from June 30, 2008, to June 30, 2009.

## 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>
Appropriations Act, 2008.....	\$1,000,000,000	\$43,200,000	\$44,500,000
Budget Estimate, 2009.....	<u>700,000,000</u>	<u>30,450,000</u>	<u>0</u>
Decrease in Appropriations.....	<u>-300,000,000</u>	<u>-12,750,000</u>	<u>-44,500,000</u>
Adjustments in 2008:			
Appropriations Act, 2008.....	1,000,000,000	43,200,000	44,500,000
Rescission under P.L. 110-161 a/.....	<u>-7,000,000</u>	<u>-302,400</u>	<u>-311,500</u>
Adjusted base for 2008.....	993,000,000	42,897,600	44,188,500
Budget Estimate, 2009.....	<u>700,000,000</u>	<u>30,450,000</u>	<u>0</u>
Decrease over adjusted 2008.....	<u>-293,000,000</u>	<u>-12,447,600</u>	<u>-44,188,500</u>

a/ The amount is rescinded pursuant to Section 752 of Division A, Title VII of P.L. 110-161.

**PROJECT STATEMENT**

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

Item of Change	2007 Actual		2008 Estimated		Increase or Decrease		2009 Estimated	
	Program Level	Subsidy/BA	Program Level	Subsidy/BA	Program Level	Subsidy/BA	Program Level	Subsidy/BA
<b>Rural Business Programs:</b>								
Business and industry guaranteed loans.....	\$830,525	\$36,211	\$993,000	\$42,898	-\$293,000 (1)	-\$12,448 (5)	\$700,000	\$30,450
Business and industry guaranteed NADBank loans <u>a/</u> .....	3,490	319	0	0	0	0	0	0
Rural business enterprise grants.....	42,658	42,658	38,727	38,727	-38,727 (2)	-38,727	0	0
Rural business enterprise grants, disaster supplemental <u>b/</u> .....	0	0	0	0	0	0	0	0
Rural business opportunity grants.....	6,901	6,901	2,483	2,483	-2,483 (3)	-2,483	0	0
Delta regional authority.....	1,980	1,980	2,979	2,979	-2,979 (4)	-2,979	0	0
Special Earmark .....	643	643	0	0	0	0	0	0
<b>Total Available or Estimate.....</b>	<b>886,197</b>	<b>88,712</b>	<b>1,037,189</b>	<b>87,086</b>	<b>-337,189</b>	<b>-56,636</b>	<b>700,000</b>	<b>30,450</b>
Recovery of prior year obligations.....	-44,845	-10,869						
Unobligated balance available, start of year.....	-29,294	-20,719						
Unobligated balance available, end of year...	555,458	28,274						
2007 disaster supplemental <u>b/</u> .....	-2,000	-2,000						
Secretary's Interchange transfer.....	22,936	1,000						
Rescission <u>c/</u> .....	0	0	7,311	614	-7,311	-614	0	0
<b>Total Appropriation.....</b>	<b>1,388,453</b>	<b>84,399</b>	<b>1,044,500</b>	<b>87,700</b>	<b>-344,500</b>	<b>-57,250</b>	<b>700,000</b>	<b>30,450</b>

NOTE: Amounts reflected above are budget projections of use of funds within the Rural Business Program Account. The justification of increases and decreases is based on the projected use of funds. Individual columns may not add 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 2007, an unobligated carryover balance of \$678,393.36 was available for this purpose. The FY 2007 loan subsidy rate was 9.15 percent.

b/ Provided by the U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act, 2007, P.L. 110-28, signed May 25, 2007, for areas in Kansas hit by the tornadoes on May 6, 2007.

c/ The amounts are rescinded pursuant to Section 752 of Division A, Title VII, of P.L. 110-161.



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

Item of Change	2007 Actual		2008 Estimated		Increase or Decrease		2009 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.....	\$830,525	\$36,211	\$1,458,316	\$62,999	-\$758,316	-\$32,549	\$700,000	\$30,450
Business and industry guaranteed								
NADBank loans <u>a/</u> .....	3,490	319	4,669	359	-4,669	-359	0	0
Rural business enterprise grants.....	42,658	42,658	44,223	44,223	-44,223	-44,223	0	0
Rural business enterprise grants, disaster								
supplemental <u>b/</u> .....	0	0	2,000	2,000	-2,000	-2,000	0	0
Rural business opportunity grants.....	6,901	6,901	2,635	2,635	-2,635	-2,635	0	0
Delta regional authority.....	1,980	1,980	3,144	3,144	-3,144	-3,144	0	0
Special Earmark.....	643	643	1	1	-1	-1	0	0
Total Available or Estimate.....	886,197	88,712	1,514,987	115,360	-814,987	-84,910	700,000	30,450
Recovery of prior year obligations.....	-44,845	-10,869	0	0	0	0	0	0
Unobligated balance available, start of year.....	-29,294	-20,719	-477,799	-28,274	477,799	28,274	0	0
Unobligated balance available, end of year...	555,458	28,274	0	0	0	0	0	0
2007 disaster supplemental <u>b/</u> .....	-2,000	-2,000	0	0	0	0	0	0
Secretary's Interchange transfer.....	22,936	1,000	0	0	0	0	0	0
Rescission <u>c/</u> .....	0	0	7,311	614	-7,311	-614	0	0
Total Appropriation.....	1,388,453	84,399	1,044,500	87,700	-344,500	-57,250	700,000	30,450

NOTE: Amounts reflected above are budget projections of use of funds within the Rural Business Program Account. The justification of increases and decreases is based on the projected use of funds. Individual columns may not add 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 2007, an unobligated carryover balance of \$678,393.36 was available for this purpose. The FY 2007 loan subsidy rate was 9.15 percent.

b/ Provided by the U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act, 2007, P.L. 110-28, signed May 25, 2007, for areas in Kansas hit by the tornadoes on May 6, 2007.

c/ The amounts are rescinded pursuant to Section 752 of Division A, Title VII, of P.L. 110-161.

JUSTIFICATION OF DECREASES

- (1) A decrease of \$293,000,000 for the guaranteed business and industry loan level (\$993,000,000 available in 2008).

The business and industry guaranteed loan program has a projected carryover of at least \$300 million since we had \$463 million of carryover in FY 2008. We therefore anticipate that the requested program level of \$700 million in addition to the carry over will be sufficient to equal a program level of approximately \$1 billion. We anticipate this funding level will be sufficient to meet the demand for the program.

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.

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. Based on the proposed funding level, we anticipate 8,879 jobs will either be created or saved.

- (2) A decrease of \$38,727,000 for rural business enterprise grants (\$38,727,000 available in 2008).

No funding is requested for the rural business enterprise grant (RBEG) program. Funding can be provided by other business loans and grants programs within Rural Development or other Federal entities. In addition, Rural Development is in the process of shifting its funding emphasis from grants to guaranteed loans in order to increase leveraging and better use scarce resources.

- (3) A decrease of \$2,483,000 for rural business opportunity grants (\$2,483,000 available in 2008).

No funding is requested for the rural business opportunity grant (RBOG) program. Funding can be provided by other business loans and grants programs within Rural Development or other Federal entities. In addition, Rural Development is in the process of shifting its funding emphasis from grants to guaranteed loans in order to increase leveraging and better use scarce resources.

- (4) A decrease of \$2,979,000 for delta regional authority grants (\$2,979,000 available in 2008).

No funding is requested for the delta regional authority grants program. The Delta Regional Authority has used rural business enterprise grant (RBEG) funds to assist with special projects in the Mississippi Delta Region. This request for a decrease is associated with our request to eliminate the RBEG program. Funding can be delivered through other Department programs.

- (5) A decrease of \$12,448,000 in guaranteed loan subsidy for the guaranteed business and industry loans (\$42,898,000 available in 2008).

The requested subsidy amount supports the estimated loan obligations associated with the requested FY 2009 loan level for the guaranteed business and industry loans. USDA expects to have at least \$300 million in carryover for FY 2009, making the total loan level available to be \$1 billion.

RURAL BUSINESS-COOPERATIVE SERVICE  
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS  
2007 Actual and Estimated 2008 and 2009

Business and Industry Loan Program - Guaranteed

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Alabama	\$19,354,400	\$39,421,000	\$17,919,000
Alaska	24,186,000	10,628,000	5,314,000
Arizona	14,932,846	17,965,000	8,983,000
Arkansas	2,500,000	28,341,000	14,171,000
California	102,966,100	36,352,000	18,176,000
Colorado	2,030,000	14,990,000	7,495,000
Connecticut	7,700,000	9,500,000	4,750,000
Delaware	--	7,396,000	3,698,000
Florida	19,835,000	30,546,000	15,273,000
Georgia	24,507,000	45,207,000	22,604,000
Hawaii	4,415,000	8,152,000	4,076,000
Idaho	17,402,505	14,331,000	7,166,000
Illinois	42,196,229	29,595,000	14,798,000
Indiana	9,386,405	30,116,000	15,058,000
Iowa	18,477,148	22,589,000	11,297,000
Kansas	3,785,188	17,171,000	8,586,000
Kentucky	1,025,000	41,569,000	20,785,000
Louisiana	38,005,000	29,061,000	14,531,000
Maine	15,850,150	17,368,000	8,684,000
Maryland	--	14,420,000	7,210,000
Massachusetts	795,600	11,308,000	5,654,000
Michigan	13,222,100	41,440,000	20,720,000
Minnesota	2,451,000	25,568,000	12,784,000
Mississippi	6,200,000	36,803,000	18,402,000
Missouri	15,765,000	33,863,000	16,932,000
Montana	600,000	13,581,000	6,791,000
Nebraska	4,493,160	13,064,000	6,532,000
Nevada	10,960,000	8,179,000	4,090,000
New Hampshire	2,000,000	11,578,000	5,789,000
New Jersey	--	11,731,000	5,866,000
New Mexico	--	17,303,000	8,652,000
New York	20,585,000	39,388,000	19,694,000
North Carolina	62,869,761	53,727,000	26,864,000
North Dakota	15,664,610	9,836,000	4,918,000
Ohio	18,461,000	42,095,000	21,048,000
Oklahoma	44,525,000	26,580,000	13,290,000
Oregon	57,114,434	19,054,000	9,527,000
Pennsylvania	11,031,602	44,661,000	22,331,000
Rhode Island	--	6,184,000	3,092,000
South Carolina	43,112,220	32,371,000	16,186,000
South Dakota	2,753,866	11,609,000	5,805,000
Tennessee	15,064,000	39,717,000	19,859,000
Texas	15,974,755	53,727,000	26,864,000
Utah	17,581,195	10,342,000	5,171,000
Vermont	7,554,924	10,780,000	5,390,000
Virginia	12,495,000	33,638,000	16,819,000
Washington	4,649,302	24,194,000	12,097,000
West Virginia	1,222,000	25,609,000	12,805,000
Wisconsin	15,140,000	29,091,000	14,546,000
Wyoming	34,860,442	8,669,000	4,335,000
Puerto Rico	--	19,124,000	9,562,000
Virgin Islands	--	5,000,000	2,500,000
W. Pacific Areas	4,825,543	5,000,000	2,500,000
Undistributed	--	218,784,140	82,011,000
Total Avail./Est.	<u>\$830,525,485</u>	<u>\$1,458,316,140</u>	<u>\$700,000,000</u>

Business and Industry Loans - Guaranteed  
North American Development Bank

	<u>2007</u>	<u>2008</u>	<u>2009</u>
North Carolina	\$3,490,000	--	--
Total Avail./Est.	<u>\$3,490,000</u>	<u>\$4,669,159</u> <sup>1/</sup>	<u>--</u>

<sup>1/</sup> Cannot be distributed by geographic area in advance.

RURAL BUSINESS-COOPERATIVE SERVICE  
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS  
2007 Actual and Estimated 2008 and 2009

Rural Business Enterprise Grants

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Alabama	\$850,548	\$799,000	--
Alaska	273,530	172,000	--
Arizona	686,150	332,000	--
Arkansas	757,600	558,000	--
California	1,903,953	733,000	--
Colorado	342,000	267,000	--
Connecticut	179,000	148,000	--
Delaware	108,000	102,000	--
Florida	879,207	606,000	--
Georgia	1,673,984	926,000	--
Hawaii	666,841	118,000	--
Idaho	411,050	253,000	--
Illinois	1,205,880	585,000	--
Indiana	659,000	597,000	--
Iowa	675,000	433,000	--
Kansas	465,000	315,000	--
Kentucky	1,851,953	846,000	--
Louisiana	779,000	574,000	--
Maine	1,106,990	319,000	--
Maryland	1,020,500	255,000	--
Massachusetts	253,000	187,000	--
Michigan	956,000	843,000	--
Minnesota	760,779	498,000	--
Mississippi	954,218	742,000	--
Missouri	1,005,998	678,000	--
Montana	280,116	236,000	--
Nebraska	655,514	225,000	--
Nevada	212,000	119,000	--
New Hampshire	259,000	193,000	--
New Jersey	288,000	196,000	--
New Mexico	547,998	318,000	--
New York	1,002,509	799,000	--
North Carolina	1,406,988	1,111,000	--
North Dakota	619,717	155,000	--
Ohio	950,000	858,000	--
Oklahoma	2,493,600	520,000	--
Oregon	589,000	356,000	--
Pennsylvania	1,206,446	914,000	--
Rhode Island	--	75,000	--
South Carolina	2,201,583	646,000	--
South Dakota	764,436	194,000	--
Tennessee	1,362,000	806,000	--
Texas	1,733,000	1,111,000	--
Utah	418,780	166,000	--
Vermont	992,364	175,000	--
Virginia	795,000	673,000	--
Washington	802,250	468,000	--
West Virginia	749,660	499,000	--
Wisconsin	1,025,678	574,000	--
Wyoming	337,000	129,000	--
Puerto Rico	440,002	357,000	--
Virgin Islands	--	50,000	--
W. Pacific Area	100,000	50,000	--
Undistributed	--	<u>20,364,026</u>	--
Total Avail./Est.	<u>\$42,657,822</u>	<u>\$44,223,026</u>	--

Rural Business Enterprise Grants  
2007 for Natural Disaster

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Total Avail./Est.	--	<u>\$2,000,000</u> <sup>1/</sup>	--

<sup>1/</sup> Cannot be distributed by geographic area in advance.

RURAL BUSINESS-COOPERATIVE SERVICE  
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS  
2007 Actual and Estimated 2008 and 2009

Rural Business Opportunity Grants

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Alabama	\$72,000	--	--
Alaska	97,206	--	--
Arizona	149,497	--	--
Arkansas	48,500	--	--
California	150,000	--	--
Colorado	104,500	--	--
Connecticut	35,000	--	--
Florida	213,543	--	--
Georgia	300,000	--	--
Hawaii	50,000	--	--
Idaho	370,000	--	--
Illinois	162,500	--	--
Indiana	50,000	--	--
Iowa	250,000	--	--
Kansas	50,000	--	--
Kentucky	157,500	--	--
Louisiana	100,000	--	--
Maine	259,837	--	--
Maryland	148,216	--	--
Massachusetts	50,000	--	--
Michigan	100,000	--	--
Minnesota	100,000	--	--
Mississippi	100,000	--	--
Missouri	93,194	--	--
Montana	23,000	--	--
Nebraska	449,957	--	--
Nevada	28,500	--	--
New Hampshire	50,000	--	--
New Mexico	160,375	--	--
New York	50,000	--	--
North Carolina	250,000	--	--
North Dakota	149,000	--	--
Ohio	86,000	--	--
Oklahoma	463,277	--	--
Oregon	323,900	--	--
Pennsylvania	150,000	--	--
South Carolina	61,140	--	--
South Dakota	117,118	--	--
Tennessee	99,927	--	--
Texas	50,000	--	--
Utah	84,200	--	--
Vermont	227,000	--	--
Virginia	166,020	--	--
Washington	150,000	--	--
West Virginia	50,000	--	--
Wisconsin	374,948	--	--
Wyoming	75,000	--	--
W. Pacific Areas	50,000	--	--
Total Avail./Est.	<u>\$6,900,855</u>	<u>\$2,634,610</u> <sup>1/</sup>	<u>--</u>

<sup>1/</sup> Cannot be distributed by geographic area in advance.

RURAL BUSINESS-COOPERATIVE SERVICE  
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS  
2007 Actual and Estimated 2008 and 2009

Delta Regional Authority Grants

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Mississippi	<u>\$1,980,000</u>	<u>--</u>	<u>--</u>
Total Avail./Est.	<u><u>\$1,980,000</u></u>	<u><u>\$3,144,000</u></u> <sup>1/</sup>	<u><u>--</u></u>

Rural Business Special Earmark for Alaska Farms

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Alaska	<u>\$643,000</u>	<u>--</u>	<u>--</u>
Total Avail./Est.	<u><u>\$643,000</u></u>	<u><u>\$500</u></u> <sup>1/</sup>	<u><u>--</u></u>

<sup>1/</sup> Cannot be distributed by geographic area in advance.

## RURAL BUSINESS-COOPERATIVE SERVICE

## RURAL BUSINESS PROGRAM ACCOUNT

Classification by Objects  
2007 Actual and Estimated 2008 and 2009

	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Other Objects:			
41 Grants, subsidies, and contributions.....	<u>\$88,711,923</u>	<u>\$115,360,452</u>	<u>\$30,450,000</u>
Total direct obligations.....	<u><u>88,711,923</u></u>	<u><u>115,360,452</u></u>	<u><u>30,450,000</u></u>

## RURAL BUSINESS-COOPERATIVE SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

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.

- 1 For the cost of direct loans, [~~\$14,485,000~~] \$14,134,000, as authorized by the Rural Development Loan Fund (42 U.S.C. 9812(a))[, of which \$1,724,000 shall be available through June 30, 2008, for Federally Recognized Native American Tribes and of which \$3,449,000 shall be available through June 30, 2008, for Mississippi Delta Region counties (as determined in accordance with Public Law 100-460)]: Provided, That such costs, including the cost of modifying such loans, shall be defined in Section 502 of the Congressional Budget Act of 1974: Provided further, That of the total amount
- 2 appropriated, \$880,000 shall be available through June 30, [2008] 2009, 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.

- 3 In addition, for administrative expenses to carry out the direct loan programs, [~~\$4,774,000~~] \$4,574,000 shall be[ transferred to and merged with] paid to the appropriation for "Rural Development, Salaries and Expenses".

The first change eliminates the earmark for Federally Recognized Native American Tribes, Mississippi Delta Region counties and Delta Regional Authority. These recipients can be funded under the normal program.

The second change updates the expiration date of the set-aside funds for empowerment zones and enterprise communities from June 30, 2008 to June 30, 2009.

The third change reflects language simplifying the transfer and consolidation of funds from the individually appropriated administrative expense account to the Rural Development, Salaries and Expense account.



## 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>
Appropriations Act, 2008.....	\$33,772,441	\$14,485,000	\$4,774,000
Budget Estimate, 2009.....	<u>33,772,000</u>	<u>14,134,000</u>	<u>4,574,000</u>
Increase or decrease in Appropriations.....	<u><u>-441</u></u>	<u><u>-351,000</u></u>	<u><u>-200,000</u></u>
Adjustments in 2008:			
Appropriations Act, 2008.....	\$33,772,441	\$14,485,000	\$4,774,000
Rescission under P.L. 110-161 a/.....	<u>-236,407</u>	<u>-101,395</u>	<u>-33,418</u>
Adjusted base for 2008.....	\$33,536,034	\$14,383,605	\$4,740,582
Budget Estimate, 2009.....	<u>33,772,000</u>	<u>14,134,000</u>	<u>4,574,000</u>
Increase and decreases in adjusted 2008...	<u><u>235,966</u></u>	<u><u>-249,605</u></u>	<u><u>-166,582</u></u>

a/ The amounts are rescinded pursuant to Division A, Title VII, Section 752 of P.L. 110-161.

PROJECT STATEMENT

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

(In thousands of dollars)

Item of Change	2007 Actual		2008 Estimated		Increase or Decrease		2009 Estimated	
	Program Level	Subsidy/ BA	Program Level	Subsidy/ BA	Program Level	Subsidy/ BA	Program Level	Subsidy/ BA
Intermediary Relending Program								
Loans.....	\$33,869	\$14,926	\$33,536	\$14,384	\$236 (1)	-\$250 (2)	\$33,772	\$14,134
Total loans and subsidies.....	33,869	14,926	33,536	14,384	236	-250	33,772	14,134
Total Administrative expenses <u>a/</u> .....	0	4,774	0	4,740	0	-166 (3)	0	4,574
Total Available or Estimate.....	33,869	19,701	33,536	19,124				
Rescission <u>b/ c/</u> .....	0	0	236	135				
Total Appropriation.....	33,869	19,701	33,772	19,259				

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

a/ In FY 2007, funding of \$4,774,070 was appropriated and transferred to the Rural Development Salaries and Expenses account. In FY 2008, funding of \$4,740,582 was appropriated and transferred to the Rural Development Salaries and Expenses account. In FY 2009, \$4,574,000 is requested and will be paid to the Rural Development Salaries and Expenses account.

b/ The FY 2008 amounts are rescinded pursuant to Division A, Title VII, Section 752 of P.L. 110-161.

JUSTIFICATION OF INCREASE AND DECREASES

- (1) An increase of \$236,965 in the intermediary relending direct loan level (\$33,536,034 available in 2008).

The President's Budget requests a slight increase in program level funding for the intermediary relending program (IRP). This increase is justified by the high level of job creation and retention provided by each dollar spent. Funding expended in FY 2009 is expected to result in 25,836 jobs being created or retained over the funding cycle. This program is also historically over-subscribed. 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 \$249,605 in the intermediary relending direct loan subsidy (\$14,383,605 available in 2008).

The requested subsidy supports the estimated loan obligations associated with the requested FY 2009 loan levels for direct intermediary relending program. The change is due to the change in the estimated Treasury discount rate.

- (3) A decrease of \$166,582 for administrative expenses (\$4,740,582 available in 2008).

Justification for administrative expenses in the amount of \$4,574,000 and the associated staff-years are reflected in the Rural Development Salaries and Expenses Project Statement.

RURAL BUSINESS-COOPERATIVE SERVICE  
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS  
2007 Actual and Estimated 2008 and 2009

Intermediary Relending Program Loans

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Alabama	\$500,000	--	--
California	1,000,000	--	--
Colorado	1,250,000	--	--
Illinois	600,000	--	--
Iowa	1,377,939	--	--
Kentucky	2,948,209	--	--
Maine	750,000	--	--
Maryland	250,000	--	--
Massachusetts	750,000	--	--
Minnesota	500,000	--	--
Missouri	500,000	--	--
Montana	2,750,000	--	--
Nebraska	500,000	--	--
New Hampshire	1,250,000	--	--
New York	750,000	--	--
North Carolina	2,900,000	--	--
North Dakota	1,800,000	--	--
Ohio	500,000	--	--
Oregon	1,750,000	--	--
Pennsylvania	750,000	--	--
South Carolina	2,250,000	--	--
South Dakota	4,650,000	--	--
Vermont	1,645,518	--	--
Virginia	448,209	--	--
Washington	750,000	--	--
Wisconsin	750,000	--	--
Total Avail./Est.	<u>\$33,869,875</u>	<u>\$33,536,034</u> <sup>1/</sup>	<u>\$33,772,000</u> <sup>1/</sup>

<sup>1/</sup> Cannot be distributed by geographic area in advance.

## RURAL BUSINESS-COOPERATIVE SERVICE

## RURAL DEVELOPMENT LOAN FUND PROGRAM ACCOUNT

Classification by Objects  
2007 Actual and Estimated 2008 and 2009

	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Other Objects:			
25 Other purchases of goods and services from government accounts.....	\$4,774,070	\$4,740,582	\$4,574,000
41 Grants, subsidies, and contributions.....	<u>14,926,454</u>	<u>14,383,605</u>	<u>14,134,000</u>
Total direct obligations.....	<u><u>19,700,524</u></u>	<u><u>19,124,187</u></u>	<u><u>18,708,000</u></u>

RURAL BUSINESS-COOPERATIVE SERVICE

The estimates include appropriation language for this item as follows (deleted matter enclosed in brackets):

Rural Economic Development Loans Program Account (including rescission of funds)

[For the principal amount of direct loans, as authorized under section 313 of the Rural Electrification Act, for the purpose of promoting rural economic development and job creation projects, \$33,077,000].

[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 shall not be obligated and \$34,000,000 are rescinded.]

This change proposes to eliminate funding for the program and the rescission of funds derived from interest on the cushion of credit payments. The rescission is proposed under the Rural Economic Development Grants account.

RURAL BUSINESS-COOPERATIVE SERVICE

Analysis of Change in Appropriation

RURAL ECONOMIC DEVELOPMENT LOANS PROGRAM ACCOUNT

(On basis of loan level and subsidy)

	<u>Loan Level</u>	<u>Subsidy</u>
Appropriations Act, 2008.....	\$33,077,000	\$0
Budget Estimate, 2009.....	0	0
Decrease in Appropriation.....	<u>-33,077,000</u>	<u>0</u>

**PROJECT STATEMENT**

(On basis of supportable loan levels and appropriated subsidy)

(In thousands of dollars)

Item of Change	2007 Actual		2008 Estimated		Increase or Decrease		2009 Estimated	
	Loan Level	Subsidy/ BA	Loan Level	Subsidy/ BA	Loan Level	Subsidy/ BA	Loan Level	Subsidy/ BA
Rural economic development direct loans.....	\$26,167	\$5,715	\$33,077	\$0	-\$33,077 (1)	\$0	\$0	\$0
Total Available or Estimate.....	26,167	5,715	33,077	0	-33,077	0	0	0
Recovery of prior year obligations.....	-997	-218						
Unobligated balance available, start of year.....	-463	-101						
Unobligated balance available, end of year.....	45	10						
Rescission a/.....	0	0						
<b>Total Appropriation.....</b>	<b>24,752</b>	<b>5,406</b>						

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

a/ The FY 2008 amounts are rescinded pursuant to Division A, Title VII, Section 752 of P.L. 110-161.

**PROJECT STATEMENT**

(On basis of available loan levels and subsidy)

(In thousands of dollars)

Item of Change	2007 Actual		2008 Estimated		Increase or Decrease		2009 Estimated	
	Loan Level	Subsidy/ BA	Loan Level	Subsidy/ BA	Loan Level	Subsidy/ BA	Loan Level	Subsidy/ BA
Rural economic development direct loans.....	\$26,167	\$5,715	\$33,121	\$0	-\$33,121	\$0	\$0	\$0
Total Available or Estimate.....	26,167	5,715	33,121	0	-33,121	0	0	0
Recovery of prior year obligations.....	-997	-218	0	0	0	0	0	0
Unobligated balance available, start of year.....	-463	-101	-44	-10	44	10	0	0
Unobligated balance available, end of year.....	45	10	0	0	0	0	0	0
Unobligated balance rescinded a/.....	0	0	0	0	0	0	0	0
<b>Total Appropriation.....</b>	<b>24,752</b>	<b>5,406</b>	<b>33,077</b>	<b>-10</b>	<b>-33,077</b>	<b>10</b>	<b>0</b>	<b>0</b>

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

a/ The FY 2008 amounts are rescinded pursuant to Division A, Title VII, Section 752 of P.L. 110-161.



JUSTIFICATION OF DECREASE

- (1) A decrease of \$33,077,000 in the rural economic development loan level (\$33,077,000 available in 2008).

Rural economic development (RED) loans and grants are funded from a cushion of credit account. This account is comprised of Rural Development telecommunications and electric program borrower investments. The difference between a return of 5 percent to these borrowers on their investment and what the government receives as a return on the investment of the funds is used to fund RED loans and grants. The Budget proposes a rescission from the cushion of credit account in order to fund higher priority programs.

RURAL BUSINESS-COOPERATIVE SERVICE  
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS  
2007 Actual and Estimated 2008 and 2009

Rural Economic Development Loans

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Colorado	\$740,000	--	--
Georgia	1,460,000	--	--
Illinois	740,000	--	--
Iowa	1,930,000	--	--
Kansas	4,993,000	--	--
Kentucky	2,070,000	--	--
Michigan	388,000	--	--
Minnesota	740,000	--	--
Missouri	916,000	--	--
Nebraska	740,000	--	--
Oklahoma	400,000	--	--
Pennsylvania	740,000	--	--
South Carolina	5,040,000	--	--
South Dakota	1,040,000	--	--
Tennessee	3,370,000	--	--
Virginia	600,000	--	--
Wisconsin	260,000	--	--
Total Avail./Est.	<u>\$26,167,000</u>	<u>\$33,120,657</u> <u>1/</u>	<u>--</u>

1/ Cannot be distributed by geographic area in advance.

## RURAL BUSINESS-COOPERATIVE SERVICE

## RURAL ECONOMIC DEVELOPMENT LOANS PROGRAM ACCOUNT

Classification by Objects  
2007 Actual and Estimated 2008 and 2009

Other Objects:	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
41 Grants, subsidies, and contributions.....	<u>\$5,714,873</u>	<u>\$7,481,956</u>	<u>\$0</u>
Total direct obligations.....	<u><u>5,714,873</u></u>	<u><u>7,481,956</u></u>	<u><u>0</u></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, \$39,000,000 is permanently cancelled.

This change is to offset the budget funding request.

RURAL BUSINESS-COOPERATIVE SERVICE

Analysis of Change in Appropriation

RURAL ECONOMIC DEVELOPMENT GRANTS

Appropriations Act, 2008.....	\$-34,000,000
Budget Estimate, 2009.....	<u>-39,000,000</u>
Increase in Rescission.....	<u><u>-5,000,000</u></u>

Analysis of Change in Funding

RURAL ECONOMIC DEVELOPMENT GRANTS

Estimate, 2008.....	\$10,000,000
Budget Estimate, 2009.....	<u>0</u>
Decrease in Program.....	<u><u>-10,000,000</u></u>

PROJECT STATEMENT

(On basis of obligations under available funds)

Item of Change	2007 Actual	2008 Estimated	Increase or Decrease	2009 Estimated
Rural economic development grant...	\$9,963,333	\$498,585	-\$498,585 (1)	\$0
Total Available or Estimate.....	9,963,333	498,585	-498,585	0
Unobligated balance available, start of year.....	-7,150,222	-9,294,653	9,294,653	0
Recovery of prior year obligations.....	0	0	0	0
Transfer from Rural Electrification and Telecommunications Liquidating Account, Cushion of Credit <u>1</u> /.....	-81,162,285	-26,031,663	-5,968,337	-32,000,000
Transfer from Rural Electrification and Telecommunications electric underwriter loan fees.....	-4,945,479	-6,644,363	-355,637	-7,000,000
Offsetting collections paid to Rural Economic Development Program Account.....	0	7,472,094	-7,472,094	0
Unobligated balance available, end of year.....	9,294,653	0	0	0
Total Appropriation.....	-74,000,000	-34,000,000	-5,000,000 (2)	-39,000,000

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

JUSTIFICATION OF INCREASE AND DECREASE

- (1) A decrease of \$498,585 in the rural economic development grants (\$498,585 available in 2008).

Rural economic development (RED) loans and grants are funded from a cushion of credit account. This account is comprised of RUS borrower investments. The difference between a return of 5 percent to the RUS borrower on their investment and what the government receives as a return on the investment of funds is used to fund RED loans and grants. The Budget proposes a rescission from the cushion of credit account in order to fund higher priority programs.

- (2) An increase of -\$5,000,000 in the rural economic development grants (-\$34,000,000 available in 2008).

This rescission represents the offset of the budget funding request of higher priority programs.

RURAL BUSINESS-COOPERATIVE SERVICE  
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS  
2007 Actual and Estimated 2008 and 2009

Rural Economic Development Grants

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Alabama	\$300,000	--	--
Colorado	300,000	--	--
Hawaii	300,000	--	--
Iowa	3,625,000	--	--
Kansas	1,035,000	--	--
Kentucky	300,000	--	--
Minnesota	850,000	--	--
Missouri	250,000	--	--
Montana	283,333	--	--
Nebraska	700,000	--	--
North Carolina	100,000	--	--
Oklahoma	300,000	--	--
Oregon	300,000	--	--
South Carolina	600,000	--	--
South Dakota	420,000	--	--
Tennessee	300,000	--	--
Total Avail./Est.	<u>\$9,963,333</u>	<u>\$498,585</u> <sup>1/</sup>	<u>--</u>

<sup>1/</sup> Cannot be distributed by geographic area in advance.



## RURAL BUSINESS-COOPERATIVE SERVICE

## RURAL ECONOMIC DEVELOPMENT GRANTS

Classification by Objects  
2007 Actual and Estimated 2008 and 2009

	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Other Objects:			
41 Grants, subsidies, and contributions.....	<u>\$9,963,333</u>	<u>\$498,585</u>	<u>\$0</u>
Total direct obligations.....	<u><u>9,963,333</u></u>	<u><u>498,585</u></u>	<u><u>0</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	2007 Actual		2008 Estimated		Increase or Decrease		2009 Estimated	
	Program Level	Subsidy/ BA	Program Level	Subsidy/ BA	Program Level	Subsidy/ BA	Program Level	Subsidy/ BA
Total Available, Mandatory <u>a/</u> .....	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unobligated balance available, start of year.....	0	-94,496	0	0	0	0	0	0
Rescission <u>b/</u> .....	0	94,496	0	0	0	0	0	0
<b>Total Appropriation.....</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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/ 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

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Rural Cooperative Development Grants

- 1 For rural cooperative development grants authorized under section 310B(e) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932), [~~\$28,023,000~~] \$4,455,000, of which [~~\$495,000~~] shall be for a cooperative research agreement with a qualified academic institution to conduct research on the national economic impact of all types of cooperatives; and of which \$2,600,000 shall be for cooperative agreements for the appropriate technology transfer for rural areas program: Provided, That not to exceed \$1,473,000] \$1,500,000 shall be for cooperatives or associations of
- 2 cooperatives whose primary focus is to provide assistance to small, [minority] socially disadvantaged producers and whose governing board and/or membership is comprised of at least 75
- 3,4 percent socially disadvantaged[minority; and of which \$19,000,000, 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)].

The first change proposes to eliminate the appropriation language for cooperative research agreements and appropriate technology transfer for rural areas program that was included in the 2008 Appropriations Act.

The second change proposes to eliminate the word minority and replace it with socially disadvantaged when referencing the producer grant set aside.

The third change proposes to eliminate the word minority and replace it with socially disadvantaged when referencing the producer grant set aside.

The fourth change proposes to eliminate the appropriation language for value-added agricultural product market development grants that was included in the 2008 Appropriations Act.

RURAL BUSINESS-COOPERATIVE SERVICE

Analysis of Change in Appropriation

RURAL COOPERATIVE DEVELOPMENT GRANTS

Appropriations Act, 2008.....	\$28,023,000
Budget Estimate, 2009.....	<u>4,455,000</u>
Decrease in appropriations.....	<u><u>-23,568,000</u></u>
Adjustments in 2008:	
Appropriations Act, 2008.....	\$28,023,000
Rescission under P.L. 110-161 a/.....	<u>-196,161</u>
Adjusted base for 2008.....	\$27,826,839
Budget Estimate, 2009... ..	<u>4,455,000</u>
Decrease under adjusted, 2008.....	<u><u>-23,371,839</u></u>

a/ The amounts are rescinded pursuant to Division A, Title VII, Section 752 of P.L. 110-161.

PROJECT STATEMENT  
(On basis of appropriation)

Item of Change	2007 Actual	2008 Estimated	Increase or Decrease	2009 Estimated
Discretionary:				
Rural cooperative development grants.....	\$3,586,838	\$4,423,815	-\$1,468,815 (1)	\$2,955,000
Appropriate technology transfer for rural areas cooperative agreement.....	935,550	2,581,800	-2,581,800 (2)	0
Cooperative research agreements.....	499,769	491,535	-491,535 (3)	0
Grants to assist minority producers.....	1,195,612	1,462,689	37,311 (4)	1,500,000
Value-added agriculture product marketing development grants.....	21,637,622	17,923,650	-17,923,650 (5)	0
Agricultural marketing resource center grants.....	1,025,000	943,350	-943,350 (6)	0
<b>Total Available or Estimate.....</b>	<b>28,880,391</b>	<b>27,826,839</b>	<b>-23,371,839</b>	<b>4,455,000</b>
Recovery of prior year obligations.....	-2,296,512	0	0	0
Unobligated balance available, start of year.....	-348,469	0	0	0
Unobligated balance expiring.....	231	0	0	0
Unobligated balance available, end of year.....	480,059	0	0	0
Secretary's Interchange transfer.....	2,300	0	0	0
Rescission b/.....	0	196,161	-196,161	0
<b>Total Appropriation, Discretionary.....</b>	<b>26,718,000</b>	<b>28,023,000</b>	<b>-23,568,000</b>	<b>4,455,000</b>
Mandatory: a/				
Value-added agriculture product marketing development grants.....	1,138,444	0	0	0
<b>Total Available or Estimate.....</b>	<b>1,138,444</b>	<b>0</b>	<b>0</b>	<b>0</b>
Recovery of prior year obligations.....	-1,537,887	0	0	0
Unobligated balance available, start of year.....	-211,354	0	0	0
Unobligated balance available, end of year.....	399,443	0	0	0
Rescission-Deficit Reduction Act of 2005.....	211,354	0	0	0
<b>Total Appropriation, Mandatory.....</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Appropriation.....</b>	<b>26,718,000</b>	<b>28,023,000</b>	<b>-23,568,000</b>	<b>4,455,000</b>

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 2008 amount is rescinded pursuant to Division A, Title VII, Section 752 of P.L. 110-161.

**PROJECT STATEMENT**  
(On basis of obligations under available funds)

Item of Change	2007 Actual	2008 Estimated	Increase or Decrease	2009 Estimated
<b>Discretionary:</b>				
Rural cooperative development grants.....	\$3,586,838	\$4,423,815	-\$1,468,815	\$2,955,000
Appropriate technology transfer for rural areas cooperative agreement.....	935,550	2,581,800	-2,581,800	0
Cooperative research agreements.....	499,769	491,535	-491,535	0
Grants to assist minority producers.....	1,195,612	1,462,689	37,311	1,500,000
Value-added agriculture product marketing development grants.....	21,637,622	18,403,709	-18,403,709	0
Agricultural marketing resource center grants.....	1,025,000	943,350	-943,350	0
<b>Total Available or Estimate.....</b>	<b>28,880,391</b>	<b>28,306,898</b>	<b>-23,851,898</b>	<b>4,455,000</b>
Recovery of prior year obligations.....	-2,296,512	0	0	
Unobligated balance available, start of year.....	-348,469	-480,059	480,059	0
Unobligated balance expiring.....	231	0	0	0
Unobligated balance available, end of year.....	480,059	0	0	0
Secretary's Interchange transfer.....	2,300	0	0	0
Rescission b/.....	0	196,161	-196,161	0
<b>Total Appropriation, Discretionary.....</b>	<b>26,718,000</b>	<b>28,023,000</b>	<b>-23,568,000</b>	<b>4,455,000</b>
<b>Mandatory: a/</b>				
Value-added agriculture product marketing development grants.....	1,138,444	399,443	-399,443	0
<b>Total Available or Estimate.....</b>	<b>1,138,444</b>	<b>399,443</b>	<b>-399,443</b>	<b>0</b>
Recovery of prior year obligations.....	-1,537,887			
Unobligated balance available, start of year.....	-211,354	-399,443	399,443	0
Unobligated balance available, end of year.....	399,443	0	0	0
Rescission-Deficit Reduction Act of 2005.....	211,354	0	0	0
<b>Total Appropriation, Mandatory.....</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Appropriation.....</b>	<b>26,718,000</b>	<b>28,023,000</b>	<b>-23,568,000</b>	<b>4,455,000</b>

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 2008 amount is rescinded pursuant to Division A, Title VII, Section 752 of P.L. 110-161.

JUSTIFICATION OF INCREASE AND DECREASES

- (1) A decrease of \$1,468,815 for rural cooperative development grants (\$4,423,815 available in 2008).

Rural Development administers many small, overlapping, and duplicative programs, which we have long sought to consolidate and streamline. Rural cooperatives will be encouraged to seek funding support through other Rural Development business programs.

- (2) A decrease of \$2,581,800 for appropriate technology transfer in rural areas (\$2,581,800 available 2008).

The appropriate technology transfer program provides information to farmers and other rural residents on a variety of sustainable agricultural practices. Since much of this information is available through other public and private sector websites and through USDA outreach, this program is no longer needed.

- (3) A decrease of \$491,535 for cooperative research agreements (\$491,535 available in 2008).

Cooperative research agreements were a limited term initiative which was planned to be funded in FY 2006, and FY 2007, and FY 2008. Further funding is not requested or anticipated to be needed, as the research envisioned will have been completed.

- (4) An increase of \$37,311 for grants to assist socially disadvantaged producers (\$1,462,689 available in 2008).

USDA's strong commitment to serving members of socially disadvantaged groups compels this request to increase program level funding.

- (5) A decrease of \$17,923,623 for value-added agricultural product market development grants (\$17,923,623 available 2008).

These funds can be used more cost effectively in other areas. Cooperatives are encouraged to seek support through other applicable Rural Development programs. The program has proven to be inefficient and ineffective.

- (6) A decrease of \$943,350 for agriculture marketing resource center grants (\$943,350 available 2008).

This line item is statutorily 5 percent of the amount appropriated for the value-added agricultural product market development grant program. By not requesting value-added funding, there is an automatic termination of agriculture marketing resource center grants.

RURAL BUSINESS-COOPERATIVE SERVICE  
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS  
2007 Actual and Estimated 2008 and 2009

Rural Cooperative Development Grants

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Alabama	\$200,000	--	--
Arkansas	199,932	--	--
California	193,805	--	--
Colorado	200,000	--	--
Iowa	200,000	--	--
Kentucky	200,000	--	--
Massachusetts	200,000	--	--
Minnesota	200,000	--	--
Missouri	200,000	--	--
Montana	275,240	--	--
Nebraska	199,788	--	--
New Jersey	119,509	--	--
North Dakota	200,000	--	--
South Dakota	200,000	--	--
Texas	198,564	--	--
Virginia	200,000	--	--
Washington	200,000	--	--
Wisconsin	200,000	--	--
Total Avail./Est.	<u>\$3,586,838</u>	<u>\$4,423,815</u> <sup>1/</sup>	<u>\$2,955,000</u> <sup>1/</sup>

<sup>1/</sup> Cannot be distributed by geographic area in advance.



RURAL BUSINESS-COOPERATIVE SERVICE  
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS  
2007 Actual and Estimated 2008 and 2009

Appropriate Technology Transfer

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Montana	<u>\$935,550</u>	<u>--</u>	<u>--</u>
Total Avail./Est.	<u><u>\$935,550</u></u>	<u><u>\$2,581,800</u></u> <sup>1/</sup>	<u><u>--</u></u>

Cooperative Research Agreements

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Wisconsin	<u>\$499,769</u>	<u>--</u>	<u>--</u>
Total Avail./Est.	<u><u>\$499,769</u></u>	<u><u>\$491,535</u></u> <sup>1/</sup>	<u><u>--</u></u>

Grants to Assist Minority Producers

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Colorado	\$154,222	--	--
Georgia	175,000	--	--
Mississippi	175,000	--	--
South Carolina	79,950	--	--
South Dakota	175,000	--	--
Texas	174,903	--	--
Washington	<u>261,537</u>	<u>--</u>	<u>--</u>
Total Avail./Est.	<u><u>\$1,195,612</u></u>	<u><u>\$1,462,689</u></u> <sup>1/</sup>	<u><u>\$1,500,000</u></u> <sup>1/</sup>

<sup>1/</sup> Cannot be distributed by geographic area in advance.

RURAL BUSINESS-COOPERATIVE SERVICE  
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS  
2007 Actual and Estimated 2008 and 2009

Value-Added Agricultural Product Market Development Grants

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Alabama	\$31,500	--	--
Arizona	50,000	--	--
Arkansas	195,500	--	--
California	1,447,210	--	--
Colorado	70,000	--	--
Georgia	58,552	--	--
Hawaii	41,000	--	--
Idaho	1,503,110	--	--
Illinois	280,750	--	--
Indiana	43,500	--	--
Iowa	1,198,858	--	--
Kansas	32,000	--	--
Kentucky	44,500	--	--
Louisiana	95,182	--	--
Maine	433,840	--	--
Maryland	351,971	--	--
Massachusetts	49,500	--	--
Michigan	300,000	--	--
Minnesota	2,655,086	--	--
Mississippi	147,242	--	--
Missouri	1,149,500	--	--
Montana	300,000	--	--
Nebraska	681,176	--	--
New Jersey	50,000	--	--
New Mexico	50,000	--	--
New York	351,000	--	--
North Carolina	964,500	--	--
Ohio	300,000	--	--
Oregon	1,677,499	--	--
Pennsylvania	376,497	--	--
South Carolina	250,000	--	--
Tennessee	49,900	--	--
Texas	1,683,548	--	--
Utah	238,400	--	--
Vermont	397,017	--	--
Virginia	401,800	--	--
Washington	125,000	--	--
West Virginia	74,075	--	--
Wisconsin	3,305,409	--	--
Wyoming	33,000	--	--
Puerto Rico	150,000	--	--
Total Avail./Est.	<u>\$21,637,622</u>	<u>\$18,403,709</u> <sup>1/</sup>	<u>---</u>

Agricultural Marketing Resource Center Grants

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Iowa	\$1,025,000	--	--
Total Avail./Est.	<u>\$1,025,000</u>	<u>\$943,350</u> <sup>1/</sup>	<u>---</u>

<sup>1/</sup> Cannot be distributed by geographic area in advance.

RURAL BUSINESS-COOPERATIVE SERVICE  
 GEOGRAPHIC BREAKDOWN OF OBLIGATIONS  
 2007 Actual and Estimated 2008 and 2009

Value-Added Agricultural Product Market Development Grants-Mandatory

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Georgia	\$1,029,456	--	--
Iowa	18,988	--	--
Missouri	<u>90,000</u>	<u>--</u>	<u>--</u>
Total Avail./Est.	<u><u>\$1,138,444</u></u>	<u><u>\$399,443</u></u> <sup>1/</sup>	<u><u>--</u></u>

<sup>1/</sup> Cannot be distributed by geographic area in advance.

RURAL BUSINESS-COOPERATIVE SERVICE  
RURAL COOPERATIVE DEVELOPMENT GRANTS

Classification by Objects  
2007 Actual and Estimated 2008 and 2009

	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Other Objects:			
41 Grants, subsidies, and contributions.....	<u>\$30,018,835</u>	<u>\$28,706,341</u>	<u>\$4,455,000</u>
Total direct obligations.....	<u>30,018,835</u>	<u>28,706,341</u>	<u>4,455,000</u>

RURAL BUSINESS-COOPERATIVE SERVICE

The estimates include appropriation language for this item as follows (deleted matter enclosed in brackets):

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), \$36,000,000: 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.]

This change proposes to eliminate funding for this program.

## RURAL BUSINESS-COOPERATIVE SERVICE

Analysis of Change in AppropriationRENEWABLE ENERGY PROGRAM

	<u>Loan Level</u>	<u>Subsidy</u>	<u>Grants</u>
Appropriations Act, 2008.....	\$185,758,514	\$18,000,000	\$18,000,000
Budget Estimate, 2009.....	0	0	0
Decrease in Appropriations.....	<u>-185,758,514</u>	<u>-18,000,000</u>	<u>-18,000,000</u>
Adjustments in 2008:			
Appropriations Act, 2008.....	\$185,758,514	\$18,000,000	\$18,000,000
Rescission under P.L. 110-161 <u>a/</u> .....	<u>-1,300,310</u>	<u>-126,000</u>	<u>-126,000</u>
Adjusted base for 2008.....	\$184,458,204	\$17,874,000	\$17,874,000
Budget Estimate, 2009.....	0	0	0
Decrease from adjusted 2008.....	<u>-184,458,204</u>	<u>-17,874,000</u>	<u>-17,874,000</u>

a/ The amounts are rescinded pursuant to Division A, Title VII, Section 752 of P.L. 110-161.

PROJECT STATEMENT

(On basis of appropriated/supportable loan levels and appropriated subsidy and grants)

(In thousands of dollars)

Item of Change	2007 Actual		2008 Estimated		Increase or Decrease		2009 Estimated	
	Program Level	Subsidy/ BA	Program Level	Subsidy/ BA	Program Level	Subsidy/ BA	Program Level	Subsidy/ BA
Guaranteed renewable energy loans <u>a/b/</u> ....	\$57,098	\$3,706	\$184,458	\$17,874	-\$184,458 (1)	-\$17,874 (3)	\$0	\$0
Renewable energy grants <u>a/</u> .....	19,102	19,102	17,874	17,874	-17,874 (2)	-17,874	0	0
Total Available or Estimate.....	76,200	22,808	202,332	35,748	-202,332	-35,748	0	0
Rescission <u>c/</u> .....	0	0	1,300	252	-1,300	-252	0	0
Total Appropriation.....	76,200	22,808	203,632	36,000	-203,632	-36,000	0	0

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

a/ Excludes mandatory funding provided by section 9006 of the Farm Security and Rural Investment Act of 2002, Public Law 107-171, dated May 13, 2002, as amended by the section 1301 of the Deficit Reduction Act of 2005, Public Law 109-171, dated February 8, 2006, and offsets included in the Revised Continuing Appropriations Resolution, 2007.

b/ The subsidy rate for FY 2007 is based on a 1.25 percent annual fee, which was increased 0.25 percent in FY 2008.

c/ The FY 2008 amounts are rescinded pursuant to Division A, Title VII, Section 752 of P.L. 110-161.

JUSTIFICATION OF DECREASES

- (1) A decrease of \$184,458,204 for guaranteed renewable energy loan level (\$184,458,204 available in 2008).

It is anticipated that the pending Farm Bill will provide mandatory funding for this program. We therefore request elimination of duplicative funding stream in the FY 2009 budget.

- (2) A decrease of \$17,874,000 for renewable energy grants (\$17,874,000 available in 2008).

It is anticipated that the pending Farm Bill will provide mandatory funding for this program. We therefore request elimination of duplicative funding stream in the FY 2009 budget.

- (3) A decrease of \$17,874,000 for renewable energy guaranteed loan subsidy (\$17,874,000 available in 2008).

It is anticipated that the pending Farm Bill will provide mandatory funding for this program. We therefore request elimination of duplicative funding stream in the FY 2009 budget.



RURAL BUSINESS-COOPERATIVE SERVICE  
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS  
2007 Actual and Estimated 2008 and 2009

Guaranteed Renewable Energy Loans

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Arkansas	\$25,890	--	--
Georgia	10,049,875	--	--
Illinois	17,879,636	--	--
Indiana	999,305	--	--
Iowa	12,320,043	--	--
Kansas	35,839	--	--
Maine	500,000	--	--
Michigan	700,750	--	--
Minnesota	313,233	--	--
Mississippi	88,950	--	--
North Carolina	10,245,000	--	--
North Dakota	106,350	--	--
Oregon	41,250	--	--
South Dakota	127,262	--	--
Utah	462,500	--	--
Vermont	1,048,534	--	--
Wisconsin	2,153,720	--	--
Total Avail./Est.	<u>\$57,098,137</u>	<u>\$184,458,204</u> <sup>1/</sup>	<u>--</u>

<sup>1/</sup> Cannot be distributed by geographic area in advance.

RURAL BUSINESS-COOPERATIVE SERVICE  
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS  
2007 Actual and Estimated 2008 and 2009

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Renewable Energy Grants			
Arizona	\$10,557	--	--
Arkansas	25,890	--	--
California	500,000	--	--
Connecticut	79,148	--	--
Georgia	100,844	--	--
Hawaii	16,747	--	--
Idaho	18,685	--	--
Illinois	642,011	--	--
Indiana	1,531,633	--	--
Iowa	2,841,963	--	--
Kansas	196,595	--	--
Kentucky	62,499	--	--
Louisiana	49,934	--	--
Maine	945,112	--	--
Maryland	213,110	--	--
Massachusetts	461,851	--	--
Michigan	1,660,343	--	--
Minnesota	592,481	--	--
Mississippi	675,984	--	--
Missouri	145,679	--	--
Nebraska	1,009,617	--	--
New Jersey	73,559	--	--
New York	547,441	--	--
North Carolina	482,843	--	--
North Dakota	133,606	--	--
Ohio	106,634	--	--
Oregon	1,641,508	--	--
Pennsylvania	554,909	--	--
Rhode Island	50,991	--	--
South Carolina	12,400	--	--
South Dakota	189,501	--	--
Tennessee	50,000	--	--
Texas	317,820	--	--
Utah	250,000	--	--
Vermont	983,737	--	--
Virginia	90,414	--	--
Wisconsin	1,832,817	--	--
Wyoming	3,336	--	--
Total Avail./Est.	<u>\$19,102,199</u>	<u>\$17,874,000</u> <sup>1/</sup>	<u>--</u>

<sup>1/</sup> Cannot be distributed by geographic area in advance.

## RURAL BUSINESS-COOPERATIVE SERVICE

## RENEWABLE ENERGY PROGRAM

Classification by Objects  
2007 Actual and Estimated 2008 and 2009

	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Other Objects:			
41 Grants, subsidies, and contributions.....	<u>\$22,807,868</u>	<u>\$35,748,000</u>	<u>\$0</u>
Total direct obligations.....	<u><u>22,807,868</u></u>	<u><u>35,748,000</u></u>	<u><u>0</u></u>

PROJECT STATEMENT  
(On basis of obligations under available funds)

Item of Change	2007 Actual	2008 Estimated	Increase or Decrease	2009 Estimated
Mandatory: <u>a/</u>				
Biomass Research and Development grants.....	\$12,785	\$13,786	-\$13,786	\$0
Small Business Innovation Research Program.....	0	350	-350	0
Total Available or Estimate.....	12,785	14,136	-14,136	0
Recovery of prior year obligations.....	811	0	0	0
Transfer form Community Credit Corporation <u>b/</u> .....	-14,000	0	0	0
Unobligated balance available, start of year.....	-13,732	-14,136	14,136	0
Unobligated balance available, end of year.....	14,136	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).

b/ For FY 2006 and FY 2007, Section 759 of the Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act for FY 2006, P.L. 109-97 and for FY 2007 P.L. 110-5, limits funds appropriated or available in excess of \$12,000,000 to pay salaries and expenses of personnel to carry out a Biomass Research and Development Program, as authorized by P.L. 106-224 (7 U.S.C. 7624 note). Section 106 of P.L. 109-148 amends section 759 of the Act to expend funds to pay the salaries and expenses to of personnel to expend \$12,000,000 of the funds initially made available for the fiscal year; therefore, \$2,000,000 for FY 2006 and \$12,000,000 for FY 2007 was available in FY 2007.

RURAL BUSINESS-COOPERATIVE SERVICE  
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS  
2007 Actual and Estimated 2008 and 2009

Biomass Research and Development Grants

	<u>2007</u>	<u>2008</u>	<u>2009</u>
California	\$3,095,990	--	--
Colorado	290,246	--	--
Iowa	1,762,157	--	--
Louisiana	791,865	--	--
Michigan	776,616	--	--
New York	1,063,451	--	--
North Carolina	1,112,719	--	--
Pennsylvania	1,891,729	--	--
Wisconsin	<u>2,000,000</u>	--	--
Total Avail./Est.	<u>\$12,784,773</u>	<u>\$14,135,554</u> <sup>1/</sup>	<u>          </u>

<sup>1/</sup> Cannot be distributed by geographic area in advance.

RURAL BUSINESS-COOPERATIVE SERVICE  
BIOMASS RESEARCH AND DEVELOPMENT GRANTS

Classification by Objects  
2007 Actual and Estimated 2008 and 2009

	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Other Objects:			
41 Grants, subsidies, and contributions.....	<u>\$12,784,773</u>	<u>\$14,135,554</u>	<u>\$0</u>
Total direct obligations.....	<u><u>12,784,773</u></u>	<u><u>14,135,554</u></u>	<u><u>0</u></u>

## RURAL BUSINESS COOPERATIVE SERVICE

NATIONAL SHEEP INDUSTRY IMPROVEMENT CENTERPROJECT STATEMENT

(On basis of obligations under available funds)

(In thousands of dollars)

Project	2007 Actual	2008 Budget	Increase or Decrease	2009 Estimated
National Sheep Industry Improvement Center.....	\$500	\$341	-\$341	\$0
Administrative Expenses.....	128	0	0	0
Total Available or Estimate.....	628	341	-341	0
Unobligated balance available, start of year.....	-886	-341	341	0
Recovery of prior year obligations.....	-83	0	0	0
Unobligated balance available, start of year.....	341	0	0	0
Total Appropriation.....	0	0	0	0

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. The obligations in FY 2008 will close this account.

RURAL BUSINESS-COOPERATIVE SERVICE  
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS  
2007 Actual and Estimated 2008 and 2009

National Sheep Improvement Center Administrative Expenses

	<u>2007</u>	<u>2008</u>	<u>2009</u>
<u>1/</u> New Entity	\$500,000	\$341,410	--
Administrative Expenses	<u>127,742</u>	<u>--</u>	<u>--</u>
Total Avail./Est.	<u><u>\$627,742</u></u>	<u><u>\$341,410</u></u>	<u><u>--</u></u>

- 1/ 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  
2007 Actual and Estimated 2008 and 2009

	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Other Objects:			
25 Other purchases of goods and services from government accounts.....	\$127,742	\$0	\$0
41 Grants, subsidies, and contributions.....	<u>500,000</u>	<u>341,410</u>	<u>0</u>
Total direct obligations.....	<u><u>627,742</u></u>	<u><u>341,410</u></u>	<u><u>0</u></u>

RURAL BUSINESS-COOPERATIVE SERVICE

The estimates include appropriation language for this item as follows (deleted matter enclosed in brackets):

Rural Empowerment Zones and Enterprise Community Grants

[For grants in connection with empowerment zones and enterprise communities, \$8,187,000, to remain available until expended, for designated rural empowerment zones and rural enterprise communities, as authorized by the Taxpayer Relief Act of 1997 and the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999 (Public Law 105-277): Provided, That the funds provided under this paragraph shall be made available to empowerment zones and enterprise communities in a manner and with the same priorities such funds were made available during the 2007 fiscal year.]

This change proposes no funding level for this program in FY 2009. EZs and ECs have access to set asides of Rural Utilities Service, Rural Business-Cooperative Service and Rural Housing Service funds until June 30, 2009. Also, support of EZs is provided in the form of tax incentives to businesses in the zones.

RURAL BUSINESS-COOPERATIVE-SERVICE

Analysis of Change in Appropriation

RURAL EMPOWERMENT ZONES AND ENTERPRISE COMMUNITIES GRANTS

Appropriations Act, 2008.....	\$8,187,000
Budget Estimate, 2009.....	<u>0</u>
Decrease in Appropriations.....	<u><u>-8,187,000</u></u>
Adjustments in 2008:	
Appropriations Act, 2008.....	\$8,187,000
Rescission under P.L. 110-161 <u>a/</u> .....	<u>-57,309</u>
Adjusted base for 2008.....	\$8,129,691
Budget Estimate, 2009.....	<u>0</u>
Decrease from adjusted 2008.....	<u><u>-8,129,691</u></u>

a/ The amounts are rescinded pursuant to Division A, Title VII, Section 752 of P.L. 110-161.

## RURAL BUSINESS COOPERATIVE SERVICE

RURAL EMPOWERMENT ZONES AND ENTERPRISE COMMUNITY GRANTSPROJECT STATEMENT

(On basis of appropriation )

(In thousands of dollars)

Item of Change	2007 Actual	2008 Estimated	Increase or Decrease	2009 Estimated
Rural empowerment zones and enterprise communities grants	\$11,698	\$8,130	-\$8,130	\$0
Total Available or Estimate.....	11,698	8,130	-8,130	0
Unobligated balance available, start of year.....	-3,014	0	0	0
Recovery of prior obligations.....	-190	0	0	0
Unobligated balance available, end of year.....	2,594	0	0	0
Rescission <u>a/</u> .....	0	57	-57	0
Total Appropriation.....	11,088	8,187	-8,187	0

PROJECT STATEMENT

(On basis of appropriation transfer)

(In thousands of dollars)

Item of Change	2007 Actual	2008 Estimated	Increase or Decrease	2009 Estimated
Rural empowerment zones and enterprise communities grants	\$11,698	\$10,724	\$0	\$0
Total Available or Estimate.....	11,698	10,724	-10,724	0
Unobligated balance available, start of year.....	-3,014	-2,594	2,594	0
Recovery of prior obligations.....	-190	0	0	0
Unobligated balance available, end of year.....	2,594	0	0	0
Rescission <u>a/</u> .....	0	57	-57	0
Total Appropriation.....	11,088	8,187	-8,187	0

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

a/ The FY 2008 amount is rescinded pursuant to Division A, Title VII, Section 752 of P.L. 110-161.

JUSTIFICATION OF DECREASE

A decrease of \$8,130,000 for rural empowerment zones and enterprise communities grants (\$8,130,000 available in 2008).

No funding is requested for Empowerment Zones and Enterprise Communities grants in FY 2008. These communities have demographics that make them highly competitive for regular funding through other Rural Development, USDA, and other Federal programs. Grant funding dedicated solely to the EZ/EC communities is not warranted.

RURAL BUSINESS-COOPERATIVE SERVICE  
 GEOGRAPHIC BREAKDOWN OF OBLIGATIONS  
 2007 Actual and Estimated 2008 and 2009

Rural Empowerment Zone and Enterprise Community Grants

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Alaska	\$167,965	--	--
Arizona	527,928	--	--
California	1,513,704	--	--
Florida	167,965	--	--
Georgia	1,345,739	--	--
Hawaii	167,965	--	--
Illinois	1,345,739	--	--
Indiana	167,965	--	--
Kansas	167,965	--	--
Kentucky	167,965	--	--
Maine	667,965	--	--
Michigan	531,098	--	--
Montana	167,965	--	--
New Mexico	721,231	--	--
North Dakota	1,345,739	--	--
Oklahoma	337,795	--	--
Pennsylvania	337,795	--	--
South Carolina	337,795	--	--
Tennessee	167,965	--	--
Texas	667,965	--	--
Washington	167,965	--	--
West Virginia	337,795	--	--
Wisconsin	167,965	--	--
Total Avail./Est.	<u>\$11,697,938</u>	<u>\$10,724,105</u> <u>1/</u>	<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  
2007 Actual and Estimated 2008 and 2009

	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Other Objects:			
41 Grants, subsidies, and contributions.....	<u>\$11,697,938</u>	<u>\$10,724,105</u>	<u>\$0</u>
Total direct obligations.....	<u>11,697,938</u>	<u>10,724,105</u>	<u>0</u>

RURAL BUSINESS-COOPERATIVE SERVICE  
 ALTERNATIVE AGRICULTURAL RESEARCH AND  
 COMMERCIALIZATION CORPORATION REVOLVING FUND

Project Statement by Program  
 (On basis of appropriation)

	2007 Actual	2008 Budget	Increase or	2009 Estimated
	Amount	Amount	Decrease	Amount
Alternative Agricultural Research and Commercialization Revolving Fund.....	0	0	0	0
Total Available or Estimate.....	0	0	0	0
Unobligated balance available, start of the year.....	-\$695,000	-\$725,000	-\$33,000	-\$758,000
Royalties and fees.....	-30,000	-33,000	-3,000	-36,000
Collection from Federal Sources.....	0	0	0	0
Unobligated balance available, end of the year.....	725,000	758,000	36,000	794,000
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 DEVELOPMENT BUSINESS AND COOPERATIVE PROGRAMS**

### **STATUS OF PROGRAMS**

Current Activities: The Rural Development Business and Cooperative Programs provide, loans, loan guarantees, grants, and technical assistance designed to increase economic opportunity in rural America. Every rural community has unique challenges and natural resources. Rural Development (RD) State and field office staffs reflect those unique attributes and work collaboratively with political and business leaders to leverage RD resources. The business and industry (B&I) guaranteed loan program is one of the major tools that RD employs to facilitate business growth in rural areas. With RD guaranteeing up to 80 percent of the principal, lenders can serve local business development while reducing both actual risk and regulatory limits on size of loans or type of loans. An annual renewal fee enables the agency to guarantee more loans to businesses by reducing program costs.

Specific areas being addressed currently include:

1. Facilitating projects that proactively replace traditional energy imports with domestic production.
2. Improving service to lenders and borrowers to minimize transaction expense.
3. Implementing an economic measurement model to gauge the overall impact of allocating scarce Federal resources.
4. Program delivery is transitioning to a risk based management system. Part of this transition includes giving increased approval authority to qualifying State Directors.
5. The Rural Cooperative Development Grant, Value-Added Producer Grant and the Renewal Energy System and Energy Efficiency Improvement programs are included in Rural Development's initiative to streamline and unification proposed rule.

Selected Examples of Recent Progress: Recent accomplishments under this appropriation item are cited below by project:

#### **Business and Industry Guaranteed Loan Program:**

The business & industry guaranteed loan program is Rural Development's flagship job creation and capital expansion business program. The \$837 million awarded in FY 2007 for the program created/saved approximately 12,311 jobs and created/saved 389 rural businesses. This highly efficient program continues to achieve a multiplier of approximately "20-to-1."

The Vaughn Thibodeau & Sons business is a minority/woman owned family business established in 1967 to provide construction site preparation services, concrete, asphalt and equipment throughout eastern and central Maine. The company qualified for two B&I Guaranteed Loans, \$5,000,000 each, to acquire outstanding capital stock of the corporation critical to the continuation of this business as a viable 'cog in the wheel' of eastern Maine's economy. The company will be able to take advantage of opportunities in the marketplace which will likely improve the financial position of this family-owned business. 160 good paying jobs have been maintained in this project.

In Lafayette, Louisiana, Axxis Drilling received a \$9,950,000 business and industry guaranteed bank loan to finance the construction and operation of a state of the art submersible inland drilling rig. Ninety-five percent of their work force are residents of Louisiana. Axxis Drilling employs a total of 240 employees with a payroll in excess of 20 million dollars.

**PART Assessments**

The B&I program underwent a PART assessment in FY 2003 obtaining an “adequate” rating from OMB. The three Improvement Plan recommendations (1) identify and implement steps to measure economic performance, (2) develop an efficiency measure to track administrative expenses, and (3) complete a rewrite of the program regulations. Efforts continue to meet OMB recommendations. The B&I program is scheduled for another PART assessment in FY 2008.

**Renewable Energy Systems and Energy Efficiency Improvements Program:**

In FY 2007, five guaranteed loans, 302 grants, and 129 combination loans and grants, were made through this energy program. Loans totaled more than \$48 million, grants amounted to more than \$11 million, and combinations totaled more than \$17 million --\$9million in loans and more than \$8 million in grants. These Rural Development energy funds produced/saved an estimated 1,108 million kWh.

A renewable energy guaranteed loan of \$10 million is helping to finance Maple River Energy, LLC’s construction of a soybean crushing facility and biodiesel plant in Holstein, Iowa. This plant will produce 3 million gallons per year of crude soybean oil and 5 million gallons of biodiesel per year.

**Intermediary Relending Program:**

In FY 2007, 58 loans resulted in \$33.869 million being made available to intermediaries. These funds impacted 137 businesses and created or saved an estimated 25,911 jobs. The following examples demonstrate the use IRP funds provided to intermediaries to fund projects in rural areas:

West River Foundation, Rapid City, SD, received \$750,000 to assist businesses located within Pennington County. Funding support will create and/or save an estimated 137 jobs.

Lewis County Industrial Development Authority, Monticello, MO, received \$500,000 to assist six businesses located within Lewis County. An estimated 85 jobs will be created and 14 jobs saved.

Snowy Mountain Development Corp., Lewiston, MT, received a \$750,000 loan to provide assistance in its six-county service area. Funds will be used to assist eight businesses thereby creating 88 jobs and saving 214 jobs.

Colorado Housing Enterprises, LLC, Westminster, CO, received \$1 million to assist businesses throughout its 11-county service area--among the lowest income counties in the state. This business assistance will create an estimated 35 jobs.

**PART Assessments**

A PART assessment was conducted in FY 2004 obtaining an OMB rating of “adequate” with recommendations to establish a new baseline and ambitious targets for the program. New baseline targets are under OMB review. The SEBAS model will provide an adjustment for the jobs displacement factor to improve the accuracy of the count for jobs created and saved.

**Rural Economic Development Loan Program:**

In FY 2007, a total of 45 loans with a combined value of more than \$26 million were made to qualifying utilities creating or saving more than 4,350 jobs. For example, a \$740,000 zero interest loan in Nebraska allowed for the expansion of a hospital and the purchase of equipment.

**Rural Economic Development Grant Program:**

In FY 2007, 37 grants were awarded with a combined value of \$10 million. For example, Rural Development made a zero interest \$740,000 rural economic development loan to the Coles-Moultrie Electric Cooperative of Mattoon, IL that was re-loaned to Family Farmers Meats, LLC. Family Farmers used the 10-year, low-interest loan to construct a state-of-the-art, energy efficient processing facility that will process organic/drug-free, traceable meat. The 54 jobs created helped lower the high unemployment rate for the area and stimulated economic growth. Similar rural economic development grants benefiting rural areas were made in Iowa, South Carolina and South Dakota. These funds created or saved more than 660 jobs.

**Rural Business Opportunity Grant Program:**

In FY 2007, the 108 grants awarded totaled more than \$6.9 million, assisted 126 businesses and created or saved more than 1,120 jobs. One grant for \$125,948 provided technical expertise to establish a community planning and economic development office that resulted in a new health care facility.

**Rural Business Enterprise Grant Program:**

In FY 2007, the 115 grants awarded totaled more than \$42.7 million. A grant for \$99,000 was used to create a revolving loan fund with the initial loan used to purchase equipment for expansion of an existing business. The project created four new jobs and retained eight.

**PART Assessment**

The program received a rating of “adequate” on a PART reassessment completed in FY07. The RBEG program will issue in February, 2008 an Un-Numbered Letter establishing new procedures for national and field office staff. Areas emphasized will be new long term measures that better reflect the program’s impact on the long-term viability of businesses and jobs, decreasing the amount of time for issuing notices of funding availability and issuance of awards, and increasing the number of awards made in areas of high economic distress.

**Value Added-Producer Grant Program:**

In FY 2007, grants totaling nearly \$22.7 million were made to 162 agricultural producers and businesses. The program targeted smaller projects, and approximately one-third of the grants, 56, were awarded to recipients who requested \$50,000 or less in Federal assistance.

Recent examples include a grant of \$17,650 to Krouse Ranch, Inc. in Oregon to develop a feasibility study to process and market cut and dressed beef through local farmer-chef connection programs. A grant of \$300,000 was awarded to Mercer Landmark of Ohio to market high bypass soybean meal and non trans-fat soybean oil. Funds were also awarded to a West Virginia farm to investigate the feasibility of marketing cured pork products made from the producer-owners’ hogs.

This program also funded a total of 26 energy related value-added grants with a combined funding level of \$2.9 million. Examples include an award of \$300,000 to MinnErgy, LLC in Minnesota to fund the initial start-up for an ethanol plant, and an award of \$98,500 to Orliceck Farm in Arkansas to determine the feasibility of marketing bio-fuels from a facility in Arkansas.

**PART Assessments**

Program staff followed these recommendations. The program underwent a reassessment during 2006 following the incorporation of added reporting requirements and gained an “adequate” PART rating. Funds were made available at the end of FY07 to allow for improved computer support.

**Rural Cooperative Development Grants:**

In FY 2007, grants totaling approximately \$3.6 million were made to 19 centers. Among the successful applicants was the Kentucky Center for Agriculture and Rural Development (the Center) to provide technical assistance and education promoting new cooperatives while continuing to improve existing farmers' cooperatives. The Center estimates that it will assist at least 27 individuals, cooperatives or other organizations in business development efforts, creating 25 jobs and retaining 60 jobs for rural Kentucky. Since 2001, the rural cooperative development grant program has awarded 146 grants totaling \$35.7 million. These funds help strengthen the rural economy and assist farmers, ranchers, and business owners across the Nation in establishing and operating cooperatives in rural areas.

**RURAL DEVELOPMENT BUSINESS AND COOPERATIVE PROGRAMS**

Summary of Budget and Performance  
Statement of Goals and Objectives

Rural Development Business and Cooperative Programs have 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.

<b>USDA Strategic Goal/Objective</b>	<b>Agency Strategic Goal</b>	<b>Agency Objectives</b>	<b>Programs that Contribute</b>	<b>Key Outcome</b>
<p><b>USDA Strategic Goal 3:</b> Support Increased Economic Opportunities and Improved Quality of Life in Rural America</p> <p><b>USDA Objective 3.1:</b> Expand Economic Opportunities by Using USDA Financial Resources to Leverage Private Sector Resources and Create Opportunities for Growth</p>	<p><b>Agency Goal 1:</b> 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 Rural Business Enterprise Grant Rural Business Opportunity Grant</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 Development 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)							
	2007 Actual		2008 Estimated			2009 Estimated	
	Amount	Staff Years	Amount	Staff Years	Increase or Decrease	Amount	Staff Years
<b>Strategic Objective 3.1</b>							
Rural Business - Cooperative Service Program Level (000s)	\$1,087,399	573	\$1,856,891	572	-\$1,118,664	\$738,227	526
Total, Strategic Objective 3.1	1,087,399	573	1,856,891	572	-1,118,664	738,227	526
Total, Available	1,087,399	573	1,856,891	572	-1,118,664	738,227	526

**Selected Accomplishments Expected at the FY 2009 Proposed Resource Level:**

- The business & industry guaranteed loan program is Rural Development's flagship job creation and capital expansion business program. With a \$30.4 million budget authority in FY 2009, the business & industry program will continue to support a program level of approximately \$700,000,000 to provide funding to businesses of all types which create jobs and promote economic growth. This level of funding will support creating and saving 8,879 jobs and creating/saving 325 businesses in FY 2009.
- The renewable energy guaranteed loan and grant program provides loan guarantees and grants to farmers, ranchers, and rural small businesses to assist with purchasing renewable energy systems and making energy efficiency improvements to their physical plants. The 2008 Farm Bill proposes to re-authorize the renewable energy guaranteed loan and grant program for 10 years and shall remain available until expended. If the funding for FY 2009 is at or above FY 2008 level, the results are estimated at the following: loan projects are expected to reduce greenhouse gas emissions by approximately 352,000 metric tons, replace 2.9 million barrels of foreign oil, and generate approximately 1,642 million kilowatt hours of electricity on an annual bases; enough to serve 157,900 households. The funded grant projects are expected to reduce greenhouse gas emissions by approximately 227,000 metric tons, replace 1.9 million barrels of foreign oil, and generate approximately 1,058 million kilowatt hours of electricity on an annual basis; enough to serve 101,700 households.

- The value-added agricultural product market development grant program enables independent agricultural commodity producers, agricultural producer groups, farmer and rancher cooperatives, and majority controlled producer-based business ventures to participate in the economic returns found in the value-added markets. Each year the number of recipients of value-added producer grants varies, but based on previous years, if the 2008 Farm Bill provides for a \$25.0 million program level in FY 2009, it will support 184 additional proposed, new or expanded value-added businesses annually.
- The intermediary relending program (IRP) makes loans to intermediary borrowers (private nonprofit corporations, State or local government agencies, Indian tribes, and cooperatives) who, in turn, relend the funds to individuals, public or private organizations and other legal entities 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. The IRP funds are typically revolved three to four times over the life of the loan. An analysis of historical data on actual number of intermediaries assisted, number of businesses impacted and creation or saving of jobs, it is anticipated the program will impact 135 businesses and create or save an estimate 25,836 jobs in FY 2009. The funding level will support 45 loans totaling \$33.772 million made to intermediaries.
- 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. These funds will help strengthen the rural economy and assist farmers, ranchers, and rural business owners across the nation in establishing and marketing cooperatives. The funding level for this program in FY 2009 will provide funding to approximately 20 grantees that will assist 150 cooperatives and prospective cooperative groups.

## RURAL DEVELOPMENT BUSINESS AND COOPERATIVE PROGRAMS

### 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: Million of kWh generated
- Measure #3: Assist existing and prospective cooperative groups
- Measure #4: Value added business assisted

#### Key Performance Targets:

Performance Measure	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Target	2009 Target
Performance Measure #1						
a. Jobs created/saved	80,619	73,328	71,715	72,710	72,373	34,715*
b. Program Dollars (000s)**	\$1,088,615	\$788,827	\$880,242	\$937,407	\$1,606,962	\$733,772
Performance Measure #2						
a. Million of kWh generated with alternative energy sources	286.4	373.9	1,575	2,924	2,470	0
b. Program Dollars (000s)						
- Loans		\$10,100	\$24,159	\$57,098	\$184,458	***\$-0-
- Grants (in thousands)	\$21,707	\$22,692	\$22,237	\$19,102	\$17,874	***\$-0-
Performance Measure #3						
a. Number of Cooperatives and prospective cooperative groups assisted	200	225	195	187	175	150
b. Program Dollars (in thousands)	\$5,299	\$7,008	\$4,357	\$6,218	\$8,960	\$4,455



Performance Measure #4						
a. Proposed, new, or expanded Value-Added businesses assisted	60	170	185	151	150	0
b. Program Dollars (in thousands)	\$14,166	\$14,607	\$21,203	\$23,801	\$19,746	***\$0

\* The jobs that are created and saved only represent the programs listed in the column of programs that contribute to Objected 1.1.

\*\* Program Dollars consist of the following programs: intermediary relending program, rural economic development loan and grant; business and industry guarantee; rural enterprise grant; and rural business opportunity grant.

\*\*\* Rural Development anticipates funding for these programs will be provided through the 2008 Farm Bill. At this time, no proposed amount has been received therefore anticipated performance measurements can not be calculated.

<b>BUSINESS AND COOPERATIVE PROGRAMS</b>				
<b>Full Cost by Strategic Goal</b>				
<b>Strategic Objective 3.1: Expand Economic Opportunities by Using USDA Financial Resources to Leverage Private Sector Resources and Create Opportunities for Growth</b>				
<b>PROGRAM</b>	<b>PROGRAM ITEMS</b>	<b>2007 AMOUNT (\$000)</b>	<b>2008 AMOUNT (\$000)</b>	<b>2009 AMOUNT (\$000)</b>
<b>RDLF Intermediary Relending Program</b>				
	Program Level	\$33,870	\$33,536	\$33,772
	Budget Authority	14,926	14,384	14,134
	S&E	1,590	1,523	2,266
	Total Costs	16,516	15,907	16,400
	FTEs	14	14	20
	Performance measure:			
	Jobs created/saved			
	Target:	25,911	25,655	25,836
	Cost per Unit	0.64	0.62	0.63
<b>Rural Economic Development Loans</b>				
	Program Level	\$26,167	\$33,121	\$0
	Budget Authority	5,715	0	0
	S&E	2,353	2,254	3,353
	Total Costs	8,068	2,254	3,353
	FTEs	21	21	29
	Performance measure:			
	Jobs created/saved			
	Target:	3,273	4,939	0
	Cost per Unit	2.47	0.46	0
<b>Rural Economic Development Grants</b>				
	Program Level 1/	\$9,963	\$498	\$0
	Budget Authority	0	0	(39,000)
	S&E	954	914	1,360
	Total Costs	954	914	(37,640)
	FTEs	9	9	12
	Performance measure:			
	Jobs created/saved			
	Target:	1,646	76	0
	Cost per Unit	0.58	12.03	0
<b>Biomass Research and Development Grants</b>				
	Program Level	\$12,785	\$14,136	\$0
	Budget Authority	12,785	14,136	0
	S&E	0	0	0
	Total Costs	12,785	14,136	0
	FTEs	0	0	0
	Performance measure:			
	Jobs created/saved			
	Target:	0	0	0
	Cost per Unit	0	0	0

PROGRAM	PROGRAM ITEMS	2007 AMOUNT (\$000)	2008 AMOUNT (\$000)	2009 AMOUNT (\$000)
<b>Guaranteed Renewable Energy Loans and Grants</b>				
	Program Level <u>2/</u>	\$76,200	\$220,842	\$0
	Budget Authority	22,808	35,748	0
	S&E	7,249	6,946	10,332
	Total Costs	30,057	42,694	10,332
	FTEs	66	65	90
	Performance measure:			
	mKWH produced			
	Target:	2,924	2,470	0
	Cost per Unit	10.28	17.29	0
<b>Rural Cooperative Development Grants, Appropriate Technology Transfer, Cooperative Research Agreements, and Grants to Assist Minority Producers</b>				
	Program Level	\$6,218	\$8,960	\$4,455
	Budget Authority	6,218	8,960	4,455
	S&E	254	244	363
	Total Costs	6,472	9,204	4,818
	FTEs	2	2	3
	Performance measure:			
	Groups assisted <u>3/</u>			
	Target: <u>4/</u>	187	175	150
	Cost per Unit	34.61	52.59	32.12
<b>Value Added Agricultural Product Market Development Grants and Agricultural Mtng. Res. Center Grants</b>				
	Program Level	\$23,801	\$19,746	\$0
	Budget Authority	23,801	19,746	0
	S&E	1,208	1,158	1,722
	Total Costs	25,009	20,904	1,722
	FTEs	11	11	15
	Performance measure:			
	Number businesses assisted <u>5/</u>			
	Target:	151	150	0
	Cost per Unit	165.62	139.36	0
<b>National Sheep Industry Improvement Center</b>				
	Program Level	\$500	\$341	\$0
	Budget Authority	500	341	0
	S&E	0	0	0
	Total Costs	500	341	0
	FTEs	0	0	0
	Performance measure:			
	Target:	0	0	0
	Cost per Unit	0	0	0
<b>Rural Empowement Zone &amp; Enterprise Comm. Grants</b>				
	Program Level	\$11,698	\$10,724	\$0
	Budget Authority	11,698	10,724	0
	S&E	0	0	0
	Total Costs	11,698	10,724	0
	FTEs	0	0	0
	Performance measure: Round II			
	Communities' Leverage Dollars			
	Target:	1,969,539	650,000	0
	Cost per Unit	0	0	0

PROGRAM	PROGRAM ITEMS	2007 AMOUNT (\$000)	2008 AMOUNT (\$000)	2009 AMOUNT (\$000)
<b>Special Earmarks GPs 764 - 2006</b>				
	Program Level	\$643	\$0	\$0
	Budget Authority	643	0	0
	S&E	0	0	0
	Total Costs	643	0	0
	FTEs	0	0	0
	Performance measure:			
	Target:	0	0	0
	Cost per Unit	0	0	0
<b>Business and Industry Guaranteed Loans</b>				
	Program Level	\$830,525	\$1,458,316	\$700,000
	Budget Authority	36,211	62,999	30,450
	S&E	49,978	47,888	71,239
	Total Costs	86,189	110,887	101,689
	FTEs	450	450	621
	Performance measure:			
	Jobs created/saved			
	Target:	12,343	16,625	8,879
	Cost per Unit	6.98	6.67	11.45
<b>NADBank Guaranteed Business and Industry Loans</b>				
	Program Level	\$3,490	\$4,669	\$0
	Budget Authority	319	359	0
	S&E	0	0	0
	Total Costs	319	359	0
	FTEs	0	0	0
	Performance measure:			
	Jobs created/saved			
	Target:	0	0	0
	Cost per Unit	0	0	0
<b>Rural Business Enterprise Grants</b>				
	Program Level	\$42,658	\$44,223	\$0
	Budget Authority	42,658	44,223	0
	S&E	0	0	0
	Total Costs	42,658	44,223	0
	FTEs	0	0	0
	Performance measure:			
	Jobs created/saved			
	Target:	21,346	21,467	0
	Cost per Unit	2.00	2.06	0
<b>Rural Business Opportunity Grants, and Grants to Delta Regional Authority</b>				
	Program Level	\$8,881	\$5,779	\$0
	Budget Authority	8,881	5,779	0
	S&E	0	0	0
	Total Costs	8,881	5,779	0
	FTEs	0	0	0
	Performance measure:			
	Jobs created/saved			
	Target:	8,191	3,614	0
	Cost per Unit	1.08	1.60	0

PROGRAM	PROGRAM ITEMS	2007 AMOUNT (\$000)	2008 AMOUNT (\$000)	2009 AMOUNT (\$000)
<b>Rural Business Enterprise Grants May 6, 2007 Disaster Emergency Supplemental</b>				
	Program Level	\$0	\$2,000	\$0
	Budget Authority	0	2,000	0
	S&E	0	0	0
	Total Costs	0	2,000	0
	FTEs	0	0	0
	Performance measure:			
	Jobs created/saved			
	Target:	0	0	0
	Cost per Unit	0	0	0
<b>Total for Strategic Objective 3.1</b>				
	Program Level	\$1,087,399	\$1,856,891	\$738,227
	Budget Authority	187,163	219,399	10,039
	S&E	63,586	60,927	90,635
	Total Costs	250,749	280,326	100,674
	FTEs	573	572	790
	Performance measure:			
	Target:	N/A	N/A	N/A
	Cost per Unit	N/A	N/A	N/A

- 1/ RED Grants funded through cushion of credit and fees from underwriter bonds and notes.
- 2/ Guaranteed Renewable Energy Loans and Grants funding contingent on Farm Bill for FY 2009.
- 3/ Performance measure changed from coops assisted to groups assisted.
- 4/ FY 2007 and 2008 Estimates and Performance Measures based on RCDG and GAMP programs only.
- 5/ Measure and target changed from recipient revenues to businesses assisted.

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.