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AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS FOR 2012

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

HOUSE OF REPRESENTATIVES

ONE HUNDRED TWELFTH CONGRESS

FIRST SESSION

SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES

JACK KINGSTON, Georgia, *Chairman*

TOM LATHAM, Iowa	SAM FARR, California
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CYNTHIA M. LUMMIS, Wyoming	MARCY KAPTUR, Ohio
ALAN NUNNELEE, Mississippi	
TOM GRAVES, Georgia	

NOTE: Under Committee Rules, Mr. Rogers, as Chairman of the Full Committee, and Mr. Dicks, as Ranking Minority Member of the Full Committee, are authorized to sit as Members of all Subcommittees.

MARTIN DELGADO, TOM O'BRIEN, BETSY BINA, and ANDREW COOPER,
Staff Assistants

PART 6

USDA RURAL DEVELOPMENT

Printed for the use of the Committee on Appropriations

PART 6—AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS FOR 2012

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USDA RURAL DEVELOPMENT

U.S. GOVERNMENT PRINTING OFFICE

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AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS FOR 2012

THURSDAY, MARCH 31, 2011.

USDA RURAL DEVELOPMENT

WITNESS

DALLAS TONSAGER, USDA UNDER SECRETARY FOR RURAL DEVELOPMENT

INTRODUCTION OF WITNESSES

Mr. KINGSTON. The committee will come to order.

The first order of business, I think, is to fine me for being late. I will put $10 in the coffee pot for Mr. Farr to be celebrated at the end of the year. Hopefully, there will be other people late that we can get that money up more.

But let me welcome our witnesses today, and I will let you guys introduce yourselves. And you can summarize your testimony because we have had it and reviewed it, but I will yield the floor to Mr. Farr.

Mr. FARR. Well, thank you, Mr. Chairman.

I think that this hearing is very, very important. We heard from the Secretary that rural America has essentially been in a depression for the last decade or so and that I think this is the agency within USDA that really deals with the infrastructure and financing of rural America and keeping rural America sound.

And I have looked forward to this hearing. I am not going to go into any testimony or statement because of time, and I also have to excuse myself later on to go to a MilCon hearing, which is at the same time.

So thank you, Mr. Chairman, and look forward to it.

Mr. KINGSTON. Thank you.

And Mr. Secretary, I don't know who came up with the bright idea, but 10:00 a.m. seems to be the universal time for all committee meetings. So we are all kind of jumping back and forth.

Mr. Aderholt, did you have any opening statement?

Mr. ADERHOLT. No, I am good. Thank you.

Mr. KINGSTON. Mr. Tonsager.

Mr. TONSAGER. Yes, good morning. We appreciate this very much.

Chairman Kingston, Ranking Member Farr, Members of the subcommittee, it is my privilege today to present the administration's Rural Development budget priorities.

I am accompanied today by Mr. Jonathan Adelstein, Ms. Judith Canales, and Ms. Tammye Trevino, Administrators for Rural Development's Utilities, Business and Cooperatives, and Housing and Community Facilities Programs. I ask that their statements be included in the record as well.

Mr. KINGSTON. Without objection.

OPENING STATEMENT

Mr. TONSAGER. As stated by the President, we are committed to out-educating, out-innovating, and out-building our competitors around the world. Additionally, we recognize that the future is made brighter by reducing the burden of future generations created by recurring budget deficits, and we must rise to that challenge as well.

Rural America is the backbone of our great Nation. It is our farms and forests; our mountains, deserts, and plains; our small towns and smaller cities; and agriculture, coupled with off-farm manufacturing, mining, forestry, tourism, and services that drive our rural economy. Rural Development is committed to the future of these rural communities.

Rural America offers many opportunities but is also faced with numerous challenges, many of which are regional in nature, with barriers such as lack of broadband capabilities, outward migration, a great need for increased capital market investments, and chronic infrastructure issues. Rural America must focus its resources on opportunities that provide the best return for its investments.

As compared to their urban counterparts, rural Americans are more likely to be over the age of 65, earn lower average incomes, and are more likely to live in poverty. The President's fiscal year 2012 budget reflects his commitments to jobs, growth, and opportunity for rural America. With a proposed budget authority of $2.4 billion and a proposed program level of $36 billion, the three agencies of the Rural Development mission area are full participants in that commitment.

This budget sets clear priorities, and it makes tough choices. And we recognize that the subcommittee is a full partner in that effort. In view of the budget realities, I take particular pride in pointing out that four of our largest programs operate on a fee basis with no appropriated budget authority.

The electric and telecommunication programs are two of the greatest public-private partnerships in American history and enhanced the quality of life and brought economic opportunity to rural communities. Through prudent management, they have long operated at a negative subsidy rate.

In the past year, the Community Facilities Direct Loan Program and the Single Family Housing Loan Guarantee Program have also become negative subsidy rate programs. Last year, Congress enacted legislation putting the Single Family Housing Loan Guarantee Program on a fee basis, consistent with the President's 2011 budget proposal.

The Community Facilities Direct Loan Program is proposed for fiscal year 2012 at $1 billion, approximately three times its historic program level. This is the result of the negative subsidy rate, which reflects the current low interest rate environment and the good performance of our community partners.

Rural Development continues to be an outstanding resource for taxpayers. This reflects the leveraging we generate through our loan and grant efforts. Most of our awards are loans and loan guarantees. With a portfolio totaling more than $148 billion, over 98 percent of our clients are not delinquent on their loans. This is particularly impressive, considering that most of our programs are targeted to very low, low, and moderate income families.

Rural Development has more than 40 programs designed to foster growth, incubate and grow businesses, and add new taxpayers to the payrolls. Our utility programs provide the essential infrastructure that is the foundation for growth. Our business programs finance entrepreneurs in traditional manufacturing and services. Our housing and community facilities programs directly create jobs in new construction and building rehabilitation while enhancing the quality of life in rural communities.

We also help finance innovation, particularly in green energy. Our Nation continues to transition to a new, greener, and domestically produced energy system. Rural Development will have a growing role to play.

Rural Development's proposed budget supports the President's call for responsible economies by accepting difficult choices. We are refocusing, realigning, retargeting our efforts, saving money for taxpayers, while supporting rural residents and communities and building their future. We are working to incentivize investments and find other partners to leverage assets and build a stronger rural America.

It is our privilege to work with the subcommittee to help build a better future for rural America and the Nation, and we are committed to the future of rural communities, and we know that you share in that commitment as well.

And Mr. Chairman, I am ready for questions.

[The information follows:]

RURAL DEVELOPMENT
Statement of Dallas Tonsager, Undersecretary for Rural Development
United States Department of Agriculture
Before the Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies

Chairman Kingston, Ranking Member Farr, and members of the Subcommittee, it is my privilege today to present the Administration's budget priorities to win the future for the nearly 50 million people who call rural America home. Today, I am accompanied by Mr. Jonathan Adelstein, Ms. Judith Canales and Ms. Tammy Trevino, Administrators for Rural Development's Utilities, Business and Cooperatives and Housing and Community Facilities Programs. I ask that their statements be included in the record.

As the President stated, we are committed to out-educating, out-innovating, and out-building our competitors around the world and, at the same time, ensuring that rural America is a full partner in capturing the emerging opportunities of the 21st century. We recognize also that the future is made brighter by reducing the burden on future generations created by recurring budget deficits, and we must rise to that challenge as well.

Rural America is the backbone of our great Nation. It is our farms and forests; our mountains, deserts, and plains; our small towns and smaller cities. Agriculture, coupled with off-farm manufacturing, mining, forestry, tourism and services drive our rural economy.

The United States Department of Agriculture (USDA) Rural Development is committed to the future of these rural communities. We are excited that rural America includes some of the Nation's most dynamic areas and offers a number of opportunities.

Although rural America does offer many opportunities, it is faced with many challenges as we compete in the global market place. With barriers such as a lack of broadband capabilities, outward migration-especially of highly educated young people, significant needs for increased capital market investments, and chronic infrastructure issues, rural America must focus its resources on those opportunities that provide the best return for its investment. As compared to their urban counterparts, rural Americans are more likely be over the age of 65, earn lower average incomes, and are more likely to live in poverty. That is our challenge.

The President's Fiscal Year (FY) 2012 budget reflects his commitment to jobs, growth, and opportunity for rural America. With a proposed budget authority of $2.4 billion and a proposed program level of $36 billion, the three agencies of the Rural Development mission area are fully engaged in increasing opportunities and addressing these challenges. The budget sets clear priorities and makes tough choices reducing spending, including reductions in both staffing and administrative funds, reductions in several programs and the elimination of others. We recognize that this Subcommittee is a full partner in this effort. We share a common goal and we deeply appreciate your ongoing support.

In view of the budget realities we face, I take particular pride in noting that four of our largest programs at Rural Development operate with no appropriated budget authority. The Electric and

Telecommunications programs are two of the greatest public-private partnerships in American history. For generations, they have been extraordinary success stories in enhancing the quality of life of and bringing economic opportunity to rural communities. Through prudent management, they have long operated at a negative subsidy rate.

In the past year, the Community Facilities Direct Loan program and the Single Family Housing Loan Guarantee program have also become negative subsidy rate programs. Last summer, Congress enacted legislation putting the Single Family Housing Loan Guarantee program on a fee basis consistent with the President's 2011 budget proposal, and I thank you for that action. That initiative puts Single Family Guaranteed Loans on a path to becoming the largest program level ever proposed for home ownership through USDA, with no cost to taxpayers.

In addition, the Community Facilities Direct Loan program is proposed for FY 2012 at $1 billion, approximately three times its historic program level. This is the result of a negative subsidy rate which reflects the current low interest rate environment as well as good performance by our community partners in an extremely challenging economic environment. This is a win both for the taxpayers and for rural residents and communities working to enhance their quality of life.

The President's budget supports the call for responsible economies by accepting difficult choices. We are realigning and retargeting our efforts, and saving money for the taxpayers, while still supporting rural residents and communities in building a better future. Single Family Housing Direct Loans and Housing Repair Grants Programs are both funded at significantly reduced level for FY 2012, reflecting the change in direction of USDA's single family housing assistance programs: to provide single family housing assistance primarily through loan guarantees. The $24 billion guaranteed loan level allows USDA's Rural Housing Service (RHS) to provide more assistance for single family housing in rural areas than has ever been provided with all the other RHS housing programs combined. Meanwhile, the Community Facilities Loan Guarantee Program is proposed for termination in FY 2012. While the Community Facilities Direct Loan Program will operate at a negative subsidy rate for FY 2012, the guarantee program has recently become more expensive, yet serves less needy communities. The increase in the Community Facilities Direct Loan Program will more than counter the effect of not funding the Communities Facilities Guarantee Loan Program in FY 2012.

While most of our programs do require budget authority, Rural Development continues, to be an outstanding resource for taxpayers. This reflects the leverage we generate as primarily a lending agency; while grants play an important supporting role, most of our awards are loans and loan guarantees. With a total portfolio totaling over $148 billion, over 98 percent of our clients are not delinquent on their loans.[1] This is particularly impressive because most of our programs are targeted to very-low, low, and moderate-income families. Through our Single Family Housing (SFH) direct portfolio, we have made more than 315,000 loans with a principal balance of approximately $15.3 billion to these families. Our banking partners, through the SFH Guaranteed Loan Programs, have made more than 4498,000 loans, with an approximate balance

[1] Ninety - eight percent of our RD borrowers are performing well, as reflected by a portfolio delinquency rate of less than 2 percent. This rate reflects those loans past due for more than one year.

of $53 billion. Our credit standards have remained strong, our investments have been made with care, and our results are making rural America a better place to live and work.

As a lending agency, we are especially concerned with increasing the access to long term capital in rural America. We understand that wealth creation ultimately depends on long term capital financing, and that government cannot carry the entire burden. Although the Administration has invested unprecedented resources in rural America, the future drivers for debt and equity financing will require additional partnering opportunities with the private sector. Our job is to incentivize these investments, and our challenge is to find partners, including other Federal and State agencies, commercial lenders, community endowments or focused investment vehicles to leverage these assets. Last year every dollar of program budget authority in Rural Development translated into approximately $12 of investment in rural America. We are proud of this significant leverage, and we are working hard to increase the share of equity participation advanced by private lenders and entrepreneurs.

We recognize the budget challenges the Nation faces today, and we understand that economic growth is the foundation of any realistic long-term solution. USDA Rural Development is part of that solution. Our programs are designed to foster growth, incubate and grow businesses, and add new taxpayers to the rolls. Our Utilities Programs provide the essential infrastructure that is the foundation for growth. Our Business Programs finance entrepreneurs in traditional manufacturing and services, as well as food system infrastructure related to production agriculture, from grain elevators and food processors to farmers markets and grocery stores. Our Housing and Community Facilities programs directly create jobs in new construction and building rehabilitation while enhancing the quality of life without which rural communities cannot hope to prosper and grow.

We also help finance innovation, particularly in renewable energy, where Congress entrusted us with energy programs through the energy titles of the 2002 and 2008 Farm Bills. Working closely with our colleagues at the Department of Energy, we have invested in algae-based biorefineries even as we have continued to help first generation ethanol producers with working capital and assistance in transitioning to renewable sources for powering plant operations. We are encouraging expansion of advanced biofuels production, wind and solar deployment, and other renewable energy production. We have expanded capacity for energy audits and assisted individual producers and rural business owners with energy efficiency improvements. We recognize that renewable energy is largely derived from feedstocks found in rural areas and that it holds enormous potential for economic growth and jobs in rural America. As the Nation continues to transition to a new, greener, and domestically produced energy system, Rural Development will have a growing role to play.

Another driver of growth is broadband. Over the past two years, we have provided financing for projects that will enable approximately 7 million rural residents, 364,000 rural businesses, and 32,000 community anchor institutions to connect to state-of-the-art broadband service. These projects are in various stages of construction now. Looking forward, on March 4, 2011, we published new regulations for the Farm Bill broadband program implementing changes effected by the 2008 Farm Bill and incorporating lessons learned from past programs. These investments will pay dividends on an increasing scale in the years to come, in the form of new business startups and expansions, improved health care, and better schools, libraries, and other community services made possible through enhanced broadband access.

Last year, USDA refocused certain programs to encourage regional strategic planning to leverage our limited resources. This approach recognizes that many of the challenges and opportunities facing rural America are regional in nature, and it encourages communities to work together to harness their unique strengths, particular mix of industry clusters, and regional economic assets into cooperative strategies for regional growth. We are encouraged by the early results, and we remain enthusiastic about the potential for highly productive synergies in this area. The FY 2012 budget requests small increases for our two planning grant programs – the Rural Community Development Initiative Grant and the Rural Business Opportunity Grant – in order to continue the progress in this area.

It is a privilege to work with this Subcommittee to help build a better future for rural America and the Nation. We are committed to the future of rural communities, and we know that you share this commitment as well. This partnership long predates any of us; it is now over 75 years old, and it has accomplished many great things. But our work is not yet done. Thank you for this opportunity to discuss the President's FY 2012 budget request for USDA Rural Development, and I will be happy to respond to your questions.

Rural Development
Statement of Judith Canales, Administrator, Rural Business-Cooperative Service
United States Department of Agriculture
Before the Subcommittee on Agriculture, Rural Development,
Food and Drug Administration, and Related Agencies

Chairman Kingston, Ranking Member Farr, and Members of the Subcommittee, thank you for the opportunity to testify regarding the Administration's Fiscal Year (FY) 2012 Budget for the U.S. Department of Agriculture's (USDA) Rural Business-Cooperative Service (RBS). We are still in challenging economic times, but the programs and services of the RBS, in partnership with other public and private sector funding, are improving the economic climate of rural areas. These programs promote rural business employment opportunities and help close the opportunity gaps between rural and urban areas. The Administration's 2012 Budget requests $181 million in budget authority for rural business and cooperative programs that will support over $1 billion in direct and guaranteed loans and grants, which will assist in creating or saving over 81,000 jobs by providing financial assistance to thousands of businesses. I appreciate the opportunity to discuss the Administration's FY 2012 Budget, as well as the successes of the business programs today.

Administration Priorities

As outlined in Secretary Vilsack's testimony on March 1st, USDA will continue to engage public and private partners to revitalize rural communities by expanding economic opportunities and creating jobs for rural residents to promote investment in building a greener economy and to build a link between local production and local consumption.

Capital Markets

To increase economic prosperity in rural communities, capital is needed to spur business expansion and promote new businesses. RBS administers several loan and grant programs that can be used to attract investment capital, including loan guarantee programs such as Business and Industry loans and the Biorefinery Assistance Program. Our employees are also key tools in creating capital markets, providing the skills and expertise to review business plans, identify tax incentives, and put together viable loan and grant combinations that can be used to spur capital investment in rural areas.

Renewable Energy

RBS has been a leader in promoting the creation and expansion of renewable energy in rural areas. Since the signing of the 2008 Farm Bill, the renewable energy programs authorized under Title IX of the Farm Bill have invested over $460 million in biorefineries and renewable energy and energy efficiency systems through mandatory Farm Bill funding for grants, loan guarantees, and assistance payments. The President's 2012 Budget continues to provide support for renewable energy projects funded through the Rural Energy for America Program, the B&I Guaranteed Loan and the Value-Added Producer Grant programs.

Business Programs

Business development and job creation are at the foundation of our agency mission. In 2010 we invested about $3 billion to ensure America's rural businesses maintain a competitive edge in today's global market place. The vast majority of this funding was provided through guaranteed loans. These guarantees leverage funding provided by the commercial lending community along with other private sector funding.

Guaranteed Business and Industry Loans (B&I)

Capital is the lifeline of businesses and rural businesses to maintain and create rural jobs. The FY2012 Budget requests $53 million in budget authority to support $823 million in loan guarantees for B&I. In 2010 we obligated 1,030 loans totaling over $2.9 billion. Morris Manufacturing and Sales Corporation is a rural American success story under this program. In business since 1962, the company is one of Brazil, Indiana's (population 8,188) largest employers providing quality jobs in the community. The business specializes in the manufacturing of gears, rings and pins, used in automotive transmissions and drive trains. Their products are sold to major automotive companies. When major automakers closed down production and reorganized, the company was forced to lay off 100 employees and had a remaining staff of only 35. Rural Development was able to guarantee a loan from a commercial lender allowing for debt restructuring over longer terms and for the purchase of new machinery and equipment. The B&I loan guarantee assured that the business would continue as an automotive supplier. The company now has new contracts with major auto manufacturers for the development of new products. Employment has rebounded; all laid off workers have been rehired, and the work force increased to 167 in 2010, supporting an average wage of $15.99 per hour with benefits.

Rural Business Enterprise Grant Program (RBEG)

The Budget requests $30 million for the Rural Business Enterprise Grant Program. A key aspect of this program is the flexibility it provides to grantees, local economic development entities, regarding the use of funds for a variety of purposes such as projects that finance and facilitate development of small and emerging rural businesses, provide technical assistance, help fund business incubators, and promote employment related to adult education programs.

Using a $31,000 Rural Business Enterprise Grant, Idaho's Bounty Co-op, Inc. had been successful at creating a year round local foods market system between southern Idaho producers and consumers. Idaho's Bounty was faced with the challenge of trying to expand their markets to meet the demands of their customers, but did not have enough funds to purchase the equipment required to continue to grow. With funding provided through the Rural Business Enterprise Grant (RBEG) program, the grant recipient, Wood River Resource Conservation and Development (RC&D), was able to purchase a truck for lease to Idaho's Bounty that gives them access to an additional refrigerated truck to ensure safe transportation of cold-storage products from their warehouse. This project not only expanded their delivery capacity and service area, but also created a job through the immediate filling of a delivery driver position.

The growth of Idaho's Bounty has created an additional distribution channel for several previous recipients of the Value-Added Producer Grant (VAPG) program. Their customers included restaurants and local hospitals whose desire for locally produced goods exceeded their current transportation and cold-storage capacity. The grant immediately created 1 job while saving 12 others, and assisted at least 6 private business enterprises, expanding the opportunity to provide nutritious locally produced food to food banks, schools, and other commercial operators.

Rural Business Opportunity Grant (RBOG)

RBS will expand the Rural Business Opportunity Grant program, requesting an additional $5 million to support the Secretary's Regional Innovation Initiative. In FY 2010, the RBOG program provided funding to seven identified regions to develop plans focused on supporting local food systems, renewable energy, and the utilization of natural resources to promote economic development through regional planning among Federal, State, local and private entities. By creating a regional focus and increasing collaboration with other Federal agencies, and other partners, our resources will have a larger impact, enabling greater wealth creation, quality of life improvements, and sustainability.

Intermediary Relending Program (IRP)

The FY 2012 Budget includes $12 million in budget authority to support $36 million in loans under the Intermediary Relending Program. We estimate that the proposed level of funding will assist 325 businesses in creating or saving approximately 26,000 jobs with the initial lending of this year's loans.

The Southern Illinois Coal Belt Champion Community Inc. (SICBCC) is one successful example of this loan program. Founded in 2002, Coal Belt was created to lead and support economic and community development work with the goal of poverty reduction and creation of greater employment opportunities.

In 2003, Coal Belt, in partnership with Rural Partners and Verizon, funded a three-county assessment of collaborative initiatives and broadband Internet access and usage in their three-county area. Pushing those themes forward became a central goal of Coal Belt. In 2005, the Southern Illinois Broadband Initiative was formed which, in 2006 became Connect SI. Today, Connect SI has evolved into a nationally recognized 20-county economic and community development initiative under the direction of the SICBCC partner Man-Tra-Con Corporation.

Rural Microentrepreneur Assistance Program (RMAP)

The Rural Microentrepreneur Assistance Program was implemented in 2010, is in its second year now and provides capital access, business-based training and technical assistance to the smallest of small businesses; businesses of less than 10 people. To support this important program the budget requests $5.7 million in 2012, in addition to the $3 million in mandatory funds to support a program level of $35 million. In 2010 RMAP provided 73 grants totaling $9.7 million to microlenders to provide technical assistance and established 63 rural microloan revolving funds, through loans to microdevelopment organizations that totaled a loan portfolio of $37 million. Though new, this program is already showing results. Through a $130,000 grant, the Rural Economic Development Center in North Carolina has conducted several meetings and conducted a workshop entitled "Understanding the Role of Credit" to explain the Microentrepreneur program. The workshop was very successful with approximately 50 participants in attendance. In December, a detailed tracking system was developed to monitor inquiries and follow up activities. The RMAP staff is in the process of developing a micro-loan "pre-application" for use, as a part of their program to assist microentrepreneurs to obtain microloans for startup and expansion of their enterprises.

Energy Programs

Rural Business Service administers four programs with the sole purpose of promoting biofuels and renewable energy. Over the last year applications were awarded through Notices of Funding Availability (NOFA). Additionally, the agency developed Interim Final regulations that were published in February 2011.

Rural Energy for America Program

The Rural Energy for America Program (Section 9007) is the most successful and competitive renewable energy program that RBS operates. Initially created under the 2002 Farm Bill, the program was reauthorized and expanded in the 2008 Farm Bill. The 2012 Budget requests about \$37 million to support a program level of \$45 million in 2012 in addition to the \$70 million in mandatory funding to support \$166 million in program level. In FY 2010 the program provided 2,400 grants and loan guarantees totaling \$159 million in support for energy audit projects, and energy efficiency and renewable energy projects that ranged from biofuels to wind, solar, geothermal, anaerobic digesters, hydroelectric, and biomass projects.

One successful \$117,000 grant/loan project was Gary's Super Foods in Nebraska. A grant/loan combination was awarded to improve the energy efficiency of Gary's grocery store. Today there is a heat reclaiming system that captures the heat from the store's refrigeration units and redistributes the heat through a duct work system to heat the building. Since the opening of the store in early 2009, the company has realized a significant energy savings.

Farm Bill Programs

Biorefinery Assistance Program

The Biorefinery Assistance Program (Section 9003) program provides loan guarantees to assist in the development of new and emerging technologies in the development of advanced biofuels. An Interim Rule was published February 14th, 2011and the NOFA was published March 11, 2011. Staff will continue to focus on providing the level of oversight necessary in reviewing and approving these large loans ranging up to $250 million.

Repowering Assistance Program

The Repowering Assistance Program (Section 9004) provides payments to biorefineries who switch from using fossil fuels to produce heat or power to renewable biomass. These biorefineries have to have been in existence at the time the 2008 Farm Bill was passed. A notice of Interim Rulemaking was published February 11th, 2011 and a NOFA was published on March 11, 2011.

Bioenergy Program for Advanced Biofuels

The Bioenergy Program for Advanced Biofuels (Section 9005) provides payments to eligible producers to support and expand production of advanced biofuels. To date, almost $30 million in assistance payments have been provided to 141 advanced biofuel producers. On February 11th, 2011, an Interim Final Rule was published, and incorporated a NOFA for the 2010 funding in the amount of $80 million. A second NOFA for $85 million was published on March 11, 2011 for the FY 2011 funding.

Value-Added Producer Grant Program

The 2012 Budget requests funding for the Value-Added Producer Grant Program at $20.4 million. This level of funding allows RBS to maintain this important program which encourages producers to refine or enhance their products, increasing their value and their returns to producers. On February 23, 2011, a Final Rule was published incorporating changes made by the 2008 Farm Bill and expanding the types of eligible applicants. The programmatic changes associated with the regulation will provide additional opportunities to beginning and socially disadvantaged producers by helping owners of small and medium-sized family farms sell their products in local and regional markets, reserving 10 percent of the total funds available for projects to benefit beginning and socially disadvantaged farmers and mid-tier value chains. The successes of the Value-Added program can be seen throughout the United Sates. In Montpelier, Vermont, the Screamin' Ridge Farm received a grant for $31,000 in 2009. The purpose of the grant is to create a plan and determine the feasibility of buying a local restaurant/commercial kitchen that will process farm-produced raw materials and make them into value-added products. These products will be sold in the restaurant and as wholesale items to other direct retail markets. In Cresco, Iowa, the owners of Plant Peddler, Inc. received a $140,000 grant to expand its business by starting a new division, Stone Creek Farms. In northeast Iowa, Plant Peddler, a vegetable producer, is developing Stone Creek Farms to market locally produced vegetables to its target market.

Rural Cooperatives

Cooperatives are an important form of business model that is the cornerstone for business development in some rural communities. Cooperatives provide rural residents with new job opportunities, enhanced educational and healthcare services, and products that enable them to compete with their urban and suburban counterparts. Opportunities are created locally and revenues are maintained and re-circulated locally.

Rural Cooperative Development Grant Program

The Budget requests $9.2 million for the Rural Cooperative Development Grant. This program provides support to centers to develop new cooperatives and improve existing cooperatives. This program complements our national and state office technical assistance efforts by increasing outreach and developing feasibility studies and business plans for new cooperatives and assisting existing cooperatives in meeting the demands of today's ever-changing global economy.

Grants to Assist Small, Minority Producers and ATTRA

The Budget requests $3.5 million to support cooperatives or associations of cooperatives whose primary focus is to provide assistance to small, minority producers. In support of the Local Food Systems Initiative, Hillside Farmers Co-op in southeastern Minnesota received an $113,865 a grant to partner with Latino farmers in southeastern Minnesota who, together, are committed to producing sustainable foods and building healthier communities. The co-op pairs immigrant families with established farmers in the area who rent out their land for gardening and poultry production.

Conclusion

Thank you for your time, Mr. Chairman and members of the Subcommittee. The Rural Business –Cooperative Service is committed to promoting economic prosperity in rural communities through our loans, grants, loan guarantees, and payment programs. With your help, we will continue working to bridge the opportunity gap between rural and urban areas.

RURAL DEVELOPMENT
Statement of Jonathan Adelstein, Administrator, Rural Utilities Service
United States Department of Agriculture
Before the Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies

Thank you, Chairman Kingston, Ranking Member Farr, and Members of the House Agriculture Appropriations Subcommittee. I appreciate the opportunity to appear before this subcommittee about the Rural Utilities Service (RUS) and its vision for serving rural Americans in the coming years.

Overview

RUS is uniquely positioned to play a strong role in our country's effort to win the future by out-educating, out-innovating, and out-building our global competition. Our mission is to provide sustainable long term investment through loans and grants to fund rural utilities projects. These cover front line energy investments such as grid modernization, environmental upgrades, energy efficiency, smart grid technology, demand management; investments in clean, safe drinking water and sanitary systems; and investments in telecommunications, including rural broadband access.

Rural Development infrastructure projects facilitate economic development, foster sustainable job creation and revitalize rural areas. These investments enhance community resources, including education, which will equip a greater share of young people and adults with high-demand skills and education for emerging industries. For example, broadband networks expand educational and job training opportunities that provide rural Americans with the skills necessary to compete in the global economy. We also encourage American innovation through investments in the job-creating industries of tomorrow such as domestically-produced alternative and renewable energy. RUS investments help rebuild America's infrastructure so that U.S. companies can market their products and ideas from every corner in America to anywhere in the world, which is essential to rural economic development and American economic growth.

Whether funding renewable energy or smart grid projects, delivering broadband to unserved and underserved communities, or improving local water and waste systems, RUS programs allow communities to invest in the services needed to build sustainable economies.

America's rural communities are on the forefront of the renewable energy movement. By increasing the national supply of home-grown American renewable energy, we can reduce our reliance on foreign energy.RUS is proud to help rural areas continue their leadership in this arena by supporting additional investments in the development of domestic generation and transmission of renewable energy. These efforts will help position rural America to produce more renewable power than ever before and create thousands of new jobs across the country.

Modern telecommunications technology is vital for the expansion of business, education, and health care opportunities in rural areas, and it also enhances the competitiveness of the Nation's small towns and rural communities. Rural broadband networks create jobs and economic opportunity. Broadband availability allows business owners to expand their distribution channels and enables a new generation of entrepreneurs to thrive in rural areas. America's farmers and ranchers can use broadband to monitor commodity prices, obtain weather forecasts, buy and sell commodity futures, and find new markets for their produce and livestock. We live and work within an economy that is both global and digital, and in order for the benefits of broadband to be fully realized, we need the participation of all Americans – no matter where they live.

Reliable access to water is the foundation on which rural communities are built and prosper. With reliable water and waste infrastructure, the establishment of core community services is made possible, supporting existing residents and attracting new economic development. Access to reliable sources of water is a critical factor for many local businesses, manufacturers and producers when determining their costs and where to locate. RUS investments in the repair and reconstruction of rural water and wastewater infrastructure help ensure that rural residents have affordable, clean water and adequate systems for handling waste. Our water programs safeguard the health of rural residents and the environment, and they ensure that rural water systems can reliably meet 21st century demands. Facilitating reliable and affordable access to water is a necessary underpinning for business development in rural America that helps create jobs, and strengthens our Nation's economy and our ability to compete in the global marketplace.

The current budget environment demands that the RUS continues to focus on maximizing the impact of our public dollars. The Administration has proposed a budget for RUS that would allow the agency to invest wisely, efficiently and effectively in rural America. By carefully leveraging our programs – with a keen eye on the soundness of our agency's portfolio – the RUS will be able to contribute to USDA Secretary Tom Vilsack's goal of rebuilding and revitalizing rural America.

The President's budget requests an investment of just over $8 billion, leveraging $537 million of budget authority to fund electric, telecommunications and water and wastewater programs in rural areas. By stretching each tax payer dollar into nearly $16 dollars of investment, this proposed budget recognizes the need for infrastructure modernization throughout the country. We use the term "investment" because the capital provided for loans, for the most part, is repaid. The Rural Utilities Service portfolio is over $56 billion and the current delinquency rate is 0.22 percent. We are very proud of our customers' repayment history.

Electric Funding

The President's budget requests $6.1 billion in funding for direct loans for rural electric utilities. No budget authority is necessary to deliver this level of assistance; accordingly this investment in rural infrastructure can be accommodated at no cost to taxpayers. These funds will be utilized for distribution, transmission and generation facilities. The budget provides for the construction, acquisition, or improvement of renewable energy plants and fossil fueled plants with carbon capture sequestration systems. Generation facilities financed can include fossil fuel technology that operates in conjunction with intermittent sources of renewable energy. The budget will also finance environmental upgrades, energy efficiency, smart grid, and demand management. No funding is requested for the High Energy Cost Grant program.

The demand for electricity in rural areas is growing at 2 percent annually. Prior to the recession, demand was growing at 4 percent annually. We must be ready to meet the growth in demand that is sure to come with the recovery of the economy. Meeting the growth in demand for electric power generation is capital intensive and takes time from concept to completion. RUS will continue to work to ensure that our projects are good for the environment, good for the economy, and good for electric consumers.

Telecommunications Funding

The budget supports $690 million in direct loans for the Telecommunications Infrastructure Loan Program that is sufficient to meet rural telecommunications demands, based on estimates made at the time the budget was developed. This USDA program is the only Federal program that offers telecommunications loans to rural areas.

The broadband program, created under the 2002 Farm Bill and revised by the 2008 Farm Bill, has helped deliver broadband services to rural areas for nearly a decade. With the publication of new regulations, RUS is accepting applications for new broadband projects this spring. I am pleased to report that these new regulations, along with additional steps RUS has taken, have addressed all of the USDA Office of Inspector General findings raised about the program.

The President's budget does not include new funding for broadband loans, as sufficient carry-over funds remain available to bring broadband to unserved and underserved rural areas in 2012. However, various 2011 appropriations proposals still under consideration could undermine this assessment.

To further broadband in rural areas, under ARRA, RUS made 320 awards totaling in excess of $3.5 billion. These awards, a combination of grants and loans, will bring broadband service to nearly 7 million people, 364,000 businesses, and 32,000 community anchor institutions across more than 300,000 square miles. These projects have a service area that includes 31 tribal lands and 124 persistent poverty counties. This budget includes $30 million for the Distance Learning and Telemedicine Grant Program and $18 million for Community Connect Grant Program, which funds rural communities without broadband service.

Water and Wastewater Funding

The budget requests $489 million in budget authority for the water and wastewater program to support approximately $1.2 billion in loans and grants to address the critical water and waste disposal needs in rural America. These funds will build upon the prior investments rural communities have made through this program to replace aging infrastructure, make necessary repairs and extend service to areas without access to public water and waste service. Through ARRA funding and annual appropriations over the last two fiscal years, USDA has invested $6 billion in loans, grants and guarantees that will provide 4.5 million people access to new or improved water and waste disposal services. These investments are working to revive local economies and improve the quality of life for those who call rural America home.

Conclusion

The RUS loan portfolio remains very strong. As mentioned previously, the RUS delinquency rate is a very low 0.22 percent. However, we do not rest on our laurels, we are working every day to improve program delivery. No other Federal program has a more rural focus or is more capable of working with local leaders to deliver funds to address critical infrastructure needs which are fundamental to the quality of life and economic future of rural America.

In closing, I would like to thank the subcommittee for the opportunity to appear before you today. I look forward to your questions.

RURAL DEVELOPMENT

**Statement of Tammye Treviño, Administrator, Rural Housing Service
United States Department of Agriculture
Before the Subcommittee on Agriculture, Rural Development,
Food and Drug Administration and Related Agencies**

Chairman Kingston, Ranking Member Farr and Members of the Subcommittee, thank you for this opportunity to present the President's Fiscal Year (FY) 2012 Budget for the Department of Agriculture's (USDA) Rural Housing Service.

Overview

As an integral part of Rural Development, this year the Rural Housing Service (RHS) will help nearly 170,000 rural American families become homeowners; provide safe, decent affordable rental housing to 460,000 individuals; and provide financing to assist over 1,000 small communities develop essential community buildings and equipment.

The proposed budget for the Rural Housing Service in FY 2012 requests total budget authority of $1.03 billion, supporting a program level of approximately $26.3 billion in loans, loan guarantees, grants, and technical assistance. The FY 2012 budget has targeted resources to programs that are most needed and most effective in rural communities.

The FY 2012 budget for Rural Development's RHS programs assists in USDA's efforts to help rural America out-build, out-educate and out-innovate our global competitors, while making the tough choices necessary to address responsibly the Nation's budget deficit. The budget request proposes an increase to the program level for the Single Family Housing Guaranteed program from the $12 billion 2010 enacted level to $24 billion. This level of funding is supported by a fee structure that eliminates the need for budget authority. This level of support will assist more low- and moderate- income rural families than ever to own their own home. Moreover, to help rural America win the future, this budget includes targeted investments and program increases to lay the foundation for long-term job creation and economic competitiveness in rural America.

The FY 2012 budget proposes to more than triple another budget neutral program – the Community Facilities direct loan program - that will require no subsidy budget authority. This increased program level will enable hundreds of rural communities to build and repair hospitals, libraries, schools, roads, and other essential facilities. All told, this budget takes important steps to grow the economy while focusing on responsible deficit reduction.

Single Family Housing Programs

The Single Family Housing (SFH) programs provide opportunities for rural Americans with very low- to moderate-incomes to purchase homes. The proposed $24 billion program level for the SFH Section 502 loan guarantee is anticipated to fully meet demand. For FY 2011 and FY 2012 the program has a negative subsidy rate because of a low and stable default rate coupled with increased program fees. The 2012 fee structure will be a 2 percent up-front fee and an annual fee of 0.3 percent. Single family housing direct loans and housing repair grants are both funded at significantly reduced levels for 2012, reflecting the change in direction of the Department of Agriculture (USDA) single family housing assistance programs: to provide single family housing assistance primarily through loan guarantees. The $24 billion guaranteed loan level allows USDA's Rural Housing Service (RHS) to provide more assistance for single family housing in rural areas than has ever been provided with all the other RHS housing programs combined.

The collapse in the housing market caused a reduction in lender confidence, which has increased demand for the SFH guaranteed program. Currently, approximately 2,000 lenders participate in the program. The low home mortgage interest rate environment has enabled the guaranteed rural housing program to serve low-income families who may have previously looked to our SFH direct loan program for assistance.

Recognizing that an unserved need continues to exist for very low-income families, the single family housing direct loan program's reduced funding level will be $211 million and will be targeted to very low-income applicants.

Housing Loan and Grant Programs

The FY 2012 Budget limits or eliminates funding to some very small loan and grant programs to allow the agency to focus on the programs that most effectively achieve USDA's housing goals through higher loan volumes. USDA will provide approximately 2,000 grants to very-low income, elderly, rural homeowners in order to make essential repairs to their homes to make them safe and to remove health hazards through the SFH Housing Repair grant program. This program is designed to help the most vulnerable residents in rural America.

Smaller and more labor intensive programs that are not proposed for funding include housing repair loans, self-help housing grants, housing assistance grants, and loans to deal with inventory property referred to as "credit sales." This shift in the focus of program delivery will make USDA leaner, more efficient and will help the agency streamline operations and deliver results at a lower cost for the American people.

Multi-Family Housing Programs

The Multi-Family Housing (MFH) budget continues Rural Development's commitment to providing affordable housing options to the poorest of the poor in rural America. Our existing portfolio provides decent, safe, sanitary, and affordable residences for about 460,000 tenant households. The total program level request for Multi-Family Housing programs is $1.06 billion, $907 million of which is allotted for MFH Rental Assistance contract renewals. The requested rental assistance is sufficient to accommodate the expected 204,503 rental assistance contracts that will renew.

While the FY 2012 budget request proposes to terminate funding for the MFH Revitalization Demonstration Program, it proposes to increase the MFH direct loan program from a program level of $69.5 million to $95 million, ensuring that more affordable rental housing opportunities are created for the very-low income tenant base in rural America. The direct loan program can be used for repair and rehabilitation as well as new construction. So the increase in funding should allow property owners to continue to finance revitalization efforts even without the demonstration program.

The FY 2012 budget request proposes $16 million for the Rural Housing Voucher Program. The voucher funding will be used to offset some of the reductions in rental assistance. If a MFH property offering rental assistance leaves the portfolio, vouchers will be offered to all low-income tenants that presently receive rental assistance.

The FY 2012 budget request for MFH Section 514/516 Farm Labor Housing is approximately $37.2 million in program level funding.

Community Programs

The Community Facilities (CF) budget request will provide financing for the construction and improvement of essential community facilities across rural America, including schools, libraries, hospitals, clinics, child care centers, and public safety facilities. The President's 2012 Budget proposes to increase the CF direct loan program from $295 million in FY 2010 to $1 billion in FY 2012. The performance of these loans coupled with the current economic assumptions projecting loan interest rates have made the subsidy cost for this program negative for 2012. The demand for the Community Facilities direct loan program is high across rural America, as communities come together to modernize critical infrastructure that is vital to improving rural health and educational outcomes and spur sustained job creation and economic growth.

The budget proposes the elimination of the CF guaranteed loan program. This program originated as an inexpensive alternative to the direct loan program, designed to stimulate additional assistance to moderate income communities in rural areas. However, the defaults in the program have been much higher than originally projected, making it more expensive than the direct loan program. The proposed increase in the direct loan program will more than make up the effects of ending the guaranteed loan program.

In FY 2010, we invested over $120 million in regular CF funding in 209 educational and cultural facilities serving a population totaling more than 2.6 million rural residents; over $84 million in 550 public safety facilities serving a population totaling more than 2.8 million rural residents; and over $455 million in 124 health care facilities serving a population totaling more than 2.1 million rural residents. The remaining balance was used for other essential community facilities such as food banks and other food security projects, community centers, early storm warning systems, child care centers, and homeless shelters.

Conclusion

Through this budget, and the continued commitment of President Obama, rural Americans will have the tools and opportunities they can put to work to improve both their lives and their communities. We recognize that we cannot do this alone and will continue to identify and work with partners to improve the lives of rural residents.

I would like to thank each of you for your support of the rural housing and community facilities programs' efforts. I look forward to working with you in moving the FY 2012 Budget forward.

Mr. KINGSTON. Thank you, Mr. Under Secretary.

BROADBAND PROGRAM

Let me ask you this, and I have had some concerns about the broadband program. The Inspector General's office issued a report in 2005 and then a follow-up report in 2009 about concerns with the program. And so, I wanted to ask you what was the status of your reaction to the IG report, also particularly as respects to the interim final rule released March 14th and those concerns? Where are you on those, and what changes have you made?

Mr. TONSAGER. Well, I will respond, and I would like to also ask Administrator Adelstein to respond as well.

We watch closely. The standing broadband program is primarily a loan program. Its uses, earlier on, were primarily near urban areas. So it wasn't really penetrating into a rural market.

The Recovery Act provided loan and grant combinations through the Broadband Investment Program—BIP—that was authorized to us. We attempted to learn from both of those. We have not been using the standing program. We went through this year and a half with the Recovery Act money, and we implemented and went out with the broadband program.

Administrator Adelstein has worked to reform the existing program with the proposed changes. And if it is all right, I will ask Jonathan to speak to it as well.

Mr. KINGSTON. Yes.

Mr. ADELSTEIN. Thank you, Mr. Chairman.

Thank you, Mr. Under Secretary.

The Inspector General—IG—report was of concern to us. We, as a matter of fact, suspended the broadband program during the pendency of the Recovery Act because we wanted to, before we moved forward with any loans in this administration, address each and every one of the concerns in the IG report. And in fact, we have done so.

As of March 24th, the IG indicated that, as a result of the publication of the regulation, that entire investigation has been closed to the satisfaction of the USDA IG. So we have addressed each and every concern that they raised, both through the way the program is being run and the way it was run previously. So we are starting with a clean slate essentially from the Inspector General.

We are just opening up a new window for funding for the program as of this month under new rules. Previous rules that were being operated under were based on legislation from Congress in 2002, which did permit, in fact, required the agency to provide loans to places that might not have been as rural as the administrators might have liked in the previous administration. But nevertheless, they were obligated under the law to do so.

The Congress, in its wisdom, in 2008 changed the law. We have implemented those changes, along with others, to encourage all of those loans to go to the most rural parts of the country, to prioritize areas that have no service or areas that largely lack service so that we can address all of the concerns of the IG, and the IG said we have done so.

Mr. KINGSTON. How much of that money then is spent in those underserviced areas now? Do you have the breakdown on it?

Mr. ADELSTEIN. Well, right now, we have not, in this administration, done any loans under that program. So, previously, I still believe most of the loans did go to rural areas. There were a handful that were highly publicized that went to areas that were more suburban because the law permitted that. The law, in fact, required that.

Right now, we are starting with a clean slate. So we don't have under our current regulation any loans out, just because we opened up the window this month.

Mr. KINGSTON. You have probably seen this national broadband map that shows in the blue the areas that are serviced. And of course, that is most of the country. And then you have probably seen the breakdown of the States that go along with it.

[The information follows:]


Broadband Availability in the United States- www.broadbandmap.gov

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Below are rankings for the requested broadband characteristics The broadband data below is as of 06/30/10 and represents data collected by SBDD grantees.

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Rank	Name	**Technology** All	Demographics Info. Popul.	Add Metric	Add Metric	Add Metric	Add Metric	Add Metric
1	New Jersey	**100%**	8,764,303	%	%	%	%	%
2	Delaware	**100%**	884,837	%	%	%	%	%
3	District of Columbia	**100%**	588,461	%	%	%	%	%
4	Rhode Island	**100%**	1,063,614	%	%	%	%	%
5	Connecticut	**100%**	3,526,996	%	%	%	%	%
6	Florida	**99.9%**	18,960,414	%	%	%	%	%
7	Massachusetts	**99.9%**	6,452,290	%	%	%	%	%
8	Maryland	**99.8%**	5,726,030	%	%	%	%	%
9	New York	**99.8%**	19,367,631	%	%	%	%	%
10	Illinois	**99.7%**	12,919,307	%	%	%	%	%
11	Kansas	**99.7%**	2,781,452	%	%	%	%	%
12	California	**99.7%**	37,273,531	%	%	%	%	%
13	Wisconsin	**99.6%**	5,651,858	%	%	%	%	%
14	Indiana	**99.6%**	6,389,470	%	%	%	%	%
15	Texas	**99.6%**	24,542,407	%	%	%	%	%
16	Michigan	**99.6%**	10,121,483	%	%	%	%	%
17	Pennsylvania	**99.6%**	12,435,962	%	%	%	%	%
18	Colorado	**99.5%**	4,912,003	%	%	%	%	%
19	Nevada	**99.5%**	2,721,138	%	%	%	%	%
20	Hawaii	**99.5%**	1,305,670	%	%	%	%	%
21	Utah	**99.5%**	2,732,286	%	%	%	%	%
22	Washington	**99.5%**	6,590,248	%	%	%	%	%
23	Iowa	**99.5%**	2,986,982	%	%	%	%	%
24	Minnesota	**99.5%**	5,257,716	%	%	%	%	%
25	Ohio	**99.4%**	11,478,141	%	%	%	%	%
26	Georgia	**99.4%**	9,869,616	%	%	%	%	%
27	North Dakota	**99.4%**	634,427	%	%	%	%	%
28	South Dakota	**99.3%**	802,483	%	%	%	%	%
29	South Carolina	**99.3%**	4,478,631	%	%	%	%	%
30	Maine	**99.3%**	1,323,446	%	%	%	%	%
31	Oregon	**99.2%**	3,808,054	%	%	%	%	%
32	Nebraska	**99.1%**	1,783,383	%	%	%	%	%
33	Tennessee	**99.1%**	6,246,411	%	%	%	%	%
34	New Hampshire	**99.0%**	1,336,212	%	%	%	%	%
35	Oklahoma	**98.8%**	3,638,334	%	%	%	%	%

Rank	Name	Technology All	Demographics Info Popul.	Add Metric	Add Metric	Add Metric	Add Metric	Add Metric
36	North Carolina	**98.8%**	9,258,426	%	%	%	%	%
37	Montana	**98.8%**	962,763	%	%	%	%	%
38	Vermont	**98.6%**	621,520	%	%	%	%	%
39	Louisiana	**98.5%**	4,353,196	%	%	%	%	%
40	Arkansas	**98.5%**	2,862,065	%	%	%	%	%
41	Arizona	**98.2%**	6,640,137	%	%	%	%	%
42	Missouri	**97.8%**	5,933,305	%	%	%	%	%
43	Wyoming	**97.5%**	522,201	%	%	%	%	%
44	Idaho	**97.5%**	1,537,189	%	%	%	%	%
45	Alabama	**97.5%**	4,642,855	%	%	%	%	%
46	New Mexico	**97.3%**	1,997,928	%	%	%	%	%
47	Virginia	**96.7%**	7,884,044	%	%	%	%	%
48	Mississippi	**96.4%**	2,925,456	%	%	%	%	%
49	Kentucky	**95.2%**	4,273,951	%	%	%	%	%
50	Virgin Islands of the United States	**91.2%**	108,599	%	%	%	%	%
51	Alaska	**90.1%**	699,160	%	%	%	%	%
52	West Virginia	**85.9%**	1,803,723	%	%	%	%	%
53	Puerto Rico	**66.2%**	3,967,329	%	%	%	%	%
54	American Samoa	**19.6%**	57,291	%	%	%	%	%

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The **National Broadband Map** is a tool to search, analyze and map broadband availability across the United States
Created and maintained by the **NTIA**, in collaboration with the **FCC**, and in partnership with 50 states, five territories and the District of Columbia.

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New Jersey, 100 percent. New York, 99.8 percent. Texas, 99.6 percent. Georgia, 99.4 percent. In fact, the lowest one is American Samoa at 19 percent, followed by Puerto Rico, 66 percent. And then on continental United States, West Virginia at about 86 percent. And so, I have to question, you know, right now, is this really where we need to be spending our money? Particularly since the FCC just announced last month a $1 billion program for broadband.

And it is one of these sexy things that is kind of like art education. You can always go out and talk about art education, and it is great. I mean, it is a lot more exciting than talking about math and science. But do we really need to continue this?

Mr. ADELSTEIN. There is no other Federal program that provides financing assistance to rural communities to provide broadband for those percentages you talked about that aren't covered today. As a matter of fact, the map gives us a kind of a road map of where we want to focus our resources and where we would like to close those gaps.

We have talked to our State directors about working in their States with the Governor and others to try to fill those holes. They need financing assistance in order to do it. And the reason is, that it is a more difficult business case to make in rural areas. There are fewer customers per mile. It is more expensive to serve, and there is less revenue to provide for that.

So getting a loan program and something we are going to get paid back on—we are very proud of our record of being repaid—allows them to get better terms and lower interest rates than would otherwise be available in the private market. So we think it is a really important program to complete this process of getting broadband out to those parts of the country that are identified on the map as not having broadband today.

Mr. KINGSTON. You know what my concern is—and I actually have run out of time. So I will continue this with you next round, and I appreciate it.

Mr. Farr.

Mr. FARR. Thank you very much, Mr. Chairman.

RURAL HOUSING SERVICE

I would like to talk a moment about rural housing. About 300 families in my district have become homeowners in the last 20 years, thanks to USDA's Section 502 direct loan mortgage program, the Section 523 and that program that is in Section 523 that is the self-help program. We have worked with some of the housing authorities, the non-profit housing authorities.

Twenty-five people and their families are now working on constructing their own homes with self-help loans. In fact, the Mayors of the City of Hollister, which is the county seat of San Benito County in California, grew up, one of them in the self-help house, and the other told me that he built his house with the USDA's self-help program.

The question is why is the budget going to eliminate these successful programs as of March 4th, when we have a backlog in California for Section 502 loans, for self-help housing totaling over $17 million. And as I understand, that $17 million to be borrowed and repaid to low and very-low income families.

It has been a job creator because of the materials that go into those houses and so on. And it seems that there is a drastic cut in this program, and I want to know why.

Mr. TONSAGER. As you will note from my testimony, we propose a $2.4 billion budget authority and a $36 billion program level. A lot of what we do is lending.

Mr. FARR. But you only requested $211 million for fiscal year 2012——

Mr. TONSAGER. For program——

Mr. FARR [continuing]. For Section 502 direct mortgage loan program?

Mr. TONSAGER. That is correct.

Mr. FARR. That is a cut from what it previously was?

Mr. TONSAGER. Yes. It is substantial.

Mr. FARR. With the demand out there, why cut the program?

Mr. TONSAGER. The administration made the decision to aggressively seek to assist with reduction in the Federal deficit. What we are asking for is about 18 percent less budget authority than we have had previously.

Mr. FARR. But why? I mean, as I understand it, you can say, well, they can go to the market. But you don't—with your program, you have essentially your interest rates are below market rate, and you are getting the poorest people or the lowest-income people in the country to get housing. That is a pretty nifty thing.

Why would we want to cut that market, which you also pointed out or Mr. Adelstein pointed out that the private sector won't go there in their lending?

Mr. TONSAGER. The challenge for us has been, as we have looked at the need to reduce the deficit, we had to go to the programs that have the greatest budget authority cost. In this case, it was our Multi-Family Housing Program, and it was the Single Family Housing Direct Loan Program.

Mr. FARR. That have the greatest, what, budget cost?

Mr. TONSAGER. Budget authority cost. Our 502 guarantee program, which we proposed an increase for, has no budget authority cost.

Mr. FARR. But that 502 or that authority doesn't allow you to have low-interest market rates, does it?

Mr. TONSAGER. That is correct. We will be actually offering more housing ownership opportunities than we ever have before with this budget using the guarantee program.

Mr. FARR. But not necessarily to the same class of people?

Mr. TONSAGER. Exactly. That is correct.

Mr. FARR. I mean, this is the issue. Why do we go after—I can't believe this administration would rob from Peter to pay Paul and take the most vulnerable people in rural areas. I mean, the Secretary has talked about trying to stabilize and have a rural strategy, a rural economic revitalization. Access to capital is essential to do that. Why wouldn't you want to keep people down on the farm rather than drive them away?

Mr. TONSAGER. I think we have had to make difficult choices in the proposed budget. We wanted to make sure we could address homeownership opportunities. Our plan is to use the 502 guarantee program to go as far down as we can into the low-income category. We maintained a component of the 502 direct category and also to address very-low income needs. There is an incremental loss of the ability to serve that particular category.

Mr. FARR. Will you be able to serve the self-help loans or that backlog in California?

Mr. TONSAGER. We have proposed elimination of the self-help program, which is, again, a major important program. But again, it is a budget authority cost that we have had to examine more closely.

Mr. FARR. Okay. That is all gobbledygook talk. What about helping those people that are waiting on that list? Can your other program serve them?

Mr. TONSAGER. We can use the 502 direct program to the degree we have budget authority.

Mr. FARR. And they can afford it?

Mr. TONSAGER. We will be able to focus on the 30 percent measurement for income and try to help those below the 30 percent, those who have a cost greater than 30 percent of their income. So that is generally the break point.

Mr. KINGSTON. The gentleman's time has expired.

Mr. Aderholt.

Mr. ADERHOLT. Thank you all for being here this morning.

FARM LABOR HOUSING

I wanted to ask a question. I know that Mr. Farr had asked about the housing issue of Rural Development. It is my understanding that Rural Development administers the Farm Labor Housing Program, and this is where housing facilities for migrant farm workers are constructed for those workers to stay in a modest rental rate while they do farm work in an area before migrating to another area to do more agricultural labor. I believe that is Sections 14 and 16.

I know that U.S. citizens and permanent residents are the only people eligible for the housing. My question is, are these residents screened through like an eVerify system?

Mr. TONSAGER. If it is all right, I would like to ask Administrator Trevino, who runs the programs, to give you the details.

Mr. ADERHOLT. Sure. That would be great.

Mr. TONSAGER. Tammye.

Ms. TREVINO. Congressman, thank you for the question.

Currently, we do not have access to the Electronic Income Verification—EIV. We are asking for that authority from Congress. It is a proposal that is coming through from the next generation of a rental housing working group that has been formed by the White House, and it is one of the things that we have asked for.

That, because it is owned by I believe the Social Security Administration or one of those agencies, we do not have access to it. We have to have statutory authority in order to do it.

Mr. ADERHOLT. Do you have any timeline as to when this might occur?

Ms. TREVINO. I was just asked to prioritize that yesterday, and so we are asking for that and some Community Reinvestment Act—CRA—reform and some energy.

Mr. ADERHOLT. In the meantime until that does get implemented, how are ways that you can implement or what are things you can do to implement protocol to make sure that it is not used for those that are here illegally?

Ms. TREVINO. We have the guidelines, and they are shared with every owner of one of our properties. And if we find that they are not following the guidelines, then we take compliance action.

Now we have created a new program that is going to be Web based, and it is based on civil rights complaints that we have gotten. So it is a civil rights training. And it clearly identifies under what conditions you can refuse to rent to certain individuals. So that is something that we haven't tested yet. It is going into the test phase now. So we realize that there are some limitations that we have had in being able to verify incomes, and so we are trying to take as many corrective actions as we can.

Mr. ADERHOLT. What is the bidding process for these projects?

Ms. TREVINO. Through a Notice of Funds Availability—NOFA. In terms of who applies for Section 515 and 514? Yes.

Mr. ADERHOLT. If someone wants to construct one of these projects, what is the——

Ms. TREVINO. Yes. We have a competition. We announce a NOFA, and we take applications. And then they are ranked and scored.

Mr. ADERHOLT. Is that open to all contractors?

Ms. TREVINO. Yes. It is open to anyone who is an eligible applicant.

Mr. ADERHOLT. Okay. Is the same true for contracts to manage the properties?

Ms. TREVINO. No, sir. The owners, the developers of those projects choose their servicing agents, the asset management company.

Mr. ADERHOLT. Whoever won the bid on the contract?

Ms. TREVINO. Right. And then we normally—there are certain agencies that provide that service, and most of them go with one of those that has a lot of experience that is already doing it. If there is anyone new, we just monitor them a little closer to make sure they know what they are doing.

Mr. ADERHOLT. Okay. And again, Mr. Farr had alluded to this fact that rural areas tend to lag behind the rest of the country in economic recovery. And I guess what particularly my question is, do you see that being the case currently, as opposed to, like, say historically that has been the case, but are we seeing that during this time of economic downturn and having a very fragile economy? Are we seeing that as of today that rural areas are hit the hardest?

Ms. TREVINO. Yes, sir.

WATER AND WASTE CIRCUIT RIDER

Mr. ADERHOLT. Okay. I want to, if I can, just quickly get in one question, to ask about the Circuit Rider Program and the rural water loans and grants. And just, Mr. Adelstein, I don't know if you would be best to answer that. And just doesn't USDA have a program to assist local utilities with source water protection plans? Is that the case?

Mr. ADELSTEIN. Yes, we do.

Mr. ADERHOLT. And just briefly, how does that work?

Mr. ADELSTEIN. Well, the Circuit Rider Program is an essential way that we help our small rural water systems that may not have the expertise themselves in every aspect of their system to do it themselves. So we provide in the budget request $14 million this year for the Circuit Rider Program that we give out in a grant to a private organization to basically train and help in the field, small rural water systems to have the expertise and specialty knowledge that they need and to get them trained.

Because for these small communities, they just don't have the budgets themselves, and they don't always have the expertise. So we are able to provide that centrally through the Federal Government and getting it out in the field through the private sector, non-profit organizations that provides that assistance.

Mr. ADERHOLT. Okay. Thank you.

Mr. KINGSTON. Ms. DeLauro.

Ms. DELAURO. Thank you very much, Mr. Chairman.

And thank you all very much.

SECTION 502 SINGLE FAMILY HOUSING

I just want to follow up on my colleague Mr. Farr's questions. Just—I think he may have gotten the numbers mixed up—to correct the record, the 502 direct loan program, that was funded at $1.1 billion. The administration has requested $211 million. So we are looking at it is about a 79 to 80 percent cut in that program.

And as you pointed out, mutual and self-help housing program, those have been eliminated in this budget. That was at $41 million. Question is how will USDA continue to offer affordable housing to low-income families in rural areas if these two programs are cut severely or eliminated?

Mr. TONSAGER. We will use our resources the best way possible with the 502 guarantee program.

I would like to ask Administrator Trevino to respond, if that is all right?

Ms. TREVINO. Congresswoman, thank you for your question.

It has been a challenge determining what was going to be cut and what wasn't. And one of the things that I was tasked with was to try to figure out which programs were more cost effective. We have done a study on the direct program, and we have seen that it is more intensive in terms of resources and in terms of time.

We have currently, in the last year or so, tried to take steps to make this more cost effective and make that program more efficient. I cannot show that efficiency right now. It would take me probably another year to implement the regulation that we currently have going through, another year after that to show results.

So if we want to show what is most cost effective, that is not one of them. I think that it has the potential to get there, but I can't show that cost efficiency now.

Ms. DELAURO. Well, but in terms of need, because this is your ERS report——

Ms. TREVINO. Right.

Ms. DELAURO [continuing]. Has stated that the home ownership guarantee is the worst targeted of all Rural Development guarantee programs, does not adequately serve rural, less populated communities with more economic stress.

Do you have data at your department that indicates otherwise from ERS's report?

Ms. TREVINO. What I can tell you is that last year in the 502 guarantee program, about 30 percent of the 133,000 loans that we made went to low-income individuals.

Ms. DELAURO. Well, then let me just—what would be interesting information, I think, is what are the eligibility requirement for single family direct program? How does that compare to the guarantee? What is the average annual income for each?

Ms. TREVINO. Okay. The guarantee——

Ms. DELAURO. Because that is a way in which we can discern what is happening to lower-income people.

Ms. TREVINO. I understand.

[The information follows:]

Eligibility requirements to qualify for the direct and guaranteed loan programs are substantially similar. For both programs, applicants must:

- Be unable to obtain sufficient credit from another source;
- Agree to personally occupy the dwelling as their primary residence;
- Meet citizenship or eligible noncitizen requirements for participation in Federal programs; and
- Demonstrate both the willingness and ability to repay the loan.

Properties financed under both programs must be in an eligible rural area.

The primary difference between the programs is the income eligibility:

- For the direct loan program, applicants must have an adjusted income that is at or below the applicable low-income limit at loan approval, for the guaranteed loan program, applicants may have adjusted annual income up to 115% of the area median income. In addition, applicants who are able to obtain financing through the guaranteed loan program are not eligible for the direct program.

- The average annual household income of applicants receiving assistance through the Section 502 Direct program in FY 2010 was $27,400. The average household income for Section 502 Guaranteed borrowers was $44,400.

Ms. DELAURO. I am going to throw this on the table for an answer. What was the backlog for Section 502 loans at the end of fiscal year 2010? Of that number, what percentage came from very low and low-income families?

Ms. TREVINO. We did not have a backlog last year in the 502 program. Is that what you asked for?

Ms. DELAURO. Yes.

Ms. TREVINO. ARRA—the American Recovery and Reinvestment Act—kicked in last year also. So we were able to meet demand.

Ms. DELAURO. Okay. But you had the ARRA piece. ARRA is——

Ms. TREVINO. No longer. I understand. Right.

Ms. DELAURO. It is gone. Right. So that would——

Ms. TREVINO. And we understand that there is a portion of that segment of the population that is probably not going to get served.

Ms. DELAURO. Mm-hmm. Mm-hmm.

Ms. TREVINO. Again, the choices that we make——

Ms. DELAURO. Well, what would be very interesting is, and I have just said, the various eligibility requirements, the income levels because you said you provided assistance. But again, I wanted to know what is the—with regard to the average income for each of these categories, and what you did with ARRA with the 502 program, what then was the what percentage came from very low income families? I would like to have that information.

Ms. TREVINO. Okay. That is a very good question. Average incomes in the guarantee program are about $44,000. And in the direct program, they are about $28,000.

Ms. DELAURO. Okay. So we have got a significant difference here, and what happens to those $28,000 income level families in the absence of this, of self-help, and this effort, which I think is a big concern.

I am going to ask you, don't be offended by this. But if we are going to go the guarantee route, why don't we just take all of these and put them under HUD?

Ms. TREVINO. I don't believe that any of the rural—a major portion of the rural population would not be served if they were under the Housing and Urban Develpment—HUD. We have created that niche in rural America. We know what they are looking for. We know how to target them and how to help them.

Ms. DELAURO. I appreciate that, and I appreciate the work there. But it would appear from the numbers that we are talking about that we are not, in fact, going to be able to service that population that we have in the past, that niche area, and particularly with this kind of program for low income.

My time has run out. So I thank the chairman.

Mr. KINGSTON. Mrs. Lummis.

Mrs. LUMMIS. Thank you, Mr. Chairman.

BROADBAND AND TELECOM SERVICE

I am going to focus on this first round of questions on the RUS program. So I want to start with telecom.

I just got back from Saudi Arabia, and I was amazed to find that in even the empty quarter, what they call it, in the most remote areas of Saudi Arabia, they actually have better telecom services than they do in the State of Wyoming. And I have found that to be true, whether I was in Saudi Arabia or elsewhere in the Middle East or in Eastern Europe. It is just amazing how far behind we are in Wyoming.

And so, I want to talk about our U.S. programs here first. What is the current level of demand among telecommunications providers for RUS loans and grants?

Mr. TONSAGER. I will ask Administrator Adelstein to respond, please.

Mr. ADELSTEIN. We anticipate this year having, if we had a $690 million budget, which the President requested, we already have over $600 million in loans in-house, and we anticipate getting well over $1 billion because the year is—we are only in part of the year of fiscal year 2011.

So we are oversubscribed most likely for the telecom loan program. The broadband loan program, as I indicated earlier, we just opened up the window, and we do anticipate major demand for that. We had $28 billion in applications for the ARRA, Recovery Act broadband program, and we were only able to fund $3.5 billion of those. So there is something of a $23.5 billion backlog in terms of demand for broadband loans.

Now not all of those are going to be eligible for our program, but you can see there is a huge unmet need out there. And I am from neighboring South Dakota, as is our Under Secretary, and I spend a lot of time in Wyoming. And I think that I know exactly what you are talking about. I mean, you can't get cell service. Broadband is limited in rural parts of the State.

Mrs. LUMMIS. Yes.

Mr. ADELSTEIN. I think the small rural providers do a great job under very difficult circumstances, and there has been some scrappy ones in Laramie, for example, that provide wireless service. But it is very tough going out there because the business case is harder to make.

And I do believe they need these Rural Utilities Service—RUS—programs to be able to make it work, to be able to compete globally. As you indicated, other countries are investing on a national level, and they are competing with us, and those jobs are being outsourced out of the United States through broadband networks. They could just as easily be in-sourced into rural America with good broadband networks that we help to finance.

Mrs. LUMMIS. You know, I am hearing another—when I inquire about this, I am hearing another reason, and so I will ask this question. Have you witnessed a pullback from private sector lenders in this area?

Mr. ADELSTEIN. Absolutely.

Mrs. LUMMIS. Okay.

Mr. ADELSTEIN. There is no question. We have talked to them. They said some of the major private lenders are shutting down, given the uncertainty.

BROADBAND PROGRAM AND REGULATORY ACTIONS

Mrs. LUMMIS. Yes, and the uncertainty that I am hearing about is regulatory uncertainty. And because it is making lenders squeamish about backing these projects. So let me ask a little bit about how closely you work with the Federal Communications

Commission—FCC—regarding the effects changes to the Universal Service Fund would impose on RUS borrowers or vice versa?

Mr. ADELSTEIN. Well, I am a former commissioner of the FCC. So I am very familiar with that.

Mrs. LUMMIS. Oh, good.

Mr. ADELSTEIN. We are working with them on all the data they request. We are the leading expert in the Federal Government on rural telecommunications finance, which is what they are dealing with here. And the chairman, Julius Genachowski, has indicated he wants a data-driven process, and they have requested from us data about our borrowers and their financial situation so that they can take that into account in making regulatory changes.

Mrs. LUMMIS. And I may want to follow up with you specifically on this because it just continues to be a huge problem in my State.

So thank you very much.

ELECTRIC PROGRAM FUNDING

Now I am going to switch to RUS as it relates to generation. Will baseload coal generation be excluded from RUS loans in the fiscal year 2012 budget?

Mr. ADELSTEIN. Yes, they are excluded.

Mrs. LUMMIS. And that is because?

Mr. ADELSTEIN. Well, due to risk associated with baseload construction in financing, we determined that there should be a separate subsidy rate for those investments. RUS has worked with Office of Management and Budget—OMB—under the previous administration to develop an agreed-upon subsidy rate. That is several years old now.

So that prevention of RUS engaging in coal-based generation predates this administration. So we don't have it in the budget as a result of that.

Mrs. LUMMIS. Okay. My time is about up, Mr. Chairman. I have other questions, but I will wait until the next round.

DUPLICATIVE PROGRAMS

Mr. KINGSTON. Well, we will start the next round now. And I want to start out with you, Mr. Adelstein. I still don't understand why you need to have $1 billion in the FCC and then have all the money in RUS now.

Originally, when the administration and the stimulus program was putting about $3 billion in each pot, I felt like, look, you already have RUS. Why do you want to start new programs anyhow? RUS should be handling it. But now you have two. I just don't understand why—your missions are so close, why in the heck do the taxpayers have to pay for two sets of administrators and employees?

And frankly, I know you can justify it because—excuse me, you can justify it in Washington terms. Because we have 44 Federal job training programs, 66 early childhood development programs, and each person can say why their program is so unique. You know, on the jobs program, I always say, hey, if one of them works, you don't need the other 43. This one is a duplication.

Ms. DELAURO. Food safety.

Mr. KINGSTON. And yes, as my friend would say, I think the Government Accountability Office—GAO—report said there were 15 food agencies on food safety. So I have got to tell you. I don't get it, and I am going to work very hard to get answers to this. But I will let you start at it.

Mr. ADELSTEIN. Let me give you my best shot.

Mr. KINGSTON. Because I can tell you, right now, I can't zero out FCC, but I think we can do it here. And I am real, real close to proposing that.

Mr. ADELSTEIN. Well, let me explain as a——

Mr. KINGSTON. And I am doing it out of frustration. I would rather have RUS do it, but I can tell you, I am just against duplications in Government. We always get these GAO reports, and everybody says, "Oh, God, that is bad." And we pound the ground. But you know, 6 months later, Democrats or Republicans, nothing ever happens.

Mr. ADELSTEIN. Well, these programs, I would say, are not duplicative in any way, shape, or form. I mean, the Government Accountability Office—GAO—looked at duplication across the Federal Government and did not indicate these programs were duplicative. And it is because they are, frankly, not. I mean, we are providing financial assistance, loans that are going to be repaid to the Federal Government to the extent that we can make sure that they are well underwritten, to help private businesses to build out.

The program at the FCC is not taxpayer financed. It is an exchange from a fee that is paid by rate payers that is then redistributed across the industry to those high-cost providers, Universal Service, which is a continuation of what AT&T did back in the '30s. And it is a longstanding way of doing things that was formalized in the '96 Communications Act.

But it is very different. Those are basically assistance to help those companies be able to provide comparable service at comparable rates, but it does not provide a dime for capital infrastructure loans. No assistance for that.

It does provide assistance to the revenue that enables a small rural company to pay back the loans. And that is, I think, what Congresswoman Lummis was referring to, that there is an issue there about how those two interplay. But the fact is that if you are a small rural company and you want to provide broadband to a place it doesn't exist, it is very hard to get capital in the private sector, as the Congresswoman from Wyoming indicated. It is almost impossible now. They are virtually shut down.

We are the last game in town to provide financing.

BROADBAND ROAD MAP

Mr. KINGSTON. But you know, getting back to this map, and Mrs. Lummis, you didn't see it earlier when I held it up. But I will—let's see. That is what the market penetration is right now.

The lowest State in the country is 86 percent. For every dollar we spend, 40 cents is borrowed right now. Do we really need to continue this at all? And frankly, if somebody goes out to Colorado a lot, I go with my family, I mean, you can't get—you know you can't get cell phone service in the mountains because they block it.

I am sure that one day the technology will change, just like it did on the tunnel going over the Capitol. But you know, it is not life and death. And this Washington kind of elitist attitude, "Oh, these poor rural people. We have to bring them broadband, and then they will have jobs, and then they will have telemedicine." And then everybody will be happy and utopia.

And I represent a rural area, not as rural and not as vast as your territory. But I have just got to question this map and our——

Mr. FARR. The map lies.

Mr. KINGSTON [continuing]. I don't know why the map lies, but these numbers don't. In fact, let's see what Wyoming is. Let's see if I can find it on here.

Montana is 99.98 percent. Okay. Somebody help me with Wyoming here. It has got to be higher than that. Okay. Okay, Wyoming is 97.5 percent.

I just don't get it, I have got to tell you. I mean, the dang country is going broke, and we all know that. And is this what we really have got to be spending money on right now?

My time is up. So Mr. Farr.

RURAL AMERICA SITUATION

Mr. FARR. I think this is a great discussion. But let's put this into perspective. I mean, I look at this map, and I look at my area. I mean, California is a huge State, and most of the people live in big urban areas, the L.A. and San Francisco market. But you get out into rural California, and it is as rural as any place in the Nation.

For example, where I live, we don't even have any access to utilities. You are off the grid. You want power? You have got to generate. You want water? You have got to go get it. You want sewer? You have got to build your own septic.

Nobody is going to come into places like that, and I think if you look at the history of the USDA, they were the first Federal agency that was out there doing rural America, doing economic development. Look at the titles of these Administrators—housing service, business service, utilities service. They went to places where nobody ever went before, and in many cases, I think if you are going to try to push them into HUD, in all respects, HUD was essentially an urban—to serve urban needs, not to serve rural needs because rural needs are being served out there by these services.

I mean, why do you even have to have rural utilities? You would think that phone services would get there. They are not going to go there. There is no money to be made. So you have had to subsidize this, and I think what is lacking here, and I think you are on the right—we are all kind of searching for this, is that why don't we try to have a better policy?

And I think this is where the shortcoming—the Secretary was here talking about how rural America has been dying for a long time. Everybody is leaving it. Kids are leaving because they can't get access to broadband. The schools are not as great as they are in some of the big urban areas. They get a good education. They don't want to go back to that area.

These places are falling apart. Nobody is investing in it. We need a rural strategy if we want to keep—and to Mr. Aderholt's point, I mean, if you want to do this documented labor, I mean, this is why the California delegation is pretty much interested in these ag jobs. Seventy percent of the people harvesting everything you eat every day are undocumented.

So if you are going to have this, and that is why we need to solve this immigration problem, there is nobody else to take those jobs. Senator Feinstein tested this and went out and put signs all over that these jobs were available. And they are paying $12 an hour. They are paying better than Wal-Mart and Starbucks. And they get benefits.

You know, nobody would take the jobs. They are too damned hard. It is difficult to go out on rainy days and harvest crops. So we need a better strategy, and I think the problem is that we need to work on new collaboratives with State and local government and really have a rural strategy.

So the thing that I am concerned about is that these are the people that are the first responders to the poverty needs in rural America. Poverty needs are the ones, those are the people that are staying there. They are not going to encourage their kids to stay there and grow up in poverty. But unless we make these areas a little more attractive.

And I wish we would have rural tourism. We ought to have that in here. That has got to be a market strategy. Everybody loves the outdoors. You can't get into the outdoors without going to rural America.

HOUSING REPAIR LOANS AND GRANTS

So there are some things lacking that we need to build on. But I want to ask in this moment left that you have Section 504, which is essentially again trying the idea of why should people stay in rural America? This is the repair loans to the low-income homeowners in America to eliminate safety hazards and eliminate other kinds of issues, you know, modernize your house.

So your budget doesn't propose any funding for repair loans, and I understand you cut that almost by two-thirds for repair grants?

Mr. TONSAGER. Yes. That is——

Mr. FARR. Nobody is remodeling their house in rural America, or no low-income people can afford them, or what?

Mr. TONSAGER. No. The challenges remain, and there are enormous challenges in rural America on all fronts. We strongly advocate for a full tool set, and if moments allow, I would really like to make the case overall for the agency about what we do.

The funding for the Section 504 grants, again, it is a subsidy cost issue. Ninety-eight percent of our borrowers are successful. We know that it takes grants to serve categories of people who don't have much money. But because of the challenges presented to us about the deficit, the struggle we have in trying to help reduce the deficit, we are forced to make very difficult choices on programs we really care about.

Mr. FARR. But it seems like those choices are really to hurt the most vulnerable, which is the reason that——

Mr. TONSAGER. As I mentioned——

Mr. FARR. Congresswoman DeLauro is head of the committee that has HUD under it. I mean, and her question about why not move this all to HUD, your response was, well, HUD doesn't serve rural America. Now you are cutting off access to the very most vulnerable who we are trying to help stay and develop some economic strategies for rural America.

Mr. TONSAGER. It is correct. It is as challenging a thing as I have ever been faced with to have to deal with the choices we have to make regarding the budget authority we have. We have proposed an 18 percent decrease in our budget. It is a painful cut. It hurts real people.

The great bulk of our programs are loans at approximately the rate the Government borrows money, and those cost no budget authority to the Federal Government. So the only places I have left are those places that have budget authority costs that I have to pick from. And there is really multi-family housing——

Mr. FARR. Well, let me just end. Time is up. But I would hope you take back to the Secretary—he came before this committee. He is a former Mayor of a small town, Governor of a small State. He came here talking about having a rural strategy for America, looking at all the grants by all the departments. We have yet to see that strategy.

I don't know what is different now than it was before he took office. But we need a much more comprehensive approach of how we are going to save rural America, and it ain't coming from these cuts.

Mr. KINGSTON. Mr. Aderholt.

FARM LABOR HOUSING

Mr. ADERHOLT. Let me just follow up with Ms. Trevino about the housing, the issue that we talked about with the Section 514 and 516. And I am not sure I made myself clear when I asked the question, but when you were talking about—when you gave your answer, were you talking about income verification or citizenship verification?

Ms. TREVINO. Oh, I was talking about income verification.

Mr. ADERHOLT. Okay. What about citizenship verification?

Ms. TREVINO. We also have regulations that we follow. We use the same rules that HUD uses in terms of verifying eligibility, both for income and citizenship.

Mr. ADERHOLT. Okay. And then, and what would be the situation there? Would you still have to have authorization to use eVerify if it is for citizenship verification?

Ms. TREVINO. No, sir.

Mr. ADERHOLT. So you can do that?

Ms. TREVINO. We could, yes.

Mr. ADERHOLT. And is that being implemented?

Ms. TREVINO. Yes, sir. We follow the rule that HUD uses, and that is what we had proposed several years back.

Mr. ADERHOLT. So the residents are being screened in that regard?

Ms. TREVINO. Yes, sir.

Mr. ADERHOLT. Okay. All right. Thank you.

Thanks, Mr. Chairman.

Mr. KINGSTON. Ms. DeLauro.

Ms. DELAURO. Thank you.

I have got a couple questions here. I am going to just try to get them all done in my allotted time here.

RENTAL ASSISTANCE

Ms. Trevino, do you do rental assistance?

Ms. TREVINO. Yes, ma'am.

Ms. DELAURO. Okay. If you can get back to me on the H.R. 1 cuts to rental assistance, what I would like to know there, unless you have it off the top of your head, if the cuts in H.R. 1 are enacted, what would be the impact of the 212,000 units that are up for renewal in 2011? Would this mean that half the families in those units would not be given relief?

So I would like an answer on that, if you can?

Ms. TREVINO. Yes, ma'am. In our 2012 budget, we are actually proposing a bigger decrease than H.R. 1. But we have a strategy for how we are going to get there. If we have to implement that now, we probably would not be prepared to do so, and we might find ourselves short of renewing some of those contracts.

Ms. DELAURO. Right. Because the funding level in 2008 fully covered all 104,000 housing units that were up for renewal. There are an estimated 212,000 up for renewal now. So what you are saying is that given—and these are low, very low income tenants for USDA—that you are not going to be able to do the renewal of all of those 212,000?

Ms. TREVINO. In the 2012 budget, we will not renew all 212,000.

Ms. DELAURO. Okay. Is that a further cut from H.R. 1?

Ms. TREVINO. Yes, ma'am.

Ms. DELAURO. H.R. 1 cuts below what you are doing?

Ms. TREVINO. Yes, ma'am.

Ms. DELAURO. Okay. So that means that you are not going to do it there, and then H.R. 1 would bring us below that number in terms of the 212,000?

Ms. TREVINO. H.R. 1 will bring us below the 212,000.

Ms. DELAURO. Right. And in addition to which what your 2012 budget will do. So we are going to be much below the 212,000? Okay. If you can tell us what that would be, that would be helpful.

Ms. TREVINO. Okay.

[The information follows:]

Rural Development believes that the budget request for rental assistance is sufficient to renew 204,503 rental assistance contracts.

Rural Development is exercising asset management and loan servicing authorities on the portfolio of properties that are currently in default for monetary and non-monetary reasons. By using existing authorities for servicing non-monetary defaults, Rural Development expects that at least 300 of these defaulted properties will move out of the Section 514 and Section 515 portfolios, allowing retirement of the 8,200 rental assistance contracts associated with them.

In addition, changes will be made to the timing of the renewal of contracts in the last quarter of the fiscal year. Historically, rental assistance contracts are renewed and funds obligated 60 to 90 days prior to the exhaustion of funds in the current contract. However, in the last quarter of fiscal year 2012, about 4,000 contracts will not be renewed as far in advance of the exhaustion of funds in the existing contract.

Ms. DELAURO. I am just going to throw this question out, if you can get back to us on this? On the self-help housing grants, other options for self-help housing other than USDA if the program is eliminated there.

You have provided coverage in these areas, and it has been very effective. I think that is what several of us are trying to say here. But we see you going out of this business, and that is really very, very troublesome to me and I think to others here.

BROADBAND COVERAGE

I want to just see if I can address a broadband issue. I think it is important to note that the United States is 14th in the world in broadband. So that tells you how advanced we are. I don't have the list of countries of who is 1st through 13th, but I think it would be interesting to look at that to see who is outpacing us in broadband.

And again, a nation which has taken roads and communications and electricity across the country, making serious public investment in these kinds of efforts in order to provide for economic development, which is what this does. Provides for economic development and jobs for people in the United States and in rural America.

I might add just a comment on the FCC. The FCC has said that it has some funding for broadband from the Universal Service Fund, but the commission itself has said that the USF "fails to effectively and efficiently target support for broadband in rural areas."

Now you can ask the questions why about that, but clearly, the work of RUS is critical in this area in terms of telecommunications and in broadband. Can you outline some of the conditions that USDA focuses on in reviewing applications for rural broadband loans and grants? How difficult is it to determine and define what are unserved and underserved areas? Can you provide us with some examples of success stories involving the use of rural broadband loans and grants?

You zero this out in 2012 with a justification that there is going to be adequate funds to carry us over prior years. Can you explain why there is so much carryover? Is it because there are applications still pending and so that the funds have yet to be distributed? If your office was subjected to significant cuts, would that impact your ability to review applications and distribute funds to improve rural broadband service?

Can you explain the difference between the loans provided in the Rural Electrification and Telecommunications Program account and those provided in the Distance Learning Telemedicine and Broadband Program account?

Mr. ADELSTEIN. Certainly I will——

[The information follows:]

We will work with our Technical and Management Assistance providers and Self-Help grantees to help identify other sources of assistance or to provide assistance in transitioning out of the program.

Mr. KINGSTON. You have 5 seconds. [Laughter.]

Mr. ADELSTEIN. I could do that for the record. I could give a brief——

Ms. DELAURO. We beg the chair's indulgence here. It is an area that the chair is very, very much interested in.

Mr. KINGSTON. Yes, I wanted to add on one more because I want to make sure that the gentlewoman knows, and I am sure you do, that the Universal Service Fund—USF—is moving away from telephones and getting into broadband, which is one of the things that bothers me in terms of the duplication.

Ms. DELAURO. But apparently, it is a controversial proposal. I understand what you are saying, but it is a——

Mr. KINGSTON. Yes.

Ms. DELAURO. I am just telling what the FCC says it can do and not do.

Mr. KINGSTON. Listen, my choice would be to zap the FCC program and put it under RUS. So——

Ms. DELAURO. I'm a strong believer in what RUS does in this area versus the Commerce Department.

Mr. KINGSTON. Yes, and we are both to get on that. I also want to point out the Universal Fund paid as much as $20,000 a year to connect one single rural household to telephone service, $20,000 a year. I am not sure how many jobs we got out of that, but they must have been great ones.

Ms. DELAURO. That is why we have to go with RUS in answer to the question.

Mr. ADELSTEIN. Well, the National Broadband Plan of the FCC did indicate they saw an important role for the RUS, and the issue, as a former member of staff there, would be if you were to move, for example, USF from there to here. It is not an appropriated account. It actually is funds that are collected by Universal Service Administrative Corporation through the bills of rate payers and then basically redistributed to ensure that everybody has assistance.

Mr. KINGSTON. I think you are right. It is redistribution. It is a tax. That is what it is because it is not a voluntary payment, that it is an assessment and it is passed on to each and every one of us.

Mr. ADELSTEIN. It is. But it strengthens the overall system. The idea is that every additional connection to the system makes it better for everybody, and it would be an issue with, of course, the domestic discretionary budget to try to move those funds.

But this is a very different program, and if——

BROADBAND PROGRAMS

Ms. DELAURO. That is why I want to know about this program and the workings of this program that we are dealing with. That is where my questions were focused.

Mr. ADELSTEIN. Yes. This program, the reason, in fact, it wasn't really zeroed out by the President's budget. The idea was we had carryover because there was no demand for the program during the period of the Recovery Act. During the pendency of that, people weren't interested in the loan program. We administer that.

In the meantime, we also wanted to ensure that we took all of the IG considerations into account before we restarted the program under this administration and also learned the lessons of the Recovery Act. So the new regulation focuses resources towards rural areas. It gives the highest priorities to areas that have no broadband service to date, and areas that have less than 25 percent coverage are next in order of priority. So we do try to move the funds in that direction.

Ms. DELAURO. Do you not have any people requesting those funds? I mean, if Wyoming has problems, other places have problems, there are rural parts of various States that have problems with broadband attraction, do we sit there and just look at this money and just say, well, it is here. Nobody has come knocking at our door for it.

But we know, by virtue of what is happening nationwide, that there are underserved areas and are unserved areas. Help me.

Mr. ADELSTEIN. Yes, in terms of the map——

Ms. DELAURO. Help me.

Mr. ADELSTEIN. Tomorrow I am going to be testifying with the Administrator of Financial Telecommunications and Information Administration—NTIA—at Commerce, and he produced the map. They did the math that 5 to 10 percent of the United States lacks access to adequate broadband service.

Ms. DELAURO. Do you have the rules out for how people can apply for this yet?

Mr. ADELSTEIN. We do. We published them this month.

Ms. DELAURO. This month?

Mr. KINGSTON. If the gentlewoman will yield?

Ms. DELAURO. Okay. Just one second, Mr. Chairman. Okay. So that may be the reason. I am just trying to assist you here to say if you just got the rule out, that that means people didn't know how to make application for this or what the criteria was. Is that correct?

Mr. ADELSTEIN. That is correct.

Mr. KINGSTON. But what in the heck is that all about? Two years ago, that should have been done. I mean, "Oh, oh, well, now we figured out." How many billions have been spent between you and the FCC in the new program? Because it was a $7 billion push. How many jobs were created from this wonderful slug of money from the stimulus program? I mean, how effective is this?

Mr. ADELSTEIN. Well, we expect that USDA alone——

[The information follows:]

As of December 31, 2010, Broadband Initiative Program (BIP) awardees had created 1,600 jobs. This figure does not include job creation numbers for NTIA's BTOP program; it is a figure for BIP alone (i.e., the USDA program). The next reporting period ended March 31, 2011 and updated data for the first quarter of this calendar year is not yet available. This information is tracked and reported publicly on Recovery.gov. More than 25,000 jobs are projected to result ultimately as the buildout continues.

Mr. KINGSTON. Now how many jobs were created? Because we are all talking, oh, this creates jobs. So how many were there?

Mr. ADELSTEIN. Well, the estimate is that there would be——

Mr. KINGSTON. Well, how many were there? I don't mean the estimate. Because 2 years ago, I promise you, we heard this exact, same testimony, and I was in the minority. And I have passionately sat where Ms. DeLauro sat.

Ms. DELAURO. But Mr. Chairman? But Mr. Chairman, if there are no regulations——

Mr. KINGSTON. And I passionately——

Ms. DELAURO. But if there are no rules and no regulations——

Mr. KINGSTON. Then why did we start the dog-gone thing?

Ms. DELAURO [continuing]. That people can apply for, and quite frankly, it doesn't happen overnight.

Mr. KINGSTON. Well——

Ms. DELAURO. But if you deal with telemedicine, you deal with the——

Mr. KINGSTON. It would just be so comforting to know that for the $7 billion, we got something besides subsidies to telecom companies that were doing this stuff anyhow slowly.

Ms. DELAURO. It would be very interesting to see what we get in return for $40 billion in tax subsidies that we provide to the oil and gas industry, which is truly on its feet.

Mr. KINGSTON. If the gentlewoman chooses to pursue that——

Ms. DELAURO. Rural America is not on its feet.

Mr. KINGSTON [continuing]. We will look at that amendment. But this is, I can't tell you how frustrating it is. Even for Ms. DeLauro and me to be, you know, discussing the fact that you ought to be able to say for $7 billion, we got blank. Instead of, well, $7 billion, we now found out what we were doing wrong. We have—oh, revelation—we are going to go to underserved areas right now.

Heck, it never was intended to go to New York City, and that is where they were. And the gentlewoman knows 30 miles outside of Houston, Texas, they were getting these loans?

Mr. ADELSTEIN. That was under the previous program, not under the——

Ms. DELAURO. It was under the previous program, Mr. Chairman. They have tried to change this program——

Mr. KINGSTON. We are feeling——

Ms. DELAURO [continuing]. To make it effective, and so it is meeting the need nationwide.

Mr. KINGSTON. I know. Everything is George Bush's fault. But——

Ms. DELAURO. No. Well, most of the issues are, frankly. [Laughter.]

Ms. DELAURO. I mean, let's put the cards on the table.

Mr. KINGSTON. And who was the Speaker in 2007?

Ms. DELAURO. And the deficit is, as well. This is ridiculous.

Mr. KINGSTON. Can the gentlewoman tell me who the Speaker of the House was in 2007?

Ms. DELAURO. Yes, well, let me just tell you.

Mr. KINGSTON. I will just say, at some point, you have got to go ahead and say, okay, we own the program. And the program has not done what it is supposed to do. And, but if you could—the gentlewoman has the stats. If you could say these stats are so crazy. Here, let me bring them up again.

Ms. DELAURO. Well, then everybody in the country is hooked up. They ought to go out of business here. That is it. That is everybody——

Mr. KINGSTON. To my good friend from Connecticut, West Virginia, 86 percent penetration. I mean, what is so outrageous? Louisiana, 95 percent. Alaska, second to last, 90 percent penetration. In a country that owes $14 trillion in debt.

Ms. DELAURO. My God.

Mr. KINGSTON. We owe this money to great friends of ours like China. For every dollar we spend——

Ms. DELAURO. Yes, but you ask China what they are doing about broadband——

Mr. KINGSTON. For every dollar we spend——

Ms. DELAURO. You ask China what they are doing about broadband, I would like to see those 13 countries that are ahead of the United States.

Mr. KINGSTON. I know. I know there are certain people who like to——

Ms. DELAURO. The 13 countries ahead of the United States, we are 14th in broadband in the world.

Mr. KINGSTON. Well, perhaps the President may want to go to the U.N. and get some more instructions on how to handle it. I don't know. That seems how we do our foreign policy.

Mrs. Lummis, you have been so generous. And Ms. DeLauro and I are just having our daily discussion. And you have been very nice and patient and quiet. So I feel like we need to yield.

What do you think, Rosa, maybe 20 minutes to Mrs. Lummis?

Ms. DELAURO. As much time as the gentlelady needs. [Laughter.]

Mr. KINGSTON. See? Here we are—always in perfect harmony.

Mrs. Lummis.

Mrs. LUMMIS. Thank you, Mr. Chairman. It was great theater.

REGIONAL INNOVATION

I have a question about a statement in your testimony, Mr. Under Secretary. You have mentioned that the USDA is refocusing certain programs to encourage regional strategic planning to stretch limited resources. And could you tell me what programs you are pursuing with this regional approach?

Mr. TONSAGER. Secretary Vilsack has been intent on trying to work with regions of the country that have commonalities. We have used the Rural Community Development Initiative—RCDI—funding as well as the Rural Business Opportunity Grant—RBOG—program to provide very modest grants to those regions that have come together.

I think there is approximately 22 regions altogether, and I think we have funded something like 7 or 8 of those, in that range through those grant programs.

Mrs. LUMMIS. And they are grants to do what?

Mr. TONSAGER. It is grants for communities to come together and try and identify joint needs. So, as you know, having lived in rural America, many communities compete with each other. And so, you end up with communities that each want to have a hospital, each want to have some kind of public facility.

And what we are attempting to do is ask the communities to identify their commonalities, to work together to try and anticipate their needs, to look at their strengths and try and build on those strengths.

Mrs. LUMMIS. Why is that a Federal function? Why is that not a State function?

Mr. TONSAGER. The function is for the Federal Government. We have done regional approaches before. We had empowerment zones, enterprise communities previously. Those had substantial funds. It is our belief that it is a Federal function because there is a demand for it, frankly. People inside the——

Mrs. LUMMIS. But couldn't that be shifted? I mean, if this stuff were done like the CDBG program? If it were just like block granted to States?

Mr. TONSAGER. We are probably talking in the neighborhood of $4 million or $5 million, I suppose, overall, $6.6 million that we have used. So it is an initiative because the Secretary, the President, and others have sought to do these regional initiatives, and we have taken it on as a challenge to do that.

You could look at grants, but it is a very modest amount of money, in relative terms. And we don't anticipate going to much larger amounts.

FARM BILL ENERGY PROGRAMS

Mrs. LUMMIS. Okay. Now a question about biomass, biofuel programs. Could the entities eligible for the biofuel and biomass farm bill programs be eligible to compete under the Rural Energy for America Program? I know there has been mention that the Rural Energy for America Program is the most successful and competitive program.

So, here again, pursuing the discussion of the gentleman and the gentlelady about consolidating programs and trying to wring efficiencies out of this Federal budget, is this one that could be combined with other things?

Mr. TONSAGER. Each of the programs has a different focus. I think we would certainly be open to a discussion about what the opportunities might be. For example, the loan guarantee program can go up to $250 million with a 60 percent loan guarantee. That is focused on very large projects.

The Rural Energy to America Program—REAP—tends to be on smaller projects, individual projects with people. It might be a methane digester. It might be an energy efficiency project. So we could certainly have a conversation about what we would like to meet the opportunities associated with all of those folks. So we would probably argue for fairly broad authorities if we were to combine them.

Mrs. LUMMIS. Okay. Thank you, Mr. Chairman.

I also want to thank the gentleman and the gentlelady for the discussion about the difficulties and the frustrations that we face with regard to the effectiveness of programs, the cost of programs, the job-creating ability of programs. It is enlightening. It is more than good theater. It is enlightening.

So thank you very much. I yield back.

Mr. KINGSTON. We have affectionate disagreement on a regular basis. Do you need to go?

Ms. DELAURO. I do. Can I just ask my last questions, and then I will get out of your hair?

Mr. BISHOP. Go right ahead.

Ms. DELAURO. I will submit for the record, Mr. Adelstein, the questions I asked about broadband. It is an area very, very much of interest to me. I really do believe it is a driver of our economic future here.

SINGLE FAMILY HOUSING GUARANTEE PROGRAM

Ms. DELAURO. So I want to just pursue again the unsubsidized guarantee loan program, if I can? It was 2010 we made approximately 10,000 loans to low-income rural families under that program. The budget contends that the guarantee loan program can pick up the slack. Is it true? Can the guarantee program pick up the slack?

Ms. TREVINO. It is going to pick up the slack on many of those, not all of them, and that is why we have proposed to leave some funding in the 502 direct for those very, very low that would not have access to private capital or the guarantee program.

Ms. DELAURO. Are these families living in higher-income, larger communities, as the ERS asserts?

Ms. TREVINO. In the direct——

Ms. DELAURO. Forty-eight thousand dollar level, the guarantee?

Ms. TREVINO. Yes, ma'am.

Ms. DELAURO. If you can, what other USDA housing assistance would be available to these low-income rural families?

Ms. TREVINO. In order to purchase a home, other than the 502 direct?

Ms. DELAURO. Yes.

Ms. TREVINO. The portion that we have right now allocated in the budget and the 502 direct and guaranteed programs. That would be all the ones that we offer for single family homeownership. We do have multi-family housing programs, though, that many of those qualify for.

Ms. DELAURO. But in terms of the guarantee loan program that we are talking about here, you are not going to be able to hit these—these people are not going to be eligible? There is no way to cover, available to these low-income rural families? The multifamily is what is available to them? Is that what you are saying to me?

Ms. TREVINO. Yes, ma'am.

Ms. DELAURO. Okay. I am told here that it would cost us $38 million more to keep the program level flat. Is that accurate? For the Single Family Direct Housing Loan Program, another $38 million? Can you check on that for me?

Ms. TREVINO. I can check on that, yes.

Ms. DELAURO. Will you? Because I know everybody is going to say it is $38 million, $38 million, but——

Ms. TREVINO. Based on the subsidy rate for today?

Ms. DELAURO. Yes.

Ms. TREVINO. Or 2012?

Ms. DELAURO. Yes.

Ms. TREVINO. For today, okay.

Ms. DELAURO. By law, 40 percent of the funding for direct loans goes to very low income families, incomes at or below 50 percent of median. And you know this. Only 3 percent of the guaranteed funds go to these low-income families, as I understand it.

I don't know what evidence you have that the guarantee program can't devote a greater share to the very low-income families. Will those families be in smaller communities? What happens when interest rates go up?

Can you provide us with the recent trends in rates for the guarantee loans, the rate at the current time and projections for the coming fiscal year?

Ms. TREVINO. I can get those for you, yes.

[The information follows:]

Lenders and borrowers agree to the interest rate for guaranteed loans. Interest rates over the past 12 months have ranged between 4.5 and 5.5 percent. We expect interest rates to remain at the higher end of the range over the next few months.

Ms. DELAURO. Okay. Okay, you understand and the chair knows this, as does my colleague Mr. Farr, who is the ranking member, I spend a lot of time on this committee putting back funds to rural America that have been cut. Because, in fact, it is true, rural America suffers severely. And what we need to be about is trying to use the resources that we have in order to be able through your good offices to be able to provide them with this.

And if we are going to now take a look at the focus, continued focus on urban America, and I am from Connecticut. So that what is going to happen then with regard to our rural communities without some of these efforts?

So I will continue to work here with this committee, et cetera, to see what we can do about restoring this. Yes?

Ms. TREVINO. To answer your question earlier, it would take about $40 million to do $1 billion, and that is about what we did last year.

[The information follows:]

The program would need $53.023 million in budget authority to support $1.121 billion in program level. This budget authority would maintain the same program level as the program level available in the FY 2010 enacted budget.

Mr. KINGSTON. And I think another issue that kicks in is on restructuring of Fannie and Freddie. That will have a ripple effect on the mortgage business because I believe—and Rosa, I don't know exactly what the stat is—but between FHA, Fannie, and Freddie, of $14 trillion in mortgages out there, that about 90 percent of it is from those three pots. And if you restructure those——

Ms. TREVINO. Yes, sir. About 80 percent of our guarantee go into either a Ginnie or a Fannie/Freddie into the secondary market.

Mr. KINGSTON. Yes.

Ms. DELAURO. I think we just have to address on this committee, Mr. Chairman, how we can address this issue.

Mr. KINGSTON. Yes.

Ms. DELAURO. Because it is at the core of the economic mission here.

Thank you very much, Mr. Chairman.

I thank you, too, Mr. Bishop.

Mr. KINGSTON. Thank you.

And I have one more question, but Mr. Bishop, do you want to——

Mr. BISHOP. Thank you very much.

Let me apologize for not being here for much of the hearing. I have been trying to monitor via email. I had a responsibility as ranking member of another subcommittee that was meeting, and I had to be there.

RURAL AMERICA

But I am very much interested in the discussions that have taken place and continuing those regarding rural housing, rural health, broadband, and of course, rural utilities related to water and sewer projects. But I agree with Ms. DeLauro that we have a very, very, very strong mission and concern with regard to rural America.

We have had economic challenges over the past few years, but when America has a cold, rural America has pneumonia. And it is really Rural Development at USDA that has the responsibility of kind of getting us healthy.

And it has been a long time since rural America has enjoyed good health. So I am very, very interested in your mission and how we can help you. And given the budget difficulties that we are facing, I want to make sure that within our capacity that we do everything possible to help you to carry out your mission.

RURAL MICROENTREPRENEUR ASSISTANCE PROGRAM

My specific question has to do with the Rural Microentrepreneur Assistance Program. It was a major new initiative that was created in the 2008 farm bill, providing funding to community-based organizations to make small loans and technical assistance to microentrepreneurs.

Can you explain the actual application procedure for the program? In particular, what the credit requirements are for the assistance, and what percentage of approved projects have been submitted by minority applicants—Hispanic, Indian—and whether or not you maintain statistics on applicants who don't get the assistance?

This is extremely important because I am aware that the programs cost much less than the traditional loan programs, but many of them have been very, very, very effective in creating jobs and stimulating economies. In urban areas, for example, I have a couple of areas in Albany, Georgia, for example, where they have worked quite well.

So if you could address that, I would appreciate it. And any comments that you might have on how we could expand and improve access to the program so that more rural residents in particular, and particularly more minority residents can have access to it?

Small and disadvantaged farmers is a target of the department, and we are pleased with that. But small and disadvantaged entrepreneurs in rural areas ought to also be a target, and I would like to hear your comments on that and tell us how we could help you to enhance that mission that was set forth in the 2008 farm bill and perhaps enhance it as we go forward to 2012?

Mr. TONSAGER. Thank you, Congressman.

[The information follows:]

The Rural Microenterprise Assistance Program (RMAP) was implemented in FY 2010. The first round of loan and grant awards were made in September 2010. The loan documents between the Agency and the Microdevelopment Organizations (MDO) were executed during the period of October–December 2010. MDOs are just starting to use their loan funds to make micro loans. MDOs are required to submit program activity reports quarterly which will include racial and ethnicity information of their microborrowers. MDOs' quarterly reports are not required to report information on applicants not approved for loans. The Agency will conduct a Civil Rights Compliance Review of each MDO every three years which will include the statistic of applications received but denied a loan. One of the priorities of the RMAP program will be to focus in underserved areas and the Agency will have better data through this fiscal year.

Regarding the underwriting requirements, microborrowers will be suject to a "credit elsewhere" test so that the MDO will make loans only to those microborrowers that cannot obtain business funding of a maximum of $50,000 or less at affordable rates and on acceptable terms from other sources. Eligible microloan purposes are spelled out in the regulations. The MDO will establish their credit standards and their loan policies which are provided to the Agency. The MDO must provide evidence to show they have demonstrated experience and the capacity to manage the microloan revolving loan fund.

I just want to offer a thought, and I am going to ask Administrator Canales to speak to it.

The exciting thing about working in rural America is the thousands and thousands of communities, peoples, groups, organization, local coops, rural electric systems that really, really work at this and really, really care about it. And what we do with our mission is try and align ourselves as closely with that group of people as we possibly can and give them all the tools we can possibly give them to aggressively go out there and help rural America.

And there is just an enormous number of people with a lot of skill sets. This particular program is tremendously advantageous to those kinds of folks who really want to go out, do a small business, create some jobs, and be part of the solution that we really need to get to.

With that, I will ask Judith if she will address the questions that you have raised.

Ms. CANALES. Good morning, Congressman. Thank you so much for this opportunity to address the panel and also for your interest in the Rural Microentrepreneur Assistance Program, which, as you know, was authorized in the 2008 Farm Bill.

Indeed, at this point in time, having completed one round, two rounds, we have already been able to provide for $37 million worth of revolving loan funds, meaning 63 loans that have been conducted throughout the United States, as well as, in addition to that, 73 grants, totaling $9.7 million. And that is rounds one and two.

We are currently in the phase of reviewing the round three group. This application is a competitive application. Because it is a new program, we are very much learning about the program also. Not to say we don't have experience operating revolving loan funds, but because it offers a new emphasis and this new emphasis meaning it is for being able to do micro lending.

So micro lending in the sense of a business that is 10 employees and below, and also the fact that we are also able to provide grants to the organizations that are actually conducting these loan programs, this is something that is new for us. What occurs very often and usually, is that organizations basically apply for revolving loan funds and don't have this kind of access. And so, these are very critical pieces.

The other aspect to this is that what we are doing very strongly is to promote what I call geographic diversity, meaning being able to have these loan programs conducted throughout the United States. And then throughout the United States, as you also well know, is the opportunity to be able to work with the various communities that you have just described.

In the long run, it is all about working with an intermediary at the local level to bring access to capital to prospective rural businesses.

Mr. BISHOP. Just for the record, and I know my time has expired, I see. But could I get you to provide me with a list of the——

Ms. CANALES. Awardees?

Mr. BISHOP [continuing]. Awardees for the country, and particularly for Georgia?

Ms. CANALES. Yes, sir.

And as a matter of fact, I have met with some organizations from Georgia, who are highly engaged and are looking at just different parts of the State because they want to be able to, which I think this is a very good thing, make sure that no part of Georgia is uncovered.

[The information follows:]

Two Microdevelopment Organizations have received Rural Microenterprise Assistance Program funding in Georgia:

- APPALACHIAN COMMUNITY ENTERPRISES, INC. received $500,000 in loan and $105,000 in grant funding.
- SMALL BUSINESS ASSISTANCE CORPORATION received $400,000 in loan and $100,000 in grant funding.

Loan funds are used to capitalize the microloan revolving loan fund and the grant funds shall be used to provide technical assistance and training to microloan borrowers and microentrepreneurs seeking microloans.

The following table lists the Rural Microentrepreneur Assistance Program (RMAP) Recipients for fiscal years 2010 and 2011:

Fiscal Year 2010 RMAP Recipients

State	Borrower Name	Direct Loan	Technical Assistance Grant Amount	Technical Assistance-Only
ARIZONA	PPEP MICROBUSINESS & HOUSING DEVELOPMENT CORPORATION	$500,000	$105,000	
CALIFORNIA	YUBA-SUTTER EDC	$0	$0	$130,000
CALIFORNIA	FRESNO COMMUNITY DEVELOPMENT FINANCIAL	$500,000	$105,000	
FORNIA	ALLIANCE FOR WORKFORCE DEVELOPMENT	$0	$0	$75,000
CALIFORNIA	VALLEY SMALL BUSINESS DEVELOPMENT	$500,000	$105,000	
COLORADO	REGION 9 ECONOMIC DEVELOPMENT	$300,000	$75,000	
DELAWARE	MARYLAND CAPITAL ENTERPRISES, INC.	$500,000	$105,000	
FLORIDA	NORTH-SOUTH INSTITUTE, INC	$281,250	$70,312	
GEORGIA	SMALL BUSINESS ASSISTANCE CORPORATION	$400,000	$100,000	
GEORGIA	APPALACHIAN COMM ENTERPRISES, INC	$500,000	$105,000	
HAWAII	THE CENTER FOR SOCIAL ECOLOGY AND PUBLIC	$0	$0	$130,000
HAWAII	PACIFIC GATEWAY CTR	$400,000	$100,000	
IDAHO	CLEARWATER ECONOMIC DEVELOPMENT ASSOCIATION, INC.	$400,000	$100,000	
IDAHO	PANHANDLE AREA COUNCIL, INC	$500,000	$105,000	
ILLINOIS	SOUTHERN ILLINOIS COAL BELT CHAMPION	$500,000	$105,000	
ILLINOIS	SOUTHERN CENTRAL IL RP&DC	$300,000	$25,000	
ILLINOIS	SOUTHERN FIVE DEVELOPMENT CORPORATION	$500,000	$105,000	
ILLINOIS	STARK COUNTY ECONOMIC DEVELOPMENT PARTNERSHIP	$150,000	$37,500	
IOWA	IFMCV DBA IOWA MICROLOAN	$500,000	$105,000	
IOWA	NORTH IOWA AREA COMMUNITY COLLEGE	$0	$0	$130,000
KANSAS	SO CEN KS ECON DEV	$500,000	$105,000	
UCKY	KENTUCKY HIGHLANDS INVESTMENT CORPORATION	$500,000	$100,000	
UCKY	COMMUNITY VENTURES	$500,000	$105,000	

	CORPORATION			
MAINE	MAINESTREAM FINANCE	$500,000	$105,000	
MAINE	ANDROSCOGGIN VALLEY COUNCIL GOV	$250,000	$62,500	
MAINE	NORTHERN MAINE DEV COMM	$500,000	$105,000	
MAINE	COASTAL ENTERPRISES	$500,000	$100,000	
MASSACHUSETTS	QUABOAG VALLEY BUSINESS ASSISTANCE	$131,250	$32,812	
MICHIGAN	NORTHERN ECONOMIC INITIATIVES CORPORATION	$400,000	$100,000	
MISSISSIPPI	MISSISSIPPI UNIVERSITY FOR WOMEN	$0	$0	$130,000
MONTANA	LAKE COUNTY COMMUNITY DEVELOPMENT CORPORATION	$250,000	$62,500	
MONTANA	GREAT NORTHERN DEVELOPMENT CORPORATION	$200,000	$43,000	
NEBRASKA	CENTER FOR RURAL AFFAIRS	$400,000	$100,000	
NEBRASKA	NORTHEAST ECONOMIC DEVELOPMENT, INC.	$500,000	$105,000	
NEBRASKA	NEBRASKA ENTERPRISE	$300,000	$75,000	
NEVADA	RURAL NEVADA DEVEL.CORP.	$500,000	$103,000	
NEW JERSEY	COOPERATIVE BUSINESS ASSISTANCE CORP.	$500,000	$105,000	
NEW YORK	PATHSTONE ENTERPRISE CENTER, INC.	$400,000	$100,000	
NORTH CAROLINA	RURAL EC.DEV.CTR.INC.	$0	$0	$130,000
NORTH CAROLINA	MOUNTAIN MICROENTERPRISE FUND, INC	$500,000	$105,000	
OHIO	THE OHIO STATE UNIVERSITY	$0	$0	$130,000
OKLAHOMA	RURAL ENTERPRISES, INC.	$500,000	$105,000	
OKLAHOMA	CITIZEN POTAWATOMI NATION	$500,000	$105,000	
OREGON	KLAMATH LAKE REGIONAL HOUSING CENTER	$200,000	$50,000	
OREGON	LANE COMMUNITY COLLEGE	$300,000	$75,000	
PENNSYLVANIA	LAWRENCE COUNTY ECONOMIC DEVELELOPMENT CORP.	$100,000	$25,000	
PENNSYLVANIA	SAINT FRANCIS UNIVERSITY	$0	$0	$85,000
PENNSYLVANIA	METROACTION, INC.	$300,000	$75,000	
PENNSYLVANIA	ALTOONA BLAIR COUNTY DEVLOPMETN CORPORATION	$300,000	$0	
PENNSYLVANIA	FAY-PENN ECONOMIC DEVELOPMENT COUNCIL	$500,000	$105,000	
PENNSYLVANIA	COMMUNITY FIRST FUND	$400,000	$100,000	
SOUTH CAROLINA	APPALACHIAN DEVELOPMENT CORPORATION	$400,000	$100,000	
SOUTH DAKOTA	MOBRIDGE ECONOMIC DEVELOPMENT CORP.	$120,000	$30,000	
SOUTH DAKOTA	W RIVER FOUNDATION	$250,000	$62,500	
SOUTH DAKOTA	NESDEC	$500,000	$100,000	
SOUTH DAKOTA	LAKOTA FUND	$500,000	$105,000	
TENNESSEE	ALT CONSULTING	$400,000	$100,000	
TEXAS	NEIGHBORHOOD HOUSING SER-DIMMIT CO.	$0	$0	$130,000
TEXAS	CEN-TEX CERTIFIED DEVELOPMENT CORPORATION	$500,000	$105,000	
VIRGINIA	STAUNTON CREATIVE COMMUNITY FUND, INC.	$0	$0	$50,000
VIRGINIA	VA FOUNDATION FOR AG INNOVATION & RS	$0	$0	$99,500
VIRGINIA	MIDDLE PENINSULA BUSINESS	$0	$0	$70,000

	DEVELOPMENT PARTNERSHIP			
INIA	PEOPLE INCORPORATED FINANCIAL SERVICES	$500,000	$100,000	
WASHINGTON	SHORE BANK ENTERPRISE GROUP PACIFIC	$500,000	$105,000	
WASHINGTON	SEATTLE ECONOMIC DEVELOPMENT ASSOCIATION	$500,000	$105,000	
WEST VIRGINIA	MOUNTAIN CAP OF WV INC	$500,000	$104,106	
WISCONSIN	CAP SERVICES, INC.	$500,000	$95,404	
WISCONSIN	WI WOMEN'S BUSINESS INITIATIVE	$400,000	$100,000	
WISCONSIN	ADVOCAP, INC.	$150,000	$37,500	
WISCONSIN	FOND DU LAC COUNTY ECONOMIC DEVELOPMENT	$450,000	$37,500	
WISCONSIN	IMPACT SEVEN, INC.	$500,000	$95,215	
WISCONSIN	WASHBURN COUNTY ECONOMIC DEVELOPMENT CORPORATION	$200,000	$50,000	
WYOMING	WIND RIVER DEVELOPMENT	$250,000	$62,500	
WYOMING	WYOMING WOMENS BUSINESS CENTER	$200,000	$50,000	
	Total:	**$24,982,500**	**$5,356,349**	**$1,289,500**

Fiscal Year 2011 RMAP Recipients

State	Borrower Name	Direct Loan	Technical Assistance Grant Amount	Technical Assistance-Only
IO	REGION IV DEVELOPMENT ASSOCIATION, INC.	$300,000	$75,000	
MAINE	WASHINGTON HANCOCK COMMUNITY AGENCY	$150,000	$37,500	
MINNESOTA	SOUTHWEST INITIATIVE FOUNDATION	$500,000	$105,000	
MISSOURI	MO-KAN	$400,000	$100,000	
OHIO	COMMUNITY ACTION COMMITTEE OF PIKE	$250,000	$62,500	
PENNSYLVANIA	THE PROGRESS FUND	$500,000	$100,000	
PENNSYLVANIA	THE POTTSVILLE AREA DEV CORP.	$200,000	$12,000	
SOUTH DAKOTA	FOUR BANDS COMMUNITY FUND	$350,000	$85,647	
	Totals:	**$2,650,000**	**$577,647**	**$0**

So that benefits all of you from Georgia, but that is something that I have been encouraging all of our State offices because, as you well know, we operate through a field system for Rural Development and having State offices. And I have asked our program directors to look at every—at your State and find out who is covered. And if we don't have an area that is covered that is rural, then we need to make sure that there is an opportunity for those communities to get served.

Mr. BISHOP. Because there are lots of communities that need the assistance but don't have microentrepreneur programs.

Ms. CANALES. An intermediary, yes.

Mr. BISHOP. And there are some that have the programs, but probably could benefit from your resources.

Ms. CANALES. Absolutely, sir. And I would be happy to get you the information, and we are conducting training for our staff on this program because, again, it is a new program as far as our menu of programs. We have been operating, like I said, revolving loan funds for several years in other cases, but the other part to this, too, is that we, of course, will be conducting a stakeholder meeting of all the awardees to this point in time so that we can get more feedback as to the intricacies of the program and how we can improve it.

Mr. BISHOP. The City of Albany, Georgia, has a microentrepreneur program. I don't know if they are participating with USDA at this point or not. But they have got several very, very good success stories, which have created spinoff businesses from the original microentrepreneur who was first funded.

And apparently, they do a good job with the technical assistance, and I want to make sure that I connect them with you if they are not already connected.

Thank you very much, Mr. Chairman. I yield back.

COMMUNITY FACILITIES PROGRAM

Mr. KINGSTON. Thank you, Mr. Bishop.

Ms. Trevino, I wanted to ask a couple of questions to you for the record. If you could just get back to us on the community facility guarantee program versus the direct community facility loan program. And specifically, on the community facility guarantee program, how many defaults have there been? When did they occur? Why did they occur?

And have the rules and standards changed appropriately, and what steps are you taking to address the operation? I don't know if you would have those stats.

Ms. TREVINO. I cannot give you the numbers of the amounts that have defaulted, but just to tell you that the default rate in the guarantee program tends to be more effective than the direct program because we make fewer loans there. However, the loans are larger. That is where we fund a lot of the big hospitals, the $10 million and more projects. So a loss of just one has a huge impact on the portfolio and, therefore, affects the——

Mr. KINGSTON. But you want to eliminate it?

Ms. TREVINO. That is the one that we have asked because the direct program right now is a negative subsidy.

Mr. KINGSTON. Yes.

Ms. TREVINO. And so, we can increase that and try to cover any of the ones that aren't going to be met under the guarantee program.

Mr. KINGSTON. Okay. If you could get back to me on that?

[The information follows:]

The total losses for the Communities Facilities guaranteed loan program beginning in March, 1997 through February, 2011 are $70,221,093.24.

The four largest losses in the history of the program occurred between August, 2006 and September, 2009. These totatled $43,218,176, or 61 percent of the total losses in this period. Three of these loans were obligated in 2000 and one was obligated in 2005. Two of the loans, totaling just over $23 million, were made by nontraditional lenders without the required regulatory oversight. The other two loans, totaling just over $19 million, were made to commercial lenders. Two of the loans were for golf courses, and two were for hospitals. One of the lenders continues to service its debt, and we expect to collect an additional $3.5 million.

These losses were primarily due to golf courses and nontraditional lenders/investment bankers. As a result, we have strengthened our oversight and standards for recreational facilities and nontraditional lenders wishing to participate in the program.

Historically, the 55 loans in which the program has experienced a loss are comprised of 25 health care facilities, primarily assisted living and nursing homes; 6 recreational facilities, the two largest losses being golf courses; 6 schools; 5 museums; 5 child care facilities; 4 community centers; and 4 other assorted facilities.

BLENDED PUMPS AUTHORITY

Mr. KINGSTON. And Under Secretary, as you know, we had a vote on the floor about the ethanol blender program, and it was 261 to 158. So it failed on a bipartisan basis. I am not sure what the Senate is going to do with it, obviously. But there doesn't seem to be legislative support based on that vote.

But the other concern is that there is not legislative authority on it. It appears that the USDA is starting a new program without a farm bill authorization or without amendments or without legislation, and I wanted you to react to that.

Mr. TONSAGER. We are evaluating an opportunity to provide some assistance for blender pumps in our programs. I can't speak directly to it because it is in the development phase of the regulation. So I can't get to the details of that.

We would not pursue it if we did not believe we had authority to do it. We do believe that. We have gone through our general counsel's office, evaluated that.

Mr. KINGSTON. Do you know where they cited that authority?

Mr. TONSAGER. I don't. Offhand, I don't have it.

[The information follows:]

Section 9007(a)(2) authorizes the Agency to fund parts of 'renewable energy systems' as well as renewable energy systems in whole. The Agency's definition of 'renewable energy system' in its current regulation at CFR 4280.103, specifically includes 'delivery' as one aspect of such a system. The Agency has determined that a flexible fuel pump is a uniquely critical aspect of a biofuel 'renewable energy system' which the Agency believes covers the conversion of the biomass through the dispensing of the biofuel to a vehicle. The Agency believes this interpretation is consistent with the authorizing statute and its corresponding regulation.

The policy rationale for the Agency to include flexible fuel pumps in Rural Energy for America Program is to address a barrier that the Agency has determined impedes the broader use of biofuels as a liquid transportation fuel in the United States. For example, one major aspect of this barrier derives from two scenarios. The first is one of an insufficient availability of higher ethanol-blend fuels in the market place that discourages Americans from purchasing flexible fuel vehicles that can burn such higher ethanol-blend fuels and does not provide a sufficient level of higher ethanol-blend fuel to supply the existing flexible fuel vehicle fleet to fully take advantage of the fleet's ability to consume additional biofuel. The second is one of an insufficient number of flexible fuel vehicles on the road to encourage fuel station owners to expend the capital necessary to install flexible fuel pumps in response to market forces. By allowing Rural Energy for America Programs to provide financing through grants and loan guarantees to encourage the installation if flexible fuel pumps in rural areas, the Agency believes it can help overcome this barrier. The Agency acknowledges that there are other similar biofuel examples, including barriers to biodiesel.

The Agency recognizes that Rural Energy for America Program is designed to address a variety of renewable energy and energy efficiency goals. With the inclusion of flexible fuel pumps for Rural Energy for America Program funding, the Agency will ensure that it will not ignore the other important goals and purposes of the program.

Mr. KINGSTON. I think that would be of interest to us, and one of the goals that this Congress has set is not to create new programs unless you eliminate another program and you can justify the creation of it. It is not—I think conceptually there is certainly good argument for it, but with budget constraints and that vote on the floor of the House being bipartisan and pretty overwhelming against it, it is probably best to delay that unless we can show hard-core evidence of results immediately.

Do you think we will be able to or what do you—this committee would be very interested in that. And do you know how much that is going to cost per fuel station?

Mr. TONSAGER. Again, I am reluctant to speak regarding it because of the regulatory writing process that we are in right now.

Mr. KINGSTON. And how would you handle the charge, say, of a large chain, you know, somebody who has 200 gas stations versus a mom-and-pop? How would you choose between the two of them?

Mr. TONSAGER. Again, I am sorry to continue to cite the program being in the review process. But generally, general counsel says I should not have a discussion in public when it is in that particular process.

Mr. KINGSTON. When does the review process end?

Mr. TONSAGER. Quite soon.

Mr. KINGSTON. All right. Well, Mr. Bishop, if you do not have any other questions, and we will have maybe some, a few more for the record. But we certainly appreciate your testimony today. As usual, Mr. Young goes unscathed. I think there has got to be a way——

[Laughter.]

Mr. KINGSTON. I think, Mr. Adelstein, you should give him a little broadband so he can catch some of this. But we certainly appreciate your testimonies today and all your answers.

Thanks.

The committee stands adjourned.

Questions for the Record
Chairman Jack Kingston
USDA Rural Development
FY 2012 Budget Hearing
March 31, 2011

RD Mission Area

EMPOWERMENT ZONES/ENTERPRISE COMMUNITIES AND COLONIAS RECIPIENTS FOR FISCALS YEARS 2004 - 2010

Mr. Kingston: Please update the table in the fiscal year 2007 hearing record of specially targeted areas such as Empowerment Zones/Enterprise Communities and Colonias, which your programs serve, and the states where they are located and the amount of federal funds each has received to date.

Response: The information is submitted for the record.

[The information follows:]

EMPOWERMENT ZONES/ENTERPRISE COMMUNITIES RECIPIENTS FOR FISCAL YEARS 2004 - 2010

Community Name	State	Designation	USDA/Rural Development Funding (cumulative)
Metlakatala Indian Community	AK	Round II EC	$ 2,200,000
Four Corners EC	AZ	Round II EC	$ 2,200,000
Desert Communities EZ	CA	Round II EZ	$17,600,000
Westside-Tule EC	CA	Round II EC	$ 2,200,000
Empowerment Alliance of SW FL	FL	Round II EC	$ 2,200,000
Southwest Georgia United EZ	GA	Round II EZ	$17,600,000
Molokai EC	HI	Round II EC	$ 2,200,000
Southernmost Illinois Delta	IL	Round II EZ	$17,600,000
Town of Austin EC	IN	Round II EC	$ 2,200,000
Witchita County EC	KS	Round II EC	$ 2,200,000
Bowling Green EC	KY	Round II EC	$ 2,200,000
Kentucky Highlands EZ	KY	Round I EZ	$40,000,000
Aroostook County EZ	ME	Round III EZ	$ 2,900,000
Empower Lewiston EC	ME	Round II EC	$ 2,200,000
Clare County EC	MI	Round II EC	$ 2,200,000
Mid-Delta EZ	MS	Round I EZ	$40,000,000
Fort Peck Assiniboine & Sioux Tribe EC	MT	Round II EC	$ 2,200,000
City of Deming EC	NM	Round II EC	$ 2,200,000
Griggs-Steele EZ	ND	Round II EZ	$17,600,000
Tri-County Indian Nations EC	OK	Round II EC	$ 2,200,000
Fayette EC	PA	Round II EC	$ 2,200,000
Allendale ALIVE EC	SC	Round II EC	$ 2,200,000
Oglala Sioux Tribe EZ	SD	Round II EZ	$17,600,000
Clinch-Powell EC	TN	Round II EC	$ 2,200,000
FUTURO Communities EC	TX	Round II EC	$ 2,200,000
FUTURO Communities EZ	TX	Round III EZ	$ 2,900,000
Rio Grande Valley EZ	TX	Round I EZ	$40,000,000
Five Star EC	WA	Round II EC	$ 2,200,000
Northwoods NiiJii EC	WI	Round II EC	$ 2,200,000
Upper Kanawha Valley EC	WV	Round II EC	$ 2,200,000

COLONIAS RECIPIENTS FOR

FISCAL YEARS 2004 - 2010

Community Facilities Projects in Colonias counties funded FY 2004-2010

FY	Organization Name	State	Direct	Guarantee	Grant
2010	AJO AMBULANCE, INC.	AZ		$1,425,000	
2006	AMADO COMMUNITY FOOD BANK	AZ			$50,000
2010	BISBEE HOSPITAL ASSOCIATION	AZ	$7,080,250	$2,800,000	
2005	BOWIE UNIFIED SCHOO	AZ			$44,200
2006	CHARLES WM LEIGHTON JR. HOSPICE INC	AZ	$147,000		$28,000
2010	CHICANOS POR LA CAUSA INC	AZ			$59,053
2007	COCHISE COUNTY FAIR	AZ	$70,000		$18,000
2009	COMMUNITY COUNSELING CENTERS, INC.	AZ	$183,124		
2007	COMMUNITY FOOD BANK	AZ			$45,000
2008	COMMUNITY FOOD BANK	AZ			$90,000
2009	COMMUNITY FOOD BANK	AZ			$14,287
2010	COMMUNITY FOOD BANK	AZ			$200,000
2008	EHRENBERG FIRE DISTRICT	AZ	$1,981,540		
2008	FORT THOMAS FIRE DISTRICT	AZ	$31,275		$7,225
2009	GRAHAM COUNTY	AZ			$14,077
2010	LA PAZ REGIONAL HOSPITAL	AZ			$78,523
2010	MARANA HEALTH	AZ	$9,933,486	$9,933,489	
2009	MESCAL-J6	AZ	$160,000		
2007	NORTHERN COCHISE COMMUNITY HOSPITAL	AZ	$535,000		
2010	PINAL HISPANIC COUNCIL	AZ	$1,617,000		
2005	PINAL-GILA COUNCIL'	AZ	$1,210,000		
2006	PINAL-GILA COUNCIL'S SENIOR FOUNDATION	AZ	$250,000		
2006	PPEP MICROBUSINESS & HOUSING DEVELOPMENT	AZ			$157,329
2007	REGIONAL CENTER FOR BORDER HEALTH	AZ	$1,795,000		
2009	REGIONAL FIRE	AZ	$301,500		
2010	SAGUARO FOUNDATION COMMUNITY LIVING PROG	AZ	$2,764,000		
2005	SAN LUIS, CITY OF	AZ	$480,550		$79,550
2004	SAN LUIS, CITY OF	AZ	$43,225		$23,275
2004	SOMERTON, CITY OF	AZ	$2,915,848		$50,000
2005	ST DAVID UNIFIED	AZ			$14,668
2006	ST DAVID UNIFIED SCHOOL DIST NO 21	AZ			$45,000
2005	SUNNYSIDE FIRE DIST	AZ	$82,500		$32,000
2009	SUNSITES-PEARCE FIRE DISTRICT	AZ			$19,165
2008	TOHONO O'ODHAM COMMUNITY COLLEGE	AZ			$272,350
2009	TOHONO O'ODHAM COMMUNITY COLLEGE	AZ			$220,000
2010	TOHONO O'ODHAM COMMUNITY COLLEGE	AZ			$196,600
2008	TOMBSTONE, CITY OF	AZ			$49,700
2004	WILLCOX UNITED	AZ	$307,275		$42,725
2010	WILLCOX, CITY OF	AZ			$117,700
2007	WORLD MINISTRIES	AZ	$271,972		$50,000
2008	WORLD MINISTRIES	AZ	$90,000		

2006	CALIPATRIA UNIFIED	CA			$49,875
2008	CALIPATRIA, CITY OF	CA			$40,000
2006	CAMPESINOS UNIDOS	CA			$31,329
2007	CLINICAS DE SALUD DEL PUEBLO, INC	CA			$106,350
2009	CLINICAS DE SALUD DEL PUEBLO, INC	CA			$59,625
2009	CLINICAS DE SALUD DEL PUEBLO, INC	CA			$30,000
2010	CLINICAS DE SALUD DEL PUEBLO, INC	CA			$135,110
2005	DESERT ALLIANCE FOR	CA			$20,100
2006	DESERT ALLIANCE FOR	CA			$35,000
2004	DESERT ALLIANCE FOR	CA			$62,500
2006	HEBER ELEMENTARY SCHOOL DISTRICT	CA			$50,000
2007	IDYLLWILD FIRE PROTECTION DISTRICT	CA	$190,000		$38,000
2005	IMPERIAL, COUNTY OF	CA			$50,000
2007	IMPERIAL, COUNTY OF	CA			$85,077
2008	IMPERIAL, COUNTY OF	CA			$41,950
2009	IMPERIAL, COUNTY OF	CA			$11,700
2009	IMPERIAL, COUNTY OF	CA			$6,750
2010	IMPERIAL, COUNTY OF	CA			$25,200
2006	NILAND FIRE DISTRICT	CA			$75,000
2009	NILAND FIRE DISTRICT	CA			$15,000
2004	RANCHO MIRAGE REHAB	CA		$18,192,394	
2006	RANCHO MIRAGE REHABILITATION HOSPITAL	CA		$4,000,000	
2006	SALTON COMMUNITY SERVICES DISTRICT	CA			$22,275
2007	SALTON COMMUNITY SERVICES DISTRICT	CA			$30,000
2008	SALTON COMMUNITY SERVICES DISTRICT	CA			$30,000
2009	SALTON COMMUNITY SERVICES DISTRICT	CA			$20,250
2010	SALTON COMMUNITY SERVICES DISTRICT	CA			$46,500
2010	SAN JOSE COM.& BEA MAIN LEARNING CENTER	CA			$27,000
2006	SAN PASQUAL VALLEY UNIFIEDSCHOOLDISTRICT	CA			$44,464
2007	UNITED FAMILIES, INC.	CA			$14,985
2009	UNITED FAMILIES,INC	CA			$21,300
2009	UNITED FAMILIES,INC	CA			$10,650
2005	WESTMORLAND,	CA			$60,000
2007	WINTERHAVEN FIRE DS	CA			$18,000
2008	WINTERHAVEN FIRE DS	CA			$25,500
2010	WINTERHAVEN FIRE DS	CA			$46,500
2007	APPLETREE EDUCATIONAL CENTER	NM			$30,000
2010	BAYARD, CITY OF	NM	$288,250		$197,750
2004	COUNTY OF LUNA	NM			$25,200
2009	LORDSBURG, CITY OF	NM			$52,419
2008	SIERRA COUNTY	NM			$30,100
2010	ALTON, CITY OF	TX	$500,000		$500,000
2007	BROOKS COUNTY	TX	$650,000		$100,000
2010	BROOKS COUNTY INDEPENDENT SCHOOL DISTRIC	TX			$298,809
2004	CAMERON COUNTY	TX	$207,500		$25,000
2007	CAMERON WORKS, INC.	TX			$250,000

2007	CITY OF BEEVILLE	TX	$210,100		$100,000
2009	CITY OF COTULLA	TX	$547,000		$40,000
2010	CITY OF HIDALGO	TX			$159,486
2010	CITY OF LA FERIA	TX	$379,000		$464,431
2007	CITY OF ROCKSPRINGS	TX			$35,850
2006	COMMUNITY COUNCIL	TX			$30,000
2010	COMMUNITY SERVICES AGENCY OF SOUTH TEXAS	TX			$126,767
2007	COUNTY OF DIMMIT	TX	$55,000		$45,000
2005	COUNTY OF EDWARDS	TX	$1,304,000		$100,000
2006	COUNTY OF EDWARDS	TX			$34,800
2007	COUNTY OF EDWARDS	TX			$70,532
2010	COUNTY OF EDWARDS	TX			$445,500
2008	COUNTY OF HIDALGO	TX	$225,000		$46,308
2009	COUNTY OF WEBB	TX			$200,000
2010	FANNIN COUNTY MULTI PURPOSE COMPLEX,INC.	TX			$80,174
2005	FORT STOCKTON ISD	TX	$35,000		
2006	FT STOCKTON, CITY OF	TX			$35,807
2008	FT STOCKTON,CITY OF	TX	$397,000		
2006	IDEA ACADEMY, INC.	TX		$3,638,000	
2009	JIM HOGG COUNTY	TX	$1,317,000		$3,949,000
2010	JIM HOGG COUNTY	TX	$125,000		$50,000
2010	JIM HOGG COUNTY	TX			$50,000
2008	LA SALLE COUNTY	TX	$3,000,000		$100,000
2009	LAREDO INT'L FAIR & EXPOSITION, INC.	TX	$117,000		$143,000
2004	MARFA, CITY OF	TX			$186,750
2010	MERCEDES, CITY OF	TX	$1,549,000		$500,000
2004	PRESIDIO COUNTY	TX			$500,000
2005	SAN DIEGO, CITY OF	TX	$485,000		$35,000
2009	SAN DIEGO, CITY OF	TX	$100,000		
2009	ST. MARY'S CHARTER SCHOOL	TX		$1,130,000	
2010	STARR, COUNTY OF	TX	$105,000		$315,000
2010	UVALDE, CITY OF	TX	$5,653,000		$500,000

Water and Waste Loan and Grant Projects in Colonias

Name	State	Obligated Amount
AVRA WATER COOP Total	AZ	$2,486,250
CIBOLA MUTUAL WATER Total	AZ	$4,044,542
DATELAND PUBLIC Total	AZ	$2,411,285
GILA BEND, TOWN OF Total	AZ	$702,818
GRAHAM COUNTY Total	AZ	$969,620
HAYDEN, TOWN OF Total	AZ	$1,000,000
HOPEVILLE WATER CO. Total	AZ	$25,832
PAPAGO BUTTE DWID Total	AZ	$677,325
PATAGONIA, TOWN OF Total	AZ	$253,655
POMERENE DOMESTIC Total	AZ	$190,190
SILVERBELL IRRIGATI Total	AZ	$76,178
TOHONO O`ODHAM UTIL Total	AZ	$300,000
VALLE ESCONDIDO Total	AZ	$1,736,916
VILLA GRANDE Total	AZ	$634,180
WELLTON, MUNICIPAL Total	AZ	$181,960
WENDEN DOMESTIC WAT Total	AZ	$479,000
WHY DOMESTIC WATER Total	AZ	$4,302,182
WILLCOX, CITY OF Total	AZ	$656,380
YUMA COUNTY ID Total	AZ	$90,000
COACHELLA VALLEY Total	CA	$3,129,923
COYOTE VALLEY Total	CA	$1,329,000
IMPERIAL, COUNTY OF Total	CA	$689,234
JACUMBA CSD Total	CA	$800,000
LAKE MORENA OAK SHO Total	CA	$1,603,000
NILAND SANITARY Total	CA	$1,470,000
PALO VERDE COUNTY Total	CA	$1,941,104
RIVERSIDE COUNTY Total	CA	$852,563
SANTA ROSA BAND OF Total	CA	$1,560,000
SEELEY COUNTY Total	CA	$4,736,000
ANTHONY WATER AND Total	NM	$3,955,747
BAYARD, CITY OF Total	NM	$3,707,853
BRAZITO MDWCA Total	NM	$1,128,240
CHAMBERINO MDWC & Total	NM	$636,278
CIDER MILL FARM MDW Total	NM	$107,230
CITY OF LORDSBURG Total	NM	$2,891,218
COTTONWOOD RURAL Total	NM	$989,000
COYOTE CREEK MDWUA Total	NM	$1,210,923
DESERT AIRE MDW&SWA Total	NM	$1,158,687
DESERT SANDS MDWCA Total	NM	$2,902,812
DONA ANA COUNTY Total	NM	$3,447,536
GLEN ACRES WTR COOP Total	NM	$751,040
GRANT COUNTY Total	NM	$980,100
HACHITA MDWCA Total	NM	$1,934,744

HANOVER MDWCA Total	NM	$583,747
HAPPY VALLEY COOPER Total	NM	$1,177,000
HURLEY, TOWN OF Total	NM	$2,058,706
LA LUZ MDWCA Total	NM	$79,681
LA MESA MDWCA Total	NM	$1,569,346
LEASBURG MDWCA Total	NM	$801,913
LOW MESA MDWCA Total	NM	$331,626
MALAGA MDWC & SWA Total	NM	$845,000
MESCALERO APACHE Total	NM	$1,000,000
MESQUITE MDWC & MSA Total	NM	$5,350,521
MOUNTAIN ORCHAR Total	NM	$545,665
NORTH HURLEY MDWC Total	NM	$1,152,071
ORGAN WATER & SEWER Total	NM	$3,019,382
OROGRANDE MDWCA Total	NM	$375,494
PINEYWOODS ESTATES Total	NM	$1,231,531
QUEMADO LAKE WATER Total	NM	$915,172
RODEO MDWC AND MSWA Total	NM	$439,623
SAN PABLO MUTUAL Total	NM	$222,000
SANTA CLARA Total	NM	$2,879,719
TULAROSA VILLAGE OF Total	NM	$1,650,000
TYRONE PROPERTY OWN Total	NM	$2,512,104
VILLAGE OF COLUMBUS Total	NM	$3,264,623
VILLAGE OF LOVING Total	NM	$262,826
WINTERHAVEN Total	NM	$815,888
BRUNI RURAL WATER Total	TX	$685,010
CITY OF COTULLA Total	TX	$1,124,293
CITY OF ODEM Total	TX	$1,015,020
CITY OF PEARSALL Total	TX	$3,000,000
DUVAL COUNTY CONSER Total	TX	$2,482,040
EAST RIO HONDO Total	TX	$4,216,038
EL PASO, COUNTY OF Total	TX	$2,732,000
FALCON RURAL WATER Total	TX	$6,379,000
GOLIAD COUNTY WATER Total	TX	$1,597,600
INGLESIDE CITY OF Total	TX	$717,412
INGRAM CITY OF Total	TX	$5,730,772
JIM HOGG COUNTY Total	TX	$547,234
LANGTRY WATER SUPPL Total	TX	$337,124
LAS PAMPAS WATER SU Total	TX	$198,432
LOWER VALLEY WATER Total	TX	$3,116,500
LYFORD, CITY OF Total	TX	$65,100
MAVERICK COUNTY Total	TX	$4,823,800
MILITARY HIGHWAY Total	TX	$2,832,500
MIRANDO CITY WSC Total	TX	$1,340,000
MOORE WATER SUPPLY Total	TX	$1,038,000
OLMITO WATER SUPPLY Total	TX	$2,171,000
PENITAS, CITY OF Total	TX	$6,471,000

PORTLAND, CITY OF Total	TX	$380,440
SEBASTIAN MUNICIPAL Total	TX	$1,122,325
SHEFFIELD WSC Total	TX	$1,037,000
SKIDMORE WSC Total	TX	$509,250
TOM GREEN COUNTY Total	TX	$1,179,000
VIOLET WSC Total	TX	$1,402,500
WEST ODESSA WATER S Total	TX	$3,000,000
ZAPATA, COUNTY OF Total	TX	$671,000
Grand Total		$160,135,574

Single Family Housing Direct REAP (No EZ/EC funds were available in FY2010)

FY 2010 Obligations

	SFH 502 VL	SFH 502 LOW	SFH 504	SFH 504
State	Loan Amt	Loan Amt	Loan Amt	Grant Amt
NORTH DAKOTA	0	0	$17,843	$44,000
NEW YORK	0	$96,540	$1,100	0
VERMONT	0	0	$5,720	$14,410
Total	0	$96,540	$24,663	$58,410

Colonias Obligations for FY 2010

	SFH 502	SFH 504	SFH 504
State	Loan Amt Obligated	Loan Amt Obligated	Grant Amt Obligated
ARIZONA	$2,984,341	$27,578	$87,297
NEW MEXICO	$1,060,760	0	$17,613
TEXAS	$250,671	0	$7,500
Total	$4,295,772	$27,578	$112,410

Underserved Obligations for FY 2010

	SFH 502 VL	SFH 502 LOW	SFH 504	SFH 504
State	Loan Amt	Loan Amt	Loan Amt	Grant Amt
ALASKA	0	0	0	$87,500
AMERICAN SOMOA			$209,644	$160,770
ARIZONA	$95,500	$121,517	0	$48,215
MISSISSIPPI	0	0	0	$131,315
NORTH DAKOTA	0	0	0	$7,500
SOUTH DAKOTA	$53,000	$177,829	$5,652	$28,750
Total	$148,500	$299,346	$215,296	$464,050

306C- WWD RHS Colonias Grants (306C) FY 2010

	306C WWD
	Grant Amt Obligated
ARIZONA	$151,935
NEW MEXICO	$40,607
TEXAS	$32,396
Total	$224,938

RURAL DEVELOPMENT CARRYOVER BY AGENCY

Mr. Kingston: Please provide a chart showing the carryover for each program in RD at the end of fiscal year 2010. What are the reasons for the unobligated balances?

Response: When compared to the appropriated funding level for the respective programs, carryover amounts were not substantial. In most cases the carryover amount was not sufficient to fund the next available priority project or the carryover resulted from deobligation late in the fiscal year and did not provide sufficient time to fund other applications pending.

The large carryover in the Broadband Loan and Grant program, repowering assistance payments, bioenergy programs, Biorefinery guaranteed loans, and other programs funded or change in the Food, Conservation, and Energy Act of 2008 was due to the required publication of final rules for these programs.

The information is submitted for the record.

[The information follows:]

Fiscal Year 2010 Carryover for Rural Development Programs

	Carryover Budget Authority
Rural Housing Service	
Loan Programs:	
Direct community facility loans	$2,765,598
Guaranteed community facility loans	1,143,440
Sec. 502 Guaranteed single family housing purchase	408,002
Sec. 502 Guaranteed single family housing refinance	1,004
Sec. 538 Guaranteed multi-family housing	141,000
Sec. 514 Farm Labor housing loans	6,509,990
Sec. 515 Direct rural rental housing loans	57,753
Multi-family housing revitalization modifications	1,785,006
Multi-family housing revitalization zero percent loans	189,962
Multi-family housing revitalization soft second loans	2,865,550
Multi-family housing preservation demo revolving loan fund	5,270,821
Grant Programs:	
Community facility grants	1,255,447
Rural community development initiative grants	6,452,127
Rural cooperative home based health care demo	580,021
Hazardous weather early warning systems grants	122,369
Economic impact initiative grants	2,763,111
Community facility grants - Tribal College	10,113
Sec. 504 Very low-income housing repair grants	524,812
Sec. 525/509 Supervisory and technical assistance grants	79,797
Sec. 509 Compensation for construction defects grants	512,095
Sec. 533 Housing preservation grants	379,337
Sec. 516 Domestic farm labor housing grants	5,822,641
Processing workers housing grants	2,167,370
Multi-family housing vouchers	8,884,688
Multi-family housing revitalization grants	5,571
Sec. 523 Mutual and self-help housing grants	14,524,663
Subtotal	$65,222,288
Rural Utilities Service:	
Loan Programs:	
Direct water and waste disposal loans	$8,949,731
Distance learning and telemedicine loans	29,980
Direct broadband telecommunication treasury - Discretionary	39,188,295
Direct broadband telecommunication treasury - Mandatory	45,338
Grants Programs:	
Rural water and waste disposal grants	47,766,601
Rural water and waste disposal technical assistance grants	92,897
Rural water and waste disposal grants - circuit rider	1,071,372
Rural water and waste disposal grants - Alaska village	36,844,984
Rural water and waste disposal grants - Native American	914,323
Individually-owned water well systems	1,182,648
Rural water and waste disposal grants - Colonias	8,068,985
Grants for water and wastewater revolving funds	13,383
Distance learning and telemedicine grants	36,260,537
Broadband telecommunication grants	25,495,684
Delta healthcare grants	3,000,000
High energy cost grants	17,178,885
Subtotal	$226,103,643
Rural Business and Cooperative Development Service	
Loan Programs:	
Business and industry guaranteed loans	$14,349,941
Business and industry NADBank guaranteed loans	351,233
Business and industry guaranteed loans Native American	83,859
Rural economic development loans	4,174,568
Renewable energy guaranteed loans.- Mandatory	35,947

Biorefinery guaranteed loan - Mandatory	273,996,850
Rural microenterprise direct loans - Mandatory	1,091,441
Grants Programs:	
Rural business enterprise grants	2,024,279
Rural business opportunity grants	33,432
Rural business enterprise grants - Native American	529,629
Rural business enterprise grants - Tech Assist Transp	2,182
Rural business enterprise grants - Native American Tribes Transportation	268
Rural business opportunity grants - Native American	74,752
Rural business enterprise grants - Mississippi Delta	299,484
Rural business opportunity grants - Mississippi Delta	32,339
Special earmark grants	250,500
Renewable energy grants.- Mandatory	316,236
Renewable energy feasibility studies- Mandatory	3,025,850
Renewable energy grants under $20,000	8,397
Rural microenterprise grants - Mandatory	10,500
Rural microenterprise grants to assist organizations - Mandatory	2,243,651
Repowering assistance payments - Mandatory	33,044,728
Bioenergy program for advanced biofuels payments - Mandatory	91,452,691
Rural economic development grants	1,511,607
Value-added agricultural product market development grants, discretionary	15,329,847
Agricultural marketing resource center grants	1,018,350
Value-added agricultural product market development grants, beginning and socially disadvantaged farmers and ranchers, discretionary	2,065,291
Value-added agricultural product market development grants, mid-tier chains, discretionary	2,423,400
Special earmark grants	314
Rural empowerment zone and enterprise community grants	33,456
Value-added agricultural product market development grants, mandatory	289,398
Value-added agricultural product market development grants, beginning and socially disadvantaged farmers and ranchers, mandatory	103,962
Value-added agricultural product market development grants, mid-tier chains, mandatory	409,614
Agriculture innovation center demonstration program grants	16,452
Subtotal	$450,634,448
Grand Total	$741,960,379

RURAL DEVELOPMENT COUNCILS

Mr. Kingston: Please provide the budget for the Rural Development Councils for fiscal years 2008 through 2011.

Response: No funding has been provided for the Rural Development Partnership Councils through any Federal Agency in the last four fiscal years.

No staff provided to support the State Rural Development Councils and the rest of the National Rural Development Partnership. The 28 Rural Development Councils are supported through a variety of sources and mechanisms, such as: State government, foundations, private sector contributions, membership dues, grants, contracts, training fees, state director board participation and conference registrations.

RURAL DEVELOPMENT DEFAULTS BY AGENCY

Mr. Kingston: Please provide a 10 year table showing the latest information on defaults for all Rural Development direct and guaranteed loan programs.

Response: The following tables provide current information on Rural Development write offs and loss claims. The information is submitted for the record.

[The information follows:]

RURAL COMMUNITY ADVANCEMENT PROGRAM
LOSS SETTLEMENT ON GUARANTEED LOANS
FY 2001 Through FY 2010

(in thousands of dollars)

	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	Total
Direct Paid to Lenders:											
Water and Waste Disposal Loans	0	0	0	0	0	0	0	0	$1,096	$633	**$1,729**
Community Facility Loans	$79	$667	$1,209	$7,475	$2,382	$871	$1,283	$754	20,476	3,026	**38,222**
Business and Industry Loans	26,810	31,760	40,504	60,436	40,086	27,273	30,955	23,467	27,085	68,230	**376,606**
Total Loss Paid to Lenders	$26,889	$32,427	$41,713	$67,911	$42,468	$28,144	$32,238	$24,221	$48,657	$71,889	**$416,557**
Investments in Guaranteed Loans Purchased from Holders 1/.											
Financing Water and Waste Disposal Loans	0	0	0	0	0	0	0	0	0	0	**0**
Financing Community Facility Loans	0	$4,059	0	$4,674	$4,999	$3,080	$21,460	$20,047	$2,107	$8,807	**$66,353**
Financing Business and Industry Loans	$80,206	58,991	73,289	57,956	37,293	57,394	34,397	37,184	71,953	93,683	**$602,346**
Liquidating Combined Programs	0	0	0	429	0	0	0	0	0	0	**$429**
Write-offs Paid on Guaranteed Loans Purchased from Holders:											
Financing Water and Waste Disposal Loans	0	0	0	0	0	0	0	0	0	0	**0**
Financing Community Facility Loans	0	0	$3,927	0	0	$1,718	$6,563	$20,638	$533	0	**$31,379**
Financing Business and Industry Loans	$293	$988	20,853	$44,376	$19,300	48,103	37,526	17,404	17,436	$23,131	**229,410**
Liquidating Combined Programs	88	101	1,370	1,927	431	0	0	0	0	0	**3,917**
Total Write-offs on Guaranteed Loans Purchased from Holders	$381	$1,089	$24,150	$46,303	$19,731	$49,821	$44,089	$38,042	$17,969	$23,131	**$264,706**
Less Recoveries											
Water and Waste Disposal Loans	0	0	0	0	0	0	0	0	0	0	**0**
Community Facility Loans	$4	$2	$2,264	0	$345	$5,432	$549	$656	$301	$804	**$10,357**
Business and Industry Loans	11,018	14,545	34,851	$25,082	37,189	22,737	25,952	24,717	17,208	23,683	**236,982**
Total Recoveries	$11,022	$14,547	$37,115	$25,082	$37,534	$28,169	$26,501	$25,373	$17,509	$24,487	**$247,339**
Total Losses Paid to Lenders and Write-offs on Guaranteed Loans Purchased From Holders Net of Recoveries:	**$16,248**	**$18,969**	**$28,748**	**$89,132**	**$24,665**	**$49,796**	**$49,826**	**$36,890**	**$49,117**	**$70,533**	**$433,924**

1 Not included in total losses and write-offs

RURAL HOUSING INSURANCE FUND
LOSS SETTLEMENT ON GUARANTEED LOANS
FY 2001 through FY 2010

(in thousands of dollars)

	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	TOTAL
Direct Paid to Lenders:											
Single Family Housing Loans	$63,813	$82,119	$105,447	$122,300	$104,356	$103,783	$98,679	$103,089	$189,901	$198,245	**$1,171,532**
Multi-Family Housing	0	0	0	0	0	0	0	0	12	4	**16**
Total Loss Paid to Lenders	$63,813	$82,119	$105,447	$122,300	$104,356	$103,783	$98,679	$103,089	$189,913	$198,249	**$1,171,548**
Investments in Guaranteed Loans Purchased from Holders 1											
Single Family Housing Loans	0	0	0	0	0	0	0	0	0	0	**0**
Multi-Family Housing Loans	0	0	0	0	0	$2,367	$1,153	$27,817	$14,879	$0	**$46,216**
Write-offs on Guaranteed Loans Purchased from Holders:											
Single Family Housing Loans	0	0	0	0	0	0	0	0	0	0	**0**
Multi-Family Housing Loans	0	0	0	0	0	0	0	0	0	0	**0**
Total Write-offs on Guaranteed Loans Purchased from Holders	0	0	0	0	0	0	0	0	0	0	**0**
Recoveries											
Single Family Housing Loans	$345	$505	$597	$776	$888	$1,033	$2,401	$5,426	$5,903	$11,165	**$29,039**
Multi-Family Housing Loans	0	0	0	0	0	0	0	27	178	2,170	**2,375**
Total Recoveries	$345	$505	$597	$776	$888	$1,033	$2,401	$5,453	$6,081	$13,335	**$31,414**
Total Losses Paid to Lenders and Write-offs on Guaranteed Loans Purchased From Holders Net of Recoveries:	**$63,468**	**$81,614**	**$104,850**	**$121,324**	**$103,468**	**$102,750**	**$96,278**	**$97,636**	**$183,832**	**$184,914**	**$1,140,134**

1 Not included in total losses and write-offs

RURAL COMMUNITY ADVANCEMENT PROGRAM
WRITE-OFFS AND LOSSES ON INSURED LOANS
FY 2001 Through FY 2010

(in thousands of dollars)

	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY2009	FY2010	Total
Write-offs on Insured Loans:											
Water and Waste Disposal Loans	$227	$241	$1,220	$1,156	$170	0	$9,694	$3,930	$1,509	$1,555	**$19,702**
Community Facility Loans	1,385	6	3,207	8,806	4,100	$6,909	8,869	14,709	4,306	10,228	**62,525**
Business and Industry Loans	1,016	2,244	3,256	9,665	3,678	4,939	21,566	15,334	4,329	1,118	**67,145**
Resource Conservation and Development Loans & Recreation Association Loans	42	0	0	0	0	251	100	0	0	0	**393**
Total Write-offs on Insured Loans	$2,670	$2,491	$7,683	$19,627	$7,948	$12,099	$40,229	$33,973	$10,144	$12,901	**$149,765**
Gain(-) or Loss on Sale of Acquired Property	0	0	0	0	0	0	0	0	0	0	**0**
Less Recoveries:											
Water and Waste Disposal Loans	0	0	0	0	0	0	0	0	0	0	**0**
Community Facility Loans	0	0	$1,809	$350	$725	$450	$42	0	$195	0	**$3,571**
Business and Industry Loans	0	$135	0	66	0	128	295	$1,121	0	0	**1,745**
Total Recoveries 1/	0	$135	$1,809	$416	$725	$578	$337	$1,121	$195	0	**$5,316**
Total Losses on Insured Loans Net of Recoveries	**$2,670**	**$2,356**	**$5,874**	**$19,211**	**$7,223**	**$11,521**	**$39,892**	**$32,852**	**$9,949**	**$12,901**	**$144,449**

1/ Recoveries are included on financing loans only.

Note: Amounts include currently not collectable written off the financial records, but still included on the borrower record.

RURAL HOUSING INSURANCE FUND
WRITE-OFFS AND LOSSES ON DIRECT LOANS
FY 2001 through FY 2010

(in thousands of dollars)

	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	Total
Write-offs on Direct Loans:											
General Purpose Loans 1/	$206,343	$224,549	$150,870	$134,891	$93,561	$71,846	$247,626	$43,758	$88,258	$142,412	**$1,404,114**
Domestic Farm Labor Loans	2	1	39	59	77	52	0	30	0	22	**282**
Rental or Cooperative Loans	15,022	14,369	14,571	10,218	9,332	5,540	27,208	18,109	21,025	25,211	**160,605**
Site Loans	0	78	0	0	0	0	0	0	0	0	**78**
Self-Help	0	0	251	0	0	0	162	0	0	0	**413**
Total Write-offs on Direct Loans	$221,367	$238,997	$165,731	$145,168	$102,970	$77,438	$274,996	$61,897	$109,283	$167,645	**$1,565,492**
Gain(-) or Loss as Acquisition of Acquired Property and Chattels	(6,100)	(4,512)	(4,232)	(2,799)	(580)	9	(3,436)	(10,550)	(8,269)	(6,821)	**(61,155)**
Gain(-) or Loss on Sale of Acquired Property and Chattels	19,422	19,880	16,010	12,517	6,675	2,627	2,430	4,291	5,660	8,654	**189,256**
Less Recoveries: 2/	0	0	0	0	0	0	0	21,102	19,967	22,705	**63,774**
Total Losses on Insured Loans Net of Recoveries	**$234,689**	**$254,365**	**$177,509**	**$154,886**	**$109,065**	**$80,074**	**$273,990**	**$34,536**	**$86,707**	**$146,773**	**$1,629,819**

1/ Includes single family homeownership and repair loans (section 502, 504, and single family credit sales)
2/ Recoveries are included on financing loans only.

Note: Amounts include currently not collectable written off the financial records, but still included on the borrower record.

RURAL UTILITIES SERVICE PROGRAMS
WRITE-OFFS AND LOSSES ON INSURED LOANS
FY 2001 Through FY 2010

(in thousands of dollars)

	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY2009	FY2010	Total
Write-offs on Insured Loans:											
Electric Loans	$5,374,012	$176	0	$7	0	$13,669	$9,699	$6,297	$601	$166,601	$5,571,062
Telecommunication Loans	0	0	0	0	0	0	1,286	3,929	0	0	$5,215
Rural Telephone Bank Loans	0	0	0	0	0	0	0	0	0	0	0
Distance Learning Telemedicine Loans	0	0	0	61	$3,278	5,388	1,903	1,960	207	9,635	
Rural Economic Development Loans	0	0	0	0	0	0	0	0	0	0	
Micro-Entreprenuer	42	0	0	0	0	251	100	0	0	0	$393
Total Write-offs on Insured Loans	$5,374,054	$176	0	$68	$3,278	$5,639	$12,988	$12,186	$808	$176,236	$5,585,433
Less Recoveries:											
Electric Loans	0	0	0	0	0	0	0	0	0	0	0
Telecommunication Loans	0	0	0	0	0	0	0	0	0	0	0
Rural Telephone Bank Loans	0	0	0	0	0	0	0	0	0	0	0
Distance Learning Telemedicine Loans	0	0	0	0	0	0	0	0	$1	0	$1
Rural Economic Development Loans	0	0	0	0	0	0	0	0	0	0	0
Micro-Entrepreneur	0	0	0	0	0	0	0	0	0	0	0
Total Recoveries 1/	0	0	0	0	0	0	0	0	$1	0	$1
Total Write-offs & Losses on Insured Loans Net of Recoveries	$5,374,054	$176	0	$68	$3,278	$5,639	$12,988	$12,186	$807	$176,236	$5,585,432

1/ Recoveries are included on financing loans only.

Note: Amounts include currently not collectable written off the financial records, but still included on the borrower record.

ADMINISTRATIVE CONTRACTS

Mr. Kingston: Please provide for the record a table showing all fiscal year 2010 and 2011 service contracts, which supported the delivery of rural development programs, the cost of each contract, and what service was performed under each contract.

Response: The list is submitted for the record and has been provided to Committee staff.

The information is maintained in Committee records.

RURAL DEVELOPMENT SALARIES AND EXPENSE
FTE LEVELS BY AGENCY

Mr. Kingston: Please update the table provided in the fiscal year 2007 hearing record showing the appropriation (both direct and transfer) for the salaries and expenses accounts of the Rural Housing Service, the Rural Utilities Service and the Rural Business-Cooperative Service and the proposed allotment for each of those accounts for fiscal year 2012. Include FTE levels for each Agency by fiscal year.

Response: The information is submitted for the record.

[The information follows:]

RURAL DEVELOPMENT SALARIES AND EXPENSES
APPROPRIATION LEVELS BY AGENCY

(Dollars in Thousands)

Agency	FY 2010	Staff Years	FY 2011	Staff Years	FY 2012	Staff Years
Rural Utilities Service	$39,959	344	$39,959	344	$39,959	344
Rural Housing Service	468,593	4,029	468,593	4,029	411,779	3,779
Rural Business-Cooperative Service	4,941	42	4,941	42	4,941	42
Rural Development Direct						
Appropriation	205,882	1,642	201,987	1,685	234,301	1,685
Rescission	(3,895)					
Total Salaries & Expenses	715,480	6,057	715,480	6,100	690,980	5,850

DETAILED EMPLOYEES

Mr. Kingston: How many employees assigned to the rural development mission areas are detailed outside of rural development, and to which agencies are they detailed?

Response: One Rural Development employee is detailed to the Department of Treasury, and one is detailed to the U.S. Senate Appropriations Committee.

STATE, COUNTY AND RURAL DEVELOPMENT OFFICES

Mr. Kingston: Please update the Committee on the number of State offices, county offices, and Rural Development offices.

Response: There are 47 State offices and 483 Area, Local, and Satellite offices.

OFFICE OF INSPECTOR GENERAL EXPENDITURE ON
FINANCIAL STATEMENT AUDITS

Mr. Kingston: Please provide a table for fiscal years 2008 through 2011 showing the amounts the Office of Inspector General has expended on auditing the

Rural Development financial statement. Provide the amounts Rural Development reimbursed the OIG for any audit costs in each of the last five years.

Response: The information is submitted for the record.
[The information follows:]

OIG EXPENDITURES FOR AUDITING RURAL DEVELOPMENT FINANCIAL STATEMENTS

FY 2008	FY 2009	FY 2010	FY 2011
$1,667,497	$1,111,311	$1,284,192	$1,398,198

RURAL DEVELOPMENT REIMBURSEMENTS TO OIG

	FY 2008	FY 2009	FY 2010	FY 2011
	$1,000,000	$1,000,000	$1,000,000	$420,000

RURAL DEVELOPMENT LOAN PORTFOLIO

Mr. Kingston: Please provide for the record a copy of the Rural Development's Loan Portfolio as of January 31, 2011.

Response: The information is submitted for the record.

[The information follows:]

Rural Development
Loan Portfolio
As of January 31, 2011

Loan Portfolio	# of Loans	Amount of Principal Outstanding	Delinquent Loans > 30 days: # Loan Delinq.	% Loan Delinq.	Delinquent Principal balan	% Delq. Prin.	Delinquent Loans > 1 Year: # Loan Delinq.	% Loan Delinq.	Delinquent Principal balan	% Delq. Prin.
Direct Portfolio										
Housing and Community Facilities										
Single Family Housing	315,574	$15,339,373,877	65,574	20 78	$3,372,297,499	21.98	16,040	5 08	$754,474,806	4 92
Multi-Family Housing	26,397	11,314,034,000	* 409	** 2.61	253,438,095	2 24	* 238	** 1.52	148,365,775	1.31
Community Facility	6,019	3,535,172,000	115	1 91	142,481,445	4.03	57	0.95	82,359,164	2.33
Total Housing & Community Fac.	**347,990**	**$30,188,579,877**	***** 65,689**	***** 20.43**	**$3,768,217,039**	**12.48**	***** 16,097**	***** 5.01**	**$985,199,745**	**3.26**
Utilities										
Water & Waste	18,148	$11,243,529,000	141	0 78	$155,236,702	1 38	41	0.23	$37,765,613	0.34
Electric	4,381	40,365,545,869	1	0 02	1,512,197	0.00	1	0.02	1,512,197	0 00
Telecommunications	2,290	4,305,058,403	35	1 53	156,121,839	3 63	21	0.92	82,686,152	1.92
Total Utilities	**24,819**	**$55,914,133,272**	**177**	**0.71**	**$312,870,738**	**0.56**	**63**	**0.25**	**$121,963,962**	**0.22**
Business and Cooperative										
Business and Industry	68	$38,573,000	26	38.24	$23,808,218	61.72	21	30.88	$21,877,539	56.72
Intermediary Relending Prog/HHS	993	470,722,525	18	1 81	7,401,756	1.57	10	1 01	4,602,911	0 98
Rural Economic Development	370	110,659,381	4	1.08	1,143,658	1.03	0	0.00	0	0.00
Total Business & Cooperative	**1,431**	**$619,954,906**	**48**	**3.35**	**$32,353,632**	**5.22**	**31**	**2.17**	**$26,480,450**	**4.27**
Total Direct Portfolio	**374,240**	**$86,722,668,055**	***** 65,914**	***** 18.95**	**4,113,441,409**	**4.74**	***** 16,191**	***** 4.65**	**1,133,644,157**	**1.31**
Guaranteed Portfolio										
Housing and Community Facilities										
Single Family Housing	491,748	$52,548,761,666	67,865	13.80	$6,913,349,741	13.16	9,375	1 91	$986,032,017	1.88
Multi-Family Housing	439	$541,018,199	5	1.14	$42,345,890	7 83	4	0 91	$41,279,964	7 63
Community Facility	671	$972,232,249	15	2.24	$21,056,576	2.17	12	1.79	$18,651,908	1.92
Total Housing & Community Fac.	**492,858**	**$54,062,012,114**	**67,885**	**13.77**	**$6,976,752,207**	**12.91**	**9,391**	**1.91**	**$1,045,963,889**	**1.93**
Utilities										
Water & Waste	65	$62,891,917	0	0.00	$0	0.00	0	0.00	$0	0.00
Electric/Other	18	$339,651,484	0	0.00	$0	0 00	0	0 00	$0	0.00
Total Utilities	**83**	**$402,543,401**	**0**	**0.00**	**$0**	**0.00**	**0**	**0.00**	**$0**	**0.00**
Business and Cooperative										
Business and Industry	3,762	$6,440,249,097	319	8 48	$586,929,569	9.11	192	5 10	$355,648,042	5 52
Total Business & Cooperative	**3,762**	**$6,440,249,097**	**319**	**8.48**	**$586,929,569**	**9.11**	**192**	**5.10**	**$355,648,042**	**5.52**
Total Guaranteed Portfolio	**496,703**	**60,904,804,612**	**68,204**	**13.73**	**7,563,681,776**	**12.42**	**9,583**	**1.93**	**1,401,611,931**	**2.30**
Total Loan Portfolio	**870,943**	**$147,627,472,667**	***** 134,118**	***** 15.88**	**$11,677,123,185**	**7.91**	***** 25,774**	***** 3.05**	**$2,535,256,088**	**1.72**

* Number of projects delinquent.
** The % of projects delinquent: Number of projects delinquent divided by number of projects outstanding. There are 15,658 projects outstanding as of January 31, 2011
*** Exclude Multi-Family Housing Projects (Direct)

POPULATION REQUIREMENTS

Mr. Kingston: What are the population requirements for all Rural Development mission area programs? Please also include population requirements for the housing programs.

Response: The information is submitted for the record.
[The information follows:]

RURAL DEVELOPMENT PROGRAM POPULATION REQUIREMENTS

BUSINESS & COOPERATIVE PROGRAMS

Business & Cooperative Programs	Eligible Areas (Population)
Business and Industry (B&I) Guaranteed Loan Program	Any area outside the boundaries of a city or town of more than 50,000 population and the urbanized area contiguous and adjacent to such city or town.

North American Development Bank Guaranteed Loans	Businesses in communities with significant levels of workers adversely impacted by NAFTA-related trade as designated by NADBank and areas outside the boundaries of a city or town of more than 50,000 population and urbanized area contiguous and adjacent to such city or town.
Rural Business Enterprise Grants (RBEG)	Any area outside the boundaries of a city or town of more than 50,000 population and the urbanized area contiguous and adjacent to such city or town.
Intermediary Relending Program (Rural Development Loan Fund)	Areas outside the boundaries of a city or town of 25,000 or more.
Rural Economic Development Loans and Grants (REDLG)	Any rural area for which the RUS borrower, or RUS-eligible entity, elects to submit an application with priority to those of 2,500 or less.
Rural Microentrepreneur Assistance Program (Loans and Grants)	Any area outside the boundaries of a city or town of more than 50,000 population and the urbanized area contiguous and adjacent to such city or town.
Biorefinery Assistance Program	Per Proposed Rule: Project must be located in any area outside the boundaries of a city or town of more than 50,000 population and the urbanized area contiguous and adjacent to such city or town.
Repowering Assistance	Per Proposed Rule: Refinery must be located in a rural area (outside a city or town with 50,000 population or otherwise in an area determined to be rural in character by the Secretary.)
Advanced Biofuel Payment Program	Rural as well as urban.

Rural Energy for America (REAP) (successor to the "9006" program") Guaranteed Loans and Grants	Project must be located in any area outside the boundaries of a city or town of more than 50,000 population and the urbanized area contiguous and adjacent to such city or town.
Health Care Services	Lower Mississippi region and Alabama.
Rural Business Investment Program	Outside a SMSA or within a community having a population of 50,000 or less.
Business and Industry (B&I) Direct Loan Program	Areas outside the boundaries of a city or town of more than 50,000 population and urbanized area contiguous and adjacent to such city or town.
Rural Cooperative Development Grant (RCDG)	Nationwide
Appropriate Technology Transfer for Rural Areas (ATTRA)	Nationwide
Research on National Economic Impact of Cooperatives (RCDG Mandate)	Nationwide
Small Socially Disadvantaged Producer Grant (RCDG mandate)	Areas outside towns having a population greater than 50,000 and any adjacent urbanized area, or, an urbanized area that is nevertheless rural in character.
Value-added Agricultural Market Development Producer Grants (VAPG)	Nationwide

Value-added Agricultural Market Development, Ag Marketing Resource Center Grant	Nationwide
Rural Business Opportunity Grants (RBOG)	Any area outside the boundaries of a city or town of more than 50,000 population and the urbanized area contiguous and adjacent to such city or town.
Empowerment Zones and Enterprise Communities	Cannot exceed 30,000 population in aggregate, nor 1,000 square miles.
Grant Program for Employment Opportunities for People with Disabilities in Rural Areas	Any area outside the boundaries of a city or town of more than 50,000 population and the urbanized area contiguous and adjacent to such city or town.
1890 Land-Grant Institutions Rural Entrepreneurial Outreach and Development Initiative	Small rural American communities that have the most economic need.
Technical Advisory Service to Cooperatives	Nationwide
Technical Advisory Service to Producers Desiring to Form a Cooperative	Nationwide
Provide Technical Assistance to rural communities	Less than 50,000.
National Rural Development Partnership	The 50 States including the Commonwealth of Puerto Rico, the Virgin Islands of the United States, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and, to the extent the Secretary determines it to be feasible and appropriate, the Freely Associated States and the Federated States of Micronesia.

HOUSING & COMMUNITY FACILITIES PROGRAMS

Housing & Community Facilities Programs	Eligible Areas (Population)
Community Facilities Direct Loan Program	Rural Areas with a population up to 20,000.
Community Facilities Guaranteed Loan Program	Rural Areas with a population up to 20,000.
Community Facilities Grant Program	Rural Areas with a population up to 20,000.
Rural Community Development Initiative Grant Program (RCDI)	Areas outside the boundaries of a city of 50,000 or more and its immediately adjacent urbanized area.
Tribal College Grant Program	Rural Areas with a population up to 20,000.
Economic Impact Initiative Grant Program	Rural areas with a population up to 20,000 that have a not-employed rate greater than 19.5 percent.
Rural Rental Housing Direct Loan Program	Eligible rural communities of populations of 20,000 or less.
Rural Rental Housing Guaranteed Loan Program	Eligible rural communities of 20,000 population or less.
Farm Labor Housing Loan and Grant Program	No population limit. Farm Labor Housing funds may be used in urban areas to house nearby farm workers.

Housing & Community Facilities Programs	Eligible Areas (Population)
Multifamily Voucher Demo Program	Vouchers are awarded to individuals leaving USDA financed multi-family housing; vouchers may be used in any rental situation anywhere.
Multifamily Demo for Preservation and Revitalization/ Restructuring 515 Properties	25,000 or less until new census data becomes effective; 20,000 or less after that.
Multifamily Preservation Demo Revolving Loan Fund	25,000 or less until new census data becomes effective; 20,000 or less after that.
Housing Preservation Grants	Rural areas of 20,000 population or less.
Processing Labor Demo Housing Grants	
FY 2001 processing worker housing	FY 2001 Demonstration was limited to AK and MS.
FY 2004 processing worker housing	FY 2004 Demonstration project was limited to AK, MS, UT and WI. (not limited to rural areas)
Section 502 Direct Loans	Eligible rural areas, cities, and towns of less than 20,000 population.

Housing & Community Facilities Programs	Eligible Areas (Population)
Section 502 Guaranteed Loans	Eligible rural areas, cities and towns of less than 20,000 population.
Section 504 Housing Repair Direct Loans	Eligible rural areas, cities and towns of less than 20,000 population.
Section 504 Housing Repair Grants	Eligible rural areas, cities and towns of less than 20,000 population.
Section 509 Construction Defect Compensation	Eligible rural areas, cities and towns of less than 20,000 population.
Section 523 Mutual and Self-Help Grants &Technical Assistance	Eligible rural areas, cities and towns of less than 20,000 population.
Section 523 Self-Help Site Loans	Eligible rural areas, cities and towns of less than 20,000 population.
Section 524 Site Development Loans	Eligible rural areas, cities and towns of less than 20,000 population.
Section 525 Technical & Supervisory Assistance	Eligible rural areas, cities and towns of less than 20,000 population.

UTILITIES PROGRAMS

Utilities Programs	Eligible Areas (Population)

Hardship Loan Program	Service to rural areas where rural area = area outside the boundaries of a city or town of more than 20,000 population and the urbanized area contiguous and adjacent to such city or town.
Municipal Rate Loan Program	Service to rural areas where rural area = area outside the boundaries of a city or town of more than 20,000 population and the urbanized area contiguous and adjacent to such city or town.
Treasury Rate Loans	Service to rural areas where rural area = area outside the boundaries of a city or town of more than 20,000 population and the urbanized area contiguous and adjacent to such city or town.
FFB Guaranteed Loan Program	Service to rural areas where rural area = area outside the boundaries of a city or town of more than 20,000 population and the urbanized area contiguous and adjacent to such city or town.
Renewable Loan Program	No rural restriction.
Bond and Note Guarantee Program for publicly issued securities	N/A

High Energy Cost Grants & Loans Programs	Extremely high energy cost communities - where avg. residential expenditure is 275 percent of national average.
• High Energy Cost Grants	Extremely high energy cost communities in Alaska.
• Denali Commission Grants	Rural areas where fuel cannot be shipped by surface means.
• Grants to State Revolving Funds for Bulk Fuel Purchases	
Water and Waste Disposal Direct Loans and Grants	City, town or unincorporated rural area with a population of not more than 10,000.
Water and Waste Disposal Guaranteed Loans	City, town or unincorporated rural area with a population of not more than 10,000.
Emergency Community Water Assistance Grants (ECWAG)	Rural areas and towns with a population of 10,000 or less with acute water problems; up to 50% of funds targeted to areas 3,000 and under.
Water and Wastewater Revolving Fund Grants	City, town or unincorporated rural area with a population of not more than 10,000.
Solid Waste Management Grants	City, town or unincorporated rural area with a population of not more than 10,000.
Section 306C Water and Waste Disposal Grants to alleviate health risks	Colonias and tribal lands with population of not more than 10,000.
Section 306D Water and Waste system Grants for Alaskan Villages, incl. technical assistance	Rural or native Alaskan villages.

Section 306E Grants for the Construction, Refurbishment and Servicing of Low or Moderate Income Household Water Well Systems	Projects must be located in rural areas with population of 50,000 or less.
Technical Assistance and Training Grants for Rural Waste Systems	City, town or unincorporated rural area with a population of not more than 10,000.
Circuit Rider - Technical Assistance for Rural Water Systems	City, town or unincorporated rural area with a population of not more than 10,000.
Predevelopment Planning Grants	City, town or unincorporated rural area with a population of not more than 10,000.
Special Evaluation Assistance for Rural Communities & Households Grant Program (SEARCH)	Rural areas with population of 2,500 or fewer inhabitants. Eligible rural areas must have a median household income either below the poverty line or below 80 percent of the statewide non-metropolitan median house-hold income.
Telecom Hardship Loan Program (Direct)	Areas outside incorporated or unincorporated cities with population over 5,000.
Telecom Treasury Rate Loan Program	Areas outside incorporated or unincorporated cities with population over 5,000.
Telecom Guaranteed Loan Program (FFB)	Areas outside incorporated or unincorporated cities with population over 5,000.

Distance Learning and Telemedicine Loans	Areas outside incorporated or unincorporated cities with population over 20,000.
Distance Learning and Telemedicine Grant Program	Areas outside incorporated or unincorporated cities with population over 20,000. Smaller communities receive more points.
Distance Learning and Telemedicine Combination Loan-Grant Program	Areas outside incorporated or unincorporated cities with population over 20,000.
Public Television Digital Transition Grant Program	Areas outside incorporated or unincorporated cities with population over 20,000 - station applicants must demonstrate core rural coverage.
Delta Health Care Services Grant Program (Part of the larger DLT Program appropriation)	Delta Region means the 252 counties and parishes within the states of Alabama, Arkansas, Illinois, Kentucky, Louisiana, Mississippi, Missouri, and Tennessee that are served by the Delta. Regional Authority. (The Delta Region may be adjusted by future Federal statute.) Rural area means any area of the United States not included within (a) the boundaries of any incorporated or unincorporated city, village, or borough having a population in excess of 50,000 inhabitants and (b) any urbanized area contiguous and adjacent to a city or town described in clause (a).

Rural Broadband Access Loan and Loan Guarantee Program (as established by the 2002 Farm Bill)	An eligible rural area means any area, as confirmed by the latest decennial census of the Bureau of the Census, which is not located within: (1) a city, town, or incorporated area that has a population of greater than 20,000 inhabitants; or (2) an Urbanized Area contiguous and adjacent to a city or town that has a population of greater than 50,000 inhabitants. The proceeds of a loan may be used to carry out a project only if, as of the date on which the application is submitted: (i) not less than 25 percent of the households in the proposed service territory is offered broadband service by not more than 1 incumbent service provider; and (ii) broadband service is not provided in any part of the proposed service territory by 3 or more incumbent service providers.
Community Connect Grant Program	A single community outside incorporated or unincorporated cities with population over 20,000 which does not have broadband.

LOAN PROGRAM FEE CHARGED TO RECIPIENTS

Mr. Kingston: Please provide the USC cite for each loan program where a fee is authorized in law. If the fee is not set in authorizing legislation, please provide what the authority is for charging a fee. Also, provide what the authorized fee limits are for each loan program as currently authorized in law.

Response: The information is submitted for the record.

[The information follows:]

Business Programs:

- The Business and Industry Guaranteed Loan Program (B&I) is authorized to charge a fee under sections 307(b) and 310B(g)(5) of the CONACT along with subsection (b) of 7 USC Section 1927.
- The fees for the Sec. 9007 Rural Energy for America Program and the Sec. 9003 Biorefinery Assistance Program are not authorized through statute.

  As established in the Principles of Federal Appropriations Law (Third Edition, Volume II, January 2004), Chapter 11, c, (1) "Payment of guarantee fee", an agency may charge a guarantee fee without specific statutory authority as long as it is not prohibited and the general parameters of the no statutory fee requirement is outlined.

  The parameters of the fee requirements are outlined in the regulations governing the programs. Specific citations are:

  - 9003 Biorefinery Assistance Program
    7 CFR 4279-C, section 4279.226

  - 9007 Rural Energy for America Program:
    7 CFR 4280-B, section 4280.127

Housing and Community Facilities Programs:

- The Single Family Housing Section 502 guaranteed loan fee and annual fee are authorized by 42 U.S.C. 1472(h)(8). The limit for the up-front guarantee fee for purchase transactions is 3.5 percent. The limit in the fee was raised to 3.5 percent by the passage of Public Law 111-212 (H.R. 4899) and the fee has been subsequently raised up to that limit. Public Law 111-212 (H.R. 4899) also provided the authority to introduce an annual fee, of up to .5 percent of the average annual principal balance per year. The Agency is preparing to institute an annual fee in fiscal year 2012 but will lower the up-front fee to 2 percent in conjunction with introducing the new annual fee.

- The Sec. 502 direct loan appraisal fee is authorized in 42 U.S.C. 1480(j) [(section 510(j) of the Housing Act]).

- The Section 515 Multi-family loan program is authorized to charge a fee under 42 U.S.C. 1485. The authorization to charge fees is limited to late charges, although there are no limits to the amount of the late charge that may be imposed.

- The Section 538 guaranteed multi-family loan program fee is authorized under 42 U.S.C. 1490. The only limitation on fees charged in 42 U.S.C.

1490 is a one percent limit on the upfront guarantee fee. The Section 515 multi-family loan program is authorized to charge a fee under 42 U.S.C. 1485. The authorization to charge fees is limited to late charges, although there are no limits to the amount of the late charge that may be imposed.

- The Community Facilities guaranteed loan program fee is authorized by 7 CFR 3575.29(a). There is no statutory authority for the Community Facilities guaranteed loan program fee. The guaranteed loan fee will be the applicable guarantee fee rate multiplied by the principal loan amount multiplied by the percent of guarantee. The guarantee fee rate is established at 1 percent under RD Instruction 440.1, Exhibit K.

Utilities Programs

- The Water and Waste Disposal program: the loan guarantee fee is authorized by 7 USC 1927(b) ((Con Act Section 3079b)).

LIST OF NOTIFICATION OF FUNDS AVAILABLITY

Mr. Kingston: Please provide for the record a list of each Notification of Funds Availability that Rural Development is currently promoting, including the amount of funds available for each NOFA.

Response: The Rural Utilities Service is currently promoting one NOFA for the Delta Health Care Services Grant Program. Grant funds of $3,000,000 to develop health care services in the Delta Region will be competitively awarded.

The Rural Housing Service Multi-Family Housing, Single Family Housing and Community Facilities programs have no Notifications of Funds Availability currently open.

The Rural Business Service Programs with NOFAs collecting applications:

Biorefinery Assistance Program (Section 9003): BA of $95M $129M to support a program level of approximately $365M $463M.

Repowering Assistance Program (9004): $25M.

Bioenergy Program for Advanced Biofuels (9005): FY 2010 funds of $80M and FY 2011 funds of $85M.

Rural Energy for America Program (9007): On April 14, 2011, a NOFA for up to $61M in guarantee loans and $42M in grants was published.

Broadband Program: On March 14, 2011, a NOSA was published for the 2008 Farm Bill broadband loan program.

HEALTHY FOOD FINANCING & REGIONAL INNOVATION INITIATIVES

Mr. Kingston: Please list all expenditures by project to date spent on the Healthy Food Financing Initiative and the Regional Innovation Initiative. How much do you estimate the initiatives will cost in fiscal year 2012? Please include all direct and indirect costs for this initiative.

Response: No money has been spent on either initiative since neither has been enacted. Yet existing programs include similar authorities and objectives. For example, both the Rural Business Opportunity Grant (RBOG) program and the Rural Community Development Initiative grant program allow for regionally focused projects. Seven RBOG grants were awarded in FY 2010 that were locally led and focused on regional economies, totaling approximately $600,000. We anticipate that some of the 2011 grantees in the RCDI program (approximately $6 million total available to award) also will be taking a regional view. In times of scarce resources, it is even more important to target our efforts to projects that have the greatest impact in rural areas.

With regard to food access, the 2008 Farm Bill created a set-aside in the Business & Industry Loan Guarantee program of at least 5 percent of budget authority for local and regional food systems, with priority points for projects benefiting underserved areas. Similarly, the Rural Business Enterprise Grant program, the Value-Added Producer Grant program and the Community Facilities loan and grant programs can be used for food-related purposes. The following chart demonstrates some of those types of projects in our regular programs.

[The information follows:]

Local/Regional Food Projects for FY 2009 to FY 2011

Fiscal Year	Program	ST	County Name	Organization Name	Loan Obligation Amount	Grant Obligation Amount	RD Program
2009	Food Prep-Dist Center	AZ	APACHE	OLD CONCHO COMMUNITY ASSISTANCE CENTER		$12,425	Community Facilities
2009	Food Prep-Dist Center	AZ	PIMA	COMMUNITY FOOD BANK		$8,287	Community Facilities
2009	Other - Local Food	CA	HUMBOLDT	HOOPA VALLEY PUD		$20,775	Community Facilities
2009	Food Prep-Dist Center	CA	KINGS	KINGS COMMUNITY ACTION ORGANIZATION		$37,500	Community Facilities
2009	Other - Local Food	CA	MENDOCINO	LITTLE LAKE GRANGE #670		$70,647	Community Facilities
2009	Other - Local Food	DE	SUSSEX	INDIAN RIVER SENIOR CENTER, INC		$20,000	Community Facilities
2009	Food Prep-Dist Center	MO	DUNKLIN	MALDEN NUTRITION CENTER, INC.		$80,539	Community Facilities
2009	Food Prep-Dist Center	MO	MACON	SENIOR CENTER OF MACON		$250,000	Community Facilities
2009	Food Prep-Dist Center	MO	MACON	SENIOR CENTER OF MACON	$58,400		Community Facilities
2009	Other - Local Food	NH	CARROLL	OSSIPEE CONCERNED CITIZEN'S INC		$8,750	Community Facilities

2009	Other - Local Food	NH	CHESHIRE	SOUTHWESTERN COMM SERVICES, INC		$12,570	Community Facilities
2009	Other - Local Food	NV	LYON	BOYS & GIRLS CLUB OF MASON VALLEY		$46,846	Community Facilities
2009	Other - Local Food	NV	MINERAL	CONSOLIDATED AGENCIES OF HUMAN SERVICES		$33,052	Community Facilities
2009	Food Prep-Dist Center	VA	WASHINGTON	ECUMENICAL FAITH IN ACTION, INC.		$14,770	Community Facilities
2009	Food Prep-Dist Center	VA	WASHINGTON	SOUTHWESTERN VA SECOND HARVEST FOOD		$25,000	Community Facilities
2009	Food Prep-Dist Center	VT	CALEDONIA	BURKE SENIOR MEALSITE		$4,800	Community Facilities
2009	Food Prep-Dist Center	VT	WINDHAM	VERMONT FOODBANK, INC		$50,000	Community Facilities
2010	Farmers Mkt	AK	WRANGELL-PETERSBURG	WRANGELL, CITY OF WRANGELL MEDICAL CNTR		$100,000	Community Facilities
2010	Farmers Mkt	AR	CHICOT	CITY OF LAKE VILLAGE		$100,000	Community Facilities
2010	Other - Local Food	AR	JACKSON	NEWPORT, CITY OF		$10,000	Community Facilities
2010	Other - Local Food	AR	JACKSON	NEWPORT, CITY OF		$9,000	Community Facilities
2010	Food Prep-Dist Center	AZ	PIMA	COMMUNITY FOOD BANK		$160,000	Community Facilities
2010	Other - Local Food	CA	FRESNO	PARLIER UNIFIED SCHOOL DISTRICT		$51,730	Community Facilities
2010	Other - Local Food	CA	KINGS	KINGS COMMUNITY ACTION ORGANIZATION		$150,000	Community Facilities
2010	Food Prep-Dist Center	CA	MENDOCINO	MENDOCINO FOOD & NUTRITION PROGRAM INC.		$16,000	Community Facilities
2010	Food Prep-Dist Center	CA	NEVADA	FOOD BANK OF NEVADA COUNTY	$350,000		Community Facilities

2010	Food Prep-Dist Center	CA	NEVADA	FOOD BANK OF NEVADA COUNTY		$100,000	Community Facilities
2010	Food Prep-Dist Center	CA	SAN LUIS OBISPO	FOOD BANK COALITION OF SAN LUIS OBISPO C		$15,750	Community Facilities
2010	Food Prep-Dist Center	CA	SANTA CRUZ	SECOND HARVEST FOOD BANK SANTA CRUZ CO	$2,000,000		Community Facilities
2010	Food Prep-Dist Center	CA	TULARE	STRATHMORE UNION ELEMENTARY SCHOOL DIST		$48,750	Community Facilities
2010	Food Prep-Dist Center	CA	TULARE	BOYS & GIRLS CLUBS OF THE SEQUOIAS		$63,630	Community Facilities
2010	Food Prep-Dist Center	CA	TULARE	CUTLER-OROSI JOINT UNIFIED SCHOOL DIST		$130,350	Community Facilities
2010	Food Prep-Dist Center	CA	TULARE	CUTLER-OROSI JOINT UNIFIED SCHOOL DIST		$63,750	Community Facilities
2010	Food Prep-Dist Center	CO	CLEAR CREEK	LOAVES & FISHES	$245,000		Community Facilities
2010	Food Prep-Dist Center	CO	CLEAR CREEK	LOAVES & FISHES		$40,000	Community Facilities
2010	Food Prep-Dist Center	HI	MAUI	MAUI FOOD BANK, INC.		$138,000	Community Facilities
2010	RCDI Grant	IA	POLK	IOWA LEAGUE OF RC&D'S, INC.		$251,706	Community Facilities
2010	Other - Local Food	ID	CANYON	CANYON OWYHEE SCHOOL SERVICE AGENCY		$13,400	Community Facilities
2010	Other - Local Food	ID	TWIN FALLS	THREE CREEK JOINT SCHOOL DISTRICT #416	$240,000		Community Facilities
2010	Other - Local Food	ID	TWIN FALLS	THREE CREEK JOINT SCHOOL DISTRICT #416		$50,000	Community Facilities
2010	Other - Local Food	KS	ANDERSON	KINCAID, CITY OF		$60,000	Community Facilities
2010	Other - Local Food	KS	HARVEY	SEDGWICK CITY OF	$200,000		Community Facilities

2010	Food Prep-Dist Center	KY	WHITLEY	CEDARIDGE, INC.		$54,348	Community Facilities
2010	Farmers Mkt	LA	CATAHOULA	HARRISONBURG, VILLAGE OF		$123,412	Community Facilities
2010	Other - Local Food	MD	TALBOT	MID-SHORE REGIONAL COUNCIL		$22,000	Community Facilities
2010	Other - Local Food	ME	OXFORD	THE PROGRESS CENTER		$84,000	Community Facilities
2010	Farmers Mkt	ME	PENOBSCOT, PT	DEXTER REGIONAL DEVELOPMENT CORPORATION		$40,000	Community Facilities
2010	Other - Local Food	MI	CLARE	MID MICHIGAN COMMUNITY ACTION AGENCY		$17,000	Community Facilities
2010	Farmers Mkt	MI	GLADWIN	GLADWIN, CITY OF		$78,000	Community Facilities
2010	Food Prep-Dist Center	MO	BUTLER	BROSELEY SENIOR CITIZENS, INC.		$250,000	Community Facilities
2010	Food Prep-Dist Center	MO	MONROE	FAITH WALK MINISTRY	$24,700		Community Facilities
2010	Food Prep-Dist Center	MO	MONROE	FAITH WALK MINISTRY		$13,300	Community Facilities
2010	Other - Local Food	MO	OREGON	FUN AND FRIENDS OF THAYER AREA		$27,750	Community Facilities
2010	Other - Local Food	MO	OZARK	SENIOR CITIZEN'S OF OZARK COUNTY		$14,850	Community Facilities
2010	Food Prep-Dist Center	MT	LAKE	POLSON LOAVES AND FISH PANTRY, INC.		$20,000	Community Facilities
2010	Farmers Mkt	NC	BLADEN	ELIZABETHTOWN , TOWN	$506,740		Community Facilities
2010	Farmers Mkt	NC	BLADEN	ELIZABETHTOWN , TOWN		$200,000	Community Facilities
2010	Other - Local Food	NE	SCOTTS BLUFF	COMMUNITY ACTION PARTNERSHIP OF W NE	$377,400		Community Facilities
2010	Other - Local Food	NE	SCOTTS BLUFF	COMMUNITY ACTION PARTNERSHIP OF W NE		$162,600	Community Facilities

2010	Other - Local Food	NH	MERRIMACK	FRANKLIN OPERA HOUSE, INC		$14,500	Community Facilities
2010	Other - Local Food	NY	OSWEGO	NORTH COUNTRY CHRISTIAN CHURCH, INC.		$15,010	Community Facilities
2010	Other - Local Food	OK	CHOCTAW	LITTLE DIXIE COMM ACTION AGENCY INC		$16,972	Community Facilities
2010	Food Prep-Dist Center	OK	CHOCTAW	LITTLE DIXIE COMM ACTION AGENCY INC		$8,571	Community Facilities
2010	Other - Local Food	PR	COROZAL	HOGARES TERESA TODA		$75,000	Community Facilities
2010	Other - Local Food	RI	BRISTOL	WARREN, TOWN OF		$50,137	Community Facilities
2010	Other - Local Food	SC	DORCHESTER	DORCHESTER SCHOOL DISTRICT 4		$4,445	Community Facilities
2010	Food Prep-Dist Center	UT	SEVIER	CENTRAL UTAH FOOD SHARING		$113,830	Community Facilities
2010	Other - Local Food	VA	CAROLINE	STATE FAIR OF VA		$25,340	Community Facilities
2010	Other - Local Food	VA	DICKENSON	DICKENSON COUNTY		$100,000	Community Facilities
2010	Farmers Mkt	VA	FLOYD	SUSTAIN FLOYD FOUNDATION, INC.		$36,840	Community Facilities
2010	Other - Local Food	VA	GRAYSON	GRAYSON COUNTY		$10,626	Community Facilities
2010	Other - Local Food	VA	SMYTH	SMYTH COUNTY		$20,400	Community Facilities
2010	Food Prep-Dist Center	VA	WASHINGTON	SOUTHWESTERN VA SECOND HARVEST FOOD		$35,350	Community Facilities
2010	Food Prep-Dist Center	VA	WASHINGTON	SOUTHWESTERN VA SECOND HARVEST FOOD		$35,350	Community Facilities
2010	Farmers Mkt	VA	WISE	ST. PAUL, TOWN OF		$11,250	Community Facilities
2010	Food Prep-Dist Center	VA	WYTHE	WYTHE COUNTY		$50,000	Community Facilities
2010	Food Prep-Dist	VA	WYTHE	WYTHE COUNTY		$18,375	Community

	Center						Facilities
2010	Food Prep-Dist Center	VT	CALEDONIA	GROTON, TOWN OF		$13,300	Community Facilities
2010	Food Prep-Dist Center	VT	WINDHAM	VERMONT FOODBANK, INC		$43,700	Community Facilities
2010	Farmers Mkt	WA	THURSTON	NISQUALLY INDIAN TRIBE	$1,148,000		Community Facilities
2010	Other - Local Food	WI	CRAWFORD	GAYS MILLS, REDEVELOPMENT AUTHORITY OF	$541,500		Community Facilities
2010	Other - Local Food	WI	IOWA	HODAN CENTER, INC.	$56,000		Community Facilities
2010	Other - Local Food	WI	IOWA	HODAN CENTER, INC.		$56,000	Community Facilities
2010	Food Prep-Dist Center	WV	BRAXTON	MOUNTAINEER FOOD BANK, INC.	$4,936,000		Community Facilities
2010	Other - Local Food	WV	MCDOWELL	MCDOWELL COUNTY COMMISSION ON AGING, INC		$75,000	Community Facilities
2010	Other - Local Food	WY	GOSHEN	GOSHEN COUNTY SENIOR FRIENDSHIP CENTER	$18,500		Community Facilities
2010	Other - Local Food	WY	GOSHEN	GOSHEN COUNTY SENIOR FRIENDSHIP CENTER		$16,000	Community Facilities
2011	Other - Local Food	AK	KENAI PENINSULA	KENAI PENINSULA FOOD BANK INC	$327,000		Community Facilities
2011	Other - Local Food	AK	SOUTHEAST FAIRBANKS	WHITESTONE COMMUNITY ASSOCIATION		$15,800	Community Facilities
2011	Other - Local Food	AK	SOUTHEAST FAIRBANKS	WHITESTONE COMMUNITY ASSOCIATION		$13,700	Community Facilities
2011	Farmers Mkt	CA	HUMBOLDT	GARBERVILLE TOWN SQUARE, INC.		$49,431	Community Facilities
2011	Other - Local Food	CA	TULARE	THE PIXLEY FOUNDATION		$50,000	Community Facilities
2011	Other - Local Food	HI	HAWAII, W (KONA)	FRIENDS OF KONA PACIFIC PUBLIC CHARTER	$3,000,000		Community Facilities

2011	Other - Local Food	HI	HAWAII, W (KONA)	INNOVATIONS PUBLIC CHARTER SCHOOL FOUNDA	$834,349		Community Facilities
2011	Farmers Mkt	MI	MECOSTA	BARRYTON, VILLAGE OF	$60,000		Community Facilities
2011	Other - Local Food	NC	BUNCOMBE	MANNA FOOD BANK, INC		$22,900	Community Facilities
2011	Other - Local Food	NY	CHAUTAUQUA	ELLINGTON FIRE DISTRICT # 1		$10,000	Community Facilities
2011	Food Prep-Dist Center	TN	HAYWOOD	STANTON, TOWN OF	$150,000		Community Facilities
2011	Food Prep-Dist Center	TN	HAYWOOD	STANTON, TOWN OF		$40,000	Community Facilities
2011	Farmers Mkt	VA	ALBEMARLE	TOWN OF SCOTTSVILLE		$23,400	Community Facilities
2011	Food Prep-Dist Center	WA	KITTITAS	FRIENDS IN SERVICE TO HUMANITY		$7,000	Community Facilities
2011	Food Prep-Dist Center	WA	STEVENS	LOON LAKE FOOD PANTRY & RESOURCE CENTER		$16,700	Community Facilities
					$14,923,589	$4,373,114	

MANDATORY PROGRAMS IN THE 2008 FARM BILL

Mr. Kingston: Please provide a table showing the appropriation, obligation, limitation, cancellation and carryover for each mandatory program provided in the 2008 Farm Bill.

Response: The information is submitted for the record.

[The information follows:]

MANDATORY PROGRAMS IN THE 2008 FARM BILL FOR FYs 2008-2012

(Dollars in thousands)

	2008	2009	2010	2011	2012
Renewable Energy Program					
Farm Bill Provision	0	$55,000	$60,000	$70,000	$70,000
Carryover	0	0	32	3,387	
Total Available	0	55,000	60,032	73,387	
Obligated	0	54,968	56,959		

Value-Added Grants					
Farm Bill Provision	0	$15,000	0	0	
Carryover	0	0	$15,000	$820	
Total Available	0	15,000	15,000	820	
Obligated	0	0	14,789		
Biorefinery Assistance Program					
Farm Bill Provision	0	$75,000	$245,000	0	
Carryover	0	0	39,993	$273,997	
Total Available	0	75,000	284,993	273,997	
Obligated	0	35,007	19,331		
Energy Assistance Payments-Repowering Assistance Grants					
Farm Bill Provision	0	$35,000	0	0	
Carryover	0	0	$35,000	$26,045	
Total Available	0	35,000	28,000	26,045	
Obligated	0		1,955		
Energy Assistance Payments-Bioenergy Program for Advanced Biofuels Payments					
Farm Bill Provision	0	$55,000	$55,000	$85,000	$105,000
Carryover	0	0	55,000	51,453	
Total Available	0	55,000	110,000	136,452	$105,000
Obligated	0	0	18,547		
Microenterprise Assistance Payments					
Farm Bill Provision	0	$4,000	$4,000	$4,000	$3,000
Carryover	0	0	4,000	3,346	
Total Available	0	4,000	8,000	7,346	$3,000
Obligated	0	0	4,655		

Water and Waste Loans & Grants					
Farm Bill Provision	$120,000				
Obligated	120,000				

RESCISSION OR LIMITATION ON FUNDING

Mr. Kingston: List all programs and amounts that the budget request is proposing a rescission or limitation on mandatory or discretionary funding in fiscal year 2012.

Response: The Fiscal Year 2012 budget is proposing a rescission of $241,790,000 from the cushion of credit account. It has proposed a limitation of $1 billion in program level for direct community facilities program and a $24 billion limitation in program level for Section 502 Guaranteed Single Family Housing.

STATE FTE CEILINGS

Mr. Kingston: Please provide for the record a table showing the fiscal years 2008 through 2012 (estimated) FTE ceilings, by state.

Response: The information is submitted for the record.

[The information follows:]

RURAL DEVELOPMENT

Geographic Breakdown of Estimated FTE Ceilings
Fiscal Years 2008 through 2012

State	2008	2009	2010	2011	2012
Alabama	117	115	115	110	110
Alaska	39	38	38	43	41
Arizona	66	64	64	63	62
Arkansas	135	132	132	131	127
California	135	132	132	131	127
Colorado	59	58	58	59	58
Connecticut	15	15	14	16	15
Delaware	43	36	37	38	37
Florida	115	112	112	126	109
Georgia	132	129	129	131	126
Hawaii	34	33	39	38	37
Idaho	68	66	66	70	64
Illinois	125	122	122	119	118
Indiana	102	100	100	100	97
Iowa	117	115	115	116	111
Kansas	72	71	71	70	69
Kentucky	129	126	126	123	121
Louisiana	112	110	110	108	106
Maine	84	82	82	80	79
Maryland	14	19	18	17	16
Massachusetts	42	41	41	40	39
Michigan	131	128	128	125	124
Minnesota	111	109	109	107	105
Mississippi	184	180	180	174	170
Missouri	147	143	143	142	140
Montana	53	52	52	50	49

Nebraska	68	67	67	65	60
Nevada	26	25	25	30	29
New Hampshire	25	23	23	22	21
New Jersey	47	46	47	48	43
New Mexico	54	53	53	54	50
New York	118	115	115	112	108
North Carolina	178	174	174	179	168
North Dakota	56	54	55	55	53
Ohio	112	110	110	108	106
Oklahoma	91	89	89	86	84
Oregon	74	72	72	76	69
Pennsylvania	116	113	114	112	109
Puerto Rico	93	91	91	91	87
Rhode Island	5	5	5	5	5
South Carolina	112	110	110	110	106
South Dakota	75	73	73	73	70
Tennessee	141	138	138	139	132
Texas	194	190	190	185	180
Utah	47	46	46	49	44
Vermont	39	40	40	41	38
Virginia	108	106	106	107	101
Washington	75	74	74	78	71
West Virginia	78	76	76	73	70
Wisconsin	102	100	100	98	96
Wyoming	40	39	39	38	35
Western Pacific Areas	21	21	15	19	18
Virgin Islands	4	4	4	4	4
Sub-Total, States	4,480	4,382	4,384	4,384	4,214
District of Columbia	1,720	1,718	1,716	1,716	1,636
Total, Rural Development	6,200	6,100	6,100	6,100	5,850

FEDERAL AND CONTRACTOR SUPPORT PERSONNEL

Mr. Kingston: Approximately how many federal and contractor support personnel administer the Rural Development mission area loan and grant portfolio at the county, state and national levels in fiscal years 2010 and 2011? Please break this out by number of federal employees and contractor support.

Response: The information is submitted for the record.

[The information follows:]

	FY 2010		FY 2011	
RD Sub Agency	Federal Personnel	Contractor Personnel	Federal Personnel	Contractor Personnel
RUS				
Federal Level	312.92	0	329.69	0
State Level	424	130	424	130
County Level	NR	NR	NR	NR
RHS				
Federal Level	644	50	656	56

State Level	NR	NR	NR	NR
County Level	NR	NR	NR	NR
RBS				
Federal Level	71	9	77	8
State Level	534	120	534	NR
County Level	NR	NR	NR	NR
NR - Not Reported				

PROGRAM MATCHING REQUIREMENTS

Mr. Kingston: What programs require matching, including the programs that give priority points for matching funds? What are the matching requirements?
Response: Note to reviewers: See attached RD 19 response.

Response: The information is submitted for the record.

[The information follows:]

BUSINESS PROGRAMS

Program	**Priority Points for Matching Fund Requirement**	**Matching Requirements**
Intermediary Relending Program (Rural Development Loan Fund)	Yes	Intermediaries contributing ≥5 -- 50% equity into the revolving loan fund will receive higher priority score in their application.
Rural Microentrepreneur Assistance Program (Loans and Grants)	No	Loans: 25% non-Federal Cost Share; no matching requirement. Grants: ≥15% matching fund requirement

Program	Priority Points for Matching Fund Requirement	Matching Requirements
Rural Cooperative Development Grant (RCDG)	No	Matching funds are required = 25% of total project cost; they may be other fed funds
Rural Business Opportunity Grant	Yes	N
Value-added Agricultural Market Development Producer Grants (VAPG)	No	Matching funds ≥ $ requested grant amount
1890 Land-Grant Institutions Rural Entrepreneurial Outreach and Development Initiative	No	Competitive cooperative agreement program with a minimum of 25 % match.

HOUSING PROGRAMS

Program	Priority Points for Matching Fund Requirement	Matching Requirements
Rural Community Development Initiative Grant Program (RCDI)	No	Matching fund requirement equal to amount of grant

UTILITIES PROGRAMS

Program	**Priority Points for Matching Fund Requirement**	**Matching/Cost Share Requirements**
Section 306D Water and Waste system Grants for Alaskan Villages, incl. technical assistance	No	25% in matching funds from state of Alaska from non federal sources
Section 306E Grants for the Construction, Refurbishment and Servicing of Low or Moderate Income Household Water Well Systems	No	Organization must contribute 10% of grant amount to capitalize the fund
Distance Learning and Telemedicine Grant Program	No	15% matching funds required
Water and Waste Loan and Grant Program:	Yes	Matching funds are not required for the regular water and waste loan and grant program. However, priority points are assigned for projects where other funds will be used to fund part of the total project cost. (7 CFR 1780.17(d)(4)) The points vary based on percentage of other funds: 1. 50% or more - 15 points 2. 20%-49% - 10 points 3. 5%-19% - 5 points

Community Connect Grant Program	Yes	15% match; priority points awarded for matching funds.
High Energy Cost Grant Program	Yes	Matching Funds are not required for the High Energy Cost Grant Program. However, applicants with matching contributions of at least 10 percent of total project costs receive extra points during the scoring process.

FY 2012 PROPOSED LEGISLATION

Mr. Kingston: Does USDA plan to submit any proposed legislation relating to Rural Development to Congress in fiscal year 2012? If so, please summarize the proposal(s).

Response: The FY 2012 Budget is proposing legislation to use the U.S. Department of Health and Human Services' New Hires database. This is the primary income verification system used by HUD, its public housing authorities, and multifamily property owners and management agents. Utilization of this system has substantially reduced instances of improper subsidy payment errors. Addition of USDA Rural Development to the permitted users list will require statutory authorization.

CONTRACT SERVICES

Mr. Kingston: Rural Development proposes to spend $56 million on contractual services and $62 million on research and development contracts. Staff indicates that the $56 million is to support current IT systems, and that the $62 million is to develop a new system. Please describe the new IT system. How long has it been under development? When will it be implemented? What is different about it from the current system? Is this in addition to the $9 million increase for the Common Computing Environment refresh? How much does RD spend on CCE each year?

Response: Rural Development proposes $118 million for other contractual services and research and development contracts in its FY 2012 budget request. This is consistent with FY 2010 spending for this category. Approximately 70 percent of these funds go to support Information Technology contracts for the maintenance of IT support systems and enhancements to them, as well for Departmental assessments related to Information Technology operations. Most of the remainder of the contractual services funding would go to support audit and financial statement work, appraisal services, postal services, legal services, environmental services, maintenance and preservation for inventory property, and escrow account services for single family housing direct loans.

Of the $82 million proposed for IT maintenance and enhancements in FY 2012, approximately $13 million is for Comprehensive Loan Program (CLP) system development. The CLP initiative was launched in FY 2009 to modernize and streamline RD's application portfolio to better serve its citizen beneficiaries and to provide employees at all levels with the tools and technologies they need to effectively support their mission. Rural Development offers a variety of direct and guaranteed loan programs for its Single/Multi Family Housing, Business, and Utilities programs. The current IT architecture supporting these loan programs consists of over 100 systems built on a variety of hosting platforms and technologies, some of which are narrowly program specific and duplicate functionalities. The current platform does not enable the timely introduction of new programs; it also lacks a user-friendly environment and robust enterprise management reporting capabilities. CLP is comprised of multiple component projects that incrementally develop functionalities throughout the program lifecycle. The planned completion date for CLP development is FY 2014, but the stakeholders have been receiving and will continue to receive new functionalities as the CLP component projects are completed. In FY 2012, CLP strives to provide the following benefits: improve stakeholder accessibility to the portfolio of loans and grants with a shared, easy-to-use interface for automated systems, demonstrate transparency and accountability by offering visualization tools (such as maps and dashboards) that will provide dynamic, up-to-date information on RD's loan portfolio, modernize antiquated hardware and software technology in order to improve responsiveness to stakeholder requests and reduce the resources that are dedicated to maintaining existing systems, develop a strategic data model with master data across the portfolio in order to eliminate redundancies and reduce complexity, establish an agile geospatial capability in order to respond quickly to increasing requests for visual information, and implement an electronic submissions framework to simplify the collection and analysis of information and documents.

The development funding requested for the Comprehensive Loan Program is separate from Common Computing Environment (CCE).

INTERNATIONAL TRAVEL

Mr. Kingston: Did any RD, including RHS, RBS and RUS, employees travel outside the United States to provide technical assistance to foreign countries in fiscal years 2010 or 2011? If so, please provide the details of such travel.

Response: Jeff McWilliams, with Rural Utilities Service, travelled to India during December 2010, FY 2011 to provide technical assistance for electric distribution systems as part of a USAID project. Travel was paid for by USAID.

The Rural Housing Service and Rural Business Service employees did not travel outside of the United States to provide technical assistance to foreign countries in fiscal years 2010 and 2011.

Undersecretary Dallas Tonsager will travel to France in June 2011, to participate in the 7th Conference of the Global Consortium of Higher Education and Research.

RURAL HOUSING SERVICE SUBSIDY RATES

Mr. Kingston: Please provide a table showing the OMB subsidy rate for rural housing service loan programs for fiscal years 2008 through 2011. Explain the reason for any significant changes in the subsidy rate.

Response: The information is submitted for the record.

[The information follows:]

RURAL HOUSING SERVICE
Subsidy Rates for FY 2008-2011

	Fiscal Year			
	2008	2009	2010	2011
Rural Community Programs:				
Direct Community Facility Loans	5.55%	5.72%	1.31%	1.33%
Guaranteed Community Facility Loans	3.68%	3.08%	3.21%	3.95%
Rural Housing Insurance Fund Program Account:				
Direct Single Family Housing Loans (sec 502)	9.37%	6.72%	3.63%	6.26%
Guaranteed Unsub. Single Family Housing Purchase (sec 502)	1.20%	1.27%	1.44%	0.19%
Guaranteed Unsub. Single Family Housing Refinance (sec 502)	0.81%	0.98%	1.72%	0.00%
Blended Purchase & Refinance		n/a	n/a	-0.19%
Rural Rental Housing Loans (sec 538)	42.61%	41.16%	27.24%[1]	33.73%[1]
Guaranteed Multi-Family Loans (sec 538)	9.40%	15.68%[2]	1.15%[2]	9.69%[2]
Guar 538 Tornado Supplemental -.	n/a	n/a	19.28%	0.00%
Very Low-Income Housing Repair Loans (sec 504)	28.27%	26.87%	12.85%[3]	18.93%[3]
Housing Site Development Loans (sec 524)				
Self-Help Housing Land Development Loans (sec	-0.79%	-1.84%	-4.22%	5.82%
523)	2.84%	1.65%	-2.21%	5.80%
Single Family Credit Sales of Acquired Property				

Loans. Multi-Family Credit Sales of Acquired Property Loans	-1.15%	-2.59%	-15.63%[4]	-11.12%
Farm Labor Program Account: Farm Labor Housing Loans (sec 514)	37.14%	36.12%	38.40%	38.37%
Multi-Family Housing Revitalization Program Account: Multi-Family Housing Revitalization Zero Percent Loans (sec 515)	43.26%	42.14%	36.14%[5]	38.38%
Multi-Family Housing Revitalization Soft Second Loans (sec 515)	51.26%	60.59%	38.16%[6]	45.18%[6]
Multi-Family Housing Relending Demo	86.17%	85.51%	72.86%[7]	62.71%[7]
	46.39%	44.98%	27.89%[8]	41.34%8

1/Change in rate is due to increase in defaults from prior year of 6.93%.
Change in the rate is due to a revised model calculation for defaults and recoveries, which is a change from the calculation in the 2010 subsidy rate.

2/Change in 2009 rate from 2008 is due to increase in interest assistance. 2008 assistance was 48.06 and 2009 is 63.23.
Change in 2010 is due to a reduction in interest assistance, guaranteed fee, and annual fee.
Change in 2011 is due an increase in the default assumptions.

3/Change in rate for 2009 is due to decrease in repayments and defaults from prior years.
Change in rate for 2011 is due to increase in discount rate (for FY 2010 the rate was 2.8175% and FY 2011 the rate is 3.9714%) and a large reduction in full payoff prepayment curve in 2010 reflecting a bad economy (48% in FY 2010 vs 84% in FY 2009).

4) Change in rate is due to incorrect rate being used in the FY 2009 formulation for percentage of foreclosure recoveries applied to fees.

5/Change in rate is mainly due to income Acquired party percentage input. 2009 was 50.68%, which was incorrect.

6/For 2010, the change in the rate is due to new model calculating 5.1 million in losses to the program, while the prior model did not account for any losses for this program. Also, the discount rate decreased from 5.0316% to 4.9711%. For 2011, the rate change is due to increase in interest paid.

7/For 2010, the difference is attributed to discount rate. The rate in 2009 was 5.1339 and 2.884 in 2010.
For 2011, the rate change is due to a decrease in the default assumption based on a change in model calculations.

8/For 2010, the difference is attributed to discount rate. The rate in 2009 was 4.9711 and 2.9694 in 2010.
For 2011, the rate change is due to increase in interest paid.

RHS program subsidy rates fluctuations are mainly from changes in the default rate and interest rates. Changes from year to year are combination of those assumptions. The big shift in the 502 guaranteed loan subsidy rate going for positive to negative was due solely to increasing borrower's loan fee. The authorized cap was raised to 3.5 percent in the "2010 Jobs Bill", at the end of 2010. At current default and interest rate assumptions with a 3.5 percent up-front fee, the subsidy rate is negative for remaining of 2010 and 2011.

SECTION 515 - REHABILITATION BACKLOG

Mr. Kingston: What is the current backlog, in dollar volume and number of new construction and repair and rehabilitation, for section 515 loans in fiscal years 2008 through 2011?

Response: Rural Development funds Section 515 new Construction through an annual NOFA. There is no backlog or waiting list.

For repair and rehabilitation, Rural Development has a current Section 515 backlog of 151 loans from fiscal year 2008 totaling $23.3 million and 124 loans from fiscal year 2009 totaling $105.8 million. No Notification of Funds Availability (NOFA) was issued in 2010; fiscal year 2010 appropriations were applied to funding of applications received in 2009. Fiscal year 2010 appropriations were applied to applications from 2007 and 2008 as well as 2009. Fiscal year 2011 appropriations will in part be used to cover the backlog of $23.3 million from 2008 and $105.8 million from 2009. Since there was no NOFA issued in 2010, there is no backlog of 2010 projects. A NOFA will be issued in 2011, and once projects are approved under that NOFA they will be added to the existing queue of projects from prior years.

RURAL HOUSING SERVICE BACKLOG

Mr. Kingston: How does RHS propose to address the backlog in FY 2012?

Response: Rural Development will use any funds appropriated for the Section 515 program to address both new construction and repair and rehabilitation of existing Section 515 properties, including properties in the backlog at that time.

RHS SECTION 515 INCENTIVES

Mr. Kingston: What incentives does RHS offer section 515 owners to maintain the properties for the purpose of providing assistance to the poor? How much did RHS spend on these incentives in fiscal years 2010 and 2011? What incentive are RHS authorized to provide? Has any legislative or judicial concern been raised about the section 515 multi-family housing loan program's incentive regulations in the past years?

Response: Rural Development has been authorized to provide the following incentives to Section 515 owners to maintain the properties in the program: additional rental assistance, release of excess reserves, interest credit, increased return on investment, and equity loans. In Fiscal Year 2010, Rural Development approved 14 equity loans totaling $10,607,811 and issued additional rental assistance totaling $5,738,536. In Fiscal Year 2011, Rural Development has thus far approved 5 equity loans totaling $3,257,847 and issued additional rental assistance totaling $225,504.

Legal concerns have been raised regarding the implementation of prepayment statute covering the Section 515 and Section 514 programs, including the use of incentives required under the statute. In the Franconia case, the Supreme Court ruled that the Government could be sued for potential damages related to the implementation of the prepayment statute. Rural Development and the Department of Justice have been working on prepayment related cases for years, recently settling with over 700 borrowers by paying extensive damages. The agency anticipates continuing efforts to reach settlement agreements by hundreds of additional borrowers. Housing advocates have also brought legal action related to assuring that the agency follows the statutory process.

SECTION 515 BUDGET REQUEST

Mr. Kingston: Please provide a ten-year table showing the budget request, appropriation, and the number and amount obligated for the section 515 loan program.

Response: The information is submitted for the record.

[The information follows:]

SECTION 515 LOANS 2001 THROUGH 2010 (Program Level)
(Dollars in Thousands)

SECTION 515 LOANS 2001 - 2010 (Program Level)

Fiscal Year		Requested	Appropriated	Number Obligated	Amount Obligated
2001		$120,000	$114,070	276	$114,070
2001	Emergency Supplemental	0	0	16	7,098
2002		114,068	114,069	0	114,069
2002	Emergency Supplemental	0	0	14	8,006
2003		60,000	115,053	311	115,053
2003	Emergency Supplemental	0	0	10	5,615
2004		70,830	115,857	266	114,488
2004	Emergency Supplemental	0	0	7	2,514
2005		60,000	99,200	202	99,200
2006		27,027	99,000	218	98,207
2007		0	99,000	206	98,925
2008		0	69,510	127	68,226
2008	Emergency Supplemental	0	0	1	1,600
2009		0	69,512	107	67,738
2010		69,512	69,512	116	68,130
Total		$521,437	$964,783	1,877	$982,939

WAGE MATCHING

Mr. Kingston: How many states allow wage matching by USDA for the rural rental assistance program? Has this number increased over previous years?

Response: Currently each State works with their State's department of labor agency to establish an agreement to share wage information, since the Agency does not have statutory authority to have nation-wide access to the National Directory of New Hires, a database owned by the Department of Health and Human Services. There are 31 States that have matching agreements and 19 states without matching agreements. Of the 19 States without matching agreements, 6 States have State law that prohibits sharing of information and 13 States have not been able to reach an acceptable agreement due to security and or information technology-related issues. This number has remained constant for the past several years.

RENTAL ASSISTANCE PAYMENTS

Mr. Kingston: Please provide a table for fiscal years 2008 through 2011 hearing record showing the cost of providing rental assistance payments to include estimates for fiscal year 2011.

Response: The information is submitted for the record.

[The information follows:]

COST OF PROVIDING RENTAL ASSISTANCE PAYMENTS

Fiscal Year	Cost (outlays) (Dollars in Millions)
2008	$886.9
2009	$979.0
2010	$1,019.0
2011 (estimated)	$1,124.4

SECTION 8 RENTAL ASSISTANCE FUNDS

Mr. Kingston: How much Section 8 rental assistance funds will HUD provide to rural rental programs in fiscal year 2010 and 2011?

Response: Under the project-based Section 8 rental assistance program, HUD provides tenant subsidies to approximately 1,200 Rural Housing Service-financed section 515 multifamily housing properties through a contract with the owner. USDA's best estimate of the amount of this subsidy for fiscal year 2010 is $421,000, and it anticipates a similar amount for fiscal year 2011.

RENTAL ASSISTANCE BUDGET

Mr. Kingston: Is the budget request for rental assistance sufficient to cover all fiscal year 2012 renewals, in lieu of debt forgiveness, and new construction farm labor housing?

Response: The budget request for rental assistance is sufficient to cover 204,503 expiring rental assistance contracts in fiscal year 2012. Rural Development is exercising its asset management and loan servicing efforts on properties that are currently in default for monetary and non-monetary reasons. Rural Development expects that at least 300 of these defaulted properties will move out of the Section 514 and Section 515 portfolios, allowing the retirement of nearly 8,400 the rental assistance contracts associated with them.

In addition, changes will be made to the timing of the renewal of contracts in the last quarter of the fiscal year. Historically, rental assistance contracts are renewed and funds obligated 60 to 90 days prior to the exhaustion of funds in the current contract. However, in the last quarter of fiscal 2012, about 4,000 contracts will not be renewed as far in advance of the exhaustion of funds in the existing contract.

RENEWAL RENTAL ASSISTANCE

Mr. Kingston: What is the breakdown of rental assistance in fiscal years 2008-2011 for renewals, in lieu of debt forgiveness, and new construction farm labor housing?

Response: The information is submitted for the record.

[The information follows:]

Fiscal Year	Renewals	New Construction (Section	New Constructio n (Section	Incentives

			515)		514)			
	No. Units	Amount (Millions)	No. Units	Amount (Millions)	No. Units	Amount (Millions)	No. Units	Amount (Millions)
2008	120,449	$474.0	74	$0.3			1,045	$4.4
2009	208,216	$891.9	509	$2.2	772	$3.4	1,119	$4.8
2010	216,698	$968.5	537	$2.3	739	$3.4	1,257	$5.3
2011	58,183	$252.6	460	$2.03	675	$2.99	54	$0.2

RENTAL ASSISTANCE BUDGET REQUEST AND OBLIGATIONS

Mr. Kingston: Please provide a ten-year table showing the budget request, appropriation, and the number and amount obligated for the rental assistance program.

Response: The information is submitted for the record.

[The information follows:]

RENTAL ASSISTANCE PROGRAM 2001 THROUGH 2010

(Dollars in Thousands)

RENTAL ASSISTANCE 2001 - 2010

Fiscal Year		Requested	Appropriated	Number Obligated	Amount Obligated
2001		$680,000	$678,504	2,114	$678,504
2001	Emergency Supplemental	0	0	30	7,235
2002		693,504	701,004	2,193	701,004
2002	Emergency Supplemental	0	0	14	3,604
2003		712,000	721,281	2,235	721,269
2003	Emergency Supplemental	0	0	6	2,502
2004		740,000	580,554	2,258	580,554
2004	Emergency Supplemental	0	0	1	326
2005		592,000	587,264	3,155	587,264
2005	Emergency Supplemental	0	0	18	5,821
2006		650,026	646,571	2,166	646,571
2006	Emergency Supplemental	0	0	2	163
2007		486,320	335,400	4,278	616,020
2008		567,000	478,715	5,512	478,645
2009		997,000	902,500	9,625	902,221
2010		1,091,430	980,000	9,743	978,930
Total		$7,209,280	$6,611,793	85,441	$6,910,633

FY 2010 & 2011 SECTIONS 8 AND 538 FUNDING

Mr. Kingston: How much section 8 funding was provided in fiscal years 2010 and 2011 for the section 538 guaranteed multi-family housing loan programs?

Response: Section 538 projects have a significant percentage of tenants who receive HUD Section 8 vouchers. However, currently there is not a formal mechanism in place to determine the exact number.

SECTION 502 BACKLOG

Mr. Kingston: Please provide a table showing the numbers of pending requests, by state, for the direct and guaranteed section 502-loan programs as of the end of fiscal year 2010.

Response: There is no backlog of applications for guaranteed loans. These loans are processed to the point of approval by participating lenders and submitted to USDA. Commitments to guarantee the loan are typically provided by the agency in a few days.

[The information follows:]

SECTION 502

State	Count	Dollars
ALABAMA	329	$34,168,865
ALASKA	93	$15,829,119
ARIZONA	328	$34,447,498
ARKANSAS	488	$49,168,153
CALIFORNIA	355	$54,387,035
COLORADO	296	$44,551,662
CONNECTICUT	204	$31,056,190
DELAWARE	123	$19,120,224
FLORIDA	551	$53,242,943
GEORGIA	494	$54,005,447
HAWAII	282	$60,607,430
IDAHO	208	$26,318,820
ILLINOIS	441	$32,612,218
INDIANA	385	$41,134,848
IOWA	191	$17,619,994
KANSAS	178	$19,244,626
KENTUCKY	581	$61,376,855
LOUISIANA	370	$43,981,810
MAINE	698	$108,335,443
MARYLAND	185	$35,079,450
MASSACHUSETTS	153	$27,614,964
MICHIGAN	447	$50,131,795
MINNESOTA	192	$28,509,715
MISSISSIPPI	465	$44,098,663
MISSOURI	967	$100,807,344
MONTANA	196	$21,945,343
NEBRASKA	206	$19,282,749
NEVADA	43	$7,114,293
NEW HAMPSHIRE	474	$58,160,890
NEW JERSEY	202	$30,416,456
NEW MEXICO	199	$20,639,107
NEW YORK	210	$27,492,699
NORTH CAROLINA	887	$115,423,613
NORTH DAKOTA	180	$16,352,256

OHIO	431	$47,103,561
OKLAHOMA	502	$46,780,831
OREGON	633	$90,434,542
PENNSYLVANIA	572	$80,354,290
PUERTO RICO	156	$15,123,913
RHODE ISLAND	78	$14,342,893
SOUTH CAROLINA	395	$45,529,288
SOUTH DAKOTA	89	$10,058,462
TENNESSEE	233	$26,877,385
TEXAS	1,133	$106,006,521
UTAH	330	$42,323,693
VERMONT	132	$16,291,432
VIRGIN ISLANDS	72	$8,546,504
VIRGINIA	420	$48,698,571
W. PACIFIC AREA	128	$14,820,145
WASHINGTON	326	$57,984,120
WEST VIRGINIA	350	$33,906,861
WISCONSIN	237	$35,338,056
WYOMING	165	$27,238,256
Totals	**17,983**	**$2,172,037,840**

SECTION 502 FY 2010 AND 2011 OBLIGATIONS

Mr. Kingston: Please provide a table listing by state the number and amount of applications obligated in fiscal years 2010 and 2011 for the section 502 direct and guaranteed programs.

Response: The following is submitted for the record.

[The information follows:]

FY 2010 - Sec. 502 Direct Loans				**FY 2011 (YTD) - Sec. 502 Direct loans**		
State	Count	Obligated Amount		State	Count	Obligated Amount
ALABAMA	268	$28,759,771		ALABAMA	107	$11,449,872
ALASKA	126	$22,806,207		ALASKA	27	$4,138,574
ARIZONA	280	$31,394,552		ARIZONA	56	$5,747,197
ARKANSAS	446	$41,362,234		ARKANSAS	107	$9,341,315
CALIFORNIA	759	$120,555,913		CALIFORNIA	129	$19,646,328
COLORADO	239	$34,066,151		COLORADO	41	$5,442,599
CONNECTICUT	41	$8,061,797		CONNECTICUT	6	$962,032
DELAWARE	127	$23,359,505		DELAWARE	29	$5,104,192
FLORIDA	560	$66,259,491		FLORIDA	135	$13,389,563
GEORGIA	387	$42,785,560		GEORGIA	85	$9,193,122
HAWAII	94	$19,392,275		HAWAII	31	$7,498,892
IDAHO	379	$52,770,723		IDAHO	40	$5,102,279
ILLINOIS	471	$37,957,299		ILLINOIS	122	$9,213,071
INDIANA	708	$78,296,816		INDIANA	96	$10,226,916
IOWA	496	$42,153,084		IOWA	77	$6,181,600
KANSAS	274	$25,052,595		KANSAS	75	$6,428,316
KENTUCKY	593	$61,582,929		KENTUCKY	116	$11,344,478
LOUISIANA	418	$50,419,263		LOUISIANA	123	$15,017,967
MAINE	382	$55,374,108		MAINE	95	$11,722,017
MARYLAND	131	$25,415,834		MARYLAND	34	$6,545,062
MASSACHUSETTS	168	$34,254,833		MASSACHUSETTS	31	$5,585,806
MICHIGAN	532	$51,400,224		MICHIGAN	148	$14,430,532
MINNESOTA	397	$46,957,036		MINNESOTA	63	$7,787,000
MISSISSIPPI	472	$42,561,264		MISSISSIPPI	110	$10,336,846

MISSOURI	806	$75,528,340		MISSOURI	200	$16,766,201
MONTANA	263	$38,243,345		MONTANA	48	$6,942,833
NEBRASKA	184	$12,773,516		NEBRASKA	51	$3,673,361
NEVADA	97	$13,240,050		NEVADA	13	$1,780,315
NEW HAMPSHIRE	194	$29,989,136		NEW HAMPSHIRE	35	$5,431,006
NEW JERSEY	138	$23,966,750		NEW JERSEY	21	$3,638,914
NEW MEXICO	92	$11,586,953		NEW MEXICO	15	$1,952,919
NEW YORK	326	$33,117,497		NEW YORK	85	$9,002,424
NORTH CAROLINA	658	$86,343,551		NORTH CAROLINA	150	$18,797,100
NORTH DAKOTA	99	$10,906,273		NORTH DAKOTA	24	$2,699,147
OHIO	571	$62,673,698		OHIO	102	$10,832,962
OKLAHOMA	367	$35,809,537		OKLAHOMA	72	$7,080,518
OREGON	261	$41,129,246		OREGON	45	$6,819,612
PENNSYLVANIA	351	$50,194,981		PENNSYLVANIA	86	$12,220,695
PUERTO RICO	223	$21,932,469		PUERTO RICO	60	$5,887,751
RHODE ISLAND	33	$6,462,723		RHODE ISLAND	6	$1,269,649
SOUTH CAROLINA	485	$60,221,750		SOUTH CAROLINA	79	$9,540,057
SOUTH DAKOTA	192	$20,284,007		SOUTH DAKOTA	49	$4,559,020
TENNESSEE	520	$53,972,685		TENNESSEE	143	$14,877,365
TEXAS	765	$75,011,994		TEXAS	248	$23,352,152
UTAH	550	$90,252,347		UTAH	83	$12,680,099
VERMONT	146	$20,472,785		VERMONT	24	$3,551,982
VIRGIN ISLANDS	9	$885,205		VIRGIN ISLANDS	2	$309,701
VIRGINIA	317	$42,093,990		VIRGINIA	78	$10,493,743
WASHINGTON	509	$96,429,436		WASHINGTON	74	$13,526,816
WEST PACIFIC	86	$15,858,845		WEST PACIFIC	3	$435,000
WEST VIRGINIA	255	$26,006,120		WEST VIRGINIA	76	$7,390,560
WISCONSIN	313	$35,019,985		WISCONSIN	81	$9,336,612
WYOMING	82	$11,459,930		WYOMING	26	$3,468,075
TOTAL	**17,640**	**$2,144,866,608**		TOTAL	**3,862**	**$440,152,165**

FY 2010 - Sec. 502 Guaranteed Loans				**FY 2011 (YTD) - Sec. 502 Guaranteed loans**		
State	Count	Obligated Amount		State	Count	Obligated Amount
ALABAMA	3,598	$436,081,828		ALABAMA	1,116	$133,961,637
ALASKA	320	$62,043,380		ALASKA	92	$18,031,491
ARIZONA	3,297	$416,347,390		ARIZONA	787	$94,466,834
ARKANSAS	4,125	$437,790,894		ARKANSAS	1,207	$128,950,975
CALIFORNIA	3,562	$587,911,880		CALIFORNIA	1,258	$210,480,134
COLORADO	1,163	$200,029,979		COLORADO	332	$58,856,672
CONNECTICUT	456	$83,529,660		CONNECTICUT	142	$25,913,364
DELAWARE	392	$74,049,954		DELAWARE	95	$17,408,935
FLORIDA	6,826	$853,204,569		FLORIDA	1,939	$237,282,601
GEORGIA	4,394	$521,604,858		GEORGIA	1,217	$138,440,231
HAWAII	494	$143,524,993		HAWAII	255	$79,918,643
IDAHO	1,633	$223,788,843		IDAHO	423	$56,210,810
ILLINOIS	4,785	$438,262,106		ILLINOIS	1,428	$134,750,136

INDIANA	4,708	$480,186,754	INDIANA	1,517	$159,502,608
IOWA	1,992	$191,001,530	IOWA	532	$51,883,233
KANSAS	2,039	$203,501,434	KANSAS	520	$54,492,339
KENTUCKY	2,932	$326,037,186	KENTUCKY	912	$103,067,667
LOUISIANA	6,017	$833,654,073	LOUISIANA	1,663	$236,698,905
MAINE	1,860	$252,081,703	MAINE	485	$66,916,981
MARYLAND	1,310	$264,884,932	MARYLAND	425	$84,070,752
MASSACHUSETTS	555	$107,584,083	MASSACHUSETTS	166	$32,233,378
MICHIGAN	6,816	$672,442,937	MICHIGAN	2,191	$218,116,080
MINNESOTA	2,911	$339,385,535	MINNESOTA	918	$107,605,252
MISSISSIPPI	2,917	$345,332,420	MISSISSIPPI	781	$96,882,330
MISSOURI	4,758	$494,643,383	MISSOURI	1,360	$142,769,812
MONTANA	1,084	$165,474,724	MONTANA	327	$49,285,570
NEBRASKA	1,020	$90,377,220	NEBRASKA	313	$28,549,599
NEVADA	534	$77,583,661	NEVADA	160	$22,763,363
NEW HAMPSHIRE	836	$135,625,114	NEW HAMPSHIRE	270	$46,212,490
NEW JERSEY	727	$133,538,036	NEW JERSEY	196	$35,315,174
NEW MEXICO	369	$51,738,187	NEW MEXICO	85	$13,113,587
NEW YORK	1,739	$193,669,506	NEW YORK	452	$47,734,456
NORTH CAROLINA	6,945	$941,161,964	NORTH CAROLINA	1,921	$263,089,727
NORTH DAKOTA	359	$39,355,100	NORTH DAKOTA	134	$16,783,238
OHIO	3,853	$393,432,099	OHIO	1,199	$120,930,350
OKLAHOMA	2,972	$319,678,538	OKLAHOMA	745	$81,239,341
OREGON	2,678	$424,333,972	OREGON	709	$109,452,760
PENNSYLVANIA	3,438	$434,993,746	PENNSYLVANIA	1,157	$146,258,976
PUERTO RICO	2,672	$307,932,238	PUERTO RICO	1,065	$129,900,805
RHODE ISLAND	105	$21,756,814	RHODE ISLAND	26	$5,526,329
SOUTH CAROLINA	3,410	$439,941,629	SOUTH CAROLINA	871	$110,902,885
SOUTH DAKOTA	1,167	$132,468,126	SOUTH DAKOTA	340	$39,012,390
TENNESSEE	4,230	$480,460,466	TENNESSEE	1,281	$149,073,304
TEXAS	7,145	$892,012,446	TEXAS	2,034	$256,636,508
UTAH	1,820	$296,775,666	UTAH	681	$107,492,026
VERMONT	406	$64,226,421	VERMONT	139	$23,030,096
VIRGIN ISLANDS	10	$1,508,521	VIRGIN ISLANDS	-	$0
VIRGINIA	2,923	$428,135,999	VIRGINIA	909	$131,165,045
WASHINGTON	2,475	$476,645,970	WASHINGTON	1,021	$192,705,533
WEST PAC.	63	$11,465,324	WEST PAC.	468	$58,274,983
WEST VIRGINIA	1,523	$183,916,343	WEST VIRGINIA	18	$2,974,566
WISCONSIN	3,409	$411,874,404	WISCONSIN	798	$98,667,308
WYOMING	1,281	$224,755,690	WYOMING	430	$75,912,860
TOTAL	**133,053**	**$16,763,744,228**	**TOTAL**	**39,510**	**$5,050,915,069**

SECTION 502 FUNDING

Mr. Kingston: Please provide a ten-year table showing the amount requested, appropriated and the number and amount obligated for the section 502 single family housing direct and guaranteed loan programs.

Response: The information is submitted for the record.

[The information follows:]

SECTION 502

DIRECT SINGLE FAMILY HOUSING LOANS 2001 THROUGH 2010

(Dollars in Thousands)

Fiscal Year	Requested	Appropriated	Number of Loans	Amount Obligated
2001	$1,300,000	$1,064,651	15,738	$1,064,592
2001 Disaster Supplemental	0	0	155	9,274
2002	1,064,650	1,079,848	14,727	1,079,809
2002 Disaster Supplemental	0	0	10	425
2003	957,300	1,037,868	13,235	1,037,864
2003 Disaster Supplemental	0	0	4	317
2004	1,366,462	1,351,396	15,245	1,351,376
2004 Disaster Supplemental	0	0	2	140
2005	1,100,000	1,140,800	12,315	1,140,711
2006	1,000,000	1,140,799	11,461	1,129,248
2006 Disaster Supplemental	0	175,593	865	81,166
2007	1,237,497	1,129,391	10,675	1,129,385
2007 Disaster Supplemental	0	6,979	773	78,945
2008	0	1,121,486	9,829	1,100,062
2008 Disaster Supplemental	0	0	350	38,713
2009	0	1,121,488	9,479	1,121,215
2009 ARRA	0	967,113	2,030	267,124
2009 Disaster Supplemental	0	0	641	67,519
2010	1,121,488	1,121,488	8,505	1,013,623

2010 ARRA	0	0	9,135	1,131,244
Total	**$9,147,397**	**$12,458,900**	**135,174**	**$12,842,752**

GUARANTEED SINGLE FAMILY HOUSING LOANS 2001 THROUGH 2010

(Dollars in Thousands)

Fiscal Year	Requested	Appropriated	Number of Loans	Amount Obligated	1/
2001	$3,700,000	$3,136,429	29,852	$2,341,591	
2002	3,137,968	2,624,586	29,218	2,418,682	
2003	2,750,000	2,845,136	33,769	3,086,764	2/
2004	2,725,172	2,709,093	34,817	3,233,396	3/
2005	2,729,185	3,282,823	31,724	3,045,473	
2006	3,681,033	3,681,034	29,519	2,895,054	
2006 Disaster	0	1,250,000	1,612	179,631	
2007	700,404	3,644,224	32,541	3,340,879	
2007 Disaster	0	16,529	2,781	322,718	
2008	4,848,611	4,190,521	57,358	6,298,329	
2008 Disaster	0	775,504	5,575	681,372	
2009	4,848,899	6,232,992	31,724	5,673,239	
2009 ARRA	0	10,329,528	73,348	9,039,510	
2009 Disaster	0	0	12,913	1,502,489	
2010	6,204,444	11,961,563	119,230	15,068,673	
2010 ARRA	0	0	10,020	1,220,771	
2010 Disaster	0	0	3,803	474,300	
Total	**$35,327,716**	**$56,679,962**	**539,804**	**$60,822,871**	

1/ Starting fiscal year 2003, the funding for this program is available until expended. The obligations include programs from carryover of unobligated balances and recoveries of prior obligations.

2/ Includes transfers under the interchange authority from section 523 mutual and self-help grant program.

3/ Includes transfers under the interchange authority from Rural Housing Assistance Grant account and from other no-year programs in the Rural Housing Insurance Fund Program Account.

SECTION 502 UNITS TO BE FINANCED

Mr. Kingston: Please provide the Committee with an estimate of the units that will be financed under section 502 direct loans and the cost per unit, based on budget authority requested for fiscal year 2012.

Response: Based on a request for $10 million in budget authority, supporting a program level of $211 million for fiscal year 2012, we estimate that 1,609 units will be financed under the Section 502 Direct Program at a subsidy cost of approximately $6,215 per unit.

SECTION 502 QUALIFYING CRITERIA

Mr. Kingston: What are the criteria for qualifying for Section 502 direct very-low or low-income loans?

Response: Eligibility requirements to qualify for the direct loan programs are as follows:

Applicants must:

- Have an adjusted income that is at or below the applicable low-income limit at loan approval;
- Be unable to obtain sufficient credit from another source;
- Agree to personally occupy the dwelling as their primary residence;
- Meet citizenship or eligible noncitizen requirements;
- Have the legal capacity to incur a loan obligation and not be suspended or debarred from participation in Federal programs; and
- Demonstrate both the willingness and ability to repay the loan.

Properties financed under both programs must be in an eligible rural area.

FY 2010 AND 2011 VERY LOW AND LOW INCOME LOANS FUNDING

Mr. Kingston: In fiscal years 2010 and 2011, how much funding was made available for very-low and low-income loans? How much funding do you estimate will be available in fiscal year 2012 for very-low and low-income loans?

Response: The Housing Act of 1949, as amended, requires at least 40 percent of funding for the Section 502 direct loan program be made available to very low income families. As such, in fiscal year 2010, $756.3 million ($340.8 million annual and $415.5 million ARRA) was made available to very low income families and $1,388.6 billion ($672.9 million annual and $715.7 million ARRA) was made available to low income households through the Section 502 direct loan program.

So far in fiscal year 2011, this program received appropriations of $583.7 million through the Continuing Resolution that runs through April 8. Of this amount, $172.1 million has been obligated for very low income loans and $274.7 million in low income loans.

The Direct Single Family Housing Program estimates that for fiscal year 2012, approximately $211 million. Of this, $84.4 million would be made available to very low income households, leaving $126.6 million available to low income families.

HOUSING INVENTORY

Mr. Kingston: How many houses do you currently have in inventory, by state, and what is the total estimated value of this housing?

Response: Please see the chart below for housing inventory by state. In April 2011, we have 1,118 properties with a total value of estimated at $62.7 million.

[The information follows:]

RHS REOs -- April 2011					
State	Total Count	Total Principal Balance	State	Total Count	Total Principal Balance

AK	3	$448,900	MS	23	$685,646
AL	26	$1,050,079	MT	3	$254,672
AR	11	$419,171	NC	4	$163,026
AZ	40	$2,127,742	NE	3	$103,452
CA	18	$1,159,450	NH	6	$391,773
CO	16	$1,129,389	NJ	22	$1,551,825
CT	10	$758,600	NM	11	$850,558
DE	10	$1,043,882	NV	4	$351,586
FL	35	$1,505,999	NY	9	$556,421
GA	134	$6,098,022	OH	2	$61,667
GU	4	$416,700	OK	6	$252,670
HI	1	$59,000	OR	27	$2,725,798
IA	27	$1,396,927	PA	3	$176,485
ID	22	$1,693,043	PR	89	$5,146,871
IL	6	$464,300	SC	55	$2,488,106
IN	38	$1,156,905	TN	7	$345,106
KS	8	$255,721	TX	143	$7,971,882
KY	6	$284,690	UT	5	$539,497
LA	7	$462,162	VA	50	$2,536,199
MA	13	$1,075,626	VI	5	$539,401
MD	17	$2,138,911	VT	1	$0
ME	10	$576,700	WA	11	$1,019,235
MI	92	$3,987,363	WI	41	$2,492,264
MN	16	$1,159,960	WV	1	$92,800
MO	15	$445,031	WY	2	$131,826
MS	23	$685,646	**Total**	**1,118**	**$62,743,038**

SECTION 502 AVERAGE INCOME

Mr. Kingston: What is the average household income for 502 direct borrowers? What is the average household income for 502 guaranteed borrowers?

Response: The average household income for a Section 502 Direct borrower in FY 2010 was $27,400 per year. The average household income for a Section 502 Guaranteed borrower in FY 2010 was $44,400 per year.

SECTION 538 AVERAGE INCOME

Mr. Kingston: What is the average income of families living in section 538 properties? How does that compare to the average income of families living in section 515 properties?

Response: Since Section 538 is a loan guarantee program, it does not maintain a database of tenant information. However, through an informal sample of properties, it was estimated that at least 55 percent of the units were rented to very low income families, 40 percent were rented to low income tenants, and approximately 5 percent were rented to moderate income families. Approximately 91 percent of the properties financed using the Section 538 program also have Low Income Housing Tax Credits (LIHTC), which requires these properties to comply with the tenant income requirements in the LIHTC regulations. Approximately 94 percent of the tenants in Section 515 financed properties have household incomes that qualify them as very low income or low income families.

SECTION 538 APPROPRIATED AND OBLIGATED TOTALS

Mr. Kingston: Please provide a ten-year table showing the amount requested, appropriated and the number and amount obligated for the section 538 guaranteed multi-family housing loan programs?

Response: The information is submitted for the record.

[The information follows:]

SECTION 538 LOANS 2001 THROUGH 2010

(Dollars in Thousands)

Fiscal Year	Requested	Appropriated	Number Obligated	Amount Obligated
2001	$200,000	$99,780	0	0
2002	99,770	99,771	45	$99,562
2003	100,000	99,356	45	99,114
2004	100,000	99,410	44	99,400
2005	100,000	99,200	65	97,200
2006	200,000	99,000	82	99,380
2007	197,997	99,000	86	90,356
2008	200,000	129,090	115	131,258
2009	300,000	121,136	72	120,852
2010	129,090	129,130	96	129,130
Total	**$1,626,857**	**$1,074,873**	**650**	**$966,252**

SECTION 538 BACKLOG

Mr. Kingston: Please provide the Committee a table showing the number and amount of pending requests by state for section 538 guaranteed loans at the end of fiscal year 2010.

Response: The information is provided submitted for the record.

[The information follows:]

SECTION 538 PENDING REQUESTS ON SEPTEMBER 30, 2010

State	Number of Pending Requests	Requested Loan Guarantee Amount Obligated
Arkansas	2	$2,327,391
California	13	$25,722,000
Connecticut	1	$2,700,000
Florida	1	$11,850,000
Hawaii	1	$1,500,000
Iowa	1	$5,750,000

Indiana	2	$1,652,000
Kentucky	2	$1,901,000
Louisiana	2	$2,688,300
Massachusetts	1	$2,700,000
Maryland	1	$1,100,000
Minnesota	2	$7,702,200
Missouri	2	$5,983,800
Mississippi	3	$950,257
Montana	1	$1,455,597
Nevada	1	$985,000
Ohio	11	$7,088,953
Oregon	1	$715,000
South Carolina	3	$3,472,852
Tennessee	3	$3,745,000
Texas	1	$1,500,000
West Virginia	3	$6,646,501
Total	**58**	**$100,135,851**

RURAL HOUSING PRESERVATION GRANT FUNDING

Mr. Kingston: Please provide a ten-year table showing the budget request, appropriation and number and dollar amounts obligated for rural housing preservation grants.

Response: The information is submitted for the record.

[The information follows:]

RURAL HOUSING PRESERVATION GRANTS 2001 THROUGH 2010

(Dollars in Thousands)

Fiscal Year		Requested	Appropriated	Number of Grants	Amount 1/ Obligated
2001		$8,000	$7,812	127	$7,985
2002		7,982	8,202	136	8,615
2003		10,000	10,092	146	10,093
2004		10,000	9,246	140	9,292
2005		10,000	8,811	156	8,767
2006		10,000	9,900	177	10,782
2007		9,900	9,900	168	10,210

2008		9,000	8,937	160	9,707
2009		12,000	9,400	163	10,410
2010		9,400	9,400	165	10,371
Total		**$96,282**	**$91,700**	**1,538**	**$96,232**

1/ Starting in FY 1997 this program is available until expended. The obligation includes funding from carryover of unobligated balances and recoveries of prior obligations.

SELF HELP HOUSING GRANT BACKLOG

Mr. Kingston: What was the total dollar amount of pending requests for self-help housing grants at the end of fiscal year 2010?

Response: There were no pending requests for self help housing grants at the end of fiscal year 2010.

FY 2010 AND 2011 SELF HELP HOUSING AWARDS

Mr. Kingston: Please list all the loans and grants made under the self-help housing programs during fiscal years 2010 and 2011.

Response: No Site Development loans were made in FY 2010 or thus far in FY 2011. The site development loans are used to purchase land for future self-help development. The long-term future of the self-help program is unstable at the present time based on the elimination of funding in the 2012 President's Budget.

The 523 Site Development loans require the self-help construction method which reduces the non-profit developer's flexibility. The 523 Site Development Loan program also has a 2-year term which has decreased the non-profits interest in the program. It often takes up to two years or longer to navigate through zoning, environmental and other local requirements before lots are available for sale. Thus, non-profits are hesitant to utilize these funds even with the attractive interest rate of 3 percent. Additionally, 523 Site Development loans require that the self-help method of construction be utilized to build houses when the lots are sold to low income families or individuals. Non-profits who depend on Section 523 Technical Assistance grants to fund their self-help programs are hesitant to purchase land for self-help projects using Section 523 Site Development funds when there is a possibility that 523 self-help grant program may not be funded in the future which in turn could cause the shutdown of their program, leaving them with unsold lots and potentially large unpaid debt owed to the government.

Listed below are the Section 523 Self-Help Technical Assistance grants we have obligated:

[The information follows:]

Section 523 Self-Help Technical Assistance (TA) Grants -- FY 2010			
	Grantee	**State**	**Elig. Request**
1	Chicanos Por La Causa Inc. (CPLC)	AZ	$400,915
2	Homes in Partnership	FL	$2,100,000
3	Housing America Corporation	AZ	$1,836,553
4	Deep Fork Community Action Foundation	OK	$865,500

5	Uintah Basin Association of Governments	UT	$433,400
6	City of Junction City	KS	$360,000
7	West Arkansas Community Dev. Inc.	AR	$346,500
8	Self-Help Home Improvement Project	CA	$330,000
9	Self-Help Home Improvement Project	CA	$500,000
10	Color County Community Housing	NV	$549,560
11	Burbank Housing Dev Corp-Manzanita	CA	$99,000
12	Burbank Housing Dev Corp-Hollyhock	CA	$119,000
13	Ozark Foothills Development Assoc.	MO	$324,000
15	Rogue Valley CDC	OR	$137,490
16	Kitsap County Consolidated Housing	WA	$2,270,741
17	Little Dixie CAA	OK	$1,381,789
18	Tri-County	OK	$376,050
19	Universal Housing	AR	$597,310
20	Northwest Regional Housing Authority	AR	542,359
21	Inter-Lakes Community Action Partnership	SD	$353,977
22	Housing Assistance Corporation	NC	$424,800
23	Rural Housing Development Corporation	UT	$1,410,010
24	Crawford-Sebastian Community Dev. Council	AR	$312,500
25	North Carolina Indian Housing Authority	NC	$204,072
26	Hope Housing Properties	WA	$984,927
27	Threshold Housing Development, Inc.	PA	$299,999
28	Campesinos Sin Rronteras	AZ	$330,000
29	Neighborhood Nonprofit Housing Corp	UT	$1,433,465
30	Comite de Bien Estar, Inc	AZ	$1,669,653
31	Family Resources of New Orleans	LA	$279,000
32	Lower Valley Housing Corporation	TX	$281,500
33	Kosrae State Gov	HI	$71,770
34	City Casa Grande	AZ	$600,000
35	Community Concepts, Inc	ME	$54,000
36	Community Concepts, Inc	ME	$1,116,000

37	Self-Help Enterprise	CA	$5,000,000
38	Proyecto Azteca, Inc.	Tx	$326,445
39	Whatcom Skagit Housing	WA	$1,038,000
40	Housing Authority of Southeastern Utah	UT	$607,000
41	Community Action Partnership of NW Montana	MT	696,000
42	Texas County Housing Authority	OK	$252,872
43	Central Mississippi, Inc	MS	$317,540
44	YouthBuild Mclean County	IL	$283,140
45	Northwest Housing Development	WA	$1,352,100
46	Community Action Com of Fayette County	OH	$600,000
47	Seventh District Pavilion,Inc	LA	$357,650
48	Pee Dee Community Action	SC	$275,000
	Total		$34,501,587

Section 523 Self-Help Technical Assistance (TA) Grants -- FY 2011

	Grantee	**State**	**Elig. Request**
1	Self-Help Housing Corp of Hawaii	HI	$897,004
2	Habitat for Humanity of Warrick Co,Inc.	IN	$330,000
3	Town of Guadalupe	AZ	$257,304
4	Peoples'' Self Help Housing Corporation	CA	$1,378,000
5	Home For Islanders	WA	$743,463
6	Housing Authority of Clallam County	WA	$501,997
7	Coachella Valley Housing Coalition	Ca	$6,006,000
8	South Arkansas Community Development	AR	$397,500
9	Community Development Corporation of Brownsville	TX	$293,000
10	Interfaith Housing Alliance, Inc.	PA	$664,380
11	City of Liberal	KS	$317,000
12	Marquette County Habitat for Humanity	MI	$299,000
13	Hawaii Island Community Dev Corp	HI	$490,000

Section 523 Self-Help Technical Assistance (TA) Grants -- FY 2011			
	TOTAL		$12,574,648

STATE SELF HELP PROGRAMS

Mr. Kingston: What states have active Self-help programs (for land development)?

Response: States that have Active Self-Help Programs and Section 523 Self Help Housing Land Development Loans are Arizona, Hawaii and Nevada.

SELF HELP PROGRAM FUNDING

Mr. Kingston: Please provide a ten-year table showing the budget request, appropriation, and the number and amount obligated for the self-help loan program.

Response: The information is submitted for the record.

[The information follows:]

SECTION 523 SELF-HELP LOANS 2001 THROUGH 2010
(Dollars in Thousands)

Fiscal Year	Requested	Appropriated	Number Obligated	Amount Obligated
2001	$5,009	$4,998	6	$4,052
2002	5,000	5,000	0	0
2003	5,011	4,989	3	979
2004	5,000	2,421	3	2,421
2005	5,000	10,000	4	2,295
2006	5,048	4,998	4	3,618
2007	4,980	4,998	3	570
2008	4,965	5,045	1	100
2009	5,045	4,970	0	0
2010	4,970	4,970	0	0
Total	**$50,028**	**$52,389**	**24**	**$14,035**

VERY LOW HOUSING REPAIR GRANTS FUNDING

Mr. Kingston: Please provide a ten-year table showing the budget request, appropriation and number and dollar amounts obligated for very low-income housing repair grants.

Response: The information is submitted for the record.

[The information follows:]

VERY LOW-INCOME HOUSING REPAIR GRANTS 2001 THROUGH 2010

(Dollars in Thousands)

Fiscal Year		Requested	Appropriated	Number of Grants	Amount 1/ Obligated
2001		$30,000	$30,102	6,331	$31,056
2001	Suppl.	0	0	464	2,646
2002		29,934	29,714	6,170	30,608
2002	Suppl.	0	0	122	592
2003		31,500	31,040	6,337	31,550
2003	Suppl.	0	0	406	2,178
2004		31,500	29,746	5,988	30,707
2004	Suppl.	0	0	298	1,704
2005		31,500	30,861	6,029	31,596
2005	Suppl.	0	8,000	992	5,833
2006		30,000	29,601	6,028	30,793
2006	Suppl.	0	20,000	1,841	16,217
2007		29,700	27,598	6,096	29,463
2007	Suppl.	0	6,287	779	8,147
2008		30,000	29,790	5,682	30,394
2008	Suppl.	0	0	507	6,744
2009		30,000	31,600	5,791	32,062
2009	Suppl.	0	4,850	685	4,338
2010		31,600	31,600	5,674	31,840
2010	Suppl.	0	0	542	3,364
Total		**$305,734**	**$340,789**	**66,762**	**$361,832**

1/ The funding for this program is available until expended. The obligations include funding from carryover of unobligated balances and recoveries of prior obligations.

VERY LOW INCOME HOUSING REPAIR BACKLOG

Mr. Kingston: What are the number and dollar amounts, by state, of pending requests for grants for very low-income housing repair as of the end of fiscal year 2010?

Response: The chart below shows pending requests for very low income repair grants at the end of FY 2010. The information is submitted for the record.

[The information follows:]

VERY LOW INCOME HOUSING REPAIR BACKLOG		
State	Count	Dollars
ALABAMA	304	$2,179,554
ALASKA	13	$92,500
ARIZONA	119	$823,304
ARKANSAS	306	$2,116,206

CALIFORNIA	63	$428,800
COLORADO	43	$279,317
CONNECTICUT	11	$59,929
DELAWARE	5	$32,500
FLORIDA	178	$942,018
GEORGIA	387	$2,682,714
HAWAII	10	$67,320
IDAHO	28	$179,582
ILLINOIS	79	$425,468
INDIANA	76	$395,641
IOWA	44	$147,100
KANSAS	49	$288,802
KENTUCKY	121	$652,203
LOUISIANA	403	$2,855,823
MAINE	98	$632,133
MARYLAND	13	$77,647
MASSACHUSETTS	32	$207,210
MICHIGAN	140	$858,133
MINNESOTA	33	$212,442
MISSISSIPPI	679	$4,889,503
MISSOURI	138	$722,292
MONTANA	35	$225,261
NEBRASKA	42	$255,981
NEVADA	3	$17,500
NEW HAMPSHIRE	53	$299,060
NEW JERSEY	14	$55,949
NEW MEXICO	44	$282,017
NEW YORK	104	$678,123
NORTH CAROLINA	348	$2,141,553
NORTH DAKOTA	31	$220,611
OHIO	111	$594,519
OKLAHOMA	124	$617,014
OREGON	33	$196,205
PENNSYLVANIA	120	$577,098
PUERTO RICO	121	$759,4099
RHODE ISLAND	7	$48,485
SOUTH CAROLINA	389	$2,676,195
SOUTH DAKOTA	20	$123,528
TENNESSEE	186	$1,302,947
TEXAS	493	$3,166,837
UTAH	12	$69,750
VERMONT	37	$211,205
VIRGIN ISLANDS	6	$30,000
VIRGINIA	178	$1,065,760
W. PACIFIC AREAS	146	$990,162
WASHINGTON	48	$327,308
WEST VIRGINIA	64	$311,167
WISCONSIN	74	$398,904
WYOMING	24	$215,500
Total	**6,239**	**$46,940,879**

VERY LOW INCOME HOUSING REPAIR FUNDING

Mr. Kingston: Please provide a table listing by state the number and amount of applications obligated in fiscal years 2010 and 2011.

Response: The following represent the applications obligated for the section 504 very low-income housing repair grant program in FY 2010 and 2011.

[The information follows:]

	FISCAL YEAR 2010	**FISCAL YEAR 2010**	**FISCAL YEAR 2011**	**FISCAL YEAR 2011**
State	Count	Obligated Amount	Count	Obligated Amount
ALABAMA	237	$1,422,142	65	$349,674

ALASKA	19	$137,500		12	$83,775
ARIZONA	98	$664,955		65	$442,471
ARKANSAS	205	$1,250,751		85	$478,066
CALIFORNIA	58	$377,673		17	$116,131
COLORADO	43	$300,123		32	$202,322
CONNECTICUT	17	$89,973		6	$37,374
DELAWARE	6	$40,154		5	$33,750
FLORIDA	162	$838,029		86	$468,851
GEORGIA	180	$1,171,695		58	$382,833
HAWAII	36	$251,490		7	$52,500
IDAHO	65	$369,214		28	$175,717
ILLINOIS	234	$1,074,951		72	$402,408
INDIANA	203	$1,045,146		74	$391,403
IOWA	154	$570,911		60	$218,420
KANSAS	117	$689,534		90	$500,063
KENTUCKY	202	$1,091,761		64	$387,196
LOUISIANA	187	$1,303,658		65	$438,644
MAINE	124	$655,749		71	$408,673
MARYLAND	38	$250,572		16	$99,743
MASSACHUSETTS	29	$184,557		24	$122,953
MICHIGAN	244	$1,124,753		114	$519,593
MINNESOTA	117	$645,979		40	$222,413
MISSISSIPPI	304	$2,095,799		75	$496,948
MISSOURI	232	$1,095,718		101	$435,265
MONTANA	29	$156,762		14	$81,636
NEBRASKA	75	$432,161		31	$177,041
NEVADA	26	$152,497		18	$104,500
NEW HAMPSHIRE	71	$457,200		42	$272,220
NEW JERSEY	17	$90,047		11	$70,475
NEW MEXICO	24	$168,760		24	$167,775
NEW YORK	190	$1,019,849		66	$370,397
NORTH CAROLINA	257	$1,533,984		56	$326,104
NORTH DAKOTA	67	$386,839		24	$172,762
OHIO	269	$1,144,342		91	$432,545
OKLAHOMA	117	$727,820		50	$330,126
OREGON	39	$224,288		40	$260,557
PENNSYLVANIA	261	$1,352,904		112	$584,001
PUERTO RICO	62	$388,921		44	$258,703
RHODE ISLAND	9	$50,010		20	$104,569
SOUTH CAROLINA	128	$874,992		58	$383,110
SOUTH DAKOTA	44	$243,391		17	$89,202
TENNESSEE	212	$1,092,767		85	$410,590
TEXAS	364	$2,397,957		70	$419,397
UTAH	42	$224,644		16	$92,910
VERMONT	55	$271,657		26	$132,130
VIRGIN ISLANDS	6	$43,654		1	$7,500
VIRGINIA	140	$828,186		56	$323,100
WASHINGTON	55	$353,657		35	$232,773
WEST PACIFIC	25	$180,020		7	$46,890
WEST VIRGINIA	136	$698,680		66	$342,130
WISCONSIN	169	$890,438		57	$312,115
WYOMING	16	$74,725		16	$90,991
TOTAL	**6,216**	**$35,203,939**		**2,485**	**$14,063,435**

SELF-HELP PROGRAM

Mr. Kingston: What states have active Self-help programs (for very-low income housing repair)?

Response: States with active Self-Help housing rehabilitation and repair programs are: Arizona, California, South Dakota, and Wisconsin.

SELF-HELP LOAN PROGRAM FUNDING

Mr. Kingston: Please provide a ten-year table showing the budget request, appropriation, and the number and amount obligated for the self-help loan program.

Response: The information is submitted for the record.

[The information follows:]

SECTION 523 SELF-HELP LOANS 2001 THROUGH 2010
(Dollars in Thousands)

Fiscal Year	Requested	Appropriated	Number Obligated	Amount Obligated
2001	$5,009	$4,998	6	$4,052
2002	5,000	5,000	0	0
2003	5,011	4,989	3	979
2004	5,000	2,421	3	2,421
2005	5,000	10,000	4	2,295
2006	5,048	4,998	4	3,618
2007	4,980	4,998	3	570
2008	4,965	5,045	1	106
2009	5,045	4,970	0	0
2010	5,045	4,970	0	0
Total	**$50,103**	**$52,389**	**24**	**$14,035**

DIRECT HOUSING REPAIR BACKLOG

Mr. Kingston: Please provide a table showing the number and amount of pending requests by state for direct housing repair loans as of the end of fiscal year 2010?

Response: The information is submitted for the record.

[The information follows:]

(DIRECT HOUSING REPAIR BACKLOG

State	Count	Dollars
ALABAMA	288	$3,740,244
ALASKA	4	$34,500
ARIZONA	92	$1,013,807
ARKANSAS	232	$3,673,755
CALIFORNIA	19	$239,254
COLORADO	16	$413,683
CONNECTICUT	16	$331,225
DELAWARE	7	$104,980
FLORIDA	173	$1,552,825
GEORGIA	264	$4,522,047
HAWAII	15	$110,100
IDAHO	22	$222,705
ILLINOIS	132	$1,162,957
INDIANA	70	$763,087
IOWA	60	$343,230
KANSAS	26	$689,856
KENTUCKY	198	$1,460,893
LOUISIANA	327	$3,540,345

MAINE	103	$1,684,855
MARYLAND	9	$138,655
MASSACHUSETTS	25	$362,492
MICHIGAN	166	$2,043,252
MINNESOTA	62	$957,498
MISSISSIPPI	201	$1,919,041
MISSOURI	190	$1,751,977
MONTANA	24	$279,899
NEBRASKA	44	$442,175
NEVADA	4	$35,424
NEW HAMPSHIRE	67	$801,709
NEW JERSEY	4	$52,000
NEW MEXICO	20	$165,566
NEW YORK	87	$875,630
NORTH CAROLINA	352	$3,899,289
NORTH DAKOTA	25	$385,524
OHIO	88	$632,125
OKLAHOMA	101	$1,004,310
OREGON	27	$280,710
PENNSYLVANIA	259	$1,034,156
PUERTO RICO	32	$170,735
RHODE ISLAND	5	$91,000
SOUTH CAROLINA	251	$3,949,584
SOUTH DAKOTA	22	$297,652
TENNESSEE	124	$1,369,774
TEXAS	559	$7,675,990
UTAH	12	$161,166
VERMONT	37	$297,285
VIRGIN ISLANDS	5	$37,636
VIRGINIA	129	$1,297,015
W. PACIFIC AREA	167	$1,348,274
WASHINGTON	43	$853,029
WEST VIRGINIA	95	$582,872
WISCONSIN	107	$1,762,744
WYOMING	7	$312,100
Total	**5,414**	**$62,872,636**

DIRECT HOUSING REPAIR OBLIGATIONS

Mr. Kingston: Please provide a table listing by state the number and amount of applications obligated in fiscal years 2010 and 2011.

Response: The information is submitted for the record.

[The information follows:]

DIRECT HOUSING REPAIR OBLIGATIONS

FISCAL YEAR 2010				FISCAL YEAR 2011		
State	Count	Obligated Amount		State	Count	Obligated Amount
ALABAMA	127	$794,596		ALABAMA	50	$286,134
ALASKA	4	$46,500		ALASKA	4	$23,690
ARIZONA	23	$149,860		ARIZONA	16	$101,413
ARKANSAS	106	$625,749		ARKANSAS	50	$245,469
CALIFORNIA	11	$93,271		CALIFORNIA	0	$0
COLORADO	9	$75,725		COLORADO	3	$17,185
CONNECTICUT	3	$16,628		CONNECTICUT	0	$0
DELAWARE	8	$38,637		DELAWARE	2	$26,000
FLORIDA	169	$946,450		FLORIDA	76	$440,326
GEORGIA	109	$792,773		GEORGIA	45	$285,011

HAWAII	49	$369,337		HAWAII	5	$49,960
IDAHO	37	$204,307		IDAHO	11	$55,250
ILLINOIS	349	$1,707,562		ILLINOIS	128	$679,915
INDIANA	135	$658,793		INDIANA	36	$139,719
IOWA	184	$867,697		IOWA	46	$177,462
KANSAS	75	$333,226		KANSAS	32	$125,441
KENTUCKY	360	$1,959,497		KENTUCKY	117	$595,533
LOUISIANA	130	$923,074		LOUISIANA	56	$366,407
MAINE	104	$524,448		MAINE	52	$273,934
MARYLAND	10	$62,057		MARYLAND	1	$7,490
MASSACHUSETTS	14	$112,783		MASSACHUSETTS	2	$14,890
MICHIGAN	209	$973,619		MICHIGAN	98	$428,542
MINNESOTA	105	$612,727		MINNESOTA	34	$184,612
MISSISSIPPI	147	$1,033,162		MISSISSIPPI	76	$450,213
MISSOURI	166	$815,106		MISSOURI	104	$361,173
MONTANA	15	$106,911		MONTANA	1	$3,779
NEBRASKA	50	$318,322		NEBRASKA	11	$61,920
NEVADA	18	$94,451		NEVADA	7	$53,697
NEW HAMPSHIRE	25	$158,745		NEW HAMPSHIRE	17	$110,895
NEW JERSEY	5	$29,315		NEW JERSEY	1	$4,100
NEW MEXICO	8	$56,361		NEW MEXICO	9	$72,482
NEW YORK	86	$446,986		NEW YORK	34	$187,974
NORTH CAROLINA	282	$1,740,261		NORTH CAROLINA	60	$299,021
NORTH DAKOTA	27	$155,925		NORTH DAKOTA	11	$73,020
OHIO	114	$630,810		OHIO	49	$297,915
OKLAHOMA	48	$281,386		OKLAHOMA	17	$91,450
OREGON	20	$131,429		OREGON	23	$136,975
PENNSYLVANIA	174	$868,607		PENNSYLVANIA	88	$390,958
PUERTO RICO	36	$140,517		PUERTO RICO	21	$108,275
RHODE ISLAND	5	$51,800		RHODE ISLAND	2	$21,100
SOUTH CAROLINA	87	$594,846		SOUTH CAROLINA	35	$332,222
SOUTH DAKOTA	52	$247,919		SOUTH DAKOTA	16	$92,678
TENNESSEE	239	$1,184,693		TENNESSEE	112	$502,058
TEXAS	227	$1,459,526		TEXAS	69	$371,229
UTAH	28	$175,156		UTAH	6	$44,570
VERMONT	31	$177,560		VERMONT	24	$118,118
VIRGIN ISLANDS	2	$22,506		VIRGIN ISLANDS	0	$0
VIRGINIA	85	$550,731		VIRGINIA	48	$255,223
WASHINGTON	39	$378,182		WASHINGTON	15	$132,072
WEST PACIFIC	21	$166,050		WEST PACIFIC	5	$37,250
WEST VIRGINIA	149	$620,430		WEST VIRGINIA	67	$230,595
WISCONSIN	108	$616,355		WISCONSIN	24	$144,859
WYOMING	2	$11,000		WYOMING	0	$0
Total	**4,626**	**$26,154,362**		**Total**	**1,816**	**$9,510,204**

COMMUNITY FACILITY FUNDING

Mr. Kingston: Please provide a ten-year table showing the budget request, appropriation and number and dollar amount obligated for community facility loans made, by fiscal year. Also show the breakout of direct and guaranteed loans.

Response: The information is submitted for the record.

[The information follows:]

DIRECT COMMUNITY FACILITY LOANS FY 2001 THROUGH FY 2010

(Dollars in Thousands)

Fiscal Year	Request	Appropriated	Number Obligated	Amount Obligated
2001	$250,000	$408,954	637	$325,424
2002	249,447	234,001	595	398,931
2003	250,000	252,597	512	261,397
2004	250,000	500,000	551	500,000
2005	300,000	300,000	503	426,259
2005 Supp.	0	333,333	114	303,064
2006	300,000	297,000	574	394,270
2006 Supp.	0	0	4	3,203
2007	297,004	173,634	535	333,188
2007 Supp.	0	0	2	20,736
2008	302,414	294,948	545	362,550
2008 Supp.	0	0	10	23,301
2009	302,430	294,948	350	217,824
2009 ARRA	0	1,136,189	53	204,369
2009 Supp.	0	0	45	77,993
2010	294,962	294,962	414	630,848
2010 ARRA	0	0	387	1,098,519
2010 Supp.	0	0	30	50,162
Total	**$2,796,257**	**$4,520,566**	**5,861**	**$5,632,038**

GUARANTEED COMMUNITY FACILITY LOANS FY 2001 THROUGH FY 2010

(Dollars in Thousands)

Fiscal Year	Request	Appropriated	Number Obligated	Amount Obligated
2001	$210,000	$210,000	87	$139,469
2002	210,000	210,000	89	112,637
2003	210,000	210,000	96	161,217
2004	210,000	210,000	103	205,301
2005	210,000	210,000	82	194,934

2006	210,000	207,900	75	164,270
2007	207,896	207,900	73	228,229
2008	210,000	206,425	127	228,658
2008 Supp	0	30,000	1	16,000
2009	210,000	206,429	75	178,722
2009 Supp	0	157,468	19	101,156
2010	206,417	210,000	77	264,888
2010 Supp	0	0	7	27,300
Total	**$2,094,313**	**$2,276,122**	**911**	**$2,022,781**

COMMUNITY FACILITY BACKLOG

Mr. Kingston: Please provide a table showing the number and amount of pending requests by state for community facility loans and grants as of the end of fiscal year 2010.

Response: The information is submitted for the record.

[The information follows:]

Essential Community Facilities

Applications and Pre-applications on hand March 31, 2011

	Direct Loan Requests		Grant Requests		Guaranteed Loan Requests	
Appl Servicing State Name	Number	Amount	Number	Amount	Number	Amount
ALABAMA	30	$23,858,470	31	$4,433,642		
ALASKA	3	$25,485,045	22	$4,504,967		
ARIZONA	21	$63,419,980	24	$3,404,196	1	$497,000
ARKANSAS	11	$23,163,345	51	$2,882,876		
CALIFORNIA	37	$82,223,752	81	$54,095,169	2	$2,984,969
COLORADO	10	$7,020,250	31	$2,065,468		
CONNECTICUT	1	$285,000	4	$340,360		
DELAWARE	15	$17,793,485	25	$1,951,648		
FLORIDA	17	$37,513,459	21	$9,023,102	1	$3,500,000
GEORGIA	62	$69,532,586	57	$5,116,934		

HAWAII	6	$12,994,500	13	$1,775,107	1	$350,000
IDAHO	8	$8,523,600	8	$338,251	1	$2,450,000
ILLINOIS	23	$49,454,122	50	$1,864,490	7	$27,159,181
INDIANA	14	$92,515,100	31	$1,544,939	3	$23,200,000
IOWA	13	$56,844,984	81	$7,359,258		
KANSAS	15	$39,370,299	18	$2,331,498		
KENTUCKY	18	$139,798,219	43	$13,874,929		
LOUISIANA	39	$61,299,162	47	$10,686,041		
MAINE	14	$11,914,350	17	$2,794,150	3	$695,000
MARYLAND	6	$36,797,915	20	$1,238,739		
MASSACHUSETTS	7	$16,018,500	10	$1,923,035		
MICHIGAN	94	$156,745,680	79	$1,761,931	3	$21,752,000
MINNESOTA	92	$169,751,138	69	$6,044,978		
MISSISSIPPI	10	$20,644,328	101	$10,296,169		
MISSOURI	9	$36,990,530	37	$2,075,082		
MONTANA	10	$79,720,238	13	$1,281,518	2	$24,698,930
NEBRASKA	11	$5,833,200	19	$1,908,582		
NEVADA			10	$272,923		
NEW HAMPSHIRE	2	$4,100,000	4	$104,700		
NEW JERSEY	9	$4,940,361	8	$987,550	1	$2,167,000
NEW MEXICO	23	$34,479,641	13	$22,467,310		
NEW YORK	46	$29,032,707	46	$2,837,500	1	$1,650,000
NORTH CAROLINA	26	$288,799,830	22	$2,515,230		
NORTH DAKOTA	9	$5,484,433	5	$654,125	1	$509,000
OHIO	28	$4,903,121	45	$2,188,947	1	$863,054
OKLAHOMA	8	$5,365,642	50	$9,197,994	2	$16,700,000
OREGON	10	$13,785,183	19	$1,182,436	1	$650,000
PENNSYLVANIA	89	$147,148,847	147	$8,045,572	2	$9,153,275
PUERTO RICO	11	$12,592,686	13	$3,169,125		
RHODE ISLAND					1	$6,500,000
SOUTH CAROLINA	50	$78,210,018	58	$18,091,480	2	$1,348,000

SOUTH DAKOTA	28	$51,609,944	31	$16,788,023		
TENNESSEE	26	$32,714,900	54	$5,069,529	2	$4,900,000
TEXAS	99	$255,512,782	150	$63,365,350		
UTAH	5	$12,597,000	13	$1,101,000	3	$18,880,000
VERMONT	4	$2,196,000	13	$312,038		
VIRGIN ISLANDS	2	$1,722,808	1	$50,000		
VIRGINIA	39	$90,183,258	120	$11,037,527	1	$1,594,200
WASHINGTON	23	$61,849,900	23	$2,565,519	1	$3,000,000
WEST VIRGINIA	16	$17,699,700	27	$2,072,263	2	$500,000
WESTERN PACIFIC	25	$67,697,396	78	$7,903,786		
WISCONSIN	11	$50,401,100	11	$1,035,725		
WYOMING	2	$2,467,287				
Total	**1,187**	**$2,621,005,781**	**1,964**	**$339,932,711**	**45**	**$175,701,609**

MEDICAL COMMUNITY FACILITY PROJECTS

Mr. Kingston: Please provide a list of community facility loans that were made for medical clinics and hospitals in fiscal year 2010.

Response: The information is submitted for the record.

[The information follows:]

Hospital and Medical Clinic Funding FY 2010

	Facility Name	Facility City		Direct Loan Amount	Guaranteed Loan Amount	Grant amount
CAH Hospital	WRANGELL, CITY OF WRANGELL MEDICAL CNTR	WRANGELL	AK	$19,500,000		
CAH Hospital	DALLAS COUNTY MEDICAL CENTER	FORDYCE	AR			$33,000
CAH Hospital	WINSLOW MEMORIAL	WINSLOW	AZ	$9,897,000	$5,257,000	
CAH Hospital	BISBEE HOSPITAL ASSOCIATION	BISBEE	AZ	$7,080,250	$2,800,000	
CAH Hospital	MADISON COUNTY HEALTH & HOSPITAL DIST	MADISON	FL	$22,543,400		

CAH Hospital	MILLER CO HOSPITAL, AUTHORITY OF	COLQUITT	GA	$7,607,127		
CAH Hospital	CLARINDA REGIONAL HEALTH CENTER	CLARINDA	IA	$18,900,000		
CAH Hospital	BELMOND COMMUNITY HOSPITAL	BELMOND	IA	$21,600,000	$2,400,000	
CAH Hospital	VAN BUREN COUNTY HOSPITAL	KEOSAUQUA	IA	$3,871,000		$100,000
CAH Hospital	COMMUNITY MEMORIAL HOSPITAL	SUMNER	IA	$18,000,000		
CAH Hospital	COMMUNITY MEMORIAL HOSPITAL	SUMNER	IA			
CAH Hospital	PUTNAM COUNTY HOSPITAL	GREENCASTLE	IN		$2,700,000	
CAH Hospital	RAWLINS COUNTY HEALTH CENTER	ATWOOD	KS	$7,000,000		
CAH Hospital	JAMES B. HAGGIN MEMORIAL HOSPITAL	HARRODSBURG	KY	$975,000		
CAH Hospital	CUMBERLAND HEALTH SERVICES CORP.	BURKESVILLE	KY	$8,500,000		
CAH Hospital	HOULTON REGIONAL HOSPITAL	HOULTON	ME			$55,000
CAH Hospital	FOSSTON MN	FOSSTON	MN	$6,000,000		
CAH Hospital	HOSPITAL/CLINIC	HALLOCK	MN	$499,000		
CAH Hospital	TRI-COUNTY HOSPITAL	WADENA	MN	$2,193,000		
CAH Hospital	MACON COUNTY OF	MACON	MO	$18,109,000	$1,976,000	
CAH Hospital	SCOTLAND CO. MEMORIAL HOSPITAL DISTRICT	MEMPHIS	MO	$8,294,000	$500,000	
CAH Hospital	MISSOULA COMMUNITY HEALTH SERVICES, INC.	SUPERIOR	MT	$243,600		$48,270

CAH Hospital	ST. LUKE'S HOSPITAL	CROSBY	ND	$5,842,000	$1,000,000	
CAH Hospital	LUTHERAN CHARITY ASSOCIATION	JAMESTOWN	ND	$31,000,000	$15,000,000	
CAH Hospital	DUNDY COUNTY HOSPITAL	BENKELMAN	NE	$350,000		
CAH Hospital	PENDER COMMUNITY HEALTH CARE FOUNDATION	PENDER	NE	$14,000,000		
CAH Hospital	MEMORIAL COMMUNITY HEALTH, INC.	AURORA	NE	$6,700,000	$2,900,000	
CAH Hospital	ROCK COUNTY HOSPITAL	BASSETT	NE			$47,300
CAH Hospital	FILLMORE COUNTY HOSPITAL	GENEVA	NE	$12,600,000		
CAH Hospital	ENDLESS MOUNTAINS HEALTH SYSTEMS, INC.	MONTROSE	PA	$25,000,000		
CAH Hospital	CORRY MEMORIAL HOSPITAL ASSOCIATION	CORRY	PA	$22,603,000	$12,170,000	
CAH Hospital	HAND COUNTY	MILLER	SD	$3,500,000		
CAH Hospital	WAGNER COMMUNITY MEMORIAL HOSPITAL INC	WAGNER	SD	$1,500,000	$1,250,000	
CAH Hospital	MOBRIDGE REGIONAL HOSPITAL	MOBRIDGE	SD	$164,500		$30,000
CAH Hospital	HICKMAN COMMUNITY HEALTH CARE SERVICES	CENTERVILLE	TN			$200,000
CAH Hospital	HOSPITAL DISTRICT EMERGENCY ROOM	VAN HORN	TX			$96,000
CAH Hospital	HUTCHINSON COUNTY HOSPITAL DISTRICT	BORGER	TX	$18,600,000	$10,000,000	
CAH Hospital	MCCULLOCH CO.HOSPITAL DISTRICT	BRADY	TX		$7,400,000	

CAH Hospital	GRAYS HARBOR CO. PUBLIC HOSPITAL, D#1	MCCLEARY	WA	$19,011,000		
CAH Hospital	NIOBRARA HEALTH & LIFE CENTER	LUSK	WY			$3,500,000
CAH Hospital Equipment	CHICOT MEMORIAL HOSPITAL	LAKE VILLAGE	AR			$75,000
CAH Hospital Equipment	STONE COUNTY MEDICAL CENTER	MOUNTAIN VIEW	AR			$25,000
CAH Hospital Equipment	LA PAZ REGIONAL HOSPITAL, INC.	PARKER	AZ			$78,523
CAH Hospital Equipment	SOUTHERN HUMBOLDT COMMUNITY HOSPITAL	GARBERVILLE	CA			$61,875
CAH Hospital Equipment	MENDOCINO COAST CLINICS, INC.	FORT BRAGG	CA			$91,480
CAH Hospital Equipment	MADISON COUNTY MEMORIAL HOSPITAL	WINTERSET	IA			$100,000
CAH Hospital Equipment	SHENANDOAH MEDICAL CENTER	SHENANDOAH	IA			$237,868
CAH Hospital Equipment	STEWART MEMORIAL COMMUNITY HOSPITAL	LAKE CITY	IA			$89,400
CAH Hospital Equipment	RINGGOLD COUNTY HOSPITAL	MOUNT AYR	IA			$82,120
CAH Hospital Equipment	ALEGENT HEALTH	CORNING	IA			$86,275
CAH Hospital Equipment	CLARKE COUNTY PUBLIC HOSPITAL	OSCEOLA	IA			$296,000
CAH Hospital Equipment	ADAIR COUNTY MEMORIAL HOSPITAL	GREENFIELD	IA			$100,000
CAH Hospital Equipment	HARMS MEMORIAL HOSPITAL DISTRICT FOUND.	AMERICAN FALLS	ID	$159,000	$46,000	$30,000
CAH Hospital	STEELE MEMORIAL	SALMON	ID	$53,200	$26,000	$41,100

Equipment	FOUNDATION					
CAH Hospital Equipment	HARDIN COUNTY GENERAL HOSPITAL	ROSICLARE	IL	$215,554	$100,000	
CAH Hospital Equipment	ST. VINCENT MERCY HOSPITAL	ELWOOD	IN			$187,000
CAH Hospital Equipment	CALAIS REGIONAL HOSPITAL	CALAIS	ME			$200,000
CAH Hospital Equipment	PLAINS HOSPITAL CORPORATION	PLAINS	MT	$169,250		$30,750
CAH Hospital Equipment	ROCK COUNTY HOSPITAL	BASSETT	NE			$29,530
CAH Hospital Equipment	VALLEY REGIONAL HEALTHCARE, INC.	CLAREMONT	NH			$16,100
CAH Hospital Equipment	BARNESVILLE HOSPITAL ASSOCIATION, INC.	BARNESVILLE	OH			$70,000
CAH Hospital Equipment	COPPER BASIN MEDICAL CENTER	COPPERHILL	TN			$92,000
CAH Hospital Equipment	MOUNTAIN STATES HEALTH ALLIANCE D/B/A	MOUNTAIN CITY	TN			$46,600
CAH Hospital Equipment	RHEA COUNTY - MEDICAL CENTER	DAYTON	TN			$83,000
CAH Hospital Equipment	DICKENSON COMMUNTTY HOSPITAL, INC.	CLINTWOOD	VA			$200,000
CAH Hospital Equipment	GRANT CO PUBLIC HOSPITAL DISTRICT NO. 2	QUINCY	WA			$22,100
CAH Hospital Equipment	OCEAN BEACH HOSPITAL	ILWACO	WA			$85,000
Hospital	DREW COUNTY MEMORIAL HOSPITAL	MONTICELLO	AR	$12,000,000		
Hospital	PIKEVILLE MEDICAL CENTER, INC.	PIKEVILLE	KY	$44,602,500		

Hospital	APPALACHIAN REGIONAL HEALTHCARE	WHITESBURG	KY	$13,932,000		
Hospital	WESTERN MISSOURI MEDICAL CENTER	WARRENSBURG	MO	$34,000,000	$14,000,000	
Hospital	PEMISCOT MEMORIAL HEALTH SYSTEMS	HAYTI	MO			$118,300
Hospital	TEXAS COUNTY MEMORIAL HOSPITAL	HOUSTON	MO	$18,013,378		
Hospital	GRANVILLE COUNTY MEDICAL CENTER	HENDERSON	NC	$14,000,000		
Hospital	HARNETT HEALTH SYSTEM, INC.	LILLINGTON	NC	$63,000,000		
Hospital	UNITED MEMORIAL MEDICAL CENTER, INC.	BATAVIA	NY	$1,383,390	$11,500,000	$145,000
Hospital	SHATTUCK HOSPITAL AUTHORITY	SHATTUCK	OK	$425,800		
Hospital	ELK REGIONAL HEALTH SYSTEM	ST. MARYS	PA	$11,700,000		
Hospital	COLUMBUS COMMUNITY HOSPITAL	COLUMBUS	TX	$3,517,000		
Hospital Equipment	DREW COUNTY MEMORIAL HOSPITAL	MONTICELLO	AR			$66,000
Hospital Equipment	MARSHALL MEDICAL CENTER	PLACERVILLE	CA	$3,000,000		
Hospital Equipment	CLINICAS DE SALUD NILAND MEDICAL CLINIC	NILAND	CA		$527,110	$135,110
Hospital Equipment	EVANS MEMORIAL	CLAXTON	GA	$100,000		$100,000
Hospital Equipment	PLEASANT POINT PASS. RESERVATION	PERRY	ME			$42,000
Hospital Equipment	PEMISCOT MEMORIAL HEALTH SYSTEMS	HAYTI	MO	$300,000		$250,000
Hospital Equipment	MOUND BAYOU COM. HOS& DELTA HEALTH CEN.	MOUND BAYOU	MS			$90,700

Hospital Equipment	URGENT CARE CENTER/FAMILY PRACTICE	MURPHY	NC			$64,700
Hospital Equipment	NEW LONDON HOSPITAL ASSOCIATION, INC.	NEWPORT	NH			$71,100
Hospital Equipment	PUSHMATAHA FAMILY MEDICAL CENTER	CLAYTON	OK			$109,690
Hospital Equipment	HOSPITAL SAN CARLOS DE BORROMEO	MOCA	PR		$1,144,480	
Hospital Equipment	COMANCHE CO CONSOLIDATED HOSPITAL DIST	COMANCHE	TX			$7,000
Hospital Equipment	STEPHENS MEMORIAL HOSPITAL	BRECKENRIDGE	TX	$410,000		$50,000
Hospital Equipment	TANGIER ISLAND HEALTH CLINIC	TANGIER	VA			$49,870
Hospital Equipment	LEWIS COUNTY COMMUNITY HEALTH SERVICES	CHEHALIS	WA			$20,000
Outpatient Care	SUNSHINE COMMUNITY HEALTH CENTER	WILLOW	AK	$150,000		$350,000
Outpatient Care	SOUTHCENTRAL FOUNDATION	ANCHORAGE	AK	$40,000,000	$10,000,000	
Outpatient Care	COPPER RIVER NATIVE ASSOCIATION	COPPER RIVER	AK	$10,000,000		
Outpatient Care	I'SOT INC.	CANBY	CA			$75,000
Outpatient Care	FAMILY HEALTHCARE NETWORK	WOODLAKE	CA	$3,000,000		
Outpatient Care	CORCORAN DISTRICT HOSPITAL	CORCORAN	CA	$12,000,000		
Outpatient Care	SHINGLE SPRINGS BAND OF MIWOK INDIANS	PLACERVILLE	CA	$13,600,000		
Outpatient Care	LA RED HEALTH CENTER, INC.	GEORGETOWN	DE	$2,000,000		
Outpatient Care	EAST GEORGIA HEALTHCARE	SWAINSBORO	GA	$1,020,395		

	CENTER, INC.					
Outpatient Care	JOHNSON CO. CENTER FOR COMM. HEALTH	WRIGHTSVILLE	GA	$727,180		
Outpatient Care	NA PU'UWAI NATIVE HAWAIIAN HEALTH SYSTEM	KAUNAKAKAI	HI			$220,000
Outpatient Care	BOUNDARY REGIONAL COMMUNITY HEALTH CNTR	BONNERS FERRY	ID		$200,000	
Outpatient Care	MOUNTAIN LAUREL MEDICAL CENTER	OAKLAND	MD	$920,000		
Outpatient Care	PENOBSCOT COMMUNITY HEALTH CENTER	BREWER	ME	$500,000		
Outpatient Care	HEALTH CARE CLINIC	BENTON HARBOR	MI		$2,500,000	
Outpatient Care	HEALTH PAVILION HOKE	RAEFORD	NC	$38,448,000		
Outpatient Care	PROVIDENCE MEDICAL CENTER	WAYNE	NE	$3,500,000		
Outpatient Care	WASHOE TRIBAL HEALTH CENTER	GARDNERVILLE	NV	$206,437		
Outpatient Care	HEALTH CARE CENTER	CHARLESTOWN	RI	$5,600,000		
Outpatient Care	FAULKTON AREA MED. CTR	FAULKTON	SD	$1,100,000	$900,000	
Outpatient Care	FAULKTON AREA MED. CTR	FAULKTON	SD			
Physicians Clinic	CHISTOCHINA HEALTH CLINIC/OFFICE BLDG	CHISTOCHINA	AK	$562,000		$250,000
Physicians Clinic	DEL PUERTO HEALTH CARE DISTRICT	PATTERSON	CA	$2,167,920		
Physicians Clinic	WOODVILLE RURAL HEALTH CLINIC	WOODVILLE	CA			$50,000
Physicians Clinic	WALSH HOSPITAL DISTRICT DBA WALSH HEALTH	WALSH	CO			$15,000
Physicians Clinic	GENERATIONS FAMILY HEALTH CENTER INC	WILLIMANTIC	CT	$7,000,000		

Physicians Clinic	FREEPORT MEDICAL CLINIC	FREEPORT	FL	$540,000		$100,000
Physicians Clinic	COLUMBUS CITY MEDICAL CLINIC	COLUMBUS CITY	IA			$163,000
Physicians Clinic	WOODBINE COMM BETTERMENT& DEVELOPMENT	WOODBINE	IA	$945,000		$199,500
Physicians Clinic	ABERDEEN HEALTH WEST	ABERDEEN	ID	$65,000		$33,500
Physicians Clinic	FAIRFIELD	FAIRFIELD	IL	$2,750,000	$4,210,000	
Physicians Clinic	MADISON COUNTY COMMUNITY HEALTH CENTERS	ELWOOD	IN			$200,000
Physicians Clinic	WINDROSE HEALTH NETWORK, INC.	HOPE	IN	$368,000		$100,000
Physicians Clinic	VERMILLION PARKE COMMUNITY HEALTH CENTER	CLINTON	IN	$2,045,900		
Physicians Clinic	NORTON HOSPITAL	NORTON	KS	$1,200,000		
Physicians Clinic	HEART OF KANSAS FAMILY HEALTH CARE INC	GREAT BEND	KS	$560,105		
Physicians Clinic	ST CHARLES COMMUNITY HEALTH CENTER, INC.	LULING	LA	$500,000		
Physicians Clinic	INDIAN TOWNSHIP PASS. RESERVATION	PRINCETON	ME			$110,600
Physicians Clinic	PLEASANT POINT PASSAMAQUODDY RESERVATION	PERRY	ME			$229,700
Physicians Clinic	BARTON COUNTY MEMORIAL HOSPITAL	LAMAR	MO	$3,000,000		
Physicians Clinic	MISSOURI DELTA MEDICAL CENTER	SIKESTON	MO	$700,000		$250,000
Physicians Clinic	MANTACHIE RURAL HEALTH CARE, INC.	MANTACHIE	MS	$499,000		
Physicians Clinic	PARKER MEDICAL CLINIC	LINCOLN	MT	$515,000		$51,000
Physicians Clinic	HARVEST FAMILY HEALTH CENTER	ELM CITY	NC	$1,400,000		

Physicians Clinic	MT. OLIVE FAMILY MEDICINE CENTER, INC.	MT OLIVE	NC			$76,300
Physicians Clinic	TRINITY HEALTH	MINOT	ND	$5,500,000		
Physicians Clinic	FAMILY HEALTHCARE, INC.	POMEROY	OH	$1,323,000		
Physicians Clinic	EAST CENTRAL OKLAHOMA FAMILY HEALTH CENT	WETUMKA	OK		$1,950,000	
Physicians Clinic	FAIRFAX MEDICAL FACILITIES INC.	FAIRFAX	OK	$2,893,277		$300,000
Physicians Clinic	PASCOAG	PASCOAG	RI	$1,000,000		
Physicians Clinic	LAKE MONTICELLO FAMILY PRACTICE	JENKINSVILLE	SC	$1,900,000		$400,000
Physicians Clinic	SAN JUAN HEALTH SERVICES DISTRICT	MONTICELLO	UT			$200,000
Psychiatric Hospital	OAKWOOD CENTER OF THE PALM BEACHES, INC.	WEST PALM BEACH	FL	$271,000		
Psychiatric Hospital	GOOD HOPE HOSPITAL, INC	ERWIN	NC	$2,110,000		
Total				**$735,251,163**	**$112,456,590**	**$11,259,361**

COMMUNITY FACILITY PROGRAM DEFAULT

Mr. Kingston: Why have defaults increased significantly in the guaranteed Community Facilities program?

Response: The total losses for the Community Facilities (CF) guaranteed loan program beginning in March, 1997 through February, 2011 are $70,221,093.24. The four largest losses in the history of the program totaled $43,218,176, or 61 percent of the total losses. Two of these loans, totaling just over $23 million, were made by non-traditional lenders. One of the lenders continues to service its debt, and we expect to collect an additional $3.5 million. These losses were primarily due to golf courses and non-traditional lenders/investment bankers. As a result, we have strengthened our oversight and standards for recreational facilities and non-traditional lenders wishing to participate in the program. Three of these loans were obligated in 2000 and one in 2005.

COMMUNITY FACILITY PROGRAM DEFAULT

Mr. Kingston: When did the defaults occur? What were the loans for?

Response: The four largest losses in the program occurred between August, 2006 and September, 2009. These loans were made for two golf courses and two hospitals. Historically, 55 loans in which the program has experienced a loss are comprised of 25 health care facilities, primarily assisted living and nursing homes; 6 recreational facilities, the two largest losses being golf courses; 6 schools; 5

museums; 5 child care facilities; 4 community centers; and 4 other assorted facilities.

SUBSIDY RATE IMPACT TO COMMUNITY FACILITY PROGRAM DEFAULT

Mr. Kingston: Please describe the effect on subsidy rates of a default in this program.

Response: There is a direct correlation between default and subsidy rates. All else equal, the higher the default rate, the higher the subsidy rate.

FARM LABOR HOUSING BACKLOG

Mr. Kingston: What was the number and amount of pending requests for farm labor housing assistance at the end of fiscal year 2010?

Response: As of September 30, 2010, there were 3 pending requests for Farm Labor Housing Loans totaling $3,849,108, and 3 pending requests for Farm Labor Housing Grants totaling $6,714,882. No additional applications have been accepted since September 30.

CREDIT SALE UNITS

Mr. Kingston: Provide a table for fiscal years 2008 through 2011 showing the annual cost and the number of units sold through the credit sales of acquired property program.

Response: The information is submitted for the record.

[The information follows:]

Credit Sales		
Fiscal Year	**Annual Cost**	**Number of Units Sold**
2008	$12,336,480	277
2009	$5,772,756	128
2010	$2,632,691	64
2011	0	0

RURAL BUSINESS-COOPERATIVE SERVICE

Mr. Kingston: Please provide a table that lists the subsidy rates for fiscal years 2008 through 2011 for all of the Rural Business-Cooperative Service programs. Explain the reason for any significant changes in the subsidy rates over that time period.

Response: The information is submitted for the record.

[The information follows:]

RBS Programs Subsidy Rates

Rural Business Cooperative Service Subsidy Rate				
Program	2008	2009	2010	2011

B&I Guaranteed Loan	4.32%	4.35%	5.33%	5.06%	
Intermediary Relending Program	42.89%	41.85%	25.24%	38.58%	
Rural Economic Development Loan Program	22.59%	20.89%	13.05%	17.91%	
Rural Microentrepreneur Assistance Loan Program	n/a	n/a	11.32%	21.39%	
Biorefinery Assistance Guaranteed Loan	n/a	33.34%	35.47%	26.02%	
Rural Energy for America Program Guaranteed Loan	9.69%	9.69%	13.64%	46.36%	

For the B&I program, our subsidy rate has increased slightly due to a few manufacturing loans defaulting in the rough economy. For IRP and RED loans, the subsidy rates have fluctuated greatly due to the economic assumptions OMB provided and we, as required, incorporated into our model. Direct loans across the federal government experienced similar fluctuations. For the Microentrepenuer and Biorefinery Assistance Program, in 2010, the rate published in the President's budget was based off of the proposed rule and did not reflect the Final regulation. The 2011 rate incorporates the final regulation. For the REAP program, the 2011 subsidy rate uses actual data from the REAP loan program. Prior to this, pseudo data was being utilized since there was not enough loan activity to populate the subsidy model.

BUSINESS AND INDUSTRY FUNDING

Mr. Kingston: Please provide for the record a ten-year table showing the budget request, appropriation and the number and dollar amounts obligated of guaranteed business and industry loans.

Response: The information is submitted for the record.

[The information follows:]

GUARANTEED BUSINESS AND INDUSTRY LOANS FY 2001 THROUGH FY 2010

(Dollars in Thousands)

Fiscal Year	Request	Appropriated	Number Obligated	Amount Obligated
2001	$1,300,000	$1,274,005	71	$860,362
2001 Supp.	0	1,160,232	568	1,033,474
2002	1,000,000	704,484	900	857,961
2003	732,619	843,650	517	901,942
2004	602,469	531,093	457	963,180
2005	600,000	595,200	334	675,113
2006	898,800	913,962	350	766,314
2007	990,000	913,962	387	830,525
2008	1,000,000	993,000	588	1,390,532
2009	700,000	993,011	408	949,010
2009 ARRA	0	1,717,983	19	49,412
2009 Supp.	0	445,977	79	246,196
2010	993,001	993,001	498	1,322,983

2010 ARRA	0	0	512	1,557,725
2010 Supp.	0	0	20	57,156
Total	**$8,816,889**	**$12,079,560**	**5,708**	**$12,461,885**

BUSINESS AND INDUSTRY DELINQUENCY

Mr. Kingston: What percent of the B&I loans are currently delinquent? What is the dollar amount of the total delinquency? How much is attributed to the direct program and the guaranteed program?

Response: As of February 28, 2011, there were 26 Business and Industry delinquent direct loans with a delinquent percentage of 38.24 percent. The Business and Industry direct delinquent principal balance was $24,258,992 for the same period.

As of February 28, 2011, there were 321 Business and Industry delinquent guaranteed loans, with a delinquent percentage of 8.49 percent. The Business and Industry delinquent guaranteed loan principal balance was $599,348,417 for the same period.

BUSINESS AND INDUSTRY DEFAULT

Mr. Kingston: Did any B&I loan default in fiscal years 2008 through 2011? If so, please provide an explanation.

Response: In fiscal years 2008 through 2011, 17 Business and Industry loans defaulted in fiscal years 2008 through 2011, totaling $4,491,952,667. Rural America is not immune from the difficult economic conditions of the last several years, and businesses have been struggling. USDA is working with every available authority to assist businesses to continue operations. However, in some cases the businesses have been unable to bounce back.

BUSINESS AND INDUSTRY LOST

Mr. Kingston: What is the total amount of guaranteed B&I loans that have been written off? Please update the table provided in the FY 2007 hearing record.

Response: In response, for fiscal years 2008 through 2011, there were 17 guaranteed loans in which a final loss was paid for a total amount of $20,280,372.92.

[The information follows:]

BUSINESS AND INDUSTRY GUARANTEED LOAN PROGRAM

LOANS CLOSED FY 2008-2011

AND FINAL LOSSES ON THOSE LOANS

FISCAL YEAR OBLIGATED	NUMBER LOANS CLOSED	DOLLARS CLOSED	NUMBER LOAN LOSSES	DOLLARS LOST	PERCENT LOAN LOSSES	PERCENT DOLLARS LOST
2008	451	$1,025,853,711	11	$15,463,909	2.44	1.51
2009	417	$966,750,567	6	$4,816,464	1.44	0.50

2010	787	$2,268,340,386	0	$0.00	0.00	0.00
2011	83	$231,008,003	0	$0.00	0.00	0.00
TOTAL	**1,738**	**$4,491,952,667**	**17**	**$20,280,373**	**0.98**	**0.45**

This report reflects losses paid in the year the loan was obligated and only captures loss information when a final loss has been paid.

BUSINESS AND INDUSTRY BACKLOG

Mr. Kingston: How many guaranteed B&I loan requests were pending, by state, at the end of fiscal year 2010?

Response: As of September 30, 2010, there were 211 pending applications and pre-applications totaling $759,548,281. Most applications and pre-applications are discussed with lenders ahead of the actual filing. Although we do not know that every pending application/pre-application meets the program's eligibility requirements, most would be eligible. Agency staff members try to discourage ineligible requests before an application or pre-application is filed.

[The information follows:]

BUSINESS AND INDUSTRY BACKLOG

State	# of Apps/Preapps	Amount
Alabama	3	$12,185,000
Alaska	0	0
Arizona	2	4,357,000
Arkansas	4	16,485,000
California	15	52,456,291
Colorado	6	17,171,000
Connecticut	1	6,000,000
Delaware	3	19,750,000
Florida	4	39,494,600
Georgia	12	51,542,095
Hawaii	0	0
Idaho	4	9,164,148
Illinois	11	46,990,650
Indiana	2	13,828,600
Iowa	11	29,013,404
Kansas	5	5,695,122
Kentucky	4	17,352,800
Louisiana	5	30,882,300
Maine	1	1,500,000
Maryland	3	18,987,500
Massachusetts	0	0
Michigan	4	12,488,350
Minnesota	13	22,753,000
Mississippi	8	39,840,820
Missouri	4	10,110,000
Montana	3	16,200,000
Nebraska	11	17,108,113
Nevada	0	0
New Hampshire	0	0
New Jersey	0	0
New Mexico	2	4,335,000
New York	1	1,200,000
North Carolina	0	0
North Dakota	10	43,752,000

Ohio	4	11,140,000
Oklahoma	1	2,659,950
Oregon	3	4,987,056
Pennsylvania	2	11,606,000
Puerto Rico	0	0
Rhode Island	0	0
South Carolina	7	33,697,292
South Dakota	4	12,475,000
Tennessee	8	36,649,403
Texas	11	32,254,893
Utah	4	10,254,894
Vermont	0	0
Virgin Islands	0	0
Virginia	1	8,000,000
Washington	12	24,281,000
West Virginia	0	0
Western Pacific	0	0
Wisconsin	2	10,900,000
Wyoming	0	0
Total	**211**	**$759,548,281**

BUSINESS AND INDUSTRY DEFAULT

Mr. Kingston: Of the guaranteed business and industry loans that are in default, what type of business had defaulted on the loans? What type of lender did the government guarantee for the loan? Is there a trend in the type of business or lender that is more apt to have a loan go into default?

Response: Of our total portfolio, non-traditional lenders represent 5.38 percent of lenders participating in the program. Of the total delinquency, non-traditional lenders account for 38 percent. These lenders are eligible lenders to originate and service guaranteed loans. According to the North American Industry Classification System (NAICS), which is a standard system used by Federal statistical agencies in classifying businesses, the top three business categories are manufacturing, followed by accommodation/food services and retail trade. These same categories represent the largest percentage of businesses that default.

With respect to defaults, the trend that the agency has observed based on statistical data is that start-up businesses have a higher failure rate than more established businesses.

INTERMEDIARIES RELENDING RATES

Mr. Kingston: What determines the rates that the intermediaries are relending the funds to the public? What is the average interest rate charged by the intermediaries?

Response: Interest rates charged by intermediaries to ultimate recipients on loans from the Intermediary Relending Program (IRP) revolving funds are negotiated between the intermediary and ultimate recipient. The rate must be within limits established by the intermediary's work plan approved by the agency. The rate should normally be the lowest rate sufficient to cover the loan's proportional share of the IRP revolving fund's debt service costs, reserve for bad debts, and administrative costs.

Based on our current data base information the interest rates range is from 1.0 percent to 11.25 percent with an average interest rate of 6.9 percent.

INTERMEDIARIES RELENDING BACKLOG

Mr. Kingston: Please provide a list, by state, of the number of loan requests unfunded at the end of fiscal year 2010.

Response: At the end of fiscal year 2010, there were a total of 22 projects for $13.8 million that Rural Development was not able to fund. These are applications that have qualified for an IRP loan and that have been submitted for funding by the State Director. These projects were located in the following States:

[The information follows:]

Fiscal year 2010 - Unfunded IRP Loan request

State	Application Amount	Request Number
DELAWARE	$750,000	1
IIOWA	750,000	1
ILLINOIS	1,050,000	2
LOUISIANA	750,000	1
MASSACHUSETTS	1,000,000	1
MARYLAND	150,000	1
MAINE	500,000	1
MINNESOTA	750,000	1
OREGON	750,000	1
PENNYSLVANIA	1,250,000	2
PUERTO RICO	750,000	1
SOUT CAROLINA	1,500,000	2
SOUTH DAKOTA	1,500,000	2
TEXAS	750,000	1
UTAH	500,000	1
VIRGINIA	750,000	1
WISCONSIN	300,000	2
Total	**$13,750,000**	**22**

JOBS CREATION

Mr. Kingston: Please provide the Committee with information on the number of jobs created through IRP lending in fiscal year 2010.

Response: The number of jobs created/saved in fiscal year 2010 was 26,449.

RURAL BUSINESS ENTERPRISE GRANTS FUNDING

Mr. Kingston: Please provide a ten-year table showing the budget request, appropriation, and the number and dollar amount of Rural Business Enterprise Grants.

Response: The information is submitted for the record.

[The information follows:]

RURAL BUSINESS ENTERPRISE GRANTS FY 2001 THROUGH FY 2010

(Dollars in Thousands)

Fiscal Year	Request	Appropriated	Number Obligated	Amount Obligated
2001	$40,664	$43,142	474	$49,230
2002	41,000	42,052	452	43,282
2003	44,000	48,613	515	51,403
2004	44,000	43,428	508	45,960
2005	40,000	39,680	427	41,277
2006	0	39,862	515	41,807

2007	0	39,600	573	42,658
2007 Supplemental	0	2,000	0	0
2008	0	38,727	638	54,612
2008 Supplemental	0	0	1	2,000
2009	0	38,727	507	40,162
2009 ARRA	0	19,400	145	15,314
2009 Supplemental	0	0	50	4,810
2010	38,727	38,727	592	42,332
2010 ARRA	0	0	48	4,181
Total	**$248,391**	**$433,958**	**5,445**	**$479,029**

RURAL COOPERATIVE DEVELOPMENT GRANTS FUNDING

Mr. Kingston: Please provide a ten-year table showing the budget request, appropriation, and the number and dollar amount of Rural Cooperative Development Grants.

Response: The information is submitted for the record.

[The information follows:]

RURAL COOPERATIVE DEVELOPMENT GRANTS FY 2001 THROUGH FY 2010

(Dollars in Thousands)

Fiscal Year	Request	Appropriated	Number Obligated	Amount Obligated
2001	$31,500	$31,464	77	$28,371
2002	6,486	7,750	5	1,483
2003	49,000	48,942	223	37,586
2004	11,000	28,858	217	36,818
2005	23,808	23,808	123	20,482
2006	21,000	29,628	352	36,999
2007	26,718	26,718	159	21,163
2008	20,928	27,827	178	28,867
2009	4,455	29,513	41	11,586
2010	36,636	37,854	253	39,449
Total	**$231,531**	**$292,362**	**1,628**	**$262,804**

RURAL COOPERATIVE DEVELOPMENT GRANT AWARDS

Mr. Kingston: Please list each of the rural cooperative development grants that were made during fiscal year 2010.

Response: The following 38 centers were funded through the fiscal year 2010 Rural Cooperative Development Grant program.

[The information follows:]

Rural Cooperative Development Grant Center	City	ST	FY2010 Award ($)
Alaska Cooperative Development Program	Anchorage	AK	$225,000
Rural Training and Resource Center	Epps	AL	225,000
Arkansas Rural Enterprise Center - Training Rural Arkansas's Cooperative Enterprises (TRACE)	Little Rock	AR	224,984
California Center for Cooperative Development	Davis	CA	225,000
Rocky Mountain Center	Greenwood	CO	225,000
Pursh Co-op Development Center	Washington	DC	221,315
Laulima: Hawaii Rural Cooperative Development Center	Kamuela	HI	222,555
Iowa Alliance for Cooperative Business Development	Ames	IA	225,000
Illinois Institute for Rural Affairs	Macomb	IL	183,898
Indiana Cooperative Development Center	Indianapolis	IN	225,000
Kentucky Center for Agriculture and Rural Development	Elizabethtown	KY	225,000
Cooperative Development Institute, Inc.	South Deerfield	MA	225,000
The MSU Product Center for Agriculture and Natural Resources	East Lansing	MI	225,000
Northcountry Center for Cooperative Enterprise and Innovation	Minneapolis	MN	225,000
Food Co-op Initiative	Dennison	MN	225,000
The Latino Cooperative Development Center	Minneapolis	MN	225,000
Agricultural Utilization Research Institute (AURI)	Crookston	MN	225,000
Mississippi Association of Cooperatives	Jackson	MS	225,000
Montana Cooperative Development Center, Inc.	Great Falls	MT	225,000
Lake County Community Development	Ronan	MT	114,580
NCSU NC Marketready Cooperative Development Center	Kannapolis	NC	225,000
North Dakota Association of Rural Electric Cooperatives	Mandan	ND	225,000
Common Enterprises Development Center	Mandan	ND	225,000
University of Nebraska-Lincoln	Lincoln	NE	224,982
Rutgers Food Innovation Center	Bridgeton	NJ	225,000
La Montanita Rural Cooperative Development Hub	Santa Fe	NM	142,382
Cooperative Development Center of Northern New Mexico (CODECE)	Albuquerque	NM	150,000
The Ohio Employee Ownership Center	Kent	OH	225,000
Ohio Cooperative Development Center	Piketon	OH	224,998
National Network of Forest Practioners	Athens	OH	225,000
Keystone Development Center	York	PA	225,000
Value-Added Agriculture Development Center	Pierre	SD	225,000
Texas Rural Cooperative Center	Edinburg	TX	225,000
Virginia FAIRS	Richmond	VA	225,000
The Cooperative Development Foundation	Arlington	VA	225,000
Northwest Cooperative Development Center	Olympia	WA	225,000
Northwest Agriculture Business Center	Mount Vernon	WA	225,000

Cooperative Development Services Inc	Madison	WI	225,000
Total			**$8,234,694**

RURAL COOPERATIVE DEVELOPMENT GRANT FUNDING REQUEST

Mr. Kingston: The rural cooperative development grant account is again requesting funding for a cooperative research agreement with a qualified academic institution to conduct research on the national impact of all types of cooperatives. Please explain the type of research funded with this in fiscal year 2010 and how you estimate the fiscal year 2012 request would add value to earlier research.

Response: The 2010 funding of Research on the Economic Impact of Cooperatives, provided by the University of Wisconsin, is building on the census of U.S. cooperatives that was collected and analyzed in the previous four years. The economic impact of cooperatives in the U.S., based on this census, estimated wealth and job creation that result from business activity but did not estimate how these effects might be distributed more widely and retained within local communities. There are two initiatives being completed in 2011 that will help identify distinctive impacts of cooperatives. The first is a longitudinal study of business practices of cooperatives that is drawn from a sample of the census. The initial phase of this study examines member democratic governance. The second initiative to be completed is a transfer of the census data base to the U.S. Census Bureau for annual reporting on basic economic activity by cooperatives. Future proposed research in 2012 will continue to add value to the existing work by examining at least three topics including: 1) Do cooperatives promote competition in imperfectly competitive markets?; 2) Do cooperatives extend market activity beyond the range that would be served by investor-oriented businesses?; and 3) Do cooperatives support local wealth creation?

RURAL ECONOMIC DEVELOPMENT PROGRAMS BORROWERS

Mr. Kingston: How many RUS borrowers, as of the end of FY 2010 are taking part in the Rural Economic Development Loan and Grant program?

Response: There are 385 electric and telephone cooperatives participating in the Rural Economic Development Loan and Grant program.

RURAL ECONOMIC DEVELOPMENT AWARDS

Mr. Kingston: Please update the table provided in the FY 2007 hearing record on Rural Economic Development (RED) Loan and Grant programs to include FY 2010.

Response: The information is submitted for the record.

[The information follows:]

RURAL ECONOMIC DEVELOPMENT LOANS			
Fiscal Year	Number of Projects	Total Dollars Awarded	Total Dollars leveraged
2001	66	$22,640,567	$145,927,010
2002	42	14,966,887	148,374,522
2003	43	14,869,939	70,484,024
2004	41	14,704,169	49,900,970
2005	52	24,302,375	132,911,628
2006	46	25,110,309	95,246,365
2007	42	26,167,000	95,634,958
2008	45	32,402,228	145,589,831

2009	49	36,171,370	72,102,919
2010	38	21,925,572	100,780,855
TOTAL	**464**	**$233,260,416**	**$1,056,953,082**

RURAL ECONOMIC DEVELOPMENT GRANTS

Fiscal Year	Number of Projects	Total Dollars Awarded	Total Dollars leveraged
2001	16	2,956,569	$15,647,791
2002	15	2,620,000	7,290,600
2003	22	4,066,300	17,251,123
2004	13	10,786,000	28,427,698
2005	31	8,120,000	55,352,956
2006	36	10,000,000	52,726,387
2007	36	9,963,333	66,360,527
2008	37	10,000,000	82,346,316
2009	31	9,014,156	65,986,989
2010	33	9,036,570	78,805,423
TOTAL	**270**	**$76,562,928**	**$470,195,810**

TECHNICAL SERVICE RENDERED

Mr. Kingston: Please list the number of requests for technical assistance and services rendered to cooperatives in fiscal year 2010.

Response: During FY 2010, Cooperative Programs (CP) staff in the National office provided technical assistance to 10 projects, though we received approximately 20 inquiries. (6 new start development efforts and 4 projects with existing groups). These projects included the following activities and commodities: marketing/supply, livestock, poultry, organic feed, fishery, local foods, bio-energy, and purchasing.

Technical assistance was also provided by the CP Field Advisor who provided assistance in 11 States and 1 U.S. territory in the following areas: marketing/supply, health care, membership/education, local foods, cooperative centers, bio-energy, and fisheries.

FY 2010 AND 2011 COOPERATIVE RESEARCH AGREEMENTS

Mr. Kingston: How much did RBS spend in fiscal years 2010 and 2011 for cooperative research agreements?

Response: During fiscal year 2010, Rural Business-Cooperative Service (RBS) entered into 23 cooperative research agreements for a total of $5,303,319. This total included $2.8 million appropriated for ATTRA, $300 thousand appropriated for research on the economic impact of cooperatives, $1.5 million (15 agreements) for the 1890 program and a $250 thousand earmark for the Kansas Farm Bureau. In fiscal year 2011, RBS has entered into one cooperative agreement for $250,000 utilizing discretionary funds provided by the Under Secretary for Rural Development. Additionally, RBS will provide $484,445 to fund an agreement which will support the Alternative Technology Transfer for Rural Areas (ATTRA) project.

COOPERATIVE STOCK PURCHASE PROGRAM ACTIVITY

Mr. Kingston: Please update the table provided in the FY 2007 hearing record showing activity in the Cooperative Stock Purchase Program to date.

Response: The lack of activity from 2004 is due to no specific funds available and need for regulatory changes in the Business and Industry loan program. The information is submitted for the record.

[The information follows:]

COOPERATIVE STOCK PURCHASE PROGRAM (CSPP)

OBLIGATIONS TO DATE

Fiscal Year	State	Number of Borrowers	Total Dollars (Budget Authority)
1998	N/A	0	0
1999	Minnesota	17	$739,000
	Minnesota	2	129,000
	Michigan	6	2,036,320
2001	N/A	0	0
2002	Colorado	175	3,253,750
	Nebraska	106	2,434,350
	Montana	120	3,037,350
	Wyoming	19	295,850
2003	Colorado	88	1,419,850
	Montana	105	2,760,300

	Nebraska	97	2,142,450
	Wyoming	7	161,550
2004	N/A	0	0
2005	N/A	0	0
2006	N/A	0	0
2007	N/A	0	0
2008	N/A	0	0
2009	N/A	0	0
2010	N/A	0	0
TOTAL		742	$18,409,770

SUSPENSIONS: BUSINESS PROGRAMS

Mr. Kingston: Were any entities suspended from RBS programs in fiscal year 2010 or 2011?

Response: In fiscal year 2010 or 2011, RBS did not suspend any entities from its programs.

RURAL EMPOWERMENT ZONES: LIST AND FUNDING

Mr. Kingston: Please provide a list of all authorized rural empowerment zones and enterprise communities that have received USDA funds for each of fiscal years 2008, 2009, and 2010, and identify whether those recipients are Round I, Round II or Round III.

Response: The following table provides a listing of all authorized rural empowerment zones and enterprise communities that received USDA funds during fiscal years 2008 through 2010.

[The information follows:]

EMPOWERMENT ZONES/ENTERPRISE COMMUNITIES RECIPIENTS FOR FISCAL YEARS 2004 - 2010

Community Name	State	Designation	USDA/Rural Development Funding (cumulative)
Metlakatala Indian Community	AK	Round II EC	$ 2,200,000
Four Corners EC	AZ	Round II EC	$ 2,200,000
Desert Communities EZ	CA	Round II EZ	$17,600,000
Westside-Tule EC	CA	Round II EC	$ 2,200,000
Empowerment Alliance of SW FL	FL	Round II EC	$ 2,200,000
Southwest Georgia United EZ	GA	Round II EZ	$17,600,000
Molokai EC	HI	Round II EC	$ 2,200,000
Southernmost Illinois Delta	IL	Round II EZ	$17,600,000
Town of Austin EC	IN	Round II EC	$ 2,200,000
Witchita County EC	KS	Round II EC	$ 2,200,000
Bowling Green EC	KY	Round II EC	$ 2,200,000
Kentucky Highlands EZ	KY	Round I EZ	$40,000,000

Aroostook County EZ	ME	Round III EZ	$ 2,900,000
Empower Lewiston EC	ME	Round II EC	$ 2,200,000
Clare County EC	MI	Round II EC	$ 2,200,000
Mid-Delta EZ	MS	Round I EZ	$40,000,000
Fort Peck Assiniboine & Sioux Tribe EC	MT	Round II EC	$ 2,200,000
City of Deming EC	NM	Round II EC	$ 2,200,000
Griggs-Steele EZ	ND	Round II EZ	$17,600,000
Tri-County Indian Nations EC	OK	Round II EC	$ 2,200,000
Fayette EC	PA	Round II EC	$ 2,200,000
Allendale ALIVE EC	SC	Round II EC	$ 2,200,000
Oglala Sioux Tribe EZ	SD	Round II EZ	$17,600,000
Clinch-Powell EC	TN	Round II EC	$ 2,200,000
FUTURO Communities EC	TX	Round II EC	$ 2,200,000
FUTURO Communities EZ	TX	Round III EZ	$ 2,900,000
Rio Grande Valley EZ	TX	Round I EZ	$40,000,000
Five Star EC	WA	Round II EC	$ 2,200,000
Northwoods NiiJii EC	WI	Round II EC	$ 2,200,000
Upper Kanawha Valley EC	WV	Round II EC	$ 2,200,000
Total			**$257,800,000**

FY 2010 no funds authorized for the Empowerment Zone Program.
Not funds Authorized for Round 1 Empowerment Zones or Enterprise Communities in fiscal year 2008 thru fiscal year 2010.

RURAL EMPOWERMENT ZONES AND ENTERPRISE COMMUNITIES: CARRYOVER

Mr. Kingston: Are there carryover funds still available in the rural empowerment zone and enterprise community grants program? If so, how much? Why is there a carryover?

Response: There are carryover funds of $33,458 available in the rural empowerment zone and enterprise community grants account. The rural empowerment zones and enterprise community program ended on December 31, 2009; therefore any remaining unobligated balances cannot be obligated as we cannot obligated funds against a program that has ended.

RENEWABLE ENERGY PROGRAMS DISCRETIONARY AND MANDATORY FUNDING

Mr. Kingston: Please provide a table listing the discretionary amounts requested, appropriated and number and amounts obligated in fiscal years 2008 through 2011 for the renewable energy programs.

Response: The information is submitted for the record.

[The information follows:]

Renewable Energy
Discretionary funding from 2008 to 2011
(Dollars in Thousands)

	Requested	Appropriated	number obligated	amount obligated
Biorefinery Assistance				
2008	0	0	0	0
2009	0	0	0	0
2010	0	0	0	0
2011	$17,300	0	0	0

Rural Energy for America Program				
2008	36,000	$36,000	948	$35,748
2009	0	5,000	213	5,000
2010	68,130	39,340	1,376	39,324
2011	39,340	n/a	n/a	n/a

Mr. Kingston: Please provide a table listing the mandatory amounts authorized and number and amount obligated in fiscal years 2008-2011.

Response: The information is submitted for the record.

[The information follows:]

Renewable Energy
Mandatory funding from 2008 to 2011
(Dollars in Thousands)

	Requested	Appropriated	number obligated	amount obligated
Biobased Markets Program				
2008	0	$2,000	n/a	$2,000
2009	0	2,000	n/a	2,000
2010	0	2,000	n/a	2,000
2011	0	2,000	n/a	2,000
Biodiesel Fuel Education Program				
2008	0	1,000	n/a	1,000
2009	0	1,000	n/a	1,000
2010	0	1,000	n/a	1,000
2011	0	1,000	n/a	1,000
Bioenergy Program for Advanced Biofuels				
2008	0			
2009	0	55,000		0
2010	0	55,000	267	18,547
2011	0	85,000	n/a	n/a
Biomass Crop Assistance Program				
2008	0	0	n/a	0
2009	0	2,147	n/a	2,147
2010	0	248,202	n/a	248,202
2011	0	199,000	n/a	n/a
Biomass Research and Development				
2008	0	20,000	n/a	13,225
2009	0	20,000	n/a	17,640
2010	0	28,000	n/a	28,000
2011	0	30,000	n/a	n/a
Biorefinery Assistance				
2008	0	0	0	0
2009	0	75,000	2	35,007
2010	0	245,000	1	19,331
2011	0	0	0	0

Repowering Assistance Program				
2008	0			
2009	0	35,000	0	0
2010	0	0	1	1,955
2011	0	0	0	0
Rural Energy for America Program				
2008				
2009	0	55,000	1,726	54,968
2010	0	60,000	1,596	56,959
2011	0	70,000	n/a	n/a

RENEWABLE ENERGY PROGRAMS

Mr. Kingston: In fiscal years 2011 and 2012, how much does RD plan to spend for grants, direct loans and guaranteed loans in the renewable energy program?

Response: The 2008 Farm Bill authorized Guaranteed Loans and Grants, but not Direct Loans. Rural Energy for America Program guaranteed loan and grant mandatory funds and appropriations for fiscal year 2011 and fiscal year 2012 are as follows:

Based on the applications currently on hand of $104 million in grants and $42 million in loans in 2011, we anticipate using all program funding available. For fiscal year 2012 we expect to spend all funds requested in the President's fiscal year 2012 Budget. The budget requests $36.8 million, which will support $10.645 million in loans and $34 million in grants. In addition to the discretionary funds, there is $70,000,000 in mandatory funds in fiscal year 2012 resulting in program levels of $129.362 million of loan funds and $36.12 million in grant funding.

BLENDER PUMPS

Mr. Kingston: At Rural Development's fiscal year 2012 budget hearing, Under Secretary Tonsager could not answer questions regarding USDA's plans for creating a new program to install ethanol blender pumps across the nation because USDA is conducting a rulemaking. Please provide the legislative authority and Office of General Counsel opinion justifying this proposal.

Response: Section 9007(a)(2) authorizes the agency to fund parts of 'renewable energy systems' as well as renewable energy systems in whole. The agency's definition of 'renewable energy system' in its current regulation at 7 CFR 4280.103, specifically includes 'delivery' as one aspect of such a system. The agency has determined that a flexible fuel pump is a uniquely critical aspect of a biofuel 'renewable energy system' which the agency believes covers the conversion of the biomass through the dispensing of the biofuel to a vehicle. The agency believes this interpretation is consistent with the authorizing statute and its corresponding regulation.

The agency recognizes that Rural Energy for America Program (REAP) is designed to address a variety of renewable energy and energy efficiency goals. With the inclusion of flexible fuel pumps funding, the agency will ensure that it will not ignore the other important goals and purposes of the program.

Mr. Kingston: On average, how much does it cost to install a blender pump?

Response: The cost of delivering biofuel to consumers at retail stations will vary depending on the current infrastructure. For example a gas station that would like to install four blender pumps and can utilize an existing underground storage tank to store E85, the project cost is estimated to be $164,259 for four dispensers and all associated. If the same gas station requires a new underground storage tank to store E85 fuel, the total project cost is estimated to be $232,759 for four dispensers and all associated costs.

BLENDER PUMPS ANALYSIS

Mr. Kingston: What analysis has USDA conducted to support this proposal? Will that information be released to the public?

Response: A program feasibility report is being drafted concerning the challenges and opportunities for flex fuel (blender) pumps in rural areas. When completed, the report will be made available to the committee.

Mr. Kingston: How much funding does USDA intend to commit to the proposal?

Response: The agency proposes to make flex fuel delivery systems an eligible purpose under the Rural Energy for America Program (REAP). However, no separate funds are committed (designated) for flex fuel (blender) projects. REAP is a competitive grant and loan guarantee program in which renewable energy systems and energy-efficiency improvement projects must compete on their own merits against all others for available funds. In addition to flex fuel (blender) delivery systems, renewable energy systems include those that generate energy from wind, solar, biomass, geothermal sources, or that produce hydrogen from biomass or water using renewable energy, and ocean and hydroelectric source technologies. Energy-efficiency projects typically involve installing or upgrading equipment to significantly reduce energy use.

Mr. Kingston: When will the proposal be released and available for comment by the public?

Response: The Section 9007 Rural Energy for America Program Notice of Interim Rulemaking will be published on April 14, 2011.

Mr. Kingston: Please provide a list of the entities and amount awarded that have received grants under this program.

Response: Rural Energy for America Program funding for fiscal year 2011 will be announced in the Federal Register on April 14, 2011. No grants have been awarded for flex fuel (blender) pumps.

Mr. Kingston: When does USDA plan to hold a stakeholder meeting, as mentioned at the Rural Development fiscal year 2012 budget hearing, on this program? How much will the meeting cost? Will funds come from the program?

Response: Over the past year, USDA held listening sessions across the country and in Washington, D.C. with stakeholders to better understand the barriers to progress towards the Renewable Fuels Standard 2 (RFS2) mandate. Once the interim rule is published and details of the program are announced, State Rural Development staff and National office staff will conduct outreach and engage with potential applicants on our program as we do in normal course with all Rural Development programs. Stakeholder meetings regarding the incorporation of flex fuel (blender) pumps as an eligible purpose in the Rural Energy for America Program will be held during the weeks of April 4-8, and April 11-15, 2011. The agency expects to incur minimal costs related to the meetings. Funds for the stakeholder's meeting are expected to be provided from the agency's administrative account and not from Rural Energy for America Program funds.

RURAL UTILITIES SERVICES SUBSIDY RATES

Mr. Kingston: Please provide a table that lists the subsidy rates for the fiscal years 2008 through 2011 for all of the Rural Utilities Service Programs. Explain the reason for any significant changes in the subsidy rate over that time period.

Response: The information is submitted for the record.

[The information follows:]

RURAL UTILITIES SERVICE Subsidy Rates for Fiscal Years 2008-2011				
	Fiscal Year			
	2008	2009	2010	2011
Rural Water and Waste Disposal Programs:				
Direct Water and Waste Disposal Loans	14,20%	14.62%	7.54% (1)	8.58%
Guaranteed Water and Waste Disposal Loans	-0.82%	-0.82%	-0.82%	-0.85%
Rural Electrification and Telecommunications Program Account				
Electric Loans:				
Direct, 5%	0.12%	-2.38%	-27.73%	-7.38% (2)
Direct, FFB	-0.70%	-2.28%	-0.47%	4.43%
FFB Guaranteed Underwriting	0.09%	0.10%	-1.85%	0.14%
Telecommunications Loans:				
Direct, 5%	0.08%	-1.76%	-18.59% (3)	-7.37% (3)
Direct, Treasury Rate	0.67%	0.21%	-0.43%	-0.32%
Direct, FFB	0.62%	-0.94%	-0.65%	4.43%
Distance Learning and Telemedicine Program Account:				
Direct Distance Learning and Telemedicine Loans	2.14%	2.46%	2.78%	1.47%
Direct Broadband	2.15%	3.90%	7.24%	5.58%

(1) For 2009, the change in subsidy rate from 2008 is based on new language in the farm bill and calculations in the market, poverty, and intermediary rates. For 2010, the change in the subsidy rate for 2010 is due to a decrease in defaults by 36.88% from the prior year.

(2) For 2010 the change in subsidy rate is due to mainly a decrease in the government's cost of funds relative to the borrower's interest rate.

(3) For 2010 the change in subsidy rate is due mainly to a decrease in the government's cost of funds relative to the borrower's interest rate.

RISK AND COST OF THE ELECTRIC AND TELEPHONE PROGRAMS

Mr. Kingston: Please describe the differences for electric and telephone borrowers in municipal rate, Treasury rate, five percent hardship, guaranteed CFC/CoBank, guaranteed underwriting and Federal Finance Bank loans. Why are the different programs necessary? How do these loan programs compare in terms of risk and cost to the taxpayer?

Response: Rural Utilities Service (RUS) electric borrowers have traditionally had various sources of financing assistance available to them. The primary difference between the programs is the qualifying criteria and the interest rate for each type of financing.

The Municipal interest rate loan program is available to all electric distribution borrowers and certain facilities of power supply borrowers. The interest rate is based on interest rates available in the municipal bond market for similar maturities. Borrowers are required to seek outside financing typically for 30 percent of their capital requirements under this program.

The Treasury interest rate loan program is available to all electric distribution borrowers. The interest rate is the prevailing cost of money to the Treasury. There is no outside funding requirement associated with this program.

The Direct 5 percent interest rate hardship loan program is limited legislatively to distribution borrowers that meet certain rate disparity thresholds and that serve consumers below certain average per capita and household income thresholds. The borrowers may borrow 100 percent of their capital requirements from Rural Development at the fixed interest rate of 5 percent.

The CFC/CoBank guaranteed underwriting loan program provides government guarantees of commercial loans issued to electric generation and distribution borrowers.

The FFB guaranteed loan program is available to all electric borrowers. Interest rates are established daily by the United States Treasury. Added to that rate is 1/8 of one percent. The interest rate is determined at the time of advance. This program has a negative subsidy rate.

Rural Utilities Service telecommunications borrowers have three sources of financing assistance available to them. The primary difference between the programs is the qualifying criteria and the interest rate for each type of financing. The three sources are: direct hardship loans, direct Treasury Rate loans and guaranteed loans.

The Direct hardship loans bear interest at a fixed rate of 5 percent per year. These loans are intended for borrowers with high investment costs in terms of "per subscriber" service. These borrowers also have a very low number of subscribers for each mile of telecommunications line constructed. This low subscriber "density" inherently increases the cost to serve the most sparsely populated rural areas. Because of the high cost of the investment needed, these borrowers may not be able to afford higher interest rate loans. Cost to the taxpayer for these types of loans varies based on the interest rate differential between the government's current cost of capital and the fixed 5 percent lending rate.

The Treasury rate loans bear interest at the government's cost of money or the current Treasury rate. Thus, the interest charged varies with the Treasury rate. As Treasury rates increase, so does the cost to the borrower for these loans. Since the interest rate is tied to the cost of borrowing from the Treasury, there is very little cost to the taxpayer for these loans in terms of financing subsidy.

Guaranteed loans allow borrowers the option of requesting a Rural Utilities Service guarantee of financing from a non-government lender or from the Federal Financing Bank (Treasury). The interest rate charged on Federal Financing Bank loans is the Treasury rate plus one-eighth of one percent. Interest rates charged by non-government lenders are set by those lenders. The terms of these loans may vary significantly from the other types of financing. For instance, the Federal Financing Bank financing note allows borrowers more flexibility in maturity options--allowing borrowers to utilize short-term rates and rollover balances in periods as short as 90 days. This program has a negative subsidy rate.

In terms of risk, the Telecommunications Program has a very low default rate. All loans are based on extensive feasibility studies that determine a borrower's ability to repay the loan, and loans are monitored and secured though covenants in loan contracts and the borrower's mortgage with RUS, which gives the government a first lien on all of the assets of the borrower.

ELECTRIC AND TELECOMMUNICATION LOAN PROGRAM: 10 YEAR TABLE

Mr. Kinston: Please provide a ten-year table showing the administration's request, amount appropriated, and the number and amount obligated for each loan program in the electric and telecommunication loan programs.

Response: The information is submitted for the record.

[The information follows:]

DIRECT ELECTRIC LOANS FY 2001 THROUGH FY 2010
(Dollars in Thousands)

Fiscal Year	Requested	Appropriated	Number Obligated	Amount Obligated

2001	$50,000	$121,169	37	$121,169
2002	121,107	123,792	5	123,792
2003	121,103	120,316	19	120,316
2004	240,000	240,000	22	240,000
2005	120,000	119,040	13	119,040
2006	100,000	99,000	6	99,000
2007	99,018	99,000	14	99,000
2008	100,000	99,300	12	99,300
2009	100,000	100,000	12	98,477
2010	100,000	100,000	4	100,000
Total	$1,151,228	$1,221,617	144	$1,220,094

TREASURY ELECTRIC LOANS FY 2001 THROUGH FY 2010 1/
(Dollars in Thousands)

Fiscal Year	Requested	2/ Appropriated	Number Obligated	Amount Obligated
2001	0	$500,000	60	$500,000
2002	$500,000	750,000	41	750,000
2003	700,000	1,150,000	65	1,150,000
2004	700,000	750,000	74	1,181,347
2005	700,000	1,000,000	50	1,000,000
2006	700,000	990,000	62	990,000
2007	700,000	990,000	51	990,000
2008	0	0	0	0
2009	0	0	0	0
2010	0	0	0	0
Total	$4,000,000	$6,130,000	403	$6,561,347

1/ For loan programs that have a negative subsidy, the loan level can be increased or decreased based on an approved apportionment and as authorized by P.L. 101-508, the Federal Credit Reform Act of 1990.

2/ Appropriated amounts may include transfers.

MUNICIPAL ELECTRIC LOANS FY 2001 THROUGH FY 2010 1/
(Dollars in Thousands)

Fiscal Year	Requested	3/ Appropriated	Number Obligated	Amount Obligated	
2001	$300,000	$294,358	46	$294,358	
2002	294,358	500,000	41	500,000	
2003	100,000	101,322	18	101,322	
2004	100,000	670,000	77	645,456	
2005	100,000	99,200	18	100,075	2/
2006	100,000	99,000	15	100,764	2/
2007	39,602	100,764	41	100,764	
2008	0	0	0	0	
2009	0	0	0	0	
2010	0	0	0	0	
Total	$1,033,960	$1,864,644	256	$1,842,739	

1/ For loan programs that have a negative subsidy, the loan level can be increased or decreased based on an approved apportionment and as authorized by P.L. 101-508, the Federal Credit Reform Act of 1990.

2/ This includes carryover.

3/ Appropriated amounts may include transfers.

FFB AND GUARANTEED ELECTRIC LOANS FY 2001 THROUGH FY 2010 1/
(Dollars in Thousands)

Fiscal Year	Requested	3/ Appropriated	Number Obligated	Amount Obligated	
2001	$1,200,000	$1,700,000	79	$1,700,000	
2002	1,700,000	2,700,000	97	2,700,000	
2003	1,700,000	2,600,000	95	2,600,000	
2004	1,600,000	1,765,000	48	1,765,000	
2005	1,720,000	2,099,200	29	2,100,000	2/
2006	1,620,000	2,600,000	36	2,700,000	2/
2007	3,000,000	2,700,000	25	2,700,000	2/
2008	4,000,000	6,500,000	177	6,500,000	
2009	4,000,000	6,500,000	198	6,500,000	
2010	6,500,000	6,500,000	169	6,500,000	
Total	$27,040,000	$35,664,200	953	$35,765,000	

1/ For loan programs that have a negative subsidy, the loan level can be increased or decreased based on an approved apportionment and as authorized by P.L. 101-508, the Federal Credit Reform Act of 1990.

2/ This includes carryover.

3/ Appropriated amounts may include transfers.

GUARANTEED UNDERWRITING LOANS FY 2001 THROUGH FY 2010
(Dollars in Thousands)

Fiscal Year	Requested	Appropriated	Number Obligated	Amount Obligated
2001	0	0	0	0
2002	0	0	0	0
2003	0	$1,000,000	0	0
2004	0	1,000,000	0	0
2005	0	1,000,000	1	$1,000,000
2006	0	1,500,000	1	1,500,000
2007	0	250,000	0	0
2008	0	500,000	1	500,000

2009	0	0	0	0
2010	0	500,000	1	500,000
Total	**0**	**$5,750,000**	**4**	**$3,500,000**

DIRECT TELECOMMUNICATION LOANS FY 2001 THROUGH FY 2010
(Dollars in Thousands)

Fiscal Year	Requested	Appropriated	Number Obligated	Amount Obligated
2001	$75,000	$74,835	12	$74,835
2002	74,827	74,827	12	74,827
2003	75,029	74,542	12	74,542
2004	145,042	145,000	12	145,000
2005	145,000	145,000	10	145,000
2006	145,000	145,000	13	145,000
2007	143,513	145,000	12	85,537
2008	145,000	143,985	11	143,985
2009	145,000	145,000	12	145,000
2010	145,000	145,000	10	145,000
Total	**$1,238,411**	**$1,238,189**	**116**	**$1,178,726**

TREASURY TELECOMMUNICATION LOANS FY 2001 THROUGH FY 2010
(Dollars in Thousands)

Fiscal Year	Requested	Appropriated	Number Obligated	Amount Obligated	
2001	$300,000	$300,000	33	$300,000	
2002	300,000	300,000	38	300,000	
2003	300,000	298,000	36	288,282	
2004	250,000	248,526	29	48,468	1/
2005	250,000	248,000	42	248,000	
2006	424,000	419,760	28	419,760	
2007	246,666	419,760	19	252,014	
2008	250,000	248,250	22	374,238	
2009	250,000	250,000	25	250,000	
2010	250,000	250,000	18	250,000	
Total	**$2,820,666**	**$2,982,296**	**290**	**$2,730,762**	

1/ $200 million were re-apportioned to FFB telecommunication loans due to low demand in Treasury telecommunication loans and high demand in FFB loans.

FFB TELECOMMUNICATION LOANS FY 2001 THROUGH FY 2010 1/
(Dollars in Thousands)

Fiscal Year	Requested	2/ Appropriated	Number Obligated	Amount Obligated
2001	$120,000	$120,000	12	$120,000
2002	120,000	120,000	13	120,000
2003	120,000	120,000	12	120,000
2004	100,000	320,000	28	320,000
2005	100,000	125,000	17	125,000
2006	100,000	125,000	10	125,000
2007	299,000	125,000	3	39,185
2008	295,000	292,935	9	156,743

2009	295,000	295,000	17	295,000
2010	295,000	295,000	17	295,000
Total	$1,844,000	$1,937,935	138	$1,715,928

1/ For loan programs that have a negative subsidy, the loan level can be increased or decreased based on an approved apportionment and as authorized by P.L. 101-508, the Federal Credit Reform Act of 1990.

2/ Appropriated amounts may include transfers.

ELECTRIC AND TELECOMMUNICATIONS PROGRAM BACKLOG

Mr. Kingston: Please update the tables provided in the FY 2007 hearing record showing the number of backlog applications and total loan requests by state on hand through fiscal year 2011 to date for each category of Electric and Telecommunications loans.

Response: The information is submitted for the record.

[The information follows:]

PENDING ELECTRIC PROGRAM FFB GUARANTEED LOAN APPLICATIONS BY STATE
(AS OF MARCH 31, 2011)

State	Number of Applications	Total Amount
ALABAMA	1	$171,352,000
COLORADO	2	464,930,000
DELAWARE	1	28,300,000
FLORIDA	1	44,522,000
GEORGIA	7	2,376,268,260
IOWA	2	15,500,000
INDIANA	1	521,436,000
KANSAS	2	38,553,000
KENTUCKY	2	49.992,000
MAINE	1	813,000
MICHIGAN	1	42,912,000
MINNESOTA	1	50,000,000
MISSOURI	5	1,524,459,000
MISSISSIPPI	1	426,540,000
MONTANA	2	13,624,000
NORTH CAROLINA	2	204,763,000
NORTH DAKOTA	7	515,869,000
OKLAHOMA	2	280,769,000

SOUTH CAROLINA	1	95,724,000
SOUTH DAKOTA	2	66,607,000
TEXAS	1	145,000,000
VIRGINIA	1	4,400,000
WASHINGTON	1	10,167,000
WISCONSIN	1	320,026,990
Total	48	$7,412,527,250

PENDING ELECTRIC PROGRAM HARDSHIP LOAN APPLICATIONS BY STATE

(AS OF MARCH 31, 2011)

State	Number of Applications	Total Amount
KANSAS	2	$7,320,000
Total	2	$7,320,000

PENDING TELECOMMUNICATIONS PROGRAM HARDSHIP LOAN APPLICATIONS BY STATE

(AS OF MARCH 31, 2011)

State	Number of Applications	Total Amount
Iowa	1	$5,099,000
Iowa/Missouri	1	7,486,000
Missouri	1	8,485,000
Nebraska	1	8,224,000
Total	4	$29,294,000

PENDING TELECOMMUNICATIONS PROGRAM TREASURY RATE LOAN APPLICATIONS BY STATE

(AS OF MARCH 31, 2011)

State	Number of Applications	Total Amount
California	2	$19,500,000
Idaho/Oregon	1	25,000,000
Illinois	6	63,497,000
Indiana	1	85,000,000

Iowa	4	33,837,000
Iowa/Missouri	1	7,486,000
Kansas	4	73,076,000
Montana	1	70,000,000
Nebraska	1	2,056,000
New Mexico	1	12,359,000
North Dakota	2	29,040,000
North Dakota/Minnesota	1	32,939,000
Oklahoma	2	9,091,000
Tennessee	2	44,735,545
Texas	1	22,540,000
Wisconsin	1	24,942,000
Wyoming	1	5,695,000
Total	32	$560,793,545

PENDING DISTANCE LEARNING & TELEMEDICINE PROGRAM GRANT APPLICATIONS BY STATE

(AS OF MARCH 31, 2011)

Applications are currently under review by staff; therefore, dollar amounts by state are not yet available.

State	Number of Applications
Alabama	6
Alaska	10
Arizona	6
Arkansas	3
California	4
Colorado	4
Florida	1
Georgia	4
Idaho	1
Indiana	3
Iowa	3
Kansas	4

Kentucky	8
Louisiana	2
Maine	11
Maryland	3
Massachusetts	1
Michigan	5
Minnesota	6
Mississippi	4
Missouri	11
Montana	4
Nebraska	6
New Hampshire	1
New Mexico	1
New York	9
Nevada	1
North Carolina	9
North Dakota	4
North Mariana Islands	1
Ohio	2
Oklahoma	13
Oregon	8
Pennsylvania	5
South Carolina	5
South Dakota	3
Tennessee	4
Texas	9
Utah	4
Virginia	2
Vermont	4
Washington	4
Wisconsin	7
West Virginia	1

Wyoming	2
Total	209

DISTANCE LEARNING AND TELEMEDICINE FY 2008-2011 LOANS AND GRANTS

Mr. Kingston: Please break out the number and amount of loans and grants provided to telemedicine projects and to distance learning projects for fiscal years 2008 through 2011.

Response: For fiscal years 2008 and 2009 there is not breakdown on the funding. For 2010, we made 108 awards with funds of $34,707,118. Of these 108 awards, 64 were for distance learning ($22,602,075) and 44 were for telemedicine (12,105,043). We have not made any awards for fiscal year 2011.

[The information follows:]

Year	DLT Loans	DLT Grants	Total DLT	Number
2008	$13,092,850	$30,148,953	$43,241,803	112
2009	16,265,779	36,287,654	52,553,433	124
2010	0	34,707,118	34,707,118	108
2011	0	0	0	0

DISTANCE LEARNING AND TELEMEDICINE PROGRAM BACKLOG

Mr. Kingston: What were the backlog number and amount by state at fiscal year 2011 to date for the distance learning and telemedicine loan and grant programs?

Response: A Notice of Solicitation of Applications (NOSA) for FY 2011 grants under the Distance Learning and Telemedicine Program was published in the Federal Register on February 24, 2011. Applications are due by April 25, 2011.

DISTANCE LEARNING AND TELEMEDICINE: FY 2008-2011 HISTORY

Mr. Kingston: Please provide a table for fiscal years 2008 through 2011 showing the history of the amount requested, appropriated, and obligated for each fiscal year for the distance learning and telemedicine loan and grant programs?

Response: The information is submitted for the record.

[The information follows:]

DISTANCE LEARNING AND TELEMEDICINE LOANS 2008 THROUGH 2011

(Dollars in Thousands)

Fiscal Year	Requested	Appropriated	Number Obligated	Amount Obligated
2008	0	0	7	$13,093
2009	0	0	13	16,266
2010	0	0	0	0
2011	0	0	N/A	N/A
Total	0	0	20	$29,359

DISTANCE LEARNING AND TELEMEDICINE GRANTS 2008 THROUGH 2010
(Dollars in Thousands)

Fiscal Year	Requested	Appropriated	Number Obligated	Amount Obligated
2008	$24,750	$29,790	112	$30,149
2009	20,000	29,700	123	36,288
2010	29,790	30,255	0	0
2011	30,000	30,255	N/A	N/A
Total	$104,540	$120,000	235	$66,437

RUS DEBT SERVICE DEFERMENTS

Mr. Kingston: Did you receive any requests for deferment of RUS-scheduled debt service payments in fiscal year 2010 or fiscal year 2011 to date? If so, provide a list of the recipients of those deferments for last year and so far for this year.

Response: The Water and Waste Loan and Grant Program did not receive any direct request for deferment from borrowers.

Under RUS Telecommunications Program, we received requests for deferment of scheduled debt service payments from Jaguar Communications, Cinergy MetroNet and SanCom, Inc.

For the Electric Program, the following deferments are not deferments of debt service, but rather are part of the Energy Resource Conservation (ERC) program. The ERC program allows borrowers a deferment of principal and interest, re-amortized over 7 years, to make funds available for energy efficiency, conservation, renewables and demand side management initiatives including caulking, weather-stripping, heat pumps systems, water heaters, central heating and air conditioning system replacements, ceiling/flooring/duct insulation, and storm and thermal windows. It is anticipated that all deferments will be repaid. Anticipated deferments are incorporated in subsidy rate calculations.

[The information follows:]

Borrower Name	Completed	Monthly Amount	FY
South Alabama Electric Cooperative	01/18/2010	$23,500.00	FY2010
Habersham Electric Membership Corporation	07/14/2010	$16,400.00	FY2010
Runestone Electric Association	06/25/2010	$5,800.00	FY2010
Federated Rural Electric Association	08/05/2010	$9,500.00	FY2010
The Minnesota Valley Electric Cooperative	04/26/2010	$15,000.00	FY2010
Ralls County Electric Cooperative	03/03/2010	$20,000.00	FY2010

Grundy Electric Cooperative, Inc.	04/21/2010	$3,600.00	FY2010
Tideland Electric Membership Corporation	06/11/2010	$38,900.00	FY2010
Verendrye Electric Cooperative, Inc.	08/04/2010	$38,200.00	FY2010
KEM Electric Cooperative, Inc.	08/24/2010	$15,400.00	FY2010
Dakota Valley Electric Cooperative, Inc.	03/26/2010	$44,000.00	FY2010
Northwestern Electric Cooperative	09/15/2010	$19,000.00	FY2010
Adams Electric Cooperative, Inc.	02/23/2010	$50,000.00	FY2010
Pee Dee Electric Cooperative, Inc.	05/04/2010	$28,500.00	FY2010
Southwest Arkansas Electric Cooperative Corporation	11/05/2010	$54,700.00	FY2011
Harmon Electric Association, Inc.	11/23/2010	$9,500.00	FY2011

ELECTRIC LOANS FY 2010-2011 TO DATE

Mr. Kinston: What is the number and dollar amount of electric loans that have been approved for fiscal year 2010 and 2011 to date? Please indicate the amounts for hardship, municipal, FFB, and guaranteed loans.

Response: The information is submitted for the record.

[The information follows:]

ELECTRIC PROGRAM FY 2010 LOAN APPROVALS

(AS OF SEPTEMBER 30, 2010)

Loan Program	Number of Loans Approved	Total Dollar Amount Approved
FFB GUARANTEED	169	$6,500,000,000
HARDSHIP	4	$100,000,000
GUARANTEED ELECTRIC UNDERWRITING		$500,000,000
MUNICIPAL (No Funding)	0	0

TREASURY (No Funding)	0	0
Total	**173**	**$6,600,000,000**

ELECTRIC PROGRAM FY 2011 LOAN APPROVALS

(AS OF MARCH 31, 2011)

Loan Program	Number of Loans Approved	Total Dollar Amount Approved
FFB GUARANTEED	28	$1,053,923,000
HARDSHIP (No Allocation)	0	0
MUNICIPAL (No Funding)	0	0
TREASURY (No Funding)	0	0
Total	**28**	**$1,053,923,000**

CFC/COBANK LOAN DEMAND

Mr. Kingston: What is the demand for guaranteed CFC/CoBank electric loans?

Response: Historically, only CFC has subscribed to this program. In FY 2010, RUS guaranteed a loan to CFC for $500,000,000. Fiscal year 2011 would support a program level of $500 million.

ELECTRIC PROGRAM LOAN GUARANTEES:

Mr. Kingston: Please update the table showing requests for loan guarantees provided in the fiscal year 2007 hearing record for each electric loan program.

Response: The information is provided for the record.

[The information follows:]

ELECTRIC PROGRAM FY 2010 LOAN APPROVALS

(AS OF SEPTEMBER 30, 2010)

Loan Program	Number of Loans Approved	Total Dollar Amount Approved
FFB GUARANTEED	169	$6,500,000,000

ELECTRIC PROGRAM FY 2011 LOAN APPROVALS

(AS OF MARCH 31, 2011)

Loan Program	Number of Loans Approved	Total Dollar Amount Approved

FFB GUARANTEED	28	$1,053,923,000

PENDING ELECTRIC PROGRAM FFB GUARANTEED LOAN APPLICATIONS

(AS OF MARCH 31, 2011)

Loan Program	Number of Loans Approved	Total Dollar Amount Approved
FFB GUARANTEED	48	$7,412,527,250

ELECTRIC LOAN PROGRAM WRITE DOWNS FY 2010-2011

Mr. Kingston: Please provide a description of electric utility loan write-downs or forgiveness in fiscal year 2010 and what is expected in fiscal year 2011.

Response: The RUS Electric Program wrote off $167,591,940.04 in July of 2010. This was facilitated by the sale of the Saluda River Electric Coop ownership position in the Catawba Nuclear Plant, York County, SC. The Electric Program does not expect any write offs to occur in fiscal 2011.

ELECTRIC PROGRAM WRITE DOWNS AMOUNTS

Mr. Kingston: How much is at stake? How much is owed by the largest borrowers in bankruptcy? How much is principal and how much is accrued interest?

Response: One RUS Electric Program borrower is currently in bankruptcy (Naknek Electric Association, Inc., Naknek, AK). Naknek is not in default on its RUS loans. The current outstanding balance is $3,003,859.60. This balance represents approximately 17% of Naknek's total assets.

RURAL ELECTRIFICATION AND TELECOMMUNICATION LIQUIDATING ACCOUNT

Mr. Kingston: What is the current balance in the Rural Electrification and Telecommunication Liquidating Account?

Response: As this question did not specify what type of balance, we are providing the current obligation balance based on the fact that the following question is requesting the unliquidated obligation balance. The total amount of obligations as of March 31, 2011 is $99,298,232.85.

LIQUIDATING ACCOUNT UNDISBURSED AMOUNT

Mr. Kingston: What is the undisbursed amount in the Liquidating Account at the end of fiscal year 2010 and 2011 to date?

Response: The total undisbursed amount for FY 2010 is $43,726,594 and for March 31, 2011, is $43,706,594.

RURAL ECONOMIC DEVELOPMENT LOAN AND GRANT PROGRAM SOURCE OF FUNDS

Mr. Kingston: How are funds generated in the guaranteed electric underwriting loan program to subsidize the cost of the rural economic development loan and grant programs? How much was generated in fiscal year 2010 and 2011 (estimated) for the rural economic development loan and grant programs?

Response: According to Article IV, Section 4.1 of each Bond Guarantee, the borrower shall pay a guarantee fee to the RUS for deposit into the Rural Economic Development Subaccount maintained under Section 313(b)(2)(A) of the Rural Electric Act. In Section 4.2 of the Bond Guarantee, it states that the guarantee fee will be

in the amount of 30 basis points (0.30 percent) of the unpaid principal amount of the Bond payable in advance and semi-annually.
[The information follows:]

Bond A:	$ 1,000,000,000.00	fully disbursed
Bond B:	$ 1,500,000,000.00	fully disbursed
Bond C:	$ 500,000,000.00	fully disbursed
Bond D:	$ 500,000,000.00	($150,000,000 disbursed)

Fiscal Year	Amount
2010	$9,073,972.56
2011	9,346,384.44
TOTAL	$18,420,357.00

CUSHION OF CREDIT TEN YEAR EARNINGS TABLE

Mr. Kingston: Please provide a ten-year table showing the earnings generated from the Cushion of Credit account in the Electric and Telephone Liquidating account.

Response: The information is submitted for the record.

[The information follows:]

Fiscal Year	Amount
2002	$18,781,606.05
2003	35,939,626.44
2004	71,628,275.38
2005	89,106,402.34
2006	69,718,134.55
2007	37,475,627.26
2008	52,601,786.69
2009	80,918,427.58
2010	144,710,376.23
2011	322,045,254.28
Total	**$760,388,516.88**

CUSHION OF CREDIT BALANCE

Mr. Kingston: Please list the balance in the Cushion of Credit account as of October 1, 2007, including earnings, rescissions, transfers for the rural economic development loan and grant programs, and the estimated end of year balance.

Response: The balance in the cushion of credit account as of October 1, 2010, was $200,684,459.92. The balance as of October 1, 2011, as shown in the FY 2012 budget request is estimated to be $309,904,911.30, reflecting estimated earnings of $168,000,000 and program needs of $15,924,091. The budget request proposes to rescind $241,794,000 of the amount available. (Note: The FY 2011 Full-Year Appropriations Act rescinded $207,000,000 after the budget request was submitted.)

CORRELATION OF CUSHION OF CREDIT AND INTEREST RATES

Mr. Kingston: Please explain any correlations between earnings in the cushion of credit account as it ties to increases or decreases in interest rates.

Response: There is a correlation between earnings in the cushion of credit and the interest rates. Borrowers are earning interest at an annual rate of 2 percent on balances of prepayments made before 1987 and a 5 percent on balances of subsequent prepayments. When interest rates are low, more borrowers put prepayments in the cushion credit so the earning potential is higher. When commercial interest rates begin to increase and move above 5 percent the rate of deposits will lessen. Borrowers can only use funds in the cushion of credit to retire debt. Because of the increase prepayments, the account have higher earnings which in term increase the amount of funds that will transfer to the Rural Economic Development grant account.

RUS POLICY ON BASELOAD GENERATION AND ENVIRONMENTAL MITIGATION

Mr. Kingston: Please describe RUS policy on baseload generation and environmental mitigation.

Response: RUS considers baseload generation to be an eligible purpose per the Rural Electrification Act. Because of the risks associated with baseload construction, a separate subsidy rate for these investments should be calculated. Therefore the agency has worked with OMB to develop an agreed upon subsidy rate that is now several years old. However, the agency would need appropriations for the subsidy or legislative authority to collect a fee from our borrowers to cover any subsidy amount. RUS borrowers comply with National Environmental Policy Act regulations. RUS provided funding for $675 million in environmental improvement project in fiscal 2010.

IMPACT OF BASELOAD GENERATION MORATORIUM

Mr. Kingston: What effect has the change in policy had on borrowers and the communities they serve?

Response: RUS borrowers participating in baseload projects must seek private sector financing for investments. Increased costs of money related to private sector financing are directly passed on to retail distributors that in turn must collect these costs from their customers. The cost of the capital additions are reflected in their consumer rate base. Electric cooperatives average a consumer density of 7 consumers per mile of line. Investor-owned utilities average 34 consumers per mile of line while municipal electric systems average 44 consumers per mile of line.

DISTANCE LEARNING AND TELEMEDICINE: FY 2008-2011 PROJECTS

Mr. Kingston: Please provide a table showing fiscal years 2008 through 2011 approved projects for the Distance Learning and Telemedicine Program.

Response: The information is submitted for the record.

[The information follows:]

Year	DLT Loans	DLT Grants	Total DLT	Number
2008	$13,092,850	$30,148,953	$43,241,803	112
2009	$16,265,779	$36,287,654	$52,553,433	124

2010	0	$34,707,118	$34,707,118	108
2011	0	0	0	0

WATER AND WASTE DISPOSAL LOAN PROGRAM: 10 YEAR TABLE

Mr. Kingston: Please provide a table that shows the budget request and appropriation for the past ten fiscal years for the water and waste disposal loan program. Also, provide the number and amount of loans obligated for each fiscal year.

Response: The information is submitted for the record.

[The information follows:]

DIRECT RURAL WATER AND WASTE DISPOSAL LOANS FY 2001 THROUGH FY 2010

(Dollars in Thousands)

Fiscal Year	Requested	Appropriated	Number of Loans	Amount Obligated
2001	$1,032,000	$741,635	922	$788,938
2002	809,070	816,677	1,179	1,158,230
2003	813,950	905,133	858	779,090
2004	1,055,015	894,676	853	894,676
2005	1,000,000	992,000	866	921,408
2006	1,000,000	990,000	891	1,008,140
2007	990,000	990,000	810	1,097,035
2008	1,080,239	1,322,163	895	1,270,611
2009	1,304,217	857,336	433	554,095
2009 ARRA	0	2,733,516	457	991,645
2009 Supp.	0	49,590	19	17,726
2010	1,022,162	1,022,162	565	951,292
2010 ARRA	0	0	477	1,274,013
2010 Supp.	0	0	3	3,625
Total	**$10,106,653**	**$12,314,888**	**9,228**	**$11,710,524**

GUARANTEED WATER AND WASTE DISPOSAL LOANS FY 2001 THROUGH FY 2010

(Dollars in Thousands)

Fiscal Year	Requested	Appropriated	Number of Loans	Obligated
2001	$75,000	$75,000	5	$5,295
2002	75,000	75,000	6	2,268
2003	75,000	75,000	4	3,625
2004	75,000	75,000	5	41,183
2005	75,000	75,000	5	2,883
2006	75,000	75,000	3	2,500
2007	75,000	75,000	9	28,003
2008	75,000	75,000	17	18,402

2009	75,000	75,000	3	1,996
2010	75,000	75,000	7	10,721
Total	**$750,000**	**$750,000**	**64**	**$116,876**

WATER AND WASTEWATER PROGRAM BACKLOG

Mr. Kingston: Provide a state-by-state breakout of the application backlog as of the end of fiscal year 2010 and 2011 to date for the direct and guaranteed water and wastewater loan program.

Response: The information is submitted for the record.

[The information follows:]

State Name	FY 2010 # Loans	FY 2010 $ Loan	FY 2011 # Loans	FY 2011 $ Loan
ALABAMA	21	$27,858,031	22	$35,697,209
ALASKA	0	$0	0	$0
ARIZONA	4	$3,451,085	7	$8,090,501
ARKANSAS	38	$81,070,297	46	$93,039,417
CALIFORNIA	20	$58,074,895	14	$35,877,700
COLORADO	31	$29,455,592	30	$50,940,557
CONNECTICUT	2	$5,596,000	2	$9,375,000
DELAWARE	3	$33,395,568	2	$21,395,568
FLORIDA	9	$39,421,616	12	$42,954,301
GEORGIA	5	$17,266,787	6	$18,560,702
HAWAII	0	$0	0	$0
IDAHO	6	$7,427,976	2	$3,665,000
ILLINOIS	18	$35,189,400	14	$33,198,121
INDIANA	11	$21,407,362	16	$43,425,190
IOWA	61	$115,831,451	46	$79,940,349
KANSAS	18	$41,380,600	21	$39,685,700
KENTUCKY	27	$45,298,183	24	$52,832,400
LOUISIANA	40	$102,629,937	39	$113,803,980
MAINE	12	$17,010,000	6	$8,111,000
MARYLAND	5	$22,456,786	8	$31,561,340
MASSACHUSETTS	18	$31,714,100	13	$33,346,225
MICHIGAN	34	$132,760,113	35	$127,139,750
MINNESOTA	44	$112,495,232	41	$112,912,573
MISSISSIPPI	19	$18,885,127	25	$27,200,893
MISSOURI	13	$15,113,000	15	$36,446,225
MONTANA	4	$4,248,623	7	$10,483,591
NEBRASKA	7	$6,685,961	6	$4,901,400
NEVADA	1	$6,062,057	1	$6,062,057
NEW HAMPSHIRE	14	$36,838,725	7	$23,444,000
NEW JERSEY	7	$23,040,150	10	$22,647,090
NEW MEXICO	0	$0	2	$627,000
NEW YORK	36	$61,065,500	59	$84,774,530

NORTH CAROLINA	31	$106,503,710	24	$70,585,512
NORTH DAKOTA	8	$9,482,899	7	$3,190,499
OHIO	10	$40,355,500	7	$32,651,500
OKLAHOMA	24	$60,863,076	27	$81,070,440
OREGON	13	$37,492,680	11	$27,478,742
PENNSYLVANIA	46	$114,241,270	45	$103,920,628
PUERTO RICO	0	$0	0	$0
RHODE ISLAND	2	$1,057,000	3	$1,801,000
SOUTH CAROLINA	23	$83,053,579	25	$95,445,499
SOUTH DAKOTA	17	$21,939,139	16	$31,787,304
TENNESSEE	15	$38,615,100	16	$45,297,075
TEXAS	40	$96,957,440	45	$115,138,843
UTAH	6	$5,111,000	4	$6,309,000
VERMONT	4	$7,392,000	2	$4,194,000
VIRGIN ISLANDS	0	$0	0	$0
VIRGINIA	20	$35,890,777	20	$43,203,500
WASHINGTON	17	$98,418,565	21	$147,526,750
WEST VIRGINIA	27	$109,307,750	28	$58,675,260
WESTERN PACIFIC	1	$830,000	1	$830,000
WISCONSIN	17	$57,260,113	19	$57,984,257
WYOMING	2	$249,500	1	$5,556,557
Total	**851**	**$2,078,151,252**	**860**	**$2,144,785,735**

- The above figures only include direct loans. There are not backlogs of guaranteed water and wastewater applications.

WATER AND WASTE DISPOSAL PROGRAM FY 2010-2011 APPLICATIONS APPROVED

Mr. Kingston: Please provide a table listing by state the number and amount of applications approved in fiscal year 2010 and 2011.

Response: The information is submitted for the record.

[The information follows:]

WATER AND WASTE DIRECT LOANS AND GRANTS DISPOSAL APPLICATIONS APPROVED IN 2010

State Name	FY 2010 # Loans	FY 2010 $ Loans	FY 2010 # Grants	FY 2010 $ Grants	FY 2010 $ Totals
ALABAMA	11	$8,842,450	10	$7,787,000	$16,629,450
ALASKA	0	$0	51	$72,874,333	$72,874,333
ARIZONA	4	$6,891,000	53	$21,981,218	$28,872,218
ARKANSAS	43	$46,244,500	41	$64,098,500	$110,343,000
CALIFORNIA	25	$143,774,000	21	$32,291,057	$176,065,057
COLORADO	9	$27,063,000	11	$10,745,423	$37,808,423
CONNECTICUT	5	$8,300,000	6	$8,184,590	$16,484,590

DELAWARE	9	$42,870,000	7	$9,382,602	$52,252,602
FLORIDA	14	$48,141,000	14	$22,387,440	$70,528,440
GEORGIA	13	$21,887,000	8	$30,127,398	$52,014,398
HAWAII	3	$3,286,100	2	$733,269	$4,019,369
IDAHO	12	$42,443,000	16	$12,978,400	$55,421,400
ILLINOIS	37	$53,522,250	28	$14,964,063	$68,486,313
INDIANA	28	$70,191,500	15	$18,606,950	$88,798,450
IOWA	26	$44,111,500	21	$22,897,800	$67,009,300
KANSAS	31	$36,511,400	17	$15,593,759	$52,105,159
KENTUCKY	32	$68,417,000	32	$30,050,514	$98,467,514
LOUISIANA	14	$23,498,000	10	$24,479,518	$47,977,518
MAINE	24	$14,485,874	27	$20,534,304	$35,020,178
MARYLAND	15	$43,134,410	12	$23,888,301	$67,022,711
MASSACHUSETTS	18	$39,812,785	24	$47,088,740	$86,901,525
MICHIGAN	54	$121,106,000	29	$35,669,197	$156,775,197
MINNESOTA	23	$40,201,000	27	$20,043,000	$60,244,000
MISSISSIPPI	26	$26,222,106	21	$24,126,382	$50,348,488
MISSOURI	44	$56,223,300	45	$33,340,034	$89,563,334
MONTANA	17	$17,078,000	23	$23,034,714	$40,112,714
NEBRASKA	13	$11,651,000	13	$9,237,500	$20,888,500
NEVADA	6	$9,037,000	6	$4,974,403	$14,011,403
NEW HAMPSHIRE	8	$24,543,000	9	$14,843,779	$39,386,779
NEW JERSEY	13	$23,106,700	10	$9,797,997	$32,904,697
NEW MEXICO	12	$21,765,382	45	$33,365,185	$55,130,567
NEW YORK	38	$57,257,000	36	$29,649,257	$86,906,257
NORTH CAROLINA	53	$165,781,000	37	$71,852,217	$237,633,217
NORTH DAKOTA	15	$20,772,850	12	$8,443,179	$29,216,029
OHIO	15	$41,257,000	17	$37,311,046	$78,568,046
OKLAHOMA	24	$38,325,085	19	$48,974,163	$87,299,248
OREGON	8	$32,955,000	9	$10,630,090	$43,585,090
PENNSYLVANIA	40	$172,681,200	17	$35,776,400	$208,457,600
PUERTO RICO	6	$19,965,000	4	$7,321,000	$27,286,000
RHODE ISLAND	4	$1,615,000	5	$1,526,335	$3,141,335
SOUTH CAROLINA	32	$90,125,700	20	$52,540,500	$142,666,200
SOUTH DAKOTA	29	$25,078,000	26	$21,171,000	$46,249,000
TENNESSEE	38	$42,941,000	38	$22,849,391	$65,790,391
TEXAS	34	$85,246,500	33	$41,469,623	$126,716,123
UTAH	7	$8,020,000	7	$10,199,719	$18,219,719
VERMONT	9	$5,061,000	12	$9,916,451	$14,977,451
VIRGIN ISLANDS	0	$0	0	$0	$0
VIRGINIA	34	$108,336,580	19	$37,974,000	$146,310,580
WASHINGTON	23	$83,280,064	12	$21,461,400	$104,741,464

WEST VIRGINIA	17	$40,037,200	29	$45,930,203	$85,967,403
WISCONSIN	28	$44,462,700	31	$24,585,953	$69,048,653
WESTERN PACIFIC	0	$0	0	$0	$0
WYOMING	2	$1,372,000	1	$340,000	$1,712,000
Total	**1,045**	**2,228,930,136**	**1,038**	**1,260,029,297**	**3,488,959,433**

GUARANTEED WATER AND WASTE DISPOSAL LOAN APPLICATIONS APPROVED IN 2010

State Name	# Loans	Loan Amount Obligated
ALABAMA	1	$1,260,630
FLORIDA	1	$200,000
IDAHO	1	$1,285,000
IOWA	1	$5,300,000
KANSAS	1	$2,200,000
NEW MEXICO	1	$84,000
OKLAHOMA	1	$391,000
Total	**7**	**$10,720,630**

WATER AND WASTE DISPOSAL APPLICATIONS APPROVED IN 2011

STATE	FY 2011 # Loans	FY 2011 $ Loans	FY 2011 # Grants	FY 2011 $ Grants	FY 2011 $ Totals
ALABAMA	13	$14,712,107	7	$4,953,200	$19,665,307
ALASKA	0	$0	0	$0	$0
ARIZONA	0	$0	1	$51,300	$51,300
ARKANSAS	6	$4,030,000	4	$2,623,600	$6,653,600
CALIFORNIA	6	$15,019,000	7	$5,826,000	$20,845,000
COLORADO	5	$4,896,000	4	$2,398,000	$7,294,000
CONNECTICUT	2	$2,762,000	3	$1,213,600	$3,975,600
DELAWARE	1	$2,778,000	1	$1,208,000	$3,986,000
FLORIDA	4	$7,116,000	3	$5,202,900	$12,318,900
GEORGIA	6	$9,176,600	3	$4,545,350	$13,721,950
HAWAII	0	$0	0	$0	$0
IDAHO	4	$4,256,000	3	$1,850,000	$6,106,000
ILLINOIS	13	$11,145,000	5	$3,354,450	$14,499,450
INDIANA	7	$6,623,400	1	$1,297,000	$7,920,400
IOWA	7	$2,053,000	7	$2,685,300	$4,738,300
KANSAS	6	$7,780,000	5	$2,383,800	$10,163,800
KENTUCKY	14	$14,151,000	12	$4,927,000	$19,078,000
LOUISIANA	8	$10,761,000	6	$4,650,698	$15,411,698
MAINE	4	$3,125,000	4	$3,144,000	$6,269,000
MARYLAND	3	$6,654,000	3	$2,037,500	$8,691,500

MASSACHUSETTS	3	$3,242,000	3	$998,000	$4,240,000
MICHIGAN	11	$18,041,000	3	$5,989,000	$24,030,000
MINNESOTA	6	$10,278,000	3	$1,860,000	$12,138,000
MISSISSIPPI	7	$8,102,000	5	$5,375,300	$13,477,300
MISSOURI	19	$11,860,900	9	$4,450,260	$16,311,160
MONTANA	2	$1,504,400	3	$808,670	$2,348,670
NEBRASKA	5	$5,358,000	6	$3,329,000	$8,687,000
NEVADA	1	$1,574,000	0	$0	$1,574,000
NEW HAMPSHIRE	5	$2,056,000	5	$1,784,900	$3,840,900
NEW JERSEY	4	$3,701,000	3	$1,275,000	$4,976,000
NEW MEXICO	1	$3,695,000	1	$1,250,000	$4,945,000
NEW YORK	2	$925,000	2	$1,583,000	$2,508,000
NORTH CAROLINA	9	$21,004,492	6	$7,809,000	$28,813,492
NORTH DAKOTA	1	$251,300	0	$0	$251,300
OHIO	7	$9,400,000	5	$5,855,800	$15,255,800
OKLAHOMA	2	$2,389,000	2	$1,615,036	$4,004,036
OREGON	0	$0	0	$0	$0
PENNSYLVANIA	3	$9,197,800	2	$3,477,300	$12,675,100
PUERTO RICO	2	$5,285,000	2	$1,795,500	$7,080,500
RHODE ISLAND	0	$0	0	$0	$0
SOUTH CAROLINA	8	$14,194,200	5	$5,027,800	$19,222,000
SOUTH DAKOTA	6	$5,695,000	3	$1,529,000	$7,224,000
TENNESSEE	11	$12,563,000	10	$3,711,800	$16,274,800
TEXAS	11	$17,945,300	6	$7,134,400	$25,079,700
UTAH	3	$1,263,000	3	$1,710,500	$2,973,500
VERMONT	4	$5,292,000	3	$1,467,500	$6,759,500
VIRGIN ISLANDS	0	$0	0	$0	$0
VIRGINIA	9	$13,928,900	6	$6,262,500	$20,191,400
WASHINGTON	7	$9,225,500	2	$1,604,000	$10,829,500
WEST VIRGINIA	3	$1,320,400	2	$1,106,000	$2,426,400
WESTERN PACIFIC	0	$0	0	$0	$0
WISCONSIN	3	$14,562,500	2	$3,729,530	$18,292,030
WYOMING	2	$212,000	2	$151,000	$363,000
Total	**266**	**$341,104,799**	**183**	**$137,041,494**	**$478,181,893**

GUARANTEED WATER AND WASTE DISPOSAL LOAN APPLICATIONS APPROVED IN 2011

State Name	# Loans	Loan Amount Obligated
MONTANA	1	$35,600
Total	**1**	**$35,600**

WATER AND WASTE DISPOSAL PROGRAM USAGE FOR EXPANSION

Mr. Kingston: In fiscal year 2010 and 2011, what percent of water and waste disposal loans were used for expansion of existing systems?

Response: The information is submitted for the record.

[The information follows:]

FY Obligated	Loan Amount Obligated	Loan Amt for Expansion	Percent Expansion
2010	$2,236,434,722	$585,750,405	26%
2011	$341,514,241	$64,005,600	19%

WATER AND WASTE DISPOSAL GRANTS: 10 YEAR TABLE

Mr. Kingston: Please provide a ten-year table showing the Administration's request, the amount appropriated, and the number and dollar amounts obligated for water and waste disposal grants.

Response: The information is submitted for the record.

[The information follows:]

RURAL WATER AND WASTE DISPOSAL GRANTS FY 2001 THROUGH FY 2010

(Dollars in Thousands)

Fiscal Year	Requested	Appropriated	Number of Grants	Amount 1/ Obligated
2001	$502,369	$474,430	1,112	$578,525
2001 Supp.	0	0	25	16,000
2002	529,490	586,793	1,213	933,053
2003	587,012	590,674	1,159	622,293
2003 Supp.	0	0	1	114
2004	345,952	551,429	1,039	551,596
2005	345,460	431,078	969	468,688
2005 Supp.	0	50,000	50	38,852
2006	377,062	437,748	951	436,247
2006 Supp.	0	45,000	22	26,248
2007	381,385	422,152	950	467,919
2007 Supp.		0	7	13,010
2008	349,920	545,198	864	523,117
2009	219,838	389,328	634	330,782
2009 AARA	0	938,960	365	589,903
2009 Supp.	0	0	23	16,476
2010	469,159	469,659	708	698,633
2010 ARRA	0	0	324	554,614
2010 Supp.	0	0	5	6,781
Total	**$4,107,716**	**$5,938,584**	**10,421**	**$6,865,309**

1/ Amounts obligated exceed the appropriated amounts due to inclusion of obligations from supplemental appropriations and carryover from the previous years.

WATER AND WASTE DISPOSAL PROGRAM APPLICATIONS IN HAND

Mr. Kingston: How many applicants did you have on hand at the end of fiscal year 2010 and 2011, both in terms of numbers of applications and dollar amounts? Please provide a table listing these applications by state.

Response: The information is submitted for the record.

[The information follows:]

State Name	FY 2010 # Grants	FY 2010 $ Grants	FY 2011 # Grants	FY 2011 $ Grants
ALABAMA	14	$16,089,027	16	$16,196,691
ALASKA	6	$9,567,720	6	$9,567,720
ARIZONA	2	$6,911,394	8	$15,396,317
ARKANSAS	28	$19,949,450	30	$20,054,756
CALIFORNIA	19	$33,442,436	16	$27,954,185
COLORADO	27	$14,332,305	24	$12,544,597
CONNECTICUT	2	$2,155,600	3	$3,147,725
DELAWARE	3	$5,111,000	2	$2,111,000
FLORIDA	7	$12,059,887	14	$22,307,856
GEORGIA	4	$8,654,279	6	$12,577,306
HAWAII	0	$0	0	$0
IDAHO	9	$3,612,524	6	$1,795,000
ILLINOIS	15	$16,104,824	15	$11,046,173
INDIANA	10	$15,458,950	12	$14,071,900
IOWA	42	$39,843,777	31	$30,932,370
KANSAS	12	$10,317,750	16	$10,484,850
KENTUCKY	24	$19,507,312	24	$23,846,100
LOUISIANA	33	$43,702,297	33	$49,917,583
MAINE	12	$17,179,000	7	$7,220,000
MARYLAND	9	$8,011,692	12	$11,412,271
MASSACHUSETTS	17	$33,095,135	14	$29,804,354
MICHIGAN	22	$37,280,000	18	$24,016,250
MINNESOTA	41	$74,161,280	37	$74,226,506
MISSISSIPPI	17	$14,926,671	22	$14,874,574
MISSOURI	14	$14,789,090	14	$12,920,885
MONTANA	5	$5,525,871	9	$7,166,442
NEBRASKA	7	$10,011,987	6	$2,719,000
NEVADA	2	$2,045,435	2	$2,045,435
NEW HAMPSHIRE	10	$22,916,275	4	$13,391,000
NEW JERSEY	6	$5,541,550	8	$5,509,450
NEW MEXICO	3	$3,362,470	9	$11,662,202
NEW YORK	35	$47,512,150	58	$65,725,777
NORTH CAROLINA	24	$35,193,015	16	$23,588,559
NORTH DAKOTA	8	$4,738,266	7	$3,588,666
OHIO	10	$18,202,300	6	$12,926,300
OKLAHOMA	22	$25,618,187	20	$24,822,647
OREGON	11	$12,450,060	10	$17,800,400
PENNSYLVANIA	44	$109,239,767	39	$120,525,099
PUERTO RICO	0	$0	0	$0
RHODE ISLAND	3	$878,000	4	$1,484,000

SOUTH CAROLINA	23	$73,351,234	24	$70,538,914
SOUTH DAKOTA	18	$14,565,756	17	$11,278,175
TENNESSEE	13	$9,559,150	12	$14,275,075
TEXAS	39	$54,376,870	41	$51,838,375
UTAH	12	$7,892,045	8	$9,840,045
VERMONT	3	$4,587,750	2	$2,397,000
VIRGIN ISLANDS	0	$0	0	$0
VIRGINIA	20	$62,439,827	20	$45,868,250
WASHINGTON	9	$10,726,522	10	$21,267,750
WEST VIRGINIA	35	$221,934,959	30	$83,156,531
WESTERN PACIFIC	1	$830,000	1	$830,000
WISCONSIN	13	$13,234,570	11	$14,543,450
WYOMING	3	$1,114,596	1	$1,852,186
Total	**768**	**$1,254,112,012**	**761**	**$1,099,067,697**

WATER AND WASTE DISPOSAL PROGRAM: LOAN TO GRANT RATIOS

Mr. Kingston: Provide a table with the average loan to grant ratios for the water and waste program for the last five fiscal years.

Response: The information is submitted for the record.

[The information follows:]

Fiscal Year	Ratio of Loan to Grant	% Loan	% Grant
2010	1.77	64%	36%
2009	1.71	63%	37%
2008	2.33	70%	30%
2007	2.33	70%	30%
2006	2.14	68%	32%

WATER AND WASTE PROGRAM PROPOSED BUDGET CUTS

Mr. Kingston: The budget request includes a decrease for water and waste grants. What is the backlog for water and waste grants? How do you reconcile the budget request against the obvious demand that is out there for water and waste grant projects?

Response: The agency has approximately $3.2 billion in pending applications for funding to construct rural water and waste infrastructure. The decrease reflects the outcome of difficult choices needed to address challenging times. The 2012 budget provides $489 million in budget authority to support $770 million in direct loans, $12 million in guaranteed loans, and $415 million in grants for a total program level of about $1.2 billion. We will use these funds to address the needs of as many rural communities as we are able and estimate that 1.2 million rural residents will benefit from new or improved water and waste infrastructure as a result.

CIRCUIT RIDERS

Mr. Kingston: Please provide the number and amount of circuit riders obligated in fiscal years 2008 through 2011 by state?

Response: The information is submitted for the record.

[The information follows:]

	Regular Circuit Rider Contract				ARRA Circuit Rider Contract		
	FY 2008	FY 2009	FY 2010	FY 2011	FY 2009	FY 2010	
Obligations	$13,653,750	$13,592,465	$14,336,163	$8,878,872	$4,100,334	$10,179,666	
State	CR #	CR #	CR #	CR #	CR #	CR #	
AK	2	2	2	2	1	1	
AL	3	3	3	3	2	2	
AR	3	3	3	3	2	2	
AZ	2	2	2	2	1	1	
CA	3	3	3	3	2	2	

/RI	2	2	2	2	2	2	
CO	2	2	2	2	1	1	
DE	2	2	2	2	1	1	
FL	2	2	2	2	1	1	
GA	3	3	3	3	2	2	
HI	0	0	0	1	1	1	
IA	2	2	2	2	2	2	
ID	3	3	3	3	2	2	
IL	3	3	3	3	2	2	
IN	2	2	2	2	2	2	
KS	2	2	2	2	2	2	
KY	3	3	3	3	2	2	
LA	3	3	3	3	2	2	
MA	2	2	2	2	2	2	
MD	2	2	2	2	2	2	
ME	2	2	2	2	2	2	
MI	3	3	3	3	2	2	
MN	2	2	2	2	2	2	
MO	3	3	3	3	2	2	
MS	3	3	3	3	2	2	
MT	2	2	2	2	1	1	
NC	3	3	3	3	2	2	
ND	2	2	2	2	1	1	
NE	2	2	2	2	2	2	
NH	2	2	2	2	1	1	
NJ	2	2	2	2	2	2	
NM	2	2	2	2	2	2	
NV	2	2	2	2	1	1	
NY	3	3	3	3	2	2	
OH	2	2	2	2	2	2	
OK	3	3	3	3	2	2	
OR	3	3	3	3	2	2	
PA	2	2	2	2	2	2	

SC	2	2	2	2	2	2	
SD	2	2	2	2	2	2	
TN	3	3	3	3	2	2	
TX	3	3	3	3	2	2	
UT	2	2	2	2	1	1	
VA	2	2	2	2	2	2	
VT	2	2	2	2	2	2	
WA	3	3	3	3	2	2	
WI	2	2	2	2	2	2	
WV	3	3	3	3	2	2	
WY	2	2	2	2	1	1	
TOTAL	115	115	115	116	86	86	

TECHNICAL ASSISTANCE GRANTS FY 2008-2011

Mr. Kingston: Please provide a list of all technical assistance grants that were made in fiscal years 2008 through 2011 by state.

Response: The information is submitted for the record.

[The information follows:]

TECHNICAL ASSISTANCE AND TRAINING GRANTS					
APPLICANT	**STATE**	**FY08**	**FY09**	**FY10**	**FY11**
Alaska Forum	AK	$175,000	$175,000	$238,880	
Alaska Native Tribal Health Consortium	AK	$100,000		$270,000	
IA Onsite Wastewater Association	IA			$100,000	
MO IncuTech Foundation dba MO Enterprises	MO		$80,000		
National Rural Water Association	OK	$10,300,000	$10,600,000	$10,500,000	
National Tribal Environmental Council	NM	$794,400	$850,000	$800,000	
Native American Water Association	NV	$274,200	$280,000	$280,000	
Northern ME Development Commission	ME	$80,000	-	$92,000	
Rural Community Assistance Partnership	DC	$5,560,800	$5,700,000	$6,000,000	
SE Technical Assistance Service	MO			$56,000	
Tanana Chiefs Conference	AK	$100,000	$150,000	$161,151	
West Virginia University (NDWC)	WV	$986,100	$1,007,828	$787,479	
Zender Environmental Health& Research	AK			$214,490	
Total		**$18,370,500**	**$18,842,828**	**$19,500,000**	**$0**

EMERGENCY COMMUNITY WATER ASSISTANCE GRANTS FY 2008-2011

Mr. Kingston: Please provide a table showing Emergency Community Water Assistance Grants made in fiscal years 2008 through 2011 by state.

Response: The information is submitted for the record.

[The information follows:]

State	FY 2008	FY 2009	FY 2010	FY 2011
ALABAMA	$0	$54,600	$135,000	$0
CALIFORNIA	$150,000	$0	$0	$0
IDAHO	$650,000	$15,000	$0	$0
ILLINOIS	$334,400	$0	$493,000	$0
KENTUCKY	$500,000	$0	$0	$0
MISSOURI	$150,000	$574,000	$1,089,085	$0
MONTANA	$500,000	$0	$0	$0
NEBRASKA	$1,730,000	$1,177,000	$264,000	$0
NEVADA	$0	$500,000	$0	$0
NEW MEXICO	$500,000	$0	$0	$0
NEW YORK	$240,000	$0	$0	$0
OKLAHOMA	$464,000	$500,000	$76,500	$149,450
OREGON	$0	$126,000	$0	$0
TENNESSEE	$1,107,700	$925,000	$500,000	$0
TEXAS	$0	$85,000	$0	$0
WASHINGTON	$506,000	$583,000	$0	$0
WEST VIRGINIA	$0	$0	$90,900	$0
Total	**$6,832,100**	**$4,539,600**	**$2,648,485**	**$149,450**

BROADBAND LOAN PROGRAM

Mr. Kingston: Please update the Committee on the status of funding provided to finance broadband transmission and local dial-up service in rural areas. How much of the grant funding has been spent to date? Please break out the number and amount of loans and grants provided to broadband transmission and local dial-up service?

Response: The information is submitted for the record.

[The information follows:]

Farm Bill Broadband Loan Program:

Fiscal Year	Loans Approved	Obligations in FY
2003	2	$56,263,000
2004	33	$602,946,931
2005	13	$111,422,000
2006	15	$329,209,000
2007	17	$519,592,000
2008	13	$438,475,000
2009	4	$6,652,000
2010	5	$74,296,722
2011	0	0

Total	**102**	**$2,138,856,653**

Pilot Broadband Loan Program:

Fiscal Year	Loans Approved	Obligations in FY
2001	12	$100,000,000
2002	16	$80,000,000
Total	**28**	**$180,000,000**

Community Connect Broadband Grant Program:

Fiscal Year	Grants Approved	Obligations in FY
2003	74	$32,139,414
2004	0	0
2005	35	$17,875,533
2006	21	$8,910,000
2007	19	$10,342,774
2008	26	$15,684,046
2009	22	$13,385,526
2010	0	0
2011	0	0
Total	**197**	**$98,337,293**

BROADBAND LOAN PROGRAM BACKLOG

Mr. Kingston: What were the backlog number and amount at the end of fiscal year 2010 for the broadband telecommunication loan and grant programs?

Response: The information is submitted for the record.

[The information follows:]

FY 2011 Demand:	**Current Available (dollars in thousands)**		**Backlog/Estimated Demand (dollars in thousands)**		**Shortfall (dollars in thousands)**	
	PL	**BA**	**PL**	**BA**	**PL**	**BA**
Infrastructure Loans	690,000	-	1,000,000	-	-310,000	-
Broadband Loans	702,299	39,188	24,000,000	1,339,200	-23,297,700	-1,300,012
Community Connect Grants	43,471	43,471	90,000	90,000	-46,528	-46,528
DLT Grants	66,516	66,516	72,000	72,000	-5,484	-5,484

BROADBAND TELECOMMUNICATION LOANS AND GRANTS: FY 2002-2011

Mr. Kingston: Please provide a table showing the history of the amount requested, appropriated, and the number and amount obligated for fiscal years 2002 through 2011 for the broadband telecommunication loan and grant programs? Break out by mandatory and discretionary funding.

Response: The information is submitted for the record.

[The information follows:]

(Dollars in Thousands)

FY	Name	Requested Program Level	Appropriated Program Level		Budget Authority	Number Obligated	Program Level Obligated	Subsidy Obligated
2001	Discretionary Loans	0	$100,000		0	12	$100,000	0
2002	Discretionary Loans	$100,000	80,000		0	16	80,000	0
2002	Mandatory Direct and Guaranteed Loans	0	0	1/	$20,000	0	0	0
2003	Discretionary Loans	79,535	0		0	0	0	0
2003	Mandatory Direct and Guaranteed Loans	0	0	1/	20,000	2	56,263	$1,249
2004	Discretionary Treasury Rate Loans	196,465	598,102		13,039	32	598,102	13,039
2004	Mandatory Direct and Guaranteed Loans	0	0	1/	20,000	2	4,845	222
2005	Discretionary Direct and Guaranteed Loans	331,081	545,600	2/	11,621	12	96,465	2,055
2005	Mandatory Direct and Guaranteed Loans	0	0		20,000	1	14,957	319
2006	Mandatory Direct and Guaranteed Loans	0	0		0	0	0	0

2006	Discretionary Treasury Rate Loans 2005/2006	0	0		0	15	329,209	7,077
2006	Discretionary Treasury Rate Loans 2006/2007		495,000		10,642	0	0	0
2007	Discretionary Treasury Rate Loans 2006/2007	0	0		0	17	250,959	5,395
2007	Discretionary Treasury Rate Loans 2007	297,023	0		0	0	0	0
2008	Discretionary Treasury Rate Loans 2008	300,000	297,900		6,405	0	0	0
2008	Discretionary Treasury Rate Loans 2007/2008	0	0		0	13	438,475	9,427
2009	Discretionary Treasury Rate Loans	133,538	400,484		15,619	3	6,042	236
2009	Discretionary Treasury Rate Loans - ARRA	0	12,435,897		485,000	0	0	0
2010	Discretionary Treasury Rate Loans	531,699	400,000		28,960	5	74,297	5,379
2010	Discretionary Treasury Rate Loans - ARRA	0	0		0	201	1,191,845	86,290
Total		$1,969,341	$15,352,983	..	$15,352,983	$331	$3,241,459	$130,688

1/ The 2002 Farm Act enacted the mandatory broadband program, which provided $20 million in appropriations for 2002-2005 and $10 million in appropriations from 2006-2007. No program levels were specified in the Farm Act.

2/ Treasury Rate Loans.

BROADBAND LOAN PROGRAM FUNDING PROJECTION

Mr. Kingston: How much mandatory and discretionary budget authority is estimated to be available and obligated for the broadband loan program in fiscal years 2010 through 2012?

Response: No mandatory funding is available in Fiscal Years 2011 and 2012. The 2012 budget does not request discretionary funding for this program.

[The information follows:]

Expected Funding for the Broadband Loan Program
($ in thousands)

Fiscal Year	Available		Type	Obligations	
	Budget Authority	Program Level		Budget Authority	Program Level
2010	$29,567	$532,000	Discretionary	$5,379	$74,296
2011	39,188	702,294*	Discretionary	23,000	400,000

*At current subsidy rates

RURAL RESIDENTS SERVED WITH THE BROADBAND PROGRAM

Mr. Kingston: How many rural residents were to access broadband service during the 2002 through 2007 time period and 2008 through 2011 time period due to the RUS broadband program? Please use the definition of rural included in the March 14, 2011, Interim Final Rule for the RUS broadband program.

Response: From 2002-2007, RUS broadband loans provided funding for new or improved access to 661,490 borrowers' subscribers. From 2008 to 2011, RUS broadband loans provided funding for new or improved access to 609,150 borrowers' subscribers. None of these loans were made under the new definition of rural included in the March 14, 2011, Interim Final Rule for the RUS broadband program, which states: the term "rural area" means any area, as confirmed by the latest decennial census of the Bureau of Census, which is not located within

- a city, town, or incorporated area that has a population of greater than 20,000 inhabitants; or
- an urbanized area contiguous and adjacent to a city or town that has a population of greater than 50,000 inhabitants.

BROADBAND LOAN PROGRAM IN UNDERSERVED AREAS

Mr. Kingston: How many of the broadband loans made in fiscal year 2010 were made to areas with existing rural cable operators? How many were to unserved areas?

Response: Although competition was not prohibited under the 2002 Farm Bill, the agency did take into consideration during the loan review process for the Farm Bill broadband loan program, the number of incumbent service providers. However, the agency did not differentiate between types of incumbent service providers and therefore no distinction was made in the agency's records. Most applications had existing service providers; however there were differing levels of broadband service available. In some cases, existing service was spotty and did not cover outlying or more rural areas.

BROADBAND LOAN PROGRAMS

Mr. Kingston: Please describe the differences for broadband telecommunications borrowers in four percent, Treasury rate, and guaranteed loans. Why are the different programs necessary? How do these loan programs compare in terms of risk and cost to the taxpayer?

Response: Three types of lending are authorized by statute and several programs are available to meet the varying needs of rural communities.

The Direct hardship loans bear interest at a fixed rate of 4 percent per year. These loans are intended for borrowers with high investment costs in terms of "per subscriber" service. These borrowers also have a very low number of subscribers for each mile of telecommunications line constructed. This low subscriber "density" inherently increases the cost to serve the most sparsely populated rural areas. Because of the high cost of the investment needed, these borrowers may not be able to afford higher interest rate loans. Cost to the taxpayer for these types of loans varies based on the interest rate differential between the government's current cost of capital and the fixed 4 percent lending rate.

The Treasury rate loans bear interest at the government's cost of money or the current Treasury rate. Thus, the interest charged varies with the Treasury rate. As Treasury rates increase, so does the cost to the borrower for these loans. Since the interest rate is tied to the cost of borrowing from the Treasury, there is very little cost to the taxpayer for these loans in terms of subsidy.

Guaranteed loans allow borrowers the option of requesting a Rural Utilities Service guarantee of financing from a non-government lender. Interest rates charged by non-government lenders are set by those lenders.—Although the ability to offer guaranteed loans was authorized, RUS has not had a request from any applicant for a guaranteed loan under the Farm Bill Broadband Loan Program.

BROADBAND PROGRAM INTERIM FINAL RULE

Mr. Kingston: Please provide a brief summary of the Interim Final Rule for the broadband program.

Response: The Rural Utilities Service (RUS) amended its regulation for the Rural Broadband Access Loan and Loan Guarantee Program (Broadband Loan Program). Since the Broadband Loan Program's inception in 2002, the agency has faced and continues to face significant challenges in delivering the program due to the following factors: (1) the competitive nature of the broadband market in certain geographic areas: (2) the significant number of companies proposing to offer broadband service that are start-up organizations with limited resources; (3) continually evolving technology: and (4) economic factors such as the higher cost of serving rural communities. In addition, the Office of Inspector General, in a 2005 report, made recommendations to improve program efficiency. For these reasons and in an effort to improve program operation, the agency was published proposed changes to the program's regulation in the Federal Register on May 11, 2007, at 72 FR 26742. While the agency was reviewing public comments and revising the rule, the Food, Conservation, and Energy Act of 2008 (2008 Farm Bill) was enacted and changed the statute under which the program operates. The proposed rule and key aspects of the public comments were shared with Congress during its deliberations, and the majority of the proposed changes in the proposed rule were incorporated into the legislation, with and without modification. For instance, the proposed rule lowered the equity requirement from 20 percent of the loan value to 10 percent. Congress enacted that change.

Other changes the Congress incorporated were several new restrictions not found in the 2002 Farm Bill. These were in response to growing public criticism of federally funded competition. First, funding is restricted in areas that contained 3 or more incumbent service providers, which is defined as serving not less than 5 percent of the proposed service area. Second, a requirement was added that at least 25 percent of the proposed service area not has access to more than one incumbent service provider. And third, for incumbent service providers that were merely upgrading the quality of broadband service in their existing service territory, the prior restrictions on competition would be waived.

In response to the growing national debate on what was rural, the 2008 Farm Bill relaxed the restriction to permit urbanized areas that were not adjacent and contiguous to areas with a population of more than 50,000 inhabitants. And lastly, the 2008 Farm Bill incorporated the concept of not requiring market studies for applicants that relied on a penetration rate of less than 20 percent for the loan to be feasible.

In accordance with the statute and taking into account the public comments received regarding the proposed rule to the extent possible, this interim rule presents the regulations that will govern the program until a final rule is published. The agency is seeking comments regarding this interim rule to guide its efforts in drafting the final rule for the Broadband Loan Program.

USDA BROADBAND PROGRAM VS UNIVERSAL SERVICE FUND

Mr. Kingston: Please describe the difference between USDA's broadband program and the Federal Communication Commission's Universal Service Fund's existing and proposed programs.

Response: The concept of universal service is a principal dating back to the early 1900s. The Universal Service Fund can trace its statutory basis to the Communications Act of 1934. The first line of that statute states that its purpose is to "make available, as far as possible, to all the people of the United States…a rapid, efficient, Nation-wide, and world-wide wire and radio communication service with adequate facilities at reasonable charges…."

Over time a complex array of rules evolved to advance universal service relating to service quality, service territories, cost allocations, rate making, jurisdictional separations and payments among and between carriers to pay for network deployment and to pay each other for originating and completing each others' calls. During the era of monopoly regulation, differential rates between rural and urban, local and long distance, inter-state and intra-state combined with exclusive service territories where significant tools to ensure universal service. Carriers also compensated each other for originating and terminating calls through the settlements process.

When the Congress enacted the Telecommunications Act of 1996, and the regulated monopoly paradigm gave way to the competitive markets we know today, it strengthened the legislative basis for the universal service support system, opened all markets to competition and introduced a process of transforming implicit support mechanisms (differential rates) into explicit support (Universal Service Fund (USF) payments and assessments). That process continues today and is at the heart of the FCC's USF reform efforts.

Section 254 of the Telecommunications Act of 1996 ('96 Act) established the key universal service principals for the FCC to implement in a newly competitive telecommunications market. Those principals include, --

- the availability of quality service at just, reasonable and affordable rates;
- the provision of access to advanced telecommunications in all regions of the country, reasonably comparable services and comparable rates for consumer including those in rural, insular, low income and high cost areas;
- increased access to advanced services for schools, libraries and rural health care facilities;
- equitable and non-discriminatory contributions from all providers of telecommunications services to the preservation and advancement of universal service; and
- Specific, predictable and sufficient Federal and State mechanisms to preserve and advance universal service.

Today, the USF provides support for telecommunications services to high cost areas (typically rural areas), low income consumers, rural health care providers and schools and libraries. The USF is administered under contract and under FCC rules by a private entity, the Universal Service Administrative Company (USAC), a subsidiary of the National Exchange Carriers Association (NECA). The USF is funded by assessments pursuant to FCC rules on interstate and international carrier revenues. The funds never touch the US treasury, but under budget rules are considered in the calculation of the federal deficit. Inter-carrier Compensation (ICC) rates, the charges carriers make to each other to originate and complete calls historically has been another mechanism to support universal service. Since the passage of the '96 Act, the FCC and States have reduced those rates and in some cases replaced those revenue streams with additional support payments from the USF or State universal service funds.

Federal and State USF and ICC payments are significant sources of revenues for many rural carriers serving high cost areas. USF and ICC rules are under review by the FCC. In broad terms, the FCC has proposed to transition the USF system from one built on the premises of circuit switched voice technology to a 21st century USF premised on modern broadband networks where voice is one application of many video, data and communications applications. The FCC has proposed creating new funds, known as the Connect America Fund (CAF) and the Mobility Fund (MF) which would be introduced and perhaps eventually replace existing USF support mechanisms. They have also proposed reforms which could reduce the existing USF.

The RUS Telecommunications and broadband loan programs are based on statutes enacted in 1949 and 2002 (amended in 2008) respectively to provide reliable low cost loans to entities serving rural areas. The agency also administers a modest broadband grant program targeted to very rural, sparsely populated, lower income areas with no broadband known as the "Community Connect Program."

The RUS loan programs, including the broadband loan program offer low interest financing as an incentive for service providers to bring advanced telecommunications services to rural areas. RUS only finances infrastructure and does not extend credit for operations. RUS loans are paid back by the borrower. With few exceptions, RUS maintains a first lien on all after acquired property of the borrower. The loans are expected to be repaid. RUS is an incentive lender, not a lender of last resort. It therefore looks for good credit risks.

In making a credit decision RUS considers all sources of revenues to determine whether an applicant can repay its loans. USF and ICC revenues are among the considerations in our underwriting process. Our telecommunications loan portfolio is predominately made up of rural local exchange carriers (RLECs). 476 of the 480 telecommunications program borrowers receive USF support. Approximately 10 percent of our broadband program borrowers receive USF support and about 60 percent of our 297 Broadband Initiative Program (BIP) infrastructure awardees received USF support.

Changes in revenue streams from any source will certainly affect future lending decisions and a loss of revenues, from any source could also affect the security of the existing portfolio.

FCC broadband proposals are part of an overall reform of USF support. The RUS broadband loan program is a lending program which considers all sources of revenue to make lending decisions.

The RUS and FCC programs are not duplicative. They operate independently, but both the FCC and RUS work to understand each other's work. The programs are related in that RUS considers USF and ICC payments as a part of our underwriting and the low interest rates RUS is able to offer service, helps control rural cost of service.

Because RUS has expertise in the actual cost of rural infrastructure, I wrote to the Chairman of the FCC last year to offer to make aggregated loan data available to the FCC for analysis to assist the FCC understand rural cost factors.

WATER AND WASTE WATER REVOLVING FUND

Mr. Kingston: What is the status of the water and wastewater revolving fund? Were funds obligated in fiscal year 2010 and 2011?

Response: Since the beginning of the revolving fund program (FY 2004), $3,473,050 has been obligated. The unliquidated balance is $248,500 (from FY 2010; grant year ends September 30, 2011). These funds, along with the grantee matching funds, have resulted in $4,836,000 in loans to small rural communities. The total allowable loan amount is limited to $100,000 or less. Loans are used for pre-development costs in anticipation of construction, short term financing of equipment replacement, small scale extensions, and other small capital projects that are not part of regular operation and maintenance activities and too small to be cost effective for RUS loan program. For FY 2010, $497,000 was obligated. Of this amount, $248,500 remains un-liquidated. No funds are available in FY 2011 for this program.

Questions Submitted by Ms. Jo Ann Emerson

RURAL WATER AND WATERWASTE LOANS

Ms. Emerson: The budget proposes a reduction in rural water-sewer loans. What is the backlog of demand for financing and how much of that is loan vs. grant?

Response: The agency currently has approximately $3.2 billion in pending applications for funding to construct rural water and waste infrastructure, consisting of approximately $2,144,785,735 in loan and $1,099,067,697 in grant.

Ms. Emerson: In FY 10 what was the average loan and grant combination?

Response: In fiscal year 2010, the program achieved an overall ratio of loan to grant of 64 percent loan and 36 percent grant for its fiscal year 2010 appropriated funds. The overall program loan to grant ratio for obligations made in fiscal year 2010 pursuant to the American Recovery and Reinvestment Act was 70 percent loan and 30 percent grant. The average loan in fiscal year 2010 was $2.2 million and the average grant was $1.4 million.

RURAL WATER AND WASTE DISPOSAL PROGRAMS

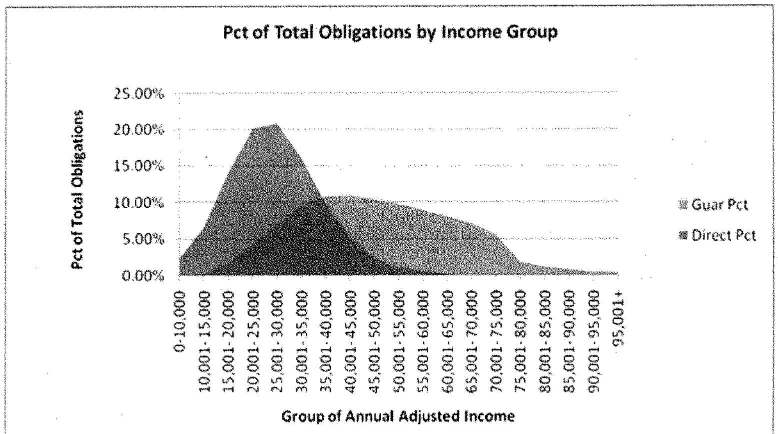
Ms. Emerson: Since 2003 budget authority available through appropriations (as opposed to the FY 2007 farm bill) has fallen from about $723 million to the proposed rate of $489 million. What impact has this change had on the communities served under the program? Are we serving larger communities that are relatively better off? Are we providing financing that is affordable and does not burden our smaller communities?

Response: Rural Development offers those rural communities who have a critical need for infrastructure, but are unable to obtain financing at reasonable rates on the open market. We continue to work with eligible communities of varying sizes under the 10,000 population limit set in the 2008 Farm Bill. In fact, 51 percent of the projects funded in fiscal year 2010 were in communities with populations less than 1,500. 80 percent of the projects funded by the program in fiscal year 2010 had populations below 5,000. The subsidy rate for the program has varied from year-to-year since 2003. In all but one fiscal year since 2003, the subsidy rate has been lower than in fiscal year 2003, allowing for greater efficiency in the Budget Authority to loan conversion. We continue to implement our funds through an underwriting process that determines the loan and grant mix needed to fund the project. Grant funding is reserved for those projects most in need. Grant levels are subject to the availability of funds and we are not always able to provide the level of grant funding a community has requested. We encourage and often facilitate the partnering of our funding with that of other Federal, State and local programs to keep the user rates as reasonable as possible.

DIRECT LOAN PROGRAM

Ms. Emerson: The budget indicates that the low income families who are currently eligible for the direct loan program may receive loans under the guarantee. However, a recent ERS report indicates that the home ownership guarantee is the worst targeted of all rural development guarantee programs and does not serve well more rural, less populated communities with more economic distress. How does this proposal serve small less prosperous communities and their housing needs?

Response: For the rural housing programs, the definition of rural is areas of 20,000 or less. This is more targeted than the B&I guarantees, which are for areas of 50,000 or less. Once the population criteria is met, there is no further targeting for area. If demand for these loans are in areas that are the most rural, most poor; then, with the current negative subsidy rate, qualifying loans in that area would be made. The loans are also means tested. These guarantees are the only means tested home loan guarantee program offered by the federal government. While borrowers may be moderate income, a great number of the low income families qualify and receive these loans. On average, 30% of the loans are for low to very-low income folks. The chart below of actual loan obligations illustrates the portion of guaranteed loans that go to low income families. It is true that some of the very-low income households may no longer receive assistance without the direct loan program, however, many direct loan recipients could turn to the guaranteed loan program for homeownership opportunities or through the Multifamily Housing programs, which is historically the rural housing program for the most poor.



Ms. Emerson: In Missouri USDA made 342 loans totaling $31.4 million in FY 10. How do borrowers receiving these loans compare to those receiving guarantees?

Response: The program serves less prosperous communities to the degree that the demand is there. The 342 loans included only loans obligated from annual appropriations. Including American Reinvestment and Recovery funding, Missouri USDA made 806 Direct Loans totaling $75.5 million in Fiscal Year 2010. The average Direct Loan borrower was more likely to be poorer, female, and a minority than the average Guaranteed Borrower.

	Direct	Guaranteed
Annual Income*	$24,800	$44,400
Percent Minority	6.51%	2.94%
Percent Female	56.77%	33.62%
Average Obligation Amt	$93,681	$103,960

* rounded down to nearest 100

RURAL HOUSING VOUCHER PROGRAM

Ms. Emerson: The Administration supports renewal of the rural housing voucher program. This program is used when Section 515 multifamily property moves out of the system, whether through prepayment or foreclosure. The average tenant is low-income with an income level of about $11,000. However, Rural Development reports that nearly 2/3 of those residents offered vouchers don't take them. Why are so many eligible residents not taking advantage of the vouchers?

Response: The Department recognizes the value of this program, in particular its unique ability to address the immediate need of tenants in properties that are leaving the rent-restricted and rental assistance protection of the Section 515 program. The voucher program allows Rural Development to serve these tenants directly in an expeditious and prompt manner, with a program that is clear and simple. The nature of the program complements existing long-term subsidy programs available elsewhere and, because the voucher amount is not income-based, eliminates the need to re-create an infrastructure similar to that which already exists at the Department of Housing and Urban Development (HUD).

Rural Development believes, however, that it needs more information about the users and effectiveness of the program. Rural Development has streamlined the paperwork process, so that a prospective voucher holder need only sign a one-page form and provide evidence of citizenship in order to receive a voucher. It has not been able to determine why only one-third of those offered a voucher actually accept and use the voucher.

Rural Development has recently revised its program fact sheets for landlords and voucher holders to more clearly explain the program. It also plans to amplify its guidance for multi-family housing field staff concerning the tenant meeting held prior to mortgage payoff or final foreclosure action to better promote the program.

SECTION 538 LOAN GUARANTEE PROGRAM

Ms. Emerson: The Rural Development Section 538 loan guarantee program helps finance new multifamily properties and preserves some of the existing 16,000 Section 515 and Section 514 multifamily properties. The FY 2012 Budget for USDA terminates the 538 program because of the high default rate. The Loan Guarantee 2011 subsidy estimates table accompanying the budget lists a 11.7 percent default rate, which is still lower than similar programs. The Business and Industry Loan Guarantee has a 12.2 percent default rate; the Bio-Refinery Assistance Loan Guarantee has a 49.6 percent default rate; and the Renewable Energy Loan Guarantee has a 61.6 percent default rate. Are there other reasons for terminating the 538 program other than the default rate? And, does the 538 program reach properties that FHA cannot currently address?

Response: In addition to the growing default rate, the Section 538 guaranteed loan program was proposed for termination because its purpose of stimulating additional multi-family housing in rural areas for moderate income tenants is redundant with similar HUD programs that guarantee loans for various types of multi-family housing. Section 515 multi-family housing loan program budget was proposed to be increased by $39 million to ease the effect of the termination of the Section 538 program.

Although there are no minimum loan size requirements in FHA's multi-family loan programs, FHA program lenders generally do not provide loans below a minimum amount, usually $3 or $4 million. Section 538 program lenders have lent as low as $200,000 for one project. While new construction requests for Section 538 funding are higher, the average rehabilitation loan guarantee request is below $1 million. Given the average size of a rural transaction, approximately 40 to 50 apartments, the Section 538 provides new construction gap financing typically in the $1 million to $1.5 million range.

MULTIFAMILY HOUSING

Ms. Emerson: I have heard from housing industry advocates that Rural Development has de-emphasized multifamily housing. What will the affect of this be on the nearly half million residents that need this housing? And what is Rural Development's position on moving multifamily housing to HUD?

Response: USDA-RD has not de-emphasized Multi-Family Housing (MFH) programs. On the contrary, consistent with current discussions on housing finance reform, we strongly believe that MFH is an area that warrants great attention. Rural Development remains committed to providing affordable housing choices to rural residents. While we certainly appreciate the work that HUD does and the services that they provide, we do not believe that the rural population would be best served at HUD. Rural America's unique geography makes a strong field presence necessary to adequately serve residents in small, rural towns and unincorporated areas. RD's dedicated field staff - who often lives in the very communities they serve and have a deep understanding of the needs of rural communities - enables the agency to more effectively serve our target population, especially when it comes to meeting the housing needs of rural families. RD is working closely with HUD on the Federal Rental Policy Working Group (RPWG) in order to streamline the delivery of programs across the Country. The collaboration and work of the RPWG is critically important to USDA-RD and our voice on the group continues to be a voice for rural residents.

Ms. Emerson: I understand that HUD, Rural Development and Treasury are participating in meetings to harmonize multifamily program administration. Can you give the committee an interim report?

Response: The Rental Policy Working Group and alignment leaders assembled interagency teams to consider the recommendations provided by participants in the July 2010 gatherings. They tasked the teams to survey current policy and, in consultation with State and local agencies and stakeholder groups, to find opportunities for greater Federal alignment. The areas that were identified as in particular need of Federal coordination included physical inspections, operating budgets and financial reporting, and appraisals and market studies. The teams are also working on capital needs assessment, energy efficiency, compliance, subsidy layering, and tenant income definition.

SECTION 521 RENTAL ASSISTANCE

Ms. Emerson: The President's budget calls for a reduction of Section 521 Rental Assistance from $980 million for FY 2010 to $906 million for FY 12. The assumption behind this is that there will be a shut-down of approximately 400 properties, and letting about 11000 residents (making on average 11000 a year) find housing on their own. Would this have a negative impact on at least some of those residents? Is this a shift by Rural Development away from its traditional constituency?

Response: Rural Development is stepping up its asset management and loan servicing efforts on the portfolio of properties that are currently in default for monetary and non-monetary reasons. Rural Development works with owners of properties in default to determine if the property can be brought back into compliance or perhaps be sold to someone else who will keep it in the program and operate it within regulations. If there is no feasible approach to bringing the property back into compliance, the agency accelerates the debt and begins foreclosure. The decrease in rental assistance in the President's fiscal year 2012 budget is largely predicated on the assumption that more properties will leave the Section 514 and Section 515 programs because Rural Development will more aggressively service loans on multi-family properties in default. Rural Development expects that at least 300 of these defaulted properties will move out of the Section 514 and Section 515 portfolios, allowing retirement of the Rental Assistance associated with them.

With the precipitous drop in funding for new loans in the Section 515 program over the last 15 years, Rural Development has responded to a corresponding increase in properties leaving the Section 515 program with a demonstration program for housing subsidy vouchers, tied to low-income tenants. This provides tenants with a continuing safety net of housing assistance after their apartment has left the Section 514 or 515 program allowing those individuals time to locate a new affordable housing opportunity.

Rural Development's plan to aggressively service the lowest-performing properties out of the portfolio should not result in a loss of affordable housing for any low-income tenant. Written notification is provided to the tenants informing them that the agency is reviewing the project's suitability to remain in the program, and staff convenes tenant meetings to answer questions and provide assistance. During foreclosure, tenants continue to benefit from rental assistance. Once foreclosure is complete and Rural Development owns the property, tenants continue to pay the same rent they were paying when rental assistance was provided to the prior owner. As the property is sold to a new owner, Rural Development staff assists all tenants to find decent, safe, and affordable housing in the area of the project by providing a Letter of Priority Entitlement to tenants, placing them at the top of any waiting lists at other Rural Development properties, and working with other Federal, state and local agencies to find alternative housing and subsidies, including the housing voucher program to the extent funds are available and tenants are income-eligible.

Questions Submitted by Mr. Robert B. Aderholt

FARM LABOR HOUSING

Mr. Aderholt: Ms. Trevino, it is my understanding that rural development administers the farm labor housing program (created in the Housing Act of 1949 P.L. 88.117 - Sections 514 and 516). This is a program that provides for the construction of housing that migrant farm workers can utilize, for a modest rent, while they do farm work in one area before migrating to another area to do more agricultural labor. I know that U.S. citizens and permanent residents are the only people eligible for this housing. Are these residents screened through e-verify?

a. If not, how can we be sure that this housing program is not being abused by the same means that are used to illegally employ non-citizens?

Response: Farm Labor Housing properties are owned by individuals or non-profit organizations. Borrowers are responsible for providing professional property management, which includes verification of eligibility to live in the property. Property managers employ several methods of confirming employment eligibility and citizenship eligibility. Some management companies utilize the Department of Homeland Security's Systematic Alien Verification for Entitlements (SAVE); others review citizenship documentation to ensure legal residency. On a routine basis, RHS Multifamily staff review tenant files to confirm documentation; annually, RHS's Audit unit conducts the Rental Assistance Improper Payment Information Act audit to confirm that property managers are obtaining appropriate documentation for tenant eligibility.

b. What would need to occur in order for you to implement e-verify? Does the agency need authorization or directing language from Congress to utilize e-verify in regards to this housing program?

Response: The Department of Homeland Security has the E-Verify system that is used by employers to determine the eligibility of an employee to work in the United States. For most employers, the use of E-Verify is voluntary and limited to determining the employment eligibility of new hires only. Rural Development has entered into an Interagency Agreement with the DHS United States Citizenship and Immigration Service (USCIS) to allow access to the SAVE program database.

This program enables Rural Development staff to obtain online immigration status information to assist in determining a non-citizen applicant's program eligibility. In most cases, SAVE will provide an immediate response concerning the immigration status of an applicant. Rural Development field offices currently have this access for the Single Family Housing Loan Program; Rural Development is providing guidance to its multi-family housing staff to use the system as well, when confirming eligibility upon review of tenant files. Rural Development will also encourage Farm Labor Housing property managers to obtain access to the system and use it to confirm citizenship eligibility.

c. Could you describe the bidding process for these projects and is bidding open to all contractors?

Response: Individuals and non-profit organizations that wish to develop a Farm Labor Housing project respond to a Notice of Funding Availability, issued annually by Rural Development, when funding for new construction projects has been appropriated. The Section 514 Farm Labor Housing Program has applicant eligibility requirements.

d. Is the same true for the contracts to manage the properties?

Response: Farm Labor Housing properties are owned by individuals or non-profit organizations. The owner generally contracts with a professional property management company to provide management of operations. In some cases, individuals or the non-profit organization may manage the property, if they meet property management requirements.

CIRCUIT RIDERS

Mr. Aderholt: Mr. Adelstein, please talk about your circuit rider program and rural water loans and grants and their importance in helping small water utilities comply with environmental mandates and regulations.

Response: The Rural Development Water and Waste Disposal Loan and Grant Program is the only federal program targeted exclusively to meeting the needs of small, rural communities. Often times, rural communities have a need for technical assistance related to the management and operation of their water utilities. The circuit riders, funded through our annual appropriation, are a critical component to the delivery of the program. Located in all 50 states, the circuit riders travel from community to community offering much needed assistant to rural system owners and operators. Rural water systems have come to rely on the circuit riders for assistance as they work to provide reliable service, effectively manage operation, comply with regulatory standards and ensure sustainability of their system. They provide a variety of services to rural communities, including assistance with emergency repairs, water loss detection, energy conservation and management, board development and training, vulnerability assessments, emergency response plans, rate studies, and reporting. In addition, they assist rural communities in preparing materials needed to submit applications to Rural Development for water and waste funding.

RURAL UTILITIES SERVICE RENEWABLE ENERGY PROJECTS

Mr. Aderholt: Mr. Adelstein, in your testimony you mention, several times, investments in alternative and renewable energy industries and transmission. Please provide more information about this.

a. What constitutes an alternative or renewable energy by RUS's definition? Are we talking just wind and solar? Biomass? Do hydroelectric dams and pump storage facilities constitute renewable or alternative energy by RUS's definition?

Response: Renewable energy would include wind, solar, biomass, hydroelectric, and geothermal energy. Both hydroelectric and pump storage facilities are eligible for RUS financing.

b. What are the costs of these programs?

Response: Renewable projects are financed through the FFB guaranteed loan program, which has had a negative subsidy rate since 2009. In order to further mitigate risk on renewable project financing, RUS will finance a maximum of 75 percent of eligible project costs. In addition, RUS requires the borrower to have a minimum of 25 percent equity in the project, a firm fuel contract for the term of the loan, the inclusion of an assured payment stream in the power sales agreement, and other credit enhancements as may be required.

Questions Submitted by Mr. Tom Graves

BUDGET CUTS

Mr. Graves: As you are aware, our nation's spending is unsustainable. We must make the tough decisions today to ensure agencies such as the Farm Service have the tools to do their job. If we do not change current law, we will have a $1 trillion interest bill by 2020. If we had to cut your agency, would you share with the Committee how you would do it?

Response: That is a difficult question to answer as a hypothetical. With regard to restructuring and consolidation, Rural Development is well ahead of the curve. Over the past decade, we have already substantially reduced our field offices from over 800 to today's total of 47 State and 483 local, area, and satellite offices. We have also significantly reduced our employment. We have done this while steadily shifting our program emphasis from grants and direct loans to loan guarantees. In addition thanks in part to our prudent underwriting standards, four of our largest programs -- the Electric, Telecommunications, Single Family Housing Guaranteed Loan, and Community Facilities Direct Loan programs -- now operate at a negative subsidy rate. We have demonstrated that we can do more with less. At the same time, however, we would caution that grant and direct loan assistance is essential to the neediest communities and rural residents, and that deeper reductions in these areas will make it progressively more difficult to provide essential water, wastewater, medical, and community capacity building assistance to very low income communities.

Mr. Graves: And more specifically, if you had to operate under a reduced budget, how would you do so under a 25, 20, and 10 percent reduction in funding? If you could provide those figures to the committee, we would certainly appreciate it, and I have a letter here inquiring about that, that I'll submit for the record. It'd be wonderful if you could follow back up with my staff with a reply.

Response: The President's budget proposal for FY 2012 already proposes an approximately 18 percent reduction from the 2010 enacted budget in Rural Development's budget authority from the 2010 enacted budget. These reductions are challenging, and we will respond in the ways described above. Over the past two years, thanks to the additional funding made available through the Recovery Act, we have been able to clear much of our existing backlog and reach many communities that might not otherwise have been served. We recognize the difficult budgetary constraints that we now face and will do our part to hold the line on spending. A 25 percent reduction would translate in to steeper reductions in program levels and fewer rural customers server.

BROADBAND LOAN PROGRAM CARRYOVER

Mr. Graves: Additionally, I think this would more fall under Mr. Adelstein's area, regarding rural utilities and broadband. It appears that since at least 2008, RUS has been accumulating budget authority that results in them recently claiming to have $700 million in potential broadband loans for this year. HR 1 (as passed by the House) eliminates all of these carryover dollars, the first short-term CR eliminated all FY2011 funding, and President Obama's 2012 budget did not request new funding for the program (due to carryover funding).

All of the carryover dollars should be rescinded because:

- As Chairman Rogers said when zeroing out the FY2011 funding - "This program is duplicative of several other federal programs, and the Agriculture Inspector General has uncovered abuses and inconsistencies in the program as well as a lack of focus on the rural communities it is intended to serve."
- RUS is currently administering the broadband loans and grants made using stimulus dollars. Over $3.259 billion in awards must be overseen by an agency whose track record has been questioned by the USDA Inspector General as having "ongoing challenges."
- And RUS has consistently lost sight of its mission to provide broadband service to the unserved. The RUS interim rules foreshadow a continuation of

allowing government-subsidized companies to compete (and overbuild) private companies that invested private capital.

So my question here is, why should Congress continue to fund a program that is 1) duplicative of other federal programs and 2) that has accumulated carryover funds while it is developing rules that never really correct prior abuses; 3) that puts the government in the position of subsidizing companies to compete with privately funded business; and 4) that has not corrected abuses identified six years ago by the Agriculture OIG? And all of this at a time, when we need to cut costs…….

Response: I appreciate your question which highlights many misconceptions over USDA's Farm Bill broadband program and the opportunity to provide accurate responses for the record.

First, the Farm Bill broadband loan program is not duplicative of other Federal programs. This program provides loans for the development of broadband infrastructure in rural communities. There is no similar loan program for urban or rural America within the Federal government.

Second, the Recovery Act provided USDA with an unprecedented opportunity to provide loans, grants and loan/grant combinations in unserved and underserved rural communities. Two and one-half billion dollars in budget authority was made available for only 17 months. During this timeframe, USDA shifted staffing resources from the Farm Bill broadband loan program to operate the Recovery Act program. Demand for this loan-only program was also curtailed due to the availability of loans, grants and loan/grant combinations from USDA and $4.7 billion in grants at Commerce under the Recovery Act. As a result, USDA carried-over funds from FY 09 and 10 from the Farm Bill broadband program. This allowed the agency time to focus on developing regulations to implement the 2008 Farm Bill and fully address the concerns raised by the Office of the Inspector General (OIG). I am pleased to report that USDA used all funds appropriated under the Recovery Act, published new Farm Bill broadband loan program regulations, and cleared every OIG concern with our broadband program.

Third, the agency is bound by the statutory provisions of the 2008 Farm Bill for operating its loan program. The 2008 Farm Bill allows for the ability of the Farm Bill broadband program to serve areas with 3 or fewer competitive service providers. However, this is only a gating factor to apply for the program. With over 60 years of lending experience in the telecommunications industry and a default rate envious in the private sector, RUS subjects all applications to a rigorous financial feasibility analysis.

And finally, the concerns with the Farm Bill broadband program raised by the OIG were focused on the statutory provisions of the 2002 Farm Bill over which RUS had no legal or statutory authority to change or implement the OIG recommendation. For example, OIG felt the definition of "rural" in our regulations was too broad. Those regulations contained the statutory definition of "rural" from the 2002 Farm Bill, as revised in 2003. While we appreciated OIG concerns, we were bound by the statutory provisions. Both OIG and RUS were pleased with the statutory changes made to the definition of "rural" enacted in the 2008 Farm Bill. That definition was used in the Recovery Act program and is part of our new regulations for the Farm Bill broadband loan program. I would also note that this Administration did not make any Farm Bill broadband loans to new borrowers under the statutory definition that both you and the OIG raised concerns. I would also note that on February 11, 2011 before the House Commerce and Technology Subcommittee, the OIG highlighted two cases where they investigated broadband loan and grant recipients. In both cases, RUS indentified the potential fraud and requested OIG to investigate. RUS took swift and immediate action to terminate the award. In both cases, the OIG investigation and U.S. Attorney prosecution of these cases took over five years. RUS was prohibited from taking any actions, other than what it had already taken to terminate funding in these cases pending completion of actions outside RUS. Most importantly, as I testified, all of the issues raised by the OIG have been fully rectified and there are no outstanding OIG audits on any of RUS's broadband programs.

Questions Submitted by Ms. Rosa DeLauro

SECTION 502 SINGLE FAMILY DIRECT LOANS

Ms. DeLauro: The Section 502 direct loan program provides affordable housing for low-income families in smaller, poorer rural communities. This program was funded at $1.12 billion, but the Administration has requested $211 million for FY 2012. This is a cut of nearly 79 percent to a program that small towns and rural communities rely on it for affordable housing.

In addition, the Mutual and Self-Help housing program, which was funded at $41 million in FY 2010, has been eliminated in the budget request.

- How will USDA continue to offer affordable housing to low-income families in rural areas if these two programs are cut severely or eliminated?

Response: Housing is a vital economic pillar in rural America for creating wealth for communities and homeowners. USDA realizes that rural populations tend to be more economically challenged with lower incomes and fewer housing choices than their suburban and urban counterparts, and therefore we continue to offer a no-down payment homeownership program through both the Single Family Housing Guaranteed and Direct Programs. Providing credit in areas that lack private investment is a critical function of USDA Rural Development (RD). To address the need for credit - particularly in the rural housing market - RD has dramatically increased the Single Family Housing Guaranteed (SFH-G) program in recent years, doubling the government's investment from $12 billion in 2010 to $24 billion in 2011. In these austere fiscal times, we are investing more than ever in rural housing, because the SFH-G program has a negative subsidy rate. There are fewer affordable housing options in smaller and more rurally remote communities and we continue to grow the Section 515 Multi-Family direct program to address needs in these communities. Often the 515 program is the critical element in making a Low Income Housing Tax Credit deal work in rural communities that are starved for private investment. We already serve hundreds of thousands of very-low and low-income tenants through our Multi-Family Housing programs, and we intend to continue to invest in new properties and the revitalization of existing units. Through aggressive outreach to potential borrowers in the SFH-G program and a redoubling our efforts to expand affordable rental options, RD will continue to serve the needs of very-low and low-income rural families.

SINGLE FAMILY HOUSING GUARANTEED LOANS: TARGETING

Ms. DeLauro: he budget request states that the low-income families who are currently eligible for the direct loan program may receive loans under the guarantee. However, a recent ERS report indicates that the home ownership guarantee is the worst targeted of all rural development guarantee programs and does not adequately serve rural, less populated communities with more economic stress.

a. Does the Department have data that indicates otherwise?

Response: Our data does not confirm or deny the Economic Research Service (ERS) report. Our records indicate that guaranteed loan funds are distributed exclusively in rural areas, in communities both large and small. About 30 percent of Guaranteed Loans go to low and very-low income households. In Fiscal Years 2009, for example, 43,737 low and very-low income household received guaranteed loans. In Fiscal Year 2010, 43,708 low and very-low income households received guaranteed loans.

The guaranteed program can effectively serve low and very-low income households in even the most rural areas.

b. What are the eligibility requirements for the single family direct program and how does that compare to the guarantee? What is the average annual income for each?

Response: Eligibility requirements to qualify for the direct and guaranteed loan programs are substantially similar. For both programs, applicants must:

- Be unable to obtain sufficient credit from another source;

- Have an adjusted income that is at or below the applicable low-income limit at loan approval;
- Agree to personally occupy the dwelling as their primary residence;
- Meet citizenship or eligible noncitizen requirements; participation in Federal programs;
- Demonstrate both the willingness and ability to repay the loan; and
- Have the legal capacity to incur a loan obligation and not be suspended or debarred from participation in Federal programs.

Properties financed under both programs must be in an eligible rural area.

The primary difference between the programs is the income eligibility:

For the direct loan program, applicants must have an adjusted income that is at or below the applicable low-income limit at loan approval, for the guaranteed loan program, applicants may have adjusted annual income up to 115 percent of the area median income. In addition, applicants who are able to obtain financing through the guaranteed loan program are not eligible for the direct program.

The average annual household income of Applicants receiving assistance through the Section 502 Direct program in FY 2010 was $27,400. The average household income for Section 502 Guaranteed borrowers was $44,400.

SINGLE FAMILY HOUSING GUARANTEED LOAN PROGRAM

Ms. DeLauro: What was the backlog for Section 502 loans at the end of FY 2010? Of that number, what percentage came from very low and low income families?

Response: At the end of fiscal year 2010, there were 17,983 pending Section 502 Direct loan applications for $2,172,037,840. Approximately 48 percent of these applications came from Very Low income families with the remaining 52 percent from Low income families.

SINGLE FAMILY UNSUBSIDIZED GUARANTEED LOAN PROGRAM

Ms. DeLauro: If FY 2010, USDA made approximately 10,000 loans to low-income rural families under the direct loan program. The budget contends that the guaranteed loan program can pick up the slack.

a. Is this true? Can the guaranteed program really pick up all of the slack?

Response: About 30 percent of guaranteed loans go to low and very-low income households. In Fiscal Years 2009, for example, 43,737 low and very-low income household received guaranteed loans. In Fiscal Year 2010, 43,708 low and very-low income households received guaranteed loans. Thus, the guaranteed loan program served more low and very-low income households than the 502 Direct loan program which, excluding Recovery Act funding, obligated fewer loans each Fiscal Year in the examples above. We believe the guaranteed program can effectively serve low and very-low income households.

In regards to direct loans, the Housing Act of 1949, as amended, requires at least 40 percent% of funding for the Section 502 direct loan program be made available to very low income families. As such, in fiscal year 2010, $756.3 million ($340.8 million annual and $415.5 million ARRA) was made available to very low income families and $1,388.6 billion ($672.9 million annual and $715.7 million ARRA) was made available to low income households through the Section 502 direct loan program.

So far in fiscal year 2011, this program received appropriations of $583.7 million through the Continuing Resolution that runs through April 8. Of this amount, $172.1 million has been obligated for very low income loans and $274.7 million in low income loans.

The Direct Single Family Housing Program estimates that for fiscal year 2012, approximately $211 million. Of this, $84.4 million would be made available to very low income households, leaving $126.6 million available to low income families.

b. If so, are these families living in higher-income, larger communities as ERS asserts?

Response: Our data does not confirm or deny the ERS assertion. Our records indicate that guaranteed loan funds are distributed exclusively in rural areas, in communities both large and small.

c. If not, what other USDA housing assistance would be available to these low-income rural families?

Response: For households that cannot afford to purchase a home, USDA offers assistance in the form of multi-family housing programs which can help low-income households rent. About 30 percent of guaranteed loan funds are distributed to low- and very-low income households.

LOW AND VERY-LOW INCOME HOUSEHOLDS

Ms. DeLauro: By law, 40 percent of the funding for direct loans goes to very low-income families (incomes at or below 50 percent of median). Only 3 percent of guaranteed funds go to these low-income families.

a. What is the evidence that the guaranteed program can devote a greater share to very low-income families? Will those families be in smaller communities?

Response: Our records show that 30 percent of guaranteed funds, not 3 percent, go to low and very-low income households. In Fiscal Years 2009, for example, 43,737 low and very-low income household received guaranteed loans. In Fiscal Year 2010, 43,708 low and very-low income households received guaranteed loans. Thus, the guaranteed loan program served more low and very-low income households than the 502 Direct loan program which, excluding Recovery Act funding, obligated fewer loans each Fiscal Year in the examples above.

b. What happens when interest rates go up?

Response: We believe the guaranteed program can effectively serve low and very-low income households. If interest rates go up, all programs could be affected including direct and guaranteed loan programs. As a rule of thumb, direct loans would get more expensive and guaranteed loans cheaper in a rising interest rate environment.

Ms. DeLauro: At the moment, it appears that the nation is emerging from a period of very low-interest rates.

- Can you provide us with the recent trends in rates for the guaranteed loans, the rate at the current time, and projections for the coming fiscal year?

Response: Lenders and borrowers agree to the interest rate for guaranteed loans. Interest rates over the past 12 months have ranged between 4.5 and 5.5 percent. We expect interest rates to remain at the higher end of the range over the next few months.

SELF-HELP HOUSING GRANTS

Ms. DeLauro: The budget proposes elimination of self-help housing grants. For the last three years, self-help housing organizations have constructed approximately 3,500 homes. This construction has resulted in over 11,000 jobs, more than $738 million in local income and $77 million in taxes and revenue in rural communities across the country.

More than 100 organizations across the country participate in the self-help housing program. These organizations support groups of eight to 12 self-help families who construct each other's homes, performing approximately 65 percent of the construction labor. Each homeowner earns equity in his or her home, which decreases the cost burden and increases investment in their community.

Self-help families have the lowest rates of default and delinquency. This program appears to be very successful and there is great demand - more than 50,000 families are on the waiting list.

a. I recognized that tough budget choices are necessary, but why is this program being targeted for elimination? What are the reasons that a successful, cost-effective program like this is being cut?

Response: The Administration believes that the Single Family Housing Section 502 Guaranteed loan program is more cost effective and with a $24 billion program level will provide more assistance in rural areas. Since the Self-Help housing program works in combination with the Section 502 Direct Loan program which is also being significantly reduced there is less justification for funding Self-Help grants.

b. Will there be other options for self-help housing other than USDA if this program is eliminated?

Response: We will work with our Technical and Management Assistance providers and Self-Help grantees to help identify other sources of assistance or to provide assistance in transitioning out of the program.

RURAL WATER AND WASTE

Ms. DeLauro: I just want to touch on the priorities at the Department. So we have a point of reference, in FY 2003, budget authority for rural water and waste totaled $723 million, and the budget authority for rural housing totaled $342 million.

The FY 2012 budget request includes budget authority for rural water and waste at $489 million, and budget authority for rural housing at $72 million. Rural communities need better drinking water and better housing.

- Given that these programs have been cut significantly over the past decade, do you really think they should be cut more?

Response: We agree that there is a strong need for modern, reliable water and waste infrastructure in rural communities. The decrease reflects the outcome of difficult choices needed to address challenging times.

The subsidy rate for the Water and Waste Loan and Grant program has varied from year-to-year since 2003. In all but one fiscal year since 2003, the subsidy rate has been lower than in FY 2003, allowing for greater efficiency in the budget authority to loan conversion. We also encourage and often facilitate the partnering of our funding with that of other Federal, State and local programs to allow us to assist as many rural communities as possible.

The 2012 budget provides $489 million in budget authority to support $770 million in direct loans, $12 million in guaranteed loans, and $415 million in grants for a total program level of about $1.2 billion. We will use these funds to address the needs of as many rural communities as we are able and estimate that 1.2 million rural residents will benefit from new or improved water and waste infrastructure as a result.

RURAL BROADBAND

Ms. DeLauro: There is always concern on this subcommittee that USDA broadband loans and grants, whether made through the Recovery Act, or through the regular loan and grant program, of ensuring that these funds are targeting truly un-served or under-served areas.

It is clear that providing access to broadband services will increase economic development and improve the quality of life for all Americans, especially in rural areas. Many of you have heard me use this example a lot, but I view the potential of expanding rural broadband service as being similar to what FDR did with the Tennessee Valley Authority in providing electricity to under-served rural areas.

a. Can you outline some of the conditions that USDA focuses on in reviewing applications for rural broadband loans and grants? How difficult is it to determine and define what are un-served and under-served areas?

Response: The terms unserved and underserved were not specifically defined in the 2008 Farm Bill. Instead, the 2008 Farm Bill required that at least 25 percent of an applicant's proposed service territory may not have more than 1 service provider, and 75 percent of the applicant's proposed service territory may not have 3 or more incumbent service providers. These gating criteria ensure that funds are targeted to areas that are considered unserved and underserved by existing service providers. RUS also publishes maps of the proposed service territories of all applicants and allows the public and incumbent service providers to comment upon whether service is available in those areas. These results are then reviewed by RUS staff and often involve boots-on-the-ground to ensure the accuracy of information received. If an application meets all of these gating criteria, the application is put through a rigorous technical and financial feasibility analysis. With over 60 years of telecommunications lending experience, our RUS reviews ensure we are good stewards of the taxpayer's resources. Our regulations further provide priority for applications that propose to serve areas with no broadband service, and then provide priorities for areas that are 75, 50 and 25 percent unserved. It is also important to note that this is strictly a loan program with no provision for grant funds. Agency experience has shown that making a business case in areas that are totally unserved with simply a loan product is often unfeasible.

b. Are you able to provide some examples of success stories involving the use of rural broadband loans and grants?

Response: The information is submitted for the record:

- **Hood Canal Communications:** Hood Canal received its first 2002 Farm Bill Broadband Loan in 2004 for $1.7 million to expand their broadband service area in Mason County, OR. This expansion included the Skokomish and Squaxin Island Tribal Communities. In spite of the challenging regional topography, Hood Canal Communications continues to deliver improved broadband services to nearly 3,000 business and residential customers. As a product of their partnership with Hood Canal Communications, the Squaxin Tribe has become more efficient and competitive in their industries. The Tribe has eliminated all costly T-1 lines, and replaced multiple phone systems with a single integrated system; offering seamless phone service between all tribal offices, businesses, and recreational facilities. A state-of-the-art video communications center was created for the Squaxin Tribe, allowing the tribal community to be more competitive in the global marketplace. Squaxin tribal law enforcement now connects with the Mason County public offices and law enforcement agencies for file sharing and accessing fingerprint databases. The Tribe's medical office now has the capability to connect to both the medical library and Hospital Information System in Portland, Oregon. Among many other benefits, the Squaxin Tribe has also been able to create websites for its museum and childcare facility.

- **The Havasupai Reservation (Supai Village)**: The reservation is located at the bottom of the Grand Canyon. The only way to reach this remote tribe is an eight mile hike, a mule ride or by helicopter, so there was no broadband service available to the Tribe. There was very little chance that the private sector would invest telecommunications infrastructure in such a remote, geographically challenging area. However, there was a need for broadband to enable the Tribe to better communicate outside the Grand Canyon, as well as enhance the Tribal tourist business. Through a 2004 USDA Rural Development Community Connect grant for $1,247,705, the Havasupai Reservation was able to utilize the four Bureau of Indian Affairs (BIA) towers located on the Havasupai and Hualapai Reservations to provide broadband service to the tribe. The system has been implemented with backup satellite internet which provides basic internet connectivity to the tribal system. In addition to hooking up Havasupai Tribe and non-tribal community critical facilities, elementary school, and businesses, there is now a community center with 10 public computers. Today the internet allows tribal members to take distance learning college courses from their homes. Most tribal residents can't afford long distance calls and cellular service isn't available in Supai Village, so the deployment of internet in the community has allowed tribal members to stay in contact with children and other family members off the reservation. Most importantly, the internet improves the communication ability of Supai Village during natural disaster when the phone service goes out. During the last flood, for the first time, the Tribe was able to communicate with emergency responders and ask for assistance using the internet.

Other success stories can be found at the RUS website at http://www.rurdev.usda.gov/RUSTelecomPrograms.html

BROADBAND LOAN PROGRAM 2012 BUDGET REQUEST

Ms. DeLauro: In the FY 2012 budget request, the broadband loan program is zeroed out, with the justification being that there will be adequate funds to carry over from prior years.

a. Can you explain for us why there would be so much carryover funds? Is it because there are applications still pending and so the funds have yet to be distributed?

Response: The Recovery Act provided USDA with an unprecedented opportunity to provide loans, grants and loan/grant combinations in unserved and underserved rural communities. Two and one-half billion dollars in budget authority was made available for only 17 months. During this timeframe, USDA shifted staffing resources from the Farm Bill broadband loan program to operate the Recovery Act program. Demand for the Farm Bill broadband loan-only program was also curtailed due to the availability of loans, grants and loan/grant combinations from USDA and $4.7 billion in grants at Commerce under the Recovery Act. As a result, USDA carried-over funds from fiscal years 2009 and 2010 from the Farm Bill broadband program. This allowed the Agency time to focus on codifying regulations to implement the 2008 Farm Bill and fully address the concerns raised by the OIG. I am pleased to report that USDA used all funds appropriated under the Recovery Act, published new Farm Bill broadband loan program regulations, and cleared every OIG concern with our broadband program.

a. If your office was subjected to significant cuts, would that impact your ability to review applications and distribute funds to improve rural broadband service?

Response: Prior to the Recovery Act, USDA managed a portfolio of approximately $4 billion in telecommunications loans. Our $3.5 billion in Recovery Act awards nearly doubled our portfolio including almost 300 projects that are in various phases of construction that must be monitored. As a prudent steward of the taxpayer's funds, Rural Development was able to manage the increase in the portfolio within existing staff resources. However, any reductions in staffing levels would undermine our ability to provide prudent oversight of these projects.

b. Can you explain the difference between the loans provided in the Rural Electrification and Telecommunications Program Account and those provided in the Distance Learning, Telemedicine, and Broadband Program Account?

Response: The Rural Electrification and Telecommunications Program Account includes the RUS Telecommunications Infrastructure Loan Program, which is the original RUS telephone loan program authorized in 1949. These loans provide funding for incumbent local exchange carriers to build and maintain telecommunications networks (which must be broadband capable) in rural communities, with populations of less than 5,000, in their franchise areas; funding cannot be used for competing outside their authorized service area. The Distance Learning, Telemedicine and Broadband Program Account includes the Rural Broadband Access Loan and Loan Guarantee Loan Program authorized under the 2002 Farm Bill. This program is open to all broadband service providers who wish to serve rural communities, with populations of 20,000 or less, with broadband service. Funding can be provided in areas resulting in competition if it is determined that the existing service is insufficient. It also includes the Distance Learning and Telemedicine Program, which is authorized to offer loans, grants and loan/grant combinations to fund distance learning and telemedicine services in rural communities. Eligible entities include educational and health care providers.

Questions submitted by Marcy Kaptur

COORDINATION

Ms. Kaptur: Mr. Undersecretary, today, the Deputy Secretary is currently in Ohio conducting outreach on the Know Your Farmer Know Your Food Program. Gone are the days where the only role of USDA is to support industrial agriculture. Our country is demanding more urban, community and local agriculture to serve our food. Your budget is littered with numerous programs that support the Know Your Farmer Know Your Food Program but it is divided into multiple divisions of the agency. Please outline for us the major Know your farmer know your food programs in this budget request under the Rural Development portfolio?

Response: Rural Development has played a key role in the Deputy Secretary's Know Your Farmer, Know Your Food initiative since its inception in mid-2009. We are proud of the active role our programs and staff are playing in raising the profile of local and regional food systems. To date, the major RD programs that have supported this initiative are the: Community Facilities Program (CF), Rural Business Enterprise Grant (RBEG), Rural Business Opportunity Grant (RBOG), Value Added Producer Grant (VAPG), Rural Cooperative Development Grant (RCDG), Small Socially Disadvantage Producer Grant (SSDPG) and the Business and Industry Loan Guarantee (B&I) program.

These programs have funded a wide array of community and local food projects. Examples include the development and implementation of food hubs, mobile slaughter units, farm-to-school programs, farmers markets, food banks, food cooperatives, food innovation centers and value added agricultural products.

RD also sees great potential in this area for the Rural Community Development Initiative (RCDI), Rural Microentrepeneur Assistance Program (RMAP), and the Rural Economic Development Loan and Grant (REDLG) program.

VALUE ADDED PRODUCER GRANT PROGRAM

Ms. Kaptur: The Deputy Secretary's visit to Ohio is important but there must be tangible follow ups from this discussion. It is my understanding that a variety of constituents in my district will present Deputy Secretary Merrigan with a report of their ongoing work in NW Ohio. Please respond to some of the report's findings. "Farms of all sizes are critical to Ohio's future. Indeed, 44,000 of the state's 75,000 farms sell less than $10,000 of products" and farmers do produce product to sell directly to customers. What can Rural Development do to fix this problem?

Response: Rural Development is very aware of the situation you describe, and we agree that it is important to preserve mid-sized farms. A diversified production agriculture sector is desirable, and we are working to address the problems experienced by mid-scale farms and related agrifood enterprises that face barriers in successfully marketing bulk agricultural commodities or selling food directly to consumers. The Value Added Producer Grant (VAPG) program is one tool for providing the Nation's smaller farming operators with the resources to transition from being a commodity oriented operation to a value added business. In particular, it can assist producers in capturing a larger portion of the food marketing dollar by developing producer owned businesses. The 2008 Farm Bill established priority for small- and medium sized farmers and ranchers, and we have seen that this program change has had a positive impact in raising the awareness of smaller producers and increasing the number of awards in this area.

Ms. Kaptur: Another finding of the local report shows that "Going to scale" is a strategy, not a purpose. While producing and trading at a larger scale may create efficiencies, it may also concentrate economic power, or further draw wealth away from local communities. The test of whether going to scale makes strategic sense, at any given point in time, is whether local communities will build health, wealth, connection, and capacity by engaging with larger trading systems over the long haul." Please respond to this finding.

Response: The 2008 Farm Bill addressed this issue by incorporating a 10-percent reserve fund in Value Added Producer Grant Program to support the development of mid-tier value chains. Through this and other programs, Rural Development (RD) has sought to identify innovative enterprises that could serve as models of how mid-sized farms and ranches can prosper. Mid-scale or mid-tier value chains are business structures that focus on strategic alliances that effectively operate at regional levels with significant volumes of high-quality, differentiated food products, and distribute profits equitably among the strategic partners. Mid-tier value chains engage all levels of the marketing chain - production, aggregation, processing, transportation, distribution, and marketing - all of which work to create and retain wealth and capacity in local communities. Our Cooperative Programs staff continues to work with and support the use of the cooperative business model to promote collaboration among producers. Cooperatives have played a major role in organizing individuals to achieve the critical mass to compete effectively at the next level. These member-owned and controlled businesses have also assisted in building capacity and retaining wealth in the communities in which they operate.

REGIONAL FOOD SYSTEMS AND GEOGRAPHIC BOUNDARIES FOR PROGRAMS

Ms. Kaptur: While rural development clearly has a role in this discussion, many of your legal authorities are limited by geographic border. Yet, a food web exists within a region. What steps have you taken to use innovative authorities such as those proposed in the Rural Innovation Initiative to bypass this problem?

Response: Consumer demand for local and regional food is one of the strongest food trend in decades. USDA and Rural Development (RD) are working to allow businesses to take advantage of this opportunity. We want to facilitate consumer interest in reconnecting with American agriculture and bridging the rural-urban divide. RD has sought to identify projects that, while located in rural areas, can still be used to support needs in urban and suburban areas. For example, we can help link a rural produce marketing cooperative with an urban food retailer or market where there is a lack of affordable fresh produce.

Rural Development has also been active in the Know Your Farmer, Know Your Food initiative, which seeks to encourage a fundamental reconnection between producers and consumers. The effort builds on the 2008 Farm Bill, which provided direction and increased flexibility for USDA programs in promoting local foods. RD is working to align existing programs with the needs of local and regional food systems; conducting outreach activities so that the linkages are understood; helping communities build local food systems by providing new initiatives; and engaging the American public in conversation about local and regional agriculture. RD has been engaged with other Mission Areas within USDA as well as other Federal agencies to collaborate and leverage resources and overcome these geographic and administrative issues.

REGIONAL FOOD SYSTEMS

Ms. Kaptur: In the 2008 farm bill, an important program was created to provide an innovative solution. What is known as the Section 6015 regional food system program has essentially failed? A program that congress created to promote innovation and development of a 5% set aside for the promotion of programs dealing with regional food short areas has been ineffective. Instead of innovating, Rural Development was unable to make this program work. What legal or authority changes would you suggest to fix this program?

Response: Rural Development does not believe any change is necessary as we have exceeded the 5 percent set aside for this purpose in fiscal years 2009 and 2010. In fiscal year 2009, 36 local/regional food projects were guaranteed totaling $87.5 million (representing 7.7 percent of the annual Business and Industry program allocation), and in fiscal year 2010, 64 local/regional food projects were guaranteed totaling $205.7 million (representing 14.9 percent of the annual Business and Industry program allocation). So far in fiscal year 2011, 10 projects have been guaranteed totaling $14.7 million.

Section 6015 of the Food, Conservation, and Energy Act (FCEA) of 2008 creates the Locally or Regionally Produced Agricultural Food Products program by amending Section 310B(g) of the Consolidated Farm and Rural Development Act, to be codified at 7 U.S.C. Section 1932(g).

REGIONAL FOOD SYSTEMS REPORT

Ms. Kaptur: In the farm bill, Congress has requested a report on the effectiveness of the Section 6015 program, the regionally produced food program yet to date, no report has been provided to congress. Please explain to the committee the reason for the delay and when should we expect the final report?

Response: Rural development has completed the report called for in Section 6015 to provide a listing and description of projects carried out using loans or loan guarantees made under this section. The report is in clearance and is expected to be delivered by the end of May.

Ms. Kaptur: It is my belief that many of the loans USDA has been making under the 6015 authority do not look like genuine regional food system loans. While USDA is interested in this program at the macro level, frontline staff doesn't have the time or expertise to do the necessary staff work to make the 6015 program work. Please respond.

Response: Rural Development is very interested in supporting the development of regional food systems and has worked with State office staff to make them aware of the authority in Section 6015. RD is very interested in this program and we have received no additional staff to commit to this initiative; however, the staff available is very committed and competent in administering this program. RD has actively worked to identify projects that are consistent with the definition of regional food systems and communicated these projects as examples and success stories. RD has sought to provide guidance, resources, and support for this program. Rural Development has hosted multiple webinars to promote local and regionally produced agricultural food products and educate staff about the possibilities for using this program. Staff has participated in numerous partner, stakeholder, and customer meetings where program information is shared and local and regional food success stories and replicable models are discussed. RD's *Rural Cooperatives* magazine has also been used to highlight multiple examples of local and regional food projects and how RD programs were used to support them. Additionally, RD has worked with the Know Your Farmer, Know Your Food initiative to assist in generating interest in the program as well as delivering program outreach material. RD has been diligent about providing staff the information they need to carry out this program.

Ms. Kaptur: Has USDA considered linking the VAPG planning grant recipients to the Section 6015 planning program?

Response: Rural Development has used a number of existing programs to support community economic development in rural areas through local and regional food system projects. The VAPG program has been successfully used to launch multiple local and regional food projects. Although a direct link of the VAPG program to Section 6015 has not been put in place, through a variety of Rural Development outreach efforts, applicants (including past VAPG t grant recipients) have been encouraged to consider laddering RD programs to develop local and regional food system projects.

Ms. Kaptur: In previous fiscal years, this committee has directed USDA to conduct outreach on the Section 6015 program. Please update the committee again on activities you have conducted to accomplish this.

Response: Rural Development has actively promoted local and regionally produced agricultural food products. National office staff regularly provides Field Office staff with information and guidance on how to apply programs to support this effort. Rural Development has worked to create an awareness of the 2008 Farm Bill programs that can be used to support local and regional food projects. Further, RD has collaborated with both Agricultural Marketing Service and Food Safety Inspection Service to host webinars, produce articles and reports, and make presentations highlighting how programs can support local and regional food system efforts across Mission Areas. Staff has participated in numerous partner, stakeholder, and customer meetings where program information is shared and local and regional food success stories and replicable models are discussed. RD's *Rural Cooperatives* magazine has also been used to highlight multiple examples of local and regional food projects and how RD programs were used to support them. In August 2009, a memorandum from the Deputy Secretary was distributed to all Service Center agencies highlighting how RD programs could be used to support local food and regional food systems. Additionally, the Department launched a new USDA website for the Know Your Farmer, Know Your Food initiative to assist in developing local and regional food systems and finding ways to support small and mid-sized farms, where this program is featured among all of the Department's resources to assist this effort. The new website, at www.usda.gov/knowyourfarmer, features social media tools to help focus the public conversation about farming and food, while engaging American agriculture and linking producers to customers. The Know Your Farmer, Know Your Food website directs consumers and producers to new media resources, such as information on the USDA blog, Facebook discussions, Twitter and YouTube videos.

Ms. Kaptur: While some have claimed that Section 6015 of the farm bill has been a success, it is my belief that USDA is simply lumping in projects into this 5% set aside it would have funded anyway without the 5% mandate. Please outline for the committee the outreach activities that USDA has used to promote the section 6015 language?

Response: With the exception of urban area projects that are now eligible under this initiative, these types of projects have always been eligible under the B&I program consequently, some of the projects would have been funded regardless. However, the agency has made a concerted effort to promote local and regionally produced agricultural food products. National office staff regularly provides Field Office staff with information and guidance on how to apply programs to support this effort. Rural Development has worked to create an awareness of the 2008 Farm Bill programs that can be used to support local and regional food projects. Further, RD has collaborated with both Agricultural Marketing Service and Food Safety Inspection Service to host webinars, produce articles and reports, and make presentations highlighting how programs can support local and regional food system efforts across Mission Areas. Staff has participated in numerous partner, stakeholder, and customer meetings where program information is shared and local and regional food success stories and replicable models are discussed. RD's *Rural Cooperatives* magazine has also been used to highlight multiple examples of local and regional food projects and how RD programs were used to support them. In August 2009, a memorandum from the Deputy Secretary was distributed to all Service Center agencies highlighting how RD programs could be used to support local food and regional food systems.

REGIONAL FOOD SYSTEMS SUCCESS STORIES

Ms. Kaptur: If the section 6015 program is such a success please outline for the committee a few projects you have funded which meet the standards as established in the program and in your answer, highlight the capacity of the projects to promote regional food webs. Have these projects been targeted to food deserts?

Response: Examples of projects funded that meet the standards as established in Section 6015 would include:

Garden Fresh Vegetables, LLC in O'Neill, NE - A $3,967,262 B&I guaranteed loan for the purchase of a 10-acre greenhouse and construction of a 3-acre propagation unit for a company that primarily raises tomatoes and cucumbers. This company is the primary supplier of locally grown tomatoes for Wal*Mart and several other grocery stores in Nebraska. Garden Fresh also participates in the Farm-to-School program.

Bloom Produce, Inc. in Puerto Rico - A $2,159,134 B&I guaranteed loan for the purchase and installation of hydroponics facilities and equipment for the production of locally grown vegetables for consumption in local markets.

Organic Renaissance, LLC in Athol, MA - A $450,000 guaranteed loan which will create opportunities for employment in a depressed rural area and provide fresh, locally grown farm products to restaurant and retail markets. This project will facilitate the cost-effective aggregation and distribution of food products grown in Massachusetts, southern New Hampshire, southern Vermont and northern Connecticut to restaurants, retailers and others in the region.

FOOD DESERTS

Ms. Kaptur: Has Rural Development coordinated with ERS to locate and target the Locally or Regionally Produced Agricultural Food Products program for areas known to have food deserts?

Response: Rural Development has partnered with the Economic Research Service (ERS) to assess and analyze program investments in rural areas. RD staff has been incorporating the ERS Food Environment Atlas as a tool in identifying areas which could be targeted for use of RD programs, including rural food deserts. While there is not a formal mechanism for this collaboration, RD and ERS communicate and coordinate activities whenever possible to maximize the effectiveness of programs to areas of greatest need.

HR 1 BUDGET CUTS

Ms. Kaptur: The consequences of HR 1 on Rural America could be severe within the Rural Development program areas. What would be the consequence of the 208 million cut fry FY 10 levels for the Rural Housing Service Loans & Grants? How many few loans and grants would be served?

Response: There would be no reduction in the number of Community Facilities Direct and Guaranteed loans and regular grants because HR 1 would provide more budget authority in 2011 than we received in 2010 for these loan/grant programs. However, HR 1 would zero-out the selected set-aside within the Community Facility, Rural Community Development Initiative, Economic Impact Initiative, and Tribal College grant programs. Because of these reductions/eliminations, the agency would not be able to provide 31 grants for RCDI, 335 grants for EII, and 22 grants for the Tribal Colleges.

The reductions in funding under HR 1 would result in the elimination of the Multi-Family Preservation and Revitalization program, through which 142 preservation transactions were approved in fiscal year 2010. There would be no reduction in the number of Single Family Housing loans.

Ms. Kaptur: For the 33.2 million proposed cut from FY 10 levels, for the Rural Business Loan and Grants program, please walk the committee through the effect on your program.

Response: A decrease of $33.2 million for the Business Loan and Grants program account will affect a number of programs. As written, H.R. 1 will affect the following programs: the Business and Industry Guaranteed Loan (B&I) program ($12.611 million decrease), the Rural Microentrepreneur Assistance Program ($1.65 million decrease), the Rural Energy for America Guaranteed Loan Program ($14.33 million decrease), the Rural Cooperative Development Grant/ Cooperative Research Agreements ($300,000 decrease), the Appropriate Technology Transfer to Rural Areas ($2.8 million decrease) and the Value Added Producer Grant Program ($1.5 million decrease).

H.R. 1 proposes a decrease in the Business and Industry Program of approximately $12.611 million dollars. This decrease in the budget authority will lower program level dollars by almost $250 million, which will result in approximately 3,600 less jobs being created/saved, 125 less businesses assisted and almost 100 less loans being made. The credit crunch currently affecting the entire United State of America is disproportionately affecting rural America. Many small businesses are unable to come up with the lines of credit and working capital that they need in order to survive. Without the agency's loan guarantee, many small, rural businesses may not be able to raise the capital they need to stay afloat. Additionally, one of the most important positive aspects of the B&I program is its versatility. The program can be used for a wide variety of projects, including renewable energy. The Business and Industry program has been used in all types of renewable energy projects ranging from ethanol and biodiesel refineries to grain dryers and energy efficiency improvements. With the proposed budget cuts, many of these types of projects would go unfunded. The proposed cut of $14.33 million for the Rural Energy for America Program would result in 214 less renewable energy systems and energy efficiency improvement projects being funded, which would save an estimated 263 million kWh of renewable energy and reduce greenhouse gas emissions by as much as 290 thousand metric tons of CO_2. A $1.65 million decrease to the Rural Microentrepreneur Assistance Program (RMAP) will result in approximately 660 less jobs created/saved and 660 fewer businesses assisted. RMAP's goal is to help new & existing rural microentrepreneurs by providing funds to microenterprise development organizations for microlending and technical assistance to their microloan prospects and borrowers. With the proposed cuts, many small businesses will not be able to receive sorely needed funds. As the program has only been implemented in the last year, only one year of data was available, but the program's need is demonstrable by its oversubscription last year. The Value Added Producer Grant program is a competitive grant program to provide assistance to create or develop value-added producer-owned businesses. A $1.5 million decrease to the Value Added Producer Grant Program will result in approximately 15 fewer awards. The elimination of the $300,000 for cooperative research agreements will effectively end the Research on the Economic Impact of Cooperatives program that has been run since fiscal year 2006. The program could possibly continue but it would be without Federal support. A $2.8 million decrease in funding ATTRA program would bring to an end the services currently offered, including: free technical assistance via an 800 toll free number that is staffed for 12 hours per day in English and Spanish and the ATTRA website which contains more than 300 publications on topics directly related to sustainable agriculture, marketing, and farm energy, along with webinars and pod casts.

Ms. Kaptur: If the $204 million dollar cut to the Rural Utilities Loans & Grants proposed in HR 1 were implemented, would rural America face increased energy costs? Would USDA commitments be abandoned?

Response: As it relates to HR 1 proposed in this question, it reduced new funds for RUS by $17.5 million for the High Energy Cost Grant Program, but preserved $17 million in carryover for additional projects for high energy cost communities in rural America and the loan program was not impacted.

If funding was not provided, there would have been an increase in energy cost in those communities. Unfunded application would remain on file.

The electric programs are not affected by the reduction in funding as those programs have negative subsidies.

Ms. Kaptur: Compared to the FY 11 budget request, the House has proposed a $50.4 million cut for rural development administrative expenses. Would this cut result in furloughs?

Response: We do not expect that staff furloughs would be necessary in fiscal year 2012 to operate within the requested level.

OFFICE CLOSURES

Ms. Kaptur: Would Rural Development be forced to close down offices for periods of time?

Response: No, Rural Development would not be forced to close down offices for periods of time.

IMPACT OF PROPOSED BUDGET CUTS ON PROGRAM ADMINISTRATION

Ms. Kaptur: If the cuts were realized for the administrative programs, would there be decreased transparency of efficiency related to the rural development loan programs? Are there risks to farmers or to taxpayers that Rural Development would not have the administrative staff to ensure that loans or grants being awarded are not fiscally in order as result of these staff cuts?

Response: Rural Development anticipates it would be able to deliver its loan and grant programs successfully and in a fiscally responsible manner at the requested administrative funding level.

HEALTHY FOODS FINANCING INITIATIVE

Ms. Kaptur: Could you please provide more detail related to your proposal the Healthy Foods Financing Initiative under the Rural Development portfolio?

Response: Existing programs and authorities within Rural Development currently support the objectives being put forth in the Healthy Food Financing Initiative. RD programs provide assistance to rural communities that lack access to healthy food options (i.e. food deserts) as well as rural areas where: patterns of non-healthy food consumption exist; suffer from poor health indicators (such as high rates of obesity, diabetes and other diet-related chronic diseases); have high concentrations of persons participating in food assistance programs; or demonstrate other indications of need for healthy food finance interventions. Much like what is being proposed in the HFFI, RD promotes a range of interventions that expand the supply of and demand for nutritious foods, including increasing the distribution of agricultural products, developing and equipping grocery stores and strengthening the producer-to-consumer relationship.

ENERGY PROGRAMS

Ms. Kaptur: Our farm groups work most closely with agricultural producers and can do more with assistance through REAP's Energy Audit and Renewable Energy Development Assistance program. Section 9007(b)(2)(D) specifically gives you the authority to designate farm groups as eligible recipients for this funding. Will you exercise that authority to help our agricultural producers save money with energy efficiency and earn new income with renewable energy?

Response: The specific reference indicates "any other similar entities as determined by the Secretary." The agency's interpretation of this section is that the organization has to be similar to the organizations referenced directly above Section 9007(b)(2)(D) which are: (A) a unit of State, tribal or local government; (B) a land-grant college or university or other institution of higher education; and (C) a rural electric cooperative or public power entity. Justification on how farm groups are similar to the referenced groups will be evaluated by the agency to determine if there is merit to include them as an eligible entity. The agency has already determined that instrumentalities of State, tribal or local governments would be considered eligible and have been included on the list. The agency expects to publish an interim rule by April 14, 2011, and comments on the rule will be accepted for 60 days.

RURAL ENERGY FOR AMERICA PROGRAM NOFA

Ms. Kaptur: We need to get the funding notice for REAP in 2011 finally released. Can we look forward to that being done this week?

Response: The Rural Energy for America Program Notice of Interim Rulemaking and the Notice of Funds Availability to announce the $70 million in mandatory funds available for fiscal year 2011 will be published mid-April, 2011.

RURAL UTILITIES SERVICE FUNDING FOR RENEWABLE ENERGY

Ms. Kaptur: There seems to be significant confusion as to whether the USDA Rural Utility Service imposes any limits - through all requirements power contracts - on the extent to which distribution (not generation) cooperatives can purchase or invest in renewable energy. Does RUS impose any such limits on distribution cooperatives?"

Response: RUS does not impose any limitations on either distribution or power supply borrowers as relates to the purchase of or investment in renewable energy. The wholesale power contract is a negotiated document between the power supplier, in most cases a generation and transmission cooperative, and its distribution cooperative members. The wholesale power contract is a key aspect of RUS' security, and RUS does review and have approval authority in order to ensure repayment of RUS outstanding debt.

RURAL ENERGY FOR AMERICA PROGRAM: OVEREMPHASIS ON BLENDER PUMPS/ETHANOL?

Ms. Kaptur: We understand that USDA is making the REAP program more of an ethanol program, by including assistance for gas station owners to install gasoline/ethanol blender pumps and focusing promotional resources on blender pumps. Meanwhile, other technologies - such as solar - benefit farmers directly. Is the Department truly promoting ALL renewable energy technologies and what are you doing to promote the less traditional farm energy technologies such as solar?

Response: The Department will continue to administer all Title IX programs to meet their intended purposes -- greater energy independence and security, an improved rural economy, and a healthier national environment. The Rural Energy for America Program provides loan guarantees and grants to agricultural producers and rural small businesses to purchase and install renewable energy systems and make energy-efficiency improvements. Renewable energy systems include those that generate energy from wind, solar, biomass, geothermal sources, or that produce hydrogen from biomass or water using renewable energy, and ocean and hydroelectric source technologies. Energy-efficiency projects typically involve installing or upgrading equipment to significantly reduce energy use. Energy audits and feasibility studies are also eligible for assistance. Eligible applicants for energy audits include State, tribe, or local governments; land-grant colleges and universities; rural electric cooperatives; and public power entities. Eligible applicants for feasibility studies include rural small businesses and agricultural producers. The Agency markets and will continue to market the program to encourage all eligible renewable energy technologies. The Section 9007 Interim Rule, that will be published in mid-April, 2011, allows the agency to award administrator points for under-represented technologies.

RURAL ENERGY FOR AMERICA PROGRAM BLENDER PUMPS

Ms. Kaptur: The Congressional authorization for the REAP program does not permit funding energy conveyance systems such as pipelines or transmission lines for renewable electricity - or gasoline/ethanol blender pumps. If the Department uses REAP for blender pumps then it will drain funds available for the congressionally permitted uses. Worse, this funding will flow to gas stations owners, not farmers, and those blend pumps may mostly pump gasoline. How does the inclusion of blended pumps square with congressionally authorized use of these funds?

Response: The higher blends of ethanol in the Nation's fuel supply lead directly to more jobs in rural areas, enhanced farm and forestry income, and significantly reduced greenhouse gas emissions.

Section 9007(a)(2) authorizes the agency to fund parts of 'renewable energy systems' as well as renewable energy systems in whole. The agency's definition of 'renewable energy system' in its current regulation at 7 CFR 4280.103 specifically includes 'delivery' as one aspect of such a system. The agency has determined that a flexible fuel pump is a uniquely critical aspect of a biofuel 'renewable energy system' which the agency believes covers the conversion of the biomass through the dispensing of the biofuel to a vehicle. The agency believes this interpretation is consistent with the authorizing statute and its corresponding regulation.

The policy rationale for the agency to include flexible fuel (blender) pumps in the Rural Energy for America Program (REAP) is to address a barrier that the agency has determined impedes the broader use of biofuels as a liquid transportation fuel in the United States. For example, one major aspect of this barrier derives from two scenarios. The first is one of an insufficient availability of higher ethanol-blend fuels in the market place that discourages Americans from purchasing flexible fuel vehicles that can burn such higher ethanol-blend fuels and does not provide a sufficient level of higher ethanol-blend fuel to supply the existing flexible fuel vehicle fleet to fully take advantage of the fleet's ability to consume additional biofuel. The second is one of an insufficient number of flexible fuel vehicles on the road to encourage fuel station owners to expend the capital necessary to install flexible fuel (blender) pumps.

By allowing the Rural Energy for America Program to provide financing through grants and loan guarantees to encourage the installation of flexible fuel pumps in rural areas, the agency believes it can help overcome this barrier. The agency acknowledges that there are other similar biofuel examples, including barriers to biodiesel.

The agency recognizes that REAP is designed to address a variety of renewable energy and energy efficiency goals. With the inclusion of flexible fuel (blender) pumps for REAP funding, the Agency will ensure that it will not ignore the other important goals and purposes of the program.

NOFA FOR THE VALUE ADDED PRODUCER GRANTS

Ms. Kaptur: The Value-Added Producer Grant (VAPG) program is a competitive grants program that funds innovative, entrepreneurial farmers and ranchers in enhancing the value of agricultural commodities and products. Your budget for FY 2012 proposes $20.4 million in funding for the program. This is an important program and deserves funding. But even as you have proposed funding for 2012, producers in Ohio and around the country are still anxiously awaiting the Notice of Available Funds (NOFA) for FY 2010 and FY 2011. This delay has been unacceptably long. Are you prepared to state for the record precisely when you expect the announcement asking for applications to be made?

Response: The Notice of Funding Availability (NOFA) for the FY2010 and 2011 VAPG program is in the final stages of clearance. Publication is expected in the Spring of 2011.

REGIONAL PROGRAMS/RURAL INNOVATION INITIATIVE

Ms. Kaptur: During FY 2010, the Rural Housing Service geographic breakdown of funds for the rural community facility grants in the Recovery Act vary greatly based on State. While in Ohio received $426,000, North Carolina received almost $8 million under the program and its neighbor to the south, South Carolina received $7 million. These two more than double most other States. Please justify for the committee how these two states received over 21% of the national figure while my home state of Ohio, a state with many rural counties received so little.

Response: Grant applications for Recovery Act funds were rated according to the agency's established priorities in regulations, ranked in order, and funded until all monies were exhausted. By statute, an applicant must demonstrate that they are unable to obtain credit from other sources. North Carolina has long made active use of Rural Development (RD) programs, in part due to the poverty of many of their rural communities. South Carolina has similar needs to its northern neighbor. Both of these States have large numbers of persistent poverty counties and other underserved areas. In North Carolina, 10.0 percent of its counties are persistent poverty (10/100); and in South Carolina, 26.1 percent of its counties are persistent poverty (12/46). However, in Ohio, only 1.1 percent of its counties are persistent poverty (1/88). The Recovery Act placed strong emphasis on funding persistent poverty counties (section 105 required at least 10 percent of the amounts appropriated to be allocated for assistance in persistent poverty counties). Also, agency regulations give priority to communities that have a low median household income for the population to be served. For these reasons, some States received a much larger proportion of the grant funds available compared to other States.

APPROPRIATE TECHNOLOGY TRANSFER FOR RURAL AREAS (ATTRA)

Ms. Kaptur: The National Sustainable Agriculture Information Service, also known as the ATTRA or Appropriate Technology Transfer for Rural Areas, is authorized by the Farm Bill and appropriated as a sub-account under the Rural Cooperative Development Program line item. For over 20 years, the program has provided incredibly important real-time information for farmers, ranchers, Extension agents, and other agriculture professionals. It is much in demand, with over 60,000 information requests a year. Many extension agents will testify that they cannot do their jobs without it. USDA requested $2.8 million for the program in FY 11 and again in FY 12. America's farmers get an incredible benefit for this relatively modest investment. Despite being a nationwide program, authorized by the Farm Bill, and requested by USDA, the program mistakenly got put on the earmark list and was zeroed out in the current 3-week CR. It is not, however, an earmark. It is requested by the Administration, it is authorized, it is nationwide, it is operated by USDA precisely how the Farm Bill authorization instructs it to be run, and it has been funded by the agricultural appropriations bill for decades. It is my belief that this committee is using the earmark definition to kill a program that helps thousands of small farmers across the country while refusing to touch the commodity programs that help large farmers. Please outline for the committee the national scope of the program and the reason the administration has supported this program in budget requests?

Response: ATTRA is an efficient and exemplary program that for over 20 years has provided important research-based information to people nationwide annually--many of whom have no other reliable source of information. In 2010, ATTRA staff answered over 60,000 requests to ATTRA's 1-800 call line and brought over 3.3 million unique visitors to its website, from which there were over 5.8 million publications downloads. Its workshops and other in-person presentations reached 177,000 attendees from 45 States. The ATTRA program is supported by offices in California, Arkansas, Iowa, Texas, and Pennsylvania. The geographic dispersion of these offices allows ATTRA to maintain commodity and regional expertise which is leveraged to support a coast-to-coast network of information and resources.

Support for ATTRA stems from their proven ability to provides information and technical assistance on a wide array of topics including: sustainable agriculture, renewable energy, crops and livestock, resource management, local food systems and marketing, business and risk management. ATTRA is recognized for its expertise by agricultural producers and is frequently their first point-of-contact for information. ATTRA has been a reliable and cooperative partner who has been effective in marketing USDA programs and facilitating their use.

IMPLEMENTATION OF A REGIONAL INNOVATION STRATEGY

Ms. Kaptur: In the FY 2012 budget request, the administration has asked for legislative authority to provide a 5% set aside for a variety of different rural development programs under a regional innovation strategy. I am very interested in this proposal and the possibilities it represents for regionally targeting these programs. In the absence of committee action to authorize the program, what steps has the agency taken to promote this regional innovation strategy?

Response: USDA's current work on the regional strategies utilizes current resources in a fashion consistent with our current authority and funding. This work recognizes that USDA has the responsibility to utilize its programs in a way that best supports the hard work and ingenuity of those who live in rural communities. To demonstrate this idea, we have focused our work on seven different regional strategies that were selected through the competitive Rural Business Opportunity Grant (RBOG) process in 2010. These strategies range from a focused food system linking rural Southwest Iowa to urban markets in Omaha, to a comprehensive regional approach in California that matches region's assets to strategies to grow regional food, renewable energy and export markets. To better coordinate USDA activity with these regions, we have formed a small cross-agency working group called the Rural Innovation Team whose functions are to:

- coordinate efforts at the Department to ensure that people living in these regions are able to navigate the maze of USDA programs;
- ensure that the people in the region have access to and understand how other federal (non-USDA) programs may support their vision;
- make connections with other stakeholders who could contribute to the strategy; and
- assist the people in the rural community in determining how to measure success.

REGIONAL STRATEGIES SUCCESS STORIES

Ms. Kaptur: Please provide some examples of regional projects the administration has funded under the regional innovation initiative without expanded legal authority as requested in your FY 2012 budget request.

Response: Beyond the Recipients of the RBOG discussed in the previous question, Rural Development is utilizing other current authorities to support locally-driven regional strategies, including:

Rural Business Enterprise Grant (RBEG):
In FY 2010, the NOFA for RD's RBEG program was modified to include language encouraging regional collaboration around economic and business development project. The result was 15 multi-county economic development projects, including 3 multi-state. Examples include a grant to provide technical assistance to new and existing rural small businesses through a business coaching program along the I-80 corridor in southwest Nebraska and northwest Kansas. The project is expected to create 27 and retain five jobs.

Rural Community Development Initiative (RCDI):
In FY 2010, the NOFA for RCDI was modified to include language providing additional scoring points for regional or "Great Region" projects. The RCDI provides grants to intermediaries to provide technical assistance and capacity building to local nonprofit and government organization that provide community and economic development services to local residents. The selections will be made in early 2011.