



Resources, Community, and
Economic Development Division

B-272351

July 15, 1996

The Honorable Richard H. Baker
Chairman, Subcommittee on Capital Markets,
Securities and Government-Sponsored Enterprises
Committee on Banking and Financial Services
House of Representatives

Dear Mr. Chairman:

This report is in response to your April 1996 request for information describing the characteristics of the U.S. Department of Agriculture's (USDA) rural lending programs. In particular, you asked us to (1) identify and summarize the purposes of each of USDA's rural loan programs and (2) provide basic financial information on the size and condition of the programs, including outstanding loan principal, delinquent debt, the level of USDA's authority to make loans, and federal subsidy costs. This report focuses on those rural credit programs in which USDA made loans in fiscal years 1994 and/or 1995, had the authority to make loans in its approved fiscal year 1996 appropriation act, or had requested the authority to make loans in its fiscal year 1997 appropriation request.

In summary, we found the following:

- USDA operates 20 programs that provide direct and/or guaranteed loan assistance in five areas—farming, rural housing, rural community development, rural utilities, and rural businesses. In addition, legislation enacted in early 1996 authorizes USDA to operate three new credit programs in these areas and expands the operation of an existing loan program.
- As of September 1995, outstanding loan principal in the 20 operating programs totaled about \$95.8 billion. Loans in the rural housing and utilities areas accounted for about 80 percent of this amount.

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- As of September 1995, delinquent borrowers accounted for about \$8.6 billion, or 9 percent, of the total outstanding principal in USDA's rural loan programs. The direct farm loan programs had the largest percentage of debt held by delinquent borrowers—almost 38 percent. However, these delinquency figures may understate the total risks associated with USDA's rural lending programs because they do not include an unknown amount of debt held by borrowers who are shown in USDA's records as being current on repayments but who have had the terms and conditions of their loans restructured because of past repayment difficulties.
- For fiscal year 1996, USDA has the authority to make or guarantee loans under these programs amounting to almost \$9.1 billion, and it has requested lending authority of slightly over \$10.9 billion for fiscal year 1997.
- The federal subsidy costs for these loan programs—interest rate subsidy plus anticipated losses—total \$725 million for loans to be made in fiscal year 1996. USDA has requested a \$545 million subsidy for fiscal year 1997 loans.

Enclosure I contains two tables. The first summarizes information on each of USDA's rural lending programs, including the purpose of the loan; intended beneficiary; type of loan—direct and/or guaranteed; and terms and interest rates. The second describes the new and expanded programs that result from recent legislation. Enclosure II contains three tables that provide financial information on the individual programs, including total outstanding principal and delinquency levels at the end of fiscal year 1995, loan authority for fiscal year 1996 and the level requested for fiscal year 1997, and subsidy costs.

AGENCY COMMENTS

We provided a draft of this report to USDA and met with agency officials to obtain their comments. These officials included the Acting Deputy Administrator of Business Programs, the Director of the Loan Making Division for farm loans, the Acting Director of the Single Family Housing Division, and others. In addition, we discussed the report with the Deputy Director of the Budget Division in the Rural Development mission area. The USDA officials generally agreed with the material contained in the report and offered technical corrections and suggestions for clarifying the report. We made these corrections and incorporated these suggestions as appropriate.

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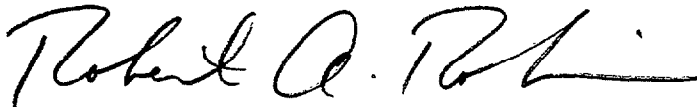
SCOPE AND METHODOLOGY

We compiled the information in this report primarily from USDA's budget documents, program financial records, and discussions with agency officials. We identify the sources for this information in each of the enclosures. Our work was performed from April through June 1996 in accordance with generally accepted government auditing standards. We did not verify the accuracy of the information contained in the Department's documents and reports.

We are sending copies of this report to the House Committees on Agriculture and on Appropriations; Senate Committees on Agriculture, Nutrition, and Forestry and on Appropriations; the Secretary of Agriculture; and the Director, Office of Management and Budget. We will also make copies available to others upon request.

Please contact me at (202) 512-5138 if you or your staff have any questions.

Sincerely yours,



Robert A. Robinson
Director, Food and
Agriculture Issues

Enclosures - 2

GENERAL DESCRIPTIVE INFORMATION ON USDA'S RURAL CREDIT PROGRAMS

This enclosure presents information on the U.S. Department of Agriculture's (USDA) rural lending programs, including the purpose of the loan; intended beneficiary; type of loan--direct and/or guaranteed; and terms and interest rates. It also describes the new and expanded programs that result from recent legislation.

Table I.1: USDA's Rural Credit Programs

Credit program (direct and/or guaranteed loans)	Eligible borrowers	Purposes of the loans	Financial characteristics of the loans
<p><u>Farm loans</u></p> <p>Farm ownership (direct and guaranteed)</p>	<p>Family farmers and ranchers who are unable to obtain credit elsewhere at reasonable rates and terms. Funds are targeted to beginning farmers and ranchers, and limits exist on how long borrowers can receive loans.</p>	<p>Primarily to buy farm real estate, and to pay for capital improvements and soil and water conservation and protection; guaranteed loans can also be used to refinance existing debts.</p>	<p>Maximum loan and debt: \$200,000 for direct and \$300,000 for guaranteed loans; \$50,000 for direct and guaranteed loans for soil and water purposes.</p> <p>Term: up to 40 years.</p> <p>Interest rate: on direct loans, USDA's cost of money plus up to 1 percentage point or a subsidized 5-percent rate; on guaranteed loans, the rate agreed upon by the commercial lender and the borrower, not to exceed the lender's average farm loan rate.</p>

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Credit program (direct and/or guaranteed loans)	Eligible borrowers	Purposes of the loans	Financial characteristics of the loans
Farm operating (direct and guaranteed)	Family farmers and ranchers who are unable to obtain credit elsewhere at reasonable rates and terms. Funds are targeted to beginning farmers and ranchers, and limits exist on how long borrowers can receive loans.	Primarily to buy feed, seed, fertilizer, livestock, and farm equipment; refinance existing debts (the recently enacted Farm Bill--P.L. 104-127, Apr. 4, 1996--places limits on this use with direct loans); and pay family living expenses.	<p>Maximum loan and debt are \$200,000 for direct and \$400,000 for guaranteed loans.</p> <p>Term: 1 year on annual operating loans; a 5-year line-of-credit loan allowed under the recently enacted Farm Bill; and up to 7 years for livestock and equipment purchases.</p> <p>Interest rate: same as with farm ownership loans, except that a guaranteed loan may also be subsidized at up to 4 percentage points less than the lender's average farm loan rate.</p>
Emergency disaster (direct)	Family farmers and ranchers in designated areas whose operations have been substantially damaged by adverse weather or other natural disasters and who are unable to obtain credit elsewhere.	To cover actual physical and production losses so that farmers and ranchers can return to normal operations; loan purposes same as farm ownership and operating loan purposes.	<p>Maximum loan and debt are \$500,000.</p> <p>Term: on operating loans, normally up to 7 years; however, the term may be up to 20 years if a longer repayment period is needed and security is available. On real estate loans, normally up to 30 years; however, the term may be up to 40 years if a longer repayment period is needed.</p> <p>Interest rate: subsidized at rates lower than other farm loans.</p>
Indian tribe land acquisition (direct)	Recognized Indian tribes and Alaskan Native corporations.	To acquire land or interest in land that is within the boundaries of a tribe's reservation or a corporation's community.	<p>Term: same as direct farm ownership loans.</p> <p>Interest rate: USDA's cost of money plus up to 1 percentage point or a lower subsidized rate for those borrowers who are unable to demonstrate repayment at that rate.</p>

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Credit program (direct and/or guaranteed loans)	Eligible borrowers	Purposes of the loans	Financial characteristics of the loans
Credit sale (direct)	Eligible borrowers in the farm loan programs and other purchasers who do not qualify to participate in the farm loan programs; in each case the borrowers or purchasers do not have the cash or are unable to obtain other credit to purchase the properties.	To purchase farm real estate that is in USDA's inventory.	Term: same as direct farm ownership loans for program-eligible borrowers and a shorter term for nonprogram purchasers. Interest rate: same as direct farm ownership loans for program-eligible borrowers and a higher, market rate for nonprogram purchasers.
Housing loans			
Single-family housing (direct and guaranteed)	Direct loans: very-low- and low-income rural residents. Guaranteed loans: low- and moderate-income rural residents.	To purchase or repair single-family houses.	The maximum mortgage amount is \$78,660, except in designated high-cost areas where the loan may be for up to \$155,250. Term: on direct loans, generally repayable in not more than 33 years, but the term can be for 38 years in certain cases; on guaranteed loans, 30 years. Interest rate: on direct loans, USDA's cost of money or subsidized, depending on the borrower's household income, to as low as 1 percent; on guaranteed loans, the rate is capped at the rate set by the Department of Veterans Affairs or the Federal National Mortgage Association (Fannie Mae).
Multifamily rental housing (direct)	Wide variety of applicants, including individuals, partnerships, cooperatives, nonprofit and for-profit organizations, public agencies, and Indian tribes.	To build and/or otherwise provide rental housing and related facilities for the elderly, handicapped, and other very low-, low-, or moderate-income renters in rural areas.	Term: up to 50 years. Interest rate: USDA's cost of money, with provisions for a subsidized rate as low as 1 percent, based on tenants' incomes.

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Credit program (direct and/or guaranteed loans)	Eligible borrowers	Purposes of the loans	Financial characteristics of the loans
Very low-income housing repair (direct)	Very-low-income rural residents.	To repair or improve their houses to make them safe and sanitary or to remove health hazards.	Maximum loan is \$15,000. Term: up to 20 years. Interest rate: 1 percent.
Farm labor housing (direct)	Farm owners and public or private nonprofit organizations.	To provide modest living quarters, basic household furnishings, and related facilities for farm workers and their families, including acquiring needed land for the structures.	Term: up to 33 years. Interest rate: 1 percent.
Housing site (direct)	Public bodies and nonprofit organizations.	To purchase and develop rural land that is to be subdivided into housing sites and then sold on a nonprofit basis to low- or moderate-income single-family or multifamily rental housing borrowers.	Term: 2 years. Interest rate: USDA's cost of money.
Self-help housing land development (direct)	Public bodies and nonprofit organizations.	To purchase and develop rural sites for constructing houses by the self-help method in which a small group of very-low- or low-income families build their own houses.	Term: 2 years. Interest rate: 3 percent.

Credit program (direct and/or guaranteed loans)	Eligible borrowers	Purposes of the loans	Financial characteristics of the loans
Credit sale (direct)	Borrowers who are eligible to participate in the single-family or the multifamily rental housing loan programs for properties that qualify under those programs, respectively. Also, other purchasers who either do not qualify to participate in these programs or to acquire properties that do not qualify for loans under the programs. In each situation, the borrowers or purchasers do not have the cash or are unable to obtain other credit to finance the purchase.	To purchase rural housing real estate that is in USDA's inventory.	<p>Term: the same as the direct single-family housing and multifamily rental housing programs; for nonprogram borrowers and properties, a shorter term and a down payment is required.</p> <p>Interest rate: the same as the direct single-family housing and multifamily rental housing programs; for nonprogram borrowers and properties, the rate is the cost of money plus one-half of 1 percent.</p>
Community loans			
Community facilities (direct and guaranteed)	Public entities, such as counties and municipalities, nonprofit organizations, and Indian tribes.	To construct, enlarge, and improve community facilities that provide health care, public safety, and public services to rural residents, such as health clinics, fire stations, and libraries.	<p>Term: lesser of the useful life of the facility or 40 years.</p> <p>Interest rate: on direct loans, a rate comparable to the rate for a municipal bond with similar terms or a lower subsidized rate based on the median income of the area and whether the project is for health care or related facilities or to improve health or sanitary standards; on guaranteed loans, as agreed upon by the lender and the borrower.</p>

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Credit program (direct and/or guaranteed loans)	Eligible borrowers	Purposes of the loans	Financial characteristics of the loans
Electricity and telecommunications loans			
Rural electric (direct and guaranteed)	Electric cooperatives and corporations, public bodies, and other utilities and associations that serve rural areas.	Direct loans: to construct and maintain rural electric distribution facilities that provide electricity to rural users. Guarantees are available on loans made by the Federal Financing Bank (FFB) and by other lenders, such as the Farm Credit System's CoBank, to finance the construction of electric generation and transmission facilities.	<p>Term: up to 35 years.</p> <p>Interest rate: on direct loans, the rate is tied to local economic conditions and the cost of providing service to that area; it is generally the municipal borrowing rate for regular borrowers with a 7-percent cap, or for borrowers that serve distressed areas, it may be subsidized at a 5-percent rate. On guaranteed loans, the rate is the Treasury's cost of money plus one-eighth of 1 percent.</p>
Rural telecommunications (direct and guaranteed)	Telephone companies and cooperatives, public bodies, and nonprofit and other associations.	<p>To establish and improve telephone services and other telecommunications facilities in rural areas, including loans for advanced telecommunications facilities and services such as fiber optic cabling, digital switching equipment, and educational television applications. The guarantees are on FFB loans.</p> <p>These loans may also be directly linked with other credit that a borrower receives from the Rural Telephone Bank.</p>	<p>Term: up to 35 years.</p> <p>Interest rate: on direct loans, the rate is tied to the financial condition of the borrower; it is generally USDA's cost of money, or for borrowers who are distressed, it may be subsidized at a 5-percent hardship rate. On guaranteed loans, the rate is the Treasury's cost of money plus one-eighth of 1 percent.</p>

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Credit program (direct and/or guaranteed loans)	Eligible borrowers	Purposes of the loans	Financial characteristics of the loans
Rural Telephone Bank (RTB) ^a (direct)	USDA rural telecommunications loan borrowers, such as telephone companies and cooperatives in rural areas.	To extend and improve telephone services in rural areas, including advanced telecommunications purposes such as fiber optic cabling, digital switching equipment, and educational television applications. RTB credit supplements other USDA financing that telephone companies and cooperatives receive.	Term: maximum of 35 years. Interest rate: RTB's cost of money.
Water and waste disposal loans			
Water and waste disposal (direct and guaranteed)	Public entities, nonprofit organizations, and Indian tribes.	Water loans: to improve the storage, treatment, purification, and distribution of water. Waste disposal loans: to collect, treat, and dispose of waste in rural areas and in cities and towns with populations of 10,000 or less.	Term: repayable in the lesser of 40 years, the useful life of the facility, or as specified in an applicable state statute. Interest rate: on direct loans, the rate on municipal bonds with comparable terms or a lower subsidized rate based on the median income of the geographic area and whether the project is for meeting health or sanitary standards; on guaranteed loans, as agreed upon by the lender and the borrower.

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Credit program (direct and/or guaranteed loans)	Eligible borrowers	Purposes of the loans	Financial characteristics of the loans
Business and industry (direct and guaranteed)	Wide variety of applicants, including public, private, and cooperative organizations (both profit and nonprofit), Indian tribes, corporations, and individuals.	To support business and related activities that improve the economic climate in rural areas, including acquisitions, construction, conversions, and expansions; rights of ways, buildings, equipment, facilities, machinery, and supplies; and, startup costs.	<p>Term: generally up to 30 years but can be for 40 years in the case of direct loans to public bodies and nonprofit entities when the loan is for facilities needed for community development.</p> <p>Interest rate: on direct loans to public bodies and nonprofit entities for development facilities, the interest rate is subsidized at 5 percent; to other borrowers, USDA's cost of money plus an increment to cover administrative costs. On guaranteed loans, it is the rate agreed upon by the lender and the borrower.</p>
Rural development intermediary relending (direct)	Variety of applicants, including private nonprofit corporations, cooperatives, state and local government agencies, and Indian tribes.	Relending to, among others, rural businesses and nonprofit organizations for economic and community development projects, including the startup of new businesses and the expansion of existing businesses.	<p>Term: up to 30 years.</p> <p>Interest rate: 1 percent.</p>

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Credit program (direct and/or guaranteed loans)	Eligible borrowers	Purposes of the loans	Financial characteristics of the loans
Rural economic development (direct)	USDA electric and telecommunications borrowers in rural areas.	To promote economic development, including starting up new businesses and other projects that create new jobs. Funding for these loans is interest earnings on advance loan repayments made by USDA electric and telecommunications borrowers.	Term: 10 years. Interest rate: zero interest rate.

*RTB is a mixed-ownership government corporation with federal agency status until it is privatized through the retirement of stock that the government owns. Privatization is supposed to begin in fiscal year 1996, with RTB repurchasing no more than 5 percent of the federally owned stock; as of May 23, 1996, no stock purchases had been made.

Source: USDA, Budget Explanatory Notes for Committee on Appropriations, fiscal year 1997; various other USDA reports, pamphlets, and publications; and discussions with USDA officials.

Table I.2: Credit Programs Authorized in Recently Enacted Legislation

Credit program	General description
Distance learning and telemedicine loans	P.L. 104-127 (Apr. 4, 1996) provides for direct loans to be made to assist rural borrowers in making telecommunications and data linkages available. This new credit authority is an expansion of current grant authority.
National Sheep Industry Improvement Center loans	P.L. 104-127 provides for direct loans to be made to public, private, and cooperative entities, including Indian tribes, nonprofit organizations, and public or quasi-public agencies, for promoting the development of the U.S. sheep and goat industries.
Rural Community Advancement Program loans	P.L. 104-127 allows various USDA grant funds to be used in a leveraging mechanism that provides for loan guarantees. Specifically, USDA is authorized to guarantee loans made by eligible public entities for financing rural development projects with grant funds. The guarantee can be for up to 5 times the amount of a grant made to a state under the program. Through the business and industry program, USDA is also authorized to provide guarantees on loans for rural venture capital demonstration projects.
Multifamily rental housing loans	P.L. 104-120 (Mar. 28, 1996) allows loan guarantees to be provided to commercial lenders on loans made to nonprofit organizations, for-profit entities, and public bodies for supplying rental housing in rural areas for low- to moderate-income families whose incomes do not exceed 115 percent of an area's median income. This is an expansion of the current direct loan authority in the multifamily rental housing program.

Source: P.L. 104-127 and P.L. 104-120, and discussions with USDA officials.

FINANCIAL INFORMATION ON USDA'S RURAL CREDIT PROGRAMS

This enclosure provides financial information on the individual rural credit programs, including total outstanding principal and delinquency levels at the end of fiscal year 1995, loan authority for fiscal year 1996 and the level requested for fiscal year 1997, and subsidy costs.

Table II.1: Amount of USDA's Outstanding Loans at the End of Fiscal Year 1995 and Repayment Status

Dollars in millions

Loan program ^a	Outstanding principal				
	Total	Held by delinquent borrowers		Held by current borrowers	
		Amount	Percent	Amount	Percent
Farm loans^b					
Farm ownership					
Direct ^c	\$4,686.3	\$1,151.9	24.6	\$3,534.4	75.4
Guaranteed	2,592.7	83.4	3.2	2,509.3	96.8
Farm operating					
Direct	2,702.5	1,032.2	38.2	1,670.3	61.8
Guaranteed	3,321.0	130.7	3.9	3,190.3	96.1
Emergency disaster	3,046.3	1,785.3	58.6	1,261.0	41.4
Indian tribe land acquisition	73.5	5.4	7.3	68.1	92.7
Total farm loans					
Direct	\$10,508.6	\$3,974.8	37.8	\$6,533.8	62.2
Guaranteed	\$ 5,913.7	\$ 214.1	3.6	\$5,699.6	96.4
Housing loans^b					
Single-family housing					
Direct	18,256.1	3,172.4	17.4	15,083.7	82.6
Guaranteed	2,127.2	60.4	2.8	2,066.8	97.2

Loan program ^a	Outstanding principal				
	Total	Held by delinquent borrowers		Held by current borrowers	
		Amount	Percent	Amount	Percent
Multifamily rental housing	11,515.9	262.2	2.3	11,253.7	97.7
Very-low-income housing repair	93.8	6.2	6.6	87.6	93.4
Farm labor housing	178.4	11.0	6.2	167.4	93.8
Housing site	0.1	0.1	85.0	<0.1	15.0
Self-help housing land development	0	0	0.0	0	0.0
Total housing loans					
Direct	\$30,044.3	\$3,451.9	11.5	\$26,592.4	88.5
Guaranteed	\$ 2,127.2	\$ 60.4	2.8	\$ 2,066.8	97.2
Community loans					
Community facilities					
Direct	1,066.1	37.0	3.5	1,029.1	96.5
Guaranteed	81.2	1.4	1.7	79.8	98.3
Electricity and telecommunications loans					
Rural electric					
Direct	11,969.8	29.6	0.2	11,940.2	99.8
Guaranteed	23,123.8	658.5	2.8	22,465.3	97.2
Rural telecommunications					
Direct	3,448.2	0	0.0	3,448.2	100.0
Guaranteed	304.3	0	0.0	304.3	100.0
Rural Telephone Bank	1,531.7	0	0.0	1,531.7	100.0
Total electric and telecommunications loans					
Direct	\$16,949.7	\$ 29.6	0.2	\$16,920.1	99.8

Loan program ^a	Outstanding principal				
	Total	Held by delinquent borrowers		Held by current borrowers	
		Amount	Percent	Amount	Percent
Guaranteed	\$23,428.1	\$658.5	2.8	\$22,769.6	97.2
Water and waste disposal loans					
Water and waste disposal					
Direct	4,511.5	39.5	0.9	4,472.0	99.1
Guaranteed	7.1	0	0.0	7.1	100.0
Business and industry and rural development loans					
Business and industry					
Direct	5.0	0	0.0	5.0	100.0
Guaranteed	990.1	150.7	15.2	839.4	84.8
Rural development intermediary relending	138.1	0	0.0	138.1	100.0
Rural economic development	38.6	0	0.0	38.6	100.0
Total business and industry and rural development loans					
Direct	\$181.7	\$ 0	0.0	\$181.7	100.0
Guaranteed	\$990.1	\$150.7	15.2	\$839.4	84.8
USDA total					
Direct	\$63,261.9	\$7,532.8	11.9	\$55,729.1	88.1
Guaranteed	\$32,547.4	\$1,085.1	3.3	\$31,462.3	96.7

Note: Outstanding debt held by delinquent borrowers represents only part of the risk associated with a loan program. Additional risk exists with loans that have been restructured because of repayment difficulties but that are either current on repayment or that have not had payments due; in some USDA loan programs, the extent of restructuring has been considerable.

^aExcludes loan programs in which USDA no longer makes loans but under which it still has outstanding loans in its portfolio, such as economic emergency farm loans. Also, excludes outstanding loans to nonprogram borrowers, such as assumptions.

^bUSDA does not report a breakout of outstanding debt resulting from the credit sales of farm and housing inventoried properties; rather, such outstanding debt is included in its outstanding direct loan debt for the program covering the type of property involved. For example, outstanding debt on the credit sales of farm properties is included in the farm ownership direct loan program and outstanding debt on the credit sales of single-family housing properties is included in the single-family housing direct loan program.

^cIncludes soil and water loans.

Source: Extracted from various USDA financial reports--Report Code(s) 616, 4067, and R5001-A; financial schedules; or received from USDA officials.

Table II.2: USDA's Loans in Fiscal Years 1994-95, Loan Authority for Fiscal Year 1996, and Loan Authority Request for Fiscal Year 1997

Dollars in millions

Loan program	FY 94 loans made	FY 95 loans made	FY 96 loan authority ^a	FY 97 requested authority ^b
Farm loans				
Farm ownership				
Direct	\$ 85.2 ^c	\$ 56.9	\$ 60.0	\$ 50.0
Guaranteed	543.7 ^c	559.9	550.0	650.0
Farm operating				
Direct	651.0	437.9	550.0	445.1
Guaranteed	1,300.1	1,378.3	1,900.0	2,000.0
Emergency disaster	145.7	68.8	100.0	0
Indian tribe land acquisition	0.7	0.6	0.8	1.0

Loan program	FY 94 loans made	FY 95 loans made	FY 96 loan authority ^a	FY 97 requested authority ^b
Credit sales	67.4	0	0	50.0
Total farm loans				
Direct	\$950.0	\$564.2	\$710.8	\$546.1
Guaranteed	\$1,843.8	\$1,938.3	\$2,450.0	\$2,650.0
Housing loans				
Single-family housing				
Direct	1,657.7	933.9	1,000.0	1,320.0
Guaranteed	725.9	1,048.8	1,700.0	2,300.0
Multifamily rental housing	512.4	183.3	150.0	184.3
Very-low-income housing repair	25.2	29.5	35.0	35.0
Farm labor housing	15.7	15.1	15.0	16.5
Housing site	0.1	<0.1	0.6	0.6
Self-help housing land development	0	<0.1	0.6	0.6
Credit sales	123.4	0	0	75.0
Total housing loans				
Direct	\$2,334.5	\$1,161.8	\$1,201.2	\$1,632.0
Guaranteed	\$ 725.9	\$1,048.8	\$1,700.0	\$2,300.0
Community loans				
Community facilities				
Direct	163.1	176.1	200.0	200.0
Guaranteed	30.0	51.1	75.0	100.0
Electricity and telecommunications loans				
Rural electric				
Direct	518.0	610.5	615.0	725.0

Loan program	FY 94 loans made	FY 95 loans made	FY 96 loan authority ^a	FY 97 requested authority ^b
Guaranteed	269.8	300.0	300.0	400.0
Rural telecommunications				
Direct	268.3	290.5	370.0	375.0
Guaranteed	59.7	119.4	120.0	120.0
Rural Telephone Bank	199.8	175.0	175.0	175.0
Total electric and telecommunications loans				
Direct	\$986.1	\$1,076.0	\$1,160.0	\$1,275.0
Guaranteed	\$329.5	\$ 419.4	\$ 420.0	\$ 520.0
Water and waste disposal loans				
Water and waste disposal				
Direct	715.5	827.9	546.5	800.0
Guaranteed	5.2	0	50.0	0
Business and industry and rural development loans				
Business and industry				
Direct	0	0	0	50.0
Guaranteed	249.6	423.6	500.0	750.0
Rural development intermediary relending	77.4	85.2	37.5	80.0
Rural economic development	13.5	12.3	12.9	14.0
Total business and industry and rural development loans				
Direct	\$ 90.9	\$ 97.5	\$ 50.4	\$144.0
Guaranteed	\$249.6	\$423.6	\$500.0	\$750.0

Loan program	FY 94 loans made	FY 95 loans made	FY 96 loan authority ^a	FY 97 requested authority ^b
USDA total				
Direct	\$5,240.1	\$3,903.5	\$3,868.9	\$4,597.1
Guaranteed	\$3,184.0	\$3,881.2	\$5,195.0	\$6,320.0

^aThe fiscal year 1996 loan authority is the level in USDA's fiscal year 1996 appropriation act; it does not reflect changes that may have occurred in the subsidy rate that would, in turn, change the supportable loan level. For example, in some programs, such as the business and industry guaranteed loan program, the supportable loan level is higher than the appropriation loan level because the subsidy rates for the programs decreased. Also, the fiscal year 1996 loan authority does not include loan authority resulting from supplemental appropriations.

^bThe fiscal year 1997 requested authority is the level USDA requested in its fiscal year 1997 budget request to cover those programs in which it was authorized to make loans; it does not include a loan level for proposed legislative changes to programs, such as using guaranteed single-family housing loans for refinancing direct single-family housing loans, or for proposed new programs, such as the one providing distance learning and telemedicine loans. For example, USDA proposed a \$125 million loan level and a \$2 million subsidy level for distance learning and telemedicine loans; however, as shown in table I.2, USDA did not have the statutory authority to make such loans until the enactment of the Farm Bill (P.L. 104-127, Apr. 4, 1996). Additionally, the provisions of the Farm Bill will result in changes to the loan and subsidy levels requested for some of the programs, such as direct and guaranteed loans in the community facilities program, direct loans in the water and waste disposal program, and guaranteed loans in the business and industry program.

^cIncludes \$3.2 million in direct and \$0.9 million in guaranteed soil and water loans.

Source: USDA, Budget Explanatory Notes for Committee on Appropriations, fiscal years 1996 and 1997.

Table II.3: USDA's Approved Subsidy for Fiscal Year 1996 Loans and Subsidy Request for Fiscal Year 1997 Loans

Dollars in millions

Loan program	FY 96 subsidy ^a		FY 97 subsidy request ^b	
	Amount	As a percentage of loan authority ^c	Amount	As a percentage of loan authority ^c
Farm loans				
Farm ownership				
Direct	\$14.0	23.4	\$ 5.9	11.8
Guaranteed	20.0	3.6	26.1	4.0
Farm operating				
Direct	75.2	13.7	59.2	13.3
Guaranteed	36.3	1.9	42.9	2.1
Emergency disaster	32.1	32.1	0 ^d	0.0
Indian tribe land acquisition	0.2	27.5	0.1	5.4
Credit sales	0 ^d	0.0	5.1	10.1
Total farm loans^e				
Direct	\$121.5	17.1	\$70.2	12.9
Guaranteed	\$ 56.3	2.3	\$68.9	2.6
Housing loans				
Single-family housing				
Direct	145.3	14.5	109.6	8.3
Guaranteed	3.4	0.2	6.2	0.3
Multifamily rental housing	82.0	54.7	91.1	49.4

Loan program	FY 96 subsidy ^a		FY 97 subsidy request ^b	
	Amount	As a percentage of loan authority ^c	Amount	As a percentage of loan authority ^c
Very-low-income housing repair	14.2	40.6	11.1	31.7
Farm labor housing	8.6	57.5	7.6	45.9
Housing site	0	0.0	0	0.0
Self-help housing land development	<0.1	5.1	<0.1	2.8
Credit sales	0 ^d	0.0	6.1	8.1
Total housing loans				
Direct ^e	\$250.2	20.8	\$225.4	13.8
Guaranteed	\$ 3.4	0.2	\$ 6.2	0.3
Community loans				
Community facilities				
Direct	34.9	17.4	14.9	7.4
Guaranteed	3.6	4.7	0.4	0.4
Electricity and telecommunications loans				
Rural electric				
Direct	78.0	12.7	35.9	5.0
Guaranteed	2.5	0.8	3.7	0.9
Rural telecommunications				
Direct	14.0	3.8	1.3	0.3
Guaranteed	0	0.0	0	0.0
Rural Telephone Bank	5.0	2.9	2.3	1.3

Loan program	FY 96 subsidy ^a		FY 97 subsidy request ^b	
	Amount	As a percentage of loan authority ^c	Amount	As a percentage of loan authority ^c
Total electric and telecommunications loans				
Direct ^e	\$97.1	8.4	\$39.5	3.1
Guaranteed	\$ 2.5	0.6	\$ 3.7	0.7
Water and waste disposal loans				
Water and waste disposal				
Direct	123.0	22.5	68.6	8.6
Guaranteed	0	0.0	0 ^d	0.0
Business and industry and rural development loans				
Business and industry				
Direct	0 ^d	0.0	0	0.0
Guaranteed	6.4	1.3	7.1	0.9
Rural development intermediary relending	22.4	59.7	36.9	46.2
Rural economic development	3.7	29.0	3.1	22.1
Total business and industry and rural development loans				
Direct	\$26.1	51.8	\$40.0	27.8
Guaranteed	\$ 6.4	1.3	\$ 7.1	0.9
USDA total				
Direct	\$652.8	16.9	\$458.6	10.0
Guaranteed ^e	\$ 72.3	1.4	\$ 86.3	1.4

^aThe fiscal year 1996 subsidy is the level in USDA's fiscal year 1996 appropriation act; it does not include any additional subsidy resulting from supplemental appropriations.

^bThe fiscal year 1997 subsidy request is the level USDA requested in its fiscal year 1997 budget request; it does not include a subsidy for proposed legislative changes to programs or for proposed new programs. Additionally, the provisions of the Farm Bill will result in changes to the subsidy levels for some of the programs.

^cPercentage based on whole numbers.

^dBecause there was no loan authority approved for fiscal year 1996 or requested for fiscal year 1997 (as shown in table II.2), there is no associated subsidy.

^eTotals may not add because of rounding.

Source: USDA, Budget Explanatory Notes for Committee on Appropriations, fiscal year 1997.

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