



August 2, 2006

Mr. Tom Dorr, Undersecretary
U.S. Department of Agriculture, Rural Development
USDA Rural Development, Room 205-W
Mail Stop 0107
1400 Independence Avenue, SW
Washington, D.C. 20250-0107

Dear Undersecretary Dorr:

The Rural Cooperative Development Grant (RCDG) Program encourages rural economic development and outreach in many communities across the country. As a general commodity organization, founded on the cooperative principle, National Farmers Union is a strong supporter of the program. I write with concern regarding RCDG's competitive grants funding and program implementation for fiscal year (FY) 2007.

According to the FY2007 Notice for Solicitation of Funds, the competitive grant maximum for RCDG applicants has been reduced to \$225,000 from \$300,000 in FY2006 and previous years. This reduced cap will prevent many currently funded centers, if awarded funding for next year's operations, from operating at previous levels. It is my understanding the reason behind reducing the maximum available funds relates to potential expansion of new centers. While the intention of bringing additional centers online is commended and supported by NFU, the unintended consequence of reducing individual competitive grants could have a negative impact on the significant progress achieved by previously funded centers.

The president's budget proposal to increase funding from \$6 million for FY2006 to \$6.4 million for FY2007 was welcome. However, the baseline funding should be further increased in order to meet the goal of creating additional cooperative development centers. It seems counterintuitive to reduce funding in efforts to expand the program. Existing centers, if awarded FY2007 funds, will face a minimum 25 percent reduction in funds as a result of the new administrative cap. The demand for services by communities in which co-op development centers reside is increasing. By reducing grant funding levels, all applying centers now face grant assistance levels which are much less than that many centers operated in the past.

On behalf of the National Farmers Union board of directors, I urge you to reverse the administrative directive to cap competitive grant funds at \$225,000. Furthermore, I encourage you to support and encourage congressional attempts to increase baseline funding, to achieve the goal of bringing the successful RCDG program to additional rural communities.

Thank you for your attention to this important issue.

Sincerely,

A handwritten signature in black ink that reads "Tom Buis". The signature is fluid and cursive, with a long horizontal stroke at the end.

Tom Buis, President
National Farmers Union

Cc: Jackie Gleason, Acting Administrator; Roberta D. Purcell, Deputy Administrator