

THE REPUBLICAN BUDGET: RURAL AMERICA

After running up the largest deficit in our nation's history, Congressional Republicans are attempting to appear fiscally responsible by cutting \$6.3 billion in domestic discretionary spending as part of their \$2.6 trillion budget resolution. These cuts are not large enough to have any meaningful effect on the projected \$390 billion budget deficit, but they will cause great harm to millions of Americans. This fact sheet summarizes the effect of the Republican budget cuts on rural America.

RURAL HEALTH CARE. Rural Americans are less likely to have employer-provided health care coverage or prescription drug coverage, and the rural poor are less likely to be covered by Medicaid benefits than their urban counterparts. Several Federal programs help keep rural hospitals operating, assist in states in developing rural health networks, support rural clinics, and help deal with the special problems of emergency medical services in rural areas. Yet the Republican budget cuts programs that address the special health care needs of rural Americans by almost \$75 million or 70 percent.

WATER AND WASTE DISPOSAL. Adequate water systems are the key to economic development, particularly in rural America, and to delivering safe and clean drinking water. USDA offers direct loans, guaranteed loans, and grants to rural areas for water and waste disposal systems, including solid waste and storm water drainage facilities. As of last spring, USDA received \$3.7 billion worth of grant and loan applications, but was only able to fund about 40 percent of the total amount needed by rural communities. Yet, the Republican budget essentially flat funds water and waste disposal grants and loans at same level as 2005.

RURAL MULTI-FAMILY HOUSING. USDA's section 515 program provides loans for construction and rehabilitation of affordable rental housing for families and the elderly with very low to moderate incomes in rural areas. Tenants have an average annual income of under \$9500 – 49% are elderly and 18% are handicapped. Yet, the Republican budget cuts the loan level from \$99.2 million in 2005 and \$114 million in 2004, to \$27 million for 2006 and includes language limiting use of the funds to repair and rehab of existing facilities; no new construction would be permitted.

RURAL SINGLE FAMILY HOUSING. The single-family direct loan program provides loans to low- and very-low income persons to purchase, build, or rehabilitate a home. At the end of FY 2003, USDA had more than \$2.5 billion in pending applications on hand. Yet, the Republican budget provides only \$1 billion in loan authority.

RESOURCE CONSERVATION AND DEVELOPMENT. The Resource Conservation and Development program provides technical and financial assistance to 375 approved councils in all 50 states in planning and carrying out resource conservation and development efforts. Councils are operated by volunteers, and also receive funding from the private sector and other government entities, making the program extremely cost effective. The currently designated councils serve 85% of U.S. counties and 77% of U.S. population. Yet, the Republican budget would cut the number of councils served nearly in half.

WATERSHED AND FLOOD PREVENTION. The watershed and flood prevention program assists state and local entities in assessing and preventing damage in hundreds of small watersheds from erosion and flooding and in conserving land and water resources. Right now, there are \$1.8 billion worth of unfunded projects in 49 states. Yet, the Republican budget eliminates all funding for the program.

DISTANCE LEARNING AND TELEMEDICINE. The Distance Learning and Telemedicine program helps rural schools and medical facilities access educational and medical resources, which is critical in bringing opportunity and the latest medical services to isolated areas. At the end of FY 2003, there were 150 applications for \$50 million in grants for which funding was not available. Yet, the Republican budget provides only \$25 million for the program, the same amount as the past year.

BROADBAND TO GROW RURAL BUSINESSES. For rural America, broadband is a key to future economic development. New businesses will not move to areas that continue to rely on slower, less reliable dial-up connections and the lack of broadband means existing rural online businesses cannot process orders as fast as those with high-speed connections. Today, an estimated 30 percent of rural America does not have access to high-speed Internet services. USDA currently has in hand approved or pending applications for funding from more than 1200 communities across the country. Yet, the Republican budget completely eliminates rural broadband grant funding.