



United States
Department of
Agriculture

Rural Development



**Presented by Keith Adams, Assistant Administrator
Telecommunications Programs**

Introduction to the USDA and Overview of Rural Utilities Service Programs

**2017 WTA Spring Meeting
Hilton Head SC March 14, 2017**

Rural Development's (RD) Mission

USDA Rural Development

Committed to helping improve the economy and quality of life in rural America.

Provide **loans, grants, and loan guarantees** that support essential services, such as:

- Housing
- Economic Development
- Health Care
- First Responder Services and Equipment
- Water, Electric, and **Telecommunications Infrastructure**

Rural Development Background

Rural Development includes 3 agencies with unique programs and objectives:

- **Rural Utilities Service (RUS)**
- Rural Housing Service (RHS)
- Rural Business-Cooperative Service (RBS)

Across the three agencies, Rural Development administers over 40 programs.

- RUS Electric & **Telecommunications** programs are administered by National Office
- RHS and RBS programs are administered by State Offices

RUS Telecommunications Programs History

From electricity to broadband...

1930s	Rural Electrification Administration (REA) began providing financing to promote rural electrification
1949	REA received authority to finance telephone service in rural communities
1995	Evolving from the REA, the Rural Utilities Service (RUS) required all financed telecommunications networks have the capacity to deliver broadband
2010 to present	RUS has invested approximately \$6 billion in loans and grants to build out broadband infrastructure in rural areas

In the next 7 months we will connect as many rural Americans as possible to enhanced broadband services through our loan and grant programs by September 30, 2017.

Telecommunications Infrastructure Program

Available Funding	Program Updates
<u>FY 2016</u> <ul style="list-style-type: none">• \$690 million available in FY 2016	<u>FY 2016</u> <ul style="list-style-type: none">• 14 loans approved: \$194 million
<u>FY 2017</u> <ul style="list-style-type: none">• Budget for FY 2017 is TBD at this time• Loans finance new and improved telecommunications infrastructure in rural communities of 5,000 or less	<u>FY 2017</u> <ul style="list-style-type: none">• 23 loans in process: \$466 million• 2 loans approved: \$23.31 million• 3 loans recommended for approval: \$18.95 million *<ul style="list-style-type: none">* Pending FY17 appropriations & budget• Applications are accepted year round• <u>RD Apply</u> online application system

Telecommunications Infrastructure Program -- Did You Know?

Standard Loan Terms include:

- 2 Year Principal Deferral
- Interest Rate at the Cost-Of-Money
- Loan Maturity - Life of the Facilities Financed Plus 3 Years

Staff can assist and review loan applications before submission.

Telecommunications Farm Bill Broadband Program

Available Funding

FY 2016

- \$64 million available in FY 2016

FY 2017

- Budget for FY 2017 is TBD at this time
- Loans finance the costs of constructing a broadband network
- Serving rural communities of 20,000 or less
- 15% unserved area
- Cannot have 3 or more incumbent service providers
- Service area cannot be in a RUS previously funded area

Program Updates

FY 2016

- 1 loan approved: **\$4.1 million**

FY 2017

- 1 loan pending (Carry over from FY16): **\$15.3 million**
- Notice of Solicitation of Application (NOSA) published on January 9, 2017
- **RD Apply** online application system

	<u>Window 1</u>	<u>Window 2</u>
Pre Application Window	Jan 9, 2017 to Mar 24, 2017	Jul 1, 2017 to Sep 22, 2017
Application Window	Mar 1, 2017 to Mar 31, 2017	Sep 1, 2017 to Sep 30, 2017

Telecommunications Farm Bill Broadband Program – FY17 - Did You Know?

Loan Amounts between \$100,000 & \$10 Million

Unserved areas lacking access to Broadband Service of downstream capacity of 10 megabits per second (Mbps) and an upstream capacity of 1 Mbps.

Applicant Priority the greatest proportion of unserved households.

Broadband Lending Speed: Applicants must propose to offer new broadband service at a minimum bandwidth of 10 megabits downstream and 1 megabit upstream for mobile service and 25 megabits downstream and 3 megabits upstream for fixed service to the customer.

Special Terms and Conditions may apply if more than 50% of the households are unserved:

- up to 4 year principal deferral
- 25% extension to the amortization period of the loan up to 35 years

Standard Loan Terms include:

- 2 Year Principal Deferral
- Interest Rate at the Cost-Of-Money
- Loan Maturity - Life of the Facilities Financed Plus 3 Years

For All Telecommunications Loan Programs – Did You Know?

Modified Loan Terms for Serving a Substantially Underserved Trust Area (SUTA) include:

- At the discretion of Administrator, RUS can modify certain loan terms or application requirements, which may include:
 - Interest rates as low as 2%, extended amortization period, and/or priority processing
 - Loan interest rates as low as 2 percent;
 - Waiver of certain documentation requirements regarding non-duplication of service;
 - Waiver of matching funds or credit support requirements for loans;
 - Extension of the time period in which loans are repaid; and
 - Providing the highest priority for funding to eligible projects that will serve trust areas.

Example Infrastructure Loans financed using SUTA:

- FY 2015 -- Mescalero Apache Telecommunications (NM) \$5.4 million
- FY 2016 -- Sacred Wind Communications (NM) \$13.8 million

Community Connect Program

Available Funding

FY 2016

- **\$11.74 million** available in FY 2016

FY 2017

- Budget for FY 2017 is TBD at this time
- Grant funds for Broadband Service deployment
- Population of 20,000 or less
- Amounts from \$100,000 to \$3 million
- Service Area must be entirely unserved
- Minimum Broadband Service is defined as 4 Mbps (download) and 1 Mbps (upload)
- 15% Matching Requirement

Program Updates

FY 2016

- **Over 70** applications received: **\$120 million**
- **6** applications approved: **\$7.7 million**
- More may be approved in the near future pending required reviews.

FY 2017

- Notice of Solicitation of Applications (NOSA) release on January 10, 2017
- Applications will be accepted until March 13, 2017
- Link:
<http://www.rd.usda.gov/programs-services/community-connect-grants>.

Distance Learning and Telemedicine (DLT) Program

Available Funding

FY 2016

- **\$23.4 million** available in FY 2016

FY 2017

- Budget for FY 2017 is TBD at this time
- Grants fund equipment needed to provide Distance Learning and Telemedicine services
- 15% Matching Requirement

Program Updates

FY 2016

- **182** applications received for **\$55 million**
- **98** applications approved: **\$27.9 million**
- **56** distance learning & **42** telemedicine projects
- **5** Promise Zones
- **29 of 98** (30%) include a tribal coverage component

FY 2017

- Notice of Solicitation of Applications (NOSA) expected to be released in March 2017
- Link:
<http://www.rd.usda.gov/programs-services/distance-learning-telemedicine-grants>.

Telecommunications Programs – All State Investments

Since 2010, RUS has invested over \$5.7 billion in projects serving rural residents:

Telecom Infrastructure	\$2.3 billion
Broadband Initiatives Program (BIP)	\$2.9 billion
Farm Bill Broadband	\$244.5 million
Community Connect	\$77.7 million
Distance Learning and Telemedicine (DLT)	\$183.6 million
Total	\$5.7 billion

Broadband Interagency Working Group (Formerly Broadband Opportunity Council)

Established by Presidential Memorandum on March 23, 2015

- Co-chaired by DOC and USDA, with 25 member agencies
- Focused on Executive Branch potential for action
- Aimed at coordinating federal policies to promote broadband deployment and adoption



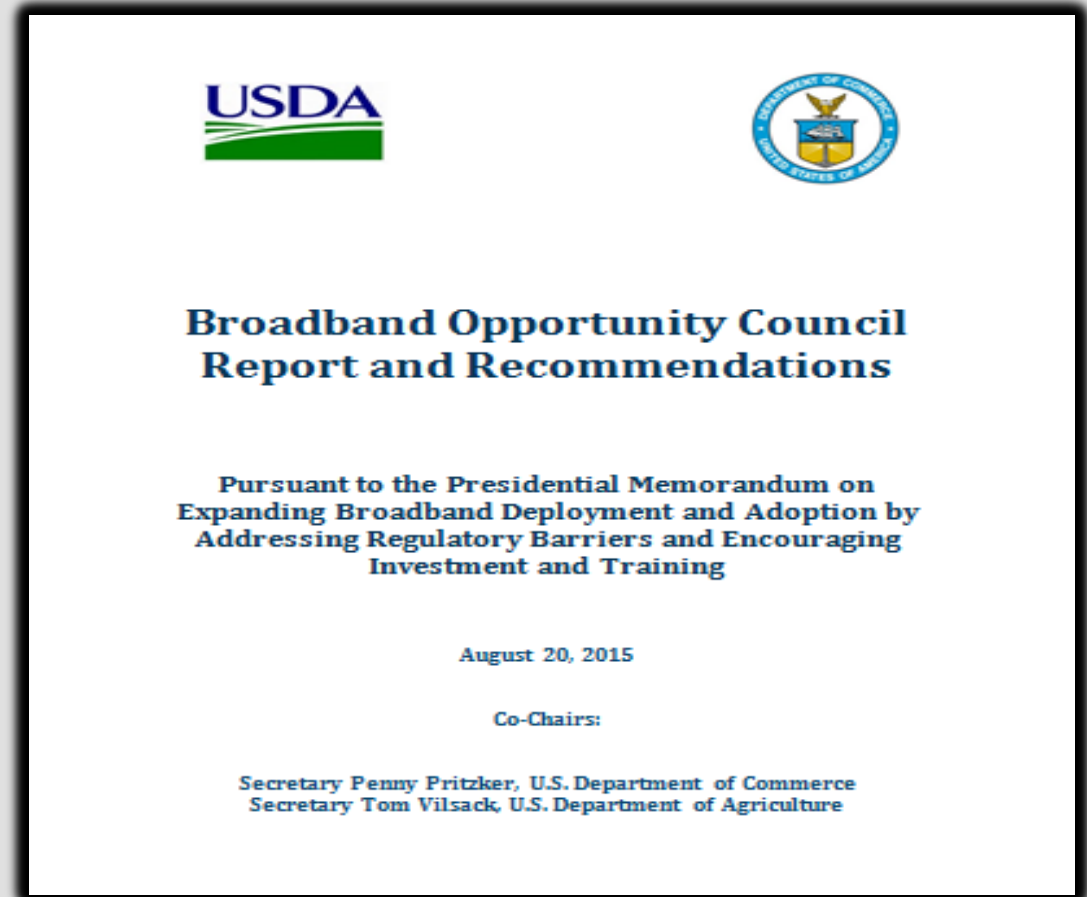
- Addressing regulatory barriers
- Encouraging public and private investment
- Promoting broadband adoption and meaningful use
- Supporting broadband deployment, competition and adoption

For More Information See: <http://www.ntia.doc.gov/category/broadband-opportunity-council>

Original Report (August 2015) Outlined Agency Actions

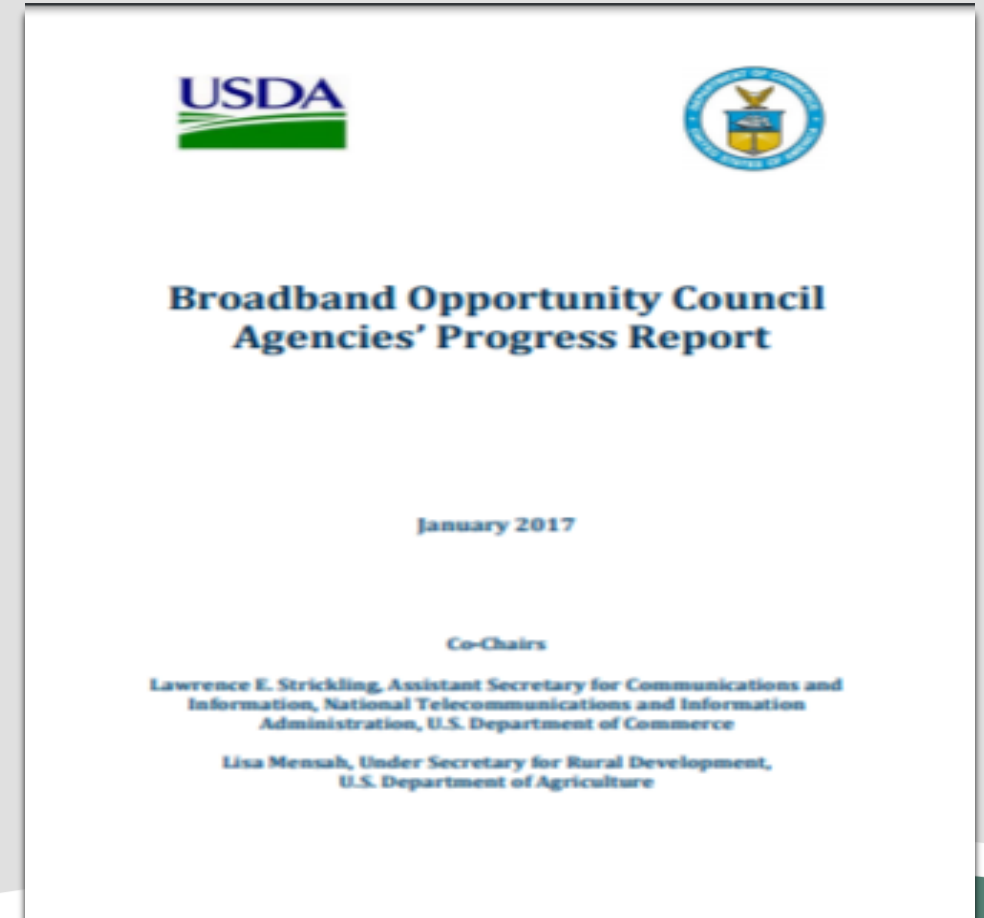
36 Action Items with Four Key Themes:

- Modernize federal programs to expand program support for broadband investments
- Empower communities with tools and resources to attract broadband investment and promote meaningful use
- Promote increased broadband deployment and competition through expanded access to federal assets
- Improve data collection, analysis and research on broadband



Progress Report Released (January 2017)

- Agencies have completed 15 of the 36 Action Items
- Elevated broadband as a critical issue across the federal government
- Transitioned coordination efforts to Broadband Interagency Working Group (BIWG)
- Commitments to complete action items



Questions?

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