United States Department of Agriculture

Rural Development

Presented by: Joe De Leon

General Field Representative

El Paso, Hudspeth, Culberson Counties and South of Interstate 20 to Brownsville, TX

Introduction to the USDA and Overview of Rural Utilities Service Broadband Programs

Connected Coast Summit Series – Broadband Summit

Rockport, Texas

September 20, 2018

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's (RD) Mission

Rural Utilities Programs

- Water and Waste Disposal Direct Loans, Loan Guars., Grants
- Solid Waste Management Grants
- Technical Asst./Training/Circuit Rider
- **Rural Broadband Direct Loans and Loan Guarantees**
- Electric and **Telecommunications Direct Loans/Loan Guarantees**
- **Distance Learning and Telemedicine Loans/Grants**
- **Community Connect Grants**

RUS Telecommunications Programs History

From electricity to broadband…

1935	Rural Electrification Administration (REA) created and 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 provided **$6.2 billion** in loans and grants to build out broadband infrastructure in rural areas

Strategic Objective

1. Ensure USDA programs are delivered efficiently, effectively, and with integrity and a Focus on customer service.
2. Maximize the ability of American agricultural producers to prosper by feeding and clothing the world.
3. Promote American agricultural products and exports.
4. Facilitate rural prosperity and economic development.
5. Strengthen the stewardship of private lands through technology and research.
6. Foster productive and sustainable use of our National Forest System lands.
7. Provide all Americans access to a safe, nutritious and secure food supply.

"To expand rural business opportunity and rural quality of life with access to capital; improve infrastructure, broadband access and connectivity; and support workforce availability"

FY 2018 Telecommunications Vision and Purpose

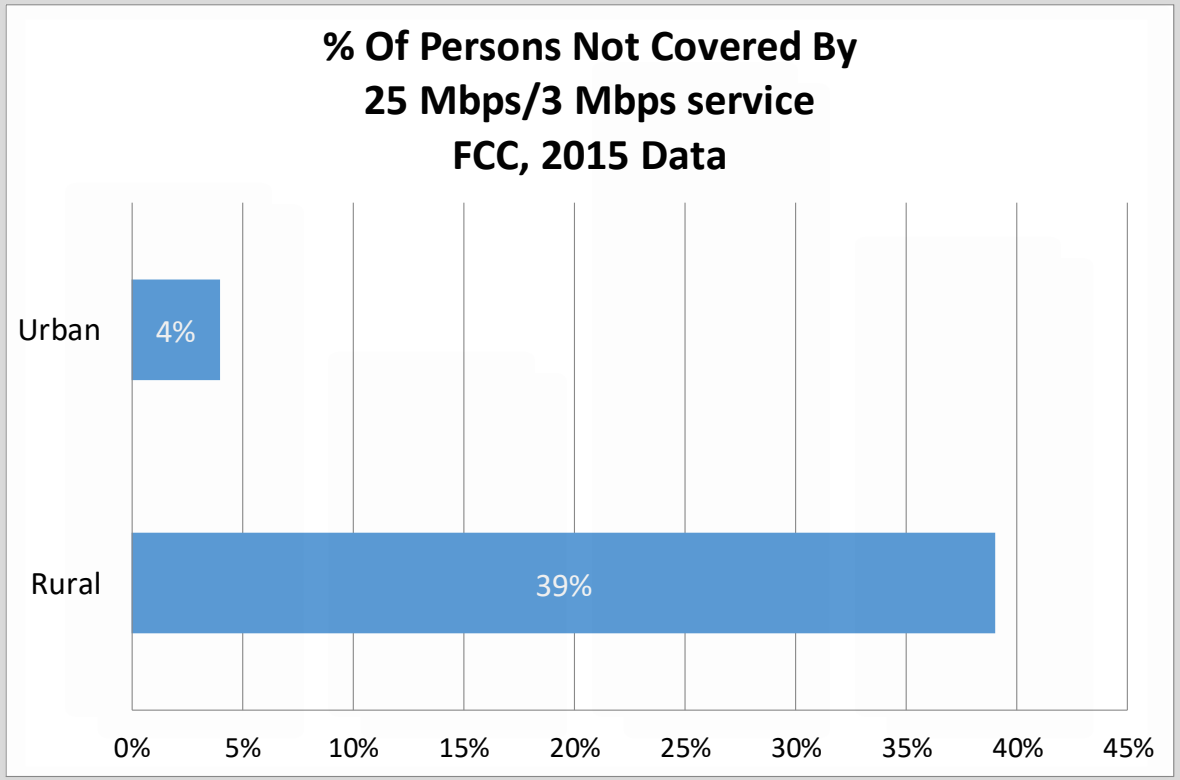
We will connect as many rural Americans as possible to enhanced broadband services through our loan and grant programs by September 30, 2018

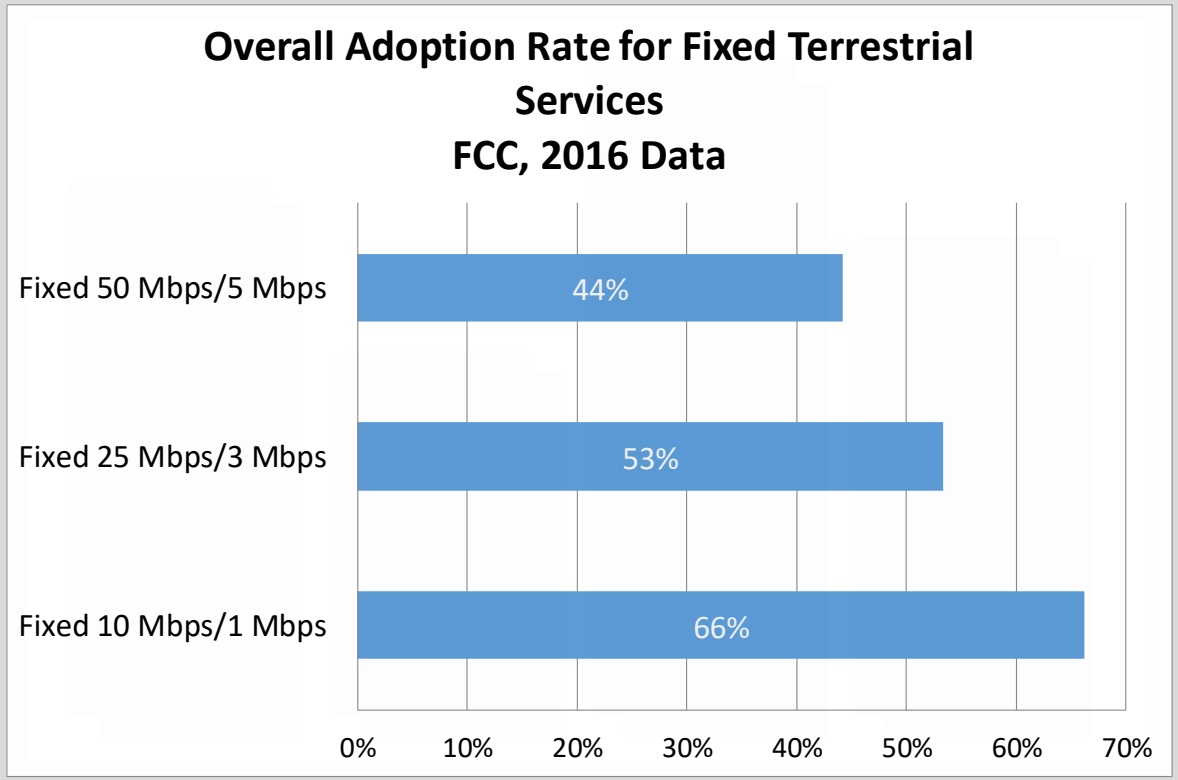
What is Broadband?

High-speed Internet access that is always on and faster than the traditional dial-up access

Ref: https://www.fcc.gov/general/types-broadband-connections

Broadband availability & adoption, FCC





Ref: https://www.fcc.gov/reports-research/reports/broadband-progress-reports/2016-broadband-progress-report
https://www.fcc.gov/reports-research/reports/broadband-progress-reports/2018-broadband-deployment-report

Telecommunications Infrastructure Program

Available Funding	Program Updates
FY 2016 • **$690 million** available in FY 2016 **FY 2017** • **$690 million** available in FY 2017 **FY 2018** • **$690 million** available in FY 2018 • Loans finance new & improved telecommunications infrastructure, primarily for the benefit of rural populations of 5,000 or less <Typically> • Loans may serve non-rural subscribers in some cases	**FY 2016** • **14** loans approved: **$194.5 million** **FY 2017** • **21** loans approved: **$427.4 million** **FY 2018** • **10** loans approved: **$123.7 million** • **12** loans in process: **$163.0 million** • Pipeline: **21** loans: **$286.7 million** • Applications are accepted year round • RD Apply online application system

https://www.rd.usda.gov/programs-services/telecommunications-infrastructure-loans-loan-guarantees

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
(aka Rural Broadband Access Loan and Loan Guarantee Program)

Available Funding

FY 2016

- **$64 million** available in FY 2016

FY 2017

- **$27 million** appropriated in FY 2017

FY 2018

- **$29.9 million** available in FY 2018 *

  * Additional Carry over funding is available from previous fiscal years

- Loans finance the costs of constructing a broadband network
- Amounts from $100,000 to $25 million
- Broadband Service and Broadband Lending Speed is defined as 25 Mbps (download) and 3 Mbps (upload)
- Serving rural communities of 20,000 or less <typically>
- At least 15% of the proposed funded service area households in unserved
- 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

- **2** loans approved: **$24.0 million**

FY 2018

- **1** loan in approved: **$19.9 million**

- **RD Apply** online application system
- **NOSA Released** on March 28th, 2018
  - RUS is now accepting applications on a rolling basis throughout FY2018
  - This will give RUS the ability to request additional information and modifications to a submitted application whenever necessary
  - Applications will be processed on a first come, first served basis
  - Every 90 days, RUS will conduct an evaluation of submitted applications, ranking them based on the percentage of unserved households
  - RUS anticipates that it will conduct at least 2 evaluation periods for FY2018

https://www.rd.usda.gov/programs-services/farm-bill-broadband-loans-loan-guarantees

Telecommunications Farm Bill Broadband Program –Did You Know?

* **Loan Amounts** between $100,000 & $25 Million.

* **Unserved areas:** ‘‘Broadband Service’’, the rate used to determine if an area is eligible for funding, shall mean the minimum rate of data transmission of 25 megabits downstream and 3 megabits upstream for both mobile and fixed service.

Applicant Priority: The greatest proportion of unserved households.

* **Broadband Lending Speed**: Applicants must propose to offer new broadband service at a minimum bandwidth of 25 megabits downstream and 3 megabits upstream for both mobile and 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

* As of the most recent NOFA on March 28, 2018.

Expanding Broadband in Rural America

A new broadband e-connectivity pilot program was included in the FY 2018 budget signed by the president on 03/23/2018

- $600,000,000, to conduct a broadband loan and grant pilot program under the Rural Electrification Act
- Specific details of the program will be worked on in the upcoming months
- The program will be designed to focus on rural area where at least 90% of the households to be served shall be in a rural area without sufficient access to broadband, defined for this pilot program as 10 Mbps downstream, and 1 Mbps upstream.
- Press Release: https://www.usda.gov/media/press-releases/2018/03/23/secretary-perdue-applauds-broadband-investment-included-omnibus

*** Program Details are To Be Determined ***

07/27/2018 Update:

- Notice of inquiry and request for Comments published in the Federal Register
- RUS is seeking input on several questions concerning the e-Connectivity Pilot
- Comments are due on or before 5 PM EDT on September 10, 2018.
- Ref: https://www.gpo.gov/fdsys/pkg/FR-2018-07-27/pdf/2018-16014.pdf

Telecommunication Grant Programs

- Community Connect Grants
- Distance Learning & Telemedicine Grants

Community Connect Program

Available Funding	Program Updates
FY 2016 • **$11.74 million** available in FY 2016 **FY 2017** • **$34.5 million** available in FY 2017 **FY 2018** • **$30.0 million** available in FY 2018 * * Carryover funding is sometimes available from previous fiscal years **General provisions as of the latest NOSA:** • 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 10 Mbps (download) and 1 Mbps (upload) • Minimum Broadband Grant Speed is defined as 25 Mbps (download) and 3 Mbps (upload) • 15% Matching Requirement	**FY 2016** • **Over 70** applications received: **$120 million** • **9** applications approved**: $15.6 million** **FY 2017** • 48 Applications processed for **$90.8 million** • **15** grants approved**: $32.3 million **** ** More grant awards are possible pending final paperwork **FY 2018** • **NOSA Released** on March 15, 2018 • Submissions were received by May 14, 2018 & are being evaluated • **125** Applications received for **$225.6 million**

http://www.rd.usda.gov/programs-services/community-connect-grants

Distance Learning and Telemedicine (DLT) Program

Available Funding	Program Updates
FY 2016 • **$23.4 million** available in FY 2016 **FY 2017** • **$23.6 million** available in FY 2017 **FY 2018** • **$29.0 million** available in FY 2018 • **$20.0 million** additional available in FY 2018 in rural areas to help address the opioid epidemic in rural America • Grants fund equipment needed to provide Distance Learning and Telemedicine services • 15% Matching Requirement • Minimum Grant amount: $50,000 • Maximum Grant Amount: $500,000 • Only grants are available-no loans or combo loan/grants	**FY 2016** • **182** applications received • **98** applications approved: **$27.7 million** • **35** States & Territories represented **FY 2017** • **208** applications received by July 17, 2017 • **86** applications approved: **$27.7 million** • **46** distance learning & **40** telemedicine projects • **30** States & Territories represented • **71 of 86** (83%) serving Special Consideration Areas **FY 2018** • **NOSA Released** on April 3, 2018 • Submissions were received by June 4, 2018 & are being evaluated • **223** Applications received for **$67.6 million**

http://www.rd.usda.gov/programs-services/distance-learning-telemedicine-grants

Changes to the Latest DLT Grant Regulation

- Changes were is part of RUS' continuous activity of updating and streamlining program regulations and policies.

- DLT is being broken-out of 7 CFR 1703, which also contained unrelated RD regulations, to be a stand-alone DLT program regulation designated as 7 CFR 1734

- Changes to the DLT Grant Program regulation include statutory requirements and non-statutory issues

DLT Statutory Changes

- Per the guiding statute,
  - Program appeals are now restricted to RUS Telecommunications and Electric Borrowers.
  - RUS Telecom and Electric Borrowers will now be eligible to apply for grants and grant-loan combinations as well as loans.
  - Broadband transmission facilities will be considered eligible for grant funding as they are an integral part of providing distance learning and telemedicine services.

DLT Non-statutory Changes

- The scoring criteria used for evaluating the competitive need and eligibility of the submitted applications were not published as part of the regulation, but will now be published in the application guide and on the DLT program website.

- This change is being made to allow the DLT program to be updated, as deemed necessary, to keep up with changes in the industry and the DLT landscape in rural America in a more timely manner.

DLT Non-statutory Changes (*continued*)

- Items which will no longer be published in the regulation will be removed from the regulation's list of definitions.
  - Such as the National School Lunch Program (NSLP), Empowerment Zone / Enterprise Community (EZ/EC), and Champion Community.
- In order to reduce the time and work burden required to announce the program on an annual basis, the Agency will no longer publish notices in the Federal Register.
- The Agency will ensure that all pertinent information related to the application period is:
  - Included in the Annual Funding Opportunity posting on the Grants.gov website;
  - Included on the DLT Program website; and,
  - Provided in the DLT Application Guide which will be linked-to in the Funding Opportunity posting.

Program Historic Numbers

Telecommunications Programs –TEXAS Investments

Since 2010, RUS has invested over $332,029,408 million in projects serving Texas rural residents:

Telecommunications Infrastructure Program	$125,787,290
Distance Learning and Telemedicine Program	$6,617,345
Community Connect Grant Program	$1,841,000
Broadband Initiatives Program	$197,783,773
Grand Total	$332,029,408

Telecommunications Programs – All State Investments

Since FY2010, RUS has invested approximately $6.2 Billion in projects serving rural residents in the United States:

Program	Projects Approved	Funds Awarded
Telecommunications Infrastructure Program	166	$2.8 Billion
Farm Bill Broadband Program	6	$205.7 Million
Distance Learning and Telemedicine Program	675	$208.7 Million
Community Connect Grant Program	76	$111.9 Million
Broadband Initiatives Program	258	$2.9 Billion
Grand Total	**1,181**	**$6.2 Billion**

Updated: 05/15/2018

Telecommunications Programs – Tribal Investments – All States

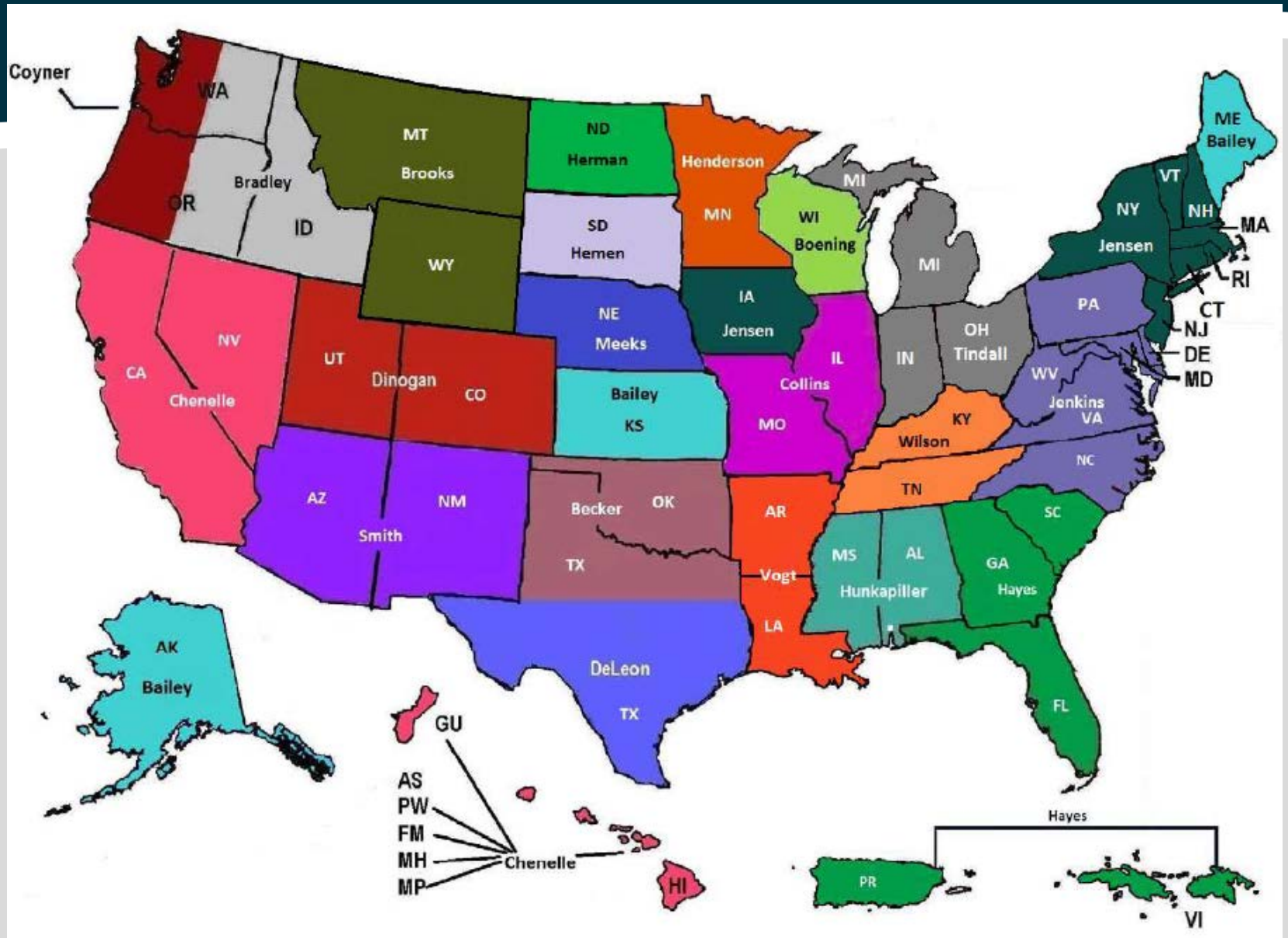
Since 2010, RUS invested approximately $512 million in telecommunications projects serving Tribal Lands, Tribal Organizations, American Indians, and Alaska Natives

Program	Funds Awarded
Telecommunications Infrastructure Program	$246.5 Million
Farm Bill Broadband Program	$25.3 Million
Distance Learning and Telemedicine Program	$42.4 Million
Community Connect Grant Program	$18.6 Million
Broadband Initiatives Program	$179.2 Million
Grand Total	**$512.0 Million**

Updated: 10/5/2017

Questions?

GFR States Covered - www.rd.usda.gov/contact-us/telecom-gfr



Updated: 07/03/2018

United States Department of Agriculture

Rural Development

Joe De Leon | General Field Representative
Jose.deleon@wdc.usda.gov | Mobile: 512.809.8524

Rural Development | Telecommunications Program
Rural Utilities Service | U.S. Department of Agriculture
P.O. Box 151630 | Austin, Texas 78715-1630
www.rd.usda.gov

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