

FCC/USDA Rural Broadband Educational Workshop

Phoenix, AZ

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Rural Development
1400 Independence Ave.
Washington, DC 20250
www.usda.gov/rus/telecom

Presenter:

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Committed to the future of rural communities.

Broadband Funding Opportunities from USDA

AGENDA

Rural Development Programs

Rural Development Telecommunications Program –
Overview

The Distance Learning and Telemedicine Loan and Grant
Program

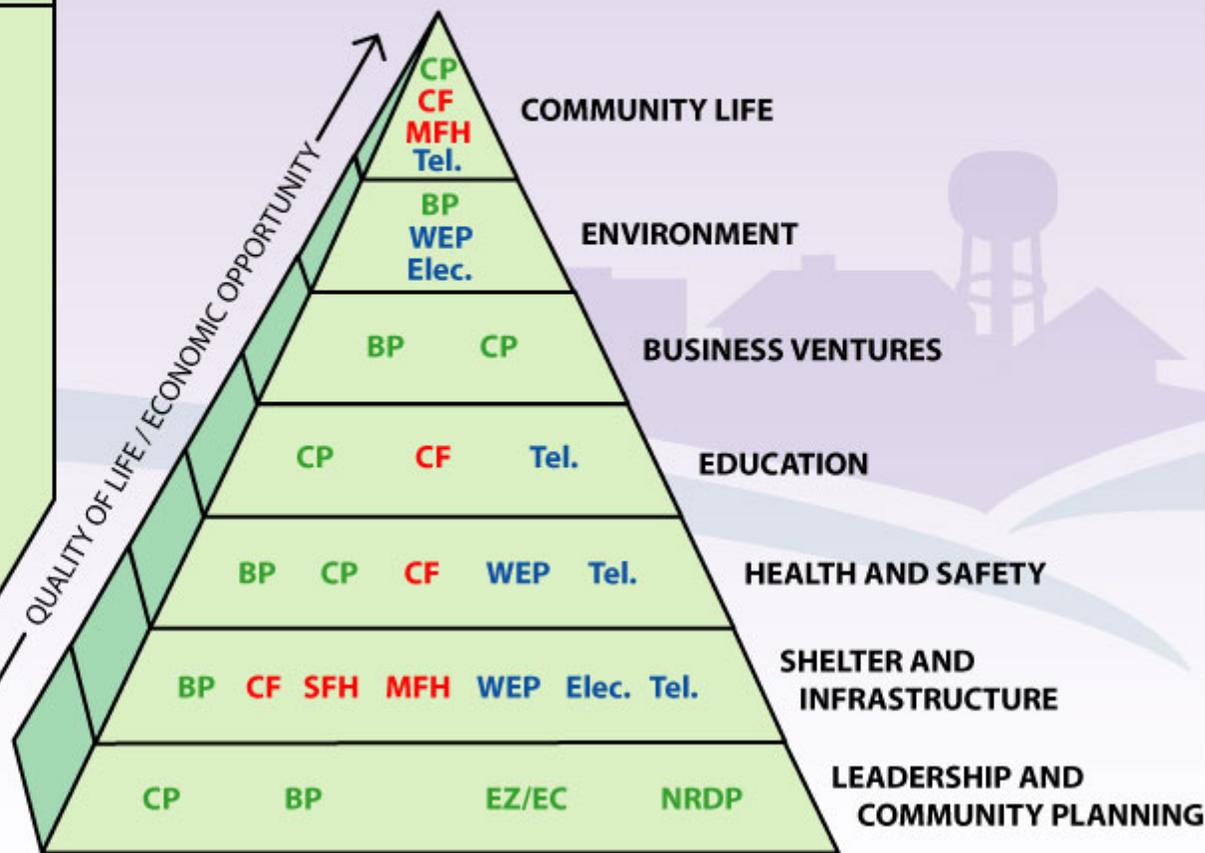
The Broadband Loan Program

The Community Connect Grant Program



Building Communities from the Ground Up

PROGRAM LEGEND	
BUSINESS & COOPERATIVE	
BP	- Business Programs
CP	- Cooperative Programs
EZ/EC	- Enterprise Zone / Enterprise Comm.
NRDP	- National Rural Development Partnership
HOUSING & COMMUNITY	
SFH	- Single Family Housing
MFH	- Multi Family Housing
CF	- Community Facilities
UTILITIES	
WEP	- Water and Environmental Program
Tel.	- Telecommunications
Elec.	- Electric



State Office Locations

Download Quick Reference Guide

"Committed to the Future of Rural Communities"

Federal Government Develops A Partnership with Rural America

Key Milestones

- **1935** - Rural Electrification Administration (REA)
- **1949** - Rural Telephone Program
- **1990** - Distance Learning/Telemedicine Program
- **1994** - Restructuring: REA Plus Water and Waste programs becomes part of Rural Development
- **2002** - U.S. Farm Bill: Broadband Program
- **2008** - U.S. Farm Bill: Revisions to Broadband Program

Telecommunications Program

Vision



Rural America will have access to affordable, reliable, advanced communications services to provide a healthy, safe and prosperous place to live and work.

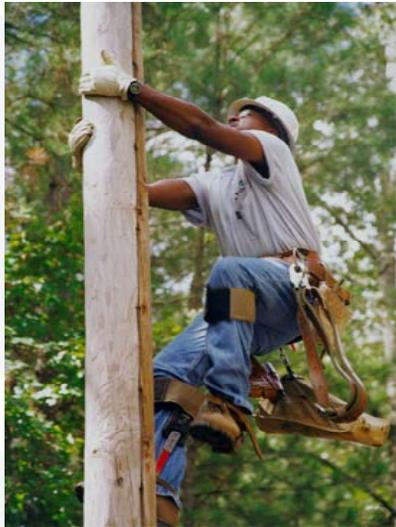
Mission



To improve health, safety, education, economic opportunity, and quality of life in rural America through leadership and investment in communications infrastructure and services.

Telecommunications Program

The Rural Development Telecommunications Program loan and grant programs



- **Infrastructure Loan Program**: Loans to local telephone companies for improving telecommunications service in rural communities
- **Broadband Access Loan Program and Community Connect Grant Program**: Loans and grants for local telephone companies and other service providers who offer Broadband (high-speed Internet) services in eligible communities
- **Distance Learning/Telemedicine Loan and Grant Program**: Loans and grants for providing Distance Learning and Telemedicine services to rural residents

Telecommunications Program

Organizational Structure

- **Headquarters staff in Washington, DC**
 - Executive management staff
 - Administrative
 - Manage the programs
 - Evaluate and approve loans and grants
 - Financial staff
 - Evaluate loans and grants
 - Process loan and grant documents
 - Monitor repayment of loans
 - Manage the disbursement of funds
 - Engineering/technical staff
 - Evaluate loans and grants
 - Provide support to loan applicants
 - Maintain knowledge of technologies
- **Field representatives in each state (GFRs)**
 - Understand their local communities
 - Educate community leaders and service providers on Telecommunications programs
 - Evaluate loan and grant applications
 - Provide financial and technical support to loan applicants and borrowers
 - Monitor progress on loan and grant projects
 - Work with Rural Development state office staff

Telecommunications Program

Loans/ Grants Approved FY 2008

Traditional Loan Program: \$674,966,000 (+79% over FY 2007)

Broadband Loan Program: \$438,475,000 (+75% over FY 2007)

Community Connect Grants: \$ 15,488,579 (+50% over FY 2007)

DLT Grants: \$28,270,764

DLT Loan/Grant Combos: \$15,005,308

Telecommunications Program

Grant Programs: Demand FY 2008

- Community Connect Grants:
 - 103 grant applications received
 - 25 grants awarded
 - \$22.6 million requested from eligible applications
 - \$15.5 million awarded
- DLT Grants:
 - 190 grant applications received
 - 105 grants awarded
 - \$37.4 million requested from eligible applications
 - \$28.2 million awarded

Telecommunications Program

FY 2009 Budget

Traditional Loan Program:	\$ 685,000,000
Broadband Loan Program:	\$ 594,000,000*
Community Connect Grants:	\$ 13,405,500
DLT Grants:	\$ 29,790,000

**Includes \$297 million in
carryover funds*

The Telecommunications Program

Changes for FY 2009

- No program changes anticipated for DLT or Community Connect grants
- 2008 Farm Bill necessitates changes to the Broadband Loan Program

Distance Learning/ Telemedicine Program

The DLT Grant and Loan Programs provide rural communities with opportunities to obtain educational and medical services from distant locations utilizing communications technologies.

\$334 million in DLT grants and loans have been awarded

<http://www.usda.gov/rus/telecom/dlt/dlt.htm>



Distance Learning/ Telemedicine Grants

Program Requirements

- Serving rural communities of 20,000 or less
- Min grant \$50,000, Max grant \$500,000
- 15% required matching contribution
- NOFA will be published soon

Distance Learning/ Telemedicine Grants

Telemedicine Examples

- Clinics and hospitals linked with radiology specialists for instant diagnosis and consultation
- Visiting Nurses Associations providing home health monitoring
- Diagnostic Mobile PCs
- Mobile health units and ambulances linking to local clinics and hospitals

Distance Learning/ Telemedicine Grants

Distance Learning Examples

- Connecting schools to share teaching resources
- Accessing instructional programming
- Offering Remote GED courses
- Bringing advanced placement college courses to high school students
- Sharing teaching resources between colleges
- Delivering specialized continuing education courses
- Offering technology and job training

Distance Learning/ Telemedicine Grants

Eligible Applicants

- Applicant must deliver distance learning or telemedicine services to rural Americans
- Be one of the following
 - An incorporated organization or partnership
 - An Indian tribe or tribal organization
 - A state or local unit of government
 - A consortium of the above
 - Other legal entity such as a private corporation either *profit or non-profit*

Distance Learning/ Telemedicine Grants

Scoring Criteria

- Rural Area (**Rurality**)
- Economic Need (**NSLP**)
- Special Communities (**EZ/EC**)
- Leveraging (**Matching Funds**)
- Need for Services and project Benefits (**Needs and Benefits**)
- Innovativeness
- Cost Effectiveness

Distance Learning/ Telemedicine Grants

Eligible Purposes

- Eligible equipment
 - Computer hardware and software
 - Audio and video equipment
 - Computer network components
 - Interactive video equipment
- Acquiring instructional programming
- Providing technical assistance and instruction

Distance Learning/ Telemedicine Grants

What to do if you are interested in applying:

- Review grant application guides and application on the website at <http://www.usda.gov/rus/telecom/dlt/dlt.htm>
- The website also has summaries of previous DLT grants
- Contact your General Field Representative (GFR) with questions
 - The grant application window for the 100% grant program is announced in the Federal Register and on the Telecommunications Program website, usually in February or March
 - The GFR can assist you with general information on the grant program but since it is a competitive program, they cannot help you fill out the application

The Broadband Loan Program

- **Broadband is a tool** that allows people, communities and organizations to consider new and different ways to interact, manage their lives and do business.
- Broadband access is **eliminating the barriers** of distance, remoteness, and time that face rural America and is providing solutions to those challenges Rural residents can now live locally and compete globally.
- Our programs encourage investment in broadband infrastructure to enable all rural communities, residents and businesses to have **equal, affordable access** to high-speed internet technology.



The Broadband Loan Program

There are eligibility requirements with regard to:

- Types of borrowers
- Size of communities served
- Purpose of the loan
- Types of services provided
 - Must enable a subscriber to transmit and receive at a rate of no less than 200 kilobits per second;
 - Must provide data transmission service and may provide voice, graphics, and video.

USDA Rural Development is technology neutral with regard to how the broadband service is provided (e.g. wireless broadband, fiber-to-the-premise, etc.)



The Broadband Loan Program

Results

In FY 2008:

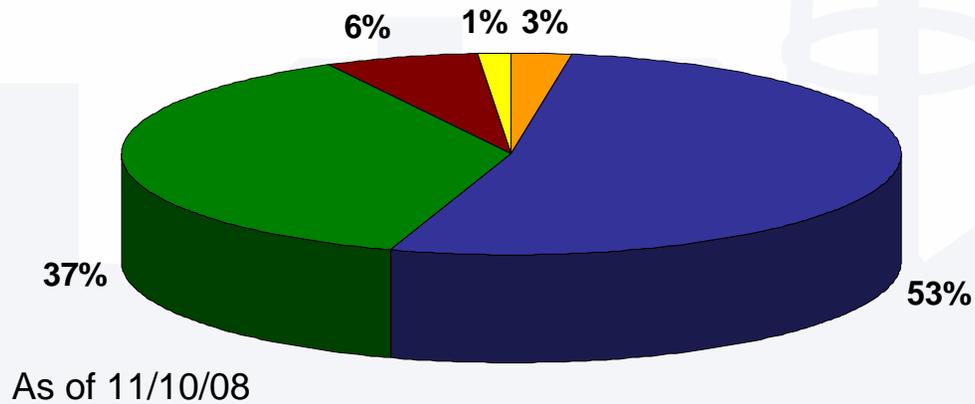
- 9 applications received, \$89.5 million
- 13 applications approved, \$438.5 million
- 7 applications returned, \$441.8 million
- 9 applications under review, \$79.4 million

Since the beginning of the program in 2003:

- 218 applications received, \$4.5 billion
- 92 applications approved, \$1.8 billion
- 117 applications returned, \$2.7 billion

The Broadband Loan Program

Types of Organizations Funded



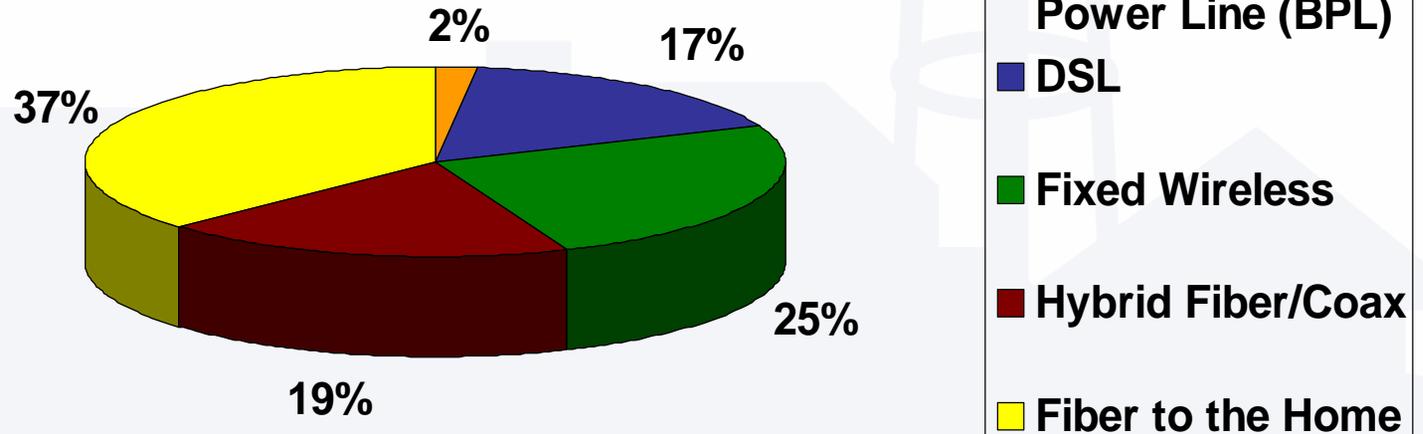
■ Municipalities ■ Corporations ■ LLCs ■ Cooperatives ■ Tribal Authority

Corporations:	53%	LLCs:	37%
Cooperatives:	6%	Municipalities:	3%
Tribal auth.:	1%		

35% of applications approved have been from startup companies

The Broadband Loan Program

Types of Technologies Funded



As of 11/10/08

Fiber to the Home:	37%	Fixed Wireless:	25%
DSL:	17%	Hybrid Fiber/Coax:	19%
Broadband over Powerline:	2%		

The Broadband Loan Program

Eligible Applicants

- Corporations
- Limited Liability Companies
- Cooperative or Mutual Organizations
- Indian Tribes
- Public Body

The Broadband Loan Program

Direct Cost-of-Money Loans

Bear interest at the cost of money to the Treasury for comparable maturities.

The interest rate is set at the time of each advance of funds

The current rates can be found at:

<http://www.federalreserve.gov/releases/h15/update>

The Broadband Loan Program

Rural Development Broadband Loans Search Tool

Listing of all communities under approved or pending applications:

<http://broadbandsearch.sc.egov.usda.gov/SearchTabs.aspx>

This search tool is regularly updated.

The Broadband Loan Program

Key Components of an Application

Credit Support

Business Plan

Market Survey

Financial Information

System Design

The Broadband Loan Program

Program Requirements

- Serving rural communities of 20,000 or less
- No minimum or maximum loan values
- 2008 Farm Bill has modified program requirements
- Matching equity investment from borrower required

The Broadband Loan Program

2008 Farm Bill

- Section 601 – Broadband Program:
 - Changed the definition of rural area
 - Modified the definition of eligible entities and eligible projects
 - Changed equity and market survey requirements
 - Expanded notice requirement
 - Paperwork reduction and pre-application process
 - New requirements apply to all applications which were not received 45 days prior to the enactment of the Farm Bill and still pending on that date
- Program staff are now working on creating the regulations required by these changes
- Interim Final Rule will be published; loan applications submitted after May 4, 2008, must comply with these new requirements

2008 Farm Bill

- **Sec. 602:** Established a National Center for Rural Telecommunications Assessment
 - To identify current broadband deployment in rural America

2008 Farm Bill, Sec. 601:

Broadband

- Rural Area means any area, which is not located within:
 1. A city, town, or incorporated area that has a population of greater than 20,000 inhabitants; and
 2. An Urbanized Area contiguous and adjacent to a city or town that has a population of greater than 50,000 inhabitants

2008 Farm Bill, Sec. 601:

Broadband

- **Broadband Definition:**
 - Requires the Secretary to, as advances in technology warrant, review and recommend modifications to the transmission rate

2008 Farm Bill, Sec. 601:

Broadband

- **Eligible Entities:**

1. Demonstrate the ability to furnish, improve, or extend Broadband Service to rural Areas;
2. Submit an application containing all required information;
3. Agree to complete build-out of the service described in the loan application by not later than three years after the initial date on which the proceeds from the loan are made available

2008 Farm Bill, Sec. 601:

Broadband

- **Eligible Projects:**

- “(i) not less than 25 percent of the households in the proposed service territory is offered broadband service by not more than 1 incumbent service provider; and”
- “(ii) broadband service is not provided in any part of the service territory by 3 or more incumbent service providers .”

2008 Farm Bill, Sec. 601: Broadband

- **Equity and Market Survey Requirements:**
 - **Equity:** No more than 10% unless a higher amount is needed to satisfy financial feasibility
 - “Recurring Revenue” can be considered
 - **Market Survey:** “May” require an applicant that projects more than 20% market share to submit a survey
 - “May not” for applicants proposing less than 20%

2008 Farm Bill, Sec. 601: Broadband

- **Priority:**

- *“...the secretary shall give the highest priority to applicants that offer to provide broadband service to the greatest proportion of households that, prior to the provision of the broadband service, had no incumbent service provider.”*

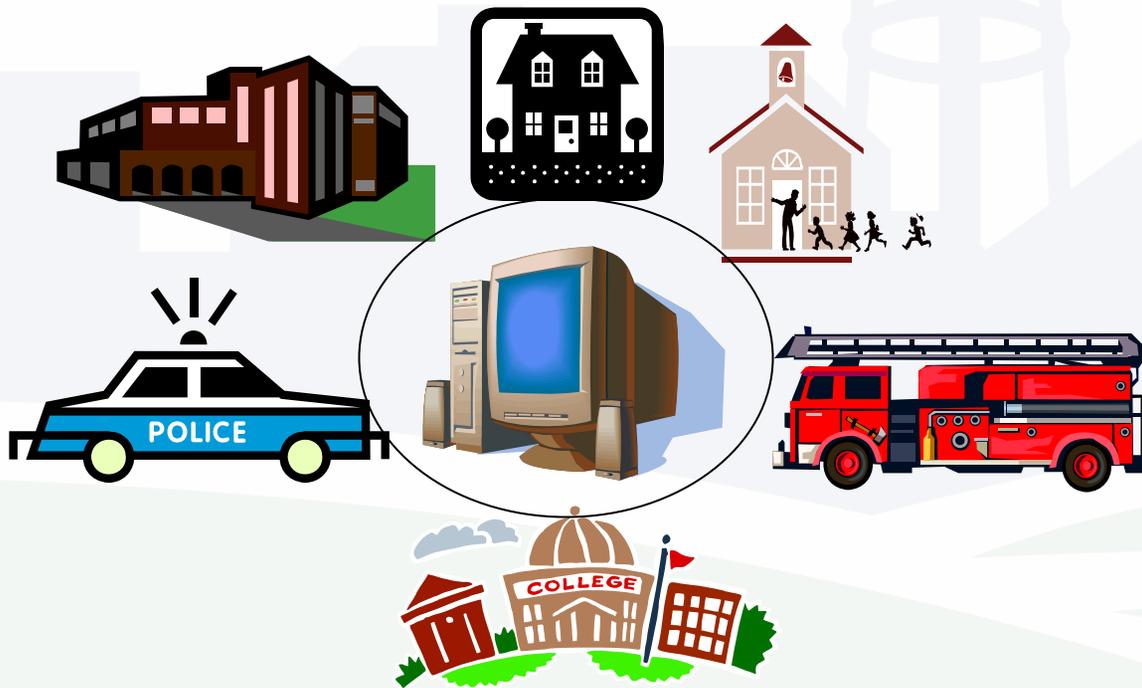
The Broadband Loan Program

- Loan applications that are submitted prior to the implementation of new regulations cannot be fully processed to determine if they qualify.
- They will be held in the processing queue until new regulations are effective.

The Broadband Loan Program

- *What to do if you are interested in applying:*
 - Review loan and grant application guides and application on the website at <http://www.usda.gov/rus/telecom/broadband.htm>
 - Contact your General Field Representative as early as possible for assistance (list of GFRs is on the website)
 - There is no deadline for submitting an application

The Community Connect Grant Program



The Community Connect Grant Program

Program Requirements

- A nationally competitive grant program to provide broadband service to the most rural and economically challenged communities
- Since inception, the program has provided 173 grants and invested \$83.7 million
- One community, recognized by US census or Rand MacNally, currently unserved by broadband
- 20,000 population or less
- Min grant \$50,000, Max grant \$1,000,000
- 15% required matching contribution
- NOFA will be published soon

The Community Connect Grant Program

Program Requirements continued

- Project must include a Community Center with 10 computers for public use (at no charge for two years)
- Free service to Critical Facilities (such as fire station, city hall, police station, etc.) must be provided for two years
- Must offer basic broadband service to residential and business customers within the proposed service area

The Community Connect Grant Program

Eligible Applicant

- Incorporated organization
- Indian tribe or tribal organization
- State or local unit of government
- Cooperative or LLC

The Community Connect Grant Program

Scoring Criteria

- **Rurality of the community**
 - Determined by population size
- **Economic need of the community**
 - Determined by Median Household Income of the community compared to the state average
- **Benefits derived from the proposed project – determined by information/documentation provided by the applicant on:**
 - The need for broadband services
 - Benefits derived from the services proposed by the project
 - Local community involvement in planning and implementing the project

The Community Connect Grant Program

- For more information:
 - Find information on the website, including application guide and application window -
<http://www.usda.gov/rus/telecom/commconnect.htm>
 - The website also has summaries of previous Community Connect grants, including contact names for the grantees
 - Contact your GFR: <http://www.usda.gov/rus/telecom/staff/gfr-state-list.htm>
 - For Community Connect questions, please contact program staff, **Long Chen and Kristin Lough** at community.connect@wdc.usda.gov; (202)-690-4673

Contact Information

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Other GFRs: <http://www.usda.gov/rus/telecom/staff/gfr-state-list.htm>



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[http://www.rurdev.usda.gov/recd
map.html](http://www.rurdev.usda.gov/recd
map.html)

