



# *Rural Development Telecommunications Program*

*Updates and Information*

*April 1, 2009*

# **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

## FY 2009 Budget

Traditional Loan Program:	\$ 690,000,000
Broadband Loan Program:	\$ 400,487,000
Community Connect Grants:	\$ 13,406,000
DLT Grants:	\$ 34,755,000*

\* \$4,965,000 of this to be used for PTV grants

# Telecommunications Program

## Changes for FY 2009

- No program changes anticipated for DLT or Community Connect grants
- Infrastructure Program moving towards pro-forma financial analysis
- 2008 Farm Bill necessitates changes to the Broadband Loan Program
- American Recovery and Reinvestment Act of 2009

# 2008 Farm Bill, Sec. 601:

## Broadband

- **Broadband Definition:**
  - Any technology identified as having the capacity to transmit data to enable a subscriber to originate and receive high-quality voice, data, graphics & video. Requires the Secretary to, as advances in technology warrant, review and recommend modifications to the transmission rate.
- What should the definition be?
  - 1M/1M, 5M/3M, 10M/10M, 40M/15M

# 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**

### **Incumbent Service Provider:**

“Means an entity that, as of the date of submission of the application, is providing broadband service to not less than 5 percent of the households in the service territory proposed in the application.”

# **2008 Farm Bill, Sec. 601:**

## **Broadband**

- **Eligible Entities:**

To be eligible to obtain a loan, an entity shall:

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

- Exceptions:
  1. To the “25% un-served” rule:
    - For previous borrowers (Title VI) for the proposed service territory
  2. To the “Less than 3” rule:
    - For incumbents upgrading service to existing territory
      - » However, must not be eligible to apply under another program in the RE Act
  3. Loan size restricted to 15% of available funding if the applicant provides service to 20% of telecom and/or broadband customers

# 2008 Farm Bill, Sec. 601: Broadband

- **Equity and Market Survey Requirements:**
  - **Equity:** No more than 10% of the amount of the loan 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%

# *American Recovery and Reinvestment Act of 2009*



Rural Development – Rural Utilities Service  
\$2,500,000,000



- **On February 17, 2009, President Obama signed into law the American Recovery and Reinvestment Act of 2009 (“ARRA”). This document provides information on how Rural Development will implement the broadband provisions of the ARRA.**



## **Vision**

- Rural Development will support the expansion of broadband service in rural areas through financing and grants to projects that provide access to high speed service and facilitate economic development in locations without sufficient access to such service.



## Strategy

- In order to provide economic stimulus during the current recession, ARRA requires that funds be obligated by September 30, 2010.
- Rural Development will provide a combination of direct loans and grants to applicants that offer the most viable, economically advantageous proposals available within that time period.
- These funds will be awarded on a competitive basis with unprecedented transparency and accountability.



## Objectives

- Fund projects that will support economic development/job creation beyond the immediate construction/operations of the broadband facilities.
- Ensure that broadband service is provided to all rural areas
- Ensure that at least 75% of the investment serves rural areas
- Implement in concert with National Telecommunications Information Administration (NTIA)/Federal Communications Commission (FCC) national strategy
- Meet legislative obligation requirements
- Establish appropriate monitoring and servicing of the investments at the outset to ensure the objectives are achieved



## **Public Comment**

- On March 12, 2009, Rural Development and the NTIA published a joint Request for Information soliciting public comment on how the provisions of the ARRA for broadband should be implemented.
- Six public meetings were held to provide an opportunity for public comment, both in general and with regard to specific issues.
- A public comment period opened on March 12 and will end on April 13. Public comments can be found at [www.ntia.doc.gov/broadbandgrants](http://www.ntia.doc.gov/broadbandgrants)



## Key Requirements

- Rural Development will take the public comments into account when developing a Notice of Funding Availability, which will be published in the Federal Register and elsewhere.
- This Notice will include detailed information on:
  - The amount and type of funding available
  - The requirements and deadlines for applying
  - The eligibility requirements for applicants and projects
  - The reporting requirements for borrowers/grantees awarded funding



## Project Requirements

- 75 percent of the areas to be served by a project receiving funds from such grants or loans shall be in a rural area without sufficient access to high speed broadband service to facilitate rural economic development;
- Priority shall be given to:
  - Projects that will deliver end users a choice of more than one service provider;
  - Projects that provide service to the highest proportion of rural residents that do not have access to broadband service;
  - Projects that commence immediately upon approval.



## Timeline

- Within 60-days of the end of the public comment period on April 13, 2009, we intend to publish a series of Notice of Funding Availability (NOFAs) in the Federal Register seeking applications for USDA assistance. The NOFA will include:
  - The amount of funding available
  - Applicant, Area and Project eligibility requirements
  - The application process
  - The application window
  - Evaluation (scoring) criteria
  - The reporting requirements for borrowers/grantees



## **Coordination**

- We will be providing information and support to applicants through our Field Staff, webinars, and other outreach efforts. We will coordinate with NTIA and other Federal agencies, local and state government, and rural stakeholders to make sure we reach as many prospective applicants and other interested parties as possible. Please check the website for additional updates as outreach activities are finalized.



- **Website information will be updated frequently. Program notices and updates will be posted at:**
- **[www.usda.gov/rus/telecom](http://www.usda.gov/rus/telecom). NTIA information can be found at: [www.ntia.doc.gov/broadbandgrants](http://www.ntia.doc.gov/broadbandgrants)**
- **Contact:**
- **Mary Campanola, USDA Rural Utilities Telecommunications Outreach Coordinator at [mary.campanola@wdc.usda.gov](mailto:mary.campanola@wdc.usda.gov); telephone 202-720-8822.**

# *American Recovery and Reinvestment Act of 2009*



Department of Commerce – NTIA

\$4,700,000,000



## **About the Broadband Technology Opportunities Program**

- The Broadband Technology Opportunities Program (BTOP) is authorized by the American Recovery and Reinvestment Act of 2009, Title VI, Broadband Technology Opportunities Program (Public Law 111-5). BTOP will provide grant support to enable consumers in unserved and underserved areas of the United States to access broadband services.



## **About the Broadband Technology Opportunities Program**

- The BTOP's \$4.7 billion in funding will stimulate demand and facilitate greater use of broadband services, while contributing to economic growth and job creation.
- Up to \$350 million may be expended pursuant to Public Law 110-385 (the Broadband Data Improvement Act) and for developing a comprehensive nationwide inventory map depicting broadband availability and capability in each State.



## **The BTOP grant categories and funds include:**

- **Infrastructure Grants** – The BTOP funds will support among other things competitive grants for broadband deployment in unserved and underserved areas, and for strategic community institutions and public-safety agencies.
- **Public Computer Center Grants** (at least \$200 million) – Competitive grants to boost computing capacity at public computer centers, such as in community colleges and libraries.
- **Sustainable Broadband Adoption Grants** (at least \$250 million) – Competitive grants to fund innovative programs broadband service by consumers.



## **Eligible applicants in include:**

- States and political subdivisions;
- U.S and native Hawaiian organizations;
- nonprofit foundations, corporations, institutions, or associations; and
- other entities, including broadband service providers that are determined to be in the public interest.



## **The grant uses in include:**

- Equipment, instrumentation, networking capability, hardware and software; network technology, and infrastructure for broadband services Construction and deployment of broadband service related infrastructure; access to broadband service by low-income, unemployed, aged and other vulnerable populations, and by community anchor institutions; and other meritorious projects consistent with the BTOP's goals.



- All BTOP materials, comments, and application information is available on-line at:
- [www.ntia.doc.gov/broadband](http://www.ntia.doc.gov/broadband)

**QUESTIONS?**

# Thank you!

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