

USDA RURAL UTILITIES SERVICE
Telecommunications Programs

Telecommunications Association of Michigan

PoliTech Conference

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Telecommunications Programs

Rural Utilities Service

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“Committed to the Future of Rural Communities”

USDA Rural Utilities Service



➤ Electric Program (Since 1935)

Originally known as REA

➤ Water and Environmental Programs (Since 1937)

➤ Telecommunications Program (Since 1949 - Known as RUS)



Committed to the future of rural communities



The Rural Utilities Service 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
- **American Recovery and Reinvestment Act of 2009 (ARRA) Broadband Initiatives Program:** Loans, grants and loan/grant combinations for broadband in rural communities



Telecommunications Program Budget

	2010 Budget	2009 Obligations
Infrastructure Loans	\$690 million	\$690 million
Broadband Loans	\$532 million	\$6 million
Distance Learning and Telemedicine Grants	\$29.7 million	\$36.3 million
Community Connect Grants	\$13.4 million	\$13.4 million
Recovery Act (ARRA) BIP Loans and Grants	\$2.5 billion	None



Telecom Loan Investment Infrastructure Loan Program

- \$690 million in loans made in FY 2009
- \$3.7 billion in principal outstanding
- 503 Current Telephone Company Borrowers
- **All** borrowers are providing Broadband service
- 90% of loan projects approved in the last 2 years fund Fiber-To-The-Home technologies
- Participation in the program is at an all-time high
 - Applications received through December, 2009, if approved, exceeded the \$690M appropriation for FY2010



Telecom Loan Investment

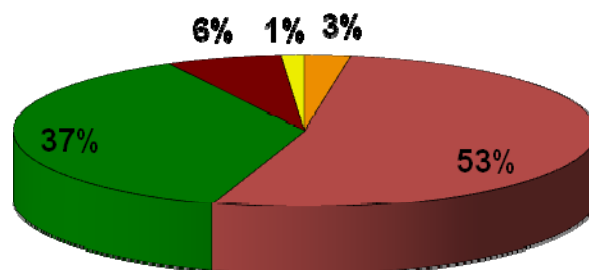
Farm Bill Broadband Programs

- Since 2002, 96 loans have been made, totaling \$1.2 billion
- 1,865 communities have been served
- More than 835,000 households will receive broadband access services as a result of these loan projects
- This program created under the 2002 Farm Bill has been reauthorized with modifications under the 2008 Farm Bill.



The Broadband Loan Program

Types of Organizations Funded



■ Municipalities ■ Corporations ■ LLCs ■ Cooperatives ■ Tribal Authority

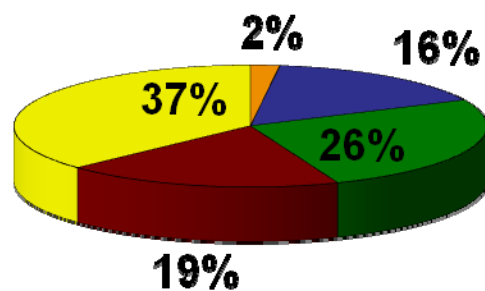
Corporations:	53%	LLCs:	37%
		Cooperatives:	6%
		Municipalities:	3%
Tribal auth.:	1%		

35% of applications approved
have been from startup companies



The Broadband Loan Program

Types of Technologies Funded



- **Broadband Over Power Line (BPL)**
- **DSL**
- **Fixed Wireless**
- **Hybrid Fiber/Coax**
- **Fiber to the Home**

Fiber to the Home: 37%	Fixed Wireless: 26%
DSL: 16%	Hybrid Fiber/Coax: 19%
Broadband over Powerline: 2%	



The Broadband Loan Program

- Designed to provide loans for funding, on a technology neutral basis, for the costs of construction, improvement and acquisition of facilities and equipment to provide broadband service to eligible rural communities.
- The goal is to ensure that rural consumers benefit from the same quality and range of telecommunications services that are available in urban and suburban communities.



The Broadband Loan Program

- The 2008 Farm Bill changed many criteria for Broadband Loans but did not change the objectives of the program.
- Rules and Applications Guides detailing these changes are under review for publication.
- In the interim, Broadband Loan Program applications are being accepted, but cannot be acted upon until new rules are finalized.
- Please contact the Broadband Division or your General Field Representative for details.



The Broadband Loan Program

Rural Development Broadband Loans Search Tool

A Listing of all communities under approved or pending applications is available at:

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

This search tool is regularly updated.



The Community Connect Grant Program

Program Requirements

- A nationally competitive grant program to provide broadband service to communities where NO BROADBAND SERVICE IS CURRENTLY AVAILABLE.
- Scoring is designed to benefit the most rural and economically challenged communities
- To date, 197 grants have been awarded and \$88.2 million has been invested in rural broadband services.
- The FY2010 Community Connect Grant Program awaits announcement.



The Community Connect Grant Program

Program Requirements

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



Distance Learning/Telemedicine Program

The nationally competitive DLT Grant Program provides rural health care and educational service providers with opportunities to procure and install equipment enabling them to utilize educational and medical services from distant locations through electronic communications technologies.

- To date, \$403 million in DLT grants and loans have been awarded.
- The FY2010 Grant Program awaits announcement.



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

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ARRA Broadband Funding



USDA Rural Utilities Service:

\$2.5 billion total budget authority authorized under the ARRA in the form of loans, grants and loan/grant combinations for broadband infrastructure

Entitled: The RUS Broadband Initiatives Program (BIP)

Department of Commerce – National Telecommunications Information Administration:

\$4.7 billion total budget authority authorized under the ARRA in the form of grants for broadband infrastructure, Sustainable Broadband Adoption and Public Computing Centers

Entitled: The Broadband Technologies Opportunities Program (BTOP)

The RUS refers all BTOP related inquiries to the BTOP helpdesk



ARRA BIP Broadband Funding

- **RUS expects to use approximately \$2 billion to provide grants for broadband development nationwide.**
- **The remaining \$500 million will finance loans, yielding a potential total investment in rural broadband facilities of \$3-\$4 billion.**
- **This plan is flexible depending on the demand for grants versus loans.**
- **RUS will award all funds no later than September 30, 2010.**
- **There will be two rounds of BIP funding.**

ARRA BIP Round 1 Outcomes

(through March 4, 2010)



- The application window has closed
- Agriculture Secretary Vilsack has announced awards for rural broadband projects nationwide totaling over \$900 million including nearly \$10 million in private capital contributions.
- Some awards are still being considered. Over \$1 billion in rural broadband awards are expected in Round 1.
- The loan to grant ratio is expected to be roughly 50/50
- **Michigan** has received nearly \$17 million in two BIP awards to date. These two awards (Southwest Michigan Communications and Chatham Telephone Company) constitute 4% of awards and 2% of awarded dollars.

Looking Forward to ARRA BIP Round 2



1. All inquiries regarding Round 1 decisions and Round 2 applicant questions must be directed to the BIP Helpdesk at: BroadbandUSA@usda.gov or (877) 508-8364. The helpdesk was a “shining star” in Round 1 and has been upgraded to be even more responsive now.
2. The deadline for Round 2 BIP applications is March 29, 2010.
3. All applications must be submitted electronically through the portal on the www.broadbandUSA.gov website.
4. Frequently asked questions, press releases and continually updated information is available at www.BroadbandUSA.gov.



In the unlikely event that you are unable to obtain prompt and useful answers through these resources, please contact me. I am NOT a Round 2 informational resource, but will do my best to see that you receive the answers you need.

Ron Mellon, General Field Representative

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(989) 456-2400 Office

(989) 289-8871 Blackberry Cellular

“Lead, Educate, Empower, and Get Out of the Way”

“Committed to the Future of Rural Communities”



National Office Contact Information

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General Field Representatives:

Broadband Specialist GFRs: Tony Tindall, anthony.tindall@wdc.usda.gov; 612-721-6432; Randy Jenkins, randy.jenkins@wdc.usda.gov; 316-733-7604

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

American Recovery and Reinvestment Act of 2009 (ARRA) Broadband Initiatives Program:
www.broadbandusa.gov