



United States
Department of
Agriculture

Item #190062

Rural Development



**Presented by:
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Telecom Program**

Broadband Loan & Grant Programs

*Utility Advisory Board Meeting
Gainesville, Florida
June 13, 2019*

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 Guar., 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**

FY 2019 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, 2019



Rural Broadband Access Loan Program



Rural Broadband Access Loan Program AKA “Farm Bill Loan Program”

Available Funding

FY 2017

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

FY 2018

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

FY 2019

- **\$29.9 million** available in FY 2019 *

* 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 2017

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

FY 2018

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

FY 2019

- **4 loans in process: \$61.2 million**

- **RD Apply** online application system
- **NOSA Released** on November 15, 2018
 - RUS is accepting applications on a rolling basis
 - 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 that the applicant proposes to serve
 - RUS conducted least 2 evaluation periods for FY2019

Rural Broadband Access Loan 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 NOSA on November 15, 2018

2018 Farm Bill Updates



Farm Bill Highlights

- **Section 6201: Access to broadband service in rural areas** – Expands the funding authorities to include grants, loans, loan guarantees and payment assistance; modifies some of the program priority and eligibility requirements; and increases the potential funding level for the program
 - Adds Grant Funding and Payment Assistance
 - Requires Guarantee Program
 - Modifies Required “unserved” HH percentage from 15% to 50% for loans and 90% for grants
 - Establishes New Priorities
 - Increases Authorized Funding Level from \$25 million to \$350 million
 - Establishes new “broadband buildout” standards associated with the life of the loan
 - Requires additional communication and coordination with NTIA and FCC
- **Section 6202: Expansion of Middle Mile Infrastructure** – authorizes the agency to provide funding for stand alone middle mile projects

Farm Bill Highlights Continued

- **Section 6203: Innovative Broadband Advancement Program** – Authorizes the development of a new program to provide grants and loans to eligible entities demonstrating innovative broadband technologies or methods (Replaced the Gigabit Grant Program)
- **Section 6204: Community Connect Grant Program** – Codifies the Community Connect Program
- **Sections 6209 and 6211: Use of Loan Proceeds for Refinancing** – Removes the 40% cap that was in place on the amount of project funding that can be used for refinancing and expands the agency's authority for the types of loans which can be refinanced
- **Section 6214: Rural broadband integration working group** – Establishes a rural broadband working group across Federal agencies to identify, assess, and determine possible actions relating to barriers and opportunities for broadband deployment in rural areas

Farm Bill Highlight Continued

- **Section 6207: Public Notice, Assessments and Reporting Requirements**
 - Expands the Searchable Database and Public Notice Filing/Existing Service Provider Response Process for “Retail Broadband” projects provided assistance through a loan, grant or loan guarantee program administered by the USDA
 - For Telecom, this expands this process across the Community Connect and the Infrastructure Loan Program
 - PNF/PNR not required when the project is within an area where the entity receives federal universal support
 - Requires USDA to confer with NTIA and the FCC when determining the areas that are “unserved
 - Requires awardees of funding for “Retail Broadband” projects to submit an annual report for 3 years after completion of the project regarding the use of the assistance and progress towards fulfilling the objectives for which the funding was provided



Introducing ReConnect

Where the project came from

2018
Consolidated
Appropriations
Act

Additional
\$550 million
added in
FY 2019

ReConnect Program

Pilot program that
provides loans and
grants to extend
broadband service
to rural areas.

\$600 million in funding

Assist rural areas that do
not have sufficient access
(10/1) to broadband

Minimum requirements:
25Mbps down/3Mbps up

Dec. 13, 2018

A New Way Forward

ReConnect Program and funding opportunity announced by Sec. Perdue.

Dec. 14, 2018

Officially Released

ReConnect Program Funding Opportunity Announcement released in the Federal Register.

Feb. 25, 2019

Get Started

Application deadlines released in notice in the Federal Register.

March 2019

Check reconnect.usda.gov

The date that applications will start being accepted will be announced.

May 31, 2019

100 Percent Grant

Applications will be accepted through May 31, 2019.

June 21, 2019

50/50 Loan/Grant Combo

Applications will be accepted through June 21, 2019.

July 12, 2019

100 Percent Loan

Applications will be accepted on a rolling basis through July 12, 2019.





Understanding ReConnect

Who Can Apply?

States, local governments, or any agency, subdivision, instrumentality, or political subdivision thereof

A territory or possession of the United States

An Indian tribe (as defined in section 4 of the Indian Self Determination and Education Assistance Act)

Non-profit entities

For-profit corporations

Limited liability companies

Cooperative or mutual organizations

Application Eligibility Factors

Unqualified Audited Financial Statement

Fully Complete Application

Timely Buildout Completion

Financial Feasibility and Sustainability

Technical Feasibility

Service Areas

Fully Funded

Program Design

Key factors, eligible costs, and how to maximize your score

Application Intake
System Available:
April, 23, 2019



LOAN

25/3 Mbps minimum

Max award: \$50 million
2% Interest Rate

Open (non-competitive)

\$200 million

July 12, 2019



COMBO

25/3 Mbps minimum,
incentive for higher speeds

Max award: \$50 million
50/50 Loan/Grant
UST Rate

Competitive Scoring

\$100 million grant +
\$100 million loan

June 21, 2019



GRANT

25/3 Mbps minimum,
incentive for higher speeds

Max award: \$25 million
25% match

Competitive Scoring

\$200 million

May 31, 2019

Buildout
Speed

Terms

Application
Review

Round 1
Federal
Funds

Application Deadlines

Community Connect Grant Program



Community Connect Program

Available Funding

FY 2018

- **\$30.0 million** available in FY 2018

FY 2019

- **\$30.0 million** available in FY 2019
- * Carryover funding is sometimes available from previous fiscal years

General provisions as of the latest FOA:

- 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

Program Updates

FY 2018

- **124 Applications** processed: **\$225.6 million**
 - **14 grants** approved: **\$30.0 million**
 - States (x9): KY*, MN, NC, ND, OK, NC, TN, VA*, UT
- * HQ State, but grant benefited additional state(s)

FY 2019

- Funding Opportunity Announcement (FOA), published on the Community Connect website and Grants.gov on February 12, 2019
- Applications must be postmarked or received by April 15, 2019

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

Questions?



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