USDA United States Department of Agriculture

Rural Development

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Overview of Rural Utilities Service Loan and Grant Programs

NEVADA BROADBAND SUMMIT
CARSON CITY, NV
NOVEMBER 6, 2017

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 Broadband Loan Programs

- Telecommunications Loan Program

- Farm Bill Broadband Program

Telecommunications Infrastructure Program

Available Funding

FY 2016

- **$690 million** available in FY 2016

FY 2017

- **$690 million** available in FY 2017

FY 2018

- **$TBD 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

- For additional detail, see the Code of Federal Regulations; 7 CFR 1735

Program Updates

FY 2016

- 14 loans approved: **$194.5 million**

FY 2017

- **13** loans in process: **$139.4 million**
- **21** loans approved: **$427.4 million**
- Current Pipeline: **34** Loans for **$566.8 million**

FY 2018

- TBD

- Applications are accepted year round

- RD Apply online application system

NEVADA TELECOMMUNICATIONS ASSOCIATION
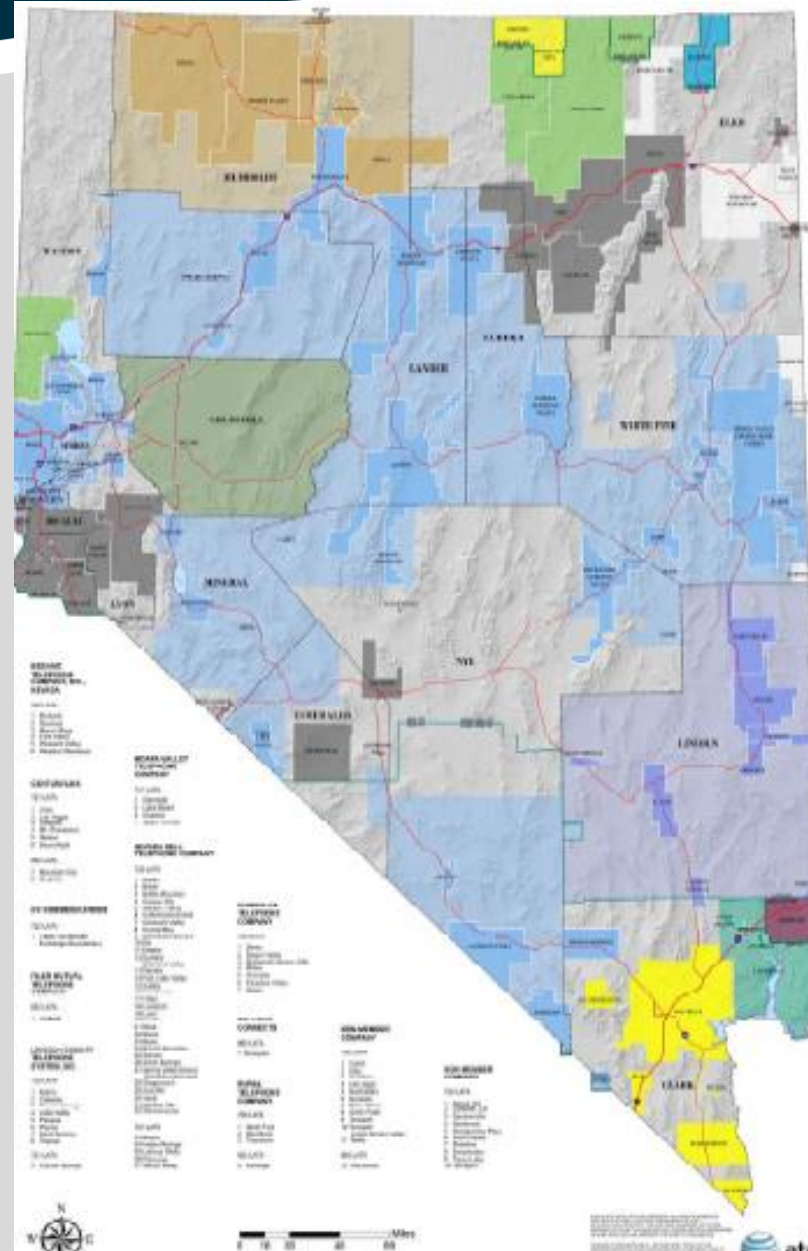## TELEPHONE EXCHANGE AND PROVIDER OF LAST RESORT AREAS

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Adobe Acrobat Document

Telecommunications Farm Bill Broadband Program
(aka Rural Broadband Access Loan and Loan Guarantee Program)

Available Funding	Program Updates

Available Funding

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

FY 2017
- **$27 million** appropriated in FY 2017
- **$115.2** million available in FY 2017 with both appropriated and carryover funding

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

- Loans finance the costs of constructing a broadband network
- Serving rural communities of 20,000 or less
- 15% unserved area
- Cannot have 3 or more incumbent service providers
- Service area cannot be in a RUS previously funded area
- For additional detail, see the Code of Federal Regulations; 7 CFR 1738

Program Updates

FY 2016
- 1 loan approved: **$4.1 million**

FY 2017
- **2** loans approved: **$24.0 million**
- **10** Loans in process: **$105.2 million**
- Current Pipeline: **12** loans for **$129.2 million**

FY 2018
- **TBD**

- **RD Apply** online application system
- **NOFA Released** on July 25, 2017

	Window 1	Window 2
Pre Application Window (Application assistance available)	Jan 9, 2017 to Mar 24, 2017 [Closed]	Jul 1, 2017 to Sep 22, 2017 [Closed]
Application Window	Mar 1, 2017 to Mar 31, 2017 [Closed]	July 25, 2017 to Sep 30, 2017 [Closed]

Telecommunications Farm Bill Broadband Program – FY17 - Did You Know?

* Loan Amounts between $100,000 & $20 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 July 25th, 2017

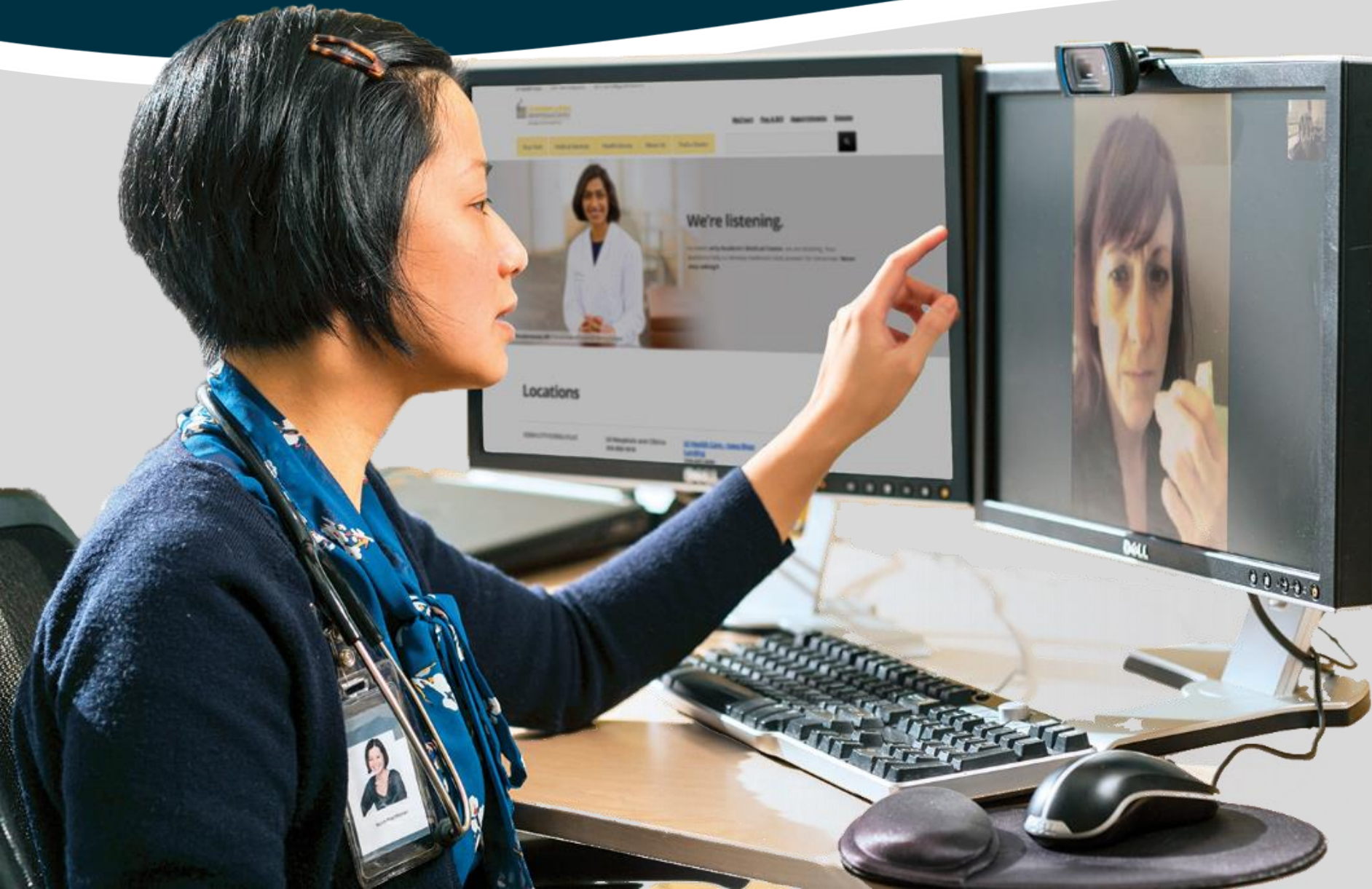# For All Telecommunications Loan Programs – Did You Know?

Modified Loan Terms for Serving a Substantially Underserved Trust Area (SUTA) include:

- At the discretion of Administrator, RUS can modify certain loan terms or application requirements, which may include:
  - Interest rates as low as 2%, extended amortization period, and/or priority processing
  - Waiver of certain documentation requirements regarding non-duplication of service;
  - Waiver of matching funds or credit support requirements for loans;
  - Extension of the time period in which loans are repaid; and
  - Providing the highest priority for funding to eligible projects that will serve trust areas.

Example Infrastructure Loans financed using SUTA:

- **FY 2015 -- Mescalero Apache Telecommunications (NM) $5.4 million**
- **FY 2016 -- Sacred Wind Communications (NM) $13.8 million**

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
  • **$34.5 million** available in FY 2017
FY 2018
  • **$TBD million** available in FY 2018
 	
• 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 4 Mbps (download) and 1 Mbps (upload)
• 15% Matching Requirement
	FY 2016
	  • **Over 70** applications received: **$120 million**
	  • **9** applications approved**: $15.6 million**
	FY 2017
	  • Notice of Solicitation of Applications (NOSA) release on January 10, 2017
	  • Applications were accepted until March 13, 2017
	  • 50 Applications still in process for **$92.6 million**
	FY 2018
	  • **TBD**
	
	• Link: http://www.rd.usda.gov/programs-services/community-connect-grants.

Eligible Projects

To be eligible for a Community Connect grant, the Project must:

- Serve a Proposed Funded Service Area (PFSA) in which Broadband Service (4 X 1) does not exist;

- Offer service at the Broadband Grant Speed (10 X 1) to all residents and business customers within the PFSA;

- Offer free service at the Broadband Grant Speed to all Critical Community Facilities (CCF) located within the PFSA for at least 2 years starting from the time service becomes available to each CCF. Critical Community Facilities means the Community Center; any public school, public education center, public library, public medical clinic, public hospital, community college, public university; or law enforcement, fire or ambulance station in the Proposed Funded Service Area.

- Provide a Community Center with at least two Computer Access Points and wireless access at the Broadband Grant Speed, free of all charges to users for at least 2 years and is open and accessible to area residents before, during and after normal working hours and on Saturday and/or Sunday.

Eligible PFSA

Proposed Funded Service Area (PFSA) means the contiguous geographic area within an eligible Rural Area in which the applicant proposes to provide service at the Broadband Grant Speed

Rural Area means any area, as confirmed by the latest decennial census of the Bureau of the Census, which is not located within:

- a city, town, or incorporated area that has a population greater than 20,000 inhabitants; or

- An urbanized area contiguous and adjacent to a city or town that has a population of greater than 50,000 inhabitants. For purposes of the definition of rural area, an urbanized area means a densely populated territory as defined by the US Census Bureau.

Eligible PFSA (Continued)

Broadband Service (4 X 1) cannot exist in any portion of an eligible PFSA.

Applicants should use all available resources to determine if Broadband Service exists, including:

- The NTIA and FCC National Broadband Map http://broadbandmap.gov

- A listing of communities served by existing RUS borrowers and grantees (Telcos and ISPs)

- https://broadbandsearch.sc.egov.usda.gov/searchtabs.aspx

- View service provider websites and contact local service providers

A PFSA must not overlap with the Service Areas of current RUS borrowers and grantees.

*** All Information Will Be Independently Verified By RUS ***

Eligible Grant Purposes

1) The construction, acquisition, or leasing of facilities used to deploy service at the Broadband Grant Speed to all residents and businesses in the PFSA

- Buildings constructed with grant funds must reside on property owned by the awardee.

- Leasing costs will only be covered through the advance of funds period included in the award documents.

Eligible Grant Purposes (Continued)

2) The improvement, expansion, construction, or acquisition of a Community Center and provision of Computer Access Points.

- Grant funds for the Community Center are limited to the lesser of ten percent of the requested grant amount or $150,000.

- If the community center is constructed with grant funds, the center must reside on property owned by the awardee.

- Includes funding for at least 2 and up to 10 computer access points to be used in the Community Center.

3) The costs of providing the necessary bandwidth for service free of charge to the CCFs for 2 years.

Ineligible Grant Purposes

1) Funds may not be used to finance the duplication of any existing Broadband Service provided by other entities.

2) Operating expenses are ineligible with the exception of lease costs for facilities used to deploy broadband service and bandwidth expenses.

Matching Contribution

- Applicants must provide a Matching Contribution which is at least 15% of the total amount of financial assistance being requested.

- Matching Contributions cannot include any financial assistance from federal sources unless there is a federal statutory exception.

- At the time of closing of the award, the awardee must contribute or demonstrate available cash reserves in an account(s) of the awardee equal to at least 15% of the grant.

- The Matching Contribution must be in the form of cash, to be used to fund operations of the project.

Distance Learning and Telemedicine (DLT) Program

Available Funding

FY 2016

- **$23.4 million** available in FY 2016

FY 2017

- **$23.6 million** available in FY 2017
- 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 2018

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

Program Updates

FY 2016

- **182** applications received for **$55 million**
- **98** applications approved: **$27.7 million**
- **56** distance learning & **42** telemedicine projects
- **5** Promise Zones
- **53** Strike Force
- **35** States & Territories
- **29 of 98** (30%) include a tribal coverage component

FY 2017

- Notice of Solicitation of Applications (NOSA) released May 16, 2017
- Responses were due by July 17, 2017
- 200+ applications are now under review

FY 2018

- TBD

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

Categories of eligible grant purposes

There are three categories of eligible grant purposes:

1. Acquiring, by lease or purchase eligible equipment. If leased, the cost of the lease during the three year life of the grant is eligible.
2. Acquiring instructional programming that is a capital asset (including the purchase or lease of instructional programming already on the market).
3. Providing technical assistance and instruction for using eligible equipment. The costs for this category cannot exceed 10% of the grant amount requested or 10% of the eligible matching funds calculated separately.

Of the funds made available, $1,600,000 will be prioritized to provide for communication upgrades between ambulances, emergency transportation vehicles and medical facilities.

Eligible Equipment

The following are examples of eligible equipment.

- Computer hardware and software
- Audio and video equipment
- Computer network components
- Telecommunications terminal equipment
- Data terminal equipment
- Interactive audio/video equipment
- Inside wiring

The application must demonstrate both that the predominant purpose (50% or more of use) of every line-item in the grant and match budget meets the DLT Grant definition of distance learning and/or telemedicine.

All equipment must be new and non-depreciated

Ineligible Equipment

Select Ineligible purposes:

- Acquiring, installing, or constructing telecommunications transmission facilities

- To pay for medical equipment not having telemedicine as its essential function; including Electronic Medical Records.

- Medical equipment not used primarily for telemedicine (50%+)

- Salaries or administrative expenses

- Application preparation costs

- Purchase of land, buildings, building construction, site development, or destruction or alteration of buildings.

See Page 6 of the DLT Application Guide for a more comprehensive list.

Questions?

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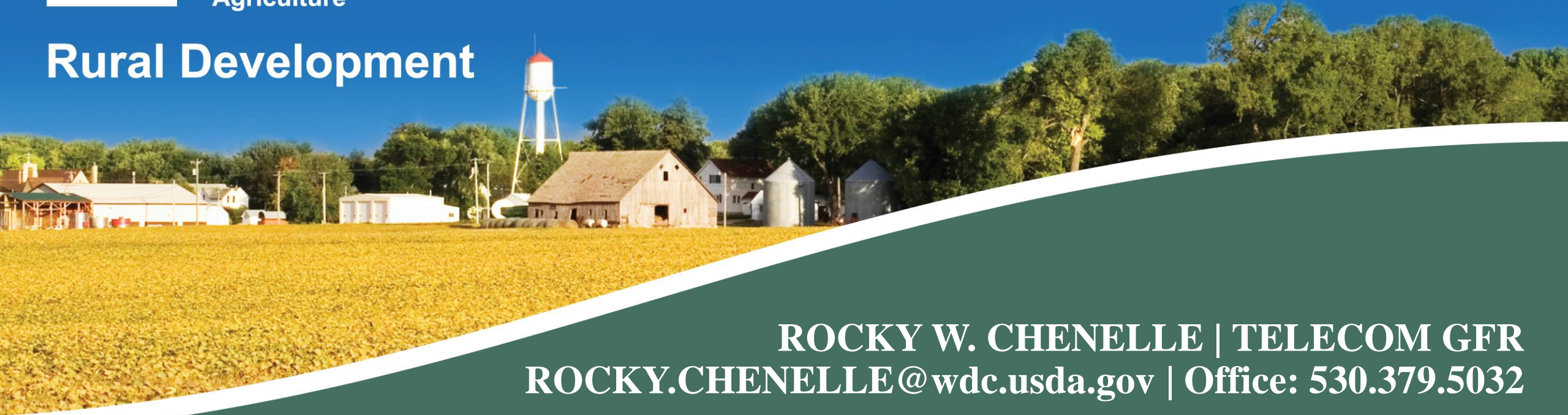peter.aimable@wdc.usda.gov / 202.720.1025

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