



United States  
Department of  
Agriculture

## Rural Development



Presented by Shawn Arner

# Programs Update

*RUS Telecommunications Programs*

# Telecommunications Programs History

## From electricity to broadband...

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- 1930s**
  - Rural Electrification Administration (REA) began providing financing to promote rural electrification
- 1949**
  - REA received authority to finance telephone service in rural communities
- 1995**
  - Evolving from the REA, the Rural Utilities Service (RUS) required that all financed telecommunications networks have the capacity to deliver broadband
- 2009 to present**
  - RUS has invested **over \$6.8 billion** in loans and grants to build out broadband infrastructure in rural areas

# Telecommunications Loan Programs

## Infrastructure Program

- \$690 million available in FY 2016
- Loans finance new and improved telecommunications infrastructure in rural communities of 5,000 or less

## Farm Bill Broadband Program

- \$20 million available in FY 2016
- Loans finance the costs of constructing a broadband network serving rural communities of 20,000 or less (not located in urbanized area contiguous/adjacent to a community over 50,000)
  - Eligible service areas contain at least 15% unserved areas with no part of the service area overlapping with 3 or more incumbent service providers or a current RUS borrower or grantee (there are certain exceptions)

# Telecommunications Loan Programs Update

## Infrastructure Program

- FY 2015 -- **17** loans approved: **\$245 million**
- FY 2016 -- **1** loan approved: **\$30 million**
- FY 2016 -- **15** loans in process: **\$185 million**
- Applications are accepted year round

## Farm Bill Broadband Program

- New regulation and NOSA were published July 30, 2015
- FY 2015 Application Window closed September 30, 2015
  - 15 loans in process: \$118 million
- FY 2016 Application Window will open soon.  
**Stay tuned for the FY 2016 NOSA!**

# Telecommunications Loan Programs -- Did You Know?

## 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

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

- At the discretion of the 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 over projects that do not serve trust areas

Staff can assist and review loan applications before submission.

# Telecommunications Farm Bill Loan Program -- Did You Know?

***Unserved*** is defined as areas lacking access to Broadband Service of 4 meg down/ 1 meg up.

**Applicant Priority** is given to applications demonstrating the greatest proportion of unserved households.

**Special Terms and Conditions** may apply to applications where over 50% of the households are unserved, which may include:

- up to 4 year principal deferral
- 25% extension to the amortization period of the loan up to 35 years

# Telecommunications Grant Programs

## Community Connect Program

- **\$10.3 million** available in FY 2016
- Grants cover the costs to construct broadband networks in rural communities of 20,000 or less (not located in urbanized area contiguous/adjacent to a community over 50,000)
  - Service Area must be entirely unserved
  - Broadband Service is defined as 3 Mbps (download plus upload)
  - 15% Matching Requirement

## Distance Learning and Telemedicine Program

- **\$19 million** available in FY 2016
- Grants fund equipment needed to provide Distance Learning and Telemedicine services
  - 15% Matching Requirement

# Telecommunications Grant Programs Update

## Community Connect Program

- FY 2015 – **68** applications submitted: **\$106 million**
- FY 2015 – **5** applications approved: **\$11 million**
- Anticipated FY 2016 funding window to open in the spring

## Distance Learning and Telemedicine Program

- FY 2015 -- **191** applications submitted: **\$38 million**
- FY 2015 – **75** applications approved: **\$23 million**
- FY 2016 Application Window opened January 12, 2016 and **will close March 14, 2016**
- Applications are being reviewed as they are submitted

# Telecommunications Grant Programs – Did You Know?

**Special Consideration** provided under both grant programs to projects serving tribal communities.

- 15 additional points in FY 2014 and 2015

**DLT Program Special Consideration** provided for tribes, Strikeforce, and Promise Zones.

- 15 additional points in FY 2016

# Telecommunications Programs Rural Investments

Since 2009, RUS has invested over \$6.8 billion in projects serving rural communities:

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<b>Telecom Infrastructure</b>	\$2.8 billion
<b>Farm Bill Broadband</b>	\$339 million
<b>Community Connect</b>	\$77.3 million
<b>Distance Learning and Telemedicine</b>	\$42.6 million
<b>Broadband Initiatives Program</b>	\$3.5 billion

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# Rural Utilities Service Telecommunications Key Contacts

## Assistant Administrator

Keith Adams

[keith.adams@wdc.usda.gov](mailto:keith.adams@wdc.usda.gov) / 202.720.9556

## Deputy Assistant Administrators

Sami Zarour

[sami.zarour@wdc.usda.gov](mailto:sami.zarour@wdc.usda.gov) / 202.720.9556

Peter Aimable, Office of Portfolio Management & Risk Assessment

[peter.aimable@wdc.usda.gov](mailto:peter.aimable@wdc.usda.gov) / 202.720.1025

Shawn Arner, Office of Loan (& Grant) Origination & Approval

[shawn.arners@wdc.usda.gov](mailto:shawn.arners@wdc.usda.gov) / 202.720.0800

Ken Kuchno, Office of Policy & Outreach

[kenneth.kuchno@wdc.usda.gov](mailto:kenneth.kuchno@wdc.usda.gov) / 202.720.0667



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# Rural Development



Shawn Arner  
Rural Development  
RUS Telecom Program  
[Shawn.arner@wdc.usda.gov](mailto:Shawn.arner@wdc.usda.gov)  
202.720.0800  
[www.rd.usda.gov](http://www.rd.usda.gov)

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