

RURAL UTILITIES SERVICE

STATUS OF BROADBAND INITIATIVES PROGRAM

As of 3/21/13



Introduction

The Department of Agriculture's broadband goal is to increase the number of rural Americans with access to robust broadband service and provide the speeds and bandwidth for health care, public safety, educational, business and social services. Rural Utilities Service (RUS) financing facilitates broadband service providers offering affordable, broadband service to residents and businesses, expanding access to education and health care, creating high-skilled, high-wage jobs, and increasing economic opportunities across rural America. This infrastructure investment creates jobs when projects are planned and built, adds jobs when these projects become operational and again as these services are used by communities to spur further economic expansion.

RUS provides financing for telecommunications infrastructure through direct loans and loan guarantee programs. The program priorities are to ensure that rural communities have access to advanced telecommunications services, such as high-speed Internet services and advanced communications services such as distance learning and telemedicine. The program makes new or improved services available to borrowers' subscribers, including rural residents and businesses. Performance measures directly measure the impact of the programs on rural communities. Program outreach efforts are focused on identifying rural areas that do not have access to these services, which are essential for economic development and improved health and education services.



The Broadband Initiatives Program

On February 17, 2009, President Obama signed the American Recovery and Reinvestment Act of 2009 (Recovery Act) into law. The Recovery Act provided RUS with \$2.5 billion to expand access to broadband services in rural America. The Recovery Act expanded RUS' existing authority to make loans and provided new authority to make grants for the purpose of facilitating broadband deployment in rural communities. To maximize the level of funds available for broadband projects, the agency leveraged its budget authority appropriated by the Recovery Act to make grants, loans and loan/grant combination awards. In total for the broadband program, over \$2.33 billion in grants and \$1.19 billion in loans were made to 320 projects, totaling over \$3.5 billion. Of those original 320 projects, 297 were for infrastructure, 4 for satellite broadband service support and 19 for technical assistance, the majority of which went to tribal communities.

The Recovery Act funded projects designed to provide broadband service quickly, and large infrastructure projects—considered transformative—that may take as many as five years to build out.

All RUS projects must comply with federal and state environmental, historic preservation and in some cases tribal or intergovernmental reviews that can require significant consultation with the public. RUS technical and financial oversight continues throughout the project's life and beyond. Rigorous project oversight has led to the rescission of 39 Recovery Act awards. As a result, nearly \$266 million has been returned to the Treasury.

Under the Recovery Act, contracts signed by awardees require that all loan/grant funds must be advanced by September 30, 2015. Funds not advanced will be rescinded by RUS and returned to the U.S. Treasury. RUS and senior USDA officials have repeatedly encouraged awardees to complete Recovery Act projects as quickly as possible. RUS field employees continue to vigorously monitor the progress of construction and compliance of the BIP awardees.

The vast majority of the BIP awards were obligated between March and September, 2010. Projects are progressing well and within expectations. The RUS has worked closely with Federal and state partners to complete required reviews and to address regulatory or processing issues. The agency is working closely with awardees to expedite project construction. All 19 Technical Assistance awards have been fully disbursed. The \$100 million satellite broadband program has now disbursed 86 percent of its funds to date to the four satellite awardees.

Infrastructure projects, larger and more complex, continue to progress, offering more rural residential and business consumers access to broadband service. Of those, 116 projects, representing \$1.5 billion in funding are partially operational or have been completed. About \$2.6 billion of construction for projects has been completed or is actively being worked on. The pace of construction exceeds the pace of reimbursement.

Presently, only 1.7 percent of the projects representing approximately 1.8 percent of the funding have not drawn any loan or grant funds. There are multiple reasons why these projects have not advanced far enough to draw funds. RUS continues to closely oversee these projects and is working with these awardees, Federal partners and government entities to address issues impacting completion of these projects. RUS will work to ensure that projects remain viable.



Key Performance Metrics and Results

<i>Metric</i>	<i>Result</i>
1. Miles of fiber deployed	43,197.8
2. Number of wireless access points placed	562
3. Jobs created in most recent quarter (www.recovery.gov)	5,563
4. Broadband subscribers receiving new or improved broadband:	
• Households	99,424
• Businesses	6,358
• Educational Providers	165
• Libraries	85
• Healthcare Providers	221
• Public Safety Providers	170
• Total broadband subscribers receiving new or improved broadband	106,423



Operational Statistics

Number of original projects awarded	297
Amount of original awards (loans and grants)	\$3.425 billion
Projects partially operational or complete	116
Percent of active projects partially operational or complete	43%
Number of projects with completed environmental reviews	257
Number of projects where environmental reviews are not required	36
Percent of projects with completed environmental reviews	99.6%
Number of projects actively drawing funds*	243
Percent of projects actively drawing funds*	94.2%
Number of projects fully advanced*	10
Percent of projects fully advanced*	3.9%
Number of rescinded projects	39
Percent of projects rescinded	13.1%
Number of projects not started	5

*Note: Awardees do not receive loan and grant funds at time of the award. Rather, awardees request "advances" under the loan, grant or loan/grant combination after completing an advance request and providing documentation and certifications that meet RUS requirements for approved purposes, budget, etc.