



Federal Broadband Funding: Policies and Programs to Connect America

NTIA Webinar Series

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Conference Line: 800-593-7190 Passcode: 984-4951#

October 17, 2018

Participants

Moderator

- **Karen Hanson**, Manager, Partnerships/Interagency Affairs, BroadbandUSA, NTIA, U.S. Department of Commerce

Presenters

- **Barrett L. Haga**, Ph.D., Senior Administrator for Economic Engagement, Economic Development Administration, U.S. Department of Commerce
- **Shawn Arner**, Deputy Assistant Administrator, Loan Origination and Approval Division, RUS Telecommunications Program, U.S. Department of Agriculture
- **Kate Dumouchel**, Special Counsel, Telecommunications Access Policy Division, Wireline Competition Bureau, Federal Communications Commission

Helpful Information

Questions

- Please type questions in the Q&A box on the right hand side of the screen. Questions will be taken after the final presenter.

Presentation

- The presentation along with a transcript and recording will be available on the BroadbandUSA website within 7 days of this webinar under Events/past events.
- <https://broadbandusa.ntia.doc.gov/past-event>

Technical Assistance

- Guides, products, publications, and other tools are available to assist you with the planning, funding and implementation of your broadband project.
- <https://broadbandusa.ntia.doc.gov>

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Presentations

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EDA

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REGIONAL COLLABORATION

JOB CREATION

U.S. Economic Development Administration
U.S. Department of Commerce





The EDA Mission

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... is to lead the federal economic development agenda by promoting innovation and competitiveness, preparing and supporting American regions for growth and success in the global economy.

How Does EDA Execute that Mission?

Guided by the principle that communities must be *empowered* to develop and implement their own economic development strategies, EDA works directly with local officials to help build community and regional economic development capacity by targeting its competitive, merit-based investments to:

- ✓ Assist economically-distressed regions in creating higher paying, sustainable jobs.
- ✓ Support bottom-up, regionally-owned economic development initiatives.
- ✓ Serve as strategic, catalytic seed investments.
- ✓ Attract and leverage private capital investment.
- ✓ Promote innovation, entrepreneurship, and regional competitiveness.

EDA provides economic tools and seed investments to state and local governments, tribal organizations, universities, and non-profits in communities and regions suffering from severe economic distress to promote innovation, entrepreneurship and global competitiveness



EDA Investment Partners and Objectives

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- Economic Development Assistance Programs (EDAP) target state and local governments, tribal organizations, universities, and non-profits in economically distressed communities.
- Regional Innovation Strategies (RIS) Program provides funding that builds regional capacity to translate innovations into jobs through business and technical support and increased access to early-stage risk capital to innovators and entrepreneurs.
- Matching grants fund long-term investments, such as infrastructure and higher-risk innovation that has shown commercialization promise but does not attract full private investment.
- Competitiveness is based on demonstrated creation/retention of private-sector jobs, increased private investment, and other factors that include economic recovery (e.g. disasters, geographic balance and equity, national priorities).



EDA Program Portfolio

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Public Works



Planning



Economic Adjustment Assistance



Regional Innovation Strategies



Technical Assistance



Trade Adjustment Assistance for Firms



Research and Evaluation



EDA Investment Priorities

- **Recovery & Resilience:** Projects that assist with economic resilience (including business continuity and preparedness) and long-term recovery from natural disasters and economic shocks to ensure U.S. communities are globally competitive.
- **Critical Infrastructure:** Projects that establish the fundamental building blocks of a prosperous and innovation-centric economy and a secure platform for American business, including physical (e.g., broadband, energy, roads, water, sewer) and other economic infrastructure.
- **Workforce Development & Manufacturing:** Projects that support the planning and implementation of infrastructure for skills-training centers and related facilities that address the hiring needs of the business community -- particularly in the manufacturing sector -- with a specific emphasis on the expansion of apprenticeships and work-and-learn training models.
 - Also includes projects that encourage job creation and business expansion in manufacturing, including infrastructure-related efforts that focus on advanced manufacturing of innovative, high-value products and enhancing manufacturing supply chains.
- **Exports & FDI:** Primarily infrastructure projects that enhance community assets (e.g., port facilities) to support growth in U.S. exports and increased foreign direct investment—and ultimately the return of jobs to the United States.



EDA Regions

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US Department of Commerce
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THANK YOU

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United States
Department of
Agriculture

Rural Development



**Presented by:
Shawn Arner**

Overview of Rural Utilities Service Telecommunications Program

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**

RUS Telecommunications Programs History

From electricity to broadband...

- 1935** Rural Electrification Administration (REA) created and 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
- 2010 to present** RUS has provided **\$6.2 billion** in loans and grants to build out broadband infrastructure in rural areas

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

- **\$690 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

Program Updates

FY 2016

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

FY 2017

- **21** loans approved: **\$427.4 million**

FY 2018

- **13** loans approved: **\$161.9 million**
- **9** loans in process: **\$125.8 million**
- Pipeline: **22** loans: **\$287.7 million**

- Applications are accepted year round
- RD Apply online application system

<https://www.rd.usda.gov/programs-services/telecommunications-infrastructure-loans-loan-guarantees>

Updated: 10/03/2018

Telecommunications Infrastructure Program

- 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

Staff can assist and review loan applications before submission



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

Available Funding

FY 2016

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

FY 2017

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

FY 2018

- **\$29.9 million** available in FY 2018 *
 - * 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 2016

- **1 loan approved: \$4.1 million**

FY 2017

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

FY 2018

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

- **RD Apply** online application system
- **NOSA Released** on March 28th, 2018
 - RUS is now accepting applications on a rolling basis throughout FY2018
 - 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
 - RUS anticipates that it will conduct at least 2 evaluation periods for FY2018

<https://www.rd.usda.gov/programs-services/farm-bill-broadband-loans-loan-guarantees>

Updated: 08/21/2018

Telecommunications Farm Bill Broadband 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.

Standard Loan Terms include:

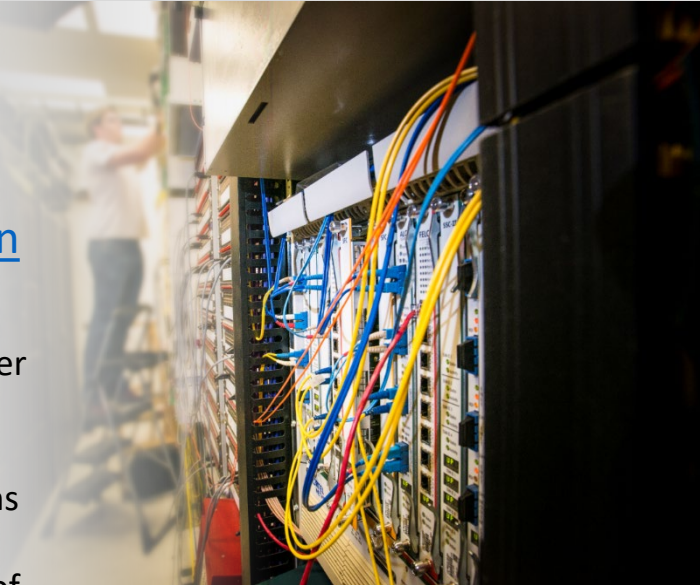
- 2 Year Principal Deferral
 - Interest Rate at the Cost-Of-Money
 - Loan Maturity - Life of the Facilities Financed Plus 3 Years
- * As of the most recent NOFA on March 28, 2018.

Expanding Broadband in Rural America

[A new broadband e-connectivity pilot program was included in the FY 2018 budget signed by the President on 03/23/2018](#)

- \$600,000,000 to conduct a broadband loan and grant pilot program under the Rural Electrification Act
- Specific details of the program will be worked on in the upcoming months
- The program will be designed to focus on rural area where at least 90% of the households to be served shall be in a rural area without sufficient access to broadband, defined for this pilot program as 10 Mbps downstream, and 1 Mbps upstream.
- Press Release: <https://www.usda.gov/media/press-releases/2018/03/23/secretary-perdue-applauds-broadband-investment-included-omnibus>

*** Program Details are To Be Determined ***



Telecommunication Grant Programs



- Community Connect Grants
- Distance Learning & Telemedicine Grants

Community Connect Program

Available Funding

FY 2016

- **\$11.74 million** available in FY 2016

FY 2017

- **\$34.5 million** available in FY 2017

FY 2018

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

* Carryover funding is sometimes available from previous fiscal years

General provisions as of the latest NOSA:

- 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 2016

- **Over 70** applications received: **\$120 million**
- **9** applications approved: **\$15.6 million**

FY 2017

- 48 Applications processed for **\$90.8 million**
- **15** grants approved: **\$32.3 million ****

** More grant awards are possible pending final paperwork

FY 2018

- [NOSA Released](#) on March 15, 2018
- Submissions were received by May 14, 2018 & are being evaluated
- **125** Applications received for **\$225.6 million**

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

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

FY 2018

- **\$29.0 million** available in FY 2018
- **\$20.0 million** additional available in FY 2018 in rural areas to help address the opioid epidemic in rural America
- 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

Program Updates

FY 2016

- **182** applications received
- **98** applications approved: **\$27.7 million**
- **35** States & Territories represented

FY 2017

- **208** applications received by July 17, 2017
- **86** applications approved: **\$27.7 million**
- **46** distance learning & **40** telemedicine projects
- **30** States & Territories represented
- **71 of 86** (83%) serving Special Consideration Areas

FY 2018

- [NOSA Released](#) on April 3, 2018
- Submissions were received by June 4, 2018 & are being evaluated
- **223** Applications received for **\$67.6 million**

Telecommunications Programs – All State Investments

Since FY2010, RUS has invested approximately \$6.4 Billion in projects serving rural residents in the United States

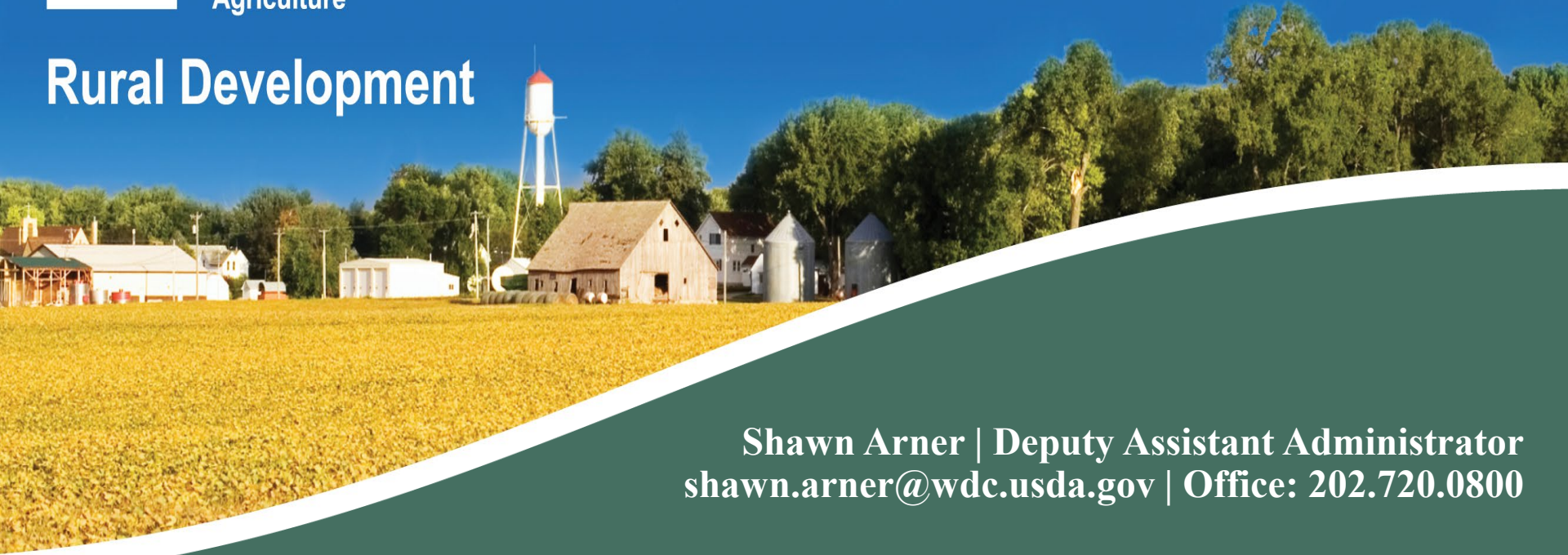
Program	Projects Approved	Funds Awarded
Telecommunications Infrastructure Program	173	\$2.9 Billion
Farm Bill Broadband Program	7	\$225.6 Million
Distance Learning and Telemedicine Program	806	\$249.2 Million
Community Connect Grant Program	91	\$144.9 Million
Broadband Initiatives Program	258	\$2.9 Billion
Grand Total	1,335	\$6.4 Billion

Updated: 10/02/2018



United States
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Agriculture

Rural Development



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Rural Development | Telecommunications Program
Rural Utilities Service | U.S. Department of Agriculture
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Kate Dumouchel
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Federal Communications Commission (FCC)



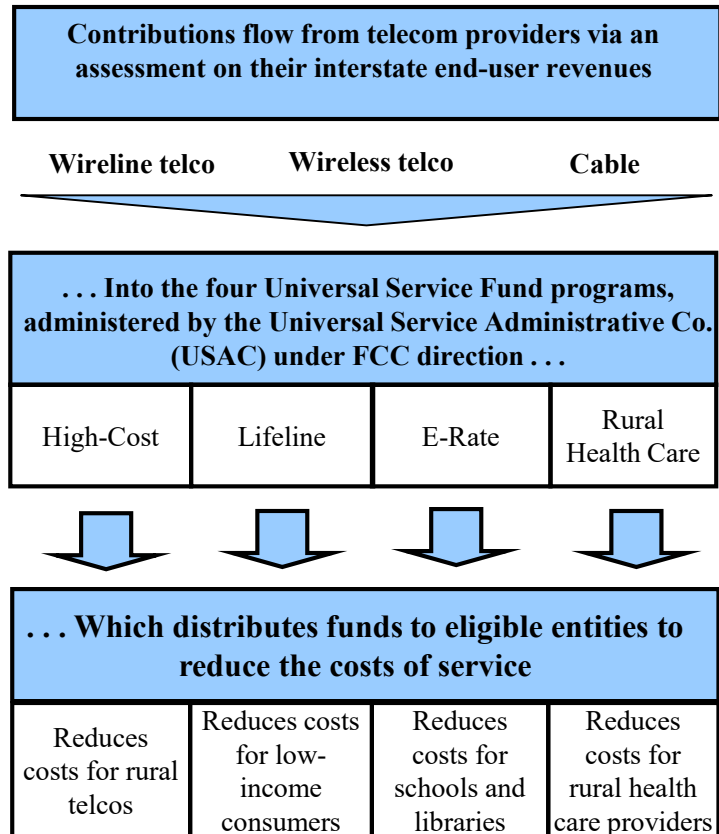
Federal
Communications
Commission

Overview: Universal Service Fund (USF)

“Universal service” – the availability of affordable, reliable telecommunications service throughout the nation – is a fundamental goal of federal telecom law.

Pursuant to Section 254 of the Telecommunications Act of 1996, the FCC established the Universal Service Fund in 1997 to subsidize telecom services for low-income consumers, rural health care providers, schools and libraries, and consumers in high-cost areas.

All telecommunications service providers must contribute to the Universal Service Fund based on a percentage of their interstate and international end-user telecommunications revenues.



USF Reform Objectives

- Reorienting USF away from supporting telephone service and toward supporting modern broadband communications
- Promoting efficiency, accountability, and fiscal responsibility
- Eliminating waste, fraud, and abuse
- Closing the digital divide between urban and rural America

“At every stop, what will be front and center of my mind is the FCC’s central mission under my chairmanship— closing the divide, and extending digital opportunity to every American.” – Chairman Ajit Pai



Connect America Fund (CAF) Principles

Universal service: Deliver, expand, and maintain voice and broadband service in high-cost areas that is reasonably comparable to urban areas

Fiscal responsibility: Eliminate inefficiency and control costs to manage ratepayers' burdens

Regulatory Goals

- No subsidy for areas served by unsubsidized competitor
- Dedicated support for highest cost areas
- Competitive bidding (reverse auctions)
- Explicit, accountable public interest obligations, including mandatory build-out obligations for all carriers with below average deployment
- Budget for CAF support



CAF Phase II

Model Support Offer: offered modeled-based support to price cap carriers

- 10 carriers accepted \$9 billion over 6 years to deploy at least 10/1 Mbps broadband to over 3.6 million locations by end of 2020
 - 40% interim deployment milestone by end of 2017, with 20% increase each year

Auction: support for areas where carriers declined model support and other areas was auctioned in July-August 2018

- Bids were weighted so that slower speed, higher latency services received less support
- 103 bidders won \$1.49 billion in support over 10 years to provide fixed broadband and voice services to over 700,000 locations in 45 states
 - 53% of locations will get download speeds of at least 100 Mbps
 - 99% of locations will get download speeds of at least 25 Mbps
- Winning bidders included wireless Internet service providers, satellite, electric cooperatives, and price cap and rate-of-return carriers
- 40% of locations must be served within 3 years, 100% within 6 years



CAF: Rate-of-Return (RoR) Carriers

March 2016 Reform:

- RoR Carriers can receive model-based support (A-CAM) or remain on legacy mechanisms
- All RoR carriers have defined deployment obligations except for carriers that remain on legacy mechanisms and have already deployed to census blocks containing 80% of the housing units in their study area
 - Annually report geolocation deployment information

March 2018 Order and NPRM:

- Provided over \$500 million in additional funding for cooperatives and small rural carriers
- Stronger rules to prevent abuse of the high-cost program
- Sought comment regarding budget for rate-of-return budget, additional model-based support offers, and minimum amount of support for legacy providers

Tribal Operating Costs Relief:

- In April 2018, provided additional support for operating expenses to companies serving primarily Tribal lands



Lifeline Principles

Affordable Service: Congress mandated, in section 254(b) of Telecommunications of 1996 Act, that every American have access to “quality services at just, reasonable, and affordable rates”

Fiscal responsibility: Eliminate waste, fraud, and abuse through reasonable control mechanisms

Regulatory Overview: Subsidize service: provide \$9.25 per month to eligible household and up to \$34.25 for eligible household on Tribal lands; ensure affordability of mobile and fixed broadband with minimum service standards; Bridge digital-divide; Verify eligibility: independent, third-party National Verifier to handle eligibility verification and certification; Transparency: Makes more program data publicly available

2017 NPRM: Fresh look at the Lifeline program to focus on areas where Lifeline support is most needed and to incentivize investment in networks that enable 21st Century connectivity for all Americans



E-Rate Principles

Access for Schools and Libraries: Congress mandated, in 1996 Telecommunications Act, that the FCC enhance access to broadband and telecom services in elementary and secondary schools and libraries

Regulatory Overview

- Eligible schools and libraries (as well as consortia of eligible schools and libraries) may apply for USF discounts on broadband services to and within schools and libraries.
- Annual Funding Cap: \$4.06 billion, adjusted annually for inflation
- Timeline: Commitments are made by funding year, which runs from July 1 through the following June 30



Rural Health Care Principles

Access for Rural Health Care Providers: In the 1996 Telecommunications Act, Congress mandated that the FCC enhance access to broadband and telecommunications services for eligible public or nonprofit health care providers (HCPs).

Regulatory Overview

- The Rural Health Care (RHC) Program is made up of two subprograms:
 - *Telecommunications Program*: Subsidizes the difference between the urban and rural rate for telecommunications services purchased by eligible HCPs.
 - *Healthcare Connect Fund (HCF)*: Provides a flat 65% discount for the cost of broadband services and facilities. Eligible non-rural HCPs can participate in a consortium and receive support if the majority of members in the consortium are eligible rural HCPs.
- Annual Funding Cap Increase: \$581 million, adjusted annually for inflation
- Timeline: Commitments are made by funding year, which runs from July 1 through the following June 30.



THANK YOU

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Federal
Communications
Commission

Federal Broadband Funding: Policies and Programs to Connect America

Guide to Federal Funding of Broadband Projects

Questions and Comments

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Broadband USA

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Broadband Connectivity is Transforming Healthcare

November 14, 2018

2:00 pm EST

Registration is required for each webinar:

<https://broadbandusa.ntia.doc.gov/event>

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For General Information:



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<https://broadbandusa.ntia.doc.gov/resources>

To Request Technical Assistance (TA):



Broadband TA Request Form -
<https://broadbandusa.ntia.doc.gov/ntia-common-content/how-we-can-help>

BBUSA Resources

- [Implementing a Broadband Network Vision: A Toolkit for Local and Tribal Governments](#)
- [Community Broadband Roadmap Toolkit](#)
- [Guide to Federal Funding of Broadband Projects](#)
- [Using Partnerships to Power Smart Cities](#)