

Fast Facts

March 2018

Rural Broadband Infrastructure Funding

America's Electric Cooperatives support dedicating a portion of the \$20 billion dedicated to infrastructure contained in the Bipartisan Budget Agreement to fund high-speed internet development in rural America. NRECA has called on Congress to dedicate at least \$2.5 billion in each of FY2018 and FY2019 toward this effort, and suggest that the funds be provided to the Rural Utilities Service (RUS) of the US Department of Agriculture to implement the broadband deployment program.

Funds should be dedicated to developing broadband deployment in unserved and under-served areas of the country, and should be made available on a level playing field to entities with experience in rural infrastructure development. The new funding should be used to provide a combination of loans and grants to maximize the program's impact, recognizing that low density has been and remains the largest barrier to broadband deployment in rural America. The program should recognize that loans could come from RUS loan programs or from private lenders. Under this proposal, entities eligible for existing RE Act loans would be eligible to supplement those loans with additional grant funds through a new pilot project. Additionally, the proposal suggests funding the existing "Rural Gigabit Network" program.

- **Enhance and Fund the Existing Rural Gigabit Network Pilot Program**
 - The RUS is currently authorized to provide grants to entities to provide gigabit broadband service in rural areas, but the program has never been funded.
 - \$500 million should be allocated in each year to the Rural Gigabit Network Pilot Program.
 - Congress should eliminate the three-year buildout requirement, and raise the annual authorization limit, currently set at only \$10 million/year.

- **Fund the Existing RUS Broadband, Telecommunications and Electric Loan Programs**
 - The RUS is authorized to make loans for broadband and telecommunications infrastructure, as well as electricity and smart grid investments.
 - Rural electric cooperatives are installing fiber networks to enhance utility operations – this fiber investment is enabling infrastructure that can be used to support retail broadband deployment, either directly by the cooperative (or a subsidiary), by leasing the dark fiber to other providers, or through partnerships or other arrangements.
 - \$500 million in budget authority should be provided in each year to the traditional RUS Broadband Loan Program. This would create approximately \$2.5 billion in loan levels in each year.
 - No additional budget authority is needed to support the telecommunications infrastructure loans.
 - No budget authority is needed to support the electric loan program.

- **Establish a New Competitive Grant Pilot Project**
 - \$1.5 billion should be allocated in each year to a new competitive grant program.
 - Grants should be available to any entity eligible for any RUS electric, telecom, or broadband loan program authorized by the RE Act, and to their subsidiary/affiliated broadband entity.
 - Certain requirements should be established to determine eligibility for the program, but USDA should be provided significant flexibility to implement the program.
 - A minimum speed of service should be set at 50/3 MBps.
 - Priority should be given to proposals with higher speeds and proposals that leverage additional capital.
 - Grants should be awarded to entities eligible for loans authorized by the RE Act.
 - Projects are required to have latency that is sufficiently low to allow real-time, interactive applications and no data usage restrictions.
 - A rigorous upfront review shall be required of all applicants to ensure they have the technical ability to serve the given area at the required minimum speeds.
 - Grants should be available for up to 75% of a project cost for areas with super-low density (defined as less than 4 consumers/mile).
 - Grants should be available for up to 50% of a project cost for areas with low density (defined as more than 4 and less than 9 consumers/mile).
 - Grants should be available for up to 25% of a project cost for areas with density greater than 9 but less than 12 consumers/mile.
 - Eligibility should be limited to areas where there is no current terrestrial broadband provider delivering broadband speeds of 25/3 MBps speed service (the current FCC definition of high-speed broadband).
 - Funding should not be awarded to develop broadband in any areas with outstanding RUS telecom program debt or protection under a current telecommunications grant agreement.

Tammy Embrey, NRECA / 703.907.5879 / tammy.embrey@nreca.coop / <http://www.electric.coop>