

U.S. Department of Agriculture Rural Utilities Service Broadband Initiatives Program Final Report

Introduction

The Department of Agriculture's broadband goal is to increase the number of rural Americans with access to robust broadband service that provides the bandwidth necessary for health care, public safety, educational, business, and social services. Rural Utilities Service (RUS) financing supports service providers that offer affordable broadband service to residents and businesses, expand access to education and health care, create high-skilled, high-wage jobs, and increase economic opportunities across rural America. This infrastructure investment creates jobs throughout and beyond the project life cycle—from the planning and construction to the daily operations and community services—in order to spur further economic expansion.

RUS provides financing for telecommunications infrastructure through direct loans and loan guarantee programs. The program's priority is 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 focus on identifying rural areas that do not have access to these services, which are essential for economic development and improved health and education services.

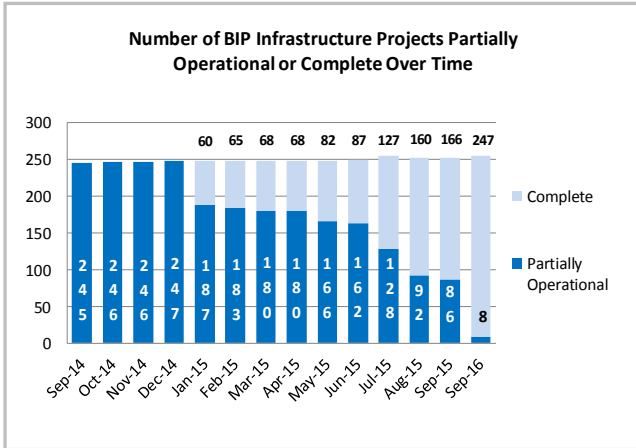
The Broadband Initiatives Program (BIP)

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 fund access to broadband services in rural America. The Recovery Act expanded RUS' existing authority to make loans and provided new authority to make grants that specifically facilitate 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 were designed to provide broadband service quickly, particularly for large infrastructure projects—considered transformative—that could take as many as five years to build

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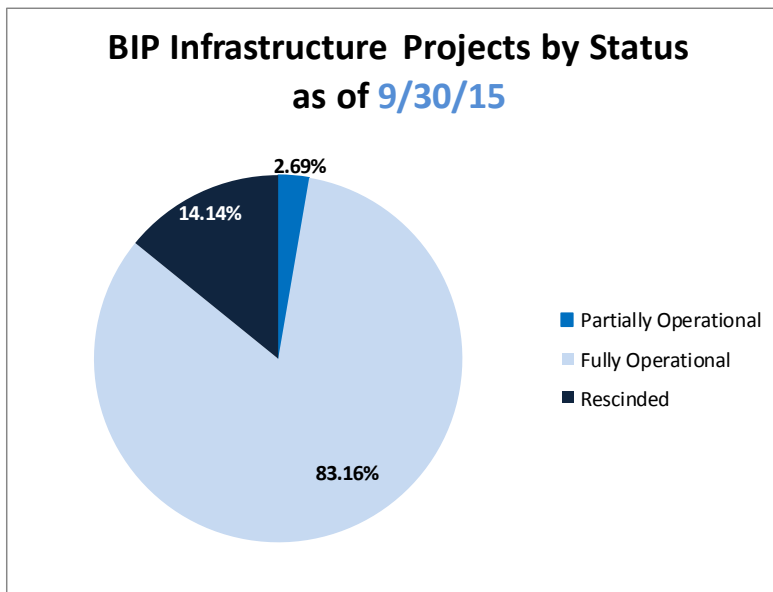
out. All RUS projects must comply with federal and state environmental, historic preservation, and, in some cases, tribal or intergovernmental reviews, which can require significant consultation with the public. RUS technical and financial oversight continues throughout the project's life and beyond. Rigorous project oversight led to the rescission of 42 Recovery Act awards. As a result, nearly \$325 million was returned to the Treasury.



Under the Recovery Act, contracts signed by awardees required that all loan/grant funds be advanced by September 30, 2015. RUS rescinded funds not advanced and returned them 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 monitor the BIP awardees' progress and compliance by conducting on-site visits.

The vast majority of the BIP awards were obligated between March and September 2010.

Projects have progressed 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. All 19 Technical Assistance awards have been fully disbursed. The \$100 million satellite broadband program disbursed 94.7 percent of its funds to the four satellite awardees, and the remaining funds were rescinded to the Treasury.



Larger and more complex infrastructure projects have progressed, offering more rural residential and business consumers access to broadband service. Of those, 8 projects, representing \$281 million in funding, are partially operational (meaning the awardee is providing service to some of its proposed service territory), and an additional 247 projects, representing \$2.6 billion in funding, are fully operational or complete (meaning the awardee is providing service throughout its proposed service territory). In total, \$2.893 billion in infrastructure project funding was advanced.

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Key Performance Metrics and Results

Metric	Result
Miles of fiber deployed	66,521*
Number of wireless access points placed	5,468*
Broadband subscribers receiving new or improved broadband:	
• Households	310,539*
• Businesses	21,936*
• Educational Providers	648*
• Libraries	203*
• Healthcare Providers	656*
• Public Safety Providers	848*
• Total broadband subscribers receiving new or improved broadband	334,830*

*Note: These numbers are from reports provided by the awardees.

Operational Statistics for Infrastructure Projects

Number of original projects awarded	297
Amount of original awards (loans and grants)	\$3.425 billion
Number of active projects	255
Amount of active projects (loan and grants)	\$2.893 billion
Percent of active projects partially operational or complete	100%

Final Broadband Initiatives Program Report

This is the final BIP progress report. The program succeeded in using various technologies to bring broadband services to rural America. As these awardees continue to improve their systems and provide broadband to more rural Americans, the task to identify which customers benefitted from facilities funded with Recovery Act funds and which customers are benefitting from new activities of the providers that serve them becomes increasingly difficult.

This final report highlights the success of BIP. RUS is proud to have played a role in the American Recovery and Reinvestment Act that has expanded broadband service for rural America.

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Success Stories

Catching the Wind for a Better Future -- MISSISSIPPI

The 2011 Super Tornado Outbreak was the largest and one of the deadliest tornado outbreaks ever recorded, wreaking havoc and destruction over a wide area of the Southeastern United States. On April 27th, an enormously forceful EF5 'wedge' tornado nearly leveled the town of Smithville in Northeast Mississippi. With winds of up to 205 mph, the massive twister decimated 117 structures and killed 16 people, injuring many more.

After the dust settled, residents and visiting officials surveyed what was left of the town. By the third day, Smithville Telephone Company, worked so that telecommunications service was restored in the town. This was a precursor to an even greater implementation that the telephone company would soon deliver. The telephone company already had an agreement put into place to install a new broadband telecommunications system as a result of a \$7,110,886 grant they had been awarded from the Rural Utilities Service's (RUS) Broadband Initiatives Program.



Roger Thompson (first on the right side) and his winning crew of the Smithville Telephone Company five years after the EF5 tornado of 2011.

So the rebuild of the town after the storm coincided with new broadband service. Broadband opened the doors for new businesses, expand education and training opportunities, and increase access to specialized health care services.. The rebuilt high school was fitted with state-of-the-art internet connectivity, along with equipment and applications to put the broadband network to use by offering programs and skills prevalent colleges and universities. These residents, having survived the tornado that ravaged their town, are equipped now for a better future.

Obligation Amount: \$7,110,886 grant

Date of Obligation: 2010

Congressional District: Representative Kelly, 1st District; Senators Cochran and Wicker

Demographics: Monroe County, MS

Impact: The BIP grant in the hands of such a capable rural phone and internet company has made worlds of difference in the recovery of the small town, especially a town and community that suffered such an incredible tragedy with such widespread devastation.

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