

# Rural Utilities Service Sees 12-Fold Increase In Broadband Funds

Springtime was especially good to rural broadband hopefuls, with new money and potentially more flexible ways of disbursement.

By Steven S. Ross / *Broadband Communities*

There's \$600 million of new funding for deploying rural broadband in the FY 2018 omnibus spending package. The money, a surprise addition as the bill moved toward approval at the end of March, is by far the biggest boost to rural broadband since the 2009 stimulus program. It should help fund 60 to 100 new broadband networks in rural areas.

Because it was a late addition, the U.S. Department of Agriculture has yet to adjust its regulations and its operations to handle it. Applications will be submitted through the USDA's Rural Utilities Service (RUS). Said a department spokeswoman, "The framework outlined by Congress in the FY 2018 omnibus act is very different from any other current USDA broadband program, creating new opportunities to enable various types of entities to bring broadband connectivity to rural communities."

The details so far:

- As with existing RUS projects, eligible deployments are those that serve rural areas with populations of 20,000 or less, that currently lack sufficient access to broadband service with speeds of at least 10 Mbps/1 Mbps, and that are not served by an RUS borrower (to avoid overbuilding and duplicative service and to ensure the repayment of RUS loans).
- Almost any kind of deployer entity is allowed, subject to state restrictions, except sole proprietors and personal partnerships. Eligible entities include rural telephone and broadband service providers, rural electric cooperatives, private firms, nonprofits and governments.
- Required speeds were not stipulated and will be at the discretion of the secretary of agriculture.
- Projects approved will receive a loan, a grant, or both.
- The USDA must adhere to the notice, reporting and service area assessment requirements of the Farm Bill Broadband Program.

- The total includes a whopping \$18 million for planning. USDA is authorized to spend up to 3 percent of the funds for technical assistance and pre-development planning activities to support communities and applicants that need help in applying for deployment loans or grants.
- Funds can be spent after the end of this fiscal year (September 30, 2018); they were appropriated to be used until expended. But the act requires the USDA to expedite program delivery.

**BROADBAND COMMUNITIES** asked whether there could be any changes in existing rules with regard to RUS loan lien priority. RUS has generally demanded a first lien on project funds but has coordinated with other funders, most notably with lenders to electric coops. It has been unclear, however, who gets priority when RUS loans are combined with state or (rarely) other federal funds or when telecom projects are combined with other types of projects, such as smart grids. In the past, this has required expensive and time-consuming negotiation.

But because this is a new program, "with new authorities and different requirements that are not currently found in other USDA broadband programs, USDA must work diligently and deliberately to set up new rules that both adhere to congressional requirements and have the most bang for the buck in serving rural America," the USDA spokesperson said.

Normally, a proposed rule-making on a new USDA program would be issued in mid-May and a final rule-making would be issued 60 days later. However, USDA and RUS are short-staffed these days, and a new RUS administrator had not yet taken office as this magazine went to press.

## THE BROADBAND SURPRISE

In its FY 2018 budget recommendations, the White House Office of Management and Budget proposed a \$500 million appropriation for a new pilot grant/loan program for rural

broadband. That would have been a 10-fold increase over FY 2017 broadband funding at RUS. This meshed with congressional concern for more (and more flexible) rural broadband funding, perhaps most notably by Sen. Kirsten Gillibrand, D-N.Y., who, with Senator Shelley Moore Capito, R-W.V., introduced a \$50 million Broadband Connections for Rural Opportunities Program (B-CROP) Act last year along to help bring high-speed broadband to rural areas. Gillibrand upped the amount to \$600 million when she saw the opportunity.

The proposal fell, as they say, on fertile ground, and language from the bill was quickly folded into the budget act. Before the Senate voted, insiders guessed that RUS would make do with \$50 million under existing rules.

President Trump had touted his \$250 billion infrastructure proposal, with a \$50 billion set-aside for rural counties, as the cure-all for rural ills. That proposal is still on the table, of course. It would provide aid as a block grant to states, with each state expected to get its share according to the existing block grant formula, which does not specifically recognize a state's rural needs and populations. There's no denying the impact of that kind of money. But broadband would have to compete against highways, sewer grants and other worthy rural projects and against effective in-state lobbying by at least some incumbent carriers.

All that said, if even \$1 billion of that money went to broadband, it would likely add 100 new systems to the RUS funds just appropriated. That would bring broadband to more than 20 percent of all rural counties that now lack it – a huge accomplishment.

The House of Representatives passed the \$1.3 trillion omnibus spending bill 256-167, without the massive opposition by mainly rural Tea Party Republicans that had been expected. Some 145 Republicans and 111 Democrats voted “yes.” The “no” votes came from 90 Republicans and 77 Democrats.

We'll be watching all this with great care. So far, the folks at USDA seem to be enthusiastically backing the new funding. Secretary of Agriculture Sonny Perdue said he “applauded” it and expected it to leverage more than \$1 billion in new broadband networks. Some staffers warn that it was not exactly what the president wanted, but there have been no rumblings from the White House – which, after all, quietly continued the multiagency reform of regulations affecting broadband (especially rural broadband) that President Obama started in 2015.

My studies show that at least a quarter of all rural population loss, and maybe as much as half, is due to lack of broadband access. The line for loans and grants should soon be open. ❖

*Editor-at-large Steve Ross can be reached at [steve@bbcmag.com](mailto:steve@bbcmag.com).*

**Ultimately Affordable and High Reliable Broadband for Rural Areas**  
 New ITU-T Recommendation L.1700 & supplement 22  
 Thin, Light, Robust, Flexible, Watertight Long optical Cable Installable in DIY

Different Cable Demand for Direct burying, Suspending, Submerging (Heavy Machinery Needed)  
 Civil Works 58 k US\$ / km  
 Cable cost 1 k US\$ / km  
 Manhole 4.8 k US\$ / km  
 Pipe 8 k US\$ / km  
 Not Applicable to Very Difficult Terrain



Same Cable for Ground's Surface, Direct burying, suspending, submerging with everyday Tools  
 Civil Works 0.3 - 3 k US\$ / km  
 wages 1 - 10 US\$ / km  
 Progress 300m/day by 10 workers  
 Cable cost > 1 k US\$ / km  
 Manhole Not Needed  
 Pipe Not Needed



Korea Telecom at UNESCAP Sept 2013



Easy pickaxe-laying, Bhutan May 2013

