

Farm Bill Conference Report Summary – Broadband Provisions

The Farm Bill contains new investment for the deployment of rural broadband. The bill contains many provisions advocated by NRECA and electric cooperatives are expected to have a significant opportunity to access financing in these new programs.

- **Creates a New Grant and Loan Combination Option at RUS**

The bill establishes a new grant program at USDA Rural Utilities Service (RUS) to finance the deployment of retail broadband in rural areas. This bill authorizes \$350 million/year using a combination of grants and loans.

- **Allows Applicants to Leverage Other Financing**

The bill allows applicants to pair USDA grants with other financing, including RUS Electric Program Loans, loans from cooperative banks, and other non-federal public and private money. The bill also establishes a “smart utility” option to use 10% of USDA Rural Development loans for the deployment of residential broadband systems.

- **Requires Aggressive Quality Standards for New Projects**

Proposed service areas where 90% of the homes are not served at 25/3 Mbps speed will be eligible to receive grant funding. Proposed service areas where 50% of homes are unserved at 25/3 Mbps will be eligible for loans. The bill requires that project sponsors commit to build to forward-looking standards to ensure projects stand the test of time.

- **Uses Density to Prioritize Grant Funding**

Low density areas will be eligible for the highest proportion of grant funding. With room for adjustment by the USDA Secretary, projects in areas with fewer than seven people per square mile will be eligible for a grant of up to 75% of total project cost.

- **Requires Reasonable Coordination Between USDA and Other Federal Agencies**

RUS will have broad latitude to deploy the program as it sees fit. RUS will be required to communicate with FCC and other federal agencies about project details, but there is no language that would prevent financing for projects in areas that have received FCC funding or give FCC veto authority over the program.

- **Other Provisions**

- Provides grants, loans and loan guarantees for the construction of “middle mile” broadband infrastructure.
- Reauthorizes the Community Connect program to provide financing to projects in the most critically underserved areas.
- Requires collection of extensive new data regarding the coverage and quality of new broadband build-outs.