

2015 Explanatory Notes
Rural Utilities Service

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RURAL UTILITIES SERVICE

Purpose Statement

Rural Utilities Service (RUS) programs enhance the quality of life and improve economic opportunity in rural communities by providing financing for the basic infrastructure of modern life. Electricity and telecommunications are essential services for individuals and businesses alike. Adequate water and wastewater treatment capacity are significant quality of life, environmental and economic development issues.

Authorization and Program Descriptions

RUS delivers electric and telecommunications programs authorized by the Rural Electrification Act of 1936, as amended, 7 U.S.C. 901 et seq. (RE Act). RUS also delivers water and wastewater programs authorized by Section 306 of the Consolidated Farm and Rural Development Act (CONACT), 7 U.S.C. 1926 et seq.

Electric Programs:

The electric programs offer direct loans, guaranteed loans, and bond and note guarantees. The primary differences among the various electric loan programs are the statutory authority, qualifying criteria and the interest rate. The High Energy Cost Grant Program, which is appropriated under the water and waste program account, is also administered through the electric programs.

Direct loans under section 4 of the RE Act (7 U.S.C. 904) may be used to finance electric distribution, transmission, and generation systems, and for demand side management, energy efficiency and conservation programs, and renewable energy systems to serve rural areas.

Hardship rate direct loans are available to finance electric system improvements for qualified borrowers that meet thresholds for retail rate disparity and for customer per capita and household incomes, or that has suffered a severe, unavoidable hardship, such as a natural disaster. No private financing is required. Hardship rates loans at a fixed rate of 5 percent are offered under section 305 of the RE Act (7 U.S.C. 935).

Municipal rate direct loans are authorized by section 305 of the RE Act (7 U.S.C. 935) to eligible distribution borrowers for electric system improvements. Interest rates are set quarterly based on municipal bond market rates for similar maturities and determined at time of each loan advance. Private financing of 30 percent is required for most loans.

Guaranteed loans are provided under section 306 of the RE Act (7 U.S.C. 936) for financing of electric distribution, transmission and generation systems (including renewable energy), headquarters facilities, and for energy efficiency, conservation and demand side management programs. No private financing is required. The Federal Financing Bank (FFB) is the primary source of guaranteed loans. FFB interest rates are fixed to the prevailing cost of money to the Treasury, plus an administrative fee of one-eighth of 1 percent. USDA-guaranteed private loans issued through National Rural Utilities Cooperative Financing Corporation, Co Bank or other lenders carry an interest rate negotiated between the lender and the borrower. Section 6101 of the 2014 Farm Bill authorizes borrowers to request and the Secretary to charge an upfront fee to cover the costs of a loan guarantee for loans for electrification baseload generation.

Bond and Note Guarantees for cooperative lenders under section 313A of the RE Act (7 U.S.C. 940c-1) USDA may guarantee payments on certain bonds or notes issued by qualified cooperative or other non-profit lenders. The note proceeds must be used for financing of eligible rural electrification or telephone purposes (excluding electric generation), and must be of investment grade. Notes have been obtained through the FFB. The interest rate is equal to the Treasury rate for notes of similar maturities plus an annual fee of 30 basis points on any unpaid principal balance. Section 6102 of the 2014 Farm Bill reauthorized this program through 2018.

Loans for electric generation from renewable energy resources are authorized by section 317 of the RE Act (7 U.S.C. 940g), as amended by the 2008 Farm Bill. Loans are available for facilities that generate electricity from solar, wind, hydropower, biomass, or geothermal source for resale to rural and nonrural residents. The interest rate

is set to be equal to the average tax-exempt municipal bond rate of similar maturities. Loans for electric generation from renewable energy resources are authorized by section 317 of the RE Act (7 U.S.C. 940g), as amended by the 2008 Farm Bill. Loans are available for facilities that generate electricity from solar, wind, hydropower, biomass, or geothermal source for resale to rural and nonrural residents. The interest rate is set to be equal to the average tax-exempt municipal bond rate of similar maturities. Loans for renewable generation projects serving eligible rural areas are also available under section 306 FFB loan guarantees.

Rural Energy Savings Program is a new program established by section 6205 of the 2014 Farm Bill as an amendment to the 2002 Farm Bill. The program offers zero-interest loans to eligible borrowers for relending to qualified consumers to implement durable cost-effective energy efficiency measures. The program is in addition to other RUS and Rural Development loan programs. The program is authorized at \$75,000,000 annually for fiscal years 2014 through 2018.

High Energy Cost Grants under section 19 of the RE Act (7 U.S.C. 918a) are available for energy generation, transmission, and distribution facilities, including energy efficiency and conservation programs and renewable energy systems serving rural communities with average home energy costs exceeding 275 percent of the national average. Program funds are also used for RUS grants to the Denali Commission to carry out eligible projects in small remote villages in Alaska and to eligible State entities to establish revolving funds for bulk fuel purchases for certain communities where fuel deliveries by surface transportation is not available year round.

Telecommunications Program:

Infrastructure loans are made to furnish and improve telecommunications services, including a wide array of telecommunication related services, in rural areas.

Hardship (direct loans) loans bear interest at a fixed rate of 5 percent per year. These loans are intended only for borrowers with extremely high investment costs in terms of per subscriber service. These borrowers also have a very low number of subscribers for each mile of telecommunications line constructed. This low subscriber “density” inherently increases the cost to serve the most sparsely populated rural areas. Because of the high cost of the investment needed, these borrowers cannot typically afford higher interest rate loans.

Direct loans (or Treasury rate loans) bear interest at the government’s cost of money (or the current Treasury rate). Thus, the interest charged varies with the Treasury rate. As Treasury rates increase, so does the cost to the borrower for these loans.

Guaranteed loans are provided to borrowers of a non-government lender or from the FFB. The interest rate charged on FFB loans is the Treasury rate plus an administrative fee of one-eighth of 1 percent. The terms of these loans may vary significantly and allow borrowers more flexibility in meeting their financing needs.

All loans are based on extensive feasibility studies that determine a borrower’s ability to repay the loan. Rural Development (RD) staffs monitor loan repayments that are secured through covenants in loan contracts, and mortgage documents with RD. The government holds a first lien position on all of the assets of the borrower.

Broadband loans were first authorized in the Farm Security and Rural Investment Act of 2002 (2002 Farm Bill) which established a new loan and loan guarantee program, “Access to Broadband Telecommunications Services in Rural Areas”, which was reauthorized and modified in the 2008 Farm Bill and the 2014 Farm Bill. This program provides funding for the cost of constructing, improving, and acquiring facilities and equipment for broadband service in rural communities of 20,000 inhabitants or less. Direct loans are made at the cost of money to the Treasury for the life of the facilities financed. Loans may be made at 4 percent to rural communities where broadband service does not currently exist. Loan guarantees bear an interest rate set by the private lender consistent with the current applicable market rate for a loan of comparable maturity and are guaranteed for no more than 80 percent of the principal amount. The 2008 Farm Bill required changes to the loan program; revised regulations were published in the Federal Register on February 6, 2013. The 2014 Farm Bill made several changes to the program that will require revisions to the program regulations. The Farm Bill created a Rural Gigabit Network Pilot

Program, which authorizes the agency to establish a pilot program to provide grants, loans or loan guarantees to extend ultra-high speed service to rural areas where ultra-high speed service is not currently available, The legislation also requires changes to the program eligibility requirements for applicants, establishes at least two evaluation periods each year, creates new priority criteria for reviewing applications, significantly increasing the reporting requirements on borrowers, requires additional reporting by the agency, sets standards regarding defaults and deobligations and mandates that a study be conducted regarding information to be provided for the national Broadband Map. These changes will require that the agency amend the current program regulation and legal documents, make major enhancements to its IT systems and initiate a study on providing effective data for the National Broadband Map.

Distance learning and telemedicine (DLT) loans and grants are authorized by 7 U.S.C. 950aaa. This program assists rural schools and learning centers gain access to improved educational resources, and assists rural hospitals and health care centers gain access to improved medical resources. Building on advanced telecommunications infrastructure, telemedicine projects are providing new and improved health care services and benefits to rural residents, many in medically underserved areas, by linking to urban medical centers for clinical interactive video consultation, distance training of rural health care providers, and access to medical expertise and library resources. Distance learning projects provide funding for Internet-based educational services in schools and libraries and promote confidence in, and understanding of, the Internet and its benefits to students and young entrepreneurs. Loans, made at the Treasury rate of interest, and grants will encourage, improve, and make affordable the use of advanced telecommunications.

Water and Waste Disposal Loans and Grants:

Direct Water and Waste Disposal Loans - Section 306 CONACT and 7 U.S.C. 1926. Direct loans may be made to develop water and wastewater systems, including solid waste disposal and storm drainage, in rural areas and in cities and towns with a population of 10,000 or less. Priority is given to communities with populations of 5,000 or less.

Guaranteed Water and Waste Disposal Loans - Section 306 CONACT and 7 U.S.C. 1926. Guaranteed loans may be made for the same purpose as direct loans. They are made and serviced by private lenders such as banks and savings and loan associations. The guarantee is 90 percent of the eligible loss incurred by the lender.

Water and Waste Disposal Grants - Section 306 CONACT and 7 U.S.C. 1926. Grants are available to reduce water and waste disposal costs to a reasonable level for users of the system. Grants may be made, in some instances, up to 75 percent of eligible project costs.

Water and Waste Facility Loans and Grants to alleviate health risks - Section 306C CONACT and 7 U.S.C. 1926. Section 306C loans and grants are available to low-income rural communities whose residents face significant health risks because they do not have access to water supply systems or waste disposal facilities. The grants are available to provide water or waste services to designated colonias in Arizona, California, New Mexico, and Texas. They are also available to Native American tribes with the funds specifically intended to be used for eligible projects benefiting members of federally recognized Native American tribes. Grants may be made in conjunction with loans and up to 100 percent of the eligible project cost.

Water and Waste System Grants for Alaskan Villages, including Technical Assistance Program - Section 306D CONACT and 7 U.S.C. 1926. Section 306D grants fund water and waste disposal systems in rural Alaskan Villages. Funds must be used for development and construction of water and wastewater systems to correct dire health and sanitation conditions in those villages.

Special Evaluation Assistance for Rural Communities and Households Program (SEARCH) Grants - Section 306 CONACT and 7 U.S.C. 1926. Predevelopment planning grants are available for feasibility studies, design assistance, and technical assistance to financially distressed communities in rural areas with populations of 2,500 or fewer inhabitants for water and waste disposal projects.

Grants for the Construction, Refurbishment and Servicing of Low or Moderate Income Individual Household Water Well Systems (HWWS) - Section 306E CONACT and 7 U.S.C. 1926. The HWWS Program provides funds to non-

profit organizations to assist them in establishing loan programs from which homeowners may borrow money to construct or repair household water well systems.

Solid Waste Management Grants - Section 310B CONACT and 7 U.S.C. 1932. Grants are made available to eligible organizations to address solid waste management issues and threats to water resources from solid waste in rural communities. Assistance may be provided to enhance operator skills in operations and maintenance, identify threats to water resources, reduce or eliminate pollution of water resources, improve planning and management of solid waste disposal facilities in rural areas, and reduce the solid waste stream.

Technical Assistance and Training (TAT) Grants - Section 306 CONACT and 7 U.S.C. 1926. Grants are available to private non-profit organizations to provide technical assistance and training to communities and utility systems on issues relating to delivery of water and waste disposal service. For water and waste disposal facilities, eligible non-profit organizations help identify and evaluate solutions, improve the operation and maintenance of existing facilities and prepare loan and grant applications.

Geographic dispersion of offices and employees

Rural Development programs are administered by the three programs representing Rural Development: Housing and Community Facilities, Utilities, Business and Cooperative Development. Rural Development headquarters is located in Washington, D.C. As of September 30, 2013, there were 4,705 permanent full-time employees, including 1,383 in the headquarters and 3,322 in the field offices.

OIG Reports - Completed

#09703-0001-AT 07/24/12	Rural Utilities Service's Controls Over Water and Waste Disposal (WWD) Loan and Grant Program for the Recovery Act. The report found that RUS had effective controls in place to ensure that WWD loans and grants were provided to eligible program participants and that the participants complied with program requirements. In addition, the report concluded the WWD infrastructure improvements that were funded will most likely contribute to economic growth in the future, as emphasized under ARRA. RUS had addressed the two primary concerns raised through the audit and reached management decision on all accounts.
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OIG Reports – In Progress

#09703-0001-22	Rural Utilities Service's Controls Over ARRA Water and Waste Disposal Loan and Grant Expenditures and Program Measures. OIG is beginning the next phase of the audit to review bidding, construction, and/or disbursement of funds for projects that have progressed to the construction and completion phases.
#09703-002-32-TE	Broadband Initiatives Program (American Recovery and Reinvestment Act of 2009) pre and post-award controls. OIG has not yet submitted a formal draft to RUS.

GAO Reports - Completed

#GAO-12-937 12/14/12	Broadband Programs are Ongoing, and Agencies' Efforts Would Benefit from Improved Data Quality. GAO reviewed the Broadband Initiatives Program (BIP) under ARRA, focusing on the progress of 10 broadband projects and their effect on expanding access to and adoption of broadband. GAO found that data limitations make it difficult to fully measure the effect of BIP on expanding access to broadband and made recommendations to improve the
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data, which RUS was already in the process of implementing. GAO also noted some of the challenges facing awardees in completing projects.

- #GAO-13-111 10/16/12 Rural Water Infrastructure Additional Coordination Can Help Avoid Potentially Duplicative Application. The report examined program overlap and possible duplication of effort when communities apply for funding from the Environmental Protection Agency's (EPA) Drinking Water and Clean Water State Revolving Fund (SRF) and the USDA's Rural Utilities Service (RUS) Water and Waste Disposal program. Rural Development neither agreed nor disagreed with the recommendations. However, RUS has been in a collaborative partnership with EPA and other agencies to develop guidelines to help States produce uniform preliminary engineering reports. RUS also has been collaborating with EPA and other agencies on environmental and sustainability issues for water and wastewater systems. The report was directed to Congressional Addressees.
- #GAO-13-136 4-16-2013 Wind Energy: Additional actions could help insure effective use of Federal financial support. GAO examined Federal wind-related initiatives across Federal agencies using surveys and follow up interviews. GAO recommended [T]hat to the extent possible within their statutory authority DOE and USDA formally assess and document whether the federal financial support of their initiatives is needed for applicants' wind projects to be built." Rural Development in its consolidated response noted that disclosure of other funds used to support the project is included in application review and approval, but that USDA is constrained by statute in its consideration of need for funding

GAO Reports – In Progress

- # GAO-13-279SP GAO Annual Report on Duplication in Federal Programs. This is a follow-up to GAO Report No. GAO-13-111. In January 2013, RUS responded to a GAO regarding GAO's 2013 Annual Report on Rural Water Infrastructure.
- #GAO-12-938R The Distribution of Federal Economic Development Grants to Communities with High Rates of Poverty and Unemployment. GAO's objectives are to determine the amount of funding provided by Federal programs for economic development and describe the mechanisms for targeting these funds to communities. WEP responded to opening questions regarding Federal Economic Development Grants to Poverty Communities on March 29, 2012.
- #Unnumbered Review of Federal Financial Assistance for Electric Powerplants – Study for Congress across multiple agencies collecting information on Federal loans, grants and other financial assistance for electric generation plants. RUS Electric Program provided information on selected generation loans from 2004-2012 in response to a GAO data request. No additional information is available.

RURAL UTILITIES SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Rural Water and Waste Disposal Program Account (including transfers of funds)

- 1 For the cost of direct loans [, loan guarantees,] and grants for the rural water, waste water, waste disposal, and solid waste management programs authorized by sections 306, 306A, 306C, 306D, 306E, and 310B
- 2 and described in sections 306C(a)(2), 306D, 306E, and 381E(d)(2) of the Consolidated Farm and Rural Development Act, [~~\$462,371,000~~]\$304,000,000, to remain available until expended[, of which not to exceed \$1,000,000 shall be available for the rural utilities program described in section 306(a)(2)(B) of such Act, and of which not to exceed \$993,000 shall be available for the rural utilities program described in
- 3 section 306E of such Act]: *Provided*, That [~~\$66,500,000~~] not to exceed 12 percent of the amount appropriated under this heading shall be for loans and grants including water and waste disposal systems grants authorized by 306C(a)(2)(B) and 306D of the Consolidated Farm and Rural Development Act, Federally recognized Native American Tribes authorized by 306C(a)(1), and the Department of Hawaiian Home Lands (of the State of Hawaii): *Provided further*, That funding provided for section 306D of the Consolidated Farm and Rural Development Act may be provided to a consortium formed pursuant to section 325 of Public Law 105-83: *Provided further*, That not more than 2 percent of the funding provided for section 306D of the Consolidated Farm and Rural Development Act may be used by the State of Alaska for training and technical assistance programs and not more than 2 percent of the funding provided for section 306D of the Consolidated Farm and Rural Development Act may be used by a consortium formed pursuant to section 325 of Public Law 105-83 for training and technical assistance programs: *Provided*
- 4 *further*, That not to exceed [~~\$19,000,000~~] 3 percent of the amount appropriated under this heading shall be for technical assistance grants for rural water and waste systems pursuant to section 306(a)(14) of such Act, unless the Secretary makes a determination of extreme need, of which [~~\$6,000,000~~] not more than 30 percent shall be made available for a grant to a qualified non-profit multi-state regional technical assistance organization, with experience in working with small communities on water and waste water problems, the principal purpose of such grant shall be to assist rural communities with populations of 3,300 or less, in improving the planning, financing, development, operation, and management of water and waste water
- 5 systems, and of which not [less] more than \$800,000 4 percent shall be for a qualified national Native American organization to provide technical assistance for rural water systems for tribal communities:
- 6 *Provided further*, That not to exceed [~~\$15,000,000~~] 2.5 percent of the amount appropriated under this heading shall be for contracting with qualified national organizations for a circuit rider program to provide technical assistance for rural water systems: *Provided further*, That not to exceed \$4,000,000 shall be for
- 7 solid waste management grants: [*Provided further*, That \$10,000,000 of the amount appropriated under this heading shall be transferred to, and merged with, the Rural Utilities Service, High Energy Cost Grants Account to provide grants authorized under section 19 of the Rural Electrification Act of 1936 (7 U.S.C. 918a):] *Provided further*, That any prior year balances for high-energy cost grants authorized by section 19 of the Rural Electrification Act of 1936 (7 U.S.C. 918a) shall be transferred to and merged with the Rural Utilities Service, High Energy Cost Grants Account: *Provided further*, That Sections 381E-H and 381N of the Consolidated Farm and Rural Development Act are not applicable to the funds made available under this heading.
- 8
- 9 [For gross obligations for the principal amount of direct loans as authorized by section 1006a of title 16 of the United States Code, except for the limitations contained in the last sentence of such section as well as limitations in section 1002 of title 16, as determined by the Secretary, for the projects whose features include agricultural water supply benefits, groundwater protection, and environmental enhancement, \$40,000,000: *Provided*, That such loans shall be made by the Rural Utilities Service: *Provided further*, That the Secretary may treat these projects as works of improvement pursuant to Public Law 83-566: *Provided further*, That the Secretary may adopt a watershed plan developed by the Army Corps of Engineers with respect to such projects.]

The first change eliminates the language for water and waste guaranteed loans as no funding is proposed for the program in 2015.

The second change eliminates the language for the individually-owned water well systems grants and the grants for water and wastewater revolving funds which are not proposed for funding in 2015.

The third, fourth, fifth, sixth, and seventh changes introduce the language for the set-asides as they are assumed as percentages rather than whole amounts.

The eighth change eliminates the language for high energy cost grants which is not proposed for funding in 2015.

The ninth change eliminates the language for watershed loans which is not proposed for funding in 2015.

RURAL UTILITIES SERVICE

RURAL WATER AND WASTE DISPOSAL PROGRAM ACCOUNT

Lead-Off Tabular Statement

	<u>Loan Level</u>	<u>Subsidy</u>	<u>Grants</u>
Budget Estimate, 2015.....	\$1,200,000,000	-	\$304,000,000
2014 Enacted.....	1,290,000,000	\$355,000	462,016,000
Change in Appropriation.....	<u>-90,000,000</u>	<u>-355,000</u>	<u>-158,016,000</u>

Summary of Increases and Decreases

(Dollars in thousands)

<u>Program</u>	<u>2012 Actual</u>	<u>2013 Change</u>	<u>2014 Change</u>	<u>2015 Change</u>	<u>2015 Estimate</u>
Discretionary Appropriations:					
Direct rural water and waste disposal loans.....	\$70,000	+\$4,542	-\$74,542	-	-
Guaranteed rural water and waste disposal loans.....	1,000	-400	-245	-\$355	-
Rural water and waste disposal grants.....	315,167	-22,916	+42,272	-87,723	\$246,800
Technical assistance grants for rural waste systems.....	19,000	-1,450	+1,450	-9,880	9,120
Circuit rider - technical assistance grants for rural water systems.....	15,000	-1,145	+1,145	-7,400	7,600
WWD grants, Alaskan villages.....	23,275	-1,776	+1,501	-10,232	12,768
WWD grants, native American tribes.....	15,200	-1,160	+5,460	-10,380	9,120
Water and waste disposal grants, Colonias.....	23,275	-1,776	+1,501	-10,232	12,768
WWD grants, Hawaiian Homelands.....	4,750	-362	-3,388	+824	1,824
Water well system grants.....	993	-76	+76	-993	-
Water and wastewater revolving funds.....	497	+427	+76	-1,000	-
Solid waste management grants.....	3,400	-259	+859	-	4,000
Emergency and imminent community water assistance grants.....	11,943	-1,943	+1,000	-11,000	-
Subtotal, Discretionary.....	503,500	-28,294	-22,835	-148,371	304,000
Mandatory Appropriations:					
Rural water and waste disposal grants.....	-	-	+150,000	-150,000	-
Subtotal, Mandatory.....	-	-	+150,000	-150,000	-
Total	<u>503,500</u>	<u>-28,294</u>	<u>+127,165</u>	<u>-298,371</u>	<u>304,000</u>

RURAL UTILITIES SERVICE

RURAL WATER AND WASTE DISPOSAL PROGRAM ACCOUNT

Project Statement
Adjusted Appropriations Detail and Staff Years (SYs)
(Dollars in thousands)

Program	2012 Actual			2013 Actual			2014 Estimate			Inc. or Dec.			2015 Estimate			
	Program Level	Budget Authority	SYs	Program Level	Budget Authority	SYs										
Discretionary Appropriations:																
Direct rural water and waste disposal loans..... g/	\$730,689	\$70,000	-	\$879,340	\$74,542	372	\$1,200,000	-	362	-	(1)	-	+38	\$1,200,000	-	400
Direct rural water and waste disposal loans PL 83-566.....	-	-	-	40,000	-	-	40,000	-	-	-\$40,000	(2)	-	-	-	-	-
Guaranteed rural water and waste disposal loans.....	62,893	1,000	-	56,641	600	-	50,000	+\$355	-	-50,000	(3)	-\$355	(9)	-	-	-
Rural water and waste disposal grants.....	315,167	315,167	-	292,251	292,251	94	334,523	334,523	91	-87,723	(4)	-87,723	+10	246,800	+\$246,800	101
Technical assistance grants for rural waste systems.....	19,000	19,000	-	17,550	17,550	-	19,000	19,000	-	-9,880	(4)	-9,880	-	9,120	9,120	-
Circuit rider - technical assistance grants for rural water systems.....	15,000	15,000	-	13,855	13,855	-	15,000	15,000	-	-7,400	(4)	-7,400	-	7,600	7,600	-
WWD grants, Alaskan villages.....	23,275	23,275	-	21,499	21,499	-	23,000	23,000	-	-10,232	(4)	-10,232	-	12,768	12,768	-
WWD grants, native American tribes.....	15,200	15,200	-	14,040	14,040	-	19,500	19,500	-	-10,380	(4)	-10,380	-	9,120	9,120	-
Water and waste disposal grants, Colonias.....	23,275	23,275	-	21,499	21,499	-	23,000	23,000	-	-10,232	(4)	-10,232	-	12,768	12,768	-
WWD grants, Hawaiian Homelands.....	4,750	4,750	-	4,388	4,388	-	1,000	1,000	-	+824	(4)	+824	-	1,824	1,824	-
Water well system grants.....	993	993	-	917	917	-	993	993	-	-993	(5)	-993	-	-	-	-
Water and wastewater revolving funds.....	497	497	-	924	924	-	1,000	1,000	-	-1,000	(6)	-1,000	-	-	-	-
Solid waste management grants.....	3,400	3,400	-	3,141	3,141	-	4,000	4,000	-	-	(7)	-	-	4,000	4,000	-
Emergency and imminent community water assistance grants.....	11,943	11,943	-	10,000	10,000	-	11,000	11,000	-	-11,000	(8)	-11,000	-	-	-	-
Subtotal, Discretionary.....	1,226,082	503,500	469	1,376,044	475,206	466	1,742,016	452,371	453	-238,016	-148,371	+48	1,504,000	304,000	501	
Mandatory Appropriations:																
Rural water and waste disposal grants.....	-	-	-	-	-	-	150,000	150,000	-	-150,000	-150,000	-	-	-	-	-
Subtotal, Mandatory.....	-	-	-	-	-	-	150,000	150,000	-	-150,000	-150,000	-	-	-	-	-
Total Adjusted Approp.....	1,226,082	503,500	469	1,376,044	475,206	466	1,892,016	602,371	474	-388,016	-298,371	+48	1,504,000	304,000	501	
Rescissions, Transfers, and Seq. (Net).....	9,500	9,500	-	124,046	49,261	-	-140,000	-140,000	-	+150,000	+150,000	-	-	-	-	-
Total Appropriation.....	1,235,582	513,000	469	1,500,090	524,466	466	1,752,016	462,371	474	-238,016	-148,371	+48	1,504,000	304,000	501	
Transfers In:																
Commodity Credit Corporation.....	-	-	-	-	-	-	150,000	150,000	-	-150,000	-150,000	-	-	-	-	-
Subtotal.....	-	-	-	-	-	-	150,000	150,000	-	-150,000	-150,000	-	-	-	-	-
Transfers Out:																
High energy cost grants..... b/	-9,500	-9,500	-	-9,729	-9,729	-	-10,000	-10,000	-	-	-	-	-	-	-	-
Subtotal.....	-9,500	-9,500	-	-9,729	-9,729	-	-10,000	-10,000	-	-	-	-	-	-	-	-
Rescission..... g/	-	-	-	-40,740	-14,202	-	-	-	-	-	-	-	-	-	-	-
Sequestration..... d/	-	-	-	-73,577	-25,329	-	-	-	-	-	-	-	-	-	-	-
Bal. Available, SOY.....	193,172	88,324	-	240,258	87,271	-	304,202	130,237	-	+133,833	+82,364	-	438,035	212,601	-	
Recoveries, Other (Net).....	211,372	63,567	-	175,733	75,056	-	120,124	120,124	-	-120,124	-120,124	-	-	-	-	-
Total Available.....	1,630,626	655,391	469	1,792,035	637,532	466	2,316,342	852,733	474	-374,307	-336,131	+48	1,942,035	516,601	501	
Unobligated balances rescinded..... e/	-319	-319	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bal. Available, EOY.....	-200,621	-87,271	-	-460,867	-130,237	-	-386,433	-212,601	-	+380,933	+207,101	-	-5,500	-5,500	-	
Total Obligations.....	1,429,686	567,801	469	1,331,167	507,295	466	1,929,909	640,131	474	+6,626	-129,030	+48	1,936,535	511,101	501	

RURAL UTILITIES SERVICE

RURAL WATER AND WASTE DISPOSAL PROGRAM ACCOUNT

Project Statement
Obligations (Detail and Staff Years (SYs)
(Dollars in thousands)

Program	2012 Actual			2013 Actual			2014 Estimate			Inc. or Dec.			2015 Estimate		
	Program Level	Budget Authority	SYs												
Discretionary Obligations:															
Direct rural water and waste disposal loans..... a/	\$944,175	\$90,452	-	\$876,812	\$70,759	372	\$1,200,000	-	362	-	-	+38	\$1,200,000	-	400
Direct rural water and waste disposal loans PL 83-566.....	-	-	-	-	-	-	\$40,000	-	-	-\$40,000	-	-	-	-	-
Guaranteed rural water and waste disposal loans.....	8,294	132	-	18,010	191	-	\$50,074	296	-	+176,698	+\$1,042	-	226,772	1,338	-
Rural water and waste disposal grants.....	362,497	362,497	-	333,701	333,701	94	\$372,245	372,245	91	+6,988	+6,988	+10	379,233	379,233	101
Rural water and waste disposal grants, 2008 disasters.....	-	-	-	-	-	-	\$-	-	-	+4,259	+4,259	-	4,259	4,259	-
Rural water and waste disposal grants, 2003/2004 Hurricanes.....	-	-	-	-	-	-	\$-	-	-	+931	+931	-	931	931	-
Technical assistance grants for rural waste systems.....	19,074	19,074	-	17,550	17,550	-	\$19,042	19,042	-	-9,792	-9,792	-	9,250	9,250	-
Circuit rider - technical assistance grants for rural water systems.....	17,242	17,242	-	13,814	13,814	-	\$15,200	15,200	-	-3,946	-3,946	-	11,254	11,254	-
WWD grants, Alaskan villages.....	29,391	29,391	-	27,785	27,785	-	\$32,721	32,721	-	-392	-392	-	32,329	32,329	-
WWD grants, native American tribes.....	15,863	15,863	-	11,093	11,093	-	\$15,179	15,179	-	+4,211	+4,211	-	19,391	19,391	-
Water and waste disposal grants, colonias.....	25,328	25,328	-	21,617	21,617	-	\$25,452	25,452	-	-4,358	-4,358	-	21,094	21,094	-
WWD grants, Hawaiian homelands.....	-	-	-	-	-	-	\$500	500	-	+19,439	+19,439	-	19,939	19,939	-
Water well system grants.....	788	788	-	917	917	-	\$993	993	-	-967	-967	-	26	26	-
Water and wastewater revolving funds.....	497	497	-	924	924	-	\$1,000	1,000	-	-1,000	-1,000	-	-	-	-
Solid waste management grants.....	3,400	3,400	-	3,141	3,141	-	\$4,000	4,000	-	+412	+412	-	4,412	4,412	-
Emergency and imminent community water assistance grants.....	3,137	3,137	-	5,805	5,805	-	\$3,503	3,503	-	+4,143	+4,143	-	7,646	7,646	-
Subtotal, Discretionary.....	1,429,686	567,801	469	1,331,167	507,295	466	1,779,909	490,131	453	+156,627	+20,971	+48	1,936,535	511,101	501
Mandatory Obligations:															
Rural water and waste disposal grants.....	-	-	-	-	-	-	150,000	150,000	-	-150,000	-150,000	-	-	-	-
Subtotal, Mandatory.....	-	-	-	-	-	-	150,000	150,000	-	-150,000	-150,000	-	-	-	-
Total Obligations.....	1,429,686	567,801	469	1,331,167	507,295	466	1,929,909	640,131	453	+6,627	-129,029	+48	1,936,535	511,101	501
Unobligated balances rescinded..... g/	319	319	-	-	-	-	-	-	-	-	-	-	-	-	-
Bal. Available, EOY.....	200,621	87,271	-	460,867	-	-	386,433	212,601	-	-380,933	-207,101	-	5,500	5,500	-
Total Available.....	1,630,626	655,391	469	1,792,034	507,295	466	2,316,342	852,732	453	-374,307	-336,130	+48	1,942,035	516,601	501
Transfers In.....	-	-	-	-	-	-	-150,000	-150,000	-	+150,000	+150,000	-	-	-	-
Transfers Out..... h/	9,500	9,500	-	9,729	9,729	-	10,000	10,000	-	-10,000	-10,000	-	-	-	-
Rescission..... c/	-	-	-	40,740	14,202	-	-	-	-	-	-	-	-	-	-
Sequestration..... d/	-	-	-	73,577	25,329	-	-	-	-	-	-	-	-	-	-
Bal. Available, SOY.....	-193,172	-88,324	-	-240,258	-87,271	-	-304,202	-130,237	-	-133,833	-82,364	-	-438,035	-212,601	-
Other Adjustments (Net).....	-211,372	-63,567	-	-175,733	-75,056	-	-120,124	-120,124	-	+120,124	+120,124	-	-	-	-
Total Appropriation.....	1,235,582	513,000	469	1,500,090	394,229	466	1,752,016	462,371	453	-248,016	-158,370	+48	1,504,000	304,000	501

Project Statement Footnotes

- a/ Negative subsidy rates of .87% was calculated for 2014 and .61% was calculated for 2015. Therefore, corresponding budget authority is not required to support the program levels.
- b/ This program was transferred to the Rural Utilities Service, High Energy Cost Grant Account in accordance with the Consolidated and Further Continuing Appropriations Act, 2012, P.L. 112-55, and the Consolidated and Further Continuing Appropriations Act, 2013, P.L. 113-6.
- c/ The amounts are rescinded pursuant to the Consolidated and Further Continuing Appropriations Act, 2013, Public Law 113-6, signed March 26, 2013, including 2.513 percent rescission in accordance with section 3001(b)(1)(A) and .2 percent rescission in accordance with section 3004(c)(1).
- d/ The amounts are reduced pursuant to the sequestration order signed by the President on March 1, 2013, in accordance with section 251A of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.
- e/ The amounts are rescinded pursuant to Division B, title I, Section 1119 of the Department of Defense and Full-Year Continuing Appropriations Act, 2011, P.L.112-10.

Justification of Increases and Decreases

- (1) No change in funding for direct water and waste disposal loans (\$1,200,000,000 available in 2014).

Base funds for direct water and waste disposal loans provides loan funds for water and waste projects serving the most financially needy communities. Water and waste disposal loans result in reasonable user costs for rural residences, rural businesses, and other rural users. Continuing the base funding is crucial to ensure the continued success of the program. Adequate water and wastewater treatment capacity are significant for supporting quality of life issues, environmental sustainability, and economic development.

Continuation of the program is critical because:

- The program provides residents in rural America with decent, safe, and sanitary water and waste service.
- The mission to maintain sanitary water and waste disposal services in rural America typically receives very little funding or support when left up to the general public.

Base funding supports the USDA Strategic Goal of assisting rural communities to create prosperity so that they are self sustaining, repopulating and economically thriving and also supports the agency's Strategic Goal of improving the quality of life in rural America by developing community infrastructure.

Funding in 2014 can support 788 loans that assist approximately 1,576,460 rural residents to obtain decent, safe, and sanitary water and wastewater services. Funds under the Agricultural Act of 2014, better known as the 2014 Farm Bill, are not being made available for direct loans. Farm Bill funding will be used for grants which, supplementing loan funds, will be used to assist rural communities maintain reasonable user rates or reduce user rates and costs to reasonable levels.

Funding in 2015 is expected to support 763 loans that will assist approximately 1,525,606 rural residents in obtaining decent, safe, and sanitary water and wastewater services.

- (2) A decrease of \$40,000,000 for direct water and waste disposal loans P.L. 83-566 (\$40,000,000 available in 2014).

Base funding in 2014 is targeted to projects that feature agricultural water supply benefits, groundwater protection, and environmental enhancements. Funding is expected to support two or more loans, contingent on applicants responding to a Notice of Funding Availability which is expected to be published during 2014. No funding is requested in 2015.

- (3) A decrease of \$50,000,000 for guaranteed water and waste disposal loans (\$50,000,000 available in 2014).

The funding in 2013 for the guaranteed water and waste disposal loan program supported 6 loans that assisted approximately 12,000 rural residents in obtaining decent, safe, and sanitary water and wastewater services. Because of minimal demand and expected carryover funding, no new funding is proposed in 2015.

<u>FY</u>	<u>Number of loans made</u>	<u>Total Guaranteed Loans Obligation</u>
2009	3	\$ 1,996,100
2010	7	10,720,630
2011	9	31,923,200
2012	5	6,659,910
2013	6	18,010,350

Funding in 2014 for the guaranteed water and waste disposal loan program will support 22 loans to assist approximately 46,162 rural residents in obtaining decent, safe and sanitary water and wastewater services. The anticipated carryover amount for 2014 for the guaranteed water and waste disposal loan program could support about 9 loans and assist approximately 43,000 rural residents. No carryover is expected for 2015.

- (4) A decrease of \$135,023,000 for water and waste disposal grants (\$435,023,000 available in 2014).

Base funds for water and waste disposal grants provides grant funds in conjunction with loans for water and waste projects serving the most financially needy communities. In addition, Congressional set asides provide grant funds for targeted groups to develop and construct water and waste systems in disadvantaged communities. Water and waste grants help in providing reasonable user rates and costs for rural residences, rural businesses, and other rural users. Besides health and environmental concerns, the economic vitality of rural America will be negatively impacted. Adequate water and wastewater treatment capacity are significant for supporting quality of life issues, environmental sustainability, and economic development. Due to historically low interest rates, communities are able to afford additional debt, thus reducing the need for grants.

Continuation of the program is critical because:

- The program provides residents in rural America with decent, safe and sanitary water and waste service; and
- The mission to maintain sanitary water and waste disposal services in rural America typically receives very little funding or support when left up to the general public.

	<u>+Increase/-Decrease</u>	<u>Percent of 2015 Funds</u>	<u>Available in 2014</u>
Regular WWD Grants	-\$87,723,000	82	\$334,523,000
Technical Assistance and Training	-9,880,000	3	19,000,000
Circuit Rider-Technical Assistance	-7,400,000	3	15,000,000
Alaskan Villages	-10,232,000	4	23,000,000
Native American Tribes	-10,380,000	3	19,500,000
Colonias	-10,232,000	4	23,000,000
Hawaiian Homelands	+\$824,000	1	1,000,000
Total	-135,023,000	100	\$435,023,000

Base funding supports the USDA Strategic Goal of assisting rural communities to create prosperity so that they are self sustaining, repopulating and economically thriving and also supports the agency's Strategic Goal of improving the quality of life in rural America by developing community infrastructure.

Funding in 2014 can support 458 grants that assist approximately 680,540 rural residents to obtain decent, safe, and sanitary water and wastewater services. Funding can support 17 technical assistance grants that assist rural residents in 50 states to obtain technical assistance for developing decent, safe, and sanitary water and waste water facilities.

The anticipated carryover amount of \$123,825,650 for 2014 can support 112 grants in the water and waste disposal grant program to assist approximately 200,435 rural residents in obtaining decent, safe, and sanitary water and wastewater services.

Funding in 2015 is expected to support 346 grants in the water and waste disposal grant program to assist approximately 674,394 rural residents in obtaining decent, safe, and sanitary water and waste water services. There is no carryover expected in 2015 for technical assistance grants. Funding in 2015 can support 8 grants.

The funding change requested in the water and waste disposal grants program would be offset by low-interest loans making projects feasible with less grant funds required. The overall program should be able to operate at a loan to grant ratio of 70/30 in 2015. Furthermore, in 2014 the Farm Bill provides \$150 million in budget authority to support grants.

(5) A decrease of \$993,000 in individually-owned water well systems grants (\$993,000 available in 2014).

This program provides grants for private non-profit organizations to establish lending programs that provide low-cost loans to individuals living in eligible rural areas for the construction of water wells. Rural Development housing programs may offer loans directly to eligible homeowners to construct or rehabilitate water wells. The 2015 budget does not request funding for this program. This program can be funded from the regular grant account.

(6) A decrease of \$1,000,000 in grants for water and wastewater revolving funds (\$1,000,000 available in 2014).

This program provides grants to private non-profit organizations to establish a lending program for entities eligible under the water and waste disposal loans (direct and guaranteed). Two prior year recipients have operating loan funds with funds available and payments being made and returned to the fund. Further, applications for small capital improvements and pre-planning activities are eligible for loans through the water and waste disposal loan and grant programs, and the special evaluation assistance for rural communities grant program. The 2015 budget does not request funding for this program. This program can be funded from the regular grant account.

(7) No change for solid waste management grants (\$4,000,000 available in 2014).

Base funds for solid waste management grants will continue to provide funds to both public and private non-profit organizations to help communities identify threats to water resources and reduce the solid waste stream.

Continuation of the program is critical because communities receive assistance from eligible organizations to reduce or eliminate pollution of water resources, improve planning and management of solid waste disposal facilities in rural areas, and enhance operator skills in operations and maintenance.

Base funding supports the USDA Strategic Goal of assisting rural communities to create prosperity so that they are self sustaining, repopulating and economically thriving and also supports the Agency's Strategic Goal of improving the quality of life in rural America by developing community infrastructure.

Funding in 2014 can support 35 grants that will help communities address water pollution issues and develop solid waste management strategies. There is no anticipated carryover of funds for 2015. Funding for 2015 will support 35 grants to eligible organizations.

- (8) A decrease of \$11,000,000 for emergency and imminent community water assistance grants (\$11,000,000 available in 2014).

The emergency and imminent community water assistance grants (ECWAG) program historically projects no funding request during the budget, but in accordance with the Consolidated Farm and Rural Development Act, P.L. 111-10, USDA sets aside not less than 3 percent nor more than 5 percent of the funding for the water and waste disposal grant program through June 30th of the fiscal year to fund the ECWAG program.

In 2014, funding of \$11 million in grants is available to help rural communities that are experiencing a significant decline in the quality or quantity of drinking water. ECWAG funding of \$3 million is targeted to California rural communities experiencing water shortages due to drought. At least 17 small community water districts may be eligible for emergency funding. Emergency grants may be made to help affected communities in drought-designated counties in other western States and hard-hit counties throughout the country.

The 2015 budget does not request funding for this program, but \$7 million may be set aside, based on a percentage of funding for the water and waste disposal grant program..

- (9) A decrease of \$355,000 for water and waste disposal guaranteed loan subsidy (\$355,000 available in 2014).

There is no requested subsidy for the water and waste disposal loan programs. No program level is requested for water and waste disposal guaranteed loans.

RURAL UTILITIES SERVICE
Direct Water and Waste Disposal Loans
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2012 Actual	2013 Actual	2014 Estimate	2015 Estimate
	Amount	Amount	Amount	Amount
Alabama.....	\$19,278	\$10,659	-	-
Arizona.....	5,647	4,812	-	-
Arkansas.....	9,009	15,954	-	-
California.....	56,754	29,299	-	-
Colorado.....	9,053	7,507	-	-
Connecticut.....	8,023	8,719	-	-
Delaware.....	24,042	4,897	-	-
Florida.....	20,212	4,878	-	-
Georgia.....	26,861	5,854	-	-
Hawaii.....	-	6,663	-	-
Idaho.....	15,753	8,963	-	-
Illinois.....	31,790	27,845	-	-
Indiana.....	23,146	12,621	-	-
Iowa.....	13,288	21,715	-	-
Kansas.....	42,581	38,331	-	-
Kentucky.....	31,849	43,178	-	-
Louisiana.....	17,448	20,557	-	-
Maine.....	8,059	13,651	-	-
Maryland.....	9,021	14,598	-	-
Massachusetts.....	9,275	7,540	-	-
Michigan.....	65,230	55,021	-	-
Minnesota.....	23,096	21,495	-	-
Mississippi.....	11,837	14,655	-	-
Missouri.....	34,626	39,076	-	-
Montana.....	9,107	22,160	-	-
Nebraska.....	11,275	9,816	-	-
Nevada.....	747	13,972	-	-
New Hampshire.....	6,616	13,275	-	-
New Jersey.....	12,953	7,659	-	-
New Mexico.....	4,843	360	-	-
New York.....	26,979	30,196	-	-
North Carolina.....	40,091	9,011	-	-
North Dakota.....	12,760	13,268	-	-
Ohio.....	25,875	16,512	-	-
Oklahoma.....	15,556	18,310	-	-
Oregon.....	2,797	4,375	-	-
Pennsylvania.....	25,304	28,047	-	-
Rhode Island.....	940	1,928	-	-
South Carolina.....	33,248	45,642	-	-
South Dakota.....	11,869	10,044	-	-
Tennessee.....	34,890	36,509	-	-
Texas.....	34,814	42,395	-	-
Utah.....	3,562	5,523	-	-
Vermont.....	3,563	9,408	-	-
Virginia.....	28,201	26,481	-	-
Washington.....	9,660	10,821	-	-
West Virginia.....	41,625	18,078	-	-
Wisconsin.....	21,869	34,907	-	-
Wyoming.....	407	728	-	-
Puerto Rico.....	8,747	8,901	-	-
Undistributed.....	-	-	\$1,200,000 <u>a/</u>	\$1,200,000 <u>a/</u>
Obligations.....	944,175	876,812	1,200,000	1,200,000

Direct Water and Waste Disposal Watershed Loans PL 83-566
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2012 Actual	2013 Actual	2014 Estimate	2015 Estimate
	Amount	Amount	Amount	Amount
Arkansas.....	-	-	\$40,000	-
Obligations.....	-	-	40,000	-

a/ Totals cannot be distributed at this time.

RURAL UTILITIES SERVICE
Guaranteed Water and Waste Disposal Loans
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2012 Actual	2013 Actual	2014 Estimate	2015 Estimate
	Amount	Amount	Amount	Amount
Illinois.....	-	\$757	-	-
Kansas.....	\$2,000	-	-	-
Missouri.....	1,400	350	-	-
North Carolina.....	1,983	12,580	-	-
South Carolina.....	-	1,324	-	-
Texas.....	2,911	-	-	-
Washington.....	-	3,000	-	-
Undistributed.....	-	-	\$50,074 <u>a/</u>	\$226,772 <u>a/</u>
Obligations.....	8,294	18,010	50,074	226,772

a/ Totals cannot be distributed at this time.

RURAL UTILITIES SERVICE
Water and Waste Disposal Grants
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2012 Actual	2013 Actual	2014 Estimate	2015 Estimate
	Amount	Amount	Amount	Amount
Alabama.....	\$15,033	\$10,183	-	-
Alaska.....	2,646	1,634	-	-
Arizona.....	5,592	-	-	-
Arkansas.....	5,923	6,294	-	-
California.....	8,211	7,705	-	-
Colorado.....	4,064	2,031	-	-
Connecticut.....	2,645	3,182	-	-
Delaware.....	3,224	2,249	-	-
Florida.....	9,324	3,261	-	-
Georgia.....	13,659	5,800	-	-
Hawaii.....	-	7,919	-	-
Idaho.....	3,987	4,020	-	-
Illinois.....	11,013	6,292	-	-
Indiana.....	9,747	5,630	-	-
Iowa.....	10,868	6,043	-	-
Kansas.....	12,922	8,287	-	-
Kentucky.....	12,983	13,632	-	-
Louisiana.....	7,222	5,985	-	-
Maine.....	4,667	8,219	-	-
Maryland.....	3,604	6,760	-	-
Massachusetts.....	2,447	3,001	-	-
Michigan.....	9,224	13,146	-	-
Minnesota.....	13,635	12,894	-	-
Mississippi.....	5,530	2,963	-	-
Missouri.....	9,051	10,129	-	-
Montana.....	6,522	13,878	-	-
Nebraska.....	3,330	3,042	-	-
Nevada.....	-	7,935	-	-
New Hampshire.....	5,502	3,371	-	-
New Jersey.....	3,371	2,605	-	-
New Mexico.....	2,898	-	-	-
New York.....	9,228	13,885	-	-
North Carolina.....	11,561	3,604	-	-
North Dakota.....	5,694	7,403	-	-
Ohio.....	9,681	9,360	-	-
Oklahoma.....	5,587	7,663	-	-
Oregon.....	2,004	5,205	-	-
Pennsylvania.....	10,680	9,738	-	-
Rhode Island.....	1,264	1,602	-	-
South Carolina.....	12,426	13,331	-	-
South Dakota.....	24,310	5,079	-	-
Tennessee.....	10,051	9,736	-	-
Texas.....	13,335	14,704	-	-
Utah.....	5,891	2,101	-	-
Vermont.....	2,607	4,646	-	-
Virginia.....	8,001	9,322	-	-
Washington.....	907	2,928	-	-
West Virginia.....	9,829	7,629	-	-
Wisconsin.....	6,871	13,025	-	-
Wyoming.....	234	1,827	-	-
Puerto Rico.....	3,492	2,824	-	-
Undistributed.....	-	-	\$372,245 a/	\$379,233 a/
Obligations.....	362,497	333,701	372,245	379,233

Water and Waste Disposal Grants - 2008 Disasters
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2012 Actual	2013 Actual	2014 Estimate	2015 Estimate
	Amount	Amount	Amount	Amount
Undistributed.....	-	-	-	\$4,259 a/
Obligations.....	-	-	-	4,259

Water and Waste Disposal Grants - 2003/2004 Hurricanes
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2012 Actual	2013 Actual	2014 Estimate	2015 Estimate
	Amount	Amount	Amount	Amount
Undistributed.....	-	-	-	\$931 a/
Obligations.....	-	-	-	931

a/ Totals cannot be distributed at this time.

RURAL UTILITIES SERVICE
 Technical Assistance Grants for Rural Water Systems
Geographic Breakdown of Obligations
 (Dollars in thousands)

State/Territory	2012 Actual	2013 Actual	2014 Estimate	2015 Estimate
	Amount	Amount	Amount	Amount
Alaska.....	\$919	\$957	-	-
Arizona.....	593	500	-	-
Arkansas.....	270	35	-	-
California.....	168	248	-	-
Kentucky.....	100	-	-	-
Louisiana.....	93	-	-	-
Maine.....	-	78	-	-
Maryland.....	5,750	5,250	-	-
Nevada.....	-	200	-	-
New York.....	172	198	-	-
Oklahoma.....	10,000	9,100	-	-
Washington.....	-	157	-	-
West Virginia.....	800	645	-	-
Wisconsin.....	208	-	-	-
Virgin Islands.....	-	182	-	-
Undistributed.....	-	-	\$19,042 <u>a/</u>	\$9,250 <u>a/</u>
Obligations.....	19,074	17,550	19,042	9,250

Circuit Rider - Technical Assistance Grants for Rural Waste Systems
Geographic Breakdown of Obligations
 (Dollars in thousands)

State/Territory	2012 Actual	2013 Actual	2014 Estimate	2015 Estimate
	Amount	Amount	Amount	Amount
Oklahoma.....	\$17,242	\$13,814	\$15,200	\$11,254
Obligations.....	17,242	13,814	15,200	11,254

Water and Waste Disposal Grants - Alaskan Villages
Geographic Breakdown of Obligations
 (Dollars in thousands)

State/Territory	2012 Actual	2013 Actual	2014 Estimate	2015 Estimate
	Amount	Amount	Amount	Amount
Alaska.....	\$29,356	\$27,743	\$32,604	\$31,729
District of Columbia.....	36	42	117	600
Obligations.....	29,391	27,785	32,721	32,329

Water and Waste Disposal Grants - Native American Grants
Geographic Breakdown of Obligations
 (Dollars in thousands)

State/Territory	2012 Actual	2013 Actual	2014 Estimate	2015 Estimate
	Amount	Amount	Amount	Amount
Arizona.....	\$1,000	\$1,000	-	-
Idaho.....	1,014	-	-	-
Michigan.....	1,415	998	-	-
Minnesota.....	2,462	1,000	-	-
Montana.....	850	297	-	-
New Mexico.....	-	2,000	-	-
North Dakota.....	3,000	2,000	-	-
South Dakota.....	6,122	2,659	-	-
Utah.....	-	250	-	-
Wyoming.....	-	889	-	-
Undistributed.....	-	-	\$15,179 <u>a/</u>	\$19,391 <u>a/</u>
Obligations.....	15,863	11,093	15,179	19,391

Water and Waste Disposal Grants - Colonias
Geographic Breakdown of Obligations
 (Dollars in thousands)

State/Territory	2012 Actual	2013 Actual	2014 Estimate	2015 Estimate
	Amount	Amount	Amount	Amount
Arizona.....	\$6,381	\$17,207	-	-
California.....	2,453	-	-	-
New Mexico.....	8,000	4,410	-	-
Texas.....	8,494	-	-	-
Undistributed.....	-	-	\$25,452 <u>a/</u>	\$21,094 <u>a/</u>
Obligations.....	25,328	21,617	25,452	21,094

a/ Totals cannot be distributed at this time.

RURAL UTILITIES SERVICE
Hawaiian Homelands
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2012 Actual	2013 Actual	2014 Estimate	2015 Estimate
	Amount	Amount	Amount	Amount
Hawaii.....	-	-	\$500	\$19,939
Obligations.....	-	-	500	19,939

Rural Water and Waste Individually-Owned Water Well System Grants
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2012 Actual	2013 Actual	2014 Estimate	2015 Estimate
	Amount	Amount	Amount	Amount
Georgia.....	\$100	\$175	-	-
Illinois.....	-	50	-	-
Michigan.....	-	150	-	-
Minnesota.....	-	50	-	-
Missouri.....	-	242	-	-
Virginia.....	481	250	-	-
Wisconsin.....	208	-	-	-
Undistributed.....	-	-	\$993 <u>a/</u>	\$26 <u>a/</u>
Obligations.....	788	917	993	26

Rural Water and Wastewater Revolving Fund Grants
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2012 Actual	2013 Actual	2014 Estimate	2015 Estimate
	Amount	Amount	Amount	Amount
Arkansas.....	\$248	\$185	-	-
California.....	-	277	-	-
Oklahoma.....	249	462	-	-
Undistributed.....	-	-	\$1,000 <u>a/</u>	-
Obligations.....	497	924	1,000	-

a/ Totals cannot be distributed at this time.

RURAL UTILITIES SERVICE
Solid Waste Management Grants
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2012 Actual	2013 Actual	2014 Estimate	2015 Estimate
	Amount	Amount	Amount	Amount
Alaska.....	\$715	\$715	-	-
Arizona.....	121	-	-	-
Arkansas.....	67	-	-	-
California.....	161	287	-	-
Colorado.....	-	136	-	-
Illinois.....	15	-	-	-
Indiana.....	56	-	-	-
Iowa.....	-	72	-	-
Kansas.....	-	40	-	-
Kentucky.....	96	90	-	-
Louisiana.....	-	-	-	-
Maine.....	328	227	-	-
Massachusetts.....	306	180	-	-
Michigan.....	73	85	-	-
Minnesota.....	95	-	-	-
Missouri.....	-	22	-	-
Montana.....	76	-	-	-
New Hampshire.....	279	-	-	-
New Jersey.....	-	91	-	-
New Mexico.....	-	162	-	-
New York.....	-	185	-	-
North Carolina.....	109	110	-	-
North Dakota.....	202	-	-	-
Ohio.....	73	23	-	-
Oklahoma.....	82	135	-	-
Texas.....	-	170	-	-
Utah.....	-	80	-	-
Vermont.....	217	-	-	-
Virginia.....	143	128	-	-
Washington.....	90	-	-	-
West Virginia.....	-	115	-	-
Puerto Rico.....	96	-	-	-
Virgin Islands.....	-	90	-	-
Other Countries.....	-	-	-	-
Undistributed.....	-	-	\$4,000 ^{a/}	\$4,412 ^{a/}
Obligations.....	3,400	3,141	4,000	4,412

Emergency and Imminent Community Water Assistance Grants
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2012 Actual	2013 Actual	2014 Estimate	2015 Estimate
	Amount	Amount	Amount	Amount
Alabama.....	-	\$18	-	-
Idaho.....	\$479	457	-	-
Indiana.....	150	147	-	-
Iowa.....	-	1,500	-	-
Kansas.....	-	290	-	-
Minnesota.....	37	359	-	-
Missouri.....	150	624	-	-
Nebraska.....	500	-	-	-
New York.....	495	500	-	-
South Carolina.....	-	800	-	-
Tennessee.....	826	610	-	-
Texas.....	500	500	-	-
Undistributed.....	-	-	\$3,503 ^{a/}	\$7,646 ^{a/}
Obligations.....	3,137	5,805	3,503	7,646

^{a/} Totals cannot be distributed at this time.

RURAL UTILITIES SERVICE
Farm Bill-Water and Waste Disposal Grants
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	<u>2012 Actual</u> Amount	<u>2013 Actual</u> Amount	<u>2014 Estimate</u> Amount	<u>2015 Estimate</u> Amount
Undistributed.....	-	-	\$150,000 <u>a/</u>	-
Obligations.....	-	-	150,000	-

a/ Totals cannot be distributed at this time.

Classification by Objects
(Dollars in thousands)

	<u>2012 Actual</u>	<u>2013 Actual</u>	<u>2014 Estimate</u>	<u>2015 Estimate</u>
41.0 Grants, subsidies, and contributions.....	\$567,801	\$507,295	\$640,131	\$511,101
99.9 Total, new obligations.....	<u>567,801</u>	<u>507,295</u>	<u>640,131</u>	<u>511,101</u>

RURAL UTILITIES SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Rural Electrification and Telecommunications Loans Program Account (including transfer of funds):

The principal amount of direct and guaranteed loans as authorized by sections 305 and 306 of the Rural Electrification Act of 1936 (7 U.S.C. 935 and 936) shall be made as follows: loans made pursuant to
1 Section 306 of that Act, rural electric, \$5,000,000,000]; guaranteed underwriting loans pursuant to section
2,3 313A, \$500,000,000; 5 percent], and rural telecommunications loans, \$345,000,000; and for cost of money
4 rural telecommunications loans, [and for loans made pursuant to section 306 of that Act, rural
5 telecommunications loans, \$690,000,000]\$345,000,000: *Provided*, That [up to \$2,000,000,000]not less
6 than \$4,000,000,000 shall be used for the construction, acquisition, or improvement of renewable energy
7 plants or for construction, acquisition or improvement of fossil-fueled electric generating plants (whether
8 new or existing) that utilize carbon sequestration systems: *Provided further*, That funding may be made
available for fossil-fuel electric generating peaking units (new or existing) to the extent that the peaking
unit operates in conjunction with an electric generating plant that produces electricity from solar, wind, or
other intermittent sources of energy: *Provided further*, That not more than \$1,000,000,000 shall be
available for environmental improvements to fossil-fuel electric generating plants that would reduce
emission of air pollution including greenhouse gases.

In addition, for administrative expenses necessary to carry out the direct and guaranteed loan programs,
8 [\$34,478,000]\$33,000,000, which shall be [transferred and merged with]paid to the appropriation for
“Rural Development, Salaries and Expenses”.

The first change adds removes language concerning the guaranteed underwriting program for which no funding is requested in 2015.

The second change adds the word “and” to accommodate a new program being funded in this sentence.

The third change adds the words “and for” to accommodate a new program being funded in this sentence.

The fourth change removes old language referencing the rural telecommunications loans language.

The fifth change revises the language requiring the set-aside of specific funding for Federal Financing Bank (FFB) loans.

The sixth change adds language concerning renewable energy plants being available for the set-aside funding from Federal Financing Bank loans.

The seventh change adds language making available the set-aside of Federal Financing Bank loans to fossil-fuel electric generating peaking units that operates in conjunction with intermittent sources of energy electric generating plans.

The eighth change adds language simplifying the transfer and consolidation of funds from the individually appropriated program accounts to the Rural Development, Salaries and Expense account.

RURAL UTILITIES SERVICE

RURAL ELECTRIFICATION AND TELECOMMUNICATION PROGRAM ACCOUNT

Lead-Off Tabular Statement

	Loan Level	Subsidy	Administrative Expenses
Budget Estimate, 2015.....	\$5,690,000,000	-	\$33,000,000
2014 Enacted.....	6,190,000,000	-	34,478,000
Change in Appropriation.....	-500,000,000	-	-1,478,000

Summary of Increases and Decreases

(Dollars in thousands)

Program	2012 Actual	2013 Change	2014 Change	2015 Change	2015 Estimate
Discretionary Appropriations:					
Electric Underwriting Loans.....	\$594	-\$594	-	-	-
Administrative Expenses.....	36,382	-2,900	+\$996	-\$1,478	\$33,000
Total.....	36,976	-3,494	996	-1,478	33,000

RURAL UTILITIES SERVICE

RURAL ELECTRIFICATION AND TELECOMMUNICATION PROGRAM ACCOUNT

Project Statement
Adjusted Appropriations Detail and Staff Years (SYs)
(Dollars in thousands)

Program	2012 Actual			2013 Actual			2014 Estimate			Inc. or Dec			2015 Estimate		
	Program Amount	Budget Authority	SYs	Program Amount	Budget Authority	SYs									
Discretionary Appropriations:															
Electric Direct, 5%..... a/	\$100,000	-	-	\$100,000	-	-	-	-	-	-	-	-	-	-	-
Electric Direct, FFB..... b/	6,500,000	-	-	6,500,000	-	155	\$5,000,000	-	151	-	(1)	+16	\$5,000,000	-	167
Electric Underwriting Loans..... c/	424,286	\$594	-	500,000	-	-	500,000	-	-	-\$500,000	(2)	-	-	-	-
Telecommunications Direct, 5%..... d/	145,000	-	-	-	-	-	20,000	-	-	-20,000	(3)	-	-	-	-
Telecommunications Direct, Treasury Rate..... e/	250,000	-	-	690,000	-	69	270,000	-	67	+75,000	(3)	+7	345,000	-	74
Telecommunications Direct, FFB..... f/	295,000	-	-	-	-	-	400,000	-	-	-55,000	(3)	-	345,000	-	-
Administrative Expenses..... g/	-	36,382	-	-	\$33,482	-	-	\$34,478	-	-	-	-\$1,478	-	\$33,000	-
Subtotal.....	7,714,286	36,976	226	7,790,000	33,482	224	6,190,000	34,478	218	-500,000	-1,478	+23	5,690,000	33,000	241
Total Adjusted Approp.....	7,714,286	36,976	226	7,790,000	33,482	224	6,190,000	34,478	218	-500,000	-1,478	+23	5,690,000	33,000	241
Rescissions, Transfers, and Seq. (Net)..... h/															
Total Appropriation.....	7,714,286	36,976	226	7,790,000	34,467	224	6,190,000	34,478	218	-500,000	-1,478	+23	5,690,000	33,000	241
Transfers Out:															
Working Capital Fund.....	-	-594	-	-	-	-	-	-	-	-	-	-	-	-	-
Total.....	-	-594	-	-	-	-	-	-	-	-	-	-	-	-	-
Rescission..... h/	-	-	-	-	-933	-	-	-	-	-	-	-	-	-	-
Sequestration..... i/	-	-	-	-	-52	-	-	-	-	-	-	-	-	-	-
Total Available.....	7,714,286	36,382	226	7,790,000	33,482	224	6,190,000	34,478	218	-500,000	-1,478	+23	5,690,000	33,000	241
Lapsing Balances.....	-2,892,444	-	-	-2,683,533	-	-	-600,000	-	-	+600,000	-	-	-	-	-
Total Obligations.....	4,821,842	36,382	226	5,106,467	33,482	224	5,590,000	34,478	218	+100,000	-1,478	+23	5,690,000	33,000	241

RURAL UTILITIES SERVICE

RURAL ELECTRIFICATION AND TELECOMMUNICATION PROGRAM ACCOUNT

Project Statement
Obligations Detail and Staff Years (SYs)
(Dollars in thousands)

Program	2012 Actual			2013 Actual			2014 Estimate			Inc. or Dec			2015 Estimate		
	Program Amount	Budget Authority	SYs												
Discretionary Obligations:															
Electric Direct, FFB	b/ \$4,317,791	-	-	\$4,410,308	-	155	\$4,400,000	-	151	+\$600,000	-	+16	\$5,000,000	-	167
Electric Underwriting Loans.....	c/ 424,286	-	-	500,000	-	-	500,000	-	-	-500,000	-	-	-	-	-
Telecommunications Direct, 5%	d/ -	-	-	-	-	-	20,000	-	-	-20,000	-	-	-	-	-
Telecommunications Direct, Treasury Rate	e/ 18,925	-	-	196,159	-	69	270,000	-	67	+75,000	-	+7	345,000	-	74
Telecommunications Direct, FFB.....	f/ 60,840	-	-	-	-	-	400,000	-	-	-55,000	-	-	345,000	-	-
Administrative Expenses.....	g/ -	\$36,382	-	-	\$33,482	-	-	\$34,478	-	-	-\$1,478	-	-	\$33,000	-
Subtotal.....	4,821,842	36,382	226	5,106,467	33,482	224	5,590,000	34,478	218	+100,000	-1,478	+23	5,690,000	33,000	241
Total Obligations.....	4,821,842	36,382	226	5,106,467	33,482	224	5,590,000	34,478	218	+100,000	-1,478	+23	5,690,000	33,000	241
Lapsing Balances.....	2,892,444	-	-	2,683,533	-	-	600,000	-	-	-600,000	-	-	-	-	-
Total Available.....	7,714,286	36,382	226	7,790,000	33,482	224	6,190,000	34,478	218	-500,000	-1,478	+23	5,690,000	33,000	241
Transfers Out.....	-	594	-	-	-	-	-	-	-	-	-	-	-	-	-
Rescission.....	h/ -	-	-	-	933	-	-	-	-	-	-	-	-	-	-
Sequestration.....	i/ -	-	-	-	52	-	-	-	-	-	-	-	-	-	-
Total Appropriation.....	7,714,286	36,976	226	7,790,000	34,467	224	6,190,000	34,478	218	-500,000	-1,478	+23	5,690,000	33,000	241

Project Statement Footnotes

- a/ Negative subsidy rates of 14.40% was calculated for 2012 and 16.41% was calculated for 2013. Therefore, corresponding budget authority is not required to support the program levels.
- b/ Negative subsidy rates of 4.00% was calculated for 2012, 6.29% was calculated for 2013, 3.27% was calculated for 2014, and 5.64% was calculated for 2015. Therefore, corresponding budget authority is not required to support the program levels.
- c/ Negative subsidy rates of 6.32% was calculated for 2012, 8.00% was calculated for 2013, and 4.32% was calculated for 2014. Therefore, corresponding budget authority is not required to support the program levels. However, the 2012 rate was calculated after the Consolidated and Continuing Appropriations Act 2012, P.L. 112-55 was signed, therefore, a positive subsidy of \$594,000 is being presented for this negative subsidy program due to a positive placeholder subsidy rate being used to prepare the appropriations bill.
- d/ Negative subsidy rates of 13.78% was calculated for 2012. Therefore, corresponding budget authority is not required to support the program levels.
- e/ Negative subsidy rates of 1.19% was calculated for 2012, 1.14% was calculated for 2013 and 2014, and 1.17% was calculated for 2015. Therefore, corresponding budget authority is not required to support the program levels.
- f/ Negative subsidy rates of 3.64% was calculated for 2012, 3.94% was calculated for 2013, 2.99% was calculated for 2014, and 3.49% was calculated for 2015. Therefore corresponding budget authority is not required to support the program levels.
- g/ In 2012 funding of \$36,382,000 and in 2013 funding of \$33,482,063 was appropriated and transferred to the Rural Development Salaries and Expenses account. In 2014, funding of \$34,478,000 and in 2015 \$33,000,000, is requested and will be paid to the Rural Development Salaries and Expenses account.
- h/ The amounts are rescinded pursuant to the Consolidated and Further Continuing Appropriations Act, 2013, Public Law 113-6, signed March 26, 2013, including 2.513 percent rescission in accordance with section 3001(b)(1)(A) and 0.2 percent rescission in accordance with section 3004(c)(1).
- i/ The amounts are reduced pursuant to the sequestration order signed by the President on March 1, 2013, in accordance with section 251A of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

Justification of Increases and Decreases

(1) No change in electric Federal Financing Bank loans (\$5,000,000,000 available in 2014).

Base funds for electric Federal Financing Bank (FFB) loan guarantees provided under section 306 of the Rural Electrification Act support improvements and additions to rural electric distribution, transmission, and generating facilities (including renewable energy systems) and the implementation of demand side management, energy efficiency and conservation programs. The long-term, low interest rate financing helps non-profit electric borrowers provide reliable, affordable electric service for rural homes and businesses.

Base funding of the program at \$5,000,000,000 is projected to provide improved electric facilities benefitting over 4.6 million rural consumers and continue to advance the USDA Strategic Goal of assisting rural communities to create prosperity so that they are self sustaining, repopulating and economically thriving and also supports the agency's Strategic Goal of improving the quality of life in rural America by developing community infrastructure. The rural electrification loan programs have exceeded their overall performance target in each of the last four fiscal years.

Continuation of the program is critical to the continued success of the rural electrification program. FFB loan guarantees will be the sole source of USDA financing in 2015 for the more than 630 electric systems serving rural customers in 46 States.

Funding at a 2015 program level of \$5,000,000,000 will be adequate to cover existing and anticipated loan requests.

(2) A decrease of \$500,000,000 for guaranteed electric underwriting for bonds and notes (\$500,000,000 available in 2014).

Base funds for bond and note guarantees for private, non-profit cooperative lenders are authorized under section 313A of the Rural Electrification Act as extended under Title VII of Public Law 112-240 and subsequent legislation. The bond or note proceeds must be used for eligible rural electrification or telephone purposes (excluding electric generation) and must be investment grade. All guarantees issued under this authority have been for loans made by the FFB at an interest rate equal to the Treasury rate for notes of similar maturities plus an annual fee of 30 basis points on any unpaid principal balance. The fee is deposited to the rural economic development subaccount and is available to fund the rural economic development loans and grant programs.

The funding change requested will not affect the overall availability of financing for rural electrification purposes as eligible electric and telephone borrowers will still be able to secure financing directly from Rural Development or from non-profit lenders.

(3) No change in funding in telecommunications loans (\$690,000,000 available in 2014).

Telecommunications loans finance the improvement or extension of telecommunications service in rural areas. All telecommunications facilities financed must be broadband capable. This program supports the USDA Strategic Goal of assisting rural communities to create prosperity so that they are self-sustaining, repopulating and economically thriving. This program also supports the agency's Strategic Goal of improving the quality of life in rural America by enhancing the ability of rural businesses to succeed by providing access to modern telecommunications and improved healthcare and educational opportunities.

Both Treasury rate and FFB loans are available. In today's interest rate environment, FFB rates (short-term, even with the fee) are substantially lower than the Treasury direct program rates. Borrowers are requesting FFB financing to keep their borrowing costs as low as possible. FFB financing also includes important features like the ability to refinance borrowers' existing debt with outside lenders. In some cases, the loan application may not be financially feasible without refinancing of debt. The FFB loan program provides flexibility for rural service providers and is an essential tool for capital investment in broadband infrastructure.

Continuation of the program is critical because:

- The development of the Internet-based economy provides unique opportunities for rural America; and
- Broadband infrastructure greatly helps to mitigate the limitations on business development in rural areas caused by geographical distance and a limited customer base.

Base funds for telecommunications loans will continue to provide residents in rural America with access to modern telecommunications. Continuing the base funding is crucial to ensure the continued success of the program. Funding continues to advance the USDA Strategic Goal of assisting rural communities to create prosperity so that they are self-sustaining, repopulating, and economically thriving.

Both the 2014 base funds and the 2015 funding can support 25 loans that assist approximately 100,000 rural households and businesses in rural America to obtain modern broadband capable telecommunications services.

RURAL UTILITIES SERVICE
Direct Rural Electric 5 Percent Loans
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2012	2013	2014	2015
	Actual	Actual	Estimate	Estimate
	Amount	Amount	Amount	Amount
Lapsing Balances.....	\$100,000	\$100,000	-	-
Total, Available.....	100,000	100,000	-	-

Rural Electric Federal Financing Bank Loans
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2012	2013	2014	2015
	Actual	Actual	Estimate	Estimate
	Amount	Amount	Amount	Amount
Alabama.....	\$46,990	\$77,900	-	-
Alaska.....	-	206,423	-	-
Arizona.....	34,028	167,779	-	-
Arkansas.....	410,400	32,437	-	-
California.....	50,000	-	-	-
Colorado.....	180,483	542,238	-	-
Florida.....	32,004	164,484	-	-
Georgia.....	250,076	537,973	-	-
Hawaii.....	72,883	-	-	-
Idaho.....	13,524	-	-	-
Illinois.....	7,900	7,750	-	-
Indiana.....	12,000	128,340	-	-
Iowa.....	113,359	58,800	-	-
Kansas.....	106,972	89,095	-	-
Kentucky.....	73,228	81,011	-	-
Louisiana.....	83,191	-	-	-
Maine.....	-	5,900	-	-
Maryland.....	101,725	-	-	-
Michigan.....	24,000	106,759	-	-
Minnesota.....	92,980	143,239	-	-
Mississippi.....	681,708	181,751	-	-
Missouri.....	98,390	145,006	-	-
Nebraska.....	27,619	-	-	-
New Mexico.....	90,879	61,922	-	-
New York.....	14,362	-	-	-
North Carolina.....	160,344	161,696	-	-
North Dakota.....	426,538	324,036	-	-
Ohio.....	25,820	76,202	-	-
Oklahoma.....	35,993	164,935	-	-
Pennsylvania.....	40,000	34,300	-	-
South Carolina.....	44,347	36,779	-	-
South Dakota.....	161,454	104,451	-	-
Tennessee.....	6,912	20,000	-	-
Texas.....	276,669	509,540	-	-
Virginia.....	86,567	28,100	-	-
Washington.....	153,909	9,293	-	-
Wisconsin.....	275,650	136,862	-	-
Wyoming.....	4,887	52,307	-	-
Virgin Islands.....	-	13,000	-	-
Undistributed.....	-	-	\$4,400,000 a/	\$5,000,000 a/
Obligations.....	4,317,791	4,410,308	4,400,000	5,000,000
Lapsing Balances.....	2,182,209	2,089,692	600,000	-
Total, Available.....	6,500,000	6,500,000	5,000,000	5,000,000

a/ Totals cannot be distributed at this time.

RURAL UTILITIES SERVICE
Rural Electric Underwriter Loans for Notes and Bonds
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2012	2013	2014	2015
	Actual	Actual	Estimate	Estimate
	Amount	Amount	Amount	Amount
Virginia.....	\$424,286	\$500,000	\$500,000	-
Obligations.....	424,286	500,000	500,000	-
Total, Available.....	424,286	500,000	500,000	-

Rural Telecommunication Direct 5 Percent Loans
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2012	2013	2014	2015
	Actual	Actual	Estimate	Estimate
	Amount	Amount	Amount	Amount
Undistributed.....	-	-	\$20,000 a/	-
Obligations.....	-	-	20,000	-
Lapsing Balances.....	\$145,000	-	-	-
Total, Available.....	145,000	-	-	-

Rural Telecommunications Direct Treasury Rate Loans
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2012	2013	2014	2015
	Actual	Actual	Estimate	Estimate
	Amount	Amount	Amount	Amount
Arkansas.....	-	\$11,631	-	-
California.....	\$16,617	-	-	-
Iowa.....	-	7,648	-	-
Kansas.....	-	-	-	-
Kentucky.....	-	24,020	-	-
Montana.....	-	20,839	-	-
Nebraska.....	-	5,265	-	-
North Dakota.....	-	16,283	-	-
Oregon.....	-	7,330	-	-
South Carolina.....	-	43,095	-	-
South Dakota.....	-	24,909	-	-
Texas.....	2,308	6,575	-	-
Undistributed.....	-	-	\$270,000 a/	\$345,000 a/
Obligations.....	18,925	196,159	270,000	345,000
Lapsing Balances.....	231,075	493,841	-	-
Total, Available.....	250,000	690,000	270,000	345,000

Rural Telecommunication Federal Financing Bank Loans
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2012	2013	2014	2015
	Actual	Actual	Estimate	Estimate
	Amount	Amount	Amount	Amount
Kansas.....	\$28,661	-	-	-
North Dakota.....	9,870	-	-	-
Oregon.....	2,865	-	-	-
South Dakota.....	19,162	-	-	-
Texas.....	282	-	-	-
Undistributed.....	-	-	\$400,000 a/	\$345,000 a/
Obligations.....	60,840	-	400,000	345,000
Lapsing Balances.....	234,160	-	-	-
Total, Available.....	295,000	-	400,000	345,000

a/ Totals cannot be distributed at this time.

RURAL UTILITIES SERVICE

RURAL ELECTRIFICATION AND TELECOMMUNICATION PROGRAM ACCOUNT

Classification by Objects

(Dollars in thousands)

	2012	2013	2014	2015
	<u>Actual</u>	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
25.0 Administrative Expenses.....	\$36,382	\$33,482	\$34,478	\$33,000
99.9 Total, new obligations.....	<u>36,382</u>	<u>33,482</u>	<u>34,478</u>	<u>33,000</u>

RURAL UTILITIES SERVICE

The estimates include appropriation language for this item as follows (new language is underscored; deleted matter enclosed in brackets):

Distance Learning, Telemedicine and Broadband Program:

For the principal amount of broadband telecommunication loans, [~~\$34,483,000~~]\$44,238,000.

- 1 For grants for telemedicine and distance learning services in rural areas, as authorized by 7 U.S.C. 950aaa et seq., [~~\$24,323,000~~]\$24,950,000, to remain available until expended[: *Provided*, That \$3,000,000 shall be made available for grants authorized by 379G of the Consolidated Farm and Rural Development Act: *Provided further*, That funding provided under this heading for grants under 379G of the Consolidated Farm and Rural Development Act may only be provided to entities that meet all of the eligibility criteria for a consortium as established by this section: *Provided further*, That \$2,000,000 shall be made available to those noncommercial educational television broadcast stations that serve rural areas and are qualified for Community Service Grants by the Corporation for Public Broadcasting under section 396(k) of the Communications Act of 1934, including associated translators and repeaters, regardless of the location of their main transmitter, studio-to-transmitter links, and equipment to allow local control over digital content and programming through the use of high-definition broadcast, multi-casting and datacasting technologies].

For the cost of broadband loans, as authorized by section 601 of the Rural Electrification Act, [~~\$4,500,000~~]\$8,268,000, to remain available until expended: *Provided*, That the cost of direct loans shall be as defined in section 502 of the Congressional Budget Act of 1974.

In addition, [~~\$10,372,000~~]\$20,372,000, to remain available until expended, for a grant program to finance broadband transmission in rural areas eligible for Distance Learning and Telemedicine Program benefits authorized by 7 U.S.C. 950aaa.

This change eliminates the language for Delta Healthcare Services grants and Public Broadcasting Systems grants as these programs will not be funded in 2015.

RURAL UTILITIES SERVICE

DISTANCE LEARNING, TELEMEDICINE AND BROADBAND PROGRAM ACCOUNT

Lead-Off Tabular Statement

	<u>Loan Level</u>	<u>Subsidy</u>	<u>Grants</u>
Budget Estimate, 2015.....	\$44,238,000	\$8,268,000	\$45,322,000
2014 Enacted.....	34,430,000	4,500,000	34,695,000
Change in Appropriation.....	<u>9,808,000</u>	<u>3,768,000</u>	<u>10,627,000</u>

Summary of Increases and Decreases

(Dollars in thousands)

<u>Program</u>	<u>2013</u> <u>Change</u>	<u>2013</u> <u>Change</u>	<u>2014</u> <u>Change</u>	<u>2015</u> <u>Change</u>	<u>2015</u> <u>Estimate</u>
Discretionary Appropriations:					
Distance learning and telemedicine (DLT) grants.....	\$15,000	+\$2,531	+\$1,792	+\$5,627	\$24,950
DLT health care services grants.....	3,000	-225	+225	-3,000	-
DLT public broadcasting systems grants.....	3,000	-225	-775	-2,000	-
Broadband direct treasury rate loans.....	6,000	-2,300	+800	+3,768	8,268
Broadband grants.....	10,372	-777	+777	+10,000	20,372
Total.....	<u>+37,372</u>	<u>-995</u>	<u>+2,818</u>	<u>+14,395</u>	<u>53,590</u>

RURAL UTILITIES SERVICE

DISTANCE LEARNING, TELEMEDICINE AND BROADBAND PROGRAM ACCOUNT

Project Statement
Adjusted Appropriations Detail and Staff Years (SYs)
(Dollars in thousands)

Program	2012 Actual			2013 Actual			2014 Estimate			Inc. or Dec.			2015 Estimate		
	Program Level	Budget Authority	SYs												
Discretionary Appropriations:															
Distance learning and telemedicine (DLT) grants.....	\$15,000	\$15,000	15	\$17,531	\$17,531	15	\$19,323	\$19,323	14	+\$5,627 (1)	+\$5,627	+2	\$24,950	\$24,950	16
DLT health care services grants.....	3,000	3,000	-	2,775	2,775	-	3,000	3,000	-	-3,000 (2)	-3,000	-	-	-	-
DLT public broadcasting systems grants.....	3,000	3,000	-	2,775	2,775	-	2,000	2,000	-	-2,000 (3)	-2,000	-	-	-	-
Broadband direct treasury rate loans.....	169,014	6,000	-	39,075	3,700	41	34,430	4,500	40	+9,808 (4)	+3,768 (6)	+4	44,238	8,268	44
Broadband grants.....	10,372	10,372	-	9,595	9,595	19	10,372	10,372	18	+10,000 (5)	+10,000	+2	20,372	20,372	20
Subtotal.....	200,386	37,372	76	71,752	36,377	75	69,125	39,195	72	+20,435	+14,395	+8	89,560	53,590	80
Total Adjusted Approp.....	200,386	37,372	76	71,752	36,377	75	69,125	39,195	72	+20,435	+14,395	+8	89,560	53,590	80
Rescissions, Transfers, and Seq. (Net)..... <u>a/</u>	-	-	-	5,809	2,945	-	-	-	-	-	-	-	-	-	-
Sequestration..... <u>b/</u>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Appropriation.....	200,386	37,372	76	77,561	39,322	75	69,125	39,195	72	20,435	14,395	+8	89,560	53,590	80
Rescission..... <u>a/</u>	-	-	-	-2,100	-1,065	-	-	-	-	-	-	-	-	-	-
Sequestration..... <u>b/</u>	-	-	-	-3,708	-1,880	-	-	-	-	-	-	-	-	-	-
Bal. Available, SOY.....	571,685	25,057	-	276,678	45,325	-	47,683	38,696	-	-6,109	+1,919	-	41,573	40,615	-
Recoveries, Other (Net).....	24,041	9,716	-	6,895	6,895	-	9,328	8,680	-	-9,328	-8,680	-	-	-	-
Total Available.....	796,112	72,145	76	355,325	88,597	75	126,136	86,570	72	4,997	7,635	+8	131,133	94,205	80
Unobligated balances rescinded..... <u>c/</u>	-	-	-	-191,426	-18,128	-	-	-	-	-	-	-	-	-	-
Bal. Available, EOY.....	-702,841	-45,325	-	-51,613	-38,696	-	-42,080	-40,615	-	+41,323	+40,470	-	-757	-145	-
Total Obligations.....	93,271	26,820	76	112,286	31,773	75	84,056	45,955	72	46,320	48,105	8	130,376	94,060	80

a/ The amounts are rescinded pursuant to the Consolidated and Further Continuing Appropriations Act, 2013, Public Law 113-6, signed March 26, 2013, including 2.513 percent rescission in accordance with section 3001(b)(1)(A) and .2 percent rescission in accordance with section 3004(c)(1).

b/ The amounts are reduced pursuant to the sequestration order signed by the President on March 1, 2013, in accordance with section 251A of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

c/ The amounts are rescinded pursuant to General Provision 737 of the Consolidated and Further Continuing Appropriations Act, 2013, Public Law 113-6, signed March 26, 2013.

RURAL UTILITIES SERVICE

DISTANCE LEARNING, TELEMEDICINE AND BROADBAND PROGRAM ACCOUNT

Project Statement
Obligations Detail and Staff Years (SYs)
(Dollars in thousands)

Program	2012 Actual			2013 Actual			2014 Estimate			Inc. or Dec.			2015 Estimate		
	Program Level	Budget Authority	SYs												
Discretionary Obligations:															
Distance learning and telemedicine (DLT) grants.....	\$15,620	\$15,620	15	\$92	\$92	15	\$23,378	\$23,378	14	+\$32,055	+\$32,055	2	\$55,433	\$55,433	16
DLT health care services grants.....	-	-	-	3,000	3,000	-	2,775	2,775	-	+225	+225	-	3,000	3,000	-
DLT public broadcasting systems grants.....	3,264	3,264	-	-	-	-	3,546	3,546	-	-1,867	-1,867	-	1,679	1,679	-
Broadband direct treasury rate loans.....	68,898	2,446	-	88,935	8,422	41	43,829	5,728	40	+834	+2,619	4	44,663	8,348	44
Broadband grants.....	5,489	5,489	-	20,259	20,259	19	10,532	10,532	18	+15,068	+15,068	2	25,601	25,601	20
Subtotal.....	93,271	26,820	76	112,286	31,773	75	84,060	45,960	72	+46,315	+48,100	+8	130,376	94,060	80
Total Obligations.....	93,271	26,820	76	112,286	31,773	75	84,060	45,960	72	46,315	48,100	8	130,376	94,060	80
Unobligated balances rescinded..... b/	-	-	-	191,426	18,128	-	-	-	-	-	-	-	-	-	-
Bal. Available, EOY.....	702,841	45,325	-	51,613	38,696	-	42,080	40,615	-	-41,323	-40,470	-	757	145	-
Total Available.....	796,112	72,145	76	355,325	88,597	72	126,141	86,575	72	+4,992	+7,630	8	131,133	94,205	80
Rescission..... a/	-	-	-	2,100	1,065	-	-	-	-	-	-	-	-	-	-
Sequestration.....	-	-	-	3,708	1,880	-	-	-	-	-	-	-	-	-	-
Bal. Available, SOY.....	-571,685	-25,057	-	-276,678	-45,325	-	-47,683	-38,696	-	+6,109	-1,919	-	-41,573	-40,615	-
Other Adjustments (Net).....	-24,041	-9,716	-	-6,895	-6,895	-	-9,328	-8,680	-	+9,328	+8,680	-	-	-	-
Total Appropriation.....	200,386	37,372	76	77,561	39,322	75	69,130	39,200	72	20,430	14,390	8	89,560	53,590	80

a/ The amounts are rescinded pursuant to the Consolidated and Further Continuing Appropriations Act, 2013, Public Law 113-6, signed March 26, 2013, including 2.513 percent rescission in accordance with section 3001(b)(1)(A) and .2 percent rescission in accordance with section 3004(c)(1).

b/ The amounts are reduced pursuant to the sequestration order signed by the President on March 1, 2013, in accordance with section 251A of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

c/ The amounts are rescinded pursuant to General Provision 737 of the Consolidated and Further Continuing Appropriations Act, 2013, Public Law 113-6, signed March 26, 2013.

Justification of Increases and Decreases

- (1) An increase of \$5,627,000 for distance learning and telemedicine grants (\$19,323,000 available in 2014).

Base funds for distance learning and telemedicine grants will continue to support the educational and health care needs of rural America by funding advanced telecommunications technologies to provide enhanced learning and health care opportunities for rural residents.

Continuation of the program is critical because:

- Telemedicine and distance learning are critical services in rural America, where education performance lags and many residents live in medically underserved counties.

Base funding supports the USDA Strategic Goal of assisting rural communities to create prosperity so that they are self sustaining, repopulating and economically thriving and also supports the agency's Strategic Goal of improving the quality of life in rural America by enhancing the ability of rural businesses to succeed by providing access to modern telecommunications. The 2014 funding will be used to support approximately 50 grants. By the end of 2014, RUS projects that 569 rural educational or healthcare facilities in 380 rural counties will receive access to distance learning or telemedicine services

The funding change requested in 2015 will be used to support 20 additional grants that will provide funding for critical telemedicine and distance learning services.

- (2) A decrease of \$3,000,000 for Delta healthcare grants (\$3,000,000 available in 2014).

This program provides grant funds for developing health care services, health care cooperatives, health education programs, and public health-related facilities in the Delta Region. This program supports the agency's Strategic Goal of improving the quality of life in rural America by enhancing the ability of rural businesses to succeed by providing access to enhanced healthcare. These grants are targeted to a consortia of regional institutions of higher education, academic health and research institutes, and economic development entities in the region that have experience in addressing the health care issues. The 2015 Budget is not requesting funding for this program as these grants will be funded with other grant programs. This program is duplicative of the Department of Health and Human Services.

- (3) A decrease of \$2,000,000 for public broadcasting system grants (\$2,000,000 available in 2014).

Funding for this program is not requested in 2015 because the Federal Communications Commission adopted a final deadline for analog-to-digital conversion of all translators by September 1, 2015. Grants that are made in FY 2015 will not help in meeting the FCC's deadline.

- (4) An increase of \$9,808,000 for direct broadband telecommunications treasury rate loans program level (\$34,429,000 available in 2014).

At the end of 2014, RUS expects to fund approximately 2 broadband treasury rate loans at this program level. These funds will facilitate providing new or improved broadband service to 30,000 rural households, businesses and critical community facilities. Base funds for broadband telecommunications treasury rate loans will continue to fund on a technology neutral basis (meaning any technology that meets the performance requirements can be funded and no technology is given preference over another), for the costs of construction, improvement, and acquisition of facilities and equipment to provide broadband service to eligible rural

communities. These loans are available to cooperative, nonprofit, limited dividend or mutual associations, limited liability companies, Indian tribes and tribal organizations, and commercial organizations. Continuing the base funding is crucial to ensure the continued success of the program.

Continuation of the program is critical because:

- Projects provide residents of rural America with access to high-speed internet services; and
- Internet service is essential for the economic and social development of rural communities.

Funding for this program in 2015 will support the USDA Strategic Goal of assisting rural communities to create prosperity so that they are self sustaining, repopulating and economically thriving and also supports the agency's Strategic Goal of improving the quality of life in rural America by enhancing the ability of rural businesses to succeed by providing access to modern telecommunications.

(5) An increase of \$10,000,000 for broadband telecommunications grants (\$10,372,000 available in 2014).

Strong demand continues for broadband grants. Base funds for broadband telecommunications grants will continue to support rural communities where broadband service is least likely to be available, but where it can make a tremendous difference in the quality of life for citizens.

Continuation of the program is critical because:

- Projects funded by these grants will be used in areas that are least likely to have access if grant funds are not available; and
- Targeting unserved communities that lack traditional investment opportunities with grant funds is the only way to ensure these economically challenged rural communities are served.

Base funding supports the USDA Strategic Goal of assisting rural communities to create prosperity so that they are self sustaining, repopulating and economically thriving and also supports the agency's Strategic Goal of improving the quality of life in rural America by enhancing the ability of rural businesses to succeed by providing access to modern telecommunications. The increase is needed because 25 percent of rural households still lack access to broadband.

In FY 2013, RUS awarded 14 grants. By the end of 2014, RUS expects to award approximately 15 broadband grants providing broadband access to unserved rural communities. The 2015 program level will provide funding for approximately 20 grants.

(6) An increase of \$3,768,000 for broadband telecommunications treasury rate loan subsidy (\$4,500,000 available in 2014).

The subsidy amount is necessary to support the estimated loan obligations associated with the requested 2014 loan levels for the broadband telecommunications treasury rate loan program. RUS does not anticipate any carryover funds from 2014 to 2015.

RURAL UTILITIES SERVICE
Distance Learning and Telemedicine Grants
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2012	2013	2014	2015
	Actual	Actual	Estimate	Estimate
	Amount	Amount	Amount	Amount
Alabama.....	\$406	-	-	-
Alaska.....	423	-	-	-
Arizona.....	988	-	-	-
Arkansas.....	960	-	-	-
California.....	201	-	-	-
Colorado.....	558	-	-	-
Georgia.....	168	-	-	-
Indiana.....	362	-	-	-
Kansas.....	609	-	-	-
Kentucky.....	363	-	-	-
Maine.....	810	-	-	-
Michigan.....	791	-	-	-
Minnesota.....	354	-	-	-
Mississippi.....	184	-	-	-
Missouri.....	691	-	-	-
Montana.....	295	-	-	-
Nebraska.....	969	-	-	-
New York.....	888	-	-	-
North Carolina.....	520	-	-	-
North Dakota.....	387	-	-	-
Ohio.....	322	-	-	-
Oklahoma.....	322	-	-	-
Oregon.....	545	-	-	-
Pennsylvania.....	259	-	-	-
South Carolina.....	495	-	-	-
South Dakota.....	850	-	-	-
Texas.....	323	-	-	-
Utah.....	388	-	-	-
Virginia.....	355	-	-	-
West Virginia.....	298	-	-	-
Wisconsin.....	539	\$92	-	-
Undistributed.....	-	-	\$23,378 a/	\$55,433 a/
Obligations.....	15,620	92	23,378	55,433

Delta Healthcare Services
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2012	2013	2014	2015
	Actual	Actual	Estimate	Estimate
	Amount	Amount	Amount	Amount
Alabama.....	-	\$900	-	-
Louisiana.....	-	352	-	-
Mississippi.....	-	1,562	-	-
Missouri.....	-	186	-	-
Undistributed.....	-	-	\$2,775 a/	\$3,000 a/
Obligations.....	-	3,000	2,775	3,000

Public Broadcasting Systems Grants
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2012	2013	2014	2015
	Actual	Actual	Estimate	Estimate
	Amount	Amount	Amount	Amount
Alaska.....	\$483	-	-	-
California.....	230	-	-	-
Idaho.....	48	-	-	-
Indiana.....	355	-	-	-
Kentucky.....	690	-	-	-
Maine.....	750	-	-	-
Minnesota.....	224	-	-	-
Missouri.....	269	-	-	-
Puerto Rico.....	211	-	-	-
Other Countries.....	4	-	-	-
Undistributed.....	-	-	\$3,546 a/	\$1,679 a/
Obligations.....	3,264	-	3,546	1,679

a/ Total cannot be distributed at this time.

RURAL UTILITIES SERVICE
Direct Broadband Treasury Rate Loans
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2012	2013	2014	2015
	<u>Actual</u>	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
	Amount	Amount	Amount	Amount
North Dakota.....	\$68,898	-	-	-
Oklahoma.....	-	\$88,935	-	-
Undistributed.....	-	-	\$43,829 a/	\$44,663 a/
Obligations.....	<u>68,898</u>	<u>88,935</u>	<u>43,829</u>	<u>44,663</u>

Broadband Grants
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2012	2013	2014	2015
	<u>Actual</u>	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
	Amount	Amount	Amount	Amount
Alaska.....	\$554	\$2,941	-	-
Illinois.....	-	1,185	-	-
Indiana.....	782	-	-	-
Kentucky.....	1,060	-	-	-
Nevada.....	-	442	-	-
North Dakota.....	-	6,000	-	-
Oklahoma.....	-	6,074	-	-
Pennsylvania.....	289	-	-	-
South Carolina.....	-	1,010	-	-
Virginia.....	1,500	2,607	-	-
Washington.....	1,304	-	-	-
Undistributed.....	-	-	\$10,532 a/	\$25,601 a/
Obligations.....	<u>5,489</u>	<u>20,259</u>	<u>10,532</u>	<u>25,601</u>

a/ Total cannot be distributed at this time.

Classification by Objects
(Dollars in thousands)

	2012	2013	2014	2015
	<u>Actual</u>	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
41.0 Grants, subsidies, and contributions....	\$26,820	\$31,773	\$45,960	\$94,060
99.9 Total, new obligations.....	<u>26,820</u>	<u>31,773</u>	<u>45,960</u>	<u>94,060</u>

RURAL UTILITIES SERVICE

HIGH ENERGY COST GRANTS

Summary of Increases and Decreases

(Dollars in thousands)

Program	2012 Actual	2013 Change	2014 Change	2015 Change	2015 Estimate
Discretionary Appropriations:					
High energy cost grants.....	\$9,500	-\$249	+\$749	-\$10,000	-
Total.....	9,500	-249	+749	-10,000	-

RURAL UTILITIES SERVICE

HIGH ENERGY COST GRANTS

Project Statement
Adjusted Appropriations Detail
(Dollars in thousands)

Program	2012 Actual Amount	2013 Actual Amount	2014 Estimate Amount	Inc. or Dec. Amount	2015 Estimate Amount
Discretionary Appropriations:					
High Energy Cost grants..... <u>a/</u>	-	-	-	-	-
Subtotal.....	-	-	-	-	-
Total Adjusted Approp.....	-	-	-	-	-
Rescissions, Transfers, and Seq. (Net).....	-\$9,500	-\$9,251	-\$10,000	+\$10,000	-
Total Appropriation.....	-9,500	-9,251	-10,000	+10,000	-
Transfers In:					
Rural Water and Waste Disposal Program.....	9,500	9,729	10,000	-10,000 (1)	-
Total.....	9,500	9,729	10,000	-10,000	-
Sequestration..... <u>b/</u>	-	-478	-	-	-
Bal. Available, SOY.....	21,705	19,391	\$16,497	+131	\$16,628
Recovery of prior year obligations.....	30	4,188	4,722	-4,722	-
Total Available.....	31,235	32,830	31,219	-14,591	16,628
Bal. Available, EOY.....	-19,391	-16,497	-16,628	+16,628	-
Total Obligations.....	11,845	16,333	14,591	+2,036	16,628

a/ In 2012, 2013, and 2014, \$9,500,000, \$9,729,203 and \$10,000,000, respectively, was provided for this program in the Rural Water and Disposal Program account and transferred to this account. In 2015 no funds are proposed for this program.

b/ The amounts are reduced pursuant to the sequestration order signed by the President on March 1, 2013, in accordance with section 251A of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

RURAL UTILITIES SERVICE

HIGH ENERGY COST GRANTS

Project Statement
Obligations Detail and Staff Years
(Dollars in thousands)

Program	2012 Actual Amount	2013 Actual Amount	2014 Estimate Amount	Inc. or Dec. Amount	2015 Estimate Amount
Discretionary Obligations:					
High Energy Cost grants..... <u>a/</u>	\$11,845	\$16,333	\$14,591	+\$2,036	\$16,628
Subtotal.....	11,845	16,333	14,591	+2,036	16,628
Total Obligations.....	11,845	16,333	14,591	+2,036	16,628
Recovery of prior year obligations.....	-30	-4,188	-4,722	+4,722	-
Bal. Available, EOY.....	19,391	16,497	16,628	-16,628	-
Total Available.....	31,205	28,642	26,497	-9,869	16,628
Transfers In.....	-9,500	-9,729	-10,000	+10,000	-
Sequestration..... <u>b/</u>	-	478	-	-	-
Bal. Available, SOY.....	-21,705	-19,391	-16,497	-131	-16,628
Total Appropriation.....	-	-	-	-	-

a/ In 2012, 2013, and 2014, \$9,500,000, \$9,729,203 and \$10,000,000, respectively, was provided for this program in the Rural Water and Waste Disposal Program account and transferred to this account. In FY 2015 no funds are proposed for this program.

b/ The amounts are reduced pursuant to the sequestration order signed by the President on March 1, 2013, in accordance with section 251A of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

Justification of Increases and Decreases

- (1) A decrease of \$10,000,000 in high energy cost grants (\$10,000,000 available in 2014).

Base funds for the high energy cost grant program provide financial assistance for energy generation, transmission, and distribution facilities including energy efficiency improvements and renewable energy systems for rural communities with extremely high energy costs. Eligible communities have average home energy costs that are over 275 percent of the national average. In 2013, the program approved grants totaling over \$16.3 million. In 2014 the program will continue to use funding of \$10,000,000 and \$16.5 million in carryover of prior year funds to complete awards of previously selected projects now undergoing required environmental reviews and to made additional competitive grant awards.

No funding is being requested for this program for 2015 because it is duplicative of the rural electric program.

RURAL UTILITIES SERVICE
High Energy Cost Grants
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2012	2013	2014	2015
	<u>Actual</u>	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
	Amount	Amount	Amount	Amount
Alaska.....	\$1,444	\$6,175	-	-
Arizona.....	1,352	-	-	-
California.....	-	4,959	-	-
Hawaii.....	1,219	-	-	-
Maine.....	2,618	420	-	-
Nevada.....	-	2,382	-	-
New Mexico.....	2,895	-	-	-
Guam.....	-	2,396	-	-
Other Countries.....	2,317	-	-	-
Undistributed.....	-	-	\$14,591 a/	\$16,628 a/
Obligations.....	11,845	16,333	14,591	16,628
Bal. Available, SOY.....	-21,705	-19,391	-16,497	-16,628
Transfers In.....	-9,500	-9,729	-10,000	-
Bal. Available, EOY.....	19,391	16,497	16,628	-
Total, Available.....	-	-	-	-

a/ Total cannot be distributed at this time.

Classification by Objects
(Dollars in thousands)

		2012	2013	2014	2015
		<u>Actual</u>	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
Other Objects:					
41.0	Grants, subsidies, and contributions.....	\$11,845	\$16,333	\$14,591	\$16,628
	Total, Other Objects.....	11,845	16,333	14,591	16,628
99.9	Total, new obligations.....	11,845	16,333	14,591	16,628

RURAL UTILITIES SERVICE

STATUS OF PROGRAMS

Utility services are the foundation of rural infrastructure. Rural Utilities Service (RUS) provides financing for reliable and affordable water, waste treatment, electric power and telecommunications services that can help rural areas expand economic opportunities and improve the quality of life for rural residents.

Rural Electrification and Telecommunications Loans Programs:

Current Activities: The RUS provides electric and telecommunications financing through direct loans and loan guarantee programs. The rural electric direct loan and loan guarantee programs provide financing for electric generation, transmission, and distribution facilities. The telecommunications loan program provides direct loans for construction, expansion, and operation of telecommunications facilities.

Specific areas being addressed currently include:

1. Financing projects to improve electric service in rural areas. Providing reliable, affordable electricity is essential to the economic well-being and quality of life for all of the Nation's rural residents. The electric programs provide leadership and capital to upgrade, expand, maintain, and replace America's vast rural electric infrastructure.
2. Financing projects to improve telecommunications service in rural areas. The program priorities are 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. Program outreach efforts are focused on identifying rural areas that do not have access to these services, which are essential for economic development and improved health and education services.

Selected Examples of Recent Progress: Recent accomplishments under this appropriation item are cited below by program.

Electric Programs:

The electric programs make direct loans and loan guarantees to finance electric generation, transmission, and distribution facilities, including system improvements and replacements required for electric service in rural areas, and for demand side management, energy efficiency and conservation programs, and on-grid/off-grid renewable energy systems. Loans are made to corporations, States, territories, subdivisions and agencies such as municipalities, utility districts, cooperatives, tribal utilities, nonprofits, and limited-dividend or mutual associations that provide retail electric service needs to rural areas or power supply needs of distribution borrowers in rural areas. In 2013, the electric programs served over 660 active electric borrowers in 46 States, the Virgin Islands, American Samoa, and the Republic of the Marshall Islands.

In 2013, the electric programs provided total financing of over \$4.91 billion for rural infrastructure. RUS approved 135 direct loans and loan guarantees totaling \$4,410,308,000. The distribution of funding is as follows: 110 FFB loan guarantees to distribution borrowers totaling \$2,196,663,000 and 25 power supply (generation and transmission) FFB loan guarantees totaling \$2,213,645,000. In addition, USDA approved one non-profit lender bond and note guarantee of \$500 million for relending for eligible electric and telephone purposes. Rural electric infrastructure loans approved in 2013 provided almost \$1.867 billion for new or improved distribution system facilities, almost \$1.219 billion for transmission facilities, over \$1.178 billion for generation plant upgrades and additions, and almost \$137 million for headquarters facilities. Generation investments included \$73 million for a new 24 MW renewable (hydroelectric) generating plant in Texas and over \$271 million for environmental improvements to existing power plants. In 2013, electric program loans also financed over \$151 million in smart grid investments, bringing the total USDA investment in smart grid technology for rural communities to over \$548 million since 2010.

The over \$4.4 billion in electric loans provide new or improved electric service to over 8.68 million retail customers in rural America. This USDA investment advances the Administration's grid modernization commitment with funding for over 22,561 miles of new and/or improved transmission and distribution facilities.

In 2013 the electric programs continued the commitment to finance renewable energy projects in support of USDA goals by approving a loan of \$73 million to East Texas Electric Cooperative, Inc. (ETEC) of Nacogdoches, Texas for new renewable electric generating capacity and related transmission facilities to serve member distribution cooperative systems in east Texas and northwest Louisiana. The 24 MW ETEC Lake Livingston Hydroelectric Station will be constructed as a run of river¹ plant that qualifies under the Texas Renewable Energy Portfolio Standard.

Telecommunications Program:

The telecommunications program makes direct loans for construction, expansion, and operation of telecommunications lines and facilities or systems. Rural Development continues to fund the development of advanced telecommunications facilities in rural America. 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.

In 2013, the telecommunications program approved 13 infrastructure program loans for \$196.2 million. This funding allowed rural telecommunications providers to deploy new or improved service to 104,773 rural subscribers. In the last several years, the majority of the loans financed have been for Fiber-To-The-Home (FTTH) projects to provide fiber-optic service to rural homes and businesses. Keystone-Farmers Cooperative Telephone Company received a loan in the amount of \$7.6 million to provide a Fiber-to-the-Home (FTTH) broadband network in rural counties in Iowa. The funding provides voice, high speed data services and video to all subscribers in the company's very rural service area to stimulate economic development and create jobs. Keystone has been a RUS borrower since 1955.

Distance Learning, Telemedicine and Broadband Program:

Current Activities: The distance learning, telemedicine and broadband program provides loans and grants for the deployment of equipment utilized in providing distance learning and telemedicine services to rural schools, educational institutions and health care providers. This program also finances advanced telecommunications networks capable of delivering broadband service to rural residents and businesses.

Specific areas being addressed currently include:

1. Financing projects to provide rural access to adequate medical and educational services. The program focuses on serving medically underserved areas identified by the Department of Health and Human Services, and on encouraging growth in the number of rural schools which offer distance learning classes to rural residents.
2. Financing projects to provide rural access to high-speed internet services. Priority is given to providing financing for rural communities that do not have access to broadband services. These services are essential for the economic and social development of rural communities.

Selected Examples of Recent Progress: Recent accomplishments under this appropriation item are cited below by program:

Distance Learning and Telemedicine Program:

The distance learning and telemedicine program did not award any grants in 2013. Appropriations in 2013 were used to fund 49 awards on February 4, 2014.

¹ A run of river project diverts water from the river's flow through a penstock or canal leading to the generating turbines and then returns the water to the river downstream.

Broadband Program:

Broadband access is crucial to rural communities and the loan program provides funding for infrastructure in communities with populations of 20,000 or less. The program is still a major source of funding for rural broadband infrastructure. One loan was obligated in 2013, for \$88.9 million, to Northeast Rural Services, Inc. This funding will support the deployment of FTTH to provide new or improved service to 14,418 rural subscribers in Oklahoma.

Water and Environmental Programs:

The water and environmental programs (WEP) have a leading role in providing rural communities with modern, affordable water and waste disposal (WWD) services. The water program directs technical and financial program resources to rural communities with the greatest need. These communities may be poverty-stricken as a result of out-migration, natural disasters or economic stress. However, rural communities can sustain economic development and improve the quality of life for their residents with dependable water and waste services and infrastructure.

Specific areas being addressed currently include:

1. Building leveraging partnerships to expand resources going to rural areas,
2. Directing resources to the neediest projects and communities,
3. Working with local communities and other borrowers to ensure funds are invested wisely,
4. Focusing on maintaining sustainable water systems in rural communities,
5. Improving the loan to grant mix so that more loan dollars are used by systems that can afford maximum debt capacity, and
6. Limiting grant funds to the most financially needy systems.

Selected Examples of Recent Progress: Recent accomplishments under this appropriation item are cited below:

In 2013, Rural Development invested \$1.3 billion in direct and guaranteed loans and grants to help rural communities develop water and waste disposal facilities. Through investments in water and waste disposal infrastructure, Rural Development delivered new and improved services to 1,799,711 rural residents, exceeding the goal of 1,394,000 for 2013. Through investments in water and waste disposal infrastructure, Rural Development delivered new and improved services to 1,799,711 rural residents, which did not meet the target of 2,012,000 for 2013. Small financially needy communities received more funding as a result of increased focus on serving populations 2500 or less. Communities having populations from 2501 to 5000 decreased to 23 percent of total funding from 26 percent in 2010. Communities having populations greater than 5000 decreased to 22 percent of total funding from 27 percent in 2010. Examples of loans and grants approved include:

- \$1.2 billion in WWD direct loans and grants made to develop 611 projects, including \$198 million for 132 projects in persistent poverty counties in 27 States.
- \$62.89 million assisted 81 projects in disadvantaged communities:
 - \$27.50 million for Alaskan natives and villages
 - \$21.48 million for Colonias
 - \$11.09 million for Native Americans
 - \$485,775 for Predevelopment Planning Grants to assist in preparing applications for WEP funds
 - \$488,250 for 23 Special Evaluation Assistance for Rural Communities and Household program
 - \$917,221 for Individually-Owned Water Well Systems Grants
 - \$923,686 for Water and Wastewater Revolving Fund Grant
- \$5.8 million for 17 projects in communities qualifying for emergency assistance,
- \$34.5 million for 55 grants to technical assistance providers,

- \$18 million in guaranteed loans, and
- 18 projects administered for partner organizations.

The Rural Development national and State offices regularly monitor the national and individual State performance goals to evaluate program delivery and services to customers. In 2013, the water program met or exceeded goals for one of its three annual measures:

- Sustainable Systems - 93 percent of systems; the goal for FY 2013 was 92 percent.

The goal for the percentage of loans obligated was a range of 65 to 75 percent funds. The program achieved 72.5 percent loans and 27.5 percent grants. The program is designed to maximize and leverage the budget authority as it also balances the needs and affordability of the systems, and adjusts more grants to accommodate higher needs and affordability. The Rural Development national and State offices continue to coordinate their strategies to strengthen relationships with partner agencies and organizations.

RURAL UTILITIES PROGRAMS

Summary of Budget and Performance Statement of Department Goals and Objectives

Mission: USDA Rural Utilities Service (RUS) enhances the quality of life and improves economic opportunity in rural communities by providing the basic infrastructure of modern life. Electricity, telecommunications, and water and waste systems are essential services for individuals and businesses alike that assist communities with creating wealth, supporting self sustaining and repopulating communities, and thriving economically.

RUS has one strategic goal and two strategic objectives that contribute to one of the Secretary’s Strategic Goals and one Agency Priority Goal.

USDA Strategic Goal: USDA will assist rural communities to create prosperity so they are self sustaining, repopulating and economically thriving.

Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcome
<p>Improve the quality of life in Rural America</p>	<p><u>1:</u> Enhance the ability of rural businesses to succeed by providing access to modern telecommunications</p> <p><u>2:</u> Develop community infrastructure</p>	<p><u>Telecommunications Program</u> Direct Telecommunications Loans Treasury Telecommunications Loans FFB Telecommunications Loans Distance Learning and Telemedicine Grants Broadband Loans and Grants</p> <p><u>Electric Program</u> Direct (Hardship) Electric Loans Direct Electric Loans FFB Electric Loans Direct Electric Loans</p> <p><u>Water and Environmental Programs</u> Direct Water and Waste Disposal Loans Guaranteed Water and Waste Disposal Loans Water and Waste Disposal Grants Solid Waste Management Grants Emergency & Imminent Community Water Assistance Grants</p>	<p><u>1:</u> Provide access to modern telecommunications</p> <p><u>2:</u> Modernize and improve community infrastructure</p>

Key Outcome 1: Provide access to modern telecommunications

Key Performance Measures and Targets: To meet the annual target for the number of telecommunication programs' borrowers' subscribers receiving new or improved service.

Telecommunications Programs: In order to meet the goal of increasing economic opportunity in rural America, RUS annually finances new construction and upgrades to telecommunications infrastructure. Access to high-speed Internet services and other quality telecommunications services increases educational opportunities, improved availability of health care, job creation, retention and growth of businesses and other economic growth and is crucial to the development of regional economies. The telecommunications program has developed specific annual short-term performance measures which demonstrate progress towards the creation of strong rural broadband-based economies. The program tracks the number of borrowers' subscribers that have received new or improved service. The program improves processes and meets challenges by maintaining detailed records of annual lending activity and applying the information collected towards expansion of services.

The Distance Learning and Broadband Program: The distance learning and telemedicine program provides loans and grants for distance learning and telemedicine initiatives in rural areas. Utilizing advanced telecommunications services, these programs provide the Administration with a powerful tool in building strong rural economies and increasing educational and health care services in rural communities across the U.S. The distance learning and telemedicine program provides financing for videoconferencing and other telecommunications equipment to enable rural communities, schools and businesses, allowing them to provide distance education classes, remote job training, remote medical services, telemedicine, and other services that improve rural residents' access to educational and medical services. Matching funds from loan and grant participants provide leveraging of the Federal funding with private financial resources. The Broadband Loan Program provides funding for the cost of constructing, improving, and acquiring facilities and equipment for broadband service in rural communities of 20,000 inhabitants or less. Direct loans are made at the cost of money to the Treasury for the life of the facilities financed.

Measure	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Target	2015 Target
Number of borrowers/subscribers receiving new or improved telecommunication services.	187,399	136,694	180,597	63,899	119,191	130,000	145,000
Program Dollars (thousands)	\$761,979	\$768,895	\$810,602	\$106,585	\$308,445	\$759,125	\$779,560

Selected Past Accomplishments toward Achievement of the Key Outcome:

Since 2009, RUS has provided more than \$2.8 billion in financing for improving telecommunications in rural America. In 2013, the program approved 14 telecommunications loans and 14 grants for broadband infrastructure. All telecommunications facilities financed by RUS must be broadband capable. The development of the Internet-based economy provides unique opportunities for rural America. Broadband infrastructure greatly helps to mitigate the limitations on business development in rural areas caused by geographical distance and a limited customer base. RUS has provided capital to finance access to broadband service for rural communities. This access is critical to enable rural businesses to participate in the developing global economy.

Selected Accomplishments Expected at the FY 2015 Proposed Resource Level:

- 145,000 borrowers' subscribers will receive new or improved telecommunication services. 380 rural counties will receive access to distance learning or telemedicine services.

Key Outcome 2: Develop community infrastructure.

Key Performance Measures and Targets: To meet annual targets for 1) number of electric programs' borrowers'

consumers receiving new or upgraded electric service; and 2) number of water programs' borrowers' subscribers (or customers) receiving new or improved water and/or improved waste disposal service.

The electric program makes loans and loan guarantees to provide and improve electric service in rural areas by financing electric generation, transmission, and distribution facilities including generation renewable energy sources and the implementation of energy efficiency and conservation measures. The program's goal of improving the quality of life of rural residents is accomplished by promoting and providing access to capital and credit for the development and delivery of modern, affordable and reliable electric utility services. The program tracks the number of borrowers' consumers that receive new or improved electric services and estimates the number of jobs created or saved by electric and renewable energy related investments.

Measure	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Target	2015 Target
Number of borrowers' consumers receiving new or improved electric facilities.	9,759,417	9,420,832	7,073,428	8,256,476	8,683,672	4,625,000	4,625,000
Program Dollars (thousands)	\$6,598,477	\$6,600,000	\$4,272,857	\$4,317,791	\$4,410,308	\$5,000,000	\$5,000,000

Selected Past Accomplishments toward Achievement of the Key Outcome:

Since 2009, the electric loan programs have provided almost \$26.2 billion in financing for rural electric systems. In 2013, the program approved 135 loans totaling over \$4.4 billion. The funds were used by rural utilities to construct new or improved electric distribution, transmission and generation facilities to provide electric service in rural areas benefitting over 8.7 million consumers and supporting economic development and modernizing community infrastructure. The investment of the electric loan funds creates and maintains jobs in rural communities. In addition, USDA approved a bond and note guarantee of \$500 million for a non-profit lender relending for eligible electric and telephone purposes. Interest in financing cleaner electricity, renewable energy and energy efficiency programs through the electric programs remains strong. Within the \$4.4 billion in obligation, in 2013, the program approved a \$73 million loan guarantee for a new renewable hydroelectric generation project in Texas. Generation investments also provided over \$271 million for environmental improvements to existing plants. The electric programs have adopted a progressive management approach by enhancing use of automated systems to support loan and grant management and innovating new products and procedures to support renewable energy initiatives. The program continues its commitment to maintaining a workplace that values employees and provides high-quality service to its customers.

Selected Accomplishments Expected at the 2015 Proposed Resource Level:

- 4,625,000 rural electric customers receiving new or upgraded service.

The water and environmental program has been addressing several areas to target resources to rural areas:

- Building leveraging partnerships to expand resources going to rural areas. Working groups have included regional planning commissions, regional councils of developments, and other State agencies to explore funding opportunities for projects in rural communities and areas;
- Directing resources to the neediest projects and communities;
- Working with local communities and other borrowers to ensure funds are invested wisely;
- Focusing on maintaining sustainable water systems in rural communities;
- Improving the loan to grant mix so that more loan dollars are used by systems that can afford maximum debt capacity; and

- Limiting grant funds to the most financially needy systems.

Measure	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Target	2015 Target
Population receiving new or improved services from agency-funded water and wastewater facilities or projects.	1,929,571	3,354,890	2,913,885	2,455,997	1,799,711	2,300,000	2,200,000
Program Dollars (thousands)	\$886,872	\$1,671,053	\$1,548,466	\$1,429,686	\$1,331,167	\$1,752,016	\$1,504,000

Selected Past Accomplishments toward Achievement of the Key Outcome:

In 2013, Rural Development invested \$1.3 billion in direct and guaranteed loans and grants to help rural communities develop water and waste disposal facilities. Through investments in water and waste disposal infrastructure, Rural Development delivered new and improved services to 1,799,711 rural residents, exceeding the goal of 1,394,000 for 2013. Examples of loans and grants approved include:

- \$1.2 billion in water and waste disposal direct loans and grants made to develop 611 projects, including \$198 million for 132 projects in persistent poverty counties in 27 states,
- \$63.4 million assisted 81 projects in disadvantaged communities:
 - \$28 million for Alaskan natives and villages
 - \$21.48 million for Colonias
 - \$11.09 million for Native Americans
 - \$485,775 for Predevelopment Planning Grants to assist in preparing applications for WEP funds
 - \$488,250 for 23 Special Evaluation Assistance for Rural Communities and Household program
 - \$917,221 for Individually-Owned Water Well Systems Grants
 - \$923,686 for Water and Wastewater Revolving Fund Grant
- \$5.8 million for 17 projects in communities qualifying for emergency assistance,
- \$34.5 million for 55 grants to technical assistance providers,
- \$18 million in guaranteed loans,
- 85,038 technical assistance calls completed by Drinking Water and Wastewater Circuit Riders, and
- 18 projects administered for partner organizations.

Funds under the Agricultural Act of 2014, or the 2014 Farm Bill, provide \$150 million in Budget Authority to support grants that are pending as of the date the law was enacted. Farm Bill funding will be used to address the backlog of applications and will supplement loan funds in assisting rural communities maintain reasonable user rates or reduce user rates and costs to reasonable levels.

The Rural Development national and State offices regularly monitor the national and individual State performance goals to evaluate program delivery and services to customers. In 2013, the water program met or exceeded goals for two of its three annual measures:

1. Population served receiving new or improved water or waste disposal service—1,799,711.
2. Sustainable Systems—93 percent of systems.

The goal for the percentage of loans obligated was a range of 65 to 75 percent funds. The program achieved 72.5 percent loans and 27.5 percent grants. The program is designed to maximize and leverage the budget authority as it also balances the needs and affordability of the systems, and adjusts more grants to accommodate higher needs and affordability. The Rural Development national and State offices continue to coordinate their strategies to strengthen relationships with partner agencies and organizations.

As a result of Rural Development's investment in water and waste facilities, communities are able to save or create jobs; leverage funds with the private sector, local agencies, and State agencies; attract Federal funds from other agencies; and enlarge the economic and property tax base. Through September 2013, USDA had leveraged \$554.92 million from other sources with over \$1.3 billion of water program loan and grant funds.

The debt service ratio (DSR) and current ratio (CR) are used to indicate the feasibility and sustainability of facilities. The sustainability criteria are based on industry standards of a DSR of 1.10 percent or more and a CR of 1.50 percent or more. Of systems reporting, 93 percent were classified as sustainable.

Selected Accomplishments Expected at the 2015 Proposed Resource Level:

- Provide new or improved water and/or waste disposal service to 2.2 million rural residents with \$1.5 billion of program funds, which includes carryover funds.
- Produce a loan to grant ratio of 70/30 so that more dollars are used by systems that can afford maximum debt capacity.
- Limit grant funds to the most financially needy systems.
- Increase leveraged funds to 30 percent of total project costs from non-agency sources for USDA funded projects.

RURAL UTILITIES SERVICE
Strategic Goal and Objectives Funding Matrix
(Dollars in thousands)

Program / Program Items	2012 Actual	2013 Enacted	2014 Budget	Increase or Decrease	2015 Request
USDA Strategic Goal: Assist rural communities to create prosperity so they are self-sustaining, repopulating, and economically thriving.					
Program Level.....	\$6,356,704	\$6,566,253	\$8,161,141	-\$877,581	\$7,283,560
Staff Years.....	771	765	743	+80	823
Total Costs, Strategic Goal.....	6,356,704	6,566,253	8,161,141	-877,581	7,283,560
Total Staff Years, Strategic Goal.....	771	765	743	80	823

RURAL UTILITIES SERVICE
Full Cost by Department Strategic Goal
(Dollars in thousands)

Department Strategic Goal: Assist rural communities to create prosperity so they are self-sustaining, repopulating, and economically thriving

	2012	2013	2014	2015
Rural Utilities Service Programs	Actual	Actual	Estimate	Estimate
<u>Rural Water and Waste Disposal Programs</u>				
Program Level.....	\$1,429,686			
Budget Authority.....	567,801			
Administrative costs (direct).....	40,183	-	-	-
Indirect costs.....	18,910	-	-	-
Total Costs.....	626,894	-	-	-
FTEs.....	469	-	-	-
Performance Measure:				
Population receiving new or improved services from agency-funded water and wastewater facilities or projects	2,455,997			
Cost per measure (unit cost).....	0.26			
<u>Direct Water and Waste Disposal Loans</u>				
Program Level.....	-	876,812	1,240,000	1,200,000
Budget Authority.....	-	70,759	-	-
Administrative costs (direct).....	-	33,323	33,810	35,710
Indirect costs.....	-	15,682	15,911	16,805
Total Costs.....	-	996,576	1,289,721	1,252,515
FTEs.....	-	372	362	401
Performance Measure:				
Population receiving new or improved services from agency-funded water and wastewater facilities or projects	-	1,220,393	1,576,460	1,525,606
Cost per measure (unit cost).....	-	0.82	0.82	0.82
<u>Guaranteed Water and Waste Disposal Loans</u>				
Program Level.....	-	18,010	50,000	-
Budget Authority.....	-	191	355	-
Total Costs.....	-	18,201	50,355	-
Performance Measure:				
Population receiving new or improved services from agency-funded water and wastewater facilities or projects	-	24,996	43,000	-
Cost per measure (unit cost).....	-	0.73	1.17	-

Department Strategic Goal: Assist rural communities to create prosperity so they are self-sustaining, repopulating, and economically thriving

	2012	2013	2014	2015
Rural Utilities Service Programs	Actual	Actual	Estimate	Estimate
<u>Water and Waste Disposal Grants</u>				
Program Level.....	-	436,345	602,016	304,000
Budget Authority.....	-	436,345	602,016	304,000
Administrative costs (direct).....	-	8,439	8,562	9,043
Indirect costs.....	-	3,971	4,029	4,256
Total Costs.....	-	885,099	1,216,623	621,299
FTEs.....	-	94	91	101
Performance Measure:				
Population receiving new or improved services from agency-funded water and wastewater facilities or projects	-	554,322	680,540	674,394
Cost per measure (unit cost).....	-	1.60	1.79	0.92
<u>Electric Loans</u>				
Program Level.....	4,742,077	4,910,308	5,500,000	5,000,000
Administrative costs (direct).....	13,463	13,923	14,127	14,920
Indirect costs.....	6,335	6,552	6,648	7,021
Total Costs.....	19,798	4,930,783	5,520,775	5,021,941
FTEs.....	157	155	151	167
Performance Measure:				
Number of borrowers' consumers receiving new or improved electric facilities	8,256,476	-	-	-
Cost per measure (unit cost).....	0.00	-	-	-
<u>Direct, Treasury and FFB Telecommunications Loans</u>				
Program Level.....	79,825	196,159	690,000	690,000
Administrative costs (direct).....	5,885	6,170	6,260	6,612
Indirect costs.....	2,769	2,903	2,946	3,111
Total Costs.....	8,654	205,232	699,206	699,723
FTEs.....	69	69	67	74
Performance Measure:				
Number of borrowers/subscribers receiving new or improved telecommunication services	44,055	104,773	100,000	100,000
Cost per measure (unit cost).....	0.20	-	-	-
<u>Treasury Distance Learning Loans, and Distance Learning and Telemedicine Grants</u>				
Program Level.....	15,620	92	19,323	24,950
Budget Authority.....	15,620	92	19,323	24,950
Administrative costs (direct).....	1,307	1,323	1,342	1,418
Indirect costs.....	616	623	632	667
Total Costs.....	17,543	2,130	40,620	51,985
FTEs.....	15	15	14	16
Performance Measure:				
Counties Served.....	407	-	380	380
Cost per measure (unit cost).....	43.10	-	-	-

Department Strategic Goal: Assist rural communities to create prosperity so they are self-sustaining, repopulating, and economically thriving

	2012	2013	2014	2015
Rural Utilities Service Programs	Actual	Actual	Estimate	Estimate
<u>Health Care Services Grants</u>				
Program Level.....	-	3,000	3,000	-
Budget Authority.....	-	3,000	3,000	-
Total Costs.....	-	6,000	6,000	-
<u>Broadband Loans and Grants</u>				
Program Level.....	77,651	-	-	-
Budget Authority.....	11,199	-	-	-
Administrative costs (direct).....	5,159	-	-	-
Indirect costs.....	2,428	-	-	-
Total Costs.....	18,786	-	-	-
FTEs.....	61	-	-	-
Performance Measure:				
Number of borrowers/subscribers receiving new or improved telecommunication services	19,844	-	-	-
Cost per measure (unit cost).....	0.95	-	-	-
<u>Broadband Loans</u>				
Program Level.....	-	88,935	34,430	44,238
Budget Authority.....	-	8,422	4,500	8,268
Administrative costs (direct).....	-	3,688	3,742	3,952
Indirect costs.....	-	1,736	1,761	1,860
Total Costs.....	-	102,781	44,433	58,318
FTEs.....	-	41	40	44
Performance Measure:				
Number of borrowers/subscribers receiving new or improved telecommunication services	-	14,418	30,000	45,000
Cost per measure (unit cost).....	-	7.13	1.48	1.30
<u>Broadband Grants</u>				
Program Level.....	-	20,259	12,372	20,372
Budget Authority.....	-	20,259	12,372	20,372
Administrative costs (direct).....	-	1,686	1,711	1,807
Indirect costs.....	-	794	805	850
Total Costs.....	-	42,999	27,260	43,401
FTEs.....	-	19	18	20
<u>High Energy Cost Grants</u>				
Program Level.....	11,845	16,333	10,000	-
Budget Authority.....	11,845	16,333	10,000	-
Total Costs.....	11,845	32,666	20,000	-
<u>Total, Rural Utilities Service Programs</u>				
Program Level.....	6,356,704	6,566,253	8,161,141	7,283,560
Budget Authority.....	606,465	555,401	651,566	357,590
Administrative costs (direct).....	65,997	68,552	69,554	73,462
Indirect costs.....	31,058	32,261	32,732	34,570
Total Costs, All Strategic Goals.....	703,520	656,214	753,852	465,622
Total FTEs, All Strategic Goals.....	771	765	743	823