

2022 USDA EXPLANATORY NOTES – RURAL UTILITIES SERVICE

Table of Contents

Purpose Statement.....	2
OIG and GAO Reports	6
Account 1: Rural Water and Waste Water Disposal Program	7
Appropriations Language.....	7
Lead-Off Tabular Statement	9
Project Statement	10
Proposed Legislation: American Jobs Plan Mandatory Proposal	16
Geographic Breakdown of Obligations.....	17
Classification by Objects	24
Account 2: Rural Electrification and Telecommunications Loans Program.....	25
Appropriations Language.....	25
Lead-Off Tabular Statement	27
Project Statement	28
Proposed Legislation: American Jobs Plan Mandatory Proposal	35
Geographic Breakdown of Obligations.....	36
Classification by Objects	39
Account 3: Distance Learning, Telemedicine and Broadband Program.....	40
Appropriations Language.....	40
Lead-Off Tabular Statement	42
Project Statement	43
Geographic Breakdown of Obligations.....	50
Classification by Objects	55
Account 4: High Energy Cost Grants	56
Lead-Off Tabular Statement	56
Project Statement	57
Geographic Breakdown of Obligations.....	59
Classification by Objects	59
Status of Programs	60
Summary of Performance And Evaluation	66
Alignment to Strategic Plan and Evaluation Efforts.....	66

PURPOSE STATEMENT

The USDA Rural Utilities Service (RUS) mission is to enhance the quality of life and improve economic opportunity in rural communities by providing financing for 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 helping to improve rural economies.

All the programs administered by the RUS support USDA Strategic Goal 4: Facilitate rural prosperity and economic development; Objective 4.1: Expand rural business opportunity and rural quality of life with access to capital; improve infrastructure; broadband access and connectivity; and support for workforce availability.

Electric Programs:

Direct Loans — Authorized by section 4 of the RE Act (7 U.S.C. 904) and bear interest at the government's cost of money (or the current Treasury rate). The program's purpose is 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 — Authorized by section 4 of the RE Act (7 U.S.C. 904) 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 have suffered a severe, unavoidable hardship, such as a natural disaster. No private financing is required. Hardship rate loans at a fixed rate of five percent are also offered under section 305 of the RE Act (7 U.S.C. 935).

Municipal Rate Direct Loans — Authorized by section 305 of the RE Act (7 U.S.C. 935) to finance the electric system improvements of eligible distribution borrowers. 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 of the total loan is required for most projects.

Guaranteed Loans — Authorized by section 306 of the RE Act (7 U.S.C. 936) to finance electric distribution, transmission and generation systems (including renewable energy), headquarters facilities, and programs for energy efficiency, conservation and demand side management. The Federal Financing Bank (FFB) is the primary source of guaranteed loans and have interest rates fixed to the prevailing cost of money to the Treasury, plus an administrative fee of one-eighth of one percent. USDA-guaranteed private loans issued through National Rural Utilities Cooperative Financing Corporation, Co Bank or other private lenders carry an interest rate negotiated between the lender and the borrower.

Guarantees for Bonds and Notes Issued for Utility Infrastructure Loans — authorized by section 313A of the RE Act (7 U.S.C. 940c-1) as amended by the Agriculture Improvement Act of 2018 (2018 Farm Bill) to 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 utility infrastructure and must be of investment grade. Notes have been obtained through the FFB with interest rates equal to the Treasury rate for notes of similar maturities plus an annual fee of 30 basis points on any unpaid principal balance.

Energy Efficiency and Conservation Loan Program — Authorized by section 317 of the RE Act (7 U.S.C. 940g), as amended by the Food, Conservation and Energy Act of 2008 (2008 Farm Bill)

to finance 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 — Established by the Agriculture Act of 2014 (2014 Farm Bill) (Public Law. 113–79, title VI, §6205, Feb. 7, 2014, 128 Stat. 857) as an amendment to the Farm Security and Rural Investment Act of 2002 (2002 Farm Bill) (7 U.S.C. 8107a) to offer 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 (RD) loan programs.

High Energy Cost Grants — Authorized by section 19 of the RE Act (7 U.S.C. 918a) to fund 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 Programs:

Hardship (direct loans) — Authorized by section 305(d)(1) of the RE Act (7 U.S.C. 935(d)(1)) and bear interest at a fixed rate of five percent per year to furnish and improve telecommunications services, including a wide array of telecommunication related services, in rural areas. The program is intended only for borrowers with extremely high investment costs in terms of per subscriber service, have a very low number of subscribers for each mile of telecommunications line constructed and cannot typically afford higher interest rate loans. This low subscriber “density” inherently increases the cost to serve the most sparsely populated rural areas.

Direct Loans (or Treasury rate loans) — Authorized by section 305(d)(2) of the RE Act (7 U.S.C. 935(d)(2)) and bear interest at the government’s cost of money (or the current Treasury rate). The program’s purpose is to furnish and improve telecommunications services, including a wide array of telecommunication related services, in rural areas.

Guaranteed Loans — Authorized by section 306 of the RE Act (7 U.S.C. 936) and are provided to borrowers of a non-government lender or from the Federal Financing Bank to furnish and improve telecommunications services, including a wide array of telecommunication related services, in rural areas. 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.

Broadband Loans — First authorized in the Farm Security and Rural Investment Act of 2002 (2002 Farm Bill) which established a new direct loan and loan guarantee program, “Access to Broadband Telecommunications Services in Rural Areas”, which was reauthorized and modified in the 2008 Farm Bill, the 2014 Farm Bill and the 2018 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.

Community Connect Broadband Grants — Authorized by section 306(a)(20)(E) CONACT and 7 U.S.C. 1926(a)(20)(E) to fund eligible entities to provide public access to broadband in otherwise un-served communities. Funds must be used to deploy broadband service and offer free broadband service to critical community facilities for 2 years.

Distance Learning and Telemedicine Loans and Grants — Authorized by 7 U.S.C. 950aaa to assist rural schools and learning centers to gain access to improved educational resources and assist rural hospitals and health care centers to gain access to improved medical resources. 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.

Broadband Pilot Loans and Grants (ReConnect) Program — Funded by the Consolidated Appropriations Act, 2018, general provision section 779. The program's purpose is to conduct a new broadband loan and grant pilot program under the RE Act (7 U.S.C. 901 et seq.) to fund broadband capable infrastructure in rural communities where at least 90 percent of the households to be served are without sufficient access to broadband, defined for this pilot program as 10 Megabits per second (Mbps) downstream, and 1 Mbps upstream, provided that funds shall not be used to overbuild or duplicate broadband expansion efforts of any entity that has received a broadband loan from RUS.

Water and Environmental Programs:

Direct Water and Waste Disposal Loans — Authorized by section 306 CONACT and 7 U.S.C. 1926. The program's purpose is 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 5,500 or less.

Guaranteed Water and Waste Disposal Loans — Authorized by section 306 CONACT and 7 U.S.C. 1926 for the same purpose as direct loans. The loans are made and serviced by private lenders, such as banks, and savings and loan associations with the guarantee for up to 90 percent of an eligible loss incurred by the lender. The 2018 Farm Bill authorized the program to service eligible rural populations up to 50,000 and prioritize communities of 10,000 or less.

Water and Waste Disposal Grants — Authorized by section 306A CONACT and 7 U.S.C. 1926. The program's purpose is 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 are authorized by section 306C CONACT and 7 U.S.C. 1926 to assist 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 and 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 up to 100 percent of the eligible project cost and be used in conjunction with loan monies.

Water and Waste System Grants for Alaskan Villages (including technical assistance programs) — Authorized by section 306D CONACT and 7 U.S.C. 1926. The program’s purpose is to 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 grants are authorized by section 306 CONACT and 7 U.S.C. 1926. The program’s purpose is to fund 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 are authorized by section 306E CONACT and 7 U.S.C. 1926. The program’s purpose is to provide 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.

Revolving Loan Fund Grants — Authorized by section 306 CONACT and 7 U.S.C. 1926 to enable qualified state and local government entities, and nonprofits to create a revolving loan fund. The funds can enable applicants to finance certain pre-development costs and short-term capital projects. Loans may be made by the intermediary for up to \$100,000 and a term of 10 years.

Household Water Well System Grants — Authorized by section 306E CONACT and 7 U.S.C. 1926(e) to help qualified nonprofits and tribes create a revolving loan fund to increase access to clean, reliable water for households in eligible rural areas who own and occupy a home. The 2018 Farm Bill changed program eligibility to include individually-owned household decentralized wastewater systems and changed income eligibility from 100% median non-metropolitan household income of the State to 60%.

Solid Waste Management Grants — Authorized by section 310B CONACT and 7 U.S.C. 1932 to assist 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 Grants — Authorized by section 306 CONACT and 7 U.S.C. 1926. The program’s purpose is to assist 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.

All RUS loans are based on extensive feasibility studies that determine a borrower’s ability to repay the loan. RD staff monitor loan repayments that are secured through covenants in loan contracts and mortgage documents with RD. The government obtains a priority position on the assets of the borrower.

RD is comprised of three programs: Housing and Community Facilities, Utilities, and Business and Cooperative Development. RD's headquarters is located in Washington, DC. As of September 30, 2020, there were 4,441 permanent full-time employees, including 529 in the headquarters office and 3,912 in the field offices.

OIG AND GAO REPORTS

Table RUS-1. Completed OIG Reports

ID	Date	Title	Result
09601-0001-11	06/25/2020	Rural Utilities Service Financial Management of Section 313A Guarantees for Bonds and Notes	RUS is properly monitored and provided adequate oversight of the Section 313A Program. No recommendations in report and no further action is required.

Table RUS-2. Completed GAO Reports

ID	Date	Title	Result
GAO-20-535	06/25/2020	Broadband: Observations on Past on Ongoing Efforts to Expand Access and Improve Mapping Data	GAO recommended that RUS better manage its broadband programs. The agency has addressed some, but not all, of the recommendations.

Table RUS-3. In-Progress GAO Reports

ID	Title
JC 103872	Post-Hurricane Electricity Grid Recovery and Resilience
JC 103993	Broadband Access for Small Business
JC 104421	Tribal Broadband Support from the Universal Service Fund

ACCOUNT 1: RURAL WATER AND WASTE WATER DISPOSAL PROGRAM**APPROPRIATIONS LANGUAGE**

The appropriations language follows (new language underscored; deleted matter enclosed in brackets):

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

For gross obligations for the principal amount of direct and guaranteed loans as authorized by section 306 and described in section 381E(d)(2) of the Consolidated Farm and Rural Development Act, as follows: \$1,400,000,000 for direct loans; and \$50,000,000 for guaranteed loans.

For the cost of direct loans, loan guarantees and grants, including the cost of modifying loans, as defined in section 502 of the Congressional Budget Act of 1974, for rural water, waste water, waste disposal, and solid waste management programs authorized by sections 306, 306A, 306C, 306D, 306E, and 310B and described in sections 306C(a)(2), 306D, 306E, and 381E(d)(2) of the Consolidated Farm and Rural Development Act, [~~\$621,567,000~~] \$716,557,000, 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 \$5,000,000 shall be available for the rural utilities program described in section 306E of such Act: *Provided*, That not to exceed \$15,000,000 of the amount appropriated under this heading shall be for grants authorized by section 306A(i)(2) of the Consolidated Farm and Rural Development Act; *Provided further*, That [~~\$68,000,000~~] \$93,000,000 of the amount appropriated under this heading shall be for loans and grants including water and waste disposal systems grants authorized by section 306C(a)(2)(B) and section 306D of the Consolidated Farm and Rural Development Act, and Federally Recognized Native American Tribes authorized by 306C(a)(1) of such Act: *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 further*, That not to exceed [~~\$35,000,000~~] \$40,000,000 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 \$8,000,000 shall be made available for a grant to a qualified nonprofit 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 systems, and of which not less than \$800,000 shall be for a qualified national Native American organization to provide technical assistance for rural water systems for tribal communities: *Provided further*, That not to exceed \$20,157,000 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 of the amounts made available under this heading shall be for 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.

LEAD-OFF TABULAR STATEMENT

Table RUS-4. Lead-Off Tabular Statement (In dollars)

Item	Grants	Loan Level	Subsidy
2021 Enacted	\$616,507,000	\$1,450,000,000	\$60,000
Change in Appropriation	+ 100,005,000	0	-15,000
Budget Estimate, 2022	716,512,000	1,450,000,000	45,000

PROJECT STATEMENT

Table RUS-5. Rural Water and Waste Disposal Program Account. Appropriations Project Statement (thousands of dollars)

Item	2019 Actual	BA	2020 Actual	BA	2021 Enacted	BA	Inc. or Dec.	BA	Chg Key	2022 Budget	BA
Discretionary Appropriations:											
Direct rural water and waste disposal loans.....	\$1,400,000	-	\$1,400,000	\$63,840	\$1,400,000	-	-	-	(1)	\$1,400,000	-
Guaranteed rural water and waste disposal loans.....	50,000	\$190	50,000	70	50,000	\$60	-	-15	(2)	50,000	\$45
Rural water and waste disposal grants.....	475,000	475,000	443,000	443,000	463,350	463,350	+65,005	+65,005	(3)	528,355	528,355
Technical assistance grants for rural waste systems.....	30,000	30,000	30,000	30,000	35,000	35,000	+5,000	+5,000	(3)	40,000	40,000
Circuit rider - technical assistance grants for rural waste systems	19,000	19,000	19,570	19,570	20,157	20,157	-	-		20,157	20,157
WWD grants, Alaskan Villages.....	18,000	18,000	18,000	18,000	18,000	18,000	+8,000	+8,000	(3)	26,000	26,000
WWD grants, native American tribes.....	25,000	25,000	25,000	25,000	25,000	25,000	+11,000	+11,000	(3)	36,000	36,000
WWD grants, Hawaiian homelands.....	-	-	-	-	-	-	+5,000	+5,000	(3)	5,000	5,000
Water and waste disposal grants, Colonias.....	25,000	25,000	25,000	25,000	25,000	25,000	+1,000	+1,000	(3)	26,000	26,000
Water well system grants.....	1,500	1,500	5,000	5,000	5,000	5,000	-	-		5,000	5,000
Water and wastewater revolving funds.....	1,000	1,000	1,000	1,000	1,000	1,000	-	-		1,000	1,000
Solid waste management grants.....	4,000	4,000	4,000	4,000	4,000	4,000	-	-		4,000	4,000
Emergency community water assistance grants.....	3,000	3,000	-	-	-	-	+15,000	+15,000	(3)	15,000	15,000
Emergency community water assistance grants, appropriated....	12,000	12,000	15,000	15,000	15,000	15,000	-15,000	-15,000	(3)	-	-
Section 783: Water and waste grants pilot program.....	-	-	5,000	5,000	5,000	5,000	-5,000	-5,000	(3)	-	-
Subtotal.....	2,063,500	613,690	2,040,570	654,480	2,066,507	616,567	+90,005	+89,990	(4)	2,156,512	706,557
Total Adjusted Approp.....	2,063,500	613,690	2,040,570	654,480	2,066,507	616,567	90,005	89,990		2,156,512	706,557
Add back:.....											
Rescission, Transfers In and Out.....	10,000	10,000	10,000	10,000	10,000	10,000	-	-	-	10,000	10,000
Total Appropriation.....	2,073,500	623,690	2,050,570	664,480	2,076,507	626,567	90,005	89,990		2,166,512	716,557
Transfers Out*:											
High energy cost grants.....	-10,000	-10,000	-10,000	-10,000	-10,000	-10,000	-	-	-	-10,000	-10,000
Interchange (12x1951) (from SOY balances).....	-	-	-2,009,884	-36,832	-	-	-	-	-	-	-
Interchange (12x0403) (from SOY balances).....	-	-	-15,368	-15,368	-	-	-	-	-	-	-
Total Transfers Out.....	-10,000	-10,000	-2,035,252	-62,200	-10,000	-10,000	-	-	-	-10,000	-10,000
Recoveries, Other	195,944	40,452	145,935	57,281	49,760	52,760	-4,795	-7,795		44,965	44,965
Bal. Available, SOY.....	765,933	301,626	2,208,698	267,250	193,576	197,218	-12,767	-9,833		180,809	187,385
Total Available.....	3,025,377	955,768	2,369,951	926,811	2,309,843	866,545	72,443	72,362	-	2,382,286	938,907
Bal. Available, EOY.....	-1,233,390	-267,250	-277,720	-197,218	-180,743	-187,385	51,257	51,323		-129,486	-136,062
Total Obligations.....	1,791,987	688,518	2,092,230	729,594	2,129,100	679,160	+123,700	+123,685		2,252,800	802,845

Table RUS-6. Rural Water and Waste Disposal Program Account. Obligations Project Statement (thousands of dollars)

Item	2019 Actual		2020 Actual		2021 Enacted		Inc. or Dec.		2022 Budget	
	BA	BA	BA	BA	BA	BA	BA	BA	BA	BA
Discretionary Obligations:										
Direct rural water and waste disposal loans.....	\$1,092,368	-	\$1,398,548	\$63,774	\$1,400,000	-	-	-	\$1,400,000	-
Guaranteed rural water and waste disposal loans.....	11,144	\$42	27,901	39	50,000	\$60	-	-15	50,000	\$45
Rural water and waste disposal grants.....	534,257	534,257	512,584	512,584	467,000	467,000	+100,010	+100,010	567,010	567,010
Technical assistance grants for rural waste systems.....	31,220	31,220	30,000	30,000	36,000	36,000	+5,300	+5,300	41,300	41,300
Circuit rider - technical assistance grants for rural waste systems.....	19,474	19,474	20,015	20,015	25,000	25,000	-3,500	-3,500	21,500	21,500
WWD grants, Alaskan Villages.....	27,370	27,370	23,848	23,848	24,000	24,000	+7,000	+7,000	31,000	31,000
WWD grants, native American tribes.....	25,515	25,515	25,779	25,779	25,500	25,500	+11,250	+11,250	36,750	36,750
WWD grants, Hawaiian homelands.....	-	-	-	-	-	-	-	-	5,000	5,000
Water and waste disposal grants, Colonias.....	29,881	29,881	27,471	27,471	26,500	26,500	+2,500	+2,500	29,000	29,000
Water well system grants.....	1,166	1,166	1,991	1,991	9,000	9,000	-3,050	-3,050	5,950	5,950
Water and wastewater revolving funds.....	1,000	1,000	1,000	1,000	1,000	1,000	-	-	1,000	1,000
Solid waste management grants.....	3,891	3,891	4,000	4,000	4,000	4,000	+160	+160	4,160	4,160
Emergency community water assistance grants.....	725	725	-	-	-	-	+550	+550	550	550
Emergency community water assistance grants, appropriated.....	13,009	13,009	16,128	16,128	15,100	15,100	+480	+480	15,580	15,580
GP 783: Water and waste grants pilot program.....	-	-	-	-	6,000	6,000	-2,000	-2,000	4,000	4,000
Subtotal Disc oblig.....	1,791,019	687,550	2,089,264	726,627	2,089,100	639,160	+123,700	+123,685	2,212,800	762,845
Supplemental Obligations:										
Hurricanes HIM natural disaster grants.....	968	968	2,466	2,466	40,000	40,000	-	-	40,000	40,000
Hurricanes HIM natural disaster contracts.....	-	-	501	501	-	-	-	-	-	-
Subtotal Supp Oblig.....	968	968	2,967	2,967	40,000	40,000	-	-	40,000	40,000
Total Obligations.....	1,791,987	688,518	2,092,230	729,594	2,129,100	679,160	123,700	123,685	2,252,800	802,845
Balances Available, EOY:										
Direct rural water and waste disposal loans.....	307,632	3,131	84,172	3,838	-	6,838	-	-	-	6,838
Guaranteed rural water and waste disposal loans.....	664,163	2,524	169	0	197	0	+66	-0	263	0
Rural water and waste disposal grants.....	65,155	65,155	4,564	4,564	38,914	38,914	-4,655	-4,655	34,259	34,259
Technical assistance grants for rural waste systems.....	2	2	1,361	1,361	1,361	1,361	-350	-350	1,011	1,011
Circuit rider - technical assistance grants for rural waste systems.....	5,321	5,321	5,375	5,375	1,382	1,382	-593	-593	789	789
WWD grants, Alaskan Villages.....	5,947	5,947	6,240	6,240	5,040	5,040	-350	-350	4,690	4,690
WWD grants, native American tribes.....	331	331	605	605	755	755	-175	-175	580	580
Water and waste disposal grants, Colonias.....	1,310	1,310	1,605	1,605	3,005	3,005	-400	-400	2,605	2,605
Water well system grants.....	1,422	1,422	4,655	4,655	955	955	-700	-700	255	255
Solid waste management grants.....	244	244	-	-	160	160	-20	-20	140	140
Emergency community water assistance grants.....	60	60	-	-	550	550	-30	-30	520	520
Emergency community water assistance grants, appropriated.....	735	735	139	139	589	589	-50	-50	539	539
Other.....	11,222	11,222	2,793	2,793	2,793	2,793	-	-	2,793	2,793
Section 783: Water and waste grants pilot program.....	-	-	5,000	5,000	4,000	4,000	-4,000	-4,000	-	-
Hurricanes HIM natural disaster grants.....	163,507	163,507	161,042	161,042	121,042	121,042	-40,000	-40,000	81,042	81,042
Hurricanes HIM natural disaster contracts.....	1,000	1,000	-	-	-	-	-	-	-	-
Rural water and waste disposal grants - Farm bill mandatory.....	5,340	5,340	-	-	-	-	-	-	-	-
Total Bal. Available, EOY.....	1,233,390	267,250	277,720	197,218	180,743	187,385	-51,257	-51,323	129,486	136,062
Total Available.....	3,025,377	955,768	2,369,951	926,811	2,309,843	866,545	72,443	72,362	2,382,286	938,907
Total Transfers Out.....	10,000	10,000	2,035,252	62,200	10,000	10,000	-	-	10,000	10,000
Recoveries, Other.....	-195,944	-40,452	-145,935	-57,281	-49,760	-52,760	+4,795	+7,795	-44,965	-44,965
Bal. Available, SOY.....	-765,933	-301,626	-2,208,698	-267,250	-193,576	-197,218	+12,767	+9,833	-180,809	-187,385
Total Appropriation.....	2,073,500	623,690	2,050,570	664,480	2,076,507	626,567	90,005	89,990	2,166,512	716,557

Rural Water and Waste Disposal Program

The Water and Environmental Programs (WEP) support USDA Strategic Goal 4: Facilitate Rural Development and Economic Prosperity. WEP programs support the Administration's position on providing environmental justice for Disadvantage and Energy communities by providing economic opportunities.

The numbers and letters of the following listing relates to values in the Change Key column of the Project Statement:

(1) No change for Direct Water and Waste Disposal Loans (\$1,400,000,000 available in 2021)

This program provides loan funds for water and waste projects serving the most financially needy communities. The level of funding is expected to meet the expected demand, given that some demand will shift to Guarantees now that the population limit has been expanded to 50,000 in the 2018 Farm Bill.

Water and waste disposal loans result in reasonable user costs for rural residences, rural businesses, and other rural users in communities of 5,500 residents or less. Continuing the base funding is crucial to ensure the continued success of the program in delivering clean water and sanitary conditions. 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; and
- The program can provide support to rural areas adjusting from the transition away from fossil-fueled energy production.

The majority of projects require a loan and grant component to the funding package to enable communities to provide quality service and reasonable rates. The reduced loan amount will be matched with grant funds to allow for an overall loan to grant ratio of 70/30 and for the agency to continue focusing on underserved and economically challenged communities.

Over the last ten years the Water and Environmental Programs (WEP) has obligated \$10.8 billion through 5,739 direct water and waste disposal loans throughout the nation and Puerto Rico. In that time, the top three funded states have been Michigan with \$664 million, followed by Texas with \$485 million and New York with \$419 million. Loan with grant components represent 57 percent of this funding. These investments provided clean and reliable drinking water systems, sanitary sewage disposal, sanitary solid waste disposal, and clean storm water drainage to households and businesses in eligible rural areas.

Since 2017, WEP has supported regional economic and community development planning through \$125 million in Strategic Economic and Community Development (SECD) direct loans. These loans support projects that promote and implement strategic community investment plans.

WEP direct loan obligations in persistent poverty areas have been primarily in the south and southwest areas of the Nation and have amounted to over \$178 million the last two years. Over that time, the top three States funded with persistent poverty investments have been New Mexico with \$31 million, followed by Mississippi with \$29 million and Oklahoma with \$18 million. Also, over the last four years, the water and waste disposal direct loans program's obligations in distressed zip codes have been 26.5 percent of the program's total obligations.

Funding in 2021 is being targeted to the smaller rural, underserved communities that have severe poverty and can afford less loan amounts. This will enable more loans but to a smaller population served. The agency will also leverage data and existing partnerships to increase loan activities to ensure that a 70/30 loan to grant ratio is achieved. Funding in 2022 is expected to support approximately 558 loans that will assist rural residents in obtaining decent, safe, and sanitary water and wastewater services.

(2) No change for Water and Waste Disposal Guaranteed Loans (\$50,000,000 available in 2021)

This program provides guarantees for loans that are made and serviced by private lenders for the purpose of financing water and wastewater systems, including solid waste disposal and storm drainage. The guarantee may be for up to 90 percent of the eligible loss incurred by the lender. The 2018 Farm Bill authorized the loan guarantee program to service eligible rural populations up to 50,000 and prioritize communities of 10,000 or less. Also, priority is given to communities with populations of 5,500 or less.

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; and,
- The program can provide support to rural areas adjusting from the transition away from fossil-fueled energy production.

Over the last ten years the Water and Environmental Programs (WEP) has obligated \$145 million through 87 guaranteed water and waste disposal loans throughout the Nation. In that time, the top three funded states have been North Carolina with \$22.07 million, followed by Texas with \$21.26 million and Illinois with \$21.16 million. Funding for waste disposal only projects represent 18% of this amount and 82% was for water only projects. These investments provided clean and reliable drinking water systems, sanitary sewage disposal, sanitary solid waste disposal, and clean storm water drainage to households and businesses in eligible rural areas.

According to the Federal government's most recent surveys, there is over \$680 billion in water infrastructure needs nationwide. Of this total, approximately \$160 billion is needed in rural communities with populations of 10,000 or less. Because of their size, rural communities have

more difficulty accessing capital for infrastructure than suburban and urban areas. By leveraging USDA's over 400 existing field offices that are active in rural communities and working with a longstanding network of external private sector partners, USDA is best positioned to deliver financial and technical assistance that support rural water infrastructure projects. If the program is not funded, there is little private funding or support available to maintain sanitary water and wastewater disposal services in rural America if Federal assistance is not available.

Twenty guaranteed loans, totaling \$27.9 million, were issued in 2020. Of these loans, 4 loans went to Texas for approximately 40 percent of the overall funding and 2 loans to Illinois for approximately 27 percent. For 2022, the budget request is assuming that the loan level would be supported by budget authority carryover from prior years. This program has about \$2 million in carryover.

(3) An increase of \$95,000,000 for Water and Waste Disposal Grants (\$611,507,000 available in 2021).

This program provides grant funds in conjunction with direct loans for water and waste projects serving the most financially needy communities. Program funding is vital in rural communities where income levels are often lower and there are fewer residents to share the cost of infrastructure development. Water and waste disposal grants funds are used in conjunction with loans for water and waste projects serving the most financially needy communities. The funding request increase will enable WEP to meet the needs of those communities that are most rural and most poor that need higher levels of grant funding per project to be successful.

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; and,
- The program can provide support to rural areas adjusting from the transition away from fossil-fueled energy production.

Set asides under this program provide grant funds for targeted groups to develop and construct water and waste systems in disadvantaged communities, including programs that address emergencies, alleviate health-risks, and provide vital technical assistance. This funding provides the ability of rural Americans to build and maintain decent, safe, and sanitary water and waste services.

Over the last ten years the Water and Environmental Programs (WEP) has obligated \$5.7 billion through over 7,000 water and waste disposal grants throughout the Nation. In that time, the top three funded states have been Alaska with \$285 million, followed by Texas with \$231 million and Oklahoma with \$200 million. These funds help in providing reasonable user rates and costs for rural residences, rural businesses, and other rural users. Adequate water and wastewater treatment capacity are significant for supporting quality of life issues, environmental sustainability, and economic development.

The program has a five-year increasing trend in obligations, going from \$507 million obligated in 2016 to \$655 million obligated in 2020. The increased funding request of \$105 million in 2022 reflects this trend and is expected to support approximately 719 grants in the water and waste disposal grant program that will assist rural residents in obtaining decent, safe, and sanitary water and wastewater services.

(4) A decrease of \$15,000 in water and waste guaranteed budget authority (\$60,000 available in 2021)

The decrease in budget authority is due to a decrease in subsidy rate from 2021. The budget authority is necessary to support the estimated loan and grant obligations associated with the requested 2022 program levels for the programs.

PROPOSED LEGISLATION: AMERICAN JOBS PLAN MANDATORY PROPOSAL

Water and Environmental Programs

Proposal

As part of the American Jobs Package, the 2022 Budget proposes to invest in water infrastructure by infusing \$6.5 billion in the Water and Environmental Programs housed in the rural water and waste disposal program account. Funding will be used for grants, loans, and technical assistance as authorized.

Rationale

Water Infrastructure. The American Jobs Plan invests in programs for small and rural water systems, providing more than \$10 billion for grants and loans for rural or tribal communities, including disadvantaged communities, which includes \$6.5 billion for rural water systems.

Goal

The Proposal will support water and wastewater infrastructure and create jobs.

Table RUS-7. WEP American Jobs Plan (millions of dollars)

Item	2020	2021	2022	10 Year Total
Budget Authority (millions)	-	-	\$6,500	\$6,500
Outlays (millions)	-	-	\$195	\$6,500

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS***Table RUS-8. Rural Water and Waste Direct Loans. Geographic Breakdown of Obligations (thousands of dollars)***

State/Territory/Country	2019	2020	2021	2022
	Actual	Actual	Enacted	Budget
Alabama	\$34,511	\$15,703	-	-
Arizona	9,438	28,129	-	-
Arkansas	25,311	5,236	-	-
California	30,532	47,238	-	-
Colorado	14,370	8,436	-	-
Connecticut	-	1,195	-	-
Delaware	4,647	-	-	-
Florida	17,754	8,768	-	-
Georgia	6,628	15,771	-	-
Idaho	15,983	22,791	-	-
Illinois	30,400	54,165	-	-
Indiana	38,555	63,984	-	-
Iowa	24,559	105,818	-	-
Kansas	19,860	49,001	-	-
Kentucky	40,349	39,649	-	-
Louisiana	4,905	15,101	-	-
Maine	43,597	13,759	-	-
Maryland	1,371	5,462	-	-
Massachusetts	23,915	11,148	-	-
Michigan	78,183	112,915	-	-
Minnesota	18,403	22,815	-	-
Mississippi	32,034	43,380	-	-
Missouri	23,343	43,419	-	-
Montana	19,394	19,329	-	-
Nebraska	9,820	6,999	-	-
Nevada	2,791	3,915	-	-
New Hampshire	25,313	8,998	-	-
New Jersey	2,922	12,290	-	-
New Mexico	30,886	16,306	-	-
New York	60,056	87,185	-	-
North Carolina	20,500	12,536	-	-
North Dakota	7,575	19,777	-	-
Ohio	33,836	27,340	-	-
Oklahoma	9,824	32,784	-	-
Oregon	14,478	2,489	-	-
Pennsylvania	49,388	64,056	-	-
Puerto Rico	-	2,209	-	-
Rhode Island	1,592	1,343	-	-
South Carolina	13,670	36,871	-	-
South Dakota	31,270	29,111	-	-
Tennessee	23,802	44,481	-	-
Texas	26,327	38,781	-	-
Utah	16,503	32,474	-	-
Vermont	20,443	9,116	-	-
Virginia	27,828	51,338	-	-
Washington	9,295	26,528	-	-
West Virginia	55,489	33,757	-	-
Wisconsin	40,679	37,893	-	-
Wyoming	39	6,761	-	-
Distribution Unknown	-	-	\$1,400,000	\$1,400,000
Obligations	1,092,368	1,398,548	1,400,000	1,400,000

Table RUS-9. Rural Water and Waste Guaranteed Loans. Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2019 Actual	2020 Actual	2021 Enacted	2022 Budget
California	\$350	-	-	-
Florida	-	\$2,500	-	-
Illinois	-	7,354	-	-
Indiana	-	2,500	-	-
Iowa	-	1,080	-	-
Louisiana	510	900	-	-
Mississippi	603	-	-	-
North Dakota	170	-	-	-
Oklahoma	-	525	-	-
South Carolina	943	-	-	-
Texas	6,335	11,457	-	-
Utah	-	1,586	-	-
Wyoming	2,233	-	-	-
Distribution Unknown	-	-	\$50,000	\$50,000
Obligations	11,144	27,901	50,000	50,000

Table RUS-10. Rural Water and Waste Disposal Grants. Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2019	2020	2021	2022
	Actual	Actual	Enacted	Budget
Alabama	\$18,982	\$6,730	-	-
Alaska	-	457	-	-
Arizona	2,944	9,889	-	-
Arkansas	7,391	9,403	-	-
California	10,815	16,216	-	-
Colorado	16,276	4,957	-	-
Connecticut	-	305	-	-
Delaware	2,978	203	-	-
Florida	17,341	11,581	-	-
Georgia	3,188	10,605	-	-
Hawaii	-	286	-	-
Idaho	7,593	9,843	-	-
Illinois	11,189	9,942	-	-
Indiana	26,780	22,827	-	-
Iowa	8,708	16,832	-	-
Kansas	4,545	6,666	-	-
Kentucky	11,869	11,855	-	-
Louisiana	2,212	3,626	-	-
Maine	24,263	5,112	-	-
Maryland	7,231	11,901	-	-
Massachusetts	12,805	19,827	-	-
Michigan	26,774	25,471	-	-
Minnesota	11,890	8,483	-	-
Mississippi	11,325	7,574	-	-
Missouri	10,914	26,711	-	-
Montana	7,226	13,996	-	-
Nebraska	3,621	3,676	-	-
Nevada	2,823	1,416	-	-
New Hampshire	9,726	8,849	-	-
New Jersey	7,477	3,783	-	-
New Mexico	29,312	17,729	-	-
New York	38,608	24,318	-	-
North Carolina	12,540	15,448	-	-
North Dakota	9,471	4,390	-	-
Ohio	20,693	9,522	-	-
Oklahoma	3,188	11,040	-	-
Oregon	5,774	2,806	-	-
Pennsylvania	13,744	17,839	-	-
Rhode Island	2,086	1,060	-	-
South Carolina	15,999	12,044	-	-
South Dakota	7,820	20,873	-	-
Tennessee	6,265	2,905	-	-
Texas	13,124	13,125	-	-
Utah	8,186	9,168	-	-
Vermont	5,433	9,325	-	-
Virginia	9,912	13,434	-	-
Washington	6,998	10,748	-	-
West Virginia	19,931	14,512	-	-
Wisconsin	15,821	10,874	-	-
Wyoming	466	2,406	-	-
Distribution Unknown	-	-	\$467,000	\$567,010
Obligations	534,257	512,584	467,000	567,010

Table RUS-11. Rural Water and Waste Disposal Native American Grants. Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2019	2020	2021	2022
	Actual	Actual	Enacted	Budget
Arizona	\$537	\$14,474	-	-
California	1,628	-	-	-
Maine	2,000	-	-	-
Michigan	1,990	-	-	-
Minnesota	-	1,963	-	-
Montana	664	939	-	-
Nevada	1,283	-	-	-
New Mexico	3,272	-	-	-
North Dakota	7,184	2,000	-	-
South Dakota	4,221	448	-	-
Wisconsin	1,780	620	-	-
Wyoming	955	5,335	-	-
Distribution Unknown	-	-	\$25,500	\$36,750
Obligations	25,515	25,779	25,500	36,750

Table RUS-12. Rural Water and Waste Disposal Colonias Grants. Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2019	2020	2021	2022
	Actual	Actual	Enacted	Budget
Arizona	\$3,593	\$10,167	-	-
California	373	-	-	-
New Mexico	8,388	12,573	-	-
Texas	17,527	4,731	-	-
Distribution Unknown	-	-	\$26,500	\$29,000
Obligations	29,881	27,471	26,500	29,000

Table RUS-13. Rural Water and Waste Disposal Water Well System Grants. Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2019	2020	2021	2022
	Actual	Actual	Enacted	Budget
Arkansas	-	\$350	-	-
California	\$225	-	-	-
Colorado	132	-	-	-
Georgia	189	291	-	-
Michigan	-	150	-	-
North Carolina	300	-	-	-
Ohio	200	1,000	-	-
Virginia	120	200	-	-
Distribution Unknown	-	-	\$9,000	\$5,950
Obligations	1,166	1,991	9,000	5,950

Table RUS-14. Rural Water and Waste Disposal Solid Waste Management Grants. Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2019	2020	2021	2022
	Actual	Actual	Enacted	Budget
Alaska	\$467	\$372	-	-
Arizona	123	99	-	-
California	116	-	-	-
Iowa	-	99	-	-
Kansas	-	48	-	-
Maine	146	-	-	-
Maryland	898	979	-	-
Massachusetts	118	-	-	-
Nevada	268	-	-	-
New Hampshire	523	97	-	-
New Jersey	192	-	-	-
New York	265	317	-	-
North Carolina	110	95	-	-
Ohio	80	99	-	-
Oklahoma	95	97	-	-
Oregon	-	184	-	-
Tennessee	-	105	-	-
Texas	336	88	-	-
Utah	38	997	-	-
Vermont	117	176	-	-
Distribution Unknown	-	-	\$4,000	\$4,160
Obligations	3,891	4,000	4,000	4,160

Table RUS-15. Rural Water and Waste Disposal Revolving Fund. Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2019	2020	2021	2022
	Actual	Actual	Enacted	Budget
Arkansas	\$400	\$333	-	-
California	200	333	-	-
Oklahoma	400	334	-	-
Distribution Unknown	-	-	\$1,000	\$1,000
Obligations	1,000	1,000	1,000	1,000

Table RUS-16. Rural Water and Waste Disposal Technical Assistance Grants. Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2019	2020	2021	2022
	Actual	Actual	Enacted	Budget
Alaska	\$1,391	\$1,300	-	-
Arizona	1,157	1,054	-	-
California	256	536	-	-
Colorado	2,669	409	-	-
Kentucky	100	-	-	-
Maine	-	80	-	-
Maryland	10,011	8,385	-	-
Nevada	240	191	-	-
New York	172	143	-	-
Oklahoma	14,176	17,082	-	-
Tennessee	214	-	-	-
Virgin Islands	137	-	-	-
Washington	170	398	-	-
West Virginia	527	422	-	-
Distribution Unknown	-	-	\$36,000	\$41,300
Obligations	31,220	30,000	36,000	41,300

Table RUS-17. Rural Water and Waste Disposal Circuit Rider Grants. Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2019	2020	2021	2022
	Actual	Actual	Enacted	Budget
Oklahoma	\$19,474	\$20,015	-	-
Distribution Unknown	-	-	\$25,000	\$21,500
Obligations	19,474	20,015	25,000	21,500

Table RUS-18. Rural Water and Waste Disposal Alaskan Villages Grants. Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2019	2020	2021	2022
	Actual	Actual	Enacted	Budget
Alaska	\$27,370	\$23,848	-	-
Distribution Unknown	-	-	\$24,000	\$31,000
Obligations	27,370	23,848	24,000	31,000

Table RUS-19. Rural Water and Waste Disposal Emergency Community Water Assistance Grants. Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2019	2020	2021	2022
	Actual	Actual	Enacted	Budget
Oregon	\$200	-	-	-
Texas	425	-	-	-
West Virginia	100	-	-	-
Distribution Unknown	-	-	-	\$550
Obligations	725	-	-	550

Table RUS-20. Rural Water and Waste Disposal Emergency Community Water Assistance Grants Appropriated. Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2019 Actual	2020 Actual	2021 Enacted	2022 Budget
Alabama	\$150	-	-	-
Arizona	150	-	-	-
Arkansas	1,011	\$335	-	-
California	1,472	390	-	-
Florida	139	-	-	-
Georgia	-	1,000	-	-
Idaho	150	1,293	-	-
Illinois	294	537	-	-
Iowa	1,478	1,122	-	-
Kansas	-	975	-	-
Minnesota	118	-	-	-
Mississippi	24	-	-	-
Nebraska	1,130	532	-	-
Nevada	138	-	-	-
New Hampshire	500	-	-	-
New Jersey	-	2,000	-	-
New York	-	150	-	-
North Carolina	-	503	-	-
Oklahoma	-	1,210	-	-
Oregon	800	-	-	-
Puerto Rico	-	18	-	-
South Dakota	81	-	-	-
Tennessee	669	1,150	-	-
Utah	3,720	1,975	-	-
Virginia	106	-	-	-
Washington	20	539	-	-
West Virginia	858	1,398	-	-
Wisconsin	-	1,000	-	-
Distribution Unknown	-	-	\$15,100	\$15,580
Obligations	13,009	16,128	15,100	15,580

Table RUS-21. Rural Water and Waste Disposal Hurricanes Harvey, Irma and Maria Circuit Rider Grants. Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2019 Actual	2020 Actual	2021 Enacted	2022 Budget
Oklahoma	-	\$501	-	-
Obligations	-	501	-	-

Table RUS-22. Rural Water and Waste Disposal Hurricanes Harvey, Irma and Maria Grants. Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2019 Actual	2020 Actual	2021 Enacted	2022 Budget
District of Columbia	\$968	-	-	-
Florida	-	\$389	-	-
Puerto Rico	-	2,077	-	-
Distribution Unknown	-	-	\$40,000	\$40,000
Obligations	968	2,466	40,000	40,000

Table RUS-23. Rural Water and Waste Disposal Hawaiian Homeland Grants. Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2019 Actual	2020 Actual	2021 Enacted	2022 Budget
Distribution Unknown	-	-	-	\$5,000
Obligations	-	-	-	5,000

Table RUS-24. Rural Water and Waste Disposal Section 783 Pilot Program Grants. Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2019 Actual	2020 Actual	2021 Enacted	2022 Budget
Distribution Unknown	-	-	\$6,000	\$4,000
Obligations	-	-	6,000	4,000

CLASSIFICATION BY OBJECTS**Table RUS-25. Classification by Objects (thousands of dollars)**

Item No.	Item	2019 Actual	2020 Actual	2021 Enacted	2022 Budget
41.0	Grants, subsidies, and contributions	\$688,518	\$729,594	\$679,160	\$802,845
	Total, Other Objects	688,518	729,594	679,160	802,845
99.9	Total, new obligations	688,518	729,594	679,160	802,845

ACCOUNT 2: RURAL ELECTRIFICATION AND TELECOMMUNICATIONS LOANS PROGRAM**APPROPRIATIONS LANGUAGE**

The appropriations language 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 4, 305[, 306], and 317 of the Rural Electrification Act of 1936 (7 U.S.C. 904, 935[, 936], and 940g) shall be made as follows: loans made pursuant to sections 4(c)(2), 305(d)(2)[, 306], and 317, notwithstanding 317(c), of that Act, rural direct electric loans, [~~\$5,500,000,000~~]\$6,500,000,000; [guaranteed underwriting loans pursuant to section 313A of that Act, \$750,000,000; 5 percent rural telecommunications loans,] and cost of money rural telecommunications loans[, and for loans made pursuant to section 306 of that Act, rural telecommunications loans], \$690,000,000 [*Provided*, That up to \$2,000,000,000 shall be used for the construction, acquisition, design and engineering or improvement of fossil-fueled electric generating plants (whether new or existing) that utilize carbon subsurface utilization and storage systems].

For the cost of direct loans as authorized by section 305(d)(2) of the Rural Electrification Act of 1936 (7 U.S.C. 935(d)(2)), including the cost of modifying loans, as defined in section 502 of the Congressional Budget Act of 1974, cost of money rural telecommunications loans, [~~\$2,277,000~~] \$2,070,000.

For the cost of grants and loan modifications, as defined in section 502 of the Congressional Budget Act of 1974, including any associated penalties, for transitioning to pollution free electricity, \$400,000,000, of which up to five percent can be used for administrative costs to carry out the program.

For the cost of modifications, as defined in Section 502 of the Congressional Budget Act of 1974, for the direct rural telecommunication loans, \$25,000,000.

In addition, \$22,000,000 to remain available until expended, to carry out section 6407 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8107a): Provided, That the energy efficiency measures supported by the funding in this paragraph shall contribute in a demonstrable way to the reduction of greenhouse gases.

In addition, for administrative expenses necessary to carry out the direct and guaranteed loan programs, \$33,270,000, which shall be [transferred to and merged with] paid to the appropriations for “Rural Development, Salaries and Expenses”.

Change Description

The first change (line 1 and 2 of paragraph 1) is to include the authority for Electric direct loans and to eliminate the Guaranteed loans and the electric Federal Financing Bank (FFB) loans as the budget is not requesting funding for these loans.

The second change (line 2 of paragraph 1) is to include the authority for Direct Treasury Telecommunication Loans.

The third change (line 3 of paragraph 1) includes the reference for the Direct Treasury Electric Loan program and eliminates the FFB loans reference.

The fourth change (line 3 of paragraph 1) includes the words Direct as the only source of funding for these programs.

The fifth change (line 4 of paragraph 1) deletes funding provided for the Electric Underwriting loan program. The budget is not requesting funding for this program.

The sixth change (lines 4 to 6 of paragraph 1) eliminates the language for the Telecommunication FFB loan program. The budget is not requesting funding for this program. All funding is requested under the Direct Treasury Telecommunication loan program.

The seventh change (line 1 and 2 of paragraph 2) includes the proper citation for telecommunication Treasury rate loans.

The eighth change (paragraph 3 and 4) adds language to provide funding for modifying electric and telecommunication loans. The funding will go towards the effort of decarbonization of the electric grid by providing incentives to cooperatives to retire debt and get a new loan to support the production of energy with renewable energy sources. The telecommunications funding will be assisting borrowers that are in financial distress and to extent broadband accessibility and speed.

The ninth change (paragraph 5) adds language to include funding for the Rural Energy Savings Loan program. This program has been funded in the General provisions in past appropriations; however, this program is an effective tool for improving energy efficiencies and energy storage.

The tenth change (line 2 of paragraph 6) this change is necessary to ensure that the administrative cost of this program is properly paid to the salaries and expenses account in agreement with the Federal Credit Reform Act of 1990.

LEAD-OFF TABULAR STATEMENT

Table RUS-26. Lead-Off Tabular Statement (In dollars)

Item	Program Level	Budget Authority	Administrative Expenses
2021 Enacted	\$7,047,317,073	\$13,277,000	\$33,270,000
Change in Appropriation	+ 142,682,927	+ 435,793,000	0
Budget Estimate, 2022	<u>7,190,000,000</u>	<u>449,070,000</u>	<u>33,270,000</u>

PROJECT STATEMENT

Table RUS-27. Rural Electrification and Telecommunication Loans Program Account. Appropriations Project Statement (thousands of dollars)

Item	2019 Actual	BA	2020 Actual	BA	2021 Enacted	BA	Inc. or Dec.	BA	Chg Key	2022 Budget	BA
Discretionary Appropriations:											
Electric Direct, FFB.....	\$5,133,200	-	\$5,500,000	-	\$5,500,000	-	-5,500,000	-	(1)	-	-
Pilot Program for climate change loans.....	-	-	-	-	-	-	-	+380,000	(2)	-	\$380,000
Electric Direct, Treasury rate	-	-	-	-	-	-	+6,500,000	-	(3)	\$6,500,000	-
Electric Underwriting Loans.....	750,000	-	750,000	-	750,000	-	-750,000	-	(4)	-	-
Telecommunications Direct, Treasury Rate.....	215,625	\$1,035	345,000	\$3,795	345,000	\$2,277	+345,000	-207	(5)	690,000	\$2,070
Telecommunications Direct, FFB.....	345,000	-	345,000	-	345,000	-	-345,000	-	(6)	-	-
Telecommunications Modification.....	-	-	-	-	-	-	-	+25,000	(7)	-	25,000
GP Rural Energy Savings Program (RESP).....	71,276	10,000	69,565	12,000	107,317	11,000	+291,234	+11,000	(8)	398,551	22,000
Administrative Expenses (Exp Trfr to S&E).....	-	33,270	-	33,270	-	33,270	-	-	-	-	33,270
Modification Admin. Expenses (Exp Trfr to S&E)	-	-	-	-	-	-	-	+20,000	(9)	-	20,000
Subtotal.....	6,515,101	44,305	7,009,565	49,065	7,047,317	46,547	+541,234	+435,793	-	7,588,551	482,340
Total Adjusted Approp.....	6,515,101	44,305	7,009,565	49,065	7,047,317	46,547	541,234	435,793	-	7,588,551	482,340
Rescission, Transfers In and Out.....	143,750	690	-	-	-	-	-	-	-	-	-
Total Appropriation.....	6,658,851	44,995	7,009,565	49,065	7,047,317	46,547	541,234	435,793	-	7,588,551	482,340
Transfers Out*:											
Working Capital Fund.....	-143,750	-690	-	-	-	-	-	-	-	-	-
Total Transfers Out.....	-143,750	-690	-	-	-	-	-	-	-	-	-
Recoveries, Other	-	-	14,345	2,475	-	-	-	-	-	-	-
Bal. Available, SOY.....	146,081	33,954	95,521	32,340	126,714	13,845	-55,282	-9,000	-	71,432	4,845
Total Available.....	6,661,183	78,259	7,119,431	83,880	7,174,031	60,392	485,952	426,793	-	7,659,983	487,185
Lapsing Balances.....	-551,920	-4,286	-600,722	-2,767	-436,212	-1,427	-70,455	-93	-	-506,667	-1,520
Rescinded Balances.....	-	-	-	-15,073	-	-	-	-	-	-	-
Bal. Available, EOY.....	-147,461	-32,340	-75,681	-13,845	-38,909	-4,845	-50,639	-1,000	-	-89,548	-5,845
Total Obligations.....	5,961,802	41,633	6,443,028	52,195	6,698,910	54,120	+364,858	+425,700	-	7,063,768	479,820

Table RUS-28. Rural Electrification and Telecommunication Loans Program Account. Obligations Project Statement (thousands of dollars)

Item	2019		2020		2021		Inc. or		2022	
	Actual	BA	Actual	BA	Enacted	BA	Dec.	BA	Budget	BA
Discretionary Obligations:										
Electric Direct, FFB.....	\$4,989,254	-	\$5,490,721	-	\$5,500,000	-	-5,500,000	-	-	-
Pilot Program for climate change loans.....	6,876	\$2,772	-	-	-	-	-	+380,000	-	\$380,000
Electric Direct, Treasury rate	-	-	-	-	-	-	+6,500,000	-	\$6,500,000	-
Electric Underwriting Loans.....	750,000	-	750,000	-	750,000	-	-750,000	-	-	-
Telecommunications Direct, Treasury Rate.....	164,849	792	93,449	\$1,028	128,788	\$850	+54,545	-300	183,333	550
Telecommunications Direct, FFB.....	16,623	-	5,108	-	125,000	-	-125,000	-	-	-
Telecommunications Modification.....	-	-	-	-	-	-	-	-	-	25,000
GP Rural Energy Savings Program (RESP).....	34,200	4,798	103,750	17,897	195,122	20,000	+185,313	+1,000	380,435	21,000
Administrative Expenses (Exp Trfr to S&E).....	-	33,270	-	33,270	-	33,270	-	-	-	33,270
Modification Admin. Expenses (Exp Trfr to S&E)	-	-	-	-	-	-	-	+20,000	-	20,000
Subtotal Disc oblig.....	5,961,802	41,633	6,443,028	52,195	6,698,910	54,120	+364,858	+425,700	7,063,768	479,820
Total Obligations.....	5,961,802	41,633	6,443,028	52,195	6,698,910	54,120	364,858	425,700	7,063,768	479,820
Add back:.....										
Lapsing Balances.....	551,920	4,286	600,722	2,767	436,212	1,427	+70,455	+93	506,667	1,520
Pilot Program for refinancing electric loans.....	13,553	13,553	955	955	955	955	-	-	955	955
GP 735, 732: Rural Energy Savings Program (RI)	133,908	18,787	74,727	12,890	37,955	3,890	+50,639	+1,000	88,593	4,890
Total Bal. Available, EOY.....	147,461	32,340	75,681	13,845	38,909	4,845	50,639	1,000	89,548	5,845
Total Available.....	6,661,183	78,259	7,119,431	83,880	7,174,031	60,392	485,952	426,793	7,659,983	487,185
Less:										
Total Transfers Out.....	143,750	690	-	-	-	-	-	-	-	-
Recoveries, Other	-	-	-14,345	-2,475	-	-	-	-	-	-
Bal. Available, SOY.....	-146,081	-33,954	-95,521	-32,340	-126,714	-13,845	+55,282	+9,000	-71,432	-4,845
Total Appropriation.....	6,658,851	44,995	7,009,565	49,065	7,047,317	46,547	541,234	435,793	7,588,551	482,340

Rural Electrification and Telecommunications Loan Program Account

The Electric and Telecommunications Programs support USDA Strategic Goal 4: Facilitate Rural Development and Economic Prosperity. These programs support the Administration’s position on providing environmental justice for Disadvantage and Energy communities by providing economic opportunities.

The numbers and letters of the following listing relates to values in the Change Key column of the Project Statement:

- (1) A decrease of \$5,500,000,000 for Federal Financing Bank (FFB) Electric Loans (\$5,500,000,000 available in 2021).

No funding is requested for this program in 2022. The reduction in funding requested for FFB electric loans in 2022 will be offset by the funding requested for direct Treasury rate electric loans. Eligible borrowers will have access to direct financing for rural electrification at Treasury rates and the change will not affect overall capital available for rural electrification investments.

- (2) An increase of \$400,000,000 for electric and telecommunications funding for de-carbonization incentives (\$0 available in 2021)

The increase of \$400 million for the costs of grants and loan modifications will be used primarily for incentives to increase transition to carbon pollution free electricity and up to five percent can be used to administer the program. RUS is proposing a series of incentives to encourage rural carbon pollution free electricity, with the greatest benefit going to the optimal combination of carbon reductions and need. RUS would be most generous with options that do not require budget authority and require the greatest commitment to carbon reduction combined with community economic need for larger grants.

Of the actions that could not require budget authority:

- Approval of accelerated depreciation of coal facilities scheduled for early retirement.
- Creation of regulatory assets where financially feasible under the existing G&T indentures.
- Refinancing of notes with no modification costs,
- Loans for fuel switching that reduces carbon,
- Loans for current and former RUS borrowers (regardless of the population limit) for infrastructure investments which produce demonstrable systemic carbon reductions.

Loan purposes not part of the existing subsidy calculation: Emerging hydrogen technologies once commercially available.

RUS will provide refinancing options with minimal or moderate modification cost and implement loan programs under existing authorities that will incentivize rural borrowers to make the change. RUS is also considering grants as part of the portfolio that will help on repaying existing loans for early coal plant retirement; for environmental remediation where coal plant has been/will be retired and grants for carbon off-sets.

(3) An increase of \$6,500,000,000 for Direct Treasury Rate Electric Loans (\$0 available in 2021).

This program provides electric financing loans at the government's cost of money (or the current Treasury rate) under section 4 of the Rural Electrification Act (RE Act) that support improvements and additions to rural electric distribution, transmission, and generating facilities (including renewable energy systems and investments in environmental improvements to reduce emissions of pollutants), and the implementation demand side management, energy efficiency and conservation programs, and renewable energy systems to service rural areas. The long-term, low interest rate financing helps non-profit electric borrowers provide reliable, affordable electric service for rural homes and businesses, while creating good paying jobs and providing the free and fair choice to join a union.

Continuation of the program is critical because:

- Rural America continues lagging urban and suburban communities in terms of access to modern services; and
- Building, upgrading, and maintaining our electric grid is essential not only to the rural economy, but for the national economy as well.

Over the last ten years the electric program has obligated over \$53.4 billion through 1,093 Federal Financing Bank electric loans to electric distribution and generation and transmission cooperatives primarily in the Midwest and south census areas of the Nation. In that time, the top three funded states have been Georgia with \$5.3 billion, followed by Florida with \$2.4 billion and Texas with \$2.2 billion. These investments have maintained, upgraded and modernized America's rural infrastructure. We are expecting to continue this level of lending with the requested Electric Direct loan.

RUS financed electrical systems provide service to more than 90 percent of the Nation's counties that are identified as suffering from persistent poverty, out-migration, or other economic hardships. Electric program obligations in persistent poverty areas have increased over the last four years from 21 percent of the obligations in 2017 to 51 percent of the total obligations for electric loans in 2020. Also, over the last four years, the electric program's obligations in distressed zip codes have been 18.1 percent of the program's total obligations.

The program has a five-year increasing trend in obligations, going from \$3 billion obligated in 2016 to \$5.5 billion obligated in 2020. The increased funding request of \$6.5 billion in 2022 reflects this trend and is projected to provide approximately 127 loans to improve electric facilities in rural communities, including communities of color. The funding also will support additional clean energy, energy storage, and transmission projects as well as help customers save money through adoption of energy efficiency measures. The direct treasury rate does not have a prepayment penalty and a lower paperwork burden on the borrower than the Electric Federal Financing Bank program. Loans made through the Electric FFB program require the borrower to invest in additional staff or systems to allow them to monitor the interest changes of short- and long-term bonds. This program has a negative subsidy rate for fiscal year 2022. This program also will contribute to reach environmental justice in disadvantaged communities and coal-based communities. The 2022 Budget begins the process of ensuring that Federal funding no longer directly subsidizes fossil fuels, as required in Section 209 of Executive Order 14008, *Tackling*

the Climate Crisis at Home and Abroad. RUS will ensure that RESP is not directly subsidizing fossil fuels by limiting FY22 to investments that increase efficiency.

(4) A decrease of \$750,000,000 for Guaranteed Electric Underwriting for Bonds and Notes (\$750,000,000 available in 2021)

The reduction in funding requested for the guaranteed underwriting program in 2022 can be offset by continued access by most of the lenders' eligible borrowers to direct financing for rural electrification and telecommunications under the Direct Treasury Rate Electric Loans and Telecommunications Direct Treasury Loans. The change will not affect overall capital available for rural electrification and telecommunications investment.

(5) An increase of \$345,000,000 for Telecommunications Direct Treasury Loans (\$345,000,000 available in 2021).

This program provides telecommunication loans to finance the improvement or extension of telecommunications service in rural areas. All telecommunications facilities financed must be broadband capable. This program enhances rural prosperity through access to capital that often is not available from the private sector. Program funding provides for broadband infrastructure deployment projects at reasonable rates and terms so that rural communities are affordable places to live, expand private sector business, and farm. Broadband service improves the quality of life and helps reduce outmigration, ensures continuity of growth in the agriculture and business sectors, and attracts people to live and invest in rural places.

Continuation of the program is critical because:

- Millions of Americans in rural areas have limited or even no access to broadband and this program provides a funding resource that is often not available from the private sector; and
- This program plays an essential role in providing financing for broadband capable telecommunications projects that improve or extend telecommunications service driving economic development and job creation in rural America.

Over the last ten years the telecommunications program has obligated over \$2.1 billion through 185 direct telecommunication loans to telecommunication companies and cooperatives primarily in the Midwest and south census areas of the Nation. In that time, the top three funded states have been North Dakota with \$230.1 million, followed by South Dakota with \$173.6 million and Iowa with \$168.8 billion. These investments ensure that rural areas have access to affordable and reliable telecommunication services comparable to those available throughout the rest of the United States.

Obligations in persistent poverty areas has average 15.95 percent of obligations over the last four years. Also, over the last four years, the telecommunications program's obligations in distressed zip codes have been 26.7 percent of the program's total obligations.

The Telecomm direct treasury rate does not have a prepayment penalty and a lower paperwork burden on the borrower than the Telecomm Federal Financing Bank program. Loans made

through the Telecomm FFB program require the borrower to invest in additional staff or systems to allow them to monitor the interest changes of short- and long-term bonds. In addition, telecom companies have a historical understanding of the direct treasury rate loans and prefer to utilize this instrument. Historically over 75 percent of the Telecom borrowers choose direct treasury rate over FFB.

The funding request of \$690 million for 2022 is projected to support approximately 57 loans providing improved telecommunication facilities benefitting rural subscribers with improved educational opportunities, health care, safety, security, higher employment, and also creating good paying jobs and providing the free and fair choice to join a union.

(6) A decrease of \$345,000,000 for FFB Telecommunications Loans (\$345,000,000 available in 2021)

No funding is requested for this program in 2022. The reduction in funding requested for FFB telecommunication loans in 2022 will be offset by the funding requested for the Treasury Rate program which is preferred by borrowers due to its simplicity and security of a fixed interest rate and term for each advance. Furthermore, building broadband assets in high-cost rural areas and the ongoing operation of a network is a substantial undertaking and often profits are low. FFB loans can only be approved if the borrower's projected Times Interest Earned Ratio (TIER) is at least 1.2, while Treasury Rate loans can be approved for a borrower with a TIER as low as 1.0. Thus, for borrowers with very small profit margins, Treasury Rate loans may be the only option.

(7) An increase of \$291,234,000 for Rural Energy Savings Program (RESP) Loans (\$107,317 available in 2021)

RESP was created by the 2014 Farm Bill and provides subsidized zero interest loans to local utilities or other entities to then relend funds at very low interest rates directly to rural consumers for installation of energy efficiency measures. The program also supports the development of measurement and verification systems to help rural entities manage their energy savings loan programs.

Continuation of the program is critical because:

- The program helps rural families and small businesses achieve cost savings by providing loans to qualified consumers to implement durable cost-effective energy efficiency measures; and
- The program reduces barriers to investment in energy efficiency projects or activities.

Over the last four years RESP has obligated \$183.7 million through 29 direct loans throughout the Nation. In that time, the top three funded states have been Arkansas with \$59 million, followed by Texas with \$36 million and Colorado with \$26.5 million.

The increased funding request in 2022 will provide approximately 40 loans to rural utilities and other companies who provide energy efficiency loans to qualified consumers to implement durable cost-effective energy efficiency measures. This program will be instrumental on providing funds to consumer for upgrades in cost-effective energy efficiency for their homes and businesses. These improvements will help in responding to the climate crisis and will create good paying jobs and provide the free and fair choice to join a union. This program is also

contributing to improve environmental justice in disadvantage communities and coal-based communities. The 2022 Budget begins the process of ensuring that Federal funding no longer directly subsidizes fossil fuels, as required in Section 209 of Executive Order 14008, *Tackling the Climate Crisis at Home and Abroad*. RUS will ensure that RESP is not directly subsidizing fossil fuels by limiting FY22 to investments that increase efficiency.

(8) An increase of \$25,000,000 for Telecommunication Treasury Direct to improve broadband deployment (\$0 available in 2021)

RUS expects to use the \$25 million for two purposes. The first would be to use the funds to pay for certain costs to modify the terms associated with existing RUS Telecom loans where the borrower is in financial distress, but not facing imminent default or otherwise eligible for a troubled debt restructuring. Such actions would include re-amortizations to the loan term, lowering the associated interest rate, and providing principal and interest deferrals, as needed to assist individual borrowers. Such actions would have to comply with the agency's servicing regulation which is available in 7 CFR 1752.

The second purpose would be to support refinancing of outstanding Telecom loans, including for both existing RUS borrowers and non-RUS loans when the original purpose of the loan was for the extension of telecommunications service. In such cases, recipients would be required to commit to: (1) not turning off service to any customers as a result of non-payment for a period of at least 2 years, and (2) offer at least one broadband package with speeds of at least 25 Mbps/3 Mbps at an affordable rate for the area. The agency would need to finalize updates to our program regulation and then would expect to issue a funding announcement to advertise the availability of funds to the public.

(9) A decrease of \$207,000 for Rural Electrification and Telecommunications Program budget authority (\$2,277,000 available in 2021).

The decrease of \$207,000 in Telecommunications Direct loan level subsidy due to a decrease in the Telecommunications Direct Loan subsidy rate. The budget authority is necessary to support the estimated loan obligations associated with the requested 2022 program levels for the programs.

PROPOSED LEGISLATION: AMERICAN JOBS PLAN MANDATORY PROPOSAL**Rural Electrification Loans***Proposal*

As part of the American Jobs Package, the 2022 Budget proposes to invest \$10 billion to partner with rural electric cooperatives that are eager to benefit from low-cost clean energy, by retiring expensive and polluting power plants and replacing them with modern systems improving public health and supporting good jobs at the same time.

Rationale

This funding will help incentivize rural co-ops to transition to clean energy and is part of a larger nationwide plan to modernize our power infrastructure.

Goal

The Proposal will reduce pollution, improving public health and supporting good jobs at the same time.

Table RUS-29. Rural Electrification Loans American Jobs Package (millions of dollars)

Item	2020	2021	2022	10 Year Total
Budget Authority (millions)	-	-	\$10,000	\$10,000
Outlays (millions)	-	-	\$2,400	\$10,000

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS***Table RUS-30. Rural Electric Savings Program Loans. Geographic Breakdown of Obligations (thousands of dollars)***

State/Territory/Country	2019 Actual	2020 Actual	2021 Enacted	2022 Budget
Arkansas	-	\$50,000	-	-
Colorado	\$10,000	5,000	-	-
Georgia	-	4,500	-	-
Indiana	-	1,650	-	-
Michigan	1,000	1,800	-	-
Montana	200	-	-	-
Oregon	-	3,000	-	-
South Carolina	-	2,500	-	-
Tennessee	5,000	-	-	-
Texas	-	35,000	-	-
Virginia	3,000	-	-	-
Washington	15,000	-	-	-
Wisconsin	-	300	-	-
Distribution Unknown	-	-	\$195,122	\$380,435
Obligations	34,200	103,750	195,122	380,435

Table RUS-31. Rural Electric Federal Financing Bank Loans. Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2019	2020	2021	2022
	Actual	Actual	Enacted	Budget
Alabama	-	\$540,000	-	-
Alaska	-	4,900	-	-
Arizona	\$94,174	2,868	-	-
Arkansas	340,385	701,719	-	-
California	-	12,498	-	-
Colorado	45,628	48,223	-	-
Florida	60,200	1,111,759	-	-
Georgia	1,228,282	310,261	-	-
Idaho	-	4,915	-	-
Indiana	41,000	28,996	-	-
Iowa	112,089	43,600	-	-
Kansas	52,956	-	-	-
Kentucky	427,519	581,142	-	-
Louisiana	74,542	126,356	-	-
Maine	1,750	9,500	-	-
Michigan	294,650	34,576	-	-
Minnesota	199,019	60,500	-	-
Mississippi	282,737	44,155	-	-
Missouri	243,922	123,580	-	-
Nebraska	9,100	8,218	-	-
New Mexico	8,538	164,204	-	-
North Carolina	134,387	227,376	-	-
North Dakota	98,315	121,484	-	-
Ohio	42,633	60,158	-	-
Oklahoma	20,100	92,995	-	-
Oregon	51,057	-	-	-
Pennsylvania	-	4,500	-	-
South Carolina	161,730	148,372	-	-
South Dakota	320,147	100,236	-	-
Tennessee	110,000	93,000	-	-
Texas	200,075	515,956	-	-
Vermont	8,130	-	-	-
Virginia	182,689	105,060	-	-
Washington	-	6,178	-	-
Wisconsin	103,695	53,436	-	-
Wyoming	39,805	-	-	-
Distribution Unknown	-	-	\$5,500,000	-
Obligations	4,989,254	5,490,721	5,500,000	-

Table RUS-32. Rural Electric Federal Financing Bank Modifications Loans. Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2019	2020	2021	2022
	Actual	Actual	Enacted	Budget
Minnesota	\$5,727	-	-	-
South Dakota	1,150	-	-	-
Distribution Unknown	-	-	-	\$380,000
Obligations	6,876	-	-	380,000

Table RUS-33. Rural Electric Underwriter for Bonds and Notes Loans. Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2019	2020	2021	2022
	Actual	Actual	Enacted	Budget
Colorado	\$250,000	\$375,000	-	-
Virginia	500,000	375,000	-	-
Distribution Unknown	-	-	\$750,000	-
Obligations	750,000	750,000	750,000	-

Table RUS-34. Rural Telecommunications Treasury Rate Loans. Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2019	2020	2021	2022
	Actual	Actual	Enacted	Budget
Arkansas	\$16,914	\$10,412	-	-
Illinois	11,407	20,860	-	-
Indiana	14,359	19,001	-	-
Iowa	5,000	5,864	-	-
Kentucky	34,453	-	-	-
Mississippi	-	9,996	-	-
New Mexico	15,000	-	-	-
South Carolina	19,999	-	-	-
Tennessee	24,879	20,337	-	-
Virginia	-	1,870	-	-
Wisconsin	22,838	5,109	-	-
Distribution Unknown	-	-	\$128,788	\$183,333
Obligations	164,849	93,449	128,788	183,333

Table RUS-35. Rural Telecommunications Federal Financing Bank Loans. Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2019	2020	2021	2022
	Actual	Actual	Enacted	Budget
Illinois	\$6,914	-	-	-
Virginia	9,709	-	-	-
Wisconsin	-	\$5,108	-	-
Distribution Unknown	-	-	\$125,000	-
Obligations	16,623	5,108	125,000	-

Table RUS-36. Rural Electric Treasury Rate Loans. Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2019	2020	2021	2022
	Actual	Actual	Enacted	Budget
Distribution Unknown	-	-	-	\$6,500,000
Obligations	-	-	-	6,500,000

Table RUS-37. Salaries and Expenses. Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2019	2020	2021	2022
	Actual	Actual	Enacted	Budget
Expenditure Transfer to S&E	\$33,270	\$33,270	\$33,270	\$33,270
Obligations	33,270	33,270	33,270	33,270

Table RUS-38. Modifications Salaries and Expenses. Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2019	2020	2021	2022
	Actual	Actual	Enacted	Budget
Expenditure Transfer to S&E	-	-	-	\$20,000
Obligations	-	-	-	20,000

CLASSIFICATION BY OBJECTS**Table RUS-39. Classification by Objects (thousands of dollars)**

Item No.	Item	2021		2022	
		Actual	Actual	Enacted	Budget
25.3	Other goods and services from Federal sources	\$33,270	\$33,270	\$33,270	\$53,270
41.0	Grants, subsidies, and contributions	11,135	18,925	20,850	426,550
99.9	Total, new obligations	44,405	52,195	54,120	479,820

ACCOUNT 3: DISTANCE LEARNING, TELEMEDICINE AND BROADBAND PROGRAM**APPROPRIATIONS LANGUAGE**

The appropriations language follows (new language underscored; deleted matter enclosed in brackets):

Distance Learning, Telemedicine and Broadband Program

For the principal amount of broadband telecommunication loans, \$11,869,000.

For grants for telemedicine and distance learning services in rural areas, as authorized by 7 U.S.C. 950aaa et seq., \$60,000,000, 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.

For the cost of broadband loans, as authorized by section 601 of the Rural Electrification Act, [~~\$2,000,000~~]\$1,772,000, 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.

For the broadband loan and grant pilot program established by Section 779 of division A of the Consolidated Appropriations Act, 2018 (Public Law 115-141) under the Rural Electrification Act of 1936, as amended (7 U.S.C 901 et seq.), \$650,000,000, to remain available until expended: *Provided*, That the Secretary may award grants described in section 601(a) of the Rural Electrification Act of 1936, as amended (7 U.S.C. 950bb(a)) for the purposes of carrying out such pilot program: *Provided further*, That the cost of direct loans shall be defined in section 502 of the Congressional Budget Act of 1974: *Provided further*, That at least 90 percent of the households to be served by a project receiving a loan or grant under the pilot program shall be in a rural area without sufficient access to broadband: *Provided further*, That for purposes of such pilot program, a rural area without sufficient access to broadband shall be defined as ten megabytes per second downstream and one megabyte per second upstream, and such definition shall be reevaluated and redefined, as necessary, on an annual basis by the Secretary of Agriculture: *Provided further*, That an entity to which a loan or grant is made under the pilot program shall not use the loan or grant to overbuild or duplicate broadband service in a service area by any entity that has received a broadband loan from the Rural Utilities Service unless such service is not provided sufficient access to broadband at the minimum service threshold: *Provided further*, That not more than four percent of the funds made available in this paragraph can be used for administrative costs to carry out the pilot program and up to three percent of funds made available in this paragraph may be available for technical assistance and pre-development planning activities to support the most rural communities: *Provided further*, That the Rural Utilities Service is directed to expedite program delivery methods that would implement this paragraph: *Provided further*, That for purposes of this paragraph, the Secretary shall adhere to the notice, reporting and service area assessment requirements set forth in sections 6104(a)(2)(D) and 6104(a)(2)(E) of the Agricultural Act of 2014 (7 U.S.C 950bb(d)(5), (d)(8) and (d)(10)).

In addition, \$35,000,000, to remain available until expended, for the Community Connect Grant program authorized by 7 U.S.C. 950bb-3.

Change Description

The change (lines 1 to 22 of paragraph 4) adds funding and language for the Broadband ReConnect pilot program that was first funded in 2018 through general provision 779 (P.L. 115-141). This language will continue funding for this pilot program with the same terms and conditions as GP 779.

LEAD-OFF TABULAR STATEMENT

Table RUS-40. Lead-Off Tabular Statement (In dollars)

Item	Grants	Program Level	Subsidy
2021 Enacted	\$573,900,000	\$211,869,436	\$54,100,000
Change in Appropriation	+ 99,310,000	+ 99,999,284	+ 19,462,000
Budget Estimate, 2022	673,210,000	311,868,721	73,562,000

PROJECT STATEMENT

Table RUS-41. Project Statement Appropriations (thousands of dollars)

Item	2019 Actual	BA	2020 Actual	BA	2021 Enacted	BA	Inc. or Dec.	BA	Chg Key	2022 Budget	BA
Discretionary Appropriations:											
Distance Learning and Telemed. (DLT) Grants	\$31,000	\$31,000	\$47,000	\$47,000	\$57,000	\$57,000	-	-	(1)	\$57,000	\$57,000
DLT Delta Healthcare Services Grants.....	3,000	3,000	3,000	3,000	3,000	3,000	-	-	(2)	3,000	3,000
Broadband Direct Treasury Rate Loans.....	29,852	5,830	11,179	2,000	11,869	2,000	-1	-228	(3),(7)	11,869	1,772
Broadband Grants.....	30,000	30,000	35,000	35,000	35,000	35,000	-	-	(4)	35,000	35,000
ReConnect BB 100% Grant - Pilot.....	60,000	60,000	152,653	152,653	341,730	341,730	+40,980	+40,980	(5),(6)	382,710	382,710
ReConnect BB 100% Loan - Pilot.....	61,015	19,000	100,000	34,450	100,000	27,470	+50,000	+5,560	(5),(6)	150,000	33,030
ReConnect BB 50% Loan - Pilot.....	32,179	7,250	75,000	16,898	100,000	24,630	+50,000	+14,130	(5),(6)	150,000	38,760
Reconnect BB 50% Grant - Pilot.....	30,000	30,000	75,000	75,000	100,000	100,000	+50,000	+50,000	(5),(6)	150,000	150,000
Reconnect BB TA - Pilot.....	3,750	3,750	9,000	9,000	15,930	15,930	+3,570	+3,570	(5),(6)	19,500	19,500
ReConnect BB Admin - Pilot.....	5,000	5,000	12,000	12,000	21,240	21,240	+4,760	+4,760	(5),(6)	26,000	26,000
GP 775 and 761: DLT Opioid Epidemic.....	16,000	16,000	-	-	-	-	-	-	-	-	-
Subtotal.....	301,796	210,830	519,832	387,000	785,769	628,000	+\$199,309	+118,772		985,079	746,772
Supplemental Appropriations:											
CARES Act:											
DLT Grants.....	-	-	24,250	24,250	-	-	-	-	-	-	-
DLT Grants Admin.....	-	-	750	750	-	-	-	-	-	-	-
Broadband ReConnect Grants.....	-	-	97,000	97,000	-	-	-	-	-	-	-
Broadband ReConnect Grants Admin.....	-	-	3,000	3,000	-	-	-	-	-	-	-
Subtotal.....	-	-	125,000	125,000	-	-	-	-	-	-	-
Total Adjusted Approp.....	301,796	210,830	644,832	512,000	785,769	628,000	199,309	118,772	-	985,079	746,772
Add back:											
Total Appropriation.....	301,796	210,830	644,832	512,000	785,769	628,000	199,309	118,772	-	985,079	746,772
Recoveries, Other	7,841	7,841	29,868	14,033	25,375	11,755	-3,110	-2,071		22,265	9,684
Bal. Available, SOY.....	1,028,119	634,955	1,188,477	741,851	836,293	527,099	-343,527	-216,585		492,766	310,514
Total Available.....	1,337,756	853,626	1,863,177	1,267,884	1,647,438	1,166,854	-147,327	-99,884	-	1,500,110	1,066,970
Rescinded Balances.....	-	-	-	-	-	-12,000	-	+12,000		-	-
Bal. Available, EOY.....	-1,187,554	-741,851	-830,228	-527,099	-452,176	-310,514	181,798	115,058		-270,378	-195,456
Total Obligations.....	150,202	111,776	1,032,948	740,785	1,195,262	844,340	+34,471	+27,174		1,229,733	871,514

Table RUS-42. Project Statement Obligations (thousands of dollars)

Item	2019 Actual		2020 Actual		2021 Enacted		Inc. or Dec.		2022 Budget	
	BA	BA	BA	BA	BA	BA	BA	BA	BA	BA
Discretionary Obligations:										
Distance Learning and Telemedicine (DLT) Grants	\$31,168	\$31,168	\$59,635	\$59,635	\$65,800	\$65,800	-100	-100	\$65,700	\$65,700
DLT Delta Healthcare Services Grants.....	3,561	3,561	6,131	6,131	3,016	3,016	-2	-2	3,014	3,014
Broadband Direct Treasury Rate Loans.....	47,752	9,326	-	-	20,772	3,500	+3,341	+100	24,113	3,600
Broadband Grants.....	24,264	24,264	15,773	15,773	50,680	50,680	-480	-480	50,200	50,200
ReConnect BB 100% Grant - Pilot.....	7,210	7,210	282,015	282,015	350,200	350,200	+78,800	+78,800	429,000	429,000
ReConnect BB 100% Loan - Pilot.....	-	-	110,276	37,990	322,898	88,700	-24,533	-23,000	298,365	65,700
ReConnect BB 50% Loan - Pilot.....	-	-	283,822	63,945	131,953	32,500	+9,688	+4,100	141,641	36,600
ReConnect BB 50% Grant - Pilot.....	-	-	159,384	159,384	165,600	165,600	-5,600	-5,600	160,000	160,000
ReConnect BB TA - Pilot.....	9,211	9,211	5,810	5,810	22,000	22,000	+2,000	+2,000	24,000	24,000
ReConnect BB Admin - Pilot (Exp Trfr to S&E).....	12,304	12,304	9,496	9,496	25,500	25,500	+8,200	+8,200	33,700	33,700
GP 775 and 761: DLT Opioid Epidemic.....	14,733	14,733	11,906	11,906	543	543	-543	-543	-	-
Subtotal Disc oblig.....	150,202	111,776	944,249	652,085	1,158,962	808,039	+70,771	+63,475	1,229,733	871,514
Supplemental Obligations:										
CARES Act:										
DLT Grants.....	-	-	-	-	24,250	24,250	-24,250	-24,250	-	-
DLT Grants Admin (Exp Trfr to S&E).....	-	-	750	750	-	-	-	-	-	-
ReConnect BB Grants.....	-	-	84,950	84,950	12,050	12,050	-12,050	-12,050	-	-
ReConnect BB Grants Admin (Exp Trfr to S&E).....	-	-	3,000	3,000	-	-	-	-	-	-
Subtotal Supp Oblig.....	-	-	88,700	88,700	36,300	36,300	-36,300	-36,300	-	-
Total Obligations.....	150,202	111,776	1,032,948	740,785	1,195,262	844,340	34,471	27,174	1,229,733	871,514
Balances Available, EOY:										
Distance Learning and Telemedicine (DLT) Grants	12,682	12,682	9,189	9,189	8,159	8,159	-2,095	-2,095	6,064	6,064
DLT Delta Healthcare Services Grants.....	3,113	3,113	0	0	-	-	-	-	-	-
Broadband Direct Treasury Rate Loans.....	73,941	14,441	81,550	14,589	22,844	3,849	+5,483	+380	28,327	4,229
Broadband Grants.....	9,924	9,924	35,639	35,639	20,967	20,967	-14,343	-14,343	6,624	6,624
ReConnect BB 100% Grant - Pilot.....	336,435	336,435	192,073	192,073	183,603	183,603	-46,290	-46,290	137,313	137,313
ReConnect BB 100% Loan - Pilot.....	344,509	107,280	301,131	103,740	154,750	42,510	-110,064	-32,670	44,686	9,840
ReConnect BB 50% Loan - Pilot.....	192,299	43,325	50,055	11,277	13,834	3,407	+7,711	+2,160	21,546	5,567
ReConnect BB 50% Grant - Pilot.....	180,000	180,000	95,616	95,616	30,016	30,016	-10,000	-10,000	20,016	20,016
ReConnect BB TA - Pilot.....	12,539	12,539	15,729	15,729	9,659	9,659	-4,500	-4,500	5,159	5,159
ReConnect BB Admin - Pilot.....	9,496	9,496	12,000	12,000	7,740	7,740	-7,700	-7,700	40	40
Section 775: DLT Opioid Epidemic.....	12,012	12,012	342	342	-	-	-	-	-	-
CARES Act - DLT Grants.....	-	-	24,250	24,250	-	-	-	-	-	-
CARES Act - BB Grants	-	-	12,050	12,050	-	-	-	-	-	-
Public Broadcasting System Grants.....	604	604	604	604	604	604	-	-	604	604
DLT Modification Broadband Direct Financing Account.....	0	0	0	0	0	0	-	-	0	0
Total Bal. Available, EOY.....	1,187,554	741,851	830,228	527,099	452,176	310,514	-181,798	-115,058	270,378	195,456
Total Available.....	1,337,756	853,626	1,863,177	1,267,884	1,647,438	1,166,854	-147,327	-99,884	1,500,110	1,066,970
Less:										
Recoveries, Other	-7,841	-7,841	-29,868	-14,033	-25,375	-11,755	+3,110	+2,071	-22,265	-9,684
Bal. Available, SOY.....	-1,028,119	-634,955	-1,188,477	-741,851	-836,293	-527,099	+343,527	+216,585	-492,766	-310,514
Total Appropriation.....	301,796	210,830	644,832	512,000	785,769	628,000	199,309	118,772	985,079	746,772

Distance Learning, Telemedicine and Broadband Program Account

The Distance Learning and Telemedicine and Broadband (DLTB) programs support USDA Strategic Goal 4: Facilitate rural prosperity and economic development. DLTB supports the Administration’s position on providing environmental justice for Disadvantage and Energy communities by providing economic opportunities.

(1) No change for Distance Learning and Telemedicine Grants (\$57,000,000 available in 2021).

This program is designed specifically to meet the educational and health care needs of rural America by providing grants for advanced telecommunications technologies to provide enhanced learning and health care opportunities for rural residents. Telemedicine can help hospitals meet operational and financial challenges by helping to drive volume, improve quality and save on staffing costs. Even small rural hospitals can expand to provide highly specialized health services and expertise without the tremendous costs of incentivizing and relocating specialty physicians. The requested funding will enable the Agency to finance telemedicine projects to help address the Nation’s opioid epidemic and finance distance learning projects to help address the Nation’s need for additional science, technology, engineering and mathematics (STEM) educational resources.

Continuation of the program is critical because:

- Telemedicine and distance learning are critical services in rural America; and
- Many communities in rural America lag in educational performance and many residents live in medically underserved counties.

Millions of Americans in rural areas have limited access to healthcare and educational services and very few private sector providers would likely even consider working in the rural sector. To many small communities that are currently underserved, lower-income and extremely rural, RUS represents the primary financial assistance available. If the program was not funded then the ability of rural Americans to access critical telemedicine and distance learning services would diminish.

The funding request of \$57 million for 2022 is projected to provide distance learning and telemedicine services through approximately 88 projects that will provide healthcare and educational access in unserved rural communities.

Over the last ten years the Distance Learning, Telemedicine and Broadband Programs (DLTB) has obligated \$368 million through 995 distance learning and telemedicine grants throughout the Nation. In that time, the top three funded states have been Oklahoma with \$43.7 million, followed by Mississippi with \$25.8 million and Georgia with \$20.7 million. Funding for distance learning and telemedicine grants helps rural communities use the unique capabilities of telecommunications to connect to each other and to the world, overcoming the effects of remoteness and low population density.

Funding enables RD to finance telemedicine projects to help address the Nation’s opioid epidemic. By statute, 20 percent of the funding for this program will be set aside for projects related to opioids.

(2) No change for Delta Healthcare Grants (\$3,000,000 available in 2021).

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 RD'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.

(3) No change for Broadband Treasury Direct Loans (\$11,869,000 available in 2021).

This program provides funds for direct broadband telecommunications treasury rate loans 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. In addition to the activities and functions specifically described in the budget request, current year and budget year base funds will be used to carry out activities and functions consistent with the full range of authorities and activities delegated to the agency.

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 and provides opportunity to compete in the global economy.

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 RD'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.

Over the last four years the Broadband Treasury Direct Loans Program has obligated \$78 million through 7 direct loans in the south central and south east areas of the Nation. In that time, the top three funded states have been Oklahoma with \$31.1 million, followed by Arkansas with \$19.9 million and Georgia with \$14.3 million. Through these projects the Broadband Program provided funds for the costs of construction, improvement, or acquisition of facilities and equipment needed to provide service at the broadband lending speed in eligible rural areas.

The 2022 funding will be used to support approximately 1 broadband loan for the deployment of broadband infrastructure.

(4) No change for Broadband Community Connect Grants (\$35,000,000 available in 2021).

This program funds eligible entities to provide public access to broadband in otherwise unserved communities. Funds must be used to deploy broadband service and offer free broadband service to critical community facilities for 2 years.

Continuation of the program is critical because:

- Projects funded by these grants will be used in areas that will never 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.

Over the last ten years the Community Connect Grant Program has obligated \$155 million through 105 community connect grants across the Nation. In that time, the top three funded states have been Virginia with \$31.4 million, followed by Oklahoma with \$28.7 million and North Dakota with \$14.1 million. The projects funded through the Community Connect Program help rural residents tap into the enormous potential of the Internet for jobs, education, healthcare, public safety and community development.

Funding for the broadband telecommunications grant program will continue to provide residents in rural America with essential high-speed Internet services. The funding request of \$35 million for 2022 is expected to support approximately 13 broadband grants that will provide broadband access in rural communities where service is primarily unavailable.

(5) An increase of \$199,310,000 for ReConnect Pilot Program program level (\$678,900,000 available in 2021).

This program was established by the Consolidated Appropriations Act of 2018, to conduct a new broadband loan and grant pilot program under the RE Act (7 U.S.C. 901 et seq.) to fund broadband capable infrastructure in rural communities of 20,000 or less where at least 90 percent of the households to be served are without sufficient access to broadband, defined for this pilot program as 10 Mbps downstream, and 1 Mbps upstream, provided that funds shall not be used to overbuild or duplicate broadband expansion efforts of any entity that has received a broadband loan from RUS. A wide variety of entities are eligible for funding including incumbent and competitive rural telephone and broadband service providers, rural electric cooperatives, private firms (but not sole proprietors or partnerships), nonprofits and government bodies.

The ReConnect Pilot Program expands customer service by providing borrowers with three separate funding categories to choose from: 100 percent loan, 50 percent loan / 50 percent grant, or 100 percent grant for a broad menu of services to finance broadband in rural communities, prioritizing tribal lands. The funding enhances rural prosperity through access to capital that is often not available from the private sector and provides for broadband infrastructure deployment projects at reasonable rates and terms so that rural communities are affordable places to live, private sector businesses can expand, and farms can reach their potential.

Continuation of the program is critical because:

- Projects funded by this program facilitates broadband deployment in areas of rural America, particularly tribal lands, that currently don't have sufficient access to broadband, defined by law as 10 Mbps downstream and 1 Mbps upstream,
- This program generates private sector investment to deploy broadband infrastructure to provide high-speed internet connectivity to as many rural premises as possible, including

homes, community facilities for healthcare and public safety, schools, libraries, farms, ranches, factories, and other production sites; and

- This program creates good paying jobs and provides the free and fair choice to join a union and bargain collectively.

Given the substantial investment in rural broadband, RUS has worked to ensure that the ReConnect Program is technology neutral. This means that any technology available that can meet RUS' broadband speed threshold (currently set at 25 Mbps download and 3 Mbps upload) is eligible for program funding.

The overwhelming majority of projects funded under Telecom programs in the last 5 years have proposed to deploy a Fiber-to-the-Premise (FTTP) network. This is not surprising given the preference on the part of many rural telecommunications providers and electric cooperatives to deploy fiber-based networks. Such facilities can operate for 20 to 30 years into the future, in contrast to wireless networks whose equipment must be replaced every 3 to 5 years. Additionally, FTTP systems are capable of delivering speeds over 1 Gig to end-users.

In 2019, the ReConnect program obligated over \$7.2 million in grant funds through 1 project. In 2020, the ReConnect program obligated over \$835 million in grant and loan funds through 123 projects. In addition, through the CARES Act, RD obligated an additional \$84.9 million in CARES Act funds to support 9 different projects in 2020. The investments represent funding for high-speed broadband infrastructure.

Administrative funds provided for within the program authorization will cover the additional staffing and IT enhancements needed to implement and grow the program. If the increase is not provided, rural providers will have fewer options to fund broadband service in rural communities and USDA will fail to offer a full menu of services to finance the need for rural broadband service.

RD is requesting \$50 million to be used for this program from the earnings available balance from the Cushion of Credit account. This request will continue with what Congress provided in 2019 and 2020 to be used from the Cushion of Credit to support ReConnect efforts. A general provision will be included requesting this funding. With the addition of the Cushion of Credit funding, the 2022 budget request \$700 million in Budget Authority, an increase of \$65 million for the 2021 enacted level.

The final regulations for this program were published on November 30, 2020.

- (6) An increase of \$117,000,000 for the ReConnect Pilot program budget authority (\$531,000,000 available in 2021).

The increase in budget authority for this account support the loan level requested in FY 2022. This BA authority will support loans, grants and loan/grant combination as well as funding for technical assistance and administrative cost. This program demand continues to increase as the program gets funded every year.

- (7) A decrease of \$228,000 in budget authority for the Broadband Direct loan program (\$2,000,000 available in 2021)

The decrease is due to a decrease in subsidy rate in 2022. This is the necessary level of budget authority to support the loan level requested.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS***Table RUS-43. Distance Learning and Telecommunications Grants Geographic Breakdown of Obligations (thousands of dollars)***

<u>State/Territory/Country</u>	<u>2019 Actual</u>	<u>2020 Actual</u>	<u>2021 Enacted</u>	<u>2022 Budget</u>
Alabama	\$2,012	\$2,877	-	-
Alaska	997	4,360	-	-
Arizona	-	1,277	-	-
Arkansas	130	-	-	-
California	270	957	-	-
Colorado	395	985	-	-
Florida	790	1,012	-	-
Georgia	640	1,941	-	-
Idaho	-	575	-	-
Illinois	551	4,169	-	-
Indiana	241	-	-	-
Iowa	-	615	-	-
Kansas	337	3,121	-	-
Kentucky	946	1,717	-	-
Louisiana	217	4,664	-	-
Maine	1,407	1,000	-	-
Maryland	-	430	-	-
Michigan	831	669	-	-
Minnesota	735	-	-	-
Mississippi	1,980	2,477	-	-
Missouri	577	1,912	-	-
Montana	441	-	-	-
Nebraska	500	-	-	-
Nevada	228	978	-	-
New Hampshire	-	181	-	-
New York	420	1,612	-	-
North Carolina	2,445	4,206	-	-
North Dakota	605	84	-	-
Ohio	1,422	1,172	-	-
Oklahoma	1,917	969	-	-
Oregon	839	147	-	-
Pennsylvania	1,731	2,798	-	-
Puerto Rico	782	-	-	-
South Carolina	1,500	2,031	-	-
South Dakota	1,345	985	-	-
Tennessee	1,356	1,990	-	-
Texas	188	1,945	-	-
Utah	439	-	-	-
Vermont	-	466	-	-
Virgin Islands	980	723	-	-
Virginia	300	2,588	-	-
Washington	-	1,000	-	-
West Virginia	437	-	-	-
Wisconsin	175	1,000	-	-
Wyoming	63	-	-	-
Distribution Unknown	-	-	\$65,800	\$65,700
Obligations	31,168	59,635	65,800	65,700

Table RUS-44. Distance Learning and Telemedicine Delta Health Service Grants Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2019 Actual	2020 Actual	2021 Enacted	2022 Budget
Arkansas	\$999	\$1,000	-	-
Illinois	-	895	-	-
Kentucky	315	1,433	-	-
Louisiana	597	-	-	-
Mississippi	999	2,803	-	-
Tennessee	651	-	-	-
Distribution Unknown	-	-	\$3,016	\$3,014
Obligations	3,561	6,131	3,016	3,014

Table RUS-45. Direct Broadband Telecommunications Treasury Rate Loans Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2019 Actual	2020 Actual	2021 Enacted	2022 Budget
Georgia	\$14,345	-	-	-
Missouri	17,665	-	-	-
Oklahoma	15,742	-	-	-
Distribution Unknown	-	-	\$20,772	\$24,113
Obligations	47,752	-	20,772	24,113

Table RUS-46. Broadband Telecommunications Grants Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2019 Actual	2020 Actual	2021 Enacted	2022 Budget
Alaska	-	\$3,000	-	-
Illinois	\$2,386	2,054	-	-
Kentucky	2,396	1,267	-	-
Minnesota	1,953	-	-	-
Nevada	-	137	-	-
North Carolina	1,933	-	-	-
North Dakota	844	-	-	-
Oklahoma	845	5,188	-	-
Pennsylvania	638	-	-	-
Texas	2,307	-	-	-
Utah	-	1,127	-	-
Virginia	6,000	-	-	-
West Virginia	4,960	3,000	-	-
Distribution Unknown	-	-	\$50,680	\$50,200
Obligations	24,264	15,773	50,680	50,200

Table RUS-47. Broadband Pilot 100% Grants Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2019 Actual	2020 Actual	2021 Enacted	2022 Budget
Alaska	-	\$18,889	-	-
Arizona	-	1,666	-	-
Arkansas	-	3,750	-	-
Georgia	-	5,498	-	-
Illinois	-	3,431	-	-
Iowa	\$7,210	921	-	-
Kentucky	-	23,394	-	-
Maine	-	1,519	-	-
Minnesota	-	5,230	-	-
Missouri	-	23,376	-	-
Montana	-	3,358	-	-
Nebraska	-	5,735	-	-
Nevada	-	2,267	-	-
New Mexico	-	23,337	-	-
New York	-	14,650	-	-
North Carolina	-	31,411	-	-
North Dakota	-	1,809	-	-
Oklahoma	-	19,779	-	-
Oregon	-	5,989	-	-
South Carolina	-	27,041	-	-
South Dakota	-	12,863	-	-
Tennessee	-	9,821	-	-
Texas	-	3,025	-	-
Utah	-	5,137	-	-
Washington	-	2,476	-	-
West Virginia	-	20,844	-	-
Wisconsin	-	4,796	-	-
Distribution Unknown	-	-	\$350,200	\$429,000
Obligations	7,210	282,015	350,200	429,000

Table RUS-48. Broadband Pilot 100% Loans Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2019 Actual	2020 Actual	2021 Enacted	2022 Budget
Alabama	-	\$1,999	-	-
Missouri	-	3,000	-	-
New Mexico	-	8,192	-	-
North Carolina	-	48,000	-	-
Oklahoma	-	5,059	-	-
Pennsylvania	-	750	-	-
South Carolina	-	7,502	-	-
Tennessee	-	31,982	-	-
Virginia	-	3,793	-	-
Distribution Unknown	-	-	\$322,898	\$298,365
Obligations	-	110,276	322,898	298,365

Table RUS-49. Broadband Pilot 50% Grants Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2019 Actual	2020 Actual	2021 Enacted	2022 Budget
Alabama	-	\$30,182	-	-
Arkansas	-	1,728	-	-
Georgia	-	2,036	-	-
Illinois	-	6,390	-	-
Iowa	-	3,209	-	-
Kansas	-	2,636	-	-
Louisiana	-	7,763	-	-
Maine	-	4,178	-	-
Michigan	-	11,300	-	-
Minnesota	-	2,712	-	-
Missouri	-	27,705	-	-
North Dakota	-	10,624	-	-
Oklahoma	-	15,043	-	-
Tennessee	-	1,024	-	-
Texas	-	5,203	-	-
Utah	-	11,892	-	-
Virginia	-	14,000	-	-
West Virginia	-	1,758	-	-
Distribution Unknown	-	-	\$165,600	\$160,000
Obligations	-	159,384	165,600	160,000

Table RUS-50. Broadband Pilot 50% Loans Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2019 Actual	2020 Actual	2021 Enacted	2022 Budget
Alabama	-	\$36,719	-	-
Arkansas	-	1,728	-	-
Georgia	-	2,036	-	-
Idaho	-	15,314	-	-
Illinois	-	29,839	-	-
Indiana	-	1,958	-	-
Iowa	-	13,289	-	-
Kansas	-	2,636	-	-
Kentucky	-	2,454	-	-
Louisiana	-	13,923	-	-
Maine	-	4,178	-	-
Michigan	-	14,660	-	-
Minnesota	-	7,589	-	-
Missouri	-	67,599	-	-
Montana	-	5,445	-	-
North Dakota	-	10,624	-	-
Oklahoma	-	15,043	-	-
Tennessee	-	5,941	-	-
Texas	-	5,203	-	-
Utah	-	11,887	-	-
Virginia	-	14,000	-	-
West Virginia	-	1,758	-	-
Distribution Unknown	-	-	\$131,953	\$141,641
Obligations	-	283,822	131,953	141,641

Table RUS-51. Broadband Pilot Technical Assistance Grants Geographic Breakdown of Obligations (thousands of dollars)

<u>State/Territory/Country</u>	<u>2019 Actual</u>	<u>2020 Actual</u>	<u>2021 Enacted</u>	<u>2022 Budget</u>
District of Columbia	\$9,211	\$5,810	\$22,000	\$24,000
Obligations	9,211	5,810	22,000	24,000

Table RUS-52. Broadband Pilot Administrative Expenses Geographic Breakdown of Obligations (thousands of dollars)

<u>State/Territory/Country</u>	<u>2019 Actual</u>	<u>2020 Actual</u>	<u>2021 Enacted</u>	<u>2022 Budget</u>
Expenditure Transfer to S&E	\$12,304	\$9,496	\$25,500	\$33,700
Obligations	12,304	9,496	25,500	33,700

Table RUS-53. Opioid Epidemic Grants Geographic Breakdown of Obligations (thousands of dollars)

<u>State/Territory/Country</u>	<u>2019 Actual</u>	<u>2020 Actual</u>	<u>2021 Enacted</u>	<u>2022 Budget</u>
Alabama	\$213	\$174	-	-
California	324	1,102	-	-
Connecticut	319	-	-	-
Florida	489	-	-	-
Georgia	788	866	-	-
Idaho	154	-	-	-
Illinois	568	-	-	-
Indiana	458	-	-	-
Kansas	495	833	-	-
Kentucky	713	2,365	-	-
Louisiana	442	794	-	-
Maine	775	-	-	-
Maryland	650	-	-	-
Mississippi	-	1,000	-	-
Missouri	128	-	-	-
Montana	490	-	-	-
Nevada	715	-	-	-
New York	204	-	-	-
North Carolina	1,607	-	-	-
Ohio	1,399	-	-	-
Oklahoma	303	-	-	-
Pennsylvania	621	-	-	-
Puerto Rico	-	1,868	-	-
South Carolina	321	995	-	-
South Dakota	320	-	-	-
Tennessee	500	328	-	-
Texas	228	585	-	-
Utah	175	-	-	-
Vermont	91	-	-	-
Virgin Islands	346	-	-	-
Virginia	898	-	-	-
Wisconsin	-	996	-	-
Distribution Unknown	-	-	\$543	-
Obligations	14,733	11,906	543	-

Table RUS-54. DLT CARES Act Grants Geographic Breakdown of Obligations (thousands of dollars)

<u>State/Territory/Country</u>	<u>2019 Actual</u>	<u>2020 Actual</u>	<u>2021 Enacted</u>	<u>2022 Budget</u>
Distribution Unknown	-	-	\$24,250	-
Obligations	-	-	24,250	-

Table RUS-55. DLT CARES Act Administrative Expenses Geographic Breakdown of Obligations (thousands of dollars)

<u>State/Territory/Country</u>	<u>2019 Actual</u>	<u>2020 Actual</u>	<u>2021 Enacted</u>	<u>2022 Budget</u>
Expenditure Transfer to S&E	-	\$750	-	-
Obligations	-	750	-	-

Table RUS-56. Broadband ReConnect CARES Act Grants Geographic Breakdown of Obligations (thousands of dollars)

<u>State/Territory/Country</u>	<u>2019 Actual</u>	<u>2020 Actual</u>	<u>2021 Enacted</u>	<u>2022 Budget</u>
Georgia	-	\$12,575	-	-
Maryland	-	13,108	-	-
Mississippi	-	16,092	-	-
Missouri	-	2,932	-	-
North Carolina	-	5,533	-	-
Oklahoma	-	29,792	-	-
Tennessee	-	4,917	-	-
Distribution Unknown	-	-	\$12,050	-
Obligations	-	84,950	12,050	-

Table RUS-57. Broadband ReConnect CARES Act Administrative Expenses Geographic Breakdown of Obligations (thousands of dollars)

<u>State/Territory/Country</u>	<u>2019 Actual</u>	<u>2020 Actual</u>	<u>2021 Enacted</u>	<u>2022 Budget</u>
Expenditure Transfer to S&E	-	\$3,000	-	-
Obligations	-	3,000	-	-

CLASSIFICATION BY OBJECTS**Table RUS-58. Classification by Objects (thousands of dollars)**

<u>Item No.</u>	<u>Item</u>	<u>2019 Actual</u>	<u>2020 Actual</u>	<u>2021 Enacted</u>	<u>2022 Budget</u>
25.3	Other goods and services from Federal sources	\$12,304	\$13,246	\$25,500	\$33,700
41.0	Grants, subsidies, and contributions	99,472	727,539	818,840	837,814
99.9	Total, new obligations	111,776	740,785	844,340	871,514

ACCOUNT 4: HIGH ENERGY COST GRANTS

LEAD-OFF TABULAR STATEMENT

Table RUS-59. Lead-Off Tabular Statement (In dollars)

Item	Amount
2021 Enacted	\$10,000,000
Change in Appropriation	<u>0</u>
Budget Estimate, 2022	<u>10,000,000</u>

PROJECT STATEMENT***Table RUS-60. Project Statement Appropriations (thousands of dollars)***

Item	2019 Actual	2020 Actual	2021 Enacted	Inc. or Dec.	Chg Key	2022 Budget
Discretionary Appropriations:						
High Energy Cost Grants.....	\$10,000	\$10,000	\$10,000	-	(1)	\$10,000
Total Adjusted Approp.....	10,000	10,000	10,000	-	-	10,000
Rescission, Transfers In and Out.....	-10,000	-10,000	-10,000	-	-	-10,000
Total Appropriation.....	-	-	-	-	-	-
Transfers In*:						
Water and Waste Disposal Program Account.....	10,000	10,000	10,000	-	-	10,000
Total Transfers In.....	10,000	10,000	10,000	-	-	10,000
Recoveries, Other	3,176	6	33	+127	-	160
Bal. Available, SOY.....	2,070	3,578	1,930	-1,930	-	-
Total Available.....	15,246	13,584	11,963	-1,803	-	10,160
Bal. Available, EOY.....	-3,578	-1,930	-	-	-	-
Total Obligations.....	11,668	11,654	11,963	-1,803	-	10,160

Table RUS-61. Project Statement Obligations (thousands of dollars)

Item	2019 Actual	2020 Actual	2021 Enacted	Inc. or Dec.	2022 Budget
Discretionary Obligations:					
High Energy Cost Grants.....	\$11,668	\$11,654	\$11,963	-1,803	\$10,160
Total Obligations.....	11,668	11,654	11,963	-1,803	10,160
Balances Available, EOY:					
High Energy Cost Grants	3,578	1,930	-	-	-
Total Bal. Available, EOY.....	3,578	1,930	-	-	-
Total Available.....	15,246	13,584	11,963	-1,803	10,160
Total Transfers In.....	-10,000	-10,000	-10,000	-	-10,000
Recoveries, Other	-3,176	-6	-33	-127	-160
Bal. Available, SOY.....	-2,070	-3,578	-1,930	+1,930	-
Total Appropriation.....	-	-	-	-	-

High Energy Cost Grants

The High Energy Cost Grants support USDA Strategic Goal 4; Facilitate rural prosperity and economic development.

The numbers and letters of the following listing relates to values in the Change Key column of the Project Statement:

(1) No change for High Energy Cost Grants (\$10,000,000 available in 2021)

The High Energy cost grant program provides 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. Funding in 2022 will be targeted to encourage recipients to purchase technologies that decrease greenhouse gases.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS

Table RUS-62. Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2019 Actual	2020 Actual	2021 Enacted	2022 Budget
Alaska	\$11,668	\$11,654	-	-
Distribution Unknown	-	-	\$11,963	\$10,160
Obligations	11,668	11,654	11,963	10,160

CLASSIFICATION BY OBJECTS*Table RUS-63. Classification by Objects (thousands of dollars)*

Item No.	Item	2019 Actual	2020 Actual	2021 Enacted	2022 Budget
41.0	Grants, subsidies, and contributions	\$11,668	\$11,654	\$11,963	\$10,160
	Total, Other Objects	11,668	11,654	11,963	10,160
99.9	Total, new obligations	11,668	11,654	11,963	10,160

STATUS OF PROGRAMS

The Rural Utilities Service (RUS) provides much-needed infrastructure or infrastructure improvements to rural communities, including water and waste treatment, electric power and telecommunications services. These services help to expand economic opportunities and improve the quality of life for rural residents.

Water and Environmental Programs (WEP)

The Rural Utilities Service's, Water and Environmental Programs (WEP) is a leader in providing rural communities with the capital to develop and support modern, affordable water and waste disposal (WWD) services. With a focus on underserved communities, WEP directs its technical and financial resources to rural communities with the greatest need. This includes rural water and waste systems that are poverty-stricken, face health or sanitary issues, or other obstacles hindering their ability to provide safe and reliable services. These communities may be poverty-stricken as a result of out-migration, economic factors, or even natural disasters. That said, rural communities can sustain economic development and improve the quality of life for their residents through providing dependable water and waste services.

Specifically Addressed Areas

Specific areas being addressed by WEP are funding for clean and reliable drinking water systems, sanitary sewage disposal, sanitary solid waste disposal, and storm water drainage to households and businesses in eligible rural areas with populations of 10,000 or less.

Current Activities

RUS invested \$2.1 billion to modernize rural drinking water and wastewater infrastructure in all 50 States and Puerto Rico through the Water and Waste Disposal Loan and Grant Program. The 881 projects will help improve rural water infrastructure for 2.141 million residents. Of these projects, 579 of them, or 65.7 percent, alleviated a health or sanitary issue. Significantly, \$156 million of this funding has been provided for projects in persistent poverty communities.

Selected Examples of Recent Progress

The Pine-Strawberry Water Improvement District, located in Gila County, Arizona, received a direct loan of \$22,530,000 and a \$510,429 grant to complete improvements to their water system. Among the various enhancements, the District will be rehabilitating four wells, drilling a new well, replacing water lines, and installing a new SCADA system. Additionally, the District received a Predevelopment Planning Grant of \$22,000 to pay for the development of the initial technical documentation.

Situated in southern New Jersey, the Borough of Woodbine received a \$999,770 Emergency and Imminent Community Water Assistance Grant (ECWAG) to enable the community to remediate and prevent future issues resulting from a Perfluorinated Chemicals (PFCs) leak near their water supply. Seeping from underground storage tanks at an old industrial site that was previously home to the Woodbine Hat Company and a rubber company, the tanks and contaminated soil is to be removed and the site will be capped. Building from a study funded by the New Jersey Hazardous Discharge Site Remediation Fund, the work to be completed will ensure that the residents and businesses have a safe and reliable water supply.

Rural Electrification and Telecommunications Loan Programs

Electric Programs

The rural electric direct loan and loan guarantee programs provide financing for electric generation, transmission and distribution facilities, and energy efficiency and conservation projects to improve service in rural areas. Loans are made to corporations, States, territories, local government subdivisions, municipalities, utility districts, and to other entities including 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.

Specifically Addressed Areas

Specific areas being addressed by the electric program include 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 the Nation's rural residents. The electric programs provide leadership and capital to upgrade, expand, maintain, or replace America's vast rural electric infrastructure, including investment in renewable electricity and energy efficiency and conservation. Some electric program loans are specifically targeted to spur economic development in areas where poverty rates have been stubbornly high for decades. In addition, in 2020, RUS made it easier for rural electric utilities and cooperatives to use electric program loans for vegetation management programs to prevent and control wildfires.

Current Activities

In 2020, RUS invested \$6.3 billion in the electric loan program, making loans to 119 utilities in 34 States across the country. Twenty-one of the loans that RUS awarded, representing almost 10 percent of total loan volume by dollar, will help expand smart grid technologies. Smart grid can be a catalyst for broadband and other telecommunications services in unserved and underserved rural areas. These loans will finance nearly 23,000 new line-miles of smart grid fiber when buildout is complete.

During 2020, USDA also approved nearly \$104 million in loans for 11 energy efficiency programs under the Rural Energy Savings Program reaching over 178,000 rural consumers, and \$11.7 million in High Energy Cost Grants to rural communities and villages in Alaska to lower the cost of energy consumption and upgrade aging generation systems.

Selected Examples of Recent Progress

In South Carolina, KW Savings uses its \$13 million loan to provide rural consumers with low cost funding for home improvement projects that can help reduce their monthly electricity usage by more than 50 percent. KW Savings partners with electric cooperatives to deliver this program in their service territory.

Associated Electric Cooperative, headquartered in Springfield, Missouri, will use a \$52 million loan to finance a variety of generation system improvement projects. The cooperative provides wholesale power to its six generation and transmission members, who provide wholesale power to 51 distribution-member cooperatives serving 910,000 customers in Missouri, southeastern Iowa and northeastern Oklahoma.

Telecommunications Program

The telecommunications loan program provides direct loan and loan guarantees for broadband capable construction, expansion, and upgrades of telecommunications facilities.

Specifically Addressed Areas

Specific areas being addressed by the telecommunications program include 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. Access to high-speed Internet and other quality telecommunications services is essential for a healthy and growing rural economy. The infrastructure increases educational opportunities, improves availability of healthcare, job creation and retention, and enhances continued economic growth. Program outreach efforts are focused on identifying rural areas that do not have access to these services.

Current Activities

During 2020, RUS approved nine loans for telecommunication investments in rural communities. The total amount obligated in 2020 was \$98.6 million. These projects, upon completion, will deliver new or improved broadband service in 8 states.

Selected Examples of Recent Progress

In Indiana, the Pulaski-White Rural Telephone Cooperative is receiving a \$19 million loan to install 355 miles of Fiber-to-the-Home (FTTH) technology in the Buffalo and Star City exchanges.

Distance Learning and Telemedicine (DLT) Program

The DLT program helps rural communities use the unique capabilities of telecommunications to connect to each other and to the world, overcoming the effects of remoteness and low population density. RUS has developed a DLT Toolkit which features a variety of resources to support virtual outreach to connect with stakeholders and potential applicants for the DLT program. The toolkit was used to facilitate 14 webinars and reach 893 stakeholders. This outreach helped generate 534 applications received totaling \$252.1 million.

In 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act provided supplemental funding of \$25 million to the DLT program to address the COVID-19 pandemic. The window for applications for the CARES Act funding closed on July 13, 2020, and the agency received in total 534 applications requesting \$252.1 million. Of these, 172 applications for a total of \$84 million were deemed complete and eligible. The application scoring is ranking is underway and award recommendations are expected by the end of the calendar year. Of the CARES Act funding, \$750,000 in administrative funds is available and the DLT program has obligated \$484,021 for expenses related to outreach and technical assistance provided by agency staff to prospective applicants.

Specifically Addressed Areas

Specific areas being addressed by the DLT Program include assisting rural schools and learning centers in gaining access to improved educational 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.

Grants through this program are also being used to address the nation’s need for additional science, technology, engineering and mathematics (STEM) educational resources.

Current Activities

RUS funded over \$71.5 million for 116 projects through the DLT grant program. Thirty-five projects are specifically in response to the opioid pandemic and substance use disorder. The program helps health care and education institutions buy the equipment and software necessary to deploy distance-learning and telemedicine services to rural residents. These investments will benefit more than 12 million rural residents.

Selected Examples of Recent Progress

In Kentucky, the Bluegrass Care Navigators will use a \$500,000 grant to establish a regional telemedicine network with a hub site at its headquarters in Lexington. Three other hub sites will be established to meet the needs of seriously and terminally ill patients across 16 counties in southeastern Kentucky. The hubs will contain designated virtual conference rooms to facilitate continuing education and professional development for clinicians as well as a specialized workspace and telemedicine equipment for conducting high-quality virtual visits.

In Pennsylvania, the grant of over \$350,000 will help fund the deployment of telemedicine infrastructure connecting medical responders to provide opioid dependency support to local and regional communities. In conjunction with participating medical centers, six volunteer fire departments within the region will receive teleconferencing equipment to be installed within their facilities, providing access to opioid response and support training. The training provides first responders the needed tools to identify, respond, and support opioid incidents within their communities. The teleconferencing equipment will also serve the ongoing training and support requirements of the first responders, Emergency Medical Technicians (EMTs), and paramedics within each department.

In Mississippi, an applicant for DLT CARES Act funding plans to provide distance learning technology to schools in Mississippi, especially those in rural and impoverished areas. The project includes adding additional schools to their network as well as increasing service capacity for both those schools that are not in the network and those that may need distance learning services if schools should close due to unforeseen reasons such as the COVID-19 pandemic.

Community Connect Broadband Grant Program

The Community Connect Grant Program provides financial assistance to eligible applicants that will provide, on a “community-oriented connectivity” basis, broadband service that fosters economic growth and delivers enhanced educational, health care, and public safety benefits. Priority is given to the most rural and economically challenged communities.

Specifically Addressed Areas

Specific areas being addressed by the Community Connect Program include serving communities and areas that are completely unserved by broadband. One major goal of the program is to provide all critical community facilities in a service area with free access to broadband Internet for two years.

Current Activities

In 2020, the Community Connect program approved eight projects, half of which are in persistent poverty communities, that will deliver broadband to rural areas currently without high-speed Internet service. The grants totaled nearly \$15.8 million in funding to provide broadband service in seven states.

Selected Examples of Recent Progress

Peoples Telecom, LLC will utilize Persistent Poverty funds to finance a Community Connect grant of \$1,266,986 to construct a 27.6-mile Fiber-to-the-Premises network passing 137 households and one business located in the Cressmont, Lee County, Kentucky service area. This network will support service at levels up to one gigabit per second for each subscriber. This broadband network will provide significant benefits to the residents of the proposed funded service area by improving their economy, educational access and quality of life. A community center will be provided where residents can access the Internet free of charge for at least two years.

Rural eConnectivity Pilot Program (ReConnect Program)

The ReConnect Program offers unique federal financing and funding options in the form of loans, grants, and loan/grant combinations to facilitate broadband deployment in areas of rural America that do not currently have sufficient access to broadband. The ReConnect program will generate private sector investment to deploy broadband infrastructure to provide high-speed internet e-Connectivity to as many rural premises as possible, including homes, community facilities for healthcare and public safety, schools, libraries, farms, ranches, factories, and other production sites. In addition, RD has developed an e-Connectivity Toolkit, which features 27 USDA programs that support broadband deployment. This easy-to-use resource is a simple guide that allows customers to identify their type of e-Connectivity project and locate resources the Federal government offers for planning, equipment, construction, research and other e-Connectivity projects.

Specifically Addressed Areas

Specific areas being addressed by the ReConnect Program focus on building infrastructure for essential internet e-Connectivity services to rural areas without sufficient access to broadband, defined by the new law as 10 Mbps (megabits per second) downstream and 1 Mbps upstream.

Current Activities

RUS has invested in 163 projects. The investment represents \$1.35 billion in grant and loan funding for high-speed broadband infrastructure. Of this amount, \$85 million was for nine grants obligated through Broadband ReConnect Grant Coronavirus Aid, Relief, and Economic Security (CARES) Act supplemental funding. The funded service areas include a total of 278 thousand households.

Selected Examples of Recent Progress

In Virginia, Mecklenburg Electric Cooperative will use a \$1.5 million ReConnect grant to deploy a fiber-to-the-premises network. This network will connect 1,964 residents, 34 businesses, 27 farms, a fire station and two post offices to high-speed broadband internet in Brunswick and Halifax counties.

Reservation Telephone Cooperative will use a \$6.9 million ReConnect grant to deploy a fiber-to-the-premises network. This network will connect 1,413 people, 104 farms, 49 businesses, a

public school and a fire station to high-speed broadband internet in Dawson, Richland and Wibaux counties in Montana and McKenzie County in North Dakota.

SUMMARY OF PERFORMANCE AND EVALUATION**Introduction**

The USDA Rural Utilities Service (RUS) mission is to enhance the quality of life and improve economic opportunity in rural communities by providing financing for 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 is composed of three major programs: Electric, Telecommunications, and Water and Environmental. Electric and telecommunications programs are authorized by the Rural Electrification Act of 1936, as amended, 7 U.S.C. 901 et seq. (RE Act) and related legislation. Water and environmental programs (WEP) are authorized by Section 306 of the Consolidated Farm and Rural Development Act (CONACT), 7 U.S.C. 1926 et seq. Broadband loans were initially authorized by the Farm Security and Rural Investment Act of 2002 (2002 Farm Bill) and reauthorized and modified in the 2008 Farm Bill and 2014 Farm Bill. Distance learning and telemedicine grants are authorized by 7 U.S.C. 950aaa. Community connect broadband grants are authorized by section 306(a)(20)(E) CONACT and 7 U.S.C. 1926(a)(20)(E).

ALIGNMENT TO STRATEGIC PLAN AND EVALUATION EFFORTS

The programs of RUS directly support the Secretary’s Strategic Goal 4: Facilitate rural prosperity and economic development.

Objective 4.1: To expand rural business opportunity and rural quality of life with access to capital; improve infrastructure, broadband access and connectivity; and support workforce availability. The following table summarizes the results for the Departmental Key Performance Indicator (KPI) for which RUS is responsible. A more detailed report of the performance and evaluation efforts can be found at <https://www.usda.gov/our-agency/about-usda/performance>

Table RUS-64. KPI-Rural Utilities Service

Strategic Objective 4.1		FY 18	FY 19	FY 20	FY 21	FY 22
4.1.2 E-connectivity ^a : Number of borrowers’ subscribers receiving new and/or improved telecommunication services (thousand)	Results	45	68.9	131	TBD	TBD
	Target	175	139	160	162	162
	Status	Unmet	Unmet	Unmet	TBD	TBD

a/The number of subscribers receiving service from our Awardees, and not our borrowers since the number includes our grantees under the ReConnect and Community Connect Programs

Met: within 100% or more of Target	Needs Improvement (NI): within 10% of target	Unmet: Greater than 10%
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Alignment with 2022-2026 priorities:

- Rural Community and Economic Development and Equity and Inclusion
 - This measure monitors the investments made by Telecommunications to provide new and improved access to e-connectivity/broadband.

PROGRESS Toward the Achievement of Strategic Objectives FY2021

Accomplishments towards objectives are highlighted within the Status of Programs section contained within this chapter. Additional information regarding performance can be located within the Annual Performance Report submitted in conjunction with our Congressional Justifications. A high-level summary of progress is provided below:

In FY 2020, RUS was not able to meet its performance target in its key performance indicator. The progress towards objectives was impacted by:

- Telecom did not meet its subscriber goal from FY 2020 because of projects they de-obligated/rescinded project funding for under the ReConnect program. The projects funded under telecom in FY 2020 will make broadband available to over three hundred thousand households (336,165). The 131,000 represents the conservative projected subscriber level from this project, while the households number (336,165) indicates who can be potentially served by the project if they buy the service.

In addition to the annual targeting and monitoring of Strategic Objective Key Performance Indicator 4.1.2 related to e-connectivity the Rural Development Innovation Center's Data Analytics Division is conducting an evaluation focused on *Economic and Social Impacts of E-connectivity in Rural Areas through USDA Broadband Programs*.

This evaluation will provide insight into priority questions for USDA's Learning Agenda question, "What are the short-term and long-term economic and social impacts of RD programs, including indirect/spillover effects?"

- RD programs are designed to reach certain goals and beneficiaries. The RD broadband programs are designed to promote access to broadband in rural areas. E-connectivity is fundamental for economic development, innovation, advancements in technology, workforce readiness, and an improved quality of life. Reliable and affordable high-speed internet connectivity will transform rural America as a key catalyst for prosperity. The evaluation of each of these programs listed above on specific outcomes are to understand whether they work, as well as the level and nature of impacts on intended beneficiaries.
- The findings of each evaluation will be used to assess the effectiveness and efficiency of USDA broadband programs. Impact evaluation helps policy makers decide whether programs are generating intended effects; promotes accountability in the allocation of resources across RD programs; and fills gaps in understanding what works, what does not, and how measured changes in well-being are attributable to a particular program.

Expected Progress at the 2022 Proposed Resource Level

The economic and social effects of COVID-19 on rural communities remains a concern. Demographic characteristics (a higher share of elderly population) and geographic features (larger distances to access health care centers), coupled with reduced health care staff and facilities, impede the ability of rural communities to respond to the pandemic. In addition, the overall slowdown in aggregate demand has affected some primary sectors, and the expected further slow-down in trade and global demand will hit rural economies severely given their higher reliance on tradable activities, such as mining and tourism.

4.1.2 E-Connectivity - Remote, difficult terrain that makes construction and maintenance costlier; fewer potential subscribers per mile of infrastructure to support the cost of service; higher rates of unemployment, poverty and outmigration in the subscriber base. Additionally, the

relatively low population densities and incomes can mean fewer potential subscribers, making it difficult to recoup deployment costs. These conditions make it less likely that a private service provider will build out or maintain a broadband network.

The telecommunications program will expand its outreach efforts through the ReConnect program and continue to reduce loan processing times through the streamlining of work process and staff training.

The electric program will continue to make investments in rural electric infrastructure, including transmission and distribution system modernization as well as renewable energy generation.

^a The number of subscribers receiving service are from Awardees, and not borrowers since the number includes grantees under the ReConnect and Community Connect Programs.