

## 2023 USDA EXPLANATORY NOTES – RURAL UTILITIES SERVICE

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**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.

**Electric Programs:**

**Direct Loans** — Authorized by section 4 of the Rural Electrification Act of 1936 (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 Rural Electrification Act of 1936 (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 Rural Electrification Act of 1936 (7 U.S.C. 935).

**Municipal Rate Direct Loans** — Authorized by section 305 of the Rural Electrification Act of 1936 (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 Rural Electrification Act of 1936 (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 Rural Electrification Act of 1936 (7 U.S.C. 940c-1) as amended by the Agriculture Improvement Act of 2018 (P.L. 115-334) 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 Rural Electrification Act of 1936 (7 U.S.C. 940g), as amended by the Food, Conservation, and Energy Act of 2008 (P.L. 110-246) 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** — Authorized by section 6407 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8107) as added by section 6205 of the Agriculture Act of 2014 (P.L. 113-79) to offer zero-interest loans to eligible borrowers for relending to qualified consumers to implement durable cost-effective energy efficiency measures.

**High Energy Cost Grants** — Authorized by section 19 of the Rural Electrification Act of 1936 (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 Rural Electrification Act of 1936 (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 Rural Electrification Act of 1936 (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 Rural Electrification Act of 1936 (7 U.S.C. 936) and are provided to borrowers of a non-government lender or from the Federal Financing Bank (FFB) 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** — Authorized in section 601 of the Rural Electrification Act of 1936 (7 U.S.C. 950bb) as added by section 6103 of the Farm Security and Rural Investment Act of 2002 (P.L. 107-171) 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 Food, Conservation, and Energy Act of 2008 (P.L.110-246), the Agricultural Act of 2014 (P.L. 113-79), and Agriculture Improvement Act of 2018 (P.L. 115-334). 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) of the Consolidated Farm and Rural Development Act of 1972 (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 two years.

**Distance Learning and Telemedicine Loans and Grants** — Authorized by sections 2331 to 2335A of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 950aaa et seq.), as added by section 704 of the Federal Agriculture Improvement and Reform Act of 1996 (P.L. 104-127), 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 section 779 of the Consolidated Appropriations Act, 2018 (P.L. 115-141). The program’s purpose is to conduct a new broadband loan and grant pilot program under the Rural Electrification Act of 1936 (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 of the Consolidated Farm and Rural Development Act of 1972 (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 of the Consolidated Farm and Rural Development Act of 1972 (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 Agriculture Improvement Act of 2018 (P.L. 115-334) 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 of the Consolidated Farm and Rural Development Act of 1972 (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** — Authorized by section 306C of the Consolidated Farm and Rural Development Act of 1972 (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 of the Consolidated Farm and Rural Development Act of 1972 (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 (SEARCH)** — Authorized by section 306 of the Consolidated Farm and Rural Development Act of 1972 (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** — Authorized by section 306E of the Consolidated Farm and Rural Development Act of 1972 (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 of the Consolidated Farm and Rural Development Act of 1972 (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 of the Consolidated Farm and Rural Development Act of 1972 (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 percent median non-metropolitan household income of the State to 60 percent.

**Solid Waste Management Grants** — Authorized by section 310B of the Consolidated Farm and Rural Development Act of 1972 (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 of the Consolidated Farm and Rural Development Act of 1972 (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. Rural Development (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 agencies: Rural Housing Service, Rural Utilities Service, and Business-Cooperative Service. RD's headquarters is located in Washington, DC. As of September 30, 2021, there were 4,615 permanent full-time employees, including 1,277 in the headquarters office and 3,338 in the field offices.

### **OIG and GAO Reports**

***Table RUS-1. In-Progress OIG Reports***

<b>ID</b>	<b>Title</b>
09601-0001-22	Administration of Water and Waste Program Grants
09601-0001-23	Rural E-Connectivity Pilot Program

***Table RUS-2. Completed GAO Reports***

<b>ID</b>	<b>Date</b>	<b>Title</b>	<b>Result</b>
GAO-19-22	03/07/2020	Tribal Consultation – Additional Federal Actions Needed for Infrastructure Projects	<p>The Assistant to the Secretary of Agriculture for Rural Development should document in the agency's tribal consultation policy how agency officials are to communicate with tribes about how tribal input from consultation was considered in agency decisions on proposed infrastructure projects. (Recommendation 6)</p> <p>As of February 2021, Rural Development plans to address this recommendation as part of the development of a draft manual, which is underway, to compliment USDA's existing tribal consultation policy guidance.</p>

***Table RUS-3. In-Progress GAO Reports***

<b>ID</b>	<b>Title</b>
105265	Rural Utilities Service's ReConnect Program
104421	Tribal Broadband Support from the Universal Service Fund
104611	Broadband Programs

**ACCOUNT 1: RURAL WATER AND WASTE 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]\$1,540,000,000 for direct loans; and \$50,000,000 for guaranteed loans.

For the cost of 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, [ \$716,557,000 ] \$726,557,000, 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 in addition to funding authorized by section 306A(i)(1) of such Act: *Provided further*, That \$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, and the Department of Hawaiian Home Lands (of the State of Hawaii): *Provided further*, That funding provided for section 306D of the Consolidated Farm and Rural Development Act may be provided to a consortium formed pursuant to section 325 of Public Law 105–83: *Provided further*, That not more than 2 percent of the funding provided for section 306D of the Consolidated Farm and Rural Development Act may be used by the State of Alaska for training and technical assistance programs and not more than 2 percent of the funding provided for section 306D of the Consolidated Farm and Rural Development Act may be used by a consortium formed pursuant to section 325 of Public Law 105–83 for training and technical assistance programs: *Provided further*, That not to exceed \$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, notwithstanding any other provision of law, not to exceed \$100,000,000 of the amount appropriated under this heading shall be available as the Secretary deems appropriate for grants authorized by section 306C(a)(1)(A) of the Consolidated Farm and Rural Development Act for the purpose of replacement of lead service lines: *Provided further*, That if any funds made available pursuant to the previous proviso remain unobligated after July 31, 2023, such unobligated balances may be used for grant programs funded under this heading: *Provided further*, That not to exceed \$26,499,000 of the amounts appropriated under this heading shall be available as the Secretary deems appropriate for water and waste direct one percent and zero percent loans for distressed communities: *Provided further*, That if the Secretary determines that any portion of the amount made available for one percent and zero percent loans is not needed for such loans, the Secretary may use such amounts for grants authorized by section 306(a)(2) of the Consolidated Farm and Rural Development Act: *Provided further*, That if any funds made available for the direct loan subsidy costs remain unobligated after July 31, 2023, such unobligated balances may be used for grant programs funded under this heading: *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.

Change (line 31 to 43 of paragraph 2). The budget is requesting two new set asides to better serve rural communities. This first new proviso sets aside up to \$100 million to be available until July 30, 2023, for the purpose of replacing lead piping. This proviso helps to provide safe, clean, drinking water to rural communities that still have old lead service pipes for drinking water. The following proviso allows from the amounts available under the heading the use of water and waste budget authority to provide loans at 1 percent and zero percent borrower’s interest rates for distressed communities. The proviso also provides that if there are unobligated funds as of June 30, 2023, that the funding will be reverted to the water and waste grants for further obligations.

**LEAD-OFF TABULAR STATEMENT**

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

<b>Item</b>	<b>Grants</b>	<b>Loan Level</b>	<b>Subsidy</b>
Estimate, 2022	\$616,507,000	\$1,466,666,667	\$60,000
Change in Appropriation	+73,551,000	+123,333,333	+26,439,000
Budget Estimate, 2023	<u>690,058,000</u>	<u>1,590,000,000</u>	<u>26,499,000</u>

**PROJECT STATEMENT**

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

Item	2020 Program Level	2020 Actual BA	2021 Program Level	2021 Actual BA	2022 Program Level	2022 Estimated BA	2023 Program Level	2023 Estimated BA	Program Level Inc. or Dec.	Budget Authority Inc. or Dec.	Chg Key
Discretionary Appropriations:											
Direct Rural Water and Waste Disposal Loans.....	\$1,400,000	\$63,840	\$1,400,000	-	\$1,400,000	-	\$1,400,000	-	-	-	(1)
Direct Rural Water and Waste Disposal Loans 0%.....	-	-	-	-	-	-	70,000	\$16,962	+\$70,000	+\$16,962	(2)
Direct Rural Water and Waste Disposal Loans 1%....	-	-	-	-	-	-	70,000	9,537	+70,000	+9,537	(2)
Guaranteed Rural Water and Waste Disposal Loans...	50,000	70	50,000	\$60	66,667	\$60	50,000	-	-16,667	-60	(3),(4)
Rural Water and Waste Disposal Grants.....	443,000	443,000	463,350	463,350	463,350	463,350	511,901	511,901	+48,551	+48,551	(5)
Technical Assistance Grants for Rural Waste Systems..	30,000	30,000	35,000	35,000	35,000	35,000	40,000	40,000	+5,000	+5,000	(5)
Circuit Rider - Technical Assistance Grants for Rural Waste Systems	19,570	19,570	20,157	20,157	20,157	20,157	20,157	20,157	-	-	(5)
WWD Grants, Alaskan Villages.....	18,000	18,000	18,000	18,000	18,000	18,000	26,000	26,000	+8,000	+8,000	(5)
WWD Grants, Native American Tribes.....	25,000	25,000	25,000	25,000	25,000	25,000	36,000	36,000	+11,000	+11,000	(5)
WWD grants, Hawaiian Homelands.....	-	-	-	-	-	-	5,000	5,000	+5,000	+5,000	(5)
Water and Waste Disposal Grants, Colonias.....	25,000	25,000	25,000	25,000	25,000	25,000	26,000	26,000	+1,000	+1,000	(5)
Water Well System Grants.....	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	-	-	(5)
Water and Wastewater Revolving Funds.....	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	-	-	(5)
Solid Waste Management Grants.....	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	-	-	(5)
Emergency Community Water Assistance Grants, Appropriated.....	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	-	-	(5)
Section 783: Water and Waste Grants Pilot Program...	5,000	5,000	5,000	5,000	5,000	5,000	-	-	-5,000	-5,000	(5)
Subtotal.....	2,040,570	654,480	2,066,507	616,567	2,083,174	616,567	2,280,058	716,557	+196,884	+99,990	(5)
Total Adjusted Approp.....	2,040,570	654,480	2,066,507	616,567	2,083,174	616,567	2,280,058	716,557	196,884	99,990	
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.....	2,050,570	664,480	2,076,507	626,567	2,093,174	626,567	2,290,058	726,557	196,884	99,990	
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.....	-2,035,252	-62,200	-10,000	-10,000	-10,000	-10,000	-10,000	-10,000	-	-	
Recoveries, Other .....	145,935	57,281	151,725	78,883	107,596	55,640	49,280	49,280	-58,316	-6,360	
Bal. Available, SOY.....	2,208,698	267,250	193,576	197,218	258,839	143,865	97,187	108,900	-161,652	-34,964	

2023 USDA EXPLANATORY NOTES – RURAL UTILITIES SERVICE

<b>Item</b>	<b>2020 Program Level</b>	<b>2020 Actual BA</b>	<b>2021 Program Level</b>	<b>2021 Actual BA</b>	<b>2022 Program Level</b>	<b>2022 Estimated BA</b>	<b>2023 Program Level</b>	<b>2023 Estimated BA</b>	<b>Program Level Inc. or Dec.</b>	<b>Budget Authority Inc. or Dec.</b>	<b>Chg Key</b>
Total Available.....	2,369,951	926,811	2,411,808	892,668	2,449,608	816,072	2,426,525	874,737	-23,083	58,666	
Bal. Available, EOY.....	-277,720	-197,218	-228,173	-143,865	-307,495	-108,900	-59,685	-71,398	247,810	37,502	
Total Obligations.....	2,092,230	729,594	2,183,635	748,803	2,142,113	707,171	2,366,840	803,339	+224,727	+96,168	

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

Item	2020 Program Level	2020 Actual BA	2021 Program Level	2021 Actual BA	2022 Program Level	2022 Estimated BA	2023 Program Level	2023 Estimated BA	Program Level Inc. or Dec.	Budget Authority Inc. or Dec.
Discretionary Obligations:										
Direct Rural Water and Waste Disposal Loans.....	\$1,398,548	\$63,774	\$1,399,901	-	\$1,400,000	-	\$1,400,000	-	-	-
Direct rural water and waste disposal loans 0%.....	-	-	-	-	-	-	70,000	\$16,962	-	-
Direct Rural Water and Waste Disposal Loans 1%....	-	-	-	-	-	-	70,000	9,537	-	-
Guaranteed Rural Water and Waste Disposal Loans...	27,901	39	34,973	\$42	34,973	\$31	50,000	-	+\$15,027	-\$31
Rural Water and Waste Disposal Grants.....	512,584	512,584	519,915	519,915	475,000	475,000	555,000	555,000	+80,000	+80,000
Technical Assistance Grants for Rural Waste Systems. Circuit Rider - Technical Assistance Grants for Rural Waste Systems.....	30,000	30,000	36,777	36,777	35,000	35,000	40,600	40,600	+5,600	+5,600
WWD Grants, Alaskan Villages.....	20,015	20,015	22,960	22,960	23,750	23,750	21,375	21,375	-2,375	-2,375
WWD Grants, Native American Tribes.....	23,848	23,848	24,240	24,240	19,400	19,400	30,500	30,500	+11,100	+11,100
WWD grants, Hawaiian Homelands.....	25,779	25,779	25,721	25,721	25,000	25,000	36,400	36,400	+11,400	+11,400
Water and Waste Disposal Grants, Colonias.....	-	-	-	-	-	-	5,000	5,000	+5,000	+5,000
Water Well System Grants.....	27,471	27,471	26,354	26,354	25,700	25,700	28,000	28,000	+2,300	+2,300
Water and Wastewater Revolving Funds.....	1,991	1,991	4,858	4,858	8,000	8,000	7,500	7,500	-500	-500
Solid Waste Management Grants.....	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	-	-
Emergency Community Water Assistance Grants.....	4,000	4,000	4,024	4,024	4,000	4,000	4,025	4,025	+25	+25
Emergency Community Water Assistance Grants, Appropriated.....	-	-	-	-	150	150	140	140	-10	-10
GP 783: Water and Waste Grants Pilot Program.....	16,128	16,128	14,197	14,197	16,100	16,100	15,350	15,350	-750	-750
Subtotal Disc oblig.....	-	-	4,850	4,850	8,500	8,500	1,200	1,200	-7,300	-7,300
	2,089,264	726,627	2,119,770	684,938	2,076,573	641,631	2,336,090	772,589	+259,517	+130,958
Mandatory Obligations:										
Rural Water and Waste Disposal Grants - Farm Bill Mandatory.....	-	-	-	-	500	500	650	650	+150	+150
Subtotal Mand Oblig.....	-	-	-	-	500	500	650	650	+150	+150
Supplemental Obligations:										
Hurricanes HIM Natural Disaster Grants.....	2,466	2,466	63,397	63,397	65,000	65,000	30,000	30,000	-35,000	-35,000
Hurricanes HIM Natural Disaster Contracts.....	501	501	468	468	40	40	100	100	+60	+60
Subtotal Supp Oblig.....	2,967	2,967	63,865	63,865	65,040	65,040	30,100	30,100	-34,940	-34,940
Total Obligations.....	2,092,230	729,594	2,183,635	748,803	2,142,113	707,171	2,366,840	803,339	224,727	96,168
Add back:.....										
Balances Available, EOY:										
Direct Rural Water and Waste Disposal Loans.....	84,172	3,838	99	7,974	-	11,524	-	11,524	-	-

2023 USDA EXPLANATORY NOTES – RURAL UTILITIES SERVICE

Item	2020 Program Level	2020 Actual BA	2021 Program Level	2021 Actual BA	2022 Program Level	2022 Estimated BA	2023 Program Level	2023 Estimated BA	Program Level Inc. or Dec.	Budget Authority Inc. or Dec.
Guaranteed Rural Water and Waste Disposal Loans.....	169	0	92,294	111	210,308	189	-	189	-210,308	-
Rural Water and Waste Disposal Grants.....	4,564	4,564	16,779	16,779	47,129	47,129	44,030	44,030	-3,099	-3,099
Technical Assistance Grants for Rural Waste Systems.....	1,361	1,361	-	-	610	610	590	590	-20	-20
Circuit Rider - Technical Assistance Grants for Rural Waste Systems.....	5,375	5,375	3,926	3,926	1,243	1,243	905	905	-338	-338
WWD Grants, Alaskan Villages.....	6,240	6,240	1,496	1,496	4,596	4,596	4,346	4,346	-250	-250
WWD Grants, Native American Tribes.....	605	605	-	-	450	450	450	450	-	-
Water and Waste Disposal Grants, Colonias.....	1,605	1,605	743	743	2,243	2,243	2,143	2,143	-100	-100
Water Well System Grants.....	4,655	4,655	5,186	5,186	2,516	2,516	336	336	-2,180	-2,180
Solid Waste Management Grants.....	-	-	0	0	50	50	70	70	+20	+20
Emergency Community Water Assistance Grants.....	-	-	150	150	140	140	130	130	-10	-10
Emergency Community Water Assistance Grants, Appropriated.....	139	139	1,210	1,210	360	360	250	250	-110	-110
Other.....	2,793	2,793	2,793	2,793	2,793	2,793	2,793	2,793	-	-
Section 783: Water and Waste Grants Pilot Program.....	5,000	5,000	5,150	5,150	1,650	1,650	450	450	-1,200	-1,200
Hurricanes HIM Natural Disaster Grants.....	161,042	161,042	97,645	97,645	32,645	32,645	2,645	2,645	-30,000	-30,000
Hurricanes HIM Natural Disaster Contracts.....	-	-	45	45	105	105	90	90	-15	-15
Rural Water and Waste Disposal Grants - Farm Bill Mandatory.....	-	-	657	657	657	657	457	457	-200	-200
Total Bal. Available, EOY.....	277,720	197,218	228,173	143,865	307,495	108,900	59,685	71,398	-247,810	-37,502
Total Available.....	2,369,951	926,811	2,411,808	892,668	2,449,608	816,072	2,426,525	874,737	-23,083	58,666
Less:										
Total Transfers Out.....	2,035,252	62,200	10,000	10,000	10,000	10,000	10,000	10,000	-	-
Recoveries, Other .....	-145,935	-57,281	-151,725	-78,883	-107,596	-55,640	-49,280	-49,280	+58,316	+6,360
Bal. Available, SOY.....	-2,208,698	-267,250	-193,576	-197,218	-258,839	-143,865	-97,187	-108,900	+161,652	+34,964
Total Appropriation.....	2,050,570	664,480	2,076,507	626,567	2,093,174	626,567	2,290,058	726,557	196,884	99,990

## Rural Water and Waste Disposal Program

Rural Utilities Service supports:

Goal 1: Combat Climate Change to Support America’s Working Lands, Natural Resources and Communities: Strategic Objective 1.4: Increase Carbon Sequestration, Reduce Greenhouse Gas Emissions, and Create Economic Opportunities (and Develop Low-Carbon Energy Solutions), by supporting rural and tribal clean electricity generation and energy efficiency.

Goal 5: Expand Opportunities for Economic Development and Improve Quality of Life in Rural and Tribal Communities: Strategic Objective 5.1: Improve Rural and Tribal Community Infrastructure, Including Affordable E-Connectivity, Cornerstone Community Facilities, Sustainable and Reliable Power, and Clean and Safe Water and Sewer System, by evaluating the impact of the Water and Environment Program on service availability, affordable water quality for underserved communities, property values (residential, agricultural, and commercial property), income and earnings, poverty, and population growth across the rural-urban continuum. This evaluation is included in the Departmentwide FY 2023 Evaluation Plan.

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 2022).

This program provides loan funds for water and waste projects serving the most financially needy communities. The level of funding is expected to meet anticipated demand, and 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. 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:

1. The program provides residents in rural America with decent, safe, and sanitary water and waste service.
2. The Rural Water and Waste Disposal Program mission is 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.
3. The program can provide support to rural areas adjusting to 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) obligated \$11.1 billion through 5,568 direct water and waste disposal loans throughout the Nation and Puerto Rico. In that time, the top three funded states have been Michigan with \$688 million, followed by Texas with \$499 million, and New York with \$498 million. Loan with grant components represent 56 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.

In 2021, WEP provided equitable access to safe and reliable water and waste services in Alabama in a persistent poverty area (poverty rates of 20 percent or more for the past 30 years) that received a loan of \$853,000 to complete Water Waste projects. The project will extend access to a safe and reliable water supply to 70 homes. Serving an area comprised of approximately 71 percent people of color and a median household income of \$19,820, testing of the individual wells at the homes in the unincorporated areas of Bogue Chitto

have shown the presence of coliform, and E-coli. Addressing the existing health and sanitary issues of wells in this region is paramount to the health of residents.

WEP direct loan obligations in persistent poverty areas have been primarily in the south and southwest regions of the Nation and have amounted to over \$175 million in the last two years. However, other states such as Ohio have also received funding for critical improvements. Ohio received a \$6.1 million loan to improve and expand their Wastewater developments. The improvements will provide reliable water and sewer services to 2,000 people. These improvements will increase the capacity of the facility to support more economic development and opportunity for the community.

Funding in 2023 is being targeted to the smaller rural, underserved communities that have severe poverty and can only afford lower loan amounts. This will result in more loans, but to a smaller population served. Even though there is a decrease in program level, the set asides will ensure distressed communities have access to a higher loan level. Funding in 2023 is expected to support approximately 500 loans that will assist rural residents in obtaining decent, safe, and sanitary water and wastewater services.

This program also supports the Administration’s effort on alleviating the effects of climate change through adaptation to climate change and by increasing resilience in response to catastrophic weather events.

(2a) An increase of \$140,000,000 for Water and Waste Disposal Direct Loans (\$0 available in 2022).

The request provides the Secretary the discretion to target up to \$140 million in program level for the one percent and zero percent loans. Because these loans have additional risk, the subsidy rate is much higher than the regular direct program and these new loans will require budget authority to support the \$140 million in program level. If the demand is not as high as the agency anticipates, the budget requests that any unobligated funding as of June 30, 2023, revert back to grants for further obligations.

(2b) An increase of \$26,499,000 for Water and Waste Disposal Direct loans budget authority (\$0 available in 2022).

The request sets aside until June 30, 2023, up to \$26.5 million of the budget authority requested for the Water and Waste Disposal program to support loans with a one percent and zero percent borrower’s interest rate. This funding will be targeted to distressed communities with a population of 10,000 or less. Many rural small communities are struggling financially but need repairs and upgrades for their water and wastewater system. Loans would be provided to these rural communities that lack the capacity to incur at current rates the debt necessary to carry out the project or activity, such as funds needed to resolve a health or sanitary issue.

(3) A decrease of \$16,667,000 for Water and Waste Disposal Guaranteed Loan Program (\$66,667,000 available in 2022).

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:

1. The program provides residents in rural America with decent, safe, and sanitary water and waste service,
2. 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,
3. The program can provide support to rural areas adjusting to the transition away from fossil-fueled energy production.

Over the last ten years the Water and Environmental Programs (WEP) obligated \$137 million through 89 guaranteed water and waste disposal loans throughout the Nation. In that time, the top three funded states have been Texas with \$39.3 million, followed by Illinois with \$25.9 million and North Carolina with \$17.8 million. Funding for waste disposal only projects represent 11 percent of this amount and 89 percent 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. Decrease in the budget request maintains the historical loan level provided through the appropriations.

Most of the funding from Water and Waste Disposal Guaranteed Loans goes to the Midwestern region of the nation. Iowa received a \$495,000 loan to upgrade its systems. This project will improve the quality of life with decent, safe, and sanitary water and waste service for many people in rural Iowa,

This program also supports the Administration’s effort to alleviating the effects of climate change through adaptation to climate change and increasing resilience from catastrophic weather events.

(4) A decrease of \$60,000 in Water and Waste Guaranteed budget authority (\$60,000 available in 2022).

The decrease in budget authority is due to a decrease in subsidy rate from 2022. The budget authority is necessary to support the estimated loan obligations associated with the requested 2023 program levels for the program.

(5) An increase of \$83,551,000 for Water and Waste Disposal Grants (\$616,507,000 available in 2022).

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.

Within the overall funding provided for water and waste grants, the budget proposes to set aside up to \$100 million for grants to replace lead service lines in rural communities. Lead service lines are a significant health hazards in rural communities, and replacing these obsolete pipes will provide clean, safe water in rural communities where the water infrastructure has not been updated since it was first put in place. The budget requests this set aside be available until July 30, 2023, and after that date any unobligated funding would be available for the regular grant program for further obligations.

Within the requested increase, the budget is requesting additional funding for the following programs:

The budget is requesting an increase of \$5 million from the 2022 CR level of \$35 million. Technical assistance is essential in developing a water and waste system that will provide with clean water in rural areas.

The budget is requesting an increase of \$17 million from the 2022 CR funding of \$50 million to support Water and Waste Facility Loans and Grants to alleviate health risks. The request includes \$5 million to support water and waste grants in Hawaiian Homeland. The increase will provide better access to loan funding for these communities and will help to alleviate health hazards and improve access to clean, safe water.

The budget requests an increase of \$8 million from the 2022 CR level of \$18 million in grants for Alaskan Villages (including technical assistance programs). These Villages are in remote areas and access to clean water and financing for water and waste systems is more difficult.

The rest of the water and waste grants are being requested at the 2022 CR level.

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 \$5.9 billion through over 7,400 water and waste disposal grants throughout the Nation. In that time, the top three funded states have been Alaska with \$270 million, followed by Texas with \$244 million and Oklahoma with \$216 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 an increasing trend in obligations. The total funding request of \$690 million in 2023 reflects this trend and is expected to support approximately 580 grants in the water and waste disposal grant program that will assist rural residents in obtaining decent, safe, and sanitary water and wastewater services.

This program also supports the Administration effort on alleviating the impact of climate change by adaptation to climate change and by increasing resilience from catastrophic weather events.

#### **GEOGRAPHIC BREAKDOWN OF OBLIGATIONS**

***Table RUS-7. Rural Water and Waste Direct Loans. Geographic Breakdown of Obligations (thousands of dollars)***

<b>State/Territory/Country</b>	<b>2020 Actual</b>	<b>2021 Actual</b>	<b>2022 Estimated</b>	<b>2023 Estimated</b>
Alabama	\$15,703	\$39,638	-	-
Alaska	-	8,121	-	-
Arizona	28,129	4,211	-	-
Arkansas	5,236	9,507	-	-
California	47,238	27,274	-	-
Colorado	8,436	22,390	-	-
Connecticut	1,195	3,675	-	-
Delaware	-	4,723	-	-
Florida	8,768	30,346	-	-
Georgia	15,771	37,378	-	-
Idaho	22,791	63,204	-	-
Illinois	54,165	56,930	-	-
Indiana	63,984	64,659	-	-
Iowa	105,818	61,539	-	-
Kansas	49,001	33,513	-	-
Kentucky	39,649	20,312	-	-
Louisiana	15,101	6,818	-	-
Maine	13,759	19,197	-	-
Maryland	5,462	4,613	-	-
Massachusetts	11,148	3,725	-	-
Michigan	112,915	81,401	-	-
Minnesota	22,815	46,539	-	-
Mississippi	43,380	15,733	-	-
Missouri	43,419	52,718	-	-
Montana	19,329	29,415	-	-
Nebraska	6,999	9,116	-	-
Nevada	3,915	4,630	-	-
New Hampshire	8,998	7,937	-	-
New Jersey	12,290	5,573	-	-
New Mexico	16,306	10,254	-	-
New York	87,185	114,695	-	-
North Carolina	12,536	101,274	-	-
North Dakota	19,777	11,667	-	-
Ohio	27,340	11,797	-	-

State/Territory/Country	2020	2021	2022	2023
	Actual	Actual	Estimated	Estimated
Oklahoma	32,784	28,309	-	-
Oregon	2,489	3,340	-	-
Pennsylvania	64,056	6,493	-	-
Puerto Rico	2,209	-	-	-
Rhode Island	1,343	1,024	-	-
South Carolina	36,871	10,180	-	-
South Dakota	29,111	776	-	-
Tennessee	44,481	32,708	-	-
Texas	38,781	59,162	-	-
Utah	32,474	14,181	-	-
Vermont	9,116	6,128	-	-
Virginia	51,338	44,375	-	-
Washington	26,528	11,353	-	-
West Virginia	33,757	21,201	-	-
Wisconsin	37,893	129,769	-	-
Wyoming	6,761	6,381	-	-
Distribution Unknown	-	-	\$1,400,000	\$1,400,000
Obligations	1,398,548	1,399,901	1,400,000	1,400,000

**Table RUS-8. Rural Water and Waste Direct Loans 0% and 1%. Geographic Breakdown of Obligations (thousands of dollars)**

State/Territory/Country	2020	2021	2022	2023
	Actual	Actual	Estimated	Estimated
Distribution Unknown	-	-	-	\$140,000
Obligations	-	-	-	140,000

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

State/Territory/Country	2020	2021	2022	2023
	Actual	Actual	Estimated	Estimated
Arizona	-	\$4,096	-	-
California	-	763	-	-
Florida	\$2,500	-	-	-
Illinois	7,354	4,703	-	-
Indiana	2,500	788	-	-
Iowa	1,080	-	-	-
Louisiana	900	-	-	-
North Carolina	-	412	-	-
Oklahoma	525	3,870	-	-
South Carolina	-	1,028	-	-
Tennessee	-	1,000	-	-
Texas	11,457	18,313	-	-
Utah	1,586	-	-	-
Distribution Unknown	-	-	\$34,973	\$50,000
Obligations	27,901	34,973	34,973	50,000

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

State/Territory/Country	2020	2021	2022	2023
	Actual	Actual	Estimated	Estimated
Alabama	\$6,730	\$32,767	-	-
Alaska	457	458	-	-
Arizona	9,889	15,355	-	-
Arkansas	9,403	2,135	-	-
California	16,216	7,740	-	-
Colorado	4,957	11,517	-	-

## 2023 USDA EXPLANATORY NOTES – RURAL UTILITIES SERVICE

State/Territory/Country	2020	2021	2022	2023
	Actual	Actual	Estimated	Estimated
Connecticut	305	1,550	-	-
Delaware	203	3,747	-	-
Florida	11,581	7,232	-	-
Georgia	10,605	13,962	-	-
Hawaii	286	-	-	-
Idaho	9,843	13,096	-	-
Illinois	9,942	11,685	-	-
Indiana	22,827	26,974	-	-
Iowa	16,832	8,433	-	-
Kansas	6,666	16,656	-	-
Kentucky	11,855	3,662	-	-
Louisiana	3,626	5,312	-	-
Maine	5,112	16,159	-	-
Maryland	11,901	3,963	-	-
Massachusetts	19,827	843	-	-
Michigan	25,471	23,244	-	-
Minnesota	8,483	21,264	-	-
Mississippi	7,574	5,245	-	-
Missouri	26,711	7,479	-	-
Montana	13,996	15,249	-	-
Nebraska	3,676	3,512	-	-
Nevada	1,416	1,222	-	-
New Hampshire	8,849	3,314	-	-
New Jersey	3,783	1,790	-	-
New Mexico	17,729	5,566	-	-
New York	24,318	28,919	-	-
North Carolina	15,448	25,648	-	-
North Dakota	4,390	6,385	-	-
Ohio	9,522	11,538	-	-
Oklahoma	11,040	10,296	-	-
Oregon	2,806	1,975	-	-
Pennsylvania	17,839	6,390	-	-
Puerto Rico	-	21	-	-
Rhode Island	1,060	838	-	-
South Carolina	12,044	2,732	-	-
South Dakota	20,873	937	-	-
Tennessee	2,905	8,963	-	-
Texas	13,125	28,421	-	-
Utah	9,168	8,147	-	-
Vermont	9,325	4,213	-	-
Virgin Islands	-	249	-	-
Virginia	13,434	21,479	-	-
Washington	10,748	4,155	-	-
West Virginia	14,512	10,053	-	-
Wisconsin	10,874	45,289	-	-
Wyoming	2,406	2,139	-	-
Distribution Unknown	-	-	\$475,000	\$555,000
Obligations	512,584	519,915	475,000	555,000

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

State/Territory/Country	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
Arizona	\$14,474	\$7,160	-	-
California	-	1,320	-	-
Colorado	-	2,000	-	-
Minnesota	1,963	-	-	-
Montana	939	-	-	-
New Mexico	-	3,701	-	-
North Dakota	2,000	11,540	-	-
South Dakota	448	-	-	-
Wisconsin	620	-	-	-
Wyoming	5,335	-	-	-
Distribution Unknown	-	-	\$25,000	\$36,400
Obligations	25,779	25,721	25,000	36,400

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

State/Territory/Country	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
Arizona	\$10,167	\$5,561	-	-
California	-	186	-	-
New Mexico	12,573	8,624	-	-
Texas	4,731	11,982	-	-
Distribution Unknown	-	-	\$25,700	\$28,000
Obligations	27,471	26,354	25,700	28,000

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

State/Territory/Country	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
Arkansas	\$350	\$50	-	-
California	-	1,544	-	-
Colorado	-	-	-	-
Georgia	291	464	-	-
Michigan	150	200	-	-
North Carolina	-	1,400	-	-
Ohio	1,000	200	-	-
Virginia	200	1,000	-	-
Distribution Unknown	-	-	\$8,000	\$7,500
Obligations	1,991	4,858	8,000	7,500

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

State/Territory/Country	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
Alaska	\$372	\$499	-	-
Arizona	99	243	-	-
California	-	158	-	-
Iowa	99	85	-	-
Kansas	48	47	-	-
Maine	-	78	-	-
Maryland	979	850	-	-
Massachusetts	-	331	-	-

State/Territory/Country	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
New Hampshire	97	169	-	-
New Mexico	147	38	-	-
New York	317	276	-	-
North Carolina	95	-	-	-
Ohio	99	84	-	-
Oklahoma	97	85	-	-
Oregon	184	-	-	-
Tennessee	105	-	-	-
Texas	88	-	-	-
Utah	997	849	-	-
Vermont	176	153	-	-
Virgin Islands	-	81	-	-
Distribution Unknown	-	-	\$4,000	\$4,025
Obligations	4,000	4,024	4,000	4,025

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

State/Territory/Country	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
Arkansas	\$333	\$334	-	-
California	333	333	-	-
Oklahoma	334	333	-	-
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	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
Alaska	\$1,300	\$889	-	-
Arizona	1,054	1,177	-	-
California	536	290	-	-
Colorado	409	-	-	-
Maine	80	-	-	-
Maryland	8,385	11,402	-	-
Nevada	191	213	-	-
New York	143	169	-	-
Oklahoma	17,082	19,100	-	-
Tennessee	-	2,508	-	-
Virgin Islands	-	168	-	-
Washington	398	411	-	-
West Virginia	422	450	-	-
Distribution Unknown	-	-	\$35,000	\$40,600
Obligations	30,000	36,777	35,000	40,600

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

State/Territory/Country	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
Oklahoma	\$20,015	\$22,960	-	-
Distribution Unknown	-	-	\$23,750	\$21,375
Obligations	20,015	22,960	23,750	21,375

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

State/Territory/Country	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
Alaska	\$23,848	\$24,240	-	-
Distribution Unknown	-	-	\$19,400	\$30,500
Obligations	23,848	24,240	19,400	30,500

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

State/Territory/Country	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
Distribution Unknown	-	-	\$150	\$140
Obligations	-	-	150	140

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

State/Territory/Country	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
Alabama	-	\$62	-	-
Alaska	-	1,088	-	-
Arkansas	\$335	-	-	-
California	390	-	-	-
Delaware	-	731	-	-
Florida	-	251	-	-
Georgia	1,000	-	-	-
Idaho	1,293	1,137	-	-
Illinois	537	607	-	-
Iowa	1,122	1,260	-	-
Kansas	975	740	-	-
Maryland	-	150	-	-
Michigan	-	1,000	-	-
Mississippi	-	150	-	-
Nebraska	532	-	-	-
New Jersey	2,000	-	-	-
New York	150	150	-	-
North Carolina	503	150	-	-
Oklahoma	1,210	1,412	-	-
Oregon	-	2,585	-	-
Puerto Rico	18	-	-	-
Tennessee	1,150	-	-	-
Texas	-	462	-	-
Utah	1,975	1,725	-	-
Virginia	-	538	-	-
Washington	539	-	-	-
West Virginia	1,398	-	-	-
Wisconsin	1,000	-	-	-
Distribution Unknown	-	-	\$16,100	\$15,350
Obligations	16,128	14,197	16,100	15,350

**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	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
Oklahoma	\$501	\$468	-	-
Distribution Unknown	-	-	\$40	\$100
Obligations	501	468	40	100

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

State/Territory/Country	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
Florida	\$389	-	-	-
Georgia	-	\$450	-	-
Puerto Rico	2,077	62,947	-	-
Distribution Unknown	-	-	\$65,000	\$30,000
Obligations	2,466	63,397	65,000	30,000

**Table RUS-23. Rural Water and Waste Disposal Section 783 Pilot Program Grants. Geographic Breakdown of Obligations (thousands of dollars)**

State/Territory/Country	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
Alabama	-	\$4,850	-	-
Distribution Unknown	-	-	\$8,500	\$1,200
Obligations	-	4,850	8,500	1,200

**Table RUS-24. Rural Water and Waste Disposal Hawaiian Homelands Grants. Geographic Breakdown of Obligations (thousands of dollars)**

State/Territory/Country	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
Distribution Unknown	-	-	-	\$5,000
Obligations	-	-	-	5,000

**Table RUS-25. Rural Water and Waste Disposal Mandatory Farm Bill Grants. Geographic Breakdown of Obligations (thousands of dollars)**

State/Territory/Country	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
Distribution Unknown	-	-	\$500	\$650
Obligations	-	-	500	650

**Classification by Objects****Table RUS-26. Classification by Objects (thousands of dollars)**

Item No.	Item	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
41.0	Grants, subsidies, and contributions	\$729,594	\$748,803	\$707,171	\$803,339
	Total, Other Objects	729,594	748,803	707,171	803,339
99.9	Total, new obligations	729,594	748,803	707,171	803,339

**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] 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 section 306, guaranteed rural electric loans, \$2,167,000,000; loans made pursuant to sections 4, notwithstanding 4(c)(2), [305(d)(2)]of that Act, and 317, notwithstanding 317(c), of that Act, [rural direct electric loans, \$6,500,000,000] cost-of-money direct loans, \$4,333,000,000; and for loans made pursuant to section 305(d)(2) of that Act, cost of money rural telecommunications loans, \$690,000,000.

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, [\$2,070,000]\$3,726,000.

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]\$300,000,000, 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]\$26,340,000, 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, \$15,000,000, to remain available until expended, for technical assistance to support the effective implementation of clean energy funding in rural areas, including coordination with the Department of Energy and the Department of Interior.

In addition, for administrative expenses necessary to carry out the direct and guaranteed loan programs, \$33,270,000, which shall be paid to the appropriation for "Rural Development, Salaries and Expenses"

**Change Description**

The first change (line 1, 2, 3 and 4 of paragraph 1) is to include the authority for funding Electric Federal Financing Bank (FFB) loans. The 2023 Budget is requesting funding for both Electric Treasury Rate direct loans and FFB loans. The 2023 Budget proposes to amend the Electric Treasury Rate direct loan to a cost-of-money direct loan, which will lower the borrower's interest rate. The subsidy rate for the cost-of-money direct loans is negative. The combination of these loan authorities will allow RUS to offer a variety of products to meet the needs of more rural consumers and their providers.

The second change (line 4 of paragraph 1) Eliminates the funding requested in the 2022 budget because the 2023 budget is bifurcating the funding between the Electric Treasury Rate Direct and Electric FFB loans.

The third change (line 1 to 3 of paragraph 5) Includes appropriations language or a technical assistance program to support clean energy funding in rural areas. The request in 2023 that will support collaboration between USDA, DOE and DOI.

**LEAD-OFF TABULAR STATEMENT***Table RUS-27. Lead-Off Tabular Statement (In dollars)*

<b>Item</b>	<b>Program Level</b>	<b>Budget Authority</b>	<b>Administrative Expenses</b>
Estimate, 2022	\$7,553,275,362	\$13,277,000	\$33,270,000
Change in Appropriation	-94,273,434	+356,789,000	-
Budget Estimate, 2023	7,459,001,929	370,066,000	33,270,000

**PROJECT STATEMENT**

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

Item	2020 Program Level	2020 Actual BA	2021 Program Level	2021 Actual BA	2022 Program Level	2022 Estimated BA	2023 Program Level	2023 Estimated BA	Program Level Inc. or Dec.	BA Inc. or Dec.	Chg Key
Discretionary Appropriations:											
Electric Direct, FFB.....	\$5,500,000	-	\$5,000,000	-	\$5,500,000	-	\$2,167,000	-	-\$3,333,000	-	(1)
Modification to Support Transition to Carbon Pollution Free Electricity.....	-	-	-	-	-	-	-	\$285,000	-	+\$285,000	(2)
Electric Direct, Treasury rate .....	-	-	-	-	-	-	4,333,000	-	+4,333,000	-	(3)
Electric Underwriting Loans.....	750,000	-	750,000	-	750,000	-	-	-	-750,000	-	(4)
Telecommunications Direct, Treasury Rate.....	345,000	\$3,795	345,000	\$2,277	759,000	\$2,277	690,000	\$3,726	-69,000	+1,449	(5)
Telecommunications Direct, FFB.....	345,000	-	345,000	-	345,000	-	-	-	-345,000	-	(6)
Telecommunications Modification.....	-	-	-	-	-	-	-	25,000	-	+25,000	(7)
GP Rural Energy Savings Program (RESP).....	69,565	12,000	107,317	11,000	199,275	11,000	254,002	26,340	+54,727	+15,340	(8),(9)
Administrative Expenses (Exp Trfr to S&E).....	-	-	-	-	-	-	-	-	-	-	-
Electric Direct, FFB Operating Loans.....	-	-	500,000	-	-	-	-	-	-	-	-
Rural Clean Energy Initiative Technical Assistance Grants.....	-	-	-	-	-	-	15,000	15,000	+15,000	+15,000	(10)
Modification Admin. Expenses (Exp Trfr to S&E)....	-	-	-	-	-	-	-	15,000	-	+15,000	(2)
Administrative Expenses (Exp Trfr to S&E).....	-	33,270	-	33,270	-	33,270	-	33,270	-	-	-
Subtotal.....	7,009,565	49,065	7,047,317	46,547	7,553,275	46,547	7,459,002	403,336	-94,273	+356,789	
Total Adjusted Approp.....	7,009,565	49,065	7,047,317	46,547	7,553,275	46,547	7,459,002	403,336	-94,273	356,789	
Total Appropriation.....	7,009,565	49,065	7,047,317	46,547	7,553,275	46,547	7,459,002	403,336	-94,273	356,789	
Recoveries, Other .....	14,345	2,475	-	-	-	-	-	-	-	-	-
Bal. Available, SOY.....	95,521	32,340	126,714	13,845	374,331	21,565	288,746	30,799	-85,585	+9,234	
Total Available.....	7,119,431	83,880	7,174,031	60,392	7,927,606	68,112	7,747,748	434,135	-179,858	366,023	
Lapsing Balances.....	-600,722	-2,767	-1,707,037	-1,820	-1,716,756	-2,069	-1,034,556	-8,676	+682,200	-6,607	
Rescinded Balances.....	-	-15,073	-	-	-	-	-	-	-	-	
Bal. Available, EOY.....	-75,681	-13,845	-202,031	-21,565	-541,606	-30,799	-340,241	-36,139	+201,365	-5,340	
Total Obligations.....	6,443,028	52,195	5,264,963	37,007	5,669,244	35,244	6,372,952	389,320	+703,708	+354,076	

**Table RUS-29. Rural Electrification and Telecommunication Loans Program Account. Obligations Project Statement (thousands of dollars)**

Item	2020 Program Level	2020 Actual BA	2021 Program Level	2021 Actual BA	2022 Program Level	2022 Estimated BA	2023 Program Level	2023 Estimated BA	Program Level Inc. or Dec.	BA Inc. or Dec.
Discretionary Obligations:										
Electric Direct, FFB.....	\$5,490,721	-	\$4,310,859	-	\$4,800,000	-	\$2,167,000	-	-\$2,633,000	-
Modification to Support Transition to Carbon Pollution Free Electricity.....	-	-	-	-	-	-	-	\$285,000	-	+\$285,000
Electric Direct, Treasury rate .....	-	-	-	-	-	-	3,800,000	-	+3,800,000	-
Electric Underwriting Loans.....	750,000	-	750,000	-	750,000	-	-	-	-750,000	-
Telecommunications Direct, Treasury Rate.....	93,449	\$1,028	69,244	\$457	69,244	\$208	194,444	1,050	+125,200	+842
Telecommunications Direct, FFB.....	5,108	-	1,860	-	18,000	-	-	-	-18,000	-
Telecommunications Modification.....	-	-	-	-	-	-	-	25,000	-	+25,000
GP Rural Energy Savings Program (RESP).....	103,750	17,897	32,000	3,280	32,000	1,766	202,507	21,000	+170,507	+19,234
Modification Admin. Expenses (Exp Trfr to S&E).....	-	-	-	-	-	-	-	-	-	-
Electric Direct, FFB Operating Loans.....	-	-	101,000	-	-	-	-	-	-	-
Rural Clean Energy Initiative Technical Assistance Grants. Modification Admin. Expenses (Exp Trfr to S&E).....	-	-	-	-	-	-	9,000	9,000	+9,000	+9,000
Administrative Expenses (Exp Trfr to S&E).....	-	33,270	-	33,270	-	33,270	-	33,270	-	-
Subtotal Disc oblig.....	6,443,028	52,195	5,264,963	37,007	5,669,244	35,244	6,372,952	389,320	+703,708	+354,076
Total Obligations.....	6,443,028	52,195	5,264,963	37,007	5,669,244	35,244	6,372,952	389,320	703,708	354,076
Add back:.....	-	-	-	-	-	-	-	-	-	-
Lapsing Balances.....	600,722	2,767	1,707,037	1,820	1,716,756	2,069	1,034,556	8,676	-682,200	+6,607
Rescinded Balances.....	-	15,073	-	-	-	-	-	-	-	-
Balances Available, EOY:										
Pilot Program for Refinancing Electric Loans.....	955	955	955	955	955	955	955	955	-	-
GP 735, 732: Rural Energy Savings Program (RESP).....	74,727	12,890	201,077	20,610	540,651	29,844	339,286	35,184	-201,365	+5,340
Total Bal. Available, EOY.....	75,681	13,845	202,031	21,565	541,606	30,799	340,241	36,139	-201,365	5,340
Total Available.....	7,119,431	83,880	7,174,031	60,392	7,927,606	68,112	7,747,748	434,135	-179,858	366,023
Less:										
Total Transfers Out.....	-	-	-	-	-	-	-	-	-	-
Recoveries, Other .....	-14,345	-2,475	-	-	-	-	-	-	-	-
Bal. Available, SOY.....	-95,521	-32,340	-126,714	-13,845	-374,331	-21,565	-288,746	-30,799	+85,585	-9,234
Total Appropriation.....	7,009,565	49,065	7,047,317	46,547	7,553,275	46,547	7,459,002	403,336	-94,273	356,789

## Rural Electrification and Telecommunications Loan Program Account

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

- (1) A decrease of \$3,333,000,000 for Federal Financing Bank (FFB) Electric Loans (\$5,500,000,000 available in 2022).

The reduction in funding requested for FFB electric loans in 2023 will be offset by the funding requested for Electric direct Treasury rate electric loans. Eligible borrowers will have access to direct financing for rural electrification at a lower interest rate and the change will not affect overall capital available for rural electrification investments. The request promotes bifurcation of the funding between FFB and Direct Treasury rate loans. This funding will contribute to advancing clean energy and emissions mitigation and will have an impact on climate change. This program also will contribute to advancing EO 14008 directive of providing 40 percent of the benefits of Federal programs to disadvantaged communities.

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. The 2023 Budget will support \$300 million in solar and renewable energy, enough to power 250 megawatts of new sustainable and clean capacity that could power the equivalent of 65,000 homes. The solar resource of the United States is enormous. In fact, just one hour a day of noontime summer sun is equal to the annual U.S. electricity demand. Most states in the United States have good-to-excellent solar resources. Even places with relatively low solar resources, such as the Pacific Northwest and Alaska, can experience cost savings, and have similar solar resources to countries that have widely developed solar.

- (2) An increase of \$300,000,000 for Electric Incentives for De-carbonization (\$0 available in 2022).

The increase of \$300 million for the costs of grants and loan modifications will be used primarily for incentives to increase the transition to carbon pollution free electricity, and up to five percent of the funding 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 also leverage 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.

This funding also will contribute to advance clean energy and emissions mitigation and will have an impact on climate change. This program also will contribute to advancing EO 14008 directive of providing 40 percent of the benefits of Federal programs to disadvantaged communities.

(3) An increase of \$4,333,000,000 for Direct Electric Treasury Rate Loan program (\$0 available in 2022).

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) as amended in the Budget to reduce borrower’s interest costs while maintaining a sustainable program level. These loans 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.

Continuation of the program is critical because:

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

The increase provides funding through the Direct Electric Treasury rate loan program to borrowers. This program provides loans at a Treasury rate and does not include prepayment penalty. This is a program that will benefit borrowers in disadvantage communities as its cost is less than the funding provided through the FFB loan program. This funding also will contribute to advance clean energy and emissions mitigation and will have an impact on climate change. This program also will contribute to advancing EO 14008 directive of providing 40 percent of the benefits of Federal programs to disadvantaged communities. and Section 209 of EO 14008 that directs the Federal government to eliminate subsidies to fossil fuel.

The administration has called for a whole-of -government approach to achieving net zero greenhouse gas emissions by 2050, and USDA has a critical role to play to avoid the works impacts of climate change. Funding for this program will contribute to de-carbonization of rural electricity and invest in renewable le electricity generation.

(4) A decrease of \$750,000,000 for Guaranteed Electric Underwriting for Bonds and Notes (\$750,000,000 available in 2022).

The reduction in funding requested for the guaranteed underwriting program in 2023 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, Electric FFB loans and Telecommunications Direct Treasury Loans. The change will not affect overall capital available for rural electrification and telecommunications investment.

(5a) A decrease of \$69,000,000 for Telecommunications Direct Treasury Loan program (\$759,000,000 available in 2022).

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 businesses, 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:

1. 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
2. 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 obligated over \$1.5 billion through 142 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 South Dakota with \$171.6 million, followed by North Dakota with \$127.3 million and Iowa with \$121.5 million. 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. In those years, obligations in persistent poverty areas have averaged nine percent of 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 2023 is projected to support approximately 57 loans providing improved telecommunication facilities benefitting rural subscribers with improved educational opportunities, health care, safety, security, higher employment, while supporting the creation of good paying jobs.

- (5b) An increase of \$1,449,000 for Rural Electrification and Telecommunications Program budget authority (\$2,277,000 available in 2022).

The increase of \$1.449 million in Telecommunications Direct loan level subsidy due to an increase in the Telecommunications Direct Loan subsidy rate. The budget authority is necessary to support the estimated loan obligations associated with the requested 2023 program levels for the programs.

- (6) A decrease of \$345,000,000 for FFB Telecommunications Loan program (\$345,000,000 available in 2022).

No funding is requested for this program in 2023. 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 \$25,000,000 for Telecommunication modification (\$0 available in 2022).

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 100 Mbps/ 20 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.

(8) An increase of \$54,727,000 for Rural Energy Savings Program (RESP) (\$199,275,000 available in 2022).

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.

USDA's Electric Loan Program helps finance wind, solar and natural gas plants, and finances improvements to produce clean energy from coal-fired plants. In rural areas in Missouri, local utilities also use the loans to invest in infrastructure to deliver affordable power to millions of residential, commercial, and agricultural consumers. The total funding request in 2023 will provide approximately 18 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 in 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. This program is also contributing to improve environmental justice in disadvantage communities and energy communities. The 2023 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 projects to investments that increase efficiency. This funding also will contribute to advance clean energy and emissions mitigation and will have an impact on climate change. This program also will contribute to reaching environmental justice in disadvantage communities and energy communities by advancing EO 14008 directive of providing 40 percent of the benefits of Federal programs to disadvantaged communities. In 2023, RESP will be focused on investing in projects that increase efficiency.

(9) An increase of \$15,340,000 for Rural Energy Savings Program (RESP) budget authority (\$11,00,000 available in 2022).

The increase of \$15.34 million in RESP is due to an increase in the subsidy rate for 2023. The subsidy rate went from 5.52 percent in 2022 to 10.37 percent in 2023. The increase in budget authority will support the requested loan level.

(10) An increase of \$15,000,000 for Rural Clean Energy Initiative Technical Assistance (\$0 available in 2022).

The budget requests \$15 million for new technical assistance funding to support the creation of the Rural Clean Energy Initiative for increasing coordination between USDA, Department of Energy (DOE), and the Department of Interior (DOI) that will be necessary to achieve the President's de-carbonization goals and ensure clean energy funding is implemented effectively in rural areas. This technical assistance would help borrowers understand how DOE and DOI programs and permitting rules work for rural electric utilities and to ensure that RD programs work in concert with each other. The DOE is also requesting \$5 million in technical assistance to support this effort.

This funding also will contribute to advance clean energy and emissions mitigation and will have an impact on climate change.

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

State/Territory/Country	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
Arkansas	\$50,000	-	-	-
Colorado	5,000	-	-	-
Georgia	4,500	-	-	-
Indiana	1,650	-	-	-
Michigan	1,800	-	-	-
North Carolina	-	\$6,000	-	-
Oregon	3,000	-	-	-
South Carolina	2,500	-	-	-
Texas	35,000	-	-	-
Washington	-	26,000	-	-
Wisconsin	300	-	-	-
Distribution Unknown	-	-	\$32,000	\$202,507
Obligations	103,750	32,000	32,000	202,507

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

State/Territory/Country	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
Alabama	\$540,000	\$71,233	-	-
Alaska	4,900	42,000	-	-
Arizona	2,868	235,150	-	-
Arkansas	701,719	39,627	-	-
California	12,498	-	-	-
Colorado	48,223	-	-	-
Florida	1,111,759	-	-	-
Georgia	310,261	390,181	-	-
Idaho	4,915	-	-	-
Illinois	-	230,020	-	-
Indiana	28,996	198,473	-	-
Iowa	43,600	176,797	-	-
Kentucky	581,142	226,502	-	-
Louisiana	126,356	-	-	-
Maine	9,500	7,739	-	-
Michigan	34,576	59,542	-	-
Minnesota	60,500	107,798	-	-
Mississippi	44,155	-	-	-
Missouri	123,580	325,757	-	-
Nebraska	8,218	-	-	-
New Hampshire	-	14,432	-	-
New Mexico	164,204	8,847	-	-
New York	-	11,700	-	-
North Carolina	227,376	358,319	-	-
North Dakota	121,484	170,860	-	-
Ohio	60,158	26,500	-	-
Oklahoma	92,995	584,987	-	-
Pennsylvania	4,500	-	-	-
South Carolina	148,372	426,374	-	-
South Dakota	100,236	8,609	-	-
Tennessee	93,000	150,000	-	-

State/Territory/Country	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
Texas	515,956	143,951	-	-
Virginia	105,060	277,327	-	-
Washington	6,178	4,859	-	-
Wisconsin	53,436	13,275	-	-
Distribution Unknown	-	-	\$4,800,000	\$2,167,000
Obligations	5,490,721	4,310,859	4,800,000	2,167,000

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

State/Territory/Country	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
Distribution Unknown	-	-	-	\$285,000
Obligations	-	-	-	285,000

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

State/Territory/Country	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
Colorado	\$375,000	\$200,000	-	-
Virginia	375,000	550,000	-	-
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	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
Arkansas	\$10,412	-	-	-
California	-	\$55,593	-	-
Indiana	19,001	4,631	-	-
Iowa	5,864	-	-	-
Mississippi	9,996	-	-	-
New Mexico	-	9,020	-	-
Tennessee	20,337	-	-	-
Virginia	1,870	-	-	-
Wisconsin	5,109	-	-	-
Distribution Unknown	-	-	\$69,244	\$194,444
Obligations	93,449	69,244	69,244	194,444

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

State/Territory/Country	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
California	-	\$1,860	-	-
Wisconsin	\$5,108	-	-	-
Distribution Unknown	-	-	\$18,000	-
Obligations	5,108	1,860	18,000	-

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

State/Territory/Country	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
Distribution Unknown	-	-	-	\$3,800,000
Obligations	-	-	-	3,800,000

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

State/Territory/Country	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
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	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
Expenditure Transfer to S&E	-	-	-	\$15,000
Obligations	-	-	-	15,000

**Table RUS-39. Clean Energy Initiative Technical Assistance Grants. Geographic Breakdown of Obligations (thousands of dollars)**

State/Territory/Country	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
Distribution Unknown	-	-	-	\$9,000
Obligations	-	-	-	9,000

**CLASSIFICATION BY OBJECTS****Table RUS-40. Classification by Objects (thousands of dollars)**

Item No.	Item	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
25.3	Other goods and services from Federal sources	\$33,270	\$33,270	\$33,270	\$48,270
41.0	Grants, subsidies, and contributions	18,925	3,737	1,974	341,050
99.9	Total, new obligations	52,195	37,007	35,244	389,320

**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]\$14,674,000.

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 section 379G of the Consolidated Farm and Rural Development Act: *Provided further*, That funding provided under this heading for grants under section 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, [\$1,772,000]\$2,000,000, 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 cost to continue a 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]\$600,000,000, 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 as 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 may 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.

[RURAL UTILITIES SERVICE—DISTANCE LEARNING, TELEMEDICINE, AND BROADBAND PROGRAM]

[For an additional amount for "Rural Utilities Service—Distance Learning, Telemedicine, and Broadband Program", \$2,000,000,000, to remain available until expended: *Provided*, That of the funds made available under this heading in this Act, \$74,000,000 shall be for the cost of broadband loans, as authorized by section 601 of the Rural Electrification Act: *Provided further*, That, of the funds made available under this heading in this Act, \$1,926,000,000 shall be for the broadband loan and grant pilot program established by section 779 of Public Law 115–141 under the Rural Electrification Act of 1936, as amended (7 U.S.C. 901 et seq.): *Provided further*, That at least 50 percent of the households to be served by a project receiving a loan or grant from funds provided under the preceding proviso shall be in a rural area, as defined in section 601(b)(3) of the Rural Electrification Act, without sufficient access to broadband defined for such funds as having speeds of not less than 25 megabits per second downloads and 3 megabits per second uploads: *Provided further*, That 10 percent of the amounts

made available under this heading in this Act for the pilot program shall be set aside for service areas where at least 90 percent of households to be served by a project receiving a loan or grant are in a rural area without sufficient access to broadband, as defined in the preceding proviso: Provided further, That, to the extent possible, projects receiving funds provided under this heading in this Act for the pilot program must build out service to at least 100 megabits per second downloads and 20 megabits per second uploads: Provided further, That, in administering the pilot program under this heading in this Act, the Secretary of Agriculture may, for purposes of determining entities eligible to receive assistance, consider those communities which are "Areas Rural in Character", as defined in section 343(a)(13)(D) of the Consolidated Farm and Rural Development Act: Provided further, That not more than \$50,000,000 of the funds made available under this heading in this Act for the pilot program may be used for the purpose of the preceding proviso: Provided further, That pole attachment fees and replacements charged by electric cooperatives for the shared use of their utility poles shall be an eligible use of funds provided under this heading in this Act for the pilot program to enable the deployment of broadband in rural areas: Provided further, That the Secretary shall waive any matching funds required for pilot program projects funded from amounts provided under this heading in this Act for Alaska Native Corporations for federally-recognized Tribes, on substantially underserved Trust areas, as defined in 7 U.S.C. 936f(a)(2), and residents of a rural area that was recognized as a colonia as of October 1, 1989, and for projects in which 75 percent of the service area is a persistent poverty county or counties: Provided further, That for purposes of the preceding proviso, the term "persistent poverty counties" means any county that has had 20 percent or more of its population living in poverty over the past 30 years, as measured by the 1990 and 2000 decennial censuses, and 2007–2011 American Community Survey 5–6 year average, or any territory or possession of the United States: Provided further, That, in addition to other funds available for such purpose, not more than four percent of the amounts provided under this heading in this Act shall be for administrative costs to carry out the pilot program and broadband loans: Provided further, That up to three percent of the amounts provided under this heading in this Act shall be for technical assistance and predevelopment planning activities to support rural communities, of which \$5,000,000 shall have a priority for the establishment and growth of cooperatives to offer broadband, which shall be transferred to and merged with the appropriation for "Rural Development, Salaries and Expenses": Provided further, That the Secretary of Agriculture shall collaborate, to the extent practicable, with the Commissioner of the Federal Communications Commission and the Assistant Secretary for Communications and Information at the National Telecommunications and Information Administration to carry out the amounts provided under this heading in this Act for the pilot program: Provided further, That the Secretary may transfer funds provided under this heading in this Act between broadband loans, as authorized by section 601 of the Rural Electrification Act, and the pilot program to accommodate demand: Provided further, That no funds shall be transferred pursuant to the preceding proviso until the Secretary notifies in writing and receives approval from the Committees on Appropriations and Agriculture of both Houses of Congress at least 30 days in advance of the transfer of such funds or the use of such authority: Provided further, That for purposes of the amounts provided under this heading in this Act for the pilot program, the Secretary shall adhere to the notice, reporting, and service area assessment requirements set forth in section 701(a)-(d) of the Rural Electrification Act (7 U.S.C. 950cc(a)-(d)): Provided further, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 4112(a) of H. Con. Res. 71 (115th Congress), the concurrent resolution on the budget for fiscal year 2018, and to section 251(b) of the Balanced Budget and Emergency Deficit Control Act of 1985.]

### **Change Description**

The first change (lines 4 to 11 of paragraph 4) deletes language related to the percentage of households served that need to be rural. The language is unnecessary as this is already established in the 2018 appropriations (P.L. 115-141) general provision 779. This language is redundant.

The second change (lines 14 to 21 of paragraph 4) deletes the language for the upload and download speed and the administrative and technical assistance set asides. This language is no necessary as this is already established in the 2018 appropriations (P.L. 115-141) general provision 779. This language is redundant.

The third change (lines 1 to 51 of paragraph 5) deletes language from the Infrastructure Investments and Jobs Appropriation Act. This was a one-time funding and the budget is not requesting additional funds for continuing this effort.

**LEAD-OFF TABULAR STATEMENT***Table RUS-41. Lead-Off Tabular Statement (In dollars)*

<b>Item</b>	<b>Grants</b>	<b>Program Level</b>	<b>Subsidy</b>
Estimate, 2022	\$2,309,820,000	\$1,494,414,517	\$318,180,000
Change in Appropriation	-1,650,430,000	-1,179,741,003	-280,570,000
Budget Estimate, 2023	659,390,000	314,673,514	37,610,000

**PROJECT STATEMENT**

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

Item	2020 Program Level	2020 Actual BA	2021 Program Level	2021 Actual BA	2022 Program Level	2022 Estimated BA	2023 Program Level	2023 Estimated BA	Program Level Inc. or Dec.	Budget Authority Inc. or Dec.	Chg Key
Discretionary Appropriations:											
Distance Learning and Telemed. (DLT) Grants .....	\$47,000	\$47,000	\$57,000	\$57,000	\$57,000	\$57,000	\$57,000	\$57,000	-	-	(1)
DLT Delta Healthcare Services Grants.....	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	-	-	(2)
Broadband Direct Treasury Rate Loans.....	11,179	2,000	11,869	2,000	13,396	2,000	14,674	2,000	+\$1,278	-	(3)
Broadband Grants.....	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	-	-	(4)
ReConnect BB 100% Grant - Pilot.....	152,653	152,653	341,730	341,730	341,730	341,730	372,390	372,390	+30,660	+\$30,660	(5)
ReConnect BB 100% Loan - Pilot.....	100,000	34,450	100,000	27,470	124,750	27,470	150,000	20,460	+25,250	-7,010	(5)
ReConnect BB 50% Loan - Pilot.....	75,000	16,898	100,000	24,630	95,317	24,630	150,000	15,150	+54,683	-9,480	(5)
ReConnect BB 50% Grant - Pilot.....	75,000	75,000	100,000	100,000	100,000	100,000	150,000	150,000	+50,000	+50,000	(5)
ReConnect BB TA - Pilot.....	9,000	9,000	15,930	15,930	15,930	15,930	18,000	18,000	+2,070	+2,070	(5)
ReConnect BB Admin - Pilot.....	12,000	12,000	21,240	21,240	21,240	21,240	24,000	24,000	+2,760	+2,760	(5)
Subtotal.....	519,832	387,000	785,769	628,000	807,363	628,000	974,064	697,000	+166,700	+69,000	
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	-	-	-	-	-	-	-	-	-
Infrastructure Investment and Jobs Act:											
Broadband ReConnect 100 % Grants IJJA.....	-	-	-	-	1,095,920	1,095,920	-	-	-1,095,920	-1,095,920	
Broadband ReConnect 100% Loans IJJA.....	-	-	-	-	300,000	66,060	-	-	-300,000	-66,060	
Broadband ReConnect 50% Loans IJJA.....	-	-	-	-	500,000	129,200	-	-	-500,000	-129,200	
Broadband ReConnect 50% Grants IJJA.....	-	-	-	-	500,000	500,000	-	-	-500,000	-500,000	
Broadband ReConnect TA IJJA.....	-	-	-	-	60,000	60,000	-	-	-60,000	-60,000	
Broadband ReConnect Admin IJJA.....	-	-	-	-	80,000	80,000	-	-	-80,000	-80,000	
Broadband Direct IJJA.....	-	-	-	-	460,951	68,820	-	-	-460,951	-68,820	
Subtotal.....	125,000	125,000	-	-	2,996,871	2,000,000	-	-	-2,996,871	-2,000,000	
Total Appropriation.....	644,832	512,000	785,769	628,000	3,804,235	2,628,000	974,064	697,000	-2,830,171	-1,931,000	
Recoveries, Other .....	29,868	14,033	280,116	66,282	130,451	48,400	180,755	39,306	+50,305	-9,094	

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Item	2020 Program Level	2020 Actual BA	2021 Program Level	2021 Actual BA	2022 Program Level	2022 Estimated BA	2023 Program Level	2023 Estimated BA	Program Level Inc. or Dec.	Budget Authority Inc. or Dec.	Chg Key
Bal. Available, SOY.....	1,188,477	741,851	836,293	527,099	1,636,306	993,935	4,925,327	2,461,680	+3,289,021	+1,467,745	
Total Available.....	1,863,177	1,267,884	1,902,179	1,221,381	5,570,991	3,670,335	6,080,146	3,197,986	509,154	-472,349	
Lapsing Balances.....	-	-	-	-5,492	-	-	-	-	-	-	
Rescinded Balances.....	-	-	-	-12,000	-	-4,489	-	-	-	+4,489	
Bal. Available, EOY.....	-830,228	-527,099	-1,636,306	-993,935	-3,750,936	-2,461,680	-427,412	-325,686	+3,323,524	+2,135,994	
Total Obligations.....	1,032,948	740,785	265,873	209,953	1,820,055	1,204,166	5,652,733	2,872,300	+3,832,678	+1,668,134	

**Table RUS-43. Project Statement Obligations (thousands of dollars)**

Item	2020 Program Level	2020 Actual BA	2021 Program Level	2021 Actual BA	2022 Program Level	2022 Estimated BA	2023 Program Level	2023 Estimated BA	Program Level Inc. or Dec.	Budget Authority Inc. or Dec.
Discretionary Obligations:										
Distance Learning and Telemedicine (DLT) Grants .....	\$59,635	\$59,635	\$68,171	\$68,171	\$67,700	\$67,700	\$66,100	\$66,100	-\$1,600	-\$1,600
DLT Delta Healthcare Services Grants.....	6,131	6,131	3,000	3,000	\$3,250	3,250	\$3,100	3,100	-150	-150
Broadband Direct Treasury Rate Loans.....	-	-	-	-	\$18,419	2,750	\$16,141	2,200	-2,278	-550
Broadband Grants.....	15,773	15,773	49,981	49,981	\$52,200	52,200	\$38,800	38,800	-13,400	-13,400
ReConnect BB 100% Grant - Pilot.....	282,015	282,015	19,287	19,287	\$523,361	523,361	\$492,000	492,000	-31,361	-31,361
ReConnect BB 100% Loan - Pilot.....	110,276	37,990	-	-	\$657,638	144,812	\$469,208	64,000	-188,429	-80,812
ReConnect BB 50% Loan - Pilot.....	283,822	63,945	74,193	18,274	\$117,845	30,451	\$397,030	40,100	+279,185	+9,649
ReConnect BB 50% Grant - Pilot.....	159,384	159,384	13,607	13,607	\$192,582	192,582	\$225,000	225,000	+32,418	+32,418
ReConnect BB TA - Pilot.....	5,810	5,810	890	890	\$30,769	30,769	\$28,000	28,000	-2,769	-2,769
ReConnect BB Admin - Pilot (Exp Trfr to S&E).....	9,496	9,496	14	14	\$33,226	33,226	\$35,000	35,000	+1,774	+1,774
GP 775 and 761: DLT Opioid Epidemic.....	11,906	11,906	446	446	1,047	1,047	-	-	-1,047	-1,047
Subtotal Disc oblig.....	944,249	652,085	229,590	173,670	1,698,038	1,082,149	\$1,770,379	994,300	+72,341	-87,849
Supplemental Obligations:										
CARES Act:										
DLT										
Grants.....	-	-	24,233	24,233	17	17	-	-	-17	-17
DLT Grants Admin (Exp Trfr to S&E).....	750	750	-	-	-	-	-	-	-	-
ReConnect BB Grants.....	84,950	84,950	12,050	12,050	-	-	-	-	-	-
ReConnect BB Grants Admin (Exp Trfr to S&E).....	3,000	3,000	-	-	-	-	-	-	-	-
Infrastructure Investment and Jobs Act:										
Broadband ReConnect 100 % Grants IJJA.....	-	-	-	-	89,000	89,000	1,006,920	1,006,920	+917,920	+917,920
Broadband ReConnect 100% Loans IJJA.....	-	-	-	-	-	-	484,311	66,060	+484,311	+66,060
Broadband ReConnect 50% Loans IJJA.....	-	-	-	-	-	-	1,279,208	129,200	+1,279,208	+129,200
Broadband ReConnect 50% Grants IJJA.....	-	-	-	-	-	-	500,000	500,000	+500,000	+500,000
Broadband ReConnect TA IJJA.....	-	-	-	-	11,000	11,000	49,000	49,000	+38,000	+38,000
Broadband ReConnect Admin IJJA.....	-	-	-	-	22,000	22,000	58,000	58,000	+36,000	+36,000
Broadband Direct IJJA.....	-	-	-	-	-	-	504,916	68,820	+504,916	+68,820
Subtotal Supp										
Oblig.....	88,700	88,700	36,283	36,283	122,017	122,017	3,882,354	1,878,000	+3,760,337	+1,755,983
Total Obligations.....	1,032,948	740,785	265,873	209,953	1,820,055	1,204,166	5,652,733	2,872,300	3,832,678	1,668,134
Add back:.....										

2023 USDA EXPLANATORY NOTES – RURAL UTILITIES SERVICE

Item	2020 Program Level	2020 Actual BA	2021 Program Level	2021 Actual BA	2022 Program Level	2022 Estimated BA	2023 Program Level	2023 Estimated BA	Program Level Inc. or Dec.	Budget Authority Inc. or Dec.
Lapsing Balances.....	-	-	-	5,492	-	-	-	-	-	-
Rescinded Balances.....	-	-	-	12,000	-	4,489	-	-	-	-4,489
Balances Available, EOY:										
Distance Learning and Telemedicine (DLT) Grants .....	9,189	9,189	6,918	6,918	3,783	3,783	1,113	1,113	-2,670	-2,670
DLT Delta Healthcare Services Grants.....	-	-	327	327	355	355	491	491	+136	+136
Broadband Direct Treasury Rate Loans.....	81,550	14,589	49,549	7,398	61,083	4,630	43,747	6,531	-17,336	+1,901
Broadband Grants.....	35,639	35,639	22,422	22,422	6,637	6,637	4,040	4,040	-2,597	-2,597
ReConnect BB 100% Grant - Pilot.....	192,073	192,073	523,361	523,361	348,806	348,806	234,857	234,857	-113,949	-113,949
ReConnect BB 100% Loan - Pilot.....	301,131	103,740	657,638	144,812	174,169	38,352	15,976	3,518	-158,193	-34,834
ReConnect BB 50% Loan - Pilot.....	50,055	11,277	117,845	30,451	135,000	34,884	70,190	18,137	-64,810	-16,747
ReConnect BB 50% Grant - Pilot.....	95,616	95,616	192,582	192,582	108,458	108,458	40,224	40,224	-68,234	-68,234
ReConnect BB TA - Pilot.....	15,729	15,729	30,769	30,769	15,930	15,930	5,930	5,930	-10,000	-10,000
ReConnect BB Admin - Pilot.....	12,000	12,000	33,226	33,226	21,240	21,240	10,240	10,240	-11,000	-11,000
Broadband ReConnect 100 % Grants IJA.....	-	-	-	-	1,006,920	1,006,920	-	-	-1,006,920	-1,006,920
Broadband ReConnect 100% Loans IJA.....	-	-	-	-	300,000	66,060	-	-	-300,000	-66,060
Broadband ReConnect 50% Loans IJA.....	-	-	-	-	500,000	129,200	-	-	-500,000	-129,200
Broadband ReConnect 50% Grants IJA.....	-	-	-	-	500,000	500,000	-	-	-500,000	-500,000
Broadband ReConnect TA IJA.....	-	-	-	-	49,000	49,000	-	-	-49,000	-49,000
Broadband Direct IJA.....	-	-	-	-	460,951	68,820	-	-	-460,951	-68,820
Broadband ReConnect Admin IJA.....	-	-	-	-	58,000	58,000	-	-	-58,000	-58,000
Section 775: DLT Opioid Epidemi.....	342	342	1,047	1,047	-	-	-	-	-	-
CARES Act - DLT Grants.....	24,250	24,250	17	17	-	-	-	-	-	-
CARES Act - BB Grants .....	12,050	12,050	-	-	-	-	-	-	-	-
Public Broadcasting System Grants.....	604	604	604	604	604	604	604	604	-	-
<b>Total Bal. Available, EOY.....</b>	<b>830,228</b>	<b>527,099</b>	<b>1,636,306</b>	<b>993,935</b>	<b>3,750,936</b>	<b>2,461,680</b>	<b>427,412</b>	<b>325,686</b>	<b>-3,323,524</b>	<b>-2,135,994</b>
<b>Total Available.....</b>	<b>1,863,177</b>	<b>1,267,884</b>	<b>1,902,179</b>	<b>1,221,381</b>	<b>5,570,991</b>	<b>3,670,335</b>	<b>6,080,146</b>	<b>3,197,986</b>	<b>509,154</b>	<b>-472,349</b>
Less:										
Recoveries, Other .....	-29,868	-14,033	-280,116	-66,282	-130,451	-48,400	-180,755	-39,306	-50,305	9,094
<b>Bal. Available, SOY.....</b>	<b>-1,188,477</b>	<b>-741,851</b>	<b>-836,293</b>	<b>-527,099</b>	<b>-1,636,306</b>	<b>-993,935</b>	<b>-4,925,327</b>	<b>-2,461,680</b>	<b>-3,289,021</b>	<b>-1,467,745</b>
<b>Total Appropriation.....</b>	<b>644,832</b>	<b>512,000</b>	<b>785,769</b>	<b>628,000</b>	<b>3,804,235</b>	<b>2,628,000</b>	<b>974,064</b>	<b>697,000</b>	<b>-2,830,171</b>	<b>-1,931,000</b>

**Distance learning, Telemedicine and Broadband program****(1) No change for Distance Learning and Telemedicine Grants (\$57,000,000 available in 2022).**

This program is designed specifically to meet the educational and health care needs of rural America by providing grants for advanced telecommunications technologies that provide enhanced learning and health care opportunities for rural residents. Telemedicine can help hospitals meet operational and financial challenges by helping to increase 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 that 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. For 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 the ability of rural Americans to access critical telemedicine and distance learning services would diminish.

The funding request of \$57 million for 2023 is projected to provide distance learning and telemedicine services through approximately 88 projects that will provide healthcare and educational access in unserved or underserved rural communities.

Over the last ten years the Distance Learning, Telemedicine and Broadband Programs (DLTB) obligated \$405 million through 982 distance learning and telemedicine grants throughout the Nation. In that time, the top three funded states have been Oklahoma with \$38.9 million, followed by Mississippi with \$32.4 million, and Georgia with \$22.6 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.

The DLT Program supports rural schools and learning centers gain 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.

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 2022).**

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 consortium of regional institutions of higher education, academic health and research institutes, and economic development entities in the region that have experience in addressing health care issues.

**(3) An increase of \$1,278,000 for Broadband Treasury Direct Loan program (\$13,396,000 available in 2022).**

This program provides funds for direct broadband telecommunications treasury rate loans on a technology neutral basis (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. The program 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.

From 2011 to 2019, the Broadband Treasury Direct Loans Program obligated \$264.7 million through nine direct loans providing last mile services.

The 2023 funding will be used to support approximately one broadband loan for the deployment of broadband infrastructure.

(4) No change for Broadband Community Connect Grants (\$35,000,000 available in 2022).

This program funds eligible entities that 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 two 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 obligated \$179 million through 107 community connect grants across the Nation. In that time, the top three funded states have been Virginia with \$36.8 million, followed by Oklahoma with \$30.4 million, and Minnesota 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 2023 is expected to support approximately 13 broadband grants that will provide broadband access in rural communities where service is primarily unavailable.

(5a) An increase of \$165,423,000 for ReConnect Pilot Program level (\$698,967,000 available in 2022).

This program was established by the Consolidated Appropriations Act of 2018, to conduct a new broadband loan and grant pilot program under the Rural Electrification 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, 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 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, with a priority for 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 facilitate broadband deployment in areas of rural America, particularly tribal lands, that currently don't have sufficient access to broadband,
- 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 in rural areas, helping rebuild the economy.

The overwhelming majority of projects funded under Telecom programs in the last five years have proposed to deploy a Fiber-to-the-Premise (FTTP) network. This is not surprising because many rural telecommunications providers and electric cooperatives have demonstrated a preference 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 2021, the ReConnect program obligated over \$12 million in grant funds through the CARES Act to support two projects. These projects were in Utah, with a grant of \$7.5 million, and in Texas, with a grant of \$4.4 million. These grants will provide funds 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 requested increase is not provided rural providers will have fewer options to fund broadband service in rural communities and USDA may not be able to offer a full menu of services to finance the need for rural broadband service. These funds will support 16 FTEs and \$14 million in IT investments related to the deployment of this program.

(5b) An increase of \$69,000,000 for ReConnect Pilot Program (\$531,000,000 available in 2022).

This increase in budget authority for this account support the loan level requested for FY 2023. This budget 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.

#### **GEOGRAPHIC BREAKDOWN OF OBLIGATIONS**

***Table RUS-44. Distance Learning and Telecommunications Grants Geographic Breakdown of Obligations (thousands of dollars)***

State/Territory/Country	2020	2021	2022	2023
	Actual	Actual	Estimated	Estimated
Alabama	\$2,877	\$2,933	-	-
Alaska	4,360	3,406	-	-
Arizona	1,277	716	-	-
Arkansas	-	2,515	-	-
California	957	1,129	-	-
Colorado	985	-	-	-
Florida	1,012	161	-	-
Georgia	1,941	2,755	-	-
Hawaii	-	125	-	-
Idaho	575	751	-	-
Illinois	4,169	4,574	-	-
Indiana	-	847	-	-
Iowa	615	798	-	-

State/Territory/Country	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
Kansas	3,121	2,820	-	-
Kentucky	1,717	3,776	-	-
Louisiana	4,664	1,706	-	-
Maine	1,000	4,309	-	-
Maryland	430	57	-	-
Michigan	669	787	-	-
Minnesota	-	374	-	-
Mississippi	2,477	2,420	-	-
Missouri	1,912	903	-	-
Montana	-	153	-	-
Nebraska	-	517	-	-
Nevada	978	244	-	-
New Hampshire	181	995	-	-
New Mexico	-	601	-	-
New York	1,612	89	-	-
North Carolina	4,206	3,579	-	-
North Dakota	84	-	-	-
Ohio	1,172	3,153	-	-
Oklahoma	969	2,547	-	-
Oregon	147	107	-	-
Pennsylvania	2,798	1,532	-	-
South Carolina	2,031	2,760	-	-
South Dakota	985	-	-	-
Tennessee	1,990	2,944	-	-
Texas	1,945	3,789	-	-
Utah	-	234	-	-
Vermont	466	-	-	-
Virgin Islands	723	-	-	-
Virginia	2,588	1,261	-	-
Washington	1,000	1,990	-	-
West Virginia	-	3,602	-	-
Wisconsin	1,000	213	-	-
Distribution Unknown	-	-	\$67,700	\$66,100
Obligations	59,635	68,171	67,700	66,100

**Table RUS-45. Distance Learning and Telemedicine Delta Health Service Grants Geographic Breakdown of Obligations (thousands of dollars)**

State/Territory/Country	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
Arkansas	\$1,000	\$1,930	-	-
Illinois	895	-	-	-
Kentucky	1,433	182	-	-
Mississippi	2,803	-	-	-
Tennessee	-	887	-	-
Distribution Unknown	-	-	\$3,250	\$3,100
Obligations	6,131	3,000	3,250	3,100

**Table RUS-46. Direct Broadband Telecommunications Treasury Rate Loans Geographic Breakdown of Obligations (thousands of dollars)**

State/Territory/Country	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
Distribution Unknown	-	-	\$18,419	\$16,141
Obligations	-	-	18,419	16,141

**Table RUS-47. Broadband Telecommunications Grants Geographic Breakdown of Obligations (thousands of dollars)**

State/Territory/Country	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
Alaska	\$3,000	\$3,980	-	-
Georgia	-	1,802	-	-
Illinois	2,054	4,947	-	-
Iowa	-	1,937	-	-
Kentucky	1,267	2,834	-	-
Louisiana	-	1,534	-	-
Maryland	-	807	-	-
Minnesota	-	2,335	-	-
Mississippi	-	3,000	-	-
Nevada	137	-	-	-
North Carolina	-	5,283	-	-
Oklahoma	5,188	5,612	-	-
Oregon	-	6,000	-	-
Tennessee	-	1,704	-	-
Utah	1,127	-	-	-
Virginia	-	7,205	-	-
Washington	-	1,002	-	-
West Virginia	3,000	-	-	-
Distribution Unknown	-	-	\$52,200	\$38,800
Obligations	15,773	49,981	52,200	38,800

**Table RUS-48. Broadband Pilot 100 percent Grants Geographic Breakdown of Obligations (thousands of dollars)**

State/Territory/Country	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
Alaska	\$18,889	-	-	-
Arizona	1,666	-	-	-
Arkansas	3,750	-	-	-
Colorado	-	\$6,029	-	-
Georgia	5,498	-	-	-
Illinois	3,431	1,602	-	-
Iowa	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	5,989	-	-
South Carolina	27,041	-	-	-
South Dakota	12,863	-	-	-
Tennessee	9,821	-	-	-
Texas	3,025	-	-	-
Utah	5,137	5,667	-	-
Washington	2,476	-	-	-

State/Territory/Country	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
West Virginia	20,844	-	-	-
Wisconsin	4,796	-	-	-
Distribution Unknown	-	-	\$523,361	\$492,000
Obligations	282,015	19,287	523,361	492,000

**Table RUS-49. Broadband Pilot 100 percent Loans Geographic Breakdown of Obligations (thousands of dollars)**

State/Territory/Country	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
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	-	-	\$657,638	\$469,208
Obligations	110,276	-	657,638	469,208

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

State/Territory/Country	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
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	\$7,000	-	-
North Dakota	10,624	-	-	-
Oklahoma	15,043	6,608	-	-
Tennessee	1,024	-	-	-
Texas	5,203	-	-	-
Utah	11,892	-	-	-
Virginia	14,000	-	-	-
West Virginia	1,758	-	-	-
Distribution Unknown	-	-	\$192,582	\$225,000
Obligations	159,384	13,607	192,582	225,000

**Table RUS-51. Broadband Pilot 50 percent Loans Geographic Breakdown of Obligations (thousands of dollars)**

State/Territory/Country	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
Alabama	\$36,719	-	-	-
Arkansas	1,728	-	-	-
Georgia	2,036	\$10,592	-	-
Idaho	15,314	5,491	-	-
Illinois	29,839	-	-	-

State/Territory/Country	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
Indiana	1,958	-	-	-
Iowa	13,289	-	-	-
Kansas	2,636	-	-	-
Kentucky	2,454	-	-	-
Louisiana	13,923	-	-	-
Maine	4,178	-	-	-
Michigan	14,660	-	-	-
Minnesota	7,589	2,381	-	-
Missouri	67,599	46,893	-	-
Montana	5,445	-	-	-
North Dakota	10,624	-	-	-
Oklahoma	15,043	2,229	-	-
Oregon	-	6,608	-	-
Tennessee	5,941	-	-	-
Texas	5,203	-	-	-
Utah	11,887	-	-	-
Virginia	14,000	-	-	-
West Virginia	1,758	-	-	-
Distribution Unknown	-	-	\$117,845	\$397,030
Obligations	283,822	74,193	117,845	397,030

**Table RUS-52. Broadband Pilot Technical Assistance Grants Geographic Breakdown of Obligations (thousands of dollars)**

State/Territory/Country	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
District of Columbia	\$5,810	\$890	\$30,769	\$28,000
Obligations	5,810	890	30,769	28,000

**Table RUS-53. Broadband Pilot Administrative Expenses Geographic Breakdown of Obligations (thousands of dollars)**

State/Territory/Country	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
Expenditure Transfer to S&E	\$9,496	\$14	\$33,226	\$35,000
Obligations	9,496	14	33,226	35,000

**Table RUS-54. Broadband Pilot 100 percent IJA Grants Geographic Breakdown of Obligations (thousands of dollars)**

State/Territory/Country	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
Distribution Unknown	-	-	\$89,000	\$1,006,920
Obligations	-	-	89,000	1,006,920

**Table RUS-55. Broadband Pilot 100 percent IJA Loans Geographic Breakdown of Obligations (thousands of dollars)**

State/Territory/Country	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
Distribution Unknown	-	-	-	\$484,311
Obligations	-	-	-	484,311

**Table RUS-56. Broadband Pilot 50 percent IJA Grants Geographic Breakdown of Obligations (thousands of dollars)**

State/Territory/Country	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
Distribution Unknown	-	-	-	\$500,000
Obligations	-	-	-	500,000

**Table RUS-57. Broadband Pilot 50 percent IJA Loans Geographic Breakdown of Obligations (thousands of dollars)**

State/Territory/Country	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
Distribution Unknown	-	-	-	\$1,279,208
Obligations	-	-	-	1,279,208

**Table RUS-58. Broadband Pilot Technical Assistance Grants IJA Geographic Breakdown of Obligations (thousands of dollars)**

State/Territory/Country	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
District of Columbia	-	-	\$11,000	\$49,000
Obligations	-	-	11,000	49,000

**Table RUS-59. Broadband Pilot Administrative Expenses IJA Geographic Breakdown of Obligations (thousands of dollars)**

State/Territory/Country	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
Expenditure Transfer to S&E	-	-	\$22,000	\$58,000
Obligations	-	-	22,000	58,000

**Table RUS-60. Direct Broadband Telecommunications Treasury Rate Loans IJA Geographic Breakdown of Obligations (thousands of dollars)**

State/Territory/Country	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
Distribution Unknown	-	-	-	\$504,916
Obligations	-	-	-	504,916

**Table RUS-61. Opioid Epidemic Grants Geographic Breakdown of Obligations (thousands of dollars)**

State/Territory/Country	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
Alabama	\$174	-	-	-
California	1,102	-	-	-
Georgia	866	-	-	-
Kansas	833	-	-	-
Kentucky	2,365	\$183	-	-
Louisiana	794	-	-	-
Mississippi	1,000	-	-	-
New Mexico	-	264	-	-
Puerto Rico	1,868	-	-	-
South Carolina	995	-	-	-
Tennessee	328	-	-	-
Texas	585	-	-	-
Wisconsin	996	-	-	-

State/Territory/Country	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
Distribution Unknown	-		\$1,047	-
Obligations	11,906	446	1,047	-

**Table RUS-62. DLT CARES Act Grants Geographic Breakdown of Obligations (thousands of dollars)**

State/Territory/Country	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
Alabama	-	\$2,696	-	-
Arkansas	-	401	-	-
California	-	437	-	-
Colorado	-	950	-	-
Florida	-	338	-	-
Georgia	-	127	-	-
Idaho	-	727	-	-
Iowa	-	248	-	-
Kentucky	-	1,528	-	-
Michigan	-	548	-	-
Mississippi	-	4,718	-	-
Missouri	-	719	-	-
New Mexico	-	154	-	-
New York	-	297	-	-
North Carolina	-	144	-	-
Ohio	-	723	-	-
Oklahoma	-	962	-	-
Puerto Rico	-	771	-	-
South Carolina	-	2,038	-	-
Tennessee	-	275	-	-
Texas	-	80	-	-
Vermont	-	994	-	-
Virgin Islands	-	1,600	-	-
Virginia	-	76	-	-
West Virginia	-	1,262	-	-
Western Pacific	-	1,420	\$17	-
Obligations	-	24,233	17	-

**Table RUS-63. DLT CARES Act Administrative Expenses Geographic Breakdown of Obligations (thousands of dollars)**

State/Territory/Country	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
Expenditure Transfer to S&E	\$750	-	-	-
Obligations	750	-	-	-

**Table RUS-64. Broadband ReConnect CARES Act Grants Geographic Breakdown of Obligations (thousands of dollars)**

State/Territory/Country	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
Georgia	\$12,575	-	-	-
Maryland	13,108	-	-	-
Mississippi	16,092	-	-	-
Missouri	2,932	-	-	-
North Carolina	5,533	-	-	-
Oklahoma	29,792	-	-	-
Tennessee	4,917	\$4,489	-	-

State/Territory/Country	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
Utah	-	7,562	-	-
Obligations	84,950	12,050	-	-

**Table RUS-65. Broadband ReConnect CARES Act Administrative Expenses Geographic Breakdown of Obligations (thousands of dollars)**

State/Territory/Country	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
Expenditure Transfer to S&E	\$3,000	-	-	-
Obligations	3,000	-	-	-

**CLASSIFICATION BY OBJECTS**

**Table RUS-66. Classification by Objects (thousands of dollars)**

Item No.	Item	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
25.3	Other goods and services from Federal sources	\$13,246	\$14	\$96,995	\$170,000
41.0	Grants, subsidies, and contributions	727,539	209,939	1,107,171	2,702,300
99.9	Total, new obligations	740,785	209,953	1,204,166	2,872,300

*ACCOUNT 4: HIGH ENERGY COST GRANTS*

**LEAD-OFF TABULAR STATEMENT**

*Table RUS-67. Lead-Off Tabular Statement (In dollars)*

<b>Item</b>	<b>Amount</b>
Estimate, 2022	\$10,000,000
Change in Appropriation	-
Budget Estimate, 2023	<u>10,000,000</u>

**PROJECT STATEMENT****Table RUS-68. Project Statement Appropriations (thousands of dollars)**

Item	2020	2021	2022	2023	Budget	Chg Key
	Actual BA	Actual BA	Estimated BA	Estimated BA	authority Inc or Dec	
Discretionary Appropriations:						
Total						
Appropriation.....	-	-	-	-	-	
Transfers In:						
Water and Waste Disposal Program						
Account.....	\$10,000	\$10,000	\$10,000	\$10,000	-	(1)
Total Transfers In.....	10,000	10,000	10,000	10,000	-	
Recoveries, Other .....	6	346	700	665	-\$35	
Bal. Available, SOY.....	3,578	1,930	9,311	711	-8,600	
Total Available.....	13,584	12,276	20,011	11,376	-8,635	
Bal. Available, EOY.....	-1,930	-9,311	-711	-665	+46	
Total Obligations.....	11,654	2,964	19,300	10,711	-8,589	

**Table RUS-69. Project Statement Obligations (thousands of dollars)**

Item	2020	2021	2022	2023	Budget
	Actual BA	Actual BA	Estimated BA	Estimated BA	authority Inc or Dec
Discretionary Obligations:					
High Energy Cost Grants.....	\$11,654	\$2,964	\$19,300	\$10,711	-\$8,589
Subtotal Disc oblig.....	11,654	2,964	19,300	10,711	-8,589
Total Obligations.....	11,654	2,964	19,300	10,711	-8,589
Balances Available, EOY:					
High Energy Cost Grants .....	1,930	9,311	711	665	-46
Total Bal. Available, EOY.....	1,930	9,311	711	665	-46
Total Available.....	13,584	12,276	20,011	11,376	-8,635
-					
Total Transfers In.....	-10,000	10,000	-10,000	-10,000	-
Recoveries, Other .....	-6	-346	-700	-665	35
Bal. Available, SOY.....	-3,578	-1,930	-9,311	-711	8,600
Total Appropriation.....	-	-	-	-	-

**High Energy Cost Grants**

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 2022).

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. The High Energy Cost grant is statutorily focused on the most remote, poorest areas with the highest energy costs (typically Alaska, the Pacific Islands or tribal areas). Funding in 2023 will be targeted to encourage recipients to purchase technologies that decrease greenhouse gases.

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. The Electric Program also provides financial assistance through High Energy Cost Grants to rural communities with extremely high energy costs to acquire, construct, extend, upgrade, and otherwise improve energy generation, transmission, or distribution facilities.

In 2021, this program obligated almost \$3 million supporting three grants in Alaska, which provides heat to school buildings and other facilities in Alaska. This funding will also contribute to advance clean energy and emissions mitigation and will have an impact on climate change. This program also contributes to reaching environmental justice in disadvantaged communities and coal-based communities by advancing the EO 14008 directive of providing 40 percent of the benefits of Federal programs to disadvantaged communities.

The requested funding will support the Administration’s efforts to alleviating the effects of climate change by enforcing the production of clean energy and mitigating emissions of Greenhouse Gases.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS

**Table RUS-70. Geographic Breakdown of Obligations (thousands of dollars)**

State/Territory/Country	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
Alaska	\$11,654	\$2,964	-	-
Distribution Unknown	-	-	\$19,300	\$10,711
Obligations	11,654	2,964	19,300	10,711

**CLASSIFICATION BY OBJECTS**

**Table RUS-71. Classification by Objects (thousands of dollars)**

Item No.	Item	2020 Actual	2021 Actual	2022 Estimated	2023 Estimated
41.0	Grants, subsidies, and contributions	\$11,654	\$2,964	\$19,300	\$10,711
	Total, Other Objects	11,654	2,964	19,300	10,711
99.9	Total, new obligations	11,654	2,964	19,300	10,711

## **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 Water and Environmental Programs (WEP) provides rural communities with technical assistance and financing 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, including rural water and waste systems in areas that are poverty-stricken and face health or sanitary issues, or have other obstacles hindering their ability to provide safe and reliable services. These communities may be impoverished because of out-migration, economic factors, or even natural disasters, but can help sustain economic development and improve the quality of life for their residents by providing dependable water and waste services.

WEP provides 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.

#### **Climate Change/Resiliency:**

To promote climate change resiliency WEP works with communities to find innovative ways to meet their water and waste needs. For example, spray irrigation systems are used by many very small systems to promote reuse within the wastewater treatment process. During FY 2021, the Village of Edison, Nebraska received a \$613,000 award through the Water and Waste Loans and Grants program to complete the second phase of their wastewater treatment system upgrades. Edison is a community of approximately 133 residents with a median household income of \$21,875, and the proposed project includes a spray irrigation component that will dispose of secondary treated wastewater by spraying it over approximately eight acres of land.

#### **Equitable Access:**

Providing equitable access to safe and reliable water and waste services has long been a priority for WEP. For example, in FY 2021 the West Dallas Water Authority in Alabama, which is in a persistent poverty county (poverty rates of 20 percent or more for the past 30 years) received a loan of \$853,000 and grant of \$1,980,500 to complete their Bogue Chitto Expansion project. The project will extend access to a safe and reliable water supply to 70 homes. Serving an area comprised of approximately 70.85 percent people of color and a median household income of \$19,820, testing of the individual wells at the homes in the unincorporated areas of Bogue Chitto have shown the presence of coliform, and E-coli. Addressing the existing health and sanitary issues of wells in this region is paramount to the health of local residents.

#### **COVID 19 Recovery Efforts:**

Although WEP was not allocated funding specifically for the purpose of COVID Pandemic relief, it worked with several communities that were hit hard by the Pandemic through the deferral of loan payments and advanced servicing actions, such as loan re-amortization. For example, a two-year loan deferral was provided to the Braddock Water Authority in Pennsylvania that enabled the deferral of more than \$550,000 in loan payments. A small water system of 688 residential and commercial connections, the Borough of Braddock is a low-income community with a median household income of approximately \$21,667. Experiencing a 40 percent decrease in revenues from FY 2019 to 2020, this relief was critical to maintaining operations.

### **Current Activities**

RUS invested \$2.2 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 1,124 projects funded in FY 2021 will help improve rural water infrastructure for 4.69 million residents. Of these projects, 418 of them, or 69.8 percent, alleviated a health or sanitary issue. Significantly, \$142.5 million of this funding has been provided for 66 projects in persistent poverty communities.

Selected Examples of Recent Progress

Shelby County, Ohio received a \$6.1 million loan and a \$5.2 million grant to improve and expand the Lake Loramie Wastewater Treatment Plant. The improvements will provide reliable water and sewer services to 2,000 people. They are needed to bring the county into compliance with Ohio Environmental Protection Agency regulations. The facility will be capable of handling 600,000 gallons per day. These improvements will increase the capacity of the facility to support more economic development and opportunity for the community.

The village of Baldwin, Wisconsin, received a \$14.5 million loan and a \$3.6 million grant to replace its wastewater treatment plant, improving service for nearly 4,000 people. The current plant is too small to support essential community facilities and economic development in the community, and much of the equipment is reaching the end of its useful life. The new plant will bring the community into compliance with state Department of Natural Resources pollutant discharge elimination standards.

The city of Russell, Iowa, received a \$495,000 loan and a \$296,000 grant to upgrade its municipal sewer system. The city will construct a Submerged Attached Growth Reactor treatment system and an ultraviolet disinfection treatment system. It also will upgrade the collection system. This project will improve the quality of life for 554 people who call Russell home.

FY 2021 Financial Data All Other WEP Programs:

**Table RUS-72. WEP Programs**

Program	Total Obligated (Dollars in Million)	Total No. Loans or Grants
Direct Water and Waste Disposal Loans	\$1,399.9	502
Guaranteed Water and Waste Disposal Loans	\$35.0	15
Water and Waste Disposal Grants	\$519.9	433
Technical Assistance Grants for Rural Waste Systems	\$36.8	24
Circuit Rider – Technical Assistance Grants for Rural Water Systems	\$23.0	1
Water and Waste Disposal Grants Alaskan Villages	\$24.2	26
Water and Waste Disposal Grants Native American Tribes	\$25.7	12
Water and Waste Disposal Grants Colonias	\$26.4	36
Individually-Owned Water Well System Grants	\$4.9	9
Grants for Water and Wastewater Revolving Funds	\$1.0	3
Solid Waste Management Grants	\$4.0	26
Emergency and Imminent Community Water Asst. Grants Appropriated	\$14.2	36
Water and Waste Pilot Technical Assistants Grants	\$4.9	1
Hurricane Natural Disaster Grants	\$63.9	26
High Energy Cost Grants	\$3.0	3
<b>Total</b>	<b>\$2,186.6</b>	<b>1153</b>

### **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 for 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 eligible 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

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, the Rural Energy Savings Program (RESP) provides loans to entities that agree to make affordable loans to help consumers implement cost-effective, energy efficiency measures. RESP will help lower energy bills for rural families and businesses and will reduce barriers to investment in energy efficiency projects or activities.

#### Climate Change/Resiliency:

In Maine, ASP2 Rural LLC will use a \$7.7 million loan to develop three solar photovoltaic facilities. The three projects are: Caribou Solar, a 964.6 kilowatt project in Caribou; Dirt Solar, a 3,937 kilowatt project in Skowhegan; and Freeport Solar, a 982.2 kilowatt project in Fairfield.

In Missouri, the Intercounty Electric Cooperative Association will use a \$15 million loan to connect 1,955 consumers and build and improve 136 miles of line. This loan includes \$432,000 in smart grid technologies. Intercounty serves approximately 30,000 customers through 5,700 miles of line in nine counties in the state.

USDA's Electric Loan Program helps finance wind, solar and natural gas plants, and finances improvements to produce clean energy from coal-fired plants. Local utilities also use the loans to invest in infrastructure to deliver affordable power to millions of residential, commercial, and agricultural consumers.

#### Current Activities

The RUS Electric Program helps nearly 700 borrowers in 46 states finance safe, modern, and efficient infrastructure. The resulting loan portfolio of approximately \$46 billion is managed by the Electric Program. In FY 2021, the electric program obligated \$4.4 billion supporting 90 loans.

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. The Electric Program also provides financial assistance through High Energy Cost Grants to rural communities with extremely high energy costs to acquire, construct, extend, upgrade, and otherwise improve energy generation, transmission, or distribution facilities. In FY 2021, this program obligated almost \$3 million supporting three grants in Alaska, which assisted in financing the completion of the waste heat recovery north loop replacement that provides heat to the school building and other facilities of Naknek, Alaska. This funding enabled one of three existing diesel gensets in Goodnews Bay, Alaska to be replaced and additional heat recovery to be funded to allow integration of future renewable energy resource systems in Alaska.

#### Selected Examples of Recent Progress

The Navajo Tribal Utility Authority, headquartered in Fort Defiance, Ariz., will use a \$235 million loan to connect 1,340 consumers and build and improve 636 miles of line throughout the system on the reservation. This loan will also fund transmission expansions and upgrades, and the construction of warehouse and headquarters facilities throughout the reservation. The funding will be used to acquire 5,337 consumers and build 144 miles of transmission line and 221 miles of distribution line near Tuba City and on the Hopi Reservation. Also, \$29.4 million of this loan will go to smart grid technologies, including 304 miles of backbone fiber and 27 miles of customer drops.

FY 2021 Financial/Performance Data All Other RE Programs:

**Table RUS-73. Electric Programs**

Program	Total Obligated (Dollars in Million)	Total No. Loans or Grants
Direct Electric Loans	\$4,411.9	90
Guaranteed Electric Underwriting Loans for Bonds and Notes	\$750.0	2
GP Rural Energy Savings Program	\$32.0	2
Total	\$5,193.9	94

#### Telecommunications Program

The telecommunications loan program provides direct loans 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 FY 2021, RUS approved nine loans for telecommunication investments in rural communities. The total amount obligated in FY 2021 was \$71.1 million. These projects, upon completion, will deliver new or improved broadband service in 5 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.

FY 2021 Financial Data All Other Rural Telecommunication Loan Programs:

**Table RUS-74. Telecommunication Programs**

Program	Total Obligated (Dollars in Million)	Total No. Loans or Grants
Treasury Telecommunications Loans	\$69.2	4
Direct Telecommunications FFB Loans	\$1.9	1
Total	\$71.1	5

#### **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 developed a DLT Toolkit that features a variety of resources to support virtual outreach to connect with stakeholders and potential applicants for the DLT program. This outreach helped generate 243 applications for the FY 2021 DLT windows resulting in 105 awards. Additionally, 89 awards were obligated in FY 2021 from the previous FYs application window resulting in a total of 194 awards totaling nearly \$93 million in grant funding.

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. In 2021, \$24.23 million of the CARES Act funding was obligated to support 51 grants.

#### Specifically Addressed Areas

The DLT Program assists rural schools and learning centers to gain 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.

#### COVID-19 Recovery Efforts:

In Georgia, the Morehouse School of Medicine Inc. will use a \$997,194 grant to purchase interactive telecommunications, distance learning and telemedicine equipment. Equipment will be installed in service hubs in two counties in west-central Georgia. It will be used to provide a variety of health care services to residents in underserved rural areas of nine counties across the state. These services include mental health and substance abuse treatment and counseling; clinical services; referrals for specialty care; health education and career development to schools; and chronic disease diagnosis, treatment and management, including COVID-19.

#### Current Activities

RUS funded over \$95.4 million for 197 projects through the DLT grant program. Thirty 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

The Fall Mountain Regional School District in New Hampshire is receiving a \$995,158 grant to provide distance learning services in Cheshire and Sullivan counties. Distance learning will enable schools to share instructional resources, provide cultural literacy and career pathways programs for students, and provide professional development opportunities. The grant will also help the district respond to the COVID-19 pandemic.

Oklahoma’s Okmulgee Public School District is being awarded a \$756,760 grant to provide distance learning services in Creek and Okmulgee counties. Schools will expand course offerings and provide professional development opportunities. The schools will use videoconferencing and interactive display panels to expand the curriculum, including Science, Technology, Engineering and Math (STEM) courses. The equipment this grant supports will help schools respond to the COVID-19 pandemic by enabling students to participate in virtual field trips and join classes from home.

### **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

RUS has invested \$49.9 million in 14 states to deploy broadband infrastructure in rural areas without sufficient access to high-speed internet. In 2021, the Community Connect program approved 24 projects of which \$10.6 million are in persistent poverty communities that will deliver broadband to rural areas currently without high-speed Internet service.

### Selected Examples of Recent Progress

RUS provided \$1.4 million to Byte Networking LLC for a Fiber-to-the-Premises. This Rural investment will be used to construct a 67-mile Fiber-to-the-Premises system in the Irondale Township, Crow Wing County, Minnesota service area. Subscribers will have access to service up to 1 Gbps, expanding access to economic, educational, health care, and public safety opportunities. A Community Center will be provided in a renovated space in the Irondale Township Town Hall where residents can access the Internet free of charge for at least two years.

IGo Technology, Inc, received \$3 million grant that will be used to construct a 56 mile Fiber-to-the-Premises system in the Washington County, Virginia service area. Subscribers will have access to service up to 1 Gbps, expanding access to economic, educational, health care, and public safety opportunities. A community center will be provided in an existing building where residents can access the Internet free of charge for at least two years.

Interior Telephone Company received \$2.6 million grant that will be used to construct a 19-mile Fiber-to-the Premises system in the Port Lions, Kodiak Island Borough, Alaska service area. Subscribers will have access to service of at least 25 Mbps down and 3 Mbps up to every customer in the service area, expanding access to economic, educational, health care, and public safety opportunities in an extremely remote area of Alaska. A Community Center will be constructed next to an already existing Central Office facility Interior Telephone Company owns 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

The ReConnect Program focuses on building infrastructure for essential internet e-Connectivity services to rural areas without sufficient access to broadband, defined by the new law to provide a minimum of 10 Mbps (megabits per second) downstream and 1 Mbps upstream.

### Current Activities

RUS has invested in 52 projects representing \$336.5 billion in grant and loan funding for high-speed broadband infrastructure. The funded service areas include a total of 70,000 households.

### Selected Examples of Recent Progress

RD provided \$21.2 million in funding to Altamaha Electric Membership Corporation, Georgia. This investment will support the deployment of fiber-to-premises broadband service in rural Georgia. The funded service area includes 6,665 households, 25 educational facilities, 17 essential community facilities and 10 healthcare facilities spread over 246.27 square miles.

RD provided \$11.3 million in funding to Empire Long Distance Corporation, New York. This funding will be used to deploy fiber-to-the premises broadband service in rural New York. The funded service area includes 3,797 households, one educational facility, and two essential community facilities spread over 107.39 square miles.

RUS invested in Tombigbee Electric Cooperative who received a 50 percent grant/loan combination from USDA in order to provide Broadband and IP Voice service offerings to unserved areas of Marion, Lamar, Fayette, Franklin, Winston, and Walker Counties in Alabama. Tombigbee is building out a network that will provide broadband service to 20,585 customers. Tombigbee will construct 1,753 miles of ADSS fiber during this project and has already begun connecting customers. Tombigbee is projected to complete the build-out for this project in 2024.

FY 2021 Financial Data All Other Distance Learning, Telemedicine and Broadband Programs:

**Table RUS-75. DLTB Programs**

Program	Total Obligated (Dollars in Million)	Total No. Loans or Grants
Distance Learning and Telemedicine Grants	\$95.9	199
Broadband Telecommunications Grants	\$50.0	20
Reconnect Broadband Telecommunication 100% Loans Pilot Program	\$74.2	8
Broadband Telecommunication 100% Grants – Pilot Program	\$19.3	4
Broadband Telecommunication 50% Grants – Pilot Program	\$13.6	2
Broadband Reconnect Grants – Multi Year CARES	\$12.1	2
Total	\$265.1	239