

RURAL UTILITIES SERVICE

Statement of Jasper Schneider, Acting Administrator Before the Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies

Chairman Aderholt, Ranking Member Farr and Members of the Subcommittee, thank you for the opportunity to present the President's 2016 Budget for the Department of Agriculture (USDA) Rural Utilities Service (RUS). I also want to thank you and your colleagues for the funding Congress has provided to RUS so that we can continue to finance utility projects in rural America.

For rural areas, innovative technologies and modern infrastructure are necessary components of job creation, new market development and the ability to compete in today's economy, while conserving our natural resources and providing a food supply for our Nation and the world. USDA's Rural Development programs make significant contributions toward each of these areas to help improve rural economies and increase prosperity.

RUS, a Rural Development agency, has funded basic infrastructure services for 80 years and provides the critical financial support for electric infrastructure for delivery of reliable, affordable electricity to power our homes, farms, ranches and businesses, broadband to offer access to the digital economy, and clean, safe water to help healthy rural communities grow and prosper. RUS has provided the foundation for many of today's successful rural utilities. Today, our rural utilities portfolio of loans outstanding is over \$62 billion. RUS' \$4.5 billion in utility funding during FY 2014 provided over 4.3 million rural consumers with improved electric service, over 80 thousand rural households, businesses and community institutions with better access to telecommunications services, and over 2 million rural residents with improved water and wastewater services.

For FY 2016, the President's Budget increases RUS program funding to \$8.4 billion. Increased spending will provide additional funds for rural utility improvements, broadband access, and to support improved water quality in the smallest rural communities.

Electric Programs

During FY 2014, RUS approved 96 electric loans and loan guarantees totaling over \$2.7 billion in new investments in rural electric systems. As a result, rural electric utilities built or improved over 19 thousand miles of electric line, invested over \$186 million in smart grid technologies, used over \$17 million for renewable energy and energy efficiency projects, and repaired nearly \$3 million in storm damage.

The proposed FY 2016 Budget requests \$6 billion for Federal Financing Bank (FFB) electric loans to meet anticipated demand for electricity and address environmental and energy efficiency needs.

Telecommunication Programs

RUS Telecommunications Programs has a combined loan portfolio of over \$4.4 billion to deliver broadband and advanced telecommunications services to rural areas. The 2016 budget requests \$690 million for telecommunication loans.

During FY 2014 RUS approved nearly \$13.8 million in grants for eight Community Connect projects. The Community Connect program funds broadband in rural communities that currently lack high-speed internet service. For FY 2016, the Budget for Community Connect grants is \$20.4 million.

The Distance Learning and Telemedicine (DLT) Program provides grants for equipment for distance learning and telemedicine services, using broadband networks to increase access to quality educational and health care services in rural areas. During FY 2014, the program awarded over \$20 million in grants that will improve access to over 800 health care and educational facilities in 30 States. For FY 2016, the DLT Budget is \$25 million.

For FY 2016, the Budget includes \$44 million for the Farm Bill broadband program. The Budget request will allow RUS to continue to provide advanced telecommunications services for underserved rural areas.

Water and Environmental Programs

RUS Water and Environmental funding supports water and wastewater projects serving the most financially needy communities in rural areas. Access to quality water and wastewater service is essential for the health and quality of life for those who live and work in rural areas and economic development.

During FY 2014, RUS Water and Environmental Programs provided over \$1.5 billion in loan and grant support for rural water and wastewater projects in small rural communities nationwide. These investments resulted in improved water quality for over 2.2 million rural residents by delivering safe, reliable water and wastewater services. Of the \$1.5 billion provided in 2014, \$150 million in grant funding was provided through the 2014 Farm Bill and USDA moved quickly to implement the funding. In addition from the FY2014 appropriations funding, \$237 million in water and waste loans and grants were used to fund 116 Earth Day projects in 40 States and Puerto Rico. The nearly \$387 million investment was USDA's largest Earth Day investment in rural water and wastewater system and was completed 72 days following enactment of the Farm Bill. The agency continues to focus efforts on areas of high poverty where higher levels of grant funds are required, in addition to increased outreach and technical assistance.

In 2014 RUS also funded 50 Emergency Community Water Assistance Grants (ECWAG) to address drought conditions and other natural disasters. A total of \$14.7 million in ECWAG grants were awarded to assist rural communities without sufficient quantities of water. Rural California communities received 25 grants. Many of these communities are also agricultural communities with significant farm worker populations and high poverty rates. In addition to the statutory set-aside, the budget proposes to provide \$10 million for ECWAG to be available through the fiscal year. We anticipate continued demand for emergency grant funds, particularly in drought affected areas.

For FY 2016, the Budget continues the Water and Environmental Programs at approximately \$1.7 billion program level. This funding level will allow RUS to continue to maintain its support to the smallest and neediest rural areas, where project costs tend to be proportionately higher than in less remote, somewhat larger rural communities.

Along with my colleagues in Rural Business and Cooperative Services and Rural Housing Services, I want to thank you for the opportunity to present to the Committee how RUS works to support increased economic opportunities and quality of life in rural areas. I am happy to address your questions at this time.