



# Maine Broadband Symposium

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*Rural Development*  
1400 Independence Ave.  
Washington, DC 20250  
[www.usda.gov/rus/](http://www.usda.gov/rus/)

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Committed to the future of rural communities.



## Maine Broadband Symposium

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## Maine Broadband Symposium

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### *Expanding Access to Broadband in Maine: How the Rural Development Programs Can Contribute*

- *What We Can Provide*
- *What We Have Accomplished*
- *How We Work with Rural Communities*
- *How to Make the Vision Happen*





## Rural Development Utilities Programs

### *What We Can Provide – the RD Telecommunications Program loan and grant programs*



- *Loans to local telephone companies for improving telecommunications service in rural communities*
- *Loans and grants for local telephone companies and other service providers who offer Broadband (high-speed Internet) services in eligible communities*
- *Loans and grants for providing Distance Learning and Telemedicine services to rural residents*
- *Rural Development's investment in telecommunications infrastructure and Distance Learning and Telemedicine services in the state of Maine exceeds \$79 million.*





## A Rural Broadband Partnership

### *How We Work with Rural Communities: A Team Approach*

- *Rural Development State Offices (Maine State Director, Michael Aube)*
- *General Field Representatives in each state (ME GFR, Steve McKenzie)*
- *Headquarters Program staff*





## Telecommunications Infrastructure Loan Program

- Assists the private sector in developing, planning, and financing the construction of telecommunications infrastructure in Rural America
  - \$3.7 Billion in principal outstanding
  - More than 550 Infrastructure borrowers
- Loan funds may be used for full range of building and modernization activities:
  - New Construction
  - Improvements
  - Expansions and Acquisitions
  - Refinancing
- Generally, all facilities financed must be capable of supporting broadband services
- Loans can be direct or guaranteed





## Broadband Loan and Grant Program

- The Broadband Loans are available for the cost of construction, improvement, and acquisition of facilities and equipment for broadband service in eligible rural communities.
- Both direct and guaranteed loans are available.
- The Community Connect broadband grant program is also available for eligible communities without any existing broadband service.





# Broadband Loan and Grant Program

- **Broadband is a tool** that allows people, communities and organizations to consider new and different ways to interact, manage their lives and do business.
- Broadband access is **eliminating the barriers** of distance, remoteness, and time that face rural America and is providing solutions to those challenges. Rural residents can now live locally and compete globally.
- Our programs encourage investment in broadband infrastructure to enable all rural communities, residents and businesses to have **equal, affordable access** to high-speed internet technology.





# Broadband Loan and Grant Program

As in the Infrastructure Program, there are eligibility requirements with regard to:



- Who is eligible to participate
- Size of communities served
- Purpose of the loan
- Types of services provided
  - Must enable a subscriber to transmit and receive at a rate of no less than 200 kilobits per second;
  - Must provide data transmission service and may provide voice, graphics, and video.



USDA Rural Development is technology neutral with regard to how the broadband service is provided (e.g. wireless broadband, fiber-to-the-premises, etc.)





## A Rural Broadband Partnership

### *Why Is Rural Development Providing Financing for Broadband Deployment?*

- *IMPROVING THE QUALITY OF RURAL LIFE*
- *ECONOMIC DEVELOPMENT*
- *EQUAL ACCESS TO ADVANCED TELECOM SERVICES*
- *A SUPPLEMENT TO PRIVATE FINANCING*
- *EXPERIENCE*



## *Broadband is a Tool that Facilitates Social and Economic Growth*

### **Residents**

- Live, work and play when, where and how they choose
  - Telecommute
  - Build a business
  - Network with others
  - Take advantage of educational opportunities
  - Access and manage entertainment media
- Improve quality of life and time for:
  - Family
  - Community
  - Faith

### **Communities**

- Leverage local talent
- Attract new community investment
- Improve public service
  - Healthcare
  - Law enforcement
  - Education
  - Emergency Response

### **Businesses**

- Live locally, compete globally
- Expand location options
- Grow
- Attract high quality job applicants
- Manage Costs
- Operate More Efficiently





## Rural Broadband Access Loan Program

### Purpose:

To provide loans for the cost of construction, improvement, and acquisition of facilities and equipment for broadband services in eligible rural communities.





## Rural Broadband Access Loan Program

### Proposed FY 2007 Budget

- 4 % Funding: \$29.7 Million
- Treasury Rate Funding: \$297 Million (plus carryover funding from FY 2006)
- Guaranteed Loans Funding: \$29.7 Million
- Please note that the final amounts are contingent on the passing of the Agriculture Appropriations Bill for FY 2007





## Rural Broadband Access Loan Program

185 Applications Received  
Totaling \$3,546,000,000

Applications Processed as of September 30, 2006

<b>63 Approved</b>	<b>\$1,100,000,000</b>
20 In Review	\$ 930,000,000
102 Returned	\$1,516,000,000





## Rural Broadband Access Loan Program

### *Who is eligible?*

- Corporations
- Limited Liability Companies
- Cooperative or Mutual Organizations
- Indian Tribes
- Public Body





## Rural Broadband Access Loan Program

### *Who is not eligible?*

- Individuals
- Partnerships (including LLPs)
- Any entity serving more than 2% of the telephone subscriber lines installed in the United States





## Rural Broadband Access Loan Program

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### Treasury Rate Loans

Bear interest at the cost of money to the Treasury for comparable maturities.

The interest rate is set at the time of each advance of funds.

The current rates can be found at:

<http://www.federalreserve.gov/releases/h15/update>





## Rural Broadband Access Loan Program

### Application Submission

- Prospective applicants should contact their respective General Field Representative (GFR) prior to submitting the application
  - List of the GFRs and the contact information is included in Application Guide and at the website
- There is no deadline to submit applications
- Applications will be reviewed and processed on a first-come, first-served basis
- The regulation, application, application guide, and all other relevant information is available on our website at:

<http://www.usda.gov/rus/telecom/broadband.htm>





## A Rural Broadband Partnership

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### *What We Have Accomplished*

- *\$1.1 Billion in Broadband Loan Program loans have been made (63 loans)*
- *Multiple Technological Approaches:*
  - *34% Fiber*
  - *22% DSL*
  - *21% Fixed Wireless*
  - *17% Hybrid Fiber/Coaxial Cable*
  - *1% Broadband Over Power Line*
- *Since 2001, RD has provided more than \$4.9 Billion in Broadband financing for rural America*



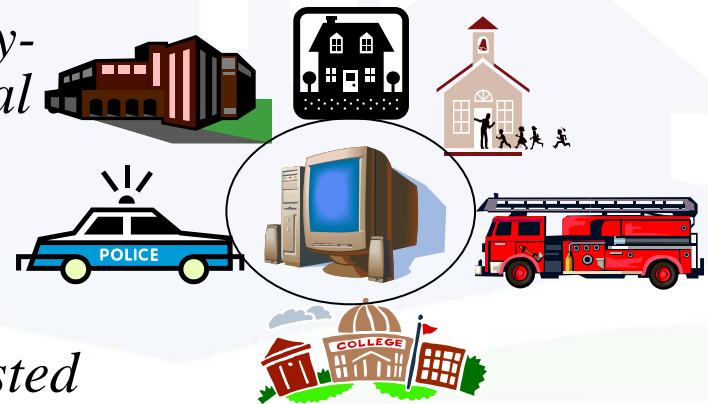


## Broadband Grants... *Community Connect*

### *What is Community Connect?*

*A nationally competitive grant program to provide broadband service on a “community-oriented connectivity” basis to the most rural economically challenged communities.*

*Since its inception, the Community Connect program has provided 130 grants and invested almost \$60 million to provide service to local communities.*





## Broadband Grants... *Community Connect*

*Broadband services **must be provided** to rural schools, libraries, education centers, health care providers, law enforcement agencies, and public safety organizations.*

*A **community center**, accessible “free of charge for two years,” must also be made available.*





## Broadband Grants... *Community Connect*

- \$ 9 -10 M included in the House and Senate versions of the FY 2007 appropriations bills. Actual amount that will be available, if any, dependent on the Agriculture Appropriations Bill
- Application window for FY 2007 will probably open in April – May timeframe for a 60 day period
- Visit the web for more information:  
<http://www.usda.gov/rus/telecom/commconnect.htm>





## Broadband Grants... *Community Connect*

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### Program Facts

- Over \$57 million in grants
- 129 Communities
- 26 States and the Virgin Islands and Puerto Rico
- 4 Technologies (Wireless, DSL, Cable, and Fiber)





## Broadband Grants... *Community Connect*

### How can my community apply for a grant?

- Get informed
- Determine community eligibility
- Determine project eligibility
- Complete Application
- Submit Application





## Broadband Grants... *Community Connect*

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### Get Informed

- Go to website  
<http://www.usda.gov/rus/telecom/commconnect.htm>
- Contact GFR - Steve McKenzie, (603) 895-8433  
[Stephen.mckenzie@wdc.usda.gov](mailto:Stephen.mckenzie@wdc.usda.gov)
- Contact Headquarters – Alyssa Clemesen, (202) 205-5042  
[alyssa.clemesen@wdc.usda.gov](mailto:alyssa.clemesen@wdc.usda.gov)





## Broadband Grants... *Community Connect*

### Eligible Community

- Community found on the US Census
- One Community
- No broadband
- Less than 20,000 people





## Distance Learning and Telemedicine Loan and Grant Program



- These programs encourage and improve Distance Learning and Telemedicine services in rural America through telecommunications, computer networks, and advanced technologies, by lowering costs, spanning distances, and leveraging local resources.
- Loans, grants and loan/grant combinations are available.
- More than 1,000 rural schools and learning centers and more than 500 rural hospitals and health care centers have gained access to improved services as a result of the program, benefiting more than 800,000 rural residents.
- **Since 2001, RD has provided more than \$247 million in funding for DLT projects.**





## Distance Learning and Telemedicine

### *Who is eligible?*

Incorporated organizations, partnerships, Indian tribes, or other legal entities that:

Operate a school, college, university, learning center, training facility, regional educational laboratory, hospital, medical center, and medical clinic; or

Provide DLT service to other entities at rates that ensure that the economic value and benefits of the DLT grant are passed on to the other entities.



### Distance Learning Project Examples

- Connecting schools to share teaching resources
- Accessing instructional programming
- Offering Remote GED courses
- Bringing advanced placement college courses to high school students
- Sharing teaching resources between colleges
- Delivering specialized continuing education courses



### Telemedicine Project Examples



- Clinics and hospitals linked with radiology specialists for instant diagnosis and consultation
- Visiting Nurses Associations providing home health monitoring
- Mobile health units and ambulances linking to local clinics and hospitals
- Diagnostic Mobile PCs



## Distance Learning and Telemedicine ... *Recent ME Awards (2005-2006)*

### Telemedicine Grants:

Regional Medical Center at Lubec, Inc.	\$461,369
Northeast Health	\$107,450
Kno-Wal-Lin Home Care and Hospice	\$60,000
Eastern Maine Medical Center	\$500,000
Eastern Maine Health Systems	\$259,857
Community Health and Counseling Services	\$434,409
Central Maine Medical Center (two grants)	\$627,900

### Distance Learning Grants:

Millinocket School Dept.	\$350,881
Cobscook Community Learning Center	\$249,965
Jay School District	\$454,079





## Distance Learning and Telemedicine

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### Eligible Organizations

1. Must operate a rural community facility and be qualified to deliver Distance Learning or Telemedicine services.
2. Must be legally organized with capability to contract with USDA Rural Development.





## Distance Learning and Telemedicine

### Grants: Eligible Purposes

#### Purchase & Installation of:

- Inside Wiring
- Telecom and Data Terminals
- Audio and Video Equipment
- Interactive Video Equipment
- Computer Hardware, Software & Networks
- Medical Equipment with Communications
- Off-the-shelf Instructional Programming





## Distance Learning and Telemedicine

### Grants: **Ineligible** Purposes

- Transmission Facilities
- Recurring Costs & Operating Expenses
- Salaries, Travel or Admin Expenses
- Real Estate or Site Development Costs
- Facilities Connecting Sites on the Same Property
- Medical Equipment Not Used For Telemedicine





## Distance Learning and Telemedicine

### Grants:

- \$50,000 Minimum
- \$500,000 Maximum
- Matching Funds: Minimum 15%
- Awards based on scoring – 30% success rate





## Distance Learning and Telemedicine

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### Distance Learning and Telemedicine Loan/ Grant Combination

- Applications accepted any time. (Best Before July 1)
- Provides loan funds for 100% of eligible project costs (no matching funds).
- Grants \$1 toward the project for every \$10 borrowed.
- Loans up to \$10 Million.
- Applicants must be Grant eligible and credit worthy.
- Loan terms up to 10 Years.
- Must prove sustainability for 10 years.





## Distance Learning and Telemedicine

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### Loan/Grant Combination

Expanded Eligible Purposes:

- All Grant Purposes
- Medical or Educational equipment and facilities
- Acquiring telecommunications transmission facilities
- Site development and alteration of buildings
- Real Estate and Building Construction





## A Vision for the Future of Rural Broadband

### *Broadband Program Vision*

*Rural Americans will have access to affordable, advanced Broadband voice, video and data services that give them unlimited potential to customize their lives and stay connected to friends and families.*

### *Goals of the RD Broadband Program*

- *PROACTIVELY MEETING THE NEEDS OF UNSERVED AND UNDERSERVED AREAS*
- *FOCUS ON LOCAL PROVIDERS*
- *SERVICES AND SPEEDS NECESSARY TO MEET CURRENT AND FUTURE NEEDS*
- *INFORMATION SHARING*
- *OUTREACH*





## A Vision for the Future of Rural Broadband

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### *Making the Vision Happen*

1. *Local, state and Federal government agencies must work together to make broadband access more available to rural communities.*
  - *Key players: FCC, Dept. of Commerce, state economic development agencies, municipalities, mayors, Chambers of Commerce, local economic development agencies, RD State Directors.*
2. *Collaboration between community leaders and service providers helps achieve the vision. Proactive efforts may be required to attract an Internet service provider to your town or to convince your local telephone company to expand their Broadband service out to more rural areas. Give them a reason to come!*





## A Vision for the Future of Rural Broadband

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### *Making the Vision Happen continued*

3. *Information sharing is crucial: business models and case studies can be replicated and save time and expense for communities and providers. This includes sharing knowledge between RD Telecommunications Program staff and applicants/borrowers, as well as sharing information amongst communities.*
4. *One Size Does Not Fit All...*
  - *Private/public partnerships*
  - *Traditional telephone companies enhancing service offerings*
  - *Local service providers serving one or a few local communities*
  - *National service providers providing service to multiple communities, even multiple states*
  - *Municipalities*





## A Vision for the Future of Rural Broadband

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### *Making the Vision Happen continued*

*Some Examples:*

- ***UTOPIA** – a municipal partnership*
- ***NEX-TECH** – a subsidiary of a local telephone company formed to provide Broadband*
- ***AIR ADVANTAGE** – a for-profit company which has worked with local Michigan communities to obtain grants and then applied for and received loans*





## A Rural Broadband Partnership

### *Conclusions*

- *Rural America today is as diverse as the challenges it faces. Broadband is having a profound effect on the nation's economy, its strength, and its growth.*
- *With Broadband access, rural residents can now live locally and compete globally.*
- *Our programs encourage investment in broadband infrastructure to enable all rural communities, residents and businesses to have equal, affordable access to high-speed internet technology.*
- *Everyone has a stake in ensuring that rural America obtains better access to Broadband and the associated economic and social benefits.*





## A Rural Broadband Partnership

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