

**Statement of David Villano  
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**Before the House Committee on Energy & Commerce  
Subcommittee on Communication, Technology and the Internet**

**April 21, 2010**

Chairman Boucher, Ranking Member Stearns, Members of the Committee, thank you for the opportunity to discuss the Department of Agriculture's (USDA's) broadband program, and specifically the USDA's Community Connect Grant Program (Community Connect), administered by the Rural Development (RD) Rural Utilities Service (RUS). We appreciate the work and support you and the other members of this committee have provided to help build a strong, dependable and affordable broadband infrastructure in rural America.

The expansion of advanced telecommunications networks strengthens our nation's economy and its growth. In order for our national economy to reach its highest potential, our rural communities must be vibrant and thriving economically. At RUS, we view modern broadband infrastructure as an investment in rural economic competitiveness and a fundamental building block of sustainable economic development. Communities lacking access to modern broadband services are at a severe disadvantage.

For rural residents, access to broadband services can diminish the age-old barriers of time and distance to address many of the challenges facing rural communities. Broadband enables children growing up on farms and in our small towns to have more educational opportunities

through web based learning. Tele-health programs can enhance quality of life and expand access to quality health care for rural citizens, particularly the elderly. Broadband can facilitate rural economic growth by connecting rural businesses to national and global markets.

If rural America is to be a driver of our nation's economic growth, it must have the ability to keep pace with evolving technologies. Our \$56 billion RUS portfolio consists of investments in rural telecommunications, electric and water and waste infrastructure. The partnership RUS has cultivated with local communities, cooperatives, businesses and citizens is the key to the success of these programs. Eighty percent of the Nation's landmass continues to be rural, encompassing 25 percent of the population. As we face a strained economy, this infrastructure investment is vital to spurring economic growth, creating jobs and improving the quality of life in rural America.

Since 1995, all RUS-financed telecommunications facilities have been "broadband capable." The 2002 and 2008 Farm Bills authorized the RUS broadband loan program, which funds basic broadband infrastructure. In 2009, the American Recovery and Reinvestment Act (ARRA) provided an additional \$2.5 billion for broadband loans and grants; these funds will be fully obligated by September 30, 2010. An important element of these broadband programs is that they enable RUS to fund high speed Internet investment in rural America, including towns with populations up to 20,000 inhabitants. These rural communities are too often caught in the middle – too small to attract private capital and too large to qualify for incentive-based programs.

In addition, the COMMUNITY CONNECT program was created in 2002 to meet the needs of totally unserved rural areas. Since that time, the program has provided more than \$98 million in funding to expand broadband access in 197 unserved communities. It is a program that extends an economic helping hand to some of the poorest rural areas with the greatest need.

Community Connect provides grants to eligible applicants to establish broadband service on a "community-oriented connectivity" basis, meaning that broadband transmission service funded through the program must foster economic growth and deliver enhanced educational, health care and public safety services. Beyond providing basic broadband infrastructure to an unserved community, one of the keys to success of the program is our requirement that free broadband service be offered at a local community center for at least two years. The RUS can provide grant funds to build a community center, include up to 10 computers and fund operating costs for up to two years. This not only ensures that rural communities have access to a threshold level of broadband service, but also strengthens the public awareness and the technical infrastructure needed for sustainable broadband adoption within the community.

Grant applications are accepted annually through a competitive process. The open season for applications is announced through a notice in the Federal Register. This year's application window has not yet been announced, but we expect it will be announced soon.

Entities eligible for Community Connect funds include incorporated organizations, tribal organizations, state and local governments, and cooperatives, private corporations or limited liability companies organized on a for- or nonprofit basis.

Applicants must:

- Provide matching funds equal to 15 percent of the requested grant amount;
- Serve a rural area where broadband transmission service does not exist;
- Serve only one community recognized by the U.S. Census Bureau or Rand McNally;
- Deploy basic broadband service free of charge for 2 years to critical community facilities;
- Offer basic broadband transmission service to residential and business customers within the proposed service area; and
- Provide a community center with at least 10 computer access points at no cost for 2 years.

Grant awards can range from a minimum of \$50,000, up to a maximum of \$1,000,000.

Community Connect applicants are scored on several criteria, including rurality of the community (up to 40 points); median household income (up to 30 points); and the benefits derived from the project (up to 30 points). This allows us to target the funding to those communities that need it most and that will utilize it best.

Community Connect, like all USDA's broadband programs, provides important funding for rural communities. Broadband availability can entice new businesses create a new "workforce" of residents with the skills necessary to compete globally. An excellent example of the impact of the Community Connect program is the grant awarded to Sacred Wind Communications that

funded broadband service for the community of Huerfano, NM, on the Navajo reservation. This \$436,000 grant was made in 2005. Today, Navajos of all ages come to the Center to use the computers to check their email, perform searches, job hunt, do homework assignments, play educational games, apply to college, and meet with others for social and e-commerce business purposes. The Center provides opportunities to the artists of Huerfano, helping to preserve the Navajo culture and expose it to the outside world. As the project director, Janice Badal, says, “It’s not just to introduce the Navajo people to the world, it’s for people around the world to meet the Navajo people. You have something nobody else has in your art, culture and traditions.”

The educational opportunities at the computer training center have potentially made a noticeable difference. Teachers indicate students have been submitting their homework more often and that they have improved performance on assignments. High school graduates have had increased success in applying to college as well. Community leaders hope that the educational and entertainment resources now available to the Navajo youth will encourage them to return to the reservation. “We want our young people to come back and stay in the community; we want our kids to work here,” said Wilson Ray, the President of the Huerfano Chapter. In October 2009, American Express announced that Sacred Wind Communications was voted “the most inspiring small business in America” in the company’s “Shine A Light” contest. This distinguished honor was awarded after NBC asked the public to cast its vote for the best business based on innovation, community spirit and customer service.

There is no single solution to the complicated mission of bringing advanced telecommunications services to every citizen. Government incentives, cost support mechanisms, changes in technologies, and private investment all play a role. A combination of efforts is required to achieve a common goal. The \$98 million that has been invested through our Community Connect program is one tool in the toolbox to achieve the Administration's and Congress's broadband policy goals. The RUS telecommunications programs provide a reliable funding vehicle through which Congress can confidently ensure sustained, cost-effective rural investment for broadband initiatives.

As the most longstanding direct Federal grant program to promote rural broadband, Community Connect is worthy of further study to draw lessons learned. It would be worthwhile to study the impact not only on what works best in terms of broadband deployment, but the impact on economic development, health care opportunities, education and other key indicators of the vibrancy of local communities. These lessons can be applied to the analysis of the much larger investments now being undertaken under the Recovery Act to promote broadband throughout the United States.

Rural communities will always face challenges in competing economically, but they are stronger today because of the partnership forged with USDA's RD. Our ability to fund rural infrastructure to encourage the development of local businesses and grow rural economies is a result of your work. It is an honor and privilege to work with you and our federal partners throughout the Obama Administration to make affordable broadband service widely available throughout rural America.

Thank you again for inviting me here to testify and I will be glad to address any questions you have.