



# RURAL UTILITIES SERVICE

## BROADBAND INITIATIVES PROGRAM

### AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

On February 17, 2009, President Obama signed into law the American Recovery and Reinvestment Act of 2009 (Recovery Act). The legislation provides funding to the Department of Agriculture and Department of Commerce to expand broadband access to rural and unserved areas of the country. This document explains how Rural Development's Rural Utilities Service (RUS) is implementing the broadband provisions of the Recovery Act.

#### ***Funding***

The Recovery Act authorized USDA budget authority of \$2.5 billion that it is used flexibly to provide loans, grants and loan/grant combinations to expand broadband access in rural America. USDA obligated all funds by September 30, 2010. **This is a one-time program that is now closed.**

#### ***The Broadband Initiatives Program (BIP)***

The Recovery Act established the rapid disbursement of the funds as an important priority for the BIP program to create jobs and stimulate the economy. The program also must be administered judiciously to ensure responsible use of public funds. To balance these objectives, RUS favored projects that commenced construction promptly and demonstrated technical and financial feasibility, organizational capacity, and the furtherance of other Administration priorities. A commitment to transparency in the award process and rigorous reporting requirements will help ensure accountability.

#### ***BIP Priorities***

The Recovery Act required that at least 75 percent of a BIP-funded area be rural and "without sufficient access to high speed broadband service to facilitate rural economic development." The Recovery Act also mandates that priority be given for projects which: (1) give end users a choice of providers; (2) serve the highest proportion of rural residents that lack access to broadband service; (3) are projects of current or former RUS borrowers (Title II borrowers); and, (4) are fully funded and ready to start once funding is received. BIP application scoring criteria targeted projects that met these priorities.

#### ***Projects Obligated***

By September 30, 2010 there were 320 awards obligated that total \$3.529 billion. The total awards were 285 last-mile projects that total over \$3 billion, the 12 middle-mile awards total \$172.6 million, four satellite awards for \$100 million, and 19 technical assistance awards for over \$3.4 million. Awards were made in 45 states and one territory.

The awards will provide access to 2.8 million households, 364,000 businesses, and 32,000 anchor institutions across more than 300,000 square miles. The projects also overlap with 31 tribal lands and 125 persistent poverty counties. The projects will create more than 25,000 immediate and direct jobs and are expected to contribute to the long-term economic development opportunities in each rural community where a broadband project is launched.

#### ***Effective October 1, 2010***

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