

House Committee on Agriculture
Farm Bill Audit

1. Program Name

Water and Environmental Programs (WEP)

2. Subprograms/Department Initiatives

Rural Development's (RD) Rural Utilities Service (RUS) provides loans, grants, and loan guarantees for drinking water, sanitary sewer, solid waste, and storm drainage facilities in rural areas and cities and towns of 10,000 or less. Public bodies, non-profit organizations, and federally-recognized Indian tribes may qualify for assistance. WEP also makes grants to nonprofit organizations to provide technical assistance and training to assist rural communities with their water, wastewater, and solid waste problems. WEP subprograms include:

Subprograms	2008 Farm Bill Section	CONACT Section	U.S. Code 7 U.S.C.
Water and Waste Loan and Grant Program (Direct)	6001	306	1926
Special Evaluation Assistance for Rural Communities and Households Program (SEARCH)	6002	306(a)(2)	1926(a)(2)(C)
Rural Water and Wastewater Circuit Rider Program	6006	306(a)(22)	1926(a)(22)
Water and Waste Disposal Programs Guaranteed Loans		306(a)(24)	1926
Emergency Community Water Assistance Grants	6008	306A	1926(a)
Water Systems for Rural and Native Villages in Alaska	6009	306D	1926(d)
Household Water Well System (HWWS) Grant Program	6010	306E	1926(e)
Interest Rates for Water and Waste Disposal Facilities Loans (Direct)	6011	307(a)(3)	1927(a)(3)

WEP initiatives include:

Initiatives	2008 Farm Bill Section	CONACT Section	U.S. Code 7 U.S.C.
Water, Waste Disposal, and Wastewater Facility Grants (Revolving Funds for Financing Water and Wastewater Projects)	6001	306(a)(2)(B)(vii)	1926(a)(2)(B)(vii)
Technical Assistance and Training Grant (TAT) Program	6001	306(a)(14)(A)	1926(a)(14)
Water and Waste Facility Loans and Grants to Alleviate Health Risks (applied to colonias and Native American tribes)	6001	306C	1926(c)
Solid Waste Management Grant (SWM) Program	6001	310B(b)	1932(b)

Note: Initiatives are funded through set-asides in the annual appropriation for the Water and Waste Loan and Grant Program (Direct)

3. Brief History

The origins of the Water and Environmental Programs date to the 1937 Resettlement Administration. These provisions were later included in section 306 of the CONACT (Farm Bill), 7 U.S.C. 1926.

4. Purpose/Goals

The purpose and goals of WEP's subprograms include:

Water and Waste Disposal Direct Loans and Grants Program

WEP provides loans, grants and loan guarantees for drinking water, sanitary sewer, solid waste and storm drainage facilities in rural areas and cities and towns with populations of 10,000 or less.

- Water, Waste Disposal, and Wastewater Facility Grants (Revolving Funds for Financing Water and Wastewater Projects): The WEP Revolving Fund Program (RFP) provides grants to private non-profit organizations to establish a lending program for entities eligible under the Water and Waste Disposal Loans (direct and guaranteed). As grant recipients, the non-profit organizations set up a revolving loan fund to provide loans to finance predevelopment costs of water or wastewater projects, or short-term small capital projects not part of the regular operation and maintenance of current water and wastewater systems.
- Technical Assistance and Training Grant (TAT) Program: The TAT Program provides grants to non-profit organizations to provide technical assistance and/or training to associations on a wide range of issues relating to delivery of water and waste disposal service.
- Section 306C Water and Waste Facility Loans and Grants to Alleviate Health Risks: Section 306C loans and grants provide water and waste disposal facilities and services to low income rural communities whose residents face significant health risks. These funds have been set aside for eligible projects that benefit members of Federally Recognized Native American Tribes and the Colonias area.
- Solid Waste Management Grant (SWM) Program: SWM grants are available to both public and private non-profit organizations to help communities identify threats to water resources and reduce the solid waste stream. Communities receive assistance from eligible organizations to reduce or eliminate pollution of water resources, improve planning and management of solid waste disposal facilities in rural areas, and enhance operator skills in operations and maintenance.

SEARCH Grants Program

To provide grants to public bodies, non-profits, and Federally-recognized Indian tribes for feasibility studies, design, technical and direct or guaranteed water and waste disposal loan application assistance. Grants are limited to financially-distressed communities in rural areas with populations of 2,500 or fewer inhabitants for water and waste disposal projects. Grants are limited to \$30,000 per project.

Circuit Rider – Technical Assistance for Rural Water Systems Program

Providing technical assistance for the operations of rural water systems, RUS contracts with the National Rural Water Association (NRWA) to assist rural water systems with day-to-day operational, financial, and management support. The assistance may be requested by officials of rural water systems or RUS. The program complements RUS's loan supervision responsibilities. The NRWA's State Affiliates do the work in their States.

Water and Waste Disposal Programs Guaranteed Loans

The Water and Waste Disposal Programs Guaranteed Loans provide a loan guarantee for the construction or improvement of water and waste disposal projects serving the financially needy communities in rural areas. This purpose is achieved through bolstering the existing private credit structure through the guarantee of quality loans which will provide lasting benefits.

Emergency Community Water Assistance Grants Program

Assists rural communities that have experienced a significant decline in quantity or quality of drinking water due to an emergency or when such decline is considered imminent, to obtain or maintain adequate quantities of water that meets the standards set by the Safe Drinking Water Act. This emergency includes, for example, drought, earthquake, flood, tornado, hurricane, disease outbreak or chemical spill, leakage, or seepage.

Section 306E Grants for the Construction, Refurbishment, and Servicing of Low or Moderate Income Individual Household Water Well Systems

Provides funds to non-profit organizations to assist them in establishing loan programs from which individuals may borrow money for household water well systems.

5. Success in Meeting Programmatic Purpose/Goals

In Fiscal Year (FY) 2010, RD invested \$1.67 billion in direct and guaranteed loans and grants to help rural communities develop water and waste disposal facilities.

Water and Environmental		2007	2008	2009	2010	2011
Number of program borrowers' subscribers receiving new improved service from Agency's funded water facilities.	Target	557,000	1,380,000	1,418,000	1,457,000	1,394,000
	Actual	1,332,063	4,361,872	3,388,089	3,961,166	4,292,318
Water and Environmental ARRA		2007	2008	2009	2010	2011
Number of program borrowers' subscribers receiving new improved service from Agency's funded water facilities.	Target	∟ 1	∟ 1	1,900,000		∟ 1
	Actual	∟ 1	∟ 1	769,559	949,646	

∟ 1 ARRA funding was only available for FY 2009 and 2010.

In addition to the regular appropriated funding, RD invested \$300 million in funding provided by the 2008 Farm Bill and a total of \$1.8 billion in American Recovery and Reinvestment Act

(ARRA) funding for water and waste disposal infrastructure and technical assistance across Rural America in FY 2009 and FY 2010.

The RUS WEP's:

- **Brings modern, reliable and affordable water and waste services to rural America.**
 - 5.7 million rural customers will benefit from RUS FY 2010 regular and ARRA investments in water and waste disposal infrastructure.
 - As a result, rural communities are able to provide clean, reliable services at reasonable costs, more efficiently manage how and how much water they use, and reduce their impact on our nation's waterways through improved compliance with regulatory requirements and reduced discharge of waste byproducts.

- **Reduces health risks to rural residents and protects our nation's waterways.**
 - FY 2010 funded projects will result in a nearly 28 percent reduction in rural resident's exposure to water borne illnesses.
 - Provides access to a public water system to residents who obtain their water from contaminated or unreliable drinking water wells, or untreated surface sources improves public health.
 - Replacing failing individual septic tanks **reduces** harmful discharges into lakes, rivers, and other waterways.

- **Facilitates sustainable communities.**
 - With reliable water and waste infrastructure, the establishment of core community services is made possible, supporting existing residents and attracting new ones. USDA helps to ensure the safety, health, and education of rural residents by financing the construction of new and improved hospitals, schools, fire stations, and other essential community facilities - - all of which rely on water and waste services to operate. The presence of reliable water and waste infrastructure facilitates business development in rural America, helps create jobs, strengthen our nation's economy, and our ability to compete in the global marketplace.

- **Assists rural water and waste systems with technical issues and emergency recovery.**
 - In FY 2010, circuit riders made more than 111,000 technical assistance calls to rural systems.
 - RUS contract circuit riders provided critical support and emergency equipment to rural operators in the aftermath of the tornados across the south and the flooding along the Missouri and Mississippi Rivers in 2011.

6. Annual Budget Authority (FY2007-FY2011)

FY 2007 through FY 2011 Budget Authority (Enacted)					
(Dollars in thousands)					
Program	2007	2008	2009	2010	2011
Water and Environmental	\$494,043	\$538,767	\$538,768	\$551,230	\$515,968
Water and Environmental ARRA	/ 1	/ 1	\$734,881	\$655,675	/ 1

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/ 1 ARRA funding was only available for FY 2009 and 2010.

7. Annual Outlays (FY2007-FY2011)

Account Name	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Target
Water and Waste Disposal Program / 1	\$650,383 / 2	\$604,033	\$746,706	\$980,000	\$1,086,000

/ 1 Outlays are not a one to one correlation with obligations. Programs disburse over numerous years. Undisbursed balances are carried forward for future year outlays.

/ 2 Outlayed through RCAP.

8. Annual Delivery Cost (FY2007-FY2011)

PROGR AM	PROGRAM ITEMS	2007 AMOUNT (\$000)	2008 AMOUNT (\$000)	2009 AMOUNT (\$000)	2010 AMOUNT (\$000)	2011 AMOUNT (\$000)
Direct Water & Waste Disposal Loans, Guaranteed Water & Waste Disposal Loans, Water & Disposal Grants, Individually-Owned Water Well System Grants, Grants for Water and Wastewater Revolving Funds, Solid Waste Management Grants, and Emergency & Imminent Community Water Asst. Grants.						
	Program Level	\$1,579,948	\$1,822,949	\$886,873	\$1,660,647	\$1,447,422
	Budget Authority	564,174	666,367	411,792	770,362	551,230
	S&E	59,323	57,610	21,716	65,322	65,322
	Total Costs	549,721	723,977	433,508	835,684	616,552
	FTEs	542	514	192	551	551
Direct Water and Waste Disposal Loan 2008 Disasters Emer. Supp., Water and Waste Disp. Grants May 6, 2007 Emer. Supp., Water and Waste Disp. Grants 2008 Disasters Emergency Supplemental, Water and Waste Disp. Grants 2003/2004 Hurricanes Emer. Supp., Water and Waste Disp. Grants 2005 Hurricanes Emer. Suppl., Emer. And Imminent Comm. Waster Asst. Grants – Emer. Supp., Emer. And Imminent Comm. Water Asst. Grants – 2005 Hurricanes						
	Program Level	\$13,010	\$0	\$34,203	\$10,406	\$0
	Budget Authority	13,010	0	19,068	7,054	0
	S&E	0	0	0	0	0
	Total Costs	13,010	0	19,068	7,054	0
	FTEs	0	0	0	0	0
Direct Water and Waste Disposal Loans – Stimulus, Water and Waste Disposal Grants – Stimulus, Circuit Rider – Tech. Assist. Grants for Rural Water Systems – Stimulus						
	Program Level	N/A	N/A	\$1,581,548	\$1,828,627	\$0
	Budget Authority	N/A	N/A	734,881	650,675	0
	S&E	N/A	N/A	41,363	0	0
	Total Costs	N/A	N/A	776,244	650,675	0
	FTEs	N/A	N/A	364	0	0

9. Eligibility Criteria

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Program	Eligibility (Entities)	Eligible Areas (Populations)	Eligible Purpose	Funding Limits Per Request	Loan Terms
Water and Waste Disposal Direct Loans and Grants	Public body, not-for-profit organization, and Indian tribes	Rural areas and towns with a population of 10,000 or less.	Construct and improve water and waste facilities	None	40 years
Water and Waste Disposal Guaranteed Loans	Public body, not-for-profit organization, and Indian tribes	Rural areas and towns with a population of 10,000 or less.	Construct and improve water and waste facilities	None	40 years
Technical Assistance and Training Grant (TAT) Program	Public, private, and non-profit organizations	Rural areas and towns with population of 10,000 or less.	Provide technical assistance and training	Pre-determined percentages of annual allocation	<u>N/A</u>
Circuit Rider – Technical Assistance for Rural Water Systems	Public, private, and non-profit organizations	Rural areas and towns with population of 10,000 or less	Provide technical assistance and training	No Cost	<u>N/A</u>
Water and Waste Facility Loans and Grants to Alleviate Health Risks (applied to colonias and Native American tribes)	Colonias and Native American Indian tribes	Colonias and tribal lands	Construct or improve water and waste facilities	\$1 M – Native American Indian tribes (none for Colonias)	40 years for loans
Solid Waste Management Grant (SWM) Program	Public body, private nonprofit organizations and Indian tribes	Rural areas and towns with a population of 10,000 or less	Technical assistance to local and regional governments for reducing or eliminating water pollution and planning or mgmt of solid waste disposal facilities	None	N/A
Predevelopment and Planning Grants	Rural communities that do not have resources to pay predevelopment expenses	Rural area must be either below the poverty line or below 80 percent of the statewide non-metropolitan median household income.	Costs associated with the development of a complete application	\$15,000 or 75 percent of the project costs (whichever is smaller)	N/A
SEARCH Grants	Rural communities that do not have resources to pay predevelopment expenses	Rural area must be either below the poverty line or below 80 percent of the statewide	Costs associated with the development of a complete application	\$30,000 or 75 percent of the project costs (whichever is smaller)	<u>N/A</u>

Program	Eligibility (Entities)	Eligible Areas (Populations)	Eligible Purpose	Funding Limits Per Request	Loan Terms
		non-metropolitan median household income.			
Emergency Community Water Assistance Grants	Public body such as a municipal, county, district, authority, State or commonwealth, Not for profit organization, and Native American Tribe	Rural areas with population of 2,500 or fewer inhabitants and must also be financially stressed as well as rural	To fund pre-development planning grants for feasibility studies, design assistance & tech assistance for water & waste disposal projects	May fund up to 100 percent of eligible costs, not to exceed \$30,000	<u>N/A</u>
Section 306D Water and Waste system Grants for Alaskan Villages, incl. technical assistance	State of Alaska for rural or native villages	Rural or native Alaskan villages	Development and construction of water and waste facilities to improve health and sanitation conditions	None, however 25 percent in matching funds from State of Alaska from non federal sources	<u>N/A</u>
Section 306E Grants for the Construction, Refurbishment and Servicing of Low or Moderate Income Household Water Well Systems	Private, non-profit organizations that are tax exempt.	Projects must be located in rural areas with population of 50,000 or less.	Development of revolving loan funds for construction, refurbishing, and servicing of individual household water well systems in eligible rural areas.	Organization must contribute 10 percent of grant amount to capitalize the fund and individual homeowner loans capped at \$ 11,000	<u>N/A</u>

10. Utilization (Participation) Data

- From 2007-present the Water and Waste Disposal Loan and Grant Program has obligated 9,152 loans and grants to rural communities in all 50 states.

Fiscal Year	Number of Loans	Number of Grants
2007	810	957
2008	895	926
2009	909	1604
2010	1045	1037
2011(as of July 29, 2011)	498	471
Total	4,157	4,995

- Approximately 115 Circuit riders have been funded annually since 2008 through the program and have made 311,509 technical assistance calls to rural water and waste systems.

11. Duplication or Overlap with Other Programs

RD's Water and Waste Disposal Loan and Grant program provides funding for construction of water and waste facilities in rural communities of 10,000 or less in population.

While the GAO report on duplicative programs did not specifically address water and waste funding at USDA, there are a number of federal programs that provide financing for water and waste infrastructure.

Other federally-funded programs that fund water and waste infrastructure in rural areas include:

- State Revolving Funds (Environmental Protection Agency (EPA) pass-through funding-Clean Water State Revolving Fund and Drinking Water State Revolving Fund);
- EPA (State and Tribal Assistance Grants, United States-Mexico border, Tribal);
- Department of Commerce – Economic Development Agency can assist in financing infrastructure when tied to jobs and economic development;
- Department of Housing and Urban Development community development block grants (CDBG), Community Investment Funds (CIF), Colonias, and Tribal);
- Appalachian Regional Commission (ARC) which is implemented through RD;
- Indian Health Service; and
- Delta Regional Authority.

What sets USDA Apart from other programs?

- WEP is the only program that is exclusively focused on rural water and waste infrastructure needs, working only with rural areas with populations of 10,000 or less.
- Most RD projects serve areas well below 10,000 in population. The average RD project serves fewer than 2000 equivalent dwelling units.
 - In FY 2010, 80 percent of funded projects served populations of 5,000 or less;
 - 65 percent serve communities of 2,500 or less;
 - 51 percent serve populations below 1,500, and;
 - 43 percent were for projects serving less than 1,000 people.
- Applicants must demonstrate that they need federal assistance because they cannot obtain credit from commercial lenders or investors, and they have urgent needs for water or wastewater improvements.
- The program is a needs-based program, where loan and grant are combined based on strict underwriting process to keep rates reasonable for rural residents.
- Other federal programs serve both large and small systems. Small rural communities must compete with larger projects for limited funding.

- For example, in 2009, while 77 percent of the loans made by EPA State Revolving Funds for wastewater infrastructure upgrades went to communities less than 10,000 in population, those loans represented only 23 percent of the total funding available.
 - State Administered HUD/CDBG grants are available to communities of 50,000 or less population and counties up to 200,000.
- The program has been recognized by OMB as one of the most effective lending programs in the Federal Government.

Regarding Circuit Rider, there is no overlap with RD programs which provide support grants and loans for water and wastewater treatment, distribution, and collection systems.

12. Waste, Fraud and Abuse

RD's Water and Waste Disposal Loan and Grant programs have standardized procedures and guidance, as well as strong internal controls to prevent fraud waste and abuse. Vulnerability Assessments are conducted annually. In addition, management control reviews and State Program reviews are conducted to identify and correct potential problem with underwriting and servicing activities. The regular program and ARRA funding have been audited twice over the last two years by the USDA's Office of Inspector General (OIG). No findings of fraud, waste or abuse were made in either audit.

The September 2010 USDA OIG report (OIG Audit Report 09601-1-At, Rural Utilities Service Controls Over Water and Waste Disposal Loans and Grants) on program delivery stated, "Generally, we found RUS' internal controls to be adequately designed and operating for the locations we reviewed." Where recommended by OIG, the program enhanced guidance to employees to better clarify program regulations.

13. Effect of Administrative Pay-go

None.

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1. Program Name

Distance Learning, Telemedicine, and Broadband Program

2. Subprograms/Department Initiatives

Description	2008 Farm Bill Section	Federal Agricultural Improvement and Reform Act of 1996 Section	U.S. Code 7 U.S.C.
Distance Learning and Telemedicine Loans	6201	704	950aaa et seq.
Distance Learning and Telemedicine Grant Program			
Distance Learning and Telemedicine Combination Loan-Grant Program			
Public Television Digital Transition Grant Program	6014	CONACT 2005, Title III	PL108-447
Delta Health Care Services Grant Program	6025	CONACT §379G	2008u
Rural Broadband Access Loan and Loan Guarantee Program	6110	RE Act §601	950bb
Broadband Initiatives Program (STIMULUS)		ARRA	PL 111-5
Weather Radio Transmitter Grant Program	6021	CONACT §379B	PL 108-119
Community Connect Grant Program	6005	Historically appeared as an annual earmark in appropriations bills	

Note: CONACT is the Consolidated Farm and Rural Development Act

3. Brief History

The Rural Broadband Access Loan and Loan Guarantee Program was established by the 2002 Farm Bill; the Distance Learning and Telemedicine Programs were established by the Federal Agriculture Improvement Act of 1996. The Farm Bill has made changes to these provisions.

4. Purpose/Goals

The purpose and goals include:

Community Connect Grant Program

This program provides grants to rural communities with populations of 20,000 or less that do not currently have access to broadband services. The grant provides funding for a Community Center open to the public and broadband infrastructure provided to critical facilities in the community such as public safety, local government, and educational institutions.

Public Television Digital Transition Grant Program

This program provides grants to assist public television stations serving substantial-rural populations in transitioning to digital broadcast television transmission. Funds may be used to acquire and install facilities and software necessary for the transition. Grant funds may also be used for associated engineering and environmental studies.

Weather Radio Transmitter Grant Program

This program provides grant funds to finance the installation of new transmitters to extend the coverage of the National Oceanic and Atmospheric Administration’s Weather Radio system (NOAA Weather Radio) in rural America. Grant funds are available to facilitate the expansion of NOAA Weather Radio system coverage into rural areas that are not covered or are poorly covered.

Delta Health Care Services Grant Program

The Delta Health Care Services Grant Program is authorized under Section 379G of the Consolidated Farm and Rural Development Act to provide financial assistance to address the continued unmet health needs in the Delta region through cooperation among health care professionals, institutions of higher education, research institutions, and other individuals and entities in the Delta Region. Grants are available to eligible entities in the Delta region serving communities of no more than 50,000 inhabitants.

Rural Broadband Access Program

This program is designed to provide loans for funding, on a technology neutral basis, for the costs of construction, improvement, and acquisition of facilities and equipment to provide broadband service to eligible rural communities.

Distance Learning and Telemedicine Program (DLT)

DLT is designed to ~~meet the bring~~ educational and health care ~~services to needs of~~ rural America. Through loans, grants, and loan/grant combinations, RUS provides financial assistance for end-user equipment to advanced telecommunications technologies provide enhanced learning and health care opportunities for rural residents.

5. Success in Meeting Programmatic Purpose/Goals

Performance measures have been developed for DLT and Farm Bill Broadband Programs as indicators of programmatic success.

Distance Learning and Telemedicine		2007	2008	2009	2010	2011
		Counties Served				
Number of counties served by entities receiving distance learning and telemedicine funding	Target	380	695	400	380	380
	Actual	392	586	400754	0633	n/a

/ 1 Actual is from FY2010 funds obligated in FY2011.

The 2008 Farm Bill required changes to the Rural Broadband Access loan and loan-guarantee program which was authorized under the 2002 Farm Bill, last revised in 2008. An Interim Rule was published on March 14, 2011. The Rural Broadband Access loan program provides funding for broadband infrastructure in communities with a population of 20,000 or less.

Rural Broadband Access		2007	2008	2009	2010	2011
		Borrowers' Subscribers Served				
Number of borrowers' subscribers receiving new or improved service	Target	190,000	240,000	230,000	350,000	300,000
	Actual	356,440	775,341	187,399	764,296 136,694	n/a

/ 1 Funding provided under ARRA was flexible (loans, grants and loan/grant combos) and therefore more conducive to bringing broadband to rural America; therefore, more appealing to rural communities, as a result regular program loans funds were not requested during ARRA. utilized until ARRA funding was exhausted. Telecommunications Program data also includes broadband funding under traditional infrastructure program authorized by REA.

Rural Broadband Access ARRA		2007	2008	2009	2010	2011
		Borrowers' Subscribers Served				
Number of borrowers' subscribers receiving new or improved service	Target	/ 1	/ 1	/ 1	n/a	/ 1
	Actual	/ 1	/ 1	/ 1	847,239	

/ 1 ARRA funding was not available for these years.

NOTE: See section at end with all REA Title II programs (Electric and Telecom).

6. Annual Budget Authority (FY2007-FY2011)

Program		2007	2008	2009	2010	2011
Budget Authority (in thousands)	Distance Learning and Tele-medicine and Broadband	\$44,486	\$54,565	\$63,780	\$84,691	\$68,090
	Broadband ARRA	/ 1	/ 1	0	\$2,423,536	/ 1

/ 1 ARRA funding was not available for these years.

NOTE: See section at end with all REA Title II programs (Electric and Telecom).

7. Annual Outlays (FY2007-FY2011)

Distance Learning and Telemedicine and Broadband Program	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Target
(Dollars in thousands)					
Distance Learning and Telemedicine and Broadband Program	\$46,428	\$48,542	\$134,694	\$69,164	\$305,143

Note: Outlays are not a one to one correlation with obligations. Programs disburse over numerous years. Undisbursed balances are carried forward for future year outlays.

NOTE: See section at end with all REA Title II programs (Electric and Telecom).

8. Annual Delivery Cost (FY2007-FY2011)

PROGR AM	PROGRAM ITEMS	2007 AMOUNT (\$000)	2008 AMOUNT (\$000)	2009 AMOUNT (\$000)	2010 AMOUNT (\$000)	2011 AMOUNT (\$000)

PROGR AM	PROGRAM ITEMS	2007 AMOUNT	2008 AMOUNT	2009 AMOUNT	2010 AMOUNT	2011 AMOUNT
Treasury Distance Learning Loans, Distance Learning and Telemedicine Grants						
	Program Level	\$59,400	\$43,242	\$54,741	\$0	\$30,255
	Budget Authority	27,691	30,429	33,366	0	30,255
	S&E	1,930	1,875	2,048	2,125	2,125
	Total Costs	29,621	32,304	35,414	2,125	26,974
	FTEs	17	17	18	18	18
Con Farm & RD Act, Sec 379G Health Care Services Grant						
	Program Level				\$0	\$2,994
	Budget Authority				0	2,994
	S&E				0	0
	Total Costs				0	2,994
	FTEs				0	0
Broadband Telecommunication Loans and Grants, and Public Broadcasting System Grants						
	Program Level	\$266,252	\$459,124	\$425,069	\$78,924	\$343,533
	Budget Authority	20,689	30,076	34,681	10,006	40,145
	S&E	7,618	7,398	8,85	8,387	8,387
	Total Costs	28,307	37,474	42,766	18,393	48,532
	FTEs	70	66	70	71	71
Direct Broadband Telecommunications Loans - Treasury Rate - Stimulus, and Broadband Telecommunications Grants - Stimulus						
	Program Level				\$3,529,091	\$0
	Budget Authority				2,423,536	0
	S&E				a/	a/
	Total Costs				2,423,536	0
	FTEs				0	0

a/ RUS is unable to provide a break out of S&E costs for Recovery Act implementation.

9. Eligibility Criteria

Program	Eligibility (Entities)	Eligible Areas (Populations)	Eligible Purpose	Funding Limits Per Request	Loan Terms, if Applicable
Distance Learning and Telemedicine Loans	Public body, Indian tribe, cooperative, nonprofit, limited dividend or mutual association, municipality, libraries, corporations and other legally-	Areas outside incorporated or unincorporated cities with population over 20,000.	In addition to the DLT Combination Loan-Grant Program purposes, loans may be used for certain broadcasting and operational costs, except salaries and administrative	Minimum loan-grant amount: \$50,000 Maximum amount:: \$10 Million	Loan interest rate is the Treasury interest rate at date of advance; up to 10 year amortization, determined by useful life of facilities

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Program	Eligibility (Entities)	Eligible Areas (Populations)	Eligible Purpose	Funding Limits Per Request	Loan Terms, if Applicable
	organized entities.		expenses		financed
Distance Learning and Telemedicine Grant Program	Public body, Indian tribe, cooperative, nonprofit, limited dividend or mutual association, municipality, libraries, corporations and other legally-organized entities. RUS electric and Telephone Loan borrowers not eligible.	Areas outside incorporated or unincorporated cities with population over 20,000. Smaller communities receive more points.	To provide end-user equipment and programming that delivers distance learning and telemedicine services into eligible areas.	Minimum grant amount: \$50,000. Maximum grant amount: \$500,000.	15 percent matching funds required
Distance Learning and Telemedicine Combination Loan-Grant Program	Public body, Indian tribe, cooperative, nonprofit, limited dividend or mutual association, municipality, libraries, corporations and other legally-organized entities. RUS electric and Telephone Loan borrowers not eligible.	Areas outside incorporated or unincorporated cities with population over 20,000.	In addition to the DLT Grant Program purposes, loans may provide DLT across a single facility, may provide new building space, including land, buildings, and building construction, and telecommunications transmission facilities.	Minimum loan-grant amount: \$50,000 Maximum amount: \$10 Million	Loan interest rate is the Treasury interest rate at date of advance; up to 10 year amortization, determined by useful life of facilities financed
Public Television Digital Transition Grant Program	Public digital television stations that serve rural areas	Areas outside incorporated or unincorporated cities with population over 20,000 – station applicants must demonstrate core rural coverage	Grant funds may be used to acquire, lease, and/or install facilities and software necessary for transition to digital signal	Maximum amount: \$ 750,000 per applicant per year	<u>N/A</u>
Delta Health Care Services Grant Program	Consortium of regional institutions of higher education, academic health and research institutes and economic development entities located in the Delta region	The distinct northwest section of the state of Mississippi, known as the Delta Region, consisting of 18 counties Further limited	The development of health care services, health education programs, health care job training programs and the development and expansion of public health-related facilities	Minimum Grant amount: \$50,000	<u>N/A</u>

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Program	Eligibility (Entities)	Eligible Areas (Populations)	Eligible Purpose	Funding Limits Per Request	Loan Terms, if Applicable
		to include only those areas in the Delta Region (a) not included within the boundaries of any incorporated or unincorporated city, village, or borough having a population greater than 50,000 and (b) any urbanized area contiguous and adjacent to a city or town described in (a).			
Rural Broadband Access Loan and Loan Guarantee Program AND Broadband Initiative Program (Stimulus)	RUS makes broadband loans and loan guarantees to legally organized entities providing, or proposing to provide, broadband services in eligible rural communities. Types of eligible entities include: cooperative, nonprofit, limited dividend or mutual associations, limited liability companies, Indian tribes and tribal organizations, and commercial organizations. Individuals or partnerships are not eligible.	An eligible rural area means any area, as confirmed by the latest decennial census of the Bureau of the Census, which is not located within (1) a city, town, or incorporated area that has a population of greater than 20,000 inhabitants; or (2) an Urbanized Area contiguous and adjacent to a city or town that has a population of greater than 50,000 inhabitants. The proceeds of a loan may be used to carry out a project only if, as of the date on which the	Finance the construction, improvement, and acquisition of facilities and equipment to provide broadband service in eligible rural communities; Finance broadband facilities leased under the terms of a capital lease, as defined in generally accepted accounting principles; financing will be limited to 5 years of lease costs; Finance the acquisition by an eligible entity of another system, lines or facilities if the acquisition is necessary and incidental to furnishing or improving rural broadband service (can not exceed 50	Maximum loan amount: \$75 million. Maximum 4 percent loans are limited by the NOFA	Interest rates: 4 percent treasury rate at date of advance private lender -set rate for guaranteed loans. (Amortization determined by life of the facilities)

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Program	Eligibility (Entities)	Eligible Areas (Populations)	Eligible Purpose	Funding Limits Per Request	Loan Terms, if Applicable
		<p>application is submitted</p> <p>(i) not less than 25 percent of the households in the proposed service territory is offered broadband service by not more than 1 incumbent service provider; and</p> <p>(ii) broadband service is not provided in any part of the proposed service territory by 3 or more incumbent service providers.</p>	<p>percent of requested loan amount); and</p> <p>Refinance an outstanding obligation on another telecommunications loan made under the RE Act. The refinancing cannot exceed 40 percent of the loan amount.</p>		
Weather Radio Transmitter Grant Program	Public body; an Indian tribe; a cooperative, nonprofit, limited dividend or mutual association; municipality; corporations and other legally organized entities	A single community outside incorporated or unincorporated cities with population over 20,000 which does not have broadband	To build broadband infrastructure and establish a community center which offers free public access to broadband for two years.	<p>Min \$50,000 Max \$1,000,000</p> <p>Amounts are published in NOFAs and may vary</p>	<u>N/A</u>
Community Connect Grant Program	Public body; an Indian tribe; a cooperative, nonprofit, limited dividend or mutual association; municipality; corporations and other legally organized entities	A single community outside incorporated or unincorporated cities with population over 20,000 which does not have broadband	To build broadband infrastructure and establish a community center which offers free public access to broadband for two years.	<p>Min \$50,000 Max \$1,000,000</p> <p>Amounts are published in NOFAs and may vary</p>	<u>N/A</u>

10. Utilization (Participation) Data

- DLT: As of September 30, 2010, there were 26 active borrowers (no loan funds have been available).
- There are 115 public television digital transition grant awardees.
- There have been no Delta Health grant awards to date. Awards are expected September 2011.
- For the Broadband Loan and Loan Guarantee Program, as of September 30, 2010, there were 71 active borrowers.
- There have been 217 NOAA Weather Radio grant awards.
- There have been 197 Community Connect broadband grant awards.

11. Duplication or Overlap with Other Programs

We are unaware of other Federal programs that fund distance learning and telemedicine services with the same requirements and eligibility as the USDA program.

Funding for emergency communications may also be available from other agencies such as NOAA. USDA and NOAA work closely together.

In 2009-2010, the Department of Commerce was authorized under ARRA to provide grant funding for broadband infrastructure. Extensive coordination occurred between both Agencies.

Funding for health-DLT services may be available from other Federal agencies such as FCC and HHS RUS coordinates closely with the Agencies and we participate in each other's outreach events.-

12. Waste, Fraud and Abuse

RUS closely monitors loan performance to ensure that there is no fraud, waste, or abuse. If any is suspected, RUS officials work closely with the OIG to investigate and, if necessary, prosecute any offender. For example, Sequelle Communications, a pilot Broadband Loan Program borrower, was referred to the OIG for investigation by RUS. With the assistance of RUS, the former CEO of Sequelle was convicted of money laundering and conspiracy, sentenced to 18 months in prison, and required to pay approximately \$848,000 in retribution. In addition, another officer of Sequelle and another company pled guilty to money laundering, received probation sentences, and were ordered to pay restitution of \$549,000 and \$1.5 million, respectively. RUS is beginning to receive some restitution payments and should continue to receive them over many years as the court did not impose any deadline for when the entire amount should be paid.

13. Effect of Administrative Pay-go

None.

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Farm Bill Audit

1. Program Name

Electric Programs

2. Subprograms/Department Initiatives

Subprograms include:

Description	2008 Farm Bill Section	RE Act Section	U.S. Code 7 U.S.C.
Hardship (Direct) Loan Program	6102	305(c)(1)	935(c)(1)
Federal Financing Bank Guaranteed Loan Program	6102	306	936
Renewable Loan Program	6108	317	940(g)
High Energy Cost Grants & Loans Program <ul style="list-style-type: none"> • High Energy Cost Grants • Denali Commission Grants • State Bulk Fuel Revolving Fund Grants 		19	918(a)(1) 918(a)(2) 918(a)(3)
Bond and Note Guarantee Program for Publicly Issued Securities	6106	313A	940(c)(1)

3. Brief History

The Rural Electrification Direct and Guaranteed Loan Programs and the High Energy Cost Grant Program have permanent authorizations under the Rural Electrification (RE) Act of 1936 (7 U.S.C. 901 et seq.) and are not authorized under the Farm Bill. However, the Farm Bill can and often does amend the permanent authorities. The bond and note guarantee program under section 313A of the RE Act was authorized under the 2008 Farm Bill and is authorized through September 30, 2012.

Subtitle B of Title VI of the 2008 Farm Bill modified and added new authority under the RE Act as follows:

- **Section 6101, Energy Efficiency Programs**, amended sections 2 and 4 of the RE Act to explicitly authorize loans to electric borrowers to implement energy efficiency programs, codifying long-standing USDA policy.
- **Section 6102, Direct Electric Loan Authority**, amended section 4 of the RE Act reinstating direct lending authority for hardship loans and other direct loans. It deleted language requiring the Federal Financing Bank (FFB) to make loans to electric borrowers under the section 306 guaranteed loan program. Funding levels will be set by appropriations. FFB loan guarantees are still available as provided by appropriations.
- **Section 6103, Deferrals for Energy Efficiency and Demand Reduction**, amended section 12 to allow electric borrowers to defer principal and interest payments on direct loans for up to 60 months to make loans to residential, commercial, and industrial customers for energy audits and installation of energy efficiency, and/or demand reduction measures and devices.

- **Section 6104, Definition of Rural Area**, amended the section 13 definition of a “rural area” for purposes of electric loans eligibility by cross reference to section 343(a)(13)(C) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a)(13)(C)) to mean any area that excludes a city or town of 20,000 or more, **or** is an area within the service area of a borrower with an outstanding loan under titles I through V of the RE Act. This amendment expands eligibility for electric loans for rural areas from the prior limit to non-urbanized places of less than 2,500 and codifies the “once rural, always rural” policy under the RE Act.
- **Section 6105, Substantially Underserved Trust Areas**, provides new authority Secretary to adapt RUS loans and grants requirements to facilitate the construction, acquisition, or improvement of infrastructure projects in “Substantially underserved trust areas” defined as Native American trust lands where more than 20 percent of population does not have electric, telecommunications, broadband, or water service.
- **Section 6106, Guarantees for Bonds and Notes Issued for Electrification or Telephone Purposes**, amended section 313A to extend authority to guarantee bonds and notes issued by non-profit cooperative lenders to September 30, 2012 at an annual authorization of \$1 billion.
- **Section 6108, Electric Loans for Renewable Energy**, added new section 317 providing authority to make loans for electric generation from renewable energy resources for resale to rural and nonrural residents. Eligible renewable energy resources include energy conversion systems fueled from solar, wind, hydropower, biomass, or geothermal sources. The interest rate for these loans is set at the average tax-exempt municipal bond rate of similar maturities. Funding is dependent on appropriations.

Since 2005, the electric loan programs have approved over \$34.4 billion in financing for rural electric systems. In 2010, the program approved 174 loans totaling \$7.1 billion. The funds were used by rural utilities to construct new or improved electric distribution, transmission and generation facilities to provide electric service in rural areas, supporting economic development and modernizing community infrastructure. The investment of the electric loan funds creates and maintains jobs in rural communities. Interest in financing renewable energy and energy efficiency programs through the electric programs is growing. In 2010, the program approved over \$313.3 million in loan guarantees for new renewable electric generation projects. The electric programs have adopted a progressive management approach by enhancing use of automated systems to support loan and grant management and innovating new products and procedures to support renewable energy initiatives. The program continues its commitment to, maintaining a workplace that values employees, and provides high-quality service to its customers.

4. Purpose/Goals

The RE Act authorized assistance for rural electrification and for furnishing and improving electric service in rural areas, including the construction and operation of generating plants, electric transmission and distribution lines, and assisting electric borrowers to implement

demand side management, energy efficiency and conservation programs, and on-grid and off-grid renewable energy systems.

In support of this purpose, the RE Act authorizes a variety of loan, loan guarantee, and grant programs, including the rural electrification loan programs (RE Act, sections 4, 305 and 306), the non-profit lender bond and note guarantee program (section 313A), the High Energy Cost Grant Program (section 19), and the Renewable Energy Loan Program (section 317).

5. Success in Meeting Programmatic Purpose/Goals

The RUS electric loan programs have exceeded their targets from FY 2008 to FY 2010. In FY 2010, the electric programs approved 174 direct loans and loan guarantees totaling \$7.1 billion. USDA approved 160 distribution loans totaling about \$3.5 billion, 13 power supply (generation and transmission) Federal Financing Bank (FFB) loans totaling about \$3.2 billion, and 4 direct hardship distribution loans totaling \$100 million. In addition, USDA approved one non-profit lender bond and note guarantee of \$0.5 billion for relending for eligible electric and telephone purposes.

Electric		2007	2008	2009	2010	2011
Number of program borrowers' consumers receiving new or improved electric service	Target	2,390,000	7,125,000	6,125,000	7,100,000	6,125,000
	Actual	8,000,000	7,130,000	7,100,000	9,420,832	n/a

6. Annual Budget Authority (FY2007-FY2011)

	Program	2007	2008	2009	2010	2011
Budget Authority (in thousands)	Electric Loans	\$3,614	\$119.2	\$0	\$0	\$699
	High Energy Cost Grants	\$25,740	\$19,860	\$17,500	\$17,500	\$11,976

7. Annual Outlays (FY2007-FY2011)

Account Name	Account Number	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Target
Rural Electric and Telephone Program / 1	1230	\$160,070	\$82,267	\$799,017	\$606,031	\$400,013
High Energy Cost Grants	2042	\$31,550	\$16,422	\$22,347	\$17,376	\$37,000

/ 1 Outlays are reported under one account which includes both the Electric and Telephone programs.

8. Annual Delivery Cost (FY2007-FY2011)

PROGR AM	PROGRAM ITEMS	2007 AMOUNT (\$000)	2008 AMOUNT (\$000)	2009 AMOUNT (\$000)	2010 AMOUNT (\$000)	2011 AMOUNT (\$000)
Direct Electric Loans, Treasury Electric Loans, Municipal Electric Loans, FFB Electric Loans, Guaranteed Electric Loans and Electric Underwriting Loans for Bonds and Notes						
	Program Level	\$3,889,764	\$7,099,300	\$6,600,000	\$7,100,000	\$6,600,000
	Budget Authority	3,640	119	0	0	0

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PROGR AM	PROGRAM ITEMS	2007 AMOUNT	2008 AMOUNT	2009 AMOUNT	2010 AMOUNT	2011 AMOUNT
	S&E	19,876	19,300	21,094	21,886	21,886
	Total Costs	23,516	19,419	21,094	21,886	22,585
	FTEs	182	171	185	185	185
High Energy Cost Grants						
	Program Level	\$19,687	\$21,260	\$37,000	\$17,954	\$11,976
	Budget Authority	19,687	21,260	37,000	17,954	11,976
	S&E	a/	a/	a/	a/	a/
	Total Costs	19,687	21,260	37,000	17,954	11,976
	FTEs	a/	a/	a/	a/	a/

a/ S&E funds associated with the High Energy Cost Grants program is included in the S&E section for the entire electric program.

9. Eligibility Criteria

Eligibility Criteria shown for programs funded in FY 2010 and FY 2011 include:

Program	Eligibility (Entities)	Eligible Areas (Populations)	Eligible Purpose	Funding Limits Per Request	Loan Terms
Hardship Loan Program (Section 305)	Corporations, States, Territories, and Subdivisions and Agencies, Municipalities, People's Utility Districts, and Distribution Cooperatives, non-profit and limited-dividend, Or Mutual Associations	Rural areas outside the boundaries of a city or town of more than 20,000 population and areas served by an existing electric borrower.	Electric distribution and sub-transmission facilities	Not Applicable	Up to 35 years, based on the expected useful life of the facilities financed by the loan
FFB Guaranteed Loan Program (Section 306)	Corporations, States, Territories, and Subdivisions and Agencies, Municipalities, People's Utility Districts, and Cooperatives, non-profit and limited-dividend, Or Mutual Associations	Rural areas outside the boundaries of a city or town of more than 20,000 population and areas served by an existing electric borrower.	Electric distribution, sub-transmission, bulk transmission, and generation facilities, energy efficiency investments, and renewable energy systems	No limit.	Up to 35 years, based on the expected useful life of the facilities financed by the loan
Bond and Note Guarantee Program (Section 313A),	Cooperative or other lenders organized on a non-profit basis	None	Proceeds to be used to make loans for eligible electric or	None	20 years (by regulation) Annual

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Program	Eligibility (Entities)	Eligible Areas (Populations)	Eligible Purpose	Funding Limits Per Request	Loan Terms
			telephone purposes, excluding electric generation, or to refinance bonds or notes previously issued for such purposes.		guarantee fee of 30 basis points supports the Rural Economic Development Loan and Grant (REDLEG) program under section 313(b)(2)(A) of the RE Act.
High Energy Cost Grants & Loans Programs					
High Energy Cost Grants	Persons, For Profit and Not For Profit Businesses, State & Local Governments, and Federally-Recognized Indian Tribes & Tribal entities	Extremely high energy cost communities with annual average residential energy expenditures is 275% of national average.	Energy distribution, transmission and generation facilities (including energy efficiency & renewable energy) serving eligible communities	Administrative and planning costs may not exceed 4% of funds provided	<u>N/A</u>
Denali Commission Grants	Denali Commission	Extremely high energy cost communities in Alaska	Energy distribution, transmission and generation facilities (including energy efficiency & renewable energy) serving eligible communities in Alaska.	Administrative and planning costs may not exceed 4 % of funds provided	<u>N/A</u>
State Bulk Fuel Revolving Fund Grants	State Entity existing as of 11/9/2000	Rural areas where fuel cannot be shipped by surface means	Establishment of Fuel Purchase Revolving Fund	Administrative and planning costs may not exceed 4 % of funds provided	<u>N/A</u>

10. Utilization (Participation) Data

The electric programs services 667 active electric borrowers and grantees in 46 States, Puerto Rico, American Samoa, and the Republic of the Marshall Islands. . During FY 2011, the Agency has approved more than \$1.9 billion in loan guarantees.

The High Energy Cost Grant Program's FY 2010 Notice of Funding Availability for \$15.5 million in competitive grants received over 100 applications from 18 states and 8 eligible insular areas.

11. Duplication or Overlap with Other Programs

The Rural Electrification Loan programs are the primary source of electric infrastructure financing for rural electric providers in 46 States. All RUS loans must demonstrate financial feasibility, assurances of repayment, and adequate loan security. There is no overlap between the electric loan program and other USDA energy loan and grant programs because electric infrastructure is not an eligible purpose under those programs. The U.S. Department of Energy Loan Guarantee Programs are intended to provide incentives for high risk technology innovation, advanced nuclear power generation, and advanced clean energy technology projects, but does not support loans for traditional electric infrastructure.

The High Energy Cost Grant Program differs from other USDA and Department of Energy grant programs in that it is targeted at extremely high cost rural communities, includes a broad range of eligible energy project activities, including traditional infrastructure, renewable energy and energy efficiency, and permits applications from tribes, tribal entities, state and local governments, school districts, and other for profit and not for profit entities, that are not eligible under other loan or grant programs.

12. Waste, Fraud and Abuse

The Electric Programs does not have any outstanding issues with respect to overpayments, waste, fraud, or abuse identified by the Department or other government agency. There are no outstanding audits for these programs.

13. Effect of Administrative Pay-go

None.

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1. Program Name

Telecommunications Program

2. Subprograms/Department Initiatives

Description	2008 Farm Bill Section	RE Act Section	U.S. Code 7 U.S.C.
Telecom Hardship Loan Program (Direct)	N/A	305	935(d)(1)
Telecom Treasury Rate Loan Program	N/A	305(d)(2)	935
Telecom Guaranteed Loan Program (FFB)	N/A	306	936

3. Brief History

The Telecommunications Loan Program has permanent authorizations under the Rural Electrification Act (REA) of 1936.

4. Purpose/Goals

The Telecommunications Program finances the improvement or extension of telecommunications service in rural areas through telecommunications borrowers. Borrowers can apply for direct (Treasury rate) loans at an interest rate which is tied to the government's cost of money. Borrowers can also request FFB loans and guaranteed loans. Loans at 5 percent are available to borrowers that further qualify under "hardship" conditions, which include subscriber density factors and net income projections of the borrowers.

5. Success in Meeting Programmatic Purpose/Goals

In FY 2010, the telecommunications program approved \$690 million in infrastructure program loans. This funding will allow rural telecommunications providers to deploy new or improved service to more than 136,694 rural subscribers. For the last two years, 90 percent of the loans financed have been for fiber-to-the-home projects to provide fiber-optic service to rural homes and businesses.

Telecommunications		(Dollars in thousands)				
		2007	2008	2009	2010	2011
Number of borrowers' subscribers receiving new or improved service	Target	194,699	194,931	180,000	171,000	120,000
	Actual	155,135	182,174	175,416	136,694	

Note: Telecommunications includes broadband data. Rural Broadband Access chart also includes broadband data

6. Annual Budget Authority (FY2007-FY2011)

	2007	2008	2009	2010	2011
Budget Authority (in thousands)	\$605	\$3,595	\$525	\$0	\$0

7. Annual Outlays (FY2007-FY2011)

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Account Name	Account Number	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Target
Rural Electric and Telephone Program / 1	1230	\$160,070	\$82,267	\$799,017	\$606,031	\$400,013

/ 1 Outlays are reported under one account which includes both the Electric and Telephone programs.

8. Annual Delivery Cost (FY2007-FY2011)

PROGR AM	PROGRAM ITEMS	2007 AMOUNT (\$000)	2008 AMOUNT (\$000)	2009 AMOUNT (\$000)	2010 AMOUNT (\$000)	2011 AMOUNT (\$000)
Direct Telecommunications Loans, Treasury Telecommunications Loans, and FFB Telecommunications Loans						
	Program Level	\$376,736	\$685,170	\$690,000	\$690,000	\$690,000
	Budget Authority	392	3,594	525	0	0
	S&E	8,688	8,431	11,047	9,567	9,567
	Total Costs	9,080	12,026	11,572	9,567	9,567
	FTEs	80	80	97	81	81

9. Eligibility Criteria

Program	Eligibility (Entities)	Eligible Areas (Populations)	Eligible Purpose	Funding Limits Per Request	Loan Terms, if Applicable
Telecom Hardship Loan Program (Direct)	For-profit and nonprofit corporations that do or will provide voice and data telecom service	Areas outside incorporated or unincorporated cities with population over 5,000	To build, acquire, extend, improve and refinance telephone infrastructure	Minimum loan amount: \$50,000. Maximum loan amount: none.	5 percent fixed interest rate; up to 35 year amortization, determined by the life of facilities financed.
Telecom Treasury Rate Loan Program	For-profit and nonprofit corporations that do or will provide voice and data telecom service	Areas outside incorporated or unincorporated cities with population over 5,000	To build, acquire, extend, improve and refinance telephone infrastructure	Minimum loan amount: \$50,000. Maximum loan amount: none.	Treasury interest rate at date of advance; up to 35 year amortization, determined by the life of facilities financed.
Telecom Guaranteed Loan Program (FFB)	For-profit and nonprofit corporations that do or will provide voice and data telecom service	Areas outside incorporated or unincorporated cities with population over 5,000.	To build, acquire, extend, improve and refinance telephone infrastructure.	Minimum loan amount: \$50,000. Maximum loan amount: none.	Treasury interest rate plus 1/8 percent; up to 35 year amortization, determined by useful life of facilities

Program	Eligibility (Entities)	Eligible Areas (Populations)	Eligible Purpose	Funding Limits Per Request	Loan Terms, if Applicable
					financed.

10. Utilization (Participation) Data

As of September 30, 2010, there were 481 active borrowers.

11. Duplication or Overlap with Other Programs

We are not aware of other Federal programs that provide funding for broadband infrastructure with the same requirements and objectives as this program. In 2009-2010, the Department of Commerce was authorized under the American Recovery and Reinvestment Act to provide grant funding for broadband infrastructure. Additionally, funding is provided to RUS telecommunications borrowers from the Federal Communications Commission (FCC) through the universal service fund. These funds are used as revenue and are considered to be part of the RUS borrower’s ability to repay Federal debt.

12. Waste, Fraud and Abuse

We are not aware of any examples of waste, fraud or abuse under this program. All previous GAO and OIG recommendations have been completed. There are no outstanding audits for these programs.

13. Effect of Administrative Pay-go

None.