



## Broadband in the Farm Bill

December 17, 2018

### Policy Brief

Last week, both chambers of the United States Congress overwhelmingly passed the latest iteration of the [Farm Bill \(H.R. 2\)](#) which would provide \$867 billion in funding for the next five years, from 2019 to 2023. As explained by the Senate Committee on Agriculture, Nutrition, and Forestry, “[e]very five years, Congress passes legislation that sets national agriculture, nutrition, conservation, and forestry policy, commonly referred to as the Farm Bill”<sup>1</sup>. According to U.S. Secretary of Agriculture Sonny Perdue, “the passage of the 2019 Farm Bill is good news because it provides a strong safety net for farmers and ranchers, who need the dependability and certainty this legislation affords.”

The 2019 Farm Bill adds \$350 million in broadband-related funding over five years and sets forth plans for the expansion of high-speed internet access to rural, unserved areas. The three broadband funding mechanisms discussed in the Farm Bill include: Middle Mile Infrastructure Grants, Loans, and Loan Guarantees; Innovative Broadband Advancement Grants and Loans; and the Community Connect Grant Program.

This policy brief offers a summary of these broadband-related provisions and others laid out in the Farm Bill, which will make great strides to connect farmers, ranchers, and rural communities across America.

#### **Access to Broadband in Rural Areas**

The 2019 Farm Bill makes several adjustments to the U.S. Department of Agriculture (USDA) grants, loans, and loan guarantees programs for connecting rural Americans to high-speed internet.

#### **Priority**

In awarding the grants, the bill gives priority to applicants in areas without residential service of at least 10 Mbps download/1 Mbps upload and where applicants can deliver the maximum level of broadband service, defined as 25 Mbps download/3 Mbps upload. Secondly, priority is given to projects in communities with less than 10,000 residents, where outmigration is occurring among residents, and where the community has adopted a strategic community investment plan that includes ways to increase broadband. Other priority metrics include whether or not the community has a high percentage of low income residents, if they are isolated from significant population centers, or if they provide rapid and expanded deployment of service on cropland and rangeland. Applications that are developed with stakeholder support are also positively prioritized by USDA.

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<sup>1</sup> <https://www.agriculture.senate.gov/2018-farm-bill>

### **Eligibility**

The 2019 Farm Bill states that in order to be eligible for USDA funding, the project must seek to build out broadband in an area with currently no less than 90 percent of households unserved at 10/1. Projects must also not be receiving other broadband grants from the Rural Utilities Service (RUS). No grant may exceed:

- 75 percent of the total project cost in an area with a density of fewer than 7 people per square mile; or
- 50 percent of the total project cost in an area with a density of 7 or more and fewer than 12 people per square mile; or
- 25 percent of the total project cost in an area with a density of 12 or more and fewer than 20 people per square mile.

### **Technical Assistance and Training**

USDA may provide technical assistance and training to applicants. This may include help to prepare reports and surveys, improve management relating to the proposed broadband deployment project, prepare loan and grant applications, and assist with other areas of need identified by USDA. Funding for technical assistance must be no less than 3 percent and no greater than 5 percent of appropriated funding.

### **Buildout Requirements**

As stated above, broadband buildout requirements were adjusted to 25 Mbps download/3 Mbps upload. This is an increase from the previous requirement of 4/1 Mbps service.

### **Expansion of Middle Mile Infrastructure**

To encourage the expansion of middle mile infrastructure in rural areas, the Farm Bill makes grants, loans, and loan guarantees available to applicants to provide funding for construction, improvements and/or acquisitions of middle mile infrastructure.

### **Eligibility**

An applicant is eligible by submitting an application, agreeing to complete the middle mile buildout in no more than five years, and submitting a plan to ensure viability. The applicant's viability plan must demonstrate the ability to connect or enable the middle mile network with retail broadband systems to serve the community in an affordable and economically competitive manner.

Eligible projects include those where at least 75 percent of the interconnection points serve eligible rural areas and where the network can support retail broadband service at maximum broadband buildout requirements for residents.

Grants must not exceed 20 percent of the total project cost and must aim to serve rural areas where it is currently infeasible to build middle mile networks without grant funding.

### **Funding Allotments**

The 2019 Farm Bill allocates \$10 million each year from 2019 to 2023 for the expansion of middle mile infrastructure.

### **Innovative Broadband Advancement**

Previously called the “Rural Gigabit Network Pilot,” the 2019 Farm Bill establishes the Innovative Broadband Advancement grant and loan program. The program will provide funding to eligible entities to demonstrate innovative broadband technologies or methods of broadband deployment that helps to decrease the cost of broadband deployment while providing faster broadband speeds to rural areas.

#### **Eligibility**

Projects must be completed in five years and applicants must demonstrate the capacity to carry out the proposed projects. Prioritization is given to projects that involve partnerships among multiple entities; would provide broadband service to the greatest number of rural households at or above the broadband service requirements of 25/3 Mbps; and could potentially be replicated.

#### **Funding Allotment**

The 2019 Farm Bill allocates \$10 million each year from 2019 to 2023 for the Innovative Broadband Advancement grant and loan program.

### **Community Connect Grant Program**

Community Connect grants offer funding to eligible service providers to construct, improve, and/or expand broadband networks in rural areas.

#### **Eligibility**

In the 2019 Farm Bill, the term “eligible service” is changed to service where broadband capacity is less than 10/1 Mbps. Eligible entities include incorporated organizations, tribes, state governments or other units of government, and other legal entities. Individuals and partnerships are not eligible for funding.

Projects must provide broadband service to “essential community facilities” and furnish free broadband service to community centers while covering the cost of bandwidth to those centers requesting service.

Funds may be used for the construction, acquisition, or leasing of facilities, land, or buildings to deploy service and ensure community centers have service. Ineligible uses include the duplication of any existing eligible broadband service.

A match of 15 percent is required for any entity wishing to apply for Community Connect grants.

#### **Funding Allotment**

The 2019 Farm Bill allocates \$50 million each year from 2019 to 2023 for the Community Connect Grant Program.

## Other Notable Provisions

### Agency Coordination

The Farm Bill includes language requiring coordination between USDA and the Federal Communications Commission (FCC) and the National Telecommunications and Information Administration (NTIA). In the case of assessing unserved communities, USDA is required to consult with, and obtain data from, the FCC and the NTIA with respect to the service level in the proposed project. USDA must also review any other data source relevant and perform site-specific testing to verify the data.

The Farm Bill also speaks to agency coordination with the FCC and the NTIA to avoid duplicative efforts and the potential for overbuilding service and infrastructure.

### Rural Broadband Integration Working Group

The 2019 Farm Bill establishes the Rural Broadband Integration Working Group to identify, assess, and determine possible actions relating to barriers and opportunities for broadband deployment in rural areas. Membership in the Working Group is comprised of various heads or designees from specified federal agencies.

### Broadband Coordination Report

Within the next year, Secretary Perdue, FCC Chairman Ajit Pai, and the NTIA Assistant Secretary David Redl are required to submit to the Committee on Agriculture and the Committee on Energy and Commerce of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry and the Committee on Commerce, Science, and Transportation of the Senate a report on how best to coordinate federally supported broadband programs and activities in order to achieve a number of objectives outlined in the Farm Bill.

## The “ReConnect” Program

The 2019 Farm Bill comes as the details on the long-awaited implementation of the \$600 million broadband pilot program created by the [Consolidated Appropriations Act of 2018](#) (i.e., “the omnibus”) were finally announced. The “ReConnect Program,” as it will be called, will be administered by USDA RUS alongside RUS’s Farm Bill broadband programs. The details were announced during a press conference in Washington, D.C., on December 13. According to officials, the funds will be divided into three pools—\$200 million in grants, \$200 million for loan and grant combinations, and \$200 million for low-interest loans—over three application periods. The first application deadline will be April 29, 2019; the last will be June 28. To learn more, visit <https://reconnect.usda.gov>.

With continuing dedicated support for enhancing networks across the country, rural America may come one step closer to ubiquitous coverage. As we like to say, everyone belongs in a Connected Nation.

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