

## Title VI – Rural Development

### *(1) Water, Waste Disposal, and Wastewater Facility Grants*

The House bill reauthorizes the authorization of appropriations for fiscal years 2014 through 2018. (Section 6001)

The Senate amendment is the same as the House. (Section 6001)

The Conference substitute adopts the House provision. (Section 6001)

### *(2) Rural Business Opportunity Grants*

The House bill reauthorizes the authorization of appropriations for fiscal years 2014 through 2018. (Section 6002)

The Senate amendment authorizes appropriations of \$65,000,000 for fiscal years 2014 through 2018 and combines the Rural Business Enterprise Grant and RBOG programs. (Section 6001)

The Conference substitute adopts the Senate provision with an amendment. The amendment strikes Sections 310B(c) and 306(a)(11) in the Con Act and replaces them with the Rural Business Development Grant authority, allocating not more than 10 percent of amounts appropriated for the purposes previously authorized under the Rural Business Opportunity Grant authority. (Section 6012)

The Managers made an effort to streamline and consolidate programs whenever possible. The conference substitute combines two existing programs, the Rural Business Opportunity Grants program and the Rural Business Enterprise Grants program, into a single program to be known as the Rural Business Development Grants program. The Managers intend for this new program to function in a manner similar to its predecessors and to award competitive grants to public agencies and non-profit community development organizations for business development, planning, technical assistance, or job training in rural areas.

### *(3) Elimination of Reservation of Community Facilities Grant Program Funds*

The House bill repeals the reservation of funds. (Section 6003)

The Senate amendment does not include the reservation of funds. (Section 6001)

The Conference substitute adopts the House provision. (Section 6002)

### *(4) Utilization of Loan Guarantees for Community Facilities*

The House bill authorizes the Secretary to utilize loan guarantees for community facilities to the maximum extent possible. (Section 6004)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 6004)

### *(5) Rural Water and Wastewater Circuit Rider Program*

The House bill authorizes the Secretary to continue a national rural water and wastewater circuit rider program. Additionally, the bill authorizes appropriations of \$20,000,000 for each fiscal year. (Section 6005)

The Senate amendment authorizes appropriations of \$25,000,000 for each fiscal year.

The Conference substitute adopts the House provision. (Section 6003)

### *(6) Tribal College and University Essential Community Facilities*

The House bill authorizes appropriations of \$5,000,000 for fiscal years 2014 through 2018. (Section 6006)

The Senate amendment authorizes appropriations of \$10,000,000 for fiscal years 2014 through 2018. Additionally, the amendment authorizes the Secretary to establish the maximum percentage of the cost of the project covered by this grant and limits the amount of non-Federal support to no more than 5 percent of the total cost of the project. The amendment also establishes grant priorities, the maximum grant amount, grant rate and local share requirements applicable to these grants. (Section 6001)

The Conference substitute adopts the Senate provision with an amendment. The amendment reauthorizes the authorization of appropriations through 2018. (Section 6005)

*(7) Essential Community Facilities Technical Assistance and Training*

The House bill authorizes technical assistance and training for essential community facilities. Additionally, the bill reserves not less than 3 nor more than 5 percent of any funds appropriated to carry out each of the community facilities programs authorized under subsection 306(a). (Section 6007)

The Senate amendment authorizes technical assistance to applicants and participants for community facilities programs. Additionally, under the amendment, the Secretary may not use more than 3 percent of the amount of funds made available to participants for a fiscal year for a community facilities program to provide technical assistance. (Section 6001)

The Conference substitute adopts the House provision. (Section 6006)

The Managers understand that rural communities, primarily due to limited staffing, often need technical assistance when developing funding applications. The conference substitute authorizes as much as 5 percent of the funding available through the Community Facilities Loan and Grant Program for technical assistance to help smaller communities in the development of their applications to the program.

*(8) Emergency Imminent Community Water Assistance Grant Program*

The House bill authorizes appropriations of \$27,000,000 for fiscal years 2014 through 2018. (Section 6008)

The Senate amendment authorizes appropriations of \$35,000,000 for fiscal years 2014 through 2018. (Section 6001)

The Conference substitute adopts the Senate provision with an amendment. The amendment reauthorizes the authorization of appropriations through 2018. (Section 6007)

*(9) Household Water Well Systems*

The House bill authorizes appropriations of \$5,000,000 for fiscal years 2014 through 2018. (Section 6009)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 6009)

*(10) Rural Business and Industry Loan Program*

The House bill amends subsection 310B(a) to include working capital as a loan purpose. Additionally, paragraph 310B(g)(7) is amended to authorize the Secretary, when determining

whether a cooperative organization is eligible for a guaranteed business and industry loan, to take accounts receivable as security for obligations, and a borrower may use accounts receivable as collateral to secure a loan. (Section 6010)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision with an amendment. The amendment clarifies that the additional loan purpose is the financing of working capital. (Section 6010)

The Managers recognize the importance of “Main Street” businesses to rural communities, and that the recent economic downturn has reduced the affordability of credit in rural areas, putting considerable strain on these small businesses. The Conference substitute addresses this issue through changes to the Business & Industry (B&I) Loan Program intended to ensure working capital is an eligible use of funds.

The Conference substitute also provides flexibility for the Secretary to consider accounts receivable for the purposes of collateral to allow lenders to help meet the capital needs of small businesses in rural areas. The Managers encourage USDA to examine additional ways to guarantee lending to small brick-and-mortar, community-owned businesses, such as an increased loan guarantee percentage for smaller loans, a streamlined process for making B&I loans of less than \$250,000, and making operating lines of credit eligible as a program use.

Additionally, the Managers encourage USDA to better coordinate with the Small Business Administration on outreach to rural lenders related to the B&I loan guarantee program.

#### *(11) Rural Cooperative Development Grants*

The House bill authorizes appropriations of \$40,000,000 for fiscal years 2014 through 2018. (Section 6011)

The Senate amendment authorizes appropriations of \$50,000,000 for fiscal years 2014 through 2018 and an interagency working group to foster cooperative development and ensure coordination with Federal agencies and cooperative organizations.

The Conference substitute adopts the House provision with an amendment. The amendment authorizes appropriations of \$40,000,000 for each fiscal year 2014 through 2018 and an interagency working group to foster cooperative development and ensure coordination with Federal agencies and cooperative organizations. (Section 6013)

#### *(12) Locally or Regionally Produced Agricultural Food Products*

The House bill authorizes a reservation of funds through fiscal year 2018 of not less than 5 percent and not more than 7 percent of the funds made available to carry out subsection (g), business and industry direct and guaranteed loans. (Section 6012)

The Senate amendment authorizes a reservation of funds for fiscal years 2014 through 2018, not less than 5 percent of the total amount of funds made available to carry out subsection (e), loans to private business enterprises and business and industry direct and guaranteed loans. (Section 6001)

The Conference substitute adopts the Senate provision with an amendment. The amendment reauthorizes the reservation of funds through 2018. (Section 6014)

#### *(13) Intermediary Relending Program*

The House bill moves the authorization of the Intermediary Relending Program (IRP) to the Consolidated Farm and Rural Development Act (Con Act). Additionally, it authorizes \$10,000,000 for fiscal years 2014 through 2018. (Section 6013)

The Senate amendment moves authorization of IRP to the Con Act. Additionally, it authorizes \$50,000,000 for fiscal years 2014 through 2018. (Section 6001)

The Conference substitute adopts the Senate provision with an amendment. The amendment prohibits the Secretary from making IRP loans under another authority, authorizes appropriations of \$25,000,000 for each fiscal year 2014 through 2018, and eliminates another authority for the program. (Section 6017)

#### *(14) Rural College Coordinated Strategy*

The House bill authorizes the Secretary to develop a rural community college coordinated strategy across the Rural Development mission area. (Section 6014)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 6018)

The Managers recognize the contributions that rural community and technical colleges make in the development of a well-trained workforce in rural communities. These institutions serve over 3.5 million students, and train sixty-percent of first responders and allied health care providers in rural communities. The Managers expect the Secretary to work closely with the rural community and technical colleges to create a coordinated strategy which would guide the investments USDA already makes through rural development programs. Noting that a number of programs have varying eligibility criteria and purposes, the Managers expect the Secretary to look across the entire suite of rural development programs when creating a coordinated strategy to help deploy the most appropriate resources for each of the needs identified in consultation with representatives from the rural community and technical colleges. These investments should continue to utilize appropriate authorities under both the Rural Electrification Act and the Consolidated Farm and Rural Development Act, including investments in technology and facilities, to better serve rural students.

#### *(15) Rural Water and Waste Disposal Infrastructure*

The House bill authorizes the Secretary, with respect to water and waste disposal direct and guaranteed loans, to encourage to the maximum extent practicable, private or cooperative lenders to finance rural water and waste disposal facilities by maximizing the use of loan guarantees in communities where the population exceeds 5,500, maximizing the use of direct loans where the impact on rate payers will be material when compared to a loan guarantee, in the case of projects that require interim financing above \$500,000 requiring those projects to initially seek such financing from a private or cooperative lender and determining if existing direct borrowers can refinance with a private or cooperative lender prior to providing a new direct loan. (Section 6015)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 6019)

The Managers note that there is over \$3 billion in pending applications for water and wastewater projects throughout rural America. Reauthorization of water infrastructure

programs is a vital component to rural economic development. Access to water systems promotes the health of rural communities and attracts businesses to invest in communities which are well supported by critical infrastructure. To address the current backlog, the Conference substitute directs USDA to maximize the use of guarantees through private or cooperative lenders for projects for larger communities. The Managers expect these provisions to leverage available funds to serve more communities than might otherwise be served solely through direct loans.

*(16) Simplified Applications*

The House bill requires the Secretary, to the maximum extent practicable, to develop a simplified application process for covered programs authorized by the Con Act. It also requires a report to Congress on implementation of the simplified applications. (Section 6016)

The Senate amendment requires the Secretary to expedite the process of creating user-friendly and accessible application forms and procedures prioritizing programs and applications at the individual level. It also requires the Secretary to offer a simplified application form and process for project proposals requesting less than \$50,000 for VAPG. (Section 6001)

The Conference substitute adopts the House provision. (Section 6020)

*(17) Grants for NOAA Weather Radio Transmitters*

The House bill authorizes appropriations of \$1,000,000 for fiscal years 2014 through 2018. (Section 6017)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 6022)

*(18) Rural Microentrepreneur Assistance Program*

The House bill authorizes appropriations of \$20,000,000 for fiscal years 2014 through 2018. (Section 6018)

The Senate amendment allots the CCC \$3,000,000 funds for each of fiscal years 2014 through 2018 to be available until expended. Additionally, the amendment defines Microenterprise Development Organization to include an organization that is a collaboration of rural nonprofit entities serving a region or State, if one lead nonprofit entity is the sole underwriter of all loans and is responsible for associated risks. The amendment defines the term “training” to mean teaching broad business principles or general business skills in a group or public setting and the term “technical assistance” to mean working with a business client in a one-to-one manner. The amendment requires 15 percent matching funds, the form of which can be community development block grants. (Section 6001)

The Conference substitute adopts the House provision with an amendment. The amendment authorizes of funds from the Commodity Credit Corporation \$3,000,000 for each fiscal year 2014 through 2018 and reauthorizes the authorization of appropriations through 2018. (Section 6023)

*(19) Delta Regional Authority*

The House bill authorizes appropriations of \$12,000,000 for fiscal years 2014 through 2018. It also extends the termination of authority until October 1, 2018. (Section 6019)

The Senate amendment authorizes appropriations of \$30,000,000 for fiscal years 2014 through 2018. The termination extension is the same as the House. (Section 6001)

The Conference substitute adopts the Senate provision with an amendment. The amendment reauthorizes the Authority through 2018 and the authorization of appropriations for fiscal years 2014 through 2018. (Section 6026)

*(20) Northern Great Plains Regional Authority*

The House bill authorizes appropriations of \$2,000,000 for fiscal years 2014 through 2018 and extends the termination of authority. (Section 6020)

The Senate amendment authorizes appropriations of \$30,000,000 for fiscal years 2014 through 2018, has a similar termination of authority provision as the House, and amends the annual audit requirement. (Section 6001)

The Conference substitute adopts the Senate provision with an amendment. The amendment reauthorizes the authority through 2018 and the authorization of appropriations for fiscal years 2014 through 2018, as well as requires an annual audit only if funds are appropriated to the subtitle. (Section 6027)

*(21) Rural Business Investment Program*

The House bill authorizes appropriations of \$20,000,000 for fiscal years 2014 through 2018. (Section 6021)

The Senate amendment authorizes appropriations of \$25,000,000 through fiscal year 2018 and requires each rural business investment company to meet capital requirements as provided by the Secretary. (Section 6001)

The Conference substitute adopts the House provision. (Section 6028)

*(22) Definitions, "Section 3002", apply to both Credit and RD in rewrite*

The Senate amendment rewrote and reorganized portions of the Consolidated Farm and Rural Development Act. (Section 6001)

The House bill is the same as current law.

The Conference substitute adopts the House provision.

*(23) Water and Waste Disposal Loans, Loan Guarantees, and Grants*

The Senate amendment rewrote and reorganized portions of the Consolidated Farm and Rural Development Act. (Section 6001)

The House bill is the same as current law.

The Conference substitute adopts the House provision.

*(24) Water and Waste Facility Loans and Grants to Alleviate Health Risks and Alaska Water*

The Senate amendment authorizes water and waste facility loans and grants to alleviate health risks and give the Secretary the authority to give priority to applications from eligible entities that provide services to colonias, the residents of Indian reservations, rural or native villages in Alaska and Native Hawaiian Home Lands. The amendment authorizes appropriations for grants at \$60,000,000 for each fiscal year and for loans at \$60,000,000 for each fiscal year. In addition to the match requirement from the State of Alaska for grants awarded to its rural or native villages, grants to native tribal health consortiums and public agencies shall require a match from the State in which the project shall occur. (Section 6001)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment. The amendment reauthorizes the authorization of appropriations through 2018. (Section 6008)

*(25) Solid Waste Management Grants*

The Senate amendment authorizes solid waste management grants and authorizes appropriations of \$10,000,000 for each fiscal year 2014 through 2018. (Section 6001)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment. The amendment authorizes appropriations of \$10,000,000 for each fiscal year 2014 through 2018. (Section 6011)

*(26-31) Consolidated Farm and Rural Development Act*

The Senate amendments rewrote and reorganized portions of the Consolidated Farm and Rural Development Act. (Section 6001)

The House bill is the same as current law.

The Conference substitute adopts the House provisions.

*(32) Delta Health*

The Senate amendment authorizes appropriations of \$3,000,000 for fiscal years 2014 through 2018. (Section 6001)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment. The amendment reauthorizes the authorization of appropriations for each fiscal year 2014 through 2018. (Section 6024)

*(33) Value-Added Agricultural Product Market Development Grants*

The Senate amendment allows the Secretary to award grants and gives independent producers direction regarding grantee strategies. The amendment states that priority is given to projects that contribute to increasing opportunities for operators of small and medium sized farms. Priority is given to projects at least ¼ of the recipients of which are beginning farmers or socially disadvantaged farmers. The Secretary shall provide substantial weight to these priorities. (Section 6001)

The House bill contains no comparable provision.

The Conference substitute adopts the House provision.

*(34) Appropriate Technology Transfer for Rural Areas Program*

The Senate amendment authorizes the Appropriate Technology Transfer for Rural Areas program, and authorizes appropriations of \$5,000,000 for each fiscal year 2014 through 2018. (Section 6001)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment. The amendment reauthorizes the authorization of appropriations for each fiscal year 2014 through 2018. (Section 6015)

*(35) B&I Loans*

The Senate amendment rewrote and reorganized portions of the Consolidated Farm and Rural Development Act.

The House bill is the same as current law.

The Conference substitute adopts the House provision.

*(36) General Provisions for Loans and Grants*

The Senate amendment rewrote and reorganized portions of the Consolidated Farm and Rural Development Act.

The House bill is the same as current law.

The Conference substitute adopts the House provision.

*(37) Regional Authority*

The Senate amendment authorizes a regional priority, including a reservation of funds from funding available for functional categories, for projects that are part of a multijurisdictional development plan. (Section 6001)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision with an amendment. The amendment authorizes a priority for specific rural development programs only if an eligible application is carried out solely in a rural area (as described for its functional category) and also supports development plans on a multijurisdictional basis. A higher priority shall be awarded to applications that support multijurisdictional development plans with particular attributes. A ten percent reservation of funds is made available from funding available for functional categories. Any approved application may be amended to qualify for the reservation of funds. All funding, including the reservation of funds, is available to certain approved applications. (Section 6025)

The Managers expect rural entities to utilize Rural Development programs in a manner that supports projects and initiatives that develop long-term community and economic growth strategies. Traditionally, rural development programs have been used to meet an immediate need. The Managers recognize that it is essential that versatile programs such as the Community Facilities Loan and Grant Program are available to rural residents to address pressing needs and concerns, and the Managers want to ensure that the programs authorized in this title continue to provide that type of assistance. The Managers also understand that regional plans cannot always address every need, and expect USDA will only devote funds specifically to regional projects beyond the funds set aside for this purpose if such can be done without preventing the funding of otherwise eligible projects in areas where regional plans have not been developed or the applicant does not feel it is in their best interest to pursue a regional approach.

To the extent possible, the Managers encourage USDA to work with rural communities to consider how they might use Rural Development resources to address multi-jurisdictional needs, by leveraging federal, state, local or private funding, or otherwise capitalize upon the unique strengths of the rural area to support successful community and economic development. The Managers recognize the work conducted by the national network of 540 multi-jurisdictional regional planning and development organizations to develop such plans and expect that, where possible, USDA will ensure any priority given to applications under this section to rely on these plans. Further, the Managers expect that priority will be given



only to proposals that are consistent with an adopted regional economic or community development plan.

The Managers believe that projects that reflect the characteristics described above can help to maximize the impact of resources available at all levels of government and ultimately help rural communities reach their full potential. For these reasons, the conference substitute has provided the Secretary with the discretion to prioritize applications for funding that reflect an applicant's efforts to maximize resources and support strategic community and economic development and reserved funding within select programs for this purpose.

*(38) Rural Development Insurance Fund*

The Senate amendment rewrote and reorganized portions of the Consolidated Farm and Rural Development Act.

The House bill is the same as current law.

The Conference substitute adopts the House provision.

*(39) Rural Economic Area Partnership Zones*

The Senate authorizes the Secretary to carry out rural economic area partnership zones in effect on the date of enactment of this Act. It also authorizes the Secretary to designate additional rural economic area partnership zones. (Section 6001)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment. The amendment authorizes the Secretary to carry out rural economic area partnership zones in effect on the date of enactment of this Act. (Section 6016)

*(40) Rural Development Partnership*

The Senate amendment authorizes the State Rural Development Partnership. It does not include the Coordinating Committee in the Partnership. It outlines that the purposes of the Partnership are to be accomplished in a manner that maximizes collaborative public-and-private-sector cooperation and minimizes regulatory redundancy. The Coordinating Panel includes representatives from State rural development councils and shall facilitate effective communication among members of the Partnership. It also authorizes Federal agencies to enter into cooperative agreements with and provide grants and other assistance to State rural development councils and authorizes State rural development councils, but does not include a duty to work with the Coordinating Committee on strategies. It authorizes an annual plan and report to the Secretary and authorizes appropriations of \$5,000,000 for each fiscal year 2014 through 2018. Federal agencies are authorized to enter into several types of agreements with State rural development councils and terminates such authority on Sept. 30, 2018. (Section 6001)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment. The amendment reauthorizes the National Rural Development Partnership through 2018. (Section 6021)

*(41-76) Consolidated Farm and Rural Development Act*

The Senate amendment rewrote and reorganized portions of the Consolidated Farm and Rural Development Act. (Section 6001)

The House bill is the same as current law.  
The Conference substitute adopts the House provisions.

*(77)Energy Efficiency*

The House bill authorizes the Secretary to make loans to borrowers for the purpose of relending to ultimate consumers for energy efficiency. It also authorizes the Secretary, acting through the Rural Utilities Service, to make loans and grants from the Cushion Credit subaccount. (Section 6101)

The Senate amendment authorizes a Rural Energy Savings Program to create jobs, promote rural development, and help rural families and small businesses achieve cost savings by providing loans to qualified consumers to implement durable cost-effective energy efficiency measures. The program provides 0% interest rate loans to eligible Rural Utilities Service borrowers to fund loans to qualified consumers to implement energy efficiency measures. (Section 6203)

The Conference substitute adopts the Senate provision with an amendment. The amendment authorizes a Rural Energy Savings Program to create jobs, promote rural development, and help rural families and small businesses achieve cost savings by providing loans to qualified consumers to implement durable cost-effective energy efficiency measures. The program provides 0% interest rate loans to eligible Rural Utilities Service borrowers to fund loans to qualified consumers. The amendment strikes the authority for Fast Start Demonstration projects and rulemaking requirements as well as authorizes appropriations of \$75,000,000 for each fiscal year 2014 through 2018. (Section 6205)

The Managers have authorized this new authority as an addition to any other authority the Secretary may have to offer loans.

*(78)Fees for Certain Loan Guarantees*

The House bill authorizes the Secretary, at the request of the borrower, to charge an upfront fee to cover the cost of an electrification base load generation loan guarantee equal to the cost of the loan guarantee. (Section 6102)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 6101)

*(79)Rural Utilities Service Contracting Authority*

The House bill amends current law to update its reference to the “Rural Utilities Service”, reflect the current authorization of cooperative agreements and not allow a contract funded by a borrower to be considered a public contract within the meaning of title 41 of the U.S. Code. (Section 6103)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the Senate provision.

*(80)Access to Broadband Telecommunications Services in Rural Areas*

The House bill amends paragraph (c)(2) of the Rural Electrification Act of 1936 to provide the highest priority to applicants that offer to provide broadband service to the greatest proportion of households that would otherwise not have a service provider. It

authorizes a priority to applicants where the application is not predominantly for business service only, but offers to provide broadband service to at least 25 percent of customers that are commercial interests. Additionally, it amends paragraph (d)(5) to require the Secretary to publish a notice for each application describing the application including the amount and type of support requested and a list of the census block groups or tracts proposed to be so served. It amends subsection (d) to require the Secretary to establish a process where an incumbent service provider who provides broadband service to a remote rural area may submit to the Secretary information regarding the broadband services that a provider offers in a proposed service territory so that the Secretary may assess whether the application is an eligible project. The bill also amends subsection (e) to require the Secretary, when considering the technology needs of customers in a proposed service territory, to take into consideration the upgrade or replacement cost for the construction or acquisition of facilities and equipment in the territory. Lastly, the House bill reauthorizes the authorization of appropriations and the termination of authority through fiscal year 2018. (Section 6106)

The Senate amendment amends paragraph (c)(2) to provide the highest priority to applicants that offer to provide broadband service to the greatest proportion of households that would otherwise not have broadband service that meets a minimum acceptable level. It authorizes a priority to projects that serve rural communities with a population of less than 20,000, experiencing outmigration, with a high percentage of low-income residents and which are isolated. It also authorizes evaluation periods each fiscal year to compare applications and prioritize awards to rural communities that do not have residential broadband service that meets a minimum acceptable level. Paragraph (d)(8) requires the Secretary to post on the RUS website information that identifies an applicant, the amount and type of support requested by each applicant and a list of the census block groups or proposed service territory. It amends paragraph (d)(5) to require the Secretary to publish a notice of each application describing the estimated number and proportion relative to the service territory of households without terrestrial-based broadband service. Paragraph (d)(8) requires the Secretary to allow broadband service providers to submit information about the broadband services that the providers offer in the groups or tracts in the list of the census block groups or proposed service territory so that the Secretary may assess whether the application is an eligible project. It authorizes appropriations for \$50,000,000 through fiscal year 2018 and program authority through fiscal year 2018.

Additionally, the amendment amends subsection (l) (as redesignated) to authorize from amounts made available for each fiscal year a set aside of at least 1 percent for oversight and implementing accountability measures.

It also amends Section 601 of the Rural Electrification Act of 1936 by authorizing a grant program for facilities and equipment for broadband service in rural areas, and amends paragraph (b)(3) to define “rural area” as any area described in section 3002 of the Consolidated Farm and Rural Development Act. It amends subsection (b) to define the term “ultra-high speed service”.

It also amends clause (d)(1)(A)(i) to require an eligible entity to demonstrate the ability to furnish, improve in order to meet a minimum acceptable level of broadband service, or extend service to all or part of an unserved rural area or an area below a minimum acceptable level of broadband service or to demonstrate the ability to carry out a project under a pilot program that provides a proposed service territory with ultra-high speed service. Clause (d)(2)(A)(i) is amended to authorize assistance only if not less than 25 percent of the households in the proposed service territory are unserved or have service levels below a minimum acceptable level. Clause (d)(2)(A)(ii) is amended to authorize assistance only if broadband service is not provided in any part of the proposed service territory by 2 or more incumbent service providers. Subparagraph (d)(2)(B) is amended to authorize an increase or decrease to the 25 percent requirement under certain circumstances. Clause (d)(2)(C)(i) is amended to provide an exception to the 3 or more incumbent service provider requirement if the incumbent service provider is upgrading broadband service to a minimum acceptable level of service. Clause (d)(2)(C)(ii) is amended to not apply the exception to the 3 or more incumbent service provider requirement if the project is being carried out under a pilot program to provide a proposed service territory with ultra-high speed service, unless an incumbent is providing ultra-high speed service. Subparagraph (d)(2)(C) is amended to require a market survey be certified by an affected community and demonstrated on a broadband map. Paragraph (d)(4) is amended to authorize pilot programs to address areas that are unserved or have service levels below a minimum acceptable level of service, or provide a proposed service territory with ultra-high speed service.

It amends subsection (d) to authorize certain reporting requirements by the entity receiving assistance to the Secretary including the use by the entity of the assistance and the progress towards fulfilling the objective of the assistance. The Secretary is required to maintain a fully searchable database accessible on the Internet and at no cost to the public that contains information regarding applicants and data regarding entities receiving assistance. The Secretary must also establish written procedures for all broadband programs administered by the Secretary. The Secretary may also establish additional report and information requirements for recipients to ensure compliance. The Secretary is also authorized, if no broadband service provider submits information in regard to whether an application submitted meets the eligibility requirements in the program, to consider the number of providers in the group or tract to be established.

Subsection (e) is amended to define the minimum acceptable level of broadband service as at least 4-Mbps downstream transmission capacity and a 1-Mbps upstream transmission capacity. The Senate amendment authorizes the Secretary to adjust the minimum acceptable level of service and consider whether the broadband service is fixed or mobile. Paragraph (g)(2) is amended to authorize the Secretary to establish a limited initial deferral period or comparable terms necessary to achieve the financial feasibility and long-term sustainability of the project. Subsection (j) is amended to require the Administrator to report on the number of loans applied for and provided, including any loan terms or conditions for which the

Secretary provided additional assistance to unserved areas and the overall progress towards fulfilling the goal of improving the quality of rural life by expanding rural broadband access, as demonstrated by metrics. It amends Section 601 by authorizing the Secretary to require address-level broadband buildout data.

The Conference substitute adopts the Senate provision with an amendment. The amendment requires the Secretary to establish at least 2 evaluation periods each year to compare applications to the program and prioritize applications for all or part of rural communities that do not have residential service that meets the minimum acceptable level of broadband service defined as at least 4-Mbps downstream and 1-Mbps upstream transmission capacity, as reviewed and adjusted by the Secretary. Priority is also authorized for applicants that offer to provide service, not predominantly for businesses, where at least 25 percent of the customers would be commercial interests. The highest priority shall be given to applicants that offer to provide broadband service to the greatest proportion of unserved households or households that do not have service that meets the minimum acceptable level of service as defined. The Secretary is directed to give equal consideration to all qualified applicants, whether or not they are a previous USDA borrower in the program.

The amendment requires eligible entities to demonstrate the ability to furnish, improve in order to meet the minimum acceptable level of broadband service as defined or extend service to an unserved rural area or an area below the minimum acceptable level of broadband service as defined. An eligible project, in general, requires not less than 15 percent of the households in the proposed service territory to be unserved or have service levels below the minimum acceptable level of broadband service as defined. The incumbent service provider requirement for project eligibility will not apply if an incumbent service provider is upgrading broadband service for an existing service territory to meet the minimum acceptable level of broadband service as defined. Information submitted for the market survey requirement must be certified or demonstrated with address-level data or the National Broadband Map.

The amendment requires the Secretary to promptly provide a fully searchable database on the RUS website that contains certain information regarding applications received and entities receiving assistance. The Secretary will require any entity receiving assistance to submit a semiannual report for 3 years after completion of the project including certain information. The Secretary is also directed, to the maximum extent practicable, to establish written procedures for all broadband programs administered by the RUS to recover funds from loan defaults, deobligate any awards, re-award funds and minimize overlap among programs. The Secretary is directed to allow broadband service providers to submit information concerning the service that they offer in relation to applications received and information posted on the RUS website in order to assess whether the application is eligible and, if no information is received, to consider the number of providers by using the most current National Broadband Map or other data. The amendment authorizes the Secretary to consider whether the recipient is or would be serving an unserved area or one with service

levels below the minimum acceptable level of broadband service as defined when determining the terms and conditions of a loan or loan guarantee, and if such determination is made, the Secretary may establish a limited initial deferral period. The Secretary is also required to submit in his annual report information that includes any loan terms or conditions for which the Secretary provided additional assistance to unserved areas, as well as overall progress towards expanding rural broadband access as demonstrated by metrics. The amendment authorizes a study of the ways that data collected under USDA broadband programs could be shared with the FCC to support the national Broadband Map. The amendment reauthorizes the program and authorization of appropriations through 2018.

It also authorizes the Rural Gigabit Network Pilot Program to provide grants, loans or loan guarantees to furnish or extend ultra-high speed service to rural areas, with an authorization of appropriations of \$10,000,000 for each of fiscal years 2014 through 2018. (Sections 6104 and 6105)

Through the Broadband Program, USDA provides funds for the construction, improvement, and acquisition of facilities and equipment needed to provide broadband service in rural communities. The conference substitute directs the program to target funds to rural communities currently unserved or without a minimum acceptable level of broadband service.

The conference substitute provides that equal consideration should be given to all qualified applicants, including those that have not previously received loans or loan guarantees. The Managers expect this provision not to be interpreted in a manner that would compel the agency to make loans, regardless of the technology utilized, to provide broadband service in geographic areas in which it has an outstanding telecom or broadband loan. Further, the Managers also expect the agency to have in place processes that ensure that all incumbent service providers, particularly those with existing agency loans, are made aware of all applications in their service areas along with a mechanism for these companies to provide the agency with relevant information on the impact of the proposal. Finally, the managers intend that the provision in subsection (c)(2)(C) be interpreted by the Secretary as not reducing the priority of applications for loans or loan guarantees from applicants with an existing loan or loan guarantee under this program to the extent that the application for additional financing is designed to ensure the financial viability of the project and reduce the risk of loss for the Secretary and taxpayers with respect to the existing loan or loan guarantee.

The Managers expect the Secretary, when reviewing the minimum broadband speed, to provide updates in the Federal Register through a notice only, and not through a formal rulemaking process.

The Managers are aware of concerns about network security and data surety, especially as broadband networks expand in part due to efforts supported by this program to promote wider broadband coverage throughout the country. The House Permanent Select Committee on Intelligence has released an investigative report on network security issues in recent

months, and the Managers encourage the Department to take reports such as this one into consideration as it administers this program.

The Conference substitute adopts provisions which encourage USDA to consider the number of business subscribers in a potential project. With economic development at the core of the broadband loan program, the Managers expect USDA to consider the benefits to the community of projects which will provide sufficient levels of service for business connections, both in main-street establishments and those businesses which are operated out of the owner's residence.

The conference substitute also makes the application process more transparent and strengthens the reporting requirements for successful applicants to ensure the public can access information as to how program funding is utilized.

*(81) Definition of Rural Area*

The Senate amendment amends current law to define the term "rural area" as any area described in clause 3002(28)(A)(i) of the Consolidated Farm and Rural Development Act, as amended by Section 6001. That clause defines "rural" and "rural area" to mean any area other than a city or town that has a population of greater than 50,000 inhabitants. (Section 6101)

The House bill has no comparable provision.

The Conference substitute adopts the House provision.

*(82) Distance Learning and Telemedicine*

The House bill authorizes appropriations of \$65,000,000 for fiscal years 2014 through 2018. (Section 6201)

The Senate amendment authorizes appropriations of \$100,000,000 through fiscal year 2018. (Section 6201)

The Conference substitute adopts the Senate provision with an amendment. The amendment authorizes appropriations of \$75,000,000 for each fiscal year 2014 through 2018. (Section 6201)

*(83) Value-Added Agricultural Market Development Program Grants*

The House bill authorizes \$50,000,000 of the funds of the Commodity Credit Corporation and reauthorizes appropriations through fiscal year 2018. (Section 6202)

The Senate amendment reauthorizes appropriations through fiscal year 2017. It also amends section 231(b)(6) to authorize priority for projects that contribute to increasing opportunities for veteran farmers or ranchers. (Section 6207)

The Conference substitute adopts the Senate provision with an amendment. The amendment authorizes a priority to operators of small and medium sized farms and ranches, beginning farmers and ranchers, socially disadvantaged farmers or ranchers and veteran farmers or ranchers when awarding grants to eligible independent producers. The amendment also authorizes a priority to projects that create or increase marketing opportunities for those same groups when awarding grants to eligible agricultural producer groups, cooperatives and majority-controlled producer-based ventures. The amendment also authorizes \$63,000,000 in

mandatory funding on the date of enactment of this Act and reauthorizes the authorization of appropriations through 2018. (Section 6203)

The conference substitute includes \$63 million in mandatory funding for the Value-Added Agricultural Product Market Development Grant Program. The Managers are aware of the increasing interest of local and regional supply chains and food hubs in securing assistance through the program. Mid-tier value chains that include independent producers or farm cooperatives and businesses controlled by producers as full partners in marketing and pricing strategy decisions already have funds reserved for them under the program. The Managers encourage the Department to define those eligible for the mid-tier value chain reserved fund to include food distribution networks and centers that coordinate agricultural production and the aggregation, storage, processing, distribution, or marketing of locally or regionally produced agricultural products, provided that such entities and networks are otherwise eligible.

The Managers recognize the importance of ensuring a diverse portfolio of projects which help to build markets for farmers and farmer cooperatives. While the conference substitute maintains set-asides established in the 2008 Farm Bill designed to encourage the participation of selected groups, the Managers are cognizant of concerns expressed by some stakeholders that program funds have been too narrowly targeted. The Managers urge USDA to ensure the program funds a range of projects. In particular, the Managers recognize that farmer cooperatives efficiently spread the benefits of the VAPG among a large number of producers in the aggregate. Cooperatives by their nature bring many producers together who individually do not have the size, expertise and resources to take advantage of the value chain beyond the farm gate, and they give them the opportunity to profit from those down-stream activities. Therefore, funds invested and the benefits of projects generated by cooperatives through the VAPG are distributed to a wide number of producers. Likewise, by investing in initiatives of cooperatives, such projects lower the overall costs to the government in program administration per individual farmer that benefits. Therefore, the Managers encourage USDA to view cooperatives as a priority in administering the VAPG.

*(84) Agriculture Innovation Center Demonstration Program*

The House bill allots \$1,000,000 authorization of appropriations for fiscal years 2014 through 2018. (Section 6203)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 6204)

*(85) Program Metrics*

The House bill requires the Secretary to collect data regarding economic activities created through grants and loans, including any technical assistance provided as a component of the grant or loan, and measure the short and long term viability of award recipients and any entities to whom those recipients provide assistance using award funds under certain covered programs. It also requires the Secretary to submit a periodic report to Congress. (Section 6204)



The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision with an amendment. The amendment requires the Secretary to collect data regarding economic activities created through grants and loans, including technical assistance, and measure the short and long term viability of award recipients and any entities to whom those recipients provide assistance using award funds under certain covered programs. The amendment requires the Secretary to submit a periodic report to Congress with information including the percentage increase of employees and the number of business starts and clients served. (Section 6209)

In recognition of GAO recommendations to measure the effectiveness of rural development programs, the Managers expect the Secretary to collect data regarding economic activity created through the loans and grants provided to rural communities. The Managers expect these efforts will create a harmonized baseline of information for effective use by USDA and Congress. It is the intent of the Managers that this collected information be integrated with program changes and rulemaking. Through implementation of this section, the Managers expect USDA to create a universal form or appropriate type of notice to ensure applicants are aware of the reporting requirements and will be prepared to provide the information in a timely manner.

*(86) Study of Rural Transportation Issues*

The House bill authorizes an updated version of the study described in Section 6206 to be reported to Congress. It also amends the study to include the sufficiency of infrastructure along waterways of the U.S. and the impact on the movement of agricultural goods, as well as the benefits derived through upgrades and repairs to locks and dams. (Section 6205)

The Senate amendment reauthorizes the study in Section 6206 to be reported to Congress. It also requires a triennial update of the study. (Section 6205)

The Conference substitute adopts the House provision. (Section 6206)

The Managers agree that collecting information to determine the status of critical river infrastructure is an important component of updating the study, but expect USDA to seek available information from the Army Corps of Engineers, or any other appropriate Federal entity, to the greatest extent practicable in order to expedite the collection of data and to minimize the time and cost of implementing this section.

*(87) Certain Federal Actions not to be Considered Major*

The House bill states that an action by the Secretary that does not involve the provision of Federal dollars or a Federal loan guarantee shall not be considered a major Federal action in the case of a loan, loan guarantee, or grant program in the rural development mission area of USDA. (Section 6206)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the Senate provision.

The Managers intend for the Secretary, acting through the Rural Utilities Service, to act in accordance with 7 C.F.R. 1794.3 as finalized in 1998, consistent with applicable law.

*(88) Telemedicine and Distance Learning Services in Rural Areas*

The House bill amends subsection 2333 (d) to authorize a priority based on whether the applicant is located in a designated health professional shortage area. (Section 6207)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the Senate provision.

*(89) Definition of Rural Area for Purposes of the Housing Act of 1949*

The Senate amendment amends section 520 of the Housing Act of 1949 so that any area with a population of less than 35,000 that has been deemed to be a “rural area” for purposes of this title any time prior to or after October 1, 1990, and any time during the period between January 1, 2000, and ending on December 31, 2010, shall continue to be so deemed until the 2020 Census data is received by USDA. (Section 6202)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 6208)

*(90) Funding of Pending Rural Development Loan and Grant Applications*

The Senate amendment funds pending rural development loan and grant applications according to the terms and conditions in Section 6029 from Commodity Credit Corporation funds in the amount of \$150,000,000, to remain available until expended. (Section 6204)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 6210)

*(91) Agriculture Transportation Policy*

The Senate amendment amends Section 203 of the Agricultural Marketing Act of 1946 to direct the Secretary to participate in all proceedings of the Surface Transportation Board that may establish freight rail transportation policy affecting agriculture and rural America. (Section 6206)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment. The amendment authorizes the Secretary to make complaint to or petition the Surface Transportation Board. (Section 6202)