

United States Senate

COMMITTEE ON
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS

WASHINGTON, DC 20510-6250

January 23, 2018

CHRISTOPHER R. HIXON, STAFF DIRECTOR
MARGARET E. DAUM, MINORITY STAFF DIRECTOR

The Honorable Sonny Perdue
Secretary
U.S. Department of Agriculture
1400 Independence Ave SW
Washington, D.C. 20250

Dear Mr. Secretary:

Thank you for your response to my letter dated October 26, 2017, regarding grant, loan, and loan guarantee programs administered by the U.S. Department of Agriculture (USDA) that promote rural broadband deployment.¹ The materials enclosed in your response raise new questions, and I write to request additional information to assist me in my ongoing oversight.

In my prior letter, I sought studies USDA conducted and data collected in the last five years about the impacts of your agency's broadband programs. As you know, too many people lack crucial access to broadband services across the United States. In Missouri, 20% of the state's population—nearly 1.3 million people—do not have access to broadband. Rural Missourians are disproportionately disadvantaged, as 61% of the rural population is without access.² USDA's studies and data regarding its broadband programs are critical to understanding the impact of these programs on Missourians and all Americans.

In your response, you stated that the Rural Utility Service "believed it needed to wait until the Recovery Act's broadband program closed out last year" to begin the process of evaluating the impacts of the programs. You said that the delay in examining the data resulted from "the depth of the States that received awards and the magnitude of the investment that Congress made into this program." USDA delayed this assessment despite acknowledging it "will guide the Agency in ensuring that the broadband programs are reaching the most unserved rural areas and are assisting in economic development wherever possible." Despite this unnecessary delay, USDA now "has started the process" of studying the impact of USDA rural broadband programs.³ I urge USDA to immediately prioritize this evaluation of the impact of its rural broadband programs.

¹ Letter from Senator Claire McCaskill to Secretary Sonny Perdue, U.S. Department of Agriculture (Oct. 26, 2017).

² Federal Communications Commission, *2016 Broadband Progress Report* (FCC16-6) (Jan. 29, 2016).

³ Letter from Secretary Sonny Perdue, U.S. Department of Agriculture, to Senator Claire McCaskill (Nov. 22, 2017).

Your response also indicated that applicants to the Rural Broadband Access Loans and Loan Guarantees have faced difficulty in obtaining vital funding for their broadband projects.⁴ After reviewing a summary of all applications submitted to USDA since the authorization of the Agricultural Act of 2014,⁵ only three applications have been approved out of 39 applicants, and 27 applications are listed as “returned as ineligible.” Six companies have been deemed ineligible for multiple years in a row, seemingly on the same application.⁶ This constitutes a success rate of only 7.6% across the whole program. The low rate of successful applicants raises questions about whether USDA is sufficiently assisting applicants in the application process.

To further aid me in understanding the challenges to rural broadband deployment and USDA grant, loan, and loan guarantee programs, please provide responses to the questions below:

1. What is the scope of the evaluation begun by the Rural Utility Service to evaluate the impacts of the broadband programs from a programmatic and portfolio level? Will the USDA Office of the Inspector General independently verify the evaluation?
2. What information does the USDA expect to collect through the evaluation?
3. What is the timeline for completion of the evaluation?
4. Does the USDA plan to issue a written report? If so, will the report be made publicly available and transmitted to Congress?
5. Please provide the ineligibility justification for each denied application under the Agricultural Act of 2014.
6. What guidance or assistance is available for companies who express interest in USDA rural broadband programs?
7. Is guidance or assistance provided to companies seeking to reapply after an ineligibility determination?

Please provide your responses as soon as possible, but in no event later than February 13, 2018. If you have any questions related to this request, please contact Charles Shaw or Lucy Balcezak of the Committee staff at (202) 224-2627. Please send any official correspondence relating to this request to Lucy_Balcezak@hsgac.senate.gov.

⁴ *Id.*

⁵ Pub. L. No. 113-79 (2014).

⁶ Letter from Secretary Sonny Perdue, U.S. Department of Agriculture, to Senator Claire McCaskill (Nov. 22, 2017).

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Sincerely,

A handwritten signature in blue ink that reads "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
Ranking Member

cc: Ron Johnson
Chairman