

2025 USDA EXPLANATORY NOTES - RURAL UTILITIES SERVICE

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PREFACE

This publication summarizes the fiscal year (FY) 2025 Budget for the U.S. Department of Agriculture (USDA). Throughout this publication any reference to the “Budget” is in regard to the 2025 Budget, unless otherwise noted. All references to years refer to fiscal year, except where specifically noted. The budgetary tables throughout this document show actual amounts for 2022 and 2023, annualized Continuing Resolution levels for 2024, and the President’s Budget request for 2025. Amounts for 2024 estimated levels include: non-enacted amounts such as Full-Time Equivalent levels, fleet levels, information technology investment levels, recovery levels, transfers in and out, balances available end of year, and obligation levels.

Throughout this publication, the “2018 Farm Bill” is used to refer to the Agriculture Improvement Act of 2018. Most programs funded by the 2018 Farm Bill are funded through 2023. Amounts shown in 2024 and 2025 for most Farm Bill programs reflect those confirmed in the baseline.

Pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985, sequestration is included in the numbers for mandatory programs in 2022, 2023, 2024 and 2025.

In tables throughout this document, amounts equal to zero (0) are displayed as dashes (-). Amounts less than 0.5 and greater than zero are rounded and shown as a zero (0). This display treatment is used to prevent the masking of non-zero amounts that do not round up to one (1).

AGENCY-WIDE**PURPOSE STATEMENT**

The USDA Rural Utilities Service (RUS) enhances the quality of life and improves economic opportunity in rural communities by providing financing for the basic infrastructure of modern life. Electricity, telecommunications, and water and waste systems are essential services for individuals and businesses alike that assist communities with creating wealth, supporting self-sustaining and repopulating communities, and helping to improve rural economies.

Electric Programs:

Direct Loans — Authorized by section 4 of the Rural Electrification Act of 1936 (7 U.S.C. 904) and bear interest at the government’s cost of money (or the current Treasury rate). The program’s purpose is to finance electric distribution, transmission, and generation systems, and for demand side management, energy efficiency and conservation programs, and renewable energy systems to serve rural areas.

Hardship Rate Direct Loans — Authorized by section 4 of the Rural Electrification Act of 1936 (7 U.S.C. 904) to finance electric system improvements for qualified borrowers that meet thresholds for retail rate disparity and for customer per capita and household incomes, or that have suffered a severe, unavoidable hardship, such as a natural disaster. No private financing is required. Hardship rate loans at a fixed rate of five percent are also offered under section 305 of the Rural Electrification Act of 1936 (7 U.S.C. 935).

Municipal Rate Direct Loans — Authorized by section 305 of the Rural Electrification Act of 1936 (7 U.S.C. 935) to finance the electric system improvements of eligible distribution borrowers. Interest rates are set quarterly based on municipal bond market rates for similar maturities and determined at time of each loan advance. Private financing of 30 percent of the total loan is required for most projects.

Guaranteed Loans — Authorized by section 306 of the Rural Electrification Act of 1936 (7 U.S.C. 936) to finance electric distribution, transmission, and generation systems (including renewable energy), headquarters facilities, and programs for energy efficiency, conservation, and demand side management. The Federal Financing Bank (FFB) is the primary source of guaranteed loans and have interest rates fixed to the prevailing cost of money to the Treasury, plus an administrative fee of one-eighth of one percent. USDA-guaranteed private loans issued through National Rural Utilities Cooperative Financing Corporation, Co Bank or other private lenders carry an interest rate negotiated between the lender and the borrower.

Guarantees for Bonds and Notes Issued for Utility Infrastructure Loans — Authorized by section 313A of the Rural Electrification Act of 1936 (7 U.S.C. 940c-1), as amended by the Agriculture Improvement Act of 2018 (P.L. 115-334), to guarantee payments on certain bonds or notes issued by qualified cooperative or other non-profit lenders.

The note proceeds must be used for financing of eligible utility infrastructure and must be of investment grade. Notes have been obtained through the FFB with interest rates equal to the Treasury rate for notes of similar maturities plus an annual fee of 30 basis points on any unpaid principal balance.

Energy Efficiency and Conservation Loan Program — Authorized by section 317 of the Rural Electrification Act of 1936 (7 U.S.C. 940g), as amended by the Food, Conservation, and Energy Act of 2008 (P.L. 110-246), to finance facilities that generate electricity from solar, wind, hydropower, biomass, or geothermal source for resale to rural and nonrural residents. The interest rate is set to be equal to the average tax-exempt municipal bond rate of similar maturities. Loans for renewable generation projects serving eligible rural areas are also available under section 306 FFB loan guarantees.

Rural Energy Savings Program — Authorized by section 6407 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8107) as added by section 6205 of the Agriculture Act of 2014 (P.L. 113-79) to offer zero-interest loans to eligible borrowers for relending to qualified consumers to implement durable cost-effective energy efficiency measures.

High Energy Cost Grants — Authorized by section 19 of the Rural Electrification Act of 1936 (7 U.S.C. 918a) to fund energy generation, transmission, and distribution facilities, including energy efficiency and conservation programs and renewable energy systems serving rural communities with average home energy costs exceeding 275 percent of the national average. Program funds are also used for RUS grants to the Denali Commission to carry out eligible projects in small remote villages in Alaska and to eligible State entities to establish revolving funds for bulk fuel purchases for certain communities where fuel deliveries by surface transportation is not available year-round.

Telecommunications Programs:

Hardship (direct loans) — Authorized by section 305(d)(1) of the Rural Electrification Act of 1936 (7 U.S.C. 935(d)(1)) and bear interest at a fixed rate of five percent per year to furnish and improve telecommunications services, including a wide array of telecommunication related services, in rural areas. The program is intended only for borrowers with extremely high investment costs in terms of per subscriber service, have a very low number of subscribers for each mile of telecommunications line constructed and cannot typically afford higher interest rate loans. This low subscriber “density” inherently increases the cost to serve the most sparsely populated rural areas.

Direct Loans (or Treasury rate loans) — Authorized by section 305(d)(2) of the Rural Electrification Act of 1936 (7 U.S.C. 935(d)(2)) and bear interest at the government’s cost of money (or the current Treasury rate). The program’s purpose is to furnish and improve telecommunications services, including a wide array of telecommunication related services, in rural areas.

Guaranteed Loans — Authorized by section 306 of the Rural Electrification Act of 1936 (7 U.S.C. 936) and are provided to borrowers of a non-government lender or from the Federal Financing Bank (FFB) to furnish and improve telecommunications services, including a wide array of telecommunication related services, in rural areas. The interest rate charged on FFB loans is the Treasury rate plus an administrative fee of one-eighth of 1 percent. The terms of these loans may vary significantly and allow borrowers more flexibility in meeting their financing needs.

Broadband Loans — Authorized by section 601 of the Rural Electrification Act of 1936 (7 U.S.C. 950bb) as added by section 6103 of the Farm Security and Rural Investment Act of 2002 (P.L. 107-171), which established a new direct loan and loan guarantee program (Access to Broadband Telecommunications Services in Rural Areas), and which was reauthorized and modified in the Food, Conservation, and Energy Act of 2008 (P.L. 110-246), the Agricultural Act of 2014 (P.L. 113-79), and Agriculture Improvement Act of 2018 (P.L. 115-334). This program provides funding for the cost of constructing, improving, and acquiring facilities and equipment for broadband service in rural communities of 20,000 inhabitants or less. Direct loans are made at the cost of money to the Treasury for the life of the facilities financed.

Community Connect Broadband Grants — Authorized by section 306(a)(20)(E) of the Consolidated Farm and Rural Development Act of 1972 (7 U.S.C. 1926(a)(20)(E)) to fund eligible entities to provide public access to broadband in otherwise un-served communities. Funds must be used to deploy broadband service and offer free broadband service to critical community facilities for two years.

Distance Learning and Telemedicine Loans and Grants — Authorized by sections 2331 to 2335A of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 950aaa et seq.), as added by section 704 of the Federal

Agriculture Improvement and Reform Act of 1996 (P.L. 104-127), to assist rural schools and learning centers to gain access to improved educational resources and assist rural hospitals and health care centers to gain access to improved medical resources. Telemedicine projects are providing new and improved health care services and benefits to rural residents, many in medically underserved areas, by linking to urban medical centers for clinical interactive video consultation, distance training of rural health care providers, and access to medical expertise and library resources. Distance learning projects provide funding for Internet-based educational services in schools and libraries and promote confidence in, and understanding of, the Internet and its benefits to students and young entrepreneurs.

Broadband Pilot Loans and Grants (ReConnect) Program — Established by section 779 of the Consolidated Appropriations Act, 2018 (P.L. 115-141) and funded in subsequent years. The program's purpose is to conduct a new broadband loan and grant pilot program under the Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.) to fund broadband capable infrastructure in rural communities where at least 90 percent of the households to be served are without sufficient access to broadband, defined for this pilot program as 10 Megabits per second (Mbps) downstream, and 1 Mbps upstream, provided that funds shall not be used to overbuild or duplicate broadband expansion efforts of any entity that has received a broadband loan from RUS.

Water and Environmental Programs:

Direct Water and Waste Disposal Loans — Authorized by section 306 of the Consolidated Farm and Rural Development Act of 1972 (7 U.S.C. 1926). The program's purpose is to develop water and wastewater systems, including solid waste disposal and storm drainage, in rural areas and in cities and towns with a population of 10,000 or less. Priority is given to communities with populations of 5,500 or less.

Guaranteed Water and Waste Disposal Loans — Authorized by section 306 of the Consolidated Farm and Rural Development Act of 1972 (7 U.S.C. 1926) for the same purpose as direct loans. The loans are made and serviced by private lenders, such as banks, and savings and loan associations with the guarantee for up to 90 percent of an eligible loss incurred by the lender. The Agriculture Improvement Act of 2018 (P.L. 115-334) authorized the program to service eligible rural populations up to 50,000 and prioritize communities of 10,000 or less.

Water and Waste Disposal Grants — Authorized by section 306A of the Consolidated Farm and Rural Development Act of 1972 (7 U.S.C. 1926). The program's purpose is to reduce water and waste disposal costs to a reasonable level for users of the system. Grants may be made, in some instances, up to 75 percent of eligible project costs.

Water and Waste Facility Loans and Grants to alleviate health risks — Authorized by section 306C of the Consolidated Farm and Rural Development Act of 1972 (7 U.S.C. 1926) to assist low-income rural communities whose residents face significant health risks because they do not have access to water supply systems or waste disposal facilities. The grants are available to provide water or waste services to designated Colonias in Arizona, California, New Mexico, and Texas, and are also available to Native American tribes with the funds specifically intended to be used for eligible projects benefiting members of federally recognized Native American tribes. Grants may be made up to 100 percent of the eligible project cost and be used in conjunction with loan monies.

Water and Waste System Grants for Alaskan Villages (including technical assistance programs) — Authorized by section 306D of the Consolidated Farm and Rural Development Act of 1972 (7 U.S.C. 1926). The program's purpose is to fund water and waste disposal systems in rural Alaskan Villages. Funds must be used for development and construction of water and wastewater systems to correct dire health and sanitation conditions in those villages.

Special Evaluation Assistance for Rural Communities and Households Program grants (SEARCH) — Authorized by section 306 of the Consolidated Farm and Rural Development Act of 1972 (7 U.S.C. 1926). The program's purpose is to fund feasibility studies, design assistance, and technical assistance to financially distressed communities in rural areas with populations of 2,500 or fewer inhabitants for water and waste disposal projects.

Grants for the construction, refurbishment and servicing of low- or moderate-income individual household water well systems — Authorized by section 306E of the Consolidated Farm and Rural Development Act of 1972 (7 U.S.C. 1926). The program's purpose is to provide funds to non-profit organizations to assist them in establishing loan programs from which homeowners may borrow money to construct or repair household water well systems.

Revolving Loan Fund Grants — Authorized by section 306 of the Consolidated Farm and Rural Development Act of 1972 (7 U.S.C. 1926) to enable qualified state and local government entities, and nonprofits to create a revolving

loan fund. The funds can enable applicants to finance certain pre-development costs and short-term capital projects. Loans may be made by the intermediary for up to \$100,000 and a term of 10 years.

Household Water Well System Grants — Authorized by section 306E of the Consolidated Farm and Rural Development Act of 1972 (7 U.S.C. 1926(e)) to help qualified nonprofits and tribes create a revolving loan fund to increase access to clean, reliable water for households in eligible rural areas who own and occupy a home. The 2018 Farm Bill changed program eligibility to include individually-owned household decentralized wastewater systems and changed income eligibility from 100 percent median non-metropolitan household income of the State to 60 percent.

Solid Waste Management Grants — Authorized by section 310B of the Consolidated Farm and Rural Development Act of 1972 (7 U.S.C. 1932) to assist eligible organizations to address solid waste management issues and threats to water resources from solid waste in rural communities. Assistance may be provided to enhance operator skills in operations and maintenance, identify threats to water resources, reduce or eliminate pollution of water resources, improve planning and management of solid waste disposal facilities in rural areas, and reduce the solid waste stream.

Technical Assistance and Training Grants — Authorized by section 306 of the Consolidated Farm and Rural Development Act of 1972 (7 U.S.C. 1926). The program’s purpose is to assist private non-profit organizations to provide technical assistance and training to communities and utility systems on issues relating to delivery of water and waste disposal service. For water and waste disposal facilities, eligible non-profit organizations help identify and evaluate solutions, improve the operation and maintenance of existing facilities, and prepare loan and grant applications.

All RUS loans are based on extensive feasibility studies that determine a borrower’s ability to repay the loan. Rural Development (RD) staff monitor loan repayments that are secured through covenants in loan contracts and mortgage documents with RD. The government obtains a priority position on the assets of the borrower.

RD is comprised of three agencies: Rural Housing Service, Rural Utilities Service, and Business-Cooperative Service. RD’s headquarters is located in Washington, DC. As of September 30, 2023, there were 4,450 permanent full-time employees, including 391 in the headquarters office and 4,059 in the field offices.

OIG and GAO Reports

Table RUS-1. Completed GAO Reports

ID	Date	Title	Result
GAO-18-309	02/28/2023	Drinking Water and Wastewater Infrastructure: Opportunities Exist to Enhance Federal Agency Needs Assessment and Coordination on Tribal Projects	Recommendation 4 – GAO found that RD should implement a scoring factor that awards point for proposed Native American grant projects that address health risks from lack of access to safe drinking water and wastewater disposal, as it does with the Colonias grant program. In February 2023, USDA issues a final rule to update its regulations governing the Section 306C Water and Waste Disposal Loans and Grants program. The updated regulations implement a scoring factor that awards points for projects-including Native American program grant projects-that increase access to clean drinking water or waste disposal facilities and reduce significant health risks. Recommendation 5 – GAO found that RD should ensure that all Rural Alaska Village grants are awarded only to recipients authorized by law or seek authority to award grants to municipalities and Alaska Native villages. In December

ID	Date	Title	Result
			<p>2018, section 306D of the Consolidated Farm and Rural Development Act was amended to authorize USDA to award Rural Alaska Villages grants to Alaska Native Villages. However, the new statutory language did not identify municipalities as eligible recipients. In April 2019, USDA stated that the agency did not intend to award Rural Alaska Village grants to municipalities in the future. The agency provided documentation that it did not award Rural Alaska Village grants to municipalities in fiscal years 2017, 2018, or 2019. In June 2019, USDA's Alaska State Office communicated to its area staff that municipalities are not eligible recipients of Rural Alaska Village grants. Recommendation 6 – GAO found that RD should amend the Rural Alaska Village Grant program regulations so that they are consistent with USDA's authority. In December 2018, section 306D of the Consolidated Farm and Rural Development Act was amended to authorize USDA to award Rural Alaska Village grants to Native villages as defined in the Alaska Native Claims Settlement Act (ANCSA). In April 2020, USDA amended the definition of Native villages in the Rural Alaska Village Grant program regulations so that it uses the ANCSA definition of Native village, making the regulatory definition consistent with USDA's authority. Recommendation 9 – GAO found that RD, in cooperation with other members of the tribal infrastructure task force, should review the 2011 task force report and identify and implement additional actions to help increase the task force's collaboration at the national level. In 2020, USDA and the task force member agencies published a report that describes the actions that the agencies have taken to implement the recommendations in the 2011 task force report. In preparing this report, the agencies clearly reviewed the 2011 report, satisfying the first part of this recommendation. The 2020 report indicates that the agencies took additional actions to increase collaboration at the national level, including publishing a matrix of funding options available to tribes from each agency. Recommendation 13 – GAO found that RD, in cooperation with other members of the tribal infrastructure task force, should direct USDA state offices</p>

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ID	Date	Title	Result
GAO-23-105655	04/25/2023	Broadband Speed: FCC Should Improve Its Communication of Advanced Telecommunications Capability Assessments.	<p>to identify and pursue additional mechanisms to increase their collaboration. In February 2020, USDA and other task force members signed a memorandum directing their regional and state offices to reach out and work with their counterparts in other agencies to increase the level of collaboration in the provision of safe drinking water and basic sanitation. The memo also included links to online sources of contact information for regional staff to use when identifying their counterparts to facilitate collaboration. In August 2020, USDA Rural Development distributed the memo to all state offices that administer its Water and Environmental Programs.</p> <p>No recommendations.</p>

AVAILABLE FUNDS

Table RUS-2. Available Funds (thousands of dollars)

Item	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Rural Water and Waste Disposal Program:				
Discretionary Appropriations.....	\$643,307	\$586,404	\$646,404	\$784,850
Supplemental Appropriations	-	325,000	-	-
Rural Electrification and Telecommunications:				
Discretionary Appropriations.....	45,059	45,239	48,496	47,696
Supplemental Appropriations	10,700,000	-	-	-
Distance Learning, Telemedicine and Broadband:				
Discretionary Appropriations.....	536,387	466,503	466,503	207,400
Supplemental Appropriations	2,000,000	-	-	-
High Energy Cost Grants:				
Discretionary Appropriations.....	10,000	10,000	10,000	10,000
Total Discretionary Appropriations	1,234,753	1,108,146	1,171,403	1,049,946
Total Supplemental Appropriations	12,700,000	325,000	-	-
Total Adjusted Appropriation	13,934,753	1,433,146	1,171,403	1,049,946
Balance Available, SOY	1,168,676	13,140,092	12,242,970	4,676,339
Balances Interchange	-36,448	-25,517	-	-
Rescinded Balances	-	-610	-	-10,884
Recoveries, Other.....	82,815	142,545	68,139	67,463
Total Available.....	15,149,796	14,689,657	13,482,513	5,782,865
Lapsing Balances	-	-377	-	-
Balance Available, EOY	-13,140,092	-12,242,970	-4,676,339	-2,126,060
Total Obligations	2,009,704	2,446,310	8,806,173	3,656,804
Total Obligations, RUS.....	2,009,704	2,446,310	8,806,173	3,656,804
Total Available, RUS.....	15,149,796	14,689,657	13,482,513	5,782,865

ACCOUNT I: RURAL WATER AND WASTE DISPOSAL PROGRAM**APPROPRIATIONS LANGUAGE**

The appropriations language follows (new language underscored; deleted matter enclosed in brackets):

1 Rural Water and Waste Disposal Program

2

3 For gross obligations for the principal amount of direct and guaranteed loans as authorized by section 306 and
4 described in section 381E(d)(2) of the Consolidated Farm and Rural Development Act, as follows:

5 ~~[\$1,610,000,000]~~\$1,370,000,000 for direct loans; and \$50,000,000 for guaranteed loans.

6

7 For the cost of direct loans, loan guarantees and grants, including the cost of modifying loans, as defined in section
8 502 of the Congressional Budget Act of 1974, for rural water, waste water, waste disposal, and solid waste
9 management programs authorized by sections 306, 306A, 306C, 306D, 306E, and 310B and described in sections
10 306C(a)(2), 306D, 306E, and 381E(d)(2) of the Consolidated Farm and Rural Development Act,
11 ~~[\$882,295,000]~~\$794,850,000 to remain available until expended, of which not to exceed \$1,000,000 shall be
12 available for the rural utilities program described in section 306(a)(2)(B) of such Act, and of which not to exceed
13 \$5,000,000 shall be available for the rural utilities program described in section 306E of such Act: *Provided*, That
14 not to exceed \$15,000,000 of the amount appropriated under this heading shall be for grants authorized by section
15 306A(i)(2) of the Consolidated Farm and Rural Development Act in addition to funding authorized by section
16 306A(i)(1) of such Act: *Provided further*, That ~~[\$87,000,000]~~\$66,000,000 of the amount appropriated under this
17 heading shall be for loans and grants including water and waste disposal systems grants authorized by section
18 306C(a)(2)(B) and section 306D of the Consolidated Farm and Rural Development Act, and Federally Recognized
19 Native American Tribes authorized by 306C(a)(1) of such Act, and the Department of Hawaiian Home Lands (of the
20 State of Hawaii): *Provided further*, That funding provided for section 306D of the Consolidated Farm and Rural
21 Development Act may be provided to a consortium formed pursuant to section 325 of Public Law 105–83: *Provided*
22 *further*, That not more than 2 percent of the funding provided for section 306D of the Consolidated Farm and Rural
23 Development Act may be used by the State of Alaska for training and technical assistance programs and not more
24 than 2 percent of the funding provided for section 306D of the Consolidated Farm and Rural Development Act may
25 be used by a consortium formed pursuant to section 325 of Public Law 105–83 for training and technical assistance
26 programs: *Provided further*, That [not to exceed \$42,000,000]\$38,000,000 of the amount appropriated under this
27 heading shall be for technical assistance grants for rural water and waste systems pursuant to section 306(a)(14) of
28 such Act, unless the Secretary makes a determination of extreme need, of which \$8,500,000 shall be made available
29 for a grant to a qualified nonprofit multi-State regional technical assistance organization, with experience in working
30 with small communities on water and waste water problems, the principal purpose of such grant shall be to assist
31 rural communities with populations of 3,300 or less, in improving the planning, financing, development, operation,
32 and management of water and waste water systems, and of which not less than \$800,000 shall be for a qualified
33 national Native American organization to provide technical assistance for rural water systems for tribal
34 communities: *Provided further*, That [not to exceed]\$25,000,000 of the amount appropriated under this heading
35 shall be for contracting with qualified national organizations for a circuit rider program to provide technical
36 assistance for rural water systems: *Provided further*, That not to exceed \$4,000,000 of the amounts made available
37 under this heading shall be for solid waste management grants: *Provided further*, That, notwithstanding any other
38 provision of law, not to exceed \$100,000,000 of the amount appropriated under this heading shall be available as the
39 Secretary deems appropriate for grants authorized by section 306C(a)(1)(A) of the Consolidated Farm and Rural
40 Development Act for the purpose of replacement of lead service lines: *Provided further*, That if any funds made
41 available pursuant to the previous proviso remain unobligated after July 31, [2024]2025, such unobligated balances
42 may be used for grant programs funded under this heading: *Provided further*, That not to exceed
43 ~~[\$29,645,000]~~\$6,260,000 of the amounts appropriated under this heading shall be available as the Secretary deems
44 appropriate for water and waste direct one percent loans for distressed communities: *Provided further*, That if the
45 Secretary determines that any portion of the amount made available for one percent loans is not needed for such
46 loans, the Secretary may use such amounts for grants authorized by section 306(a)(2) of the Consolidated Farm and
47 Rural Development Act: *Provided further*, That if any funds made available for the direct loan subsidy costs remain
48 unobligated after July 31, [2025]2026, such unobligated balances may be used for grant programs funded under this
49 heading: *Provided further*, That \$10,000,000 of the amount appropriated under this heading shall be transferred to,
50 and merged with, the Rural Utilities Service, High Energy Cost Grants Account to provide grants authorized under
51 section 19 of the Rural Electrification Act of 1936 (7 U.S.C. 918a): *Provided further*, That sections 381E-H and
52 381N of the Consolidated Farm and Rural Development Act are not applicable to the funds made available under
53 this heading.

Change Description

The first change (line 7 paragraph 2) adds language for direct loans. This program has positive subsidy rate in 2024 and 2025 and the budget authority requested in the budget will support the loan level requested.

The second change (line 26 of paragraph 2) eliminates language “not to exceed” for Water and Waste Technical Assistance grants. This elimination provides the flexibility that TA needs to appropriately provide the funding level necessary for this purpose.

The third change (line 34 of paragraph 2) eliminates language “not to exceed” for Water and Waste Circuit Rider grants. This elimination provides the flexibility that this grant needs to appropriately provide the funding level necessary for this purpose.

LEAD-OFF TABULAR STATEMENT***Table RUS-3. Lead-Off Tabular Statement (In dollars)***

Item	Grants	Loan Level	Subsidy
Estimate, 2024	\$526,780,000	\$1,460,108,000	\$119,624,000
Change in Appropriation	+112,220,000	-40,108,000	+26,226,000
Budget Estimate, 2025	<u>639,000,000</u>	<u>1,420,000,000</u>	<u>145,850,000</u>

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PROJECT STATEMENTS

Table RUS-4. Project Statement on Basis of Appropriations (thousands of dollars)

Item	2022 Program Level	2022 Actual BA	2023 Program Level	2023 Actual BA	2024 Program Level	2024 Estimated BA	2025 Program Level	2025 Estimated BA	Program Level Inc. or Dec.	Chg Key	Budget Authority Inc. or Dec.	Chg Key
Discretionary Appropriations:												
Direct Rural Water and Waste Disposal Loans.....	\$1,400,000	-	\$1,400,000	-	\$1,400,000	\$116,900	\$1,350,000	\$139,590	-\$50,000	(1)	+\$22,690	(4)
Direct Rural Water and Waste Disposal Loans 1 percent..	-	-	20,000	\$2,724	10,108	2,724	20,000	6,260	+9,892	(2)	+3,536	(4)
Guaranteed Rural Water and Waste Disposal Loans	50,000	\$45	50,000	-	50,000	-	50,000	-	-	-	-	-
Rural Water and Waste Disposal Grants*.....	490,000	490,000	430,000	430,000	373,100	373,100	385,000	385,000	+11,900	(3)	+11,900	-
Rural Water and Waste Disposal Grants, Lead Piping*	-	-	-	-	-	-	100,000	100,000	+100,000	(3)	+100,000	-
Technical Assistance Grants for Rural Waste Systems	37,500	37,500	37,500	37,500	37,500	37,500	38,000	38,000	+500	(3)	+500	-
Circuit Rider – Technical Assistance Grants for Rural Waste Systems.....	20,762	20,762	21,180	21,180	21,180	21,180	25,000	25,000	+3,820	(3)	+3,820	-
WWD Grants, Alaskan Villages	20,000	20,000	20,000	20,000	20,000	20,000	18,000	18,000	-2,000	(3)	-2,000	-
WWD Grants, Native American Tribes	25,000	25,000	25,000	25,000	25,000	25,000	24,000	24,000	-1,000	(3)	-1,000	-
Water and Waste Disposal Grants, Colonias	25,000	25,000	25,000	25,000	25,000	25,000	24,000	24,000	-1,000	(3)	-1,000	-
Water Well System Grants.....	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	-	(3)	-	-
Water and Wastewater Revolving Funds.....	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	-	(3)	-	-
Solid Waste Management Grants.....	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	-	(3)	-	-
Emergency Community Water Assistance Grants, Appropriated.....	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	-	(3)	-	-
Subtotal	2,093,262	643,307	2,053,680	586,404	1,986,888	646,404	2,059,000	784,850	+72,112	-	+138,446	-
Supplemental Appropriations:												
Water and Waste Disposal Grants (Div N).....	-	-	58,200	58,200	-	-	-	-	-	-	-	-
Water and Waste Disposal Grants (Div N) Admin.....	-	-	1,800	1,800	-	-	-	-	-	-	-	-
Water and Waste Disposal Grants Disaster (Div N).....	-	-	257,050	257,050	-	-	-	-	-	-	-	-
Water and Waste Disposal Grants Disaster (Div N) Admin.....	-	-	7,950	7,950	-	-	-	-	-	-	-	-
Subtotal	-	-	325,000	325,000	-	-	-	-	-	-	-	-
Total Adjusted Approp.....	2,093,262	643,307	2,378,680	911,404	1,986,888	646,404	2,059,000	784,850	+72,112	-	+138,446	-
Add back:												
Transfers In and Out, Rescissions.....	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	-	-	-	-
Total Appropriation.....	2,103,262	653,307	2,388,680	921,404	1,996,888	656,404	2,069,000	794,850	+72,112	-	+138,446	-
Transfers Out:												
High energy cost grants.....	-10,000	-10,000	-10,000	-10,000	-10,000	-10,000	-10,000	-10,000	-	-	-	-
Total Transfers Out.....	-10,000	-10,000	-10,000	-10,000	-10,000	-10,000	-10,000	-10,000	-	-	-	-
Balances Interchange	-36,448	-36,448	-6,122	-6,249	-	-	-	-	-	-	-	-
Recoveries, Other	72,925	52,377	83,321	86,885	87,096	56,553	83,533	59,631	-3,563	-	+3,077	-
Bal. Available, SOY.....	258,839	143,865	89,948	92,248	449,387	386,793	280,491	206,923	-168,896	-	-179,870	-
Total Available.....	2,388,577	803,101	2,545,827	1,084,289	2,523,371	1,089,750	2,423,024	1,051,403	-100,347	-	-38,347	-
Lapsing Balances	-57,387	-	-382,989	-	-	-	-	-	-	-	-	-
Bal. Available, EOY	-266,728	-92,248	-381,055	-386,793	-300,060	-206,923	-198,368	-100,898	+101,692	-	+106,025	-
Total Obligations.....	2,064,462	710,852	1,781,784	697,496	2,223,311	882,827	2,224,656	950,506	+1,345	-	+67,678	-

*Note: Regular appropriations are \$58,200,000 more as a result of Division N funding in the 2023 Omnibus Appropriations, shown in the “Supplemental Appropriations” section of this table.

2025 USDA EXPLANATORY NOTES - RURAL UTILITIES SERVICE

Table RUS-5. Project Statement on Basis of Obligations (thousands of dollars)

Item	2022	2022	2023	2023	2024	2024	2025	2025	Program	Budget
	Program Level	Actual BA	Program Level	Actual BA	Program Level	Estimated BA	Program Level	Estimated BA	Level Inc. or Dec.	Authority Inc. or Dec.
Discretionary Obligations:										
Direct Rural Water and Waste Disposal Loans.....	\$1,342,613	-	\$1,043,108	-	\$1,400,000	\$116,900	\$1,350,000	\$139,590	-\$50,000	+\$22,690
Direct Rural Water and Waste Disposal Loans 1 percent.....	-	-	20,000	\$2,724	10,108	2,724	20,000	6,260	+9,892	+3,536
Guaranteed Rural Water and Waste Disposal Loans	11,007	\$10	23,904	-	50,000	-	50,000	-	-	-
Rural Water and Waste Disposal Grants*.....	540,360	540,360	494,889	494,889	495,053	495,053	433,810	433,810	-61,242	-61,242
Rural Water and Waste Disposal Grants, Lead Piping	-	-	-	-	-	-	100,000	100,000	+100,000	+100,000
Technical Assistance Grants for Rural Waste Systems	37,387	37,387	38,924	38,924	37,500	37,500	38,000	38,000	+500	+500
Circuit Rider – Technical Assistance Grants for Rural Waste Systems .	22,116	22,116	22,736	22,736	21,460	21,460	25,000	25,000	+3,540	+3,540
WWD Grants, Alaskan Villages	20,325	20,325	20,682	20,682	22,596	22,596	20,267	20,267	-2,329	-2,329
WWD Grants, Native American Tribes	25,189	25,189	25,581	25,581	25,000	25,000	24,000	24,000	-1,000	-1,000
Water and Waste Disposal Grants, Colonias	33,027	33,027	25,484	25,484	27,389	27,389	26,280	26,280	-1,109	-1,109
Water Well System Grants.....	3,222	3,222	2,557	2,557	5,000	5,000	5,000	5,000	-	-
Water and Wastewater Revolving Funds	1,000	1,000	1,716	1,716	1,143	1,143	1,172	1,172	+29	+29
Solid Waste Management Grants.....	4,686	4,686	4,140	4,140	4,148	4,148	4,200	4,200	+51	+51
Emergency community water assistance grants.....	-	-	822	822	85	85	38	38	-46	-46
Emergency Community Water Assistance Grants, Appropriated.....	14,551	14,551	16,450	16,450	15,000	15,000	15,265	15,265	+265	+265
Section 783: Water and Waste Grants Pilot Program	-	-	-	-	970	970	1,164	1,164	+194	+194
Subtotal Disc Obligations	2,055,482	701,873	1,740,993	656,705	2,115,451	774,968	2,114,196	840,046	-1,255	+65,078
Supplemental Obligations:										
Hurricanes HIM Natural Disaster Grants.....	8,468	8,468	30,111	30,111	21,378	21,378	7,544	7,544	-13,834	-13,834
Hurricanes HIM Natural Disaster Contracts	511	511	-	-	-	-	-	-	-	-
Water and Waste Disposal Grants (Div N) Admin.....	-	-	1,800	1,800	-	-	-	-	-	-
Water and Waste Disposal Grants Disaster (Div N).....	-	-	930	930	86,482	86,482	102,916	102,916	+16,435	+16,435
Water and Waste Disposal Grants Disaster (Div N) Admin.....	-	-	7,950	7,950	-	-	-	-	-	-
Subtotal Supp Obligations.....	8,979	8,979	40,791	40,791	107,860	107,860	110,460	110,460	+2,600	+2,600
Total Obligations.....	2,064,462	710,852	1,781,784	697,496	2,223,311	882,827	2,224,656	950,506	+1,345	+67,678
Add back:										
Lapsing Balances	57,387	-	382,989	-	-	-	-	-	-	-
Balances Available, EOY:										
Direct Rural Water and Waste Disposal Loans.....	-	2,141	-	5,706	101,680	8,490	108,797	11,250	+7,117	+2,759
Guaranteed Rural Water and Waste Disposal Loans	176,780	159	-	32	-	53	-	77	-	+24
Rural Water and Waste Disposal Grants.....	6,594	6,594	19,208	19,208	-	-	-	-	-	-
Technical Assistance Grants for Rural Waste Systems	565	565	0	0	760	760	1,453	1,453	+692	+692
Circuit Rider – Technical Assistance Grants for Rural Waste Systems .	960	960	-	-	542	542	1,196	1,196	+654	+654
WWD Grants, Alaskan Villages	1,489	1,489	329	329	296	296	0	0	-296	-296
WWD Grants, Native American Tribes	289	289	2	2	410	410	833	833	+422	+422
Water and Waste Disposal Grants, Colonias	701	701	236	236	-	-	-	-	-	-
Water Well System Grants.....	3,984	3,984	5,962	5,962	6,232	6,232	6,503	6,503	+271	+271
Water and wastewater revolving funds	-	-	200	200	222	222	244	244	+23	+23
Solid Waste Management Grants.....	33	33	39	39	179	179	310	310	+131	+131
Emergency Community Water Assistance Grants	-	-	43	43	-	-	-	-	-	-
Emergency Community Water Assistance Grants, Appropriated.....	1,464	1,464	613	613	1,111	1,111	1,300	1,300	+189	+189
Other.....	3,474	3,474	4,505	4,505	4,505	4,505	4,505	4,505	-	-
Section 783: Water and Waste Grants Pilot Program	5,150	5,150	5,150	5,150	4,180	4,180	3,016	3,016	-1,164	-1,164
Hurricanes HIM Natural Disaster Grants.....	64,981	64,981	28,869	28,869	7,515	7,515	-	-	-7,515	-7,515
Hurricanes HIM Natural Disaster Contracts	33	33	-	-	-	-	-	-	-	-

2025 USDA EXPLANATORY NOTES - RURAL UTILITIES SERVICE

Item	2022		2023		2024		2025	2025	Program	Budget
	Program Level	Actual BA	Program Level	Actual BA	Program Level	Estimated BA	Program Level	Estimated BA	Level Inc. or Dec.	Authority Inc. or Dec.
Rural Water and Waste Disposal Grants – Farm Bill Mandatory	230	230	1,579	1,579	2,790	2,790	3,489	3,489	+699	+699
Water and Waste Disposal Grants (Div N)	-	-	58,200	58,200	-	-	-	-	-	-
Water and Waste Disposal Grants Disaster (Div N)	-	-	256,120	256,120	169,639	169,639	66,723	66,723	-102,916	-102,916
Total Bal. Available, EOY	266,728	92,248	381,055	386,793	300,060	206,923	198,368	100,898	-101,692	-106,025
Total Available	2,388,577	803,101	2,545,827	1,084,289	2,523,371	1,089,750	2,423,024	1,051,403	-100,347	-38,347
Less:										
Total Transfers Out	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	-	-
Balances Interchange	36,448	36,448	6,122	6,249	-	-	-	-	-	-
Recoveries, Other	-72,925	-52,377	-83,321	-86,885	-87,096	-56,553	-83,533	-59,631	+3,563	-3,077
Bal. Available, SOY	-258,839	-143,865	-89,948	-92,248	-449,387	-386,793	-280,491	-206,923	+168,896	+179,870
Total Appropriation	2,103,262	653,307	2,388,680	921,404	1,996,888	656,404	2,069,000	794,850	+72,112	+138,446

*Note: Regular obligations are \$58,200,000 more as a result of Division N funding in the 2023 Omnibus Appropriations, shown in the “Supplemental Obligations” section of this table.

JUSTIFICATION OF CHANGES

Rural Utilities Service (RUS) programs support a healthy community and environment with loans and grants to make sure people, kids, and families have clean water and safe sewer systems that prevent pollution and runoff. RUS programs also keep the people of rural America connected with reliable, high-speed internet that brings new and innovative ideas to the rest of our country.

RUS provides much-needed infrastructure or infrastructure improvements to rural communities. These include water and waste treatment, electric power and telecommunications services. All these services help to expand economic opportunities and improve the quality of life for rural residents. Rural Utilities Services programs supports the following Strategic Goals and Objective and Justice 40 implementation for Climate change and Equity.

Goal 1: Combat Climate Change to Support America's Working Lands, Natural Resources and Communities: Strategic Objective 1.4: Increase Carbon Sequestration, Reduce Greenhouse Gas Emissions, and Create Economic Opportunities (and Develop Low-Carbon Energy Solutions), by supporting rural and tribal clean electricity generation and energy efficiency.

Goal 5: Expand Opportunities for Economic Development and Improve Quality of Life in Rural and Tribal Communities: Strategic Objective 5.1: Improve Rural and Tribal Community Infrastructure, Including Affordable Econnectivity, Cornerstone Community Facilities, Sustainable and Reliable Power, and Clean and Safe Water and Sewer System, by evaluating the impact of the Water and Environment Program on service availability, affordable water quality for underserved communities, property values (residential, agricultural, and commercial property), income and earnings, poverty, and population growth across the rural-urban continuum. This evaluation is included in the Departmentwide 2023 Evaluation Plan.

Rural Water and Waste Disposal

The numbers and letters of the following listing relates to values in the Change (Chg) Key column of the Project Statement:

1. A decrease of \$50,000,000 in program level for the Water and Waste Direct loan program (\$1,400,000,000 available in 2024).

The Water and Waste Direct Loan program provides low-interest extended term loans to support clean and reliable drinking water systems, sanitary sewage disposal, sanitary solid waste disposal, and storm water drainage facilities to households and businesses in eligible rural areas of 10,000 population or less. Often combined with grant funding, the Water and Waste Disposal Direct Loans enable communities to maintain reasonable user costs for rural residences, businesses, and other users.

Adequate and reliable water and waste disposal capacity is critical for supporting quality of life issues, environmental sustainability, and the economic vitality of rural communities. Rural water and waste disposal systems face many unique challenges, including a lack of economies of scale, access to qualified workers, and more. This program helps very small, financially distressed rural communities extend and improve water and waste disposal facilities that serve local households and businesses. The availability of these services can save tax dollars through a reduction in health care costs, improve the natural environment, and help manufacturers and businesses locate or expand operations in rural areas. As the only federal water and waste disposal program solely focused on rural America, this funding is crucial to ensure that rural communities have access to the clean water and waste disposal services they need and deserve.

Applications for this program are accepted year around. Borrowers must have the legal authority to construct, operate and maintain the proposed services or facilities. All facilities receiving federal financing must be used for a public purpose. Partnerships with other federal, state, local, private, and nonprofit entities that offer financial assistance are encouraged and the project must be financially sustainable. The loan term is up to a 40-year payback period, based on the useful life of the facilities financed. The interest rates are fixed based on the need for the project and the median household income of the are to be served. The funds may be used to finance the acquisition, construction or improvement of drinking water sourcing, treatment, storage, and distribution; sewer collection, transmission, treatment and disposal; solid waste collection, transmission and closure; and storm water collection, transmission and disposal. In some cases, funding may also be available for related activities including, but not limited to, legal and engineering fees, land acquisition, water land rights, and permits and equipment.

During 2023, WEP obligated more than \$1 billion across nearly 329 loans, with 73.5 percent of projects addressing a health and sanitary issue. The projects funded support more than 1.1 million rural residents, including approximately 28,326 new service connections. Focusing on the smallest and financially distressed communities, 55 percent of the projects benefit populations of 1,500 or less, and 86 percent support communities of 5,000 or less. Driving forward several initiatives, WEP exceeded the agency's goal by awarding 27.2 percent of funding to disadvantaged communities and obligating approximately \$36.7 million through persistent poverty loan obligations, leveraged with 65.9 million in persistent poverty grants. This was achieved while leveraging more than \$624 million in funding from other sources and maintaining a delinquency rate of only 0.53 percent. In 2023, the Midwest region had the highest obligations with 40 percent of the total. The states with the highest obligations were New York with \$83.5 million in obligations, Colorado with \$65.4 million in obligations, and Minnesota with \$60.7 million in obligations.

In 2023, this program experienced increased interest rates, supply and demand challenges, supply chain issues that drove up material costs. And the agency implemented the Build America Buy American Act requirements, so WEP is working to maintain affordable user rates for the programs financed. Similar strains are experienced in the engineering and other professional industries that support project development. Moving forward, WEP is working with the RD State Offices to identify, and process shovel ready projects that can afford loan dollars. The agency is focusing on small and underserved communities, where most applicants have a need for the limited grant funding to maintain affordable user rates.

On August 28, 2023, USDA Secretary Vilsack announced more than \$230 million in investments to help build and improve rural infrastructure, create new job opportunities, and support Minnesota's local food supply chain. He said, "USDA invests in rural America because we know strong communities are rooted in their people...Powering people with modern infrastructure creates good-paying jobs and supports opportunities for people to build brighter futures." There were several Water and Waste Disposal Loan and Grant projects announced, including those listed below.

An award of almost \$12.6 million in loan funding went to the City of Silver Lake to complete phase one of a three-phase water and wastewater infrastructure project in Silver Lake. This project also came with approximately \$4.2 million in Water and Waste Disposal program grant funding. These funds will help to rehabilitate wells and replace the water distribution system, sanitary sewer collection mains, and storm mains throughout two-thirds of the city. As a result, the streets will need to be repaired after this phase is complete. RD Community Facilities funding will be leveraged to help complete this portion of the repairs. These improvements will help ensure safe drinking water and waste disposal for the city's nearly 1,100 residents.

With the funding requested in 2025, WEP will focus on smaller rural, underserved, and disadvantaged communities, including those with higher poverty rates and that may only be able to afford lower loan amounts. With the 2025 funding request of \$1.33 billion, RD is expected to support approximately 425 loans that will assist rural residents in obtaining decent, safe, and sanitary water and wastewater services. The budget is also requesting that up to \$100 million of grant funding may be used to replace lead piping in rural areas.

This program supports several of the Administration's priorities, such as alleviating the effects of climate change through adaptation to climate change and by increasing resilience in response to catastrophic weather events. During 2023, WEP obligated 154 projects that supported climate change. Also, WEP awarded funding to 162 projects promoting equity and more than 119 supported the Justice40 initiative.

2. An increase of \$9,892,000 in program level for the Water and Waste Direct 1 percent interest loan program (\$10,108,000 available in 2024).

A new program in 2023, funding was fully obligated less than 45 days after it was made available. Requests continue to be received after the funding was fully utilized. This funding will be targeted to distressed communities with a population of 10,000 or less. Many small rural communities are struggling financially but need repairs and upgrades for their water and wastewater system. Loans would be provided to rural communities that lack the capacity to incur debt at current rates.

Exceeding initial expectations for demand, in 2023 this program obligated \$20 million through eight loans in six states. Because of limited funding availability, WEP prioritized spreading out access to various states. The states with the highest obligation totals were Texas with \$5.9 million in funding, followed by Wyoming with

\$4.1 million, and Montana with \$3.6 million. As do WEP's other funding opportunities, this program is contributing to the Justice 40, Equity, and Climate Change Resilience initiatives.

The state of Montana received two awards; one award was for water only while the other award is for waste disposal. The award of \$2.5 million will be used to help the city of Choteau, Montana, phase 2 water project. Construction for Phase 1 is underway and supported by an RD loan and grant combination. Phase 2 is construction of a new storage tank to replace the 50 and 100-year-old tanks with a new 810,000-gallon glass-lined or concrete storage tank. The project will extend the water supply system to 70 residences currently with private wells, eliminating their risk of contaminated water when local flooding or sewer backups occur. An award of \$1.1 million will be used to improve the wastewater treatment plant in the city of Chinook, Montana. The project will stabilize the adjacent riverbank and replace 9,900 feet of vitrified clay pipe with larger-diameter PVC sewer pipe. This project will increase reliability and meet minimum DEQ sewer-pipe size standards. Additionally, this project will upgrade electrical, valves, and piping at the north lift station; replace the entire east lift station; replace six manholes in collection system areas; correct cracking and seepage in the digester wall; and other site and building features.

Building upon the immense success and demand in 2023, the request focuses on supporting the smallest communities by funding a 1 percent interest rate loan. The funding requested in the budget will support six loans.

3. An increase of \$112,220,000 for the Water and Waste Disposal grant program (\$526,780,000 available in 2024 including Division N for Water and Waste Disposal Grants).

Clean, safe, and reliable water and waste services are fundamental building blocks to any community and critical to the vitality of both residents and businesses alike. Beyond poverty and aging infrastructure, rural communities face numerous unique obstacles because systems cover large geographical areas, have reduced economies of scale, and experience high operator turnover. Delivered in coordination with the RD field offices, which comprise a localized network of team members providing hands-on assistance, WEP addresses several of the Administration's priorities. Applying a comprehensive approach to developing water and waste infrastructure, WEP offers a variety of construction and technical assistance programs to ensure that communities receive the support they need.

Most projects require a loan and grant component to the funding package to enable communities to provide quality service and reasonable rates. The increased water and waste direct loan amount will be matched with grant funds to allow for an overall loan to grant ratio approximately of 70/30 and for the agency to continue focusing on underserved and economically challenged communities.

Set asides under this program provide grant funds for targeted groups to develop and construct water and waste systems in disadvantaged communities, including programs that address emergencies, alleviate health-risks, and provide vital technical assistance. This funding enables rural communities to build and maintain decent, safe, and sanitary water and waste services. In 2023, WEP obligated 58 Emergency Community Water Assistance Grants totaling \$17.3 million to support communities affected by recent emergency and disaster events. Also, \$72.5 million in grants was awarded through Colonia, Rural Alaskan Village, and Tribal grant programs.

Overall, in 2023 the Water and Environmental Programs (WEP) obligated \$685.8 million through 522 water and waste disposal grants throughout rural America, including solid waste management grants. From this total \$65.9 million went towards persistent poverty communities. The agency had 11 grants totaling \$40.1 million for alleviating health risks, 16 grants for Alaskan Villages Grants totaling \$19.4 million, and 33 Technical Assistance grants totaling \$38.9 million. In 2023, the South region received approximately 35 percent of the funding while the top three funded states were Oklahoma with \$65 million, Texas with \$46 million, and New York with \$42 million. These funds are essential, often in combination with low-interest loans, for providing reasonable user rates and costs for rural residences, rural businesses, and other rural users. Adequate water and wastewater treatment capacity are critical for supporting quality of life issues, environmental sustainability, and economic development in rural America.

In 2023, the Maricopa Mountain Domestic Water Improvement District in Arizona received \$7.7 million in funding to construct new facilities to meet health and sanitary standards. The funding will be used to move an

out of district arsenic removal and treatment system to the existing fill site and add two additional wells. These improvements will benefit over 237 homesites.

The City of Port Clinton, Ohio received a grant and loan combination to replace a portion of a water distribution system. Port Clinton received almost \$3.9 million in grant funding that will go towards replacing water lines and water lateral service lines. Some of the lines pending replacement contain lead, and removing the lead pipes reduces exposure in tap water. An additional benefit of this project is that it will increase utility infrastructure security by making improvements to an eroding coastal levee. Once completed, the 6,056 people of Port Clinton will have a safer source of drinking water.

Aligned with the Water and Waste Disposal Direct Loans, this program also supports the Administration's priorities, such as alleviating the effects of climate change through adaptation to climate change and by increasing resilience in response to catastrophic weather events. Using funding provided in the 2023 Appropriations, WEP launched the Calendar Year 2022 Disaster Water Grants program, which supports communities impacted by Presidentially Declared Disasters that occurred in 2022, including an emphasis on increasing resiliency. Additionally, during 2023, WEP obligated 154 projects that supported climate change, 162 projects promoting equity, and more than 119 supported the Justice40 initiative.

As the only federal program solely focused on rural water and waste needs, the funding level proposed for 2025 will allow RUS to build upon its success in addressing key water and waste needs throughout rural America. A total funding level of \$639 million in 2025 for WWD grants will support an estimated 465 grants.

Within the requested increase, the budget is requesting the following changes to the set aside programs:

- a. an increase of \$500,000 for technical assistance as an essential part in developing clean water systems.
- b. a decrease of \$1 million to support Water and Waste Grants to Native American Tribes.
- c. a decrease of \$1 million to support Water and Waste grants for Colonias.
- d. a decrease of \$2 million for the Water and Waste grants for Alaskan Villages.
- e. an increase of \$3.82 million for Circuit Rider Program that facilitates implementing of the program funds.

The decrease in the set asides for Alaskan Villages, Native American and Colonias will be offset by available carryover that will help to support the demand for these grants.

There is no change in funding for the Solid Waste Management grant program. Continuation of the program is critical because 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. Funding in 2025 will support approximately 20 grants that will help communities address water pollution issues and develop solid waste management strategies.

The budget also includes a proposed language change that eliminates the "not to exceed" limitation for Technical Assistance Grants and Circuit Rider. This change will facilitate the administration of these two grants.

Within the overall funding provided for water and waste grants, the budget proposes to set aside up to \$100 million for grants to replace lead service lines in rural communities. Lead service lines are a significant health hazard in rural communities, and replacing these obsolete pipes will provide clean, safe water in rural communities where the water infrastructure has not been updated since it was first put in place. The budget requests this set aside be available until July 30, 2025, and after that date any unobligated funding would be available for the regular grant program for further obligations.

4. An increase of \$26,226,000 in budget authority for the Water and Waste Direct loan program (\$119,624,000 available in 2024).

This is the budget authority required to support the requested program level to support Water and Waste Direct loan and Water and Waste 1 percent interest loan programs.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS**Table RUS-6. Rural Water and Waste Direct Loans Geographic Breakdown of Obligations (thousands of dollars)**

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Alabama	\$17,000	\$22,295	-	-
Alaska	4,810	1,961	-	-
Arizona.....	12,923	6,111	-	-
Arkansas.....	17,516	14,519	-	-
California	33,111	12,706	-	-
Colorado.....	15,491	65,498	-	-
Delaware	16,900	464	-	-
Florida	3,673	4,840	-	-
Georgia.....	16,034	3,229	-	-
Hawaii.....	4,122	2,498	-	-
Idaho	38,199	23,146	-	-
Illinois	84,426	35,284	-	-
Indiana.....	46,321	56,745	-	-
Iowa.....	104,151	48,284	-	-
Kansas	29,077	47,401	-	-
Kentucky.....	15,751	4,786	-	-
Louisiana.....	5,540	99	-	-
Maine	29,256	19,932	-	-
Maryland.....	17,504	7,000	-	-
Massachusetts	7,264	21,491	-	-
Michigan	117,150	43,723	-	-
Minnesota.....	47,181	60,740	-	-
Mississippi	5,119	7,192	-	-
Missouri	40,619	42,477	-	-
Montana	10,260	5,781	-	-
Nebraska	4,014	3,847	-	-
Nevada	3,813	862	-	-
New Hampshire	10,474	14,999	-	-
New Jersey.....	11,895	720	-	-
New Mexico.....	3,553	8,400	-	-
New York.....	83,129	83,579	-	-
North Carolina	14,652	46,916	-	-
North Dakota.....	6,464	7,424	-	-
Ohio.....	7,796	13,103	-	-
Oklahoma.....	46,374	7,706	-	-
Oregon.....	40,548	10,815	-	-
Pennsylvania	18,358	4,380	-	-
Rhode Island	-	3,072	-	-
South Carolina	37,578	38,941	-	-
South Dakota.....	3,916	17,565	-	-
Tennessee.....	20,071	28,171	-	-
Texas.....	56,647	59,398	-	-
Utah.....	25,880	5,707	-	-
Vermont	26,689	490	-	-
Virginia	6,834	45,463	-	-
Washington	9,104	20,625	-	-
West Virginia.....	45,349	12,874	-	-
Wisconsin.....	118,209	45,514	-	-
Wyoming.....	1,868	4,335	-	-
Distribution Unknown	-	-	\$1,400,000	\$1,350,000
Obligations.....	1,342,613	1,043,108	1,400,000	1,350,000
Lapsing Balances	57,387	356,892	-	-
Bal. Available, EOY	-	-	101,680	108,797
Total, Available.....	1,400,000	1,400,000	1,501,680	1,458,797

Totals may not add due to rounding.

Table RUS-7. Rural Water and Waste Direct Loans 1p Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Illinois	-	\$3,000	-	-
Montana	-	3,600	-	-
Oklahoma	-	1,830	-	-
Tennessee	-	1,125	-	-
Texas	-	5,910	-	-
West Virginia	-	418	-	-
Wyoming	-	4,117	-	-
Distribution Unknown	-	-	\$10,108	\$20,000
Obligations	-	20,000	10,108	20,000
Total, Available	-	20,000	10,108	20,000

Table RUS-8. Rural Water and Waste Guaranteed Loans Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Colorado	\$1,500	-	-	-
Illinois	4,925	-	-	-
Indiana	-	\$488	-	-
Mississippi	500	-	-	-
Oklahoma	854	765	-	-
Pennsylvania	434	-	-	-
South Carolina	736	-	-	-
Texas	1,700	22,651	-	-
Washington	358	-	-	-
Distribution Unknown	-	-	\$50,000	\$50,000
Obligations	11,007	23,904	50,000	50,000
Lapsing Balances	-	26,097	-	-
Bal. Available, EOY	176,780	-	-	-
Total, Available	187,787	50,000	50,000	50,000

Table RUS-9. Rural Water and Waste Grants Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Alabama	\$9,219	\$15,241	-	-
Alaska	-	5,038	-	-
American Samoa	548	-	-	-
Arizona	12,911	5,562	-	-
Arkansas	10,240	13,117	-	-
California	7,479	8,037	-	-
Colorado	10,839	22,603	-	-
Delaware	13,834	380	-	-
Florida	1,912	7,712	-	-
Georgia	3,581	5,746	-	-
Hawaii	1,643	125	-	-
Idaho	7,894	16,839	-	-
Illinois	28,643	11,511	-	-
Indiana	15,019	10,371	-	-
Iowa	29,609	12,152	-	-
Kansas	10,817	12,185	-	-
Kentucky	3,038	767	-	-
Louisiana	2,249	-	-	-
Maine	10,742	13,100	-	-
Maryland	5,871	4,049	-	-
Massachusetts	10,311	5,637	-	-
Michigan	26,906	29,041	-	-
Minnesota	28,207	22,537	-	-
Mississippi	9,163	3,315	-	-

2025 USDA EXPLANATORY NOTES - RURAL UTILITIES SERVICE

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Missouri	20,067	32,037	-	-
Montana	9,873	11,390	-	-
Nebraska	2,656	3,557	-	-
Nevada	1,758	4,180	-	-
New Hampshire	7,616	6,447	-	-
New Jersey	2,808	7,924	-	-
New Mexico	3,877	2,350	-	-
New York	32,357	41,829	-	-
North Carolina	11,422	14,347	-	-
North Dakota	4,582	2,510	-	-
Ohio	1,200	11,487	-	-
Oklahoma	15,194	5,968	-	-
Oregon	11,062	7,981	-	-
Pennsylvania	8,471	7,126	-	-
Puerto Rico	-	28	-	-
Rhode Island	-	2,509	-	-
South Carolina	9,519	279	-	-
South Dakota	4,353	2,400	-	-
Tennessee	7,949	12,839	-	-
Texas	37,393	38,098	-	-
Utah	5,005	1,604	-	-
Vermont	10,637	850	-	-
Virginia	9,385	13,654	-	-
Washington	12,967	6,488	-	-
West Virginia	23,482	6,455	-	-
Wisconsin	24,976	10,101	-	-
Wyoming	1,078	4,526	-	-
Distribution Unknown	-	-	\$495,053	\$433,810
Obligations	540,360	494,889	495,053	433,810
Bal. Available, EOY	6,594	19,208	-	-
Total, Available	546,954	514,097	495,053	433,810

Totals may not add due to rounding.

Table RUS-10. Rural Water and Waste Lead Pipe Grants Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Distribution Unknown	-	-	-	\$100,000
Obligations	-	-	-	100,000
Total, Available	-	-	-	100,000

Table RUS-11. Rural Water and Waste Technical Assistance Grants Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Alabama	-	\$192	-	-
Alaska	\$975	1,576	-	-
Arizona	556	981	-	-
California	728	1,053	-	-
Colorado	806	835	-	-
Kansas	33	28	-	-
Maryland	9,641	9,949	-	-
Massachusetts	-	500	-	-
Nevada	215	239	-	-
New York	147	138	-	-
Oklahoma	22,131	22,442	-	-
Tennessee	1,220	-	-	-
Washington	448	532	-	-
West Virginia	487	459	-	-
Distribution Unknown	-	-	\$37,500	\$38,000

2025 USDA EXPLANATORY NOTES - RURAL UTILITIES SERVICE

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Obligations.....	37,387	38,924	37,500	38,000
Bal. Available, EOY.....	565	0	760	1,453
Total, Available.....	37,951	38,924	38,260	39,453

Table RUS-12. Rural Water and Waste Circuit Rider Grants Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Oklahoma.....	\$22,116	\$22,736	-	-
Distribution Unknown.....	-	-	\$21,460	\$25,000
Obligations.....	22,116	22,736	21,460	25,000
Bal. Available, EOY.....	960	-	542	1,196
Total, Available.....	23,076	22,736	22,002	26,196

Table RUS-13. Rural Water and Waste Alaskan Village Grants Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Alaska.....	\$20,325	\$20,682	-	-
Distribution Unknown.....	-	-	\$22,596	\$20,267
Obligations.....	20,325	20,682	22,596	20,267
Bal. Available, EOY.....	1,489	329	296	0
Total, Available.....	21,814	21,011	22,892	20,267

Table RUS-14. Rural Water and Waste Native American Grants Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Arizona.....	\$1,237	-	-	-
California.....	3,180	-	-	-
Maine.....	1,082	-	-	-
Mississippi.....	12,635	-	-	-
Montana.....	-	\$4,674	-	-
Nevada.....	-	772	-	-
North Dakota.....	5,000	6,560	-	-
Oklahoma.....	-	10,941	-	-
South Dakota.....	-	2,634	-	-
Wyoming.....	2,055	-	-	-
Distribution Unknown.....	-	-	\$25,000	\$24,000
Obligations.....	25,189	25,581	25,000	24,000
Bal. Available, EOY.....	289	2	410	833
Total, Available.....	25,478	25,582	25,410	24,833

Table RUS-15. Rural Water and Waste Colonias Grants Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Arizona.....	\$12,704	\$7,648	-	-
California.....	1,672	1,500	-	-
New Mexico.....	8,395	11,367	-	-
Texas.....	10,256	4,969	-	-
Distribution Unknown.....	-	-	\$27,389	\$26,280
Obligations.....	33,027	25,484	27,389	26,280
Bal. Available, EOY.....	701	236	-	-
Total, Available.....	33,729	25,720	27,389	26,280

Table RUS-16. Rural Water and Waste Well Systems Grants Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Arkansas.....	\$250	\$400	-	-
California	1,000	-	-	-
Georgia.....	472	348	-	-
North Carolina	1,500	1,750	-	-
Utah.....	-	59	-	-
Distribution Unknown	-	-	\$5,000	\$5,000
Obligations.....	3,222	2,557	5,000	5,000
Bal. Available, EOY	3,984	5,962	6,232	6,503
Total, Available.....	7,206	8,519	11,232	11,503

Table RUS-17. Rural Water and Waste Revolving Fund Grants Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Arkansas.....	\$400	\$858	-	-
Idaho	200	-	-	-
Oklahoma.....	400	858	-	-
Distribution Unknown	-	-	\$1,143	\$1,172
Obligations.....	1,000	1,716	1,143	1,172
Bal. Available, EOY	-	200	222	244
Total, Available.....	1,000	1,916	1,365	1,416

Table RUS-18. Rural Water and Waste Solid Waste Management Grants Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Alabama	\$201	\$403	-	-
Alaska	596	565	-	-
Arizona.....	69	-	-	-
California	175	161	-	-
Iowa.....	76	-	-	-
Maine	171	-	-	-
Maryland.....	833	886	-	-
Massachusetts	290	332	-	-
N. Mariana Islands	-	161	-	-
New Hampshire	394	399	-	-
New Jersey	260	-	-	-
New Mexico.....	96	-	-	-
New York.....	238	-	-	-
North Carolina	66	-	-	-
Ohio.....	78	78	-	-
Oklahoma.....	84	81	-	-
Texas	83	-	-	-
Utah.....	833	803	-	-
Vermont	34	139	-	-
Virgin Islands.....	107	-	-	-
Virginia	-	132	-	-
Distribution Unknown	-	-	\$4,148	\$4,200
Obligations.....	4,686	4,140	4,148	4,200
Bal. Available, EOY	33	39	179	310
Total, Available.....	4,718	4,179	4,328	4,510

Table RUS-19. Rural Water and Waste Emergency Water Assistance Grants Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Tennessee	-	\$822	-	-
Distribution Unknown	-	-	\$85	\$38
Obligations	-	822	85	38
Bal. Available, EOY	-	43	-	-
Total, Available.....	-	865	85	38

Table RUS-20. Rural Water and Waste Emergency Water Assistance Grants Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Alabama	\$170	-	-	-
Alaska	792	\$200	-	-
Arkansas.....	1,000	-	-	-
California	1,473	-	-	-
Florida	-	983	-	-
Idaho	1,000	1,000	-	-
Illinois	480	129	-	-
Iowa.....	150	1,000	-	-
Minnesota.....	100	699	-	-
Nebraska	150	-	-	-
New Jersey.....	1,000	-	-	-
New Mexico.....	566	-	-	-
New York.....	886	-	-	-
North Dakota.....	150	-	-	-
Oklahoma.....	425	2,017	-	-
Oregon.....	1,960	615	-	-
Puerto Rico.....	-	3,655	-	-
Rhode Island	-	286	-	-
South Dakota.....	950	-	-	-
Tennessee.....	92	-	-	-
Texas.....	935	3,494	-	-
Utah.....	2,271	1,946	-	-
Vermont	-	426	-	-
Distribution Unknown	-	-	\$15,000	\$15,265
Obligations.....	14,551	16,450	15,000	15,265
Bal. Available, EOY	1,464	613	1,111	1,300
Total, Available.....	16,015	17,063	16,111	16,565

Table RUS-21. Rural Water and Waste Disposal Section 783 Pilot Program Grants Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Distribution Unknown	-	-	\$970	\$1,164
Obligations.....	-	-	970	1,164
Bal. Available, EOY	\$5,150	\$5,150	4,180	3,016
Total, Available.....	5,150	5,150	5,150	4,180

Table RUS-22. Rural Water and Waste Disposal Hurricanes Harvey, Irma and Maria Grants Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Puerto Rico.....	\$8,468	\$30,111	-	-
Distribution Unknown	-	-	\$21,378	\$7,544
Obligations.....	8,468	30,111	21,378	7,544

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State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Bal. Available, EOY	64,981	28,869	7,515	-
Total, Available.....	73,449	58,980	28,893	7,544

Table RUS-23. Rural Water and Waste Disposal Hurricanes Harvey, Irma and Maria Circuit Rider Grants Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Oklahoma	\$511	-	-	-
Obligations.....	511	-	-	-
Bal. Available, EOY	33	-	-	-
Total, Available.....	545	-	-	-

Table RUS-24. Rural Water and Waste Disposal Grants Division N Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Bal. Available, EOY	-	\$58,200	-	-
Total, Available.....	-	58,200	-	-

Table RUS-25. Rural Water and Waste Disposal Grants Division N Administrative Expenses Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Expenditure Transfer to S&E.....	-	\$1,800	-	-
Obligations.....	-	1,800	-	-
Total, Available.....	-	1,800	-	-

Table RUS-26. Rural Water and Waste Disposal Grants Division N Disasters Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Texas.....	-	\$930	-	-
Distribution Unknown	-	-	\$86,482	\$102,916
Obligations.....	-	930	86,482	102,916
Bal. Available, EOY	-	256,120	169,639	66,723
Total, Available.....	-	257,050	256,120	169,639

Table RUS-27. Rural Water and Waste Disposal Grants Division N Disasters Administrative Expenses Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Expenditure Transfer to S&E.....	-	\$7,950	-	-
Obligations.....	-	7,950	-	-
Total, Available.....	-	7,950	-	-

Table RUS-28. Rural Water and Waste Disposal Mandatory Farm Bill Grants Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Bal. Available, EOY	\$230	\$1,579	\$2,790	\$3,489
Total, Available.....	230	1,579	2,790	3,489

CLASSIFICATION BY OBJECTS

Table RUS-29 Classification by Objects (thousands of dollars)

Item No.	Item	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
	Other Objects:				
25.3	Other goods and services from Federal sources	-	\$9,750	-	-
41.0	Grants, subsidies, and contributions	\$710,852	687,746	\$882,827	\$950,506
	Total, Other Objects.....	710,852	697,496	882,827	950,506
99.9	Total, new obligations	710,852	697,496	882,827	950,506

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ACCOUNT 2: RURAL ELECTRIFICATION AND TELECOMMUNICATION PROGRAM

APPROPRIATIONS LANGUAGE

The appropriations language follows (new language underscored; deleted matter enclosed in brackets):

- 1 Rural Electrification and Telecommunication Program
 2
 3 The principal amount of loans and loan guarantees as authorized by sections 4, 305, 306, and 317 of the Rural
 4 Electrification Act of 1936 (7 U.S.C. 904, 935, 936, and 940g) shall be made as follows: guaranteed rural electric
 5 loans made pursuant to section 306 of that Act, \$2,167,000,000; cost of money direct loans made pursuant to
 6 sections 4, notwithstanding the one-eighth of one percent in 4(c)(2), and 317, notwithstanding 317(c), of that Act,
 7 \$4,333,000,000; and for cost-of-money rural telecommunications loans made pursuant to section 305(d)(2) of that
 8 Act, [~~\$690,000,000~~]\$335.676.000.
 9
 10 For the cost of direct loans as authorized by section 305(d)(2) of the Rural Electrification Act of 1936 (7 U.S.C.
 11 935(d)(2)), including the cost of modifying loans, as defined in section 502 of the Congressional Budget Act of
 12 1974, cost of money rural telecommunications loans, [~~\$7,176,000~~] \$3,726,000.
 13
 14 In addition, [~~\$34,500,000~~]\$10,700,000 to remain available until expended, to carry out section 6407 of the Farm
 15 Security and Rural Investment Act of 2002 (7 U.S.C. 8107a): Provided, That of the total loan level supported by
 16 such amount, up to \$10,000,000 of the total loan level shall be set-aside and prioritized for qualified communities
 17 that are also energy communities in accordance with sections 217 and 218 of Executive Order 14008. Provided,
 18 further, That the energy efficiency measures supported by the funding in this paragraph shall contribute in a
 19 demonstrable way to the reduction of greenhouse gases.
 20
 21 In addition, for administrative expenses necessary to carry out the direct and guaranteed loan programs,
 22 \$33,270,000, which shall be paid to the appropriation for "Rural Development, Salaries and Expenses".
 23
 24 [In addition, \$15,000,000, to remain available until expended, for administrative and technical assistance to support
 25 the Rural Clean Energy Initiative and increase coordination with the Department of Energy and the Department of
 26 Interior.]

Change Description

The first change (line 15 to 18 of paragraph 3) includes language setting aside \$10 million in program level from the Rural Energy Saving program funding to support qualify communities that are energy communities to foster economic revitalization of and investment in these communities, ensure the creation of good jobs and secure benefits.

The second change (line 24 to 26 of paragraph 5) eliminates appropriations language for administrative support and technical assistance to support clean energy funding in rural areas.

LEAD-OFF TABULAR STATEMENT

Table RUS-30. Lead-Off Tabular Statement (In dollars)

Item	Loan Level	Subsidy	Administrative Expenses
Estimate, 2024	\$7,822,551,000	\$15,226,000	\$33,270,000
Change in Appropriation	-933,800,000	-800,000	-
Budget Estimate, 2025	<u>6,888,751,000</u>	<u>14,426,000</u>	<u>33,270,000</u>

2025 USDA EXPLANATORY NOTES - RURAL UTILITIES SERVICE

PROJECT STATEMENTS

Table RUS-31. Project Statement on Basis of Appropriations (thousands of dollars)

Item	2022 Program Level	2022 Actual BA	2023 Program Level	2023 Actual BA	2024 Program Level	2024 Estimated BA	2025 Program Level	2025 Estimated BA	Program Level Inc. or Dec.	Chg Key	Budget Authority Inc. or Dec.	Chg Key
Discretionary Appropriations:												
Electric Direct, FFB	\$1,436,765	-	\$2,167,000	-	\$2,167,000	-	\$2,167,000	-	-	(1)	-	-
Electric Direct, Treasury Rate	4,563,235	-	4,333,000	-	4,333,000	-	4,333,000	-	-	(2)	-	-
Electric Underwriting Loans	750,000	-	900,000	-	900,000	-	-	-	-\$900,000	(3)	-	-
Telecommunications Direct, Treasury Rate	96,253	\$289	86,852	\$469	358,269	\$3,726	335,676	\$3,726	-22,594	(4)	-	-
Telecommunications Direct, FFB	10,000	-	-	-	-	-	-	-	-	-	-	-
Rural Energy Savings Program (RESP)	196,558	10,850	110,897	11,500	64,282	11,500	53,075	10,700	-11,206	(5)	-\$800	(6)
Electric Direct, FFB Operating Loans	500,000	-	-	-	-	-	-	-	-	-	-	-
Electric Treasury Rate, Recovery Operating Loans	500,000	650	-	-	-	-	-	-	-	-	-	-
Administrative Expenses (Exp Trfr to S&E)	-	33,270	-	33,270	-	33,270	-	33,270	-	-	-	-
Subtotal	8,052,811	45,059	7,597,749	45,239	7,822,551	48,496	6,888,751	47,696	-933,800	-	-800	-
Supplemental Appropriations:												
IRA Electric Renewable Energy Loans	-	1,000,000	-	-	-	-	-	-	-	-	-	-
IRA Electric Program Loans	-	9,700,000	-	-	-	-	-	-	-	-	-	-
Subtotal	-	10,700,000	-	-	-	-	-	-	-	-	-	-
Total Adjusted Approp	8,052,811	10,745,059	7,597,749	45,239	7,822,551	48,496	6,888,751	47,696	-933,800	-	-800	-
Add back:												
Transfers In and Out, Rescissions	583,747	1,751	603,148	3,257	-	-	-	-	-	-	-	-
Total Appropriation	8,636,558	10,746,810	8,200,897	48,496	7,822,551	48,496	6,888,751	47,696	-933,800	-	-800	-
Transfers Out:												
Working Capital Funds	-583,747	-1,751	-603,148	-3,257	-	-	-	-	-	-	-	-
Total Transfers Out	-583,747	-1,751	-603,148	-3,257	-	-	-	-	-	-	-	-
Balances Interchange	-	-	-19,025	-2,750	-	-	-	-	-	-	-	-
Bal. Available, SOY	374,331	21,565	95,002,900	10,728,869	31,602,182	10,700,478	10,033,667	3,796,134	-21,568,516	-	-6,904,344	-
Total Available	8,427,142	10,766,624	102,581,624	10,771,358	39,424,733	10,748,974	16,922,418	3,843,830	-22,502,316	-	-6,905,144	-
Lapsing Balances	-1,798,705	-	-915,520	-377	-	-	-	-	-	-	-	-
Bal. Available, EOY	-1,296,034	-10,728,869	-94,770,957	-10,700,478	-11,564,774	-3,796,134	-4,660,992	-1,686,787	+6,903,783	-	+2,109,346	-
Total Obligations	5,332,403	37,755	6,895,147	70,504	27,859,959	6,952,840	12,261,426	2,157,042	-15,598,533	-	-4,795,798	-

Note: The details associated with Supplemental appropriations provided to the Office of the Secretary, but implemented in this account, is found in the USDA Budget Summary, and is not reflected above.

2025 USDA EXPLANATORY NOTES - RURAL UTILITIES SERVICE

Table RUS-32. Project Statement on Basis of Obligations (thousands of dollars)

Item	2022 Program Level	2022 Actual BA	2023 Program Level	2023 Actual BA	2024 Program Level	2024 Estimated BA	2025 Program Level	2025 Estimated BA	Program Level Inc. or Dec.	Budget Authority Inc. or Dec.
Discretionary Obligations:										
Electric Direct, FFB	\$723,288	-	\$1,745,665	-	\$2,167,000	-	\$2,167,000	-	-	-
Electric Direct, Treasury Rate	3,478,007	-	3,908,578	-	4,333,000	-	4,333,000	-	-	-
Electric Underwriting Loans	750,000	-	900,000	-	900,000	-	-	-	-\$900,000	-
Telecommunications Direct, Treasury Rate	96,253	\$289	17,089	\$92	358,269	\$3,726	335,676	\$3,726	-22,594	-
Telecommunications Direct, FFB	10,000	-	-	-	-	-	-	-	-	-
Rural Energy Savings Program (RESP)	71,820	3,964	201,050	20,849	88,564	15,844	99,437	20,046	+10,873	+\$4,202
Electric Direct, FFB Operating Loans	25,000	-	122,765	-	-	-	-	-	-	-
Electric Treasury Rate, Recovery Operating Loans	178,035	231	-	-	-	-	-	-	-	-
Administrative Expenses (Exp Trfr to S&E)	-	33,270	-	33,270	-	33,270	-	33,270	-	-
Subtotal Disc. Obligations	5,332,403	37,755	6,895,147	54,211	7,846,833	52,840	6,935,112	57,042	-911,721	+4,202
Supplemental Obligations:										
IRA Electric Program Grants Admin	-	-	-	16,292	-	-	-	-	-	-
IRA Electric Renewable Energy Loans	-	-	-	-	2,683,123	1,000,000	-	-	-2,683,123	-1,000,000
IRA Electric Program Zero Percent Loans	-	-	-	-	1,671,492	705,871	548,564	251,242	-1,122,928	-454,629
IRA Electric Program Two Percent Loans	-	-	-	-	12,967,016	2,502,634	3,819,760	890,768	-9,147,256	-1,611,866
IRA Electric Program Grants	-	-	-	-	2,691,495	2,691,495	957,990	957,990	-1,733,505	-1,733,505
Subtotal Mand. Obligations	-	-	-	16,292	20,013,126	6,900,000	5,326,314	2,100,000	-14,686,812	-4,800,000
Total Obligations	5,332,403	37,755	6,895,147	70,504	27,859,959	6,952,840	12,261,426	2,157,042	-15,598,533	-4,795,798
Add back:										
Lapsing Balances	1,798,705	-	915,520	377	-	-	-	-	-	-
Balances Available, EOY:										
Pilot Program for Refinancing Electric Loans	955	955	88	88	88	88	88	88	-	-
Rural Energy Savings Program (RESP)	498,114	27,496	156,837	16,264	66,629	11,920	12,765	2,573	-53,864	-9,346
Electric Treasury Rate, Recovery Operating Loans	321,965	419	419	419	419	419	419	419	-	-
Electric Direct, FFB Operating Loans	475,000	-	352,235	-	352,235	-	352,235	-	-	-
IRA Electric Renewable Energy Loans	-	1,000,000	2,808,200	1,000,000	-	-	-	-	-	-
IRA Electric Program Zero Percent Loans	-	9,700,000	3,923,259	1,160,500	1,076,554	454,629	444,076	203,387	-632,479	-251,242
IRA Electric Program Two Percent Loans	-	-	83,121,212	4,114,500	8,351,637	1,611,866	3,092,187	721,098	-5,259,451	-890,768
IRA Electric Program Grants	-	-	4,408,708	4,408,708	1,717,213	1,717,213	759,223	759,223	-957,990	-957,990
Total Bal. Available, EOY	1,296,034	10,728,869	94,770,957	10,700,478	11,564,774	3,796,134	4,660,992	1,686,787	-6,903,783	-2,109,346
Total Available	8,427,142	10,766,624	102,581,624	10,771,358	39,424,733	10,748,974	16,922,418	3,843,830	-22,502,316	-6,905,144
Less:										
Total Transfers Out	583,747	1,751	603,148	3,257	-	-	-	-	-	-
Sequestration	-	-	-	-	-	-	-	-	-	-
Balances Interchange	-	-	19,025	2,750	-	-	-	-	-	-
Bal. Available, SOY	-374,331	-21,565	-95,002,900	-10,728,869	-31,602,182	-10,700,478	-10,033,667	-3,796,134	+21,568,516	+6,904,344
Total Appropriation	8,636,558	10,746,810	8,200,897	48,496	7,822,551	48,496	6,888,751	47,696	-933,800	-800

Note: The details associated with Supplemental appropriations provided to the Office of the Secretary, but implemented in this account, is found in the USDA Budget Summary, and is not reflected above.

JUSTIFICATION OF CHANGES**Rural Electrification and Telecommunication**

The numbers and letters of the following listing relates to values in the Change (Chg) Key column of the Project Statement:

1. No change for Federal Financing Bank (FFB) Electric Loans (\$2,167,000,000 available in 2024).

Eligible borrowers will have access to direct financing for rural electrification at a lower interest rate and the proposal will not affect overall capital available for rural electrification investments. The request continues promoting bifurcation of the funding between FFB and Direct Treasury rate loans. This funding will contribute to advancing clean energy and emissions mitigation and will have an impact on climate change. This program also will contribute to advancing EO 14008 directive of providing 40 percent of the benefits of federal programs to disadvantaged communities.

Providing reliable, affordable electricity is essential to the economic well-being and quality of life for the Nation's rural residents. The electric programs provide leadership and capital to upgrade, expand, maintain, or replace America's vast rural electric infrastructure, including investment in renewable electricity and energy efficiency and conservation.

The agency has obligated \$12.2 billion across nearly 233 loans over the last four years. From this total, \$5.4 billion went towards persistent poverty. The funding going towards persistent poverty increased by almost \$980 million in 2023 from the \$155 million obligated in 2022. Over the past four years, approximately 75 percent of the obligations have been in the South. Of the \$12.2 billion obligated in 2023, \$755 million was obligated to Georgia. This investment will be used to finance general and environmental capital improvements and upgrades to existing generation facilities. This obligation will serve approximately 1.96 million consumers in 151 counties.

The Electric Program continued its effort to improve customer service and streamline procedures and regulations that impose burdensome requirements on borrowers and applicants. On March 1, 2023, the program published a Final Rule (88 FR 12806) in the federal register that provided an additional method for complying with RUS's coverage ratio requirements. The goal of this final rule was to (1) reduce the regulatory impact on RUS Electric Program borrowers, (2) ensure that loan funds will be repaid in the time agreed upon, and (3) that the RUS loans remain adequately secured. RUS expects that these actions will enhance RUS and customer efficiency, thereby increasing customer satisfaction and service. RUS uses these ratios as part of its loan application review and/or its annual review of the Financial and Operating Report data to monitor the financial stability of the borrowers to ensure loan security.

In Mississippi, \$492 million was invested to finance transmission facilities, improvements to existing transmission facilities, and improvements to generation systems. Cooperative Energy is a G&T cooperative headquartered in Hattiesburg, Mississippi. Cooperative Energy's systems include more than 1,800 miles of transmission lines that connect with over 58,000 miles of its members distribution line to serve approximately 445,000 homes and businesses. Cooperative Energy provides wholesale power to its 11 distribution cooperative members, located in southern and western portions of Mississippi. This partnership powers the lives of approximately one million Mississippians in 55 counties of Mississippi.

Under the electric program, the Budget will support \$360 million in solar and renewable energy, enough to power 380 megawatts of new sustainable and clean capacity that could power the equivalent of 60,000 homes. Most states in the United States have good-to-excellent solar resources. Even places with relatively low solar resources, such as the Pacific Northwest and Alaska, can experience cost savings, and have similar solar resources to countries that have widely developed solar.

A funding request of \$2.167 billion in 2025 will support 12 loans to finance the improvement and replacement of electric infrastructure in rural areas.

2. No change for Direct Electric Treasury Rate Loan program (\$4,333,000,000 available in 2024).

This program provides electric financing loans at the government's cost of money (or the current Treasury rate) under section 4 of the Rural Electrification Act (RE Act) as amended in the Budget to reduce borrower's interest costs while maintaining a sustainable program level. These loans support improvements and additions

to rural electric distribution, transmission, and generating facilities (including renewable energy systems and investments in environmental improvements to reduce emissions of pollutants), and the implementation demand side management, energy efficiency and conservation programs, and renewable energy systems to service rural areas. The long-term, low interest rate financing helps non-profit electric borrowers provide reliable, affordable electric service for rural homes and businesses, while creating good paying jobs.

The agency has obligated \$5.4 billion across nearly 170 loans over the last two years. From this total, \$2.2 billion went towards persistent poverty. The funding going towards persistent poverty increased by almost \$2 billion in 2023 from the \$71 million obligated in 2022. The fiscal year with the highest obligations was 2023, with approximately 60 percent of the obligations occurring in the South. The three states with the highest obligation totals are Georgia, Florida, and South Dakota.

Of the \$5.4 billion obligated, \$550 million was invested in Georgia and will be used to finance transmission system improvements and acquisition projects that include 27 new transmission miles and 2,423 acquisition miles. Georgia Transmission Corporation (GTC) is headquartered in Tucker, Georgia, serving about 2.1 million consumers across 152 counties in Georgia and two counties in north Florida.

South Dakota got a \$380 million loan in 2023 to build and improve over 1,000 miles of line. It includes investment of over \$13 million in smart grid technologies. This investment will be used to connect approximately 6,000 customers across multiple counties in South Dakota.

The requested amount will support 85 loans that will benefit 150,000 customers.

The administration has called for a whole-of -government approach to achieving net zero greenhouse gas emissions by 2050, and USDA has a critical role to play to avoid the works impacts of climate change. Funding for this program will contribute to the goal of 100 percent clean electricity by 2035.

3. A decrease of \$900,000,000 for Guaranteed Electric Underwriting for Bonds and Notes (\$900,000,000 available in 2024).

The reduction in funding requested for the guaranteed underwriting program in 2025 can be offset through continued access by most of the lenders' eligible borrowers to direct financing for rural electrification and telecommunications under the Direct Treasury Rate Electric Loans, Electric FFB loans and Telecommunications Direct Treasury Loans. The change will not affect overall capital available for rural electrification and telecommunications investment.

4. A decrease of \$22,594,000 in program level for the Telecommunications Direct Treasury Loan program (\$358,269,000 available in 2024).

This program provides telecommunication loans to finance the improvement or extension of telecommunications service in rural areas. All telecommunications facilities financed must be broadband capable. This program enhances rural prosperity through access to capital that often is not available from the private sector. Program funding provides for broadband infrastructure deployment projects at reasonable rates and terms so that rural communities are affordable places to live, expand private sector businesses, and farm. Broadband service improves the quality of life and helps reduce outmigration, ensures continuity of growth in the agriculture and business sectors, and attracts people to live and invest in rural places.

Over the last four years the telecommunications program obligated over \$275.3 million through 18 direct telecommunication loans to telecommunication companies and. In that time, the top three funded states have been Arizona with \$58.2 million, California with \$55.6 million, and Alaska with \$25 million. Of the 18 loans obligated over the past four years, four went to persistent poverty areas, making up approximately 30 percent of the total obligations. These investments ensure that rural areas have access to affordable and reliable telecommunication services comparable to those available throughout the rest of the United States. In those years, obligations in persistent poverty areas have averaged twenty-six percent of obligations.

The funding request for 2025 of \$335.7 million in program level is projected to support approximately 38 loans providing improved telecommunication facilities benefitting rural subscribers with improved educational opportunities, health care, safety, security, higher employment, while supporting the creation of good paying jobs. The decrease is also based on the current obligations trend for this program, which has experienced lower demand as the Telecomm borrowers are seeking ReConnect funding, particularly grant funds to support the

expansion of broadband.

5. A decrease of \$11,206,000 in program level for the Rural Energy Savings program (\$64,282,000 available in 2024).

The Rural Energy Savings Program (RESP) was created by the 2014 Farm Bill and provides subsidized zero interest loans to local utilities or other entities to then relend funds at very low interest rates directly to rural consumers for installation of energy efficiency measures. The program also supports the development of measurement and verification systems to help rural entities manage their energy savings loan programs.

Applications for this program are accepted on a first come, first served basis until the depletion of available funding. Loans are made to corporations, states, territories, and subdivisions and agencies thereof; municipalities; people's utility districts; and cooperative, nonprofit, limited-dividend, or mutual associations that provide or propose to provide: the retail electric service needs of rural areas, or the power supply needs of distribution borrowers under the terms of power supply arrangements satisfactory to RUS, or, eligible purposes under RESP, including energy efficiency, renewable energy, energy storage or energy conservation measures and related services, improvements, financing, or relending.

The loan terms are up to 20 years at a zero percent interest rate, up to five percent interest rate for relending to end users qualified consumers, for up to 10 years, and up to 4 percent for the loan total may be used for startup costs. Eligible applicants under the RESP include current and former RUS borrowers, subsidiaries of current or former RUS borrowers, and entities that provide retail electric service needs in rural areas. The funds may be used for the purpose of implementing energy efficiency measures to decrease energy use or cost for rural families and small businesses.

In 2023, RESP obligated \$201.1 million through 10 loans in nine states with Colorado receiving the highest obligation at \$75 million, followed by Arkansas with \$46.5 million, and Vermont with \$46 million. Of the total obligated in 2023, \$4.9 million will be used in Maryland to finance a relending program, administered by the Montgomery County Green Bank, to support ongoing programs in direct loans for energy efficiency, renewable energy, and electric vehicle charging improvements to commercial and industrial small businesses, including office, retail, multifamily, institutional, and manufacturing properties. The Montgomery County Green Bank Corporation is a publicly chartered nonprofit corporation, dedicated to accelerating energy efficiency, renewable energy, and clean energy investment in Montgomery County, Maryland.

The 2025 budget request continues the process of ensuring that Federal funding no longer directly subsidizes fossil fuels, as required in Section 209 of Executive Order 14008, *Tackling the Climate Crisis at Home and Abroad*. RUS will ensure that RESP is not directly subsidizing fossil fuels by limiting projects to investments that increase efficiency. RESP funding of \$53.075 million in program level in 2025 will support an estimated three loans. In addition to the requested funding, RESP can support additional activity with carryover funding.

This program also will contribute to reaching environmental justice in disadvantaged communities and energy communities by advancing the EO 14008 directive of providing 40 percent of the benefits of Federal programs to disadvantaged communities. The requested funding will continue to support renewable energy improvements at the consumer level that will result in less demand for carbon-based power from electric cooperatives. The funding request includes \$10 million in program level to support Energy Communities as defined in EO 14008 section 217 and 218. This funding will support communities that are impacted by sifting to a clean energy economy. The funding is essential to foster economic revitalizations of and investments in these communities, ensure the creation of good jobs and secure the benefits that have been earned by workers.

6. A decrease of \$800,000 in budget authority for the Rural Energy Savings program (\$11,500,000 available in 2024).

This is the budget authority necessary to support the requested program level.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS

Table RUS-33. Rural Electric Federal Financing Bank Loans Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Arkansas.....	\$13,760	\$49,735	-	-

2025 USDA EXPLANATORY NOTES - RURAL UTILITIES SERVICE

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Georgia.....	123,816	755,208	-	-
Iowa.....	-	3,500	-	-
Kansas.....	7,500	21,000	-	-
Kentucky.....	203,670	-	-	-
Louisiana.....	79,343	-	-	-
Michigan.....	27,044	-	-	-
Minnesota.....	39,460	-	-	-
Mississippi.....	-	492,659	-	-
Missouri.....	13,400	375,021	-	-
North Carolina.....	32,000	-	-	-
North Dakota.....	29,340	-	-	-
Ohio.....	9,882	-	-	-
Pennsylvania.....	36,000	-	-	-
South Carolina.....	71,550	-	-	-
Texas.....	36,523	48,542	-	-
Distribution Unknown.....	-	-	\$2,167,000	\$2,167,000
Obligations.....	723,288	1,745,665	2,167,000	2,167,000
Lapsing Balances.....	713,477	421,335	-	-
Total, Available.....	1,436,765	2,167,000	2,167,000	2,167,000

Table RUS-34. Rural Electric Direct Treasury Rate Loans Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Alabama.....	-	\$78,757	-	-
Arkansas.....	\$246,296	58,888	-	-
Colorado.....	48,409	-	-	-
Florida.....	368,000	317,400	-	-
Georgia.....	468,389	1,146,615	-	-
Idaho.....	21,832	-	-	-
Indiana.....	91,000	64,145	-	-
Iowa.....	31,500	17,000	-	-
Kansas.....	20,679	13,654	-	-
Kentucky.....	100,745	110,496	-	-
Michigan.....	288,395	55,273	-	-
Minnesota.....	139,695	242,924	-	-
Mississippi.....	158,070	-	-	-
Missouri.....	243,783	264,489	-	-
Montana.....	3,000	9,307	-	-
Nebraska.....	5,830	12,008	-	-
New Hampshire.....	15,217	-	-	-
New Mexico.....	20,893	124,457	-	-
North Carolina.....	197,887	149,181	-	-
North Dakota.....	104,235	109,307	-	-
Ohio.....	291,014	117,008	-	-
Oklahoma.....	-	33,907	-	-
Oregon.....	89,620	-	-	-
South Carolina.....	20,000	187,428	-	-
South Dakota.....	94,080	380,155	-	-
Tennessee.....	81,000	-	-	-
Texas.....	73,608	298,355	-	-
Utah.....	-	76,500	-	-
Virginia.....	230,000	-	-	-
Washington.....	5,430	41,324	-	-
Wisconsin.....	19,400	-	-	-
Distribution Unknown.....	-	-	\$4,333,000	\$4,333,000
Obligations.....	3,478,007	3,908,578	4,333,000	4,333,000
Lapsing Balances.....	1,085,228	424,422	-	-
Total, Available.....	4,563,235	4,333,000	4,333,000	4,333,000

Table RUS-35. Rural Electric Underwriter for Bonds and Notes Loans Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Colorado.....	-	\$450,000	-	-
Virginia.....	\$750,000	450,000	-	-
Distribution Unknown.....	-	-	\$900,000	-
Obligations.....	750,000	900,000	900,000	-
Total, Available.....	750,000	900,000	900,000	-

Table RUS-36. Rural Telecommunication Direct Treasury Rate Loans Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Alaska.....	\$25,000	-	-	-
Arizona.....	44,924	\$13,280	-	-
Georgia.....	16,096	-	-	-
Oklahoma.....	10,233	-	-	-
Washington.....	-	3,809	-	-
Distribution Unknown.....	-	-	\$358,269	\$335,676
Obligations.....	96,253	17,089	358,269	335,676
Lapsing Balances.....	-	69,763	-	-
Total, Available.....	96,253	86,852	358,269	335,676

Table RUS-37. Rural Telecommunication Federal Financing Bank Loans Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Alaska.....	\$5,000	-	-	-
Virginia.....	5,000	-	-	-
Obligations.....	10,000	-	-	-
Total, Available.....	10,000	-	-	-

Table RUS-38. Rural Electric Savings Program Loans Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Arkansas.....	\$10,000	\$46,500	-	-
California.....	-	250	-	-
Colorado.....	-	75,000	-	-
Hawaii.....	20,000	-	-	-
Maryland.....	-	4,900	-	-
Massachusetts.....	-	4,900	-	-
Ohio.....	2,500	-	-	-
Oklahoma.....	-	12,000	-	-
Oregon.....	-	12,500	-	-
Pennsylvania.....	1,000	-	-	-
Vermont.....	-	40,000	-	-
Virginia.....	8,320	-	-	-
Washington.....	30,000	5,000	-	-
Distribution Unknown.....	-	-	\$88,564	\$99,437
Obligations.....	71,820	201,050	88,564	99,437
Bal. Available, EOY.....	498,114	156,837	66,629	12,765
Total, Available.....	569,934	357,887	155,193	112,202

Table RUS-39. Rural Electric Federal Financing Bank Operating Loans Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
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2025 USDA EXPLANATORY NOTES - RURAL UTILITIES SERVICE

Kentucky	-	\$122,765	-	-
Texas	\$25,000	-	-	-
Obligations	25,000	122,765	-	-
Bal. Available, EOY	475,000	352,235	\$352,235	\$352,235
Total, Available	500,000	475,000	352,235	352,235

Table RUS-40. Rural Electric Treasury Rate Recovery Operating Loans Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Texas	\$178,035	-	-	-
Obligations	178,035	-	-	-
Total, Available	178,035	-	-	-

Table RUS-41. Inflation Reduction Act Renewable Energy Grants Administrative Expenses Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Expenditure Transfer to S&E	-	\$16,292	-	-
Obligations	-	16,292	-	-
Total, Available	-	16,292	-	-

Table RUS-42. Inflation Reduction Act Renewable Energy Loans Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Distribution Unknown	-	-	\$2,677,975	-
Obligations	-	-	2,677,975	-
Bal. Available, EOY	\$1,000,000	\$2,808,200	-	-
Total, Available	1,000,000	2,808,200	2,677,975	-

Table RUS-43. Inflation Reduction Act Electric Program Zero Percent Loans Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Distribution Unknown	-	-	\$1,671,492	\$548,564
Obligations	-	-	1,671,492	548,564
Bal. Available, EOY	\$9,700,000	\$3,923,259	1,076,554	444,076
Total, Available	9,700,000	3,923,259	2,748,046	992,639

Table RUS-44. Inflation Reduction Act Electric Program Two Percent Loans Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Distribution Unknown	-	-	\$12,967,016	\$3,819,760
Obligations	-	-	12,967,016	3,819,760
Bal. Available, EOY	-	\$83,121,212	8,351,637	3,092,187
Total, Available	-	83,121,212	21,318,653	6,911,947

Table RUS-45. Inflation Reduction Act Electric Program Grants Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Distribution Unknown	-	-	\$2,691,495	\$957,990
Obligations	-	-	2,691,495	957,990
Bal. Available, EOY	-	\$4,408,708	1,717,213	759,223
Total, Available	-	4,408,708	4,408,708	1,717,213

Table RUS-46. Salaries and Expenses Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Expenditure Transfer to S&E.....	\$33,270	\$33,270	\$33,270	\$33,270
Obligations.....	33,270	33,270	33,270	33,270
Total, Available.....	33,270	33,270	33,270	33,270

CLASSIFICATION BY OBJECTS

Table RUS-47 Classification by Objects – Discretionary Funding (thousands of dollars)

Item No.	Item	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Other Objects:					
25.3	Other goods and services from Federal sources	\$33,270	\$33,270	\$33,270	\$33,270
41.0	Grants, subsidies, and contributions	4,485	20,941	19,570	23,772
	Total, Other Objects	37,755	54,211	52,840	57,042
99.9	Total, new obligations	37,755	54,211	52,840	57,042

Table RUS-48 Classification by Objects – Mandatory Funding (thousands of dollars)

Item No.	Item	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Other Objects:					
25.3	Other goods and services from Federal sources.....	-	\$16,292	-	-
41.0	Grants, subsidies, and contributions	-	-	\$6,900,000	\$2,100,000
99.9	Total, new obligations.....	-	16,292	6,900,000	2,100,000

ACCOUNT 3: DISTANCE LEARNING, TELEMEDICINE AND BROADBAND PROGRAM

APPROPRIATIONS LANGUAGE

The appropriations language follows (new language underscored; deleted matter enclosed in brackets):

- 1 Distance Learning, Telemedicine and Broadband Program
 2
 3 For grants for telemedicine and distance learning services in rural areas, as authorized by 7 U.S.C. 950aaa et seq.,
 4 ~~[\$65,000,000]~~\$60,000,000, to remain available until expended: *Provided*, That \$3,000,000 shall be made available
 5 for grants authorized by section 379G of the Consolidated Farm and Rural Development Act: *Provided further*, That
 6 funding provided under this heading for grants under section 379G of the Consolidated Farm and Rural
 7 Development Act may only be provided to entities that meet all of the eligibility criteria for a consortium as
 8 established by this section.
 9
 10 [For the cost of broadband loans, as authorized by sections 601 and 602 of the Rural Electrification Act, \$2,037,000,
 11 to remain available until expended: *Provided*, That the cost of direct loans shall be as defined in section 502 of the
 12 Congressional Budget Act of 1974.]
 13
 14 For the cost to continue a broadband loan and grant pilot program established by section 779 of division A of the
 15 Consolidated Appropriations Act, 2018 (Public Law 115–141) under the Rural Electrification Act of 1936, as
 16 amended (7 U.S.C. 901 et seq.), [~~\$374,000,000~~]\$112,400,000, to remain available until expended: *Provided further*,
 17 That an entity to which a loan or grant is made under the pilot program shall not use the loan or grant to overbuild or
 18 duplicate broadband service in a service area by any entity that has received a broadband loan from the Rural
 19 Utilities Service unless such service is not provided sufficient access to broadband at the minimum service
 20 threshold.
 21
 22 In addition, \$35,000,000, to remain available until expended, for the Community Connect Grant Program
 23 authorized by 7 U.S.C. 950bb–3.

Change Description

The first change (line 10 and 12 of paragraph 2) removes language for the broadband program as it is not being requested in 2025. Budget authority is not necessary.

LEAD-OFF TABULAR STATEMENT

Table RUS-49. Lead-Off Tabular Statement (In dollars)

Item	Grants	Loan Level	Subsidy	Administrative Expenses
Estimate, 2024	\$428,383,317	\$174,255,000	\$24,200,000	\$13,920,000
Change in Appropriation	-239,363,317	-88,518,000	-10,316,000	-9,424,000
Budget Estimate, 2025	189,020,000	85,737,000	13,884,000	4,496,000

2025 USDA EXPLANATORY NOTES - RURAL UTILITIES SERVICE

PROJECT STATEMENTS

Table RUS-50. Project Statement on Basis of Appropriations (thousands of dollars)

Item	2022 Program Level	2022 Actual BA	2023 Program Level	2023 Actual BA	2024 Program Level	2024 Estimated BA	2025 Program Level	2025 Estimated BA	Program Level Inc. or Dec.	Chg Key	Budget Authority Inc. or Dec.	Chg Key
Discretionary Appropriations:												
Distance Learning and Telemed. (DLT)												
Grants	\$57,000	\$57,000	\$57,000	\$57,000	\$57,000	\$57,000	\$57,000	\$57,000	-	(1)	-	
DLT Delta Healthcare Services Grants	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	-	(1)	-	
Broadband Direct Treasury Rate Loans	14,609	2,181	14,674	2,000	14,409	2,000	-	-	-\$14,409	(2)	-\$2,000	(8)
Broadband Middle Mile Direct Loans.....	-	-	7,289	1,000	7,418	1,000	-	-	-7,418	(3)	-1,000	(8)
Broadband Grants.....	35,091	35,091	35,000	35,000	35,000	35,000	35,000	35,000	-	(4)	-	
ReConnect BB 100% Grant	247,038	247,038	213,440	213,440	213,440	213,440	50,648	50,648	-162,792	(5)	-162,792	(8)
ReConnect BB 100% Loans.....	113,533	25,000	89,443	12,200	54,174	12,200	45,737	10,300	-8,437	(5)	-1,900	(8)
ReConnect BB 50% Loans	77,399	20,000	89,109	9,000	98,253	9,000	40,000	3,584	-58,253	(5)	-5,416	(8)
ReConnect BB 50% Grant	77,400	77,400	89,000	89,000	89,000	89,000	40,000	40,000	-49,000	(5)	-49,000	(8)
ReConnect BB TA.....	13,098	13,098	10,440	10,440	10,440	10,440	3,372	3,372	-7,068	(5)	-7,068	(8)
ReConnect BB Admin.....	17,464	17,464	13,920	13,920	13,920	13,920	4,496	4,496	-9,424	(5)	-9,424	(8)
Congressionally Direct Spending DLT												
Grants	2,510	2,510	4,991	4,991	4,991	4,991	-	-	-4,991	(6)	-4,991	
Congressionally Direct Spending ReConnect												
Grants	36,605	36,605	15,512	15,512	15,512	15,512	-	-	-15,512	(7)	-15,512	
Subtotal.....	694,747	536,387	642,817	466,503	616,558	466,503	279,253	207,400	-337,305		-259,103	
Supplemental Appropriations:												
Bipartisan Infrastructure Law:												
ReConnect BB 100% Grant BIL.....	1,095,920	1,095,920	-	-	-	-	-	-	-	-	-	
ReConnect BB 100% Loan BIL.....	300,000	66,060	-	-	-	-	-	-	-	-	-	
ReConnect BB 50% Loan BIL.....	500,000	129,200	-	-	-	-	-	-	-	-	-	
ReConnect BB 50% Grant BIL.....	500,000	500,000	-	-	-	-	-	-	-	-	-	
ReConnect BB TA BIL	60,000	60,000	-	-	-	-	-	-	-	-	-	
ReConnect BB Admin BIL	80,000	80,000	-	-	-	-	-	-	-	-	-	
Broadband Direct BIL.....	460,951	68,820	-	-	-	-	-	-	-	-	-	
Subtotal.....	2,996,871	2,000,000	-	-	-	-	-	-	-	-	-	
Total Appropriation.....	3,691,618	2,536,387	642,817	466,503	616,558	466,503	279,253	207,400	-337,305		-259,103	
Balances Interchange.....	-	-	-50,251	-16,518	-	-	-	-	-	-	-	
Recoveries, Other.....	1,485,957	30,437	174,390	55,624	10,873	10,873	7,612	7,612	-3,261		-3,261	
Rescinded Balances.....	-	-	-610	-610	-	-	-10,884	-10,884	-10,884		-10,884	
Bal. Available, SOY.....	1,647,448	993,935	3,858,336	2,315,238	2,432,081	1,145,401	1,707,816	668,846	-724,266		-476,555	
Total Available.....	6,825,023	3,560,759	4,624,683	2,820,237	3,059,513	1,622,777	1,983,797	872,974	-1,075,716		-749,803	
Bal. Available, EOY.....	-5,327,756	-2,315,238	-2,511,298	-1,145,401	-1,767,809	-668,846	-927,738	-335,539	+840,070		+333,307	
Total Obligations.....	1,497,267	1,245,521	2,113,385	1,674,837	1,291,704	953,931	1,056,059	537,435	-235,645		-416,496	

2025 USDA EXPLANATORY NOTES - RURAL UTILITIES SERVICE

Table RUS-51. Project Statement on Basis of Obligations (thousands of dollars)

Item	2022 Program Level	2022 Actual BA	2023 Program Level	2023 Actual BA	2024 Program Level	2024 Estimated BA	2025 Program Level	2025 Estimated BA	Program Level Inc. or Dec.	Budget Authority Inc. or Dec.
Discretionary Obligations:										
Distance Learning and Telemed. (DLT) Grants.....	\$3,705	\$3,705	\$77,722	\$77,722	\$78,900	\$78,900	\$74,100	\$74,100	-\$4,800	-\$4,800
DLT Delta Healthcare Services Grants	3,079	3,079	4,616	4,616	3,400	3,400	3,300	3,300	-100	-100
Broadband Grants.....	10,000	10,000	1,802	1,802	38,000	38,000	37,800	37,800	-200	-200
ReConnect BB 100% Grant	558,302	558,302	228,689	228,689	320,000	320,000	135,000	135,000	-185,000	-185,000
ReConnect BB 100% Loans.....	151,815	33,430	-	-	172,735	38,900	141,359	36,400	-31,376	-2,500
ReConnect BB 50% Loans	109,028	28,173	-	-	106,987	9,800	108,416	9,200	+1,429	-600
ReConnect BB 50% Grant	120,712	120,712	-	-	225,000	225,000	149,000	149,000	-76,000	-76,000
ReConnect BB TA (Exp Trfr to S&E).....	2,434	2,434	3,775	3,775	9,900	9,900	9,800	9,800	-100	-100
ReConnect BB Admin (Exp Trfr to S&E).....	15,725	15,725	9,357	9,357	22,000	22,000	16,500	16,500	-5,500	-5,500
Broadband Sec.6207 Admin (Exp Trfr to S&E).....	-	-	2,758	2,758	2,823	2,823	-	-	-2,823	-2,823
Congressionally Direct Spending DLT Grants	2,396	2,396	4,991	4,991	5,105	5,105	-	-	-5,105	-5,105
Congressionally Direct Spending ReConnect Gts.....	-	-	3,109	3,109	49,800	49,800	14,720	14,720	-35,080	-35,080
GP 775 and 761: DLT Opioid Epidemic.....	552	552	5,596	5,596	1,352	1,352	-	-	-1,352	-1,352
Subtotal Disc. Obligations.....	977,748	778,508	342,416	342,416	1,036,002	804,980	689,995	485,820	-346,007	-319,160
Supplemental Obligations:										
Bipartisan Infrastructure Law:										
ReConnect BB 100% Grant BIL.....	399,438	399,438	1,051,252	1,051,252	327	327	-	-	-327	-327
ReConnect BB 100% Loan BIL.....	36,493	8,036	309,210	42,176	-	-	-	-	-	-
ReConnect BB 50% Loan BIL.....	32,428	8,379	190,784	19,269	-	-	-	-	-	-
ReConnect BB 50% Grant BIL.....	51,160	51,160	211,143	211,143	-	-	-	-	-	-
ReConnect BB TA BIL (Exp Trfr to S&E).....	-	-	550	550	59,450	59,450	-	-	-59,450	-59,450
ReConnect BB Admin BIL (Exp Trfr to S&E).....	-	-	8,030	8,030	71,970	71,970	-	-	-71,970	-71,970
Broadband Direct BIL.....	-	-	-	-	123,955	17,205	366,064	51,615	+242,108	+34,410
Subtotal Supp Oblig	519,519	467,013	1,770,969	1,332,421	255,702	148,952	366,064	51,615	+110,362	-97,337
Total Obligations.....	1,497,267	1,245,521	2,113,385	1,674,837	1,291,704	953,931	1,056,059	537,435	-235,645	-416,496
Add back:										
Balances Available, EOY:										
Distance Learning and Telemed. (DLT) Grants.....	70,647	70,647	56,181	56,181	64,271	64,271	52,238	52,238	-12,033	-12,033
DLT Delta Healthcare Services Grants	631	631	0	0	290	290	473	473	+183	+183
Broadband Direct Treasury Rate Loans	83,177	11,337	41,393	5,745	52,017	7,745	-	-	-52,017	-7,745
Broadband Middle Mile Direct Loans.....	-	-	11,128	1,500	18,222	2,500	-	-	-18,222	-2,500
Broadband Grants.....	53,612	53,612	78,933	78,933	55,286	55,286	53,925	53,925	-1,361	-1,361
ReConnect BB 100% Grant	220,938	220,938	206,889	206,889	101,169	101,169	17,405	17,405	-83,764	-83,764
ReConnect BB 100% Loans.....	999,869	136,382	733,274	165,133	537,605	138,433	436,246	112,333	-101,359	-26,100
ReConnect BB 50% Loans.....	220,577	22,278	358,300	32,820	357,370	32,020	294,691	26,404	-62,679	-5,616
ReConnect BB 50% Grant	149,270	149,270	255,683	255,683	119,683	119,683	10,683	10,683	-109,000	-109,000
ReConnect BB TA (Exp Trfr to S&E).....	41,433	41,433	48,098	48,098	48,638	48,638	43,334	43,334	-5,304	-5,304
ReConnect BB Admin (Exp Trfr to S&E)	34,965	34,965	39,528	39,528	31,448	31,448	18,320	18,320	-13,128	-13,128
Broadband Sec.6207 Admin (Exp Trfr to S&E	-	-	2,823	2,823	-	-	-	-	-	-
Congressionally Direct Spending DLT Grants.....	114	114	114	114	-	-	-	-	-	-

2025 USDA EXPLANATORY NOTES - RURAL UTILITIES SERVICE

Item	2022 Program Level	2022 Actual BA	2023 Program Level	2023 Actual BA	2024 Program Level	2024 Estimated BA	2025 Program Level	2025 Estimated BA	Program Level Inc. or Dec.	Budget Authority Inc. or Dec.
Congressionally Direct Spending ReConnect Grants	36,605	36,605	49,008	49,008	14,720	14,720	-	-	-14,720	-14,720
GP 775 and 761: DLT Opioid Epidemic.....	2,826	2,826	1,352	1,352	-	-	-	-	-	-
ReConnect BB 100% Grant BIL.....	696,482	696,482	327	327	-	-	-	-	-	-
ReConnect BB 100% Loan BIL.....	425,398	58,024	0	0	0	0	0	0	-	-
ReConnect BB 50% Loan BIL.....	1,196,243	120,821	0	0	0	0	0	0	-	-
ReConnect BB 50% Grant BIL.....	448,840	448,840	-	-	-	-	-	-	-	-
ReConnect BB TA BIL (Exp Trfr to S&E).....	60,000	60,000	59,450	59,450	-	-	-	-	-	-
ReConnect BB Admin BIL (Exp Trfr to S&E)	80,000	80,000	71,970	71,970	-	-	-	-	-	-
Broadband Direct BIL.....	504,916	68,820	495,821	68,820	366,064	51,615	-	-	-366,064	-51,615
CARES Act - DLT Grants.....	610	610	424	424	424	424	424	424	-	-
Public Broadcasting System Grants	604	604	604	604	604	604	-	-	-604	-604
DLT Modification BB Direct Financing Account	0	0	0	0	0	0	0	0	-	-
Total Bal. Available, EOY	5,327,756	2,315,238	2,511,298	1,145,401	1,767,809	668,846	927,738	335,539	-840,070	-333,307
Total Available.....	6,825,023	3,560,759	4,624,683	2,820,237	3,059,513	1,622,777	1,983,797	872,974	-1,075,716	-749,803
Less:										
Balances Interchange.....	-	-	50,251	16,518	-	-	-	-	-	-
Recoveries, Other	-1,485,957	-30,437	-174,390	-55,624	-10,873	-10,873	-7,612	-7,612	+3,261	+3,261
Rescinded Balances.....	-	-	610	610	-	-	10,884	10,884	+10,884	+10,884
Bal. Available, SOY.....	-1,647,448	-993,935	-3,858,336	-2,315,238	-2,432,081	-1,145,401	-1,707,816	-668,846	+724,266	+476,555
Total Appropriation.....	3,691,618	2,536,387	642,817	466,503	616,558	466,503	279,253	207,400	-337,305	-259,103

JUSTIFICATION OF CHANGES**Distance Learning, Telemedicine and Broadband**

The numbers and letters of the following listing relates to values in the Change (Chg) Key column of the Project Statement:

1. No change for Distance Learning and Telemedicine Grants (\$60,000,000 available in 2024).

The DLT Program supports rural schools and learning centers gaining access to improved educational resources. Distance learning projects provide funding for Internet-based educational services in schools and libraries and promote confidence in, and understanding of, the Internet and its benefits to students and young entrepreneurs. Grants through this program are also being used to address the nation's need for additional science, technology, engineering, and mathematics (STEM) educational resources.

This program is designed specifically to meet the educational and health care needs of rural America by providing grants for advanced telecommunications technologies that provide enhanced learning and health care opportunities for rural residents. Telemedicine can help hospitals meet operational and financial challenges by helping to increase volume, improve quality, and save on staffing costs. Even small rural hospitals can expand to provide highly specialized health services and expertise without the tremendous costs of incentivizing and relocating specialty physicians.

Millions of Americans in rural areas have limited access to healthcare and educational services and very few private sector providers would likely consider working in the rural sector. For many small communities that are currently underserved, lower-income and extremely rural, RUS represents the primary financial assistance available. If the program was not funded the ability of rural Americans to access critical telemedicine and distance learning services would diminish.

In 2023, the program obligated \$83.3 million through 146 grants. The agency had seven grants totaling \$3.8 million for persistent poverty, and 44 grants totaling \$24.6 million for programs addressing the Opioid Epidemic and Substance use disorders. Over the past six years, 2023 was the year with the highest total obligations. In 2023, approximately 47 percent of the obligations occurred in the South; the states with the highest obligations were Oklahoma with \$8 million, and Ohio with \$6 million. Funding for DLT grants helps rural communities use the unique capabilities of telecommunications to connect to each other and to the world, overcoming the effects of remoteness, low population density, and persistent poverty, with three percent of the grants in the last six years going to persistent poverty communities. RUS anticipates issuing a Notice of Solicitation of Applications (NOSA) for the DLT grants program for 2024 early in the year. The purpose of the NOSA is to allow potential applicants time to submit proposals and give the agency time to process applications. RUS will publish on its website the amount of funding received through the final appropriations act. The agency sets aside funding for projects that seek to reduce the morbidity and mortality associated with substance use disorder, including opioid misuse, in rural communities by strengthening the capacity to address prevention, treatment and/or recovery at the community level. The minimum grant amount for this program is \$50,000 and the maximum grant amount is \$1 million. A minimum 15 percent match is required and cannot be from another federal source.

In 2023 \$8 million in obligations in Oklahoma will go towards 10 projects to equip hub sites and end user sites with telemedicine equipment. The investment will provide 61 hub and 98 end user sites with telehealth carts, including peripherals, fixed wall mounted telehealth devices, tablets, video conferencing equipment, visual classroom equipment, and touch panels. Medical professionals, students, teachers, and residents will benefit from the professional development opportunities and mental health services and medical access that these funds provided. This will impact over 125 locations and 295,820 students and residents.

Also in 2023, Ohio got \$6 million in obligations that was used to equip approximately 32 hub and 38 end user sites expanding Telehealth access throughout Ohio. The equipment will help deploy Telemedicine carts, interactive display panels, web cams, distance learning technology and equipment, and interactive video conferencing systems. This investment will allow medical professionals, educators, students, and residents to access mental health and addiction services, primary and specialty care, increased post-secondary course providers, career-focused educational instruction, and industry recognized credentialing courses to over 35 locations and approximately 20,000 residents.

When the NOSA is published, the agency will further the success of the DLT program by scheduling a series of webinars to review the program requirements with potential applicants and interested parties. In addition to the webinars, the Telecommunications Program's General Field Representatives (GFRs) attend different industry events throughout the year for outreach purposes and to advertise the program. GFRs also meet one-to-one with prospective applicants that request a meeting. All webinars and meetings are open to the public.

The funding request of \$57 million for 2025 is projected to provide distance learning and telemedicine services through approximately 96 projects that will provide healthcare and educational access in unserved or underserved rural communities. The requested funding will enable the agency to finance telemedicine projects to help address the Nation's opioid epidemic and finance distance learning projects that help address the additional STEM educational resources. By statute, 20 percent of the funding for this program will be set aside for projects related to opioids.

This program provides grant funds for developing health care services, health care cooperatives, health education programs, and public health-related facilities in the Delta Region. This program supports RD's Strategic Goal of improving the quality of life in rural America by enhancing the ability of rural businesses to succeed by providing access to enhanced healthcare. These grants are targeted to a consortium of regional institutions of higher education, academic health and research institutes, and economic development entities in the region that have experience in addressing health care issues. The budget is requesting \$3 million for the health care services grant program.

2. A decrease of \$14,409,000 in loan level for Broadband Treasury Direct Loan program (\$14,409,000 available in 2024).

This program is not requested in the Budget. The needs for broadband are being supported by the ReConnect program and the unobligated balances from the BIL.

3. A decrease of \$7,418,000 in loan level for the Broadband Middle Mile Direct Loans program (\$7,418,000 available in 2024).

This program is not requested in the Budget. The needs for broadband are being supported by the ReConnect program and the unobligated balances from the BIL and discretionary funding.

4. No change for Broadband Community Connect Grants (\$35,000,000 available in 2024).

This program funds eligible entities that provide public access to broadband in otherwise unserved communities. Funds must be used to deploy broadband service and offer free broadband service to critical community facilities for two years.

Over the last five years, the Community Connect Grant Program obligated \$96 million through 47 community connect grants across the Nation. In that time, the top three funded states have been Oklahoma with \$15.6 million, followed by Virginia with \$13.2 million, and Alaska with \$9.9 million. In those years, obligations in persistent poverty areas have averaged 25 percent. The projects funded through the Community Connect Program help rural residents tap into the enormous potential of the Internet for jobs, education, healthcare, public safety, and community development.

Funding for the broadband telecommunications grant program will continue to provide residents in rural America with essential high-speed Internet services. The funding request of \$35 million for 2025 is expected to support approximately eight broadband grants that will provide broadband access in rural communities where service is primarily unavailable. Targeting unserved communities that lack traditional investment opportunities with grant funds is the only way to ensure these economically challenged rural communities are served.

5. A decrease of \$294,974,000 for the ReConnect Program Level (\$479,227,000 available in 2024).

This program was established by Section 779 of the Consolidated Appropriations Act of 2018, to conduct a new broadband loan and grant pilot program under the Rural Electrification Act (7 U.S.C. 901 et seq.). The program's objective is to fund broadband-capable infrastructure in rural communities of 20,000 or less where at least 90 percent of the households to be served are without sufficient access to broadband. The funding would also restrict overbuilding or duplicating broadband expansion efforts of any entity that has received a broadband loan from RUS. A wide variety of entities are eligible for funding, including incumbent and competitive rural

telephone and broadband service providers, rural electric cooperatives, private firms (but not sole proprietors or partnerships), nonprofits and government bodies.

The ReConnect Program expands customer service by providing borrowers with three separate funding categories to choose from:

- 100 Percent Loan Funds are awarded on a rolling basis until exhausted, with a 2 percent fixed interest rate. There is \$150 million in total funds with a \$50 million maximum per project.
- Loan-Grant Combination (50 percent loan/50 percent grant) Funds are awarded competitively based on scoring criteria with an interest rate set at the U.S. Treasury rate at the time of each advance of funds. There is \$150 million in total funds for loans and \$150 million for grants. There is a maximum of \$25 million for the loan per project and \$25 million for the grant per project, and the loan and grant amounts will always be equal.
- 100 Percent Grant Funds are awarded competitively based on scoring criteria with a 25 percent cash match requirement. The total funds are \$150 million with a \$25 million maximum per project. There is a \$35 million maximum per project if the proposed funded service area (PFSA) meets certain guidelines detailed in the Funding Opportunity Announcement (FOA).
 - 100 Percent Grant for Tribal Governments, Alaska Native Corporations, Colonias, Persistent Poverty Areas, and Socially Vulnerable Communities-Funding is available only to those entities and areas defined in the FOA. There is no cash match if the applicant meets the requirements for this type of funding as set forth in the FOA. \$350 million is available in total funds with a maximum of \$25 million per project. There is a \$35 million maximum per project if the PFSA meets certain guidelines detailed in the FOA.
 - 100 Percent Grant for projects where 90 percent of households lack sufficient access to broadband- Applicants must demonstrate that at least 90 percent of homes in the proposed service area do not have sufficient access to broadband as defined in the FOA. There are no matching funds required. \$200 million is available in total funds with a \$25 million maximum per project.

The multiple funding categories enhance rural prosperity through access to capital that is often not available from the private sector and provides for broadband infrastructure deployment projects at reasonable rates and terms so that rural communities are affordable places to live, private sector businesses can expand, and farms can reach their potential.

The overwhelming majority of projects funded under Telecom programs in the last six years have proposed to deploy a Fiber-to-the-Premise (FTTP) network. This is not surprising because many rural telecommunications providers and electric cooperatives have demonstrated a preference to deploy fiber-based networks. Such facilities can operate for 20 to 30 years into the future, in contrast to wireless networks whose equipment must be replaced every 3 to 5 years. Additionally, FTTP systems can deliver speeds over 1 Gigabits per second to end-users.

In facilitating the expansion of broadband services and infrastructure, the program continues to fuel long-term rural economic development and opportunities in rural America. On January 1, 2023, the program published a final rule (88 FR 5742) with comment to the Federal Register. The intent of final rule was to remove outdated requirements, ensure that the requirements in the regulation were clear and accurate as presented, and in compliance with federal reporting requirements. These changes will help to provide clarity for the applicants as they prepare their applications for the ReConnect Program. The final rule received three comments and the program published a final rule as a confirmation and response to comments on May 25, 2023, in the Federal Register (88 FR 33816). The three comments resulted in no change to the rule making.

Since its establishment in 2018, the ReConnect program has been implemented by issuing four Notice of Funding Opportunities (NOFOs). The ReConnect program has received successive appropriations and has matured due to Agency experience and feedback provided by stakeholders. The Bipartisan Infrastructure law (BIL) signed into law November 15, 2021, provided the ReConnect program with \$2 billion in funding to provide rural e-Connectivity for rural customers across America. To date, USDA has invested in 88 projects in the fourth round of the ReConnect Program. These investments represent \$1.76 billion in grant and loan funding for high-speed internet. The funded service areas include a total of 100,393 households in over 30 states and territories with most of the funding going to Alaska and the Midwest.

The ReConnect program anticipates announcing a NOFO to open the fifth-round application window by the end of 2024. The NOFO will use funds appropriated under the Consolidated Appropriations Act, 2023 (P. L. 117–328).

On June 12, 2023, Secretary Vilsack announced \$714 million in grant and loan funds were obligated to connect thousands of rural residents, farmers, and business owners in 19 states to reliable, affordable high-speed internet. These investments will be made in the states of Alaska, Arkansas, Arizona, California, Georgia, Idaho, Kansas, Kentucky, Minnesota, Missouri, Montana, New Mexico, Ohio, Oklahoma, Oregon, South Carolina, Tennessee, Utah and Washington. In the South, the home Telephone Company received funding to connect nearly 4,000 people, 49 businesses, 46 farms and two educational facilities to high-speed internet in Berkeley County, South Carolina. In the West, The North-State Telephone Co. will deploy a FTTP network connecting 1,490 people, 64 businesses and 43 farms in Wasco County, Oregon, to high-speed internet. The Cal-Ore Telephone Company will connect 757 people, 45 businesses, 14 farms and four educational facilities to high-speed internet in Modoc and Siskiyou counties in California. Both companies will make monthly internet service affordable by participating in the Federal Communications Commission’s Affordable Connectivity Program. In the Midwest, Missouri’s Goodman Telephone Company Inc. will connect nearly 7,000 people, 206 farms, 140 businesses and two educational facilities to high-speed internet in McDonald and Newton counties.

These funds will support an estimated 47 FTEs and \$9.1 million in IT investments related to the deployment of this program and will finance approximately 52 loans and grants in 2025. Unobligated funds from prior year appropriations as well as the BIL funding will continue to support the demand for this program.

- 6. A decrease of \$4,991,000 for the Distance Learning and Telemedicine Community Project Funding (\$4,991,000 available 2024).

Funding for these projects is not included in the Budget request.

- 7. A decrease of \$15,512,317 for the ReConnect Broadband Community Project Funding (\$15,512,317 available in 2024).

Funding for these projects is not included in the Budget request.

- 8. A decrease of \$238,600,000 in budget authority for the Distance Learning, Telemedicine and Broadband program account (\$351,000,000 available in 2024).

This is the budget authority necessary to support the program level requested for Distance Learning, Telemedicine and Broadband programs.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS

Table RUS-52. Distance Learning and Telecommunications Grants Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Alabama	-	\$2,300	-	-
Alaska	-	2,880	-	-
Arizona.....	-	584	-	-
Arkansas.....	-	265	-	-
California	-	1,648	-	-
Colorado.....	-	2,043	-	-
Florida.....	-	166	-	-
Georgia.....	-	2,658	-	-
Idaho	\$501	2,811	-	-
Illinois	-	3,374	-	-
Indiana.....	-	403	-	-
Iowa.....	277	122	-	-
Kansas	-	683	-	-
Kentucky.....	940	3,102	-	-
Louisiana.....	-	1,490	-	-
Maine	-	1,597	-	-
Michigan	-	970	-	-
Minnesota.....	-	1,024	-	-
Mississippi	-	2,605	-	-

2025 USDA EXPLANATORY NOTES - RURAL UTILITIES SERVICE

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Missouri	-	2,638	-	-
Montana	-	185	-	-
Nebraska	-	907	-	-
Nevada	-	488	-	-
New Hampshire	-	130	-	-
New Jersey	-	232	-	-
New Mexico	-	475	-	-
New York	-	1,934	-	-
North Carolina	944	2,912	-	-
Ohio	585	5,923	-	-
Oklahoma	-	8,042	-	-
Oregon	-	1,784	-	-
Pennsylvania	-	3,753	-	-
South Carolina	-	3,065	-	-
Tennessee	-	3,425	-	-
Texas	230	304	-	-
Utah	-	1,720	-	-
Vermont	-	635	-	-
Virgin Islands	-	185	-	-
Virginia	-	2,484	-	-
Washington	-	2,280	-	-
West Virginia	-	2,340	-	-
Wisconsin	227	1,066	-	-
Wyoming	-	89	-	-
Distribution Unknown	-	-	\$78,900	\$74,100
Obligations	3,705	77,722	78,900	74,100
Bal. Available, EOY	70,647	56,181	64,271	52,238
Total, Available	74,352	133,902	143,171	126,338

Table RUS-53. Distance Learning and Telemedicine Delta Health Service Grants Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Alaska	\$1,449	\$845	-	-
Kentucky	1,631	1,000	-	-
Mississippi	-	1,999	-	-
Tennessee	-	772	-	-
Distribution Unknown	-	-	\$3,400	\$3,300
Obligations	3,079	4,616	3,400	3,300
Bal. Available, EOY	631	0	290	473
Total, Available	3,710	4,616	3,690	3,773

Table RUS-54. Broadband Telecommunications Grants Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Alaska	\$3,000	-	-	-
Arizona	-	\$1,802	-	-
Oklahoma	4,000	-	-	-
Washington	3,000	-	-	-
Distribution Unknown	-	-	\$38,000	\$37,800
Obligations	10,000	1,802	38,000	37,800
Bal. Available, EOY	53,612	78,933	55,286	53,322
Total, Available	63,611	80,735	93,286	91,122

Table RUS-55. Broadband Pilot 100 percent Grants Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Alabama	\$3,952	\$4,613	-	-
Alaska	83,767	11,735	-	-
Arizona	17,115	3,581	-	-
Arkansas	13,596	4,135	-	-
California	17,623	-	-	-

2025 USDA EXPLANATORY NOTES - RURAL UTILITIES SERVICE

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Colorado.....	13,885	1,466	-	-
Georgia.....	-	11,385	-	-
Idaho.....	-	7,458	-	-
Illinois.....	-	12,805	-	-
Iowa.....	-	6,601	-	-
Kansas.....	6,320	500	-	-
Kentucky.....	12,024	6,594	-	-
Louisiana.....	-	5,710	-	-
Maine.....	-	60	-	-
Maryland.....	-	2,667	-	-
Michigan.....	34,417	13,338	-	-
Minnesota.....	6,604	1,655	-	-
Mississippi.....	30,339	665	-	-
Missouri.....	18,052	29,529	-	-
Montana.....	12,595	8,352	-	-
Nebraska.....	-	2,061	-	-
Nevada.....	27,155	1,731	-	-
New Mexico.....	25,000	10,520	-	-
New York.....	-	9,643	-	-
North Carolina.....	42,132	5,884	-	-
North Dakota.....	46,259	1,052	-	-
Oklahoma.....	58,036	15,698	-	-
Oregon.....	-	3,436	-	-
Palmyra Atoll.....	34,991	-	-	-
South Carolina.....	-	2,963	-	-
South Dakota.....	16,958	7,036	-	-
Tennessee.....	-	7,685	-	-
Texas.....	27,892	3,920	-	-
Utah.....	-	8,580	-	-
Virginia.....	-	9,930	-	-
West Virginia.....	-	4,131	-	-
Wisconsin.....	-	244	-	-
Wyoming.....	9,593	1,327	-	-
Distribution Unknown.....	-	-	\$320,000	\$135,000
Obligations.....	558,302	228,689	320,000	135,000
Bal. Available, EOY.....	220,938	206,889	101,169	17,405
Total, Available.....	779,240	435,578	421,169	152,405

Totals may not add due to rounding.

Table RUS-56. Broadband Pilot 100 percent Loans Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
California.....	\$28,251	-	-	-
Idaho.....	10,583	-	-	-
Illinois.....	25,282	-	-	-
Iowa.....	3,797	-	-	-
Michigan.....	3,303	-	-	-
Missouri.....	12,357	-	-	-
New Mexico.....	28,928	-	-	-
North Dakota.....	16,880	-	-	-
Oregon.....	17,617	-	-	-
Texas.....	4,816	-	-	-
Distribution Unknown.....	-	-	\$172,735	\$141,359
Obligations.....	151,815	-	172,735	141,359
Bal. Available, EOY.....	999,869	\$733,274	537,605	436,246
Total, Available.....	1,151,684	733,274	710,341	577,605

Table RUS-57. Broadband Pilot 50 percent Loans Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Alabama.....	\$24,866	-	-	-
California.....	9,971	-	-	-
Iowa.....	12,557	-	-	-

2025 USDA EXPLANATORY NOTES - RURAL UTILITIES SERVICE

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Minnesota.....	8,983	-	-	-
New Mexico.....	5,825	-	-	-
Oklahoma.....	8,135	-	-	-
Oregon.....	10,264	-	-	-
Texas.....	28,428	-	-	-
Distribution Unknown	-	-	\$106,987	\$108,416
Obligations.....	109,028	-	106,987	108,416
Bal. Available, EOY	220,577	\$358,300	357,370	294,691
Total, Available.....	329,605	358,300	464,356	403,107

Table RUS-58. Broadband Pilot 50 percent Grants Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Alabama.....	\$24,866	-	-	-
California.....	9,971	-	-	-
Iowa.....	12,557	-	-	-
Minnesota.....	8,983	-	-	-
New Mexico.....	5,825	-	-	-
Oklahoma.....	8,135	-	-	-
Oregon.....	10,264	-	-	-
Tennessee.....	11,684	-	-	-
Texas.....	28,428	-	-	-
Distribution Unknown	-	-	\$225,000	\$149,000
Obligations.....	120,712	-	225,000	149,000
Bal. Available, EOY	149,270	\$255,683	119,683	10,683
Total, Available.....	269,982	255,683	344,683	159,683

Table RUS-59. Broadband Pilot Technical Assistance Grants Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Expenditure Transfer to S&E.....	\$2,434	\$3,775	\$9,900	\$9,800
Obligations.....	2,434	3,775	9,900	9,800
Bal. Available, EOY	41,433	48,098	48,638	43,334
Total, Available.....	43,867	51,873	58,538	53,134

Table RUS-60. Broadband Pilot Administrative Expenses Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Expenditure Transfer to S&E.....	\$15,725	\$9,357	\$22,000	\$16,500
Obligations.....	15,725	9,357	22,000	16,500
Bal. Available, EOY	34,965	39,528	31,448	18,320
Total, Available.....	50,690	48,885	53,448	34,820

Table RUS-61. Broadband Sec.6207 Administrative Expenses Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Expenditure Transfer to S&E.....	-	\$2,758	\$2,823	-
Obligations.....	-	2,758	2,823	-
Bal. Available, EOY	-	2,823	-	-
Total, Available.....	-	5,581	2,823	-

Table RUS-62. Distance Learning and Telemedicine Community Project Funding Grants Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Illinois.....	\$115	\$1,091	-	-
Louisiana.....	-	400	-	-
Mississippi.....	-	3,000	-	-
New Mexico.....	980	500	-	-
Vermont.....	500	-	-	-
West Virginia.....	801	-	-	-

2025 USDA EXPLANATORY NOTES - RURAL UTILITIES SERVICE

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Distribution Unknown	-	-	\$5,105	-
Obligations.....	2,396	4,991	5,105	-
Bal. Available, EOY	114	114	-	-
Total, Available.....	2,510	5,105	5,105	-

Table RUS-63. Broadband ReConnect Community Project Funding Grants Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Maryland.....	-	\$884	-	-
Missouri.....	-	364	-	-
New Hampshire.....	-	1,650	-	-
New York.....	-	212	-	-
Distribution Unknown	-	-	\$49,800	\$14,720
Obligations.....	-	3,109	49,800	14,720
Bal. Available, EOY	\$36,605	49,008	14,720	-
Total, Available.....	36,605	52,117	64,520	14,720

Totals may not add due to rounding.

Table RUS-64. Opioid Epidemic Grants Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Alabama.....	-	\$118	-	-
Illinois.....	\$552	1,798	-	-
Kentucky.....	-	280	-	-
Louisiana.....	-	1,110	-	-
Missouri.....	-	553	-	-
North Carolina.....	-	636	-	-
Ohio.....	-	112	-	-
Pennsylvania.....	-	990	-	-
Distribution Unknown	-	-	\$1,352	-
Obligations.....	552	5,596	1,352	-
Bal. Available, EOY	2,826	1,352	-	-
Total, Available.....	3,378	6,948	1,352	-

Totals may not add due to rounding.

Table RUS-65. Broadband Pilot 100 percent BIL Grants Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Alabama.....	\$24,782	\$260,351	-	-
Alaska.....	30,323	-	-	-
Arizona.....	-	25,000	-	-
Arkansas.....	16,037	-	-	-
California.....	-	24,998	-	-
Colorado.....	18,738	-	-	-
Georgia.....	-	9,473	-	-
Guam.....	29,767	-	-	-
Illinois.....	23,690	46,736	-	-
Iowa.....	3,622	-	-	-
Kentucky.....	-	24,963	-	-
Michigan.....	34,532	16,456	-	-
Minnesota.....	12,602	29,231	-	-
Mississippi.....	23,347	20,411	-	-
Missouri.....	23,007	33,641	-	-
Montana.....	-	47,095	-	-
Nevada.....	-	596	-	-
New Mexico.....	83,449	120,713	-	-
North Carolina.....	-	24,914	-	-
Oklahoma.....	24,760	116,980	-	-
Oregon.....	24,952	25,702	-	-
Puerto Rico.....	8,784	-	-	-
South Carolina.....	-	24,000	-	-
Texas.....	-	74,645	-	-

2025 USDA EXPLANATORY NOTES - RURAL UTILITIES SERVICE

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Utah.....	-	3,486	-	-
Vermont.....	-	17,464	-	-
Virginia.....	-	25,000	-	-
Washington.....	8,638	54,396	-	-
Wyoming.....	8,407	-	-	-
Marshall Islands.....	-	25,000	-	-
Distribution Unknown.....	-	-	\$327	-
Obligations.....	399,438	1,051,252	327	-
Bal. Available, EOY.....	696,482	327	-	-
Total, Available.....	1,095,920	1,051,578	327	-

Totals may not add due to rounding.

Table RUS-66. Broadband Pilot 100 percent BIL Loans Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Arizona.....	-	\$16,866	-	-
California.....	-	15,278	-	-
Georgia.....	\$36,493	-	-	-
Kansas.....	-	49,955	-	-
Mississippi.....	-	15,838	-	-
Missouri.....	-	102,287	-	-
Ohio.....	-	26,349	-	-
Oregon.....	-	30,554	-	-
Texas.....	-	21,102	-	-
Washington.....	-	2,981	-	-
Wisconsin.....	-	28,000	-	-
Obligations.....	36,493	309,210	-	-
Bal. Available, EOY.....	425,398	0	0	0
Total, Available.....	461,891	309,210	0	0

Table RUS-67. Broadband Pilot 50 percent BIL Loans Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
California.....	-	\$28,050	-	-
Illinois.....	\$12,413	643	-	-
Iowa.....	881	1,994	-	-
Kansas.....	-	496	-	-
Kentucky.....	12,189	9,408	-	-
Michigan.....	3,123	-	-	-
Minnesota.....	-	20,479	-	-
Missouri.....	3,822	34,626	-	-
Oklahoma.....	-	43,130	-	-
Oregon.....	-	43,692	-	-
Texas.....	-	1,452	-	-
Utah.....	-	2,214	-	-
Washington.....	-	4,601	-	-
Obligations.....	32,428	190,784	-	-
Bal. Available, EOY.....	1,196,243	0	0	0
Total, Available.....	1,228,671	190,784	0	0

Totals may not add due to rounding.

Table RUS-68. Broadband Pilot 50 percent BIL Grants Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
California.....	-	\$28,050	-	-
Illinois.....	\$12,413	643	-	-
Iowa.....	881	1,994	-	-
Kansas.....	3,067	496	-	-
Kentucky.....	12,189	9,408	-	-
Michigan.....	3,123	-	-	-
Minnesota.....	-	28,443	-	-
Mississippi.....	-	-	-	-
Missouri.....	19,487	34,626	-	-

2025 USDA EXPLANATORY NOTES - RURAL UTILITIES SERVICE

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Oklahoma.....	-	43,130	-	-
Oregon.....	-	43,692	-	-
South Carolina.....	-	6,208	-	-
Tennessee.....	-	1,587	-	-
Texas.....	-	1,452	-	-
Utah.....	-	2,214	-	-
Washington.....	-	9,202	-	-
Obligations.....	51,160	211,143	-	-
Bal. Available, EOY.....	448,840	-	-	-
Total, Available.....	500,000	211,143	-	-

Totals may not add due to rounding.

Table RUS-69. Broadband Pilot Technical Assistance BIL Grants Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Expenditure Transfer to S&E.....	-	\$550	\$59,450	-
Obligations.....	-	550	59,450	-
Bal. Available, EOY.....	\$60,000	59,450	-	-
Total, Available.....	60,000	60,000	59,450	-

Table RUS-70. Broadband Pilot Administrative Expenses BIL Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Expenditure Transfer to S&E.....	-	\$8,030	\$71,970	-
Obligations.....	-	8,030	71,970	-
Bal. Available, EOY.....	\$80,000	71,970	-	-
Total, Available.....	80,000	80,000	71,970	-

Table RUS-71. Direct Broadband Telecommunications Treasury Rate Loans BIL Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Distribution Unknown.....	-	-	\$123,955	\$366,064
Obligations.....	-	-	123,955	366,064
Bal. Available, EOY.....	\$504,916	\$495,821	366,064	-
Total, Available.....	504,916	495,821	490,019	366,064

CLASSIFICATION BY OBJECTS

Table RUS-72 Classification by Objects (thousands of dollars)

Item No.	Item	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
	Other Objects:				
25.3	Other goods and services from Federal sources.....	\$15,725	\$20,145	\$106,693	\$26,300
41.0	Grants, subsidies, and contributions.....	1,229,796	1,654,691	847,238	511,135
99.9	Total, new obligations.....	1,245,521	1,674,837	953,931	537,435

ACCOUNT 4: HIGH ENERGY COST GRANTS**LEAD-OFF TABULAR STATEMENT****Table RUS-73. Lead-Off Tabular Statement (In dollars)**

Item	Amount
Estimate, 2024	\$10,000,000
Change in Appropriation	-
Budget Estimate, 2025	10,000,000

PROJECT STATEMENTS**Table RUS-74. Project Statement on Basis of Appropriations (thousands of dollars)**

Item	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated	Inc. or Dec.	Chg Key
Discretionary Appropriations:						
High Energy Cost Grants	\$10,000	\$10,000	\$10,000	\$10,000	-	(1)
Subtotal	10,000	10,000	10,000	10,000	-	
Total Adjusted Approp.....	10,000	10,000	10,000	10,000	-	
Add back:						
Transfers In and Out, Rescissions.....	-10,000	-10,000	-10,000	-10,000	-	
Total Appropriation.....	-	-	-	-	-	
Transfers In:						
Water and Waste Disposal Program Acct	10,000	10,000	10,000	10,000	-	
Total Transfers In.....	10,000	10,000	10,000	10,000	-	
Recoveries, Other	1	36	713	220	-\$493	
Bal. Available, SOY.....	9,311	3,737	12,218	4,437	-7,781	
Total Available.....	19,313	13,772	22,931	14,657	-8,273	
Bal. Available, EOY	-3,737	-12,218	-4,437	-2,836	+1,601	
Total Obligations.....	15,576	1,555	18,494	11,821	-6,672	

Table RUS-75. Project Statement on Basis of Obligations (thousands of dollars)

Item	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated	Inc. or Dec.
Discretionary Obligations:					
High Energy Cost Grants	\$15,576	\$1,555	\$18,494	\$11,821	-\$6,672
Subtotal Disc. Obligations	15,576	1,555	18,494	11,821	-6,672
Total Obligations.....	15,576	1,555	18,494	11,821	-6,672
Balances Available, EOY:					
High Energy Cost Grants	3,737	12,218	4,437	2,836	-1,601
Total Bal. Available, EOY	3,737	12,218	4,437	2,836	-1,601
Total Available.....	19,313	13,772	22,931	14,657	-8,273
Less:					
Total Transfers In.....	-10,000	-10,000	-10,000	-10,000	-
Recoveries, Other	-1	-36	-713	-220	+493
Bal. Available, SOY.....	-9,311	-3,737	-12,218	-4,437	+7,781
Total Appropriation.....	-	-	-	-	-

JUSTIFICATION OF CHANGES**High Energy Cost Grants**

The numbers and letters of the following listing relates to values in the Change (Chg) Key column of the Project Statement:

1. No change for High Energy Cost Grants (\$10,000,000 available in 2024).

The High Energy cost grant program provides financial assistance for energy generation, transmission, and distribution facilities, including energy efficiency improvements and renewable energy systems for rural communities with extremely high energy costs. Eligible communities have average home energy costs that are at least 275 percent of the national average. High Energy Cost grants are statutorily focused on the most remote, poorest areas with the highest energy costs (typically Alaska, the Pacific Islands or tribal areas).

RUS-financed electrical systems provide service to more than 90 percent of the Nation's counties that are identified as suffering from persistent poverty, out-migration, or other economic hardships. The Electric Program also provides financial assistance through High Energy Cost Grants to rural communities with extremely high energy costs to acquire, construct, extend, upgrade, and otherwise improve energy generation, transmission, or distribution facilities.

From 2021 to 2023, this program obligated \$20.1 million supporting thirteen grants in Alaska and California for projects that provide heat to school buildings and other facilities. This funding will also contribute to advance clean energy and emissions mitigation and will have an impact on climate change. This program also contributes to reaching environmental justice in disadvantaged communities and coal-based communities by advancing the EO 14008 directive of providing 40 percent of the benefits of Federal programs to disadvantaged communities. In 2023, this program funding provided \$1.6 million in for two grants in Alaska which allowed tribes to procure portable solar units for tribal homes that not have access to grid electricity. These grants provided energy efficient improvements and renewable energy systems for rural tribal communities that will provide over 50 homes with access to a reliable energy source.

The agency continued its efforts to assist in helping communities provide basic energy needs by financing energy infrastructure supporting rural prosperity and job creation by posting a NOFO to grants.gov (RD-RUS-HECG23) for 2023. Funds were made available to qualified types of applicants to acquire, construct, extend, upgrade, or otherwise improve energy generation, transmission, or distribution facilities serving communities in which the average residential expenditure for home energy is at least 275 percent of the national average as well as for programs that install on-grid and off-grid renewable energy systems and energy efficiency improvements in eligible communities. The agency encouraged applicants to consider projects that would advance the key priorities of: Assisting rural communities recover from economically through more and better market opportunities and through improved infrastructure; Ensuring all rural residents have equitable access to RD programs and benefits from RD funded projects; and Reducing climate pollution and increasing resilience to the impacts of climate change through economic support to rural communities. The available funds for this notice were \$10 million with the maximum grant amount at \$3 million and the minimum of \$100,000. On October 25, 2023, RD announced a deadline extension for this program, giving state and local governments, federally recognized Tribes, nonprofits, and other eligible applicants another week to submit requests for funding to help acquire, construct, extend, upgrade, or otherwise improve energy generation, transmission, or distribution facilities.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS

Table RUS-76. High Energy Cost Grants Geographic Breakdown of Obligations (thousands of dollars)

State/Territory/Country	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Alaska	\$14,176	\$1,555	-	-
California	1,400	-	-	-
Distribution Unknown	-	-	\$18,494	\$11,821
Obligations.....	15,576	1,555	18,494	11,821
Bal. Available, EOY	3,737	12,218	4,437	2,836
Total, Available.....	19,313	13,772	22,931	14,657

CLASSIFICATION BY OBJECTS

Table RUS-77 Classification by Objects (thousands of dollars)

Item No.	Item	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
	Other Objects:				
41.0	Grants, subsidies, and contributions	\$15,576	\$1,555	\$18,494	\$11,821
	Total, Other Objects.....	15,576	1,555	18,494	11,821
99.9	Total, new obligations	15,576	1,555	18,494	11,821

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STATUS OF PROGRAMS

The Rural Utilities Service (RUS) provides much-needed infrastructure or infrastructure improvements to rural communities, including water and waste treatment, electric power, and telecommunications services. These services help to expand economic opportunities and improve the quality of life for rural residents.

Water and Environmental Programs

The Water and Environmental Programs (WEP) provides rural communities with technical assistance and financing to develop and support modern, affordable water and waste disposal (WWD) services. WEP provides funding for clean and reliable drinking water systems, sanitary sewage disposal, sanitary solid waste disposal, and storm water drainage to households and businesses in eligible rural areas with populations of 10,000 or less. With a focus on underserved communities, WEP directs its technical and financial resources to rural communities with the greatest need, including rural water and waste systems in areas that are poverty-stricken and face health or sanitary issues, or have other obstacles hindering their ability to provide safe and reliable services. These communities may be impoverished because of out-migration, economic factors, or even natural disasters, but can help sustain economic development and improve the quality of life for their residents by providing dependable water and waste services. This program provides funding for these communities using a three-tier approach, poverty, intermediary and market rate. In 2023, WEP funded 333 loans (non-guaranteed) with 189 at the poverty rate, 122 at the intermediary rate, and 21 at the market rate. Safe drinking water and sanitary waste disposal systems are vital not only to public health, but also to the economic vitality of rural America.

Climate change, climate resilience to address climate change and climate resilience:

WEP works with communities to replace and repair damaged water systems to ensure safe water is available for rural residents. Of the \$27.6 million in funding going to the state of Washington, the funding is going towards: completing wastewater collections systems, installing new water mains, meters, and valves to replace current ones that are no longer operable. The city of Woodlawn received \$17.1 million to replace compromised water lines and build a new reservoir to meet state regulatory requirements. This funding will strengthen and expand well and water treatment systems, replace over 14,500 linear feet of water lines in 17 locations, and construct a new 1.5 million gallons reservoirs to provide over 7,000 residences access to safe and reliable drinking water. This project is necessary to alleviate cited health and sanitary concerns and will increase the community's resilience to the impacts of climate change and extreme weather events (such as floods, and heavy spring rainstorms).

Providing equitable access to safe and reliable water and waste services has long been a priority for WEP. Of the \$28 million going to the state of Maine for water and waste disposal loans, the city of Freeport, Maine received a \$20.1 million grant and loan combination to rehabilitate its water treatment plant and collections system. This funding will allow equipment that is over 50 years old to be replaced and upgraded. These improvements will allow the systems to operate more effectively and efficiently and help alleviate health and sanitary concerns. Removing dependence on outdated systems will improve resilience to the impacts of climate changes.

Current Activities

In 2023, RUS invested \$1.75 billion to modernize rural drinking water and wastewater infrastructure through the Water and Waste Disposal Loan and Grant Program. Funding was obligated in almost all 50 states and included Puerto Rico. The states with the highest funding were Texas, New York, Colorado, and Minnesota. The 419 WEP construction projects funded in 2023 will help improve rural water and waste disposal infrastructure for approximately 1.1 million residents. Of these projects, 308 of them, or 73.5 percent, alleviated a health or sanitary issue. Significantly, \$102.6 million of this funding has been provided to support 26 projects in persistent poverty communities. Of the 1.1 million residents impacted by WEP construction projects 81 percent were white and the remaining 19 percent were Black, Indigenous, People of Color (7 percent black, 3 percent Native American, 3 percent multiple races, 1 percent Asian, 2 percent Hawaiian).

RD invested \$20.3 million in WEP funds in Arizona to construct and improve water systems to meet applicable health and sanitary standards. Maricopa Mountain Domestic Water Improvement District received \$7.6 million of those funds to relocate the out of district arsenic removal and treatment fill site to the existing fill site and office and add two wells and storage to the location. A disinfection and arsenic and nitrate treatment system will be added as well as a distribution system connecting a nearby existing subdivision that will add 237 home sites to the overall system. Oak Creek Water Company will utilize \$8.1 million to provide additional financing to improve the water

systems in wester Sedona. Much of the current water system has been in existence since 1953 and parts of the system have become inoperable. The arsenic levels in the water supply have exceeded allowable levels of the Arizona Department of Environment Quality. The project will replace and extend the public system water and service lines, including valves and hydrants, rehabilitate four water storage tanks, install an arsenic treatment system, and replace meters.

Of the \$42.9 million invested in Tennessee, the town of Dover, Tennessee, received a \$2.5 million loan and grant combination to upgrade the towns water treatment plant. The funds provided a replacement of the ultraviolet disinfection system for the water treatment plant and necessary repairs to structural damage to the town hall of Dover. The wastewater treatment plant and town hall repairs will improve the health and quality of life for the approximately 1,300 customers served by the town of Dover.

Block Island, Rhode Island, is an island ecosystem that relies on rainfall and wells to replenish the island’s supply of freshwater. Block Island Water Company received a \$5.6 million loan and grant combination to provide upgrades to the islands water systems. The upgrades included adding a 248,000-gallon water storage tanks, constructing a reverse-osmosis treatment system to produce and additional 144,000 gallons per day of treated waters; and develop a well field which can generate 100 gallons per minute raw water supply. These improvements will increase the water storage capacity to 548,000 gallons; increase treatment system production to 231,000 gallons per day; and total raw water production will exceed 184 gallons per minute enabling the community to treat brackish water wells and provide fire protection and provide a potable water supply for the residents and businesses.

Rainsville, Alabama received a \$9.1 million grant to improve the water systems infrastructure in towns of Geraldine, Fyffe, and Powell. These enhancements will rehabilitate the water collection systems, install a force main at the wastewater treatment plants and construct a wastewater maintenance building. This project will benefit 3,639 residents.

The state of Iowa received \$61.4 million in WEP loan and grant combinations to ensure the residents of rural Iowa have access to safe drinking water. The city of Manning utilized \$9 million in funding to assist West Central Iowa Rural Water Association make water treatment system improvements. The project will construct a new 286,000-gallon ground storage tank at the Nishnabotna water treatment plant, build a new water treatment plant and two new well pumps for the Boyer subsystem, and build a new 425 gallons-per-minute booster station to address transmission needs in the Odebolt subsystem. The project will also create a two-mile 12" pipeline to expand transmission capacity. Once completed, the project will help meet steadily growing demands for water and promote the health and safety of rural customers throughout Carroll, Crawford, and Sac counties. The city of Arcadia received a \$800,000 loan to improve its drinking and sanitary wastewater systems. The funding will finance a new 15,000-gallon water tower and water main piping. Upon completion, these upgrades will reduce water loss, uphold water quality standards, and promote the health and safety of residents.

2023 Financial Data All Other WEP Programs:

Program	Total Obligated (Dollars in Million)	Total No. Loans or Grants
Direct Water and Waste Disposal Loans	\$1,043.1	328
Guaranteed Water and Waste Disposal Loans	23.9	8
1percent Direct Loan – Water Only	20.0	5
Water and Waste Disposal Grants	493.3	263
Water and Waste Search Grants	1.6	47
Technical Assistance Grants for Rural Waste Systems	38.9	33
Circuit Rider – Technical Assistance Grants for Rural Water Systems	22.7	10
Division N WWD 2022 Grants	0.9	1
Water and Waste Disposal Grants Alaskan Villages	20.7	30
Water and Waste Disposal Grants Native American Tribes	25.6	11
Water and Waste Disposal Grants Colonias	25.5	25
Individually Owned Water Well System Grants	2.6	5
Grants for Water and Wastewater Revolving Funds	1.7	2
Solid Waste Management Grants	4.1	21

2025 USDA EXPLANATORY NOTES - RURAL UTILITIES SERVICE

Program	Total Obligated (Dollars in Million)	Total No. Loans or Grants
Emergency and Imminent Community Water Asst. Grants Appropriated	17.3	58
Hurricane Natural Disaster Grants	30.1	15
High Energy Cost Grants	1.6	2
Total	\$1,773.6	864

Rural Electrification and Telecommunications Loan Programs

In 2023 the Electric and Telecommunications loan and grant program has provided almost \$9 billion in program level that support 501 projects, of which 360 were grants and 141 were loans.

Electric Programs

The rural electric direct loan and loan guarantee programs provide financing for electric generation, transmission, and distribution facilities, and for energy efficiency and conservation projects to improve service in rural areas. Loans are made to corporations, States, territories, local government subdivisions, municipalities, utility districts, and to other eligible entities, including cooperatives, tribal utilities, nonprofits, and limited-dividend or mutual associations that provide retail electric service needs to rural areas or power supply needs of distribution borrowers in rural areas.

In 2022, the Inflation Reduction Act provided \$10.7 billion in loan and grant budget authority to support the implementation of two new renewables in the Electric program: the Empowering Rural America (New ERA) Program and the Powering Affordable Clean Energy (PACE) program. The agency did not obligate any of this funding for these programs in 2023.

The New ERA program provides financial assistance to electric cooperatives, electric cooperatives serving predominantly rural areas, and wholly or jointly owned subsidiaries of such electric cooperatives to achieve the greatest reduction in greenhouse gas emissions while advancing the long-term resiliency, reliability, and affordability of rural electric system. The agency announced the \$9.7 billion in available budget authority for the New ERA program via the Federal Register on May 16, 2023 (88 FR 31218) with an update on July 27, 2023 (88 FR 48429). The intent of these notices was to solicit Letters of Interest (LOI) for applications under the New ERA program. As of October 2023, 157 LOI from 40 states and Puerto Rico have been submitted to the New ERA. More than 50 percent of the letters of interest indicate that they will serve distressed, disadvantaged, energy, or tribal communities.

The PACE program will provide loans to finance power generation for Projects for Renewable Energy Resource (RER) systems or Energy Storage Systems (ESS) that support RER Projects. The agency announced the PACE program via the Federal Register on May 16, 2023 (88 FR 31232) with an update on June 16, 2023, and July 5, 2023.

Specifically Addressed Areas

Providing reliable, affordable electricity is essential to the economic well-being and quality of life for the Nation's rural residents. The electric programs provide leadership and capital to upgrade, expand, maintain, or replace America's vast rural electric infrastructure, including investment in renewable electricity and energy efficiency and conservation. Some electric program loans are specifically targeted to spur economic development in areas where poverty rates have been stubbornly high for decades.

USDA's Electric Loan Program helps finance wind, solar and natural gas plants, and finances improvements to produce clean energy from coal-fired plants. Local utilities also use the loans to invest in infrastructure to deliver affordable power to millions of residential, commercial, and agricultural consumers. In 2023, the Electric Program obligated \$6.88 billion through 102 loans in 32 states. These loans improved electrical services for 3.25 million existing customer accounts and 152,330 new customer accounts. Of the total funding, \$3.45 billion of this funding went to 31 loans impacting 156 persistent poverty communities.

The state of Georgia received the most funding with \$1.9 billion awarded to help finance improvements to meet existing and expanding power supply needs while producing clean energy. Oglethorpe Power company in Atlanta

was awarded \$755 million in loan funding to finance general and environmental capital improvements and upgrades to its existing generation facilities. Oglethorpe serves about 1.96 million electric consumers in 151 counties in Georgia and is one of the largest cooperatives in the United States.

RD invested \$63.5 million in Missouri to provide reliable, affordable electricity to rural residents. Associated Electric Coop in Springfield was awarded a \$329 million loan to improve its generation systems. Associated Electric is a generation and transmission cooperative that provides wholesale power to its six generation and transmission members, which in turn, provide wholesale power to 51 Distribution Member cooperatives. The combined 51 Distribution Members serve more than 910,000 customers in the States of Missouri, Southeast Iowa, and northeast Oklahoma. This investment is essential to sustaining the economic well-being and quality of life for rural residents.

The Rural Energy Savings Program (RESP) provides loans to entities that agree to make affordable loans to help consumers implement cost-effective, energy efficiency measures. RESP will help lower energy bills for rural families and businesses and will reduce barriers to investment in energy efficiency projects or activities. In 2023, RESP awarded 10 loans in nine states with Colorado receiving the highest obligation at \$75 million followed by Arkansas with \$46.5 million and Vermont with \$46 million. Umatilla Electric Cooperative in Hermiston, Oregon was awarded \$2.5 million in loan funding to finance projects that may include activities in lighting, heat pumps, water heaters, weatherization and electric vehicle charging devices. This funding is expected to impact over 150 residents.

Current Activities

RD invested \$613 million in loans to 64 projects in 26 states to help rural utilities and cooperative install and upgrade smart grid technologies. Smart grid technology can be a catalyst for broadband and other telecommunication services in underserved and rural areas. Smart grid technologies help companies and corporations modernize and expand the rural electric grid and increase grid security. Strengthening America's electric grid is vital to the long-term health of rural America. Nearly half of the awards will help to finance infrastructure improvements in underserved communities. Below are a few examples of how this funding is being utilized:

- Arkansas Valley Electric Cooperative Corporation received a \$50 million loan to build and improve 360 miles of electrical line and invest in smart grid technologies. This project will service ten counties in Arkansas and two in Oklahoma.
- The Carteret-Craven Electric Membership Cooperative in Newport, North Carolina utilized a \$28 million loan to connect 3,115 consumers and build and improve 132 miles of line. The loan includes \$169,437 for smart grid technologies. Carteret-Craven Electric serves 41,655 consumers through 2,493 miles of line in four counties in southeastern North Carolina.
- Minnesota's Beltrami Electric Cooperative was awarded \$22.7 million funding to connect 1,480 consumers and build and improve 225 miles of line. The loan includes \$1.3 million for smart grid technologies. Beltrami Electric serves 21,772 consumers in portions of Beltrami, Cass, Clearwater, Hubbard, Itasca, and Koochiching counties with 3,500 miles of distribution line covering approximately 3,000 square miles.
- Aligned Solar Partners was awarded \$15.2 million in loan funding to provide five solar arrays to 4 communities in Maine and New Hampshire. These arrays will generate a total of 10.291 Megawatt of direct current (MWdc), reducing the cost of energy for its rural communities. The project in Maine will construct a 14,040-panel array that will provide 96 percent of its solar energy to five public schools, with the remaining 4 percent benefiting the Farmington Water District. This project is anticipated to produce 6,478,200 kilowatt hours of clean energy annually. The four projects in New Hampshire will assist Stonyfield Farms dairy company benefit from a significant reduction in energy cost. This project is anticipated to produce 7,098,352 kilowatt hours of clean energy annually.

Selected Examples of Recent Progress

RUS-financed electrical systems provide service to more than 90 percent of the Nation's counties that are identified as suffering from persistent poverty, out-migration, or other economic hardships. The Electric Program also provides financial assistance through High Energy Cost Grants (HECG) to rural communities with extremely high energy costs to acquire, construct, extend, upgrade, and otherwise improve energy generation, transmission, or distribution facilities. In 2023, HECG obligated almost \$1.6 million supporting two grants in Alaska. These grants allowed tribes

to procure portable solar units for tribal homes that do not have access to grid electricity. These grants will provide over 50 homes with access to a reliable energy source.

RUS Renewable Energy Loans (Solar) provided \$76.5 million in direct treasury loan funding to Red Mesa Tapaha Solar project in southeast Utah. The project is a 72 MWac photovoltaic generating facility that was constructed and is owned by the Navajo Tribal Utility Authority (NTUA) Generation Utah, LLC. The project includes a newly constructed substation (the Red Mesa Solar Substation) which is connected to a newly built 69 kV transmission line owned by NTUA to distribute energy to NTUA’s customers.

2023 Financial/Performance Data All Other Programs:

Program	Total Obligated (Dollars in Millions)	Total No. Loans or Grants
Direct Electric Loans	\$1,868.4	11
Treasury Rate Electric Loans	3,908.6	79
Guaranteed Electric Underwriting Loans for Bonds and Notes	900.0	2
Rural Energy Savings Program – No Year	201.1	10
Total	\$6,878.1	102

Telecommunications Program

The telecommunications loan program provides direct loans and loan guarantees for broadband capable construction, expansion, and upgrades of telecommunications facilities.

Specifically Addressed Areas

Specific areas being addressed by the telecommunications program include financing projects to improve telecommunications service in rural areas. The program priorities are to ensure that rural communities have access to advanced telecommunications services, such as high-speed Internet services; and advanced communications services such as distance learning and telemedicine. Access to high-speed Internet and other quality telecommunications services is essential for a healthy and growing rural economy. The infrastructure increases educational opportunities, improves availability of healthcare, job creation and retention, and enhances continued economic growth. Program outreach efforts are focused on identifying rural areas that do not have access to these services.

Current Activities

During 2023, RUS approved two loans for telecommunication investments in rural communities. The total amount obligated in 2023 was \$17.1 million. These projects, upon completion, will deliver new or improved broadband service in Arizona and Washington. In Washington, Hood Canal Telephone Co., Inc. received a \$3.8 million loan to construct 16.1 fiber miles and install associated electronics. This improvement, passing 800 households and 10 businesses, will meet the increasing broadband needs in Union, Washington. Table Top Telephone Company in Ajo, Arizona received a \$13.3 million loan to construct a fiber-to-the-home network. The upgrade will replace the existing copper cable network and provide improved service and reliability with up to 1 Gigabits per second service. These improvements will benefit over 5,021 residents in the Ajo community.

Distance Learning and Telemedicine (DLT) Program

The DLT program helps rural communities use the unique capabilities of telecommunications to connect to each other and to the world, overcoming the effects of remoteness and low population density. The DLT Program assists rural schools and learning centers to gain access to improved educational resources. Distance learning projects provide funding for Internet-based educational services in schools and libraries and promote confidence in and understanding of the Internet and its benefits to students and young entrepreneurs. Grants through this program are also being used to address the nation’s need for additional science, technology, engineering, and mathematics (STEM) educational resources. In 2023, RUS funded over \$83.3 million for 146 projects through the DLT grant program.

Specifically Addressed Areas

RUS made eight Congressionally Directed spending awards totaling \$5 million in 2023 which will impact 589,098 rural residents. Mississippi was the state with the highest funding with \$3 million in total obligations. This funding

equipped 34 hub/end-user sites and 30 locations with tele-video and tele-educational equipment to implement interactive distance learning systems in end user school classrooms, allowing students to connect in real-time to special educators, counselors, and to other remote classrooms. The interactive video conferencing technology will deliver educational and career development resources in the areas of dual enrollment classes, STEM, and post-secondary education impacting 26,991 rural residences in Mississippi.

Current Activities

Of the total 146 DLT projects in 2023, 44 projects are specifically in response to the opioid pandemic and substance use disorder. The program helps health care and education institutions buy the equipment and software necessary to deploy distance-learning and telemedicine services to rural residents. The states with the highest funding in 2023 were Illinois, Ohio, and Tennessee. Of the \$3.7 million going to Illinois, 4 projects be able to equip 36 hub/end-user sites and 32 locations with telemedicine equipment. Medical professionals, mental health professionals, and instructors will be able to deliver mental health preventative education, counseling, pain medication management and education, substance abuse prevention education, and treatment and recovery care for Opioid/Substance Use Disorder diagnosis. These investments will benefit more than 439,700 rural residents.

Selected Examples of Recent Progress

Oklahoma received \$7.1 million in funding to provide 9 projects with telecommunications equipment. These projects will be used to equip 82 hub/end-user sites and 102 locations with telemedicine and distance learning equipment including but not limited to; telehealth carts including peripherals, fixed wall mounted telehealth devices, and tablets all connected though a telehealth platform for telemedicine, and fixed audio and visual classroom equipment. The resources will allow delivery of scientific, technical, engineering and mathematics courses, and numerous medical services to over 148,540 rural residents.

Four organizations in West Virginia received \$3.2 million in funding to provide residents access to remote education and health care resources. The funding will equip 43 educational and medical facilities with real time, interactive distance learning and telemedicine services in rural and tribal areas to increase the education, training and health care resources that are otherwise limited or unavailable. These services will benefit over 32,013 student and residents in West Virginia.

Four education facilities in Virginia were awarded over \$2.4 million in grants to provide distance learning services for rural areas. The funding will provide two community colleges, one school district, and one university the technology and resources to deliver mental health and health care educational courses, professional development courses, instructional courses, emergency management services simulation labs, and interactive teaching rooms. Access to these resources will accommodate over 197,010 Virginia students with the resources and technology they need to take advantage of education opportunities through local colleges and universities.

North Carolina received at total of \$3.5 million in funding to equip multiple medical and educational facilities with improved education resources. These enhancements will allow educational staff to utilize high-quality video-conferencing equipment and 3-D interactive educational solutions. Instructors will be able to deliver in real-time, interactive, immersive distance learning experiences to rural students, supporting them in the attainment of college credit while still enrolled in high school, propelling post-secondary education. Healthcare providers will be able to use tablets and telemedicine kiosk that will assist in delivering care management and social care management. These projects will impact 72 hub/end-users, 46 locations and over 362,155 rural residents.

With the \$3.4 million awarded throughout Tennessee, five medical and education facilities will be expanding rural access to educational resources. Over 16,934 residents will have access to multiple telehealth and educational services via 38 hub/end-user sites and 38 locations to utilize mental health resources in a private and secure setting, interactive smart boards, laptops, video conferencing hardware and more. Rural students will be able to utilize classroom audio and wireless networks, career and college readiness opportunities, mental health programs, virtual field trips, and professional development and academic coaching.

Rural eConnectivity Pilot Program (ReConnect Program)

The ReConnect Program offers unique federal financing and funding options in the form of loans, grants, and loan/grant combinations to facilitate broadband deployment in areas of rural America that do not currently have sufficient access to broadband. The ReConnect program generates private sector investment to deploy broadband

infrastructure to provide high-speed internet e-Connectivity to as many rural premises as possible, including homes, community facilities for healthcare and public safety, schools, libraries, farms, ranches, factories, and other production sites. In addition, RD has developed an e-Connectivity Toolkit, which features 27 USDA programs that support broadband deployment. This easy-to-use resource is a simple guide that allows customers to identify their type of e-Connectivity project and locate resources the Federal government offers for planning, equipment, construction, research, and other e-Connectivity projects.

Specifically Addressed Areas

The ReConnect Program focuses on building infrastructure for essential internet e-Connectivity services to rural areas without sufficient access to broadband, defined by the new law as 25Mbps (megabits per second) downstream and 3 Mbps upstream.

Current Activities

The BIL invested \$2 billion in funding for the ReConnect program to help ensure that every American has access to affordable, reliable, high-speed internet regardless of income, race, religion, or zip code. To date with the BIL funding, RUS has invested in 88 projects across 30 states and territories representing \$1.76 billion through 91 loan, grant, and loan/grant combinations in the ReConnect round four awards. The funded service areas include a total of 94,147 households.

RD invested \$260 million in the state of Alaska to facilitate the broadband deployment across the state. Arctic Slope Telephone Association Cooperative utilized \$25 million to deploy a fiber-to-the-premises network to over 132 households to provide high-speed internet. This network will benefit 532 people, 16 businesses and one educational facility in the North Slope Borough in Alaska. Arctic Slope Telephone Association Cooperative Incorporated will make high-speed internet affordable by participating in the Federal Communications Commission's (FCC) Lifeline and Affordable Connectivity Programs. Unicom, Incorporated received \$35 million in funding to deploy a fiber-to-the-premises network to provide high-speed internet to 1,472 people, 22 businesses, 2 educational facilities, and 304 households. This project will serve the Emmonak, Toksook Bay and Tununak Alaska Native Village Statistical Areas and socially vulnerable communities in the Bethel and Kusilvak Census Areas.

Multiple counties in Montana will utilize \$47 million in funding to bring high-speed fiber internet to rural areas. Nemont Telephone Cooperative will use \$35 million of this investment to deploy a fiber-to-the premises network. This network will benefit 2,350 people, 115 businesses, 63 farms and 18 educational facilities in Phillips, Roosevelt, Sheridan and Valley counties in Montana. InterBel Telephone Cooperative is utilizing a \$12 million dollar grant to provided high speed internet to 951 residents, 36 businesses, 478 households, and 11 farms through two counties in Montana.

Missouri received over \$15.7 million in funding to bring high speed broadband to seven rural communities in Missouri. This funding enabled Grand River Mutual Telephone Corporation to deploy a fiber to the home network to connect 3,107 residents, 521 farms, 59 businesses, and nine educational facilities to high-speed internet. Building the high-speed internet infrastructure will have a positive impact on rural Missourians regional commerce, education, healthcare, public safety, and much more.

Selected Examples of Recent Progress

RD is invested \$24.9 million in grant funding to the communities of Bladen, Columbus, and Sampson in North Carolina to expand fast, affordable, reliable high-speed internet to socially vulnerable communities. The funding will benefit over 2,674 residents, 84 businesses, 117 farms and 4 educational facilities.

Cordova Telephone Cooperative in Alaska will utilize \$34.9 million in grant funding to deploy a hybrid fiber-coax and fixed wireless (unlicensed) network to provide high-speed internet. This network will benefit 28 people, eight businesses, nine households, and one educational facility in the Hoonah-Angoon Census Area in Alaska. Cordova Telephone Cooperative Inc. will make high-speed internet affordable by participating in the Federal Communications Commission's Lifeline and Affordable Connectivity Programs.

Three North Dakota companies and cooperatives received a total of more than \$47 million in loans and grants to bring high-speed internet access to rural residents in North Dakota. The funding will enhance and strengthen broadband access in some of the most difficult-to-reach locations and communities in North Dakota. This funding

2025 USDA EXPLANATORY NOTES - RURAL UTILITIES SERVICE

will allow over 5,822 residents, 205 businesses, 2,238 farms and 16 educational facilities the opportunity to thrive with access to reliable high-speed internet systems.

RD provided \$25 million in grant funding to the Eastex Telephone Cooperative in Henderson, Texas to expand broadband access in Cherokee County. The funding will be used to deploy a network to provide highspeed internet via fiber infrastructure. This award is expected to connect more than 1,200 homes and around 200 farms in east Texas.

2023 Financial Data All Other Distance Learning, Telemedicine and Broadband Programs:

Program	Total Obligated (Dollars in Million)	Total No. Loans or Grants
Distance Learning and Telemedicine (DLT) Grants	\$83.3	146
DLT Delta Health Care Services Grants	4.6	7
DLT Community Project Funding	5	8
Broadband ReConnect Community Project Funding	3.1	4
Broadband Telecommunications Grants – Persistent Poverty	1.8	1
Broadband Telecommunication 100 percent Grants – Pilot Program	228.7	116
Reconnect Grants – 100 percent BIL	1,051.3	54
Reconnect Grants – 50percent BIL	211.1	24
Reconnect Loan 100 percent BIL	309.2	13
Reconnect Loan 50percent BIL	190.8	22
Total	\$2,088.9	395