# Rural e-Connectivity ("ReConnect") Program
## December 20, 2018

USDA Rural Business-Cooperative Service, Administrator: Bette Brand

# ReConnect Program Summary

**Rural Development announces its general policy and application procedures for funding under the ReConnect Program, established pursuant to the Consolidated Appropriations Act, 2018.**

- The awards made under this program will bring high-speed broadband to rural areas that lack sufficient access to broadband.
- The delivery of broadband connection and high-quality service will enable technologies critical to rural communities, such as precision agriculture.
- The pilot will fuel long-term economic development and opportunities in rural America.

# Statutory Overview

**Consolidated Appropriations Act 2018:**

- Enacted on March 21, 2018
- Establishes a new pilot program to provide loans and grants to extend broadband service to rural areas.



Consolidated Appropriations Act of 2018

**The ReConnect Program's Goal:**

- Expand broadband service to rural areas that do not have sufficient access.
- Congress provided Rural Development with $600 million and expanded its existing authority to make loans and grants.  USDA named the program "ReConnect".
- Reaches rural areas where 90% of households do not have sufficient access to broadband service (defined as 10Mbps* downstream and 1 Mbps upstream).

# Notice of Inquiry

On **July 27, 2018** the USDA invited comments from the public regarding:

(1) Ways of evaluating a rural household's "sufficient access" to broadband e-Connectivity at speeds of 10 Mbps downstream and 1 Mbps upstream, and how broadband service affordability should be factored in.
(2) The best options to verify speeds of broadband service provided to rural households.
(3) The best leading indicators of the potential project benefits for rural industries such as agriculture, manufacturing, e-commerce, transportation, health care and education, using readily available public data.

**Over 280 comments were received!**

# Public Comments
from Individuals

# Program Timeline

## Dec 14, 2018

The Agency announces the ReConnect Program and associated Funding Opportunity Announcement.

## Early March 2019

Anticipated application acceptance date. Note: application windows are not final until the second Federal Register Notice on February 22, 2019.

## Feb 22, 2019

The Agency will finalize the application window by notice in the Federal Register and Grants.gov on February 22, 2019.
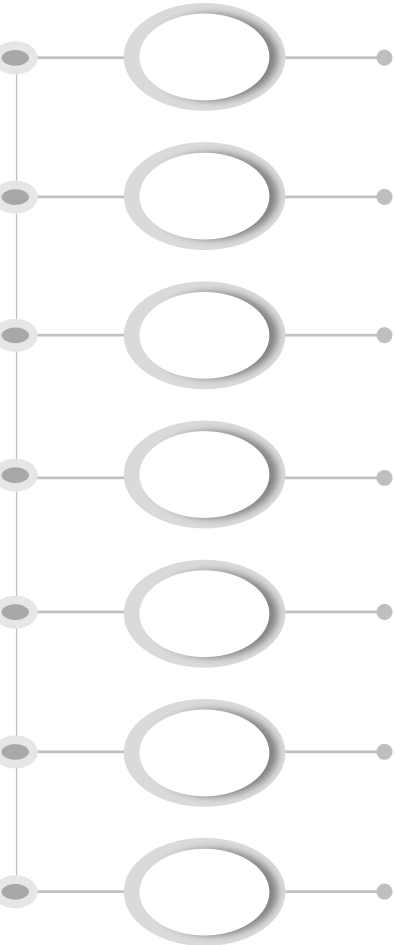
## July – Nov 2019

The review, score, and award process will begin mid April 2019. Award announcements will begin in the summer 2019 and continue through the fall.

# Funding Opportunity Announcement (FOA) Overview

- Definitions
- Substantially Underserved Trust Area (SUTA) Provisions
- Funding Opportunity Descriptions – funding categories and limits
- Eligibility Information
  - Eligible Entities
  - Eligible Costs
  - Complete Application
  - Technical Feasibility
  - Service Area Eligibility
  - Financial Feasibility and Sustainability
- Application and Submission
  - Online Application System
  - Contents of a Complete Application
- Application Evaluation Criteria
- Notice of Proposed Funded Service Areas
- Evaluation, Processing and Administration

# Eligible Entities

States, local governments, or any agency, subdivision, instrumentality, or political subdivision thereof

A territory or possession of the United States

An Indian tribe (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. §450b))

Non-profit entities

For-profit corporations

Limited liability companies

Cooperative or mutual organizations

# Grant and Loan Products

| | **Loan** | **Grant** | **Combo Loan/Grant** |
|---|---|---|---|
| **Buildout speed** | 25/3 mbps minimum | 25/3 mbps minimum, incentive for higher speeds | 25/3 mbps minimum, incentive for higher speeds |
| **Terms** | 2% Interest Rate<br>Max award: $50 million | 25% match<br>Max award: $25 million | 50/50 Loan/Grant<br>Interest Rate of Fed Funds (~3%)<br>Max award: $50 million |
| **Application Review** | Open (non-competitive): rolling approvals over 120 days | Competitive Scoring, 60-day application window | Competitive Scoring, 90-day application window |
| **Federal Funds Available in Round 1** | $200 million | $200 million | $100 million grant + $100 million loan |

# Products: 100% Loan



## Requirements
- PFSA must be located in an area where 90% of households do not have sufficient access to broadband.
- Tangible Equity to Total Assets must be at least 20% (Yr 3 through 5)
- Applicants must meet at least two of the following: a minimum TIER of 1.2, a minimum DSCR of 1.2, or a minimum current ratio of 1.2.

## Application Process
- Applications will be accepted on a rolling, first-in first-out, basis during a 120-day window.
- RUS may require additional information through the review process.
  - Applicants must respond to RUS within 30 days.

# Products: 50% Loan & 50% Grant

## Requirements
- PFSA must be located in an area where 90% of households do not have sufficient access to broadband.
- Applicants must meet at least two of the following: a minimum TIER of 1.2, a minimum DSCR of 1.2, or a minimum current ratio of 1.2.

## Application Process
- Applications will be accepted on a competitive basis during a 90-day window.
- Applicants applying for this category will be targeting the highest possible score as laid out under the Program Scoring Guidelines.
- Applicants will be scored and applications with the highest score will receive an award.

# Products: 100% Grant



## Requirements

- PFSA must be located in an area where 100% of households do not have sufficient access to broadband.
- Applicants must meet at least two of the following: a minimum TIER of 1.2, a minimum DSCR of 1.2, or a minimum current ratio of 1.2.
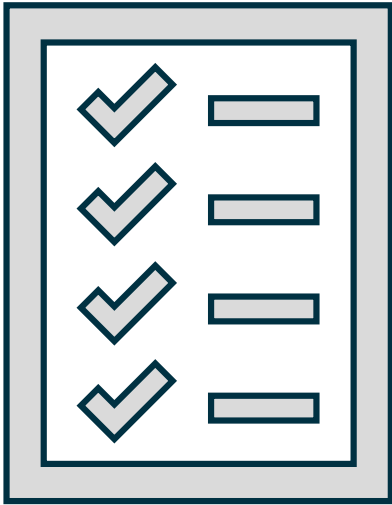
## Application Process

- Applications will be accepted on a competitive basis during a 60-day window.
- Applicants applying for this category will be targeting the highest possible score as laid out under the Program Scoring Guidelines.
- Applicants will be scored and applications with the highest score will receive an award.

# Eligible Costs

## Eligible Costs

- The construction or improvement of facilities, including buildings and land, required to provide broadband service
- Pre-application expenses (not to exceed 5% of the total award). Costs must be incurred after the publication date of the FOA and be properly documented.
- For 100% loans only – The acquisition of an existing system that does not currently provide sufficient access to broadband (limited to 40% of the total loan amount).
- Terrestrial-based facilities for satellite broadband service.
- Costs must be reasonable, allocable, and necessary.
- Applications that propose to use any portion of the award or matching funds for any ineligible cost may be rejected.

# Application Eligibility Factors

Audited Financial Statement

Fully Complete Application

Timely Buildout Completion

Technical Feasibility

Service Areas

Fully Funded

Financial Feasibility and Sustainability

# Notice of Proposed Funded Service Area

**Notice of Proposed Funded Service Area**

- The Agency will publish a public notice of each application which will include the following information:
  - The identity of the applicant.
  - A map of each proposed funded service area showing the rural area boundaries and the areas that do not have sufficient access to broadband.

- Existing service providers will have 30 calendar days to file a response. The response must include the following:
  - The number of customers currently purchasing broadband service, the rates of data transmission and the cost of each level of broadband service charged.
  - The number of customers receiving voice and video services, and the associated rates for those services.
  - A map showing where the existing service provider already offers service within the applicant's PFSA.

# Application Evaluation Criteria

Applications for 100% grants and 50/50 loan/grant combination awards will be scored and ranked against the nine criteria areas.

Healthcare Centers

Rurality of Proposed Funded Service Area

Educational Facilities

Farms served
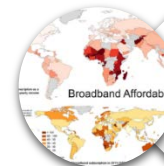
Critical Community Facilities

Performance of the Offered Service

Tribal Lands

Business

State Broadband Activity

# Application and Submission

## Online Application System

- RUS Application System https://reconnect.usda.gov
- All applications under this FOA must be submitted through the RUS Online Application System.
- Additional information can be found in the application guidelines found at the above location.

## Registration

- DUNS online registration http://fedgov.dnb.com/webform
- DUNS is part of the application
- SAM registration https://www.sam.gov/portal/SAM#1
- SAM registration is required prior to application submission.

## Application Requirements

Requirements for the application:
1. Applicants limited to one application
2. Fully completed application to include all required info
3. Expected to complete all construction within 5 years
4. Submit the appropriate documentation
5. Must receive commitment from all investors
6. If loan funds, award documents will encumber all assets and revenues

## Material Representation

The application, certifications, and all forms submitted as part of the application will be treated as material representations upon which RUS will rely in awarding grants and loans.

# Evaluation and Processing Procedures

**Review of Application**

- Applications will be evaluated using the criteria stated in the FOA
- Eligibility of the applicant PFSAs will be verified by the Agency

- **100% Loans**
  - Applications will be accepted on a rolling, first-in first-out, basis

- **100% Grants and 50/50 Loan/Grant Combinations**
  - Applicants will be scored and applications with the highest score will receive an award

**Award Notices**

- Successful applicants will receive an offer letter and award documents from RUS
- Applicants may view sample award documents at https://reconnect.usda.gov

# Management Analysis Profile

**Review of Awardee Operations**

- RUS may complete a Management Analysis Profile (MAP).
  - MAPs are used to evaluate an awardee's strengths and weaknesses and are prepared to fulfill the terms of the award.

- Once an award offer is accepted, RUS may schedule a site visit.

- RUS reserves the right to not advance funds until the MAP has been completed.

- If the MAP identifies issues of an operation and the in-ability to complete project, those issues must be addressed to the satisfaction of RUS before funds can be advanced.
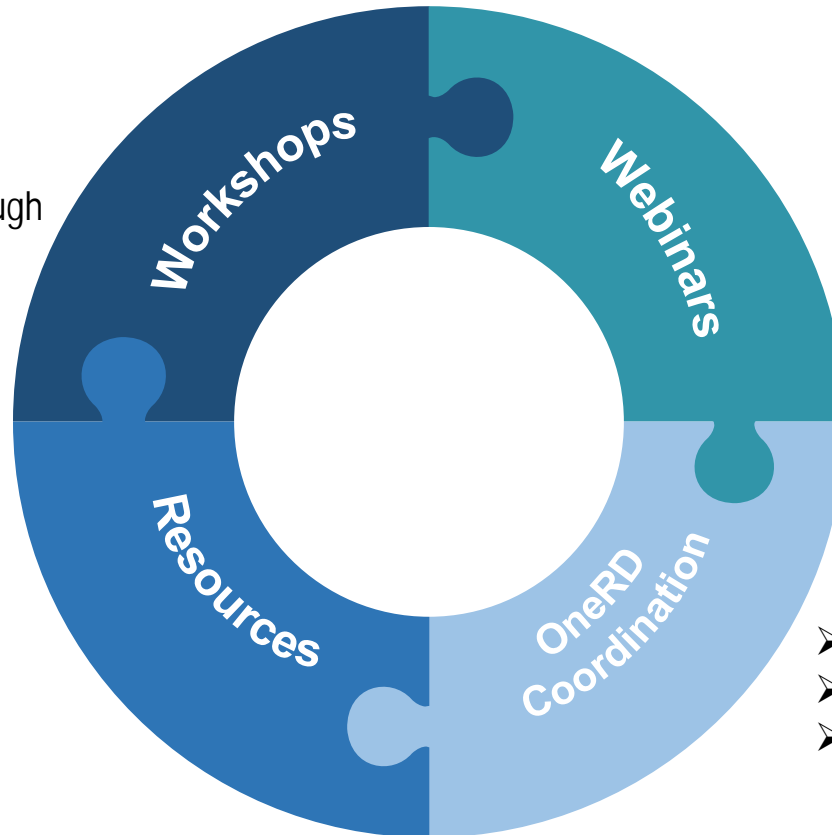
# Technical Assistance

## Workshops

➢ Multiple Workshops to be Held Across the Country
➢ Beginning in late January through March
➢ RD Experts and Detailed Application Information

## Webinars

➢ Multiple Webinars to be Held
➢ Beginning in late December through March
➢ RD Experts and Detailed Application Information

## Resources

➢ Inform Portal
http://reconnect.usda.gov/
➢ Electronic Application Intake System
➢ Program FAQs

## OneRD Coordination

➢ Resources Across RD
➢ Help Desk
➢ Technical Assistance and Support to Applicants



Workshops · Webinars · Resources · OneRD Coordination

ReConnect Program Website
*http://reconnect.usda.gov/*