



# ReConnect Program

Round 5 Notice of Funding Opportunity - Introduction and Overview





**Jessica Hamilton**

General Field Representative  
Rural Utilities Service



# John Holman

General Field Representative  
Rural Utilities Service

# Agenda

- Definitions of Important Terms
- Eligibility
- Funding Types
- Additional Requirements
- Application Scoring Criteria
- Award Terms
- Summary of Changes from Round 4 to Round 5
- Additional Information
- Application Tips
- Q&A



# Definitions of Important Terms



# Definitions

- **Alaska Native Corporations** means an Alaska Native Regional Corporation or an Alaska Native Village Corporation pursuant to the Alaska Native Claims Settlement Act, 43 U.S.C. 1602(g) and (j).
- **Enforceable Commitment** means a legally enforceable obligation by any federal, state, or local agency, utilizing Federal Funds, to fund a broadband project that will provide to all households in the service area at least 100 megabits per second (Mbps) downstream and 20 (Mbps) upstream.
- **Federal Funds** means any federally appropriated funds; or subsidies and fees managed by the FCC to promote universal access.
- **Local Government** means the administration of a particular town, county, or district, with representatives elected by those who live there.

# Definitions

- **Persistent Poverty County** is any county with 20 percent or more of its population living in poverty over the past 30 years as measured by the 1990 and 2000 decennial censuses and the 2007-2011 American Community Survey 5-year average, or any territory or possession of the United States
- **Premises** means households, farms, and businesses
- **Socially Vulnerable Community** means a community or area identified in the Center for Disease Control's Social Vulnerability Index with a score of .75 or higher.
  - For the purposes of this notice, Puerto Rico, Guam, American Samoa, the Northern Mariana Islands, Palau, the Marshall Islands, the Federated States of Micronesia, the U.S. Virgin Islands, and Hawaiian Census Tribal areas are considered to be Socially Vulnerable Communities.
  - These areas are identified on the GIS layer (Socially Vulnerable Communities) included in the RUS mapping tool located at [reconnect.usda.gov](https://reconnect.usda.gov).



## Definitions (continued)

- **Sufficient access to broadband** means any rural area in which households have fixed, terrestrial broadband service defined as 25 megabits per second (Mbps) downstream and 3 Mbps upstream.
- **System requirements** Facilities proposed to be constructed with award funds must be capable of delivering 100 Mbps symmetrical service to every premises in the Proposed Funded Service Area (PFSA). This means that all premises in the PFSA must be able to receive this service at the same time.



## Definitions (continued)

- **Tribal Government** means the governing body of an Indian or Alaska Native tribe, band, nation, pueblo, village, or community listed pursuant to the Federally Recognized Indian Tribe List Act of 1994, 25 U.S.C. 5130.
- **Tribal Land** means any area identified by the United States Department of Interior as tribal land over which a Tribal Government exercises jurisdiction. A GIS layer of most Tribal Lands can be found on the RUS mapping tool located at <https://www.usda.gov/reconnect>.
- Additional definitions are found in the ReConnect regulation, 7 CFR 1740.2

# ReConnect Basic Eligibility



# Eligible Entities – 7 CFR 1740.9

- 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)
- Non-profit entities
- For-profit corporations
- Limited Liability Companies and Limited Liability Partnerships
- Cooperative or mutual organizations



# Eligible Projects – 7 CFR 1740.10

- Fully complete application
- Timely buildout completion (within 5 years)
- Must meet technical feasibility
- Fully funded
- Must meet financial feasibility and sustainability
- Demonstrate the following requirements will be met:
  - Grant-funded facilities will provide broadband service proposed in the application for the composite economic life of the facilities
  - Loan-funded facilities will provide broadband service through the amortization period of the loan

# ReConnect Service Area Eligibility Requirements



# NOFO 5 Service Area Eligibility

- Proposed Funded Service Area (PFSA) - Area where the applicant is requesting funds to provide broadband service.
- **At least 90% of households** within a PFSA must lack sufficient access to broadband.
- Applicants must submit evidence that sufficient access to broadband does not exist for 90% of the households in the PFSA, identify all existing providers in the PFSA, and indicate what level of service is being provided. If these areas are found to have sufficient service beyond the threshold, the application may be rejected.
- Areas with an enforceable commitment are generally ineligible for ReConnect funds.
  - Some areas with an enforceable commitment are eligible for 100 percent loans, but not all.
    - For example, a protected ReConnect awardee could not get another ReConnect award for the same area.
  - Areas where an enforceable commitment exists are identified in a GIS layer located in the RUS mapping tool.



# NOFO 5 Service Area Eligibility (continued)

## Eligible Service Areas:

- Provide broadband access directly to all premises in PFSA
- Service areas of existing RUS borrowers without sufficient access to broadband, as defined in the NOFO, **are eligible** for ReConnect funding. Examples include:
  - Previously constructed Community Connect projects **not** offering sufficient access to broadband
  - RUS Broadband Initiatives Program (BIP) projects **not** offering sufficient access to broadband
- Tribal entities proposing service on Tribal Lands may self-certify that sufficient access to broadband does not exist on the Tribal Lands covered under the PFSA.
  - RUS will still perform a service area validation on the PFSA to determine whether sufficient access to broadband exists.
- Applicants who believe that non-rural areas within their proposed service territory are “rural in character” must follow 7 USC 1991(a)(13)(D) in order for such areas to be considered eligible.

# NOFO 5 Service Area Eligibility (continued)

- The public mapping tool can be found on the ReConnect website (<https://www.usda.gov/reconnect>) by selecting the “NEW Mapping Tool” tile.
  - The mapping tool includes the following **eligibility** layers:
    - Non-Rural Areas
    - Pending Applications
    - Protected Broadband Borrower Service Areas
    - Colonia Areas
    - Alaska Native Regional Corporations
    - Alaska Native Village Corporations
    - Enforceable Commitment
    - Tribal Areas
    - Persistent Poverty Counties
    - Socially Vulnerable Communities

# Ineligible Service Areas

- **Ineligible Service Areas:**
  - Prior-funded service areas that are providing sufficient access to broadband as defined in the NOFO
    - RUS Broadband Loans including Infrastructure, Community Connect and ReConnect Awards
    - RUS Community Connect Grants still under buildout
    - Service areas of ReConnect Community Project Funding/Congressionally Directed Spending
    - RDOF Ready to Authorize Areas



# Eligible & Ineligible Costs



# Eligible Costs

- Award funds may be used for the following purposes:
  - **Construction, acquisition, or improvement of facilities**, including buildings and land, required to provide broadband service
  - **Up to 3%** can be used to fund **post-award monitoring expenses** that are required to mitigate any environmental requirements as long as they are capitalized as part of the project. This cost must be specified in the Professional Services section of the Capital Investment Workbook of the application. This is separate from the 5% allowed for pre-application expenses.
  - **Reasonable pre-application expenses** (not to exceed 5% of the total award).
    - Costs associated with satisfying environmental review requirements are eligible for reimbursement (**up to 3% of total award**). These costs will count as part of the overall 5% allowable for pre-application expenses.
    - If an applicant applied for funding in ReConnect round 4, pre-application expenses may be eligible for reimbursement under this round of funding if these expenses support the round 5 application (i.e., engineering design, market survey, subscriber projections, etc.).

# Ineligible Costs

- Projects proposing to use unlicensed wireless facilities.
- Operating expenses
  - Costs related to obtaining an Irrevocable Letter of Credit (ILOC) are considered operating expenses, and therefore are ineligible
  - Indirect costs
- To fund grant costs of a vendor that has both designed and is to construct the proposed project.
  - 100% loan applicants wishing to use the same vendor for design and construction must submit supporting documentation that demonstrates the arrangement is the most economical way to complete the project.
  - An applicant applying for a loan, grant, or loan/grant combination can use qualified in-house staff for both design and construction.
- Additional guidance on ineligible costs is defined in the regulation, 7 CFR 1740.12



# NOFO 5 Funding Types



# Funding Types

	100% Loan	50% Loan-50% Grant Combination	100% Grant
Terms	Max Award: \$50 million Minimum Award: \$100,000 2% Interest Rate	Max Award: \$50 million Minimum Award: \$100,000 UST Interest Rate*	Max Award: \$25 million Minimum Award: \$100,000 25% matching funds**
Application Review	Rolling Basis	Competitive	Competitive
Round 5 Federal Funds	\$200 million	\$200 million	\$150 million
Buildout Speed	100 Mbps symmetrical service (same download and upload speeds) to every premise in the PFSA.		

\*The interest rate for the 50 percent loan component will be set at the Treasury rate for the remaining amortization period at the time of each advance of funds. Applicants may propose substituting cash for the loan component at the time of application and funds must be available in the applicant's operating accounts at the closing of the award

\*\*Additional details provided in the following slides.

For Corporations and limited liability entities, the loan and loan/grant combinations must be secured by all assets of the Awardee. Applicants must submit a certification that their existing lender or lienholder on any Awardee asset has already agreed to sign the RUS' standard intercreditor agreement or co-mortgage found on the Agency's web page.

# Requirements for Matching Funds – 100% Grant ONLY

- 100% Grant applicants must provide a matching contribution of cash equal to 25% of the cost of the overall project
- Awardees may deposit matching funds into the Pledged Deposit Account on a rolling basis.
- If matching funds are provided by a third party, a commitment letter from the third party must be submitted.
- If the applicant elects to initiate a loan to satisfy the matching requirement, documentation must be included as part of the application indicating the terms and conditions for the loan and that the grant funded assets cannot be used as collateral for the matching funds loan. The loan funds must be transferred into the applicant's accounts by the closing of the award
- Matching funds can only be used for eligible purposes.

# Funding Types (continued)

	100% Grant for Alaska Native Corporations, Tribal Governments, Colonias, Persistent Poverty Areas and Socially Vulnerable Communities
Terms	Max Award: \$25 million Minimum Award: \$100,000 No matching fund requirement
Application Review	Competitive
Round 5 Federal Funds	\$150 million
Buildout Speed	100 Mbps <b>symmetrical service</b> (same download and upload speeds) to every premise in the PFSA.

Tribal entities applying for a 100% grant that can guarantee project completion don't have to submit NFSAs or 5-year financial projections.



# 100% Grant for Alaska Native Corporations, Tribal Governments, Colonias, Persistent Poverty Areas and Socially Vulnerable Communities

- 100% Grant for Alaska Native Corporations, Tribal Governments, Colonias, Persistent Poverty Areas and Socially Vulnerable Communities eligibility: applicants must meet one of the following criteria
  - Alaska Native Corporations providing service on land owned by the corporation
  - Tribal Governments providing service on Tribal land, lands subject to restrictions on alienation imposed by the United States on Indian Lands; or land that they own, provide services to, or administer.
    - Applicants must submit documentation supporting land ownership, services, or administration.

# 100% Grant for Alaska Native Corporations, Tribal Governments, Colonias, Persistent Poverty Areas and Socially Vulnerable Communities (continued)

- For the 100% Grant for Alaska Native Corporations, Tribal Governments, Colonias, Persistent Poverty Areas and Socially Vulnerable Communities, an application must meet one of the following criteria:
  - Projects where 75% of the applicant's PFSA(s) are located in areas recognized as Colonias as of October 1, 1989.
  - Projects where 75% of the applicant's PFSA(s) are located in persistent poverty counties.
  - Projects where 75% of an applicant's PFSA(s) consists of Socially Vulnerable Communities.
  - Colonias, persistent poverty counties, and Socially Vulnerable Communities are identified in the application intake system's service area map by corresponding map layers

# ReConnect Regulation: Network Requirements





# ReConnect Regulation: Network Requirements

- **Applicants will need to submit the following:**
  - A network design which includes a description of the proposed technology used to deliver the broadband service
  - A network diagram
  - A buildout timeline and milestones for implementation of the project
  - A Capital Investment Workbook/Capital Investment Schedule showing that the system can be built within 5 years

# Network Requirements (continued)

- Professional Engineer (PE) Requirements
  - PE must be certified in at least one of the states where there is project construction
  - Certification must state that the proposed network can deliver broadband service to all premises in the PFSA at the minimum required service level
- Technology neutral
  - Facilities proposed to be constructed with award funds must be capable of meeting the minimum construction requirements of 100 Mbps symmetrical service to every premises in the PFSA.
- Review the regulation (7 CFR 1740.64) for more information

# ReConnect Program: Financial Requirements





# Financial Requirements

## **Applicants will need to submit the following:**

- Audited financial statements
- Detailed information for all outstanding and contingent obligations including a letter from existing lenders that they are willing to share a lien.
- Evidence of all other funding necessary to support the project
- A financial pro forma to include four years of historical data, the current (bridge) year, and five years of projections.

# Financial Requirements

- The following applicants are not required to submit the five-year pro forma financial projections or maps of the NFSAs:
  - Tribal entities applying for a 100% grant that are willing to guarantee that the proposed project will be constructed.
    - The guarantee will be demonstrated by the Tribe's audited financials.
    - Tribal entities proposing a guarantee are not required to provide an ILOC.
      - ILOC remains an option for Tribal entities that cannot provide the required lien on grant assets
  - 100% grant applicants that can demonstrate that their last rating from Fitch, Standard and Poor's, or Moody's from the date the application is submitted is a AAA bond rating.
    - Audited financial statements and evidence of the bond rating is required

# Financial Requirements

- The following applicants are not required to submit the five-year pro forma financial projections or maps of the NFSAs:
  - Applicants that can demonstrate a current ratio (CR) of 2 or higher, times interest earned ratio (TIER) of 2 or higher, a debt service coverage ratio (DSCR) of 2 or higher, and a Net Worth of 45% or more for the previous two years from the date of application submission.
    - Audited financial statements must support the CR, TIER, DSCR, and Net Worth
    - If an applicant has no outstanding debt, only the CR and Net Worth requirements apply.
  - Publicly traded companies with an investment grade bond rating from Moody's, Standard and Poor's, or Fitch.
  - 100% grant applicants who provide an Irrevocable Letter of Credit (ILOC).



# Audited Financials

- The following entities must submit **unqualified, comparative, audited financial statements** (as outlined in 7 CFR 1740)
  - Corporation
  - Commercial Business
  - Limited Liability Company and Limited Liability Partnerships
  - Cooperative
  - Mutual Organization

# Audited Financials

- Non-federal entities are subject to 2 CFR 200, and therefore are only required to submit a single audit in compliance with 2 CFR 200.
- Non-federal entities defined as States, Local Governments, Indian Tribes, Nonprofit organizations and institutions of higher learning.

# Audited Financials

- An applicant can use the consolidated audit of a parent as long as the parent fully guarantees the loan, or in the case of a grant, guarantees that construction will be completed as approved in the application or will repay the grant to RUS
  - The historical and pro forma financial information must be the applicant's own information provided on a standalone basis
  - If the applicant has more than one parent, then each parent's audits must be submitted, and each parent must fully guarantee the award.
  - A parent company that has subsidiaries applying for funding based on the parent's audited financials can only guarantee **one application** for funding under this notice. If multiple subsidiaries apply based on the same parent audited financial statement, at the agency's discretion, **only one application** can be funded.



# Application Scoring Criteria



# NOFO 5 - Scoring Criteria

Points	Criteria
25 Points	Rurality of the Proposed Service Area
20 Points	Economic Need of the Community
20 Points	Affordability
20 Points	Labor Standards
15 Points	<p>Tribal Areas including ANCs or Alaska Native Tribal Governments</p> <p>(Note: For non-tribal governmental entities or non-ANC or non Alaska Tribal Governments where at least 50 percent of the geographical area of the PFSA(s) is covered, 10 points will be awarded.)</p>

(continued on next slide)

# NOFO 5 - Scoring Criteria

Points	Criteria
15 Points	Local Governments, Non-Profits, and Cooperatives
15 Points	Socially Vulnerable Communities
10 Points	Net Neutrality
10 Points	<p>Most Unserved Locations Per Square Mile</p> <p>The top ten states are eligible for points.</p> <ul style="list-style-type: none"><li>▪10 points: Alaska, Idaho, Montana, New Mexico, and Wyoming.</li><li>▪5 points: Arkansas, Mississippi, Nevada, South Dakota, and West Virginia.</li></ul>
150 Points - Total	



## Rurality of the PFSA(s) – 25 Points

- 25 points will be awarded for population densities of 6 or less as measured by the population of the PFSA(s) per square mile **OR** if each PFSA is located at least one hundred miles from a city or town that has a population of 50,000 inhabitants.
- If multiple service areas are proposed, **the density calculation will be made on the combined areas as if they were a single area** and not the average densities.
- A GIS layer identifying rurality can be found in the RUS mapping tool located at <https://www.usda.gov/reconnect>

## Economic Need of the Community – 20 Points

- Economic need is based on the **county poverty percentage** of the PFSA in the application.
- The percentages must be determined by utilizing the United States Census Small Area Income and Poverty Estimates (SAIPE) Program. The points associated with this scoring criterion will be automatically calculated by the mapping tool in the application.
- For applications where **75 percent of the PFSA(s)** are proposing to serve communities with a **SAIPE score of 20 percent or higher, 20 points will be awarded.**

## Economic Need of the Community (continued) – 20 Points

- PFSAs located in geographic areas for which **no SAIPE data exist will be determined to have an average SAIPE poverty percentage of 30 percent.** Such geographic areas may include territories of the United States or other locations eligible for funding through the ReConnect Program.
- A GIS layer identifying SAIPE areas can be found in the RUS mapping tool located at <https://www.usda.gov/reconnect>
- Tribal applicants can request alternative scoring consideration by submitting more granular Tribal specific census data using the census.gov/tribal tool.



# Affordability – 20 Points

- Applications can receive 20 points by :
  - Including at least one low-cost option offered at speeds that are sufficient for a household with multiple users to simultaneously telework and engage in remote learning
  - Applicants claiming affordability points will be required to upload documentation explaining how the proposed service offering is affordable.

## Labor Standards – 20 points

- Applicants requesting these points must include in their application a description of whether and, if so, how the project will incorporate each of the three categories of labor standards and protections:
  1. Strong labor standards
  2. Demonstrated compliance with and plans for future compliance with labor and employment laws
  3. A plan to recruit and support an appropriately skilled, trained and credentialed workforce (including by contractors and subcontractors)

Continued on next slide.

## Labor Standards – 20 points (continued)

- For applicants that commit to strong labor standards, consistent with Tribal Laws when the project proposes to build infrastructure on Tribal Lands, 20 points will be awarded.
- Projects that propose to build infrastructure on Tribal Lands must follow Tribal Laws (such as Tribal Employment Rights Ordinances) to be in compliance with a ReConnect award, regardless of receiving points under this standard.



## Tribal Areas – 15 points

- **15 points** will be awarded to **Tribal governments and Tribal Government wholly-owned entities** where at least 75 percent of the geographic area of the PFSA(s) is on Tribal Lands.
- **10 points** will be awarded for **non-tribal governmental entities** where at least 50 percent of the geographic area of the PFSA(s) is on Tribal Lands.
- A certification from the appropriate tribal official is **required** if service is being proposed over, or on, Tribal Lands. Any non-Tribal applicant that fails to provide a certification to provide service on the Tribal Lands identified in the PFSA will not be considered for funding.
- Tribal lands will be analyzed using the GIS layers (Tribal Area (BIA LAR); Tribal Supplemental Area (BIA LAR); and Tribal Statistical Area (BIA)) in the RUS mapping tool located at <https://www.usda.gov/reconnect>.

## Tribal Areas – 15 points (continued)

- **15 points** will be awarded to **ANCs or Alaska Native Tribal Governments** where at least **50 percent** of the geographical area of the PFSA(s) is on Census Tribal areas in Alaska
- **10 points** will be awarded to **non-ANC or non-Alaska Native Tribal Government entities** where at least **50 percent** of the geographical area of the PFSA(s) is on Census Tribal areas in Alaska
- Census Tribal areas in Alaska will be analyzed using the GIS layer (Alaska Census Tribal Areas) in the RUS mapping tool located at <https://www.usda.gov/reconnect>
- The maximum number of points an applicant can receive for Tribal Areas is **15 points**.

# Tribal Coordination

- Vital to coordinate with Tribes early in the application process in order to ensure ample time to obtain the appropriate tribal certification.
- If service is being proposed on or crossing tribal land, a certification from the proper tribal official stating that they are in support of the project and will allow construction to take place on tribal land **is required (7 CFR 1740.60)**. The certification must:
  - Include a description of the land proposed for use as part of the proposed project;
  - Identify whether the land is owned, held in Trust, land held in fee simple by the Tribe, or land under a long-term lease by the Tribe;
  - If owned, identify the landowner; and
  - Provide a commitment in writing from the landowner authorizing the applicant's use of that land for the proposed project
- Any application that does not provide a certification to provide service on the tribal lands identified in the PFSA will not be considered for funding.

# Local Governments, Non-Profits, and Cooperatives – 15 points

- 15 points will be awarded for applications submitted by:
  - local governments
  - non-profits
  - cooperatives
- This includes projects involving public-private partnerships where the local government, non-profit, or cooperative is the applicant



## Socially Vulnerable Communities – 15 points

- For applications where at least **75 percent of the PFSA(s) are proposing to serve Socially Vulnerable Communities**, as defined in this NOFO, 15 points will be awarded.
- A GIS layer identifying the Socially Vulnerable Communities can be found at <https://www.usda.gov/reconnect>.

# Net Neutrality – 10 points

- For applicants that **commit to net neutrality principles, 10 points will be awarded.**
- A board resolution or its equivalent must be submitted in the application committing that the applicant's networks shall not
  - block lawful content, applications, services, or non-harmful devices, subject to reasonable network management;
  - impair or degrade lawful Internet traffic on the basis of Internet content, application, or service, or use of a non-harmful device, subject to reasonable network management; and
  - engage in paid prioritization, meaning the management of a broadband provider's network to directly or indirectly favor some traffic over other traffic, including through use of techniques such as traffic shaping, prioritization, resource reservation, or other forms of preferential traffic management, either (a) in exchange for consideration (monetary or otherwise) from a third party, or (b) to benefit an affiliated entity.

# Most Unserved Locations Per Square Mile – 10 points

- Projects located in states which have the **greatest number of unserved locations per square mile will receive 5 or 10 points.**
- The top ten states are eligible for points.
  - 10 points: Alaska, Idaho, Montana, New Mexico, and Wyoming.
  - 5 points: Arkansas, Mississippi, Nevada, South Dakota, and West Virginia.
- 75 percent of the PFSA(s) must be located within the state.
- Projects located in more than one state eligible to receive points will automatically receive the higher of the two scores if one of those states is eligible to receive 10 points, but the other state is eligible to receive 5 points.
- Application system will automatically calculate points for this category based on the location of PFSAs

# Award Terms





# Award Terms

- Review the ReConnect regulation, 7 CFR 1740 Subpart D and the NOFO for award terms including:
  - Interest Rates
  - Terms and Conditions
  - Security
  - Advance of Funds
  - Build America, Buy America
  - Cybersecurity Risk Management
  - Affordable Connectivity Program
- Build America, Buy American Requirements
  - Funding to Non-Federal entities (defined in 2 CFR 200.1) is governed by the requirements of Section 70914 of the Build America, Buy America Act (BABA) within the IIJA.
  - Funding to entities that are not Non-Federal is governed by the Agency's Buy American requirement at 7 CFR 1787.

# Award Terms – Advance of Funds

- For this NOFO, the advance of funds for a 50/50 loan grant combination will be as follows:
  - Funds substituted for the loan component will be expended first
  - Loan funds will be advanced second
  - Grant funds will be advanced third
- The advance of funds for 100 percent grants that require a matching component will be prorated against the amount of matching funds that are required and the amount of the grant funds approved.
  - Example: a request for 10% of grant funds will require evidence of the expenditure of 10% of the matching requirement.

# Award Terms – Affordable Connectivity Program

- The Affordable Connectivity Program (ACP), To ensure that all Americans can access reliable, high-speed internet, this vital service must also be affordable.
- To ensure that rural households can take advantage of the ACP benefit, applicants selected for ReConnect funding will be required to **apply to participate** in the ACP before award funds are disbursed.
- This requirement will also apply to any successor program to the ACP.

# Administrative and National Policy Requirements

## Cybersecurity Risk Management

- Applicants selected for ReConnect funding must demonstrate, prior to the signing of the award agreement, effort to consider and address cybersecurity risks consistent with the cybersecurity performance goals for critical infrastructure and control systems directed by the National Security Presidential Memorandum on Improving Cybersecurity for Critical Infrastructure Control Systems (or the current draft of these goals)
  - This can be found at <https://www.cisa.gov/control-systems-goals-and-objectives>

## Reporting

- All applications are subject to the requirements contained in 7 CFR 1740 subpart F.
- Non-federal entities are subject to 2 CFR 200, and therefore are only required to submit a single audit in compliance with 2 CFR 200.



# ReConnect NOFO 5 Summary of Changes



# Summary of Changes

- **90% of households in a PFSA** must lack sufficient access to broadband. The separate grant funding category that previously used this threshold has been removed from the current NOFO.
- Sufficient access to broadband is defined as 25 Mbps downstream and 3 Mbps upstream in NOFO 5.
- Areas that have an enforceable commitment are ineligible for ReConnect funding. These areas are identified on the RUS map.
- Projects proposing to use unlicensed wireless facilities are ineligible for funding under this notice.

## Summary of Changes (continued)

- Tribal applicants may request alternative scoring consideration for scoring criterion, "Economic Need of the Community" by submitting more granular Tribal-specific census data using the [census.gov/tribal](https://www.census.gov/tribal) tool.
- For this notice only, the following applicants are not required to submit five-year proforma financial projections or maps of any NFSAs.
  - Tribal entities applying for 100 percent grants that are willing to guarantee that the proposed project will be constructed
  - 100 percent grant applicants that can demonstrate that their last rating from either Fitch, Standard and Poor's or Moody's is a AAA bond rating.
    - The date the rating is issued must be within one year from the date the application is submitted
  - Applicants that can demonstrate a current ratio of 2 or higher, a times interest earned ratio (TIER) of 2 or higher, a debt service coverage ratio (DSCR) of 2 or higher, and a net worth of 45% or more for the previous 2 years from the date the application is submitted.

## Summary of Changes (continued)

- For this notice only, applicants are not required to submit a **legal opinion** as part of the application. Applicants that receive an award must still provide the legal opinion as part of closing the award.
- Applicants must provide supporting information to justify the use of **alternative household data**, like utilizing Broadband Serviceable Location data from the FCC or another publicly available source which can be verified by USDA.



## Summary of Changes (continued)

- Applicants that are receiving Enhanced Alternative Connect America Cost Model (E-ACAM) funding are only eligible for a ReConnect 100 percent loan
- Awardees that receive other Federal **or State** funds and ReConnect funding must submit a statement that ReConnect funds have not and will not be reimbursed by another Federal or State award nor used to reimburse another Federal or State award.
  - Awardees must keep separate accounts for each source of funding to track the uses of the funding to support the certification statement submitted with the ReConnect application.
  - Funds cannot be used for duplicative purposes.
- A parent company that has subsidiaries applying for funding based on the parent's audited financials can only guarantee one application for funding under this notice. If multiple subsidiaries apply based on the same parent audited financial statement, at the agency's discretion, only one application can be funded.

# Summary of Changes (continued)

## Vendor Selection

- Award funds may not be used to fund grant costs of a vendor that has both designed and is to construct the proposed project.
  - If the project has already been designed, then only such costs will be eligible for that vendor and the applicant must procure construction from another entity not related to the vendor.
- If an applicant is applying for a 100% loan and wishes to use the same vendor for design and construction, supporting documentation must be provided that demonstrates that this arrangement is the most economical way to get the broadband facilities constructed.
- An applicant applying for any funding type can use qualified in-house staff for both the design and construction of the broadband facilities.

# Summary of Changes (continued)

## Evaluation Criteria

- The following criterion were removed in NOFO 5:
  - Wholesale provision of broadband services
  - Level of existing service
- The following criterion was added to NOFO 5:
  - Most Unserved Locations per Square Mile. This criterion ensures RUS prioritizes funding to states with the highest concentrations of unserved broadband service locations (UBSLs) by percentage and area. Projects located in these states can receive 5 or 10 points.



# Additional Information





# Application Evaluation and Processing

- **100% Loans** will be accepted, evaluated, and processed on a *rolling basis*
- **Combination Loan/Grants** will be evaluated and scored in a *competitive process*
- **100% Grants** will be evaluated and scored in a *competitive process*
- RUS reserves the right to ask applicants for clarifying information and additional verification of assertions in the application
- Applications that have been selected for funding will receive award documents from RUS
- Applicants should review 7 CFR 1740 Subpart F and Subpart G for closing, servicing, reporting, and other Federal award compliance requirements

# Service Area Validations (SAV)

- USDA will conduct **Service Area Validations** (SAV) on all PFSA that receive a Public Notice Response (PNR).
  - If an application has 10 PFSA, but only one PFSA receives at least one PNR, then only one PFSA will be validated.
  - PFSA that do not receive a PNR will be considered eligible (assuming they meet all other eligibility requirements).
- **SAVs** on applications will:
  - Check for 25/3 Mbps service in the PFSA
  - Validate other information submitted in the application
  - Consider any public notice responses, which will be posted online for 45 calendar days
  - SAV guidelines can be found at <https://www.usda.gov/reconnect> under Forms and Resources

# Application Timeline

- Funding Opportunity Announcement
  - Published February 21, 2024
- Application System Opens
  - March 22, 2024
- Application Submission Deadline
  - May 21, 2024 at 11:59 AM ET

# Application Tips





# Application Tips

- **ALL Applicants** must have several items for the application, regardless of funding type. This includes:
  - An active and current System for Award Management registration including certifications (**SAM** – [www.sam.gov](http://www.sam.gov)).
  - USDA verified (Level II) eAuthentication (or eAuth)
  - Authorized Representative Request (ARR)
  - Application Identification Requirements including a Tax Identification Number (TIN) and Unique Entity Identifier (UEI)
    - UEI has replaced DUNS and you get your UEI when you register on [www.sam.gov](http://www.sam.gov)
    - Your Cage code is now optional but **may** be listed on the application

# Available Resources for Application Help

- **Technical Assistance**

- Register for upcoming workshops/webinars <https://www.usda.gov/reconnect/events>
- Subscribe to receive updates about upcoming events on the ReConnect website

- **Resources**

- ReConnect website <https://www.usda.gov/reconnect>
- NOFO: <https://federalregister.gov/d/2024-03484>
- Regulation: <https://www.ecfr.gov/current/title-7/subtitle-B/chapter-XVII/part-1740>
- Updated Application Guide
- Updated Frequently Asked Questions (published once the NOFO is released)

- **Contact Us**

- When working **inside** the application, use the “contact us” button on your screen.
- **Outside** of the application system, use <https://www.usda.gov/reconnect/contact-us>
- Contact your General Field Representative (GFR): <https://www.rd.usda.gov/contact-us/telecom-gfr/all>





Rural Development  
U.S. DEPARTMENT OF AGRICULTURE