



ReConnect Program

Round 4 Funding Opportunity Announcement Introduction and Overview

Agenda

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Introduction



ReConnect Program

Provides loans, grants, and loan-grant combinations to extend high-speed broadband service to rural areas lacking sufficient access.

Established as a pilot program in 2018



Codified in 7 CFR 1740 in 2021



Announced by Funding Opportunity Announcement (FOA) in the Federal Register

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)(j).
- **Persistent Poverty County** is defined as 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 5-6 year average, or any territory or possession of the United States.
- **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.
- **Sufficient access to broadband** (7 CFR 1740.2) means any rural area in which households have fixed, terrestrial broadband service defined as 100 megabits per second (Mbps) downstream and 20 Mbps upstream.

Definitions (continued)

- **System requirements** (7 CFR 1740.3(a)(2)). 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.
- **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)
- Technical feasibility
- Fully funded
- 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



FOA 4 Service Area Eligibility

- Proposed Funded Service Area (PFSA) - Area where the applicant is requesting funds to provide broadband service
- **At least 50% of households** within a PFSA must lack sufficient access to broadband.
- Applicants must submit evidence that sufficient access to broadband does not exist for 50% 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.
- Multiple service areas will be treated as separate standalone service areas
- If any service area in a competitive application does not meet the eligibility requirements, the entire application will be disqualified.
- Facilities proposed to be constructed with award funds must be capable of delivering 100 Mbps symmetrical service to every premises in the PFSA.

FOA 4 Service Area Eligibility (continued)

- Areas receiving, or under consideration for other Federal funds are eligible for ReConnect funding as long as an entity has not received final approval to receive other Federal funding to construct terrestrial facilities providing at least 100/20 Mbps service in the PFSA(s) as of September 6, 2022.
 - Applicants proposing to serve such areas must submit a statement explaining why ReConnect funding is being requested and why RUS should provide additional funding.
 - Awardees that receive other Federal funds and ReConnect funding must submit a statement that ReConnect funds have not and will not be reimbursed by another Federal award nor used to reimburse another Federal 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

FOA 4 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 FOA, **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

- **Ineligible Service Areas:**

- Overlapping proposed project service areas
- If prior-funded service areas are providing sufficient access to broadband as defined in the FOA
 - RUS Broadband Loans including ReConnect Awards
 - RUS Community Connect Grants still under buildout
 - Service areas of ReConnect Community Project Funding/Congressionally Directed Spending
 - RDOF Ready to Authorize Areas

FOA 4 Service Area Eligibility (continued)

- The public mapping tool can be found on the ReConnect website (<https://www.usda.gov/reconnect>) by selecting the “Service Area Map” tile.
 - The mapping tool includes the following **eligibility** layers:
 - FAR Level 4
 - Non-Rural Areas
 - Pending Applications
 - Protected Broadband Borrower Service Areas
 - Colonia Areas
 - Persistent Poverty Counties
 - Alaska Native Regional Corporations
 - Alaska Native Village Corporations
 - FY22 Congressionally Directed Spending
 - RDOF – Ready to Authorize
 - Tribal Area

Eligible & Ineligible Costs



Eligible Costs

- All costs must be reasonable, allocable, and necessary
- 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 Capital Investment Workbook of the application.
 - **Reasonable pre-application expenses** (not to exceed 5% of the total award).
 - **Up to 3%** of total award can be used to cover costs associated with satisfying the environmental review requirements. The environmental review costs count as part of the overall 5% allowable for pre-application expenses.
 - Pre-application expenses that were incurred under the previous round of ReConnect, but benefit an application for this round, may be funded up to the five percent of the total award in this round.

Eligible & Ineligible Costs

Eligible Costs

- **For 100% Loans: To fund acquisition of an existing system** that does not currently provide sufficient access to broadband (limited to 40 percent of the total loan amount).
- **Pole attachment fees** associated with the construction funded under this FOA are eligible for funding throughout the five-year construction period. If the pole owner requires that a pole needs to be replaced to support the broadband facilities, the cost of the pole replacement is also an eligible cost.

Ineligible costs

- Operating expenses
 - Costs related to obtaining an Irrevocable Letter of Credit (ILOC) are considered operating expenses, and therefore are ineligible
 - Indirect costs
- **Additional guidance on ineligible costs is defined in the regulation, 7 CFR 1740.12**

FOA 4 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	Conducted on a rolling basis	Competitive	Competitive
Round 4 Federal Funds	\$150 million	\$300 million	\$150 million
Buildout Speed	100 Mbps symmetrical service to every premise in the PFSA.		

*Applicants may request up to \$35 million by providing supporting information that demonstrates that the PFSA(s) is comprised 100 percent of locations within areas classified by the USDA Economic Research Service as FAR Level 4

** Loans in the 50/50 funding category bear interest equal to the cost of borrowing to the Department of Treasury for obligations of comparable maturity.

*** Awardees may deposit matching funds into the Pledged Deposit Account on a rolling basis

Symmetrical service means same download and upload speeds

Funding Types (continued)

	100% Grant for Alaska Native Corporations, Tribal Governments, Colonias, Persistent Poverty Areas and Socially Vulnerable Communities	100% Grant for Projects where 90 percent of households lack sufficient access to broadband.
Terms	Max Award: \$25 million* Minimum Award: \$100,000 No matching fund requirement	Max Award: \$25 million Minimum Award: \$100,000 No matching fund requirement
Application Review	Competitive	Competitive
Round 4 Federal Funds	\$350 million	\$200 million
Buildout Speed	100 Mbps symmetrical service to every premise in the PFSA.	

*Applicants may request up to \$35 million by providing supporting information that demonstrates that the PFSA(s) is comprised 100 percent of locations within areas classified by the USDA Economic Research Service as FAR Level 4

Symmetrical service means same download and upload speeds

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
- 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.
 - **Publicly traded companies with an investment grade bond rating from Moody's, Standard and Poor's, or Fitch do not need to submit NFSAs or complete the pro forma financial projections.**
 - **100% grant applicants who provide an Irrevocable Letter of Credit (ILOC) do not need to submit NFSAs or complete the pro forma financial projections.**

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
- 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
 - However, 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.

Audited Financials – 2 CFR 200

- The following entities (non-Federal entities) are subject to 2 CFR 200 and must have a single audit conducted
 - Authority
 - Municipality
 - Public Body
 - Public Power or Utilities District
 - Indian Tribe
 - Tribal Government
 - Higher Education
 - Non-Profit
 - Territory or Possession of the United States
 - A State or Local Government
- Non-Federal entities should review 2 CFR 200.501 for additional information
 - All Non-Federal entities that meet this requirement must file with the Federal Audit Clearinghouse (FAC) as specified under 2 CFR 200.512

Application Scoring Criteria



FOA 4 Scoring Criteria

Points	Criteria
25 Points	Rurality of the Proposed Service Area
25 Points	Level of Existing Service
20 Points	Economic Need of the Community
20 Points	Affordability
20 Points	Labor Standards
15 Points	Tribal Areas
15 Points	Local Governments, Non-Profits, and Cooperatives
15 Points	Socially Vulnerable Communities
10 Points	Net Neutrality
10 Points	Wholesale Broadband Services
Total: 175 Points	

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 greater than 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>

Level of Existing Service – 25 Points

- Projects that are proposing to build in areas where **at least 50 percent of households** in each PFSA are not receiving service of at least 25 Mbps downstream and 3 Mbps upstream **will receive 25 points**
- Applicants must **provide supporting evidence that 25/3 service does not exist** for those households.
- To the extent possible, applicants must **identify all existing providers in the PFSA and indicate what level of service is actually being provided.**

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 RUS mapping tool using the SAIPE layer.
- 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**.
- 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>

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

Labor Standards – 20 points (continued)

- Applicants requesting these points must include in their application a description of whether 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)
- Additional details on what must be included in the plan are outlined in the FOA.

Labor Standards – 20 points

- 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.
- Recipients are encouraged to ensure that broadband projects use strong labor standards, consistent with Tribal laws when projects propose to build infrastructure on Tribal Lands.
- 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.
- 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) layer 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**. 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 geographic area of the PFSA(s) is proposing to serve Socially Vulnerable Communities**, as defined in this FOA, 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.

Wholesale Broadband Service – 10 points

- Recipients that **commit to offering wholesale broadband** services at rates and terms that are **reasonable and nondiscriminatory will receive 10 points.**
- Companies that propose to buy market access, bandwidth, functionality and servicing on a wholesale basis with the intent of reselling their purchased “capacity” on the retail market to businesses and consumers.
- To receive these points, applicants should **submit evidence that they are proposing an open access network.**
 - Include an explanation as part of the application executive summary
 - Should be supported by the Local Network Services Revenue – Other Revenue section of the application

Award Terms



Award Terms

- Review the ReConnect regulation, 7 CFR 1740 Subpart D and the FOA 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 FOA, 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.

Award Terms – Cybersecurity Risk Management

- New for round 4
- Applicants selected for ReConnect funding must demonstrate, prior to the signing of the grant 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>

Award Terms – Affordable Connectivity Program

- New for round 4
- The Affordable Connectivity Program (ACP), established by the IIJA, is a benefit program that helps households afford the broadband service they need for work, school, healthcare, civic engagement, and economic opportunity.
- 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 does not mean you must apply to participate before you can submit your ReConnect application, but you should start thinking about this now.

ReConnect FOA 4 Summary of Changes



Summary of Changes from FOA 3 to FOA 4

- Two new funding categories added to FOA 4
- Additional guidance added to scoring criteria
- Eligible pre-application expenses includes environmental review costs. Pre-application expenses that were incurred under the previous round of ReConnect, but benefit an application for this round, may be funded up to the five percent of the total award in this round. The total allowable pre-application expense is still 5% of the total requested award.
- For a project to be eligible in FOA 4, **50% of households** must lack sufficient access to broadband
 - Change from 90% in FOA 3
- Matching funds may be deposited in PDA on a **rolling basis**

Summary of Changes (continued)

- Language was added in FOA 4 to clarify that pole attachment fees are eligible costs
- Advance of funds guidance was added to FOA 4
- Repooling
 - For categories that do not receive applications that request the full amount of allocated funds, excess funds may be directed to another funding category at RUS's discretion, including but not limited to eligible applications not funded in Round 3. Additionally, if RUS does not make awards in the full amount allocated to a category, RUS may, at its discretion, direct such excess funds to another category or round of funding.
- Build America, Buy America requirements were added in round 4
- Cybersecurity Risk Management requirements were added in round 4
- Requirement of awardees to apply to participate in the ACP

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 PFSAs, but only one PFSA receives at least one PNR, then only one PFSA will be validated.
 - PFSAs that do not receive a PNR will be considered eligible (assuming they meet all other eligibility requirements).
- **SAVs** on applications will:
 - Check for 100/20 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 August 4, 2022
- Application System Opens
 - September 6, 2022
- Application Submission Deadline
 - November 2, 2022 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).
 - 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
 - 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>
- FOA: <https://www.federalregister.gov/d/2022-16694>
- Regulation: <https://www.govinfo.gov/content/pkg/FR-2021-02-26/pdf/2021-03443.pdf>
- Updated Application Guide
- Updated Frequently Asked Questions (published once the FOA 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