# ReConnect Program Eligibility

USDA RUS ReConnect Program

USDA
United States
Department of
Agriculture

**Rural Development**

# Agenda

- Eligible Entities
- Eligible Projects
- Eligible Service Areas
- Eligible Cost Purposes
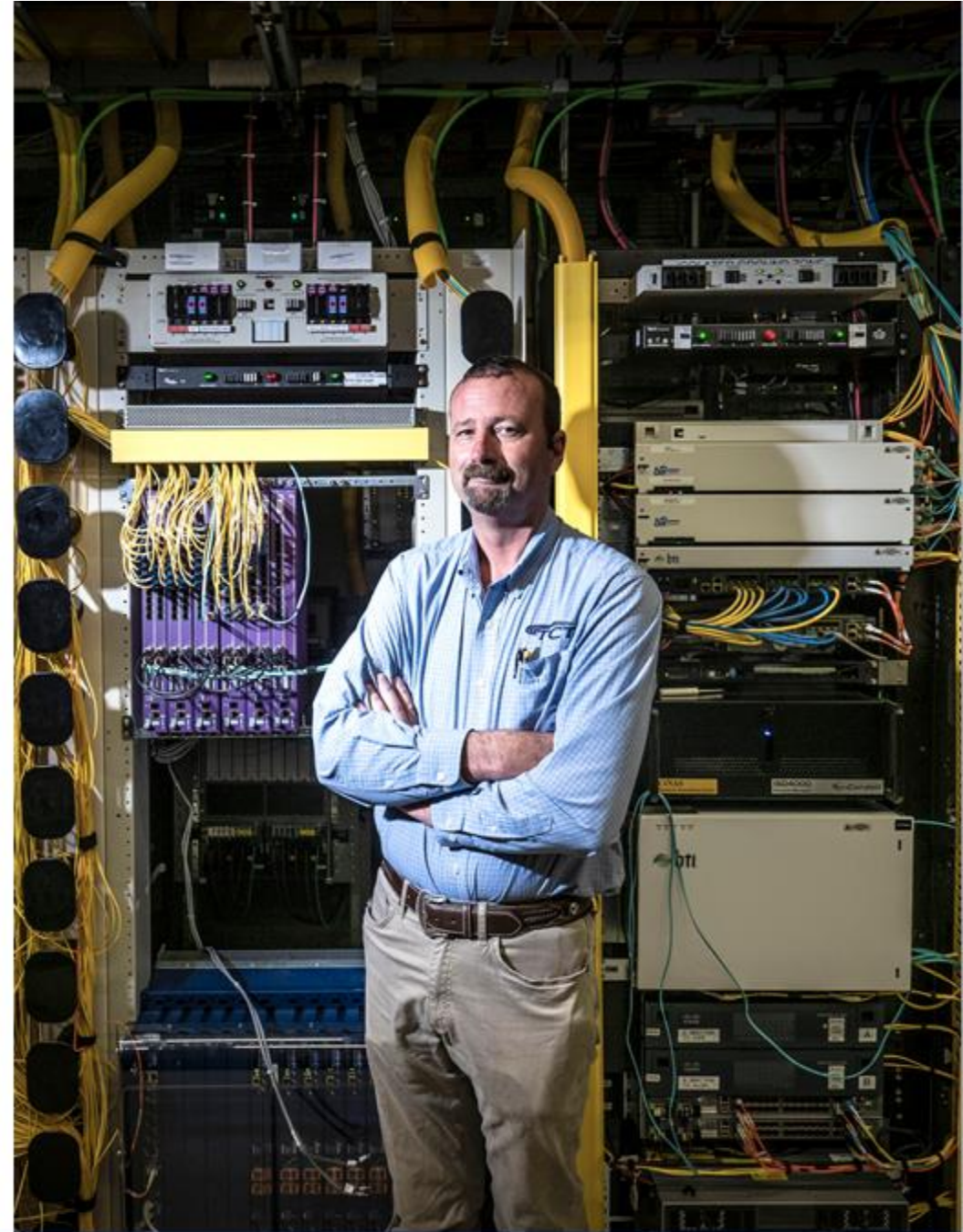- Application Guide Highlights
- Q&A

# Eligible & Ineligible Entities

- **Eligible:**
  - ✓ Corporation
  - ✓ Limited Liability Company (LLC) and Limited Liability Partnership (LLP)
  - ✓ Cooperative or mutual organization
  - ✓ States or local governments, including any agency, subdivision, instrumentality, or political subdivision thereof
  - ✓ Territory or possession of the United States
  - ✓ Indian tribe, as defined in section 4 of the Indian Self-Determination and Education Assistance Act
- **Ineligible:**
  - X Individuals
  - X Legal partnerships formed with individuals
  - X Co-applicants

# Eligible Entity Type

APPLICANT'S BUSINESS PHONE NUMBER *

required

ELIGIBLE ENTITY TYPE: * ▼

required

Civil Rights Status *

☐ Not Applicable    ☐ Minority-Owned Business    ☐ Disability-Owned Business    ☐ Women-Owned Business

required

APPLICANT'S HEADQUARTERS CONGRESSIONAL DISTRICT * ⓘ

required

# Eligible Projects

- **Eligible projects must:**
  - Submit a complete application, including **unqualified, comparative, audited financial statements** for the previous year from the date the application is submitted

  - **Timely Buildout Completion** within **five years** from the date funds are first made available

  - Demonstrate **Technical Feasibility**

  - All project costs can be **fully funded** or accounted for

  - **Financially Feasible and Sustainable**

  - Facilities with grant funds must **provide broadband service for the composite economic life of the facilities**

  - Facilities with loan funds must **provide broadband service through the amortization period of the loan**
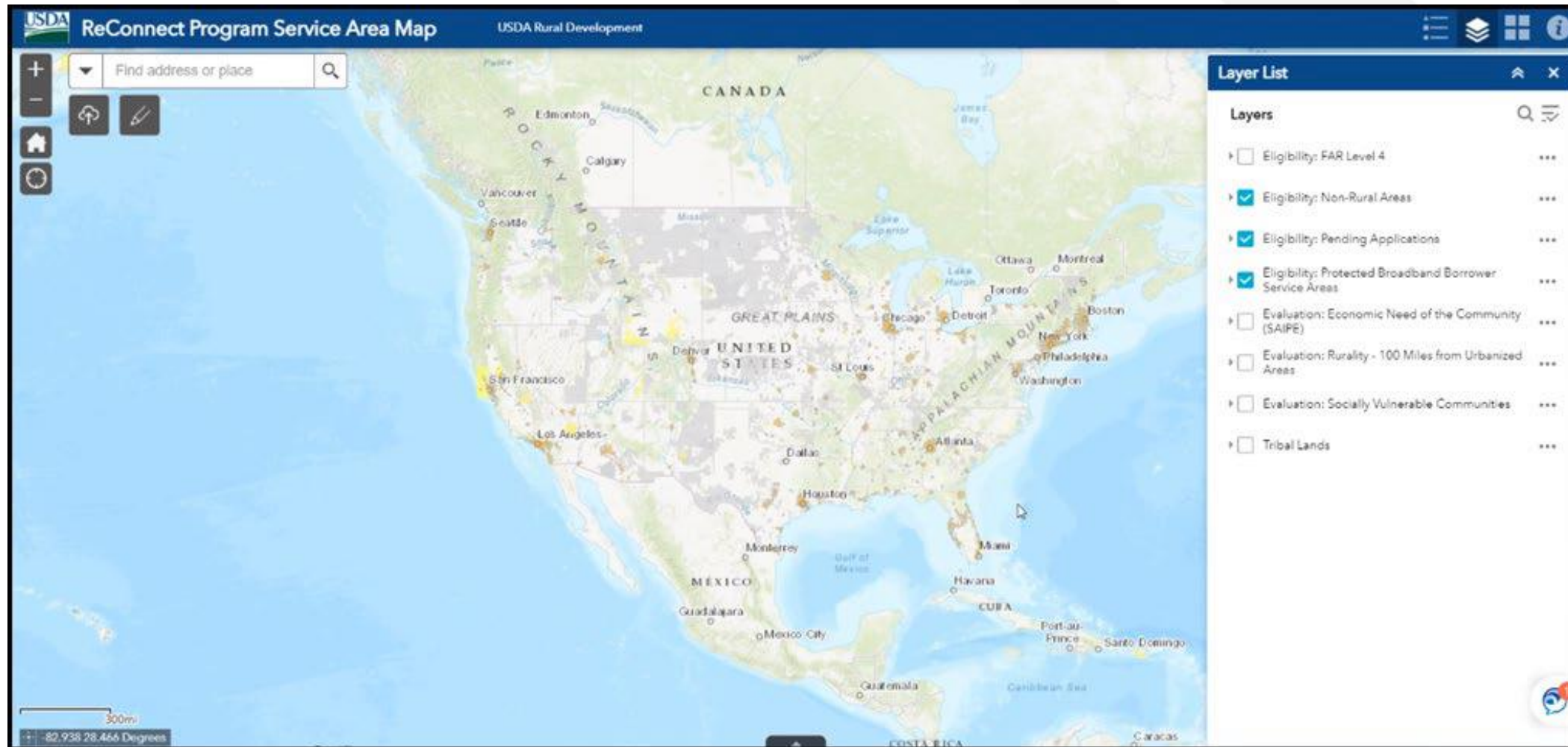
# Service Area Eligibility

- For an application's Proposed Funded Service Area (PFSA) to be eligible the PFSA must meet several eligibility requirements:
  - Service area must be rural

  - 90% of households within the service area must lack sufficient access to broadband
    - **Sufficient access is defined as fixed, terrestrial broadband service of at least 100 Mbps download and 20 Mbps upload**

- Facilities proposed to be constructed with award funds must be capable of delivering **100 Mbps symmetrical service to every premises** in the PFSA at the same time.

- Note: If any of the areas are found to have sufficient service, the application will be rejected
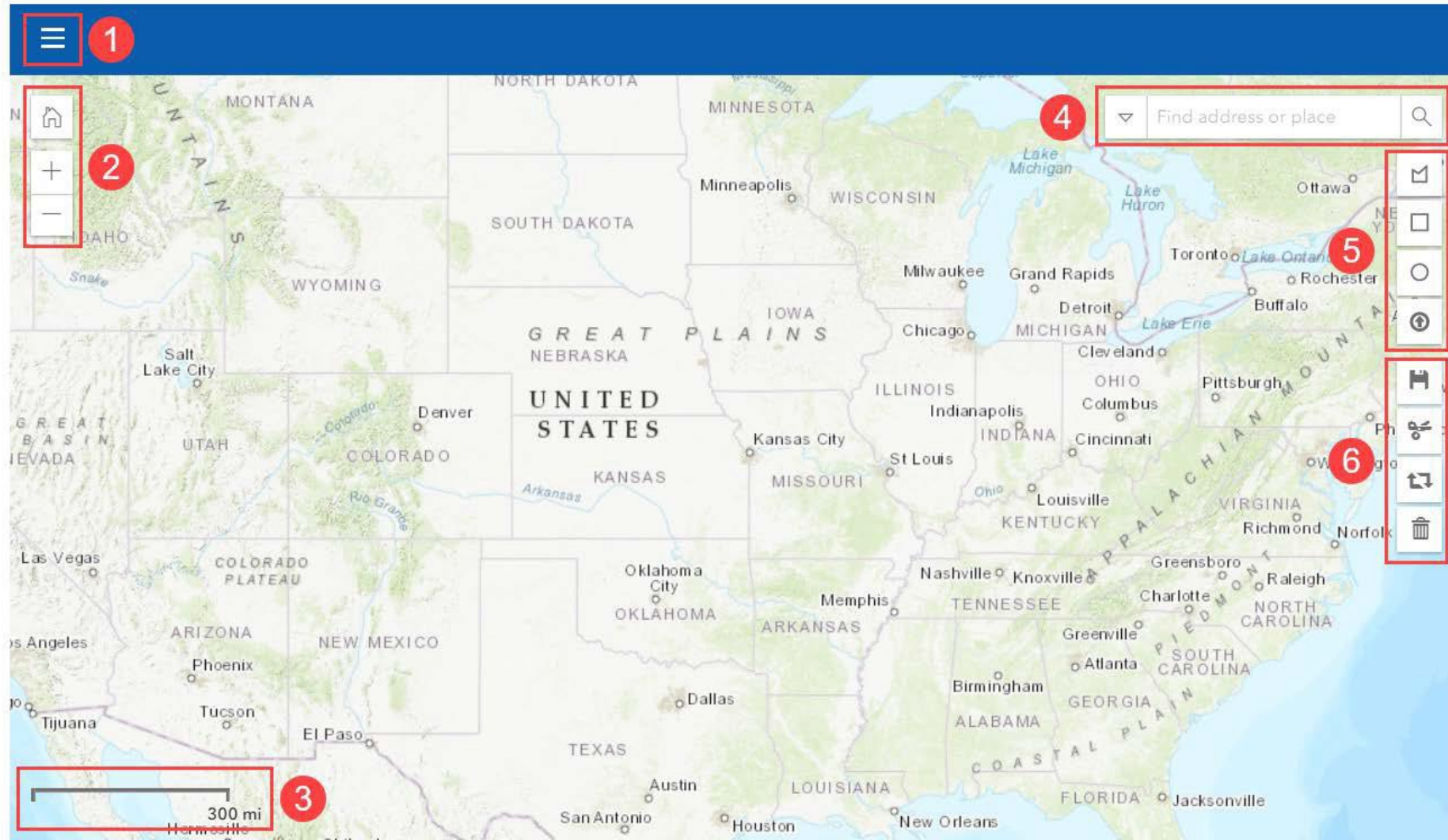
# Service Area Eligibility (continued)

- Applicants will draw or upload shapefiles of PFSAs on the USDA mapping tool within the Online Application System
  - If the PFSAs are non-contiguous, each PFSA needs to be drawn or uploaded separately.

- Applicants will draw or upload shapefiles of all Non-Funded Service Areas (or NFSAs) to complete their application
  - NFSAs do not need to be submitted by publicly traded companies with investment grade bond ratings and grant-only applicants offering an Irrevocable Letter of Credit (ILOC) as security.

- Each PFSA will be evaluated on a standalone basis to determine if sufficient access to broadband (100/20) exists.

# Public Mapping Tool

# Public Mapping Tool (continued)

# Service Area Eligibility – 100% Grant for Tribal Governments and Socially Vulnerable Communities

- This funding category is only available to:

  o Tribal Governments or corporations owned by a Tribal Government proposing service on their own lands

  ## OR

  o Applications where at least 75% of the PFSA(s) consists of Socially Vulnerable Communities

- Socially Vulnerable Communities are communities or areas identified in the Center for Disease Control's Social Vulnerability Index with a score of .75 or higher

  o For purposes of this FOA, Puerto Rico, Guam, America Samoa, Northern Mariana Island, Palau, Marshall Islands, Federated States of Micronesia, and the Virgin Islands are considered to be Socially Vulnerable Communities.

# Service Area Eligibility Changes

- Prior RUS-funded service areas **without sufficient access to broadband** (100/20)  are open to any applicant for ReConnect funding:

  o **RUS Broadband Loans**: RUS Broadband Borrowers that have built out their service areas consistent with their application and award documents, but were not required to provide, and are currently not providing sufficient access to broadband are eligible to apply for funding

  o **Community Connect**: Service areas receiving grants under the RUS Community Connect Grant Program are eligible if they do not have sufficient access to broadband, except for those grants still under construction

  o **RUS BIP Grants**: Service areas that received a 100 percent grant under the RUS Broadband Initiatives Program (BIP) are eligible if they do not have sufficient access to broadband

# Service Area Eligibility Changes (continued)

- Other prior federally-funded service areas **without sufficient access to broadband** (100/20) are open to any applicant for ReConnect funding:
  - **FCC**: Areas receiving support from the Federal Communications Commission (FCC), but are without sufficient access to broadband, are eligible for funding

  - **RDOF**: Areas receiving or under consideration for a Rural Digital Opportunity Fund (RDOF) awards are eligible for funding, but the applicant should explain why RUS should provide additional funding

  - **Other Federal Funding**: Applicants receiving other federal funding to deploy broadband in all or part of the PFSA are eligible, but the applicant should explain how RUS funding will be complementary to but not duplicative of the other funding

# Service Area Map Layers

# Service Area Eligibility Requirements

- For PFSAs submitted by multiple applicants on non-Tribal Land under consideration for an RDOF award, the RDOF winning bidder will be given preference; on Tribal Lands, RUS will also give preference to the applicant that has a Tribal Government Resolution of Consent

- ReConnect awardees receiving or under consideration for RDOF funding to submit a statement certifying that the funds requested from ReConnect have not been and will not be reimbursed by the RDOF award

- ReConnect awardees will be required to submit a statement certifying that the funds requested from ReConnect have not been and will not be reimbursed by any other federal funding mechanism

- Applicants with PFSAs on tribal lands will need a Tribal Government Resolution of Consent pursuant to 7 CFR 1740.60(d)(19)

# Ineligible Service Areas

- Service areas are considered ineligible under the following conditions:

  o Overlapping service areas

    ▪ RUS will not fund more than one project serving any one given geographic area

    ▪ If two applications apply for the same PFSA, the Agency has outlined the steps it may take to address the overlap in the ReConnect Regulation, 7 CFR 1740.11

# Eligible Costs

- Eligible costs must be consistent with the cost principles identified in 2 CFR 200, Subpart E, Cost Principles

- Costs must be reasonable, allocable, and necessary to the project

# Eligible Costs (continued)

- Award funds may be used for the following purposes:
  - For construction or improvement of facilities required to provide fixed terrestrial broadband service

  - To fund reasonable pre-application expenses not to exceed 5% of the award
    - Up to 3% of the 5% of pre-application expenses can be used for costs associated with satisfying the environmental review requirements
    - Pre-application costs must be incurred after the publication date of the FY 2022 FOA and be documented

  - 100% Loans Only: To fund the acquisition of an existing system that does not currently provide sufficient access to broadband, limited to 40% of the award amount requested

# Section 106 Process

- If proposed projects have the potential to impact historic properties, a Section 106 review will take place.

- USDA will gather information to determine if any properties in the project area may be affected by the project are listed, or are eligible for listing, in the National Register of Historic Places

- If it is determined there may be potential adverse effects on historic properties, the USDA will explore ways to avoid, minimize, or mitigate adverse effects to the historical properties. One of these measures may include monitoring of construction.

- Monitoring may require that tribal or other monitors be present during the project construction

# Monitoring Expenses

- If monitoring costs are considered part of the construction costs and are capitalized, the costs of the monitors are considered professional costs and are eligible to be funded with a ReConnect award.

- Up to 3 percent of the award can be requested to cover tribal monitoring costs. Costs above this amount must be covered by the awardee and are not eligible for reimbursement.

- The 3 percent for monitoring expenses is in addition to environmental review costs included in Pre-Award expenses.

- Awardees will be required to submit a copy of the agreement with the Tribal/State Historic Preservation Officer (THPO/SHPO) and the associated invoices when requesting funds

# Ineligible Cost Purposes

- **Award funds may not be used to fund:**
  - Operating expenses

  - Costs incurred prior to application submission date with the exception of reasonable pre-application expenses, as determined by RUS

  - Acquisition of an affiliate

  - Purchase or acquisition of an affiliate's facilities or equipment

  - Acquisition of a system previously funded by RUS

  - Purchase or lease of a vehicle other than those used primarily in construction or system improvements

# Ineligible Cost Purposes (continued)

- **Award funds may not be used to fund:**
  - o Broadband facilities leased under the terms of an operating lease or an IRU agreement

  - o Merger or consolidation of entities

  - o Costs in acquiring spectrum from an FCC auction or secondary market acquisition

  - o Facilities that provide mobile services

  - o Facilities that provide satellite service including satellite backbone services

  - o Acquisition of a system providing sufficient access to broadband

  - o Refinancing of outstanding debt

# Application Guide

- The Application Guide is available on the ReConnect website under "Forms and Resources" to support application submission. The Application Guide:
  - o Outlines each component of the application
  - o Provides guidance on how to complete various sections
  - o Highlights acceptable formats and documentation
  - o Shares tips for using the application system

# Available Resources

- ReConnect website: https://www.usda.gov/reconnect

- FY22 Funding Opportunity
  Announcement: https://www.federalregister.gov/documents/2021/10/25/2021-23128/rural-econnectivity-program

- Virtual Workshop & Webinars: https://www.usda.gov/reconnect/events

- ReConnect Regulation: https://www.govinfo.gov/content/pkg/FR-2021-02-2
  03443.pdf

- **ReConnect Help Desk**

  o https://www.usda.gov/reconnect/contact-us

- **General Field Representatives (GFRs)**

  o https://www.rd.usda.gov/contact-us/telecom-gfr/all