USDA Rural Development
U.S. DEPARTMENT OF AGRICULTURE

ReConnect Program Update

NYSAC Presentation

Virtual

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Program Overview

Introduction and Background

ReConnect Program Introduction

- **Broadband program**
  - Federal loans, grants, and loan/grant combinations to facilitate broadband deployment in rural areas

  - Funds can be used for the costs of construction, improvement, or acquisition of facilities and equipment needed to provide broadband service in eligible rural areas

- **Mission**
  - To expand broadband service to rural areas without sufficient access to broadband, defined as **100 Mbps downstream and 20 Mbps upstream**.

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

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Codified in 7 CFR 1740 in 2021

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

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Understanding ReConnect

An introduction to eligibility, the application process, and other critical information in the FOA

Funding Types

	100% Loan	50% Loan-50% Grant Combination	100% Grant	100 Percent Grant for Alaska Native Corporations, Tribal Governments, Colonias, Persistent Poverty Areas and Socially Vulnerable Communities	Projects serving areas where 90% of households lack sufficient access to broadband
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	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	First come, First served	Competitive	Competitive	Competitive	Competitive
Round 4 Federal Funds	$150 million	$150 million Loan $150 million Grant	$150 million	$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.

**If the applicant is a Tribal Government (or a corporation wholly owned by a Tribal Government) or an Alaska Native Corporation proposing to provide services on its own lands there is no requirement for matching funds. Additionally, if at least 75% of the geographic area of an applicant's PFSA consists of Socially Vulnerable Communities, Persistent Poverty Counties, or

Who can apply for ReConnect Funding?

- 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

FOA 4 Application Eligibility Factors

- Previous fiscal year's unqualified, comparative, audited financial statements

- Fully complete application

- Timely buildout completion (within 5 years)

- Financial feasibility and sustainability

- Technical feasibility

- Fully funded

ReConnect FOA 4 Eligible PFSAs

FOA 4 Eligible Proposed Funded Service Area (PFSA)

- Area where the applicant is requesting funds to provide broadband service

- Applicants will draw or upload shapefiles of PFSAs on the USDA mapping tool within the Online Application System
  - o 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
  - o 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.

- PFSAs do not need to be contiguous but each PFSA must meet 100/20 eligibility requirements on a standalone basis

- Service areas of existing RUS borrowers without sufficient access to broadband, as defined in this FOA, are eligible for ReConnect funding.

FOA 4 Eligible PFSA: Key Considerations (continued)

- The 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
    - Tribal Lands

FOA 4 Eligible PFSA: Key Considerations (continued)

o The mapping tool includes the following **evaluation** layers:
  - Economic Need of the Community (SAIPE)
  - Rurality (100 miles from urbanized areas or determined by density calculation)
  - Socially Vulnerable Communities
  - Tribal Lands

o **Note:** Tribal Lands are listed for both evaluation **and** eligibility purposes. If an applicant proposes to serve tribal lands, a tribal certification is required for eligibility.

FOA 4 Eligible PFSA: Key Considerations (continued)

- **Protected Broadband Borrower Service Areas** are generally ineligible for other entities. They include prior-funded service areas such as:
  - RUS Broadband Loans as defined in the ReConnect Regulation (7 CFR 1740)
  - RUS Community Connect Grants still under construction
  - RUS Broadband Initiatives Program (BIP) Loans
    - Service areas that received 100 percent grants under the RUS BIP are eligible if they lack sufficient access to broadband.

- The mapping tool does not identify areas that lack sufficient access to broadband

- **Note:** USDA does not require that PFSAs be based on Census Tracts.

FOA 4 Eligible PFSA: Key Considerations (continued)

- **Across all four products** at least 50% of **households** within a PFSA must lack sufficient access to broadband.

- Applicants will use the marking tool on the Service Area Map to identify areas without sufficient access to broadband

- 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

FOA 4 Eligible PFSA: Key Considerations (continued)

- Applicants must submit evidence that sufficient access to broadband **does not exist** for at least 5**0 percent** of the households in the PFSA, **identify all existing providers** in the PFSA, and **indicate what level of service is being provided.**
  - o If any PFSA is found to have sufficient service the application will be disqualified.
  - o If the applicant is applying for 100% loan, the applicant will be given the opportunity to remove the affected areas.

- Facilities proposed to be constructed with award funds must be capable of delivering **100 Mbps symmetrical service to every premises** in the PFSA.
  - o This means that all premises in the PFSA must be able to receive this service at the same time.

- RUS will require all ReConnect awardees who are receiving or under consideration for other federal funding to **submit a statement certifying that the funds requested from ReConnect are not duplicative of other funding and have not been and will not be reimbursed by any other funding mechanism.**

FOA 4 Eligible PFSA: Key Considerations (continued)

- RUS will **offer funding in areas receiving or under consideration for a Rural Digital Opportunity Fund (RDOF)** award. However, the application should explain why RUS should provide additional funding.

- RUS will require all ReConnect awardees who are receiving or under consideration for RDOF funding to **submit a statement certifying that the funds requested from ReConnect are not duplicative of RDOF funding and have not been and will not be reimbursed by RDOF funding.**
  - Recipients of RDOF and ReConnect funding must keep a separate account for ReConnect funds.

FOA 4 Eligible PFSA: Key Considerations (continued)

- If two or more applications are submitted for the same non-Tribal Land area receiving or under RDOF consideration, and one of those applications is submitted by the RDOF winning bidder, or the winning bidder's assignee:

    o RUS will give preference to the applicant receiving or under consideration for the RDOF award

- On Tribal Lands, RUS will give preference to the applicant that has a Tribal Government Resolution of Consent.

ReConnect Regulation: Eligible Costs

ReConnect Regulation: 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

  - **Reasonable pre-application expenses** (not to exceed 5% of the total award). Costs associated with satisfying the environmental review requirements are eligible for reimbursement under this category. 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.

  - **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).

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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
- **Requirements to be certified a Professional Engineer (PE)**
  - 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 premise in the PFSA.

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ReConnect Regulation: Financial Requirements

ReConnect Regulation: Financial Requirements

Applicants will need to submit the following:

- Unqualified, comparative, audited financial statements for the previous year from the date the application has been submitted

- 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.

ReConnect Regulation: Financial Requirements (continued)

- A subsidiary applying for ReConnect funding must submit financials on a stand-alone basis. Consolidated financial information for the pro forma is not acceptable.

- An applicant can use the consolidated audited financials of the 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

- The financial pro forma should validate the sustainability of the project by including:
  - Subscriber estimates related to all proposed service offerings
  - Annual financial projections with balance sheets, income statements, and cash flow statements
  - Supporting assumptions for the five-year forecast period and a depreciation schedule for existing facilities, those facilities funded with federal assistance, matching funds, and other funds

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ReConnect Regulation: Environmental Requirements

Do not initiate the Section 106 process before communicating with RUS

Environmental Requirements: Key Considerations

- **Overarching goal:** Minimize the potential for adverse impacts to the environment

- **Applicants are encouraged to reach out to RUS before initiating the Section 106 process**

- To get started, applicants should:
  - o **Identify** the PFSA(s) and any environmental or historic resource areas that could be impacted

  - o **Determine** if the service area will impact the native tribal land, protected farmland, or federal land

Environmental Requirements: Key Considerations

- **Applicants will need to submit the following:**
    - o **Site, Route and Project Environmental Questionnaires** (or EQs) as prompted by the application system, which consist of project descriptions for environmental review purposes

    - o **Project maps or site plans** are required to identify cable routes, building locations, tower locations, equipment locations, and all structures and facilities that are part of the project

- Obtain all required federal, tribal, state, and local governmental permits and approvals, including those required by the National Environmental Policy Act of 1969 (or NEPA), the National Historic Preservation Act of 1966 (or NHPA), and the Endangered Species Act of 1973 (or ESA), as applicable

- USDA reserves the right to request additional information as needed

ReConnect FOA 4 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	

FOA 4 Scoring Criteria: 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.

FOA 4 Scoring Criteria: Level of Existing Service – 25 Points

- Projects that are proposing to build in areas that are not receiving service of at least 25 Mbps downstream and 3 Mbps upstream **will receive up to 25 points**
  - Applicants should identify which areas in their PFSAs are receiving service below the 25/3 threshold and the total number of households in that area.

- Applicants must **provide supporting evidence that 25/3 service does not exist in 50% of the households within the PFSA's.**

- To the extent possible, applicants must **identify all existing providers in the PFSA** and **indicate what level of service is actually being provided.**

FOA 4 Scoring Criteria:
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

FOA 4 Scoring Criteria: Affordability – 20 Points

- Applications can receive 20 points based on their affordability measures.

- Applications will be **evaluated on the pricing of the broadband services they will offer compared to existing broadband services** in the PFSA or based on a state or national average.

- Applicants should demonstrate that the broadband prices they will offer are **affordable to their target markets**, provide information about **the pricing and speed tiers they intend to offer**, and include 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.

FOA 4 Scoring Criteria: Affordability Continued

- Applicants should commit to applying to participate in the **Federal Communication Commission's Lifeline Program**, the **Emergency Broadband Benefit Program,** and successors of those programs which provide low-income consumers with discounts on broadband services.
  - **More details are available in the Application Guide**

- Applicants should review the median household income for the PFSA, identify any potential competition in the PFSA and what rates they are proposing, and review the FCC's Urban Rate Survey Data which can be found at https://www.fcc.gov by searching for **Urban Rate Survey Data & Resources**.
  - Applicants should use this information to justify why they believe their proposed rate packages are affordable.

FOA 4 Scoring Criteria: 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.

- Applicants should include in their application a description of whether and, if so, how the project will incorporate strong labor standards.
  - Applicants must submit support demonstrating that they will include clauses in construction contracts requiring the contractors to implement wages at rates not less than those prevailing, as determined by 31 U.S.C., Chapter 40 (commonly known as the "Davis-Bacon Act").

- 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.

FOA 4 Scoring Criteria: Tribal Lands – 15 points

- **15 points** shall be awarded to **Tribal governments and Tribal entities** where at least 50 percent of the geographic area of the PFSA(s) is to provide service on tribal lands.

- **10 points** shall be awarded for **non-tribal entities** where at least 50 percent of the geographic area of the PFSA(s) is to provide service on tribal lands.

- Tribal lands will be analyzed using the GIS layer in the RUS mapping tool located at https://www.usda.gov/reconnect.

FOA 4 Scoring Criteria:
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

FOA 4 Scoring Criteria: 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 FOA, 15 points will be awarded.

- A GIS layer identifying the Socially Vulnerable Communities can be found at https://www.usda.gov/reconnect.

FOA 4 Scoring Criteria: Net Neutrality – 10 points

- For applicants that **commit to net neutrality, 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.

FOA 4 Scoring Criteria: 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.**

- Wholesale broadband services are broadband services purchased for resale to end user customers.

- To receive these points, applicants should **submit evidence that they are actively marketing wholesale broadband services**.
  - Example: A statement that the applicant is offering wholesale prices to other service providers.

ReConnect FOA 4 Summary of Changes

Summary of Changes from FOA 2 to FOA 3

- The definition for **Sufficient Access to Broadband was changed to any rural area in which households have fixed, terrestrial broadband service defined as 100 megabits per second (Mbps) downstream and 20 Mbps upstream.**

- **Buildout Speed**: Facilities proposed to be constructed with award funds must be capable of delivering **100 Mbps symmetrical service** to every premise in the proposed funded service area (PFSA) at the same time.

- **Scoring criteria** now includes the following items: Level of Existing Service, Economic Need of the Community, Affordability, Labor Standards, Tribal Lands, Socially Vulnerable Communities, Net Neutrality, Wholesale Broadband Services, and Local Governments, Non-profits, and Cooperatives

- A **certification** from the **appropriate tribal official** is required if service is being proposed over or on tribal lands. Any applicant that fails to provide a certification to provide service on the tribal lands identified in the PFSA will not be considered for funding.

Summary of Changes: Continued

- The following **definitions** were added to FOA 3
  - **Local Government:** the administration of a particular town, county, or district, with representatives elected by those who live there.

  - **Remote Areas:** means areas classified by the USDA Economic Research Service as Frontier and Remote Area (FAR) Level 4. A geographic information system (GIS) layer of FAR Level 4 areas can be found at https://www.usda.gov/reconnect.

  - **Socially Vulnerable Community:** a community or area identified in the Center for Disease Control's Social Vulnerability Index with a score of 0.75 or higher. A GIS layer identifying the Socially Vulnerable Communities can be found at https://www.usda.gov/reconnect.

  - **Sufficient Access to Broadband:** any rural area in which households have access to fixed, terrestrial broadband service of at least 100 Mbps downstream and 20 Mbps upstream.

Summary of Changes: Continued

- The following **definitions** were added to FOA 3
  - **System Requirements:** Facilities proposed to be constructed with award funds must be capable of delivering 100 Mbps symmetrical service to every premise in the proposed funded service area (PFSA).

  - **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. 479a.

  - **Tribal land**: Any area identified by the United States Census Bureau as tribal land. A GIS layer of Tribal Lands can be found on the RUS mapping tool located at https://www.usda.gov/reconnect.

Next Steps

Application evaluation, key first steps to starting an application, outreach activities, and available resources

Application Evaluation and Processing Procedures

- USDA will conduct **Service Area Validations** (SAV) on all PFSAs 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 Evaluation and Processing Procedures (continued)

- **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

Key First Steps for Applying

- **Online Applications**
  - All applications are submitted through the online system at https://www.usda.gov/reconnect

- **System Registration Requirements**
  - USDA verified (Level II) eAuthentication (or eAuth)
  - Authorized Representative Request (ARR)

- **Application Identification Requirements**
  - Taxpayer Identification Number (TIN)
  - DUNS Number
  - Current SAM.gov registration (including certifications)
    - More on SAM.gov registration on next slide
  - CAGE Code

- **SAM.gov Registration**
  - Applicants will be asked "Does [Entity Name] wish to apply for a Federal financial assistance project or program, or is [Entity Name] currently the recipient of funding under any Federal financial assistance project or program?"

    - The system **default** answer to this question is "No".

    - Applicants **must make the certifications and representations required** of entities which are applying for or have received funding under any Federal financial assistance project or program in order to be eligible for the ReConnect Program. **To do this, applicants must change the answer to "Yes".**

    - Please see the screenshot on the next slide for an example of this question.

Key First Steps for Applying (continued)

■ **FINANCIAL ASSISTANCE REPRESENTATION AND CERTIFICATION**

The Grants Certifications are a common set of certifications and representations required by Federal statues or regulations in accordance with the grants guidance under Title 2 of the Code of Federal Regulations (2 CFR 200.208 Certifications and Representations). Those non-Federal entities who intend to apply for, or are already recipients of Federal grants or agreements, must read and agree to the corresponding certifications and representations. Registrants who reply yes to the following questions are required to keep these certifications and representations current, accurate, and complete as part of their entity registration.

Does ███████████████████ wish to apply for a Federal financial assistance project or program, or is ███████████████ currently the recipient of funding under any Federal financial assistance project or program? **No** ⬅

Available Resources for Application Help

- **Technical Assistance**
  - Workshops
    - TBD
  - Webinars
    - Next Up: TBD
  - 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
  - Regulation: https://www.govinfo.gov/content/pkg/FR-2021-02-26/pdf/2021-03443.pdf
  - Fact Sheets & FAQs

- **Contact Us**
  - https://www.usda.gov/reconnect/contact-us

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