

# ReConnect Program Requirements

Overview of Requirements



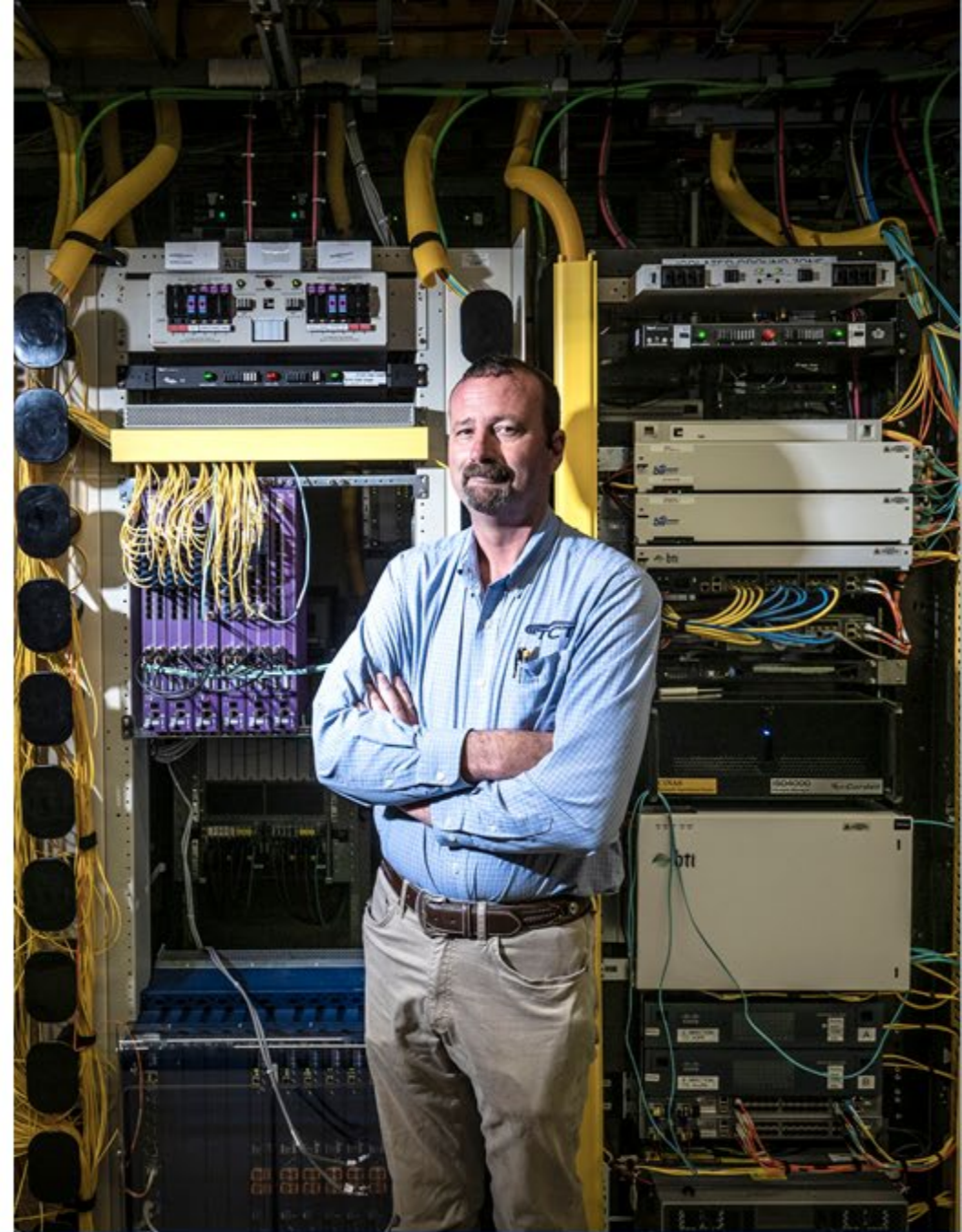
# Eligibility Requirements: Eligible & Ineligible Entities

- **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:**

- Individuals
- Legal partnerships formed with individuals
- Co-applicants



# Application Technical and Financial Requirements

- **Applicants must meet technical and financial requirements and prove their feasibility to:**
  - Generate sufficient revenues to cover expenses
  - Have sufficient cash flow to service all debts and obligations
  - Produce a positive ending cash balance as reflected on the cash flow statement for each year of the forecast period
  - By the end of the forecast period, meet at least two of the following:
    - Minimum TIER requirement of 1.2
    - Minimum DSCR requirement of 1.2
    - Minimum current ratio of 1.2
  - Have positive cash flow from operations at end of forecast period
  - Meet the network requirements to provide eligible service

# Network Requirements: Key Considerations

- **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: Key Considerations Cont.

- **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

# Application Submission & Evaluation

- Applications must be submitted through the RUS Online Application System located on the Agency website
- Additional application submission requirements may be published by the Agency in the Federal Register or in the current FOA (FY 2022)
- Applicants can only submit one application under any funding window
- **All applicants are required to:**
  - Register for a Dun and Bradstreet Universal Numbering System (DUNS) Number or other Government non-proprietary identifier
  - Register in System for Award Management (SAM)
  - Submit Commercial and Government Entity (CAGE) Code (obtainable through SAM)

# Application 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*
- **100% Grant for Tribal Governments and Socially Vulnerable Communities** will be evaluated and scored in a *competitive process*

# Application Requirements: Overview

- **A complete application will include the following:**
  - Description of the project, including network design, a map of the PFSA(s), and any NFSAs
  - Estimated dollar amount of the funding request with itemized budgets of the proposed project costs
  - Executive summary of the project and applicant
  - Description of the PFSA including premises passed
  - Subscriber projections
  - A map of the PFSAs and NFSAs in the Agency mapping tool



# Application Requirements: Overview (cont.)

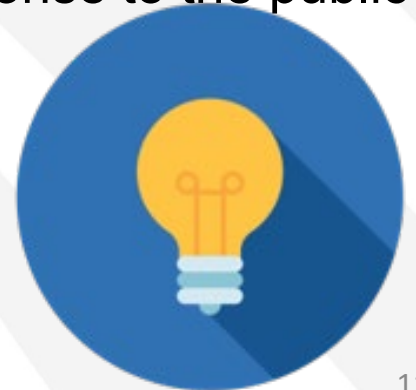
- **A complete application will also include the following (cont.):**
  - Description of advertised competitor service offerings in the same area
  - A network design
  - Resumes of Key Management
  - A legal opinion
  - Cost estimates for the proposed project
  - Description of working capital
  - Audited financial statements

# Application Requirements: Overview (cont.)

- **A complete application will also include the following (cont.):**
  - Historical and projected financial information, including an audit and sources of funds
  - Scoring sheet, analyzing any scoring criteria set forth in current FOA
  - List of outstanding and contingent obligations
  - All required environmental information
  - Certification from tribal official in support of the project (as needed)
  - Any additional requirements as outlined in the Federal Register
- **Note:** All application materials will be treated as material representations

# Award Considerations

- **Substantially Underserved Trust Areas (SUTA)**
  - To receive consideration under SUTA, the applicant must submit a completed application including all information requested in 7 CFR 1700, subpart D
- **Public notice**
  - After the application window closes, the Agency publishes PFSA(s) on the ReConnect web page
  - Existing services providers in the PFSA(s) have 45 days to file a response to the public notice



# Offer, Closing, and Construction

- **Offer and closing:**

- Successful applicants will receive an offer letter and award documents from RUS following award notification

- **Construction:**

- All project assets must comply with 7 CFR part 1788, 7 CFR part 1970, and the ReConnect Program Construction Procedures
- Build-out must be completed within five years from the date funds are made available
- Build-out is considered complete when:
  - Network design is fully implemented
  - Service operations and management systems infrastructure is operational
  - Awardee is ready to support the activation and commissioning of individual customers to the new system

# Accounting, Monitoring, and Reporting

- **Accounting, monitoring, and reporting requirements:**

- System of accounts for maintaining financial records
- Annual comparable audited financial statements; report on compliance and internal control over financial reporting; and management letter
- Balance sheets, income statements, statements of cash flow, rate package summaries, and the number of customers (submitted 30 days after end of each quarter)
- Annually updated service area maps
- Compliance with Agency monitoring requests
- Retain records in accordance with 7 CFR part 1770, subpart A
- Annual reports for 3 years after completion of the project



# Award Requirements: Reporting

- Annual reports required for three years after completion of construction
- **Reports must include:**
  - Existing network service improvements and facility upgrades
  - Estimated number of end users
  - Progress towards fulfilling objectives of award
  - Number and location of residences and businesses to receive new service
  - Speed and price of service offerings
  - Average price of broadband service in the project area



Rural Development

# FY 2022 FOA

Summary of Changes, Funding Parameters and Funding Types, Eligibility Overview, and Considerations



# Summary of FOA Changes

- 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: Definitions

- 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>.
    - For the purposes of this FOA, Puerto Rico, Guam, American Samoa, Northern Mariana Island, Palau, Marshall Islands, Federated States of Micronesia, and the Virgin Islands are considered to be Socially Vulnerable Communities.
  - **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: Definitions (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>.

# Funding Parameters

- 90% of the Proposed Funded Service Area (PFSA) must lack sufficient access to broadband service as defined by the current Funding Opportunity Announcement (FOA)
  - The FY 2022 FOA defines sufficient service speed as at least 100 Mbps downstream and 20 Mbps upstream
- Applicants must propose a network that can provide 100 Mbps symmetrical service to every premises within the PFSA simultaneously
- Each funding opportunity defines the funding categories and FY 2022 includes the following:
  - 100% Loan
  - 100% Grant
  - 50/50 Loan/Grant Combination
  - 100% Grant for Tribal Governments and Socially Vulnerable Communities

# Funding Parameters – 100% Grant for Tribal Governments and Socially Vulnerable Communities

- This funding category is only available to:
  - Tribal Governments or corporations owned by a Tribal Government proposing service on their own lands
- **OR**
- 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
  - For the purposes of this FOA, Puerto Rico, Guam, American Samoa, Northern Mariana Island, Palau, Marshall Islands, Federated States of Micronesia, and the Virgin Islands are considered to be Socially Vulnerable Communities.
- No matching fund requirement

# Funding Types

	100% Loan	50% Loan-50% Grant Combination	100% Grant	100% Grant for Tribal Governments and Socially Vulnerable Communities
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**
Application Review	First come, First served	Competitive	Competitive	Competitive
Round 3 Federal Funds	\$200 million	\$250 million	\$350 million	\$350 million
Buildout Speed	100 Mbps <b>symmetrical service</b> to every premise in the PFSA.			

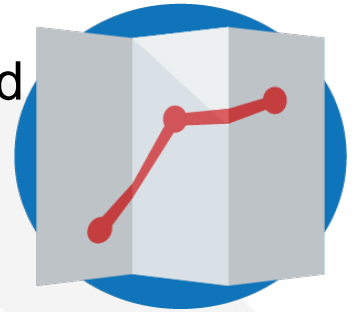
\*Applicants may request up to \$35 million if 100% of the PFSA(s) is classified as FAR Level 4 by the USDA Economic Research Service.

**Symmetrical service** means same download and upload speeds.

# Eligibility Requirements: Service Areas

## Eligible Service Areas:

- Service areas of existing RUS borrowers without sufficient access to broadband
- Areas that receive support from the Federal Communications Commission (FCC), but are without sufficient access to broadband
- Areas receiving or are under consideration for a Rural Digital Opportunity Fund (RDOF)
  - 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 must also keep funding in separate accounts



## Eligibility Requirements: Service Areas (cont.)

- Applications proposing service over or on tribal lands must submit a **Tribal Government Resolution of Consent**
  - The appropriate tribal official is the Tribal Council of the Tribal Government with jurisdiction over the tribal lands at issue.
  - 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

# FY 2022 Eligible Proposed Funded Service Area (PFSA)

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



## FY 2022 Eligible PFSA: Key Considerations

- Applicants must submit evidence that sufficient access to broadband does not exist for at least 90 percent of the households in the PFSA, identify all existing providers in the PFSA, and indicate what level of service is being provided
- 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
- 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

# FY 2022 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 Lands
15 Points	Local Governments, Non-Profits, and Cooperatives
15 Points	Socially Vulnerable Communities
10 Points	Net Neutrality
10 Points	Wholesale Broadband Services
<b>Total: 175 Points</b>	

# Available Resources

- **ReConnect Website:**
  - <https://usda.gov/reconnect>
- **FY 2022 Funding Opportunity Announcement:**
  - <https://www.federalregister.gov/documents/2021/10/25/2021-23128/rural-econnectivity-program>
- **For assistance, contact:**
  - The Reconnect Help Desk: <https://www.usda.gov/reconnect/contact-us>
  - Your GFR or [brian.smith1@usda.gov](mailto:brian.smith1@usda.gov)







United States  
Department of  
Agriculture

**Rural Development**