

ReConnect Broadband Grant & Loan Program

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2:00 – 3:00 PM ET



ReConnect Program

USDA RUS ReConnect Program Webinar for NRECA



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General Field
Representative

Agenda

- ReConnect Program Introduction
- ReConnect Program Eligible Service Areas
- ReConnect Program Financial Requirements
- ReConnect Program – Other Considerations
- FY22 Funding Types
- FY22 Scoring Criteria
- Available Resources
- Q&A



ReConnect Program Introduction



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



Codified in 7 CFR 1740 in 2021

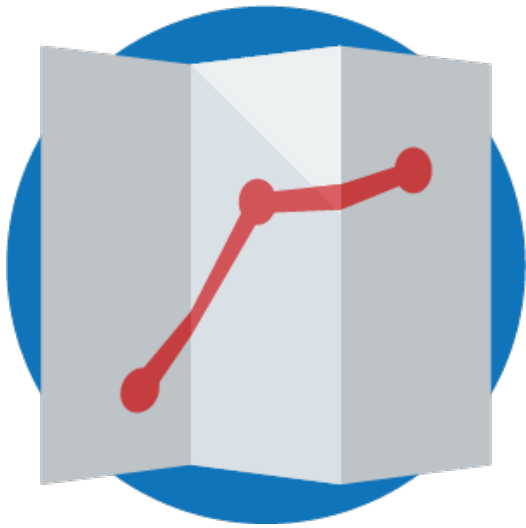


Announced by Funding Opportunity Announcement (FOA) in the Federal Register

ReConnect Program Eligible Service Areas



Eligibility Requirements: Eligible & Ineligible Service Areas



- **Eligible Service Areas:**

- Provide broadband access directly to all premises in PFSA
- If any part of PFSA is ineligible, RUS may request modification(s) or reject the application
- Service areas of existing RUS borrowers without sufficient access to broadband, as defined in the current FOA, are eligible for ReConnect funding

- **Ineligible Service Areas:**

- Overlapping proposed project service areas
- Prior-funded service areas providing sufficient access to broadband as defined in the current FOA
 - RUS Broadband Loans including ReConnect Awards
 - RUS Community Connect Grants
 - RUS Broadband Initiatives Program (BIP) Grants

FY22 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
 - 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
- Service areas of existing RUS borrowers without sufficient access to broadband, as defined in this FOA, are eligible for ReConnect funding.

FY22 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

FY22 Eligible PFSA: Key Considerations (continued)

- 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
- **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.

FY22 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.

FY22 Eligible PFSA: Key Considerations (continued)

- **Across all four products** at least 90% 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

FY22 Eligible PFSA: Key Considerations (continued)

- 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 any PFSA is found to have sufficient service the application will be disqualified.
 - 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.
 - 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**.

FY22 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.

FY22 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:
 - 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.
- **Note:** A certification from the appropriate tribal official is required if service is being proposed over or on tribal lands. 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.

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.
 - If an entity has not been operating for four years, historical statements for the period of time the entity has been operating are acceptable.

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 and audited financials of the parent if the parent is fully guaranteeing 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
- A subsidiary must own the complete system. Ownership cannot be split with a parent.

ReConnect Program Other Considerations



Terms & Conditions

- **Terms and Conditions**

- Principal and interest payments: three-year deferral
- Loan repayment period: expected Composite Economic Life of the project assets plus three years
- Interest begins accruing on date of each loan advance
- All construction and advance of funds must be complete no later than five years from the time funds are made available
- No funds will be disbursed until all other sources of funding have been obtained and any other pre-award conditions have been met

Security

- **Loans and Loan/Grant Combinations Security**

- Corporations and limited liability entities: the loan and loan/grant combinations must be secured by all assets
- Tribal entities and municipalities: RUS will develop appropriate security arrangements
- **All property and facilities purchased with award funds must be owned by the Awardee**

- **Grant Security**

- Government must be given an exclusive first lien on all grant funded assets
- Awardees must repay the grant if the project is sold or transferred without approval

Security (continued)

- **Substitution of Collateral**

- Loans and loan/grant combinations: Applicants are required to pledge all assets and revenues as collateral; applicants may propose other forms of collateral if the amount is equal to the full amount of the loan

- **Irrevocable Letter of Credit**

- Grants: Applicants may request that standard grant security arrangements be replaced with an Irrevocable Letter of Credit (ILOC)
 - Must be for the full amount of award
 - Must remain in place until project is completed
 - Financial projections, financial ratios, and NFSA maps not required
- The use of an ILOC still requires the applicant to submit an audit.

ReConnect FY22 Funding Types



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 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 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, there is no matching fund requirement.

Symmetrical service means same download and upload speeds.

ReConnect FY22 Scoring Criteria



FY22 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
Total: 175 Points	

FY22 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.

FY22 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 PFSA 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** 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.**

FY22 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>

FY22 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.

FY22 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.

FY22 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.

FY22 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.
- A certification from the appropriate tribal official is required if service is being proposed over or on tribal lands. 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.
- Tribal lands will be analyzed using the GIS layer in the RUS mapping tool located at <https://www.usda.gov/reconnect>.

FY22 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

FY22 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.
- 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.
- A GIS layer identifying the Socially Vulnerable Communities can be found at <https://www.usda.gov/reconnect>.

FY22 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.

FY22 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.

Additional Resources



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/documents/2021/10/25/2021-23128/rural-econnectivity-program>
- 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>



