



May 28, 2020

The Honorable Chad Rupe
Administrator
Rural Utilities Service
U.S. Department of Agriculture
1400 Independence Avenue, SW
Washington, DC 20250

Re: *Recommended Modifications to ReConnect Rules to Sustain Broadband Deployment During the COVID-19 Crisis*

Dear Administrator Rupe:

We write on behalf of many of the companies and cooperatives that have successfully leveraged Rural Utilities Service (RUS) programs over many years to promote the deployment of critical infrastructure in some of the most rural parts of the United States. Our members' partnership with RUS has been essential in helping to provide reliable connectivity and electricity for millions of rural Americans. The COVID-19 crisis has highlighted the impact of the digital divide as schools and offices close forcing learning online, remote work arrangements, and greater need for telehealth. Today we recommend several immediate measures to enhance the effectiveness of the ReConnect program, especially during a time of crisis when providers are making every effort to sustain their operations while continuing to make progress toward network deployment.

Specifically, for those ReConnect awards that are 100% grants, we recommend first that RUS waive the requirement for providers to spend matching funds in full prior to drawing down any grant funds. To be clear, we understand the importance of ensuring that award recipients have "skin in the game," but the obligation to expend *all* matching funds prior to the receipt of any grant resources is unnecessarily onerous – especially at a time when providers are compelled to monitor cash flows as customers increasingly struggle to pay bills. We therefore recommend that RUS modify the ReConnect program rules to allow an award recipient to opt to match 25% of the amount drawn from the grant funds within each fiscal year. A comparable policy already exists within the Community Connect Grant Program, which allows the spreading of matching funds over time, and RUS could adopt enhanced reporting in connection with this option to ensure program integrity and monitor proper use of funds.

We further recommend that the terms of 100% ReConnect grant awards be modified such that recipients need not have the full amount of matching funds in cash-on-hand prior to award. In many cases, recipients may plan to leverage state or other federal programs or to use loan funds

from institutions like CFC/RTFC or CoBank to cover at least a portion of the matching funds required. Particularly in light of the potentially sizeable amounts of ReConnect grant awards, we recommend that grant recipients be required to show only that they have their matching funds for the first two years on hand, with a demonstration that the remainder will be available through either a committed award from another state or federal program or through an approved loan.

Finally, we recommend a change to the terms of loan-grant combination ReConnect awards. In particular, we suggest that providers be permitted to draw down loan and grant funds proportionately rather than compelling providers to utilize all loan funding prior to receipt of any grant resources. While once again, we certainly understand that the use of loan funds ensures providers have “skin in the game” from the start, a proportionate (or any) split that permits receipt of grant dollars alongside loan dollars would still achieve this purpose while providing greater flexibility to operators at a time when this could be most useful.

Our organizations are deeply grateful for the leadership and collaborative spirit of RUS as it seeks to carry out its mission of rural development. In response to the COVID-19 crisis, RUS has taken several actions to assist rural communities by modifying programs and extending deadlines. The changes recommended herein are put forward with that sense of partnership in mind to enhance the effectiveness of the ReConnect program as you evaluate round two applications, and we would welcome the opportunity to discuss them further with you or your staff.

Sincerely,



Jim Matheson
Chief Executive Officer
National Rural Electric Cooperative
Association (NRECA)



Shirley Bloomfield
Chief Executive Officer
NTCA–The Rural Broadband Association