



ReConnect Program

Introduction and Overview



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FOA 2 Presentation Overview

- Program Update, Overview, and 2019 Funding Opportunity Announcement
- FOA 2 Program Eligibility
- FOA 2 Program Requirements and Scoring Criteria
- Summary of Changes from FOA 1 to FOA 2
- Next Steps
- Q&A

ReConnect Program Update

FOA 1 applications



FOA 1 Applications Update

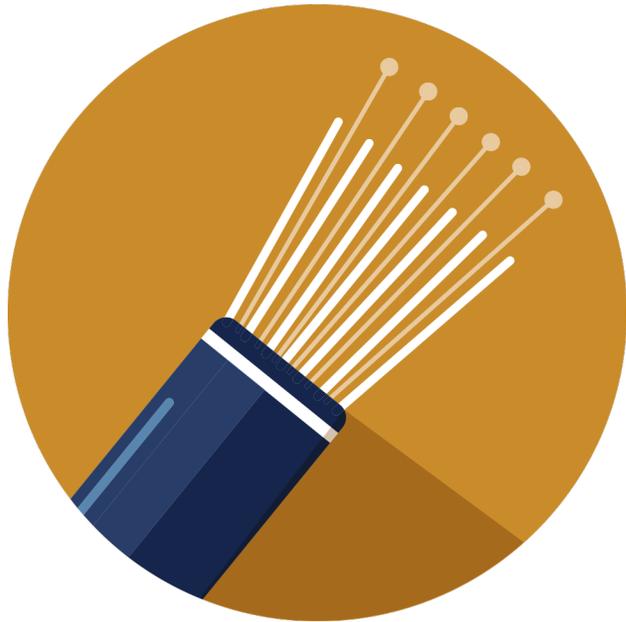
- **100% Grant**
 - 78 applications submitted requesting \$522 million;
 - Representing 34 U.S. States and 151,000 households
- **50% Grant/50% Loan**
 - 53 applications submitted requesting \$637 million;
 - \$342 million dollars for Grant
 - \$295 million dollars for Loan
 - Representing 32 U.S. States and 148,000 households
- **100% Loan**
 - 15 applications submitted requesting \$258 million;
 - Representing 22 U.S. States and 165,000 homes and businesses
- **Total: 146 applications submitted requesting over \$1.4 billion**
 - 41 U.S. States

Program Overview

Introduction, background, and
timeline



ReConnect Program Introduction



- **Broadband pilot 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 10 Mbps downstream and 1 Mbps upstream

2018
Consolidated
Appropriations
Act

\$600 million
in funding

ReConnect Program

Pilot program that
provides loans and
grants to extend
broadband service
to rural areas.

Assist rural areas that do not have
sufficient access (10/1) to broadband.

Minimum requirements:
25Mbps down/3Mbps up

\$550 million
in funding

2019
Consolidated
Appropriations
Act

Understanding ReConnect

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



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
- Cooperative or mutual organizations



LOAN



COMBO



GRANT

Buildout Speed

25/3 Mbps minimum

25/3 Mbps minimum,
incentive for higher speeds

25/3 Mbps minimum,
incentive for higher speeds

Terms

Max award: \$50 million
2% Interest Rate

Max award: \$50 million
50/50 Loan/Grant
UST Rate

Max award: \$25 million
25% match

Application Review

Open (non-competitive)

Competitive Scoring

Competitive Scoring

Round 2 Federal Funds

\$200 million

\$100 million grant +
\$100 million loan

\$200 million

FOA 2 Application Eligibility Factors

- Previous calendar year's unqualified, comparative, audited financial statements
- Fully complete application
- Timely buildout completion
- Financial feasibility and sustainability
- Technical feasibility
- Service to all eligible areas
- Fully funded

FOA 2 Eligible Proposed Funded Service Area

Proposed Funded Service area (or PFSA):

- Area where the applicant is requesting funds to provide broadband service
- Applicants will draw PFSAs on the USDA mapping tool within the Online Application System
- Applicants will draw all Non Funded Service Areas (or NFSAs) to complete their application
- Mapping tool available on the ReConnect website shows factors of ineligibility
 - **Note:** The mapping tool does not identify areas without sufficient access to broadband
- PFSAs do not need to be contiguous but must meet 10/1 eligibility requirements on a standalone basis

FOA 2 Eligible Proposed Funded Service Area: Key Considerations

- **Across all three products, 90% of households** within the PFSA must not have sufficient access to broadband. This does not include community buildings, such as, hospitals or schools
- Applicants will have to overlay a shapefile to identifies areas without sufficient access to broadband
 - **Note:** If any service area in a competitive application does not meet the eligibility requirements, the entire application will be disqualified
- Multiple service areas will be treated as separate standalone service areas
- USDA will conduct Service Area Validations (SAV) on applications
- The SAV Guide can be found on the ReConnect website: <https://reconnect.usda.gov> under “Forms and Resources”

FOA 2 Eligible Costs

- All costs must be reasonable, allocable, and necessary
- Award funds may be used for the following purposes:
 - **Construction 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 must be incurred after the publication date of the FOA (December 12, 2019) and be documented. An exception to this requirement is if an applicant applied for funding in round one, pre-application expenses may be eligible for reimbursement under this round of funding if these expenses support the round two application.
 - **To fund terrestrial-based facilities for satellite broadband service**, provided the applicant clearly identifies the PFSA, demonstrates the ability to provide 25/3 Mbps service simultaneously to every premise in the PFSA, and offers subscribers reasonable service plans that do not cap bandwidth usage.
 - **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).

FOA 2 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
 - And finally, 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 at the required level of service to all premises in the PFSA
- **Technology neutral**
 - Solution must meet the minimum construction requirements of 25/3 Mbps to all premises

FOA 2 Financial Requirements: Key Considerations

- **Applicants will need to submit the following:**

- A financial pro forma to include four years of historical data, the current (bridge) year, and five years of projections. This document 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
- Unqualified, comparative, audited financial statements for the previous year from the date the application has been submitted
 - An applicant can use the consolidated 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

FOA 2 Environmental Requirements: Key Considerations

- **Overarching goal:** Minimize the potential for adverse impacts to the environment
- Applicants should consider taking environmental scoping actions sooner than later.
- To get started, applicants should:
 - **Identify** the PFSA(s) and any environmental and/or historic research areas that could be impacted
 - **Facilitate** early consultation with resource agencies
 - **Determine** if the service area will impact the native tribal land, protected farmland, or federal land
- **Applicants will need to submit the following:**
 - **Environmental Questionnaires** (or EQs) as prompted by the application system, which consist of project descriptions for environmental review purposes
 - Required **environmental authorizations and permits**, 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
 - **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
- USDA reserves the right to request additional information as needed

FOA 2 Scoring Criteria

25 points	Rurality of the Proposed Service Area
1 point for every 10 farms, up to 20 points	Farms Served
20 points	Performance of the Offered Service (100/100 Mbps)
1 point each, up to 15 points	Businesses
1 point each, up to 15 points	Healthcare Centers
1 point each, up to 15 points	Educational Facilities
1 point each, up to 15 points	Essential Community Facilities
5 points	Opportunity Zones
20 points	State or Tribal Broadband Activity

Summary of Changes from FOA 1 to FOA 2

1. The application window for the three categories of funding will be open from January 31, 2020 through March 16, 2020.
2. Definitions have been added for healthcare and educational facilities, and the name for critical community facilities has been changed to essential community facilities.
3. For 100 Percent Grants, 90% of the PFSA cannot have sufficient access to broadband, as opposed to 100% under round one.
4. The requirement for two years of unqualified, comparative, audited financial statements has been changed to unqualified, comparative, audited financial statements for the previous year from the date the application has been submitted.
5. The requirement that applicants must submit certifications from the appropriate state or tribal broadband office has been changed to a voluntary request.

Summary of Changes: Continued

6. Pre-application expenses that were incurred for round one, but benefit an application for round two, may be funded up to the 5% of the total award in round two.
7. Under certain conditions, a subsidiary can use the unqualified, comparative, audited statements of the parent to meet certain eligibility requirements.
8. The scoring criteria for farms has been changed. Applicants will receive 1 point for every 10 farms served up to a maximum of 20 points. Farms will be counted using 2017 Census of Agriculture data.
9. Tribal leaders can submit documentation supporting scoring points for the number of healthcare, educational and essential community facilities.
10. The time period incumbent service providers will be able to challenge if sufficient service is present in an applicant's PFSA is being increased from 30 days to 45 days.

Next Steps

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



FOA 2 Application Evaluation and Processing Procedures

- **Loans** will be accepted, evaluated, and processed on a *rolling basis*
- **Combination Loan/Grants** will be evaluated and scored in a *competitive process*
- **Grants** will be evaluated and scored in a *competitive process*
- All applications will be evaluated using the criteria set forth in the current FOA and eligibility of PFSA's will be verified by USDA through Service Area Validations (or SAVs)
- **Service Area Validations** on applications will:
 - Check for 10/1 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://reconnect.usda.gov> under Forms and Resources
- 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://reconnect.usda.gov>

- **System Registration Requirements**

- Taxpayer Identification Number (TIN)
- USDA Level II eAuthentication (or eAuth)
- DUNS number
- SAM.gov registration
- CAGE Code

Available Resources for Application Help

- **Technical Assistance**

- Workshops
- Webinars
- Subscribe to receive updates about upcoming events on the ReConnect website

- **Resources**

- ReConnect website <https://reconnect.usda.gov>
- Fact Sheets & FAQs

- **Help Desk**

- **Rural Development eConnectivity Toolkit**

- Rural Prosperity Taskforce
- Launched February 6, 2019
- <https://usda.gov/broadband>

Q&A



Rural Development

U.S. DEPARTMENT OF AGRICULTURE