Policy Brief

Last week, the United States Department of Agriculture (USDA) unveiled their newest loan and grant program titled the "ReConnect Program," which aims to provide broadband resources to rural, unserved areas across the country. The program defines broadband as 10 Mbps download/1 Mbps upload, and the funds will be divided into three pools—$200 million in grants, $200 million for loan and grant combinations, and $200 million for low-interest loans—over three application periods.

Background and Overview

On March 23, 2018, Congress passed the Consolidated Appropriations Act of 2018 (i.e., "the omnibus"), which funded a $600 million broadband grant and loan program to be administered by the Rural Utilities Service (RUS) under the USDA. Originally referred to by the USDA as the "e-Connectivity Pilot," on July 27, 2018, the agency invited public comments on the implementation of the program and cited it as a way "to catalyze private investment and bring broadband to unserved rural areas of the country."[1] The USDA received 283 comments from a wide range of organizations and individuals looking to offer input on evaluating "sufficient access" to broadband, how broadband service affordability should be factored in, the best options to verify broadband speeds, and much more.

On December 13, the USDA announced in a press conference their plans and details for the "e-Connectivity Pilot," which was renamed the "ReConnect Program."

For those looking to apply for ReConnect funding, there are three tranches of funding available. Applicants are limited to only <u>one</u> of the applications. The buildout requirement for each category is set at 25 Mbps download/3 Mbps upload.

Funding Type	Available Funds	Maximum Grant	Eligible Service Area	Match Requirement	Due Date
100% Grant	$200 million	$25 million	100% of households without 10/1Mbps	25%	April 29, 2019
50% Loan/50% Grant	$200 million	$25 million for loan/ $25 million for grant	90% of households without 10/1Mbps	N/A	May 29, 2019
100% Loan	$200 million	$50 million	90% of households without 10/1Mbps	N/A	June 28, 2019

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[1] Connected Nation responded to the request and filed comments which can be found at https://www.regulations.gov/document?D=RUS-18-TELECOM-0004-0182

Eligibility

The ReConnect program outlines eligible entities who may apply, clear guidelines for how the funds may be utilized, and how eligible locations may be defined.

Who May Apply
- Non-profits
- For-profit corporations
- LLCs
- Cooperative or mutual organizations
- States, local governments, or any agency, subdivision, instrumentality, or political subdivision thereof
- A territory or possession of the United States
- An Indian tribe

How the Funds May Be Used
Funds may be used for the following purposes:
- To fund the construction or improvement of buildings, land, and other facilities that are required to provide broadband service
- To fund reasonable pre-application expenses (which may not exceed 5 percent of the award amount)
- To fund the acquisition and improvement of an existing system that is currently providing insufficient broadband service (eligible for 100 percent loan requests only)
- To fund terrestrial based facilities that support the provision of satellite broadband service

Eligible Locations
An area deemed eligible must be rural, defined as "any area that is not located in a city, town, or incorporated area that has a population of greater than 20,000 inhabitants or an urbanized area contiguous and adjacent to a city or town that has a population of greater than 50,000 inhabitants." Secondly, an eligible area must have at least 90 percent of its households currently lacking broadband at speeds of 10/1 Mbps. To avoid duplicative efforts to serve a disconnected community, the USDA will not fund applications with overlapping service areas and also will not fund a project proposing to serve an area that has already received financial assistance for broadband service, including previous RUS funding and state funding with limitations around CAF II award areas.

Scoring Criteria

For the 100% grant and the 50% loan/50% grant categories of funding, nine areas will be scored for a maximum of 150 points. The nine categories and their weights are:

1. **Rurality of Proposed Funded Service Area (25 points)**
   For population densities of six or less, 25 points will be awarded. For population densities greater than six, zero points will be awarded. The density calculation is as follows: Total Population of Proposed Funded Service Area / Total Square Miles of Proposed Funded Service Area.

2. **Farms Served (20 points)**
   Applicants will receive 1 point for each farm that pre-subscribes for broadband service, up to a maximum of 20 points.
3. **Performance of the Offered Service (20 points)**
   For projects that are proposing to build a network capable of providing 100 megabits per second (Mbps) symmetrical service (same speeds download and upload) to all premises, 20 points will be awarded.
4. **Businesses (15 points)**
   Applicants will receive 1 point for each business that pre-subscribes for broadband service, up to a maximum of 15 points.
5. **Healthcare Centers (15 points)**
   For every healthcare center served, 1 point will be awarded, up to a maximum of 15 points.
6. **Educational Facilities (15 points)**
   For every educational facility served, 1 point will be awarded, up to a maximum of 15 points.
7. **Critical Community Facilities (15 points)**
   For every critical community facility served, 1 point will be awarded, up to a maximum of 15 points.
8. **Tribal Lands (5 points)**
   For applications where, at a minimum, 50 percent of the geographical area of the proposed funded service area(s) is to provide service on tribal lands, 5 points shall be awarded.
9. **State Broadband Activity (20 points)**
   For projects that are in a state that has a broadband plan that has been updated within the previous five years, 10 points will be awarded. An additional 5 points will be awarded for projects located in states that allow any utilities service provider to deliver broadband service. An additional 5 points will be awarded for projects located in states that commit to expediting right-of-way environmental permitting.

Mapping Tool
The USDA provides an interactive mapping tool on their website that provides the following information:

- ➢ CAF II Winners
- ➢ Non-Rural Areas
- ➢ Pending Applications – This mapping layer will list service areas that are included as part of a Farm Bill Broadband or Infrastructure loan applications.
- ➢ Protected Broadband Borrower Service Areas – This layer includes providers that serve areas supported by a previous RUS programs. These borrowers are the only entities eligible to apply for ReConnect funds to serve those areas with upgraded service, but only if current service speeds are less than 10/1 mbps at households in the area.

The USDA stated that when receiving applications for this pilot program, they "will use the best available tools and information" to gauge whether the proposed area already has 10/1 Mbps service. The standard process USDA currently engages includes consulting various sources of information about broadband service in the area, including data from the Federal

Communications Commission (FCC), the National Telecommunications and Information Administration (NTIA), state governments, and others. USDA also will plan to notify service providers that are in the area regarding the application for funds so they may challenge the coverage and conduct testing to determine the availability of service by sending USDA representatives to the proposed service area.

Conclusion

In addition to the ReConnect Program, the Farm Bill (H.R. 2) was signed in to law just yesterday and adds $350 million in broadband-related funding over five years. The Farm Bill 2019 sets forth plans for the expansion of high-speed internet access to rural, unserved areas through three broadband funding mechanisms: Middle Mile Infrastructure Grants, Loans, and Loan Guarantees; Innovative Broadband Advancement Grants and Loans; and the Community Connect Grant Program.

Collectively, the Farm Bill and the USDA's ReConnect Program offer nearly $1 billion in new federal funding for enhanced broadband, which can significantly impact the prevalence of reliable, high-speed internet for rural America.

Everyone belongs in a Connected Nation, and these programs will help continue to make that mission a reality.

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