



Updated August 3, 2020

## USDA's ReConnect Broadband Pilot Program

Congress established the Rural e-Connectivity Pilot Program (also known as ReConnect) in the FY2018 consolidated appropriations act. ReConnect provides loan and grant funding to eligible entities to deploy broadband internet service in eligible rural areas. The U.S. Department of Agriculture's Rural Utilities Service (RUS) administers ReConnect.

### Program Authority and Funding

In the Consolidated Appropriations Act, 2018 (P.L. 115-141, Division B, §779), Congress provided \$600 million for the Secretary of Agriculture to conduct a new broadband loan and grant pilot program under the Rural Electrification Act of 1936 (7 U.S.C. §901 et seq.). Congress directed that, to receive assistance, projects must serve rural areas where at least 90% of households lack "sufficient access to broadband"—speeds of at least 10 megabits per second (Mbps) download and 1 Mbps upload (known as 10/1 Mbps), to be redetermined, as necessary, by the Secretary of Agriculture. Congress also directed that ReConnect assistance not overbuild or duplicate prior broadband expansion efforts financed by RUS.

Congress subsequently provided \$550 million for ReConnect in FY2019 (P.L. 116-6, Division B, §762) and \$555 million in FY2020 (P.L. 116-94, Division B, §787). In March 2020, Congress provided an additional \$100 million for ReConnect grants in the Coronavirus Aid, Relief, and Economic Security Act (CARES Act, P.L. 116-136, Division B, Title I, §11004). CARES Act funds are to remain available until September 30, 2021. All other appropriated funds for FY2018-FY2020 are to remain available until expended. Congress has not authorized ReConnect in legislation outside of annual Agriculture appropriations acts.

### Timeline

RUS has published two Funding Opportunity Announcements (FOAs) for ReConnect. RUS published the first FOA for ReConnect in December 2018 and awarded first round funds between October 2019 and May 2020. RUS published the second FOA for ReConnect in December 2019 and began awarding second round funds in June 2020.

### First Round of Funding

In the first round of funding, RUS awarded approximately \$744.3 million to 82 applicants in 34 states and territories. Three funding categories were available: 100% loans, 50% loan/50% grant combinations, and 100% grants. RUS set maximum award amounts per project at \$50 million for a

loan, \$50 million for a loan/grant combination (loan and grant amounts must be equal), or \$25 million for a grant.

Round 1 funds could be used for

- construction or improvement of facilities required to provide broadband service,
- terrestrial-based facilities for satellite broadband service,
- reasonable pre-application expenses in an amount not to exceed 5% of the award, and
- acquisition and upgrade of an existing system that does not currently provide sufficient access to broadband (acquisitions eligible only for 100% loans.)

Eligible applicants included state or local governments, territories or possessions of the United States, Indian tribes, nonprofit entities, for-profit corporations, limited liability companies, and cooperative or mutual organizations.

RUS required applicants to define a *Proposed Funded Service Area (PFSA)*—an area where the applicant proposed to provide broadband service. An eligible PFSA had to be a *rural area*—defined as a city, town, or incorporated area with a population of 20,000 or fewer and not adjacent to a city or town with a population of greater than 50,000. A PFSA did not need to be contiguous and could include gaps to remove areas that already had sufficient broadband access. With some exceptions, an entity could not use ReConnect funding to overbuild or duplicate broadband expansion efforts made under prior federal broadband assistance.

For loan and loan/grant combination eligibility, at least 90% of households in a PFSA had to lack sufficient access to broadband. For grant eligibility, RUS required 100% of households in a PFSA to lack sufficient broadband access. RUS also required applicants to build a network capable of providing broadband service to all premises in the PFSA at minimum speeds of 25/3 Mbps.

### Second Round of Funding

In its second FOA, RUS announced approximately \$512 million in available funding. RUS later announced that it would also take applications under Round 2 for the \$100 million provided for grants in the CARES Act. Funding categories and eligible projects and applicants for Round 2 all remain unchanged from Round 1. RUS also maintains its definition of *rural area* and its requirement that applicants provide broadband service at speeds of at least 25/3 Mbps.

RUS introduced changes to certain eligibility and prioritization criteria in Round 2 (see **Table 1**). In Round 2,

eligible PFSA for loans and loan/grant combinations remain unchanged. However, for grants, RUS decreased the percent of households in a PFSA that must lack sufficient access to broadband from 100% to 90%. The definition of *sufficient access to broadband* remains unchanged.

In Round 2, RUS gave priority to applicants that would provide service in Opportunity Zones, which are federally designated economic development zones. RUS also revised its scoring criteria for applications to provide one point for every 10 farms served rather than one point for every farm served in Round 1. The agency revised the priorities for tribal lands, awarding 10 points to PFSA with tribal areas that have a recently updated broadband plan. In Round 1, RUS awarded five points to applications where 50% or more of the PFSA was comprised of tribal lands.

To help prevent duplication, RUS publishes a public notice for each ReConnect funding application received. Current internet service providers may respond to a public notice by providing information on the number of customers in the PFSA who currently purchase broadband service at speeds of at least 10/1 Mbps. For Round 2, RUS increased the number of days current service providers have to respond to a public notice from 30 to 45 days.

Other evaluation criteria remained the same from Round 1 to Round 2. Prioritizations that remain unchanged include points for the rurality of the PFSA, the proposed broadband speeds the applicant would provide, and the number of businesses, health care centers, educational facilities, and community facilities served. The agency also maintained prioritizations for applications in states that do not restrict utilities from delivering broadband service and that commit to expediting rights-of-way and environmental permitting.

RUS continues to use multiple approaches to determine whether PFSA have existing broadband service at speeds

of at least 10/1 Mbps. In addition to the public notice process, RUS has stated that it uses data from the Federal Communications Commission's Fixed Broadband Deployment Map and conducts site visits to PFSA to validate existing broadband speeds.

### ReConnect in Comparison to Other RUS Broadband Connectivity Programs

In addition to ReConnect, RUS administers three other rural broadband connectivity programs: the Telecommunications Infrastructure Loan Program, the Community Connect Grant Program, and the Rural Broadband Access Loan and Grant Program. ReConnect differs from these programs in its breadth of available funding categories and in its narrower eligibility criteria.

ReConnect offers loans, grants, and loan/grant combinations, while Telecommunications Infrastructure offers only loans and Community Connect offers only grants. The criteria to determine eligible service areas for ReConnect is narrower than for Rural Broadband Access. For ReConnect eligibility, at least 90% of households in a PFSA must lack access to broadband service at speeds of 10/1 Mbps. For Rural Broadband Access, 50% (for loans) or 90% (for grants) of households must lack access to broadband service at speeds of at least 25/3 Mbps. The narrower eligibility criteria for ReConnect reserves funding for areas with the least access to broadband service, whereas the broader criteria under Rural Broadband Access allows more underserved areas to be eligible for assistance.

For more information on RUS broadband programs, see CRS Report RL33816, *Broadband Loan and Grant Programs in the USDA's Rural Utilities Service*, by Lennard G. Kruger and Alyssa R. Casey. For more information on ReConnect, see ReConnect's website at <https://www.usda.gov/reconnect>.

**Table 1. Selected Differences Between ReConnect's First and Second Round Eligibility and Prioritization**

Criteria	Round 1	Round 2
Proposed Funded Service Areas (PFSA)	100% of households (for grants) and 90% of households (for loans or loan/grant combinations) in a PFSA must lack <i>sufficient access to broadband</i> , defined as 10/1 Mbps.	90% of households (for loans, grants, or loan/grant combinations) in a PFSA must lack <i>sufficient access to broadband</i> , defined as 10/1 Mbps.
Public notice response period	Incumbent service providers have 30 days to respond to a public notice.	Incumbent service providers have 45 days to respond to a public notice.
Tribal land prioritization	Applications receive five points if tribal lands comprise at least 50% of the PFSA.	Applications receive 10 points if the tribal area in a PFSA has a broadband plan that has been updated within the past five years.
Farm prioritization	Applications receive one point for every farm served, up to a maximum of 20 points.	Applications receive one point for every 10 farms served, up to a maximum of 20 points.
Opportunity Zone prioritization	No Opportunity Zone prioritization.	Applications receive five points if they propose to provide service in at least part of an Opportunity Zone.

**Source:** Compiled by CRS, using ReConnect FOAs (see *83 Federal Register 64315*, December 14, 2018; and *84 Federal Register 67913*, December 12, 2019).

**Notes:** Mbps = Megabits per second. *Opportunity Zones* are federally designated economic development zones.

Alyssa R. Casey, Analyst in Agricultural Policy

---

## Disclaimer

This document was prepared by the Congressional Research Service (CRS). CRS serves as nonpartisan shared staff to congressional committees and Members of Congress. It operates solely at the behest of and under the direction of Congress. Information in a CRS Report should not be relied upon for purposes other than public understanding of information that has been provided by CRS to Members of Congress in connection with CRS's institutional role. CRS Reports, as a work of the United States Government, are not subject to copyright protection in the United States. Any CRS Report may be reproduced and distributed in its entirety without permission from CRS. However, as a CRS Report may include copyrighted images or material from a third party, you may need to obtain the permission of the copyright holder if you wish to copy or otherwise use copyrighted material.